



# CLIMATE TRANSPARENCY REPORT 2020

CDC Group plc

# 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/-92913291-18AF-4E39-841A-EE6C08A10EA0/79894dbc337a40828d895f9402aa63de/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	-					
SG 13.5 CC	-					
SG 13.6 CC	-					
SG 13.7 CC	-					
SG 13.8 CC	-					
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	
<b>Name</b>	CDC Group plc
<b>Signatory Category</b>	Development finance institution
<b>Signatory Type</b>	Asset Owner
<b>Size</b>	US\$ 5 - 9.99 billion AUM
<b>Main Asset Class</b>	Multi-Asset
<b>Signed PRI Initiative</b>	2009
<b>Region</b>	Europe
<b>Country</b>	United Kingdom
<b>Disclosure of Voluntary Indicators</b>	100% from 38 Voluntary indicators

CDC Group plc

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
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**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
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**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.

In 2019, CDC committed to make climate-related financial disclosures in line with the recommendations of the Taskforce on Climate-related Disclosures (TCFD) as soon as practical after the close of the 2020/2021 financial year. In the highest risk transactions, we have already identified and assessed physical climate-related risks and opportunities at each step of the investment decision process pre-investment during due-diligence, and then post-investment. These elements include: energy use efficiency, carbon intensity, renewable opportunities (i.e. solar, biomass, cogeneration etc.); water use efficiency and water conservation measures; adaptation and resilience needs and opportunities, and disaster risk management especially in large infrastructure projects and agricultural projects vulnerable to climate related impacts.

CDC's sector investment strategies that are starting to consider physical and transition risks include infrastructure, food & agriculture, forestry, manufacturing, construction & real estate, financial institutions and trade finance.

Work is underway to further develop our approach to physical and transition at transaction and portfolio level.

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.

Climate change risk assessments are integrated into potential direct debt and equity investments where relevant, and portfolio companies as needed. The ESG-I team assesses how material those risks might be and the time period over which to engage on them, and create a sensible prioritisation based on what is feasible and imperative for each deal.

When a climate change risk assessment is identified as necessary, or a clear opportunity exists, these will be integrated into the ESG Action Plan for a company, with a clear timeline and deliverables.

CDC expects GPs to undertake similar assessments where relevant.

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

In 2019 CDC developed a new Climate Change Strategy structured around the four pillars of the TCFD framework, including 1) Strategy, articulating CDC's approach to Paris alignment 2) Governance 3) Risk Management and 4) Metrics.

Under the strategy pillar, we have started to identify physical and transition risks in our priority sectors in infrastructure, food & agriculture, forestry, manufacturing, construction & real estate, financial institutions and trade finance. Our strategy also highlights climate opportunities by sector to support a transition to net zero economies and increase resilience both through investments and by adding value beyond capital.

Under the governance pillar, we strengthened the organisational structures to manage climate related risks and opportunities. For example, with regard to Board committees, responsibility for climate change has been extended beyond Development Committee, to also include the Risk Committee in addition to the full Board.

Under the risk management pillar, our strategy sets out how CDC wants to expand climate risk assessment at transition level and assess as climate related financial risk at portfolio level.

- 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

#### 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



**SG 07.6  
CC**

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

At a Board level, the board has strategic oversight of CDC's climate strategy, the Development Committee has responsibility for implementation of the strategy, the Risk Committee for oversight of climate-related risk at portfolio-level and the Audit Committee for signing off CDC's TCFD disclosures as part of the financial accounts.

**SG 07.7  
CC**

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

Material climate risk and opportunities are assessed at ExCo level. Climate change has been integrated strategically and organisationally. Climate change is one of the key cross-cutting themes outlined in CDC's 2017-2021 strategy and CDC has developed a Climate Change Strategy covering the whole organisation and investments across sectors and products. Climate change is also reflected organisationally at ExCo level where the Chief Impact Officer is responsible for the implementation of CDC's Climate Change Strategy. Secondly the Chief Executive Officer is ultimately responsible for delivery of CDC's corporate objectives for 2020 including objective number eight 'Implement CDC's Climate Change Strategy', a key part of which is implementing the recommendations of TCFD. In addition, CDC is also in the process of hiring a new Chief Risk Officer who will have responsibility for the oversight and management of climate risk, both physical and transition.

CDC has two teams which work together on climate related risk an opportunity, the ESG Impact team which assess climate risk and value add opportunity per transaction and the Climate Change Team, within Value Creation Services which are responsible for implementing the 2019 Climate Change Strategy across the organisation.

**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

CDC hosted a climate training including TCFD for fund managers in November 2019. This was part of a four-day program.

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

**SG 13.3**

Additional information. [OPTIONAL]

We are currently doing scenario analysis and modelling of our portfolio for top-down strategic planning, to help us scenario plan the shape of our future portfolio (e.g. product, sector, geography split), but this does not yet incorporate ESG or climate as data points. We do tag our portfolio by carbon footprint and climate transition risk to see what that means for our future portfolio, and are planning to incorporate climate risks and ESG risks in the future.

<b>SG 14</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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**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 description (1)

We created a note on 20 macro trends impacting our business to use as a framework and to track and respond to risks.

- Other, specify(2)

other description (2)

We created a note on development finance trends for our business to use as a framework and to track and respond to risks.

- 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			294	670	000
Currency	USD				
Assets in USD			294	670	000

Specify the framework or taxonomy used.

The AUM above captures specifically CDC's commitments in renewables and carbon sequestration projects during 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 use the MDB methodology for tracking climate finance.

- 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

Installed and generated energy by generation type

- None of the above

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>		<b>General</b>
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**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
<b>Climate-related targets</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Incentivise investments in climate-related sectors	Climate Finance (\$ committed per year) Amount mobilised into mitigation (\$)	Align with the MDB mitigation sectors
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Carbon footprinting is ongoing to develop carbon budget methodology	Whole portfolio carbon footprint	In line with the principles of the GHG Protocol
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Carbon footprinting is ongoing to develop carbon budget methodology and understand the impact of the whole portfolio	Whole portfolio carbon footprint (CO2 equivalent)	In line with the principles of the GHG Protocol
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets			
<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Monitoring transition risks	\$ invested in portfolio	

<b>SG 14.7 CC</b>	Describe in further detail the key targets.
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Targettype	Baseline year	Target year	Description	Attachments
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

<b>SG 14.8 CC</b>	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.
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Processes for climate-related risks are integrated into overall risk management

Please describe

Climate-related risks, particularly around water, waste and energy efficiency are integrated into the Environmental, Social and Governance Due Diligence process for investments to the extent possible (recognising this is more complex to assure via fund investments). These thematic areas are also central tenets of CDC's Climate Change Strategy. Companies striving to improve efficiencies which are also climate-positive may be eligible for funding through CDC's Resource Efficiency Facility.

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

<b>SG 14.9 CC</b>	Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.
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- Yes
- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

<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
- No