

# Hywel Dda Health Charities

**CCLA**  
GOOD INVESTMENT

Antonia Cavalier, Client Investment Director

16<sup>th</sup> September 2025



image courtesy of Koestler Arts

# Portfolio valuation

<b>Holdings</b>	<b>Market value</b>	<b>Forecast income yield</b>	<b>Forecast annual income</b>
COIF Charities Ethical Investment Fund The General Investment Fund	£6,276,137	3.04%	£190,903
COIF Charities Ethical Investment Fund The Permanent Endowment Fund	£2,293,849	3.04%	£69,773
COIF Charities Deposit Fund	£4,968,070	3.92%	£194,947
<b>Total portfolio</b>	<b>£13,538,056</b>	<b>3.37%</b>	<b>£455,622</b>

## Initial investment

General Investment (15 Dec 2022) – £5,907,001  
 Permanent Endowment (15 Dec 2022) – £2,158,934  
 Deposit Account (12 Dec 2023) - £6,000,000  
 - Sold £1,200,000 (17 Feb 2025)  
 - Sold £300,000 (27 Mar 2025)

## Income received to date:

General Investment – £459,940  
 Permanent Endowment – £168,102

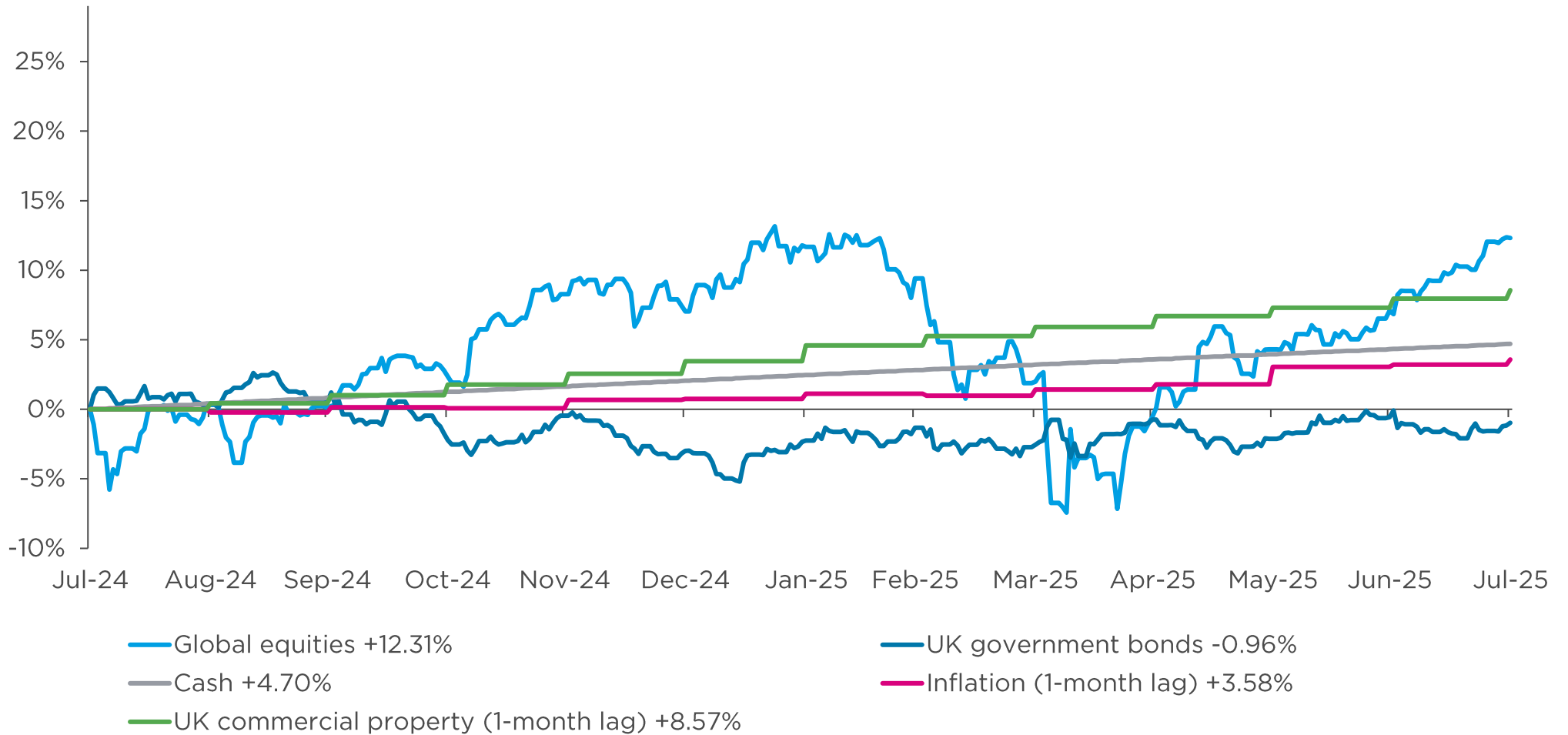
Source: CCLA as 28 August 2025. Annual income figures from long-term funds are based on current fund share holdings and forecast distributions per fund unit for calendar year 2025. Annual income figures for COIF Charities Deposit Fund balances are based on the current declared interest rate which is subject to change. Please note that this portfolio valuation is not intended for audit purposes. Forecast yields and annual income is not guaranteed. Please see valuation risk warning at the end of this presentation.

# Portfolio performance

<b>Net performance as at 30 June 2025</b>	<b>Current quarter (%)</b>	<b>Last twelve months (%)</b>	<b>Since Inception (%)</b>
Permanent Endowment Fund	+0.8	-1.3	+15.0
General Investment Fund	+0.8	-1.3	+15.0
Deposit Account	+1.1	+4.7	+7.7
<b>Your portfolio</b>	<b>+0.9</b>	<b>+0.7</b>	<b>+15.1</b>
Consumer Price Index	+1.8	+3.4	-

Source: CCLA as at 30 June 2025  
 Inception Date: 15 December 2022  
 Performance is shown net of management fees and expenses on a unit price basis with net income reinvested. Net returns will be lower after the deduction of fees and charges. Past performance is not a reliable indicator of future results.

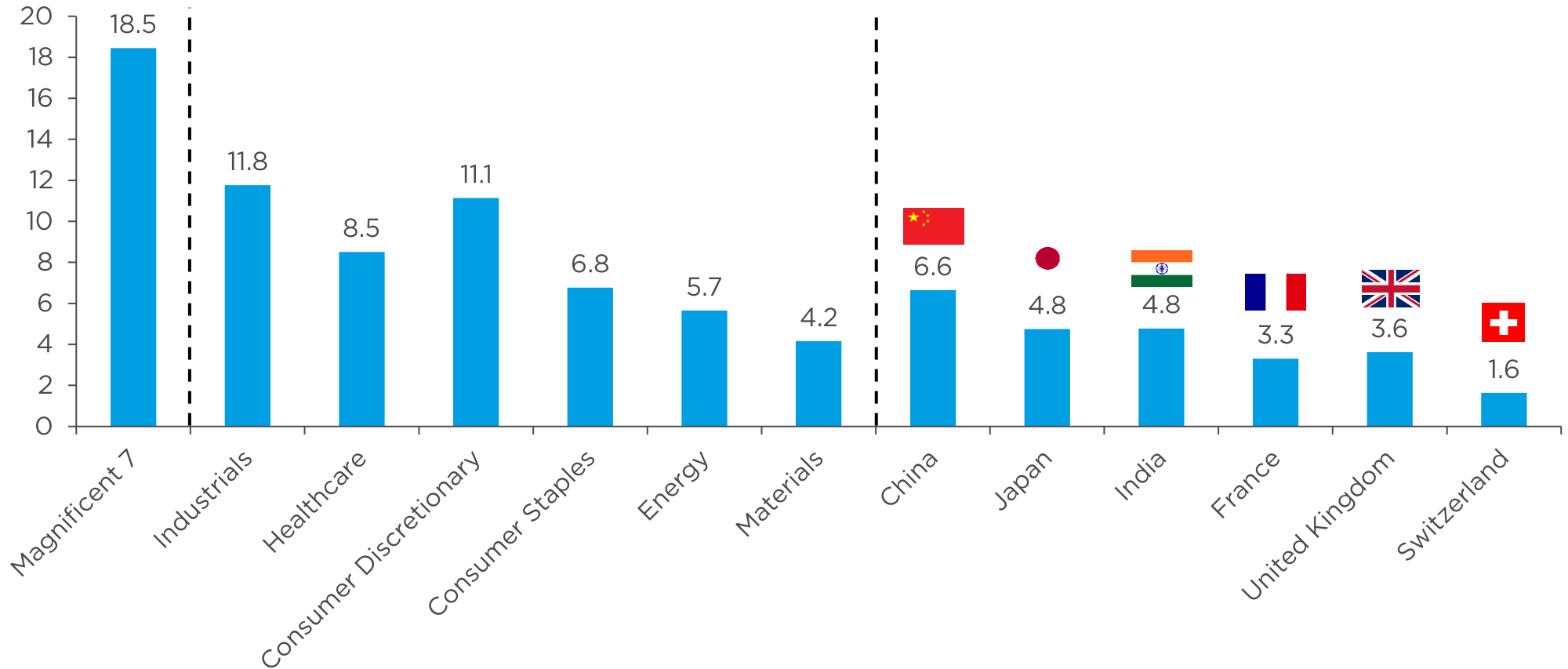
# Market review – 12-month returns



Source: Bloomberg, as at 31 July 2025. Inflation and UK commercial property performance are on a one-month lag. **Past performance is not a reliable indicator of future results.**

# Is the market too concentrated now?

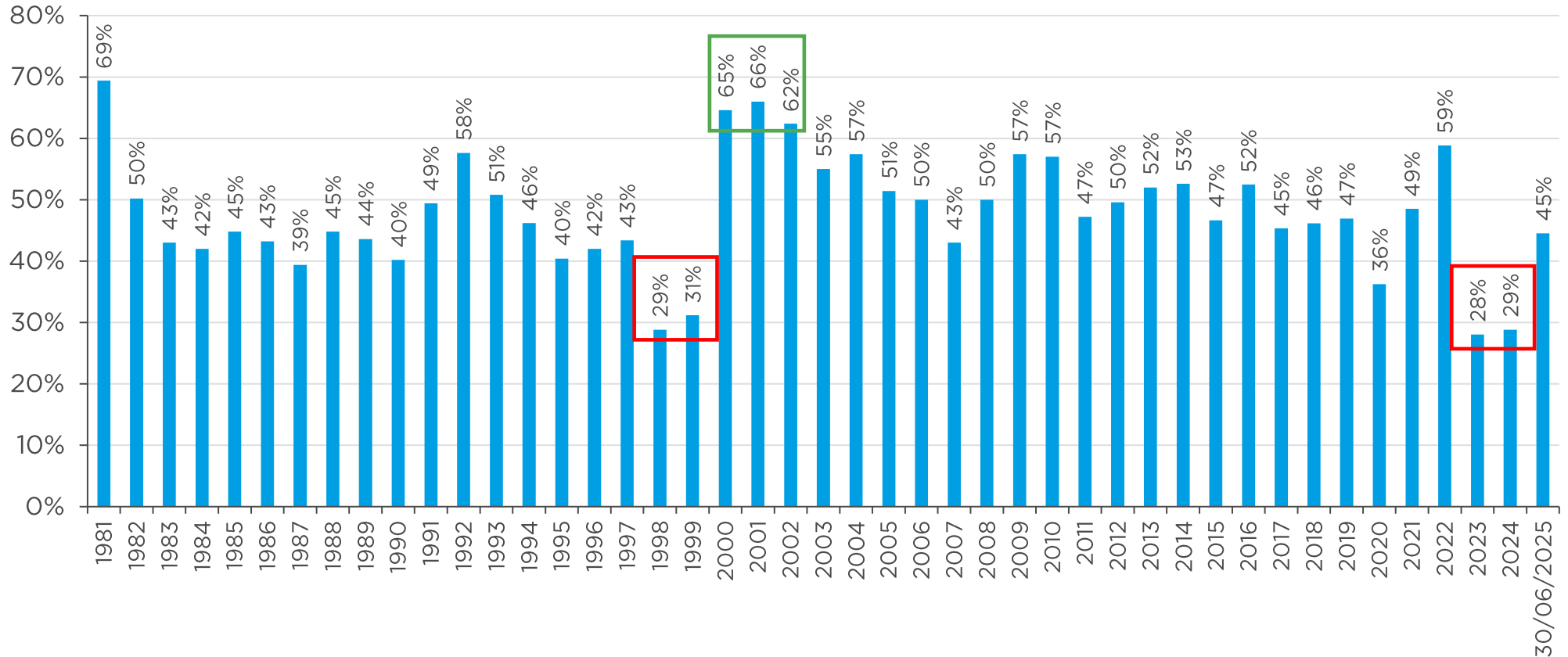
## Market cap (\$ trillion)



Source: CCLA, as at July 2025. Apple, Microsoft, Alphabet, Meta, Amazon, Tesla and Nvidia comprise the 'magnificent 7'. The graph includes the aggregate market cap for the above MSCI ACWI global industrials, health care, consumer discretionary, consumer staples, energy and materials sectors in \$tn. Country stock markets include CSI 300 Index, Nikkei 225 Index, NSE Nifty 500 Index, CAC All Tradable Index, FTSE All-Share Index and Swiss Market Index, in \$tn.

# Breadth of market leadership

## Percentage of S&P 500 stocks outperforming the index



Source: Bloomberg, as at 30 June 2025.

