

The background of the cover is a photograph of a canyon. In the foreground, there is a large, dark, overhanging rock formation that creates a cave-like opening. Through this opening, a river flows along the base of the canyon. The canyon walls are composed of layered, reddish-brown rock. The river is a light greenish-blue color. The sky is visible in the distance, showing a clear blue color. The overall scene is a natural landscape with geological features.

# INVESTOR GROUP ON CLIMATE CHANGE

## 2021 ANNUAL REPORT



Investor Group on  
Climate Change



# Contents

2021: A year in highlights .....	1
Chair & CEO Welcome .....	2
About the IGCC Strategy .....	4
Advocating for strong policy .....	6
Catalysing net zero investment .....	9
Building resilience .....	11
Corporate engagement.....	12
Collaborations .....	14
Asia Investor Group on Climate Change .....	16
Member update .....	18
Finance and governance .....	21

Investor Group on Climate Change (IGCC) acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respects to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

Investor Group on Climate Change  
ABN 15 519 534 459  
[www.igcc.org.au](http://www.igcc.org.au)

This report was published in February 2022  
Queries should be directed to [secretariat@igcc.org.au](mailto:secretariat@igcc.org.au)  
Unless otherwise noted, dollar values are in Australian dollars





# 2021 highlights



**\$20 TRILLION  
AUM globally**

Represented by IGCC



## NET ZERO

Investor Practice Masterclass Series supported members in the implementation of action plans towards net zero



Convened 733 investors representing US\$52 trillion in the Global Investor Statement to governments



IGCC joined international investor networks in launching 2 new initiatives:

- Net Zero Asset Managers Initiative (NZAMi)
- Paris Aligned Investment Initiative (PAII)



**13**

Total number of IGCC staff with 4 new recruits in 2021



**IGCC appoints  
Rebecca Mikula-Wright  
as CEO**

## Representation at COP26



**UN CLIMATE  
CHANGE  
CONFERENCE  
UK 2021**

IN PARTNERSHIP WITH ITALY



**3,000+**

Media mentions for FY2021



# Welcome from the Chair and CEO



## 2021 was a significant year for global progress on climate change

Throughout 2021 Australian and New Zealand investors joined together to push for stronger climate policies to manage investment risk; pressuring large emitting companies and governments to commit to stronger climate policies. The Australian Government now has a net zero by 2050 target as well as all 15 Australian companies engaged through the Climate Action 100+. It is evident the impact and role of investors continues to grow.

Net zero commitments now cover 90% of global emissions, showing we are now, at least, on the right path with these important milestones. However, it is not until these targets and policies are implemented at the level of business operations, across all sectors in each national economy and on track for 2030 goals of halving emissions, that we can start to be satisfied with the progress.

While Australia and New Zealand have had some respite from the most extreme weather events, 2021 was still the 6th hottest year on record, and we should continue to expect worsening conditions year on year until we get emissions down. Europe, Asia and the US were lashed with fires, floods and hurricanes that continue to break new records for weather and economic damage, now estimated at over USD170bn on top of human suffering.

It is of course, important to acknowledge that the progress and momentum on climate continues in the context of an ongoing global pandemic that continues to disrupt our lives and economies. Despite the challenges, we have pressed on, more determined than ever.

Many of IGCC's key messages that we have developed, while working with our members, are now being integrated or repeated by federal and state government representatives and in mainstream media, indicating an acknowledgement of the role of the investment sector being a critical stakeholder alongside companies and policies in the economic transition, and that IGCC and the investment community is gaining prominence and influence.

## IGCC is growing

Over the year, the IGCC and AIGCC teams have continued to produce important research, influence policy debates and support investor practice. This annual report provides summaries of the projects, initiatives, campaigns and policy interventions we have delivered, with you during 2021 and celebrates their outcomes.

IGCC is proud to represent over 90 investors with approximately AU\$33 trillion of assets under management globally. Our revenue has more than doubled over the financial year, thanks in part to greater philanthropic funding, and a doubling in the number of new members joining. Accordingly, our output and team have grown with IGCC now a team of 12.5 FTE, based in Sydney, Melbourne and Canberra.

The AIGCC network now has 57 members with USD37trn in global assets under management, supported by a team of 11.5 FTE across six markets covering Hong Kong, Sydney, Singapore, Seoul, Taipei and Tokyo. The network continues its growth and impact in the region after celebrating its 5th anniversary in 2021.

A governance review was completed in 2021 which will underpin the future growth of IGCC. The addition of a new Board structure and Committees, including an AIGCC Board Committee, provides members with confidence in the oversight of the IGCC and AIGCC for the years ahead. We would like to thank all the IGCC Board and AIGCC Committee members for their significant contribution to IGCC and AIGCC in this past year.

In 2021, IGCC said goodbye to our CEO of 6 years, Emma Herd and thanked her for her amazing contribution to our organisation and industry. We welcomed Rebecca Mikula-Wright taking on the role of CEO for both IGCC and continuing her leadership of AIGCC.

We would like to thank our growing and hardworking team for the commitment, passion and expertise they bring to our work and the impact and benefits this delivers. We are very grateful, as well, to the funders that support the work of IGCC and AIGCC. As we move further into 'the decisive decade for climate change', we will continue to work together to influence the transition to a resilient, net zero emissions economy.

Finally, a thank you to members. Taking a moment to reflect on the progress and momentum under the most extraordinary circumstances, we can gain inspiration and strength to achieve exponentially more each and every year until we reach the zero emissions economies of the future. We look forward to continuing this journey with you and thank you for your combined efforts this past year – we could not have done it without you.

We look forward to seeing you in person, in 2022.

Rebecca Mikula-Wright,  
Chief Executive Officer

Stephen Dunne,  
Chair



# About IGCC

## About Us

---

The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand investors focused on the impact that climate change has on the financial value of investments.

IGCC represents investors with total funds under management of approximately \$3.7 trillion in Australia and New Zealand and \$33 trillion around the world. IGCC members cover over 7.5 million people in Australia and New Zealand.

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.

### IGCC Vision

---

A climate resilient net zero emissions economy by 2050.

### IGCC Mission

---

We will catalyse investor action on climate change to avoid dangerous global warming, responsibly manage long-term risks and drive sustainable returns for investors and the beneficiaries they represent.

*Article 2 and Article 4 of the Paris Agreement set out the goals of limiting global warming to well below 2°C and aiming for 1.5°C, which will require a shift to net zero emissions by 2050 or sooner.*



# IGCC 2022 Strategy

## Investing for a climate resilient net zero emissions economy

In June 2019 we launched our strategy for a new decade of transformative action on climate change: [\*IGCC in 2022: Investing for a climate resilient net zero emissions economy\*](#).

In 2021 we have continued to work with our members to advocate on climate change policy, influence investor practice and corporate engagement.

