

Investor Group on
Climate Change

Investor Group on Climate Change

2018 Annual Report

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WELCOME

Message from the outgoing Chair Frank Pegan

To all members of IGCC

After ten years as Chair of the Investor Group on Climate Change (IGCC), I stepped down from the position in late 2018.

It has been a privilege to Chair the IGCC over this time and I am proud to have played a major role in its growth and as a founding member when it was established in 2005.

As Chair, I have presided over a period of extreme political upheaval, with major climate change highs and lows. But we have also seen real progress.

Some highlights of my time as Chair include:

- Representing IGCC as Chair for COP21 in Paris in 2015, a pivotal turning point in creating a framework for a global agreement to be signed by 197 countries. Every day now, the market is addressing the targets set by COP21 through sustainable investments, energy efficient programs and renewable energy.
- At the UN in New York (2014 and 2016) having the opportunity to speak on the power of responsible investing and commitment by institutional investors towards the Clean Trillion required per year to make a difference to the planet.

- In 2013, travelling to London for the inaugural meeting to establish the Global Investor Coalition on Climate Change (GICC). I have truly valued the international collaboration with our friends and peers in other regions.
- Overseeing the model of an inaugural CEO role in 2009 rather than a paid secretariat and chairing the panel in 2015 to appoint our current CEO.

Your support, courage and continuous determination to make a difference is beginning to deliver. Without you, IGCC would not be able to power above our size.

I would like to thank my fellow members of the IGCC Management Committee, past and present, who give up their valuable time, knowledge and wisdom to support the IGCC. I wish Stephen Dunne the best of luck as he takes up the role of Chair.

I am proud when I see the IGCC prosper with the collaborative and constructive spirit that I have always valued in tackling one of the greatest challenges of our time, climate change.

Thank you.



Frank Pegan



Message from the incoming Chair Stephen Dunne

To all members of IGCC

I am excited to be taking on the role of Chair for the Investor Group on Climate Change.

Climate change is the defining issue of our time. Investors, and capital markets, are at the heart of our ability to bring down emissions and build resilience to the physical effects already locked in by global warming.

Through my long association with IGCC, I know that it has a unique ability to represent investors on climate change in the policy world and catalyse accelerated action in the real economy.

I would like to thank my predecessor Mr Frank Pegan for his many years of strong support for IGCC, and the work he has done to grow IGCC from an idea to an influential industry voice on climate change.

I look forward to working with you in the year ahead.

Thank you.

Stephen Dunne

Message from the CEO Emma Herd

To all members of IGCC

It gives me great pleasure to present the Investor Group on Climate Change 2018 Annual Report.

In many ways, you could argue that 2018 was the year that investor action on climate change came of age.

Unprecedented levels of investment are now moving into low carbon and climate resilient solutions. Companies are openly stating that investor pressure is driving changes to their response. More and more investors are actively integrating climate into their investment decisions.

Financial regulators are acting on the need to address climate change as a financial and systemic risk. Litigation risk has emerged as a reality for investors, as the need to respond and report on climate change is widely recognised as a core part of fiduciary and directors duties.

I am proud to say that the Climate Action 100+ has brought unprecedented numbers of investors together to collaborate, share insights and push companies to move faster on tackling

climate change. Coupled with the launch of The Investor Agenda, investors are having a real impact in driving climate change outcomes through global policy and local outcomes.

IGCC continues to grow as an organisation, deepening our membership across the region and our potential to impact change.

But there is much more work to be done, and the emissions gap remains a significant one. As the effects of climate change are increasingly felt, the costs of our failure to rapidly manage down emissions are mounting.

Next year, we must stretch ourselves and work hard to scale up ambition and accelerate action. Whether it is through policy change, investor action or our regional and international collaboration, we simply do not have the time to waste.

The 2019 IGCC Summit, taking place in Sydney for the first time, will be another opportunity to share experience, showcase best practice and push expectations for mainstream climate change practice.

I would like to take this opportunity to thank the members of the IGCC Management Committee for the valuable contribution they make in ensuring that IGCC remains a strong and effective voice for investors in the climate debate. 2018

has seen a changing of the guard at IGCC, as we bid farewell to Frank Pegan as Chair, a long term supporter of the work of IGCC, and Ian Woods steps down from the role of Deputy Chair. We are pleased to welcome Stephen Dunne as our new Chair and Helga Birgden as Deputy Chair.

My heartfelt thanks to all of our members for their ongoing support and the active role that they play. It is no exaggeration to say that our members are the lifeblood of the IGCC.

Finally, I would particularly like to thank Crystal Fleming, Rebecca Mikula-Wright, Madeleine Hill and Erwin Jackson for their dedication, thoughtfulness and good humour. It is truly a pleasure to work with such a talented team.

Thank you.



Emma Herd



1 ABOUT IGCC

About Us

The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand investors focused on the impact that climate change has on the financial value of investments. The IGCC represents institutional investors with total funds under management of over \$2 trillion, and others in the investment community interested in the impact of climate change. IGCC also supports the Asia Investor Group on Climate Change (AIGCC).

We aim to:

- Raise awareness of the potential impacts, both positive and negative, resulting from climate change to the investment industry, corporate, government and community sectors;
- Encourage best practice approaches to facilitate the inclusion of the impacts of climate change in investment analysis by the investment industry; and
- Provide information to assist the investment industry to understand and incorporate climate change into the investment decision.

We collaborate with similar investor organisations across Europe, North America and Asia through the Global Investor Coalition on Climate Change, the Climate Action 100+ and The Investor Agenda.

IGCC Vision

An efficient transition to a sustainable low carbon economy.

Mission

We recognise that climate change will impact our investments, that there is an economic transition underway and it is accelerating. We support a response that is founded in a science-based assessment of the carbon constraints required to avoid dangerous climate change. We acknowledge that investors are key agents in facilitating an efficient transition.

IGCC will help investors in facilitating this transition, recognising that as stewards of capital we have a positive role to play in managing long term risks and ensuring sustainable returns.

