



Investor
Group on
Climate
Change



UTS

Institute for
Sustainable
Futures

IGCC Systems Stewardship: Managing Interconnected Climate Risks for Lasting Value

Alison Atherton, Hollie Cheung, Kriti Nagrath, Gordon Noble
16 December 2025

Overview

1. Context

2. Research findings and case studies

3. Recommendations



Investor
Group on
Climate
Change



UTS

Institute for
Sustainable
Futures

Context

Context

- Current wicked problems are deeply interconnected
- New approach moving beyond traditional investment stewardship is needed

What is systems stewardship?

- Also known as systematic, systemic or macro stewardship
- From a company focus to a systems view
- Grounded in systems thinking

Research approach

- Literature review
- Survey
- Interviews





Investor
Group on
Climate
Change



UTS

Institute for
Sustainable
Futures

Research findings & case studies



Research findings

Summary

Systems stewardship is not just compatible with fiduciary duty — it is essential to fulfilling it and delivering stable, long-term market returns.

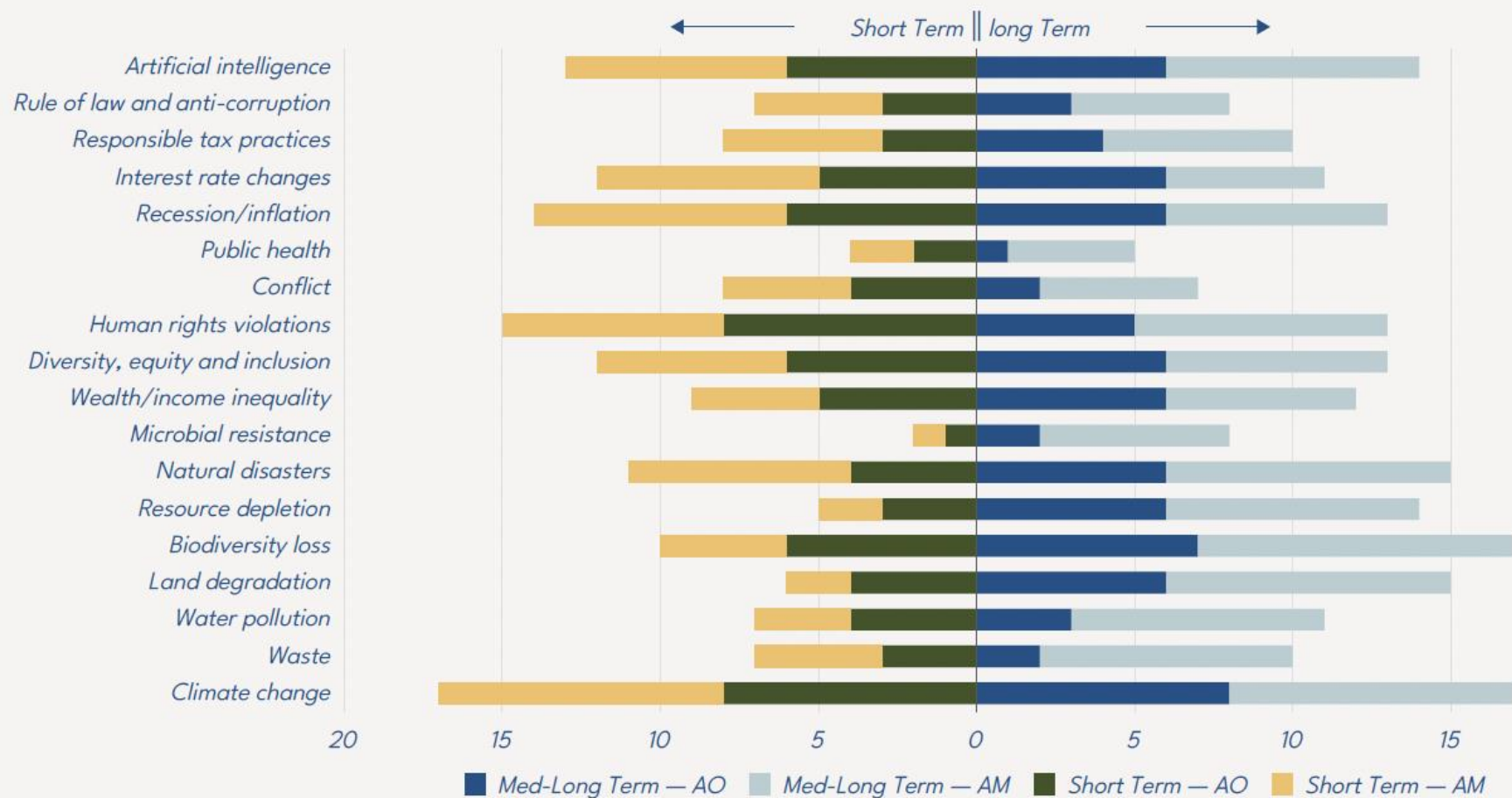
- Systems stewardship is growing, but implementation varies
- Collaboration remains the dominant lever.
- Sector and value chain engagement is emerging.
- Asset owner and asset manager alignment is strengthening.
- Company engagement is evolving.
- Top challenges include resource constraints, regulatory uncertainty, short-term performance pressures.

