

CCLA Investment Management Limited

PUBLIC DISCLOSURE STATEMENT

For the year ended 31 March 2023

CCLA
GOOD INVESTMENT

Introduction

The Investment Firm Prudential Regime ('IFPR') is the prudential regime introduced by the Financial Conduct Authority ('FCA') for MIFID Investment firms and came into force on 1 January 2022.

This document sets out the public disclosures required under the IFPR.

Basis of Disclosure

Under the IFPR a MIFIDPRU investment firm is required to publish disclosures in accordance with the rules set out in MIFIDPRU 8.

CCLA Investment Management Ltd ('CCLA IM') and its wholly owned subsidiary, CCLA Fund Managers Limited ('CCLA FM'), hereby the CCLA Group ('CCLA' or 'the Group'), are both incorporated in England and Wales and regulated by the FCA under Firm Reference Numbers 119281 and 611707 respectively.

CCLA IM is classified as a non-small non-interconnected ('non-SNI') MIFIDPRU investment firm and as such will apply the rules applicable as set out in the FCA handbook. The rules in MIFIDPRU 8 apply to a MIFIDPRU investment firm on an individual basis, therefore these disclosures are prepared for CCLA IM on a solo basis only. This document has been prepared as at 31 March 2023 which is the firm's accounting reference date.

This disclosure for CCLA IM is published on an annual basis and is based on the financial position as at its year end, 31 March. The disclosures are required to be published in conjunction with the date of publication of the Annual Report and Accounts.

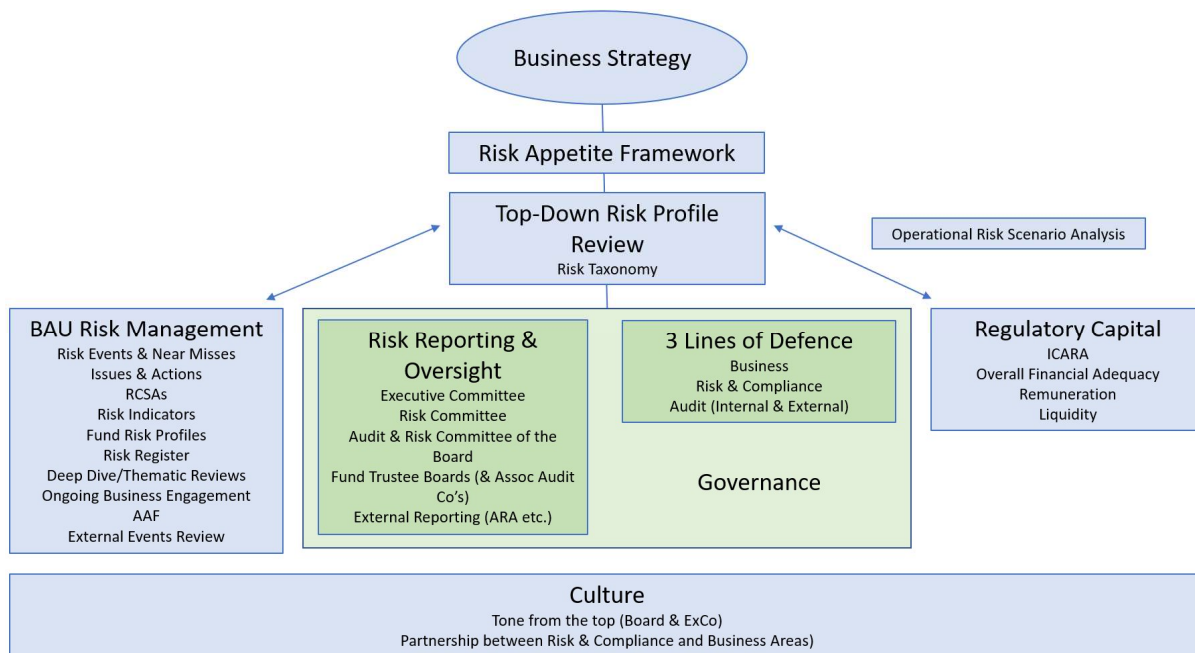
Validation and Approval

The disclosures have not been audited by CCLA IM's external auditors, do not constitute any form of audited financial statement and have been produced solely for the purposes of the public disclosure requirements and are not used by management for any other purpose. The disclosures should not be relied upon in making judgements about CCLA IM.

These disclosures have been subject to internal review and oversight as part of CCLA IM's governance.

