

DEVON COUNTY COUNCIL MOTION – “PENSION FUNDS AND FOSSIL FUEL COMPANIES” AND ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE POLICY

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

- Recommendations:**
- (1) that the Committee affirms that the Devon Pension Fund is committed to being a responsible shareholder.**
 - (2) that the Committee recognises the risks associated with Social, Environmental and Governance issues, such as investment in fossil fuels, and affirms that it will expect its appointed investment managers and the Brunel Pension Partnership to assess the associated risks and take them into account in their investment decisions.**
 - (3) that the Devon Pension Fund will seek to engage (through the Brunel Pension Partnership, its asset managers, the Local Authority Pension Fund Forum, or other resources) with companies to ensure they can deliver sustainable financial returns over the long-term as part of comprehensive risk analysis.**
 - (4) that the Devon Pension Fund takes the required action to become a tier 1 signatory to the UK Stewardship Code, and the Committee approves the revised Section 6 of the Investment Strategy Statement.**
 - (5) that the Devon Pension Fund becomes a member of the International Investors Group on Climate Change (IIGCC).**
 - (6) that over the next 12 months, in liaison with the Brunel Pension Partnership Ltd, officers further develop reports on stewardship and the carbon footprint of the Fund’s investments to be brought to the Committee on a regular basis.**

1. Introduction

- 1.1 A Notice of Motion on “Pension funds and Fossil fuel companies” submitted to the County Council on 7th December by Councillor Hodgson was referred to the Cabinet in accordance with Council Standing Order 8(2), and then referred by Cabinet to the Investment and Pension Fund Committee for its consideration. The text of the motion is set out below:

“In line with its recently affirmed commitment to mitigating climate change, this Council will divest its pension funds away from fossil fuel companies and seek opportunities to invest in companies that

support renewable energy. This is moving forward in line with other Local Authorities such as Southwark taking this important step”.

- 1.2 In addition, as a result of a significant number of representations being received by members of the Committee and other councillors in relation to investments in fossil fuel companies, the Committee requested at its meeting on 17 November 2017 that a report be brought to a future meeting to enable them to review the current “ethical” investment policy.
- 1.3 The Devon Pension Fund sets out its policies on Environmental, Social and corporate Governance (ESG) within its Investment Strategy Statement (ISS). These policies were last reviewed by the Investment and Pension Fund Committee in February 2017, when a new ISS was approved. This report addresses the issues raised both by the Council motion and by the concerns raised at the last Committee meeting, and proposes a way forward.

2. Fiduciary Duty

- 2.1 The Pension Fund has a fiduciary duty to seek to obtain the best financial return that it can for its members. This is a fundamental principle of the management of Pension Funds that has been established in law.
- 2.2 The case of *Cowan v Scargill* (1984) concluded that “the duty of trustees is to be entrusted with the funds of other people and the most important is to return a financial reward on behalf of investors”. This has been widely held to demonstrate the illegality of decisions on investment being made on anything other than financial grounds. However *Bishop of Oxford v Church Commissioners* (1992) appears to conclude that “in some circumstances it would be appropriate for trustees not to invest in certain products if the objects of the employer, company or charity were such that investments of a particular type would conflict with the fundamental aims of that company or charity”.
- 2.3 More recently, in March 2014, a legal opinion on fiduciary duties of administering authorities under the LGPS was published by Nigel Giffin QC. The Opinion confirms that “The administering authority’s power of investment must be exercised for investment purposes, and not for any wider purposes. Investment decisions must therefore be directed towards achieving a wide variety of suitable investments, and to what is best for the financial position of the fund (balancing risk and return in the normal way).”
- 2.4 However, it goes on to say that “so long as that remains true, the precise choice of investment may be influenced by wider social, ethical or environmental considerations, so long as that does not risk material financial detriment to the fund. In taking account of any such considerations, the administering authority may not prefer its own particular interests to those of other scheme employers, and should not seek to impose its particular views where those would not be widely shared by scheme employers and members (nor may other scheme employers impose their views upon the administering authority).”
- 2.5 A Law Commission Report, also from 2014, clarified this further, stating that “trustees should take account of financially material risks. But the law does not prescribe a particular approach. It is for trustees’ discretion, acting

on proper advice, to evaluate which risks are material and how to take them into account.” The risks associated with climate change and other issues should therefore be taken into account as part of risk management. On the basis of the Law Commission’s statement, the Pensions Regulator has issued warnings to pension funds that they face long-term financial risks because they are failing to take climate change, responsible business practices and corporate governance into account when making investments. However, they are not advocating complete divestment, but that the associated risks should be considered as a part of pension funds’ risk management approach.

2.6 If the committee wished to adopt an ethical divestment policy it would be difficult to determine where to draw the line. There are a wide variety of ethical issues that have been raised by various lobby groups, not just fossil fuels. These include:

- tobacco investment;
- investment in alcohol;
- issues in relation to the health impact of fast food and confectionary companies;
- experimentation on animals by pharmaceutical companies;
- exploitation of third world labour by textile companies;
- impact on the natural environment of energy/oil companies;
- investment in gambling and pay day loan companies;
- investment in certain countries.

If the Fund excluded the companies involved in all of these different activities, it would severely restrict the Fund’s investment opportunities and could have a significant impact on the financial performance of the Fund in breach of its fiduciary duty.

