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IIGCC implementation surgery: That's a 2025 wrap!

10 December 2025



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Agenda

10 mins	Welcome & 2025 in review
10 mins	Emerging Markets
10 mins	Climate Solutions
10 mins	Adaptation and Resilience
10 mins	Index Investing
10 mins	Externally Managed Funds

Poll question

What topic(s) would you like to see addressed in implementation surgeries in 2026? *(Select up to 8)*

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2025 in review: Investor Strategies Programme

Freddie Turner

Programme Manager, IIGCC



Integration with the Net Zero Investment Framework



H1

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Jan

June



2 x webinars



1 x webinar

2 x case studies



EMDE investor taskforce launch



Implementation surgery series: Strategic asset allocation

Implementation surgeries: Climate solutions & avoided emissions

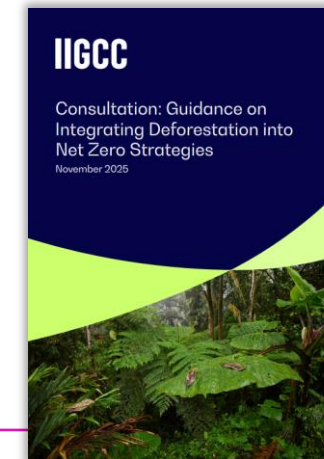


H2

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July

Dec



PCRAM case studies

NZAM
review
complete

Implementation surgery
series: Private markets



Implementation surgeries:
Physical climate risk, index
investing, end of year summary

Emerging markets

Laura Hillis

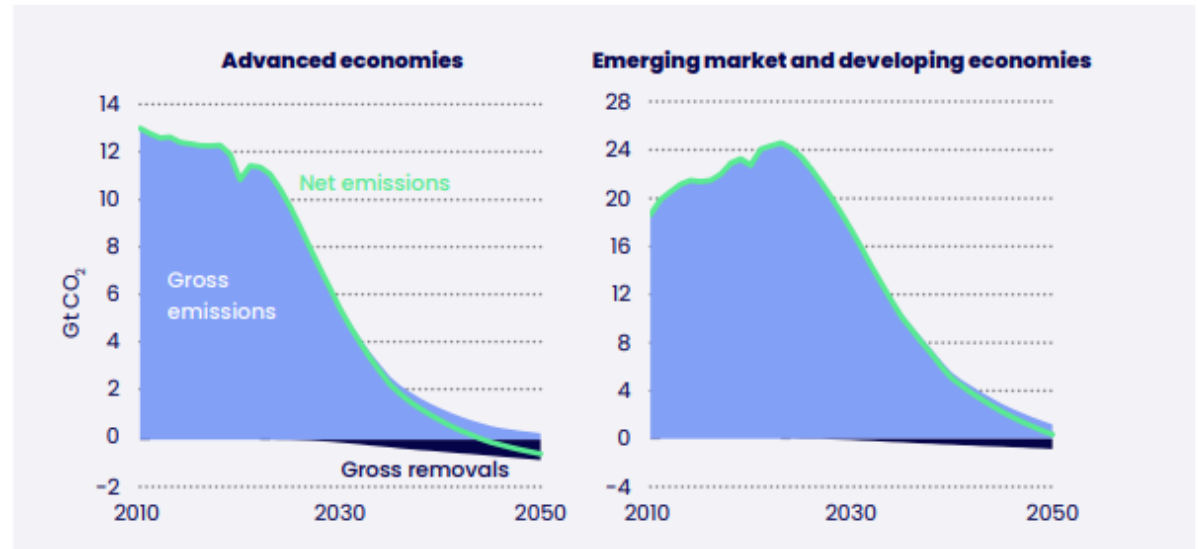
Managing Director, Responsible
Investment, Church of England
Pensions Board



Why emerging markets?

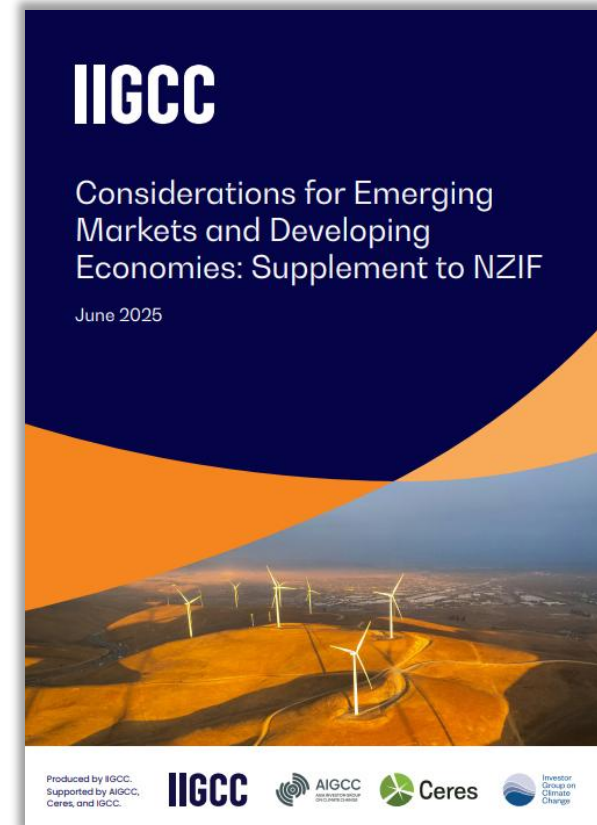
- ❑ EMDEs accounted for **two-thirds** of the world's energy-related emissions and for **95% of the increase** in emissions
- ❑ Net zero is a global goal – the EMDE transition poses a **global systemic risk** to institutional investor portfolios
- ❑ Affects portfolios even without direct local investments given the prevalence of globally **integrated supply chain**
- ❑ A focus on reducing financed emissions in pursuit of net zero risks **adverse consequences for EMDEs**

Figure 1: Gross emissions and removals, and net emissions by aggregated region in the IEA NZE scenario, 2010–2050³



