2017 Year in Review
Implementing the Paris Agreement: Increasing engagement and driving disclosure
Investment fit for the future – Addressing climate risks to secure a well-managed transition to a sustainable low carbon economy.

IIGCC’s input to preparations for the G20 summit 2017 in Hamburg, Germany.

Letter from global investors to governments of the G7 and G20 Nations:

Urging global leaders to stand by their commitments to the Paris Agreement at their upcoming summits in Italy and Germany.

Guidance from investors to governments on how to develop an effective national emissions reduction plan.

Using core principles relevant for any country, IIGCC sets out how the UK could develop a sustainable long-term national plan to deliver its Paris Agreement commitments (including net zero emissions by 2050).

Towards Effective Climate Disclosure.

IIGCC’s response to the Financial Stability Board’s Taskforce on Climate-Related Financial Disclosures’ consultation on its draft recommendations.

Investor Climate Compass: Oil and Gas – Navigating Investor Engagement.

A joint report from CDP and the Global Investor Coalition on Climate Change evaluating the impact of climate-focused investor engagement on 10 large oil and gas companies in North America and Europe.

Aligning Europe’s financial system with the Paris Agreement.

A position paper based upon IIGCC’s response to the interim report from the EU’s High-Level Expert Group on Sustainable Finance.

IIGCC letter to EU energy policymakers:

Opening a vital discussion with the Commission, energy attachés and MEPs on the Clean Energy Package.

Letter to the EU Commission, European Parliament and Member States:

 Discussing proposals to revise legislation governing CO2 emissions from cars and vans.

Letter to EU Energy ministers:

Urging an ambitious revised EU energy framework that includes a bold long-term decarbonisation objective to 2050 aligned with the objectives of the Paris Agreement.
From Peter Damgaard Jensen, Chair

Reflecting on my first year as Chair of IIGCC I must echo what many of you told us in our recent membership survey – that thanks to the strength of its membership, the access it enjoys with policymakers and the expertise of our talented staff, IIGCC is a powerful, credible and influential organisation respected by policymakers, corporates, and investors.

Never was this more evident than at COP23 in Bonn where UNFCCC had invited IIGCC to lead the planning required to deliver one of the four sessions that made up a thematic Finance for Climate ‘high level’ day. The resulting event focused on the challenges facing investors working to engage companies and governments to deliver the Paris Agreement and accelerate the low carbon transition. Nor however was this all that IIGCC did at COP23. Working with the same partners (the groups who co-sponsor the Investor Platform for Climate Actions) IIGCC also helped deliver a successful official side event focused on investor action to drive more effective climate related financial disclosures. We also held bilateral meetings with several important stakeholders and representatives.

The value of our work was also recognised in June, when IIGCC received the inaugural RI Award for Innovation & Leadership in the ‘Service Provider’ category (alongside 2° Investing Initiative) and Helen Wildsmith collected a Collaborations Award for ‘Aiming for A’.

As climate change becomes more widely recognised as a risk no serious investor can afford to ignore, it is vital IIGCC reaches a wider audience and draws in more members from the mainstream investment community. Given this and the growing threat posed by accelerating climate change, the board recently revised IIGCC’s mission to be – ‘Investors taking action for a prosperous, low carbon future’ – something that reflects the urgency that motivates the commitment we all share.

Our updated mission statement likewise asserts without any caveats that IIGCC exists to ‘mobilise capital for the low carbon transition by working with business, policymakers and fellow investors’. For similar reasons, the board decided this year that our Solutions Programme should be replaced by an expanded Investor Practices programme with three substantial workstreams, each to be led by members (see p 10).

Alongside all of this, the work of our Corporate Programme has continued to inform greater levels of meaningful engagement by long term investors with carbon-intensive and high emitting companies – either through dialogue or the selective use of shareholder resolutions – to ensure they address the risks and pursue the opportunities presented by climate change.

As all of this illustrates, the work of IIGCC and the value it delivers relies directly upon the passionate support and active involvement of its enthusiastic and rapidly growing membership.

Finally, on behalf of our members, may I offer my thanks to our CEO Stephanie Pfeifer and her team for their relentless hard work and outstanding results.

From Stephanie Pfeifer, CEO

Thanks to our supportive membership base, the Board and our Programme Chairs, IIGCC has continued steadily to grow in stature and influence this year as the pre-eminent European voice for institutional investors acting to address climate risk and climate change. This has been well reflected in our growing membership which is now very nearly 150 organisations with a total of well over €20 Trillion in assets under management.

Recognising the importance of our policy programme to members, we continued to influence the global agenda with a carefully worded investor sign-on letter sent initially to the G7 and subsequently to the G20. We also made our presence felt in Brussels, both on the EU’s reform of its entire energy package (see p 7) and on the need for much tighter emissions standards to drive the swift decarbonisation of light vehicles in the EU.

The corporate programme began the year by agreeing to take forward the work previously led by Aiming for A now reinvented as a new IIGCC shareholder resolutions sub-group. IIGCC also published the first Investor Climate Compass this year – a joint report from CDP and the four regional investor networks that make up the Global Investor Coalition on Climate Change (GIC), which found that investor engagement with oil and gas majors has made a discernible impact on some companies’ decision-making, disclosure and management of climate change risks.