# Economic and market outlook

## Consensus expectations

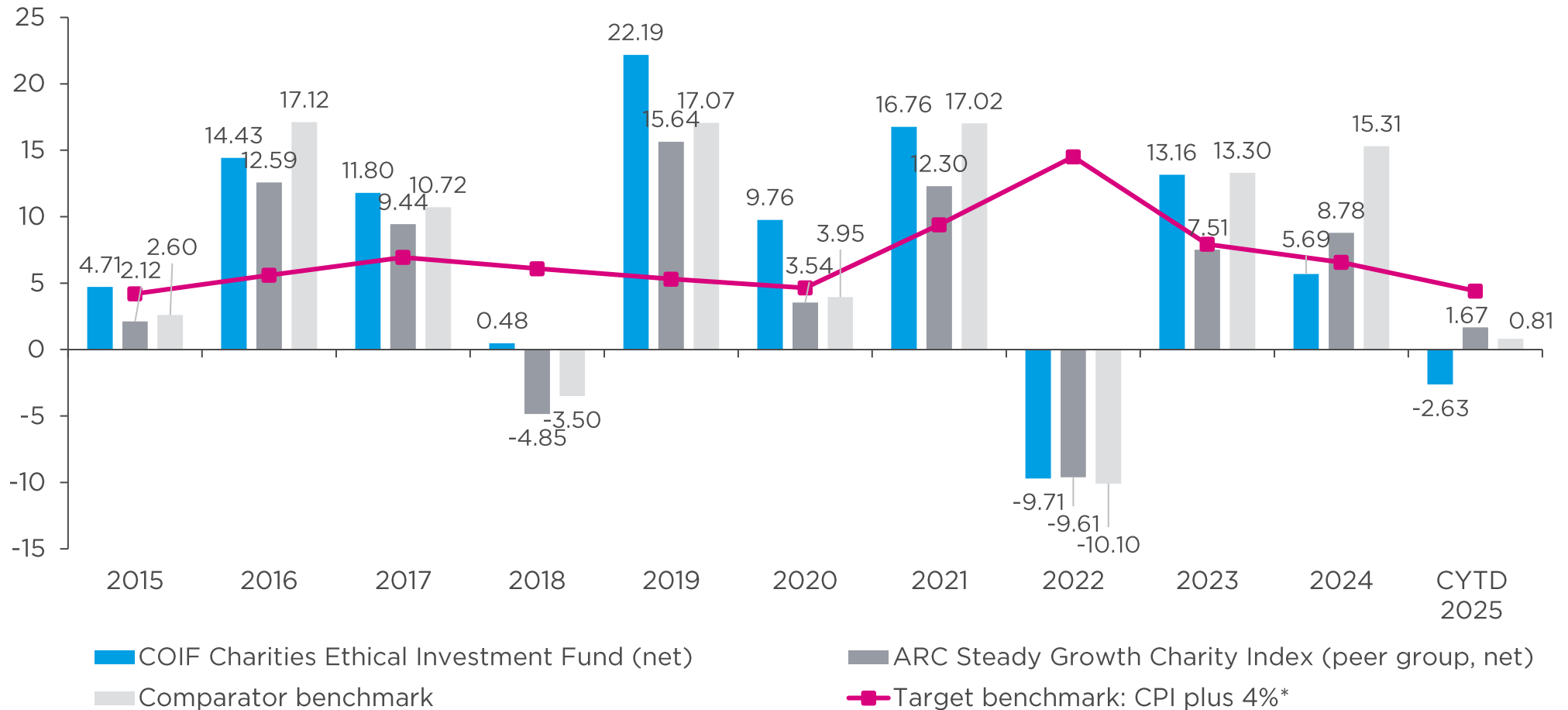
- Growth is expected to slow but avoid recession – the **classical ‘soft landing’**
  - US GDP expected +1.4% in ‘25, +1.6% in ‘26
  - Euro GDP +1.0% in ‘25, +1.1% in ‘26
  - UK GDP +1.1% in ‘25, +1.2% in ‘26
- Inflation continues to decelerate (US CPI 3.0% in ‘25, 2.8% in ‘26 per consensus), allowing ...
- ... policy interest rates to be cut (1 cut in US and 2 cuts in UK expected in next 12 months)
- This is a goldilocks outcome – neither too hot nor too cold – which would be favourable for risk assets, particularly equities
- Consensus says Trump 47 will have a similar effect on markets as Trump 45
  - Equities up, bonds down

## Our expectations

- We think US growth could slow and rest of the world growth accelerate more than consensus
- We also think US inflation will surprise on the upside
- ... which may make the market’s rate cut call hard to achieve
- Services lead indicators remain strong and point to rising GDP and earnings
- We reduced equity risk in March by 5% points, adding to cash and index-linked gilts
- As perception of tariff risk faded, we added back to equity in May and June
- **Now ~74% Equity (inc. private equity) across investment funds; have reduced infrastructure from 10% to 5% over the last year; 9% fixed interest**

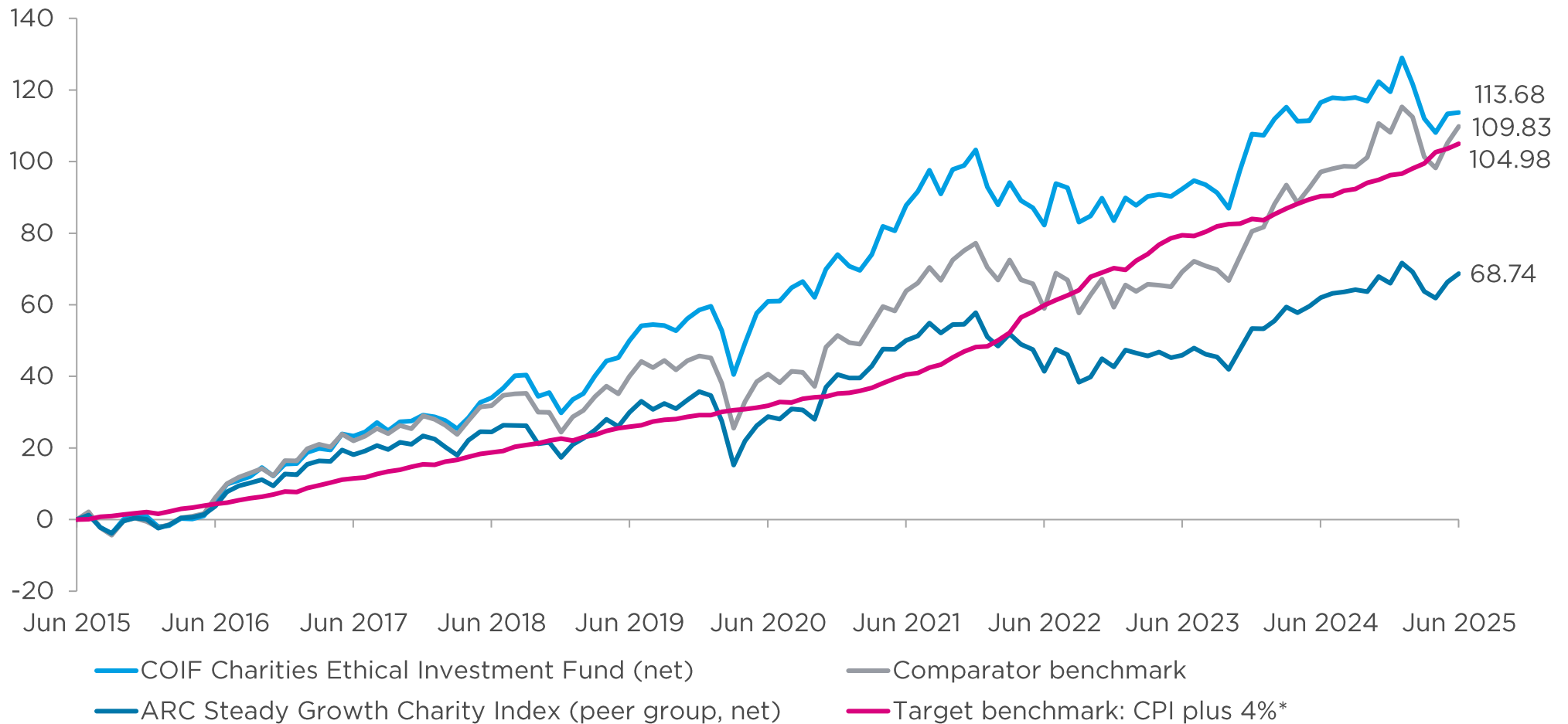
Source: CCLA, as at July 2025. The market review, analysis, and any projections contained in this document represent the current house view and should not be relied upon to form the basis of any investment decisions.

# Calendar year and year-to-date returns (%)



Source: CCLA, as at 30 June 2025 (provisional data). \*Target benchmark: gross returns of CPI+5%. Note: CPI+4% has been used for the performance charts to give a comparable net figure by assuming 1% costs. Comparator benchmark: MSCI World Index (75%), Markit iBoxx £ Gilts Index (15%), MSCI UK Monthly Property Index (5%) and SONIA (5%). The comparator benchmark is subject to change. Please refer to detailed description in the appendix. Performance shown after management fees and other expenses, with the gross income reinvested. **Past performance is not a reliable indicator of future returns.**

# Cumulative performance (%)

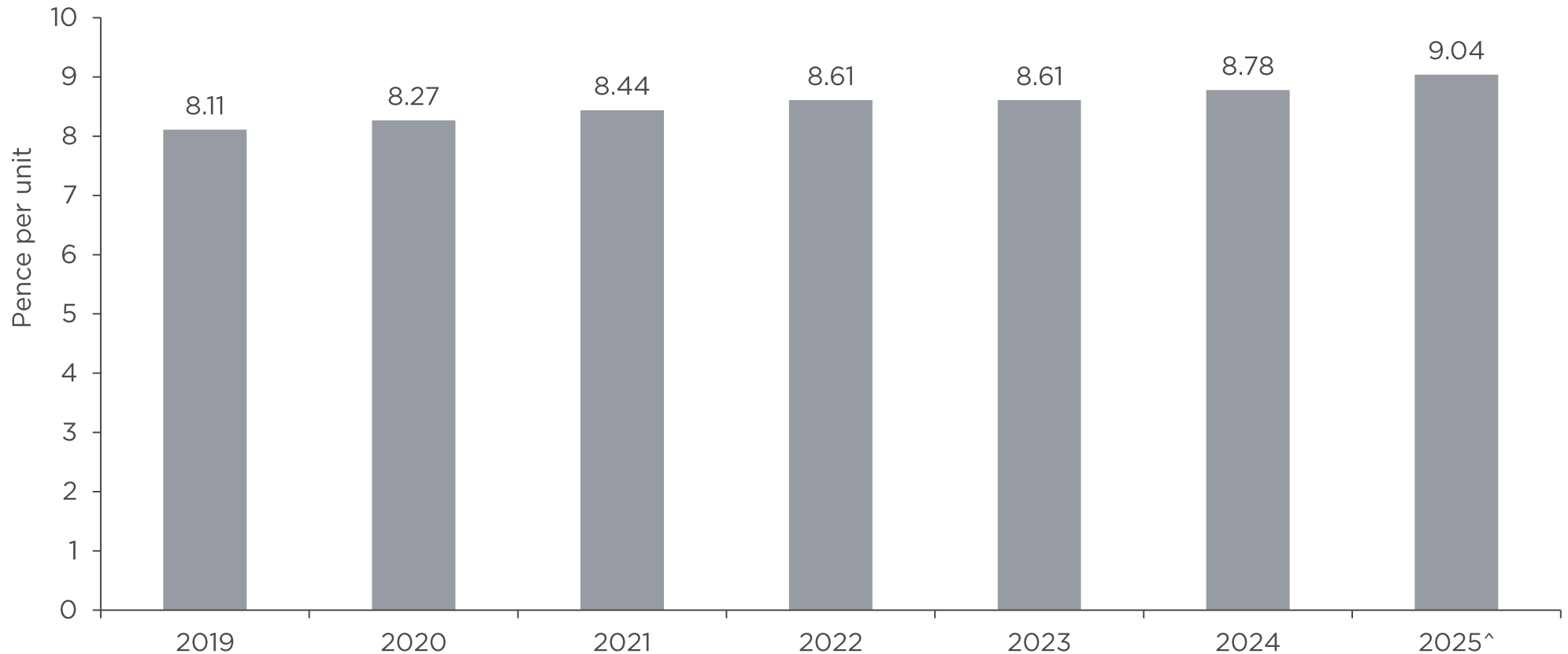


Source: CCLA, as at 30 June 2025. \*Target benchmark: gross returns of CPI+5%. Note: CPI+4% has been used for the performance charts to give a comparable net figure by assuming 1% costs. Comparator benchmark: MSCI World Index (75%), Markit iBoxx £ Gilts Index (15%), MSCI UK Monthly Property Index (5%) and SONIA (5%). The comparator benchmark is subject to change. Please refer to detailed description in the appendix. Performance shown after management fees and other expenses, with the gross income reinvested.

**Past performance is not a reliable indicator of future returns.**

# Historical and projected annual distribution

**Current yield: 3.05%\***

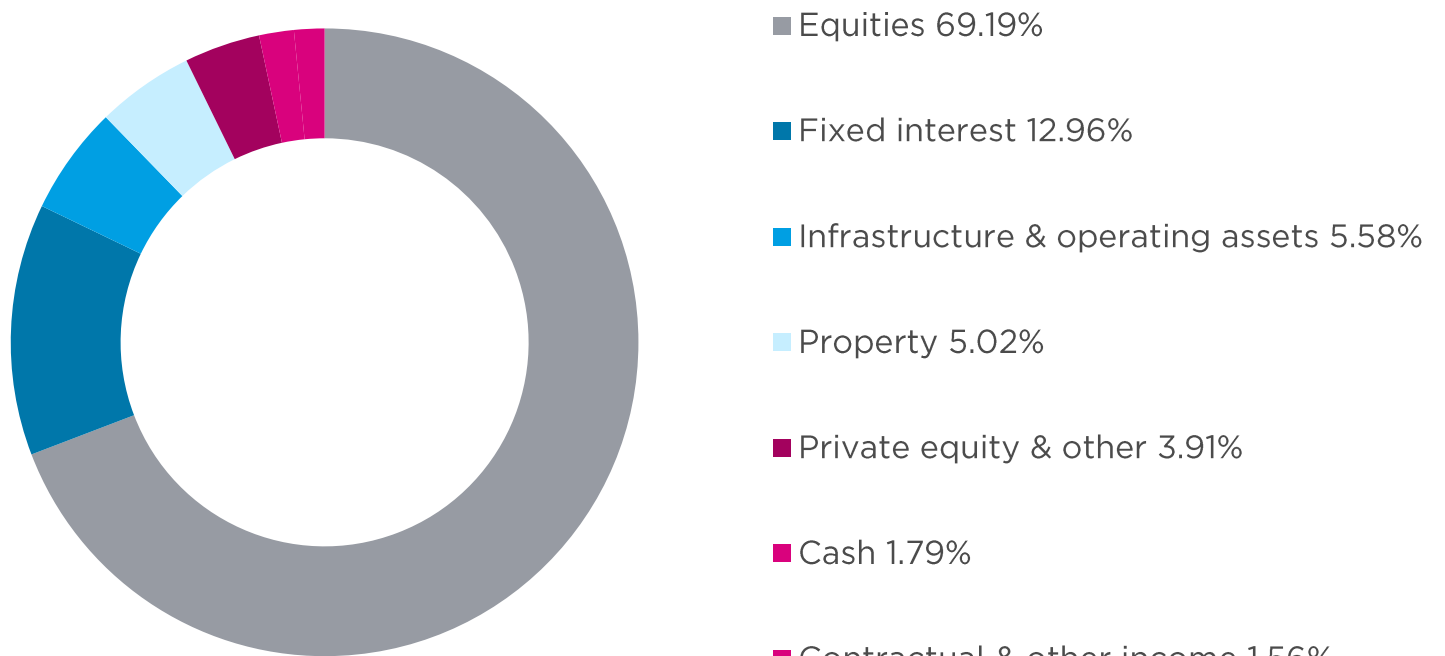


Source: CCLA, as at 30 June 2025. Data shows COIF Ethical Fund. ^Projected annual distribution for COIF Ethical Fund. Projections are subject to change. \*Yield is based on unit price as at 30 June 2025 and a projected annual distribution of 9.04 pence per share. Forecast yields are not guaranteed. **Past distribution is not a reliable indicator of future results.**

# COIF Ethical Investment Fund

Fund size:  
£2,232m

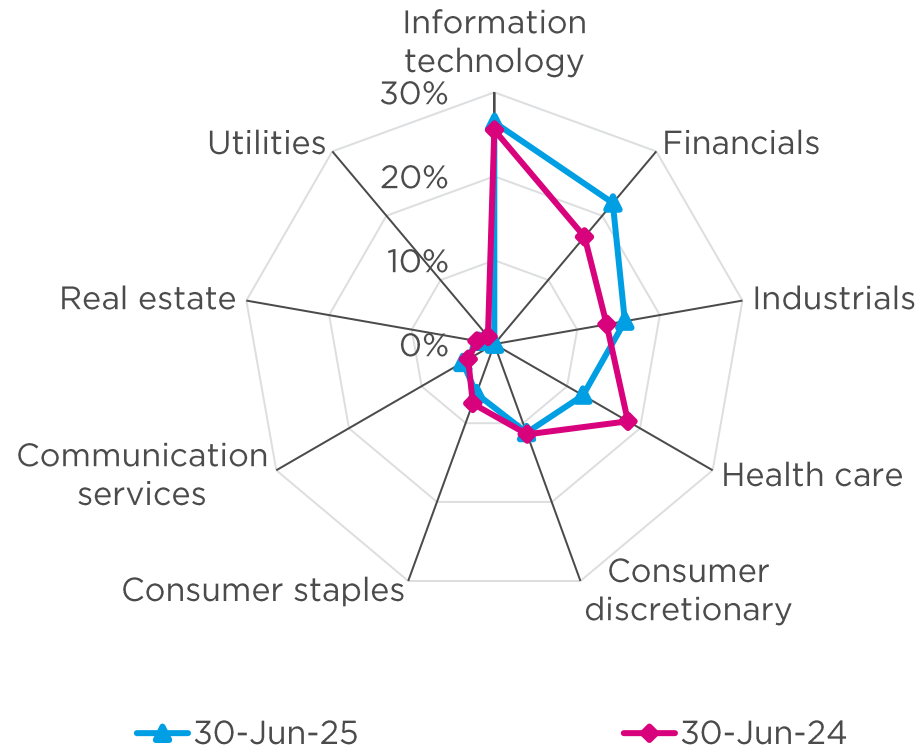
- A multi-asset, long-term fund suitable for eligible charity investors
- Seeks to provide highly diversified and well-balanced spread of investments
- Managed to meet ethical and responsible investment standards
- Uses alternative asset types to provide contractual cash flows



Source: CCLA, as at 30 June 2025. Asset allocation is subject to change. Infrastructure and operating assets refers to investments that facilitate the functioning of society with the potential for steady cash flows. Contractual assets refers to investments that generate contracted cash flows over a specific period and are typically secured against assets.

