

CG Asset Management

Climate Change Policy

March 2024

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Strategic Aim

CG Asset Management believes that asset owners and managers play an important role in supporting the transition to a net zero economy, in line with the principles set out by UNEP FI and the UN PRI. We are acutely aware of the risks that climate change will pose in the future if asset managers do not take sufficient action today to mitigate these risks.

Our aim is to implement a fully integrated approach to managing the impacts of climate change, and supporting the transition to a net zero economy, across both our investment activities and our wider business.

We have established a Responsible Investment Committee, comprised of staff from across our business, which will oversee the delivery of these initiatives and report to the Investment Committee of the Board of Directors on progress.

Focus Areas

To achieve our strategic aim, we have set out three key focus areas:

- Building a quantitative understanding of our investment portfolios' carbon emissions;
- Integrating climate-related financial risks into our investment process; and
- Integrating climate-related considerations into our wider business.

To demonstrate our commitment, we intend to:

- Remain a signatory to the UN Principles for Responsible Investment (UN PRI);
 - Publish regular reports on our Responsible Investment activities;
 - Introduce reporting in line with the recommendations of the Taskforce on ClimateRelated Financial Disclosures (TCFD), initially on a best endeavours basis, with a view to formalising reporting over time.
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Focus Areas in detail

Understanding our investment portfolios' carbon emissions

We will begin quantitatively measuring the emissions associated with our investment portfolios, with a view to using these to inform our overall asset allocation and investment decisions.

The key output will be:

- We will measure the Scope 1, 2, and 3 emissions levels and intensity of our portfolios, where the information is available, and will publish these where meaningful.

We will run regular analysis to understand the financial impact of a range of climate scenarios on the value of our portfolios' holdings. This will involve:

- Analysing the financial impact of a range of established climate scenarios, covering physical and transition risks under orderly and disorderly transition scenarios.
 - Assessing the financial impact of climate scenarios over short, medium and longterm time horizons.
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- Publishing the results to this scenario analysis in line with the recommendations of the TCFD. This will initially be on a 'best endeavours' basis, but will be done with a view to formalising these processes over time.

Beyond external publication, we will also integrate these data into our investment processes and decisions, as set out in (2) below.

Integrating climate-related financial risks into our investment process

We will embed climate-related financial risks into our regular asset allocation decision making. This will involve:

- Ensuring that consideration of climate change-related issues associated with our investments is integrated within internal asset allocation committee meetings and reflected in our investment decisions for the directly invested allocation in our portfolios.
- Ensuring that climate change-related considerations are raised and recorded across our external engagement with the companies that we invest in, and that these are reviewed regularly to ensure that the information gathered from our engagement with firms is actively factored into our investment decisions - including whether to increase, decrease or exit an investment altogether.

Integrating climate-related considerations into our wider business

We will embed climate-related considerations into our wider business, beyond those directly involved in investment management. This will involve:

- Ensuring that we have appropriate corporate policies in place to support our strategy - for example, around Responsible Investment and external engagement.
- Embedding a Responsible Investment training programme that is offered to all staff in the firm. As an initial step, all staff have completed the PRI Academy's Understanding Responsible Investment course.
- Building capacity across the firm in understanding climate and wider ESG-related issues, including data and broader operational considerations into our business processes.

External engagement and communication

To demonstrate our commitment to climate change initiatives, we also intend to engage and communicate our activities externally. This will include:

- We will publish regular reports on our Responsible Investment activities, including key data on ESG engagement and carbon emissions, where meaningful.
- We will remain a signatory to the UN PRI.
- We are committed to implementing disclosures in line with the recommendations of the TCFD, initially on a 'best endeavours' basis but with a view to formalising these processes over time.

Governance

- We have established a Responsible Investment Committee, comprised of staff from across all areas of our business: Investment, Marketing, Risk and Operations.
- The Responsible Investment Committee meets regularly and has oversight and primary responsibility for delivery of our climate change strategy and related initiatives.
- The Responsible Investment Committee will report annually to the Board's Investment Committee, which will communicate and escalate climate-related issues to the wider Board as it sees necessary.