

Institutional Investors Group on Climate Change Limited

Unaudited Report of the Directors and Financial Statements

for the year to 31 December 2021



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
Pennine Place
2a Charing Cross Road
London, WC2H 0HF

Company Directors

Grégoire Haenni	(Resigned 1 Dec 2021)
Roelfien Annet Kuijpers	(Resigned 5 May 2022)
Adam Matthews	
Dr. Udo Riese	
Ian Richard Simm	
Jelle Van der Giessen	
Karlijn Van Lierop	(Resigned 1 Dec 2021)
Jon Steingrim Johnsen	
Torben Möger Pedersen	(Resigned 1 Dec 2021)
Faith Margaret Ward	
Sandy Boss	(Appointed 1 Jan 2022)
Kelly Christodoulou	(Appointed 1 Dec 2021)
Graham Cook	(Appointed 1 Dec 2021)
Bruce Duguid	(Appointed 1 Dec 2021)
Claudia Kruse	(Appointed 1 Dec 2021)
Caroline Le Meaux	(Appointed 1 Jan 2022)

Accountants

JS2 Limited
One Crown Square
Woking
Surrey GU21 6HR

Reporting Accountants

MHA MacIntyre Hudson
6th Floor
2 London Wall Place
London EC2Y 5AU

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 2021

The Directors present this report with the financial statements of the company for the year ended 31 December 2021.

Principal Activities

IIGCC provides a collaborative platform to support and enable the investment community in driving significant and real progress towards a net zero and resilient future. This will be achieved through capital allocation decisions, stewardship and successful engagement with companies, policymakers and fellow investors.

During the year ended 31 December 2021, IIGCC carried out the following key activities:

Growth

Membership increased to 360 in 2021, up 36% from 2020, with IIGCC members representing approximately €50 trillion in assets under management (AUM).

IIGCC has three clear areas of focus: policy, investor practices and corporate engagement, reflecting the key investor levers for change. The programme teams work in strategic partnership with investors, supporting, enabling and showcasing their role in the realisation of the transition to net zero in support of the goals of the Paris Agreement.

Reflecting the growth of the member base and also the increasingly diverse range of activities undertaken by IIGCC in support of its members, we also grew the employee base to 26 full-time individuals.

Policy

Our policy programme helps to shape sustainable finance and climate policy for key sectors of the economy. Focused primarily on the EU and global levels, the policy team's work in 2021 ensured that IIGCC members were up to speed and able to actively engage on policy of direct relevance to their portfolios and the transition to a low carbon economy.

The team wrote to governments in the UK and EU on a number of occasions throughout the year, sharing the investor perspective on key policies and calling for action from policymakers, ran member webinars with key spokespeople and responded to a number of consultations, particularly in relation to climate risk disclosure and sustainable finance regulation.

In collaboration with other partner networks in the Investor Agenda, the team focused on delivering an ambitious Global Investor Statement to governments ahead of COP26. Formally announced in June and delivered in the run up to COP in October, the statement was signed by more than 700 investors collectively managing over USD 52 trillion in assets.

In addition to the statement itself, which called for five key actions from governments around the world, we delivered an investor action pack to support signatories in advocating for the statement's recommendations.

Investor Practices

In 2021, the investor practices programme focused primarily on mobilising net zero commitments via the Net Zero Asset Managers initiative and Paris Aligned Asset Owners group. The team also provided implementation guidance for investors through the Net Zero Investment Framework and encouraged robust and transparent reporting in line with recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD).

We also published an important set of investor expectations focused on building resilience to climate change and managing the impacts of physical risk within business strategies.

The Net Zero Asset Managers initiative, which launched in December 2020 with IIGCC as the founding chair, continued to grow throughout the year, reaching 220 signatories with USD 57 trillion in assets – more than half of global AUM. On 1 November, we published a report outlining initial targets from 43 of

The Institutional Investors Group on Climate Change Limited

Report of the Directors As at 31 December 2021

the initiative's early signatories, who committed 35% of their assets on average to be managed in line with net zero.