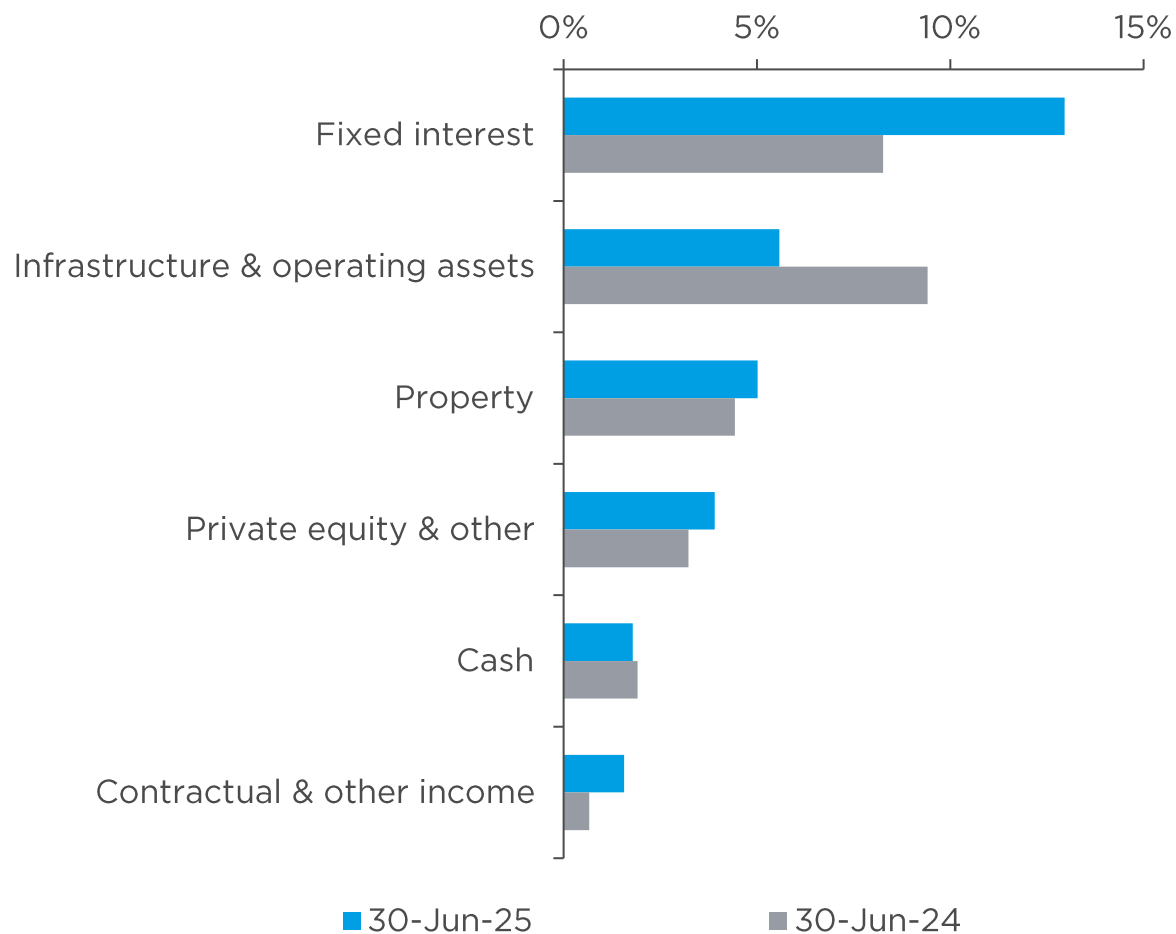
# Equity positioning

- Over the past 12 months exposure to IT has remained similar. Exposure to semiconductors has been reduced, whilst we exited Adobe in software and added a new position in PTC, an industrial software business.
- Health care exposure has fallen due to muted performance and uncertainty over US healthcare policy. We have exited positions in United Health, Humana, Avantor and Icon. Elsewhere, we introduced new positions in diagnostic company Diasorin and rare disease franchise Recordati.
- Overall exposure to financials has risen with strong recent performance from market infrastructure names such as Tradeweb, London Stock Exchange Group and Visa. We introduced insurance broker AJ Gallagher and private equity manager Intermediate Capital.
- Within industrials, we have taken profits in areas of the portfolio where valuations have expanded and introduced a new holding in equipment rental business Ashtead, Epiroc a mining equipment company and Siemens, a leader in industrial automation and software with a European focus.
- Consumer exposure has been rebalanced over the last 12 months with shares in Nike, Starbucks and Pepsi sold. New positions have been initiated in luxury group Hermes and TJX, a leading discount retailer.



Source: CCLA, as at 30 June 2025. Data showing COIF Ethical Fund. Sector weights are the percentage of the total equity assets in the portfolio. Asset allocation is subject to change. The market review, analysis, and any projections contained in this slide represent the house view and should not be relied upon to form the basis of any investment decisions. **Past performance is not a reliable indicator for future results.**

# Positioning in other assets



- The non-equity assets provide diversification and contribute to returns over time.
- We invest in high-quality real assets such as traditional infrastructure, renewable energy, student accommodation and logistics warehousing.
- A structurally higher interest rate environment is a headwind for assets that derive the majority of their return from a fixed stream of cashflows, distributed as dividends. We have pivoted the alternatives allocation towards assets that derive a higher proportion of their forward-looking returns from capital growth. This explains the year-on-year reduction in the infrastructure & operating assets.
- This has been reinvested into fixed income assets that provide portfolio diversification and income to support the distribution.

Source: CCLA, as at 30 June 2025. Data showing COIF Ethical Fund. Asset allocation is subject to change. Infrastructure and operating assets refers to investments that facilitate the functioning of society with the potential for steady cash flows. Contractual assets refers to investments that generate contracted cash flows over a specific period and are typically secured against assets.

## COIF Charities Deposit Fund

### **Fund size:**

£2.086bn

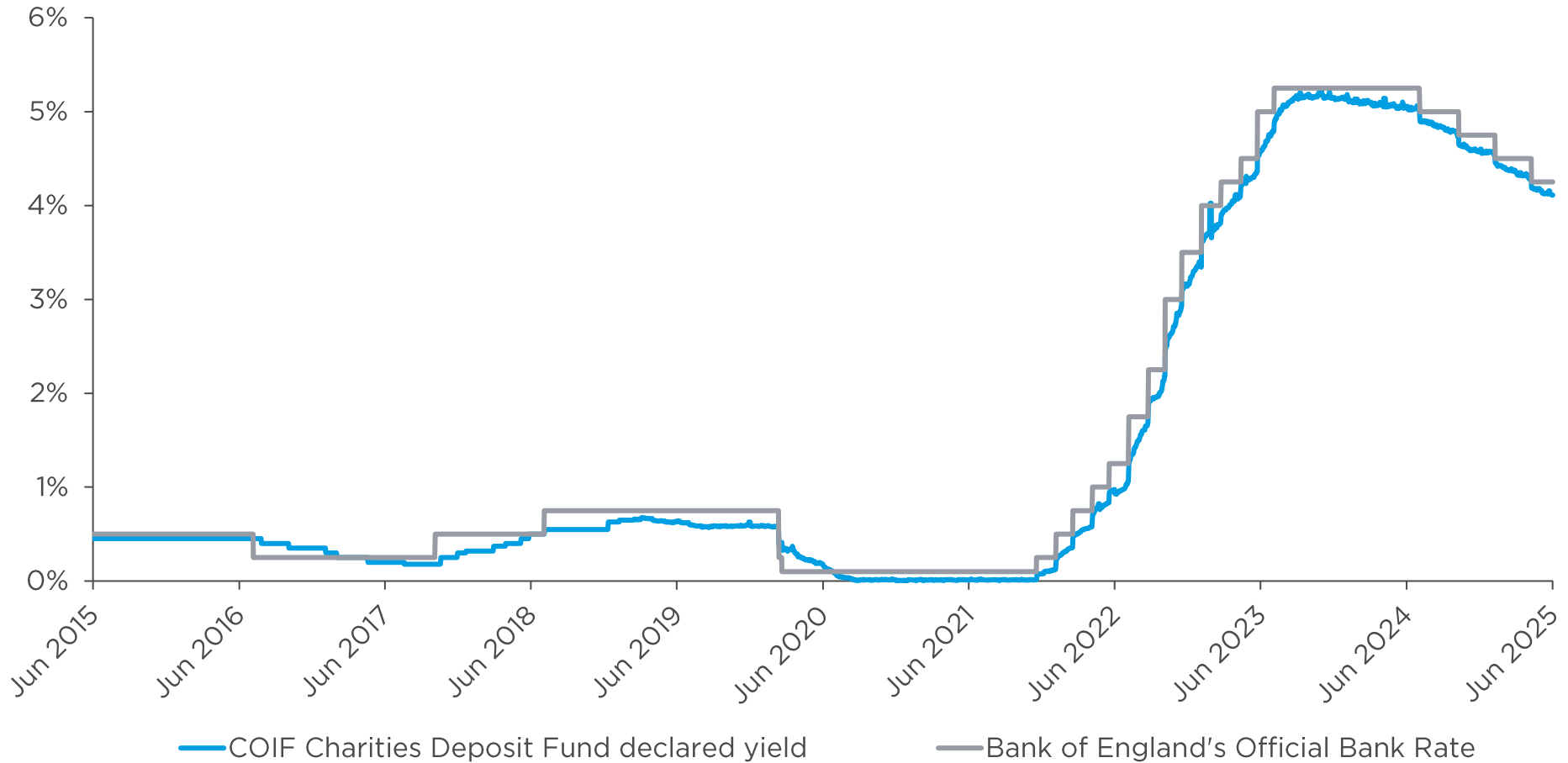
### **Yield:**

4.1894% AEY\*  
(4.2932% for  
balances over £15m)

- AAmmf fund rating by Fitch Ratings
- Clear focus on capital security
- Professional cash management team
- Rigorous due diligence and diversification across institutions
- Daily liquidity
- Interest is paid monthly, net of all fees

Source: CCLA, as at 30 June 2025.\*AEY = annual equivalent yield, which illustrates what the annual interest rate would be if the monthly interest rates were compounded.

# Money market funds are offering better rates



Source: CCLA, as at 30 June 2025. Declared yield is net of fees. **Past yield is not a reliable indicator of future results.**

## Good Investment

Our approach  
is guided by  
three imperatives.

# Act

### **Driving change**

Healthy markets require  
healthy communities  
and a healthy planet

# Assess

### **Re-assessing the fundamentals**

Changing regulation, legislation  
and consumer choice will harm  
unsustainable businesses

# Align

### **Aligning with our clients**

We are the guardians,  
not the owners of the  
assets that we manage

# A track record of catalysing real change



CCLA Corporate Mental Health Benchmark  
Global 100+

3 GOOD HEALTH AND WELL-BEING

### Pushing for better workforce mental health

- Created the CCLA Corporate Mental Health Benchmarks, ranking 220 companies on their mental health commitments
- In 2022-25, 71 companies improved their ranking, with a combined workforce of 5.2 million
- CCLA's Global Investor Coalition on Workplace Mental Health now supported by £8 trillion in AUM\*



A climate for Good Investment

13 CLIMATE ACTION

### Net-zero portfolios through real-world action

- Long heritage of climate engagement, dating to 2010
- Founder signatory to the Net Zero Asset Manager's Initiative
- Co-created the Powering Past Coal Alliance Finance Principles
- Represented on the Delivery Group of the UK Transition Plan Taskforce
- Corporate engagement targeting top portfolio emitters



Modern Slavery UK Benchmark 2024

8 DECENT WORK AND ECONOMIC GROWTH

### Improving the business response to modern slavery

- Former Independent Anti-Slavery Commissioner, Dame Sara Thornton, leads CCLA's modern slavery policy engagement
- Created 'Find It, Fix It, Prevent It' investor coalition, now supported by £19 trillion AUM\*
- CCLA's Modern Slavery UK Benchmark has incentivised 35 companies to improve approach
- Focused hospitality/construction sector engagements underway

Source: CCLA, as at 31 March 2025. \* Supporting assets under management (AUM) correct as at 31 December 2024 and updated annually.

# Appendices

# A force for Good



## No. 1

Largest manager of UK charities by number<sup>1</sup>



## 170<sup>+</sup>

Team of staff supporting clients across the UK



## 60<sup>+</sup>

Years of experience investing sustainably



## 5 star

Rating in all PRI equity categories



## Catalyst

A leader in driving real & positive change



## Ethical

investing is rooted in our investments



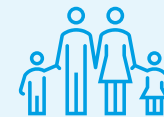
## c. £15bn+

In assets under management<sup>2</sup>



## £22tn+

Of assets supporting CCLA initiatives<sup>3</sup>



## Find it, Fix it, Prevent it

Campaign against modern slavery

<sup>1</sup>Charity Finance surveys 2020 to 2024. <sup>2</sup>CCLA, 30 June 2025.

<sup>3</sup>CCLA initiatives and investor coalitions include modern slavery, mental health, 31 December 2024.

# Engaging for a better world



**NextEra Energy**  
Climate lobbying

In Q2 24, we led the filing of a shareholder proposal, highlighting a misalignment between its 'Real Zero' goal and its lobbying/policy influence activities. The proposal received an encouraging 33% support; a further resolution was filed for the 2025 AGM season, but was withdrawn following engagement.<sup>1</sup>



**Nestlé**  
Climate disclosure

Nestlé has demonstrated progress on specific asks, including reporting emissions reductions from 2018, and analysis into the relative contributions of decarbonisation levers to its GHG emissions reductions targets. It has addressed climate in remuneration by adding emission reductions as part of its performance share plan.



**Coca-Cola Co**  
Labour rights

Following a series of articles highlighting exploitative working conditions and bonded labour in the Indian sugar supply chain, CCLA began engaging with the company to provide remedy and improve labour standards. Coca-Cola has engaged constructively and launched several initiatives aimed at creating a more responsible sugar cane industry.<sup>2</sup>



**Watches of Switzerland**  
Living Wage

In Feb 2023, we commenced engagement with several UK-listed investee companies asking them to commit to paying a wage based on the cost of living to all their staff. The company became a Living Wage Accredited employer in 2024.



**Unilever**  
Nutrition

Unilever disclosed the proportion of sales revenue and volume from healthier products globally and in 16 key markets, against six government-endorsed nutrient profiling models. By 2024, it had become the first company to do this for three consecutive years, cementing its position as a leader in nutrition transparency.