Risk Management

CCLA's Enterprise Risk Management Framework ('ERMF') establishes the core pillars of the risk management structure and risk taxonomies including the Risk Appetite Framework ('RAF'), Company key risks (for both Investment Management and Fund Managers entities), core risk management tools, processes, governance, and culture. The ERMF is embedded in the Company's overall business strategy, operational policies and practises and is summarised in the below diagram:



Historically, the ERMF was designed to assess risks faced by CCLA and its clients, however since the introduction of the IFPR, the ERMF has been enhanced and refined to move the focus from risks to also assessing ‘harms’ to firm, client, and the market. Significant updates to the ERMF have been made to do this, including the introduction of a new quarterly Risk Profile Review which assesses each level 2 risk from the Risk Taxonomy against multiple criteria, including impact to clients, the market and the firm.

Business Strategy

CCLA’s Board sets the business strategy and objectives of the company which is supported by the CEO’s Strategy, Executive Committee, and the annual budget process. The ERMF aims to help CCLA meet its strategic objectives whilst operating in strict alignment with the Company’s Risk Appetite Framework.

Risk Appetite Framework

CCLA’s RAF identifies the aggregate level and types of risk the Company is willing to accept in order to deliver its strategic objectives. The RAF has its own dedicated document, the “Risk Appetite Framework”.

The Board is responsible for setting the Company’s Risk Appetite, including metrics, limits, and statements, in relation to the Company’s Level 1 risks. Work is underway in 2023 to set granular risk appetite statements for each of the level 2 risk types. This will support the quarterly Risk Profile Review and provide regular commentary throughout the year to senior management regarding whether CCLA remains within its risk appetite for risk types aligned more closely to the individual business teams. These will also provide more detailed aggregate assessments should level 1 risk appetite commentary be required.

The RAF is holistically reviewed annually by the Executive Committee, Risk Committee, Audit and Risk Committee and Board to ensure that it remains appropriate and aligned to the business strategy.

Risk Identification

CCLA recognises that it is exposed to several risks as a result of conducting business. The Board identifies the risks it believes the Company is exposed to by utilising a variety of risk reporting tools, frameworks, and reviewing prevailing management information. CCLA arranges and aggregates risks in a logical manner to ensure risk types can be appropriately measured, managed, monitored, and reported on.

The Level 1 risks are the key, top-down risks the Company believes it, and potentially its clients and the wider markets are exposed to. The Level 2 risks are subsets of the Level 1 risks and also define each Level 1 risk.

Level 1 Risks	Level 2 Risks
Strategic Risk	Change Management Risk
	Product Range & Concentration Risk
	Key Person/Team Risk
	Sustainability Execution Risk
	Fund Conversion Risk
Regulatory, Political and Legislative Risk	Regulatory Risk
	Legal Disputes and Litigation Risk
	Government Policy Risk
Operational Risk	Client and Fiduciary Duty (incl. Consumer Duty) Risk
	People Risk
	Financial Crime Risk
	Technology & Cyber Risk
	Data Management Risk
	Outsourcing and Supplier Risk
	Business Continuity Risk
	Physical Security and Health & Safety Risk
	Investment Risk
Prolonged Market Downturn	
Performance Risk	
Liquidity Risk	
Valuation Risk	
Leverage Risk	
Investment Compliance Risk	

Governance

Group Structure

CCLA is comprised of

- (i) CCLA Investment Management Limited, a MiFID regulated parent undertaking with a wholly owned subsidiary (CCLA IM is considered an Investment Firm Group under IFPR) and,
- (ii) CCLA Fund Managers Limited, an Alternative Investment Fund Manager (“AIFM”) and a subsidiary of CCLA IM.

The CCLA IM Board

The CCLA IM Board (‘the Board’) currently has nine members, including the chair of CCLA IM who is a Non-Executive Director. The Board is responsible for the review and approval of the overall strategy of CCLA IM. It sets and reviews policies and action plans, considers material business and operational matters affecting or arising within the business and reviews regulatory and legal matters. It also considers appointments and remuneration, annual reports and accounts and pension schemes. The Board is also responsible for agreeing and approving CCLA IM’s Internal Capital Adequacy and Risk Assessment (the ‘ICARA’). There are three sub-committees of the Board, namely the Executive Committee, Audit and Risk Committee and the Remuneration and Nominations Committee.

The CCLA IM Board is ultimately responsible for the risk management arrangements, and it has discharged the day-to-day risk management responsibilities to the CCLA IM Executive Committee. The Chief Risk Officer, a member of the CCLA IM Executive Committee, is responsible for the day-to-day Risk and Compliance activities and manages the Risk and Compliance team which has a focus on ensuring there are robust systems and controls to identify, manage, monitor, measure and report on Investment Risk, Enterprise Risk and Compliance matters (both advisory and ongoing monitoring).