2.6 However, in line with the guidance from the Pensions Regulator, the Fund does need to be aware of the risks that some of the above issues, such as fossil fuels, pose to the future value of shareholdings, and it is reasonable that the Fund should take a proactive stance to managing the risks and advocating change.

3. Approach to Engagement and the UK Stewardship Code

3.1 The Fund’s policies in relation to social, environmental and ethical issues and to stewardship are set out in sections 5 and 6 of the Investment Strategy Statement (ISS) which was approved in February 2017. A copy of Section 5 of the current ISS, and a proposed revision to Section 6 of the ISS is included at Appendix 1 to this report.

3.2 Section 5 states that the Devon Fund seeks to be a long term responsible investor. It therefore takes seriously concerns around issues such as investment in fossil fuel companies and the associated risks to the Fund’s investments. However, the policy is one of effecting change by engagement, rather than by divestment. Active stock selection decisions are delegated to the Fund’s external investment managers, who are expected to take into account ESG risks in making their investment decisions and to carry out engagement with the companies invested in on

the Devon Fund's behalf. It is not considered that any change is required to the policies set out in Section 5 of the ISS.

- 3.3 The Investment Strategy Statement also outlines the Devon Fund's support of the UK Stewardship Code and the Fund has a firm commitment to being a responsible shareholder. The Fund expects its external investment managers to engage with the companies they are invested in and to vote at AGMs.
- 3.4 The Devon Pension Fund has been assessed by the Financial Reporting Council, who maintain the Code, as a tier 2 signatory to the Code, on the basis of the statements in the ISS. The tiering distinguishes between signatories who report well and demonstrate their commitment to stewardship (tier 1), and those where reporting improvements are necessary (tier 2).
- 3.5 It is suggested that it would be good investment practice for the Devon Fund to make improvements to its stewardship approach in order to become a tier 1 signatory to the UK Stewardship Code. The key changes that are required are:
 - More explanation of the approach in the policy statements contained in the ISS.
 - More effective monitoring of the stewardship activities of the Fund's external investment managers.
 - Improved reporting to the Committee.
 - Review of the overall effectiveness of the Fund's engagement activities.
- 3.6 It is therefore proposed that the Committee approve the revised Section 6 of the Investment Strategy Statement set out in Appendix 1. The revised sections are highlighted in grey. As a consequence the regular Investment Management Report received by the Committee at each of its meetings will contain a section on engagement activity.

4. Local Authority Pension Fund Forum (LAPFF)

- 4.1 The Fund is also a member of the Local Authority Pension Fund Forum (LAPFF) who conduct significant engagement with companies that LGPS funds are invested in. The activity undertaken by LAPFF is consistent with the policies contained in the Devon Fund's ISS.
- 4.2 LAPFF engage with companies on a wide variety of issues. One example is that LAPFF has long been concerned about climate and carbon-related risks to the underlying investment portfolios of member funds and has been engaging with companies and on public policy since 2002 to address the many risks related to climate change.
- 4.3 Examples of LAPFF taking forward climate change issues include coordinating with member funds to co-file and support shareholder resolutions to both the BP and Shell 2015 AGMs on strategic resilience for 2035 and beyond. The resolutions asked the companies to report on their operational emissions management; asset portfolio resilience to the International Energy Agency (IEA)'s scenarios; low-carbon energy research and development and investment strategies; relevant strategic key

performance indicators and executive incentives; and public policy positions relating to climate change. Subsequently EU based oil and gas companies have raised their profile in calling for a global carbon pricing regime and more investment in low carbon energy sources, on the back of heightened shareholder support. LAPFF have also engaged with Shell in relation to environmental concerns about their Arctic drilling proposals.

- 4.4 LAPFF does not support divestment from fossil fuel companies but considers active engagement with companies producing fossil fuels as a productive approach to effecting change. The approach of direct and collaborative engagement contrasts with blanket divestment. Once an asset owner divests, their ability to influence both the short and long term direction of individual companies and the national and international energy sector is severely curtailed. The same approach is applied to other ethical issues.
- 4.5 In line with the additional action outlined above in relation to the UK Stewardship Code, LAPFF's latest quarterly engagement report, along with details of LAPFF voting alerts, is attached as an appendix to the Investment Management Report on the agenda for this meeting.

5. International Investors Group on Climate Change (IIGCC)

- 5.1 In addition to LAPFF, Brunel is proposing to partner with the International Investors Group on Climate Change (IIGCC). An outline of the current work of the IIGCC is set out in Appendix 2 to this report. Its members include several LGPS funds, such as Kent County Council, Merseyside Pension Fund and the Environment Agency Pension Fund, as well as some of the Devon Fund's current investment managers, including UBS Asset Management, Baillie Gifford and Aviva Investors.
- 5.2 The Brunel Pension Partnership will become a member of the IIGCC, and it is also open to the Devon County Council Pension Fund to become a member. Membership would cost £2,270, and would provide the following benefits:
- Influence - When IIGCC members speak together, they influence decision makers in key UN, EU and national policy forums. Their collaborative engagements also have a track record of delivering meaningful change at major companies. IIGCC 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 - IIGCC members are often invited to speak at and attend high-level events with policymakers. IIGCC 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 - IIGCC 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 IIGCC helps demonstrate to clients and beneficiaries the effort that IIGCC members are 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 IIGCC's board which sets IIGCC's strategic direction. Many other active members lead each of the work programmes, sub-groups and work streams delivered by IIGCC 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 IIGCC policy positions.
- 5.3 The IIGCC is an investor driven collaboration campaigning on climate change issues. Membership of the IIGCC would therefore be an effective way for the Fund to join with other investors to address climate change. The IIGCC does not, however, advocate complete disinvestment.
- 5.4 Further to that, the resources available from IIGCC and other partners will enable Brunel to provide significantly enhanced reporting on the Devon Fund's carbon footprint, which will enable the committee to see the impact of the engagement activity taking place. It is proposed that Devon Fund officers work with Brunel to take this initiative forward over the next 12 months to develop the range of reports required.

