CLIMATE TRANSPARENCY REPORT

2019

CCLA

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/-D418A03D-5399-429B-9CDC-ADCA50E00298/00000000-0000-0000-0000-000000000000/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	
Name	CCLA
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US$ 10 - 29.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2007
Region	Europe
Country	United Kingdom
Disclosure of Voluntary Indicators	63% from 38 Voluntary indicators

CCLA

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
☑ Policy setting out your overall approach ☑ Formalised guidelines on environmental factors ☑ Formalised guidelines on social factors ☑ Formalised guidelines on corporate governance factors ☑ Fiduciary (or equivalent) duties ☑ Asset class-specific RI guidelines ☑ Sector specific RI guidelines ☑ Screening / exclusions policy ☑ Engagement policy ☑ (Proxy) voting policy ☐ Other, specify (1) ☐ Other, specify(2)	◉ Applicable policies cover all AUM ○ Applicable policies cover a majority of AUM ○ 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 delivery of long-term sustainable returns is a central requirement for our clients. For this reason, responsible investment and stewardship is at the core of our investment approach.

Our responsible investment philosophy is based upon three principles. First, our experience suggests that, over the long term, conventional financial modelling only gives part of the answer as to what makes a company a good investment. So, we carefully assess the environmental, social and governance (ESG) standards of all companies. We have strict processes to identify and then remove companies with high unmitigated ESG risks or the poorest standards of corporate governance from our investment universe. As part of this process we also identify material weaknesses in our portfolio holdings and develop an action plan to improve them through engagement.

Second, we recognise that investment markets will only be able to deliver sustainable, long-term, returns if they are located within a healthy environment and stable society. Therefore, we seek to allocate capital to investments that provide a positive environmental or societal benefit and, through active engagement, help companies improve their ESG performance.

Finally, we seek to invest our clients' assets in a manner that reflects, and hopefully contributes to furthering, their values.

○ 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

SG 01.6 CC	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.

CCLA recognises that climate change, and associated changes in governmental policy, pose a threat to shareholder value over the medium to long-term. We view climate change as the largest threat to our planet, ecosystems and communities, as well as a being a critical issue for long-term investors. We also recognise that the transition to a low carbon economy presents investment opportunities. For these reasons we have long supported efforts to limit global temperature rises to substantially below two degrees Celsius above pre-industrial levels.

When identifying new opportunities for our equity and multi-asset funds we aim to invest for a minimum of five years and are aware that the time horizon for many of our charity clients is much longer. For this reason, our climate change and investment policy is applied to all assets under management at CCLA.

We recognise that the biggest risk to investors is a failure to limit temperature rises to a level that is substantially below two degrees above pre-industrial levels. We are also aware that different companies and sectors will be impacted at different times and to different extents and that the impacts of climate change will spread beyond purely environmental issues. For this reason, we review the World Economic Forum's Annual Global Risks Report to identify themes that are of concern and, subsequently, conduct an annual review of the impacts of climate change on the performance of 67 GICs Industry Sectors.

Due, in part, to climate concerns CCLA is currently absent many high carbon sector sectors (such as aviation and cement). Therefore, our risk assessment has prioritised concerns in the sectors held within our portfolios. The keys risks identified are:

- The prospective impact of potential regulation, legislation and litigation on carbon intensive businesses. Through this review we continue to hold a particular concern that the market is not correctly pricing the risk of accelerated legisilation and consumer trends and the impact that this could have on 'Stranding Assets' (such as existing fossil fuel reserves)

- The physical effects of climate change. We believe that this will impact upon real estate value (we have a particular focus on assets held in our property funds), financial services companies (such as increasing numbers of insurance claims due to extreme weather events) and impact upon day-to-day operations of assets due to issues such as water shortages.

The risk awarded to a sector determines whether an asset is an eligible investment and/or the level of due-diligence that is necessary to complete prior to a stock entering a CCLA portfolio. For this reason, we are significantly underweight the oil and gas sector, the automobile industry and other exposed sectors.

