

A Changing Climate for Charity Investment?

In 2008 we surveyed our charity clients and found a strong appetite for:

- **High Impact Investing:** Direct charitable benefits alongside appropriate financial returns
- **Reinforcing Human Rights:** Engagement that can lead to divestment for persistent offenders
- **Tackling Climate Change:** Systemic risk management through global investor collaboration
- **Tailoring Traditional Exclusions:** More fund choice and bespoke services for larger portfolios
- **Addressing Excessive Remuneration:** Co-ordination of voting with like-minded investors

The Church of England's Ethical Investment Advisory Group has started a policy review. If you are a CBF CofE Fund client who would like to be surveyed please e-mail ethics@ccla.co.uk

If you'd like to receive quarterly e-updates about the work our Ethical & Responsible Investment Team is doing for our clients please register at ethics@ccla.co.uk

New Ethical Exclusions and Engagement Programmes Based on Our 2008 Charity Survey:

The new COIF Charities Ethical Investment Fund (available from January 2010)

This fund will exclude all companies with *any involvement* in supporting oppressive regimes (currently **Burma** and **Sudan**) or the production of **landmines, cluster bombs** or **nuclear weapons**.

Companies with *significant involvement* in **tobacco, alcohol, pornography, gambling** and conventional weapons will also be excluded. In addition, there will be a 1% conventional weapons cap.

Company *engagement* (which could lead to exclusion from 2013) will focus on poor practice in any remaining companies with exposure to the products and services above, and violations of international conventions and norms in the areas of **human rights, employment practices** and **climate change disclosure**.

The COIF Charities Investment Fund, Global Equity Income Fund, and Fixed Interest Fund

Any involvement by companies in the production of **landmines** or **cluster bombs** will lead to exclusion from these three funds from January 2010.

Companies *with significant involvement* in **tobacco, the production of pornography, and online gambling** will also be excluded.

Company *engagement* (which could lead to exclusion from 2013) will focus on poor sales and marketing practices relating to **alcohol**, and violations of international conventions and norms in the areas of **human rights, employment practices** and **climate change disclosure**.

CCLA routinely reweights portfolios to reincorporate any attractive characteristics lost when excluding companies for our church and charity clients. In addition to our client-driven engagement and voting, we integrate financially material issues like climate change and corporate governance into stock selection.

Asset classes and investment themes that simultaneously strengthen overall risk/return characteristics and provide social and/or environmental benefits are increasingly incorporated into relevant church and charity funds managed by CCLA, e.g. micro-finance and green technologies.

A menu of ethical screens and outcome-oriented engagement programmes is available for segregated clients.