It is no accident therefore that considerable energy this year has also gone into developing Climate Action 100+ – a new five-year investor initiative to engage the world’s largest corporate greenhouse gas emitters to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change that will be managed collaboratively by the four GIC networks and PRI.

As part of its work on investor solutions this year IIGCC consulted members and provided substantial input to every stage of the discussion that unfolded around the work of the Task Force on Climate-Related Financial Disclosures. We also held a round table event on Scaling up Green Investments: from Ambition to Asset Allocation where members heard how leading asset owners and investment consultants are reshaping their approach to sustainable and low carbon investments.

Given the increasing recognition being given to climate risks and opportunities, it is essential that we grow all parts of our work programmes to support the shift that must follow. Reflecting this, and the very clear priorities conveyed in the membership survey, the new Investor Practices Programme will have three work streams focused on corporate governance, disclosure, and strategy, tools and metrics for analysing climate risks and opportunities across asset classes.

Finally, I would like to thank all our members as well as the IIGCC team for a great year – we look forward to working with you in 2018 as we take forward our exciting programmes.
2017 – a busy year promoting the investor voice on the climate agenda

January

- Peter Damgaard Jensen, CEO of Danish pension fund PKA, becomes the new Chair of IIGCC.
- A new Shareholder Resolutions Sub-Group of the IIGCC Corporate Programme, to be chaired by Helen Wildsmith, is formed to take forward work led previously by Aiming for R.
- Stephanie Pfeifer (CEO, IIGCC) joins Frank Pegan, Australian co-founder of the Investor Group on Climate Change and Chris Fox from Ceres’ Investor Network on Climate Risk at the Vatican to represent the Global Investor Coalition at The Global Foundation’s latest Rome Roundtable. Together they explain the practical actions being taken by investors across the world to counter the threat of climate change to an audience of global leaders drawn from economic and faith-based institutions.
- IIGCC issues comment responding to President Trump’s sweeping Executive Order rolling back many of the core elements of America’s climate strategy. The comment suggests investors across the world now expect unequivocal climate action from any government – including the US – that wants to secure the pace and scale of investment required to drive adaptation and deliver a swift, smooth transition to a sustainable and dynamic low carbon economy.
- Well before G20 Finance Ministers meet in Germany IIGCC publishes a policy paper supplied to the German G20 presidency urging the bloc to provide unequivocal leadership on action to curb climate risk.

February

- After detailed discussion with members, IIGCC submits (and publishes) a full response to the Task Force on Climate-Related Financial Disclosures’ consultation about its draft recommendations.
- Jennifer Anderson, Responsible Investment Officer, TPT Retirement Solutions (and IIGCC Board member) and two other IIGCC members (Faith Ward, Russell Picot) join a panel at the annual PLSA conference in Edinburgh discussing how, in the light of TCFD and the potential for other governments to emulate the French Energy Transition Law, pension funds need to measure and report their contribution and exposure to climate related risks.

March

- IIGCC publishes An Investable Emissions Reduction Plan, a policy paper focused on the UK but built around five core general principles that should – from an investor perspective – feature strongly in an effective ERP for any country.
- IIGCC convenes Scaling up Green Investments: from Ambition to Asset Allocation, a well-attended seminar co-sponsored by members WHEB and Pictet Asset Management, where members hear how leading asset owners and investment consultants are reshaping their approach to sustainable and low carbon investments.
- On behalf of IIGCC Michael Viehs of Hermes Investment attends the first of several meetings of the EU’s High-Level Group on the Automotive Industry (GEAR 2030) in Brussels. IIGCC speaks at a Stakeholder Workshop held to discuss the EU Commission’s proposals to revise regulations that govern CO2 emissions from light-duty vehicles from 2020.

May

- Lord Nicholas Stern, Co-Chair of the Global Commission on the Economy and Climate, IG Patel Chair of Economics and Government at the London School of Economics, and Chair of Grantham Research Institute on Climate Change and the Environment, delivers the keynote at IIGCC’s AGM.
- Ahead of the G7 Summit in Italy on May 26-27, IIGCC members feature strongly among the group of more than 280 global institutional investors representing more than USD17 Trillion in assets who write to G7 leaders urging these governments to uphold their commitments to the Paris Agreement.
- IIGCC publishes Investor Climate Compass: Oil and Gas – Navigating Investor Engagement – a joint report from CDP and the four investor networks that make up the Global Investor Coalition on Climate Change – that analyses the impact of persistent climate-focused investor engagement on 10 large oil and gas companies in North America and Europe.
- Rachel Ward joins IIGCC as Head of EU Policy.