IGCC secretariat



Chief Executive Officer
Emma Herd



General Manager
Crystal Fleming



Director, Policy
Erwin Jackson



Director, AIGCC
Rebecca Mikula-Wright



**Manager, AIGCC
Climate Action 100+**
Valerie Kwan



Team Assistant
Madeleine Hill

This year, the IGCC team expanded with Madeleine Hill and Erwin Jackson joining the team, and Valerie Kwan joining AIGCC in Hong Kong to assist with Climate Action 100+. We thank Michael Mazengarb for his contribution to the policy agenda throughout the year.

IGCC Management Committee

The IGCC Management Committee is an important part of our governance framework. Members bring world class expertise and market experience to their role and to the contribution they make to the operation of the organisation.

IGCC would like to thank the following Management Committee members who served over 2018.



Chief Executive Officer,
Catholic Super
Frank Pegan



Co-Head Sustainable Investments,
AMP Capital
Ian Woods

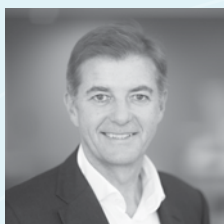


Chief Investment Officer,
Cbus
Kristian Fok

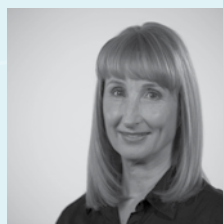


Environmental, Social and Governance
Manager, Investments, AustralianSuper
Kelly Christodoulou

IGCC Management Committee appointed 12th December 2018



Board Director and Chair of
Investment Committee, Cbus
Stephen Dunne (Chair)



Global Business Leader,
Responsible Investment, Mercer
Helga Birgden (Deputy Chair)



Portfolio Manager, Pandal Group
Rajinder Singh (Treasurer)



Head of Sustainability,
Local Government Super
Bill Hartnett (Secretary)



Manager of Governance and
Sustainable Investment, UniSuper
Taileh Williams



Head of Responsible Investment,
Asia Pacific, Colonial First
State Global Asset Management
Pablo Berrutti



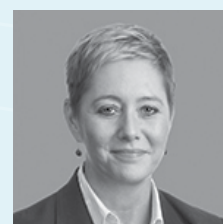
Executive - Investment
Execution, HESTA
Rob Fowler



Head of Business Development, Real
Assets, AXA Investment Managers
Niall McCarthy



Director, ESG & Stewardship,
AustralianSuper
Andrew Gray



Chief Executive Officer, Australian
Council of Superannuation Investors
Louise Davidson



Head of ESG Research, Citi
Zoe Whitton

We regularly review the skills set and capabilities of the IGCC Management Committee to ensure that it is best meeting the needs of our members. The Complete IGCC Management Committee Skills Matrix for 2018 is available at www.igcc.org.au. This includes participation, performance, diversity and tenure information. A subset of the IGCC Management Committee has responsibility for guiding the strategy and development of AIGCC.

IGCC Working Groups

In 2018, we supported eight working groups across IGCC, AIGCC and the Climate Action 100+. We would like to thank all of our members who contributed to the working groups over the year.

	DESCRIPTION	2018 ACTIVITIES
POLICY Chair: Emma Herd, CEO, IGCC Co-Chair: Ian Woods, Head of ESG Investment Research, AMP Capital	Coordinates IGCC feedback and input on the investment implications of Australian, New Zealand and international climate change policy.	<ul style="list-style-type: none"> Australia: climate policy and the National Energy Guarantee New Zealand: Zero Carbon Bill, adaptation and climate finance International: Paris Agreement, G7, G20 & TCFD.
RESEARCH Chair: Ross Barry, Head of Systematic and Impact Investing, First State Super	Coordinates IGCC's main research projects undertaken annually.	<ul style="list-style-type: none"> Follow up on IGCC Just Transition Report – <i>Coal, Carbon and the Community</i>. Developing methodology for 2019 IGCC report on the Carbon footprint of superannuation funds. Coordinated IGCC input into international investor publications.
ADAPTATION Chair: Kate Bromley, Head of Responsible Investment, QIC	Supporting investors to identify the physical risks and invest in adaptation measures to increase resilience to the effects of climate change.	<ul style="list-style-type: none"> Convened a workshop in Sydney in June 2018, on physical climate risk tools and frameworks, with over 100 participants. Produced <i>Investing in Resilience: Tools and frameworks for managing physical climate risk</i>. Engaged with the National Resilience Taskforce on barriers and solutions for investing in adaptation and resilience.
DISCLOSURE Chair: Pablo Berrutti, Head of Responsible Investments Asia Pacific, CFS GAM	Supporting investors to increase disclosure of climate change related information, including against the TCFD.	<ul style="list-style-type: none"> Developed and delivered an Investor Disclosure Masterclass to over 50 participants in Melbourne in July 2018. Engaged on the final TCFD recommendations and promoted investor take-up of the framework.
LOW CARBON FINANCE Chair: Nicole Bradford, Portfolio Head, Responsible Investment, Cbus	Focused on promoting investment into low carbon solutions, including identifying barriers and solutions for scaling up measurable investment. Delivers IGCC's annual Low Carbon Investor survey.	<ul style="list-style-type: none"> Undertook 2018 IGCC low carbon investment survey and published <i>Scaling Up: Investing for low carbon solutions</i> in August 2018. Coordinated IGCC input into the investment stream of The Investor Agenda and related international taxonomy engagement for defining 'green investment'.
PROPERTY & INFRASTRUCTURE Chair: Rowan Griffin, Head of Sustainability, Property, Lendlease.	Promotes awareness of emerging risks and investor solutions on the climate change implications for property and infrastructure as a key asset class.	<ul style="list-style-type: none"> Key consultative forum for sharing expertise on the investment implications of climate change for property and infrastructure. Engaged with the National Resilience Taskforce on barriers and solutions for investing in resilience.
CLIMATE ACTION 100+ Chair: Andrew Gray, Director, ESG & Stewardship, AustralianSuper	IGCC coordinates and supports the Climate Action 100+ Australasian Engagement Working Group.	<ul style="list-style-type: none"> Main coordination group for Australian investor signatories to Climate Action 100+. Support and coordinate investor engagement with Australian companies included on the focus list.
AIGCC Chair: Sophia Cheng, CIO, Cathay Financial Holdings Deputy Chair: Wong Dan Chi, Global ESG Specialist, Investment Services, Nikko Asset Management (Emily Chew, Global Head of ESG Manulife Asset Management, Chair 2016-2018)	Coordinates and oversees the work program of the AIGCC.	<ul style="list-style-type: none"> Main coordination group for regional investors and members of AIGCC. Supports and coordinate AIGCC work program (see p. 16 for more information).

