

# 2022 ANNUAL REPORT

The Year's Work and Impact From  
The Investor Group on Climate Change

December 2022



Investor  
Group on  
Climate  
Change



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## From the CEO

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This year, there was a massive shift in the context for our work. In December 2021 the pent-up need for climate progress was building. As of December 2022, that demand has unequivocally translated into a new and higher baseline for action and continues to gather momentum.

Now, the challenge for The Investor Group on Climate Change, our members, and supporters, is to keep accelerating our work so that, over the next 84 months to December 2030, we are on track for a resilient, net zero global economy in 2050.

Time is against us, so we must all scale our work exponentially. This will require us to increase our effective and strategic collaborations.

We look forward to continuing this journey with you, and remain optimistic that we can realise the benefits that the transition can bring to investments and the economy, and ultimately the society and environment we live and work within.

This annual report records a year of important contributions from the team and IGCC's exceptional network. We thank our members for their support and involvement through the year, in addition to the ongoing work they are doing in their own organisations. We look forward to an even more impactful year for our network in 2023.

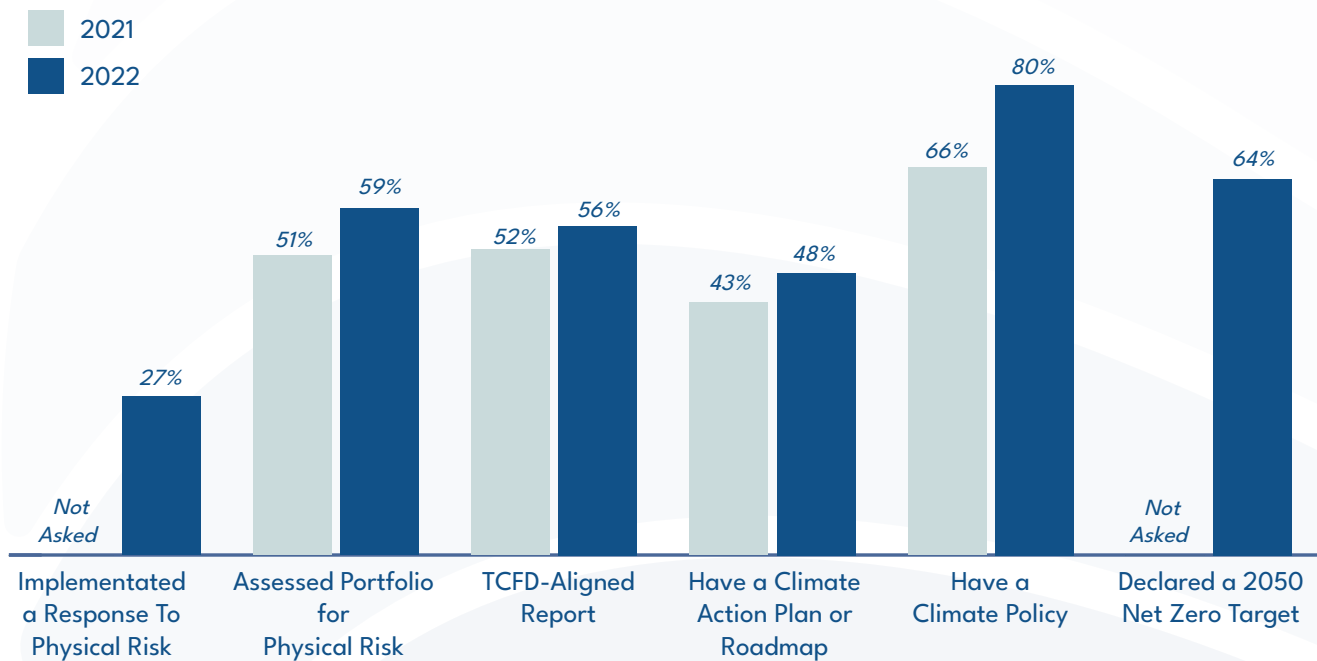
A handwritten signature in black ink, appearing to read 'Rebecca Mikula-Wright'.

-Rebecca Mikula-Wright

## Highlights of 2022

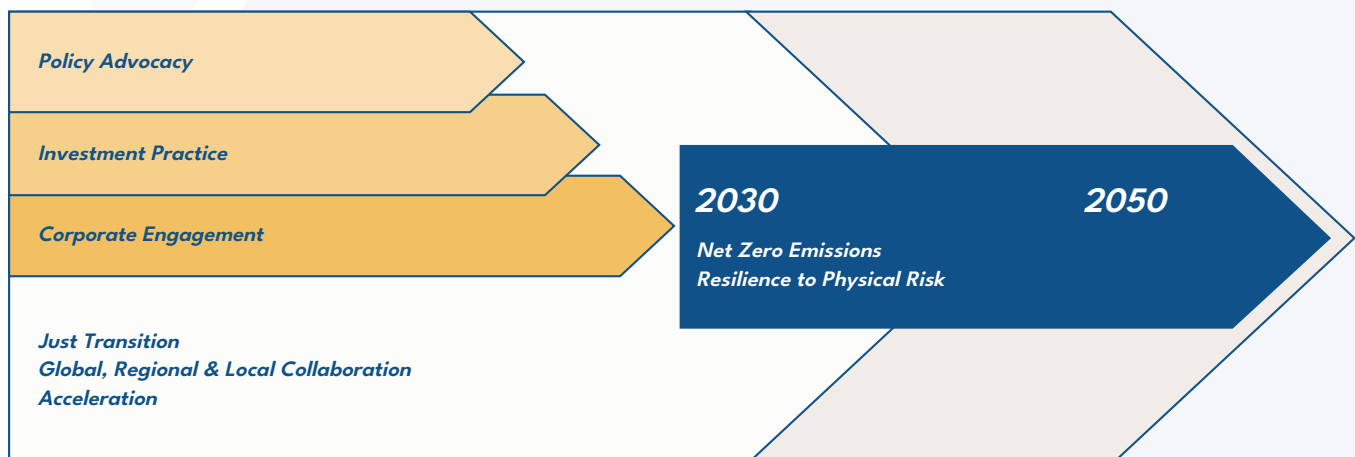
### Members' Climate Practice Indicators

In each key indicator, the IGCC membership has collectively made year-on-year progress.



