

Institutional Investors Group on Climate Change Limited

Unaudited Report of the Directors and Financial Statements

for the year to 31 December 2018



COMPANY REGISTRATION NUMBER: 07921860

The Institutional Investors Group on Climate Change Limited

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The Institutional Investors Group on Climate Change Limited

Legal and Administrative Information

Registered name Institutional Investors Group on Climate Change

Company number 07921860

Registered office

One Crown Square
Church Street East
Woking, Surrey, GU21 6HR

Company Directors

Jennifer Anderson	Resigned 31 January 2019
Vicki Bakhshi	Resigned 31 December 2018
Sasja Beslik	Appointed 4 June 2018
Tatiana Bosteels	Appointed 4 June 2018
Gerald Cartigny	Appointed 4 June 2018
Peter Damgaard Jensen	
Philippe Desfossés	Resigned 1 December 2018
Marcel Jeucken	Resigned 4 June 2018
Adam Matthews	Appointed 4 June 2018
Tom Murley	Resigned 4 June 2018
Christina Olivecrona	
Meryam Omi	
Erik Jan Stork	Resigned 4 June 2018
Helena Vines Fiestas	

Accountants

JS2 Limited
One Crown Square
Woking
Surrey GU21 6HR

Reporting Accountants

MHA MacIntyre Hudson
New Bridge Street House
30-34 New Bridge Street
London EC4V 6BJ

Bankers

HSBC Bank plc
Guildford & Weybridge Commercial Centre
Edgeborough House, Upper Edgeborough Road,
Guildford GU1 2BJ

Lawyers

Bates Wells & Braithwaite London LLP
10 Queen Street Place
London EC4R 1BE

The Institutional Investors Group on Climate Change Limited

Report of the Directors

As at 31 December 2018

The Directors present this report with the financial statements of the company for the year ended 31 December 2018.

Principal Activities

IIGCC provides a collaborative investor platform on climate change for investors to take action for a prosperous low carbon future. IIGCC's mission is to mobilise capital for the low carbon transition by working with business, policymakers and fellow investors.

During the year ended 31 December 2018, IIGCC carried out the following key activities:

IIGCC growth

- Membership increased to 171 in 2018 (up from 146 at the end of 2017) with IIGCC therefore representing €24 trillion in assets under management.

Global policy engagement

- IIGCC led the policy coordination of seven investor networks via "The Investor Agenda", chairing regular conference calls and project managing major deliverables and events.
- IIGCC oversaw the drafting of a new Global Investor Statement to Governments on Climate Change (and an accompanying briefing paper) urging the full implementation of the Paris Agreement by enhancing NDCs, developing long term strategies, aligning all policy frameworks with the Paris goals, adopting policies to mobilise private finance (including an end to fossil fuel subsidies, robust carbon pricing and phasing out thermal coal), and implementing the recommendations of the TCFD.
- The statement was soft launched at IIGCC's June members' meeting, ahead of the G7 Summit, in the presence of UNFCCC Executive Secretary Patricia Espinosa. It was sent to all world governments ahead of the Global Climate Action Summit in September. By the time it was showcased at COP24 in December, it had gathered a record-breaking number of signatories – 420 investors managing over US \$32 trillion in assets.
- IIGCC also submitted written inputs to the COP President's "Talanoa Dialogue" and represented our global partners in person to present the Global Statement to UNFCCC negotiators in Bonn. With regards to the latter, UNFCCC press team interviewed IIGCC for their media channels.
- At COP24, IIGCC led the organisation of an official side-event focused on investor action to address climate change. At the request of the UNFCCC, IIGCC also fielded senior speakers from our membership and our own CEO at the High Level Roundtable on Finance and wider official side-events, including one organised by the French Government. IIGCC's Chair was the only investor invited to participate in the High Level Talanoa Dialogue at COP, alongside Ministers and wider climate leaders. IIGCC also co-hosted an investor breakfast with the OECD, discussing low carbon investment in emerging markets and the EU Sustainable Finance Action Plan.