2 THE YEAR IN REVIEW

What we set out to do

IGCC works to encourage better climate change policy and improve climate change related investor practice. We do this by engaging with government, investors, business and industry, non-governmental organisations and research organisations.

IGCC's work program is guided by the *Investor Group on Climate Change 2016-2019 Strategy*. It is available at www.igcc.org.au

This strategy sets out our vision, mission and the strategic priorities we will be pursuing over a three-year period, as the world moves to implement the Paris Agreement and limit global warming to less than 2°C. The IGCC Management Committee reviews progress against the strategy on an annual basis and sets yearly Business Objectives to support implementation of our organisational goals.

This is the final year of our current strategy, and we have made strong progress against our goals to amplify the investor voice on climate change. In 2019, we will look to reset and refresh our three-year goals and objectives for the next decisive phase of climate change policy and investor practice.

2018 IN NUMBERS



70 members
with **>\$2tn**
in AUM for **IGCC**



27 members
with **>\$3tn**
in AUM for **AIGCC**



415 investors
with **>\$32tn**
in AUM ask governments to
implement the **Paris Agreement**



310 investors
and **\$32tn**
in AUM supporting
Climate Action 100+

What we did

Climate change is a complex policy and economic debate. Investors have a critical role to play as responsible stewards and long term investors across the economy to drive effective action on climate change.

For IGCC, this means leading on advocacy, supporting investor action and collaborating with our peers globally on transformative projects.

Active advocates for investment grade climate policy

IGCC are active advocates for policies which help investors manage risk and invest in low carbon and climate resilient solutions.

Our goal is to ensure that the investor voice and perspective on climate change issues is heard in the policy debate. We do this through a range of media and advocacy channels. Our goal is to ensure that Federal, State and Local government policy delivers investment grade climate change policy.

IGCC contributed a number of policy submissions on key issues throughout the year and continues to represent the voice of investors in the climate change policy debate.

In Australia, IGCC provided input into a range of policy activities, including the design of the National Energy Guarantee, the operation of the Safeguard Mechanism, the Clean Energy Finance Corporation Statutory Review, the Inquiry into Superannuation Fund Investment in Agriculture, the ASX Corporate Governance Council Principles and Recommendations consultation and the National

Resilience Taskforce. IGCC also engages with State and Territory governments across a range of issues.

In New Zealand, IGCC engaged on the Zero Carbon Bill, the review of the NZ ETS, the Productivity Commission review on climate finance, the design of the Green Investment Fund and the Adaptation Technical Working Group.

Internationally, IGCC provided inputs into the Talanoa Dialogue under the UNFCCC, implementation of the Paris Agreement, the G7 and G20 and the Taskforce on Climate-related Financial Disclosures (TCFD).

All of IGCC's policy submissions are available at www.igcc.org.au/publications

IGCC provides a unique perspective in the policy debate, as the investor perspective on climate change and is a respected media commentator.

Press coverage throughout the year has included a wide variety of publications from The Australian Financial Review, Sydney Morning Herald, West Australian, The Age, The Australian, The Guardian, The New Zealand Herald and the Daily Telegraph. Broadcasts included the ABC News, The Business, Sky Business, RN Breakfast, ABC Radio, Radio New Zealand and others. We also worked hard to increase our social media and online presence through @IGCC_Update.

The IGCC team are all active advocates, presenting at over 40 public conferences, investor briefings, Board meetings and policy sessions, in Australia, New Zealand, Asia and internationally over the financial year.

Looking ahead: risks and rewards for climate policy in 2019

Domestic and international climate policy can deliver significant risks and rewards to investors in 2019.

In Australia, greater clarity on the direction of national policy will not be delivered until after the next federal election. Both major political parties have diverged significantly on their approach to climate change. Whether it is on the level of ambition, the policy tools for achieving it or the approach to key industry sectors such as energy, there remains significant divisions in the Australian political and policy debate. In either case, investors are looking for long-term policy signals on how Australia is going to move towards achieving net zero emissions and deliver on our current and future commitments under the Paris Agreement.

In New Zealand, the focus next year will be the implementation of the Zero Carbon Act and the establishment of the Green Investment Finance Fund. Ensuring the effective implementation of this legislation will be a crucial step towards a robust and stable policy framework to drive greater levels of investment into low carbon solutions across the New Zealand economy.

For both Australia and New Zealand, dealing with the effects of climate change itself and identifying mechanisms for increasing the resilience of our communities to physical risk are increasingly an unfortunate reality.

Internationally, 2019 will see heightened scrutiny on whether and when governments respond to the first ambition cycle under the Paris Agreement.

Governments are expected to revisit their current commitments by 2020 (Nationally Determined Contributions or NDCs). The recent Intergovernmental Panel on Climate Change's *Special Report on Global Warming of 1.5°C* and the outcomes of COP24 in Poland will be a key input into this process. Internationally, a commitment from Australia and New Zealand to align their 2030 targets with the objectives of the Paris Agreement could be a critical factor in building momentum for other countries to do the same.

IGCC will continue to work with our members, governments and other stakeholders to ensure policy proposals deliver the platform investors need in both the short and long-term, to help deliver the objectives of the Paris Agreement.



In December 2017 at the One Planet Summit in Paris, IGCC and AIGCC joined CERES, the Principles for Responsible Investment (PRI) and the Institutional Investors Group on Climate Change (IIGCC) in launching the Climate Action 100+.