May – June

- IIGCC writes to the Commission, EU Member States and the European Parliament urging them to agree an ambitious framework for the revised EU Energy Efficiency Directive and Energy Performance of Buildings Directive that includes a bold long-term decarbonisation objective to 2050 aligned with the objectives of the Paris Agreement. The letter is published on the eve of Energy Council and is reported by EurActiv. These efforts are complemented by meetings with key policymakers, and suggestions for detailed drafted amendments (relevant to energy efficiency, buildings, and Energy Union Governance), many of which were adopted. Strong feedback from Brussels stakeholders confirms that IIGCC engagement had a significant impact on key votes in both Council and EP.
June

- IIGCC warns President Trump that he is misguided in his decision to pull out of the Paris Agreement.
- In an outstanding double achievement IIGCC wins the inaugural RI Award for Innovation & Leadership in the ‘Service Provider’ category (alongside 2° Investing Initiative) and Helen Wildsmith accepts the RI Award for Collaborations Award for ‘Aiming for A’.
- IIGCC’s Chair Peter Damgaard Jensen speaks at the Berlin Green Investment Summit. IIGCC also meets with German Chancellery to discuss key G20 and EU policy matters.
- IIGCC warmly welcomes the final report of the FSB’s Task Force on Climate-Related Financial Disclosures and continues internal discussions with members on how to take this agenda forward.

July

- Efforts to secure renewed commitment for the Paris Agreement from the G20 at the close of their Hamburg summit reach a crescendo when IIGCC and its partners publish a letter to G20 leaders now backed by nearly 400 global investors with more than USD22 Trillion in assets. This is backed up by comment welcoming the French government’s climate plan and an investor response to the final G20 Hamburg communiqué.

August

- To inform the future shape of its Investor Solutions Programme IIGCC runs a detailed member survey.

September

- Philippe Desfosses, CEO ERAFP (and IIGCC Vice Chair), speaks at the Sustainable Investment Forum in New York City.
- IIGCC, in partnership with the three other regional investor networks that make up the Global Investor Coalition and PRI, begins inviting asset owners and asset managers to support Climate Action 100++ – a new five-year global investor engagement initiative.
- IIGCC’s board reviews IIGCC’s vision and mission and agrees on a new Investor Practices Programme.
- Reflecting the views of our membership, IIGCC submits a detailed response to the Interim report of the EU’s High-Level Expert Group on Sustainable Finance.
- IIGCC’s Corporate Programme holds a roundtable where members kick off discussion about the management of climate risks in the steel industry that will inform the development of a new Investor Expectations guide for the steel sector.

October

- Seeking to influence European Commission proposals for revising legislation to regulate CO2 emissions from cars and vans, IIGCC writes to policymakers across the EU to underscore the need for future policy that will support the development of low carbon technologies and alternative fuels in order to foster growth, boost jobs and improve public health.
- IIGCC publishes a position paper Aligning Europe’s financial system with the Paris Agreement (based upon its response to the EU’s High-Level Expert Group on Sustainable Finance) with comment in Responsible Investor.
- Alongside some members, IIGCC’s CEO Stephanie Pfeifer attends the OECD’s 2017 Green Finance and Investment Forum to speak about investor climate action and climate-related disclosures.

November

- At COP23 in Bonn, a significant new development of its Policy Programme work sees IIGCC facilitate planning and delivery of Enhancing Investor Action to Implement the Paris Agreement and Accelerate the Low Carbon Transition to Below 2 Degrees – one of four sessions during the UNFCCC’s own thematic High-Level day on Finance for Climate.
- Also at COP23 in Bonn, IIGCC co-hosts another successful UNFCCC official side event (in partnership with the seven other organisations that co-sponsor the Investor Platform for Climate Action). Underscoring one of the most important messages taken to COP 23, this is closely focused on how financial regulators and companies are working to implement climate risk disclosures in line with TCFD recommendations as part of their efforts to deliver the goals of the Paris Agreement.
- With 20 new additions, IIGCC concludes another strong year of membership growth where its reach has expanded to 146 organisations across 12 countries (including 9 of the 10 largest European pension funds) who between them oversee more than £21 Trillion in assets under management. This includes one ratings agency under a new category of ‘Associate Member’ created this year for financial services companies.
IIGCC joined other key actors from across the financial system at the COP23 climate talks in Bonn (November 6th – 17th 2017) to highlight progress by investors made to address climate change impacts and opportunities in two key forums. Peter Damgaard Jensen, IIGCC’s Chair, participated in a UNFCCC press conference heralding a High-Level Finance for Climate day that took place under their Global Climate Action agenda.

At UNFCCC’s invitation, IIGCC had led the planning by eight investor groups to develop and deliver one of the four key sessions that made up the day — a 90 minute discussion highlighting how investors are working with companies and governments to help deliver the Paris Agreement and accelerate the low-carbon transition.

Opening remarks — given by Christiana Figueres of Mission2020 — were followed by a lively panel of global investors showcasing investor efforts to better address climate risk and pursue low carbon investment opportunities, including Thomas P DiNapoli (New York State Comptroller), Claudia Kruse (MD Governance & Sustainability, APG), Mamadou Mbaye (Executive Director, FONSIS in Senegal), Peter Damgaard Jensen (CEO, PKA), Anthony Hobley (CEO, Carbon Tracker Initiative) and Emma Herd (CEO Investor Group on Climate Change in Australia).

Closing remarks were given by Ibrahim Thiaw, Deputy Executive Director, UN Environment (UNEP). The key messages from this event to a large audience in the room and over the live webcast were the need for policymakers to set clear, long-term and ambitious frameworks across both the finance sector and the economy, and for further efforts by all actors to break down the barriers to low-carbon investment in emerging markets.