**Novo Nordisk**  
Workplace  
mental health

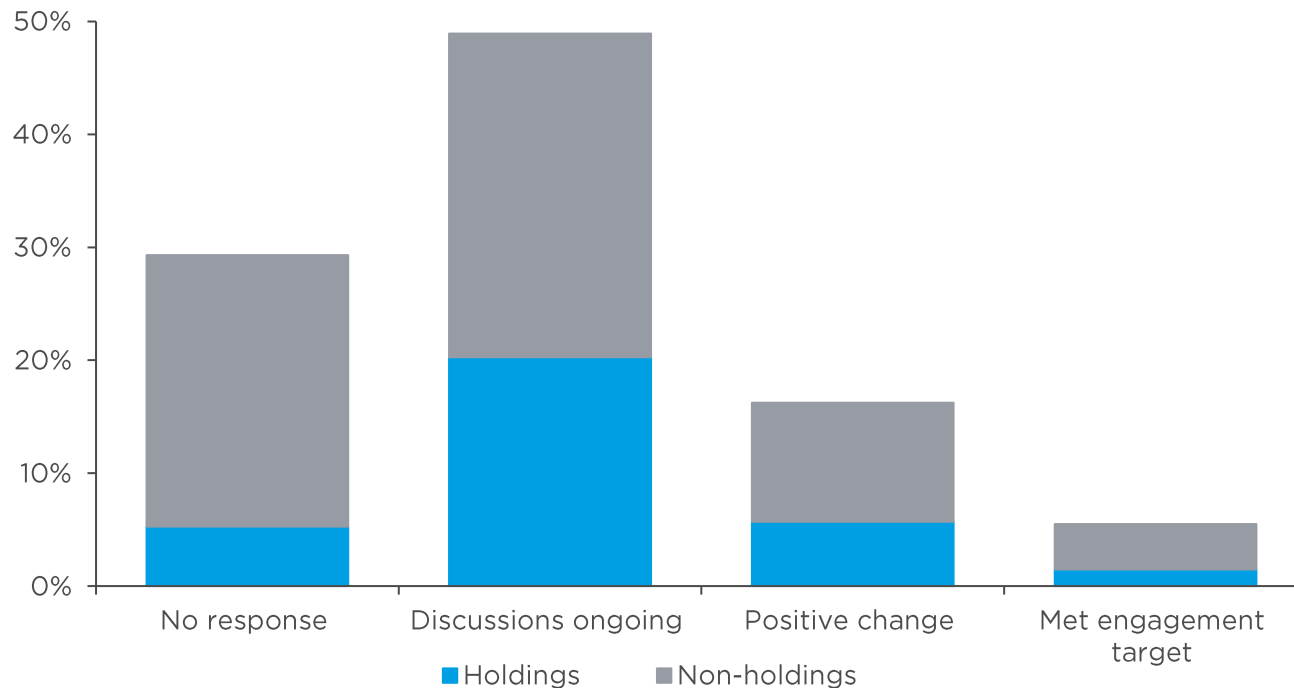
Consistently improved since its first mental health benchmark assessment in 2022 (score improved by 35 percentage points over three years). The uplift has been driven by added disclosure covering management responsibility for health and safety (including mental health); health and safety certifications in production facilities; and physical and mental wellbeing performance data. Moved from benchmark Tier 5 in 2022 to Tier 3 in 2024.

Source: CCLA, May 2025. CCLA is a shareholder in each of these companies at the time of writing. <sup>1</sup>Sold prior to AGM.

<sup>2</sup>[www.coca-colacompany.com/media-center/update-on-collective-actions-to-advance-working-conditions-for-sugarcane-workers-in-india](https://www.coca-colacompany.com/media-center/update-on-collective-actions-to-advance-working-conditions-for-sugarcane-workers-in-india).

# 2024 Better World outcomes

We engaged with 273 companies, with 475 individual engagements across all our themes.



## Better work

126 companies under engagement  
(39 holdings)

## Better health

224 companies under engagement  
(60 holdings)

## Better environment

125 companies under engagement  
(56 holdings)

Source: CCLA, as at 31 December 2024. Better work: human rights, Living Wage and modern slavery engagement. Better health: mental health and nutrition engagement. Better environment: climate action, biodiversity and plastics. Please note that some companies are covered by multiple engagement themes.

# Values-based restrictions

Value alignment	Further details	COIF Charities Ethical Investment Fund
Adult entertainment		>10% revenue from production and/or distribution of adult entertainment
Alcohol		>10% revenue from production and/or retail of alcohol and related services
Animal testing		Companies involved in animal testing without positive indicators (specific sectors)
Armaments	Civilian firearms	>10% revenue from civilian firearms production and/or retail (including key components)
	Controversial weapons	Production of landmines, cluster munitions, chemical or biological weapons (core weapons and components)
	Military and defence industry	>10% revenue from the production of military weapons and equipment (core weapons, components, equipment/services) + the provision of key non-weapons related tailor-made products for the defence industry
	Nuclear weapons	Production of nuclear weapons (core weapons and components)
Breast milk substitutes		Does not meet CCLA's minimum standard using Access to Nutrition Initiative BMS/CF index scores
Cannabis		>10% revenue from production and/or retail of non-medicinal cannabis
Climate change	Coal	Companies which produce more than 10 million metric tons of coal or have plans to expand their coal production
		Companies expanding coal-fired power generation or primarily generating electricity without aligning with the Paris Climate Agreement (as defined by CCLA).
	Oil and gas	>10% revenue from oil and gas extraction, refining or production
	Oil/tar sands	>5% revenue from oil/tar sands extraction
	Thermal coal	>5% revenue from thermal coal extraction

# Values-based restrictions continued

Value alignment	Further details	COIF Charities Ethical Investment Fund
Gambling		>10% revenue from the operation of gambling establishments and the provision of key support services and products
High interest rate lending		>10% revenue from high interest rate lending
Oppressive regimes		The fund will not purchase sovereign debt issued by countries identified as being among the world's most oppressive*
Sanctity of life		Production of single-use abortifacients
Tobacco		Production of tobacco >5% revenue from retail of tobacco and related services
<b>Minimum ESG risk restrictions</b>	CCLA governance	Companies with poor CCLA governance rating require investment committee approval
	Controversies	Companies that fail our controversy process including non-conformance with the UN Global Compact, the UN Guiding Principles on Business and Human Rights and/or other factors defined by CCLA require investment committee approval
	ESG rating	Companies with poor Sustainalytics ESG ratings require investment committee approval

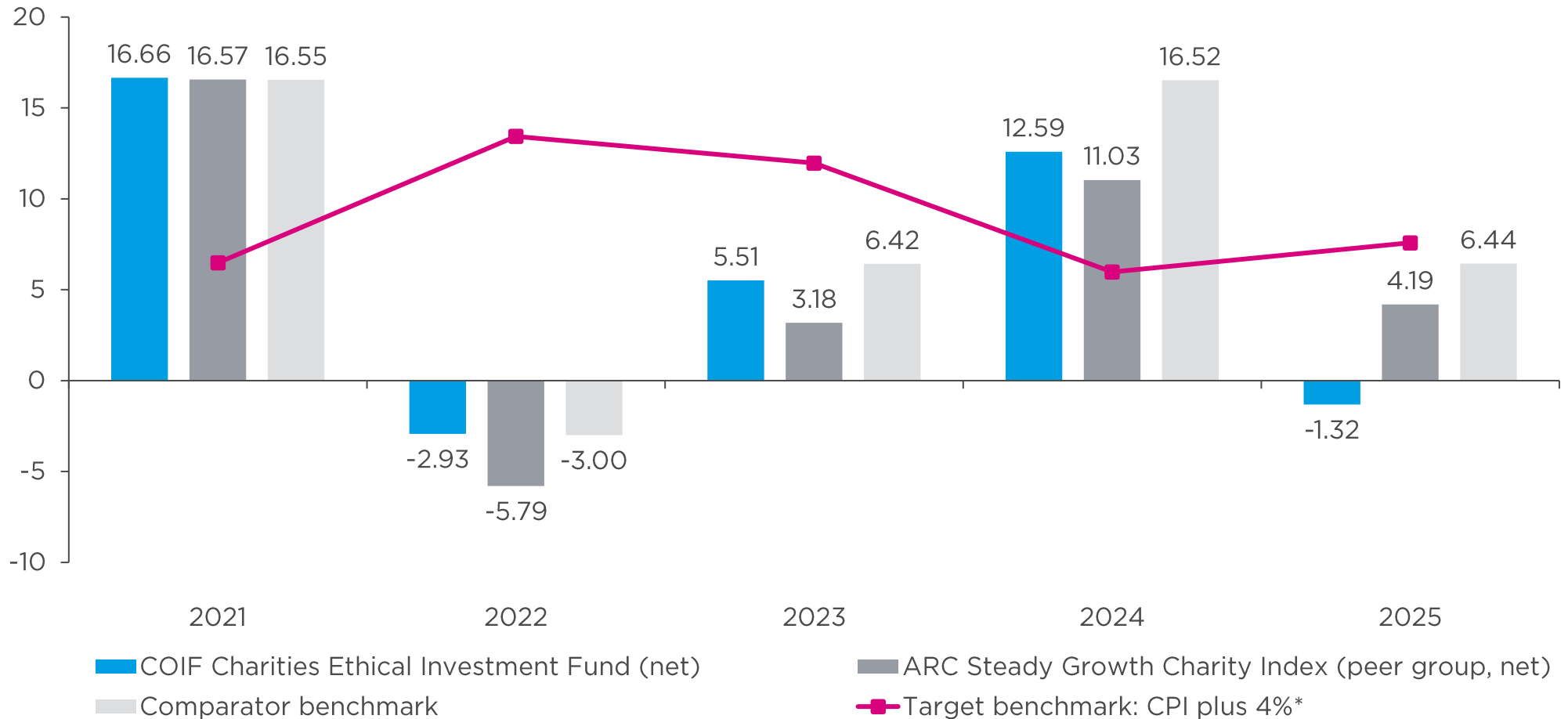
\*See [Approach to sovereign debt](#). Further details of restrictions can be found on our [website](#).

# Annualised performance

Annualised returns % as at 30 June 2025	1 year	3 years	5 years	10 years
<b>COIF Charities Ethical Investment Fund (net)</b>	<b>-1.32</b>	<b>5.44</b>	<b>5.83</b>	<b>7.89</b>
Target benchmark: CPI plus 4%*	7.58	8.48	9.04	7.32
Comparator benchmark	6.44	9.69	8.33	7.69
ARC Steady Growth Charity Index (peer group, net)	4.19	6.08	5.56	5.37

Source: CCLA, as at 30 June 2025 (provisional data). \*Target benchmark: gross returns of CPI+5%. Note: CPI+4% has been used for the performance charts to give a comparable net figure by assuming 1% costs. Comparator benchmark: MSCI World Index (75%), Markit iBoxx £ Gilts Index (15%), MSCI UK Monthly Property Index (5%) and SONIA (5%). The comparator benchmark is subject to change. Please refer to detailed description in the appendix. Performance shown after management fees and other expenses, with the gross income reinvested. **Past performance is not a reliable indicator of future returns.**

# Discrete year performance (to 30 June) (%)



Source: CCLA, as at 30 June 2025 (provisional data). \*Target benchmark: gross returns of CPI+5%. Note: CPI+4% has been used for the performance charts to give a comparable net figure by assuming 1% costs. Comparator benchmark: MSCI World Index (75%), Markit iBoxx £ Gilts Index (15%), MSCI UK Monthly Property Index (5%) and SONIA (5%). The comparator benchmark is subject to change. Please refer to detailed description in the appendix. Performance shown after management fees and other expenses, with the gross income reinvested. **Past performance is not a reliable indicator of future returns.**

## Performance in 2025 to date



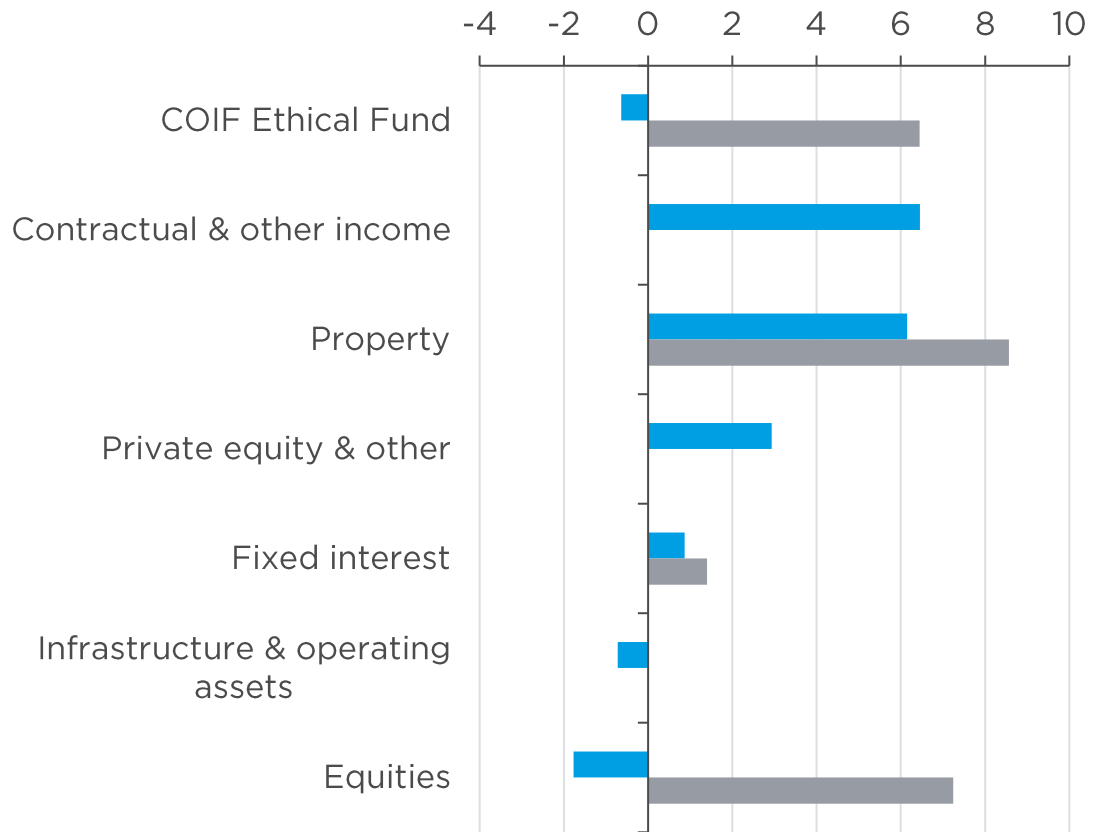
- Positive relative returns from holdings in consumer and software names
- In relative terms underweight to Tesla, Apple and energy a positive
- Positive absolute returns from fixed income and property



- Equities have struggled relative to the market in three main areas
- Life science companies within healthcare have suffered from policy uncertainty
- In financials, we saw weakness in private equity managers which compares to strength in banks where we are underweight
- Our US focused industrials have been faced with tariff disruption
- Private equity assets have been challenged by a muted exit environment