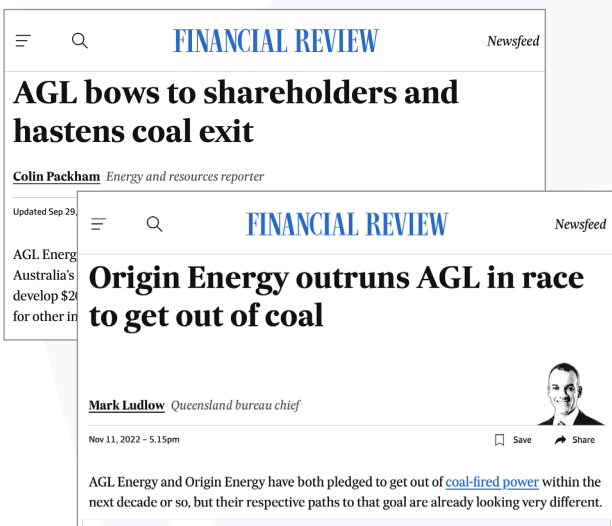
### A Strategy Update

We developed and released Accelerating Investment For A Clean & Resilient Economy, IGCC's 2022-2025 strategy.

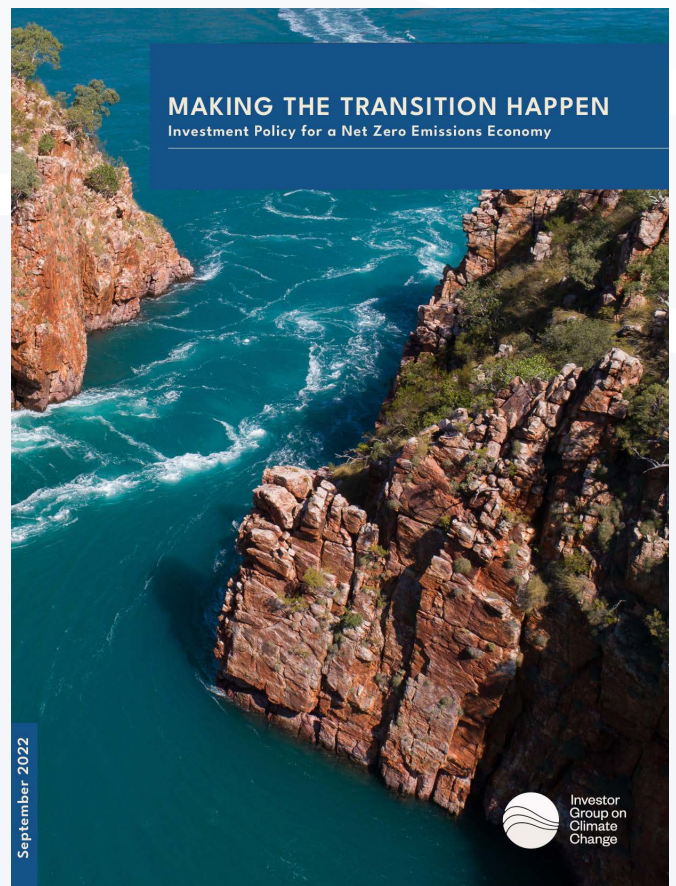




Climate Change & Energy Minister Chris Bowen & CEO Rebecca Mikula-Wright at the 2022 IGCC Summit, where the minister acknowledged IGCC's work, and foreshadowed mandatory climate disclosures.



Headlines from the AFR, reporting on coal closures from heavy emitting companies that are the focus of our corporate engagement work with Climate Action 100+.



We released investors' policy priorities for the current parliament; Making the Transition Happen: Investment Policy for a Net Zero Emissions Economy.

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# 1. Investor Practice

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In 2022, the investment industry has continued its significant progress setting voluntary, ambitious and science-aligned commitments to achieving net zero. Now, the focus is increasingly on implementing those commitments.

Investors are also working on setting interim targets for portfolio alignment, decarbonisation, engagement and climate solutions. These interim targets will drive action and accountability over the shorter term.

Limiting warming to 1.5 °C with limited overshoot requires continued, decisive, collaborative and immediate action. Investors are shifting some capital especially in specific asset classes. Currently, however, this lacks the necessary pace, breadth and scale to minimise their portfolios' exposure to transitional and physical climate risks while maximising their exposure to high-growth climate opportunities.

Our investor practice work in 2022 falls into two broad categories: mobilising members who are not yet publicly committed to net zero and—for members who have already made net-zero commitments—helping accelerate their implementation.

## Progress in Members' Climate Practice

Climate Practice Indicator	2022	2021
<b>Had a public 2050 net-zero target</b> (More asset owners than asset managers had a 2050 net-zero target.)	64%	No Data *
<b>Had a climate policy</b> (The proportion of asset owners with a climate policy was 92%.)	80%	66%
<b>Had a climate action plan or road map</b> (A further 14% had committed to having a plan within 12 months, and 22% were actively considering one.)	48%	43%
<b>Had reported in alignment with TCFD</b>	56%	52%
<b>Had assessed their portfolio for physical risk</b>	59%	51%
<b>Had implemented a response to their portfolio's physical risk</b>	27%	No Data

Source: a survey of IGCC members in July 2022. The precise wording of some questions varied slightly year on year. Note: the data set used here differs from IGCC's survey of a broader group of members and non-members, which we published as the State of Net Zero report.

\*Although we do not have data for on this question for IGCC members\* in 2021 40% of respondents to a survey of Australian and New Zealand investors, but which was broader than just IGCC members, had set a public Net Zero 2050 target. This may be a reasonable proxy that indicates year-on-year progress.

In 2023 IGCC will continue to assist members with overcoming the systemic barriers to net zero.

## 1.1 The 2022 State of Net Zero Reports

These reports deliver insights into the status of, trends in, barriers to, and opportunities for climate-aligned investment. They provide investors with aggregated data and graphs, investor comments and insights, background on leading climate frameworks, and suggestions for action. Common themes in both reports are that more work is needed and that over the last two years, new tools and communities of practice have developed that can accelerate progress.



### *Aotearoa New Zealand: 2022 State of Net Zero Investment*

This reports responses from 50 investors, covering a total of \$331 billion in assets and capturing over 80% of the Aotearoa New Zealand fund management market.



### *Australia: 2022 State of Net Zero Investment*

This reports responses from 53 investors with median assets under management (AUM) of A\$28 billion, providing the collective views of approximately 60% of the AUM in Australia. It was completed in 2022, to be launched publicly in early 2023.

## 1.2 Investor Climate Action Plans

Our strongest recommendation is that members produce [investor climate action plans](#) (ICAPs) and implement them as quickly as possible. Regardless of investors' current positions, the ICAP framework helps set goals, actions and accountability mechanisms to reduce emissions and invest in climate solutions. It has been developed by IGCC and our global peer networks that form the Investor Agenda initiative.

ICAP Focus Areas:

- investment—measuring and reducing emissions from the portfolio
- corporate engagement—actively encouraging companies to align with 1.5 °C
- policy advocacy—actively lobbying governments to set policies aligned with 1.5 °C
- disclosure—reporting on the climate risks and opportunities in the portfolio.