As part of its ongoing policy work, IIGCC also participated in a number of other events at COP23 and held bilateral discussions with the UNFCCC and the office of the Governor of California (Jerry Brown) about plans for the Climate Action Summit to be held next September.

Influencing the G7 & G20

This was opened for sign-on well before President Trump opted to withdraw the US from the Paris Agreement, and went initially (with the support of c. 200 investors with over USD15 Trillion AUM) to the G7 Finance Ministers in March and to the G7 leaders before their May summit in Italy. Having remained open for endorsement until the end of June, the same letter — backed by a total of nearly 400 investors with over USD22 Trillion AUM — also went to each G20 leader before they gathered in Hamburg.
Scaling up IIGCC’s influence in Brussels

During a busy year for EU engagement, IIGCC has ensured the investor voice is heard and understood across a large range of relevant negotiations in Brussels. A strong and consistent IIGCC position on the EU Emissions Trading System helped ensure the final agreement in November built in provisions to strengthen the carbon price. A positive exercise to develop a coherent IIGCC policy position informed by members produced an ambitious and challenging response to the Interim Report of the EU’s High-Level Expert Group on Sustainable Finance to follow through on IIGCC’s input to the review of the Capital Markets Union. IIGCC has also provided policy input ahead of key milestones during on-going negotiations about energy, buildings and transport policy – via letters, targeted amendments, participation in key expert forums and face-to-face meetings with decision-makers – all of it backed up by strong communications strategies and collaborative working with like-minded groups where appropriate.

Energy Union – ensuring climate integration

Following publication of the European Commission’s new Clean Energy Package in November 2016, IIGCC welcomed the proposals to reform directives on energy efficiency and buildings. These provided for an EU-level binding energy efficiency target of at least 30%, national renovation strategies and the extension of the energy saving obligation beyond 2020, bringing the Energy Efficiency Directive in line with the EU 2030 climate and energy framework. However, as subsequent negotiations in the Council sought to weaken the Commission proposals, IIGCC pursued a strong programme of engagement during the latter half of the year to set out the investment benefits of taking an ambitious, long-term approach.

Targeted engagement ahead of key votes in both the European Parliament and the Council, directed to the most influential individuals, resulted in positive interim outcomes on both directives.

IIGCC’s engagement activity to influence negotiations on both directives in an ambitious direction has received very positive feedback from Brussels energy-watchers and from climate-friendly EU policymakers.

A focus on property

The revision of two EU Directives on Energy Efficiency and Energy Performance of Buildings Directives provided a vital opportunity this year to drive radical improvements in the energy efficiency performance of Europe’s existing building stock. It also proved an excellent example of joint working between IIGCC’s Policy and Property Programmes, with positions developed collaboratively and delegations composed of members from both programmes holding key meetings in Brussels.

In addition, the Property Programme has continued to focus this year on wider sector engagement and public policy work to scale up investments in energy efficiency as one of the key pillars to achieve the Paris Agreement. Specifically, IIGCC provided specific investor practice input to the G20 Energy Efficiency Task Group (EEFTG) that has been captured in the Energy Efficiency Finance Toolkit recognised in the G20 Hamburg Climate and Energy Action Plan for Growth. From an investment practice perspective, the toolkit reports on ‘best in class’ instruments and approaches to encourage and increase energy efficiency investments among different types of private sector financial institutions (banks, long-term investors and insurance companies). Following through on this work, IIGCC also participated in a high-level roundtable on Energy Efficiency Finance and Investment held by the Task Group alongside COP23 in Bonn.

The board thanks Tatiana Bosteels, Director Responsibility & Head of Responsible Property Investment at Hermes IM, for her excellent work as Chair of IIGCC’s Property Programme.

Upstream work on the automotive sector

Throughout 2017, IIGCC (often represented by Michael Viehs of Hermes Investment) attended several meetings of the European Commission’s High-Level and Sherpa Groups on the Automotive Industry (GEAR 2030) in Brussels.

IIGCC used this opportunity to ensure that the Group’s final report, published in October and aimed at shaping the Commission’s future legislative programme in this area, emphasised the need to ensure clear, long-term ambitious environmental targets in the road transport sector, including consideration of potential mandates for electric vehicles. IIGCC also pushed strongly for full and meaningful disclosure of robust emissions data by vehicle manufacturers.

Following publication of the report and ahead of legislative proposals on emissions from cars and vans, IIGCC also wrote to the Commission to further articulate its emerging policy position on this important topic.
Evaluating the impact of investor engagement on corporate climate action

Shortly before the start of AGM season this year, IIGCC published Investor Climate Compass: Oil and Gas – Navigating Investor Engagement. This report analysed the impact of persistent climate-focused investor engagement – through private dialogue and public challenge via shareholder resolutions – on 10 large oil and gas companies in North America and Europe in reference to the common climate agenda for the fossil fuel sector set out in IIGCC’s Investor Expectations Guide for Oil & Gas (first published in 2014 and updated in Dec 2016).

Prepared in partnership with CDP and with substantial input from investors active on engagement within the four investor networks that make up the Global Investor Coalition on Climate Change (GIC), this report confirmed that investor engagement has made a discernible impact on board and executive decision-making with respect to the disclosure and management of climate change risks. It also highlighted progress and the persistent challenges in five core areas of investor concern set out in the Investor Expectations of Oil and Gas companies (Updated 2016).

