



Investor Group on
Climate Change

Investor Group on Climate Change

2015 Annual Report

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1 ABOUT IGCC



About Us

The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand investors focussing 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 \$1 trillion, and others in the investment community interested in the impact of climate change on investments. The IGCC aims to encourage government policies and investment practices that address the risks and opportunities of climate change, for the ultimate benefit of superannuants and unit holders.

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.

IGCC Mission Statement

The IGCC recognise that the financial return of an investment is, to some extent, impacted by climate change.

As such, the IGCC aims to ensure that the risks and opportunities associated with climate change are incorporated into investment decisions for the ultimate benefit of individual superannuation and unit holders.

A message from IGCC Chair, Frank Pegan

To all members of IGCC

It is amazing what occurs in a year in politics and to an organisation in terms of its work. The year started with ongoing pressure in Australia to marginalise the importance of climate change, before moving to the more conciliatory approach of the current government led by Malcolm Turnbull today.

Globally the mood has also shifted as countries, sub national governments, cities and business put forward their commitments to "COP21" in Paris. This movement is reflective of global efforts to limit global warming to two degrees Celsius.

At IGCC, Nathan Fabian, CEO for six years, resigned to take up a position with the UN Principles for Responsible Investment (PRI) based in the UK. Following a selection process where a number of highly qualified candidates were interviewed, Emma Herd was appointed as CEO. Emma comes to IGCC highly credentialed in the industry and is already making a difference through her leadership and approach to the work of IGCC.

I take this opportunity to thank:

- All members of IGCC for their financial support and commitment to the work of IGCC.
- The members of the Management Committee for your valuable participation and



wise discernment in support of IGCC outcomes.

- The executive team for the incredible service and support you give to members and the Management Committee.
- The CEO selection panel for your invaluable participation in the selection process for the appointment of a new CEO for IGCC.

Success and Achievements

For IGCC, success over the year can be measured in many different ways:

- The working groups and their contribution to the advocacy, research and policy work of IGCC

- Active participation in conferences and seminars by the executive and members of IGCC.
- The preparation and the excellent execution of the IGCC Summit in October 2015 (a special recognition to Rebecca and Crystal for the management of the event).
- Continuing support of the Global Investor Coalition on Climate Change (GIC), including the launch of the Investment Solutions Guide as well as the Global Investor Statement on Climate Change, which has grown to more than 384 Investors and over US\$24T in FUM, calling for support for climate change policy.
- Updating and maintaining the Low Carbon Investment Registry which showcases current investments in low carbon by global investors.
- The smooth transition to the new CEO Emma Herd following the departure of Nathan Fabian.
- Sustained growth in membership.

IGCC will continue to take the opportunity to engage in policy and emphasise the willingness of investors to work with government to once and for all depoliticise climate change and put in place a market mechanism that will transition the economy to a low carbon future whilst delivering security around water, food, energy, employment and social infrastructure.

In summary, it is a privilege to chair the Investor Group on Climate Change, an organisation with passion and vision

seeking to drive policy changes and action to achieve a sustainable economy by advocating for long term investments to enable the transition to a low carbon economy - sooner rather than later.

Thank you for the privilege.



Frank Pegan

A message from IGCC CEO, Emma Herd

It gives me great pleasure to present the Investor Group on Climate Change 2015 Annual Report, and my first as Chief Executive.

There is no doubt that this has been a year of significant change, both in the climate change debate and for the Investor Group on Climate Change.

Globally, momentum has been building all year towards COP21 in Paris. The national commitments lodged with the UNFCCC to date have already increased the likelihood that we are moving away from a future of four or five degrees warming to that of two to three. This is not nearly good enough, but it does show how much can be achieved when countries work cooperatively, rather than at odds. In years to come, I hope that the Paris Action Plan and the year 2015 signify a major milestone in the global fight against climate change. One that marks a turning point for the world economy.

Within Australia, political volatility has again been a significant feature of the national policy discussion and climate change remains in the thick of it. But we have also moved into what could potentially be a more positive platform for engagement and reconciliation. This will be tested in 2016, as we move into an election year and the IGCC will continue to have an important role to play in representing the voice of investors in the climate change debate.



But there is also no doubt that business, civil society and investors have all stepped up this year, to better engage on the critical carbon risks at the very heart of our economy. The conversation has become more sophisticated, even though we have only just begun to understand the economic implications of hard carbon constraints.

Within the IGCC there has also been significant change, as IGCC farewelled long-standing CEO Nathan Fabian. I would like to take this opportunity to formally thank Nathan for his tireless work in getting IGCC into such a strong and respected position. He will be missed, but we also know that he will continue to be part of the investor landscape in his new role.

I would also like to thank Crystal, Rebecca and Jess for the amazing job they have done over the year. Whether it was putting on a world class summit or steadfastly

delivering on the core objectives of the IGCC to promote investor engagement on climate change, they each continue to go above and beyond expectations and are the bedrock of IGCC's success.

This report provides just a snapshot of the breadth and range of IGCC's engagement, advocacy and influence in the global investor discussion on climate change. But I hope it provides a useful account of some of the major achievements of the year.

And amidst all of the change we have seen this year, I think it is fair to say that there has been one absolute constant: that is the growing investor awareness of the need to actively engage on climate change, and rapidly build the tools and resources needed to manage carbon risk as we move into a low carbon economy.

I also look forward to supporting continued growth, momentum and change in 2016 as we see the further acceleration of investor engagement on climate change risks and opportunities. And IGCC is looking forward to working with all of our members and supporters to make the change happen.