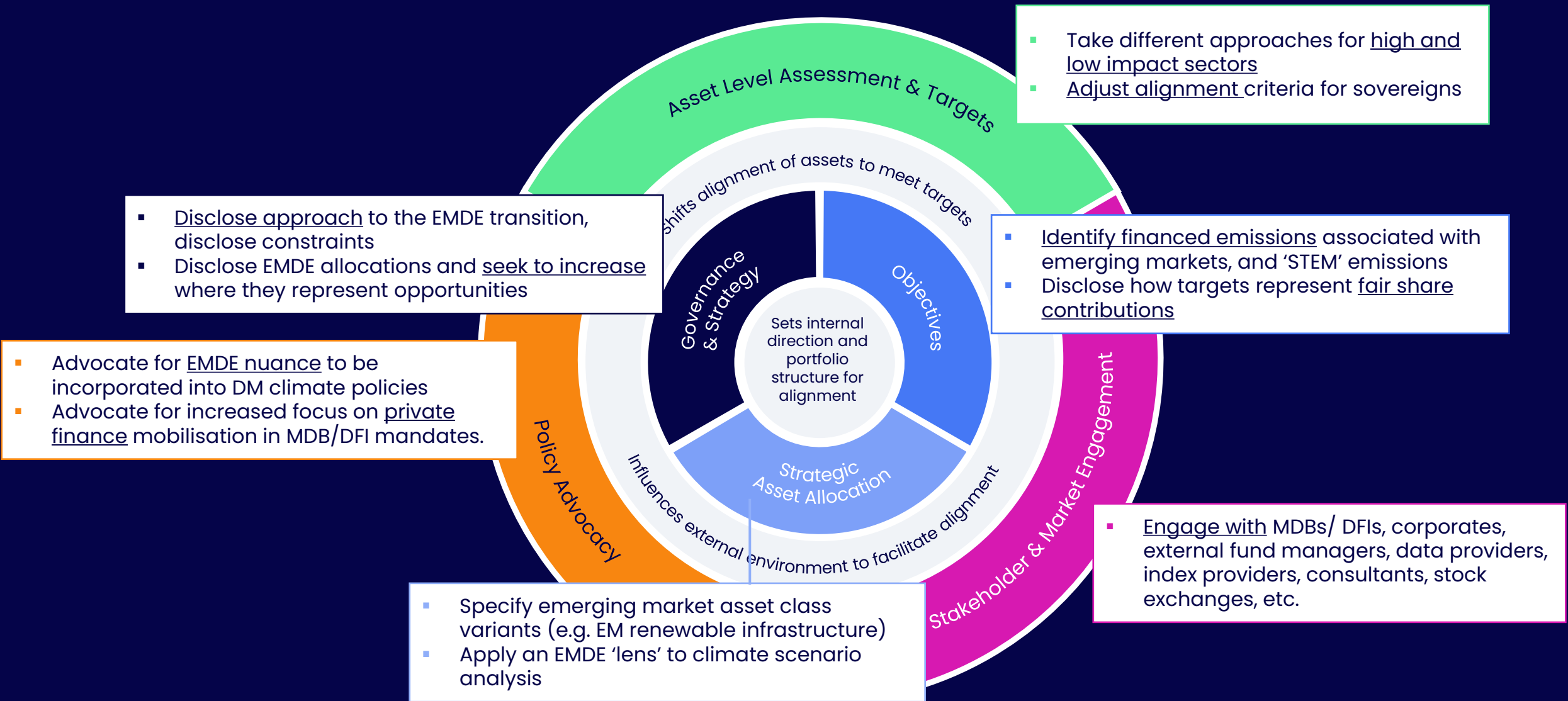
Overview of IIGCC's emerging markets guidance

- ❑ NZIF 2.0 focuses on the components of a net zero strategy that **deliver real economy decarbonisation** and increase investment in **climate solutions**
- ❑ This supplementary guidance assists investors who are seeking to **incorporate EMDE nuances** into their net zero investment strategies
- ❑ Key considerations:
 - How to **define** EMDEs
 - **Data availability** for EMDE countries
 - Summary **recommendations**