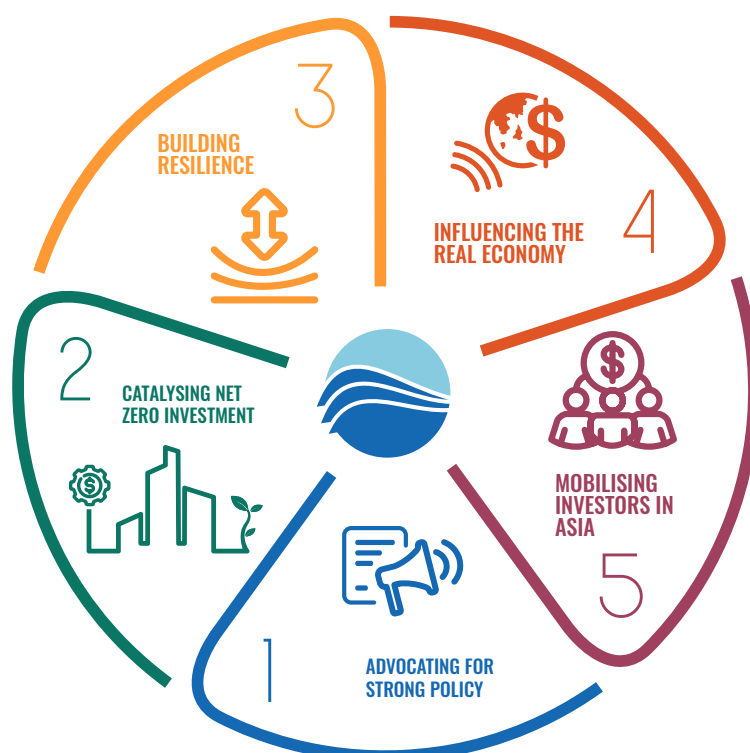
Since 2019, we have implemented member tracking against the ambitious objectives we have set for all our members to have in place, or have committed to implementing by 2022, including:

- A climate change policy
- A climate change roadmap and action plan
- Reporting against the Task Force for Climate-related Financial Disclosures (TCFD)
- Reviewing physical risk exposure and
- Managing for resilience

IGCC continues to see an overall increase in activity in these areas, with a significant shift to short and long-term investor targets now in focus and recognised as crucial to reaching a net zero emissions economy. As commitments and action plans to net zero increase, we have seen stronger emphasis and utilisation of tools and frameworks to support implementation, which we facilitate through various investor initiatives, projects and programs.

The impact and influence of major collaborative initiatives like Climate Action 100+ and The Investor Agenda continues to grow in our core markets and globally. In 2021, this also included being founding partners of the Net Zero Asset Managers initiative (NZAM) and the Paris Aligned Investment Initiative (PAII).

Our 2022 strategy is grounded in recognition that expectations for investor action on climate change are changing rapidly. With the impacts of climate change continuing to affect the environment, society and the economy, momentum is moving firmly towards increased action on climate change as the baseline, not the exception. Although the policy environment remains challenging in some markets, if we saw anything in 2021 (despite the continued impacts of COVID-19), investors are responding accordingly to facilitate a healthier, stronger economy.







## Delivering through the IGCC Working Groups

IGCC has five main working groups that support overall delivery of the 2022 *Strategy*. Working groups report back periodically to the full membership on major activities and progress achieved.

IGCC would like to thank the Chairs and broader members of these working groups who contribute their time and resources to help deliver our shared goals and objectives.

Working group	Chair
Policy & Advocacy	Erwin Jackson, Director of Policy, IGCC
Transition to Zero Carbon	Nicole Bradford, Global Head of Responsible Investment, Cbus
Physical Risk & Resilience	Kate Bromley, General Manager, Responsible Investment, QIC
Transparency & Thought Leadership	Stuart Palmer, Head of Ethics Research, Australian Ethical Investment
Climate Action 100+ Australasia	Andrew Gray, Director, ESG & Stewardship, AustralianSuper



# Advocating for strong policy



IGCC has taken effective action in 2021 to help ensure the Australian and New Zealand governments develop policies consistent with IGCC's policy priorities.

IGCC engaged widely with political offices, backbenchers, regulators and departments with the central ask that Australia and New Zealand should implement a Paris-aligned 2030 emissions targets, agree to net zero emissions by 2050, implement globally consistent mandatory TCFD-aligned disclosures and build resilience to climate impacts. Activities related to adaptation and resilience are outlined in this report under 'Building Resilience'.

We had a strong year promoting the investor voice with key decision makers and in influential media. IGCC also supported its members to amplify climate-related policy and advocacy.

In the lead up to COP26 we worked with members to directly engage with officials and political offices on key issues for investors like the risk of capital flight from Australia, and media engagements and events.

## Summary of submissions

IGCC made [submissions](#) in consultation with members to:

- The New Zealand External Reporting Board (XRB) on governance and risk management elements of climate-related disclosures
- The Taskforce on New Zealand's National Climate Resilience and Adaptation Strategy
- The New Zealand Ministry for the Environment on the national Emissions Reduction Plan
- The Australian Clean Energy Regulator on pilot Corporate Emissions Reduction Transparency Reporting design
- The Australian Department of Industry, Science, Energy and Resources on the proposed Safeguard Crediting Mechanism
- The Australian Joint Standing Committee on Trade and Investment Growth inquiry into the prudential regulation of investment in Australia's export industries and appeared before the Committee.

## IGCC in the media

IGCC received strong media coverage during 2021, particularly around the Global Investor Statement, through the release of new reports and during COP26. Where possible we included investor voices into the conversation.

IGCC, Climate Action 100+ and The Investor Agenda featured in the media over 3,000 times in 2021. Coverage was predominantly in major outlets and financial press, including the front page of The Australian, Australian Financial Review, ABC News and Sky News.

In the lead up to COP26 many publications picked up our key messages including 'climate risk is financial risk' and the risk to 'capital flight without strong climate policies in Australia to ensure investor certainty'.

In partnership with the British High Commission Canberra, IGCC also hosted a senior investor and media dinner to help inform political journalists about IGCC's plans for COP26 and the investor response to climate risk. Representatives from IGCC member asset owners and managers participated, while senior representatives of The Australian, ABC, Sky News, Sydney Morning Herald and Guardian Australia attended from the press gallery.

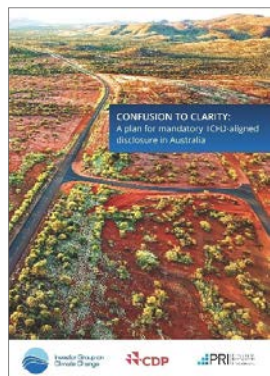






## Strengthening and aligning climate risk disclosures

In collaboration with The Investor Agenda partners, IGCC developed and released a detailed policy brief titled [\*Confusion to clarity: A plan for mandatory TCFD-aligned disclosure in Australia\*](#). The roadmap details actions regulators and the Federal Government can take to promote usable, comparable and consistent reporting from companies and financial institutions aligned with international practice.