A handwritten signature in black ink, appearing to read 'Emma Herd'.

Emma Herd

Management Committee

The IGCC Management Committee as at November 2015

Chair/Secretary:	Frank Pegan Chief Executive Officer, Catholic Super
Deputy Chair:	Ian Woods Head of ESG Investment Research, AMP Capital
Treasurer:	Rajinder Singh Portfolio Manager, BT Investment Management
Full Member:	Pablo Berrutti Head of Responsible Investment, Asia Pacific, Colonial First State Global Asset Management
Full Member:	Kristian Fok Executive Manager, Investment Strategy, Cbus
Full Member:	Rob Fowler Executive Manager - Investments & Governance, HESTA Super Fund
Full Member:	Bill Hartnett Director, Head of Sustainability, Local Government Super
Full Member:	Niall McCarthy Director, Eureka Funds Management

Full Member:

Lisa Wade
Head of Community Assets,
Bendigo & Adelaide Bank

Full Member:

Phil Vernon
Managing Director,
Australian Ethical Investment

Associate Member:

Louise Davidson
Chief Executive Officer,
Australian Council of Superannuation Investors

Associate Member:

Elaine Prior
Managing Director, ESG Analyst
Citi Investment Research

Notes:

Membership of the Management Committee is as at 2 November 2015.

The IGCC Management Committee has had a number of changes since the 2014 Annual General Meeting. Louise Davidson stepped down as a Full Member of the Management Committee and as Secretary for IGCC. Pending the 2015 AGM, Frank Pegan has acted as both Chair and Secretary for the period May 2015 to November 2015 and Kristian Fok took up the vacant Full Member position from July 2015.

Louise Davidson, in her new role as CEO of ACSI, subsequently took up the vacant Associate Member position from August 2015.

IGCC Secretariat

Chief Executive
Emma Herd

Manager of Operations
Crystal Fleming

Project Director
Rebecca Wright

Administrator
Jess Johnson-Pond

Working Groups

IGCC operates through a number of working groups, whereby members help shape IGCC's position on key issues and support greater engagement across a number of investment and climate change focus areas.

IGCC would like to thank all of our members who contributed to the working groups this year and who have had to fit in their contribution around their day jobs. The diversity of views and extensive real world experience helps to sharpen the IGCC position on key issues and plays a valuable role in bringing an investor's perspective to the climate change discussion.

Policy

The Policy Committee is responsible for shaping and communicating IGCC's position on all aspects of domestic government policy.

Update by Interim Chair of the Policy Committee Ian Woods, Head of ESG Research, AMP Capital

This year, the IGCC made a number of submissions and engaged directly with policy makers on the proposed review of the Australian Renewable Energy Target (RET). The group also reviewed the Government's proposed "Safeguard Mechanism", the compliance mechanism intended to complement the Government's abatement purchasing Emissions Reduction Fund.

The Policy Committee spent significant time and energy preparing a submission to the Prime Minister's Taskforce on Australia's INDC. A detailed Position Paper was published on the IGCC [website](#).

The IGCC position adopted on each issue is discussed in more detail in the Policy section of the Year in Review.

The Policy Committee also supported IGCC's participation in the launch of The Australian Climate Roundtable, an alliance of major Australian business, union, research, environment, investor and social groups. This work will continue through this upcoming year.

Research

The Research Working Group (RWG) is responsible for deciding and overseeing IGCC's research priorities and publications.

Update by Chair of the RWG Pablo Berutti, Head of Responsible Investment Asia Pacific, Colonial First State Global Asset Management

This year began with a major stocktake. The research working group coordinated a workshop of leading thinkers on climate change and identified five areas where further research is needed to help investors better understand and manage climate risks and opportunities. These include:

1. How to allocate capital to low carbon: narrative and validation
2. Limitations of existing investment tools and the potential for innovation
3. Physical risk and other climate impacts as they relate to risk exposure
4. The role of investors in decarbonising energy supply (domestic); and
5. Climate Governance implications flowing from fiduciary role as a core duty for investors.

The RWG then requested proposals from leading climate researchers on these themes, looking at specific areas of practical application. While we received some strong proposals, the group decided not to pursue them at this stage. The RWG is now working with the policy committee to develop a research brief in line with IGCC policy priorities and continues to review opportunities for specific research aligned to these priority themes.

RWG also plays an important role in coordinating IGCC's participation in international investment research published through the Global Investor Group on Climate Change collaboration.

Property

The Property Working Group (PWG) acts as a consultative forum to provide oversight and expertise on the investment implications of climate change risk and opportunity in the built environment.

Update by Chair of the PWG Rowan Griffin, Head of Sustainability, Property, Lend Lease

This year, work has focused on raising awareness, providing guidance, tools and pathways to investors and managers on assessing the risks and opportunities of climate change through mitigation, adaptation and resilience.

We have explored issues associated with, and raised awareness of, the growing trend in Green Bonds globally for real estate, and their applicability and practical use in Australia.

The PWG is also exploring opportunities to work collaboratively with other industry associations focused on climate change issues and impacts for the built environment, in developing standards and investor guidance on adaptation and physical risk implications.

Low Carbon Finance

The Low Carbon Finance Working Group (LCFWG) examines emerging trends in low carbon investing and projects of interest to group members.

*Update by Chair of the LCFWG
Andrew Major, General Manager Unlisted Assets, HESTA*

The Low Carbon Finance working group continues to monitor local and international policy and commercial developments relating to financing the transition to a low carbon economy. The LCFWG has a particular focus on public and private sector co-financing opportunities.