6. Investment in companies that support renewable energy

- 6.1 As outlined above, active stock selection decisions are delegated to the Fund's external investment managers. It is therefore a matter of judgement whether an individual company that supports renewable energy is a good financial investment, and whether they should therefore invest in it. In addition a key element of engagement activity, by the external investment managers, Brunel, the IIGCC, and LAPFF is likely to be to encourage energy companies that use fossil fuels to diversify their business into renewable energy, and some success has been achieved on this.
- 6.2 The Devon Pension Fund also has significant exposure to renewable energy through its infrastructure investments. For example the UBS Archmore and Hermes Infrastructure Funds both have investments in wind farms, and the Aviva Infrastructure Fund has significant investments in solar energy. The Fund has a medium term aim to increase its investment in infrastructure, and this is likely to provide the opportunity for further investment in renewable energy infrastructure.

7. Conclusion

- 7.1 The Devon Fund fulfils its fiduciary duty by not excluding investments solely on social, environmental or ethical grounds. The Fund is able to exercise more significant influence on social, environmental and ethical policies by remaining a shareholder and engaging with the companies concerned via both LAPFF and the external fund managers.

- 7.2 The report proposes a number of changes to its stewardship approach that demonstrate the Fund's commitment to be a responsible investor, that further address the risks and issues associated with climate change and improve its engagement activities with companies on those issues.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers – Nil

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5. Social, environmental and corporate governance policy

The Devon Pension Fund has a fiduciary duty to seek to obtain the best financial return that it can for its members. This is a fundamental principle, and all other considerations are secondary. However, the Devon Pension Fund is also mindful of its responsibilities as a long term shareholder, and the Investment and Pension Fund Committee has considered the extent to which it wishes to take into account social, environmental or ethical issues in its investment policies. The Devon Fund's policy is to support engagement with companies to effect change, rather than disinvestment.

In the light of that overarching approach the following principles have been adopted:-

- (a) The Devon Fund seeks to be a long term responsible investor. The Fund believes that in the long term it will generate better financial returns by investing in companies and assets that demonstrate they contribute to the long term sustainable success of the global economy and society.
- (b) Social, environmental and ethical concerns will not inhibit the delivery of the Devon Fund's investment strategy and will not impose any restrictions on the type, nature of companies/assets held within the portfolios that the Devon Fund invests in.
- (c) It is recognised, however, that the interests of investors on social etc. grounds may coincide with those solely on investment grounds in which case there will be no conflict of interest. Indeed, the Committee believes that in the long run, socially responsible and fiduciary investment will tend to come together since adverse performance on social, environmental or ethical issues will ultimately be reflected in share prices.
- (d) The Devon Pension Fund will seek to engage (through the Brunel Pension Partnership, its asset managers or other resources) with companies to ensure they can deliver sustainable financial returns over the long-term as part of comprehensive risk analysis. In the example of fossil fuels, this will mean engaging with oil companies on how they are assessing their business strategy and capital expenditure plans to adapt to changes in cost base and regulation that will ensure the continued delivery of shareholder returns in the medium to long term. Engagement with companies is more likely to be successful if the Fund continues to be a shareholder.
- (e) Although social, environmental and ethical issues rarely arise on the agendas of company Annual General Meetings, where an issue does arise the Council's external investment managers will only vote if it is in the Fund's interest on investment grounds. Some issues may be incorporated into generally accepted Corporate Governance Best Practice (e.g. the inclusion of an Environmental Statement in the Annual Report and Accounts). In this case the Council will instruct its external investment managers to vote against the adoption of the Annual Report, if no such statement is included.
- (f) The Devon Pension Fund recognises the risks associated with social, environmental and governance (ESG) issues, and the potential impact on the financial returns if those risks are not managed effectively. The Fund therefore expects its external fund managers to monitor and manage the associated risks. As the Devon Fund moves towards the new arrangements for the pooling of investments it will work with its partners in the Brunel pool and the Brunel Pension Partnership Limited company to ensure that robust systems are in place for monitoring ESG risk, both at a portfolio and a total fund level, and that the associated risks are effectively managed.

- (g) The Pension Board regularly reviews all the Fund's statutory statements. Their views will be taken into account in setting the Devon Fund's environmental, social and governance policies. The Fund also holds an annual consultative meeting with fund members which provides the opportunity for discussion of investment strategy and consideration of non-financial factors.

