



Investor Group on
Climate Change

Investor Group on Climate Change

2016 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:

- Be an effective voice for investors in the climate change policy debate.
- Assist the development of climate change policy to support an efficient transition to a sustainable low carbon economy.
- Increase investor understanding of climate change issues and impacts.
- Help our members develop the tools, resources and practical responses needed to effectively manage climate change risks and pursue low carbon investment.
- Engage the investor and finance community to increase awareness of climate change risks and opportunities.
- Engage with industries across the economy to increase awareness of climate change as a financial risk.

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.

Message from the Chair

Frank Pegan

To all members of IGCC

It was an amazing result at COP21 in Paris which reflected a renewed global effort to limit global warming to two degrees. The firm commitments made by countries, subnational governments, cities and business this year mean that the pressure to continue to drive for a political and economic result that addresses climate change continues.

As IGCC members we seek a proactive response to what is one of the most significant impacts on investors, business, and society. We acknowledge that companies, markets and economies face risks and opportunities associated with climate change and that these risks and opportunities will impact on the financial returns of our members' investments.

Irrespective of politics, IGCC will succeed in influencing not only government but also institutional investors domestically and globally to be part of the solution.

IGCC exists due to the commitment and contribution by a number of individuals and organisations working collaboratively for the good of the planet and the people. 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 their valuable participation and wise discernment in support of IGCC outcomes

- The executive team for the incredible professional service and support you give to members and the Management Committee
- The working groups and their respective chair for contribution to the work of IGCC.

Success and achievements

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

- Engaged working groups contributing to the advocacy, research and policy work of IGCC
- Active participation in conferences and seminars by the executive and members of IGCC
- Continuing support of the Global Investor Coalition on Climate Change (GIC), including the launch of the Global Investor Statement on Climate Change, which has grown to more than 409

Investors and over US\$24T in FUM, calling for support for climate change policy. We also collaborated to advocate for strong action at the G20

- Updating and maintaining the Low Carbon Investment Registry which showcases current investments in low carbon by global investors
- Sustained growth in membership.

IGCC will 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.

Major achievements for the year include:

- Playing an active role at the Paris climate change talks, co-hosting an official investor side event with global investor groups
- Launching the refreshed Asia Investor Group on Climate Change (AIGCC) in Singapore in September 2016
- Published *Seven Climate Change Policy Priorities* ahead of the 2017 Federal Election in Australia, which investors believe are critical for managing risk and unlocking investment in low carbon finance opportunities
- Supported the Australian launch of a new investor action framework on sustainable real estate

- Worked with global investor groups to launch investor guides to drive engagement on climate risk with the mining sector, electric utilities sector and automobile companies
- Engaged with the Task Force on Climate-related Financial Disclosure (TCFD) and released a joint briefing on the French Energy Transition Law
- Hosted a number of investor events to support action to stay below 2°C.

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 to occur as soon as possible.

Thank you for the privilege.

Frank Pegan.

Message from the CEO

Emma Herd

To all members of IGCC

It gives me great pleasure to present the Investor Group on Climate Change 2016 Annual Report.

With the passage of another full year of climate change policy and investor progress, it is important to pause and take stock.

This time last year, the world was on the cusp of finalising the Paris Agreement, an unprecedented step forward in global cooperation on climate change. Endorsed by over 190 nations, it sets out ambitious new goals to limit global warming to less than two degrees and a clear pathway forward.

Less than 12 months after the COP21 talks, the Paris Agreement has now officially entered into force and nations are moving rapidly to implement their national commitments.

Importantly, both Australia and New Zealand have ratified the Paris Agreement, endorsing ambitious, long term objectives for decarbonisation of the global economy and enshrining the principle of a net zero emissions economy by the second half of the century. This has significant implications for investors, through the market signal these commitments send,



but also for national policy frameworks.

But in many ways, securing the Paris Agreement was the easy part. Now the real work of implementation must begin. Investors have a crucial role to play in supporting a smooth transition to a sustainable low carbon economy and meeting the ambitious goals of Paris. The outcome of the US election will also continue to create new headwinds for global collaboration.

Early this year, the IGCC Management Committee sat down to review the changing policy and investment landscape and agree a new three year strategy out to 2019. We have sought to wrap up our progress to date and showcase our new commitments in this report.

I hope the 2016 Annual Report provides a useful snapshot of the breadth of activities we have had underway this year,

from launching the Asia Investor Group on Climate Change (AIGCC), to adaptation finance, corporate climate disclosure and collaborating with international investor networks in new research and advocacy initiatives.

All of these achievements are only made possible through the collaboration, time and voluntary participation of our members and partners across the investor community.

In particular, I would like to thank Crystal Fleming, Rebecca Mikula-Wright and Gemma Nardone (who we welcomed to the team this year) for all their hard work.

Finally, I would also like to thank the members of the IGCC Management Committee for their guidance over the year, the Chairs of the IGCC Working Groups for their hard work and dedication and all of our members for their active participation in IGCC's many and varied activities.

