



# CLIMATE TRANSPARENCY REPORT 2019

Church Commissioners for England

# 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 2019 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here ([https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-F5B817FF-AFB6-4D0C-BA1C-BEC97473D5DD/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C\\*complete\\*%7C\\*public\\*/Merged/](https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-F5B817FF-AFB6-4D0C-BA1C-BEC97473D5DD/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/)). 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 2019 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 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
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 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	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	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	✓	Public				
SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

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

<b>Name</b>	Church Commissioners for England
<b>Signatory Category</b>	Endowment
<b>Signatory Type</b>	Asset Owner
<b>Size</b>	US\$ 10 - 29.99 billion AUM
<b>Main Asset Class</b>	Multi-Asset
<b>Signed PRI Initiative</b>	2014
<b>Region</b>	Europe
<b>Country</b>	United Kingdom
<b>Disclosure of Voluntary Indicators</b>	38% from 38 Voluntary indicators

# Church Commissioners for England

## 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.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Other, specify (1) <b>Pooled Funds Policy</b> <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.3**

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

The Church Commissioners' overarching investment objectives are to:

- manage the fund to ensure sustainable distributions for our beneficiaries
- achieve a total return of RPI +5% per annum measured over the long term
- meet performance benchmarks for individual asset classes
- manage financial risks appropriately
- act within our responsible investment guidelines

The Commissioners' investment policy is to hold a diversified portfolio of investments across a broad range of asset classes consistent with our ethical guidelines.

Two key documents govern the Church Commissioners' ethical and responsible investment policy:

- A Statement of Ethical Investment Policy setting out the exclusions we apply, our ethical expectations of companies in which we invest and our commitment to engagement.
- A Responsible Investment (RI) Framework setting out our RI commitments for our internally managed assets and our RI expectations of our managers for our externally managed assets.

We have individual ethical policies covering a large number of environmental, social & governance issues from a screening, engagement and/or voting perspective.

This makes for a comprehensive framework through which we invest for the long-term as a perpetual endowment, seek to avoid negative impact and enhance positive impact from our investments, and seek to incorporate material ESG issues into investment practice.

**SG 01.5**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Our motivations for pursuing Responsible Investment are both ethical and financial.

**Ethical Investment**

The Church Commissioners' Statement of Ethical Investment Policy sets out our belief that the way in which we invest forms an integral part of the Church of England's witness and mission. It acknowledges our stewardship responsibilities on behalf of our beneficiaries, and states our commitment to the UK Stewardship Code, PRI and the incorporation of ESG issues into our investment decisions and active ownership.

The policy explains that we incorporate ethical exclusions because we do not wish directly to profit from, or provide capital to, activities that are materially inconsistent with Christian values, and are mindful of the



danger of undermining the credibility, effectiveness and unity of the Church's witness were we to do so. The policy explains that we conduct engagement activities because we wish companies in which we invest to manifest sustainable environmental practice, fair treatment of customers and suppliers, responsible employment practices, conscientiousness with regard to human rights, sensitivity towards the communities in which they operate and best corporate governance practice.

The policy sets out the governance arrangements for ethical investment policy - that the Commissioners receive advice on ethical investment from the Church's Ethical Investment Advisory Group (EIAG) but that legal responsibility for investment decisions rests solely with the Commissioners. Ethical investment policies are adopted by the Commissioners' Board of Governors.

The Commissioners have had an ethical policy since our foundation in 1948. The policy is constantly refreshed and updated. The Statement of Ethical Investment Policy was last amended in 2018. We are committed to an ethical approach across the entirety of our fund but this cannot be done in just one way across such a large and diversified portfolio. We follow asset class/strategy-specific policy guidance on how to integrate ethical considerations in property, hedge funds and pooled funds. We have issue specific policies covering climate change, extractive industries, defence, non-military firearms, gambling, alcohol, pornography, high interest rate lending, genetic modification, executive remuneration and corporate tax.