NZIF components

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Q&A



Climate solutions

Freddie Turner

Programme Manager, IIGCC

Addressing persistent challenges



Definition



**Own emissions
treatment**



**Understanding
the levers**



**Communication
& narrative**

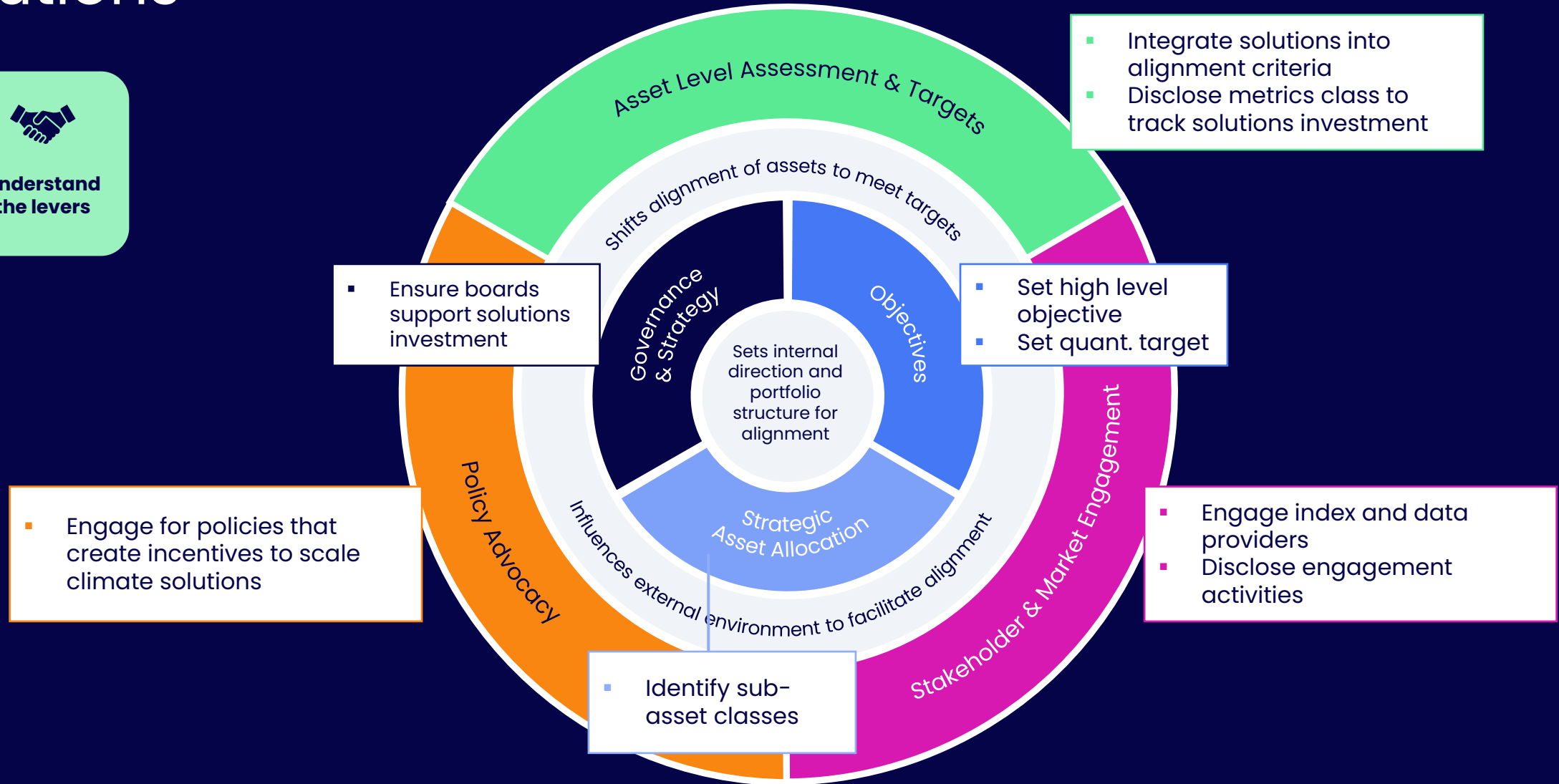


Activities, goods or services that, according to credible pathways, need to increase substantially to enable the global economy to reach net zero.

The definition ensures:

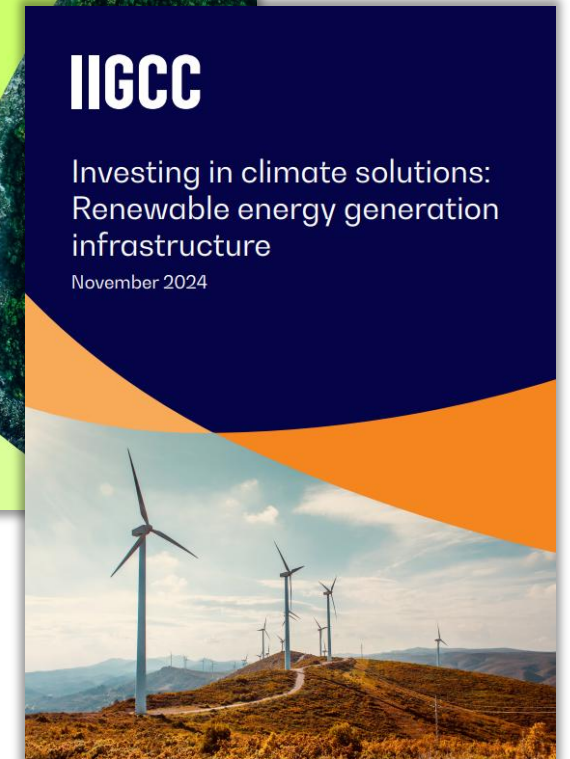
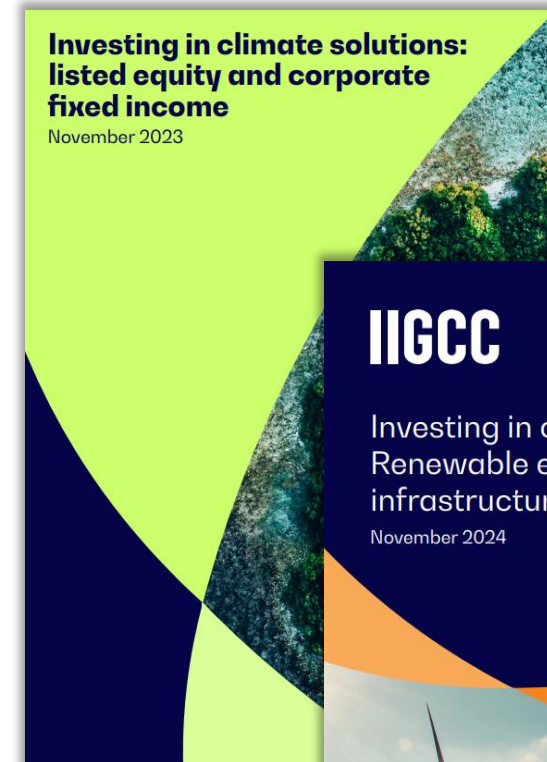
- **Flexibility** for investors
- **Compatibility** with achieving net zero
- Activities reliant on the net zero **pathway(s)** chosen

Levers of influence to scale investment in climate solutions



Asset class-specific addendums

- ❑ **Existing guidance** for listed equity & corporate fixed income and renewable energy generation & battery storage
- ❑ Identify asset **class-specific levers** of influence
- ❑ Develop specific **3-step approach**
- ❑ **2026:** Development of sovereign bonds, private markets and real estate guidance



