CCLA
GOOD INVESTMENT

The CBF Church of England Short Duration Bond Fund

Data coverage:[1] **88%**

CCLA recognises that the investments within the fund have an impact on the health of the climate. Equally, climate change could influence the performance of investments in the fund, because healthy markets need a healthy planet and healthy communities.

This report, based on the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD), aims to help you understand more about the climate-related financial risks the fund is exposed to and will give you the ability to compare a range of climate metrics with other funds.

To understand the governance, strategy and risk management that CCLA has in place to manage the risks and opportunities related to climate change, please refer to A climate for Good Investment, which also includes our approach to climate related scenario analysis, exclusions and engagement.

The climate metrics are only provided if reliable climate data and appropriate methodologies are available. Data gaps are explained in A climate for Good Investment.

This fund's benchmark is the Sterling Overnight Index Average (SONIA) which does not have a carbon footprint. We have therefore not disclosed benchmark carbon and climate data.

Climate metrics

Carbon footprint — **10.36 tCO_2e/$m invested**

Sums up the Scope 1 and 2 greenhouse gas emissions[2] in the portfolio based on the investor's ownership share of each of the companies' market capitalisation (in USD) and it is expressed as tonnes of carbon dioxide equivalents (tCO_2e) per $1 million invested. The larger the number, the greater the contribution to the effects of climate change.

Total carbon emissions — **19,982.98 tCO_2e**

Measures the total carbon emissions for which an investor is responsible by their equity ownership. Emissions are apportioned based on equity ownership (% market capitalisation). This measure sums up all the emissions (Scopes 1, 2 and 3) in the portfolio based on the investor's an investor's portfolio size of $1 billion.

Carbon intensity — **304.76 tCO_2e/$m sales**

Measures the carbon efficiency of a portfolio, defined as the ratio of carbon emissions for which an investor is responsible to the sales for which an investor has a claim by their equity ownership. Emissions and sales are apportioned based on equity ownership (% market capitalisation).

Weighted average carbon intensity (WACI) — **254.83 tCO_2e/$m sales**

Measures a portfolio's exposure to carbon-intensive companies, defined as the portfolio weighted average of companies' carbon intensity (emissions/sales), expressed in tCO_2e/$1m sales. The larger the number, the more carbon intensive the investments.

Financed emissions (FE) — **90.49 tCO_2e/$m invested**

Represents the financed greenhouse gas emissions (Scopes 1 and 2) associated with the fund. The larger the number, the more it is contributing to the effects of climate change.

1 The carbon and climate metrics **only** cover the fund's holdings in listed equity investments, represented by the figure above. Therefore, if the figure stated is below 100%, they may not represent the fund's total carbon footprint/climate-related impact for these metrics and are not comparable with other funds. Lower data coverage results in reduced reliability for these metrics.

2 Scopes 1, 2 and 3 are a categorisation of greenhouse gas (GHG) emissions.
Scope 1: GHG emissions that a company makes directly, for example while running its boilers and vehicles.
Scope 2: emissions companies make indirectly that is being produced on its behalf, for example purchased electricity or energy for heating and cooling buildings.
Scope 3: all the emissions associated, not with the company itself, but for which the organisation is indirectly responsible, up and down its value chain. For example, from buying products from its suppliers, and from its products when customers use them. Usually the largest emission category.

Scenario analysis

When considering climate related risks, we use both backward- and forward-looking data. Backward-looking data summarises the greenhouse gas emissions of an asset or fund.

Forward-looking data aims to gauge the significance of climate risks on the individual investments within the fund. This is determined using climate scenario models which are complex multidimensional computational tools. They are based on a number of variables: data from climate forecasting models, current observations, assumptions about future socio-economic behaviour and the regulatory landscape.

Due to the numerous assumptions and long-term projections climate models make, there are inherent uncertainties imbedded within the results. Therefore, results should be considered with caution as they are estimates of projections, not forecasts. The results should be interpreted on a relative basis as actual future conditions may differ substantially from these projections.

For our fixed interest funds (i.e. CBF Church of England Short Duration Bond Fund and COIF Charities Short Duration Bond Fund) where CCLA has appointed Federated Hermes as the sub-investment manager, we rely on their data reporting. Data sources, estimations and modelling approaches may differ which is why data between our listed equity and multi-asset funds cannot be compared with the data in our sub-assigned fixed interest funds.

Net present value (NPV) at risk

This measure quantifies the size of revenue loss on a portfolio of assets over a given time horizon, at a given probability. The resulting NPV at risk is an aggregate figure comprising physical impacts on companies' revenues, changes to policy on companies' revenues and costs, and market impacts which are defined as changes in profit from companies' ability to pass through costs to consumer and take market share from more emissions intensive competitors.

The following table reflects the impact the costs of transition will have on reducing the profitability of the companies in which the fund invests.

		CBF Church of England Short Duration Bond Fund (%)
Net zero 2050 (Orderly)	Physical impacts	-0.05
Transition risks	Changes in revenues	0.01
	Changes in costs	-2.29
	Market impact	1.55
	Aggregate NPV at risk	**-0.79**
Delayed transition (Disorderly)	Physical impacts	0.05
Transition risks	Changes in revenues	0.01
	Changes in costs	-1.12
	Market impact	0.85
	Aggregate NPV at risk	**-0.32**
Hot house world	Physical impacts	-0.16
Transition risks	Changes in revenues	0.00
	Changes in costs	0.00
	Market impact	0.11
	Aggregate NPV at risk	**-0.04**

Temperature alignment

Assesses the alignment of a portfolio's carbon emissions trajectory with different temperature scenarios. This metric can help investors determine whether their portfolio is aligned with the goals of the Paris Agreement to limit global warming to well below 2°C above pre-industrial levels.

CBF Short Duration Bond Fund	**3.00**

Important information

Data source: Planetrics and Federated Hermes, as at 31 December 2023.

This document is not a financial promotion and is issued for information purposes only. It does not constitute the provision of financial, investment or other professional advice. We strongly recommend you seek independent professional advice prior to investing.

The value of investments and the income derived from them may fall as well as rise. Investors may not get back the amount originally invested and may lose money.

Any forward-looking statements are based on CCLA's current opinions, expectations and projections. CCLA undertakes no obligations to update or revise these. Actual results could differ materially from those anticipated.

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