Governance is a theme of all focus areas.

[Case studies from 2022](#) featuring Australian and Aotearoa New Zealand IGCC Members are available.

[The ICAPs Ladder and Guidance](#) contain resources to help investors reach best practice, or 'Tier 1' in the ICAPs ladder.

IGCC contributed to the July 2022 update of the [ICAPs guidance](#).

## 1.3 Net Zero Initiatives for Portfolio Management

We help run two important initiatives to connect investors in Australia and Aotearoa New Zealand with global best practice. Signatories commit to net zero greenhouse gas emissions by 2050 or sooner and to drive a 50 per cent fair share emissions reduction by 2030.

The initiatives are:

- **the Paris Aligned Asset Owners (PAAO) initiative**—launched in May 2019.  
This has 57 signatories (five from Australia and Aotearoa New Zealand), largely pension and superannuation funds, representing approximately A\$5 trillion in global AUM. IGCC was the Chair of PAAO for the first half of 2022. The first progress report was released in 2022, showcasing case studies from IGCC members HESTA and NZ Superannuation.
- **the Net Zero Asset Managers (NZAM) initiative**—launched in December 2020.  
This has 290 signatories (12 IGCC members and eight non-members from Australia and Aotearoa New Zealand).

Both initiatives help investors set targets, plan, allocate capital and disclose their climate exposure, and both are formal partners of the UN Climate Champions' Race to Zero campaign and the Glasgow Finance Alliance for Net Zero (GFANZ). Our more advanced members now play a leading role in the global net-zero movement.

### The Net Zero Investment Framework

The Net Zero Investment Framework underpins much of our capacity-building work, providing mature strategies and tools to set targets for the following asset classes:

- listed equity
- corporate fixed income
- real estate
- sovereign bonds.

In 2022, IGCC's members also participated in global investor consultations to develop asset-specific methodologies to measure alignment and transitions in these classes:

- infrastructure
- derivatives and hedge funds
- private equity (for LPs and GPs)
- sovereign bonds.

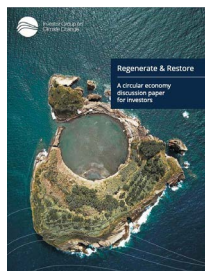


## 1.4 Investor Practice Working Groups

### Paris Aligned Investment

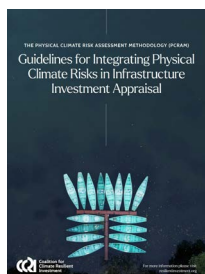
This group covered the essential tools for climate solutions, net zero implementation through leading net-zero initiatives and robust climate action plans, and led the development of the State of Net Zero 2022 reports for Australia and Aotearoa New Zealand.

### Transparency and Thought Leadership



This group's major release was *Regenerate and Restore: A Circular Economy Discussion Paper for Investors*, which covered fundamentals, indications of the investment opportunity, and the link between circular economy approaches and climate mitigation, resilience and adaptation.

### Physical Risk and Resilience



This group contributed to the Physical Climate Risk Assessment Methodology tool published by the Coalition for Climate Resilient Investment in September 2022. In addition, a subgroup contributed to an adaptation and resilience framework with our UK-based peer IIGCC Member consultation will continue over the coming months.

## 1.5 Masterclasses

In 2022, IIGCC held five investor practice climate masterclasses. They focused on the granular, practical actions investors can take to drive portfolios towards climate resilience. They showcased the best practice of international investors and drew on the experiences of leading investors in Australia and Aotearoa New Zealand.

The topics were:

1. target-setting for net zero
2. investor climate action plans
3. corporate engagement and policy advocacy
4. just transition
5. physical risk.

Feedback from investors highlighted the benefits of these peer-to-peer learning opportunities, shortcuts to leading best practice and hearing from expert investor practitioner panels.

All masterclasses were recorded and are available to IIGCC members on request.



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## 2. Corporate Engagement

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Corporate climate ambition is moving on from companies making commitments for the far-away future to disclosing robust plans on how they will meet their 2050 net-zero commitments. In this context, our corporate engagement work influences individual heavy-emitting companies but also extends across sectors and even the wider economy.

### 2.1 Implementing Climate Action 100+ in Australia

IGCC leads the implementation in Australia of Climate Action 100+ (CA100+), the largest investor-led decarbonisation initiative in the world. More than 700 investors, representing US\$68 trillion in assets, engage with more than 160 of the world's highest-emitting companies to decarbonise their operations and products in line with global ambitions to limit the average global temperature rise to 1.5 °C.

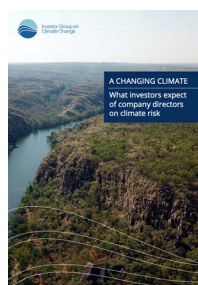
The CA100+ Net Zero Company Benchmark is a key tool. It sets sector-agnostic and sector-specific standards for corporate decarbonisation. Companies are assessed against these standards annually.

The Australian listed market is particularly carbon-intensive, which poses a unique challenge and opportunity for universal owners in Australia.

Several areas of progress have been made following collaborative engagements with 14 ASX-listed focus companies this year:

- Six focus companies (Rio Tinto, Santos, Woodside Energy, Origin Energy, South32 and AGL) held advisory 'Say on Climate' votes this year. Results varied significantly. Several more Australian focus companies have already provided investors with a vote or will do so in 2023. If a company does not participate, fails to provide another Say on Climate vote following a poor result or otherwise fails to align its transition strategies with investors' expectations, we expect it will bear increasing investor scrutiny given the ambition required to meet 2030 national and corporate climate targets. We expect 2023 will see investors' escalation strategies evolving in cases where engagement does not produce fast enough action to reduce the risks and seize the opportunities associated with climate change.

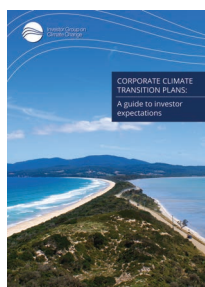
- At AGL, four independent directors with climate and transition expertise have been voted onto the board. This result was an example of escalation in engagement tactics from investors, which have been building prior to 2022. Across companies, investors will be examining boards for specific climate and transition expertise (or training) aligned with IGCC's 2021 report *A Changing Climate: What Investors Expect of Company Directors on Climate Risk* and the governance requirements of the CA100+ benchmark.
- Long-term corporate engagement contributed to the early closure of two coal-fired power stations operated by Origin (by 2025) and AGL (by 2035). These generators produce around 5–6 per cent of Australia's total emissions, and their closure will contribute to the economy-wide shift away from dependence on coal.
- A growing number of companies include scope 3 emissions in their 2050 net-zero targets (including AGL, Origin and South32 in 2022). This signals that they have increased their ambition to reduce emissions across their value chains, which typically surpass operations as companies' largest source of emissions.