EU and member state policy engagement

- Members and staff met with a large number of high-level EU and Member State policymakers to discuss sustainable finance, transport regulation and the EU Long Term Strategy, as well as speaking at various events (including European Parliament public hearings), sending public

The Institutional Investors Group on Climate Change Limited

Report of the Directors

As at 31 December 2018

letters, publishing reports, providing suggested drafting amendments, and participating in key expert forums on these issues.

- IIGCC published a policy paper on EU 2050 strategy for long-term GHG emissions reduction; Letters to policy-makers and statements were also published on the Clean Energy Package, vehicle emissions, and Brexit.
- IIGCC held a private roundtable for members of our Policy Group with the European Commission's Head of Unit on sustainable finance, before he addressed our AGM.
- IIGCC's Chair presented the messages of the Global Investor Statement in a European context to the EU's high level conference on its Long Term Strategy.
- IIGCC co-hosted a webinar with WWF for external participants including policymakers, focused on putting forward the investor case for increased EU climate ambition in its Long Term Strategy.
- At the national level, IIGCC held regular meetings on potential post-Brexit UK climate policy.

Corporate engagement

- In 2018, IIGCC launched the Climate Action 100+ which has seen a significant increase in member involvement over the course of the year. The corporate programme now covers collaborative engagement through a dedicated Climate Action 100+ working group, shareholder resolution activity and research on climate risks.
- Launched in December 2017 at the One Planet Summit in Paris, the goal of Climate Action 100+ is to drive alignment in the business strategies of 161 high-emitting companies with the goals of the Paris Agreement. IIGCC members have been at the forefront of the development and implementation of the ground-breaking initiative, which builds on and scales up engagement practices pioneered by European investors over the last five years. 93 IIGCC members are participating so far and account for over half of the \$32tn in assets supporting the initiative.
- Through 2018 IIGCC mobilised investors to attend AGMs and to put questions or make statements directly to the board of the relevant company. Member attendance at AGMs increased 75% in 2018 on 2017, with 21 statements made in total.
- The Aiming4A Coalition was brought into IIGCC in 2017, to form the 'Resolutions Sub-Group' of the Corporate programme. Growing to involve 20 active participants, the group has been working closely with Climate Action 100+ company engagement teams in evaluating strategies for shareholder resolutions activity in Europe for 2019-2020. This has involved close coordination with peers in the US, especially with Ceres, on the overall approach to planned activity.
- IIGCC also published two new guidance documents under the corporate programme. The first in February, looked at the auditing process, in ensuring appropriate climate-related disclosure. Building on this guidance, members are looking to use the paper as the basis for discussions with auditors on their role in ensuring that companies' annual reports properly reflect climate risk. In November, IIGCC published new investor expectation guidance for the steel sector, as the latest in a series of sector focused engagement guides (with existing guides having covered the oil and gas, mining, utilities and automotive sectors).
- IIGCC also supported the drafting process for the Investor Expectations Guide for Real Estate Companies for publication in 2019.

The Institutional Investors Group on Climate Change Limited

Report of the Directors As at 31 December 2018

Investor Practices Programme

- IIGCC produced a comprehensive guide - Addressing climate risks and opportunities in the investment process - to provide practical advice to pension fund trustees and boards. IIGCC co-hosted an event at Green GB Week in London to launch the guide, with an address from the UK Climate Minister.
- IIGCC also developed a guidance document – Navigating Scenario Analysis: A guide for Institutional Investors - to help the investment community understand this fundamental part of putting the TCFD recommendations into practice. The guide was informed by roundtables held in Amsterdam and London as well as a number of group calls with investors. The guide was launched at IIGCC's AGM in November, which also featured a keynote by a leading climate scientist, Professor Jim Skea.
- IIGCC held two roundtables on reporting and disclosure of climate risk to support asset owners and managers with reporting against the TCFD recommendations.
- IIGCC and other investor groups soft launched the Investor Agenda at the UN Headquarters in New York and IIGCC's Chair spoke at the formal launch of the Investor Agenda at the Global Climate Action Summit in California. IIGCC also a roundtable on investor actions on climate change with its global partners.
- IIGCC spoke about investor action on climate change at The Nordic Clean Energy Investment Forum in Copenhagen in May, an OECD workshop in June and at a roundtable on investor climate action at the Vatican.