6. Policy of the exercise of rights (including voting rights) attaching to investments

The Devon Pension Fund is fully supportive of the UK Stewardship Code, published in July 2010, and the Committee accepts the rights and responsibilities that attach to being a shareholder and will play an active role in overseeing the management of the companies in which it invests.

During 2018 we will develop this further by seeking to become tier 1 signatories to the code. As part of the Brunel Pension Partnership (BPP) we are actively exploring opportunities to enhance our stewardship activities. More information is on the BPP website:

<https://www.brunelpensionpartnership.org/>

The following section sets out the Fund's policy in relation to the seven principles of the UK Stewardship Code, including its policy on the exercise of rights, including voting rights, attached to investments:

- (a) Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

The Devon Pension Fund aims to be a supportive, long term shareholder. It believes that by discharging stewardship responsibilities it can enhance and protect the value of the Fund in the best interests of pension fund members and other stakeholders.

The Committee will support the latest widely accepted standards of Best Practice in Corporate Governance and will expect the companies in which it invests to comply therewith. It will use its influence as a shareholder to persuade the Directors of any companies that do not already comply to adopt Best Practice.

The Devon Fund appoints external managers to manage its investments. In the future it will make its investments via the Brunel Pension Partnership. As a result the Fund's policy is to apply the Stewardship Code through its arrangements with its asset managers and through membership of the Local Authority Pension Fund Forum (LAPFF).

The Fund will expect its external investment managers to:

- (i) Vote at all UK company meetings and all overseas company meetings where practical to do so.
- (ii) Seek to develop a long-term relationship and an understanding of mutual objectives and concerns with the companies in which we invest.
- (iii) Meet regularly with those companies to discuss corporate strategy and objectives, and to make an assessment of management performance.
- (iv) Have processes in place to ensure access to accurate information regarding companies in which we invest, including the approach to corporate governance adopted by the company.
- (v) Intervene when a company fails to meet expectations in terms of traditional governance inputs (such as board structures) but also the outputs of governance such as acquisitions and operational performance.

The Fund's external investment managers will judge whether to support a company by subscribing to a rights issue, accepting a take-over bid or other similar events purely on investment grounds.

The Fund will actively monitor how each of its external investment managers is carrying out stewardship responsibilities over the Fund's assets. This will include:

- (i) Quarterly reporting from each of the Fund's equity managers on their stewardship activity, including details of the votes cast at company meetings, and where they have voted against company recommendations.
- (ii) Meetings between Fund representatives and the external managers to review performance, including stewardship activity.
- (iii) Quarterly reporting to the Investment and Pension Fund Committee on external investment managers' stewardship activity.
- (iv) Raising of issues of concern with external investment managers, for example where committee members have a clear view on an issue being proposed at a company meeting, or where LAPFF notify the fund of a significant proposal at a company meeting. The Fund may encourage the external investment manager to vote in a particular way, and will require the external investment manager to report back on how it intends to vote or has voted.

Seven of the Fund's eight main external investment managers as at 31 December 2017 are Tier 1 signatories to the UK Stewardship Code, the other is a Tier 2 signatory. In addition, the fund has smaller investments in four funds managed by other external investment managers, of whom two are Tier 1 signatories, one is a Tier 2 signatory and one is not a signatory to the UK Stewardship Code.

- (b) Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

Devon County Council has a robust Code of Conduct and Conflicts of Interest policy, which all members of the Investment and Pension Fund Committee (whether Devon County Councillors or not) are required to adhere to. The policies can be found at:

<http://democracy.devon.gov.uk/ieListDocuments.aspx?CId=416&MIId=2487&Ver=4&info=1>

Investment and Pension Fund Committee members are required to make declarations of interest prior to committee meetings in line with the Council's code of conduct and interest rules. This would ensure that if committee members had any personal interests in any company that the Fund invests in that may have an impact on stewardship activity then those interests would be declared and managed.

External investment managers will be expected to act in the Fund's interests when considering matters such as engagement and voting. The Fund will expect its fund managers to:

- (i) Put in place and maintain a policy for managing conflicts of interest.
- (ii) Ensure that any significant conflicts of interest are disclosed.

The Fund has reviewed the position of all the external investment managers who manage equity holdings on its behalf. Each has an appropriate conflicts of interest policy in place. The Fund will regularly review the position of its external investment managers and the Brunel Pension Partnership to make sure that their conflicts of interest policies are kept up-to-date.

(c) Institutional investors should monitor their investee companies.

Day-to-day responsibility for managing the Fund's assets is delegated to external investment managers, and the Fund expects them to monitor the companies they invest in, intervene where necessary, and report back regularly on activity undertaken.

The Fund will expect its external investment managers to

- (i) Satisfy themselves, to the extent possible, that the investee company's board and committee structures are effective, and that independent directors provide adequate oversight, including by meeting the chairman and, where appropriate, other board members.
- (ii) Maintain comprehensive records of governance engagements, votes cast and the reasons for voting against management or abstaining.
- (iii) Attend General Meetings selectively when they consider it is of value to our investment to do so.

The Fund will engage with its investment managers at regular quarterly meetings, and via phone calls and email correspondence. Each of the Fund's main investment managers is expected to provide a summary of their stewardship activity for inclusion in the Fund's Annual Report. Once the Brunel Pension Partnership becomes operational the Fund will expect Brunel to assess the effectiveness of engagement via an external benchmarking service.

