CLIMATE TRANSPARENCY REPORT 2020

Cameron Hume Limited

Principles for Responsible Investment

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-F09B2D09-2ADD-4FC9-8900-FA7DFBF479D3/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as "private". Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the PRI website and on the Data Portal.

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Private				
SG 14.2	✓	Private				
SG 14.3	✓	Private				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Private				
SG 15.2	-	Private				
SG 15.3	-	Private				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	Cameron Hume Limited
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US$ 0.1 - 0.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2015
Region	Europe
Country	United Kingdom
Disclosure of Voluntary Indicators	90% from 38 Voluntary indicators

Cameron Hume Limited

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General

SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

◉ Yes

	Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

We use the definitions set out in the TCFD final recommendations document in section B, Climate-Related Risks, Opportunities and Financial Impacts to inform our efforts to identify transition and physical climate-related risks.

Transition risks arise from the requirement to adapt business models, processes and technologies to circumstances in which global emissions are reduced to net zero. Examples include: execution risk, in which the scale of the adaptation exceeds the capacity of management; policy risk, in which government polices force the pace of change, undermining business models, competitive positions and increasing execution risk; innovation risk, in which incumbents competitive position is undermined through loss of reputation, by substitution as consumer switch to alternative products or services and by technology, which may undercut established business process or reduce barriers to entry.

Physical risks arise from the direct consequences of climate changes. In the long run (chronic physical risk) rising temperatures and sea levels may imperil certain locations or reduce demand in certain geographies or reduce the supply of commodities, services or labour. In the short run (acute physical risk) may lead to the interruption of supply chains or the loss of facilities from storms or inundations.

We have adapted traditional risk management practices to incorporate climate-related risks into our investment strategies. The gross risk is a function of the scale of losses given an event and the probability of that event. The net risk is the risk after mitigation, which may either reduce the scale of losses or the probability of the event. There are both 'top-down' and 'bottom-up' aspects to these risks. 'Top-down' risks measure portfolios' aggregate exposure to particular scenarios. To do this requires comprehensive measures of both the portfolio and its comparative universe and such data is limited. Our approach has been to use data from third-parties to measure the relative materiality of climate risks for portfolio and its benchmark. We can use data from the UN, MSCI, the Transition Pathway Initiative and The Science Based Target initiative for these purposes, as well as our own judgement. The 'bottom up' aspects are how particular issuers choose to adapt and we will be concerned how actively management engage with the topic, perceptions of their competence and capacity and how they will choose to finance their adaption strategy. These comparisons again require an assessment of an issuer relative to peers and data and disclosures are limited. We can again use MSCI, the Transition Pathway Initiative and The Science Based Target initiative for these purposes, as well as our own judgement.

Finally, we have developed our reporting and compliance suite so that we can implement and report climate-specific policies for our clients.

○ No

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

◉ Yes

	Describe the associated timescales linked to these risks and opportunities.

In our view transition risk is current and stems from the actions that management take, and fail to take, as well as from the possibility of future coordinated, and unilateral, policy actions by governments. A critical element in the assessment of transition risk is the possibility of market's anticipating these actions and how issuers' might respond to these market signals. From the perspective of a bond investor, weak share prices may encourage management to sacrifice credit quality to maintain dividends or to avoid having to issue equity.

Acute physical risk is also a current and increasing risk. However, our view is that other than for certain insurance and reinsurance companies, these risks are diversifiable and not a material source of whole portfolio risk. Insurance companies and reinsurance companies are clearly directly exposed to these risks, but as this is their business we would expect that aggregate pricing of such risks would incorporate the best current assessment. We can therefore monitor results, capital position, reserving and business growth to reveal the extent to which companies are aggressively pursuing risky business.

Chronic physical risks may give rise to weak asset prices or make certain locations or geographies uninsurable. So, although the physical effects of climate change may take some years to manifest, we expect that we will start to see these manifest in greater loan losses - as owners abandon property that is too expensive to defend or uninsurable - disappointing asset performance in some asset portfolios, and increasing self- insurance.

○ No

SG 01.8 CC	Indicate whether the organisation publicly supports the TCFD?