In March, 22 asset owners with USD 1.2 trillion in assets made a net zero commitment as part of the Paris Aligned Asset Owners group, led by the Paris Aligned Investment Initiative. In doing so, signatories commit to transition their emissions to achieve net zero emissions by 2050 or sooner, setting interim targets for 2030 and engaging with a range of other stakeholders, including investee companies, asset managers, rating agencies, consultants and service providers to ensure net zero alignment across the value chain. By the end of the year, the group of asset owners stood at 50, representing USD 2.8 trillion in assets, with signatories from the UK, continental Europe, Australasia and North America.

Corporate engagement

The corporate programme supports members in undertaking effective stewardship and active ownership of their investments, with a focus on listed equity and corporate bonds. In 2021, we have extended our focus on some of the sectors that have the furthest to go in terms of net zero alignment, but therefore could also stand to make the biggest contribution towards tackling climate change.

We have undertaken research covering the power sector transition, the role of the banking sector and what net zero should look like for oil and gas companies. IIGCC also led on a number of global sector strategies as part of Climate Action 100+, focusing on steel and electric utilities.

We supported investor engagements with 46 companies in Europe in 2021, resulting in over 800 individual calls and meetings between companies and investors and 40 net zero commitments. This included improvements from 12 focus companies who had previously not made a commitment at all. We also saw exceptionally high response rates from group engagements on topics including the Climate Action 100+ Net Zero Company Benchmark, lobbying and accounting.

In 2021, we established a new working group with a focus on net zero stewardship, which will play a critical role in enabling investors to deliver upon net zero commitments. The working group has developed a foundational toolkit for developing a net zero stewardship approach, as well as engaging with proxy advisors.

Communications

The impact of IIGCC's communications efforts has remained strong across traditional and digital channels. We saw over 15,000 media articles relating to IIGCC and associated initiatives throughout the course of 2021, with coverage in key target publications including the Financial Times, Wall Street Journal, CNN, Bloomberg, Reuters and Les Echos.

Across digital channels, we reached over a million users on Twitter and saw nearly 100,000 individual visitors to IIGCC's website. IIGCC continued to play a leading role in communications working groups for Climate Action 100+, the Net Zero Asset Managers initiative, the Paris Aligned Investment Initiative and the Investor Agenda.

Audit exemption

For the year ending 31 December 2021, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The Directors have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

Signed on behalf of the company Directors



Faith Ward
Director

15 June 2022

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

For the year ended 31 December 2021

We have reviewed the financial statements of The Institutional Investors Group on Climate Change for the year ended 31 December 2021, which comprise the Statement of Financial Activities (Incorporating the Income and Expenditure Account), the Balance Sheet, 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 6), 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 2021, 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 1 June 2021. 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

MHA MacIntyre Hudson
6th Floor
2 London Wall Place
London EC2Y 5AU

Date: 24/06/2022

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

For the year ended 31 December 2021

		2021	2021	2021	2020
	Note	Restricted	Unrestricted	Total	Total
		£	£	£	£
Income					
Donations and grants	9	1,879,612	-	1,879,612	1,004,876
Other trading activities	9	-	1,598,163	1,598,163	1,155,478
Total income		1,879,612	1,598,163	3,477,775	2,160,354
Expenditure					
Staff costs	3	1,204,412	639,930	1,844,342	1,019,526
Publication & Consultancy costs		316,769	22,604	339,373	192,346
Travel costs		-	25,173	25,173	3,827
Communications & public affairs		39,525	107,148	146,673	46,259
Office and support costs		231,360	85,840	317,200	195,040
Other costs		87,546	38,654	126,200	172,026
Total expenditure		1,879,612	919,349	2,798,961	1,629,024
Net income/ (expenditure)					
Net Movement in Funds		-	678,814	678,814	531,330
Total funds brought forward	9	-	1,229,688	1,229,688	698,358
Total funds carried forward		-	1,908,502	1,908,502	1,229,688