In addition the Fund receives an 'Alerts service' from LAPFF which highlights corporate governance issues of concern at investee companies. These alerts are shared with the relevant asset managers, who are then expected to report back on how they intend to vote / have voted. The Fund reviews Quarterly engagement reports provided by LAPFF at Pension Committee meetings.

(d) Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

As highlighted above, responsibility for day-to-day interaction with companies is delegated to the Fund's asset managers, including the escalation of engagement when necessary. The Fund will expect its external investment managers to escalate activities if a company fails to meet expectations. The most important issues for us are:

- Strategy - including acquisitions and the deployment of capital
- Operational performance
- Quality of the Board
- Succession planning
- Management of environmental / climate change risk
- Health & Safety
- Risk management
- Remuneration
- Corporate social responsibility

The Fund will expect its external investment managers to engage with the board in order to better understand what is behind such concerns. Engagement should be regularly reviewed and its success assessed.

Escalation by the Fund's managers may include:

- (i) Additional meetings with management.
- (ii) Intervening jointly with other institutions – e.g. Fund managers have shown support for LAPFF alerts by publishing their voting intention online prior to AGMs.
- (iii) Writing a letter to the board or meeting the board.
- (iv) Submitting resolutions at general meetings and actively attending to vote.

Actions by managers are considered and undertaken on the basis of protecting and enhancing client value. Individual manager guidelines for such activities are disclosed in their own statement of adherence to the Stewardship Code. Each of the Fund's external investment managers provide a summary of their engagement activity, including examples of where they have intervened, that is published in the Devon Pension Fund's Annual Report.

On occasion, the Fund may itself choose to escalate activity, principally through engagement activity coordinated by the Local Authority Pension Fund Forum.

- (e) Institutional investors should be willing to act collectively with other investors where appropriate.

As a general rule we believe the effectiveness of engagement is considerably increased when we find common ground with other shareholders. The Fund will therefore encourage its fund managers to work with collective bodies or collaborate with other shareholders if they believe this will increase the chance of success.

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF), an association of local authority pension funds who act collectively with a view to achieving the highest standard of corporate governance and corporate social responsibility amongst the companies in which they invest.

Representatives of the Committee and Fund officers are able to attend LAPFF's quarterly management meetings and the Annual Conference, which provides them with the opportunity to input to the priority areas for LAPFF to engage with companies on. Details of the Fund's holdings are provided to LAPFF on a regular basis, which enables LAPFF to assess the quantum of member funds' holdings when they are seeking to engage with companies.

LAPFF focuses its collaborative engagement on the following areas:

- (i) Leadership on key campaigns, such as Board diversity.
- (ii) Promotion of good governance.
- (iii) Management of environmental risk.
- (iv) Social and reputational risks such as employment standards.

As part of the LGPS pooling initiative, the Fund will also expect the Brunel Pension Partnership to foster collaboration with its client LGPS Funds on voting and engagement which should improve transparency of voting and embed best practice.

- (f) Institutional investors should have a clear policy on voting and disclosure of voting activity.

Responsibility for the exercise of voting rights has been delegated to the Fund's appointed investment managers who adopt their own voting guidelines. The Fund requires its managers to exercise all votes attached to its UK equity holdings, and to seek to vote where practical in overseas markets. This includes consideration of company explanations of compliance with the Corporate Governance Code. The Fund believes that the investment managers are best placed and have the necessary insight to vote in the best interests of its clients and align voting to the investment decision. Regular reports are received from asset managers on how votes have been cast.

While it is not practical to publish each individual vote on every stock held, the Fund will publish summary information, and will monitor activity on key governance themes, and how the external investment managers have cast their votes in comparison to other shareholders and LAPFF recommendations.

Information on voting policies and voting records can also be found on the external investment managers' websites.

Details of Managers' voting policies and vote reporting:

Manager	Link
State Street	https://www.ssga.com/content/ssga/softlinks/global/en/about-us/asset-stewardship.html/
UBS	https://www.ubs.com/global/en/asset-management/investing/responsible-investment.html
Aberdeen Asset Management	http://aboutus.aberdeen-asset.com/en/aboutus/expertise/equities/stewardship/delivery
Montanaro	http://www.montanaro.co.uk/about-us/ethical-and-esg-investing
Other Specialist Fund Managers (RWC / BMO / Fabian Pictet)	Voting records are not published on their websites, but details of votes cast and engagement undertaken are made available to the Devon Fund

The Fund permits holdings in its segregated portfolios to be lent out to market participants. The Fund retains the right to recall loaned stock or block stock from being loaned from its segregated portfolios should the Fund wish to not lend the stock for any reason. The stock lending policy on pooled Funds is determined by the individual investment managers.

(g) Institutional investors should report periodically on their stewardship and voting activities.

The Investment and Pension Fund Committee will monitor the fund managers' engagement with the companies they have invested in, through the regular reporting arrangements in place. The managers' voting records will be reported to Committee on a quarterly basis. The engagement activity undertaken by LAPFF will also be reported to Committee on a quarterly basis, together with a record of voting alerts issued by LAPFF, how the Fund's investment managers have voted on the proposals concerned and the outcome of the votes.