### **Responsible Investment**

The Commissioners' Responsible Investment (RI) Framework states that the Church Commissioners believe that taking account of ESG issues is an intrinsic part of being a good investor and that we hold this belief for both ethical and financial reasons. Ethically, we think that investors who take account of ESG issues will be better aligned with the broader objectives of society and better corporate citizens. Financially, our experience is that when ESG issues are well managed they can have a good impact on the performance of investments, particularly over the longer term. The Framework states our commitment to the incorporation of material ESG issues into investment analysis and decision-making across all asset classes.

The Framework sets out RI commitments for internally managed assets and RI expectations of managers for externally managed assets. The Framework includes a manager rating system which enables us to categorise managers or prospective managers according to the quality of their RI practices. It also sets out a wide range of indicative ESG issues - from climate change to human rights to diversity - which we expect to incorporate or see incorporated into investment analysis and active ownership when they are material.

The Framework makes clear that adherence to, and implementation of, the Framework is everyone's responsibility in the investment function and that individual investment teams lead on ESG incorporation and active ownership for the area of investments for which they are responsible. The role of the Head of Responsible Investment is to support, monitor and communicate implementation of this policy.

The Framework was approved at trustee level by the Commissioners' Assets Committee in July 2015 and last considered by the Assets Committee at the annual update on RI progress in November 2018.

### **Climate change and public policy**

The Church Commissioners' Board of Governors adopted a new, comprehensive climate change policy in 2015, incorporating exclusions of companies focused on the highest carbon fossil fuels, low carbon investment, engagement with companies and engagement with public policy.

Our public policy objective on climate change is to promote a fair and stable regulatory and structural environment, nationally and internationally, that supports the transition to a low carbon economy, including through greenhouse gas emissions reductions, adaptation to the physical impacts of climate change, appropriate protection for the natural environment, and just and affordable access to energy for the poor. Our public policy engagement on climate change is normally done collaboratively through IIGCC and UKSIF.

In the UK, as the largest investing body of the national church, we also seek actively to input to broader public policy on ESG issues, responding for example to Financial Reporting Council consultations on the Corporate Governance Code and Stewardship Code. We advocate policy that will promote ethical outcomes for society and a sustainable economy, both of which we believe are in the long-term interests of investors.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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<b>SG 01.6 CC</b>	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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The principal climate-related risk for the Commissioners is transition risk - the risk that our asset allocation, our asset managers or individual investment assets will be poorly positioned for the investment risks and opportunities associated with the transition to a low carbon economy.

The other risk is physical risk - the risk that our assets are impacted by the physical risks associated with climate change, such as flooding, fire and extreme weather events, particularly our property, rural and forest assets.

We face significant uncertainties around the direction of public policy, developments in technology and its uptake, and the nature and severity of the physical impacts of climate change. The most significant challenge for investment decision-making is that global public policy is not aligned with the target of the Paris Agreement to restrict the global average temperature rise to well below 2 degrees Celsius. Although it is intended that governments will ratchet up their commitments to emissions reduction - their 'Nationally Determined Contributions' - it is not clear that governments will do this, or will do so in time. Governments may also not live up to, or may renege upon, the commitments they have made.

In the long term the biggest risk to the Commissioners is that the global average temperature rise is not restricted to well below 2 degrees Celsius causing economic damage that it will not be possible to avoid via asset allocation or investment selection.

<b>SG 01.7 CC</b>	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

<b>SG 01.8 CC</b>	Indicate the associated timescales linked to these risks and opportunities.
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The Mercer study 'Investing in a Time of Climate Change' in which we participated in 2015 focused on the period 2015-2050 and modelled the risks and opportunities associated with 2, 3 and 4 degree climate scenarios through to 2050.

The study concluded that prior to 2050 transition risks and opportunities are more apparent than physical risks, and that they vary principally according to the strength of public policy on the mitigation of climate change. The study concluded that the physical impacts of climate change become most apparent post 2050.

Mercer are, however, currently updating their analysis taking account of developments since 2015, including in climate science, and we are conscious that their conclusions may change.