Q&A

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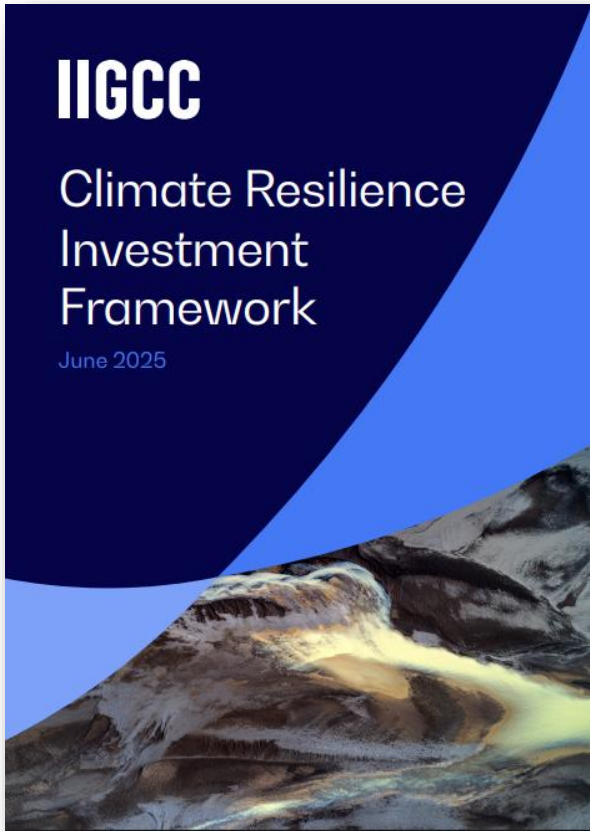
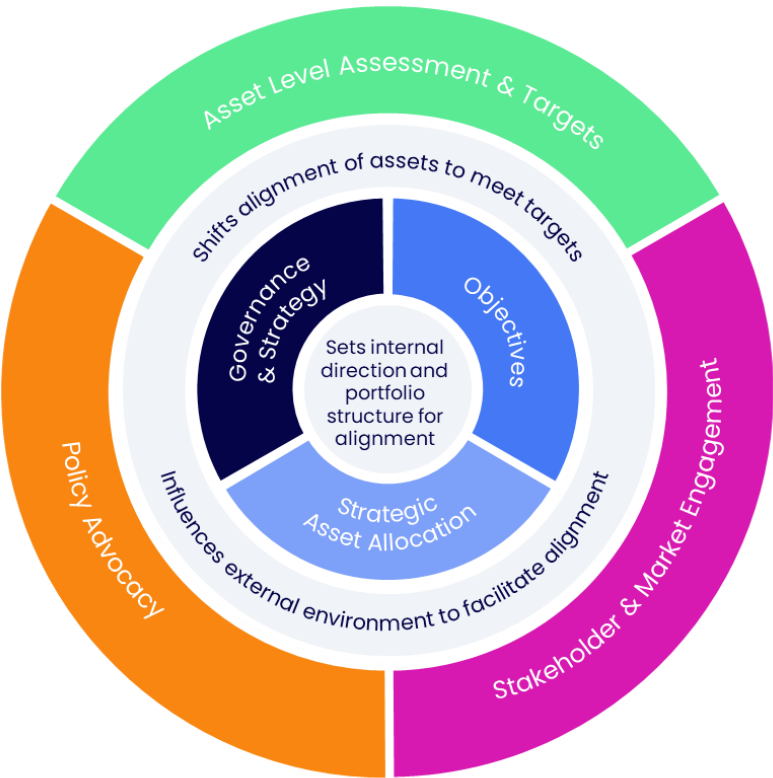
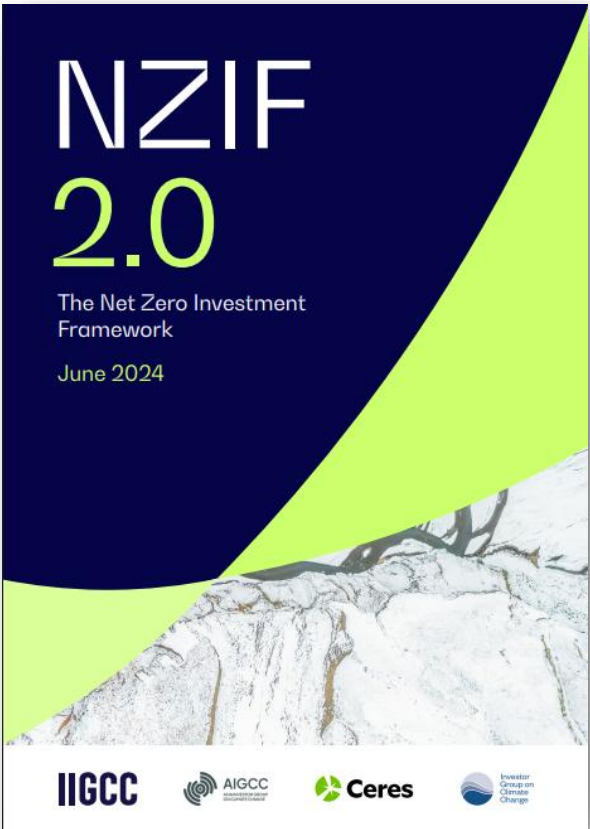
Adaptation & Resilience