The external investment managers produce an annual summary of their engagement activity for inclusion within the Devon Pension Fund Annual Report. From 2017/18 the Annual Report will include a report focusing on stewardship and voting activity. This will include details of investment manager activity, voting analysis, LAPFF alert analysis, engagement, case studies and collaboration

As part of its annual review of the Internal Control Reports of its managers, the Fund has identified the voting process as an area which is tested within the controls environment. All of the Fund's managers are independently verified by an external auditor, details of which are found in their ISAE 3402 made available by request or publicly on their websites. Where there are exceptions the Fund seeks clarification from managers.

2017 Year in Review

Implementing the Paris Agreement:
Increasing engagement and driving disclosure



Key Publications



Maintaining momentum behind climate change action:

A briefing paper for governments of the G7 and G20 nations.



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.



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.



Towards Effective Climate Disclosure.

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



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).



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.



Dear Members

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 A'.
- **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**.



Lord Nicholas Stern gave the keynote address to IIGCC's AGM this year

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 **OCED'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.

High level input on investor climate action at COP 23 in Bonn

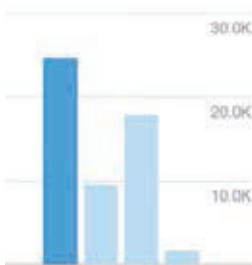
IIGCC joined other key actors from across the financial system at the COP23 climate talks in Bonn (November 6th – 17th 2017) to highlight progress by investors made to address climate change impacts and opportunities in two key forums. Peter Damgaard Jensen, IIGCC's Chair, participated in a UNFCCC press 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.



Twin peaks: Strong conversation over @IIGCCnews from 13-15 Nov 2017 while IIGCC and its partners #COP23Investors held two key events at COP23 in Bonn



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.



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.

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.

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 (GICC), 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.

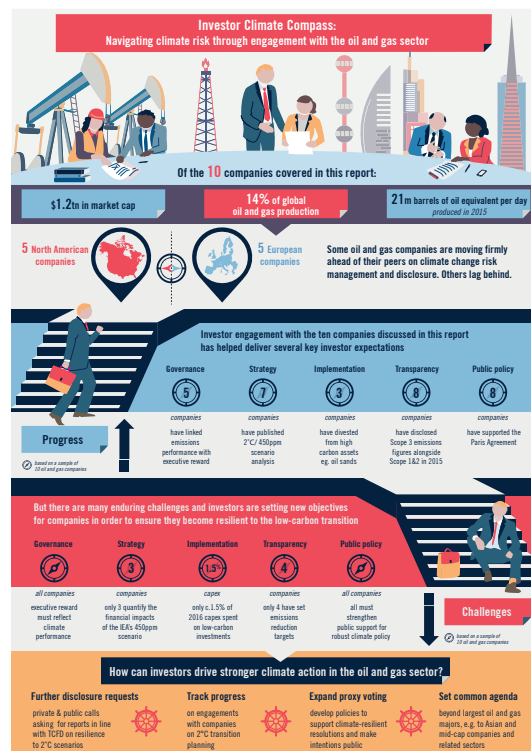
A dynamic AGM season

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.

Report on Impacts of Climate Change Policies		
Yes/No/Not For	4,477,074,439	42.1%
Yes/No/Not Against	4,659,480,226	44.3%
Abstentions	44,036,737	0.4%
Resolutions Passed	870,741,098	8.2%
Report on Workforce Estimates		
Yes/No/Not For	3,442,061,479	38.7%
Yes/No/Not Against	5,476,094,660	60.7%
Abstentions	65,557,638	0.7%
Resolutions Passed	870,741,098	8.2%



From R-L: Edward Mason (Church Commissioners for England), Craig Rhines (CalPERS), Tracey Rembert (Catholic Responsible Investing, Christian Brothers Investment Services) and Sister Pat Daly (Tri-State Coalition for Responsible Investment) gathered to attend ExxonMobil's 2017 AGM.



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 Grayer 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 responded have already 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.

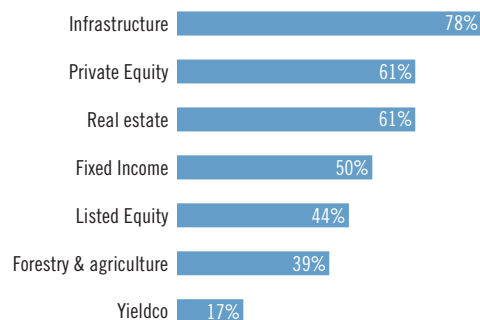
On average, asset owners have already allocated 6% of their total assets to sustainable investment strategies and all respondents said they plan to increase exposure to green investments in the future.

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.

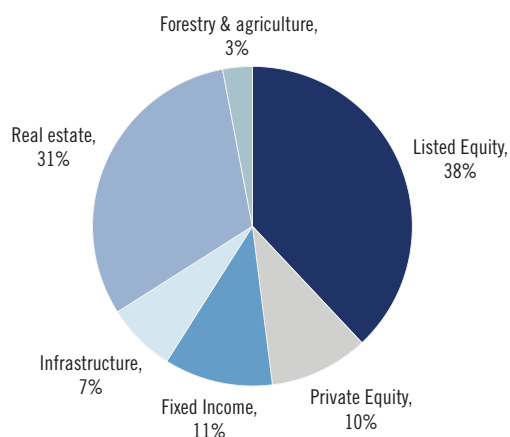
Future direction of green investment

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



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:



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.