Climate Action 100+ is a ground-breaking, five-year initiative led by investors to engage systemically important greenhouse gas emitters and other companies across the global economy that have significant opportunities to drive the clean energy transition and help achieve the goals of the Paris Agreement. Investors are calling on companies to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures.

As convening organisations for Climate Action 100+, IGCC and AIGCC are active members of the Global Steering Committee, along with regional representatives Andrew Gray from AustralianSuper and Emily Chew from Manulife Asset Management. IGCC supports the Climate Action 100+ Australasian Engagement Working Group. AIGCC, along with PRI, supports implementation in the region.

Since launching, it has grown to include over 310 investors with more than US\$32 trillion in assets under management engaging with around 160 companies across the world on climate change - and is already having a tangible impact.

In July 2018, Climate Action 100+ released an update that showed more investors are mobilising across dozens of countries to drive corporate action on climate change, and companies on the initiative's focus list have started to make progress towards its goals, including a trebling in support for the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures.

In December 2018, the first baseline benchmarking assessment of company performance will be released. Climate Action 100+ is working with CDP, Transition Pathways Initiative, Carbon Tracker, Influence Map and 2°C Investing Initiatives to undertake an annual assessment of company progress.

This project has garnered international recognition and widespread media attention for the role it is playing in driving change across the corporate sector, with everyone from United Nations Secretary General Antonio Guterres to Shell acknowledging the impact that coordinated, collaborative investor engagement is having on company action on climate change.

More information is available at
www.climateaction100.org or @ActOnClimate100

Integrating climate change into investment practice

A core part of what we do every year is about working with investors to develop the tools, resources and solutions needed to effectively integrate climate change considerations into business as usual investment practice.

IGCC has six core working groups in place, chaired and supported by representatives from our members, which drive our action agenda. Two additional working groups support AIGCC and the Climate Action 100+.

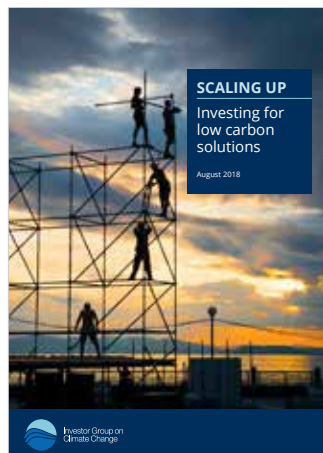
This year, we worked with our members across a range of different areas of investment practice.

Translating climate change policy into investment practice remains a key area of interest for our members. Over the year, we developed several investor briefings on key topics ranging from the major energy policy announcements to expectations for COP24. Our regular newsletter provides a summary of recent reports and publications of relevance for investors and highlights major recent or upcoming events for noting.

To meet the goals of the Paris Agreement both Australia and New Zealand will need to expand their pipeline of clean energy, low-carbon transport and sustainable water infrastructure as well as their stocks of energy efficient buildings. This transition will provide new investment opportunities for institutional investors looking to increase portfolio exposure to low carbon and climate resilient investment.

To better understand market drivers and investor sentiment towards low carbon investment, IGCC undertook a detailed survey to map current tools, drivers, targets and low carbon investment trends across Australasian investors. This was the second year that we have undertaken this review. The resulting report *Scaling Up: Investing for low carbon solutions* was released in August.

IGCC also supported a new report *Green Infrastructure Investment Opportunities, Australia and New Zealand*, produced by the Climate Bonds Initiative and a coalition of finance and investment organisations and companies.



Reporting on climate change: Practical guidance for investors

Disclosure and reporting on climate change continues to be a core area of investor activity. This year, we focused on increasing investor disclosure through frameworks such as the Taskforce on Climate-related Financial Disclosures (TCFD) and the IGCC reporting guide *Transparency in Transition*.

Through our Disclosure Working Group, we worked with Regnan to develop an Investor Disclosure Masterclass, a full day workshop to work through the practical aspects and requirements of reporting on climate change for investors. Held in Melbourne in July, the Masterclass was attended by around 50 participants. It featured a mixture of information on emerging industry practice, real world exercises to generate ideas for reporting and a panel of leading experts to share their experience. Attendees also received a detailed Workbook to capture tips and exercises from the day. Following positive feedback from members, we plan to host a second Masterclass in Sydney in 2019.



Climate change as an economic and systemic issue continues to grow and influence the climate change agenda in both Australia and New Zealand. In July 2018, we collaborated with a number of regional finance and investment organisations to convene a two-day event in Sydney looking at pathways to developing Sustainable Finance Roadmaps for Australia and New Zealand. This event brought together over 250 industry participants and has laid the groundwork for a substantive piece of work in 2019 looking at interventions required in the financial system required to enable more sustainable outcomes across the sector.

We also continue to engage with financial regulators in Australia and New Zealand on climate change as a systemic risk, as well as issues of investor policy, risk management and disclosure.

Physical risk and resilience is an emerging area of market practice, and one which IGCC has been working on for a number of years now. This year we focused on implementing the recommendations identified in 2017's *Risk to Return* report aimed at increasing investment into adaptation solutions, and undertook a significant piece of work to map current tools and frameworks for managing physical risk and resilience. IGCC is collaborating with Climate KIC to pilot new investment solutions for climate resilient investment and has been engaging with the National Resilience Taskforce in Australia to identify potential policy solutions for physical risk challenges.



Financing a Resilient & Sustainable Economy (July 2018)

Matthew McAdam (PRI), Butch Bacani (UNEP FI PSI), Jacki Johnson (IAG), Eric Usher (UNEP FI), Simon O'Connor (RIAA), Emma Herd (IGCC)

Investing in Resilience: Tools and frameworks for managing physical risk

Continuing IGCC's sector leading work on adaptation and resilience, in June 2018 we partnered with NAB to host a workshop on Investing in Resilience. This brought together over 100 participants to discuss physical risk and resilience, including institutional investors and financiers, corporate, legal, insurance, defence and climate scientists.

The intent was to identify the tools and frameworks currently available for managing climate resilience in investment and lending decisions.