We also recognise that the transition to a low carbon economy will present significant investment opportunities. We have identified opportunities in renewable energy infrastructure, energy efficiency investments and property refurbishments.

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

◉ Yes

SG 01.8 CC	Indicate the associated timescales linked to these risks and opportunities.

We believe that the physical impacts of climate change are already beginning to affect the activities and value of companies within several sectors. For instance, we are experiencing an increased frequency of previously extreme weather events. This has affected the profitability of companies involved in the insurance and underwriting of physical assets in the US. By way of example, 2017 was the most expensive hurricane season on record and we were concened that a small number of CCLA holdings were not adequately re-assessing the forward looking risk within their modelling. These companies have been removed from our portfolio.

We also believe that legislation, regulation and consumer preferences are likely to have an impact on company valuations within both our standard and our clients' extended time horizons. We do not believe that the market is correctly pricing, or that the most exposed companies are adequately preparing for, a quicker than expected transition.

Over the long-term we remain convinced that the biggest risk to the valuation of our funds' assets is a failure to limit temperature rises to a level that is substantially below two degrees Celcius above pre-industrial levels. For this reason, we continue to advocate for stable progressive legislation that will accelerate the transition to a low carbon economy.

○ No

SG 01.9 CC	Indicate whether the organisation publicly supports the TCFD?

◉ Yes

○ No

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

◉ Yes

	Describe

As investors we recognise that we have a duty to manage our financial exposure to climate related risk and to maximise the opportunities arising from the low carbon transition for our clients.

For this reason, we updated our 'Climate Change and Investment Policy in 2019'. This mandates five steps.

First, informed by scenario analysis and qualitative investigation by our investment analysts and ESG experts, we conduct an annual review of the major risks and opportunities associated with climate change.

Second, informed by this analysis we seek to avoid investing in the companies, in the most exposed sectors, who are not properly preparing, or are not able to prepare, for the transition to a low carbon economy.

Third, we engage with our holdings to support them in addressing and mitigating the risks that the low carbon economy poses to their business.

Fourth, we seek to promote proactive climate regulation and legislation through interaction with public policy makers. Finally, we seek to identify investments that meet our risk and return objectives and dedicate capital to accelerating the low carbon economy.

We also believe that CCLA has a duty to be at the forefront of institutional investors acting on climate change and that we have the ability to lead other investors in collaborative action. For this reason, we created the 'Aiming for A' investor initiative. This brought together institutional investors to engage with UK-listed oil, gas and mining companies on the low carbon transition. The 'Aiming for A' programme acted as a pre-cursor to the new global Cimate Action 100+ initiative (http://www.climateaction100.org/). To further facilitate collective action Helen Wildsmith, CCLA's Climate Change Stewardship Director, Co-Chairs the IIGCC Resolutions Sub-Committee and promoted the development of the 'Investor Agenda' (https://theinvestoragenda.org/).

○ No

SG 1.12 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

SG 02	Mandatory	Public	Core Assessed	PRI 6

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

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

☑ Policy setting out your overall approach

	URL/Attachment

☑ URL

	URL

{hyperlink:https://www.ccla.co.uk/sites/default/files/CCLA_Stewardship%20Report_Aug%202018_Digital%20ready_singles_V5%20%281%29.pdf}

☐ Attachment (will be made public)

☑ Formalised guidelines on environmental factors

	URL/Attachment

☑ URL

	URL

{hyperlink:https://www.ccla.co.uk/sites/default/files/CCLA_Stewardship%20Report_Aug%202018_Digital%20ready_singles_V5%20%281%29.pdf}

☐ Attachment (will be made public)

☑ Formalised guidelines on social factors

	URL/Attachment

☑ URL

	URL

{hyperlink:https://www.ccla.co.uk/sites/default/files/CCLA_Stewardship%20Report_Aug%202018_Digital%20ready_singles_V5%20%281%29.pdf}

☐ Attachment (will be made public)

☑ Formalised guidelines on corporate governance factors

	URL/Attachment

☑ URL

	URL

{hyperlink:https://www.ccla.co.uk/sites/default/files/CCLA_Stewardship%20Report_Aug%202018_Digital%20ready_singles_V5%20%281%29.pdf}