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

Balance Sheet

As at 31 December 2021

Company Number 07921860

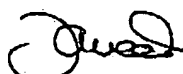
	Notes	2021 £	2021 £	2020 £	2020 £
Tangible fixed assets	5		17,709		8,975
Intangible fixed assets	6		6,295		4,892
Current assets					
Debtors	7	1,759,751		1,148,296	
Cash at bank and in hand		3,189,365		1,961,039	
		<u>4,949,116</u>		<u>3,109,335</u>	
Creditors: amounts falling due within one year	8	<u>(3,064,618)</u>		<u>(1,893,514)</u>	
Net current assets			<u>1,884,498</u>		<u>1,215,821</u>
Total net assets			<u>1,908,502</u>		<u>1,229,688</u>
Funds	9				
General funds			<u>1,908,502</u>		<u>1,229,688</u>
Total funds			<u>1,908,502</u>		<u>1,229,688</u>

For the year ending 31 December 2021 the company was entitled to exemption under sections 475 and 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- 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.
- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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



Faith Ward
Director

15 June 2022

The Institutional Investors Group on Climate Change Limited
Statement of Cash Flows

As at 31 December 2021

	2021	2020
	£	£
Cash flows from operating activities:		
Net income/(expenditure) for the year (as per the statement of financial activities)	678,814	531,330
Adjustments for:		
Fixed asset additions	(15,332)	(6,745)
Intangible fixed asset additions	(8,393)	-
Depreciation charges	6,598	3,502
Amortisation charges	6,990	7,003
(Increase)/decrease in debtors	(611,455)	(402,250)
Increase/(decrease) in creditors	<u>1,171,104</u>	<u>602,967</u>
Net cash provided by (used in) operating activities	549,512	204,477
Change in cash and cash equivalents in the year	1,228,326	735,807
Cash and cash equivalents at the beginning of the year	1,961,039	1,225,232
Cash and cash equivalents at the end of the year	<u>3,189,365</u>	<u>1,961,039</u>

During the year there were no changes in the net debt of the Company, other than the cashflows detailed above.

The Institutional Investors Group on Climate Change Limited

Notes to the Financial Statements

For the year ended 31 December 2021

1. Accounting Policies

General information and Basis of Preparation

Institutional Investors Group on Climate Change Limited (IIGCC) is a private company, limited by guarantee, incorporated in England and Wales. It's registered office is Pennine Place, 2a Charing Cross Road, London, WC2H 0HF. The principal activity of the company is the promotion of protection and conservation of the environment.

Although the Company is not a charity, in many respects its activities are similar to one and therefore in preparing the financial statements to provide a true and fair view, the Directors have had regard to the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006, to the extent considered appropriate. 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 financial statements are prepared in pound sterling which is the functional currency of the company and rounded to the nearest pound.

Going concern

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.

Income

Income is credited to incoming resources when the conditions of entitlement, probability 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 and where received in advance is included as deferred income in creditors.

Grants are recognised as income over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

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.

The Institutional Investors Group on Climate Change Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1. Accounting Policies (continued)

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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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.

The Institutional Investors Group on Climate Change Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1. Accounting Policies (continued)

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 organisation 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.

Key estimates and judgements

In the application of the accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Directors, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

2. Net incoming resources

is stated after charging the following:

	2021 £	2020 £
Depreciation - owned assets	6,598	3,502
Amortisation - owned assets	6,990	7,003

The Institutional Investors Group on Climate Change Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

3. Staff costs

	2021 £	2020 £
Wages and salaries	1,388,393	812,630
Social security costs	162,174	96,721
Pension costs	163,289	102,225
Other staff costs	13,966	7,950
	<u>1,727,822</u>	<u>1,019,526</u>
The average employee headcount in the year was	<u>21</u>	<u>12</u>

The Directors, who are considered to be the Key Management Personnel of the Company, received no remuneration in the year (2020: £nil).

No director received any reimbursement of expenses in the year (2020: £nil).

