CCLA
GOOD INVESTMENT

COIF Charities Short Duration Bond Fund

Manager

CCLA Fund Managers Limited

Investment manager

CCLA Investment Management Limited

Sub-investment manager

Hermes Investment Management Limited

Report type

Combined SDR ongoing product-level disclosure and TCFD product report.

The purpose of this report is to provide disclosures of key sustainability-related performance indicators and metrics.

The content of this report is aligned with the requirements of the environmental, social and governance (ESG) sourcebook published by the Financial Conduct Authority (FCA) and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Reporting period

1 July 2025 to 30 June 2026

Fund size

2026	£186m
2025	£210m

SDR label

We believe that the primary role of sustainable investment is to drive positive change.

The fund is managed in line with our sustainability approach for short duration bond funds.

The implementation of this approach involves the application of values-based investment restrictions in accordance with our values-based screening policy, which are applied to meet the fund's faith-consistent investment policy and to be in common with CCLA's wider approach.

The FCA has introduced sustainable investment labels to help investors find products that have a specific sustainability goal. This product does not have a UK sustainable investment label because it does not have a sustainability goal.

On our website you will find a summary of the UK Sustainability Disclosure Requirements (SDR), our investment labels, our overall approach to responsible investing, as well as fund-level information.

Investment policy

The fund aims to generate a total return (income plus capital growth) of cash (represented by the Sterling Overnight Index Average) plus 1.75% per year (after fees and expenses are deducted), when measured over a rolling three-year period.

The fund will invest in a range of fixed interest and variable-rate debt securities (also known as bonds) and other debt-related instruments issued in a range of currencies by companies (known as corporate bonds) and governments, including loans, inflation-linked securities, money-market instruments, and asset-backed or other securitised products (financial instruments backed by assets that generate an income, for example, mortgages or student loans).

The fund will be managed to ensure its duration is less than 3.5 years, with the aim of reducing the effect of changes in interest rates on the fund's value. The fund's duration measures the sensitivity of the value of the fund to a change in interest rates (the lower the duration the less impact a change in interest rates will have on the fund's value).

The fund may invest in instruments that are either investment grade or non-investment grade (up to a maximum of 20% of the fund) as rated by a recognised credit rating agency that the investment manager or sub-investment manager has determined meets appropriate regulatory standards.

For more details of the portfolio restrictions that apply to the fund, please see the scheme particulars.

The fund uses derivatives (financial instruments whose value is linked to that of another asset) for investment purposes and efficient portfolio management (for example, hedging to reduce currency risk).

The fund follows a set of client-driven, values-based investment restrictions.

Fund sustainability goal

None

Prior year/trend: No change

SDR label status

Unlabelled

Prior year/trend: No change

Sustainability characteristics

The fund follows a set of client-driven, values-based investment restrictions

Prior year/trend: No change

Values-based restrictions

Excludes companies materially involved in adult entertainment, alcohol, tobacco, gambling, arms, controversial weapons, fossil fuels, non-medicinal cannabis, high-interest lending and certain life ethics issues.

It also restricts oppressive-regime sovereign debt and requires committee approval for poor governance, controversies or weak ESG ratings.

Further information on the restrictions can be found in the scheme particulars and values-based restrictions documents.

Prior year/trend: No change

Impact of values-based restrictions on comparator universe

9.06% (by weight) of the comparator was restricted by fund rules (versus 7.99% the previous year)

Prior year/trend: Increase

Portfolio climate profile

The weighted average cabon intensity (WACI) of the fund was 204 tonnes CO_2e/$m sales.

Prior year/trend: No change

Engagement profile

Number of themes: 3

Prior year/trend: New metric

Material changes during the period

None

Prior year/trend: N/A

Sustainability approach

Federated Hermes Limited (FHL) has been appointed by CCLA as the sub-investment manager of both the COIF Charities Short Duration Bond Fund and the CBF Church of England Short Duration Bond Fund. The funds adopt FHL's approach to managing and integrating ESG risks, corporate governance and controversies.

The sustainability approach for short duration bond funds sets out the screens applied and provides an overview of FHL's approach to assessing ESG factors and engagement.

Engagement statistics

FHL engages with companies that have room for improvement. FHL maintains open, frequent discussions with company executives and board members, focusing on specific areas for improvement. Discussions may include topics such as reducing carbon emissions, improving worker safety, or addressing governance weaknesses. Milestones are set for companies to demonstrate progress, and performance against these milestones is regularly tracked. Engagement is led by:

- four analysts from EOS at FHL
- the sustainable fixed income team at FHL, which includes specialised engagers
- credit analysts at FHL.

Theme	Number of companies engaged
Environmental	90
Social	87
Governance	116

Fund restrictions

Excludes companies materially involved in adult entertainment, alcohol, tobacco, gambling, arms, controversial weapons, fossil fuels, non-medicinal cannabis, high-interest lending and certain life ethics issues. It also restricts oppressive-regime sovereign debt and requires committee approval for poor governance, controversies or weak ESG ratings. Further information on the restrictions can be found in the scheme particulars and values-based restrictions documents.

The values-based restrictions excluded 9.06% (versus 7.99% the previous year) of the MSCI World comparator benchmark by weight. There were no changes to the restriction methodology during the year, and no breaches of the values-based restrictions were identified in either the current or previous reporting period.

Climate metrics

The following information, which is 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 see 'A climate for Good Investment' which includes our approach to climate-related scenario analysis, exclusions and engagement.