☐ Attachment (will be made public)

☑ Fiduciary (or equivalent) duties

	URL/Attachment

☑ URL

	URL

{hyperlink:https://www.ccla.co.uk/our-policies/climate-change-and-investment-policy}

☐ Attachment (will be made public)

☑ Asset class-specific RI guidelines

	URL/Attachment

☑ URL

	URL

{hyperlink:https://www.ccla.co.uk/sites/default/files/CCLA_Stewardship%20Report_Aug%202018_Digital%20ready_singles_V5%20%281%29.pdf}

☐ Attachment (will be made public)

☑ Sector specific RI guidelines

	URL/Attachment

☑ URL

	URL

{hyperlink:https://www.ccla.co.uk/our-policies/climate-change-and-investment-policy}

☐ Attachment (will be made public)

☑ Screening / exclusions policy

	URL/Attachment

☑ URL

	URL

{hyperlink:https://www.ccla.co.uk/investment-solutions/multi-asset-pooled-funds}

☐ Attachment (will be made public)

☑ Engagement policy

	URL/Attachment

☑ URL

	URL

{hyperlink:https://www.ccla.co.uk/sites/default/files/Stewardship%20Code%20Response%202016102 8.pdf}

☐ Attachment (will be made public)

☑ (Proxy) voting policy

	URL/Attachment

☑ URL

	URL

{hyperlink:https://www.ccla.co.uk/our-policies/ccla-global-proxy-voting-guidelines-2018}

☐ 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.ccla.co.uk/sites/default/files/CCLA_Stewardship%20Report_Aug%202018_Digi tal%20ready_singles_V5%20%281%29.pdf}

☐ Attachment

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

	URL/Attachment

☑ URL

	URL

{hyperlink:https://www.ccla.co.uk/sites/default/files/CCLA_Stewardship%20Report_Aug%202018_Digi tal%20ready_singles_V5%20%281%29.pdf}

☐ Attachment

☑ Time horizon of your investment

URL/Attachment

☑ URL

URL

{hyperlink:https://www.ccla.co.uk/our-policies/climate-change-and-investment-policy}

☐ Attachment

☑ Governance structure of organisational ESG responsibilities

URL/Attachment

☑ URL

URL

{hyperlink:https://www.ccla.co.uk/sites/default/files/Stewardship%20Code%20Response%2020161028.pdf}

☐ Attachment

☑ ESG incorporation approaches

URL/Attachment

☑ URL

URL

{hyperlink:https://www.ccla.co.uk/sites/default/files/CCLA_Stewardship%20Report_Digital%20Singles_0.pdf}

☐ Attachment

☑ Active ownership approaches

URL/Attachment

☑ URL

URL

{hyperlink:https://www.ccla.co.uk/sites/default/files/CCLA_Stewardship%20Report_Aug%202018_Digital%20ready_singles_V5%20%281%29.pdf}

☐ Attachment

☑ Reporting

URL/Attachment

☑ URL

URL

{hyperlink:https://www.ccla.co.uk/sites/default/files/CCLA_Stewardship%20Report_Aug%202018_Digital%20ready_singles_V5%20%281%29.pdf}

☐ Attachment

☑ Climate change

URL/Attachment

☑ URL

URL

{hyperlink:https://www.ccla.co.uk/our-policies/climate-change-and-investment-policy}

☐ Attachment

☑ Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

☑ URL

URL

{hyperlink:https://www.ccla.co.uk/sites/default/files/CCLA_Stewardship%20Report_Aug%202018_Digital%20ready_singles_V5%20%281%29.pdf}

☐ Attachment

☐ We do not publicly disclose any investment policy components

SG 02.3	Additional information [Optional].

CCLA's responsible investment policies are set, and their implementation is monitored through, our bi-annual Responsible Investment Committee. This is chaired by our Chief Executive and attended by the Chief Investment Officer, Head of Responsible Investment and other appropriate members of staff.