This year, the working group supported the creation, content generation and publication of the Low Carbon Investment Registry, which represents a great initiative to communicate actual investments made by IGCC members in this area to a wider audience.

The LCFWG continues to explore innovative new investment opportunities and identify barriers to increasing the deployment of capital for low carbon finance opportunities.

Other working groups

There are a number of informal working groups which come together on key issues as required. IGCC also regularly reviews the working groups to determine if an additional dedicated member group is required to focus on emerging issues.

Corporate Working Group

The Corporate Working Group is an informal working group that provides input on IGCC projects dealing with company engagement. Examples include company engagement on carbon risk disclosure and a strategic response to two degree climate change scenarios, financed emissions measurement and reporting frameworks and international investor engagement on key climate themes. The group has no Chair but is supported by the IGCC Secretariat.

Water Working Group

The Water Working Group is an informal grouping of members interested in water related investment risks. The group has not been active during the 2014-15 year.

The IGCC secretariat maintains a watching brief on water issues and will review the function and operation of the group in the year ahead to determine if there is member appetite to maintain the working group.

2 THE YEAR IN REVIEW



What we set out to do

IGCC works to encourage better climate change policy from governments and improved climate related practice by investors. This work is conducted by engaging with policy-makers, investors, business and industry, non-governmental organisations and research organisations.

The 2014/15 year was the final period of IGCC's three-year business plan. This plan set out five primary goals to guide IGCC's strategic focus and supporting activities, grouped into policy or investment practice objectives.

In March 2015, the IGCC Management Committee conducted a Strategic Review to determine IGCC's priorities for the next 18 months. This was thought to be a tactical timeframe, given the many significant events and milestones anticipated over this time period, both internationally and domestically.

These additional tactical objectives will inform key work areas for IGCC from February 2015 to September 2016, and are set out below.

Policy Objectives

IGCC influences policy outcomes by helping policy makers and industry groups navigate the economics of climate change and apply it in practice to their policy decisions.

Objective 1

A market mechanism for pricing GHG emissions is retained and developed in Australia.

Objective 2

An effective international emissions reduction agreement is in place by the end of 2015.

Objective 3

Strong complementary, enabling policies are in place to promote the financing, development and use of low carbon technologies and energy efficiency in Australia and internationally.

Objective 4

Based on IGCC's work in climate adaptation, a program of policy engagement that addresses investor priorities is developed and initiated in Australia.

Investment Objectives

IGCC influences investment practices by helping investors navigate the economics of climate change and apply it in practice to their investment decisions.

Objective 5

Climate change is a mainstream investment consideration for super funds, asset managers, asset consultants, brokers and researchers.

- a. Investors continue to assess GHG emissions costs in their investment portfolios.

IGCC Business Plan 2012-2015

- b. Investors have access to adaptation information necessary to make long-term investment decisions on the resilience of their assets to climate change.
- c. A framework for climate change investment governance is in place for the use of members and their company engagement partners.
- d. The investment community better understands the economic and investment consequences of policies that support fossil fuel based industries.
- e. A program of research work is undertaken, some originated in Australia and some originated internationally.
- f. Investor progress on integrating climate change into investment processes is assessed.

Additional tactical objectives for February 2015 to September 2016

Policy Objectives

1. Support the retention of a viable Renewable Energy Target (RET).
2. Influence the Government to support an economically and environmentally credible post 2020 emissions reduction target for Australia.
3. Influence the Australian Government to adopt a positive position into the COP 21 climate talks in Paris.
4. Engage in ensuing government climate and energy policy design to support appropriate emissions reduction targets.
5. Conduct an Adaptation Policy Review to inform future IGCC work on climate adaptation policy.

Investment Practice objectives:

6. Actively facilitate best practice information sharing between IGCC members.
7. Disseminate best practice information to the wider investment industry.
8. Support company engagement activities on key climate change issues.
9. Support member analysis and reporting to facilitate increased member activity profiling.
10. Support member adaptation work with the development of an Adaptation Investor Briefing note.
11. Undertake dedicated research on key climate change issues, and be open to further research projects as opportunities and funding sources present themselves.
12. Strengthen communication of investor views on climate change performance issues raised by environmental NGO's.

What we did

The past 12 months have seen significant change in the political landscape on climate change domestically, and a big step up in momentum globally.

It is easy to forget that at the start of July 2014, the carbon price had just been repealed in Australia and a number of other significant policy mechanisms such as the Clean Energy Finance Corporation, the Climate Change Authority and the Renewable Energy Target (RET) were all in real danger of also being abolished.

The fact that this tide has been reversed, and is now moving in the opposite direction with gathering speed, is in no small measure a result of the advocacy, policy and research efforts of IGCC, our members and partners over the course of the year.

Policy

IGCC made a number of formal [policy submissions](#) on policy related inquiries during the year and engaged with policy makers in a number of forums. These were primarily focused on the retention of the Renewable Energy Target (RET), the efficacy of the Direct Action abatement purchasing and compliance framework and Australia's post 2020 national emissions reduction target.

IGCC engaged extensively during the proposed review of the RET through both policy and advocacy activities (see below). IGCC's core position was that ongoing political reviews and amendments to the RET were causing significant investor

uncertainty and that a number of market issues needed to be addressed to facilitate further investment in renewables.

In June this year, bipartisan support was reached for a revised RET of 33,000GWh by 2020. The decrease in target was disappointing but the end of the political wrangling is welcome and will, hopefully, allow investors to focus on making informed investment decisions about renewables in Australia.