IGCC hosted two joint investor roundtables focused on mandatory climate risk disclosure with government and regulators, including The Department of Prime Minister and Cabinet, Treasury, the Australian Securities and Investments Commission (ASIC), APRA and the Reserve Bank of Australia (RBA). We subsequently issued a joint [letter](#) to the Australian

Treasurer and RBA Governor emphasising the need to integrate TCFD-aligned disclosure requirements into Australia's regulatory framework, consistent with international developments.

Meetings and briefings with regulators extended across regulatory activities and priorities, such as APRA's draft climate change prudential guidance, climate vulnerability assessment, ASIC's work on strengthening disclosures and the Reserve Bank and Treasury's roles in key processes for addressing climate risk and supporting sustainable investment.

In 2021 IGCC ramped up its engagement with policymakers and regulators in New Zealand. This focused on mandatory climate risk disclosure developments and the sustainable finance elements of its climate change strategy. IGCC has commissioned research to provide recommendations on global best practice to the XRB, who are preparing the climate reporting standards.

We also briefed members from New Zealand's Reserve Bank, government and the External Reporting Board (XRB) on international developments and investor priorities for climate risk disclosure requirements.

## CLIMATE LEAGUE 2030

Since launching Climate League 2030 in October 2020, 22 financial market participants (including asset managers, asset owners, insurers, and banks) representing over \$919 billion in assets under management have committed to a collective 35 climate actions (as of November 2021). Each participant and action intends to support a reduction in Australia's annual greenhouse gas emissions by at least 230 million tonnes or 45 percent by 2030. The 10-year Climate League 2030 initiative continues to grow in market recognition and participation.

Actions submitted by participants to date have been broad-ranging and include commitments to reduce portfolio emissions, verify portfolio emission reduction targets, allocate capital to climate solutions, participate in collaborative initiatives and conduct corporate engagement on climate change. In 2021 the initiative held its first signatory forum in May 2021 and an annual reporting framework has now been developed for tracking progress for the initiative, capturing both qualitative and quantitative impact data.

In October 2021 Climate League 2030 launched its first campaign, encouraging the Australian Government to commit to stronger 2030 targets ahead of COP26.







## Supporting an equitable transition to net zero



IGCC released its major report [\*Empowering Communities: How investors can support an equitable transition to net zero\*](#) in July 2021.

The report details the opportunities and challenges for investors in helping ensure a just transition for those communities that are currently economically

tied to fossil fuel industries. It includes new detailed analysis by EY on the global energy transition state of play and domestic implications and provides an actionable toolkit and recommendations for investors to integrate just transition considerations across operations and investments. The report has received strong interest from investors, policymakers, and wider stakeholders alike. IGCC engaged with government and key stakeholders in advance of and following the report's release.

A [joint statement](#) was also released through our collaboration with the Australian Climate Roundtable on 'working together for a successful transition to net zero emissions'.

## Stronger targets, pathways and COP26

IGCC delivered a range of outputs and engaged with policy makers on key policy priorities in the lead up to and during COP26. IGCC's CEO Rebecca Mikula-Wright represented IGCC on the ground in Glasgow and other IGCC staff and members spoke at key COP26 events.

With international partners we launched the strongest-ever call from investors to governments on climate change. [The Global Investor Statement to Governments on the Climate Crisis](#) was signed by 733 investors with US\$52 trillion in assets under management. We supported investors with resources to engage with governments, the media and their members and clients.

Early in 2021 IGCC [released detailed analysis](#) placing in context the relative strength of G20 emissions reduction commitments for 2030 following the Biden Summit and the announcement of new goals from the US, Japan and Canada. With international partners, we subsequently released The G20 Countries' Climate Policy Report Card measuring G20 countries' progress towards the five policy recommendations in The Investor Agenda's 2021 Global Investor Statement to Governments on the Climate Crisis.

Key events supported by and showcasing IGCC and members included an event in partnership with British High Commission Canberra on what COP26 means for a net zero finance system in Australia, a cross-sector event with leading industry bodies, and an official COP26 side event by The Investor Agenda on accelerating global investor actions for a net zero emissions economy.

## Looking forward to 2022

In 2022 IGCC's focus will continue to ensure the investor's voice is heard in key policy decisions by supporting investors to engage directly with policy makers and providing government engagement informed by evidence and investor experience.

In Australia, climate policy in 2022 will be marked by the consequences of COP26 and punctuated by a Federal Election. With new emissions targets set and growing global momentum towards mandatory climate-related disclosures, all political parties will need to review and update their climate policies for the Election and take these to the Australian community.

Key priorities in New Zealand will continue to be developing disclosure standards and the country's emissions reduction strategy.

Critically, we will also review and update our key policy priorities as part of IGCC's next three year strategy to be released in 2022. This will involve deep consultation with members and stakeholders to chart our strategic policy priorities for 2022-25 and to identify how IGCC can continue to support our members in effective policy advocacy.





# Investor Practice - Catalysing net zero investment



Markets are rapidly moving as governments, regulators, central banks and investors prepare for a net zero emissions future.

130 countries, including Australia, have now committed to reaching net zero emissions by 2050, with increasing pressure for concrete 2030 interim targets. 2021 saw a definite shift to new international frameworks that provide a pathway to implementing net zero commitments across portfolios. Throughout the year significant tranches of global funds under management were committed to net zero alignment through new investor initiatives (including the Net Zero Asset Managers initiative and the Paris Aligned Investment Initiative), which are now seen as best practice and, increasingly, market expectation to satisfy fiduciary duties and climate risks while exposing climate investment opportunities.

## Shifting focus: Interim targets and asset alignment

In 2021 leading investors formulated interim asset alignment targets. A shift in focus from 'top down' portfolio level targets to 'bottom up' asset level targets saw investors set asset goals with the intention of ratcheting up the proportion of assets aligning over time.

Due to new frameworks such as the Paris Aligned Investment Initiative Net Zero Investment Framework, consensus continued to develop with regards to the key components required to accelerate the transition to net zero and achieve emissions reductions in the real economy: engaging with clients, setting targets for assets managed in line with net zero pathways, corporate engagement and stewardship, and policy advocacy.

## 2021 Net zero investment report: Aspiration to Action

In August 2021 IGCC released the fifth net zero investment report based on a survey of IGCC members.

The report, [\*Aspiration to Action: Insights into investor progress towards net zero\*](#), provides insights into how Australian and New Zealand investors are responding to climate risk and net zero investment opportunities.



With five years of results from the net zero survey we are seeing clear shifts and amplified action towards net zero, as well as a pivot towards implementation of action plans and net zero commitments from investors.

Some key highlights in the 2021 report include:

- 40 percent of respondents having made portfolio-wide commitments to net zero emissions by 2050, up from 27 percent in 2020
- A significant uptick in TCFD reporting from 2020 showing that the majority of respondents are now reporting against the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations, at 55 percent, up from 38 percent last year
- The trend for investors focusing on the social dimension of climate change has increased to 75 percent, up 24 percent from 2020.