No

<b>SG 01.9 CC</b>	Indicate whether the organisation publicly supports the TCFD?
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Yes

No

<b>SG 01.10 CC</b>	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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Yes

	Describe
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The Church Commissioners adopted a new, comprehensive climate change policy in 2015, incorporating exclusions of companies focused on the highest carbon fossil fuels (thermal coal and oil sands), low carbon investment, engagement with companies, divestment from companies that, after engagement, are not taking their climate responsibilities seriously, and engagement with public policy.

In 2017 the Church of England national investing bodies co-founded the Transition Pathway Initiative (TPI) together with the Environment Agency Pension Fund and the Grantham Research Institute at the London School of Economics. TPI is an online tool that tracks alignment with the transition to a low carbon economy of companies in key sectors for carbon emissions. It assesses both companies' management quality on climate change (using FTSE Russell data) and their future carbon performance against the demands of the Paris goals and the Nationally Determined Contributions of parties to the Paris Agreement (using a sectoral decarbonisation approach). The Commissioners use TPI to identify engagement targets and issues.

The Commissioners are active participants in Climate Action 100+, a collaborative engagement initiative backed by investors with more than \$32 trillion in assets which asks companies to institute effective climate governance, commit to emissions reductions across their value chain consistent with the Paris goal to restrict the average global temperature rise to well below 2 degrees Celsius, and disclose on climate-related financial risk in line with the recommendations of the TCFD.

Our public policy objective on climate change is to promote a fair and stable regulatory and structural environment, nationally and internationally, that supports the transition to a low carbon economy, including through greenhouse gas emissions reductions, adaptation to the physical impacts of climate change, appropriate protection for the natural environment, and just and affordable access to energy for the poor. Our public policy engagement on climate change is normally done collaboratively through IIGCC and UKSIF.

No

<b>SG 1.12 CC</b>	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

	specify
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Website

<b>SG 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
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- URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2017-11/Responsible%20Investment%20Framework.pdf}

Attachment (will be made public)

Formalised guidelines on environmental factors

URL/Attachment

URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2017-11/Climate%20Change%20Policy%20.pdf}

Attachment (will be made public)

Attachment

[File 1:Genetically modified organisms policy.pdf](#)

[File 2:Environmental Statement.pdf](#)

Formalised guidelines on social factors

URL/Attachment

URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2017-11/Supply%20Chain%20Engagement%20Framework\_0.pdf}

Attachment (will be made public)

Attachment

[File 1:Pornography Policy.pdf](#)

[File 2:Non-Military Firearms Policy.pdf](#)

[File 3:High Interest Lending Policy.pdf](#)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2017-11/Executive%20Remuneration%20Policy\_0.pdf}

Attachment (will be made public)

Attachment

[File 1:Corporate tax ethics 2013.pdf](#)

Fiduciary (or equivalent) duties

URL/Attachment

URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2019-01/Statement%20of%20Ethical%20Investment%20Policy%20-%20October%202018%5B1%5D.pdf}

Attachment (will be made public)

Asset class-specific RI guidelines

URL/Attachment

URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2017-11/Property%20Investments%20Policy.pdf}

Attachment (will be made public)

Sector specific RI guidelines

URL/Attachment

URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2018-03/Extractive%20Industries%20Policy%20and%20Advice.pdf}

Attachment (will be made public)

Attachment

[File 1:Gambling Policy.pdf](#)

[File 2:Defence Investments Policy.pdf](#)

[File 3:Alcohol Policy.pdf](#)

Screening / exclusions policy

URL/Attachment

URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2019-01/Statement%20of%20Ethical%20Investment%20Policy%20-%20October%202018%5B1%5D.pdf}

Attachment (will be made public)

Engagement policy

URL/Attachment

URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2018-03/Business%20and%20Engagement%202017.pdf}

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

{hyperlink:https://churchinvestorsgroup.org.uk/wp-content/uploads/public/CIG-2019-Voting-Guidelines.pdf}

Attachment (will be made public)

Other, specify (1)

Other, specify (1) description

Pooled Funds Policy

URL/Attachment

URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2017-11/Pooled%20Funds%20Policy.pdf}