Source: CCLA as at 30 June 2025

# Performance in absolute terms, by asset class



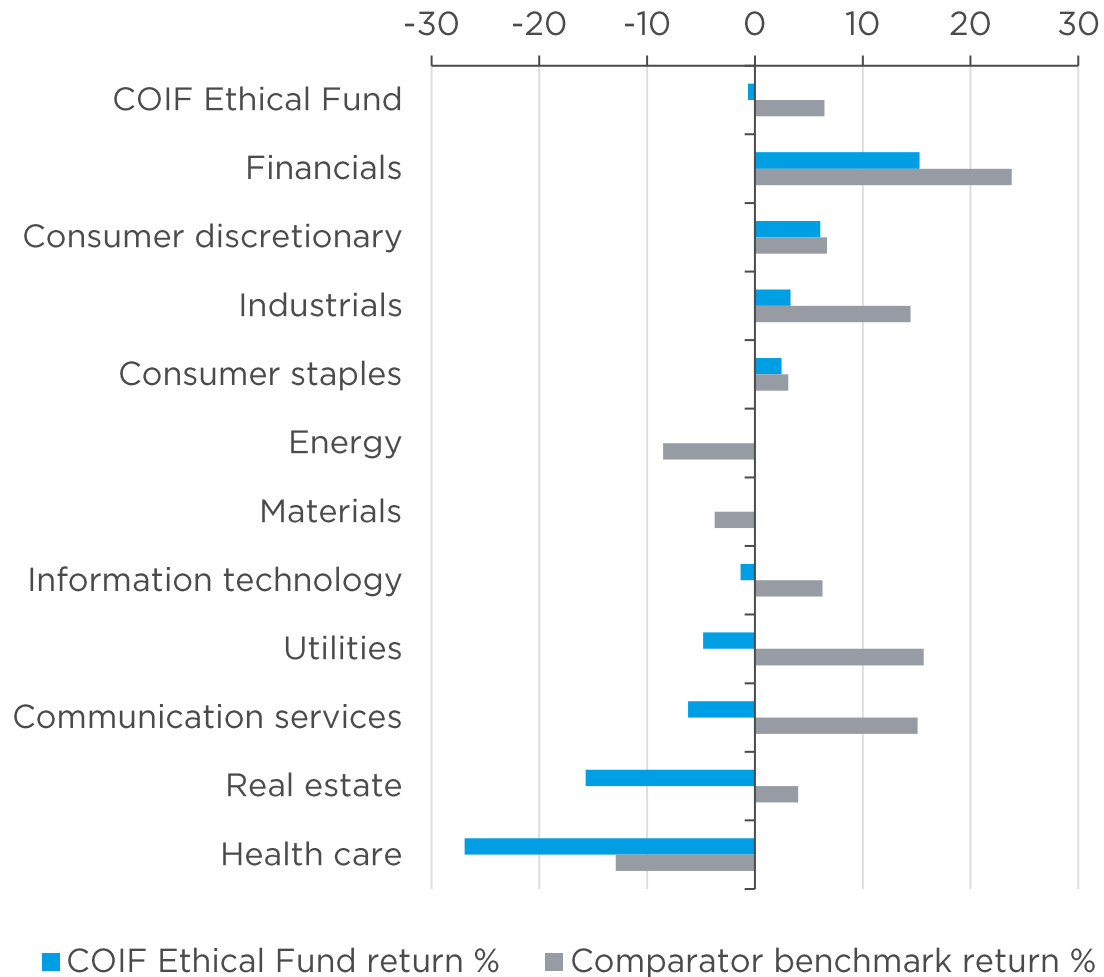
■ COIF Ethical Fund return % ■ Comparator benchmark return %

## What were the key factors in the portfolio's total return performance?

- Over one year, performance across all major asset classes was mixed, with some strong performance in some of the alternative assets offset by weaker returns in equity and infrastructure.
- Equity performance was negative over the period, with much of the weakness in Q1 2025 a result of the uncertainty in financial markets caused by Trump's tariffs.
- Contractual income performance has largely been driven by corporate activity e.g. Hipgnosis takeover.
- Property performance has been strong as result of corporate activity and narrowing discounts to NAV.
- Listed private equity returns were strong as sentiment towards the sector improved.
- Fixed income performance was positive over the year, with strength particularly from investment-grade credit.

Source: CCLA showing total return performance for the COIF Ethical Fund, one year to 30 June 2025. Comparator benchmark: 75% MSCI World Index, 15% Markit iBoxx Gilts £, 5% MSCI UK Monthly Property Index and 5% SONIA. Infrastructure and operating assets refers to investments that facilitate the functioning of society with the potential for steady cash flows. Contractual assets refers to investments that generate contracted cash flows over a specific period and are typically secured against assets. Please note the cash return has been excluded; this is because the zero start balances of these balances created distorted returns. **Past performance is not a reliable indicator of future results.** Performance is shown gross of management fees and expenses. Net returns will be lower after the deduction of fees and charges. This information does not constitute the provision of financial, investment or other professional advice.

# Performance in absolute terms, by equity sector

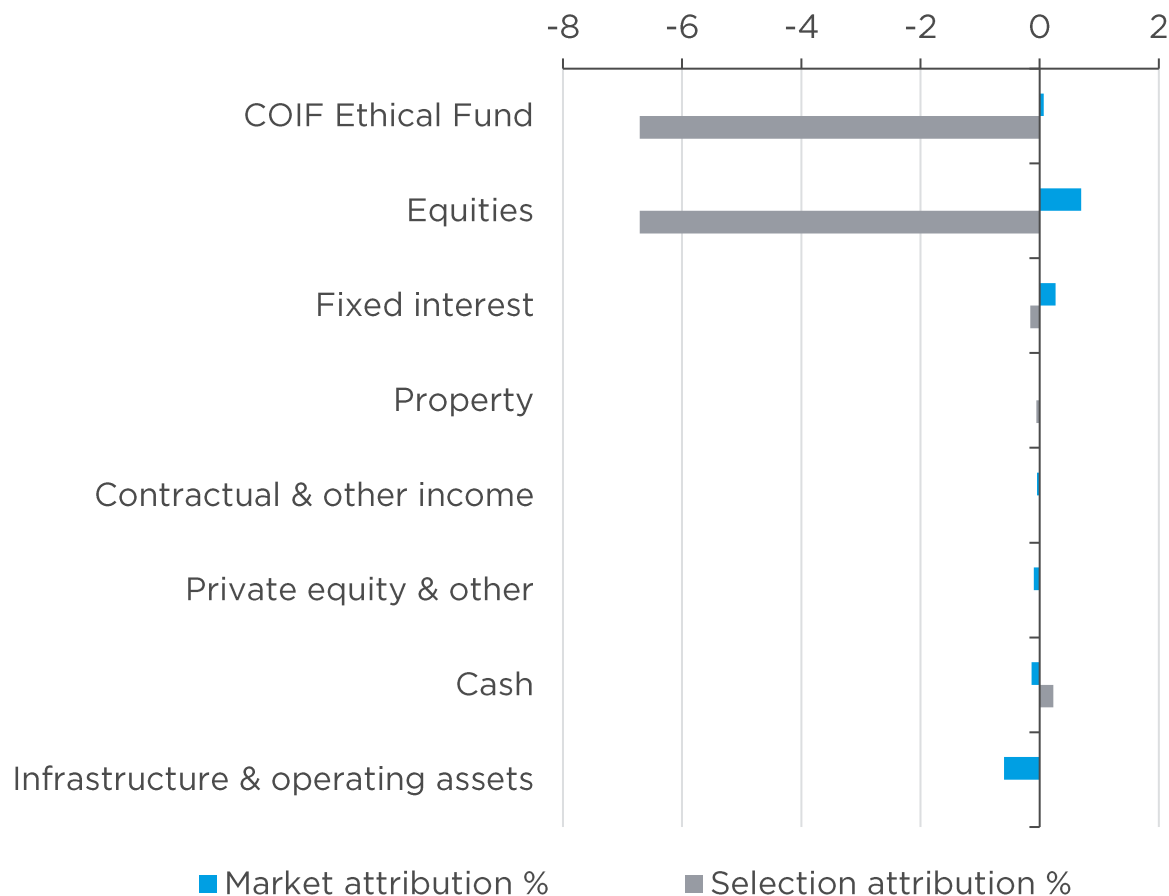


## What were the key factors in the absolute performance of different equity sectors?

- In financials we saw strong absolute performance from exchanges and data providers, as well as across some of the insurance broker names.
- In information technology, good performance from some of the semiconductor businesses and software names was offset by weaker returns in some of the technology hardware and equipment names.
- Performance in healthcare was weak, with both life science tools and pharmaceuticals businesses suffering declines. Healthcare equipment companies such as Stryker and EssilorLuxottica fared better.
- Within industrials, performance in some US focussed businesses was weak due to tariff uncertainty. Other positions such as Relx and Trane Technologies did well.
- Performance in consumer was solid with strength in O'Reilly, Compass and Hermes.

Source: CCLA showing total return performance for the COIF Ethical Fund, one year to 30 June 2025. Comparator benchmark: 75% MSCI World Index, 15% Markit iBoxx Gilts £, 5% MSCI UK Monthly Property Index and 5% SONA. **Past performance is not a reliable indicator of future results.** Performance is shown gross of management fees and expenses. Net returns will be lower after the deduction of fees and charges. This information does not constitute the provision of financial, investment or other professional advice.

# Performance relative to the benchmark, by asset class



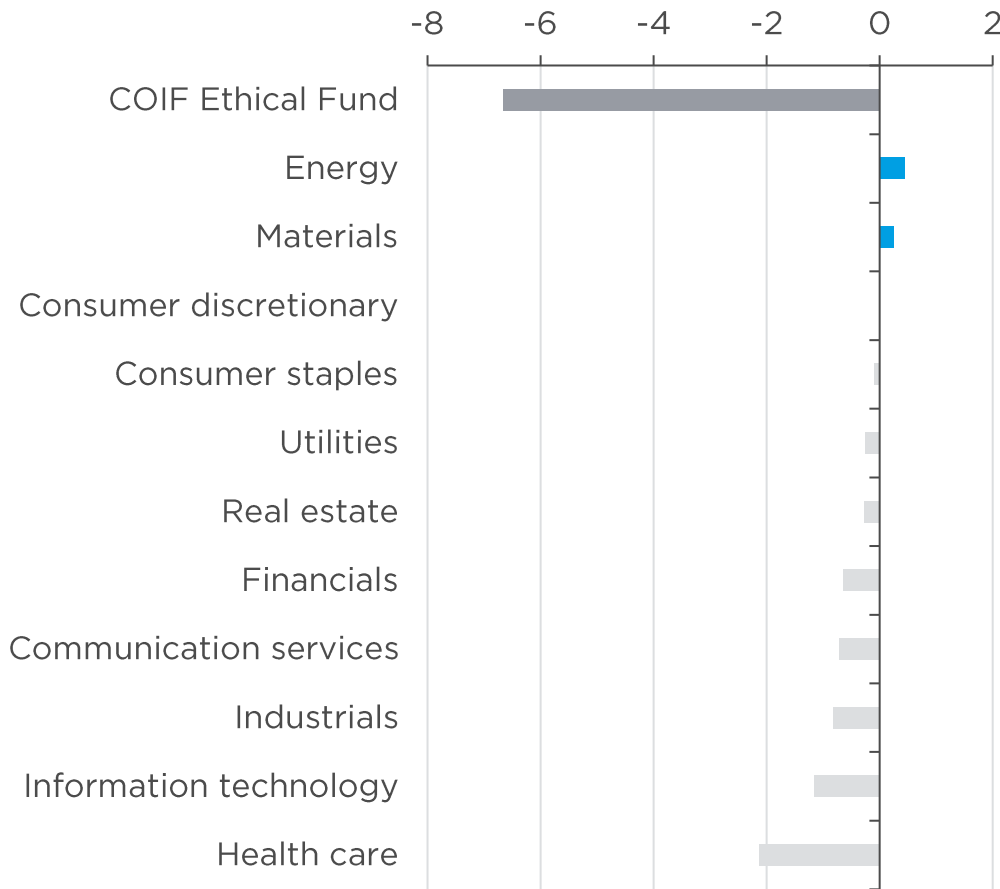
## What were the key factors in the portfolio's performance relative to the comparator benchmark?

- Asset allocation effect was minimal, whilst security selection was a negative over the period.
- The underweight to fixed income was a positive, however this was partially offset by the allocation to infrastructure which delivered negative returns over the year.
- Stock selection in equities was the largest detractor to relative performance over the period, with benchmark returns concentrated in a small number of names.

Source: CCLA showing COIF Ethical Fund, one year to 30 June 2025. Allocation effect = (portfolio weighting – benchmark weighting) x benchmark return. Selection effect = (portfolio return – benchmark return) x benchmark weight. Comparator benchmark: 75% MSCI World Index, 15% Markit iBoxx Gilts £, 5% MSCI UK Monthly Property Index and 5% SONIA. Cash is made up of forward contracts, money market instruments and cash. Infrastructure and operating assets refers to investments that facilitate the functioning of society with the potential for steady cash flows. Contractual assets refers to investments that generate contracted cash flows over a specific period and are typically secured against assets. **Past performance contribution and attribution is not a reliable indicator of future results.** Performance is shown gross of management fees and expenses. Net returns will be lower after the deduction of fees and charges. This information does not constitute the provision of financial, investment or other professional advice.

# Performance relative to the benchmark, by equity sector

## Total attribution (%)



## Examples of contributors to and detractors from the performance of the Fund's equity holdings, relative to the equity benchmark:

- In information technology, weakness in selected software and semiconductor positions such as NXP, Synopsys and Hexagon offset strength in TSMC and Broadcom.
- Within financials, our underweight position to the banking sector was a relative headwind, however we saw strength in financial services businesses such as Visa and Mastercard, and capital markets businesses such as Deutsche Boerse and Tradeweb Markets.
- Returns in healthcare were weak across pharmaceuticals, biotechnology and life sciences names due to significant US policy uncertainty.
- US driven industrials were weak due to tariff uncertainty, whilst index returns were driven by European aerospace and defence companies.

Source: CCLA showing COIF Ethical Fund, one year to 30 June 2025. Attribution = (asset weight - benchmark asset weight) x (asset performance - benchmark asset performance). Comparator benchmark: 75% MSCI World Index, 15% Markit iBoxx Gilts £, 5% MSCI UK Monthly Property Index and 5% SONIA. **Past performance and attribution is not a reliable indicator of future results.** Performance is shown gross of management fees and expenses. Net returns will be lower after the deduction of fees and charges. This information does not constitute the provision of financial, investment or other professional advice.

# Asset allocation overview

**Our overarching goal is to deliver investment performance of CPI+5% gross of fees**

## Equities

Through direct participation in economic growth, equities are expected to provide most of the long-term increase in capital value

**Allocation range:**  
**50–85%<sup>1</sup>**

## Alternatives and property

Including infrastructure, contractual income, property, and private equity as a source of diversification and capital growth

**Allocation range:**  
**0–35%<sup>2</sup>**

## Fixed income

Fixed income assets traditionally used to provide diversification, relative valuation versus equities and other asset classes has improved

**Allocation range:**  
**0–50%<sup>3</sup>**

## Cash

Cash, as an almost riskless asset, acts as a further source of risk reduction where necessary

**Allocation range:**  
**0–10%**

<sup>1</sup>Excludes listed investment trusts and companies with underlying exposure to alternatives such as property. <sup>2</sup>Property exposure is limited to 10% of the portfolio. <sup>3</sup>Includes near-cash and money-market instruments. Infrastructure and operating assets refers to investments that facilitate the functioning of society with the potential for steady cash flows. Contractual assets refers to investments that generate contracted cash flows over a specific period and are typically secured against assets. The asset allocation ranges are subject to periodic review and change.