Thank you.

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

Emma Herd.

Management Committee as at December 2016

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 Lisa Wade, who stepped down from the committee this year, for her valuable contribution over the two years that she was a participating member. A new appointment to fill the vacancy will be made at the 2016 AGM.

Chair	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
Secretary	Bill Hartnett	Head of Sustainability, Local Government Super
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 Super Fund
Full Member	Rob Fowler	Chief Investment Officer, HESTA
Full Member	Niall McCarthy	Head of Business Development, Eureka - Real Assets
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 Research

IGCC Secretariat

Chief Executive
Emma Herd

Manager of Operations
Crystal Fleming

Project Director
Rebecca Mikula-Wright

Communications Coordinator
Gemma Nardone

IGCC Management Committee Skills Matrix

	FP	IW	RS	BH	LD	RF	PB	EP	PV	KF	NMc
Board/Senior management experience	•	•	•	•	•	•			•	•	•
Investment	•	•	•	•	•	•	•	•	•	•	•
Member network	•	•		•	•		•	•	•	•	•
RI/ESG	•	•	•	•	•	•	•	•	•		•
Legal	•										
Accounting & audit	•		•			•			•		•
Project delivery	•				•		•		•	•	•
Public affairs/policy/political	•				•						
Risk management & compliance	•		•			•	•		•		
Research/analysis	•	•	•	•	•	•	•	•		•	
Human resources/industrial relations	•				•		•		•		
Organisational type ^	AO	AM	AM	AO	A	AO	AM	A	AO	AO	AM
Tenure (years)	8.5	10	8.5	4.5	8.5	10	3.5	5.5	1.5	1	6.5
Geography: Australia New Zealand Asia Pacific Other	A/NZ/AP	A	A/NZ	A	A	A	A	A	A	A	AP
Gender (M/F)	M	M	M	M	F	M	M	F	M	M	M
Age	60-69	50-59	30-39	40-49	40-49	50-59	40-49	60-69	40-49	40-49	50-59
Attendance at Board meetings (%)*	67	67	78	78	75*	89*	67	56	44	78	78
Of possible attendance	9	9	9	9	9	9	9	9	9	9	9

Management Committee as at 30 June 2016. Relates to the 2015-16 financial year.

^ Categories include Asset Owner (AO), Asset Manager (AM), Associate (A)

* Includes delegates

Working Groups

IGCC operates through a number of working groups, where members help shape IGCC's position on key issues and promote industry engagement across a number of investment and climate change practice 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 government policy and investment implications.

Update by Chair of the Policy Committee, **Emma Herd**, CEO IGCC and Deputy Chair, **Ian Woods**, Head of ESG Research, AMP Capital

This year, IGCC engaged with government and policy-makers in Australia, New Zealand and internationally. Of note within Australia, IGCC commented on the Climate Change Authority Special Review of Australia's climate policy options, the Senate Inquiry into Carbon Risk Disclosure and the Joint Standing Committee on Treaties review of the Paris Agreement. IGCC released *Seven Climate Change Priorities for Investors* as part of the 2016 Federal Election, setting out investor priorities for climate change policy for the incoming government. In New Zealand, we participated in the Review of the New Zealand Emissions Trading Scheme. All IGCC submissions are available at www.igcc.org.au.

Over the year, the Policy group also coordinated IGCC's engagement with the global Taskforce on Climate-related Financial Disclosure (TCFD). This included both direct and collaborative feedback into the review.

Energy market transition in line with decarbonisation trajectories continues to be a key areas of focus. The Policy committee continues to coordinate the investor position on energy issues and provide input into ongoing energy policy development in Australia. In 2017, we expect energy, as well as the 2017 Review, to be major areas of activity.

The Policy Committee supported IGCC's collaboration in The Australian Climate Roundtable, an influential alliance of major Australian business, union, research, environment, investor and social groups launched in 2015. This work will continue through the 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 **Ross Barry**, Head of Research & Origination, First State Super

In 2016, the RWG group picked up a number of the research topics identified the previous year for further work. In particular, the group has begun to explore how the Government's emission reduction targets set down in Paris in 2015 will likely be achieved (or not), the risks and opportunities to investors and how this might shape our thinking around government policy.

The primary focus to date has been on the electricity sector, which represents around one-third of Australia's total GHG emissions. We have sought to distil existing research by academics, energy companies and other advocacy organisations, to sketch out the key trends and the implications for investors. A key case study has been the impact of new large-scale renewables and the prospective closure of brown coal-fired power stations in Victoria's Latrobe Valley.

The RWG continues to work with other groups to develop improved standards of corporate disclosure to support better climate change risk management for investors and we are planning a workshop in 2017 to identify common ground across

industry players. We also continue to provide input into the IGCC's policy papers and our participation through international networks.

Going forward we will be expanding our focus to look at the transport sector and the role of innovations such as the electric car and alternative fuels as well as the role of urban development.

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, Lendlease

This year, work has continued to focus on raising awareness, providing guidance, tools and pathways to investors and managers on assessing the risks and opportunities of climate change on real assets.