As planned, this report proved acutely topical by flagging the most pressing outstanding investor concerns to be addressed during the 2017 proxy season.

It also did much to marshal support for more concerted and ambitious investor engagement going forward, something that fed directly into the planning of the new Climate Action 100+ initiative.

A dynamic AGM season

Shareholder engagement on climate change (to ensure a smooth transition to a low carbon economy) came of age this year when an unprecedented 62.1% of shareholders backed an AGM proposal co-filed by the New York State Comptroller Thomas P. DiNapoli (as Trustee of the New York State Common Retirement Fund), IIGCC member The Church Commissioners for England, and over 50 other investors with $5 Trillion of assets, requiring ExxonMobil to undertake and disclose a 2°C scenario analysis as part of its forward business planning.

Integrating Aiming for A

As a development of its Corporate Programme, IIGCC formed a new ‘sub-group’ this year to incorporate work that provides support for members who choose to make selective use of institutional quality shareholder resolutions in order to strengthen meaningful and effective global investor dialogue with high impact European companies.

The IIGCC Shareholder Resolutions Sub-Group, chaired by Helen Wildsmith of CCLA, will take forward work originally led by an independent coalition known as ‘Aiming for A’ (and previously supported by a number of other IIGCC members including the Church of England National Investing Bodies, the Central Finance Board of the Methodist Church, Hermes Equity Ownership Services, Rathbone Greenbank Investment, Sarasin & Partners and TPT Retirement Solutions).

Through the continued use of Annual General Meeting (AGM) statements about ‘Strategic Resilience for 2035 and beyond’ resolutions and more co-ordinated voting activity by interested IIGCC members, this work will complement the wider corporate engagement run overseen by the Corporate Engagement Sub-Group of IIGCC’s Corporate Programme and informed by the Investor Expectation Guides for corporate climate risk management published by IIGCC and its partners in the Global Investor Coalition.

Following up shareholder resolutions first tabled in 2015, a clutch of IIGCC members attended Shell’s AGM in the Hague in May to focus attention on the need for the company to set a scope 1 & 2 greenhouse gas emissions reduction target.
European engagement 2017

Participation in work of the Corporate programme’s sub-group that supports member engagement grew substantially this year, with more than 30 European investor members—who collectively represent over €8 Trillion—pursuing some engagement during 2017.

To maximise coordination, IIGCC established an engagement planning group, made up of a small group of investors with lots of engagement experience. Work has also been organised increasingly into sectoral working groups, with new engagement work commencing in the autos, chemicals and steel sectors.

This year investors also saw companies step up their responses to their engagement, most notably British company SSE, who became the first utility in the world to publish a 2°C degree scenario analysis. This followed directly from multi-year effort by the IIGCC engagement group, led by Matt Crossman (Rathbones) which was in turn referenced in the company’s own report.

SSE’s scenario analysis was notable for its attempt to assess the resilience of the company against a ‘Super Green’ scenario, where temperature increases are limited to less than 1.5°C. This publication also proved particularly helpful to our colleagues in the US, working in the Ceres Carbon Asset Risk Group, who have been able to use SSE’s publication as an example of good practice in their own engagements with US companies.

IIGCC also welcomed the launch of the Transition Pathway Initiative (TPI), which provides investors participating in our engagements with a new tool to monitor how companies manage climate risks/opportunities and deliver emissions reductions. IIGCC supports the TPI as a key tool for asset owners to watch the progress companies make towards the low carbon transition.

All of this work provides an important foundation for engagement to promote usage of the FSB’s TCFD Recommendations—set to be a key focus for work in 2018. IIGCC’s Engagement Group will also organise engagements with most of the European companies set to be in focus under the Climate Action 100+ initiative.

Global engagement to secure less than 2°C warming

Throughout this year, IIGCC’s Programme Manager Oliver Gray has been working closely with colleagues and CEOs in the other regional investor networks, at PRI, and with investors on a steering group, to develop Climate Action 100+. This new global five-year investor initiative will engage the world’s largest corporate greenhouse gas emitters to ensure they do more to curb emissions, strengthen climate-related financial disclosures and improve their governance of climate change issues as they affect their business.

Climate Action 100+ is designed to implement the commitments made by the investors who signed the Global Investor Statement on Climate Change that was published in 2015 in the run up to the Paris climate negotiations.

This initiative also reflects how over the past two years climate risk has moved swiftly from being a relatively niche concern for some investors to a recognised market risk that no serious investor can afford to ignore.

A call to action was made at PRI in Person in Berlin inviting asset owners and asset managers to support the initiative, which will be launched officially in December 2017.

The board would like to thank Stephanie Maier, Director, Responsible Investment at HSBC, for her service on the steering group for this initiative and her considerable work as Chair of IIGCC’s Corporate Programme. Likewise, the board thanks Matthias Beer, Associate Director Governance and Sustainable Investment, BMO Global Asset Management, for stepping up to become Acting Chair of the Corporate Programme during her absence on maternity leave.

