

Dear investor,

**The Public Sector Deposit Fund (the fund) and the implementation of the FCA's Sustainability Disclosure Requirements**

**This letter is for your information. There is no need to take any action as a result.**

CCLA manages investments in line with its Good Investment philosophy. As an asset manager, our aim is to meet our clients' financial objectives in a way that we believe aligns with their values. We believe we have a duty to go beyond the boundaries of traditional investor engagement and work with the industry to address systemic risks that threaten communities, the environment and, ultimately, investment markets.

The Financial Conduct Authority (FCA) has recently introduced a package of measures to improve the trust and transparency of sustainable investment products and reduce greenwashing, called the Sustainability Disclosure Requirements (SDR). These new measures apply to asset managers, like CCLA, who offer sustainability-related investment products and services.

As part of the implementation of these new requirements we have made a number of amendments to the fund's prospectus. These amendments aim to more clearly set out our approach to sustainability. We also explain why the fund does not use a sustainable investment label (these are labels introduced by the FCA to help investors find products that have a specific sustainability goal). An extract of the updated section is attached to this letter for your information.

It is important to note that there are no changes to the way in which the fund is managed or our approach to sustainability. The additional detail is for information only, which, we hope, will help investors to better understand CCLA's approach to sustainability.

**Do I need to take any action?**

No. You do not need to do anything in connection with these changes. The revised prospectus and Key Investor Information Documents will take effect from 2 December 2024 and will be available on our website at [www.ccla.co.uk](http://www.ccla.co.uk).

We are also publishing a document on our approach to sustainability (consumer-facing disclosure), which will be available on our website. This is a short document required under SDR which contains helpful summary information for investors on the fund's sustainable investments and approach to sustainable investing.

Should you have any queries, require further information, or would like the information in an alternative format, please contact our Client Services team at [clientservices@ccla.co.uk](mailto:clientservices@ccla.co.uk) or by calling 0800 022 3505 between the hours of 8:30am-5:30pm Monday to Friday.

### **Extract of Sustainability Approach found in the fund prospectus**

This product does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The PSDF does not use a sustainable investment label because it does not have a sustainability goal.

However, the PSDF is managed in line with CCLA's sustainability approach for cash funds which is available at [www.ccla.co.uk/about-us/policies-and-reports/policies/our-sustainability-approach-cash-funds](http://www.ccla.co.uk/about-us/policies-and-reports/policies/our-sustainability-approach-cash-funds). This approach follows an engagement prioritisation framework which includes targeted engagement with counterparties on issues including – but not limited to – climate change and human rights. We assess counterparties against a number of sustainability factors including their coal and oil expansion policies (analysis by Reclaim Finance) and their governance (using CCLA's own governance rating). This is complemented by CCLA's controversy process which excludes any counterparty which does not comply with the UN Global Compact or have the most severe level of controversy (as advised by our third-party provider). When significant concerns about their governance, or wider social and/or environmental impact are identified, counterparties' eligibility for use by the PSDF is suspended.

Recognising the importance of engagement to the sustainability approach, the ACD has adopted an engagement metric. The ACD, no less than annually, will disclose the proportion of active counterparties that have been engaged directly and report on the effectiveness of these engagements.

**Please note.** If you would like to receive a hard copy of our sustainability approach to cash funds, please contact our Customer Services team.