Anne Chataigne

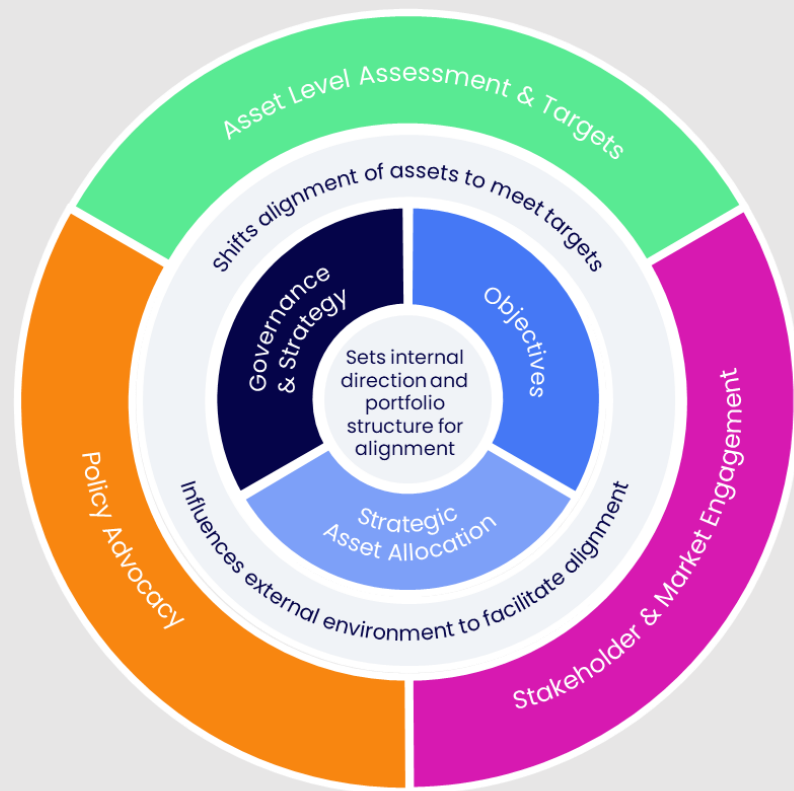
Senior Programme Manager, IIGCC



NZIF and CRIF are designed to be integrated

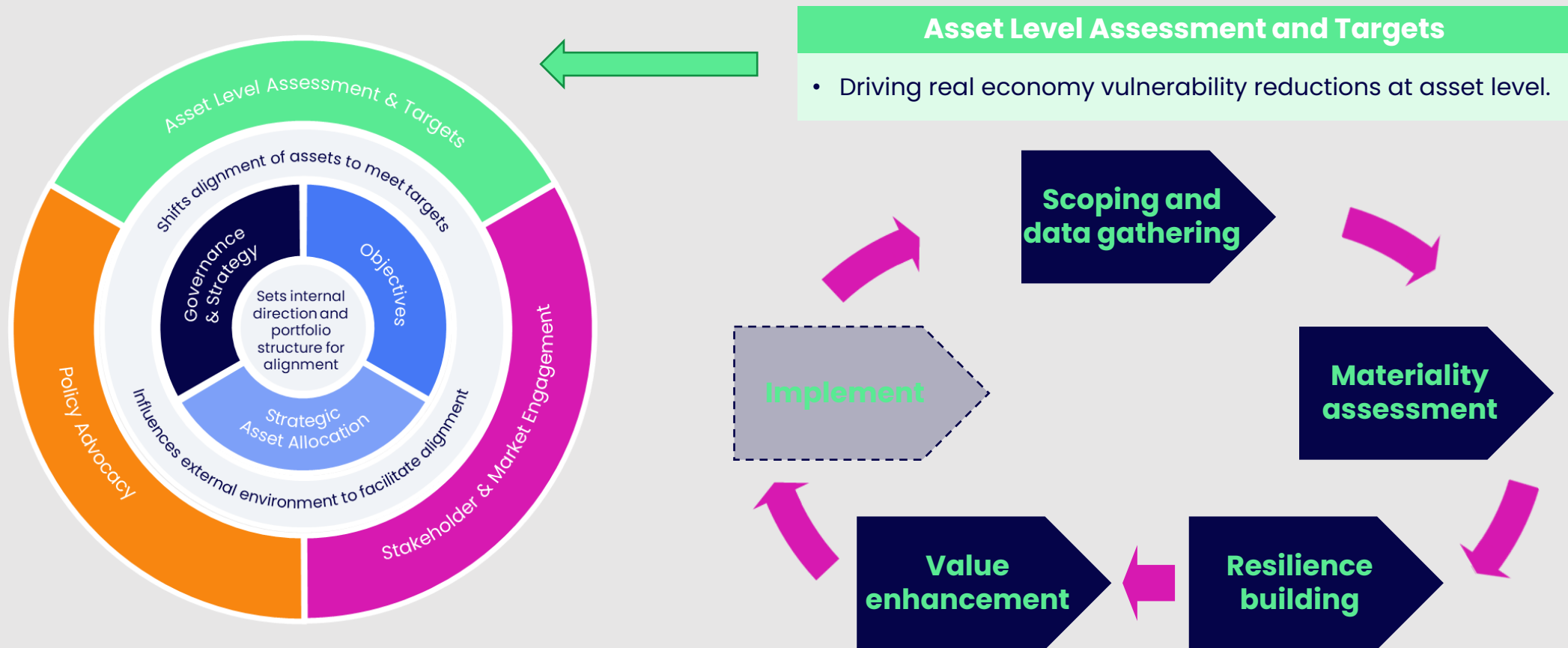


Recommended action points across each section



Governance and Strategy	17
Objectives	7
Strategic Asset Allocation	6
Asset Level Assessment and Targets	11
 Infrastructure & Real estate	19
Policy Advocacy	7
Stakeholder and Market Engagement	12

PCRAM is basis of 'Asset Level Assessment and Targets'



The PCRAM Process

	1	2	3	4
Steps	Scoping and data gathering	Materiality assessment	Resilience building	Value enhancement
Objective	Determine data sufficiency	Assessing asset vulnerability	Identifying adaptation options	Optimised resilience with residual risk transfer
Sub-tasks	<ul style="list-style-type: none"> → Project initiation → Project definition → Data gathering and sufficiency 	<ul style="list-style-type: none"> → Hazard scenarios → Impact pathways → Financial sensitivities (return & debt) → Distinguish acute damage vs. chronic performance efficiency 	Adaptation options, costs and availability: <ul style="list-style-type: none"> → Hard (Structural/Capex) → Soft (Operational/Systems) 	<ul style="list-style-type: none"> → Identify resilience metrics → IRR comparisons → Insurability and credit quality
Outputs	<ul style="list-style-type: none"> → Initial climate study → Critical asset and system components → KPI selection, risk appetite → Base Case cashflow forecast 	<ul style="list-style-type: none"> → Detailed climate study → Quantified list of impacts and severity by component → Climate Case(s) cashflow forecast 	<ul style="list-style-type: none"> → Repeat materiality assessment → Cost/benefit for suitable measures → Adaptive pathways → Resilience Case(s) cashflow forecast 	<ul style="list-style-type: none"> → Investment case narrative → Value implications across investment value chain actors e.g. investors, lenders, insurers
Decision gates	Gate A What are the scope boundaries and data sufficiency according to the investment strategy?	Gate B Are PCRs material for the asset(s)? Reviewing asset KPIs, what factors influence the materiality?	Gate C What are the most effective adaptation options for this asset, the optimal timing for their implementation, and the responsible parties for funding and execution?	Gate D How can resilience investment be optimised and incentivised, while ensuring equitable risk-reward distribution across the value chain actors?