Overall, there is more awareness around the impact communities face with the need to transition, as well as the opportunities this creates.





## IGCC Investor Practice Masterclass Series

In 2021 IGCC held its first online Investor Practice Masterclass Series facilitated by Regnan. The series was based on the Disclosure Masterclasses for IGCC members, held in person in Sydney and Melbourne in 2018 and 2019.

The content was expanded and updated to capture broader investor practice topics. The three sessions in 2021 covered:

1. Setting a climate policy and developing a climate action plan
2. Target setting, metrics and TCFD
3. Corporate engagement

Each session reached capacity and were highly anticipated, involving interactive peer-to-peer learning opportunities, access to numerous resources, a case study presentation and a practitioner panel. The sessions were a huge success despite being online for the first time. The Masterclass series will take place again in 2022.

The ICAPs Framework supports the goals set out in the *IGCC in 2022* strategy, where we are working with our members to ensure all investors have in place a climate change roadmap. IGCC is increasingly integrating the ICAPs framework into our program of work, as a crucial tool to identify where investors are in their net zero journey, and as the collective shift to net zero emissions by 2050 is increasingly adopted as the baseline expectation for investor practice. In 2021, this included our Investor Practice Masterclass series, presentations to members and a dedicated ICAPs webinar.

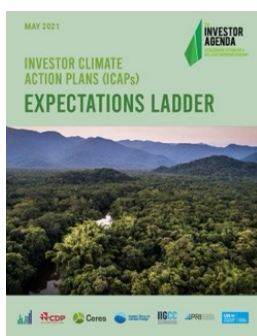
## Paris Aligned Investment Initiative: Net Zero Investment Framework

### The launch of a holistic net zero investment tool

In March 2021, four investor networks (AIGCC, Ceres, IGCC and IIGCC), together comprising the [Paris Aligned Investment Initiative](#), published the Net Zero Investment Framework 1.0 (the Framework), a key tool to assist investors globally to implement net zero commitments and align with the Paris goals. The Framework provides the basis for a broad range of investors to make commitments to achieving net zero emissions and define strategies, set targets, measure alignment, and transition portfolios. The Framework adopts an 'investment strategy' led approach, supported by concrete targets set at the portfolio and asset level, combined with smart capital allocation, and engagement and advocacy activities.

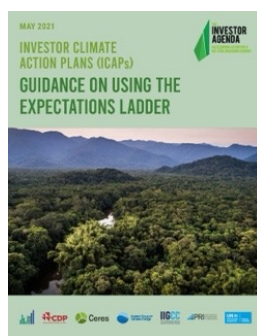


## Tools and frameworks



### Investor Climate Action Plans (ICAPs) Framework

Launched in May 2021, 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 is inclusive and unique in that it sets out expectations for investors wherever they may be on their climate journey. ICAPs was launched by the founding partners of The Investor Agenda: AIGCC, CDP, Ceres, IGCC, IIGCC, PRI, and UNEP FI.



### Strong investor uptake

The Framework, initially developed in part by 118 investors representing US\$34 trillion in assets, has been adopted and utilised broadly by market participants, including by 40 percent of IGCC members<sup>1</sup> and a majority of signatories of the Net Zero Asset Managers initiative and Paris Aligned Investment Initiative Net Zero Asset Owners Commitment.

Investor annual disclosures in the lead up to COP26 demonstrated that the Framework has quickly become the market leading practical blueprint to achieve portfolio alignment.

Work is being done to release version 2.0 of the Framework, including providing approaches for alignment of two additional asset classes (infrastructure and private equity) as well as more guidance on target setting, scope 3 emissions and use of carbon offsets. Implementation support to IGCC members will be a focus throughout 2022.



# Building Resilience



As clearly demonstrated by the Black Summer of 2019/20 and subsequent floods, Australia and the region is extremely vulnerable to the physical risks of climate change. Institutional investors invest across the economy for the long-term and are exposed to the growing impact of climate change on the companies, industries, property and infrastructure assets they own.

In 2021 the Intergovernmental Panel on Climate Change (IPCC) released its Working Group 1 Report - the first part of its long awaited Sixth Assessment Report, which set out stark and confronting facts about the worsening damage from climate change and how it will accelerate over the coming decades and century. Alarmingly, it showed that the timeframe for limiting global warming to a global average of 1.5°C is narrower than previously estimated.

IGCC provided member meetings with lead Australian climate scientists, and special member briefings on the findings of the report and its implications for investors.

Over the course of the year we have made significant representations to Australian government departments and regulators about the financial implications of the physical risks of climate change and investor needs.

IGCC staff and members spoke at a dedicated session at COP26 on Investing in Climate Change Resilience, hosted by the Coalition for Climate Resilient Investment (CCRI).

Next year will see an emphasis on adaptation and resilience with the release of tools and frameworks from the CCRI initiative for valuing resilience and factoring into investment decision-making, and as more focus is placed on resilience in the lead up to COP27 in Egypt.

## Engaging with policymakers and regulators

IGCC actively engaged with national policymakers and regulators across 2020-21, as considerable progress was made on resilience and adaptation policy through the response to the Royal Commission into National Natural Disaster Arrangements and refreshed the National Adaptation Strategy.

In particular, IGCC:

- Participated in direct consultations on the development of the National Adaptation Strategy and provided a [formal submission](#) emphasising the need for national climate risk assessment and valuation tools

- Hosted a roundtable between investors and representatives of the Department of Agriculture, Water and Environment, Infrastructure Australia and the National Recovery and Resilience Agency through the Physical Risk and Resilience Working Group
- Facilitated and supported Australia's signatory and participation in the Coalition for Climate Resilient Investment (see break out box)
- Advocated across government for and welcomed the establishment of the Australia Climate Service and as a National Adaptation Policy Office.

## Joining the CCRI / CMSI

The Coalition on Climate Resilient Investment (CCRI) is a private sector led initiative focused on resilience and addressing the mispricing of physical risks in investment decision-making. Announced at the General Assembly of the UN in 2019, the Coalition was a flagship resilience initiative of the Glasgow COP26.

The CCRI is developing a framework to price climate risk and resilience in investment decision-making, aligning the needs and incentives of public decision-makers to protect and enhance national value with those of private investors to protect and enhance risk-adjusted returns. CCRI's vision is a global financial industry in which key incentive structures, such as cost of capital and regulation, are fully efficient through properly embedded climate risk assessment. Its mission is to engage leading private financial industry leaders and governments to develop and test practical solutions to integrating physical climate risks.

The CCRI now has over 120 institutions and USD20tn in assets represented, including a number of IGCC members. IGCC has been a member of two of the technical working groups developing frameworks for valuing resilience.

Facilitated by IGCC, the Australian Government announced its joining of CCRI in January 2021 and has been engaged along with other countries in the CCRI Systemic Forum, to develop a systemic investment prioritisation tool for countries to carry out climate risk costs assessments, determine adaptation costs and prioritise adaptation investment.