In May, we hosted the Australian launch of the collaborative guide: *Sustainable Real Estate Investment: Implementing the Paris climate agreement: An Action Framework*.

The group received presentations from the Green Building Council of Australia (GBCA) on the draft Carbon Standard from NCOS for Buildings and Precincts, and from ClimateWorks on the ASBEC *The Low*

Carbon, High Performance Report, which provides detailed modelling of potential emissions reductions from the building sector, setting out a policy roadmap towards 2050. We also heard from Climate Bonds on the *Climate Bond Standard and Certification Scheme* for real estate.

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, and in particular will work with the IGCC Research Group on providing commentary on the NCOS Carbon Standard for Buildings.

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 LCFWG **Andrew Major**, General Manager Unlisted Assets, HESTA

The LCFWG 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 group pursued a number of short and long term goals. From a long term perspective, the working group is focused on exploring opportunities for practical collaboration between IGCC members on emerging finance opportunities.

Over a shorter time horizon, a number of activities have been prioritised, including:

- (i) developing a “roadmap” or framework for identifying and assessing low carbon finance opportunities
- (ii) engaging with green finance bodies (e.g. CEFC and ARENA)
- (iii) reviewing the IGCC’s ongoing involvement with the Climate Bonds Initiative and the growth of the bond markets, and
- (iv) providing a forum for sharing expertise and insights on emerging best practice in low carbon financing.

Adaptation

The Adaptation Working Group was established in 2016, and is responsible for increasing investor awareness and management of physical risk and adaptation investment.

Update by Chair of the Adaptation Working Group **Kelly Christodolou**, Investments Governance Manager, AustralianSuper

The group formed to better understand adaptation issues and building a business case for climate change adaptation. A stakeholder-wide adaptation workshop was organised looking at mechanisms to increase investment in adaptation and resilience outcomes.

Over the year, the Adaptation Working Group:

- Received a briefing from Karen Hussey, Deputy Director at the Global Change Institute of the University of Queensland, on Climate Change Policy in Australia
- Received a report on developing the business case for adaptation by Dr Zsuzsa Banhalmi-Bakar of Griffith University
- Presented at the National Climate Change Adaptation Research Facility (NCCARF) major annual conference on the investor perspective on adaptation issues.

Key insights and outcomes from the IGCC adaptation workshop will be published in a new report in early 2017 setting out adaptation financing options, as well as the risks and challenges that investors need to be managing.

Disclosure

The Disclosure Working Group (DWG) was established in 2016 to focus on developing a guidance document for investors to strengthen disclosure on climate change.

Update by Chair of the Disclosure Working Group **Pablo Berrutti**, Head of Responsible Investment Asia Pacific, Colonial First State Global Asset Management

Established in March in response to new initiatives and growing demand for improved investor disclosure as it relates to climate change, the group has 15 members from 13 organisations whose objective has been to develop guidance for investors on meaningful and appropriate disclosure by investors to their key stakeholders.

In the process the DWG has met six times including a half day facilitated workshop and received two presentations from leading thinkers on the issue. The group also performed a literature review (homework!) on established disclosure standards. Following the workshop, a report distilling the group’s findings was prepared and presented to a full IGCC member meeting for feedback, which has since been converted into a consultation document. The DWG will be calling for comments throughout December and January and expects to release its guidance during the first quarter of 2017.

The group would like to thank Rosemary Sainty for facilitating the workshop, Danyelle Guyatt for preparing the workshop report and Max Horster of South Pole Group and Jacob Thoma of 2° Investing Initiative for their presentations.

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.

In February 2016, the IGCC Management Committee sat down to review the environment in which IGCC is now operating, and revisit the vision, mission and operating strategy for the next three years.

From this review, the new *Investor Group on Climate Change 2016-2019 Strategy* was developed and published.

This strategy sets out our vision, mission and the activities we will be undertaking over the next three years, as the world moves to implement the Paris Agreement and limit global warming to less than 2°C.

We will continue to monitor, measure and report on progress against these focus areas through our annual report.



Focus areas

Policy & Advocacy

Be an effective voice for investors in the climate change policy debate.
Assist the development of climate change policy to support an efficient transition to a sustainable low carbon economy.

Investor Practice

Increase investor understanding of climate change issues and impacts.
Help our members develop the tools, resources and practical responses needed to effectively manage climate change risks and pursue low carbon investment.

Industry Engagement

Engage the investor and finance community to increase awareness of climate change risks and opportunities.
Engage with industries across the economy to increase awareness of climate change as a financial risk.

Enablers

Dynamic and constructive member engagement

Strong governance and disciplined management

Clear and effective communications and advocacy

Vision

An efficient transition to a sustainable low carbon economy.

What we did

There is no doubt that climate change is a fast moving and complex issue. In many ways this was a financial year of two halves, split before and after the Paris Agreement. IGCC joined many other groups to advocate for a strong and effective climate change outcome in the lead up to the COP21 talks. This included ensuring that Australia and New Zealand took robust national commitments into the talks, and swiftly ratified the resulting Paris Agreement.