4. Corporation tax

The company will not be liable to tax on any surplus arising from membership fees as the income received is the result of mutual trading. Payments for services made by organisations/individuals who are not members of IIGCC will not be regarded as mutual trading income. Therefore such payments are trading income and tax is payable on the associated profits, if any.

5. Tangible fixed assets

	Office equipment £
Cost	
Brought forward	19,022
Additions	<u>15,332</u>
Carried forward	<u>34,354</u>
Depreciation	
Brought forward	10,047
Charge for the period	<u>6,598</u>
Carried forward	<u>16,645</u>
Net book value as at 31 December 2021	<u>17,709</u>
Net book value as at 31 December 2020	<u>8,975</u>

The Institutional Investors Group on Climate Change Limited
Notes to the Financial Statements (continued)

For the year ended 31 December 2021

6. Intangible assets

	Website development £
Cost	
Brought forward	21,010
Additions	8,393
Carried forward	<u>29,403</u>
Amortisation	
Brought forward	16,118
Charge for the period	6,990
Carried forward	<u>23,108</u>
Net book value as at 31 December 2021	<u><u>6,295</u></u>
Net book value as at 31 December 2020	<u><u>4,892</u></u>

7. Debtors

	2021 £	2020 £
Membership receivable	1,545,629	832,422
Prepayments	46,912	11,606
Other debtors	167,210	304,268
	<u><u>1,759,751</u></u>	<u><u>1,148,296</u></u>

8. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	11,820	81,299
Sundry creditors and accruals	239,799	58,530
Taxation and social security	216,423	123,448
Deferred income	2,596,576	1,630,237
	<u><u>3,064,618</u></u>	<u><u>1,893,514</u></u>

Deferred income relates to membership income and grants relating to the next financial year.

Deferred income of £1,630,237 was released into 2021 and income of £2,596,576 was deferred into 2022.

To secure additional banking facilities the company provided, from May 2022, a fixed and floating charge over the assets of the company in favour of HSBC.

The Institutional Investors Group on Climate Change Limited
Notes to the Financial Statements (continued)

For the year ended 31 December 2021

9. Movement in Funds

		Income	Expenditure	
	£	£	£	£
Restricted funds				
Corporate	-	1,256,622	(1,256,622)	-
Investor Practices and Policy	-	622,989	(622,989)	-
Total restricted funds	-	1,879,611	(1,879,611)	-
General fund	1,229,688	1,598,163	(919,349)	1,908,502
Funds at 31 December 2021	1,229,688	3,477,774	(2,798,960)	1,908,502

The restricted funds are separately identified within IIGCC's accounting records but are grouped here according to the IIGCC programme they support.

Movement in Funds - 2020 (Comparative)

	Brought forward	Income	Expenditure	Carried forward
	£	£	£	£
Restricted funds				
Corporate	-	773,486	(773,486)	-
Investor Practices and Policy	-	231,390	(231,390)	-
Total restricted funds	-	1,004,876	(1,004,876)	-
General fund	698,358	1,155,478	(624,148)	1,229,688
Funds at 31 December 2020	698,358	2,160,354	(1,629,024)	1,229,688

10. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property	
	2021	2020
	£	£
Less than one year	232,300	212,400
One to five years	-	221,250
Over five years	-	-
	232,300	433,650

Operating lease costs of £221,053 were recognised in the year (2020: £139,574)

The Institutional Investors Group on Climate Change Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

11. Share Capital

The Company is a private company limited by guarantee and does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

12. Related Party Transactions

The Directors of the company are also directors of companies that are members / supporters / donors to Institutional Investors Group on Climate Change Limited. Owing to the operations of Institutional Investors Group on Climate Change Limited it is inevitable that transactions take place between Institutional Investors Group on Climate Change Limited and organisations in which the Directors have an interest. All such transactions are at arm's length and are on the same basis for all member companies. None of the Directors of Institutional Investors Group on Climate Change Limited or the companies that they represent receive any benefit from these arrangements.

Other than the above, there were no related party transactions which occurred in the year to 31 December 2021 (2020: £Nil).