# Corporate Engagement



## Trends and developments in 2021

Many of IGCC's members have significant exposure to climate risk via their listed equities and fixed income portfolios. Our corporate engagement program of work supports investors engaging with listed companies on climate risk both directly through Climate Action 100+ and through thought leadership and research on climate change issues relevant to companies.

Engagement and stewardship activities on climate change focus on how companies are positioning themselves for climate change and the net zero transition, including governance and disclosure. The release of the Climate Action 100+ Net Zero Company Benchmark in March 2021 highlighted the significant gaps that most heavy emitting companies will need to address to meet investor expectations on climate change, notably setting science-based targets with material emissions coverage including value chain emissions, disclosure including scenario analysis, and capital allocation aligned with long-term net zero ambitions. In 2021, the importance of company governance has been reinforced by the updated Hutley Opinion, which re-emphasised that under Australian law company directors may be liable for breaching their legal duty of due care and diligence if they do not properly manage and disclose climate risk. This was followed in November with the release of IGCC's first report on corporate governance of climate risk: [A Changing Climate: What investors expect of company directors on climate risk](#).

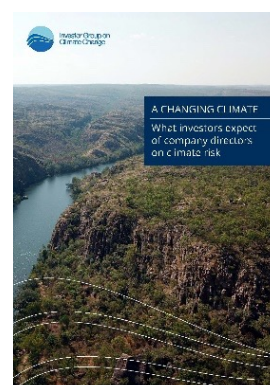
Internationally and domestically there have been many developments that point to the increased expectations investors have of companies. In May 2021 at Exxon Mobil's Annual General Meeting (AGM) shareholders voted to replace three Directors with alternative candidates with stronger expertise in transition, renewable energy and disruption than the management-backed candidates. There were also climate-related shareholder resolutions with over 50% support at General Electric, Bunge Ltd, DuPont, ConocoPhillips, AGL Energy Ltd, and Phillips66. For the first time companies are also offering shareholders the opportunity to vote on their climate transition plans, known as a Say on Climate, including at Glencore, Shell, BHP and Unilever during 2021 AGM season, with further votes to come at Woodside, Oil Search, Rio Tinto and Santos among others in early 2022.

Investors are also engaging with industry associations representing companies they are invested in. Many of these organisations have records of lobbying against environmental regulations including carbon pricing, emissions trading schemes and lobbying for favourable government incentives. Investors see this misalignment as a key risk for companies. However, industry associations are starting to make some positive progress. In 2021 the Business Council of Australia released a blueprint to achieve net zero emissions by 2050 and called for the government to set a 2030 target of a 46-50 percent reduction in emissions.

## Supporting investors engaging with the corporate sector

The IGCC Corporate Engagement team continued to support investors by delivering:

- The Climate Action 100+ (CA100+) initiative in Australia including bi-monthly working group meetings
- Corporate Engagement Masterclass for members and CA100+ signatories
- Oil and Gas Working Group bi-monthly meetings with relevant speakers and key projects looking at:
  - » Hydrogen investment pathways and opportunities for Australian companies and investors
  - » Gas and liquified natural gas (LNG) pathways in a carbon constrained world
- Analysis on decarbonisation pathways for global industry and a briefing note for investors on the International Energy Agency (IEA) Net Zero Emissions 2050 scenario
- Board governance report on climate change: [A Changing Climate: What investors expect of company directors on climate risk](#).





## IGCC is leading Climate Action 100+ in Australia

Corporate greenhouse gas (GHG) emitters play a crucial role in the transition to net zero. CA100+ is a global initiative engaging and supporting the highest-emitting companies in the world in aligning with the goals of the Paris Agreement.

The initiative, first launched in 2017, has come a long way:

- 615 investor signatories collectively represent for over US\$60 trillion in assets under management
- Signatories engage with 167 companies globally
- 15 companies are listed on the Australian Stock Exchange (ASX). These are the focus companies for the Australasian CA100+ working group.

## Progress on CA100+ in Australia

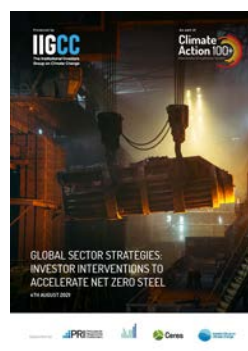
Under the leadership of the IGCC-convened Australasian CA100+ Working Group, companies have made strong progress:

- In 2021, five companies (Oil Search, Boral, Bluescope Steel, Orica and Incitec Pivot) made pledges to be net zero by 2050, bringing the total number of companies to 15 or 100%
- All 15 CA100+ focus companies have produced disclosures aligned with the TCFD recommendations
- Eight companies have made commitments to provide shareholders with an advisory Say on Climate vote at upcoming AGMs
- Ambition on climate target setting is continuing to ratchet upwards:
  - » Rio Tinto has more than tripled its 2030 target, setting a new target to reduce scope 1 and 2 emissions by 50% by 2030
  - » Boral has set an absolute target to reduce scope 1 and 2 emissions by 46 percent by 2030 which it will submit for validation under the science-based targets initiative, and has set a scope 3 emissions intensity target.

## IGCC is supporting global activity

The IGCC Corporate Engagement team continue to support global initiatives by:

- Contributing to the launch of the CA100+ Net Zero Company benchmark with the first assessments published in March 2021 and second assessments due in March 2022
- Providing input on the CA100+ Global Sector Strategies (GSS) papers and net zero standard published over 2021.



## Priorities for 2022

In 2022, the Corporate Engagement team will be focused on:

- Technology and demand pathways for major sectors with a focus on Australian hydrogen and gas pathways
- Producing guidance on investor expectations for company transition plans
- Continuing to support investor engagements in the region, including providing detailed analysis on company climate commitments and the rollout of the net zero benchmark and sector strategies
- Leadership of a Net Zero Standard for Diversified Miners to be launched in 2022.





# Collaborations

Climate change is a global issue, with policy, transition and physical risks felt across all nations. With increasing legislation, regulation and emphasis on fiduciary duty relating to climate change, investors are adopting a global outlook and are active across a range of markets. Investors play a key role in ensuring that climate change is seen and addressed as fundamental to future economic development and prosperity, particularly in the context of a green recovery from COVID-19.

Throughout 2021 we have seen a suite of new initiatives, collaborations and forums for investors to work as a collective to amplify action on climate change, and as a result, an increase in appetite and participation in such initiatives. Collaborating with our peers across the globe is an important part of delivering ambitious climate outcomes. We participate in a number of different initiatives and partnerships set out below:

## The Investor Agenda



Launched in 2018, The Investor Agenda calls on global investors to accelerate and scale up the actions that are critical to tackling climate change and achieving the Paris Agreement goals. It

is a comprehensive agenda for investors to manage climate risks and capture low carbon opportunities, and a mechanism to report on their progress in four key focus areas: investment, corporate engagement, investor disclosure and policy advocacy.

The Investor Agenda is a global collaboration.