The majority of our policies are presented in an easily accessible manner within our annual Responsible Investment Report. This is available at https://www.ccla.co.uk/sites/default/files/CCLA_Stewardship%20Report_Aug%202018_Digital%20ready_singles_V5%20%281%29.pdf.

Further detail is included in subject specific policies. These include:

- Our response to the Stewardship Code (which also acts as our engagement policy) which is available at https://www.ccla.co.uk/sites/default/files/Stewardship%20Code%20Response%2020161028.pdf

- Our Climate Change and Investment Policy which is available at https://www.ccla.co.uk/our-policies/climate-change-and-investment-policy

- and our Cluster Munitions and Landmines Policy which is available at https://www.ccla.co.uk/our-policies/cluster-munitions-and-landmines-policy

In addition, the vast majority of our Funds implement ethical investment policies that have been set, either through client consultation or by the Church of England's Ethical Investment Advisory Group, to reflect the values of the underlying unit holders. The specific details of the Screens are included in the Funds' Scheme Particulars. Again these are available on the relevant pages of our website.

SG 07 CC	Voluntary	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

	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

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

CCLA's Chief Investment Officer is accountable for the Climate Change and Investment Policy. He is assisted in this role by the Head of Ethical and Responsible Investment.

Both the Chief Investment Officer and the Head of Ethical and Responsible Investment are required to approve companies that are rated as being very high climate risk prior to investment.

Regular oversight is provided by CCLA's Ethical and Responsible Investment Committee, which monitors and approves the implementation of the policy twice per year. The COIF, CBF and LAMIT Trustee Boards and CCLA's Company Board receive an annual update on our management of climate related risk.

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

The Chief Investment Officer holds overall responsibilty for our integrated approach to investment management. He sets asset allocation and overall strategy, of which the low carbon transition is a core component.

Portfolio managers hold responsibility for stock level risk, including climate change. They are supported in their analysis by the specialist ethical and responsible investment team.

The Ethical and Responsible Investment team are responsible for stewardship and provide a level of oversight over the implementation of CCLA's approach for managing ESG risk.

SG 07.8 CC	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.

☐ 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

SG 13	Mandatory	Public	Descriptive	PRI 1

SG 13.1	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.).

☐ Yes, to assess future ESG factors

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

	Describe

We negatively alter diversified oil and gas companies' valuations to reflect amendments to the projected energy demand during the low carbon transition. This is informed by the IEA Energy Scenarios. We stress tested our multi-asset fund portfolios through the 2 Degree Investing Initiative/PRI scenario analysis tool.

☐ 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]

Due, in part, to uncertainties about future demand, regulation and legislation we continue to be significantly underweight the diversified oil and gas sector. This is informed by our Climate Change and Investment Policy that is available at https://www.ccla.co.uk/our-policies/climate-change-and-investment-policy

SG 13 CC	Voluntary	Public	Descriptive	General

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

Addressing the risks and opportunities associated with climate change and the associated transition to a low carbon economy is our highest responsible investment priority. We recognise that different companies and sectors will be impacted at different times and to different extents. To identify the assets most at risk, we conduct an annual review of the impacts of climate change on the performance of 67 GICs Industry Sectors. Our current focus is on the impact of prospective regulation, legislation and litigation (with a particular focus on the ability to create 'Stranded Assets') and the physical effects of climate change (such as an increased regularity of extreme weather events and impacts on the availability of water) upon companies' ability to deliver strong and sustainable returns to investors.

The risk awarded to a sector determines whether an asset is an eligible investment and/or the level of due-diligence that is necessary to complete prior to a stock entering a CCLA portfolio. We also seek to control the aggregate levels of climate risk within our clients' portfolios. We implement strict rules to ensure that the aggregate Carbon Footprint of all CCLA equity portfolio is not higher than that of the MSCI World Index and stress test our portfolios against IEA scenarios bi-annually.

☑ Incorporation into investment analysis

	Describe

Whilst most of the financial impacts of climate change will be felt in the future, on the back of our most recent annual review, we take a number of steps to make our clients' portfolios more resilient.