Post Paris, we have seen a marked acceleration in the business and investor response to climate change, as markets begin to unpick the financial and economic implications of the Paris Agreement goal of limiting global warming to less than 2°C and moving to a net zero emissions economy by the second half of the century.

One of the other major initiatives to come out of Paris was the formal establishment of the global Taskforce on Climate-related Financial Disclosure (TCFD), chaired by Michael Bloomberg. This work builds on IGCC's longstanding focus on strengthening awareness of the importance of corporate carbon disclosure and resulted in further intensive work with our members aimed at strengthening investor disclosure practices.

In our region, IGCC played a major role in helping to re-establish the Asia Investor Group on Climate Change (AIGCC) with a revitalised membership structure and an important new piece of research on the state of climate finance across key markets in Asia.

But despite the strong momentum created by the successful outcome in Paris, it is also important for investors to adopt a precautionary approach and ensure that physical risk and adaptation are also a major area of focus. Over the year, IGCC continued to examine adaptation finance opportunities and solutions aimed at increasing the resilience of infrastructure across the community.

Policy and advocacy

Over the course of the year, IGCC contributed a number of policy submissions on key issues throughout the year and continues to act as the voice of investors in the climate change policy debate.

Within Australia, the 2016 Federal Election was a major factor. IGCC took the opportunity to release *Seven Climate Change Policy Priorities* for Investors, setting out a policy platform for ongoing engagement as we move into the *2017 Climate Policy Review*. Energy reform and managing the relentless push of renewable energy into the national grid was also a major area of focus over the year.

Of note, IGCC provided submissions to the Climate Change Authority Special Review on Australia's climate policy options, the Senate Inquiry on Carbon Risk Disclosure and the Joint Standing Committee on Treaties Review of the Paris Agreement.

Within New Zealand, IGCC was active in the review of the New Zealand Emissions Trading Scheme (NZETS), as the government undertook a comprehensive

Emissions Trading Scheme (NZETS), as the Government undertook a comprehensive review of the domestic carbon market. We also hosted a Roundtable on Climate Disclosure with representatives of major New Zealand business and investors, exploring how global trends in disclosure would impact New Zealand corporate practice.

Throughout the year, IGCC has had a strong focus on climate change disclosure, promoting the need for clear, material and comparable corporate reporting on climate change risks and opportunities. IGCC has engaged with business, financial regulators and government in Australia and New Zealand, promoting investor requirements for greater transparency. We have also been focused on increasing investment into adaptation outcomes and strengthening policy and investor practice on physical risk and resilience.

Strong and effective advocacy is a critical part of effective engagement on climate change policy and a cornerstone of IGCC's activities. 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.

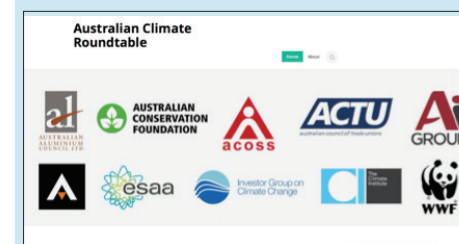
IGCC provides regular and ongoing media comment on key issues and policy developments to help inform the debate. IGCC provides a unique perspective on current and emerging climate change policy developments and is a respected media commentator.

Australia Climate Roundtable

IGCC is a founding partner of The Australian Climate Roundtable. This is an unprecedented alliance of major Australian business, union, research, environment, investor and social groups, founded on a joint statement of principles aimed at identifying areas of common ground and offering a constructive pathway forward.

IGCC represents investors in the roundtable's agenda.

The Australian Climate Roundtable continues to work together to provide constructive input into climate change policy discussions and will continue to collaborate in the upcoming year.



www.australianclimateroundtable.org.au

IGCC representatives are active speakers and participants and presented at a wide range of conferences and events throughout the year. Over the financial the year, CEO Emma Herd presented at around 30 public conferences, events private investor briefings, policy sessions or Board meetings. Emma also participated in podcasts for WWF Australia and EY Asia-Pacific. Crystal Fleming hosted a forum on investor practice with AXA and Rebecca Mikula-Wright represented IGCC on a webinar on investor perspectives on climate change with Stoxx.

This year, we have been focused on improving our communications tools and social media. Over the year we improved our social media presence and rose 136 places to enter McClelland Media's @ SustMeme Climate & Energy Top 500 at #464. We are currently building a new IGCC website, to be launched early in 2017.

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.



The Guardian, 24 Aug. 2016



Australian Financial Review, 7 Sept. 2016



ABC Radio National, 18 May 2016



The Business, 30 Sept. 2016

Investor practice

Working with our members to develop the tools, research and practical resources they need to manage climate change is a core part of IGCC's mandate.

We have six working groups in place which develop and drive our investment response. These provide our members with an opportunity to both directly shape IGCC's wider policy and advocacy response, but also to ensure that the work we deliver accurately reflects real world investor experience and needs.