From this discussion, a report was developed *Investing in Resilience: Tools and frameworks for managing physical climate risk*. This guide provides a snapshot of the tools and frameworks emerging to help investors assess and manage physical climate risk at both the portfolio and the asset level, and issues and challenges associated with adaptation. A series of short videos was produced to accompany the release of the guide, from leading experts in the field discussing what they see as the drivers for managing climate risk and resilience.



One of the key benefits for IGCC members is the peer to peer learning and sharing of best practice which takes place through our membership engagement program. IGCC convenes a wide range of events throughout the year, including both monthly member meetings and special events. These feature a range of domestic and international experts on the latest climate change developments. The complete schedule of monthly member meetings for the financial year is set out below.

Special events held over the year included:

- Joined global investor colleagues Ceres, PRI, IIGCC, AIGCC, CDP and UNEPFI to launch The Investor Agenda at the Investor Summit on Climate Risk at the United Nations headquarters in New York in January .
- Partnered with PRI on Investing in a Just Transition workshops in Sydney and Melbourne in March.
- Hosted the IGCC Workshop on Tools and Frameworks for Managing Physical Risk with NAB in Sydney in June.
- Hosted the IGCC Investor Disclosure Masterclass in Melbourne in July.
- Supported the United Nations Environment Programme: Financing a Sustainable and Resilient Economy Conference in Sydney in June.
- Supported the Green Infrastructure Investment Opportunities, Australia and New Zealand and State of Green Bonds Market 2018 launch in Sydney in August.
- Supported The Investor Agenda Roundtable and dedicated session at the Global Climate Action Summit in San Francisco in September.
- Supported the AIGCC CEO/CIO Roundtable in Singapore in September.
- Hosted the IGCC Investing in Climate Solutions Workshop in Auckland in October
- Supported the AIGCC Asset Owners Roundtable in Hong Kong in November.
- Co-convened the High Level Finance Roundtable and The Investor Agenda official side event at COP24, in Poland in December.
- Co-convened the Climate Action 100+ Global Progress Review in December, via webinar.

Throughout the year, all of the IGCC Working Groups received special briefings or updates from a range of organisations, including Beyond Zero Emissions, The Climate Council, Four Twenty Seven, MSCI and ClimateWorks among others. IGCC would like to thank all of the participants for their time and expertise.

Investing in Climate Solutions for New Zealand

This year, we have seen significant momentum in New Zealand focused on transitioning to a low emissions economy, and a growing business coalition of vocal climate leaders. In the lead up to the Climate Change and Business Conference in Auckland in October 2018, IGCC held a special New Zealand workshop focussed on investing in climate solutions.

This brought together investors, financiers, and other stakeholders, to look at opportunities for investing in climate solutions, investigate key challenges and barriers unique to New Zealand and explore how to scale up climate finance.

The workshop was set against the background of significant policy activity, increasing recognition on the role for the Taskforce on Climate-related Financial Disclosures (TCFD), and a growing body of regulatory and legal opinion on the need to address climate change. These provide an increasing imperative for companies to demonstrate how they are managing both transition and physical climate risks, as well as opportunities to invest in new climate solutions in the New Zealand market.

Key insights from the workshop were captured in a subsequent report *Investing In Climate Solutions For New Zealand*, released in December 2018.



IGCC Monthly Member Meetings

The monthly member meeting is the cornerstone of IGCC member engagement. It provides an important opportunity for our members to connect on climate change policy and investment practice.

Month	Topic	Speakers
Feb 2018	What's ahead for 2018?	Kobad Bhavnagri, Head of Australia & Head of Economics & Policy- Asia Pacific, Bloomberg New Energy Finance Kate Mackenzie, Director, Finance, Policy & Decision Metrics, Climate-KIC Australia Monica Richter, Senior Manager, Low Carbon Futures, WWF Australia
Mar 2018	Global insights: investor advocacy and mobilising for positive social change	Dr Ellen Dorsey, Executive Director, Wallace Global Fund
Apr 2018	Reporting on Climate Change: the latest in company practice	Anshul Jain, Manager, Carbon & Sustainability, Santos Anna Stewart, Head of Corporate Sustainability & Matt Murphy, GM Wholesale Credit, Specialised Lending & Head of Social and Environmental Risk, ANZ Theo Comino, Manager, Greenhouse & Sustainability, AGL
May 2018	The National Energy Guarantee	Clare Savage, Deputy Chair of the Energy Security Board
June 2018	New research from AIGCC: Corporate Climate Disclosure in Asia	Joost Notenboom, Manager, Climate Change & Sustainability, EY Rebecca Mikula-Wright, Director, AIGCC
July 2018	<i>Special event: UNEP FI conference: Financing a Resilient and Sustainable Economy</i>	
Aug 2018	Carbon Market Update	Kate Hancock, Assistant Director, Department of Foreign Affairs and Trade, Matthew Stuchbery, Assistant Director, Carbon Markets and Bilateral Engagement, Department of Environment & Energy Peter Castellanos, CEO, CMI Ilona Millar, Special Counsel, Baker & McKenzie
Sept 2018	<i>International Climate events: Global Climate Action Summit, PRI in Person, One Planet Summit</i>	
Oct 2018	International and local policy insights: Global, Australian, New Zealand and Asian climate policy developments	Emma Herd, CEO, Investor Group on Climate Change Kristian Fok, CIO, Cbus Jack Bisset, Senior Analyst, Climate Change Policy, Ministry for the Environment, New Zealand Rebecca Mikula-Wright, Director, Asia Investor Group on Climate Change
Nov 2018	IPCC Special Report on Global Warming of 1.5 degrees	Professor Andy Pitman, ARC Centre of Excellence of Climate Extremes, UNSW CCRC, School of Biological, Earth and Environmental Sciences.
Dec 2018	IGCC AGM: Special Presentation on Climate change and energy policy in Australia: The ALP Perspective	Hon Mark Butler MP, Shadow Minister for Climate Change and Energy

International collaboration

International collaboration has always been an important part of IGCC's work.