In regards to asset selection, we have adopted a rigorous process for considering companies in the sectors most exposed to climate risk. As part of this approach:

We do not invest our clients' assets in companies that have been identified by our third party data provider, MSCI, as generating more than 5% of their returns from the extraction of energy coal or tar sands. This currently restricts investment in companies like BHP or Anglo American.

We negatively alter diversified oil and gas companies' valuations to reflect amendments to the projected energy demand during the low carbon transition. This amendment is informed by the International Energy Agency's (IEA) Sustainable Development Scenario and the Beyond Two Degrees Scenario and makes the sector, and specifically oil intensive businesses, less attractive in our investment model.

In addition to the above, prior to purchase, we conduct an in-house assessment of oil and gas and electrical utility companies' alignment with the Paris Agreement and associated measures. Investee companies that are not in line with the Agreement require approval from the Chief Investment Officer and Head of Ethical and Responsible Investment prior to purchase, are reported regularly to CCLA's bi-annual Ethical and Responsible Investment Committee. Once purchased such businesses are prioritised for active stewardship.

We conduct analysis on the resilience of other exposed companies' (such as those within the financial sector) to climate related events and take appropriate action.

☑ Inform active ownership

	Describe

We recognise that the transition to a low carbon economy will be complex and take place over multiple decades. We also recognise that active ownership by investors can play a significant role in the management of climate related risk management. For this reason, we have an active climate stewardship programme.

As part of this approach, investment in companies in the most exposed sectors (such as those involved in the extraction or in the generation of electricity from 'fossil fuels') or where we have identified significant concerns about the management of climate related risk is subject to ongoing productive engagement. Our highest climate engagement priorities are currently Chevron, Royal Dutch Shell, Total, Rio Tinto, Duke Energy and SSE.

We also conduct routine engagement with companies operating in other sectors identified by the recent Taskforce on Climate Related Financial Disclosures.

All engagement activity is monitored by CCLA's Ethical and Responsible Investment Committee and poor corporate responses can, in extremis, lead to us reconsidering continued investment.

☐ 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 the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.

◉ Yes

	Describe

We continue to believe that the biggest risk to long-term shareholder value is a failure to limit temperature rises to a level that is significantly below two degrees celcius above pre-industrial levels.

This could lead to changes to sea levels, damage to eco-systems, mass-migration and exacerbated extreme weather patterns. This would have a negative impact upon company supply chains, access to resources such as water - critical in many industries such as the extractives sector - and impact upon real estate assets.

For this reason, we seek to play a positive role in promoting the transition to a low carbon economy. This is done through engagement, both with companies and policy makers, but also through the allocation of capital to climate positive investments. This includes significant investments in renewable energy infrastructure, energy efficency initiatives, sustainable technology and forestry.

○ 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	☑ 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	☐ 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			171	200	054
Currency	GBP				
Assets in USD			219	306	011

	Specify the framework or taxonomy used.

We have disclosed based upon the definition set by our Ethical Fund Advisory Committee. This only counts an asset as being 'positive' if:

- it meets the criteria set out by the Global Investor Coalition's Low Carbon Investor Registry (with the exception of energy efficient buildings). These criteria are available at https://globalinvestorcoalition.org/wp-content/uploads/2015/10/LCI-Registry-Taxonomy_3rd-Release_211015.pdf

- all of the companies'/investment vehicle is dedicated to delivering the positive benefit

We recognise that this is a strict definition and is bespoke to CCLA's portfolios. To provide our clients with a directly comparable measure we also analyse our multi-asset portfolios through MSCI's Sustainable Impact Calculator. This suggests that c15% of the capital value of our main, multi-asset, investment funds is dedicated to activities that is promoting one of the UN's Sustainable Development Goals.

☐ 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

☐ 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

☐ 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 MSCI's Carbon Footprint tool. We believe that this is the most widely used footprinting tool and, as a consequene, it directly allows our clients to compare our portfolios with those offered by different investment managers.