An Investor Expectations guide for the steel sector

In September, IIGCC held a roundtable where members kicked off a discussion about the management of climate risks in the steel industry. This work, led by Aegon, will inform the development of a new Investor Expectations guide for the steel sector, likely to be published early in 2018.
Scaling up green investments: from ambition to asset allocation

Aware that the world has gone from investing virtually nothing a few years ago to now investing approximately USD300bn annually in low carbon infrastructure, IIGCC held a heavily oversubscribed seminar in March that looked closely how leading asset owners and investment consultants are reshaping their approach to sustainable and low carbon investments.

An IIGCC asset owners green investment survey held in the run up to this meeting confirmed that amongst large asset owners some 72% of members that respond have made green/sustainable investment allocations amounting to €53bn – most commonly in listed equities and real estate (c. two thirds of that total) but also in private equity, fixed income, forestry and infrastructure.

On average, asset owners have already allocated 6% of their total assets to sustainable investment strategies and all respondents said they plan to increase exposure to green investments in the future.

The seminar discussion confirmed there is no straight-forward ‘road-map’ for asset owners to follow, but some key steps are clear: Positioning environmental, social and governance (ESG) issues in general, and climate change especially, as material risks is crucial, along with effort to reflect this understanding in the Board’s approach to their fiduciary duty. Investment consultants also stressed the need to start by defining a set of ‘investment beliefs’ as a foundation for pursuing a low carbon or sustainable investment strategy.

Targets remain uncommon – only 25% of survey respondents had developed green investment targets, with the same number planning to measure environmental impact. Complexity also remains a barrier along with issues about the definition of what qualifies as ‘green’ or ‘sustainable’. Nevertheless, as the popularity of this event proved, there is a growing acceptance that sustainable investing is an increasingly important component of modern portfolio management.

IIGCC’s new Investor Practices Programme

A detailed membership survey undertaken this year confirmed members want a venue where they can debate, develop and share best practice around the assessment, management and reporting of both climate-related risk and investment opportunities. Responding to this, the Board took a decision to replace the Investor Solutions Programme with a larger and more in-depth Investor Practices Programme designed to help asset owners and managers better assess and manage both climate-related risk and opportunity, and also to report on their actions more effectively.

The new programme will be chaired by Russell Picot, Chair of the HSBC Pension Scheme and Special Advisor to the FSB Taskforce on Climate-Related Financial Disclosures (TCFD) with help of a steering committee currently made up of the workstream leads, Seb Belee, Wheb, and Eric Borremans, Pictet AM, but not yet complete.

Future direction of green investment

All respondents plan to increase green investments in coming years, in some classes more than others

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<th>Asset Class</th>
<th>Percentage</th>
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<tr>
<td>Infrastructure</td>
<td>78%</td>
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<tr>
<td>Private Equity</td>
<td>61%</td>
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<tr>
<td>Real estate</td>
<td>61%</td>
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<tr>
<td>Fixed Income</td>
<td>50%</td>
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<tr>
<td>Listed Equity</td>
<td>44%</td>
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<tr>
<td>Forestry &amp; agriculture</td>
<td>39%</td>
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<tr>
<td>Yieldco</td>
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Implementing green investment strategies

72% (13 out of 18) asset owners have invested €53bn in the green economy. Breakdown of green investments by asset class:

- **Infrastructure**: 78%
- **Private Equity**: 61%
- **Real estate**: 61%
- **Fixed Income**: 50%
- **Listed Equity**: 44%
- **Forestry & agriculture**: 39%
- **Yieldco**: 17%

This seminar was generously co-sponsored by two members: WHEB and Pictet Asset Management. The board would also like to thank Eric Borremans, Head of ESG at Pictet Asset Management for the leadership he has delivered as Chair of the Investor Solutions programme and for his continued support as a member of the steering group for its successor, the new Investor Practices Programme.
Informing the work of TCFD

Having welcomed the creation of the FSB’s Task Force on Climate-Related Financial Disclosures (TCFD) in 2015 and made a submission last year during the early stages of its work, IIGCC welcomed the TCFD’s draft recommendations when they were published last December and made considerable efforts to inform its final report this year.

After detailed discussion with members at several well attended webinars IIGCC submitted (and published) a full, formal response to the consultation on these draft recommendations. In this it welcomed the critical work led by the TCFD, recognised it represented an important step forward in the harmonisation and wider adoption of greater climate-related disclosure by companies and financial actors, and suggested several potential improvements to the draft framework. In particular it drew the attention of the Task Force to much of the insight and information already collected to produce our Investor Expectations Guides for the oil and gas, utility, mining and transport sectors.

Just before the final report was published in June, IIGCC held a webinar where three Task Force members discussed the changes made after the consultation and explained the implications for both investor and corporate disclosure.