Committees of the Board

Executive Committee

The Executive Committee consists of the Senior Management team at CCLA IM and is chaired by CCLA IM's Chief Executive Officer. It has delegated authority from the Board to operate the firm on a day-to-day basis. The Executive Committee reviews the activities in all areas and, through minutes of its meetings and reports by the CCLA IM Chief Executive, provides the Board with insight into the key matters or issues from the day-to-day operation of the firm.

The duties and responsibilities of this Committee extends to reviewing and recommending business strategy, financial and operational matters including human resources and risk management.

Audit & Risk Committee

This committee is made up of the non-executive directors of CCLA IM, excluding the Chair of the Board. The Audit & Risk committee, which meets at least quarterly, has been given delegated authority by the Board to oversee the following areas:

- co-ordination and oversight of the financial reporting process;
- oversight of the Group's risk and compliance arrangements and its regulator interactions;
- oversight of internal and external audit arrangements and relationship;
- reviewing the Group's systems of internal controls;
- review of the CCLA IM's and the Group's annual financial reports;
- oversight of matters relating to the legal integrity of the Group; and
- providing advice to the Board on the effectiveness of the Group's risk management arrangements.

Remuneration and Nominations Committee

This committee consists of the non-executive directors of CCLA IM and has delegated responsibility from the Board for the determination of the terms and conditions of employment, pay and benefits of each of the executive directors and the Chief Risk Officer in a manner that is consistent with CCLA's remuneration policy. This committee also approves major changes in employee remuneration, incentive and benefit structures, and review the process for setting the remuneration for all staff to ensure fairness. Finally, this committee ensures that there is a formal, rigorous and transparent procedure for appointments to the Board and it also reviews and approves appointment of CCLA senior personnel.

Sub-Committees of the Executive Committee

CCLA operates various internal day to day governance committees which feed into the firm's Executive Committee. These sub-committees are the Investment Committee, Product Governance Committee and a Risk Committee which itself has three sub-committees which cover Fair Value Pricing, Investment Risk and Client Money matters.

Directorships

The following information relates to the appointments of CCLA IM directors held in both, executive and/or non-executive functions, including any directorships held at external, commercial organisations as at 31 March 2023:

Name	SMF Function/Role	Number of Directorships (Executive and non-Executive) held by each Board member of CCLA IM including CCLA Boards
Peter Hugh Smith	SMF 1/3 CEO & Executive Director	1
Elizabeth Sheldon	SMF 3 Executive Director	4
Andrew Robinson	SMF 3 Executive Director	1
Richard Horlick	SMF 9 Non-Executive Chair of the Board	5
Ann Roughead	Non-Executive Director	10
Jonathan Jesty	Non-Executive Director	2
Christine Johnson	Non-Executive Director	8
Julia Hobart	Non-Executive Director	1
Christopher West	Non-Executive Director	4

Promoting Inclusion and Diversity

The CCLA IM Board continues to recognise the importance of diversity in its membership and appointments are based on merit, measured against objective criteria and the skills and experience the individual can bring to the Board. The CCLA IM Directors agree that boards perform best when they include people with a diverse range of skills, perspectives, and backgrounds. At CCLA, these differences are considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. For the year ending 31 March 2023, four out of nine CCLA IM Directors were women. Out of the 6 non-executive directors, 3 were women.

Diversity Targets and Status

CCLA is committed to building a workforce that reflects all aspects of diversity and intersectionality to bring a range of perspectives, ideas and insights to everything the firm does. With respect to Board level diversity in particular, the objective remains to have an appropriate balance between gender. CCLA will keep this matter under review.

Own Funds

Composition of Regulatory Own Funds

The own funds of a firm are the sum of its common equity tier 1 capital ('CET1'), additional tier 1 capital ('AT1') and tier 2 capital ('T2'). CCLA IM's own funds consist of CET1 capital only and are primarily constituted of share capital and retained earnings as set out in table OF1.

Table 1: OF1 Composition of regulatory own funds

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	22,037	
2	TIER 1 CAPITAL	22,037	
3	COMMON EQUITY TIER 1 CAPITAL	22,037	
4	Fully paid up capital instruments	242	Note 15
5	Share premium	1,594	
6	Retained earnings	26,372	Note 16
7	Accumulated other comprehensive income		
8	Other reserves	(974)	
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(5,197)	Note 8, 9 and 21
19	CET1: Other capital elements, deductions and adjustments		
20	ADDITIONAL TIER 1 CAPITAL		
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	TIER 2 CAPITAL		
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

The table below shows the reconciliation of own funds to the balance sheet of CCLA IM as at 31 March 2023. The balance sheet below is as per the audited financial statements.