However, in 2018, the launch of the Climate Action 100+ and The Investor Agenda marked a new and important phase in our international agenda.

IGCC works in partnership with a number of regional investor networks and organisations to engage with global policy makers and develop investor tools and resources for managing climate change.

The four regional climate change investor groups AIGCC (Asia), Ceres (North America), IGCC (Australia & New Zealand) and IIGCC (Europe) work collaboratively under the Global Investor Coalition on Climate Change (GIC). This provides a global platform for dialogue between and among investors and governments on international policy and investment practice related to climate change. For specific projects, we work with an extended collaboration of investor groups, which includes the GIC groups as well as CDP, PRI and UNEPFI.

Climate Action 100+, launched in December 2017, is now globally recognised as a major new climate platform for international collaboration to tackle climate change. While much of the first year has been focused on establishing the systems and processes to required to bring together over 310 global investors to collaborate globally, in

the year ahead we are really looking to ramp up our engagement activities and use our relationships and size to achieve new milestones in corporate action on climate change.

In 2018, IGCC collaborated with a broader group of investor organisations to launch The Investor Agenda. This is a major new platform for showcasing investor action in support of the goals of the Paris Agreement, focusing on Policy, Investment, Engagement and Disclosure as key action areas. In December 2018, at the COP24 in Poland, we were proud to bring together a record-breaking coalition of 415 investors with over US\$32 trillion in assets under management to sign a joint statement to Governments urging them to implement policy frameworks to scale up action on climate change.

In the year ahead, we aim to use The Investor Agenda to both accelerate and demonstrate investor support for a heightened sense of urgency in mobilising action on climate change.

Finally, IGCC continues to support the rapid growth of the Asia Investor Group on Climate Change. Investors across the region increasingly recognise that the decisions made in Asia will, to a great extent, determine whether the world is able to meet the commitments set out under the Paris Agreement to limit global warming to less than 2°C. It is vital that Australia, New Zealand and investors across the Asia Pacific collaborate to drive investment into low carbon and climate resilient solutions.



The Asia Investor Group on Climate Change

The Asia Investor Group on Climate Change (AIGCC) has had a remarkable year of growth, which, encouragingly is a direct result of the increased awareness and demand from investors in the region.

Significant milestones included tripling the membership, strong regional participation in the Climate Action 100+, two major asset owner roundtables in Singapore and Hong Kong, a corporate investor roundtable in Tokyo, the Climate Action 100+ Japan launch and the release of major new research for the region.

Membership of AIGCC has grown from eight founding members at the September 2016 relaunch in Singapore, to twenty-seven as at December 2018 with over US\$3trn in assets under management.



The Climate Action 100+ initiative has been one of AIGCC's major initiatives throughout 2018. AIGCC has coordinated over 50 investors in Asia and globally, to engage 32 companies in the region. AIGCC is now directly managing 17 of these company engagements and coordinating with PRI on other companies in the region. Engagement is underway with seven Asia ex-Japan companies that AIGCC is supporting. Additional engagement will start for Japan and other companies in the new year. AIGCC has hired a new Manager for Climate Action 100+, based in Hong Kong who will assist with the implementation in the region. An Asia Advisory Group made up of investor signatories is being set up to help provide additional support and strategic direction.

AIGCC convened and supported several major events in 2018.

AIGCC's flagship event, the annual CEO/CIO Asset Owner Roundtable was held in Singapore in September, in collaboration with the Milken Institute Asia Summit. Investor representatives with US\$2.5 trillion in assets joined the event and this year saw increased participation with a broader representation from new markets such as Korea, Hong Kong and Kazakhstan joining asset owners from Japan, Taiwan, Singapore, Indonesia, Australia and Canada. Participants heard from members

of the TCFD Taskforce, Vice-Chair Yeo Lian Sim and David Blood from Generation Investment Management, about the development and take up of the TCFD globally and implications for the region. In addition, investors canvassed regional trends and challenges and the role for initiatives such as The Investor Agenda and Climate Action 100+.

The inaugural Hong Kong Asset Owner Roundtable was convened in November, where AIGCC partnered with the Hong Kong Trustees Association to bring Hong Kong's public and private funds together with corporate pension funds and the financial and pension regulators to discuss climate risk and opportunity. The event coincided with AIGCC supporting the FT Asia Climate Finance Summit.

In April, AIGCC and PRI launched the Climate Action 100+ in Japan, bringing corporates and investors together to discuss the initiative. This event resulted in more Japanese asset manager signatories and ultimately the first Japanese asset owner, GPIF joining the initiative in October. We also worked with the Japan Climate Leadership Partners group (Japan CLP) to convene a corporate and international investor roundtable at the Tokyo Stock Exchange alongside RI Asia, Tokyo.



Other key regional events that AIGCC participated in or supported included:

- RI Asia Tokyo (April)
- Singapore Sustainability week (June) including: Asia Venture Philanthropy Network Annual event, Stewardship Asia Roundtable, Temasek Ecosperity and the World Bank Carbon Forum
- Institute of Banking and Finance/ WWF Roundtable on collaborative engagement in Singapore (November)
- FT Asia Climate Finance Summit in Hong Kong (November)
- China SIF Annual Conference in Shenzhen, China (December)
- Taiwan climate disclosure event hosted by Cathay Financial Holdings CIO Sophia Cheng (AIGCC Chair), Taiwan (December)

This year, AIGCC also commissioned and published important new research on climate change impacts for investors in Asia.

AIGCC launched Japanese and Chinese language versions of *Integrating Climate Change into Investment Strategy: A guide for investors*, which continues to be a valuable resource and provides a useful overview of the differing investor approaches, with examples from all regions. In October, *Building on the Base:*

TCFD Disclosure in Asia was launched, looking at the investor expectations of corporate climate disclosure and providing the first benchmark against the TCFD of reporting in the region. Webinars were held to discuss the findings of both reports and recordings are available as future resources.

AIGCC launched a new website in September to mark two years since relaunch to more effectively communicate the increased activities that are underway and resources that have been developed. Since the relaunch, the traffic to the website has tripled which is another indication of the upswing in interest from all investors on the activity in the region.