Integrating system-level risk

- 85% of survey respondents said they apply systems thinking in stewardship
- Most have embedded system-risk in investor belief statements
- Many consider how different risks interact

Key system-level risks

Figure 2: Importance of potential system-level issues to investment outcomes



Nearly all survey respondents consider **system-level risks** as **moderately to very important** to investment outcomes.

Climate change and **human rights** are top concerns in the short, medium and long term.

Figure 3: Organisational system investment and system stewardship practice rating

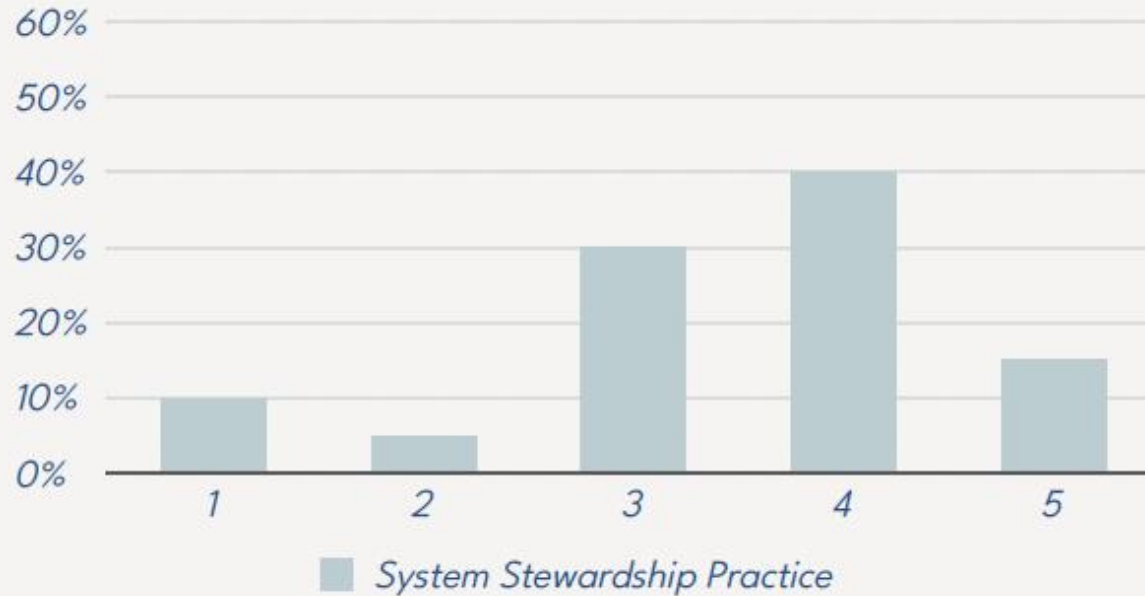


UTS

Institute for
Sustainable
Futures



Investor
Group on
Climate
Change



Systems stewardship is more advanced than system investment practice

“[Systems stewardship] in terms of priorities for the sustainable investment team, is high. For the business, it's middle given we do a big range of things for our clients.”