PCRAM 2.0 case studies

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Source: [PCRAM 2.0 report](#)

Q&A



Index investing

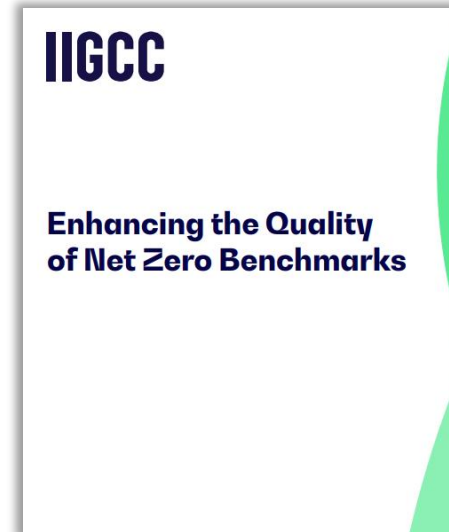
Elena Vydrine

Senior Investment Specialist, IIGCC



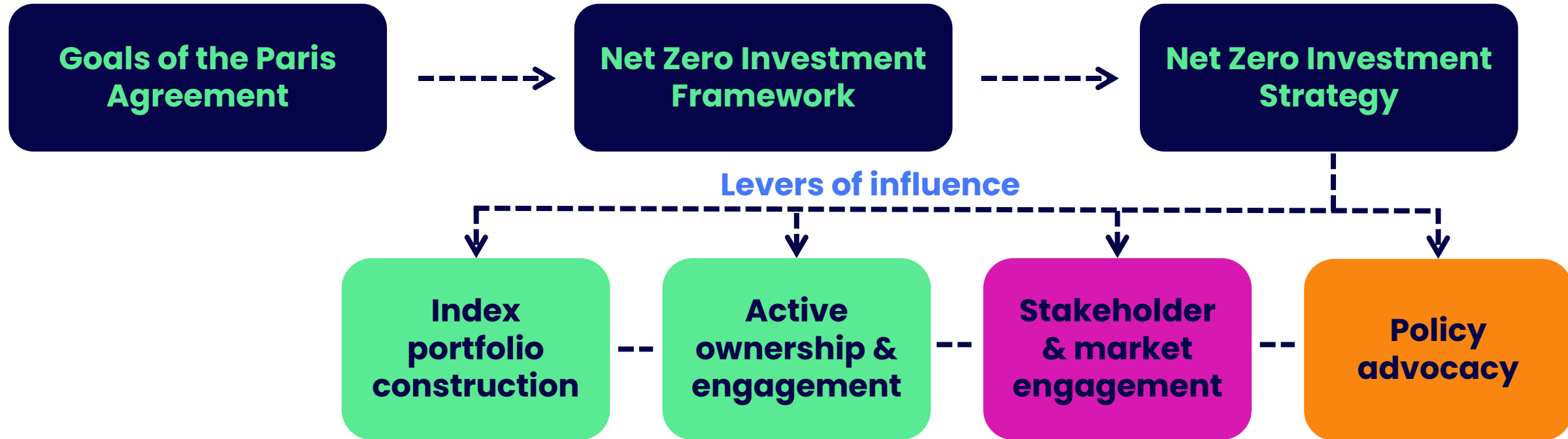
IIGCC's index investing work

- Published **net zero benchmarks paper** in May 2023
- Published **index investing discussion paper** in May 2025
 - Alignment with the Net Zero Investment Framework
 - Asset selection and stewardship: Levers of influence and theory of change
 - Investor expectations
- Index investing work **moving forward**