IIGCC subsequently welcomed the final report, urged widespread adoption and has continued a lively discussion with members at events focused on how to take this vital agenda forward.
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<th>Programmes</th>
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<td>Property</td>
<td>Tatiana Bosteels</td>
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### Board

- **Chair**: Peter Damgaard Jensen  
  CEO, PKA, one Denmark’s largest occupational pension funds (c. €35 bn in 2015) with nearly 300,000 members, mainly employees in the public sector.
- **Vice Chair**: Philippe Desfossés  
  CEO, ERAFP, the French public service additional pension scheme established in 2003 that operates a 100% SRI strategy across the whole range of its investments.
- **Treasurer**: Marcel Jeucken  
  Managing Director Responsible Investment (until Nov 2017) at PGGM – a large Dutch pension fund manager overseeing € 206 bn (June 2017) for over 725,000 members.
- **Jennifer Anderson**:  
  Investment Manager (leading responsible investment strategy), TPT Retirement Solutions, one of the UK’s leading providers of multi-employer workplace occupational pension schemes.
- **Vicki Bakhshi**:  
  Head of Governance and Sustainable Investment team, BMO Global Asset Management (EMEA) (and led shareholder engagement). Chair, UKSIF Leadership Committee.
- **Tom Murley**:  
  Chairman and Senior Advisor to HgCapital’s Renewable Power Partners’ funds, a business which he co-founded and led from 2004 to 2016.
- **Christina Olivecrona**:  
  Senior Sustainability Analyst, The Second Swedish National Pension Fund (AP2), one of northern Europe’s largest pension funds (with more than SEK 330 bn in assets).
- **Meryam Omi**:  
  Head of Sustainability and Responsible Investment Strategy, Legal & General Investment Management (which launched a global equities index fund that addresses the investment risks and opportunities associated with climate change in 2016).
- **Erik Jan Stork**:  
  Senior Sustainability Specialist at APG, a Dutch asset manager and pension administrator that oversees € 457 billion (Sept 2017) in pension assets in schemes run by over 40,000 employers that provide pensions for c. 4.5 million participants.
- **Helena Viñes Fiestas**:  
  Deputy Global Head of Sustainability, Head of Sustainability Research and Policy, BNP Paribas Asset Management, one of the world’s major financial institutions.

The board would like to thank David Russell (USS) for his ongoing advice.

### Staff & leadership

- **Stephanie Pfeifer**:  
  Chief Executive Officer and Chair, Policy Programme
- **Rachel Ward**:  
  Head of EU Policy
- **Oliver Grayler**:  
  Programme Manager
- **Hannah Pearce**:  
  Communications Manager
- **Charlotte Bloxham**:  
  Office Manager & Finance Assistant (from November 2017)
- **Marina Pauliukova**:  
  Administrator (2014 – Oct 2017). The board thanks Marina for her excellent work at IIGCC and wishes her the very best for her new life in New Zealand.
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Making our voice heard over conventional and social media channels

After a best ever year in 2016 fed substantially by the impact of its work to secure the Paris Agreement, IIGCC has continued to enjoy substantial press coverage in 2017. Total press mentions exceeded 160 different pieces of coverage, much of it about the letters sent to the G7 and G20 leaders – which garnered no less than 42 mentions (including Bloomberg, Reuters, FT, Independent, Sydney Morning Herald, and Deutsche Welle). IIGCC’s CEO was quoted over 40 times, its Chair 10 times and its Vice Chair seven.

IIGCC’s Twitter following also grew in total by more than 25% this year to more than 4500 by the close of COP23 in Bonn. Within this, IIGCC continued to pick up or retained some influential followers with important audiences, not least Patricia Espinosa (Head of UNFCCC), Commissioner Cañete, Finance for Tomorrow, the EU’s HLEG twitter handle and CAN Europe.

Selected coverage

- **New IIGCC Chair – RI**: PKA’s Peter Damgaard Jensen named as chair of Institutional Investors Group on Climate Change
- **Response to TCFD recommendations – I&PE**: IIGCC urges TCFD to do more for comparable climate data
- **Rome Roundtable – Business Green**: Reflections from Davos and Rome
- **JP Morgan joins IIGCC – Responsible Investor**: JP Morgan joins investor climate change group
- **PDJ interview – RI Interview**: Investor climate group IIGCC’s new chair Peter Damgaard Jensen
- **The World Bank blog**: Sovereign wealth funds: the catalyst for climate finance?
- **Shareholder resolutions – I&PE**: ESG roundup: Investors call for more from Rio Tinto climate report
- **G7 letter – Financial Times**: 200 large investors urge G7 to keep climate change promises
- **Bloomberg**: G7 Leaders Expect Trump to Make Paris Accord Decision This Week
- **Commenting on US withdrawing Paris Agreement – I&PE**: Low carbon transition ‘here to stay’ despite US exit from Paris deal
- **Service provider category winner – Ri**: CalPERS, Aviva Investors win inaugural RI Awards for Innovation and Leadership
- **Letter to Environmental Ministers – Pensions & Investments**: Institutional investors urge EU energy ministers to adopt decarbonization measures
- **IIGCC welcomes TCFD recommendations – The Guardian**: Banks should disclose lending to companies with carbon-related risks, says report
- **G20 letter updated – Clean Technica**: Nearly 400 Global Investors Managing Over $22 Trillion Urge G20 To Commit To Paris Agreement
- **Letter to PM – Business green**: Business leaders and top investors urge May to deliver bold climate action plan
- **Moody’s joins IIGCC – Ends Europe**: Moody’s recognises risk of climate change to investment
- **Climate Action 100+ – Environmental Finance**: Investors plan GHG engagement campaign with large emitters
- **Autos Letter – Business Green**: Investors urge EU to drive ‘swift decarbonisation of cars and vans’
- **EU Position Paper**: RI: Institutional Investors Group on Climate Change responds to HLEG report
- **COP23**: Environmental Finance: Transparency high on the agenda for investors
- **UNFCCC Newsroom**: Bridging Climate Ambition and Finance Gaps
- **UN News & Modern Diplomacy**: Financing for low-carbon, climate-resilient future takes center stage at UN climate conf
- **Reuters**: Norway’s $1 trillion wealth fund proposes to drop oil, gas stocks from index
Benefits & services