Communications

- IIGCC has continued to develop and build its profile over the past year and represent the views of members. Communications impact remains strong with over 500 items of media coverage carrying IIGCC comment or focusing on an announcement published during 2018.
- Specific outlets in which IIGCC has been covered include the Financial Times, Reuters, Bloomberg, Daily Telegraph, The Guardian, CNBC, Independent and Sky News in addition to more specific specialist outlets.
- IIGCC traction on social media channels has also improved over the same period, as a 25% increase means 1,100 more people now follow the organisation's Twitter feed.
- IIGCC's leading role in defining and delivering communications activity for Climate Action 100+ and the Investor Agenda has also provided opportunities to reach new audiences.

The Institutional Investors Group on Climate Change Limited

Report of the Directors

As at 31 December 2018

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the financial standard applicable in the UK and the Republic of Ireland.

Under company law the Directors must not approve the financial statements unless satisfied that they provide a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable the Directors to ensure that the financial statements comply with the Companies Act 2006. The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the company Directors



Peter Damgaard Jensen
Director

3 June 2019

Independent Chartered Accountants' Report to the Directors of The Institutional Investors Group on Climate Change Limited

For the year ended 31 December 2018

We have reviewed the financial statements of The Institutional Investors Group on Climate Change for the year ended 31 December 2018, which comprise the Statement of Financial Activities (Incorporating the Income and Expenditure Account), the Statement of Financial Position, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Directors' responsibility for the financial statements

As explained more fully in the Directors' Responsibilities Statement (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Accountants' responsibility

Our responsibility is to express a conclusion on the financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to review historical financial statements and ICAEW Technical Release TECH 09/13AAF (Revised) Assurance review engagements on historical financial statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared, in all material respects, in accordance with United Kingdom Generally Accepted Accounting Practice. ISRE 2400 (Revised) also requires us to comply with the ICAEW Code of Ethics.

Scope of the assurance review

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. We have performed procedures, primarily consisting of making enquiries of management and others within the company, as appropriate, applying analytical procedures and evaluating the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (UK). Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements have not been prepared:

- so as to give a true and fair view of the state of the company's affairs as at 31 December 2018, and of its profit for the year then ended;
- in accordance with United Kingdom Generally Accepted Accounting Practice; and
- in accordance with the requirements of the Companies Act 2006.

Use of our report

This report is made solely to the company's directors, as a body, in accordance with the terms of our engagement letter dated [date]. Our review work has been undertaken so that we might state to the company's directors those matters we have agreed to state to them in a reviewer's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body for our review work, for this report or the opinions we have formed.



MHA MacIntyre Hudson
Chartered Accountants
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date: 6 June 2019

The Institutional Investors Group on Climate Change Limited
Statement of Financial Activities
(Incorporating an Income and Expenditure Account)

For the year ended 31 December 2018

	Note	2018 Restricted £	2018 Unrestricted £	2018 Total £	2017 Total £
Income					
Donations and grants	9	136,121	-	136,121	30,884
Other trading activities	9	-	718,237	718,237	540,766
Total income		136,121	718,237	854,358	571,650
Expenditure					
Staff costs	3	79,403	301,899	381,302	314,326
Publication costs		2,058	25,470	27,528	56,962
Travel costs		-	27,704	27,704	31,015
Communications & public affairs		40,542	36,079	76,621	33,278
Office and support costs		14,118	82,172	96,290	84,084
Other costs		-	48,656	48,656	56,564
Total expenditure		136,121	521,980	658,101	576,229
Net income/ (expenditure)					
Net Movement in Funds		-	196,257	196,257	(4,579)
Total funds brought forward	9	-	290,842	290,842	295,421
Total funds carried forward		-	487,099	487,099	290,842

All of the above results derive from continuing activities.