Attachment (will be made public)

We do not publicly disclose our investment policy documents

**SG 02.2**

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2017-11/Responsible%20Investment%20Framework.pdf}

- Attachment

- Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

- URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2017-11/Responsible%20Investment%20Framework.pdf}

- Attachment

- Time horizon of your investment

URL/Attachment

- URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2017-11/Responsible%20Investment%20Framework.pdf}

- Attachment

- Governance structure of organisational ESG responsibilities

URL/Attachment

- URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2017-11/Responsible%20Investment%20Framework.pdf}

- Attachment

- ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2017-11/Responsible%20Investment%20Framework.pdf}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2018-03/Business%20and%20Engagement%202017.pdf}

Attachment

Reporting

URL/Attachment

URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2017-11/Responsible%20Investment%20Framework.pdf}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2017-11/Climate%20Change%20Policy%20.pdf}

Attachment

Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

URL



URL

{hyperlink:https://www.churchofengland.org/sites/default/files/2019-01/Statement%20of%20Ethical%20Investment%20Policy%20-%20October%202018%5B1%5D.pdf}

Attachment

We do not publicly disclose any investment policy components

**SG 02.3**

Additional information [Optional].

It is quite hard to fit our policy suite neatly into the categories above.

Our overall approach is covered in two policies - our Statement of Ethical Investment Policy and our RI Framework. The latter url is given in the screening category, the former in the overall approach category.

We have two published policies on environmental issues. The key policy - our climate change policy - is signposted with the url. The wider Environmental Statement is attached. Our policy on GMOs is also attached.

As Church investors we have a large number of policy positions on social issues. The one policy dedicated entirely to social issues that is not a sector-specific policy is our supply chain engagement framework and this is signposted with the url. Our policies on high interest rate lending, non-military firearms and pornography are attached.

In the area of corporate governance, we have policies on executive remuneration (signposted with the url) and corporate taxation (attached).

We discuss how we see ethical investment as part of our fiduciary responsibilities in our Statement of Ethical Investment Policy.

We have a large number of sector specific policies, which set out ethical investment exclusions where these are part of our approach. The url is given for our newest sector specific policy, on the extractive industries. Other policies are included as attachments, covering alcohol, defence and gambling.

Our exclusions are summarised in the annex to our Statement of Ethical Investment Policy.

On engagement, we have a Business and Engagement Policy.

Our proxy voting guidelines - a summary of our full template - are published on the Church Investors Group website on the url given as we operate a common voting policy with the other main church investing bodies in the UK.

We discuss how we see ethical investment as part of our relationship with beneficiaries and the wider Church in our Statement of Ethical Investment Policy.

We have sign-posted our RI Framework for information on ESG in investment policy and in relation to our time horizon but information on our investment strategy and objectives can also found in our annual report: <https://www.churchofengland.org/sites/default/files/2018-05/Church%20Commissioners%20Annual%20Report%202017.pdf>. We are not a pension fund, so do not have a Statement of Investment Principles.

**Governance and human resources**

SG 07 CC	Voluntary	Public	Descriptive	General
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<b>SG 07.5 CC</b>	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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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 head of department

- 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

Dedicated responsible investment staff

- 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

<b>SG 07.6</b> <b>CC</b>	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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The Commissioners' response to climate change is overseen by the Assets Committee. Climate change-related issues featured in Assets Committee papers or discussions at all six meetings in 2018. These issues included climate change engagement and voting, our asset managers' approaches to climate change captured in our RI assessments, and the July 2018 General Synod debate on climate change and investment.

Climate change related risks are incorporated into the Commissioners' risk register, which is reviewed for, and at, every Assets Committee meeting.

<b>SG 07.7</b> <b>CC</b>	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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Strategic management of climate-related risk across the investment portfolio is the responsibility of the CIO, including reviewing the results of climate scenario analysis.

Management of climate-related risk in real assets is the responsibility of the Head and Deputy Head of Real Assets, supported by the Head of RI. Issues considered include flood risk and Energy Performance Certificates.