In October, AIGCC welcomed a new Chair, Sophia Cheng, CIO of Cathay Financial Holdings and Vice-Chair, Wong, Dan Chi from Nikko Asset Management. Sophia and Dan Chi bring a new enthusiasm and experience in the region that will help to support the increased activity and growth of the organisation going forward.

AIGCC thanks Emily Chew, Global Head of ESG for Manulife Asset Management for her dedication to the role of AIGCC Chair over the last two years. Emily has been an incredible ambassador for the organisation in its early stage of development.

What's next for AIGCC in 2019?

The new year provides an opportunity to take stock of what has been achieved in 2018, but also to review the two years since launch and identify areas to prioritise going forward. As such, AIGCC will start 2019 with a new 3-5 year business plan that will guide the strategy and growth of the organisation in the next few critical years of scaling up climate action in the region.

AIGCC will continue to lead the implementation of the Asia strategy for the Climate Action 100+ initiative and will recruit additional investors in Asia to support the initiative going forward. Trainings, workshops and the flagship asset owner roundtables will be a feature of the year ahead, as well as new projects on climate resilience and a report on the macro-economic risks of climate and water.

AIGCC will continue to provide opportunities for investors to build their capacity and confidence around the integration of climate change into investor practice in the region, through outreach and collaboration, and to develop tools and resources to support investors and corporates in Asia act on climate risk and opportunities. 2019 is a pivotal year where investors need to step up to the challenge and work together on climate change more than ever. Through building the foundations in the last two years, AIGCC is well placed to help drive real change in the region.



AIGCC members (as at December 2018)

Cathay Financial Holdings (Chair), Nikko Asset Management (Vice-Chair), Arabesque, Armstrong Asset Management, ASABRI (Persero), AXA Investment Managers, AustralianSuper, BlackRock, BNP Paribas Asset Management, Brawn Capital, Business Environment Council, CalPERS, China Sustainable Investment Forum, FTSE Russell, LGT Impact, Generation Investment Management, Hermes Investment Management, Impax Asset Management, International Finance Corporation, Japan Sustainable Investment Forum, Manulife Asset Management, Mercer, Moody's Investors Service, MSCI, New Forests, OPTrust, Sumitomo Mitsui Trust Holdings.

What next for 2019?

As the *UN Special Report on Global Warming of 1.5°C* starkly showed our climate change response has to move from small steps to giant strides forward, if we are to avoid the worst impacts of global warming. And if 2018 could arguably be seen as the year that investors got serious about climate risk, then 2019 has to be the year we do something serious about it.

We know that in the year ahead, governments will need to start putting forward plans for increasing their emissions reduction goals under the Paris Agreement, and demonstrate how they are going to move their economies to net zero emissions by the second half of the century.

A Federal Election in Australia will bring a renewed focus to the efficacy of national policy settings. IGCC will be setting out a clear set of policy priorities for investment grade climate change policy now and out into the future.

In New Zealand, the ambitious climate agenda laid out this year, will move to the implementation phase, along with the Zero Carbon Bill and the Green Investment Finance Fund. Investors will have an

important role to play in helping to shape policies which remove barriers and scale up opportunities to invest in climate solutions to meet New Zealand's needs.

IGCC has a rich agenda of projects in train for working with investors across the investment value chain. Next year, we aim to undertake a stocktake of investment practice across the Australian and New Zealand markets to better understand the current state of play and identify opportunities to close the gaps. We will continue to promote greater levels of investor disclosure against the TCFD, to assess investor appetite for low carbon investment and will take forward our sector-leading adaptation and resilience work program to help investors manage their physical and transition risks.

Through ongoing support for the Asia Investor Group on Climate Change we will work across the region to identify opportunities to build investor awareness and action across Asia.

IGCC and AIGCC will support projects with the Global Investor Coalition on Climate Change and we continue to

contribute to global investor efforts to implement the Paris Agreement, embed the recommendations of the TCFD in mainstream reporting and advocate for stronger policy and business action on climate change through initiatives like The Investor Agenda.

IGCC will continue to support and grow the Climate Action 100+, to drive action on climate change by partnering local relationships and expertise with a global impact.

In October 2019, we will be hosting the IGCC 2019 investor Summit, our third event dedicated to climate change implications for investors and our first to be held in Sydney.

So if we finish 2018 with a sense of what can only be described as nervous energy, we also know that investors have the tools and frameworks required to act on climate change. The challenges for 2019 are scale, speed and confidence.

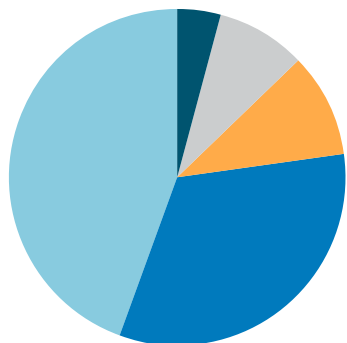
IGCC looks forward to working with all of our members in the year ahead to deliver investor action on climate change.



3 MEMBER UPDATE

Our members

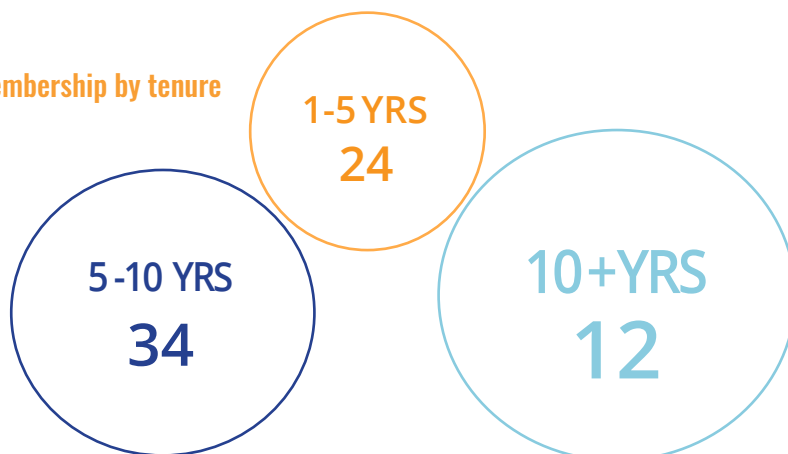
IGCC members are large superannuation funds, fund managers, research analysts, investment industry associations, advisors and service providers. IGCC finished 2017/18 with 70 members. Together, IGCC's current members are responsible for over \$2 trillion in funds under management.