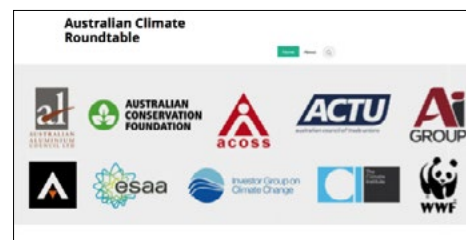
The IGCC Policy Committee also reviewed the Government's proposed "Safeguard Mechanism", the compliance mechanism intended to complement the Government's abatement purchasing Emissions Reduction Fund under the Direct Action framework. The Policy Committee had significant concerns about the objective and efficacy of the mechanism and communicated this through advocacy activities.

IGCC spent significant time and energy throughout the year, engaging with the Prime Minister's Taskforce on Australia's Intended Nationally Determined Contribution (INDC). IGCC argued that whatever target Australia adopted, it needed to be considered in the context of the end objective of substantial national emissions reduction (i.e. greater than 90% by 2050) and that the 2025 (or 2030) emission reduction target needed to help facilitate the smooth transition of the Australia economy. The complete IGCC Position Paper can be found on the IGCC [website](#).

Australia Climate Roundtable

IGCC was a founding partner in a major new initiative on climate change policy in Australia - The Australian Climate Roundtable. An alliance of major Australian business, union, research, environment, investor and social groups, the roundtable published a [joint statement of principles](#) aimed at identifying areas of common ground and offering a constructive pathway forward.

At its core, the roundtable believes that Australia should play its fair part in global efforts to avoid 2°C and the serious economic, social and environmental impacts that unconstrained climate change would have on Australia. Avoiding unconstrained climate change will provide important benefits and opportunities to Australia. The Australian Climate Roundtable will continue to work together in the upcoming year and IGCC is playing an active part in the roundtable's work program.



Advocacy

Strong and effective advocacy is a critical part of effective engagement on climate change policy and a cornerstone of IGCC's activities over the year. Our goal is to ensure that the investor voice and perspective on climate change issues is heard in the national debate. We do this through a range of media and advocacy channels.

IGCC provides regular and ongoing [media comment](#) on key issues and policy developments, and contributes regular [opinion pieces](#) to help inform the debate. IGCC provides a unique perspective on current and emerging climate change policy developments and is a respected commentator. Of note, in March 2015, former CEO Nathan Fabian had a comment piece published in the journal [Nature](#), setting out how private finance is scaling up to drive the energy transformation needed to meet global emissions goals.

IGCC representatives are also active speakers and participants and presented at a wide range of conferences and events throughout the year. Over the course of the year, former CEO Nathan Fabian presented at ten public conferences and events and a number of additional private investor meetings. Crystal Fleming delivered a guest lecture at the UTS Business School on climate risk for investors.

Finally, IGCC engages actively across a wide range of industry associations, businesses and environmental and social NGOs on climate change issues and policy developments. This has included direct engagement on climate change issues and the investor perspective, facilitating company engagement on performance developments, appropriate forms of corporate carbon risk disclosure or providing input on current environmental campaign issues appropriate to investors.

During the year, for example, IGCC participated in the City of Sydney stakeholder engagement process for their Climate Adaptation Strategy, and with the National Climate Change and Adaptation Research Facility (NCCARF) on development of their Coastal Climate Risk Tool.

IGCC convened a roundtable on fiduciary duty and climate risk issues with Sarah Barker, Special Counsel from Minter Ellison and co-hosted a Responsible Property Investment breakfast with UNEP FI and the UN PRI. IGCC is also engaging with financial regulators on the broader financial system implications of long term climate risk. This will be a key areas of focus for 2016.

Investors urge Australian Prime Minister Tony Abbott to ignore renewable energy target report

KERRIS SINCLAIR THE COURIER MAIL, SEPTEMBER 02, 2014 3:34PM

National advertising campaign

In September 2014, and reflecting the importance of the issue to investors, IGCC took out paid advertising in national newspapers for the first time in the form of an open letter to the Prime Minister on the Renewable Energy Target (RET). This generated significant follow on media coverage and was supported by IGCC members concerned about the impact of investment on ongoing changes to the RET. This was featured as a good example of investor engagement on clean energy issues in the Routledge Handbook of Responsible Investment, published August 2015.



The savings of more than 10 million Australians are invested in a clean energy future – why undermine the Renewable Energy Target?

Dear Prime Minister,

We're no different to any other nation. The health of our economy is vitally dependent on investor confidence in government and the stability of its policies.

For years we've been investing the savings of Australians in projects on the basis of bipartisan support for boosting renewable energy.

This is now at risk. Our investments, together with skilled industries and jobs that the Renewable Energy Target is creating are at risk due to the uncertainty of your government's commitment to the legislated 41,000 Giga-Watt-hour Target.

The argument has been had and there's no going back. Australians see reducing the carbon emissions from our energy supply as the right thing to do – not just for the environment, but also for our economy. We share the view that Australia needs to be growing renewable energy – not stepping back from our commitments.

Investors need predictable long-term policies to be confident to make investments in the energy sources of the future. This environment requires bipartisan support on the need for more renewable energy, not less. We encourage you not to change that now.

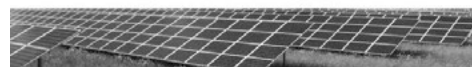
Keep Australia an attractive investment destination.
Support current and future investments made for Australians.
Maintain the Renewable Energy Target.