Policy Chair: IGCC CEO Deputy: Ian Woods	Low Carbon Finance Chair: Andrew Major	Property Chair: Rowan Griffin
Research Chair: Ross Barry	Adaptation Chair: Kelly Chirstodolou	Disclosure Chair: Pablo Berrutti
Asia Investor Group On Climate Change (AIGCC) Chair: Emily Chew		
Global Investor Coalition on Climate Change (GIC)		

Throughout the year, implementing the Paris Agreement through investor practice was a significant part of our focus, alongside strengthening corporate and investor disclosure practices to improve understanding of carbon risks. Identifying means of increasing investment in adaptation outcomes was a third major area of activity.

Research

In May 2016, we coordinated the Australian launch of the *Sustainable Real Estate Investment – Implementing the Paris Agreement: An Action Framework*. The result of a unique coalition of investors and large property groups, the guide sets out a range of measures to improve returns or better protect the future value of real estate investments through application of an ESG and climate change management approach.

As part of the joint GIC *Investor Expectations* series, over the year we released three new guides. This included *Investor Expectations of Electric Utilities Companies - Looking down the line at carbon asset risk*, *Investor Expectations of Automotive Companies - Shifting gears to accelerate the transition to low carbon vehicles* and *Investor Expectations for Oil and Gas Companies -Transition to a Lower Carbon Future*. These guides provide investors with a practical framework for corporate engagement across key impacted industry sectors on material climate change risks and opportunities.

During the year, IGCC also undertook a number of activities as part of the consultation and engagement program with the global Taskforce on Climate-related Financial Disclosure (TCFD). IGCC joined other investor groups in publishing recommendations for a five-part disclosure framework, capturing agreed priorities for corporate disclosure.

IGCC, joined PRI, IIGCC and UNEPFI in

releasing a *Guide to the French Energy Transition Law*, including a summary of implications for investors of the 2 degree disclosure provisions. The introduction of mandatory disclosure requirements for companies and investors in France on how they are aligning their businesses with the goals of the Paris Agreement has had a significant influence on the development of industry responses worldwide.

Finally, as part of the launch of the revitalised Asia Investor Group on Climate Change (AIGCC), we commissioned a major new piece of research reviewing the policies and practices of financial institutions across 12 markets in the Asia region. *Investing for the Climate in Asia*, launched in Singapore at an official side event of the PRI-in-Person conference, this research captures current and emerging practice for the region.

Collaboration and 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.

Through our monthly member meetings, IGCC members have the opportunity to hear from a wide range of international and national policy and investor experts on the latest climate change developments. The full list of topics is set out in Section 3 of this report.

Over the year, in addition to our monthly member meetings we hosted a number of special events with international or key note speakers.

- Webinar on the Energy Productivity Index developed by ClimateWorks Australia, ClimateWorks Foundation and CalSTRS
- Roundtable on Green Bonds with Sean Kidney, CEO of the Climate Bonds Initiative
- Forum on the latest trends in disclosure and portfolio footprinting, with Dr Maximilian Horster from South Pole Group
- Australian launch of the *Sustainable Real Estate Investment - Implementing the Paris Agreement: An Action Framework* with Lendlease, PRI and RICS
- Forum on investor best practice and disclosure with Matt Christensen, global Head of Responsible Investment, AXA IM
- Australian launch of the *Climate Bonds Initiative State of the Market Report*
- Convened a workshop on investor disclosure practices, facilitated by Rosemary Sainty from the UTS Business School
- Convened a day-long workshop on adaptation investment, issues and opportunities
- Forum with Paul Fisher, from the Bank of England, on climate change as financial risk and corporate climate disclosure.

The Members Newsletter, along with issue-specific investor briefings, provide a concise summary of the latest research, events and climate change policy developments of interest to the investment community.

Investing in adaptation

As part of the workstream of the Adaptation Working Group, IGCC, in conjunction with Green Cross Australia's Business Adaptation network, convened a major multi stakeholder workshop on Climate Adaptation Finance. The workshop drew together 60 key individuals from the investment and banking sectors, insurance, climate science, consultants, academia, industry associations, telecommunications, water utilities, Defense, and representatives from the three levels of government.

The intent of the workshop was to explore mechanisms for innovative climate finance structures for real world catalytic climate adaptation projects, heighten investor focus on adaptation finance and develop a set of priority policy engagement areas for IGCC.

A report detailing insights from the workshop and adaptation investment opportunities will be released in early 2017.



We undertake a range of international investor collaboration activities through our partnership in the Global Investor Coalition on Climate Change (GIC). This unique partnership includes the four investor groups that make up the GIC: IIGCC (Europe), INCR (North America), IGCC (Australia & New Zealand) and AIGCC (Asia).

This year, at COP22 in Marrakech, we were again active. We supported the development and publication of a joint GIC investor fact-sheet *Investors Got the Signal*, which provided a snapshot of the practical steps investors have taken over the year to implement the Paris Agreement. Investors also co-hosted a formal side event at the Marrakech talks on investor responses.