IIIGCC is an investor-led network of 146 asset owners and managers from 12 European countries that provides its members with the collaborative platform to encourage public policies, investment practice and corporate behaviour that addresses long term risks and opportunities associated with climate change.

IIIGCC’s membership are investors taking action for a prosperous, low carbon, future. Working together we set out to mobilise capital for the low carbon future by amplifying the investor voice and collaborating with business, policymakers and investors to support a swift, smooth and sustainable transition.

Joining IIIGCC offers several advantages:

**Influence**

When IIIGCC members speak together, they influence decision makers in key UN, EU and national policy forums. Our collaborative engagements also have a track record of delivering meaningful change at major companies. IIIGCC enjoys a strong international reputation for providing robust, insightful thought leadership across the climate agenda informed by leading members of the investment community committed to action on climate change.

**Access**

IIIGCC members are often invited to speak at and attend high-level events with policymakers. IIIGCC receives direct invitations to climate and energy policy meetings hosted by the European Commission, European Parliament and national governments, offering opportunities for member participation.

**Knowledge sharing**

IIIGCC members can participate in regular webinars, discuss investor-led research and events to hear expert guidance on pro-active approaches to the management of climate risks and opportunities and the latest developments in climate policy.

**Distinction**

Participation in the work of IIIGCC helps demonstrate to clients and beneficiaries the effort your organisation is making both to deepen understanding of the long-term risks and opportunities associated with climate change, and to better manage these by ensuring they are reflected in investment practices and corporate behaviour sufficient to preserve and enhance long-term investment value.

**Opportunity**

Investor members are elected to serve on IIIGCC’s board which sets IIIGCC’s strategic direction. Many other active members lead each of the work programmes, sub-groups and work streams delivered by IIIGCC to realise its objectives. Each programme also offers numerous other opportunities for members to participate in well managed dialogues, webinars, events or on-going projects e.g. to pursue research, produce reports, engage with stakeholders or develop IIIGCC policy positions.

### Policy

- **Global:** IIIGCC is an Official Observer of the UNFCCC process and has regular dialogues with global G7 & G20 policymakers.
- **Regional:** Developing EU policy positions for a number of key areas from carbon pricing, to renewables and energy efficiency policy, and a sustainable financial system. Supplemented by planned strategic engagement with policymakers.
- **Supporting engagement:** policy expertise is also channelled to inform investor engagements with companies under the corporate programme.

### Corporate

- **Best practice:** Workshops, roundtables and guidance development on the resilience of different sectors to the transition to a low carbon economy.
- **Engagement:** IIIGCC members with over €8Tn undertake collaborative engagement with more than 40 companies across Europe. IIIGCC is also coordinating the global Climate Action 100+ initiative.
- **Resolutions:** Coordinating investor shareholder resolution activity in Europe and helping investors understand which US resolutions to support.

### Investor Practices

- **Governance:** working with boards, trustees and senior management to understand and manage climate-related risks and opportunities.
- **Developing strategy, tools and metrics:** to enable owners and managers to address climate risk and opportunity in their portfolios.
- **Disclosure:** Providing guidance to investors on implementation of the TCFD recommendations and a venue for ongoing peer-to-peer dialogue amongst investors about emerging best practice in this area.

### Property

- **Best practices:** Development of strategies for implementing a green property investment strategy.
- **Building policy:** Engagement with policymakers on building-related energy and climate policy. Engagement takes place at the member state and EU and G20 levels.
Membership November 2017

IIGCC’s membership grew over 15% this year to reach 146 organisations with over €21Trillion AUM in 12 countries


The Church Investors Group joint members (all less than £1bn AUM):


Supporting Partners:

- NBIM

Associate Members*:

- Moody’s Investor Service

*Associate Membership is a category created this year for financial service providers that are neither asset managers nor owners (the only organisations that can have full IIGCC membership).
The Institutional Investors Group on Climate Change (IIGCC), is the pre-eminent European forum for investor collaboration on climate action and the voice of investors taking action for a prosperous, low carbon, future. It has 146 mainly mainstream investors across 12 countries with over €21 trillion assets under management (including nine of the top ten largest European pension funds or asset managers). IIGCC’s mission is to mobilise capital for the low carbon future by amplifying the investor voice and collaborating with business, policymakers and investors to encourage public policies, investment practices and corporate behaviours that will address the long term risks and opportunities associated with climate change. Members consider it a fiduciary duty to ensure stranded asset risk or other losses from climate change are minimised and that opportunities presented by the transition to a low carbon economy – such as renewable energy, new technologies and energy efficiency – are maximised.

For more information visit @iigccnews and www.iigcc.org