◉ Yes

○ No

SG 01.9 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

◉ Yes

	Describe

We are a small company and we outsource a great deal of operational services to considerably larger businesses. Our corporate strategy has been to develop an investment approach that integrates consideration of climate risk and to engage with our clients on how we can meaningfully implement climate policies on their behalf. It is our belief that this the primary way in which we can manage the climate - related risks and opportunities that we face.

During 2020, our strategy will extend to considering the climate-related risks we face as a firm.

○ No

SG 1.10 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

☐ Public PRI Climate Transparency Report

☐ Annual financial filings

☐ Regular client reporting

☐ Member communications

☐ Other

☑ We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General

SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

☑ Oversight/accountability for climate-related issues

☐ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

☑ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

Other Chief-level staff or heads of departments

☑ Oversight/accountability for climate-related issues

☐ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

Portfolio managers

☑ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

Investment analysts

☑ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

	External managers or service providers

☐ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

SG 07.6 CC	For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

The firm has a formal governance structure in which the board sets the responsible investing policy of the firm, including the policy in respect of climate-related matters. The board also delegates authority to the investment committee of the firm. The CIO of the firm is a board member and is the firm's thought leader on climate: he has been intimately involved in creating the firm's polciy and approach to incorporating climate issues in the investment process, and has contributed significant thought-leadership in this repsect.

SG 07.7 CC	For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

The Head of Analysis has developed the firms analytical tools to incorporate climate data, to support the firm's approach to integrating climate factors into the investment process.

Our approach has been to use data from third-parties to measure the relative materiality of climate risks for portfolio and its benchmark. We can use data from the UN, MSCI, the Transition Pathway Initiative and The Science Based Target initiative for these purposes, as well as our own judgement.

This approach to climate has been disseminated to the whole investment team through the investment committee. Each team member is competent to use the firm's approach to inegrating climate-related issues into the investment process.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1

SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

☐ Yes, in order to assess future ESG factors

☑ Yes, in order to assess future climate-related risks and opportunities

	Describe

We have adapted traditional risk management practices to incorporate climate-related risks into our investment strategies. The gross risk is a function of the scale of losses given an event and the probability of that event. The net risk is the risk after mitigation, which may either reduce the scale of

☐ No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

	We do the following

☐ Allocation between asset classes

☑ Determining fixed income duration

☑ Allocation of assets between geographic markets

☑ Sector weightings

☐ Other, specify

☐ We do not consider ESG issues in strategic asset allocation

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General

SG 13.4 CC	Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

☐ Initial assessment

☑ Incorporation into investment analysis

	Describe

We have adapted traditional risk management practices to incorporate climate-related risks into our investment strategies. The gross risk is a function of the scale of losses given an event and the probability of that event. The net risk is the risk after mitigation, which may either reduce the scale of losses or the probability of the event. There are both 'top-down' and 'bottom-up' aspects to these risks. 'Top-down' risks measure portfolios' aggregate exposure to particular scenarios. To do this requires comprehensive measures of both the portfolio and its comparative universe and such data is limited. Our approach has been to use data from third-parties to measure the relative materiality of climate risks for portfolio and its benchmark. We can use data from the UN, MSCI, the Transition Pathway Initiative and The Science Based Target initiative for these purposes, as well as our own judgement. The 'bottom up' aspects are how particular issuers choose to adapt and we will be concerned how actively management engage with the topic, perceptions of their competence and capacity and how they will choose to finance their adaption strategy. These comparisons again require an assessment of an issuer relative to peers and data and disclosures are limited. We can again use MSCI, the Transition Pathway Initiative and The Science Based Target initiative for these purposes, as well as our own judgement.

☐ Inform active ownership

☐ Other

SG 13.5 CC	Indicate who uses this analysis.