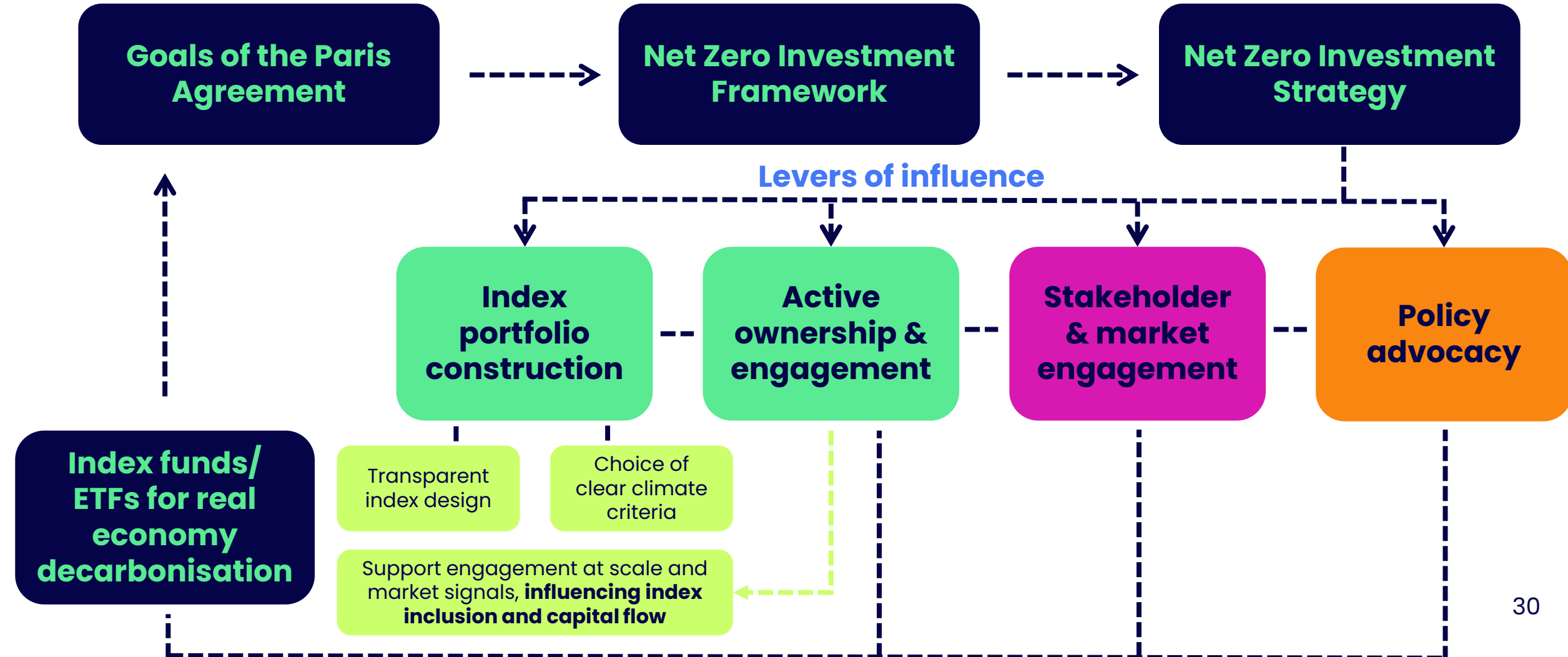


Theory of change: Addressing systemic risks and the climate transition challenge

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Theory of change: Addressing systemic risks and the climate transition challenge



How the 2026 UK Stewardship Code recognises index-based investing **IIGCC**

FRC code highlights

"There has also been a significant move to index-based investing... Signatories will need to consider how to exercise stewardship effectively in these circumstances."

📌 p.5, 2026 Code

"Signatories should use the resources, rights and influence available to them to exercise stewardship, no matter how capital is invested."

📌 p.12, 2026 Code

"Signatories may take a different approach to integrating stewardship and investment depending on whether they are active managers or use indexation..."

📌 p.7, Principle 1 Guidance

"Signatories... may wish to give examples of discussion they have had about their selection of indices..."

📌 p.18, Principle 5 Guidance

Aligned positions in Discussion Paper



Recognition of index investing as a distinct and growing investment approach



Stewardship in and engagement by index funds matters



A nuanced engagement approach needed



Market & stakeholder engagement in index ecosystem is important

Q&A

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Externally Managed Funds

Mariam Awad

Programme Officer, IIGCC

What this guide is about

Who It's For

- Investors **allocating** to third-party managers (pension funds, endowments, family offices).
- Asset owners with limited control or data.
- External managers wanting to show net zero alignment.

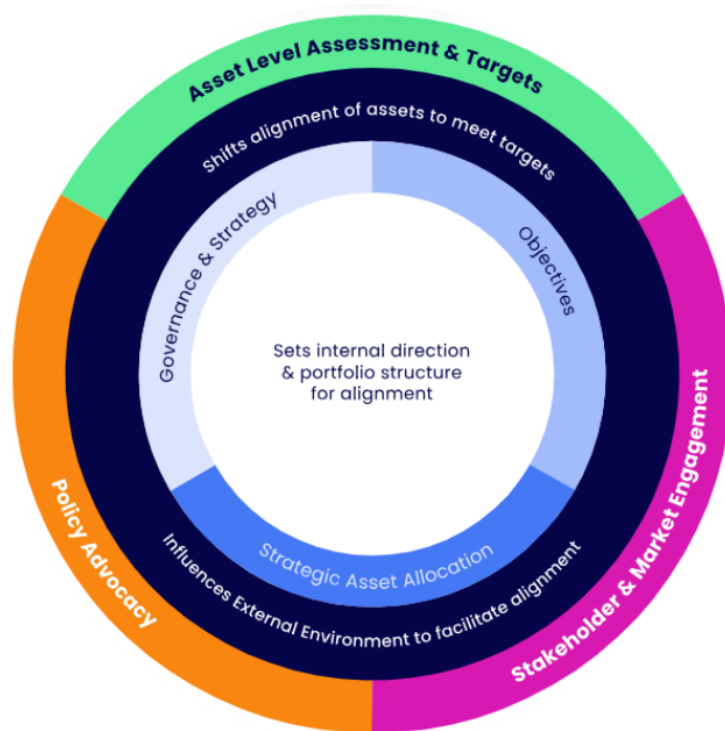
This guidance supports investors assess and improve how externally managed funds contribute to their own internal net zero climate goals, in line with their fiduciary duties to clients and beneficiaries.

Why It Was Created

- Respond to investor need for practical, resource-light guidance
- Address data gaps & complexity in externally managed portfolios
- Enable consistent, adaptable approach for real economy decarbonisation

Addendum to NZIF 2.0 providing a flexible framework to evaluate fund alignment using criteria

New Section Net Zero Investment Framework



Governance & Strategy	Sets ambition towards global net zero emissions, and provide direction and basis for action.
Objectives	Defines anticipated progress in emissions reduction and increasing investment in climate solutions
Strategic Asset Allocation	Defines asset allocation to support an individual investor to achieve net zero alignment goals alongside risk/return objectives.
Fund Level Assessment & Targets	Encourages real economy emission reductions by aligning investments through fund selection and engagement.
Asset Level Assessment & Targets	Encourages real economy emission reductions by aligning investments through asset selection, management and engagement.
Stakeholder & Market Engagement	Encourages investors to make net zero goals; and market actors to provide data, tools and advice that underpin net zero strategies.
Policy Advocacy	Encourages policy environment to support decarbonisation and climate solutions, increasing ability to implement a net zero strategy.