Workstream leads

Governance:
Meryam Omi
LGIM

Jennifer Anderson
TPT Retirement Solutions

Strategy, Tools & Metrics:
Vicki Bakhshi
BMO

Christina Olivecrona
AP2

Disclosure:
Willemijn Verdegaa
MN

Helena Viñes Fiestas
BNP Paribas Asset 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 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 Beloe, Wheb, and Eric Borremans, Pictet AM, but not yet complete.

 Governance	 Strategy, tools and metrics	 Disclosure
<p>Focus: setting out how climate change can be embedded in the wider beliefs and priorities of investment institutions. Peer to peer learning for investors on how to secure board level commitment and integrating this through the organisation.</p> <p>Activities: C-level / trustee engagement on investment beliefs, policy and asset allocation</p>	<p>Focus: collaborating on tools and methodologies for analysing and integrating climate risks and opportunities across all asset classes</p> <p>Initial activity: assessing and testing different approaches to scenario analysis to ensure more effective disclosure of climate-related risks / opportunities, and on green investment ‘impact’ strategies</p>	<p>Focus: provide practical support and guidance to members, both asset managers and asset owners on their climate disclosures, in line with TCFD recommendations</p> <p>Activities: workshops, guidance an ongoing dialogue on implementation of the TCFD recommendations</p>

COP 23: Promoting climate risk disclosure

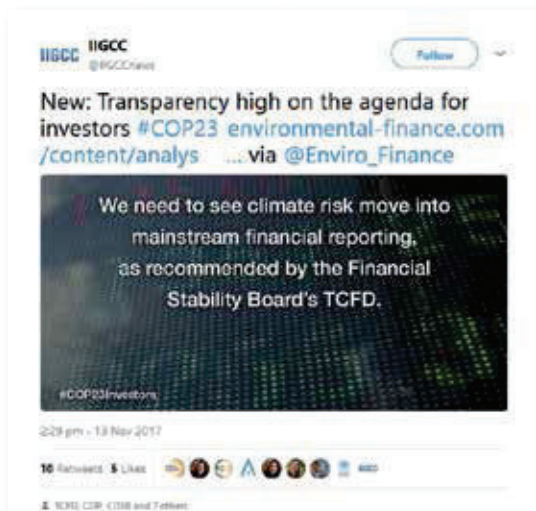


IIGCC's official COP23 side event: well attended and webcast live.

For the third year in a row, IIGCC was invited to organise an official side event at this year's UN climate talks (in Bonn). This year's event focused specifically on climate related financial disclosure, and was organised (as previously) in partnership with the four regional investor groups that make up the Global Investor Coalition on Climate Change (GICC), and other partners (UNEP FI, Carbon Tracker, CDP and PRI).

Sue Reid, VP Ceres, opened the event introducing Michael Wilkins, MD Infrastructure Finance Ratings at S&P Ratings and a member of TCFD, who gave the opening keynote focused on the TCFD's recommendations and next steps for their implementation. This was followed by James Grabert, Director of Sustainable Development Mechanisms Programme, UNFCCC, who reinforced the importance of climate action by investors and other financial actors

After this, two panels – moderated by Stephanie Pfeifer (IIGCC) and Paul Simpson (CDP) – showcased how investors, the finance sector, and companies are working with each other and with governments to ensure greater disclosure of climate-related financial information and discussed the hurdles that must be overcome to drive greater disclosure going forward. Panelists for this very successful event included Emma Herd – CEO of Australia's investor network IGCC, James Bevan of CCLA, Willemijn Verdegaa of MN, John Stouffer from the NY State Comptroller's Office, Val Smith of Citigroup, Mark Campanale from Carbon Tracker, Sagarika Chatterjee of PRI and Eric Usher from UNEP-FI.



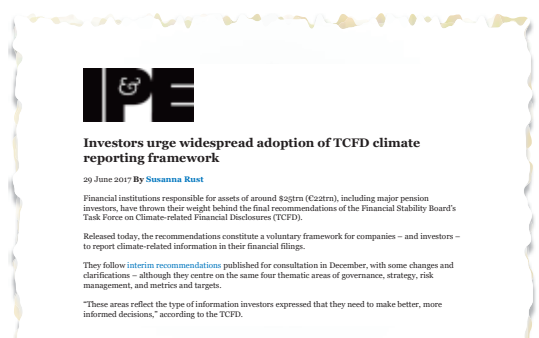
Informing the work of TCFD

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.



IPE quotes both Chair and Vice Chair of IIGCC in its coverage of the TCFD final report.

IIGCC staff



Stephanie Pfeifer
Chief Executive Officer
and Chair, Policy Programme



Rachel Ward
Head of EU Policy



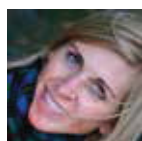
Oliver Grayer
Programme Manager



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.

Programme chairs



Corporate:
Stephanie Maier
Director, Responsible Investment, HSBC.



Solutions Programme:
Eric Borremans
Head of ESG at Pictet Asset Management.