Key systems stewardship activities



- **Public policy engagement and advocacy** (75%)
- **Collaborative engagement** (90%)
- **Sector or value chain** initiatives (75%)
- Engagement between **asset owners and asset managers**
- Assessing systemic risk through **company engagement** (75%)

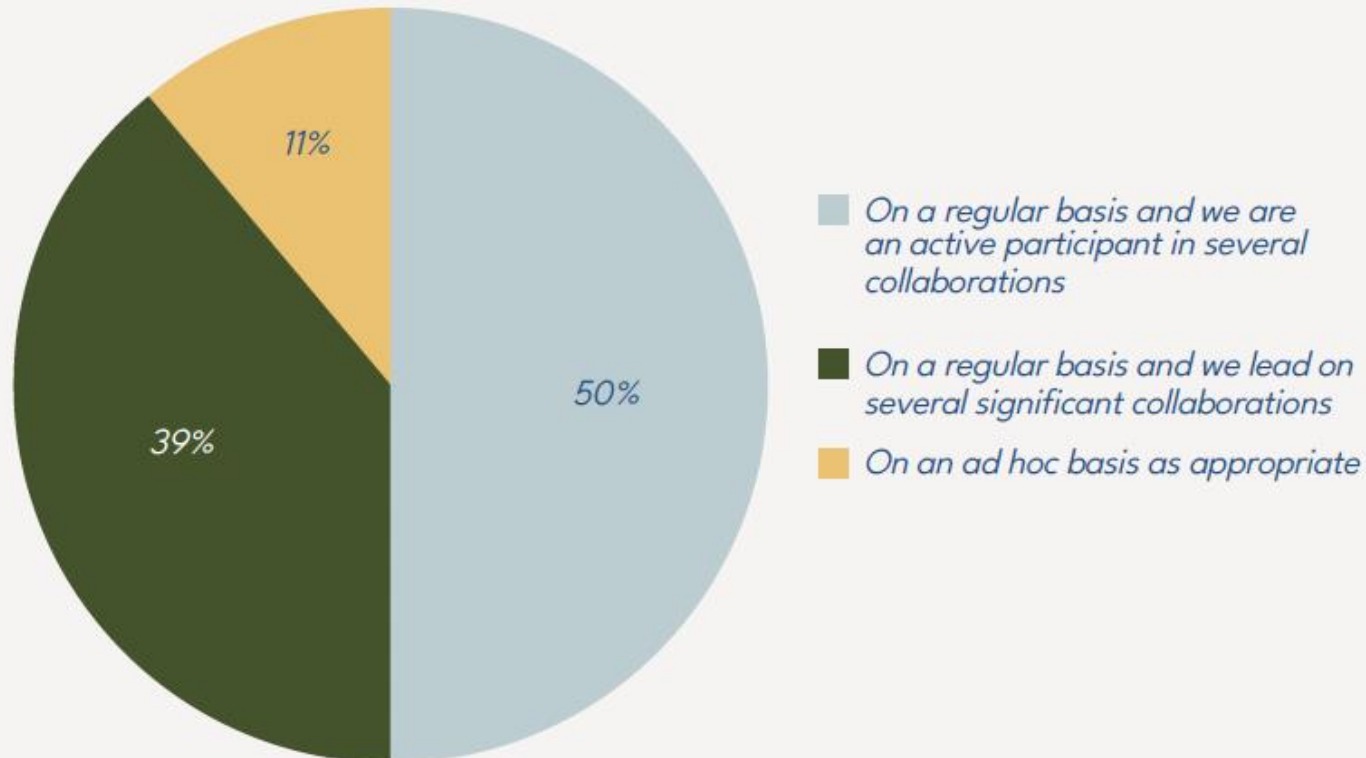


Policy engagement is common but infrequent

- Mostly direct and less public policy engagement
- 93% respond to consultations
- 87% participate in advisory groups
- 80% hold private meetings with policymakers

Collaborative engagement is a dominant lever


Figure 9: Frequency of collaborative engagement



“If you’re trying to achieve change to address the issues challenging the stability of the financial system, there’s no organisation that can solve that on their own ... we see collaboration as absolutely essential”.



Sector and value chain engagement is emerging

- 67% engage in sector-focused collaborative initiatives
 - Engagement in value chain stewardship is growing
- 



Investor Mining and Tailings Safety Initiative

Case study

- 2019 Brumadinho, Brazil mine waste disaster
- IMTSI co-founded by the Church of England Pensions Board and Sweden's Council on Ethics
- Coalition US\$25 trillion AUM
- Roundtables, industry standard
- Now half the mining sector is/will implement the standard

Asset owners and asset manager alignment is developing

AMs and AOs have a dual responsibility in incorporating systems stewardship.