This year our work has focused on two key project streams: Policy and Investor Climate Action Plans. IGCC Director, Policy Erwin Jackson is currently Co-Chair of The Investor Agenda Policy Working Group.

## Policy

The Investor Agenda's policy work focused on international level engagement on key investor network priorities and country level engagement in key priority regions, including Australia, US, Europe and Japan. The scope of regional engagement is expanding overtime.

Internationally focused achievements included launching the most ambitious and largest-ever Global Investor Statement to Governments on the Climate Crisis and hosting an official COP26 side event. A sub-group of investor agenda partners released [The G20 Countries' Climate Policy Report Card](#).

### G20 countries' climate policy report card

Three major groups working with investors – AIGCC, Ceres, and IGCC – have compiled these analyses of G20 countries' policies in relation to the five policy recommendations in the Investor Agenda's 2021 Global Investor Statement to Governments on the Climate Crisis.

18 October 2021



IGCC currently leads the Australian-focused working group with support from Investor Agenda partners. In 2021 this centred on strengthening globally consistent TCFD-aligned climate risk disclosure requirements in Australia. The groups released an influential plan on implementing climate risk disclosure requirements in Australia, hosted a roundtable with financial regulators, and issued a joint letter to the Australian Treasurer and RBA Governor.

## Investor Climate Action Plans (ICAPs)

In the second major program of work The Investor Agenda focused on during 2021 is finalising and launching the shared framework for Investor Climate Action Plans (ICAPs). IGCC's work to support the development and implementation of the ICAP framework and enabling guidance is detailed in the Catalysing Net Zero Investment section of this report.



## New initiatives in 2021

### Paris Aligned Investment Initiative

The [Paris Aligned Investment Initiative](#) (PAII) is a collaborative investor-led global forum enabling investors to align their portfolios and activities to the goals of the Paris Agreement.

As of March 2021, PAII grew into a global collaboration supported by four regional investor networks: IIGCC, IGCC, AIGCC & Ceres.

PAII has three key areas of focus:

- Driving net zero investing commitments by asset managers through the Net Zero Asset Managers initiative (NZAMi) and by asset owners through the PAII Net Zero Asset Owner Commitment
- Supporting investors to implement commitments, using the PAII Net Zero Investment Framework
- Collaborating globally as the forum for the regional investor networks and the investment community to develop and support further practical approaches to enable Paris aligned investing.

### PAII Net Zero Asset Owner Commitment

Over the course of 2021 and in the lead up to COP 26, momentum for the Paris Aligned Net Zero Asset Owners Initiative has been significant, with the global group [growing to 50 investors](#) with combined assets under management of US\$2.82 trillion.

Under the commitment, signatories will pursue an alignment of their portfolios with net zero emissions by 2050, including taking steps such as establishing nearer-term portfolio emissions goals and executing a comprehensive company engagement strategy. Combined with the Net Zero Investment Framework, investors recognise the PAII as the practical best

practice guidance and a toolkit for putting climate commitments into practice. IGCC will focus on implementation support and member collaboration throughout 2022.

### Net Zero Asset Managers initiative

In December 2020, the [Net Zero Asset Managers initiative \(NZAM\)](#) was launched to galvanise the asset management industry to commit to net zero emissions.

The initiative, governed by six investor networks including IGCC, is designed to mobilise action by asset managers and demonstrate leading practice in driving the transition to net zero.

Under the initiative, signatories are required to commit to support the goal of net zero greenhouse gas emissions by 2050 or sooner and set interim targets (to be regularly ratcheted-up) for assets to be managed in line with a 2050 net zero trajectory.

As of 1 November 2021, there were 220 global signatories managing over US\$57.4 trillion of assets. The [NZAM Progress Report](#) provides more information on the target disclosures of first wave signatories.

The NZAM initiative marks a step change in best practice climate management for fund managers. The initiative has experienced incredible momentum over the short period since launch, serving to normalise and mainstream the actions required for net zero alignment, and contributing to a 'net zero tipping point', as half of all assets across the global asset management sector are now part of the initiative.

IGCC co-hosted an NZAM webinar in October 2021, and will support member implementation through working groups, masterclasses and roundtables throughout 2022.

## Global Investor Statement to Governments on the Climate Crisis

The 2021 [Global Investor Statement to Governments on the Climate Crisis](#) was officially launched in October. The Investor signatories with US\$52 trillion in managed assets represents more than half of all managed assets globally, and is the largest-ever collective assets under management to sign on to such a statement.

A record 733 institutional investors from around the world signed the ambitious statement to governments ahead of COP26, calling for a number of measures that would help avoid catastrophic temperature rise and manage climate risk. These include:

- Measures to end fossil fuel subsidies
- Phase out thermal coal-based electricity
- Mandate climate risk disclosure.

**587 INVESTORS WITH  
\$46 TRILLION IN AUM  
WANT AMBITIOUS  
CLIMATE ACTION  
FROM GOVERNMENTS.**







# The Asia Investor Group on Climate Change

ASIA  
INVESTOR  
GROUP  
ON  
CLIMATE  
CHANGE

## 5 years of AIGCC

2021 marked the fifth anniversary of the Asia Investor Group on Climate Change's reestablishment.

AIGCC membership now comprises of:

- Over 50 members with combined assets under management over AU\$26 million
- Members active across 13 Asian markets
- A secretariat team of 12 staff based across six markets.

AIGCC acts as a bridge between Asia and the rest of the world by helping establish and grow the presence of international collaborative investor initiatives like Climate Action 100+ and The Investor Agenda. Last year, we helped launch the Net Zero Asset Managers initiative and Paris Aligned Investment Initiative.

In AIGCC's five years of operation, we have released [30 reports](#) helping investors gain insights on topics such as the scale of the energy investment opportunities that will emerge amid Asia's net zero transition, to the potential of the national China emissions trading scheme.

AIGCC is represented on the IGCC board with two positions, and we have formalised our advisory committee into the AIGCC Board Committee to guide further development of the organisation. AIGCC has also successfully introduced membership fees, which will help the organisation to be more financially independent and better connected with members. Our focus is now on establishing sustainable growth.

## Investors push for stronger climate change policies

Investors have a vital role to play in advancing strong climate change policy and are becoming more active in debates across different Asian markets as recognition grows that it is important to mitigate portfolio exposure to climate change risk.

In the lead up to COP26 there was a positive step change in several major Asian governments' climate policies including enhanced Nationally Determined Contributions (NDCs) under the Paris Agreement, commitments to carbon neutrality by 2050, stronger disclosure regimes, an end to financing unabated coal plants abroad and processes to establish green taxonomies. AIGCC has sought to be an encouraging voice in these debates, emphasising that strong climate policies will make jurisdictions more competitive in global capital markets that are increasingly hungry for clean investment opportunities.

- Over the last year AIGCC helped facilitate constructive engagement between investors and Asian policymakers through initiatives like the Global Investor Statement, input to regulators on sustainable finance and assisting members with messaging and research.