Yours sincerely,



The Investor Group on Climate Change (IGCC) represents Australian and New Zealand institutional investors holding over \$1 trillion of investments. www.igcc.org.au

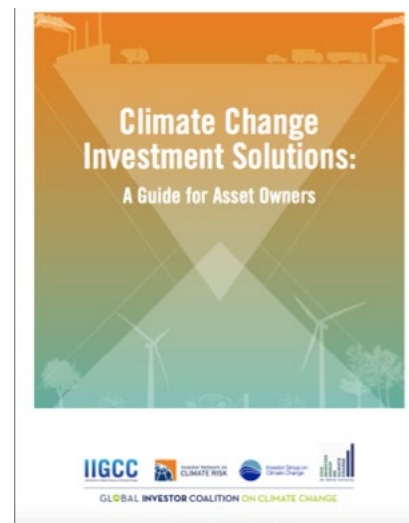
Authorised by Nathan Fabian, IGCC Australia at New Zealand Level 6, 201 George Street Sydney NSW 2000



Research

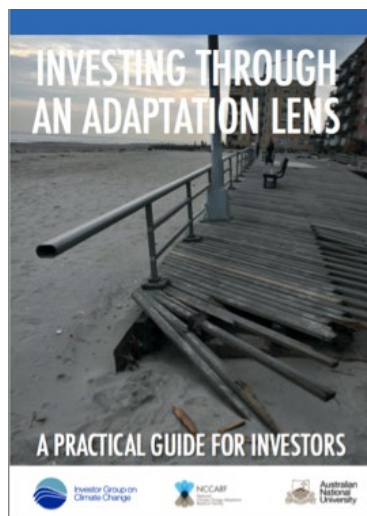
During the year, IGCC supported a number of significant research reports and [publications](#) on climate change issues for investors.

As part of the Global Investor Coalition on Climate Change (see below), IGCC supported the development of [Climate Change Investment Solutions: A Guide for Asset Owners](#). The report sets out practical actions that asset owners can take to address climate change, including low carbon investment, managing and reducing carbon exposure in portfolios and corporate engagement. IGCC, in partnership with GIC, is aiming to undertake further investor education and engagement activities in 2016 on the basis of the Investment Solution Guide.



Also in conjunction with GIC, IGCC released [Investor Expectations: Oil and Gas Company Strategy: Supporting investor engagement on carbon asset risk](#). The purpose of the report was to provide a guide for investors to undertake constructive engagement with the boards and management of oil and gas companies on climate risk, in order to mitigate the long term risks to investors. It follows on from the previously released Institutional Investors' Expectations of Corporate Climate Risk Management.

Following on from a day-long workshop IGCC convened with members, scientific and industry experts on adaptation risks for investors, IGCC published a new Investor Guide on adaptation risk. Authored by David Rissik, Deputy Director of the National Climate Change Adaptation Research Facility (NCCARF), and Dr Mike Smith of the Australian National University, [Investing Through the Adaptation Lens](#) provides a practical guide to the key issues and considerations investors need to be managing when assessing adaptation impacts in their investment decisions.



IGCC published a stand alone Position Paper on [Post 2020 emission reduction targets for Australia](#). Developed by the IGCC Policy Committee, it sets out key issues and considerations which IGCC felt should be taken into account when determining a fair and equitable emissions reduction target, and formed the basis of IGCC's submission to the Prime Minister's Taskforce for the determination of Australian Intended Nationally Determined Contribution (INDC).

As a member of the expert advisory committee, IGCC supported the development and release of the landmark Mercer Report – [Investing in a time of climate change](#). The report outlines actions for investors to manage key downside risks and access opportunities and represents the culmination of a research project that began in September 2014. The report models the poten-

tial impact of climate change on returns for portfolios, asset classes and industry sectors between 2015 and 2050, based on a combination of climate change scenarios and climate risk factors. Mercer collaborated with 16 investment partners, collectively responsible for more than US\$1.5 trillion, to produce the report.

In October 2014 IGCC published the report Energy Management and Company Competitiveness, based on research jointly undertaken with the Department of Industry, Monash University and ClimateWorks assessing energy efficiency opportunities of S&P/ASX100 companies.

Following on from a half-day workshop to generate new research priorities, the IGCC Research Working Group is continuing to identify new areas of focus for 2016 aligned with broader IGCC policy areas.

Membership engagement

One of the key benefits for IGCC members is the peer to peer learning and sharing of best practice which takes places through our membership engagement program. This supplements the regular IGCC Members Newsletter, a summary of the latest research, events and climate change policy developments of interest to the investment community.

As discussed in the Members chapter of this report, IGCC monthly meetings are well attended and feature a diverse range of national and international speakers, updates

on the latest developments in investor practice and member driven presentations on their own initiatives and activities.

IGCC also plays a key role in facilitating engagement between our members and key international climate change figures. In 2014/15 this included UNFCCC Executive Secretary Christiana Figueres and U.S former Democrat Bob Massie.

Where appropriate, we bring members together on an ad hoc basis to discuss and engage on specific issues or initiatives. These include corporate engagement on key climate change issues or climate risk disclosure practices for example.

During the year, IGCC worked with Regnan, PRI and ACSI on a [joint Statement](#) of Investor Expectations on Corporate Climate Lobbying. The target of the statement was the apparent contradiction between stated public commitments by some leading companies to support meaningful action on climate change and active lobbying by industry associations supported by the same companies which sometimes takes place to avoid such measures being put in place.