Fund alignment criteria: Definitions and reasoning behind key themes

Criteria and description for externally managed funds	Rationale for clients with climate goals	Underlying concept
Ambition: The fund has a stated objective to identify and manage any identified material climate-related financial risks and opportunities.	Fund objectives should communicate how material risks and opportunities will be managed appropriately	Materiality
Governance: The fund has the needed structures, policies, processes, and resources to pursue its climate objectives.	If risks and opportunities are material, then the fund's governance should seek to ensure relevant accountability for their management.	Accountability
Target(s): The fund has short-medium term target(s) for improving its climate performance, preferably in terms of asset alignment and/or climate solutions.	Intentions to manage material risks and opportunities should be articulated and communicated via targets identifying expected progress.	Intentionality
Decarbonisation plan: The fund has a clear plan for achieving climate objectives and targets.	Targets should be underpinned by a plan detailing how they are to be achieved.	Contribution
Disclosure: The fund is measuring and disclosing progress and actions taken to implement its decarbonisation plan and achieve its target(s).	Progress is not demonstrable unless it is being measured and disclosed (along with actions undertaken).	Transparency
Climate performance: The fund is on track to achieve targets, or the funds' absolute or emissions intensity is at least equal to a net zero pathway.	Managing material financial risks and opportunities requires achieving sufficient progress against targets.	Achievement

Priorities for 2026



Supporting
Implementation
of guidance

- Entity level alignment guidance
- Develop sector specific case studies
- Stewardship guidance for pooled vehicles



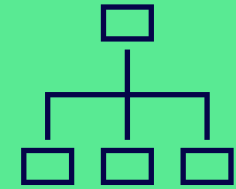
Develop
practical tools
and resources

- Supplementary guidance
- Regulatory label mapping
- Editable templates (e.g. fund alignment tracking)



Explore new
indicators –
Tailor guidance

- Additional Indicators (e.g. improved alignment assessment tools)
- Supporting diverse managers (e.g. Boutiques)



Collaboration
and structure

- Subgroups around key themes
- Cross-workstream engagement (NZIF, RE, PE)

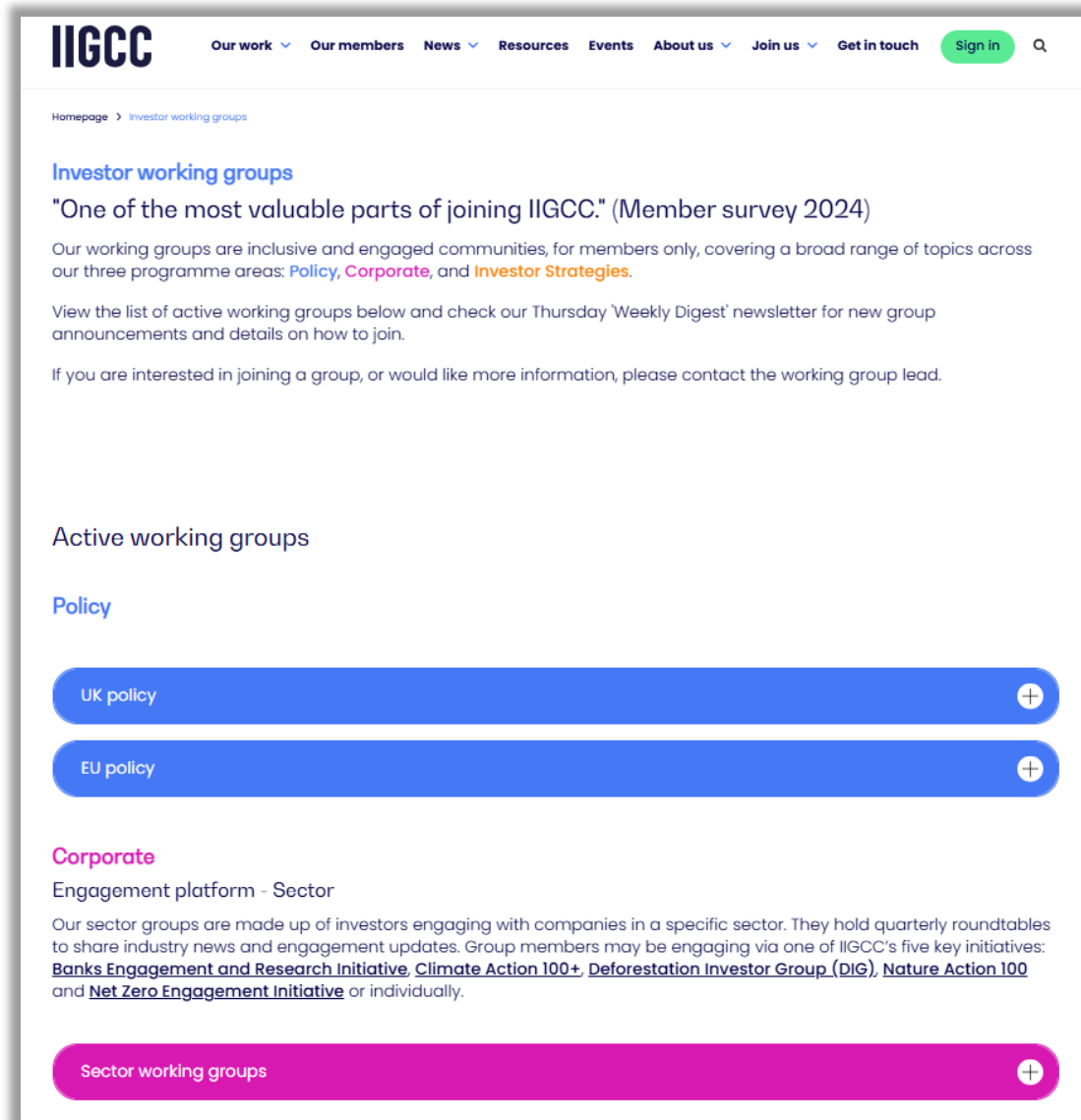
Q&A

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Wrap up



New working group webpage



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Thank you

