Background

The UK was the first major economy to legislate for net zero carbon emissions by 2050 and the asset management industry has a key role to play in channelling investment into companies, technologies and infrastructure that will enable that transition.

In November 2020, the government announced a series of initiatives which will support the development of sustainable and responsible investment in the UK, including becoming the first country to make disclosures aligned with the Task Force on Climate-related Financial Disclosures (TCFD) mandatory across the economy, implementing a new 'green taxonomy', joining the international Platform on Sustainable Finance and issuing the UK's first ever Sovereign Green Bond in 2021, subject to market conditions.

CG Asset Management Limited ("CGAM") strongly supports the UK government's goals and initiatives. CGAM already invests the majority of the assets under its management in the bonds of governments who are also working towards net zero emission targets by 2050 or sooner. CGAM excludes a significant majority of global issuers which fail to score highly using certain criteria such as the net zero by 2050 statements, but also effective governance, human rights and development, global and press freedoms.

The non-government bond element of assets under CGAM's management are targeted towards Listed Funds, Listed Property Companies and Corporate Bonds. CGAM operate exclusion criteria for directly held equity or corporate bonds in key areas which work against our ESG goals such as controversial weapons and firearms, thermal coal and other fossil fuel production activities, tobacco, gambling, pornography and predatory lending.

In the Listed Funds arena we have investments in ETFs as well as in other listed investment companies. CGAM have selected ETF providers who share our values and can use their scale to have an impact on global corporates in a way which CGAM alone cannot.

CGAM is an activist engager in the listed funds space. CGAM not only engages in an often frequent or continuous manner with funds/boards over general governance issues, but also acts to requisition meetings, propose resolutions, replace directors to improve governance, engages the press, communicates with our clients and publishes open letters and research incorporating our ESG views and to escalate ESG issues.

Where we have direct holdings in equity or corporate bonds we systematically gather and monitor ESG data. ESG disclosure by investment companies remains inconsistent and we are working with partners to foster improved systematic disclosure.

CGAM is a signatory to the UN PRI.

Disclaimer

While the Investment Manager considers ESG issues to be important when selecting investments, they do not consider the Company to be a sustainable investment product and it does not have explicit sustainability objectives in the investment policy.