SG 14 CC	Voluntary	Public		General

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
Climate-related targets	☐ All assets ☑ Majority of assets ☐ Minority of assets	To control aggregate climate risk we have set a maximum portolio footprint	tonsCO2/$m invested	As per MSCI's Methodology
Weighted average carbon intensity	☐ All assets ☑ Majority of assets ☐ Minority of assets	To measure the carbon footprint of our equity and fixed interest holdings		As per MSCI's Methodology
Carbon footprint (scope 1 and 2)	☐ All assets ☑ Majority of assets ☐ Minority of assets	To measure the carbon footprint of our equity and fixed interest holdings	tonsCO2/$m invested	As per MSCI's Methodology
Portfolio carbon footprint	☐ All assets ☑ Majority of assets ☐ Minority of assets	To implement a portfolio-wide max carbon footprint cap	tonsCO2/$m invested	As per MSCI's Methodology
Total carbon emissions	☐ All assets ☑ Majority of assets ☐ Minority of assets	To implement a portfolio-wide max carbon intensity cap	tons CO2	As per MSCI's Methodology
Carbon intensity	☐ All assets ☑ Majority of assets ☐ Minority of assets	To implement a portfolio-wide max carbon intensity cap	tons CO2/$m sales	As per MSCI's Methodology
Exposure to carbon-related assets	☐ All assets ☑ Majority of assets ☐ Minority of assets	To identify companies with high exposure to climate related risk	tons CO2/$m invested	As per MSCI's methodology

SG 14.7 CC	Describe in further detail the key targets.

Targettype	Time Frame	Description	Attachments
☐ Absolute target ☑ Intensity target	Ongoing	Manage equity portfolios within a fixed carbon budget	
☐ Absolute target ☐ Intensity target			
☐ 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 risks management processes for identifying, assessing, and managing climate-related risks.

◉ Process for climate-related risks is integrated into overall risk management

	Please describe

As investors we have a duty to manage our financial exposure to climate related risk and to maximise the opportunities arising from the low carbon transition for our clients. We do this in five ways.

First, informed by scenario analysis and qualitative investigation by our investment analysts and ESG experts, we conduct an annual review of the major risks and opportunities associated with climate change.

Second, informed by this analysis we seek to avoid investing in the companies, in the most exposed sectors, who are not properly preparing, or are not able to prepare, for the transition to a low carbon economy.

Third, we engage with our holdings to support them in addressing and mitigating the risks that the low carbon economy poses to their business.

Fourth, we seek to promote proactive climate regulation and legislation through interaction with public policy makers.

Finally, we seek to identify investments that meet our risk and return objectives and dedicate capital to accelerating the low carbon economy.

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

SG 14.9 CC	Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

◉ Yes

	Please describe

We recognise that the transition to a low carbon economy will be complex and take place over multiple decades. We also recognise that active ownership by investors can play a significant role in climate related risk management. For this reason, we have an active climate stewardship programme.

As part of this approach, investment in companies in the most exposed sectors (such as those involved in the extraction or in the generation of electricity from 'fossil fuels') or where we have identified significant concerns about the management of climate related risk is subject to ongoing productive engagement.

We also conduct routine engagement with companies operating in other sectors identified by the recent Taskforce on Climate Related Financial Disclosures. This includes promoting support for TCFD at relevant companies who are yet to do so.

All engagement activity is monitored by CCLA's Ethical and Responsible Investment Committee and poor corporate responses can, in extremis, lead to us reconsidering continued investment.

○ No, we do not engage

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.

	%

5.2

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

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Private equity

☐ Property

☑ Infrastructure

	% of AUM

0.24

☐ Forestry

☐ Farmland

☐ Inclusive finance

☐ Cash

☐ Other (1)

Brief description and measures of investment

We were seed investors in Sustainable Development Capital Limited's UK Energy Limited Partnership. The Fund provided finance for a low carbon combined chilling/heating and power (CCHP) solution at the St Barts' Hospital in London. CCHP is an optimal approach to generating lower carbon electricity and heat under the recent EU Energy Efficiency Directive. The project has provided significant carbon emission reductions and an 8% return per annum for CCLA's investors.