In 2020-21 there was also a growing recognition that policy engagement is key to driving positive and collaborative engagement outcomes with companies. As a result, we saw direct policy engagement by several AIGCC members to help drive better outcomes through Climate Action 100+ and the [Asian Utilities Engagement Program](#).



## AIGCC working groups

With the launch of the [three working groups](#) and our growing membership, AIGCC's investor practice program continues to grow. Multiple projects and reports were launched over the year, including the Asian Utilities Engagement Program. Engagements have been constructive and we are encouraged to see two of the five focus companies, CLP and Tenaga, announce 2050 net zero commitments and CLP commit to phase out coal by 2040, a key ask of the program.

The physical risks and resilience working group hosted several workshops and launched a compendium of tools and service providers for Asian investors. AIGCC also became a supporter of the Coalition for Climate Resilient Investment.

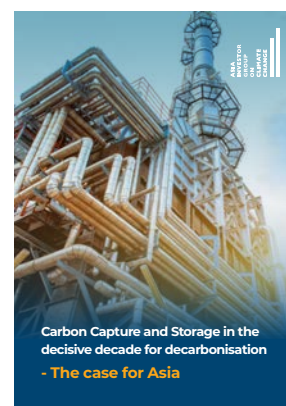
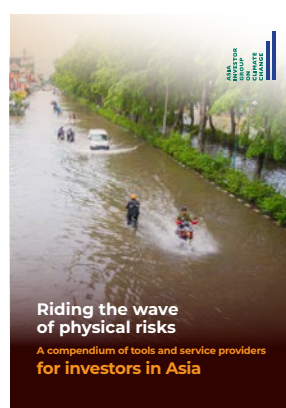
In close coordination with the IGCC team, we supported members with regards to international initiatives, with a focus on NZAMi and PAII.

The AIGCC Climate Change Training for Investors online course covers the fundamentals of climate change science and global commitments; financial impacts and regulatory risks; TCFD framework and reporting; and integration of climate risks and opportunities in investment strategies.

## AIGCC is leading Climate Action 100+ in Asia

AIGCC engage with 18 of the 33 Climate Action 100+ focus companies across Asia, including China, Japan, India, Korea, Taiwan, Indonesia and Thailand. Engagements with the Asia Working Group, convened by AIGCC and PRI, have been successful. We led an investor public statement with US\$6.7 trillion in AUM to the Presidential Committee for Carbon Neutrality to call for alignment to IEA Net Zero Emissions Scenario.

As a result of continued engagement 15 companies have set carbon neutral goals and at least 14 companies produced disclosures aligned with TCFD.



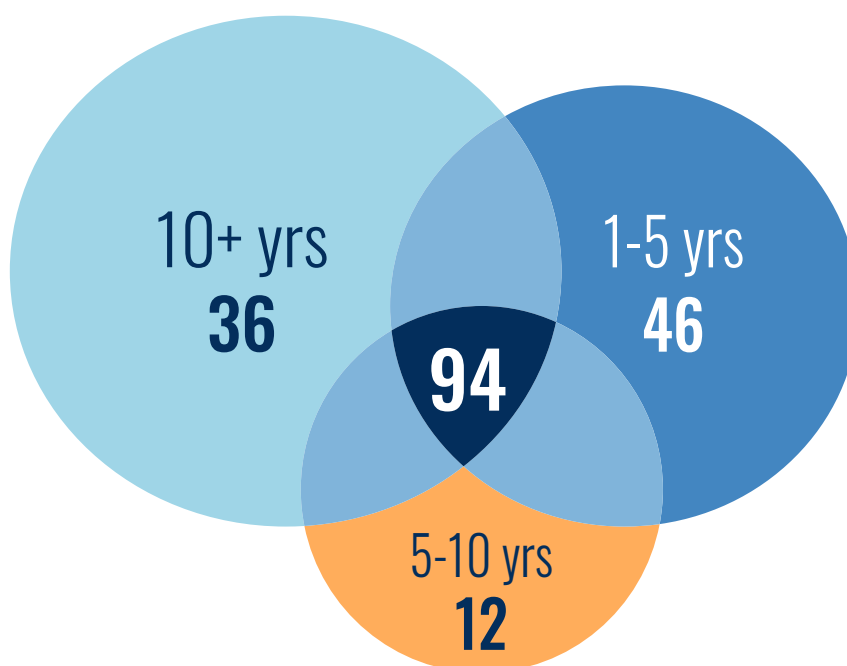




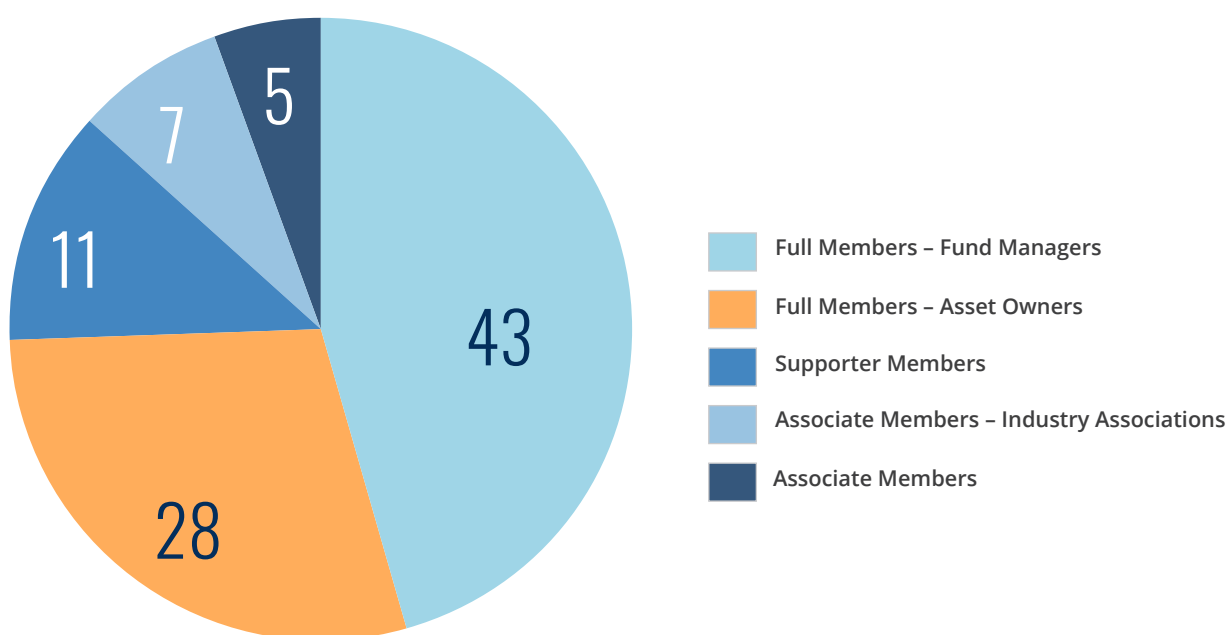
# IGCC member update

In 2021, IGCC continued to grow its members and saw a year of record member engagement programs, all aimed at delivering peer-to-peer learning, collaboration and sharing best practice for our members.