*The 2021 IGCC report; A Changing Climate: What Directors Expect of Company Directors on Climate Risk. responded to members' and CA100+ signatories' longstanding concerns with board capabilities. It remained an important foundation for investors' engagement and escalation through 2022, including voting on AGL's company directorships.*

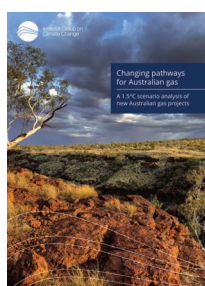
## 2.2 Research & Thought Leadership in 2022

Our thought leadership pieces during the year focused on helping investors assess both sector-specific and economy-wide transition plans.



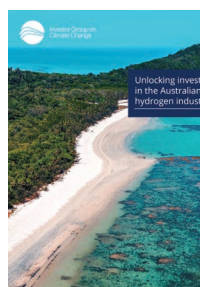
### ***Corporate Climate Transition Plans: A Guide to Investor Expectations***

(March 2022) This report helps companies to prepare climate transition plans and provides a framework for investors assessing these plans. It synthesised existing guidance from a broad range of standard-setters, thereby providing a clear set of investor expectations for Australian corporate climate transition plans.



### ***Changing Pathways for Australian Gas***

(April 2022) This report analysed the resilience of recently sanctioned and proposed Australian gas projects under credible 1.5 °C-aligned scenarios. It found a majority of the selected projects will be economically challenged if high-ambition climate policies are implemented in Australia and key export markets. This highlights the need for caution around investment decisions in the gas sector.



### ***Unlocking Investment in the Australian Hydrogen Industry***

(August 2022) This report documented investors' priorities and opportunities for the development of an Australian hydrogen industry. It clarifies the relative risks of green and blue hydrogen, the opportunities they present, and the necessary market enablers and policy settings.

All of these reports have been widely used by both IGCC's members and other stakeholders. They have been an important platform for direct policy advocacy and have exerted indirect influence via extensive media coverage, including in the *Australian Financial Review*, *The Age*, *Sydney Morning Herald*, *The Australian*, ABC, Sky News Australia and other specialist finance and climate publications.

## 2.3 Upcoming and Ongoing Research Projects

- IGCC is one of the leaders of a CA100+ sector-specific Net Zero Standard for Diversified Mining, to be launched in 2023.
- Work has started on a 'Paris aligned decommissioning' project. It will document investors' expectations for the responsible management, closure or sale of emissions-intensive assets throughout the energy transition and provide a valuable resource for investors to support such decommissioning.

## 2.4 Working Groups, Seminars and Masterclasses

The IGCC Corporate Engagement team supported investors by delivering:

- bimonthly CA100+ working group meetings to support members' engagement
- technical investor education and collaboration sessions covering a range of topics, including:
  - net-zero pathways for chemicals
  - climate accounting and audit
  - a Net Zero Standard for Diversified Mining
- a corporate engagement and just transition masterclass for members and CA100+ signatories.

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## 3. Policy and Advocacy

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In 2022, the political context for our policy and advocacy work in Australia fundamentally shifted. The Aotearoa New Zealand context, however, resembles more of an evolution than a revolution.

Leading up to the Australian federal election in May 2022, we focused on influencing the broad political and economic narrative around investment and climate. In that sphere, we successfully brought three important narratives into the mainstream:

- that climate change is a major economic risk and opportunity,
- that investors are long-term custodians of capital and have trillions of dollars to invest, and
- that the failure of policy was driving capital offshore and increasing costs in Australia.

Indeed, in a keynote speech at the IGCC Summit three weeks after the election, that work was acknowledged by the new Minister for Climate Change and Energy, the Hon. Chris Bowen, MP.

*“The truth is that good energy policy is key to good economic policy. Groups like the IGCC were vital to persuading Australians of that fact at the last election. ...*

*“We heard loud and clear from the IGCC and others that inadequate assessment of risks and opportunities is a huge barrier to investment.*

*“We need groups like the IGCC to continue making the case to all Australians that good climate policy is good for investment and good for jobs.”*

**- Australian Minister for Climate Change and Energy,  
the Hon Chris Bowen, MP.**

The new parliament promptly passed legislation setting important climate targets. Building on its public commitment to climate action, we are now able to take a more direct approach, working collaboratively with the key policy decision-makers.

To keep the policy progress accelerating, IGCC will take a non-partisan approach and represent investors in the key debates over the policy mechanisms that will be crucial to a just and orderly transition to a resilient, net-zero economy.



### 3.1 Investors' Australian Policy Priorities



Our September publication *Making the Transition Happen: Investment Policy for a Net Zero Emissions Economy* laid out the policies and background information that we expect to ground our political advocacy over the current term of government. The priorities we developed draw on extensive input from our members and a broader set of experts and peers.

The policies fall under three headings:

- **Aligning National Economic Strategy to 1.5 °C**  
This includes emissions targets, just and orderly transition governance and sector-by-sector goalposts.
- **Aligning Finance to 1.5 °C**  
This includes carbon pricing, climate disclosures and reporting, and the phase-out of fossil fuel subsidies.
- **Climate Adaptation and Resilience**  
This includes funding mechanisms, coordinated planning and the availability of timely and reliable intelligence.

Using this publication as a platform, our policy and communications staff have collaborated with key members to engage with media, policymakers, and senior elected officials from across parliament.

### 3.2 Aotearoa New Zealand Climate Disclosures



Aotearoa New Zealand has been developing its climate disclosure regime. To advocate for investors' interests, we provided a major resource, *Climate Disclosure: Lessons from Global Trends for Aotearoa New Zealand*, that built on extensive direct engagement with the country's key regulators and policymakers through 2021.

Six of our seven recommendations were adopted in the Aotearoa New Zealand regulators' draft framework released in July 2022. The seventh has been adopted in part, and we understand the remaining part is being worked on. According to our contacts, the regulator took our recommendations seriously, and we are very satisfied with the outcome.

### 3.3 Direct Engagement

IGCC regularly directly engages with federal decision-makers on the policy priorities set by our Policy and Advocacy Working Group. The decision-makers include ministers and their offices, members and senators across the parliament, departmental offices, financial regulators, and key stakeholders such as the press gallery.

Policy makers are aware that an orderly transition to a net-zero economy requires investment. They also appreciate that it is IGCC's intention to remove the barriers currently obstructing Australia's progress and increased investment opportunities.