The GIC groups welcomed the announcement of the G20 FSB Taskforce on Climate related financial disclosure and have had continued engagement with the taskforce in their respective regions throughout the year. The GIC will continue to support the work of the Taskforce and assist

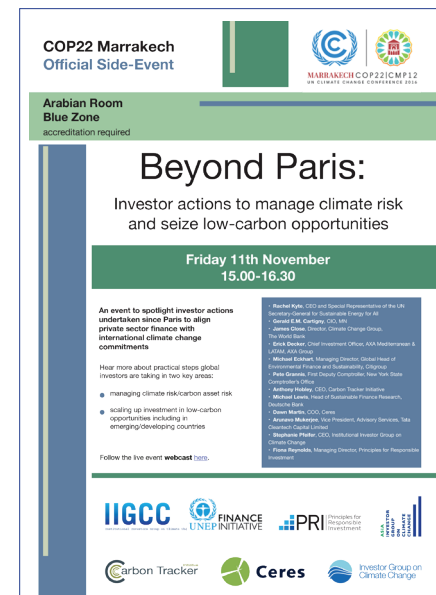


investors in implementing the recommendations in the final report.

The GIC also plays an active role through other multilateral forums, such as the G7 and the G20, in promoting policy responses which support greater investor action.

These initiatives are important in showing policy-makers that the business and finance community support strong action on climate change.

We also collaborate with a wider network of investors on climate change that includes UNEP FI, PRI and CDP and amplifies the investor message at and around significant international policy and climate meetings such as at the COP22 Marrakesh Investor event and of course in Paris at COP21 in 2015.



In September 2016, investors came together to call on G20 nations to swiftly ratify the Paris Agreement and implement robust, investment-grade national policy settings.

In response, 130 investors representing US\$13 Trillion AUM from a coalition of six organisations (IGCC, AIGCC, IIGCC, Ceres INCR, PRI and CDP) wrote to the G20 heads of state urging them to ratify the Paris Climate Agreement this year; double global investment in clean energy; tighten up climate disclosure mandates; develop carbon pricing; and phase out fossil fuel subsidies.

This letter was delivered to leaders of the world's largest economies as they prepared to attend the G20 September meeting in Hangzhou, China in September.

The Asia Investor Group on Climate Change

One of the major projects IGCC undertook this year was to lead the re-launch of the Asia Investor Group on Climate Change (AIGCC) on behalf of the Global Investor Coalition.

The AIGCC was re-launched at a special event held in Singapore on 6 September 2016, with eight founding members: Cathay Financial Holdings, Australian Super, Armstrong Asset Management, BlackRock, Brawn Capital, Impax Asset Management, International Finance Corporation and Generation Investment Management.

The report, *Investing for the Climate in Asia* was launched along with the new group at a side event of the PRI in Person and is the most comprehensive analysis to date of climate finance sector activity in Asia.

Kindly supported by Australia and New Zealand Banking Group Limited (ANZ), the report reviewed the disclosure of leading domestic financial institutions across the Asia Pacific region to understand the state of the finance industry's response to climate change. This review included 36 banks, 30 investors, and 24 insurers.

The report, which received widespread regional media coverage, revealed a significant shift toward embedding climate risk and responsible investment into core business activities. However, much remains to be done, with financial regulators needing to take steps to help catalyse the shift to low carbon investment in order to reduce systemic risks and improve competitiveness.

Since then, several new members have joined AIGCC, including Manulife Asset Management. Emily Chew, Global Head of ESG Research and

Integration, based in Hong Kong with Manulife AM, has taken up the role of Chair of the working group.

2017 will be a major year of growth for the AIGCC, with significant investor and corporate awareness raising and engagement being planned around the group's next major project, to be announced in coming months. The role of investors in Asia is critical to the transition to the 'new economy'. With the rapid development of the region decarbonising will be key to meeting the goals of the Paris Agreement.



"I am delighted to be the inaugural chair of the AIGCC Working Group. The AIGCC plays an important role in mobilising investors in the region to integrate climate considerations into their investment processes. It's a critical juncture for investors to recognize and understand the investment risks posed by climate change, and so I'm looking forward to working closely with the Working Group towards this agenda in 2017."

- Emily Chew, Chair AIGCC | Global Head ESG Research & Integration at Manulife Asset Management



What are we aiming to do next?

Hopefully, what has become clear from this report is that IGCC has spent much of the year laying the groundwork for 2017.

As set out in the IGCC 2016-2019 Strategy, we have three main focus areas:

- Policy and advocacy
- Investor practice; and
- Industry engagement.

Specific activities in 2017 will be:

IGCC will continue to advocate and promote the role of investors in responding to climate change.

We will play an active role in the 2017 *Climate Policy Review* in Australia, promoting the need for a sensible and efficient transition in line with the goals of the Paris Agreement.

IGCC will be releasing a number of significant new reports in 2017, the culmination of months of hard work from the IGCC Working Groups. These will cover a range of topics from adaptation, disclosure, low carbon finance and energy sector transition.