“We are increasingly thinking about how we engage our external managers to progress our [stewardship] objectives”.

Asset owners



“If [systems stewardship] can at least be explicit in mandates that it is an expected activity, that is a very helpful lever. That clarity from owners to managers is really useful”.

Asset managers

Company engagement is evolving

- 72% focus on company lobbying
- Over half collaborate with competitors to raise industry standards
- Half address system-level risks in supply chains and consider the impact of policy measures

Church of England Pensions Board

Case study

- £3.4 billion in AUM serving 44,000 people
- Commitment to ethical, long-term investing guided by ethical policies
- Tackling systemic challenges is explicit in its ethical investment policy
- Co-founded and lead: Investor Mining and Tailings Safety Initiative, Transition Pathway Initiative



THE CHURCH
OF ENGLAND
PENSIONS BOARD



Challenges

1. Limited resources and skills

“Stewardship is completely under-resourced across the industry.”



UTS

Institute for
Sustainable
Futures



Investor
Group on
Climate
Change

Challenges

2. Misalignment within and between organisations

“Marshalling that big broad coalition with very different aims, very different reporting, very different investment styles and very different levers they choose to use—that’s your first challenge.”



Challenges

3. Short-termism

Short-termism “*is an endemic problem*” in the financial system — for investors, government and companies.

Challenges

4. Regulatory barriers (competition law, fiduciary duty)

“My concern is that these regulatory barriers are overstated”.

“We probably do need regulatory assurance that is far clearer on what is accepted on matters you can collaborate on...”

Challenges

5. Lack of common metrics and incentives

- No universal quantification of system-level risks
- Robust, standardised metrics missing
- New approaches needed



UTS

Institute for
Sustainable
Futures



Investor
Group on
Climate
Change

Challenges

6. Inconsistent terminology

- Challenging to align expectations, report and communicate
- Shared language to reduce confusion and improve alignment