Incorporation of climate-related risks and opportunities into investment decisions and active ownership by external managers in other asset classes is captured by and monitored using our RI rating system.

Climate-related analytics in listed equity, in particular carbon footprint monitoring, is conducted jointly by the listed equity and RI teams using third party data.

The RI team are responsible for supporting the continued development and operation of the Transition Pathway Initiative which is used to monitor the alignment of major listed companies with the transition to a low carbon economy. They are also responsible for engagement and voting to encourage better climate performance as well as ensuring that our climate-related investment exclusions (with regard to thermal coal mining and the production of oil from oil sands) are accurately reflected in our restricted list.

The Commissioners' public policy engagement on climate-related issues is managed by the Head of RI.

<b>SG 07.8</b> <b>CC</b>	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

## ESG issues in asset allocation

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities

	Describe
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Investment consultants Mercer conducted climate scenario analysis on our portfolio in 2015, assessing our portfolio against a range of climate change scenarios modelling the investment impacts of a global average temperature rise of two, three and four degrees Celsius by 2100.

No, not to assess future ESG/climate-related issues

**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 13.3** Additional information. [OPTIONAL]

We have reviewed strategic asset allocation against climate scenario analysis.

We consider ESG risks in relation to the geographical location of real assets investments, including social risks in developing countries e.g. land rights. We have not made rural land or forestry investments in developing countries. Generally we are weighing ESG risks carefully as we increasingly allocate to emerging markets in public and private markets.

We monitor the extent to which we hold low carbon investments in all asset classes and we consider carefully our sector weightings in listed equities, including our exposure to oil and gas.

<b>SG 13 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**SG 13.4 CC** Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

- Initial assessment

**Describe**

In 2015, Mercer analysed our full portfolio against climate scenarios modelling the investment impacts of a global average temperature rise of two, three and four degrees Celsius by 2100. This supported initial assessment of the robustness of our portfolio in a range of climate scenarios, including a 2 degrees scenario.

In 2016, the 2 Degrees Investing Initiative analysed our listed equity portfolio against a 2 degree scenario for high carbon sectors. This helped further raise our initial awareness of the extent of climate risk in high carbon sectors.

- Incorporation into investment analysis

Describe
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Mercer's climate scenario analysis found that the Commissioners' strategy of portfolio diversification was supportive of resilience in all four climate scenarios, including the two degrees scenario. In such a 'Transformation' scenario aligned with the goal of the Paris Agreement, the Commissioners' investments in developed market equities (including UK equities) were expected to be negatively impacted by a rapid transformation of the economy, but this was offset considerably by the positive expected impact on returns for emerging market equities, property, timber and infrastructure. In the time since the analysis was conducted in 2015, the Commissioners have increased our exposure to assets that are not expected to be sensitive to the risks posed by climate change including multi-asset strategies.

Inform active ownership

Describe
----------

Mercer's scenario analysis, and that of the 2 Degree Investing Initiative, highlighted sectors particularly exposed to climate risk. Since 2015/16 we have drilled down deeper into sector risks through the Transition Pathway Initiative (TPI), which the Church of England National Investing Bodies co-founded with the Environment Agency Pension Fund and the Grantham Research Institute at the London School of Economics. TPI analyses the management quality and future carbon performance of companies in high risk sectors including oil and gas, mining, electricity utilities, cement, iron and steel, aviation and autos. We use TPI to identify targets and issues for our climate-related active ownership (both engagement and voting). We are also very active supporters of and participants in Climate Action 100+, the collaborative engagement project backed by investors with over \$32 trillion in assets focused on the world's most systemically important listed carbon emitters in the sectors most exposed to climate risk.

Other

<b>SG 13.5 CC</b>	Indicate who uses this analysis.
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- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

<b>SG 13.6 CC</b>	Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.
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Yes

Describe
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Climate scenario analysis inevitably involves consideration of risk in a much longer time horizon than the normal investment time horizon. Mercer's 2015 study particularly highlighted the Commissioners' exposure to disruptive climate risk post-2050 and encouraged an urgent approach to policy and corporate engagement today to mitigate these risks. Scenario analysis also reinforced the long-term case for the Commissioners' real assets holdings in timberland which are expected to perform very well in a 2 degrees scenario and to be one of the most resilient asset classes in a 3 degrees scenario.