Member workshop on investing for adaptation

In August 2015, IGCC held a day-long workshop for members and expert stakeholders to review current investor practice on managing adaptation issues.

This workshop included a range of speakers providing an overview of the science and likely physical impacts of climate change, discussed the key issues for consideration and reviewed real world case studies from investors and industry. It served as a hands-on opportunity for IGCC members to learn about emerging best practice, liability and governance issues, and hear from leading analysts on practical investor considerations when managing adaptation.

The workshop served as the basis for the IGCC Investor Briefing 'Investing Through an Adaptation Lens' launched at the IGCC Summit by David Rissik, Deputy Director on NCCARF and lead author of the investor briefing.



International engagement

In the lead up to the Paris Conference of Parties (COP21), the role that IGCC plays in bringing international climate policy and investment practice into Australian and New Zealand discussion, has been more important than ever.

The [Global Investor Coalition on Climate Change](#) (GIC), a joint collaboration of IIGCC Europe, Ceres / INCR North America, Asia IGCC and IGCC Australia and New Zealand, provides a critical platform for engagement between investors and international institutions like the UN and OECD. This is supported by ongoing funding provided by the Villum Fonden, a family foundation based in Denmark that funds private sector, international climate change projects.

GIC has allowed investors to speak with one voice to the international community on climate change and investment, improving the strength and clarity of our messages. As a result institutional investors are now recognized as a key and influential stakeholder group along with business and civil society in international climate negotiation processes.

We have also continued to build collaboration between the PRI, UNEPFI, CDP and the GIC groups. With so much work to do on climate change, aligning the efforts of these groups has proved the right approach. Global investor groups have worked cooperatively around the launch and ongoing support of a number of significant new investor platforms promoting the steps that

investors are taking to support the move towards a low carbon economy.



In September 2014, IGCC, along with other investor groups, played a significant role contribution at the [UN Climate Summit](#) including presentation of the [2014 Global Investor Statement on Climate Change](#), the [Finance Sector Leadership Report](#) and launch of the [Low Carbon Investment Registry](#). IGCC Chairman Frank Pegan and IGCC member HESTA CEO Anne-Marie Corboy, accompanied by IGCC CEO Nathan Fabian, attended and spoke at the UN Climate Summit.

The 2014 Investor Statement on Climate Change has now been signed by over 385 investors representing over \$24 trillion, and continue to grow, making it the best supported public statement by investors on climate change ever. The statement called for stronger government action on climate change, but also outlined the steps investors would take to address climate change in their portfolios.

The statement was backed up by evidence of low carbon investment in the Low Carbon Investment Registry, a project which IGCC has taken a lead role in coordinating on behalf of the investor coalition during the course of the year.

IGCC CEO Nathan Fabian, along with IGCC members Ian Woods from AMP Capital and Bill Hartnett from Local Government Super, also attended the Paris Climate Week in May 2015, and presented the [Investor Platform for Climate Actions](#) during the Climate Week conference. This was also a good opportunity to discuss company engagement activities underway on climate risk issues. Climate Week was a preparatory event for the UN climate talks scheduled for Paris in December.

Investor engagement on international platforms will continue in the lead up to Paris COP21 and after throughout 2016, as global recognition of the important role of private finance in decarbonizing the economy continues to grow.



On October 12, 2015, IIGCC, IGCC, PRI, UNEP-FI and Ceres' INCR welcomed progress made on the climate finance package in Lima, Peru, and reiterated the need for a strong global climate deal at COP21 in Paris. The [call to action](#) was published in top-tier business and financial journals around the world.

Advocacy on G7 and the G20

In partnership with other global investor groups, IGCC has also supported a new wave of engagement on climate change issues with Head of Governments under the G7 and the G20.

In December 2014, as part of the G20 Summit in Australia, GIC wrote to the Head of Government of G20 nations calling for G20 members to show leadership and commit to ambitious emission reduction targets and convene a meeting of G20 Finance ministers to discuss climate finance opportunities. Throughout 2015, GIC has also supported the [G20 Energy Efficiency Investor Statement](#) by encouraging members to endorse the principles and engaged with G20 energy ministers around carbon risks and opportunities.

In May 2015 GIC members and investors issued a joint open letter to [G7 Finance Ministers](#), calling for a long term global emissions reduction goal in the Paris agreement and credible short to medium term national emission reduction pledges.

IGCC 2015 Summit

One of the major projects IGCC undertook this year was to host the inaugural Investor Group on Climate Change Summit with the theme of 'No turning back'.

Held in Melbourne on over 6 and 7 of October, 2015, the event was a stand-out success with all of IGCC's major objectives going into the event achieved. This includes targeted attendee numbers and professional profile, the high calibre of local and international speakers, and sponsorship targets and media coverage goals.

In summary, 240 delegates attended the Summit, drawn from across the investment and finance community. The Summit had sixteen sponsors in total and a number of private and sponsor-led events were held alongside the main event.

In both the lead up to the Summit, and over the two days that the event took place, IGCC was able to generate significant media and social media coverage on the investor perspective on climate change issues and profile a number of international keynote speakers. The hashtag #IGCC15 was even 'trending' nationally on the morning of day two of the Summit.

IGCC was also pleased to celebrate our tenth anniversary, and honour ten of our founding members, at a special ceremony alongside the Summit. This presented a great opportunity to pause and consider how far IGCC has come and the important role that it plays today in representing the

investor perspective on climate change issues.

IGCC has received very positive feedback from sponsors, speakers and attendees at the Summit on the calibre of the content, the format and the networking and engagement opportunities presented by the event. We are now considering how best to take this forward and the role of IGCC in convening dedicated investor events in 2016.