Investor
Group on
Climate
Change



UTS

Institute for
Sustainable
Futures

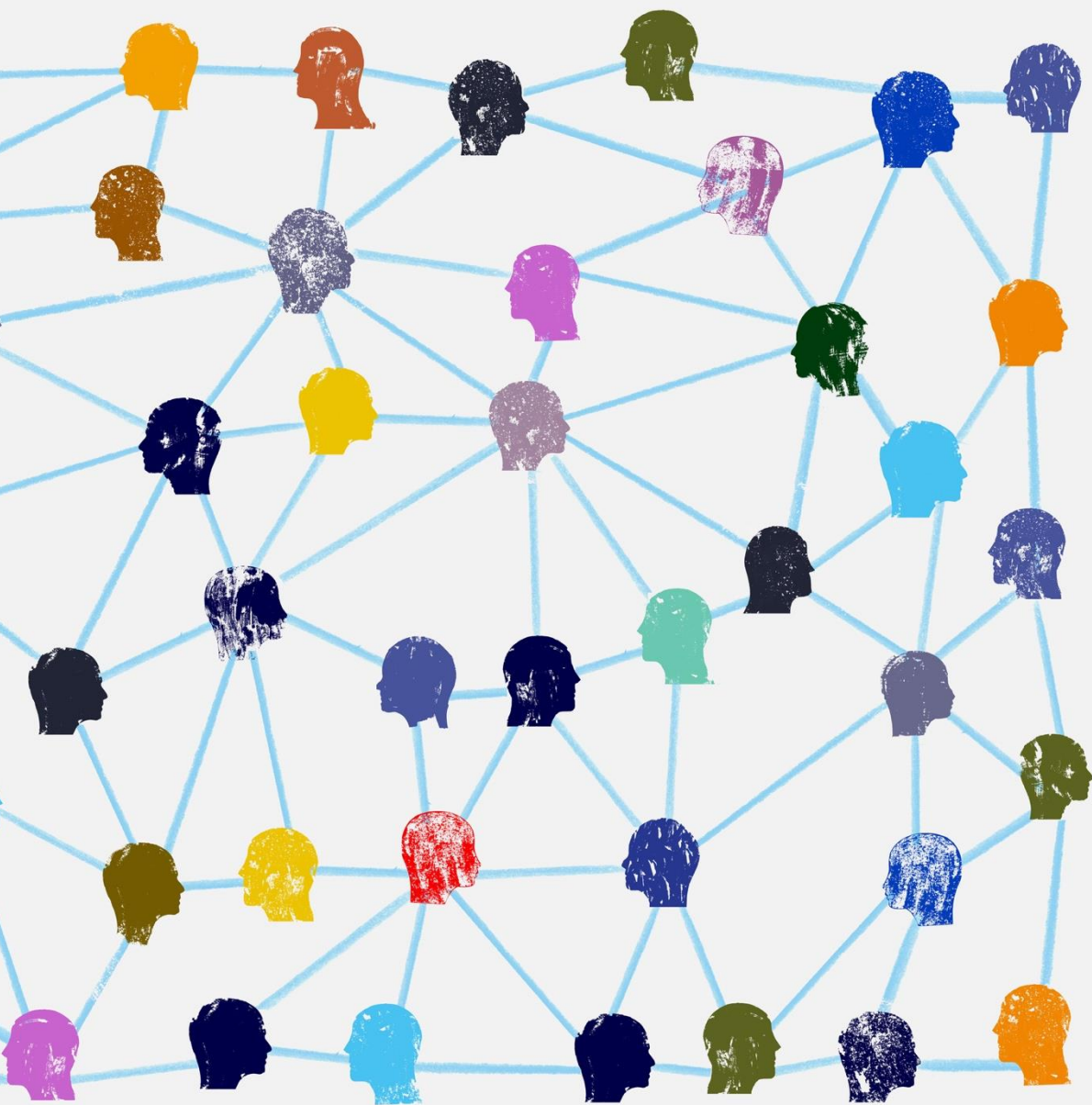
Recommendations

Recommendations

Summary



1. Enhance collaborative engagement to amplify impact.
2. Clarify regulatory guidance to provide certainty.
3. Align language, incentives and metrics to assess and reward outcomes.
4. Foster a culture of systems stewardship to embed practice.
5. Build sector-wide capacity to drive change.
6. Signal expectations through mandates to support goal alignment.



1. Enhance collaborative engagement to amplify impact

For investors in collaborative initiatives:

- Dedicate time and resources
- Align internally
- Consider value chain/sectoral initiatives