IGCC is a trusted, non-partisan adviser of government officials, frequently called on to brief financial regulators and departments on topics such as climate-related risk reporting and the Safeguard Mechanism. Over the last year, IGCC has represented investors' views on climate policy issues in more than 50 direct engagements with senior policymakers, including ministers.

In 2022, IGCC met with:

- the Australian Commonwealth Government (32 times)
- international diplomats (four times)
- state governments (twice)
- the Aotearoa New Zealand Government (twice).

### 3.4 Submissions

The IGCC Policy team published submissions on five separate consultations in 2022:

1. [the peak Australian bodies' submission to the International Sustainability Standards Board on sustainability and climate-related disclosures](#) (July)
2. [the Joint Australian Climate Roundtable submission on the climate change bills](#) (August)
3. [a Safeguard Mechanism reform consultation paper](#) submission (September).
4. [a submission regarding a Treasury Laws Amendment Bill 2022 on sustainability standards](#) (December)
5. [a submission to the Senate Inquiry on the National Energy Transition Authority Bill](#) (December)

### 3.5 Policy Working Group

The primary focus of the Policy and Advocacy Working Group in 2022 was supporting the development of IGCC's abovementioned three-year policy priorities, which launched in September. The policy team rigorously engaged with stakeholders in the scoping phase of the report. To ensure investors' perspectives were accurately depicted, it then ran multiple working group sessions to gather members' insights and feedback on draft reports and ideas.

In addition to that project, the Policy and Advocacy Working Group was consulted during the development of IGCC's submission on the Safeguard Mechanism reforms.

In the final Policy and Advocacy Working Group meeting of 2022, IGCC facilitated a workshop on a report due to be released in March 2023. This report will provide policy recommendations to unlock capital for the innovations in energy transition and climate solutions in Australia.

Finally, in November, a sub-working group of the Policy and Advocacy Working Group focused on mandatory disclosure was reconvened. This was a response to the Australian Government's commitment to implementing new disclosure requirements; Treasury began consulting on the design of these requirements in December 2022. The disclosure-focused sub-working group, referred to as the 'TCFD Champs', will ensure that Australia's climate risk disclosure framework meets investors' needs.

### 3.6 Global Investor Statement to Governments on the Climate Crisis

IGCC's policy team helped draft the [2022 Global Investor Statement to Governments on the Climate Crisis](#) as part of the global [Investor Agenda](#) initiative. The annual Global Investor Statements urge governments to implement policies consistent with a just transition limiting global temperature rise to 1.5 °C. Such policies include medium and long-term climate strategies, transitioning energy away from fossil fuels, ending deforestation, bolstering climate finance and strengthening disclosures. These statements are produced annually and publicly released at COP each year. This year the statement called for the strongest policies ever, and was signed by 604 investors with a total AUM of US\$42 trillion.

### 3.7 Retirement of the Climate League 2030 Brand

In August, we retired Climate League 2030 as a standalone initiative. It was launched in October 2020, and, in the climate policy vacuum of the time, it was a successful platform for illustrating the investment and business community's support for climate action. Since then, the political context has changed, and we have incorporated Climate League 2030's best advocacy and reporting ideas into IGCC's main streams of policy and investor practice work. This avoids duplicating effort for IGCC staff and members and concentrates resources where they will have the greatest impact.

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## 4. The 2022 Summit

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The IGCC Summit remains the most valuable event on the calendar helping institutional investors manage the risks and opportunities of climate change. Expert speakers present and discuss the most relevant and forward-looking intelligence, and the keynote speakers are among the most important and influential decision-makers in our fields. The Summit is an important project for IGCC; it furthers our mission and brings in revenue crucial for underwriting our operations and impact throughout the year.

We are now moving from a biannual to a yearly event. Preparations have started for the 2023 Summit, which will be held on 21<sup>st</sup> & 22<sup>nd</sup> of August with a refreshed format to keep abreast of our market's developing needs.

### 2022 Key Numbers

387 Attendees

9 Focus Sessions

83 Speakers

13 Keynotes

21 Sponsors

Host Sponsor

Thought Leader Sponsor

**S&P Global**



Gala Dinner Sponsor



Gold Sponsors



P I M C O

AIGCC Program Sponsor



國泰金控  
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Bronze Sponsors



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*Ming Long, Chair of AMP Capital Funds Management; Michael Trill, Director of Australian Retirement Trust; Peter Chun, CEO of UniSuper in the Trustee Training On Climate hypothetical session.*



*ASIC executive, Claire LaBouchardiere, describing ASIC's anti-greenwashing actions.*



*David Barnden, Principal of Equity Generation Lawyers; Sarah Barker, Partner at Minter Ellison; and Sybil Dixon, IGCC Director discussing the recent developments and outlook for climate-based litigation.*

*Attendees at the IGCC Summit*



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## 5. Asia Investor Group on Climate Change

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The Asia Investor Group on Climate Change (AIGCC) serves 69 members in 12 diverse Asian markets. It operates within the overall IGCC group but presents to the market largely as a separate brand and network.

Many markets in Asia have an opportunity to overtake Europe, North America and Oceania in decarbonising their economies and building resilience to physical risk. In some areas of climate investment, such as disclosure, some Asian markets are already ahead of Australia and the US. Accordingly, AIGCC's membership is growing rapidly, existing members are becoming even more active and we are seeing more engagement from corporate and policy decision-makers.

The high level of activity and interest in AIGCC's work reflects many Asian markets' extreme vulnerability to the physical risks posed by climate change. Meanwhile many of Asia's energy systems face the dual challenge of meeting increasing energy demand while cutting fossil fuel use.

### 5.1 Strategy Development

In 2022, AIGCC released the next three-year strategy. It organised its work into three strategic goals and set targets for meeting them:

- increasing investment in net-zero emissions energy
- accelerating portfolio decarbonisation (including through investor climate action plans and company engagement to improve business models)
- advocating for stronger climate policies and greener economic development trajectories that align with the Paris Agreement goals.

AIGCC's strategy also identifies the most valuable initiatives across nine key markets, based on the markets' size and membership and the possibilities for leveraging domestic and international investors in policy and regulatory engagement.

The markets are:

Japan	Singapore	Indonesia
China	Hong Kong	Taiwan
South Korea	India	Malaysia

[The Full AIGCC Strategy is Available on the AIGCC Website](#)

### 5.2 Highlights in Each Strategic Pillar

#### Investor Awareness and Capacity Building

- **Growth in Membership**

As of 15 December 2022, AIGCC had 69 members with global AUM of over US\$39 trillion, welcoming seven new members in the prior six months. This growth is having positive network effects; these are particularly evident at our monthly member meetings, which provide opportunities for investors to meet, engage with and learn from peers across the region and globe.