A complete [wrap up](#) of the event, including photos, videos and presentation materials is now publically available.



What are we aiming to do next?

If this year was busy and eventful, we have every expectation that the next 12 months will only increase the pace of momentum on climate change policy developments and the investor response.

The impact of international negotiations at the Paris COP21 will continue to resonate over the year and is likely to see a renewed surge in policy and practical business responses to climate change issues as the world pursues the goal of limiting global warming to two degrees Celsius. IGCC will continue to work with our international partners to ensure that investors are actively represented in the international debate.

Within Australia, a Federal Election in 2016 will dominate the year and it appears likely that climate change will continue to be a key area of debate. IGCC will be actively engaged in the national discussion on an appropriate way forward and the issues and impacts for investors.

The new year will bring a renewed focus on our New Zealand members, as the scheduled review of the New Zealand Emissions Trading Scheme (NZ ETS) and broader New Zealand climate change policy settings will drive greater investor engagement on domestic frameworks.

IGCC will continue to be at the heart of the climate change policy discussion, promoting investor advocacy, engaging with our members on the latest policy and investment practice developments and

bringing an international perspective to the regional debate.

We will continue to support our members in sharing emerging best practice, understanding the issues and developing the tools and resources needed to manage climate risk and capture carbon opportunities. Adaptation will continue to be a major area of activity in the new year, but we also expect to see carbon risk disclosure frameworks and issues around financial system stability emerge as new frontiers of engagement.

All the IGCC working groups will be developing a work plan for the year and continuing to engage across the IGCC membership on key issues for their focus area.

Looking further ahead, in early 2016 the IGCC Management Committee will hold a dedicated strategy review, focusing on identifying major activities and initiatives for the next few years.

There is significant investor momentum underway and accelerating. IGCC is well positioned to continue to support our members and promote the investor perspective on one of the defining issues of our time – climate change.

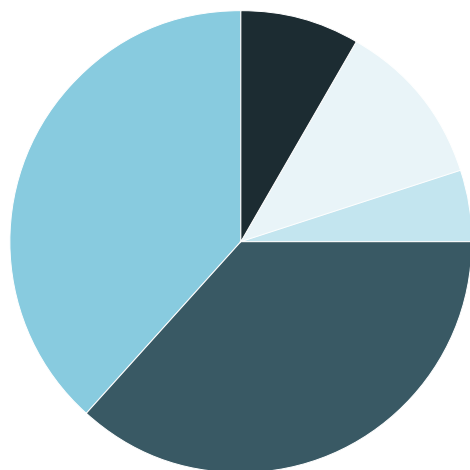
3 MEMBERS UPDATE



Our members

IGCC members are large superannuation funds, fund managers, research analysts, investment industry associations and advisors.

IGCC finished 2014/15 with 55 members, which has since increased to 60, with the addition of 6 new members, and the loss of 1, since 30th June 2015. Together, members are responsible for investing & managing over \$1 trillion.



Breakdown on IGCC Membership

- Associate Members: 5
- Associate Members - Industry Associations: 7
- Supporter Members: 3
- Full Members - Asset Owners: 22
- Full Members - Fund Managers: 23

New Member Spotlight

QIC

QIC believes that environmental, social and corporate governance (ESG) factors can have a material impact on the long-term returns of investment portfolios. ESG factors are integrated into our investment decision-making processes as part of our commitment to delivering strong, long-term returns for clients.

Our membership to IGCC is a commitment to us advancing our approach and thinking in this space, in particular on climate change. QIC is seeing more and more cases of climate risks becoming interconnected with business risks and, therefore, these risks and opportunities must be integrated into our investment decisions. We want to leverage from IGCC's thinking, research and strategy in this area. In addition we want to partner with other like-minded investors to share and collaborate on ideas.

CEO TESTIMONIALS



Cbus - Full Member

"Cbus believes that climate change will have a range of consequences which may impact on our investment portfolio. This is why we actively support the work of IGCC, as we seek to encourage government policies and investment practices that address the risks and opportunities of climate change for the ultimate benefit of our members. The inaugural IGCC Summit held in October was a great initiative bringing together industry experts and investors and I look forward to next year's event."

- David Atkin, CEO



Australian Council of Superannuation Investors - Industry Association member

"Investor engagement in climate change continues to gather pace, as investors register the long-term risks of climate change. ACSI's partnership with the IGCC in addressing both the public policy and company engagement aspects of this issue has proven very productive, and we look forward to continuing our association."

- Louise Davidson, CEO



HESTA - Full Member

"Through the allocation of capital, institutional investors have a pivotal role to play in tackling climate change and supporting the transition to a low carbon economy. Suitable domestic and international policy is essential to build confidence in investors to mobilise the capital that is required. We see IGCC as providing an effective platform for institutional investors to express and advocate their perspectives. This is vital because, as universal investors, invested across the entire economy, we need an advocacy platform that takes an entire economy view and is not dominated by the narrow self-interests of a single company, a single sector, a single group of assets. The contribution of IGCC to increasing knowledge and understanding of how climate change affects investments and on the development of appropriate policy, both domestically and globally, has been invaluable."

- Debby Blakey, CEO



Australian Super - Full Member

"Climate change is an important issue for long term investors who need to understand the investment considerations so that these can be appropriately managed in investment portfolios. The Investor Group on Climate Change has played an important role in establishing the investment context of climate change and representing its investor members on the issue. Looking forward, the Investor Group on Climate Change has a key role to play for its members as they continue to evolve their investment response to the climate change issue."

