CLIMATE TRANSPARENCY REPORT 2020

COUTTS & COMPANY

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/-EAD7059F-B46D-44F7-9777-FFCAC721E1B2/79894dbc337a40828d895f9402aa63de/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	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	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	
Name	COUTTS & COMPANY
Signatory Category	Fund of funds, manager of managers, sub-advised products - Majority
Signatory Type	Investment Manager
Size	US$ 30 - 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2018
Region	Europe
Country	United Kingdom
Disclosure of Voluntary Indicators	26% from 38 Voluntary indicators

COUTTS & COMPANY

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.

As an asset manager our primary objective is to manage financial risks and returns. We also believe it is important to support the transition to a low-carbon economy, which will provide opportunities to reduce systemic risks, identify material value drivers, and generate positive social impacts for the investment portfolios that we manage. We recognise that climate change is likely to have an impact on the long-term value of investments that we manage on behalf of our clients. Therefore we are working to identify potential opportunities and risks, which include physical and transitional risks affecting both Coutts as an asset manager and the assets we manage. Moreover we want to understand how best to integrate climate-related concerns into our business and investment decision-making. While climate change is a material financial risk, other, more traditional macro-economic risks may still dominate in financial terms.

Short Term Risks (0-2 years)

Transition Risk:

- Regulatory changes and mandatory legislation impacting us as an asset manager, as well as the companies we invest in.
- Lack of quality and comparability of climate-related data.

Medium Term Risks (2-5 years)

Transition Risk:

- Global implementation of climate-related policies in order to meet the commitments made under the Paris Agreement - Risk of financial markets not having priced in a likely forceful policy response to climate change (The Inevitable Policy Response: Policy Forecasts) and the impact of this on the economy, key sectors, regions and asset classes. This might include: Increased pricing of GHG emissions; Enhanced reporting obligations; Exposure to litigation.
- Stranded assets and obsolescence of products and services of the companies we invest in. This includes exposure to carbon-related assets and investments in carbon-intensive sectors.
- Risk of changing client behaviours and demands.
- Risk of negative shift in client and stakeholder sentiment towards Coutts if we fail to sufficiently and accurately tackle our climate related risks.

Long Term Risks (5+ years)

Physical Risk:

- Extreme weather events and longer term changes in weather patterns affecting supply chains, infrastructure, agriculture and food supply, precipitation and water supply.

Climate-related Opportunities

- Proactive leveraging of opportunities arising from increased client awareness and interest in investments that mitigate their negative impact on the climate.
- Clear communication around our efforts and processes to tackle climate-related issues.
- Development of specific investment products that promote positive action on climate-related issues.

○ 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.

As indicated in SG 01.6 CC, we have identified risks over three time frames as recommended by TCFD (short-term: 0-2 years; medium-term: 2-5 years; long-term: 5+ years). We have only identified risks and opportunities that we believe have a medium to high probability of materialising.

We have outlined the potential impact of both the risks and opportunities in our TCFD statement posted on www.coutts.com/responsibleinvesting**.**

Direct link to our TCFD statement: https://www.coutts.com/content/dam/rbs-coutts/coutts-com/Files/other-documents/TCFD.pdf

○ 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

The Private Banking Risk Committee is responsible for ensuring a suitable risk policy framework by:

- Considering output resulting from the Private Banking Climate Change Working Group.
- Approving any climate-related policies and strategies.

The Investment Committee receives regular updates from the Responsible Investing Forum, and has the following responsibilities:

- Accountability for monitoring and assessing portfolio risks, including climate-related risks and opportunities.
- Governance of portfolio resilience to risks, including physical and transitional climate-related risks.

- Review and approve the methodology for climate-risk scenario analysis.

We also have a Climate Change Working Group whose purpose is to identify and manage climate-related risks and opportunities that have the potential to impact the legal entity as well as the products offered to our clients.

The Responsible Investing Forum collates bank-wide ideas and supports the integration of Environmental (including climate related initiatives), Social and Governance risks and opportunities into the investment process. It is also responsible for the implementation of climate-related initiatives.

The Tactical Asset Allocation Forum meets weekly and is responsible for portfolio performance and risk budgets. They incorporate ESG factors into their fund and direct holding selection process, and analyse existing holdings in line with our Responsible Investing Strategy.

We are working with industry leading experts and are leveraging open-architecture financial models to build three climate-related scenarios that will help to inform the investment committee on appropriate action to take within portfolios in order to minimise the risks associated with the transition to a lower carbon economy and to identify opportunities that will speed the transition to a net-zero carbon economy.