☑ Board members, trustees, C-level roles, Investment Committee

☑ Portfolio managers

☐ Dedicated responsible investment staff

☐ External managers

☐ Investment consultants/actuaries

☐ Other

SG 13.6 CC	Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

◉ Yes

	Describe

We have adapted traditional risk management practices to incorporate climate-related risks into our investment strategies. The gross risk is a function of the scale of losses given an event and the probability of that event. The net risk is the risk after mitigation, which may either reduce the scale of losses or the probability of the event. There are both 'top-down' and 'bottom-up' aspects to these risks. 'Top-down' risks measure portfolios' aggregate exposure to particular scenarios. To do this requires comprehensive measures of both the portfolio and its comparative universe and such data is limited. Our approach has been to use data from third-parties to measure the relative materiality of climate risks for portfolio and its benchmark. We can use data from the UN, MSCI, the Transition Pathway Initiative and The Science Based Target initiative for these purposes, as well as our own judgement. The 'bottom up' aspects are how particular issuers choose to adapt and we will be concerned how actively management engage with the topic, perceptions of their competence and capacity and how they will choose to finance their adaption strategy. These comparisons again require an assessment of an issuer relative to peers and data and disclosures are limited. We can again use MSCI, the Transition Pathway Initiative and The Science Based Target initiative for these purposes, as well as our own judgement.

○ No

SG 13.7 CC	Indicate whether a range of climate scenarios is used.

☑ Analysis based on a 2°C or lower scenario

☑ Analysis based on an abrupt transition, consistent with the Inevitable Policy Response

☑ Analysis based on a 4°C or higher scenario

☐ No, a range is not used

SG 13.8 CC	Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	☐ Beyond 2 Degrees Scenario (B2DS)	
IEA	☐ Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	☐ Sustainable Development Scenario (SDS)	
IEA	☐ New Policy Scenario (NPS)	
IEA	☐ Current Policy Scenario (CPS)	
IRENA	☐ RE Map	
Greenpeace	☐ Advanced Energy [R]evolution	
Institute for Sustainable Development	☐ Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	☐ BNEF reference scenario	
IPCC	☑ Representative Concentration Pathway (RCP) 8.5	
IPCC	☑ RPC 6	
IPCC	☑ RPC 4.5	
IPCC	☑ RPC 2.6	
Other	☑ Other (1)	Other (1) please specify: Climate Action
Other	☐ Other (2)	
Other	☐ Other (3)	

SG 14 CC	Voluntary	Public		General

SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Exposure to carbon-related assets	☑ All assets ☐ Majority of assets ☐ Minority of assets	Measure the exposure of issuers to carbon risks, and the effectiveness of their management responses	MSCI ratings Transition Pathway Initiative progress	MSCI data Transition Pathways Initiative Science Based Targets
Other emissions metrics	☑ All assets ☐ Majority of assets ☐ Minority of assets	Measure the exposure of issuers to other emissions risks and the effectiveness of their management responses	MSCI ESG ratings Transition Pathways Initiative progress	MSCI Transition Pathway Initiative Science Based Targets UN data

SG 14.8 CC	Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

◉ Processes for climate-related risks are integrated into overall risk management

	Please describe

We have adapted traditional risk management practices to incorporate climate-related risks into our investment strategies. The gross risk is a function of the scale of losses given an event and the probability of that event. The net risk is the risk after mitigation, which may either reduce the scale of losses or the probability of the event. There are both 'top-down' and 'bottom-up' aspects to these risks. 'Top-down' risks measure portfolios' aggregate exposure to particular scenarios. To do this requires comprehensive measures of both the portfolio and its comparative universe and such data is limited. Our approach has been to use data from third-parties to measure the relative materiality of climate risks for portfolio and its benchmark. We can use data from the UN, MSCI, the Transition Pathway Initiative and The Science Based Target initiative for these purposes, as well as our own judgement. The 'bottom up' aspects are how particular issuers choose to adapt and we will be concerned how actively management engage with the topic, perceptions of their competence and capacity and how they will choose to finance their adaption strategy. These comparisons again require an assessment of an issuer relative to peers and data and disclosures are limited. We can again use MSCI, the Transition Pathway Initiative and The Science Based Target initiative for these purposes, as well as our own judgement.

Finally, we have developed our reporting and compliance suite so that we can implement and report climate-specific policies for our clients.

○ Processes for climate-related risks are not integrated into overall risk management

SG 14.9 CC	Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

○ Yes

○ No, we do not undertake active ownership activities.

◉ No, we do not undertake active ownership activities to encourage TCFD adoption.