There are no recognised gains and losses for the year other than those disclosed above.

The Institutional Investors Group on Climate Change Limited

Statement of Financial Position

As at 31 December 2018

Company Number 07921860

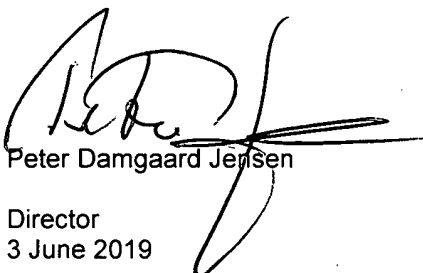
		2018	2018	2017	2017
	Note	£	£	£	£
Tangible fixed assets	5		2,038		2,206
Intangible fixed assets	6		13,089		-
Current assets					
Debtors	7	826,109		590,288	
Cash at bank and in hand		<u>630,293</u>		<u>427,254</u>	
		1,456,402		1,017,542	
Creditors: amount falling due within one year	8	<u>(984,430)</u>		<u>(728,906)</u>	
Net current assets			<u>471,972</u>		<u>288,636</u>
Total net assets			<u>487,099</u>		<u>290,842</u>
Funds	9				
Restricted funds			-		-
General funds			<u>487,099</u>		<u>290,842</u>
Total funds			<u>487,099</u>		<u>290,842</u>

For the year ending 31 December 2018 the company was entitled to exemption under sections 475 and 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by, and signed on behalf of, the company Directors:


 Peter Damgaard Jensen
 Director
 3 June 2019

The Institutional Investors Group on Climate Change Limited

Notes to the Financial Statements

For the year ended 31 December 2018

	2018	2017
	£	£
Cash flows from operating activities:		
Net income/(expenditure) for the year (as per the statement of financial activities)	196,257	(4,579)
Adjustments for:		
Fixed asset additions	(1,162)	(1,600)
Intangible fixed asset additions	(15,200)	-
Depreciation charges	1,330	874
Amortisation charges	2,111	-
(Increase)/decrease in debtors	(235,821)	(204,312)
Increase/(decrease) in creditors	255,524	161,733
Net cash provided by (used in) operating activities	6,782	(43,305)
Change in cash and cash equivalents in the year	203,040	(47,884)
Cash and cash equivalents at the beginning of the year	427,254	475,138
Cash and cash equivalents at the end of the year	630,293	427,254

The Institutional Investors Group on Climate Change Limited

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

General information and Basis of Preparation

These financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Directors have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Company to continue as a going concern. The Directors have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the Directors have considered the Company forecasts and projections. After making enquiries the Directors have concluded that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. The financial statements are prepared in pound sterling which is the functional currency of the company and rounded to the nearest pound.

Income

Income is credited to incoming resources when the conditions of entitlement, certainty and measurement have been met. Where income relates to a specific future period, it is deferred.

Membership and partnership income is recognised in the financial statements evenly over the period to which the fee relates.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Intangible fixed assets – Amortisation

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment loss.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Website development	33⅓%	Straight line
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Tangible fixed assets – Depreciation

Items of equipment are capitalised where the purchase price exceeds £500. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Office equipment	33⅓%	Straight line
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The Institutional Investors Group on Climate Change Limited

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies (continued)

Debtors

Debtors are recognised when the Company is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably, and it is probable that the income will be received.

Creditors and Provisions

Creditors are recognised when the Company has a present legal or constructive obligation resulting from a past event and the settlement is expected to result in an outflow of economic benefit.