○ 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

	specify

We publish our TCFD statement on coutts.com. Direct link: https://www.coutts.com/content/dam/rbs-coutts/coutts-com/Files/other-documents/TCFD.pdf

☐ 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

	Dedicated responsible investment staff

☐ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

	Investor relations

☐ 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

	Other role, specify (1)

Responsible Investment Forum.

☐ 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.

- Climate-related risks and opportunities within the asset management business are managed by the Investment Committee and the Asset Management Risk Forum, both of which meet monthly to review, manage and monitor all aspects of investment risk, including climate-related risks.
- Relevant output from these meetings is presented to the Private Banking Climate Change Working Group before progressing to the Private Banking Risk Committee.
- Accountability sits with the Coutts Board of Directors on behalf of Asset Management. The Board's role includes oversight of climate-related matters.

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 Private Banking Risk Committee is responsible for ensuring a suitable risk policy framework by:

- Considering output resulting from the Private Banking Climate Change Working Group.
- Approving any climate-related policies and strategies.

The Investment Committee receives regular updates from the Responsible Investing Forum, and has the following responsibilities:

- Accountability for monitoring and assessing portfolio risks, including climate-related risks and opportunities.
- Governance of portfolio resilience to risks, including physical and transitional climate-related risks.
- Review and approve the methodology for climate-risk scenario analysis.

As mentioned above the Responsible Investing Forum collates bank-wide ideas and supports the integration of environmental (including climate related issues), social and governance risks and opportunities into the investment decision making process. It is also responsible for the implementation of climate-related initiatives.

The Tactical Asset Allocation Forum meets weekly and is responsible for portfolio performance and portfolio alignment to risk budgets. They incorporate ESG into their fund and direct holding selection process.

SG 07.8 CC	Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

☑ Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)

☑ Request incorporation of TCFD into regular client reporting

☑ Request that external managers complete PRI climate indicator reporting

☐ Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide

☑ Other

	Specify

We request our stewardship provider EOS and fund managers to specifically address TCFD recommendations and their implementation as part of their engagement with invested companies.

☐ We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

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

Our primary focus is to measure both physical risks and the risks associated with the transition to a low-carbon economy within portfolios and to identify strategies to mitigate this risk over time. Our investment team is also responsible for identifying opportunities to allocate to 'green' investments.

☐ 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 13.3	Additional information. [OPTIONAL]

We are responsible for asset allocation in our investment portfolios. Through our holistic asset allocation processes we incorporate a wide range of factors, including risk appetite, return expectations, and market and economic conditions. We recognise the urgency and severity of climate change and the impact that this can have on our investment propositions. Our view is that climate-related risks should be considered as a key element within the risk framework used for our asset selection and allocation decisions, rather than a standalone factor. We anticipate that regulations and standards will fall short of what would be required to achieve the commitments set out in the Paris Agreement. We envision that the damage this causes to the planet, and subsequently to financial markets, will provoke a delayed but increased reaction from governments, supranational organisation and companies. This sequence of actions likely to impact our investable universe.

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

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	Describe

We are working with industry leading experts and are leveraging open-architecture financial models to build three climate-related scenarios that will help to inform the investment committee on appropriate action to take within portfolios in order to minimise the risks associated with the transition to a lower-carbon economy and to identify opportunities that will speed the transition to a net-zero carbon economy.

As global multi-asset investors, we are incorporating the work undertaken in the Inevitable Policy Response Forecast Policy Scenario in order to develop a risk mitigation strategy and determine a timeline for implementation. Our current focus is on undertaking scenario analysis for the equity asset class. We anticipate constructing a similar analysis for other key asset classes (corporate and sovereign bonds) later in 2020. We will consider the consequences of more stringent regulations and standards and assess the impact that will have on us as a business and the investment propositions we offer to clients.

☐ Incorporation into investment analysis

☐ 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

While our investment time horizons vary from 3 to 8+ years, we invest for our clients over the long term and therefore aim to incorporate significant transition and physical risks spanning beyond our investment time horizons in our investment decisions.

Risks and opportunities identified over the short, medium and long term are detailed SG 01.6 CC.

○ 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: Currently being discussed with VividEconomics
Other	☐ Other (2)	
Other	☐ Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1

SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

☑ 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

☑ 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			111	000	000
Currency	GBP				
Assets in USD			143	388	975

	Specify the framework or taxonomy used.

The above AuM illustrate our allocations to low-carbon tracker funds. In addition to our described investment decision process we have also incorporated the Carbon Intensity metric when determining fund allocations, and look at these in the context of our current allocations.