## IGCC membership by tenure



## IGCC Members by category (as at November 2021)





## New member spotlight

In 2021, IGCC welcomed the following new members:



## Collaborating with our members: Events and webinars

During 2021, members were active and online engagement continued due to COVID-19-related restrictions. Below a snapshot of the IGCC hosted and facilitated workshops, webinars, roundtables and masterclasses held throughout the year to support investor practice, policy advocacy and corporate engagement.

- An average of 75 attendees at IGCC monthly member meetings, covering topics such as climate science (the most recent IPCC report), investing in an equitable transition, directors' duties on climate change and net zero investment
- A Climate League 2030 forum for participants to share, learn and discuss progress on the actions being taken to support deeper Australian emissions reductions by the end of the decade
- A series of Investor Practice masterclasses on topics including developing climate policies and action plans, target setting, metrics, TCFD, corporate engagement and TCFD in New Zealand
- A number of webinars addressing new reports, frameworks and initiatives, including a webinar on the Investor Climate Action Plans (ICAPs) Framework, Mobilising Private Investment in Resilient Infrastructure webinar with the Global Infrastructure Facility, and the Transition Pathway Initiative State of Transition briefing.





## IGCC Members as at January 2022





# Finance and governance

## The Treasurer's report

**Rajinder Singh,**  
Portfolio Manager,  
Pental Group



**IGCC Annual General Meeting**  
**Wednesday, 9th February 2022**

I have the pleasure of presenting the Treasurer's Report for the 2020/21 financial year.

The financial position of IGCC remained strong in the 2020/21 financial year despite tremendous challenges resulting from COVID-19 global pandemic. The IGCC achieved this through prudent financial management of expenses, combined with strong support from funders and increased membership base.

This year IGCC and AIGCC received additional foundation funding to expand our international collaboration activities and support the work of AIGCC in the region. We received funding from the Myer Foundation, ClimateWorks Foundation, KR Foundation, Sea Change Foundation, ClIFF, Bloomberg Philanthropies, the European Climate Foundation and the Growald Foundation.

Expenses also remained consistent in line with revenue received and are based largely on employee wages, professional services, operational costs and project specific expenses. This year IGCC increased its staffing expenses to grow both IGCC and AIGCC resources.

The IGCC ended the financial year with a surplus of \$696,292.

I would like to thank the executives for their continued support in my role as Treasurer this year. IGCC would like to thank KPMG for auditing our accounts on a pro bono basis.

## Strengthening our governance

Remaining a well governed, responsible organisation delivering for our members, is critical to ensuring delivery on our organisational objectives. IGCC continues to grow steadily, increasing our membership base, our team, the breadth of projects we undertake and our organisational footprint.

## Results and performance highlights (as at 30 June 2021)

	2021	2020
Revenue	\$4,201,717	\$1,875,942
Expenses	\$3,505,425	\$1,784,598
Surplus	\$696,292	\$91,344
Accumulated funds	\$1,085,219	\$388,927
Member numbers	90	76
Cash Position^	\$2,189,713	\$813,870

Over the course of 2021, the Investor Group on Climate Change (IGCC) undertook a major governance review to address the issues relating to our legal, governance and operating structure.

Specifically, the IGCC transitioned from being an Incorporated Association to a new structure as Company Limited by Guarantee (CLG) under the Corporations Act and still regulated by the ACNC. Thus, evolving the Management Committee into a Board and conducting a health check on IGCC governance policies and processes.

IGCC would like to thank MinterEllison for undertaking this governance review and transition process.

## Investing in the organisation

In 2021 we have invested in substantially scaling up our organisational skills and resources to meet growing demand for investor practice on climate change and to ensure we have the right capabilities in place to deliver on our core programs and planned initiatives.

This year the IGCC and AIGCC team grew from 10 to 20 people, with new team members coming on board to help strengthen our internal governance and financial oversight and external strategic communications activities, policy and advocacy work, investor initiatives in Australia, New Zealand and across the Asia region.

IGCC would also like to thank all of the project officers and consultants we worked with throughout the year, or who provided pro bono assistance.





## The IGCC Board

The IGCC Board is a core part of our governance framework. Members bring world class expertise and market experience to their role and to the contribution they make to the operation of the organisation.

IGCC would like to thank the following Management Committee members who also served over some or all of 2021.



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



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



**Rajinder Singh** (Treasurer)  
Portfolio Manager, Pandal  
Group



**Sybil Dixon** (Secretary)  
Governance and  
Sustainability Manager,  
UniSuper



**Andrew Gray**  
(Full member)  
Director, ESG & Stewardship,  
AustralianSuper



**Damian Graham**  
(Full member)  
Chief Investment Officer,  
Aware Super



**Ed John** (Associate member)  
Executive Manager, Governance and  
Engagement, Australian Council of  
Superannuation Investors



**Mark Knight**  
(Full member)  
Director/Head of  
Distribution, Ausbil



**Sandra McCullagh**  
(Full member)  
Trustee, Non Executive  
Director, QSuper



**Sonya Sawtell-Rickson**  
(Full member)  
Chief Investment  
Officer, HESTA



**Zoe Whitton**  
(Associate member)  
Partner, Pollination



**Quentin Shaw**  
(Full member)  
Head of Asset  
Management and  
Transactions, AXA  
Investment Managers



**Sophia Cheng**  
(Chair, AIGCC Board  
Committee) Chief  
Investment Officer, Cathay  
Financial Holdings



**Dan Chi Wong**  
(Deputy Chair, AIGCC Board  
Committee) Head of ESG  
Integration, Schroders



## The IGCC Team



**Rebecca Mikula-Wright**  
Chief Executive Officer



**Crystal Fleming**  
General Manager



**Erwin Jackson**  
Director, Policy



**Laura Hillis**  
Director, Corporate  
Engagement



**Tom Arup**  
Director, Strategic  
Projects, IGCC and AIGCC



**Fergus Pitt**  
Director, Media and  
Communications



**Sashi Lata**  
Manager, Finance and  
Governance, IGCC and  
AIGCC



**Amy Quinton**  
Manager, Policy



**Bethany Noble**  
Manager, Media &  
Communications



**Madeleine Hill**  
Manager, Investor  
Engagement



**Melissa Casey**  
Operations and Events  
Manager



**Harrison Smith**  
Investor Practice  
Program Manager



**Dani Siew**  
Corporate Engagement  
Analyst



**Kate Donnelly**  
Corporate Engagement  
Analyst



**Sarah Findlay**  
Junior Policy Analyst



**Laila Punj**  
Team & Communications  
Coordinator





Investor Group on  
Climate Change



[igcc.org.au](https://igcc.org.au)



[secretariat@igcc.org.au](mailto:secretariat@igcc.org.au)



[@IGCC\\_Update](https://twitter.com/IGCC_Update)