- **Masterclasses and Briefings**

AIGCC has run well-attended masterclasses on TCFD reporting and corporate engagement. In addition, it has provided member briefings on the implications for investors of the latest IPCC reports.

- **Climate Change Training**

In 2022 we delivered two new advanced modules in online climate change training. These cover corporate engagement and scenario analysis within TCFD reporting and build on the four foundation modules.

- **Working Groups**

The Japan Working Group started in the second half of 2022, adding to our three other groups—Paris Aligned Investment, Physical Risk and Resilience, and Engagement and Policy—that span our workstreams.

## Members' Investor Practice

The key results from the latest AIGCC member activity survey were:

- 78 per cent had a climate policy
- 51 per cent had a public net-zero target
- 49 per cent had a climate roadmap in place, and another 25 per cent were actively considering adopting a climate roadmap.

We expect this indicates that AIGCC members are considerably more advanced than the average investor in the region, reflecting both the effectiveness of membership and the significant progress needed across Asian and global economies.

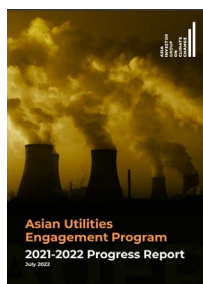


The Asia Net Zero Investment Report was launched in December. It provides an important snapshot of climate practice from leading investors in Asia. There has been good progress in the last year, but significantly more progress is needed by a larger number of investors to align to the Paris Agreement.

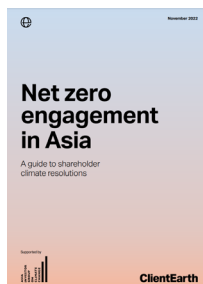
A total of eight AIGCC members headquartered in Asia are now signatories to the NZAM initiative. A further 18 members are signed up through AIGCC's peer networks overseas.

## Corporate Engagement

37 members participate in the Climate Action 100+ initiative, which AIGCC convenes and facilitates for Asia. In 2022, key activities have included company assessments, updating benchmarks and consulting widely on the second phase of CA100+. 21 focus companies have now committed to TCFD disclosures, and five have committed to science-based targets.



16 investors participate in the AIGCC-convened Asia Utilities Engagement Program, which engages with seven energy companies in the region to encourage greater ambition and action on climate change. The program's first progress report was published in July.



In November, AIGCC launched, with Client Earth, its *Investor Guide to Support Corporate Engagement for the Net Zero Transition in Asia*.

## Policy Advocacy

- Joint policy statements, including the Global Investor Statement to Governments on the Climate Crisis, have been publicly endorsed by 18 per cent of our members.
- The AIGCC Director of Policy attended COP27 in October and engaged with policymakers, and investors, presenting the AIGCC Investor Expectations of Governments National Adaptation Plans at the event.
- We convened the following:
  - a pre-G20 workshop on financing the energy transition in emerging economies
  - an AIGCC/RI Japan Energy Transition event.

As there is strong potential in Asia for growth in members and an important need for accelerated climate action, AIGCC provides an important service to its members. It can make a crucial contribution to decarbonising the global economy and building resilience to the risks of climate change.



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## 6. Organisational Capacity Building

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Our organisation is growing and maturing. As our influence grows, as awareness of our work and role grows and as the urgency of our mission becomes increasingly apparent, we have built our organisational capacity. Paying membership of AIGCC is rapidly increasing and IGCC’s membership grew through 2022. We expect that to continue in the coming years. To direct and manage that growth and maturation, we have completed or started some important projects.

### 6.1 Refined Vision and Mission

We adjusted IGCC’s vision to reflect the importance of 2030 climate goals, and adjusted the mission to clearly articulate our systemic role.

**Vision**

A climate-resilient economy that is on track, by 2030, for net zero emissions in 2050.

**Mission**

We will deliver real and accelerated progress on climate change by connecting, collaborating, and advocating on behalf of investors to responsibly manage climate risks and opportunities, and drive sustainable returns for investors and the beneficiaries they represent.

### 6.2 Values

We have identified and made explicit the values that we bring to our work. We are:

<b>Member Centric</b>	We are committed to supporting our members to achieve the transition to a net-zero economy.	<b>Respectful</b>	We act with respect and integrity to help solve complex problems and achieve goals.
<b>Collaborative</b>	We collaborate and work closely as a team and with our members, peer organisations, stakeholders and the community.	<b>Passionate</b>	We are passionate about the action needed to address the climate crisis and are determined and enthusiastic about our ability and role to make a difference.
<b>Impact Focused</b>	We focus on achieving transparent, measurable and impactful results.	<b>Inclusive</b>	We foster inclusion, diversity and trust in a positive and flexible work environment.

## 6.3 2022–2025 Strategy

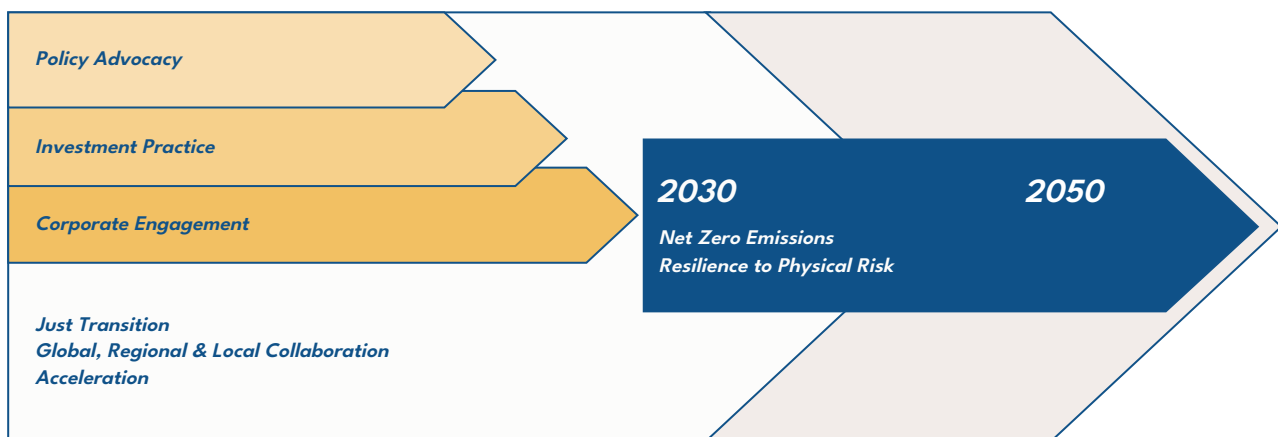
The year 2022 was the start of a new three-year strategy cycle. The new strategy will bring us to 2025, the midpoint of this critical decade. Our long-term focus is 2050, but we must hit 2030 milestones. The 2022–2025 strategy identifies five themes in our operating landscape that provide crucial context for our three impact strategies or workstreams. The themes are:

- Climate action can and must accelerate.
- Finance and climate are deeply interlinked.
- The transition must be just.
- Physical risk is now a mainstream climate focus.
- Global and local collaboration provides consistency and strength.