☑ 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

Sought climate change integration by managers.   EOS engages companies specifically with a view to enhance disclosure, integrate actions and policies around climate-related risks/opportunities.

☐ 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

Climate change, natural resource stewardship, pollution, waste and circular economy are all key engagement themes to influence corporate behaviour.

☐ None of the above

SG 14.5	Additional information [Optional]

The main work that we undertake with regard to climate risk is our due diligence process that occurs before we appoint a manager. We have a detailed questionnaire that covers standard financial/business related information and a detailed responsible investing questionnaire which covers ESG issues and opportunities. There is a dedicated section on climate risk which allows us to better understand the approach of fund managers and how they manage the risks and opportunities.

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
Climate-related targets	☑ All assets ☐ Majority of assets ☐ Minority of assets	While our funds don't directly emit carbon, the companies we invest in do. Therefore we believe it is our responsibility to consider the risks these emissions might pose for the planet, and how we could reduce our clients' carbon footprint through managing their investments.	tC02 (metric tonnes/$M sales)	A portfolio's Weighted Average Carbon Intensity is achieved by calculating the carbon intensity (Scope 1 + 2 Emissions / $M Sales) for each portfolio company and calculating the weighted average by portfolio weight.
Weighted average carbon intensity	☐ All assets ☑ Majority of assets ☐ Minority of assets	To compare the portfolio's carbon footprint with its benchmark and measure progress against internal targets.	tC02 (metric tonnes/$M sales)	A portfolio's Weighted Average Carbon Intensity is achieved by calculating the carbon intensity (Scope 1 + 2 Emissions / $M Sales) for each portfolio company and calculating the weighted average by portfolio weight.
Portfolio carbon footprint	☐ All assets ☑ Majority of assets ☐ Minority of assets	To identify the portfolio's normalised carbon footprint per million pounds invested	tCO2 (metric tonnes/£M investment)	Carbon Emissions measures the normalised tons of CO2 for which an investor is responsible. Carbon Emissions is achieved by calculating the total Carbon Emissions (Scope 1 + 2 Emissions) multiplied by the ownership position (Portfolio Position / Total Market Cap) divided by the Portfolio Market Value.
Exposure to carbon-related assets	☐ All assets ☐ Majority of assets ☑ Minority of assets	To identify exposure of portfolios to activities and assets that are at risk of becoming stranded. (E.g. oil and gas reserves that remain unused in a lower-carbon economy)	Percentage weight in portfolio for assets where data is available. This data point will always include the percentage of the AUM covered.	Fossil Fuel Involvement is the portfolio's percentage exposure to fossil fuels, for the most recent time period and averaged over the trailing 12 months. Companies with fossil-fuel involvement are defined as those deriving at least 5% of their revenue from the following activities: thermal coal extraction, thermal coal power generation, oil and gas production, and oil and gas power generation. Companies deriving at least 50% of their revenue from oil and gas products &services are also included.

SG 14.7 CC	Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
☐ Absolute target ☑ Intensity target	2019	Year end 2021	25% reduction in portfolio carbon intensity for the equity holdings across all discretionary mandates	File 1:20DMAR231_02_Document2.pdf
☐ Absolute target ☑ Intensity target	2019	Year end 2030	50% reduction in portfolio carbon intensity for all holdings across all discretionary mandates	
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				

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

Our robust research and selection process considers ESG factors, including climate-related risks, at every stage. An example of this is that we require all third party funds to complete a Responsible Investing Questionnaire in the Due Diligence stage. While funds with below average scores are not automatically dismissed, access to this data and insight allows us to engage with the manager to improve their practices.

For our security selection we draw on data from Sustainalytics, an external data provider, to obtain inputs on climate-related risks. In addition to this we also use Morningstar's data for external investment funds that are used in our multi-asset portfolios, with the goal of helping us assess climate risk exposure within these assets. Meanwhile Morningstar uses Sustainalytics data to aggregate climate risks for funds.

At the portfolio level we monitor carbon intensity, as well as exposure to unsustainable (fossil fuels, thermal coal, and oil sands extraction involvement) and sustainable (green transportation, renewable energy production and supporting products/services) positions, and we aim to identify ways to adjust these exposures in line with our assessment of the investment risks.

Through our stewardship activity, which is led by EOS, we have identified climate as a specific engagement focus. We encourage responsible behaviour in the companies in which we hold direct public equity holdings through voting and engagement, with support from EOS. This activity acts as a positive feedback loop as it allows them to raise risks and controversies with the boards and encourage action to address these risks.