Financial instruments

The financial assets and financial liabilities of the Company are as follows:

Debtors – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 7. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Liabilities – trade creditors, accruals, and other creditors will be classified as financial instruments, and are measured at amortised cost as detailed in Note 8. Taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

Fund Accounting

Unrestricted funds are available for use at the discretion of the Directors in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Taxation

Tax is recognised in the Statement of Financial Activities, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the balance sheet date in the countries where the Company operates and generates income.

Pension scheme

The charitable Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the Company to the fund. The Company has no liability under the scheme other than for the payment of those contributions.

The Institutional Investors Group on Climate Change Limited

Notes to the Financial Statements

For the year ended 31 December 2018

2. Net incoming resources

is stated after charging the following:

	2018 £	2017 £
Depreciation - owned assets	<u>3,441</u>	<u>874</u>

3. Staff costs

	2018 £	2017 £
Wages and Salaries	290,556	259,334
Social Security Costs	31,491	27,678
Pension Costs	59,225	27,314
	<u>381,272</u>	<u>314,326</u>

The average employee headcount in the year was	<u>5</u>	<u>5</u>
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No director received any remuneration in the year (2017: £nil).

No director received any reimbursement of expenses in the year (2017: £nil).

4. Corporation tax

The company will not be liable to tax on any surplus arising as income received is the result of mutual trading.

5. Fixed assets

	Office equipment £
Cost	
Brought forward	5,327
Additions	<u>1,162</u>
Carried forward	<u>6,489</u>
Depreciation	
Brought forward	3,121
Charge for the period	<u>1,330</u>
Carried forward	<u>4,451</u>
Net book value as at 31 December 2018	<u>2,038</u>
Net book value as at 31 December 2017	<u>2,206</u>

The Institutional Investors Group on Climate Change Limited

Notes to the Financial Statements

For the year ended 31 December 2018

6. Intangible assets

	Website development £
Cost	
Brought forward	-
Additions	15,200
Carried forward	<u>15,200</u>
Amortisation	
Brought forward	-
Charge for the period	2,111
Carried forward	<u>2,111</u>
Net book value as at 31 December 2018	<u><u>13,089</u></u>
Net book value as at 31 December 2017	<u><u>-</u></u>

7. Debtors

	2018 £	2017 £
Membership receivable	793,665	565,119
Sundry debtors and prepayments	32,444	25,169
	<u>826,109</u>	<u>590,288</u>

8. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	11,438	21,761
Sundry creditors and accruals	7,704	5,140
Taxation and social security	88,823	63,368
Deferred income	876,465	638,637
	<u>984,430</u>	<u>728,906</u>

The Institutional Investors Group on Climate Change Limited

Notes to the Financial Statements

For the year ended 31 December 2018

9. Movement in Funds

	Brought forward £	Income £	Expenditure £	Carried forward £
Restricted funds				
Ceres	-	64,121	(64,121)	-
European Climate Foundation	-	72,000	(72,000)	-
Total restricted funds	-	136,121	(136,121)	-
General fund	290,842	718,237	(521,980)	487,099
Funds at 31 December 2018	<u>290,842</u>	<u>854,358</u>	<u>(658,101)</u>	<u>487,099</u>

The restricted funds represent (1) a grant from the European Climate Foundation that supported the implementation of the TCFD recommendations by investors, companies and policymakers and (2) sub-grants from Ceres that supported IIGCC in delivering the CA100+ initiative.

Movement in Funds - 2017 (Comparative)

	Brought forward £	Income £	Expenditure £	Carried forward £
Restricted funds				
Ceres	-	11,222	(11,222)	-
European Climate Foundation	-	19,662	(19,662)	-
Total restricted funds	-	30,884	(30,884)	-
General fund	295,421	540,766	(545,345)	290,842
Funds at 31 December 2017	<u>295,421</u>	<u>571,650</u>	<u>(576,229)</u>	<u>290,842</u>

10. Share Capital

IIGCC has no share capital as it is a company limited by guarantee.

11. Related Party Transactions

There were no related party transactions in the year.