We will continue to represent the investor perspective on climate change in New Zealand in the lead up to the forthcoming national election. IGCC has a role to play in convening business and investors to review the financial implications of climate change for the New Zealand economy.

IGCC will maintain our support for the Asia Investor Group on Climate Change (AIGCC) over the year, as it grows into a major new forum for investors seeking to understand climate change risks and opportunities in the region, and the role that the investment community can play in promoting more effective corporate climate disclosure.

Through the Global Investor Coalition on Climate Change (GICC) and other major international networks, IGCC will continue to support global investor advocacy and engagement. This will focus on implementing the Paris Agreement, in the context of the new Trump Administration in the United States, and the recommendations of the Taskforce on Climate-related Financial Disclosure.

Finally, in 2017 IGCC will be hosting our second major Investor Summit. Following the success of the inaugural 2015 Summit, we are pleased to say that we will again be bringing together investors, business and policy makers in our region to review investor practice, identify new and emerging opportunities and discuss how to support an efficient transition to a sustainable low carbon economy.



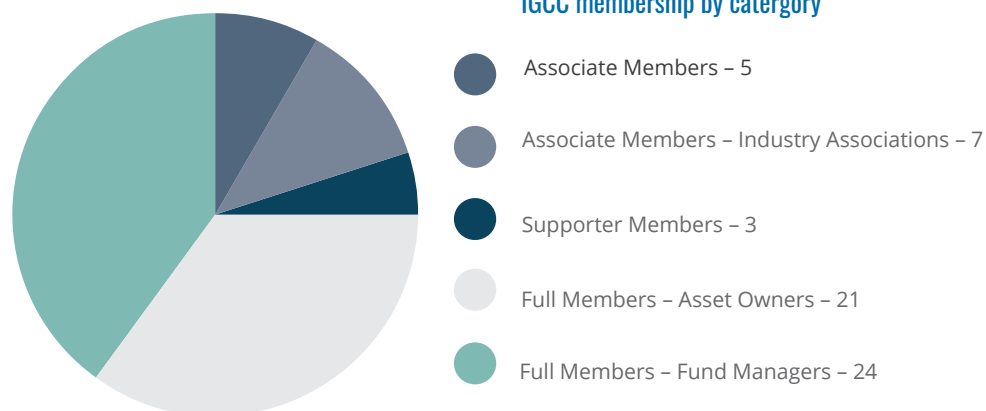
3 MEMBER UPDATE



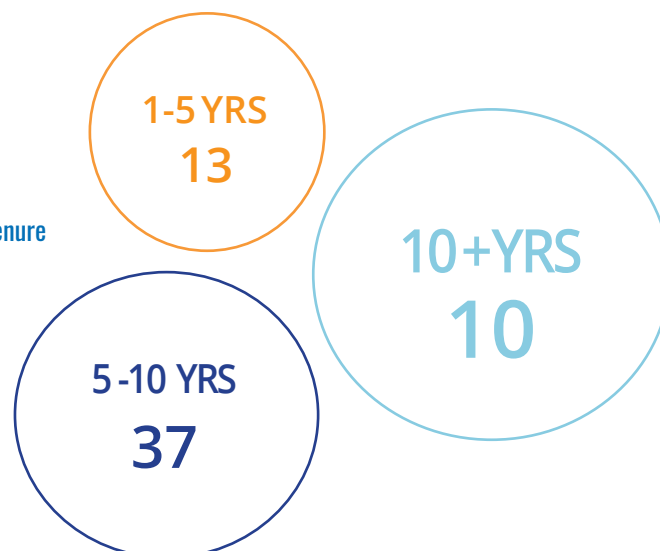
Our members

IGCC members are large superannuation funds, fund managers, research analysts, investment industry associations, advisors and a new category of service providers. IGCC finished 2015/16 with 60 members. Together, IGCC's members are responsible for over \$1 trillion in funds under management.

IGCC membership by category



IGCC membership by tenure



New Member Spotlight

Lighthouse Infrastructure

Established in 2007, Lighthouse Infrastructure Management is a specialist investor, adviser and manager, focusing exclusively on infrastructure and alternative assets.

Lighthouse was established with the vision of applying institutional infrastructure experience to leave a sustainable legacy for future generations.

Since inception, the firm has been involved in over \$2 billion in project value of infrastructure assets in transport infrastructure, social infrastructure and renewables for its investment clients.

Lighthouse has identified solar as an emerging segment of the Australian infrastructure market and seeks to apply its investment expertise to help mobilise capital to the Australian solar industry, thereby accelerating Australia's transition to a lower carbon society.

CEO Testimonials



Adrian Orr, CEO
NZ Super Fund – Full Member

"In coming years the global energy system will transition away from fossil fuels. Some assets we invest in today may become uneconomic, made obsolete or face a dwindling market. Reducing the Fund's exposure to these risks and to the physical impact of climate change is good for the portfolio, and consistent with our mandate to maximise returns without undue risk. Our strategy and the actions we take will evolve over time as investment markets become more sophisticated on climate issues, and more tools and data become available. We look forward to continuing to work with IGCC."



