



CCLA's Statement in Response to the UK Stewardship Code

"The Stewardship Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. Engagement includes pursuing purposeful dialogue on strategy, performance and the management of risk, as well as on issues that are the immediate subject of votes at general meetings"

Financial Reporting Council, July 2010

Principle 1: Policy Disclosure

"Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities."

- o CCLA is a long-term responsible investor seeking sustainable returns for clients
- o Our Investment Funds have long-term performance goals
- o Our integrated stewardship policy is summarised overleaf

Principle 2: Conflicts of Interest

"Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed."

- o CCLA is owned by its not-for-profit clients and has no external shareholders
- o We act in the interest of all clients when fulfilling our stewardship responsibilities
- o We are aware of our conflicts of interest and our policy is available on our website

Principle 3: Monitoring Companies

"Institutional investors should monitor their investee companies."

- o CCLA systematically monitors all investee companies
- o Engagement priorities are reported to our Quarterly Investment Committee
- o We also monitor wider stewardship issues of interest to our clients

Principle 4: Escalation Policy

"Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value."

- o We are prepared to escalate our engagement when it is in our clients' interests to do so
- o When appropriate we are prepared to express our concerns publicly
- o We will divest when this is appropriate in meeting our investors' objectives

Principle 5: Collective Action

"Institutional investors should be willing to act collectively with other investors where appropriate."

- o CCLA is prepared to act collectively to protect long-term shareholder value
- o We act with like-minded investors on client-driven wider stewardship concerns
- o We are also prepared and able to initiate collaborative action

Principle 6: Voting Disclosure

"Institutional investors should have a clear policy on voting and disclosure of voting activity."

- o CCLA votes both domestic and overseas holdings
- o Our voting templates were developed in collaboration with like-minded investors
- o Our annual voting record is available on our website

Principle 7: Periodic Reporting

"Institutional investors should report periodically on their stewardship and voting activities."

- o CCLA produces an online rolling Stewardship Report, including quantitative and qualitative information
- o Highlights of our stewardship work will continue to feature in our quarterly reports
- o Our stewardship activities are audited as part of our internal auditing programme

CCLA's Stewardship Policy

CCLA seeks strong and sustainable investment returns on behalf of our charity and not-for-profit clients. Sustainable investing aims to meet clients' long-term needs and our performance goals reflect this. We are owned by our clients and our integrated approach to stewardship, which is summarised below, also covers ethical issues of interest to them. Our approach extends to overseas equities and other relevant asset classes.

Monitoring all our investee companies is a routine part of CCLA's wider investment process. We have also developed bespoke voting templates with like-minded investors, and aim to vote all our domestic and overseas holdings where it is practical to do so. The templates cover routine corporate governance issues like board structure and client concerns about excessive remuneration. Our UK service providers are PIRC and ISS respectively, who we work with in collaboration with other like-minded investors. Voting decisions that are not covered by the templates are taken by portfolio managers, and we write to companies when we abstain or vote against management. We do not participate in stock lending.

In addition to the above routine monitoring and voting, we pay particular attention to the longer-term stewardship of companies that make up more than 1% of our main client funds. Our engagement priorities are reported to our Quarterly Investment Committee, which is chaired by our Chief Executive, based on any concerns that we have about:

- o Strategy
- o Performance
- o Governance
- o Management of environmental and/or social risks

We are prepared to escalate our engagement when it is in our clients' interests to do so. For our main holdings this will usually be led by our Chief Investment Officer, our Equities Team and/or our Ethical & Responsible Team. We are prepared to act collectively with other investors when this is a cost effective way of protecting long-term shareholder value. Potential collaborators should contact James Corah, Deputy Head of Ethical & Responsible Investment, in the first instance. When appropriate we are prepared to co-file shareholder resolutions and express our concerns publicly.

We also monitor companies against wider stewardship issues of concern to our Church and charity clients and support the secretariat to the Church of England's Ethical Investment Advisory Group (EIAG). EIAG advice or the client-driven policies covering our charity funds might lead to divestment based on a company's failure to respond to persistent engagement.

Our annual voting record is available on our website and we will continue to include highlights of our stewardship work in our quarterly client reporting. We publish an online rolling Stewardship Report, which includes a summary of our engagement and voting work.

Our stewardship activities are an integral part of how we manage funds on behalf of our charity and not-for-profit clients. As such they are covered by our internal auditing programme and reflected in our procedures.



CCLA

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