- Ian Silk, CEO

Member Register - November 2015

AMP Capital	ESSSuper (Emergency Services and State Super)	SAS Trustee Corporation (State Super)
ASFA	Eureka Funds Management	SIM Venture Securities Exchange
Australian Catholic Superannuation & Retirement Fund	Federation Centres	StatewideSuper
Australian Ethical Investment	FINSIA	Stockland
Australian Institute of Superannuation Trustees (AIST)	First State Super	The GPT Group
Australian Representative Office of Generation Investment Management	Frontier Advisors	UBS Investment Bank
AustralianSuper	Guardians of New Zealand Superannuation	UniSuper Management
AVCAL	Hastings Funds Management	VicSuper
Baker & McKenzie	HESTA	Victorian Funds Management Corporation
Bendigo & Adelaide Bank	Industry Funds Management	Vision Super
BlackRock Investment Management (Australia) Ltd	Lend lease	
BT Financial Group	Local Government Super	
BT Investment Management	LUCRF Super	
Carbon Market Institute	Mercer Investments (Australia) Limited	
Catholic Church Insurance	MIRVAC	
Catholic Super	Nanuk Asset Management Pty Ltd	Amundi Asset Management Australia
Cbus	Non-Government Schools Superannuation Fund	Australian Council of Superannuation Investors (ACSI)
Christian Super	Norton Rose Fulbright Australia	Brawn Capital Limited
Citi Investment Research	Perpetual Investments	QIC
Colonial First State Global Asset Management	Rei Super	Regnan - Governance Research & Engagement Pty Ltd
Commonwealth Superannuation Corporation	Responsible Investment Association Australasia (RIAA)	Sustainable Business Australia
DEXUS Property Group	Russell Investments	

**IGCC currently has 60 members,
Welcome to the IGCC members
below who joined after June 30th 2015**

New Member Spotlight

Lend Lease

Lend Lease Investment Management is a property investment management business committed to creating value for wholesale investment partners. We invest on behalf of institutional investors including pension funds, sovereign wealth funds, investment managers and insurance companies.

We support IGCC's mission of ensuring that the risks and opportunities associated with climate change are incorporated into investment decisions for the ultimate benefit of our clients and customers.

Monthly member meetings

The monthly 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. An average of 41 members attended each member meeting in 2014/15, with a total of 409 members engaged with member meeting content throughout the year.

Over the course of the year meetings focused on the following topics:

Jun.	Nathan Fabian, CEO, IGCC. Jon Jutsen, Founder, Energetics. Anita Stadler, Principal Consultant, Energetics	Paris: from Climate Week to COP + Energy productivity in Australia
May.	Dr. Danyelle Guyatt, Managing Director, Collaborare Advisory	Climate Change Investment Solutions - A Guide for Asset Owners
Apr.	Rick Baker, Review Director, Climate Change Authority. Angela Hoefnagels, Review Director, Climate Change Authority	Setting Australia's post 2020 emissions reduction target
Mar.	Vanessa Torres, BHP Billiton. Fiona Wild, BHP Billiton	Climate change and scenario planning - What can we learn from BHPB?
Feb.	Erwin Jackson, Deputy CEO, The Climate Institute	The lead up to Paris
Nov.	Peter Castellias, CEO of CMI. Amandine Denis, Head of Research at ClimateWorks Australia	Can Direct Action become a carbon price?
Oct.	Nathan Fabian IGCC, CEO	The low carbon investment shift is on!
Sept.	Anna Skarbek, Executive Director of ClimateWorks Australia	Pathways to deep decarbonisation
Aug.	Nathan Fabian IGCC, CEO. Ian Dunlop	Company board competency on climate risk. What do investors really expect?
Jul.	Tim Buckley, Director of Energy Finance Studies Australasia. Martin Wilder, Partner, Baker & McKenzie	Stranded Assets Financial Risk & Local policy development: Fossil Fuels, Energy Transition and Risk

4 FINANCIAL



The Treasurer's Report

**Rajinder Singh, Portfolio Manager,
BT Investment Management**

*IGCC Annual General Meeting
Tuesday 10th November 2015*

It gives me great pleasure to present the Treasurer's Report for the 2014-15 financial year.

IGCC's financial plan remains consistent with recent years. Membership subscription revenues are the mainstay of IGCC income. This is supplemented by additional sponsorship for specific research projects and other activities and additional funding from foundation donors to support international advocacy and member engagement.

Revenue was up year-on-year owing to additional income from grant funding and some ad hoc projects and advocacy-based advertising activities supported by members.

Expenses were also up slightly on the previous year, incorporating the one-off advocacy-based advertising mentioned above, and a modest increase in primary research undertaken in the year. Overall, a respectable surplus of \$34,730 was delivered for the year.



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

Summary of results and performance highlights

Member numbers were 55 as at 30 June 2015, although it has since risen to 60 by the time of publication. Revenue was up relative to 2013/14. Expenses are up relative to 2013/14.

Results and performance highlights (as at 30 June)

	2015	2014
Revenue	\$559,150	\$457,430
Expenses	\$524,419	\$449,180
Surplus	\$34,730	\$8,250
Accumulated funds	\$106,316	\$71,586*
Member numbers	55**	58
Cash Position [^]	\$366,731	\$372,935

Notes

* Including provisions for non-current liabilities of \$16,274.

** Member numbers have since risen to 60 (as at 2 November 2015).

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



Investor Group on
Climate Change