Table 2: OF2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements

	a	b	c	
Amount in GBP (thousands)	Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1	
As at period end	As at 31 March 2023 (GBP thousands)			
Assets				
1	Intangible assets	902	N/A	Item 11
2	Tangible assets	2,006	N/A	
3	Investment in subsidiary	2,700	N/A	Item 11
4	Debtors	6,741	N/A	
5	Deferred tax asset	1,595	N/A	Item 11
6	Investments	1,635	N/A	
7	Cash equivalents	10,176	N/A	
8	Cash at bank and in hand	15,588	N/A	
	Total Assets	41,343	N/A	
Liabilities				
1	Creditors due within one year	13,055	N/A	
2	Provisions for liabilities and charges	1,054	N/A	
	Total Liabilities	14,109	N/A	
Shareholders' Equity				
1	Called up share capital	242	N/A	Item 4
2	Share premium account	1,594	N/A	Item 5
3	Other reserves	2,737	N/A	Item 8
4	EST share reserve	(1,544)	N/A	Item 8
5	LTIP loan reserve	(2,167)	N/A	Item 8
6	Profit and loss account	26,372	N/A	Item 6
	Total Shareholders' Equity	27,234	N/A	

Main features of Own Instruments issued by the Firm

The following table shows information on the CET1 instruments issued by CCLA IM.

Table 3: main features of own instruments issued by the firm

Main features of own instruments issued by the firm	
Issuer	CCLA Investment Management Limited
Public or private placement	Private
Regulatory classification	Common Equity Tier 1
Instrument type	Ordinary share
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	Ordinary share capital: £242k Share Premium: £1,594k Total recognised in regulatory capital: £1,836k
Nominal amount of instrument	£242k
Nominal value	£0.01
Redemption price	N/A

Main features of own instruments issued by the firm	
Accounting classification	Called up share capital and share premium
Original date of issuance	06/09/2011: £217k, 01/08/2012: £13k, 01/06/2013: £3k, 12/03/2014: £1k, 01/06/2015: £3k, 01/06/2016: £4k, 01/07/2017: £1k
Perpetual or dated	Perpetual
Maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons/dividends	Discretionary
Fixed or floating dividend/coupon	Floating
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A
Convertible or non-convertible	N/A
Write-down features	N/A
Link to terms and conditions of the instrument	N/A

Own Funds Regulatory Requirements

Own Funds Requirement

CCLA IM must at all times maintain own funds that are at least equal to its own fund requirement ('OFR'). The OFR as is the higher of the,

- (i) Permanent minimum capital requirement ('PMR')
- (ii) Fixed overhead requirement ('FOR')
- (iii) K-Factor requirement ('KFR')

The OFR of CCLA IM as at 31 March 2023 is £2,601,000, see table 4.

Table 4: Own funds requirement as at 31 March 2023

	£'000
PMR	150
FOR	2,601
KFR	719

K-Factor Requirement

The KFR is a regulatory calculation based on risk factors as set out in the MIFIDPRU rules. IFPR sets out 3 broad risk categories of K-Factors as follows:

- (i) Risk-to-client ('RtC')
- (ii) Risk-to-market ('RtM')
- (iii) Risk- to firm ('RtF')

CCLA IM has assessed the KFR and concluded that the K-factors that are applicable to the business are related to RtC. As CCLA IM does not trade on own account nor underwrite/place on a firm commitment basis the k-factors for RtM and RtF do not apply. Table 5 shows the disclosure of KFR as at 31 March 2023.

Table 5: K-Factor Requirements as at 31 March 2023

	£'000
Sum of K-AUM, K-CMH and K-ASA	719
Sum of K-COH and K-DTF	-
Sum of K-NPR, K-CMG and K-CON	-
Total KFR	719

ICARA Process

The IFPR introduced the ICARA process as a requirement for investment firms in 2022.

The ICARA process requires firms to conduct a risk assessment and quantify the amount and type of financial resources required to cover the nature and level of harms they may pose to others. The assessment considers its business model, internal governance, and risk-management processes. CCLA IM has embedded the ICARA process within the firm and has conducted its second review of the ICARA process as at 31 March 2023.

Overall Financial Adequacy Requirement

Under the IFPR a firm must, at all times, hold own funds and liquid assets that are adequate to ensure that a firm remains financially viable throughout its economic cycle whilst addressing material potential harms and can be wound down in an orderly manner whilst minimising harm to others. This is referred to as the Overall Financial Adequacy Requirement ('OFAR'). The ICARA process includes an assessment of the levels of own funds and liquid assets a firm must hold to comply with the OFAR.

