

New framework released to drive investor action on the climate crisis and accelerate the transition to a net-zero future

Investors called on to lay out comprehensive Investor Climate Action Plans (ICAPs) in line with reaching the goal of a global net-zero emissions economy by 2050 or sooner

May 20, 2021: The founding partners of [The Investor Agenda](#) released today a new tool to enable institutional investors to step up action to tackle the climate crisis and accelerate the transition to a net-zero economy.

The [Investor Climate Action Plans \(ICAPs\) Expectations Ladder and Guidance](#) provides investors with clear expectations for issuing and implementing comprehensive climate action plans, including steps investors can take to support the goal of a net-zero emissions economy by 2050 or sooner. The framework aims to help investors navigate existing expectations and initiatives on climate change. It is inclusive and unique in that it sets out expectations for investors wherever they may be on their climate journey.

The release of the ICAPs Expectations Ladder and Guidance comes amid increasing global momentum of investors committing to work with their portfolio companies and policymakers to reach net zero emissions by 2050 or sooner, and to set interim reduction targets for 2025 and 2030. The founding partners of the Investor Agenda, which are AIGCC, CDP, Ceres, IIGCC, IGCC, PRI, and UNEP FI, have been mobilizing investors to make net-zero commitments through a number of Investor Agenda-endorsed initiatives including the [Net Zero Asset Managers initiative](#), [Paris Aligned Investment Initiative](#), [Science Based Targets initiative](#) and [United Nations-Convened Net Zero Asset Owner Alliance](#). A net-zero emissions economy by 2050 or sooner is necessary to deliver on the goals of the Paris Agreement and limit average global temperature rise to no more than 1.5-degrees Celsius.

The ICAPs Expectations Ladder summarizes the key climate actions investors can take right now in the four interlocking areas of the Investor Agenda: investment, corporate engagement, policy advocacy, and investor disclosure. Governance is a cross-cutting theme across all four areas. The areas include:

- **Investment:** Manage climate risks in investor portfolios and shift capital to value-creating businesses set to succeed in a net-zero future.
- **Corporate Engagement:** Engage companies to drive climate action and demonstrate real progress in line with a 1.5-degree Celsius future.
- **Policy Advocacy:** Advocate for policies aligned with delivering a just transition to a net-zero economy by 2050 or sooner.
- **Investor Disclosure:** Enhance investor disclosure to help stakeholders track investor climate action in line with a 1.5-degree Celsius pathway.

Investors can use the ICAPs Expectations Ladder in several ways including:

- Assessing their current approach to managing climate change risk and opportunity

- Publishing a standalone ICAP
- Embedding elements of the ICAPs into their climate change strategies and disclosures.
- Communicating their current activities and future plans to stakeholders

The accompanying ICAPs Guidance enables investors to interpret the ICAPs Expectations Ladder. It can be used by investors to self-assess where they are on the ladder to understand the specific climate actions they can take to strengthen their approach and make further progress.

The Investor Agenda will measure progress on how many investors are developing and implementing climate action plans aligned with the Expectations Ladder, with the hope that at least 50% of all major investors will issue an ICAP or incorporate elements of the Expectations Ladder into their plans, reports and strategies in the next year and that all major investors have an ICAP with net-zero targets in the next five years.

Rebecca Mikula-Wright, Executive Director of the Asia Investor Group on Climate Change and member of the global Steering Committee of the Investor Agenda, said: “The ICAPs Expectations Ladder and Guidance sets out a clear pathway for investor integration that leads to an ultimate goal of net zero that must be reached, wherever an investor may be on that journey. It will assist Asian investors on how they can take meaningful action to reduce their climate risk exposure and increase their allocations to the transitional investment solutions that are needed to address the climate crisis. By publishing a clear and robust climate action plan using the ICAPs framework, and acting on it, Asian investors can be better positioned to seize the enormous investment opportunities that are being created by the transition to net zero.”

Paul Simpson, CEO of CDP and member of the global Steering Committee of the Investor Agenda, said: “It is crucial for the business world to demonstrate leadership on climate action and readiness for bolder policy in the run up to COP26 and beyond. This means setting ambitious and credible science-based targets and seizing the power of transparency and disclosure. The ICAPs Expectations Ladder and Guidance is forward-looking. It provides clear information to the capital markets for aligning their investment portfolios with the goal of net zero emissions by 2050 or sooner. We are thrilled that this new tool is now available to investors around the world.”

Mindy Lubber, CEO and President of Ceres and member of the global Steering Committee of the Investor Agenda, said: “We call on all investors to publish climate action plans and join investors around the world in building a more just and inclusive net-zero economy. The ICAPs Expectations Ladder and Guidance will drive a positive climate ambition loop by sending a clear signal to investors, companies, governments and regulators that investors support ambitious climate action plans and policies, which can in turn unlock further climate action.”

Stephanie Pfeifer, CEO, Institutional Investors Group on Climate Change and member of the global Steering Committee of the Investor Agenda, adds: “Climate change poses a serious financial risk for investors. Moreover, they have a key role to play in driving the transition to a net zero economy and helping avoid the otherwise devastating impacts the climate crisis entails. All investors need to take action. The ICAP Expectations define the practical steps

required to set and deliver on clear plans to achieve their goals, whether they are just getting started or well on the way to being aligned with the goals of the Paris Agreement.”

Emma Herd, Chief Executive Officer of the Investor Group on Climate Change and member of the global Steering Committee of the Investor Agenda, said: “Investors across Australia and New Zealand are currently grappling with how to best move from the ambition to the implementation required to reach net zero emissions across their portfolios in a way that ensures ongoing sustainable returns to their beneficiaries and clients. The ICAPs Expectations Ladder and Guidance is a critical guide for that journey that will help accelerate meaningful action to reduce climate risks, while also providing clarity and transparency.”

Eric Usher, Head of the UNEP Finance Initiative, said: “We have seen tremendous growth in net-zero commitments from investors, however we need to move past commitments to concrete action and targets. UNEP FI is working with leading investors through the United Nations-Convened Net-Zero Asset Owner Alliance to cascade net-zero progress throughout the financial system and real economy, as well as with large investors who are just starting their climate action journey. The ICAPs Expectations Ladder and Guidance will help all investors take meaningful action, whether it is their first step or an additional enhancement, across sustainability, engagement and asset allocation.”

Fiona Reynolds, CEO of the Principles of Responsible Investment, said: “Just as it is not enough for governments and business to sign net-zero commitments without also setting out the details of how they plan to get there, investors must also step up and demonstrate the actions they are taking to address climate risk both in the near term and longer term to 2050. The Investor Agenda’s ICAPs Expectations provides a framework for investors to develop robust plans for how they will transition their portfolios to net-zero and in doing so, investors can demonstrate real leadership. Ambition across the board is critical – but without commitment and action it won’t be enough to move the needle on net-zero.”

The ICAPs Expectation Ladder and the Guidance publications are made possible by a grant from the ClimateWorks Foundation, a funding partner of The Investor Agenda.

About The Investor Agenda

The Investor Agenda is a common leadership agenda on the climate crisis that is unifying, comprehensive, and focused on accelerating investor action for a net-zero emissions economy. The founding partners of The Investor Agenda are seven major groups working with investors: Asia Investor Group on Climate Change, CDP, Ceres, Investor Group on Climate Change, Institutional Investors Group on Climate Change, Principles for Responsible Investment and UNEP Finance Initiative. For more information, visit theinvestoragenda.org and follow [@InvestorAgenda](https://twitter.com/InvestorAgenda).

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