# Portfolio return assumptions (COIF Ethical Investment Fund)

## Strategic asset allocation (SAA) 10-year real returns (median CCLA)

	SAA (%)	Long-term expected real return (%)	Long-term standard deviation (%)
Global equity	75.0	4.3	19.5
UK property	5.0	4.5	10.1
Conventional gilts	15.0	2.1	6.0
Index-linked gilts	0.0	2.5	6.0
IG credit	0.0	3.7	8.4
Sterling cash	5.0	1.0	1.4
Alternatives	0.0	7.5	10.0
<b>Total/weighted average</b>	<b>100.0</b>	<b>3.8</b>	<b>15.4</b>

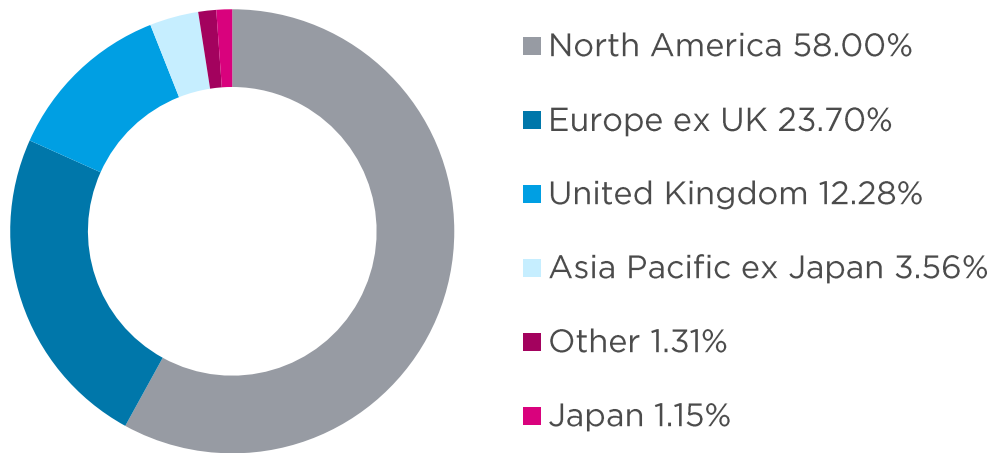
## Tactical asset allocation (TAA) 10-year real returns (median CCLA)

	TAA (%)	Long-term expected real return (%)	Long-term standard deviation (%)
Global equity	70.8	4.3	19.5
UK property	4.8	4.5	10.1
Conventional gilts	2.0	2.1	6.0
Index-linked gilts	4.9	2.5	6.0
IG credit	2.8	3.7	8.4
Sterling cash	3.8	1.0	1.4
Alternatives	11.0	7.5	10.0
<b>Total/weighted average</b>	<b>100.0</b>	<b>4.4</b>	<b>15.3</b>

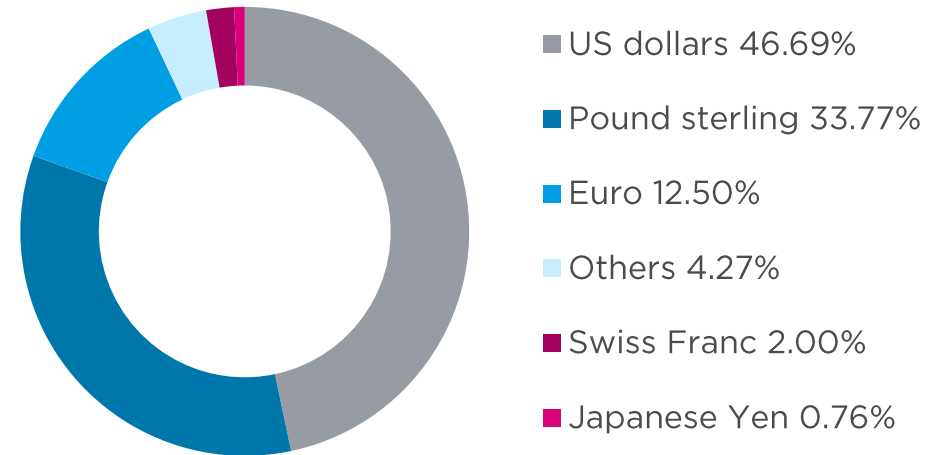
Source: CCLA, as at 31 July 2025. Note: UK CPI assumption is 2.5%. Asset allocation of the COIF Charities Ethical Investment Fund.

# Statement of positioning

## Equity region weighting (equities only)



## Currency exposure (total fund)



Source CCLA, as at 30 June 2025. Data showing COIF Ethical Fund. Regional weights shown are the percentage of total equity of the portfolio. Asset allocation is subject to change.

# Top 20 holdings

Security name	Portfolio weight %
UKT 3.25% 22/01/2044	2.66
Microsoft	2.58
UK ILG 1.25% 22/11/2027	2.51
UKT 4.5% 07/12/2042	2.50
COIF Charities Property Fund	2.49
UK ILG 0.125% 10/08/2028	2.47
COIF Charities Short Duration Bond Fund	1.94
Amazon	1.85
Alphabet	1.73
Visa	1.37
Deutsche Börse	1.34
Experian	1.32
Roper Technologies	1.31
HDFC Bank	1.28
Intercontinental Exchange	1.28
London Stock Exchange	1.27
RELX	1.27
Universal Music	1.27
S&P Global	1.25
Coca-Cola	1.24



- Top 20 holdings 34.94%
- Rest of the portfolio 65.06%

Source: CCLA, as at 30 June 2025. Holdings are subject to change.

## Bond portfolio characteristics

### Fixed income allocation in the COIF Charities Ethical Investment Fund

<b>Fund/security</b>	<b>Portfolio weight (%)</b>	<b>Modified duration (yrs)</b>	<b>Spread duration (%)</b>	<b>Yield to worst (%)</b>
COIF Charities Short Duration Bond Fund*	1.94	1.84	2.92	5.12
Federated Hermes Sustainable Global Investment Grade Credit Fund	0.90	5.86	5.28	4.22
UKT 4.50% 12/42	2.50	11.74	--	5.05
UKT 3.25% 01/44	2.66	12.79	--	5.13
UKT IL 0.125% 8/28	2.47	1.55	--	0.41
UKT IL 1.25% 11/27	2.51	1.18	--	0.35
<b>Weighted average</b>	<b>100.00</b>	<b>5.77</b>	<b>0.85</b>	<b>3.15</b>
<b>Fund level</b>	<b>12.98</b>	<b>0.71</b>	<b>0.10</b>	<b>3.15</b>

Source: CCLA and Federated Hermes, as at 30 June 2025. Allocation is subject to change. \*Portfolio management of the fund has been delegated to Federated Hermes under the oversight of CCLA and fund management remains the responsibility of CCLA as of 27 July 2022.

# Alternatives positioning

Source: CCLA, as at 30 June 2025. Asset allocation is subject to change. Infrastructure and operating assets refers to investments that facilitate the functioning of society with the potential for steady cash flows. Contractual assets refers to investments that generate contracted cash flows over a specific period and are typically secured against assets.

Asset class	Sub-asset class	COIF Ethical Fund %
Contractual and other income	Alternative Credit	1.56
Infrastructure and operating assets	General Infrastructure	2.72
	Renewable Infrastructure	1.92
	Student Accommodation	0.91
	Care Home Property	0.03
Private equity and other	Private Equity	3.91
Property	Generalist Commercial	2.49
	Logistics Warehouses	2.27
	Residential Property	0.26
<b>Total</b>		<b>16.06</b>

## Costs and charges

COIF Charities funds	Fund management fee (% p.a.)			Ongoing charges figure (% p.a.)	
	AMC	Other expenses	Total	Cost of underlying investments	Total
Investment Fund	0.60	0.08	<b>0.68</b>	0.18	<b>0.86</b>
Ethical Fund	0.60	0.07	<b>0.67</b>	0.18	<b>0.85</b>
Global Equity Fund	0.75	0.05	<b>0.80</b>	0.00	<b>0.80</b>
Short Duration Bond Fund	0.22	0.08	<b>0.30</b>	0.00	<b>0.30</b>
Property Fund	0.65	0.16	<b>0.81</b>	0.00	<b>0.81</b>
Deposit Fund	0.20	0.05	<b>0.25</b>	0.00	<b>0.25</b>

The ongoing charges figure (OCF) shows the total annual operating costs taken from the fund. The OCF is the sum of two components: these are the fund management fee (FMF) and the cost of underlying investments. The FMF includes CCLA's annual management charge (AMC), VAT payable thereon where applicable (including any VAT reclaims received during the accounting period that the FMF is based on), and other costs and expenses of operating and administering the fund such as trustee/depositary, audit, custody, legal, regulatory and professional fees, and may include other charges such as Fitch Ratings fees if applicable. The underlying investments' costs are the impact to the fund of costs incurred in other funds or similar investments (e.g. investment trusts, limited liability partnerships) in which the CCLA fund invests. The OCF does not include the fund's transaction costs (i.e. the costs of buying and selling the underlying investments in a fund). For more information on costs, including transaction costs, please refer to the fund's key information document.

# Performance comparator explained

The COIF Charities Investment Fund and the COIF Charities Ethical Investment Fund are actively managed to achieve their target benchmark. Over time, they aim to achieve an average annual total return after costs of inflation (as measured by the UK Consumer Prices Index) plus 4%. (Note: the actual target benchmark is gross returns of CPI+5%. CPI+4% has been used to give a comparable net figure by assuming 1% costs.)

To give our clients insight into the progress of their investments over shorter periods we have created a composite comparator benchmark. This is not a formal target, neither does it constrain the types of investments in which the fund may invest, but is intended as a guide. It is based on established investment market indices, weighted in proportions designed to broadly reflect the risk and return profile of the underlying assets of the fund over the long term.

To keep the information relevant the comparator benchmark may be adjusted from time to time to reflect changes in long term return expectations and any structural changes in the fund.

Comparator benchmark: MSCI World Index (75%), Markit iBoxx £ Gilts Index (15%), MSCI UK Monthly Property Index (5%) and Sterling Overnight Index Average (5%).

The comparator benchmark (blended index returns) is calculated by CCLA using end-of-day index-level values licensed from MSCI (MSCI data). For the avoidance of doubt, MSCI is not the benchmark administrator for, or a contributor, submitter or supervised contributor to, the blended index returns, and the MSCI data is not considered a contribution or submission in relation to the blended

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Comparator benchmark detail and history are as follows:

From: 1.1.2021: MSCI World Index 75%; MSCI UK Monthly Property Index, 5%; Markit iBoxx £ Gilts Index, 15% and SONIA (Sterling Overnight Index Average), 5%.

From 1.1.18 to 31.12.2020: MSCI World ex UK Index, 45%; MSCI UK Investable Market Index, 30%; MSCI UK Monthly Property Index, 5%; Markit iBoxx £ Gilts Index, 15% and 7-day LIBID, 5%.

From 1.1.16 to 31.12.17: MSCI UK Investable Market Index, 45%; MSCI Europe ex UK Index, 10%; MSCI North America Index, 10%; MSCI Pacific Index, 10%; IPD UK All Property Index, 5%; Markit iBoxx £ Gilts Index, 15% and 7-day LIBID, 5%.

From 01.01.12 to 31.12.2015 MSCI UK All Cap 45%, MSCI Europe Ex UK (50% Hedged) 10%, MSCI North America (50% Hedged) 10%, MSCI Pacific (50% Hedged) 10%, IPD All Property Index 5%, BarCap Gilt 15% & 7 Day LIBID 5%.

# Important information

This document is a financial promotion and is for information only. It does not provide financial, investment or other professional advice.

To make sure you understand whether our product is suitable for you, please read the key information document and the scheme particulars and consider the risk factors identified in those documents. The sustainability approach for each of our funds is outlined in its consumer-facing disclosure document. We strongly recommend you get independent professional advice before investing.

Past performance is not a reliable indicator of future results. The value of investments and the income from them may fall as well as rise. You may not get back the amount you originally invested and may lose money.

The fund can invest in different currencies. Changes in exchange rates will therefore affect the value of your investment. Investing in emerging markets involves a greater risk of loss as such investments can be more sensitive to political and economic conditions than developed markets. The annual management charge is paid from capital (except for the Short Duration Bond Fund). Where charges are taken from capital rather than income, capital growth will be constrained and there is a risk of capital loss.

Any forward-looking statements are based on our current opinions, expectations, and projections. We do not have to update or amend these. Actual results could be significantly different than expected.

Investment in a CCLA COIF Charities fund is only available to charities within the meaning of section 1(1) of the Charities Act 2011. The CCLA COIF Charities funds are approved by the Charity Commission as Common Investment Funds under section 24 of the Charities Act 1993 (as has been

replaced by the Charities Act 2011) and are Unregulated Collective Investment Schemes and unauthorised Alternative Investment Funds.

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**CCLA**

BECAUSE GOOD IS BETTER

# Better World

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Sustainable Investment  
Outcomes 2024

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# Contents



## CCLA supports Koestler Arts

Koestler Arts is the UK's leading arts charity. It is nationally respected for its ground-breaking work using the arts as a catalyst for positive change in the lives of people within the criminal justice system and in the public's perception of their potential.

[www.koestlerarts.org.uk](http://www.koestlerarts.org.uk)

Cover image courtesy of Koestler Arts. *Flight to Freedom*, HMP Stanford Hill (Sheppey Cluster).

See inside back cover for details of other Koestler Arts images within this report.

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# Ending the sustainability Hokey Cokey

**A**s I come to review sustainable investment over the past year, I am reminded of a song called the 'Hokey Cokey'. For those fortunate enough to be unfamiliar with this musical abomination, the song is about putting a part of your body (arms, followed by legs) in and then out repeatedly before having a shake and turning around. Quite frankly, it makes no sense.

Sadly, however, it is an apt metaphor for the investment management industry's approach to sustainability. First, most firms were 'out', sustainability being seen as the preserve of a sandal-wearing minority. Then they were 'in', as sustainability began to emerge as the key to growing client engagement. Now, faced with a changing political environment in North America and the perception that clients no longer care, a whole lot are 'out' once again.

This is not just a damning indictment of our industry's commitment to doing good. It is - to put it bluntly - quite dangerous.

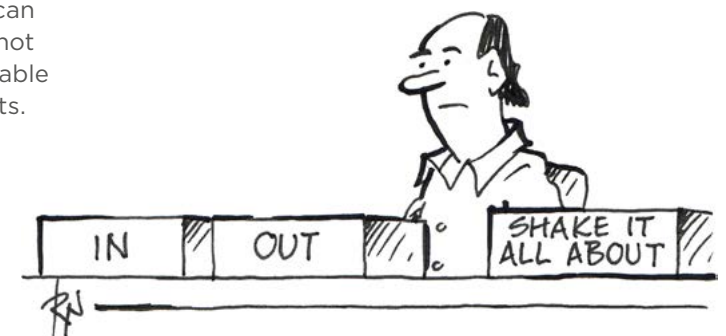
At CCLA, we believe that investment markets can only be as healthy as the environment and communities that support them and that we need to do our bit to build a better world. This is not marketing rhetoric - it is a firm-wide recognition that sustainability matters. It is an understanding that, despite the noise, we are not in a good place. That continuing along the same unsustainable path will impact investment returns over the long term, and that the investment industry can play a role in building a better future. This is not altruism - it is essential if we are going to be able to continue to deliver financially for our clients.

I am deeply proud of the content of this report, which I hope provides a glimpse as to what we can achieve. In it you will find examples of how we - as a purpose-driven firm - are redoubling our efforts to drive change as others falter. You will see how we have continued to push the firms that we invest in to be a little bit better and, more importantly, you will find examples of how time and again they have responded positively to the challenges we have set.

However, I hope this report also shows that we cannot do this alone. To achieve change on the scale that is needed, we need others to join the charge. The path in front of us is daunting, but it is more achievable if we travel it together. So, as well as a celebration of what we have achieved, I hope this report will act as a rallying call to our industry to be better.

When it comes to sustainability, the investment industry needs to go beyond being 'in' and then 'out', and we must stake more than just an arm or a leg. Instead, we need to put our whole selves in and stay there. To properly serve our clients, we need to end the sustainability Hokey Cokey.

**Peter Hugh Smith**  
Chief Executive, CCLA



# What is Good Investment?

**O**ur aim is to deliver consistent, risk-adjusted returns to our clients in a way that aligns with their values and furthers their mission. We achieve this through the following principles.

## Act

Investment markets can only be as healthy as the environment and communities that support them. We act to bring about positive social and environmental change by:

- using our ownership rights to improve the sustainability of the assets in which we invest
- bringing investors together to address systemic risks that have not had the attention that they require
- seeking to be a catalyst for change in the investment industry.

By accelerating progress in meeting some of the world's major sustainability challenges, we can reduce the risk of negative impacts on the performance of our clients' assets and promote the smooth functioning of society.

### LEARN MORE ONLINE

Want a greater understanding of what we mean by Good Investment and to hear about real-world examples of our stewardship?



Watch the Good Investment video at [ccla.co.uk/what-good-investment](https://ccla.co.uk/what-good-investment)

## Assess

We assess environmental, social and governance (ESG) standards because we believe that a combination of legislation, regulation and changing societal preferences will impact negatively upon the most unsustainable businesses.