Coutts, as well as EOS, have joined Climate Action 100+, which is an initiative led by over 300 asset managers and asset owners to engage with the world's largest corporate greenhouse gas emitters to improve their climate performance and ensure transparent disclosure of emissions. Since Coutts joined the Climate Action 100+, we have been collaboratively engaging with companies and encouraging other asset managers to support Climate Action 100+. Meanwhile our stewardship partner, Hermes EOS, has taken a particularly active role within the initiative, leading engagement initiatives on 29 companies.

We also actively encourage the asset managers that we invest in to have robust stewardship activity. We request engagement data and also review case studies to understand the impact that their engagement activity is having in driving positive change.

Identified risks are considered at every level of the organisation. Where these risks have a potential impact on our asset management business and the assets we manage on behalf of our clients, these are escalated to the Asset Management Risk Forum. Climate-related risks are also reported quarterly to the Investment Committee and to the Private Banking Climate Change Working Group.

○ 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

	Please describe

We request our stewardship provider EOS at Federated Hermes to specifically address TCFD recommendations and their implementation as part of their engagement with companies invested in.

From EOS's website: "By engaging frequently with companies on climate change risks and environmental reporting, as well as wider issues around policy and sustainable business practices, the insights from Hermes EOS create a powerful force for positive change. Examples of constructive engagement include: encouraging the adoption of the TCFD recommendations for disclosing clear, comparable and consistent information about threats and opportunities related to climate risk, speaking with companies ahead of their AGMs to flag climate risk-related issues that could be remedied, acting as active owners on behalf of shareholders, tracking companies' progress on climate change issues and sharing company best practice where possible. Moreover, our voting policies and membership of industry initiatives, as previously discussed, encourage companies to align their business models with the 2015 Paris Agreement."

Source: https://www.hermes-investment.com/ukw/insight/equities/equitorial-a-climate-for-change/

We encourage fund managers we currently invest in, and consider investing in in the future, to adopt the TCFD recommendations, as we believe that this is an important step in increasing transparency and driving progress on climate-related matters.

○ No, we do not undertake active ownership activities.

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

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1

SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

◉ Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.

	%

1

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

	Percentage of AUM (+/-5%) per asset class invested in the area

1

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Cash

	Brief description and measures of investment

We track our exposure to carbon solutions and green transportation, drawing on data from Sustainalytics and use Morningstar's data from external investment funds that are included in our multi-asset funds and portfolios.

Sustainalytics defines carbon solutions involvement as: "the sum of the portfolio's asset-weighted percentage exposure to carbon solutions, including renewal energy production, renewal energy supporting products & services, and green transportation. A higher percentage is optimal. Holdings are considered involved with carbon solutions if they have at least 0.1% exposure."

Sustainalytics defines green transportation involvement as "the portfolio's asset-weighted percentage revenue exposure to green transportation vehicles, green transportation services, green transportation infrastructure, or technologies/services used to manufacture green transportation vehicles that are based on waste-recovery energy, rather than fossil fuel sources. A higher percentage is optimal. Holdings are considered involved with green transportation if they have at least 0.1% exposure."

☑ Renewable energy

	Asset class invested

☑ Listed equity

	Percentage of AUM (+/-5%) per asset class invested in the area

1

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Cash

	Brief description and measures of investment

We track our exposure to renewable energy, drawing on data from Sustainalytics and use Morningstar's data from external investment funds that are included in our multi-asset funds and portfolios. We track:

Renewable energy production involvement, defined by Sustainalytics as "the portfolio's asset-weighted percentage revenue exposure to renewable energy supporting products & services. Renewable energy is energy derives from sources that are continuously replaced such as solar power, wind, hydropower, biomass, geothermal, or wave energy. Renewable energy does not include fossil fuels or waste-related products from fossil fuel sources. A higher percentage is optimal. Holdings are considered involved with renewal energy production if they have at least 0.1% exposure.

Renewable energy supporting products & services involvement, defined by Sustainalytics as "the portfolio's asset-weighted percentage revenue exposure to tailor-made products and services that support power generation from renewable energy sources. A higher percentage is optimal. Holdings are considered involved with renewal energy supporting products & services if they have at least 0.1% exposure."

☐ Green buildings

☐ Sustainable forestry

☐ Sustainable agriculture

☐ Microfinance

☐ SME financing

☐ Social enterprise / community investing

☐ Affordable housing

☐ Education

☐ Global health

☐ Water

☐ Other area, specify

○ No