Metric	Unit	Fund 2026	Fund 2025
Total carbon emissions	tCO_2e	24,581.26	33,983.79
Scope 1	tCO_2e	7,796.25	15,083.46
Scope 2	tCO_2e	3,027.90	4,242.78
Scope 3	tCO_2e	13,757.11	14,657.55
Carbon intensity	tCO_2e/$m sales	239.92	325.56
Weighted average carbon intensity (WACI)	tCO_2e/$m sales	204	245
Financed carbon emissions, scope 1 and 2	tCO_2e/$m invested	79.59	141.52
Financed carbon emissions, scope 3 upstream	tCO_2e/$m invested	101.15	107.33
Implied temperature rise (ITR)	˚C	2.72	2.87

Carbon footprint

A measure of the total amount of greenhouse gasses. This is typically measured in units of carbon dioxide. This means you may also see reference to 'carbon dioxide equivalent' which is used to describe the potency of other greenhouse gases, such as methane.

Total carbon emissions

Measures the total carbon emissions attributable to an investor through their asset ownership. Emissions are apportioned according to investors' ownership share of each company's market capitalisation. This metric captures total emissions across scopes 1, 2 and 3 for all covered assets.

Carbon intensity

Refers to volume of carbon emissions per million pounds of sales (carbon efficiency of a corporate), expressed in tonnes CO_2e/$m sales.

Weighted average carbon intensity (WACI)

Is a fund's exposure to carbon-intensive issuers, expressed in tCO_2e/$m sales. The larger the number, the more carbon intensive the investments currently are. WACI allows comparison across different funds.

Implied temperature rise

Implied temperature rise estimates the global temperature increase contribution from a fund's current greenhouse gas emissions trajectory. It is a simplified tool to assess alignment of business strategies with climate goals like the Paris Agreement target. The Aladdin Climate model used to generate this metric mainly accounts for scope 1 and 2 emissions. However, it overlooks emissions occurring outside direct operations (scope 3) and any avoided emissions that could have a positive environmental impact (scope 4). These exclusions can lead to an over- or underestimation of a fund's implied temperature rise.

Climate scenarios

The following scenarios are used to assess a fund's transition alignment:

- **Orderly transition**
  This scenario assumes climate policies are introduced early and become gradually more stringent, reaching global net zero CO_2 emissions around 2050, with the aim of limiting global warming to below 1.5 ˚C on pre-industrial averages.
- **Disorderly transition**
  This scenario assumes climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2 ˚C on pre-industrial averages.
- **Hot house world**
  This scenario assumes only currently implemented policies are preserved, current commitments are not met and emissions continue to rise, with high physical risks and severe social and economic disruption and failure to limit temperature rise.

Net present value (NPV) at risk

Measures the potential reduction in the net present value of a portfolio over a specified 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, including changes in profit from companies' ability to pass on costs to consumers and gain or lose 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.

Net present value (NPV) at risk

Metric	2026 (%)	2025 (%)
Net zero 2050 (orderly)		
Aggregate NPV at risk	**0.26**	**-0.53**
Physical impacts	-0.18	-0.24
Changes in revenues	-0.03	0.34
Changes in costs	-8.10	-10.01
Market impacts	8.53	9.34
Delayed transition (disorderly)		
Aggregate NPV at risk	**0.11**	**-0.51**
Physical impacts	-0.28	-0.38
Changes in revenues	-0.09	0.19
Changes in costs	-5.78	-7.17
Market impact	6.21	6.80
Hot house world		
Aggregate NPV at risk	**-0.45**	**-0.52**
Physical impacts	-0.88	-1.17
Changes in revenues	0.00	0.00
Changes in costs	0.00	0.00
Market impact	0.30	0.51

What CCLA is doing to mitigate this risk

Climate change is a systemic and non-diversifiable risk. As a result, it is not possible to avoid the negative implications through asset selection alone. For this reason, it is essential that investors with net zero targets have credible and consistent approaches to pushing for 'real world' decarbonisation. There are two ways to pursue net-zero listed equity portfolios: 'transactions' and 'action'.

1. **Transactions** is the attempt to reduce carbon emissions in an investment portfolio by selling high carbon assets and purchasing low carbon assets. While this will reduce the footprint of the portfolio, it is unlikely to have an impact on the real world as the assets will be purchased by another investor and may continue to emit.
2. **Action** is where the investor works with companies to incentivise them to take steps to reduce their footprint. While slower, this approach decarbonises portfolios by genuinely reducing emissions and, in doing so, contributes to 'real world' decarbonisation. As part of our commitment to 'action', we seek to drive decarbonisation through dialogue with the companies in which we invest and by engaging with public policymakers.

Important information

Data sources
Sustainability: CCLA and MSCI, as at 30 June 2026, 2025 and 2024 where appropriate.

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.

Issued by CCLA Fund Managers Limited (registered in England No. 8735639) whose registered office is The ZigZag Building, 70 Victoria Street, London SW1E 6SQ. CCLA is part of the Jupiter Group, and is authorised and regulated by the Financial Conduct Authority. CCLA is the trading name of CCLA Investment Management Limited and CCLA Fund Managers Limited.

Glossary

Please refer to the glossary on our website for explanations of terms used in this communication.

If you would like the information in an alternative format or have any queries, please call us on **0800 022 3505** or email us at **clientservices@ccla.co.uk**

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