We avoid investing in companies that have uncompensated, unwanted, unwarranted or unmitigated ESG risks as evidenced by:

- poor management or weak corporate governance
- an unacceptable social or environmental impact
- not demonstrating a willingness to improve through investor engagement.

Investment markets have a poor record in pricing these risks. Our ESG assessment framework supports our aim to deliver consistent long-term risk-adjusted returns to our clients.

## Align

We are the guardians, not the owners, of the assets that we manage. Accordingly, we have a responsibility to:

- align investment portfolios with our clients' objectives, values and beliefs
- report on the outcomes of all our work
- be transparent about everything that we do on our clients' behalf.

By investing in a way that we believe is aligned with our clients' values, we are better able to meet their objectives and offer more than just a financial return.

This is what we call Good Investment.

# Industry recognition

**W**hile investing sustainably is a priority for many, evaluating the approach of institutional asset managers remains a challenge.

We recognise the importance of credible industry standards such as the Principles for Responsible Investment's annual assessment process and the Financial Reporting Council's UK Stewardship Code.

As we are a signatory to both, our approach is assessed regularly. The full results are available on our website.<sup>1</sup>



## The UK Stewardship Code

We have been accepted as a signatory to the Financial Reporting Council's UK Stewardship Code 2020.<sup>2</sup> The code sets out 12 principles that aim to set high stewardship standards for those investing money on behalf of UK savers. Refer to our website for our response for 2023-2024.<sup>3</sup>



## Principles for Responsible Investment

The UN-supported Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment.

CCLA's ratings for 2023 (the latest available) are set out below and available on our website.<sup>4</sup>

Module	CCLA rating (out of 5)	CCLA score	Approx. median score
Policy, governance and strategy	5	95%	60%
Direct – listed equity – other (how we integrate ESG in listed equity)	5	98%	51%
Direct – real estate (how we integrate ESG in property)	4	69%	62%
Confidence building measures	5	100%	80%



“I just want a little recognition, nothing much, maybe a Lifetime Achievement Award.”


www.CartoonStock.com

# Stewardship in action


**T**hroughout 2024 we have continued to drive forward and expand our flagship engagement programmes and also taken steps to explore new areas. Each is covered in more detail in the pages that follow.

## 2024


### January


 CCLA's Dr Martin Buttle joins the Advisory Committee of the UN PRI's Advance Programme<sup>5</sup>


### March

 CCLA submits written evidence jointly with Rathbones to the House of Lords Modern Slavery Act 2015 Committee's call for evidence of the impact and effectiveness of the Act

### May

 A NextEra Energy resolution co-filed by CCLA on climate lobbying achieves 33% of the shareholder vote


 Following engagement, Empiric Student Properties puts its ESG targets to vote at its annual general meeting

 An Amazon resolution co-filed by CCLA on freedom of association and collective bargaining rights receives 37% of the independent shareholder vote


### July


 Collaborative investor letter sent to UK 100 mental health benchmark companies, supported by investors with \$8.5 trillion in assets under management

### August


 CCLA begins to build a collaborative working group to engage with Coca-Cola Co following allegations of human rights abuse at Indian sugar suppliers


### October

 The CCLA Corporate Mental Health Benchmark: Global 100+ is published,<sup>7</sup> with 12 companies improving sufficiently to move up a Performance Tier since 2023

 CCLA writes to the Minister of State for Food Security and Rural Affairs in support of a review of the Seasonal Worker scheme by the Migration Advisory Committee

### Key


 Better environment

 Better work

 Better health


### February


 CCLA's Dame Sara Thornton briefs the House of Lords Modern Slavery Act 2015 Committee

 Following engagement, Watches of Switzerland becomes Living Wage accredited


We receive confirmation that we retain FRC Stewardship Code signatory status


### April

 Dame Sara Thornton and Dr Martin Buttle give evidence to the House of Lords Modern Slavery Act 2015 Committee


 CCLA and Guy's & St Thomas' Foundation join forces to commission a scoping study into a new investor intervention on corporate air pollution


### June


 With 50 supporter investors, CCLA sends a public investor letter to Amazon in support of workers at its Coventry fulfilment centre

 The CCLA Corporate Mental Health Benchmark: UK 100 is published,<sup>6</sup> with 24 companies improving sufficiently to move up a Performance Tier since 2023

### September

 CCLA and the Local Authority Pension Fund Forum (LAPFF) join forces to coordinate sending 'Say on Climate' letters to 76 FTSE 100 companies, supported by £1.6 trillion in assets under management


 CCLA joins the Home Office Forced Labour Forum on a proposed update to the Modern Slavery Act 2015 Section 54 guidance

 A Nike\* resolution co-filed by CCLA on severance pay and supplier working conditions receives 12% of the shareholder vote

### November

 Collaborative investor letter sent to global mental health benchmark companies, supported by investors with \$10 trillion in assets under management

 CCLA and Guy's & St Thomas' Foundation partner to launch a public consultation into a potential benchmark on corporate air pollution

 The CCLA Modern Slavery UK Benchmark 2024 is published,<sup>8</sup> with 35 companies improving sufficiently to move up a Performance Tier since 2023

### December

Assets under management supporting CCLA stewardship initiatives reach £22.3 trillion

\*Not held in CCLA portfolio(s) as at 31 December 2024.



# Sustainability *and our* investment process

The primary aim of our sustainability work is to preserve the long-term value of our clients' investments by driving positive change.

## Assessing financial materiality

We believe that a combination of legislation, regulation and changing societal preferences can impact negatively on the cash flow of the most unsustainable business models. When considering a potential equity purchase, we seek to identify and avoid investing in companies that have uncompensated, unwanted, unwarranted or unmitigated environmental, social and governance (ESG) risks as evidenced by:

- poor management or weak corporate governance
- an unacceptable social or environmental impact
- not demonstrating a willingness to improve through investor engagement.

Our approach is designed to help us identify and address any extra-financial risks that may harm investment returns in the future.

Prior to purchase, we assess companies' ESG risks in conjunction with their financial position. We include this assessment in our analysis for every potential equity investment and it is a standard component of the overall investment case. It applies to all listed equities, irrespective of their geography or sector, and includes the following four considerations:

- 1 Corporate governance.** We have developed a bespoke quantitative corporate governance rating tool that assesses the board structure, ownership, accounting practices and management capabilities of listed companies. Supported by a qualitative review process, this tool allows us to identify any strengths and weaknesses of companies' governance structures and how these adapt over the life of the holding.
- 2 Climate change.** All assets are managed in line with CCLA's Climate Change and Investment Policy.<sup>9</sup> This requires CCLA to annually review the impact of climate change – and progress made towards a net-zero economy – on every sector and to stress-test carbon-intensive businesses' decarbonisation plans against the requirements of the Paris Agreement on climate change.<sup>10</sup>
- 3 Wider sustainability factors.** Potential investee companies are reviewed on their approach to the most financially material sustainability risks relevant to their industry. We use Sustainalytics' ESG Risk Ratings,<sup>11</sup> which is based on widely recognised materiality frameworks, including those of the Sustainability Accounting Standards



Board and the Global Reporting Initiative.<sup>12</sup> Any companies considered high risk require Investment Committee approval.

#### 4 Corporate behaviour and standards.

Assets are reviewed against any sustainability-related controversies in which a company has been involved. We pay particular attention to controversies that suggest a company either has breached, or may in the future breach, international standards set out in the UN Global Compact and UN Guiding Principles on Business and Human Rights.<sup>13</sup>

Where we identify material concerns, we conduct further research, potentially including a fact-finding meeting with management. Subject to the success (or otherwise) of this research, companies can be approved for purchase.

Once an investment is made, companies are routinely monitored to ensure that standards do not slip.

#### Assessing real-world materiality

While our investment process focuses on financially material sustainability issues, our engagement work seeks to encourage companies to minimise their negative environmental and social impacts. This approach acknowledges that while many sustainability issues do not impact companies' short-term financial performance, they can have a significant negative impact on our environment and communities.

Accordingly, we also assess companies' impacts on the real world and build both company-specific and systemic programmes aimed at changing company behaviour for the better. These efforts are based on three themes:

- **better environment** – considering both climate change and wider environmental concerns
- **better work** – encouraging high labour standards and protection of human rights
- **better health** – improving the health of workers, customers and communities.

Some sustainability risks are so pervasive that they cannot be mitigated by diversification and careful stock selection. Climate action failure, social cohesion erosion, public health crises: these represent system-wide dangers, not only to portfolios but also to the environment and the functioning of society. Accordingly, much of our stewardship work aims to tackle systemic sustainability risks – those affecting all or most companies, across industries and geographical regions.

#### Working for you

This combination of financial and real-world sustainability analysis allows us to identify, and avoid, the most unsustainable businesses and to develop ambitious engagement action plans to push others forward.

We closely monitor the progress of those companies with an engagement action plan. We reconsider investment in companies if they refuse to engage or do not respond adequately to engagement on the most serious issues.

These are defined as involvement in controversies that suggest a company has either has breached, or may in the future breach, international standards set out in the UN Global Compact and UN Guiding Principles on Business and Human Rights.

The approach described above is designed to help us control risk, to deliver more consistent investment returns and to build on our purpose of helping our clients to maximise their impact on society by harnessing the power of investment markets.

#### MINIMUM STANDARDS FOR INVESTMENT

Our minimum standards for investment, across all funds and segregated portfolios, exclude companies with a predetermined revenue threshold coming from:

- climate change
- tobacco
- cannabis
- indiscriminate weaponry (we have a zero-tolerance policy if the company is involved in the production of landmines, cluster munitions, or chemical or biological weapons)
- sovereign debt issued by countries identified as being among the world's most oppressive.<sup>14</sup>

These minimum standards are designed to help us capture – and avoid – businesses that we believe have a significant negative social and/or environmental impact that cannot be addressed through engagement.

At the end of calendar year 2024, the minimum standards set out above resulted in 3.9% of the investment universe being excluded from our pool of potential equity investments (based on the MSCI World Index).



## SUSTAINABILITY CONSIDERATIONS FOR OTHER ASSET CLASSES

### Money markets

In 2024, we developed a bespoke assessment framework for counterparties used in our money market funds. As a minimum, we consider a counterparty's:

- corporate governance practices
- approach to financing climate change
- association with any controversies.

As of this report's publication, this was a work in progress and there were no related engagements underway.

### Property

For our property funds, we seek to integrate sustainability into our asset selection, management and refurbishment processes. Prior to purchase, all potential properties, tenants and vendors are subject to an initial due diligence check focusing on ensuring tenant activities are consistent with the values-based restrictions attached to the fund, and we adhere to market practice in preventing financial crime. Should the proposal pass this initial stage the team will then undertake enhanced due diligence on environmental risk and energy efficiency associated with the building.

There were no new properties purchased during 2024. However, we did undertake several significant upgrades to improve the sustainability of properties owned in our portfolio. In 2024, we completed the refurbishment of a vacant office floor in 80 Cannon Street (owned in the COIF Charity Property Fund). This multi-let property, originally developed in 1974, had operated with a building-wide gas-powered heating and cooling system.

We conducted an energy assessment to identify potential improvements. The floor initially had an 'E' EPC rating. Although leasing a floor with this rating is currently permissible under MEEs regulations, anticipated increases in minimum standards would render the space unlettable without enhancements.

Our refurbishment works entailed replacing the outdated heating and cooling system with an all-electric alternative, installing energy-efficient LED lighting throughout, introducing secondary glazing to minimise heat loss, and incorporating water-saving fittings.

Upon completion, the floor received an EPC 'B' rating, reflecting the energy-efficient modifications implemented. The space was successfully leased in August, illustrating that even in a challenging office market, tenants are drawn to energy-efficient premises.

We are reliant on our tenants and third party managing agents to collect and share appropriate data on the performance of our buildings, and this has been a substantial barrier to our ability to set targets and monitor progress in our property investments. In 2024, EVORA Global Limited was appointed to assist in the development and implementation of our approach to sustainability in property, including the expansion of asset-level action plans and portfolio risk management.

### Alternatives

During the year we engaged with six listed alternatives held in our portfolios, focusing of the need for board members to undertake a strategic review to either address an underperforming share price or to return value to shareholders.

At two of these companies, we agitated for change at board level. At US Solar Fund, we recommended the appointment of an independent director with expertise in the disposal of US solar assets and delivering strong outcomes for shareholders. Following a recruitment process, a suitable director was appointed.

Our approach at PRS REIT went one step further and involved the filing of a requisition to convene an EGM, and calling on shareholders to remove two of the five independent non-executive directors. More details of the proposal and the board's subsequent actions can be found on page 16.

## COLLABORATING FOR CHANGE

At the end of 2024, our sustainability initiatives are supported by:

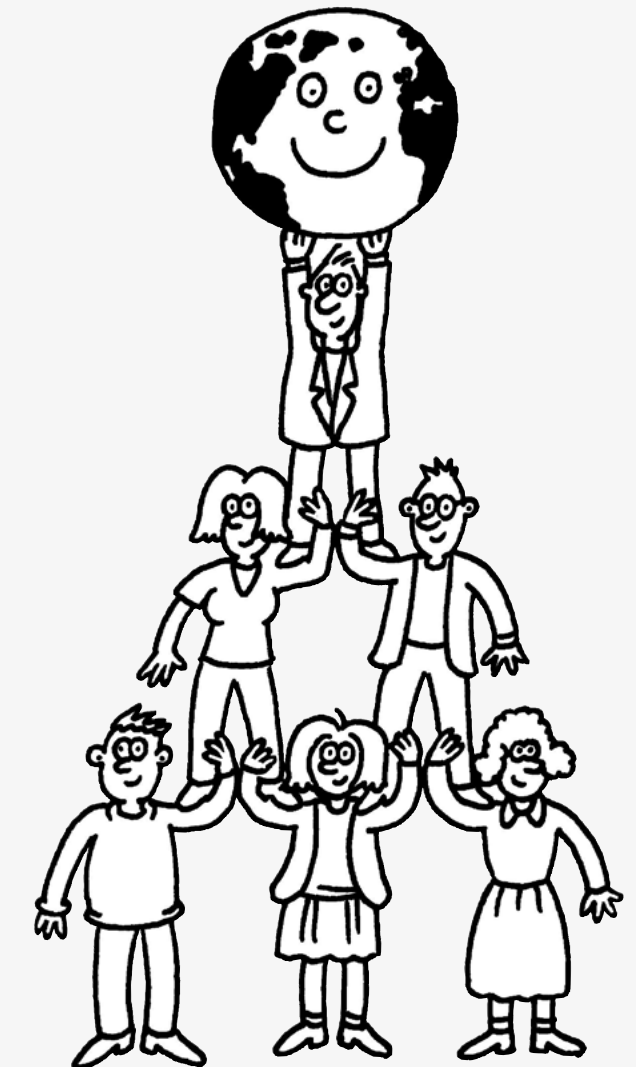
114  
investors<sup>†</sup>

across  
15  
countries

in  
4  
continents

representing assets  
under management of

£22.3 trillion



Collaboration is the key  
to unlocking progress at scale.  
We are hugely grateful to every  
investor that supports our initiatives.

<sup>†</sup>114 investors includes institutional asset managers, asset owners, stewardship service providers and investor membership organisations.

# Corporate governance and our portfolios

**C**orporate governance is the system by which companies are directed and controlled. A board of directors is responsible for the governance of a company. The role of shareholders is to appoint the directors and auditors to satisfy themselves that an appropriate governance structure is in place.

Good corporate governance generally requires the following:

- a well-functioning board, which can both lead and control the business in nurturing its long-term success
- effective sub-committees (reporting to the board): nomination, remuneration and audit (and risk)
- executive remuneration that aligns the interests of the directors with the long-term interests of the company and its shareholders.