IGCC membership by category

- Associate Members – 3
- Associate Members – Industry Associations – 6
- Supporter Members – 7
- Full Members – Asset Owners – 23
- Full Members – Fund Managers – 31

IGCC membership by tenure



New member spotlight

IGCC welcomed the following new members in 2017/18



IGCC Members as at December 2018



4 FINANCIAL REPORT

The Treasurer's report

Rajinder Singh

Portfolio Manager, Pental Group



**IGCC Annual General Meeting
Wednesday, 12th December 2018**

It gives me great pleasure to present the Treasurer's Report for the 2017/18 financial year.

IGCC's financial plan remains largely consistent year on year.

Revenues from membership subscriptions remain the bedrock of our income. This is supplemented by additional income for specific research projects and some foundation funding for specific projects with a regional or international focus. During the year, IGCC received funding from the Moore Foundation, the European Climate Foundation, ClimateWorks and the Growald Foundation.

Expenses also remain consistent and are based largely on employee wages, professional services, operational costs and project specific expenses.

Overall, a surplus of \$58,309 was delivered for the year.

IGCC would like to thank KPMG for auditing our accounts on a pro bono basis.

Results and performance highlights (as at 30 June)

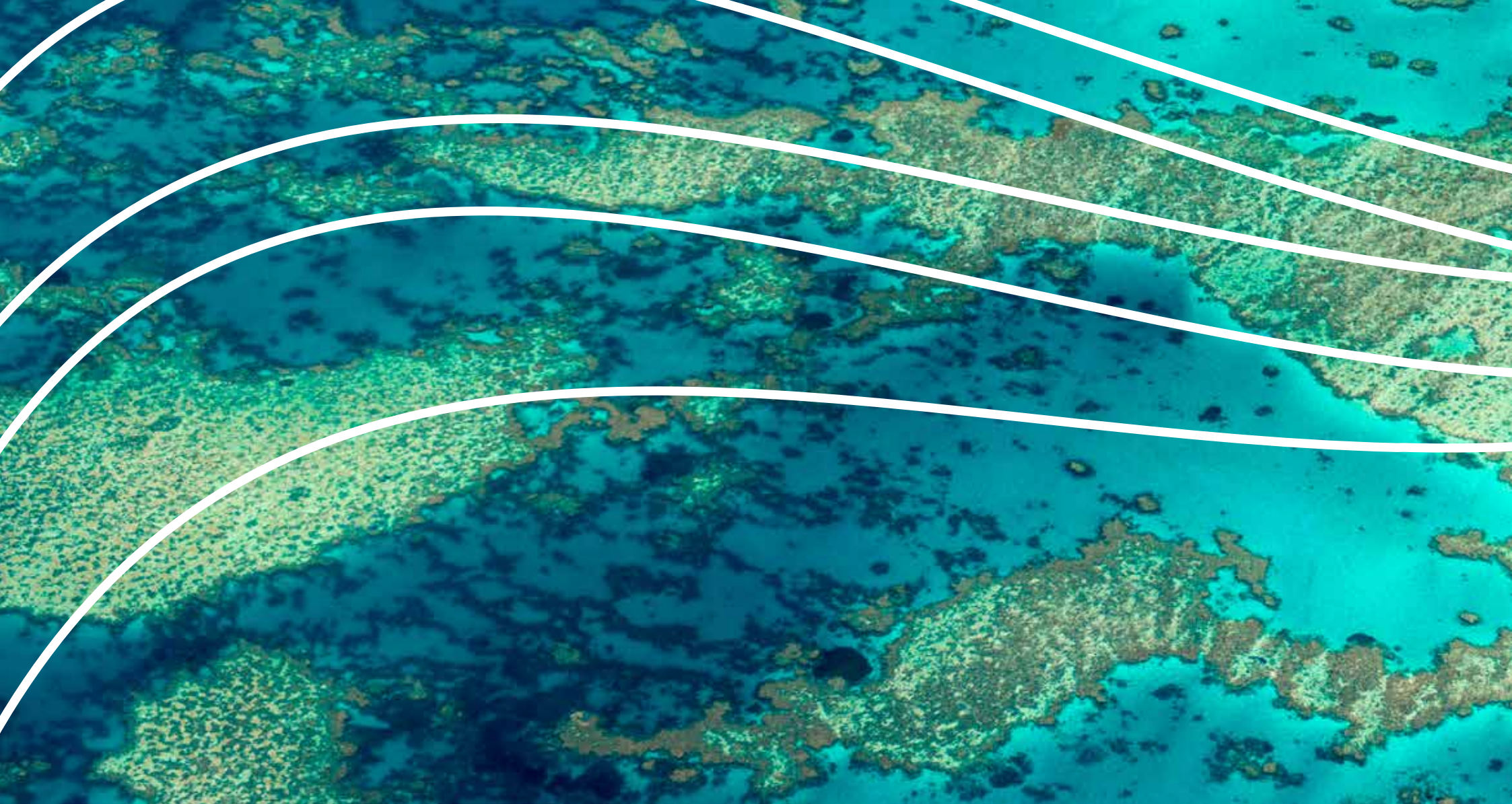
	2018	2017
Revenue	\$1,006,541	\$712,579
Expenses	\$948,232	\$697,860
Surplus	\$58,309*	\$14,719
Accumulated funds	\$258,541	\$200,232
Member numbers	70	61
Cash Position^	\$400,584	\$408,796

* Included additional income generated by the 2017 IGCC Summit

^ Membership fees for the subsequent financial year generally received in advance.



www.igcc.org.au
[@IGCC_Update](#)



Investor Group on
Climate Change