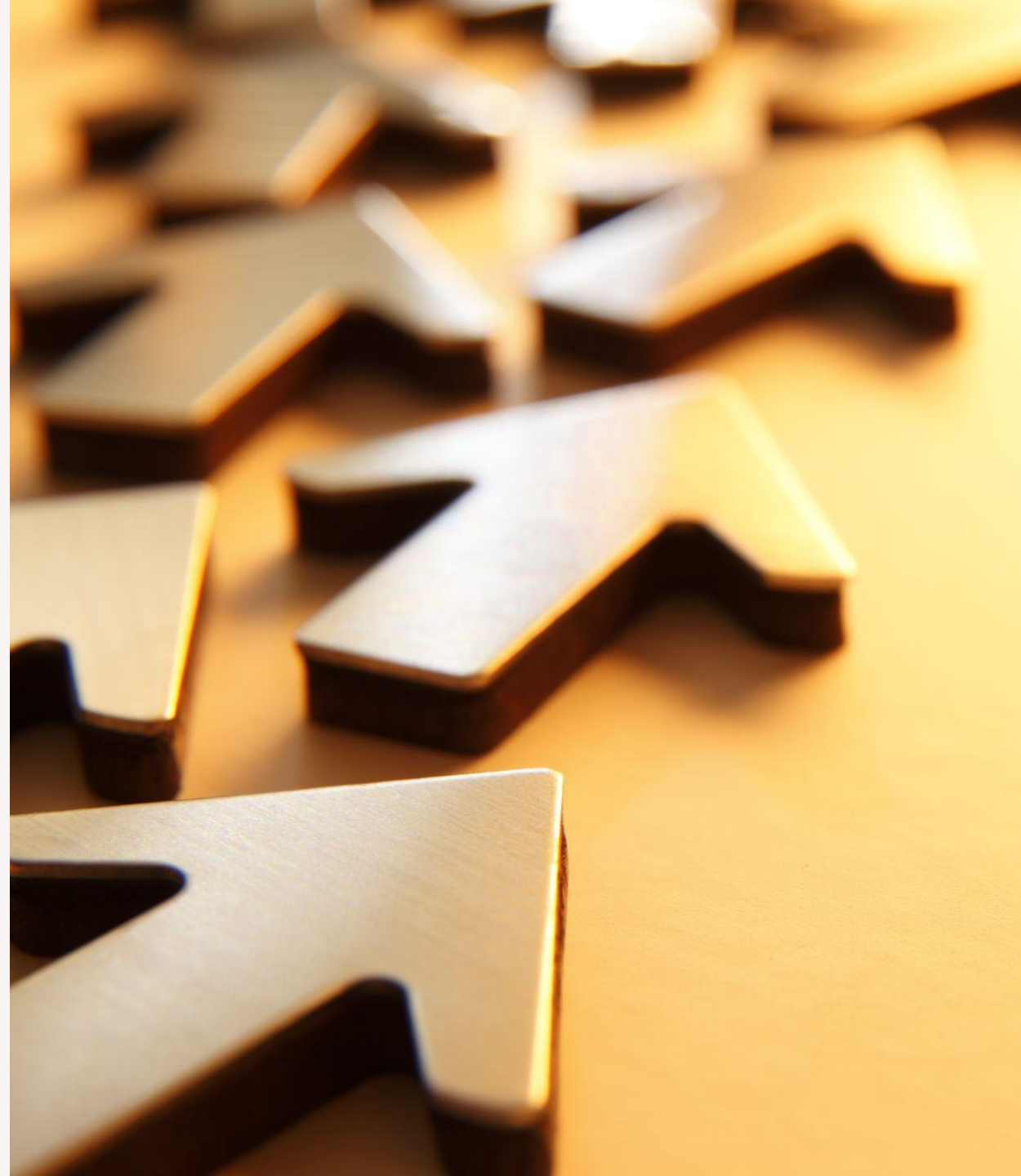
For the investor community:

- Build collaboration capacity
- Develop a collaboration toolkit

2. Clarify regulatory guidance to provide clarity

For regulators:

- Review RG 128 Collective Action by Investors
- Clarify BFID should take a broader, longer-term view



3. Align language, incentives and metrics to assess and reward outcomes

For the investor community:

Undertake a joint initiative to:

- Define shared language
- Measure what matters



4. Foster a culture of systems stewardship to embed practice

For investors:

- Raise awareness in your organisation
- Embed systems stewardship into core functions
- Emphasise the importance of long-term beta level returns



5. Build sector-wide capacity to drive change.

For investors/ the investor community:

Strengthen capability in 5 key areas:

- ESG and system-level risk awareness
- Systems thinking literacy
- Targeting effective levers
- Understanding beta level risk
- Building skills in collaborative engagement and policy advocacy

6. Signal expectations through mandates to support goal alignment

For investors:

- Review alignment
- Embed stewardship in mandates
- Communicate commercial value





Investor
Group on
Climate
Change



UTS

Institute for
Sustainable
Futures

Contact

+61 2 8974 1160

[Email](#)

[Website](#)

[Linkedin](#)

Disclaimer and Copyright

This information is provided for general purposes only and must not be construed to imply any recommendation or opinion about any financial product or service. The information provided is given in good faith and is believed to be accurate at the time of compilation. Neither IGCC or AIGCC accepts liability of any kind to any person who relies on this information. Neither IGCC, its directors, employees or contractors make any representation or warranty as to the accuracy, reliability, timeliness or completeness of the information. To the extent permissible by law, IGCC and its directors, employees

and contractors disclaim all liability for any error, omission, loss or damage (whether direct, indirect, consequential or otherwise) arising out of or in connection with the use of this information. IGCC is a founding partner of Climate Action 100+. Climate Action 100+ does not require or seek collective decision-making or action with respect to acquiring, holding, disposing and/or voting of securities. Signatories are independent fiduciaries responsible for their own investment and voting decisions
© 2024 Investor Group on Climate Change (ABN 15 519 534 459).