As such CCLA IM must hold adequate own funds and liquid assets to meet its Own Funds Threshold Requirement ('OFTR') and its Liquid Asset Threshold Requirement ('LATR'). In addition to the regulatory own funds and liquidity requirements, CCLA sets an internal target minimum own funds and liquidity requirement on a Group level.

As part of the ICARA process CCLA performs an internal assessment of OFTR and LATR which assesses the potential harms the Group poses to others from its ongoing operations and in the event of an orderly wind down. Due to the governance structure of CCLA the ICARA process is on a consolidated basis, CCLA has apportioned the regulatory requirements between CCLA IM and CCLA FM on a reasonable basis. Therefore, the figures disclosed in this report relate to CCLA IM only.

CCLA IM has concluded that the OFTR is £5,505,000 and the LATR is £5,635,000 as at 31 March 2023. Stress and scenario testing have been performed during the ICARA process and it is concluded that no additional own funds or liquid assets are required in excess of these figures.

Overall OFAR Compliance

CCLA IM, the MIFIDPRU investment firm was compliant with the OFAR as at 31 March 2023 and the OFTR and LATR are continually monitored on both an individual basis and consolidated basis.

CCLA sets internal requirements for both the OFTR and LATR, currently at 150% of the regulatory requirements, to ensure that there are sufficient buffers in place so that the OFAR is met. The internal requirements are applied on a Group level only. On an individual level each firm will remain compliant with 110% of OFTR and 100% of LATR. These metrics are monitored at least monthly on both an individual and consolidated basis.

The consolidated own funds are monitored and compared to the OFTR on a monthly basis and form part of the reports sent to the Executive Committee. CCLA IM's individual own funds are also monitored in the same process. In addition, the consolidated and CCLA IM individual own funds are reported in the KRI's for the Risk Committee and are compared against thresholds set in line with the

internal OFTR and 110% of the regulatory OFTR respectively. Any breach of these thresholds is escalated in line with internal processes.

The consolidated liquid assets are monitored and compared to the LATR on a monthly basis and form part of the reports sent to the Executive Committee. Individual liquid assets are also monitored in the same monthly process. In addition, the individual liquid assets for CCLA IM and CCLA FM are reviewed on a regular basis (usually daily).

As part of the ICARA process, CCLA IM considers the risk of a disorderly wind-down and assesses the level of financial resources required to ensure the business can close without undue disruption to clients or the market. CCLA IM has prepared an orderly wind down plan in line with the Wind Down Planning Guide published by the FCA. The said wind down plan is reviewed and updated on an annual basis.

Remuneration Policy

The CCLA Remuneration policy ('the policy') represents the remuneration arrangements of both CCLA IM and CCLA FM.

Qualitative disclosures on remuneration

The qualitative disclosure required by MIFIDPRU 8 are detailed in the policy which is available on the CCLA website, www.ccla.co.uk/about-us/policies-and-reports/policies/remuneration-policy

Governance surrounding the remuneration policy

CCLA has involved and taken advice from external legal counsel in the course of developing its remuneration policy.

Quantitative disclosures on remuneration

Under MIFIDPRU 8.6.8 R, a firm must disclose quantitative information for the financial year to which the disclosure relates to.

The following tables set out the quantitative information for CCLA IM for the financial year 1 April 2022 to 31 March 2023.

Table 6: total amount of remuneration awarded to staff

	£'000
Fixed remuneration	17,428
Variable remuneration	9,174
Total remuneration	26,602

As at 31 March 2023, CCLA IM had 26 MRTs including senior management as identified under SYSC 19G.5. During the year there were 27 MRTs which are included in the table below.

Table 7: total remuneration for senior management, other MRTs and other staff

	Senior management	Other MRTs	Other staff
	£'000	£'000	£'000
Fixed remuneration	1,134	3,302	12,992
Variable remuneration	1,717	2,429	5,028
Total remuneration	2,851	5,731	18,020

Table 8: Other information for senior management and other MRTs

	Senior management £'000	Other MRTs £'000
Guaranteed variable remuneration awards	-	-
Severance payments awarded during the financial year	-	-
Highest severance payment awarded to an individual MRT	-	-

No senior manager or MRT received guaranteed variable remuneration awards or severance payments during the financial year.

Investment Policy

CCLA IM meets the conditions under MIFIDPRU 7.1.4 R and as such does not disclose information relating to investment policy.

CCLA

www.ccla.co.uk

CCLA is the trading name for CCLA Investment Management Limited (Registered in England & Wales No. 2183088) and CCLA Fund Managers Limited (Registered in England & Wales No. 8735639). Both companies are authorised and regulated by the Financial Conduct Authority.
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