Michael Dwyer AM, CEO
First State Super – Full Member

"First State Super has adopted a portfolio wide Climate Change Adaptation Plan to build portfolio resilience to the risks posed by climate change. Our research and response on climate change has been strongly informed by our partnership with the IGCC and we continue to work closely with the IGCC to "weather-proof" our portfolios, engage as active asset owners and support a sensible transition to a low-carbon world. A key benefit of our relationship with the IGCC is the access it provides to other investors, researchers and policy-makers around the world."

IGCC Members as at 30 June 2016

AMP Capital	Citi Investment Research	Norton Rose Fulbright Australia
Amundi Asset Management Australia	Colonial First State Global Asset Management	Perpetual Investments
ASFA	Commonwealth Superannuation Corporation (formerly ARIA)	QIC
Australian Catholic Superannuation & Retirement Fund	DEXUS Property Group	Regnan - Governance Research & Engagement Pty Ltd
Australian Council of Superannuation Investors (ACSI)	ESSSuper (Emergency Services and State Super)	Rei Super
Australian Ethical Investment	Eureka Funds Management	Responsible Investment Association Australasia (RIAA)
Australian Institute of Superannuation Trustees	FINSIA	Russell Investments
Australian Representative Office of Generation Investment Management	First State Super	SAS Trustee Corporation (State Super)
AustralianSuper	Frontier Advisors	SIM Venture Securities Exchange
AVCAL	The Guardians of New Zealand Superannuation	StatewideSuper
Baker & McKenzie	Hastings Funds Management	Stockland
Bendigo & Adelaide Bank	HESTA	Sustainable Business Australia
BlackRock Investment Management (Australia) Limited	Industry Funds Management	The Emerald Wrap*
Brawn Capital Limited	Lend Lease	The GPT Group
BT Financial Group	Lighthouse Infrastructure	UBS Investment Bank
BTIM	Local Government Super	UniSuper Management
Carbon Market Institute	LUCRF Super	VicSuper
Catholic Church Insurance	Mercer Investments (Australia) Limited	Victorian Funds Management Corporation
Catholic Super	MIRVAC	Vision Super
Cbus	Nanuk Asset Management Pty Ltd	
Christian Super	Non-Government Schools Superannuation Fund	* Joined after June 30

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 38 members attended each member meeting in 2015/16, with a total of 345 members engaged with member meeting content throughout the year.

Month	Speaker/s	Topic
Jul. 2015	Megan Flynn , Qantas Airways	A Market Based Measure for Aviation Emissions
Aug. 2015	Chris Derksema and Hudson Worsley , City of Sydney	Adapting for Climate Change - A Long Term Strategy for the City of Sydney
Sept. 2015	Dr Matthew Bell , Ernst & Young	Global survey of institutional investors on non-financial performance
Nov. 2015	Geoff Tooth , Sustainability & Climate Change Branch, Department of Foreign Affairs & Trade Martijn Wilder , Baker & McKenzie Erwin Jackson , The Climate Institute Andrew Petersen , Sustainable Business Australia	2015 AGM: All about Paris: issues, impacts and implications for investors
Feb. 2016	Emma Herd , IGCC	Looking ahead: IGCC in 2016
Mar. 2016	Frank Jotzo , ANU Crawford School of Public Policy, Centre for Climate Economics and Policy Salim Mazous , Centre for International Economics	Brown coal exit: a market mechanism for regulated closure of highly emissions intensive power stations
Apr. 2016	Fiona Wild , BHP Billiton and TCFD Sarah Barker , Minter Ellison Lawyers Ian Woods , AMP Capital investors Pablo Berrutti , Colonial First State Global Asset Management	Task Force on Climate-related Financial Disclosure (TCFD) Phase 1 Report
May. 2016	Mary Ritter , Climate KIC	Bringing Climate-KIC to Australia
Jun. 2016	Eli Court , ClimateWorks Australia	The built environment: carbon risk and investment opportunity
Note:	There were no member meetings in October and December 2015 or in January 2016	

4 FINANCIAL



The Treasurer's report

Rajinder Singh, Portfolio Manager
BT Investment Management

IGCC Annual General Meeting
Wednesday, 14th December 2016



It gives me great pleasure to present the Treasurer's Report for the 2015-16 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 foundational funding for international activities.

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

This year, revenue is up, incorporating income received from the IGCC Summit, held in October 2015. Similarly, expenses are also up on the previous year when summit related expenses are factored in.

Overall, a respectable surplus of \$79,197 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)

	2016	2015
Revenue	\$723,735	\$559,150
Expenses	\$644,538	\$524,419
Surplus	\$79,197	\$34,730
Accumulated funds	\$185,513	\$106,316
Member numbers	60	55
Cash Position [^]	\$228,896	\$366,731

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



Investor Group on
Climate Change