☑ Renewable energy

Asset class invested

☐ Listed equity

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Private equity

☐ Property

☑ Infrastructure

% of AUM

1.67

☐ Forestry

☐ Farmland

☐ Inclusive finance

☐ Cash

☐ Other (1)

Brief description and measures of investment

We have various investments including the following:

Bluefield Solar Income Fund

Foresight Solar Fund

Gresham House Energy Efficiency

John Laing Environmental Assets

Reneweables Infrastructure Group

Greencoat UK Wind

By way of example, we were seed funders in the Bluefield Solar Income Fund Limited (BSIF). This is an investment company, which focuses on the acquisition and management of a portfolio of solar energy in the United Kingdom. The Company targets utility scale assets and portfolios on greenfield, industrial and/or commercial sites with the objective of delivering long term stable yield.

The Company's properties include Sheppey Kent, Pentylands Wiltshire, Goosewillow Oxfordshire, Durrants Isle of Wight, Hardingham Norfolk, Hill Farm Oxfordshire, North Beer Cornwall, Hall Farm Norfolk, Saxley Hampshire, Betingau Glamorgan, Hoback Hertfordshire, Capelands Devon, Redlands Somerset, Goshawk Surrey and Oxford shire & Suffolk, among others.

☐ 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

☑ Forestry

	% of AUM

0.05

☐ Farmland

☐ Inclusive finance

☐ Cash

☐ Other (1)

	Brief description and measures of investment

We hold an investment in the Forest Company. the Fund invests in forestry assets that are managed according to best-practice standards with regard to environmental conservation and socio-economic sustainability.

☐ Sustainable agriculture

☑ Microfinance

	Asset class invested

☑ Listed equity

	% of AUM

0.06

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Private equity

☐ Property

☐ Infrastructure

☐ Forestry

☐ Farmland

☐ Inclusive finance

☐ Cash

☐ Other (1)

	Brief description and measures of investment

We have a small investment in a Triodos Microfinance Fund. The Fund has a specific focus on reaching out to those traditionally excluded from access to affordable, effective and transparent financial products and services. It focusses on small and medium-sized enterprises, renewable energy, sustainable agriculture, and fulfilment of basic needs, such as housing, education and healthcare.

☐ SME financing

☐ Social enterprise / community investing

☑ Affordable housing

	Asset class invested

☑ Listed equity

	% of AUM

0.8

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Private equity

☐ Property

☐ Infrastructure

☐ Forestry

☐ Farmland

☐ Inclusive finance

☐ Cash

☐ Other (1)

Brief description and measures of investment

CCLA hold various investments that provide social housing. These include:

Civitas Social Housing

Triple Point Social Housing

Places for People Bond

By way of example Civitas Social Housing works in partnership with Housing Associations and Local Authorities (together "Registered Providers") to help them unlock capital held in existing social homes for new development and to promote the delivery of new social homes. Civitas does not develop or manage social homes directly but works in close collaboration with Registered Providers and others who provide these services. Civitas' investment activity supports housing providers with the provision of permanent capital to facilitate their objective of delivering more social homes and offers investors the potential for sensible, risk adjusted real returns with regular dividend distributions.

☑ Education

Asset class invested

☐ Listed equity

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Private equity

☐ Property

☑ Infrastructure

% of AUM

0.9

☐ Forestry

☐ Farmland

☐ Inclusive finance

☐ Cash

☐ Other (1)

Brief description and measures of investment

CCLA hold a number of investments in student housing funds. These include: Euro Student Housing, GCP Student Living and Empiric Student Property.

☑ Global health

	Asset class invested

☐ Listed equity

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Private equity

☐ Property

☑ Infrastructure

	% of AUM

1.6

☐ Forestry

☐ Farmland

☐ Inclusive finance

☐ Cash

☐ Other (1)

	Brief description and measures of investment

CCLA hold various investments that provide state of the art healthcare facilities. these include: Impact Healthcare, KMG Wren Retirement Fund, Montreaux Healthcare Fund, Medicx Fund, Primary Healthcare Properties and Target Healthcare.

☐ Water

☐ Other area, specify

○ No