The impact strategies aim to:

- accelerate net-zero investment practice
- advocate for 1.5 °C-aligned policies
- engage corporates to drive down emissions from industry.

The full [2022–2025 Strategy](#) is available on the IGCC website.



## 6.4 Organisation Capacity Projects

### Partnerships and Philanthropic Support Strategy

IGCC and AIGCC's work is funded by a combination of member fees, philanthropic support and revenue from the Summit. Philanthropic support already approximately matches revenue from member fees. There is an opportunity to resource even more of our strategic goals with partnerships and support from a variety of sources. To this end, we have:

- appointed a new manager of funding and partnerships
- started developing a strategy for growth
- started developing the policies and practices needed to ensure that an increase in resources from philanthropy and new partnerships accelerates our agreed strategy.

### Customer Relationship Management Platform

As the organisation and membership grow, so does the need to improve the tools and processes we use to keep members and other stakeholders fully informed and engaged with our work. We have therefore started a project to upgrade our customer relationship management platform and refine our use of it.

### Visual Identity Refinement

We ran a project to refine IGCC's visual branding and refresh the visual brand toolkit for AIGCC. The brand assets and guides are the necessary foundations for consistent, high-quality and effective communication with and on behalf of our members. As more communication occurs on screen-based platforms, visual cues are increasingly important. IGCC has rolled out brand refinement across all channels. AIGCC's new brand will be rolled out when the new website is completed.

### Websites Upgrade

We have started a project to significantly upgrade IGCC's and AIGCC's websites. Its goals are to:

- increase our work's impact
- project our quality, expertise and distinctiveness
- add to the value of membership and make that value clear. This will include resource libraries available only to members.
- provide a useful experience for other audiences (including policymakers, corporate decision-makers, funders, journalists and international peers)
- provide entry points for audiences looking at IGCC or AIGCC for the first time (or only rarely looking at us)
- make the websites easier to maintain and update in-house.

The new websites are scheduled for completion in the first half of 2023.

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## 7. Membership Report

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IGCC continues to represent a diverse range of investors in Australia and Aotearoa New Zealand. Our members' total funds under management amount to more than \$3 trillion regionally and more than \$30 trillion around the world. IGCC members' beneficiaries include more than 7.5 million people in Australia and Aotearoa New Zealand.

Our members include many of the region's largest superannuation funds, retail fund managers, boutique investors and advisory businesses. Investor members, comprising asset managers and asset owners, make up 72 per cent of IGCC's total membership.

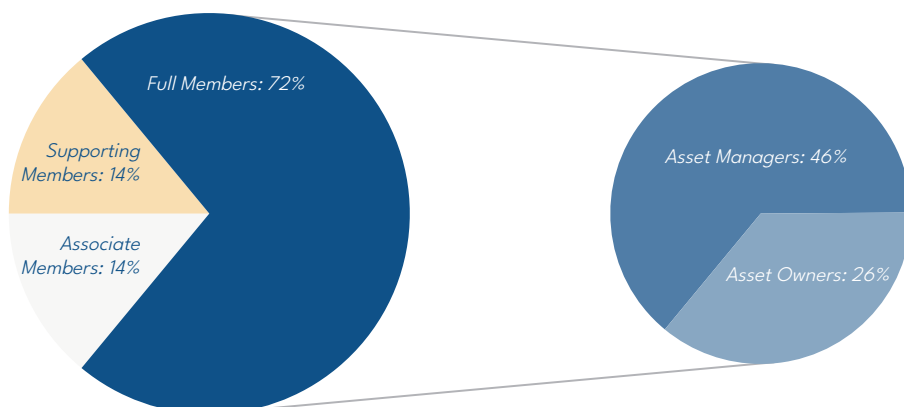


Figure 1: Members by type.

*Note: Supporting members are advisers and service providers, and associate members are typically industry associations, asset consultants or investment brokers. Asset owners are typically superannuation or pension funds.*

In 2022, IGCC's membership saw an organic growth rate of 8 per cent from 2021 levels. We expect IGCC will see a similar, if not increased, membership growth rate over the next few years. This trend is likely to be driven by investors' and the financial services industry's continuing need to develop their climate action response and prepare for increasing disclosure requirements. As IGCC's membership grows, so will its voice and ability to achieve its mission.

In 2021, there was an unprecedented number of mergers and consolidations in the Australian superannuation industry, which were aimed at ensuring funds' competitiveness and position to provide members with strong returns. This, in turn, saw several consolidations within IGCC's membership.

In 2022, members continued to engage online with IGCC-hosted working groups and masterclasses to support the Investor Practice, Policy and Advocacy, and Corporate Engagement work streams.

IGCC's monthly member meetings also moved to a hybrid format towards the end of the year as COVID-19 restrictions started to ease. This encouraged more members to attend and interact in person at both our Sydney and Melbourne locations, and the IGCC 2023 Summit will return as an in-person event.

In 2023, IGCC will continue to focus on supporting and growing its membership in both Australia and Aotearoa New Zealand.

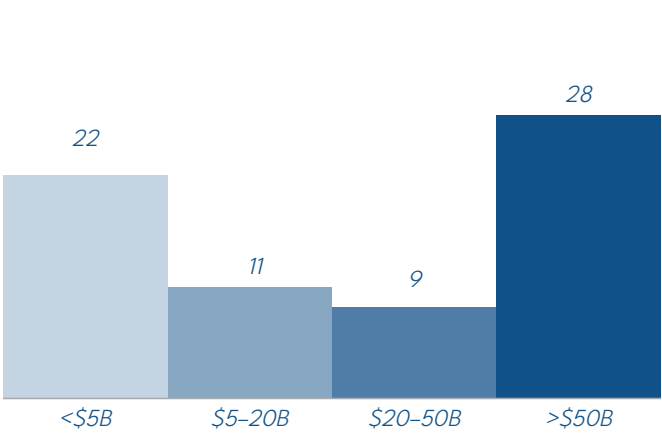


Figure 2: Number of members by global AUM.