Investor Practices:
Russell Picot
Chair of the HSBC Pension Scheme and
Special Advisor to the FSB Taskforce on
Climate-Related Financial Disclosure
(TCFD).



Property:
Tatiana Bosteels
Director Responsibility & Head of
Responsible Property Investment at Hermes
Investment Management.

Board



Chair: Peter Damgaard Jensen
CEO, PKA, one Denmark's largest
occupational pension funds (c.€35 bn in
2016) 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.

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?*
- **Trump pulling out Paris Agreement – World Economic Forum:** *President Trump could strengthen the Paris climate agreement if he pulls the US out*
- **An investable emission reduction plan – Business Green:** *Cash for low-carbon projects could dry up without clearer government agenda, investors warn*
- **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*
- **G7 letter – 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

IIGCC 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.

IIGCC'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 IIGCC offers several advantages:

Influence

When IIGCC 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. IIGCC 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

IIGCC members are often invited to speak at and attend high-level events with policymakers. IIGCC 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

IIGCC 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 IIGCC 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 IIGCC's board which sets IIGCC's strategic direction. Many other active members lead each of the work programmes, sub-groups and work streams delivered by IIGCC 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 IIGCC policy positions.

Policy

Global: IIGCC 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: IIGCC members with over €8Tn undertake collaborative engagement with more than 40 companies across Europe. IIGCC 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 €21 Trillion AUM in 12 countries

• Aegon NL • Allianz Global Investors • Amundi Asset Management • AP1 (First Swedish National Pension Fund) • AP2 (Second Swedish National Pension Fund) • AP3 (Third Swedish National Pension Fund) • AP4 (Fourth Swedish National Pension Fund) • AP7 (Seventh Swedish National Pension Fund) • APG Asset Management • Atlas Infrastructure • ATP • Aviva Investors • AXA Group • Baillie Gifford & Co • BBC Pension Trust • Bedfordshire Pension Fund • BlackRock • BMO Global Asset Management • BNP Paribas Asset Management • BT Pension Scheme • Caisse des Dépôts • CalPERS • CBRE Investors • CCLA Investment Management • Central Finance Board of the Methodist Church • Church Commissioners for England • Church of England Pensions Board • Church of Sweden • Danske Bank • Deutsche Asset Management • DIP • Dragon Capital Group Ltd. • Earth Capital Partners • EdenTree Investment Management • Elo Mutual Pension Insurance Company • Environment Agency Pension Fund • Environmental Technologies Fund • ERAFP • Finance in Motion • Fonds de Réserve pour les Retraites (FRR) • Generation Investment Management LLP • Greater Manchester Pension Fund • Guardian Media Group plc • Hartree Partners • Hermes Investment Management • HgCapital • HSBC Bank Pension Trust • HSBC Global Asset Management • Impax Asset Management • Industriens Pension • Inflection Point Capital Management • Insight Investment • Janus Henderson Investors • JOEP • Joseph Rowntree Charitable Trust • JP Morgan Asset Management • KBI Global Investors • Kempen Capital Management • Kent County Council Pension Fund • La Banque Postale AM • Lægernes Pension • Legal & General Investment Management • London Borough of Islington Pension Fund • London Borough of Newham Pension Fund • London Pensions Fund Authority • M&G Real Estate • Marguerite Advisor S.A. • Mayfair Capital Investment Management • Mercer Global Investments Europe Limited • Merseyside Pension Fund • Mirova • Mistra • MN Services • MP Investment Management • MPC Capital • National Employment Savings Trust (NEST) • Newton Investment Management • NextEnergy Capital Ltd • NN Group • Nordea Investment Funds • Northern Trust Asset Management • OFI Asset Management • Ohman • Old Mutual Wealth • OU Endowment Management (OUem) • PBU • PenSam • PensionDanmark • PFA Pension • PGGM Investments • Pictet Asset Management • PKA • Railpen Investments • Rathbone Greenbank Investments • Robeco • Royal London Asset Management • Ruffer LLP • Russell Investments • Sampension • Sarasin & Partners LLP • SEB Investment Management • South Yorkshire Pensions Authority • Stafford Sustainable Capital • Strathclyde Pension Fund • Sycamore Asset Management • Tellus Mater Foundation • TPT Retirement Solutions • UBS Asset Management • Universities Superannuation Scheme • Uninvest Company (Unilever PF) • Wermuth Asset Management • West Midlands Metropolitan Fund • West Yorkshire Pension Fund • WHEB Group

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

• Archbishops' Council • Baptist Union of Great Britain • Barrow Cadbury Trust • BMS World Mission • Charles Plater Trust • Christian Aid • Church in Wales • Church of Scotland • CIG South Africa • Diocese of Salford • Diocese of Westminster • Friends Provident Foundation • Heart of England Baptist Association • Jesuits in Britain • Lutheran Council of Great Britain • Order of Preachers • Panapur • Polden-Puckham Charitable Foundation • Religious Society of Friends • Representative Church Body of the Church of Ireland • Roman Catholic Diocese of Plymouth • Roman Catholic Diocese of Portsmouth • Scottish Episcopal Church • Servite Friars • Trustees of the Methodist Church in Ireland • URC Ministers Pension Fund • URC South Western Synod • URC Trust • URC Wessex Synod • William Leech Foundation

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).

146 investors with over €21 Trillion AUM

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](#)