No

**SG 13.7  
CC**

Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

**SG 13.8  
CC**

Indicate the climate scenarios the organisation uses.

Provider	Scenario used
IEA	<input checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input checked="" type="checkbox"/> New Policy Scenario (NPS)
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input type="checkbox"/> RPC 4.5
IPCC	<input type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
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- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity
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- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM			344	600	000
Currency	GBP				
Assets in USD			441	430	068

Specify the framework or taxonomy used.

We use the taxonomy of the low carbon investment registry created by the Global Investor Coalition on Climate Change (a green bond methodology).

The low carbon investments figure is at end 2018.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

We have established the Transition Pathway Initiative to track companies' alignment with the transition to a low carbon economy.

None of the above

**SG 14.3** Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

We actively engage with investee companies in high carbon sectors on climate change including filing shareholder resolutions.

None of the above

**SG 14.4** If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

We use Trucost data to monitor relative carbon intensity in our listed equities portfolio. We use Transition Pathway Initiative analysis to monitor companies' alignment with the transition to a low carbon economy.

**SG 14.5** Additional information [Optional]

We have significant holdings in real assets - rural land and forestry - as well as energy infrastructure investments which play to resource scarcity themes.

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>	<b>General</b>
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**SG 14.6 CC** Please provide further details on these key metric(s) used to assess climate related risks and opportunities.



Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Understanding carbon footprint of listed equities portfolio relative to benchmark, understanding carbon footprint trends, gaining insight into carbon risk exposure, facilitating management of carbon risk, manager monitoring and public disclosure	tonnes of carbon dioxide equivalent per £1 million of corporate revenue	Data feed from Trucost into Style Research portfolio analysis system

<b>SG 14.8 CC</b>	Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.
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- Process for climate-related risks is integrated into overall risk management

	Please describe
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Climate change related risks are incorporated into the Commissioners' risk register, which is reviewed at executive level for, and by trustees at, every Assets Committee meeting.

- Process for climate-related risks is not integrated into our overall risk management

<b>SG 14.9 CC</b>	Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.
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- Yes

	Please describe
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The Commissioners are strong supporters of Climate Action 100+ and its goal of encouraging all systemically important listed emitters to disclose climate-related risk in line with the TCFD recommendations.

- No, we do not engage

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 15.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- Yes

<b>SG 15.2</b>	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	%
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9.5

**SG 15.3**

Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

**Area**

- Energy efficiency / Clean technology

**Asset class invested**

- Listed equity

**% of AUM**

1

- Fixed income - SSA  
 Fixed income - Corporate (financial)  
 Fixed income - Corporate (non-financial)  
 Fixed income - Securitised  
 Private equity  
 Property  
 Infrastructure

**% of AUM**

31

- Hedge funds  
 Forestry  
 Farmland  
 Cash  
 Other (1)  
 Other (2)

**Brief description and measures of investment**

A £34.7m investment in an environmental markets fund invested in companies involved in clean technology and environmental and energy efficiency solutions.

A commitment to a US anaerobic digestion and waste treatment infrastructure fund. NAV of committed capital is £15.1m.

- Renewable energy  
 Green buildings  
 Sustainable forestry

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Hedge funds
- Forestry

% of AUM

88.5

- Farmland
- Cash
- Other (1)
- Other (2)

Brief description and measures of investment

The Commissioners have a £295m sustainable forestry portfolio with assets in the UK & US.

- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

Sustainability themed equities mandate

Asset class invested

- Listed equity

% of AUM

13

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Hedge funds
- Forestry
- Farmland
- Cash
- Other (1)
- Other (2)

#### Brief description and measures of investment

The Commissioners have a £426.3m equities portfolio managed by a specialist asset manager with a long term investment approach integrating sustainability factors directly into the investment process.

No