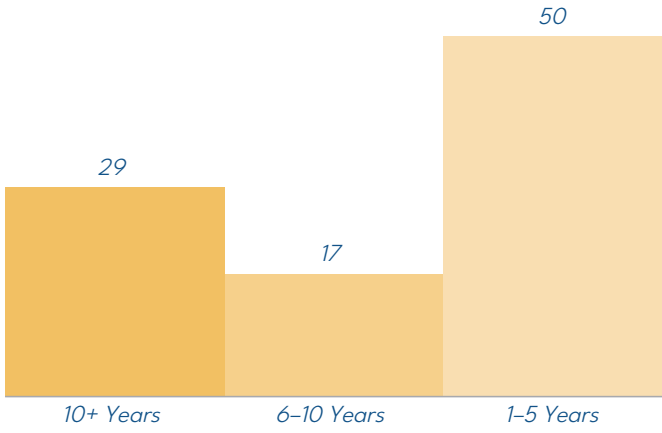


Figure 4: Number of members by duration of membership.

The distribution of our investor members’ global AUM, implies that our members have different internal capabilities and expertise, and are at different stages of climate action implementation. The [Investor Practice](#) section earlier in this report provides further details on members’ progress with their climate action practices.

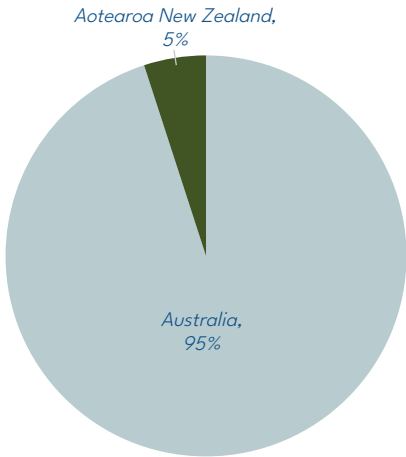


Figure 2: Members by country.



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## 8. Finance and Governance: Treasurer's Report

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(This report covers IGCC at the 'group' level; that is, it covers IGCC and AIGCC together.)

**Rajinder Singh**, Portfolio Manager, Pendal Group

It has been my great privilege to serve as the Treasurer of IGCC over the last 10 years. I have the pleasure of presenting the Treasurer's Report for another very successful financial year.

A sound and sustainable financial base is important to any organisation. During the financial year 2021/22, IGCC continued to stay in a strong financial position. IGCC achieved this through consistent and prudent financial management of expenses, combined with strong support from funders and increased membership base.

This year IGCC and AIGCC received increased philanthropic funding to expand our international collaboration activities and support the work of AIGCC in the region. We thank Climate Works Foundation, Childrens Investment Fund Foundation, Laudes Foundation, Sea Change Foundation, Sequoia Climate Foundation, and others who wish to remain anonymous.

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 the IGCC group increased its staffing expenses to grow both IGCC and AIGCC resources.

The IGCC ended the financial year with a surplus of \$1,080,330. The continued effort to deliver cost-savings across the organisation made a positive impact on the overall surplus, which in turn will be used to meet IGCCs strategic objectives. We aim to hold a cash reserve covering a proportion of our annual operational costs, which provides stability and flexibility for the organisation.

In December 2021, IGCC became a Company Limited by Guarantee (CLG) and produced its first general purpose financial statements, audited by KPMG.

Finally, I would like to thank all sponsors and consultants involved in all capacities and the executives of IGCC for their continued support in my role as Treasurer this year.

### *Results and Performance Highlights as of 30 June*

Result	2022	2021
Revenue	<b>\$5,435,618</b>	\$4,213,092
Expenses	<b>\$4,355,288</b>	\$3,516,800
Surplus	<b>\$1,080,330</b>	\$696,292
Accumulated funds	<b>\$2,165,549</b>	\$1,085,219
Cash position	<b>\$2,572,756</b>	\$2,189,713

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## Appendix 1: Direct Engagement Meetings

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### **With the Australian Federal Government, Parliament and Public Service:**

- Department of the Treasury (four times)
- National Emergency Management Agency (three times)
- Department of Industry (twice)
- Department of Climate Change, Energy, the Environment and Water (six times)
- Department of Foreign Affairs and Trade (three times)
- Department of Agriculture, Water and the Environment
- Climate Change Authority
- Clean Energy Regulator
- Chief of Staff to the Hon. Sussan Ley, MP
- Chief of Staff to the Hon. Terri Butler, MP
- Chief of Staff to the Hon. Zali Steggall, MP
- Chief of Staff to the Hon. David Pocock, MP
- the Hon. Senator Karen Grogan, MP
- the Hon. Senator Jenny McAllister, MP
- the Hon. Warren Entsch, MP
- the Hon. Matt Kean, MP
- the Hon. Senator David Pocock, MP
- the Hon. Senator Andrew Bragg, MP
- Senate Committee Hearing.

### **With the Aotearoa New Zealand Government and Public Service:**

- the Hon. James Shaw, MP
- Ministry of Foreign Affairs and Trade (twice).

### **With diplomats:**

- Embassy of the Federal Republic of Germany (twice)
- British High Commission (three times)
- United States Embassy in Australia
- Delegation of the European Union to Australia.

### **With the New South Wales Government:**

- New South Wales Treasury (twice)
- New South Wales Resilience.

### **With regulators and peak bodies:**

- Reserve Bank of Australia (six times)
- Australian Banking Association (seven times)
- Australian Prudential Regulation Authority
- Insurance Council of Australia.

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## Appendix 2: IGCC Members in Net Zero Investor Initiatives

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Net Zero Asset Managers (NZAM)	Paris Aligned Asset Owners (PAAO)
abrdn	Hesta (Steering Group)
AXA Investment Managers	New Zealand Superfund
Blackrock Investment Management	
Brawn Capital	
BT Funds Management NZ	
Ethical Partners Funds Management	
Fidelity	
First Sentier Investors	
IFM Investors	
Investible	
Magellan Asset Management	
Metrics Credit Partners	
New Forests	
T8 Capital	
Willis Towers Watson	

*Note: Seven other asset managers headquartered in Australia or Aotearoa New Zealand are part of NZAM (as a PRI member, not an IGCC member). Three Aotearoa New Zealand superannuation funds are part of the PAAO but not Investor Group on Climate Change (IGCC) members. The full list of NZAM signatories is available [here](#); PAAO signatories are listed [here](#). Some IGCC members are also part of the Net Zero Financial Service Providers Alliance, Net Zero Investment Consultants Initiative, Net Zero Asset Owner Alliance, Net Zero Insurance Alliance or Net Zero Banking Alliance. Each of the latter is a sector-specific alliance part of the Glasgow Finance Alliance for Net Zero and a formal partner of Race to Zero. Those alliances have not been listed above as they are not administered and facilitated by IGCC but through other international climate networks.*

## Contact

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Change**