We believe that companies with poor management or weak corporate governance represent a risk to investment performance. For this reason, we have developed a process that includes quantitative and qualitative analysis to identify and avoid companies with weak governance.

## Governance evaluation process

We use a bespoke quantitative corporate governance rating tool, designed to assess companies' board structure, ownership, accounting practices and management capabilities.

The panel on the next page details what each theme assesses and how these themes are weighted. A secondary, qualitative overlay allows us to identify strengths and weaknesses in a company's governance structure and how these adapt over the life of the holding.



“Do you solemnly swear to never question my authority?”

www.CartoonStock.com

## OUR GOVERNANCE EVALUATION PROCESS

We score and weight companies on the following themes:

**15%** capital stewardship

**ASSESSES THE QUALITY OF MANAGEMENT AND ITS ABILITY TO GENERATE CASH AND MANAGE GROWTH**

**15%** accounting

**ASSESSES THE QUALITY OF THE COMPANY'S FINANCIAL STATEMENTS AND ITS ACCOUNTING**

**35%** board composition

**ASSESSES THE QUALITY OF THE INDIVIDUALS, THEIR INDEPENDENCE AND THEIR TRACK RECORD**

**35%** shareholder rights

**ASSESSES THE OWNERSHIP STRUCTURE OF THE COMPANY**

## Corporate governance and the investment process

At CCLA, our governance evaluation process is an integral part of our investment process and operates as follows:

- Corporate governance analysis is conducted on all prospective investments prior to purchase.
- Companies with a high governance risk will only be eligible for investment with the approval of CCLA's Investment Committee.
- For a high-risk company to be approved for investment, the relevant investment analyst must demonstrate why the risk rating is incorrect or not of concern. This can require detailed qualitative analysis, fact-finding discussions with the company, and ongoing, target-based engagement.
- Should an existing holding's rating decline to 'high risk', a full governance review is required and approval from CCLA's Investment Committee must be secured for our continued investment.
- Review of high-governance-risk companies and portfolio structure by governance rating are standing agenda items at CCLA's Investment Committee meetings.

## Governance and our portfolios

Using our proprietary quantitative corporate governance rating tool, we award all companies that we assess a governance rating from A (best) to F (worst). Shown in percentage terms, the chart on page 17 compares the governance ratings of companies in our funds with those in the MSCI World Index.

A secondary, qualitative analysis is undertaken on every company prior to investment. High-risk companies (those rated E and F) are not permissible investments without approval of CCLA's Investment Committee.



At the end of 2024, we held 11 companies deemed high risk according to our governance analysis. Investment in these companies was approved by CCLA's Investment Committee, for the reasons outlined below:

- **AIA Group.** The main governance concern is the length of tenure of certain board members. While the average length of board tenure is 7 years, and there have been three new appointments during the past 12 months, half of the audit committee members' tenures exceed 10 years. This is a concern as the committee is responsible for the oversight of the financial reporting process, including risk. Longstanding tenure may result in a lack of challenge to historic decisions in which a committee member may have been involved. We will monitor board and committee changes over the following year. Should the situation not improve, we will engage with the aim of increasing audit committee independence.

- **Alexandria Real Estate Equities.** The founding director remains on the board as combined chair and CEO. However, balance is achieved through the presence of several independent directors and a wide shareholder base.
- **Schneider Electric.** Jean-Pascal Tricoire served as CEO of the company until 4 May 2023, after which he was appointed chair of the Supervisory Board. While common practice in the local market, such an appointment is contrary to best practice and Tricoire's re-election attracted a 20% dissent vote at the 2023 annual general meeting. This concern is balanced by the existence of an independent lead director and a large proportion of independent directors on the board and its committees. We will continue to monitor the situation.

- **DiaSorin, EssilorLuxottica, LVMH Moet Hennessy Louis Vuitton, Nike\*, Novo Nordisk and Pernod Ricard.** Each of these companies has a degree of ownership concentration, which can be unfavourable for minority shareholder rights. While this was flagged in our quantitative governance analysis, our qualitative review showed that the companies had high-quality management teams, a strong track record of delivering value for minority shareholders and a long-term perspective. We will continue to monitor their governance arrangements.

Two of the eleven companies are family founded and controlled. Engagement is underway to push for a more equitable balance of controlling and minority shareholders:

- **Alphabet.** The company has developed an unconventional governance structure to protect itself from the short-term nature of Wall Street trading. We are pushing for the appointment of a senior independent director.
- **CME Group.** Under the company's articles, the individual share classes have the right to appoint directors. The board has made several attempts to unify the structure but has been unable to obtain the level of support required from each individual class of shareholder.

\*Not held in CCLA portfolio(s) as at 31 December 2024.

### ENGAGING WITH THE BOARD OF PRS REIT

CCLA is a major shareholder in PRS REIT and we have had concerns for some time about the low valuation of the company's shares and lack of action taken by the board to address the problem.

In the summer of 2024, we requested a meeting with the board, which took place in June. Unknown to us until the day before the meeting, the board had agreed changes to its investment advisory and development management agreements that extended the term of the contract with the underlying investment manager. This change was scheduled to take effect just one day after our planned meeting.

The news raised serious concerns for us. Not only had the board failed to undergo a meaningful consultation process with shareholders on its proposed plans, but

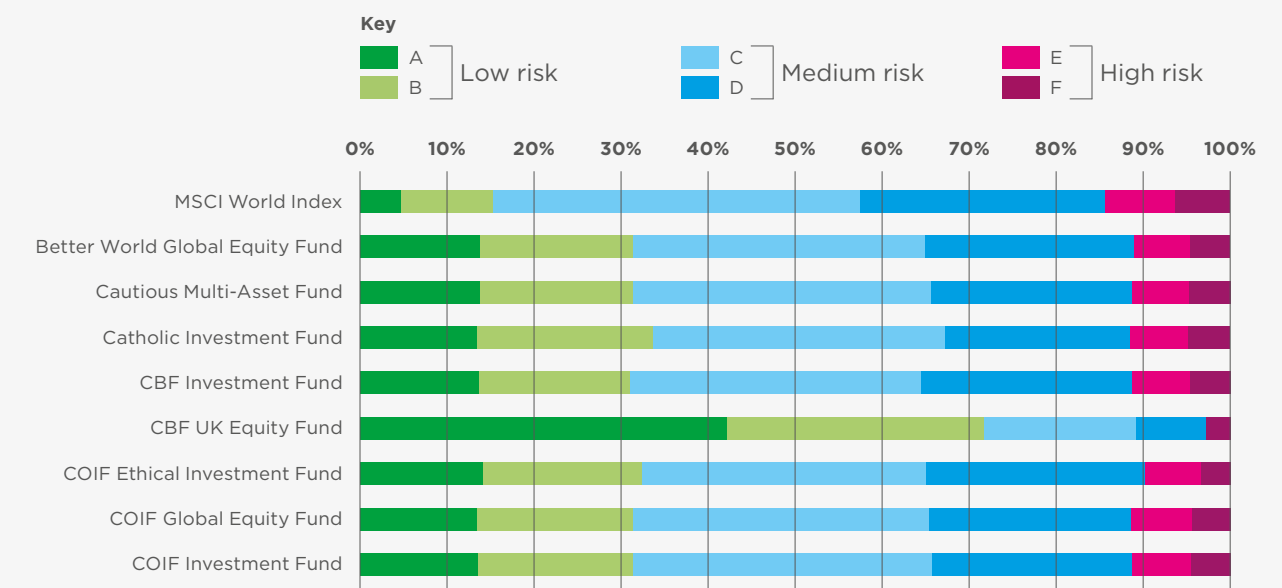
it had also awarded an overly generous five-year contract to the incumbent manager, despite its mediocre performance record.

Accordingly, we gathered a group of major shareholders and filed a requisition to convene an extraordinary general meeting. We called on all shareholders to vote on ordinary resolutions to remove two of the five existing independent non-executive directors: the chair, Stephen Paul Smith, and David Steffan Francis.

In response, the company offered to remove the chair and to add two directors (nominated by the investor group) if we would withdraw the requisition notice. This was agreed and the company has since undergone a strategic review and put itself up for sale. This is good news because the board is now able to return value to shareholders that is closer to the net asset value.

### OUR PROPRIETARY GOVERNANCE RATING

Using a proprietary quantitative corporate governance rating tool, we award all companies a governance rating from A (best) to F (worst). High-risk companies (i.e. those rated E and F) are not permissible investments without the approval of CCLA's Investment Committee.



The comparison against the MSCI World Index is for information purposes only. The governance ratings only apply to listed equities held in each fund (listed equities excludes investment trusts and other collective investment schemes). Not all listed equity holdings in the funds are included in the MSCI World Index. The funds' data is reweighted to 100% for comparison purposes. Source: Sustainability, UBS HOLT and CCLA, as at 31 December 2024.



# Better environment

**TARGET:**  
**SUSTAINABLE DEVELOPMENT GOAL 13**

Take urgent action to combat climate change and its impacts.



We view climate change as a significant threat to our planet, ecosystems and communities.

**C**limate change has been a primary focus in our stewardship work since 2010. In 2024, we continued to focus on policy engagement, working directly with governments and with other investors to bring about more progressive climate legislation.

We also continued to focus on decarbonising the operations and supply chains of our highest-emitting investee companies, and built out our engagements on nature, biodiversity and plastics.

## Climate action

Climate change is a critical challenge for global markets, communities and the environment. Our climate engagement strategy is designed to support the transition to a decarbonised economy through real-world emissions reductions.

As stewards of our clients' investments, we use our financial power and ownership rights to push companies forward on reducing the emissions associated with their operations and value chains. We have long supported work to limit the global temperature increase to below 1.5 °C and are committed to accelerating the transition to a net-zero economy.

Our strategy has three components:

- 1 Pushing for better regulation and legislation.** It is our belief that governments must create the conditions that render it economically viable for businesses to phase out damaging activities – in particular, those that contribute to climate change. For this reason, we are working with policymakers, both in the UK and overseas, towards more meaningful regulatory action. Examples include the UK and Canadian governments' Powering Past Coal Alliance and the Transition Plan Taskforce (see page 22).
- 2 Corporate engagement.** Investors can be highly influential in encouraging companies to take steps to reduce their own environmental impacts. Our climate

- 3 Avoidance.** We avoid investing in companies that are highly exposed to changing legislation and regulation aimed at tackling climate change. Accordingly, we do not invest directly in any companies that focus on extracting, producing, or refining coal, oil sands, oil or gas. We assess the remaining exposed industries against the goals of the Paris Agreement on climate change.<sup>16</sup>

This report covers our activity and outcomes in 2024 in relation to points 1 and 2. For details of our approach to point 3, refer to our report 'A Climate for Good Investment'.<sup>17</sup>



## Our climate pledge

We are a founding signatory to the Net Zero Asset Managers initiative and have committed to decarbonising our listed equity portfolios in a way that is consistent with an ambition to reach net-zero emissions by 2050 or sooner.

The global economy needs to decarbonise and given that climate change is the most important sustainability issue for many of our clients, we recognise that our portfolios need to decarbonise too.

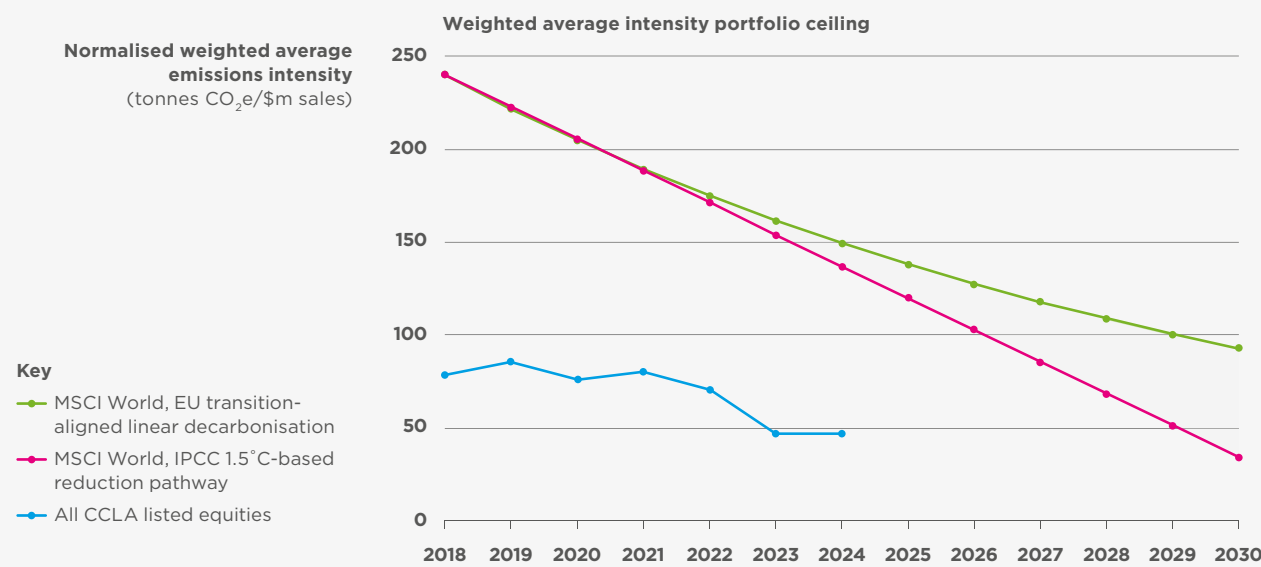
The Paris Climate Change Agreement aims to limit global temperature rises to a level that is just 1.5 degrees Celsius above pre-industrial levels. We aim to mirror this trajectory through a gradual reduction in the carbon footprint of our equity portfolio.

To execute the necessary transition, we have created a maximum carbon footprint that decreases over time in line with the necessary trajectory to align our portfolios with a 1.5 °C warming target. This allows the flexibility to buy and sell a variety of businesses over time, as long as the overall fund or portfolio carbon footprint does not breach the maximum permitted level.

We have set our decarbonisation targets through a decreasing maximum carbon footprint based on the MSCI World Index. Informed by the Intergovernmental Panel on Climate Change's special report on the impacts of global warming of 1.5 °C and the recommendations of the UN Environment Programme,<sup>18</sup> our ceiling decreases year on year, as shown in the chart below. Our decrease is consistent with the aggregate decarbonisation rate required to limit temperature rises to 1.5 °C above pre-industrial levels and remains on track in 2024.

While our portfolio of listed equity holdings performs well on climate metrics, we are aware that measures of portfolio decarbonisation can be inaccurate and should not distract from the need to decrease real-world emissions. Accordingly, we aim to meet our decarbonisation targets through work to accelerate the transition to a low carbon economy.

## NET-ZERO TARGET-SETTING

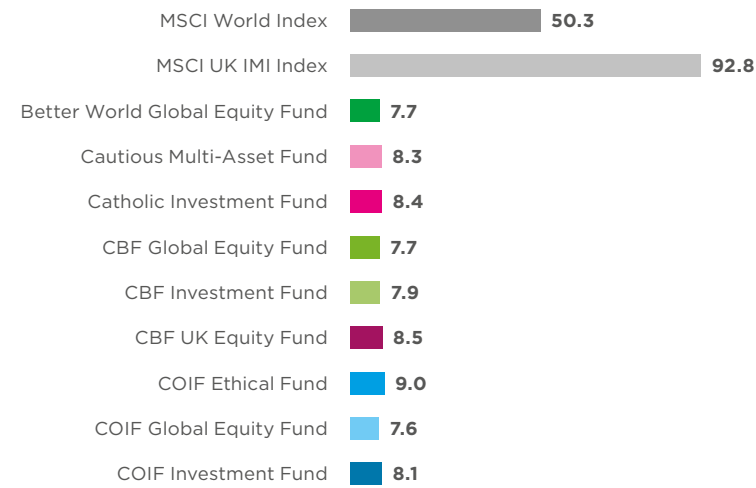


Source: IPCC, MSCI and CCLA as at 31 December 2024.

## CARBON MEASUREMENTS

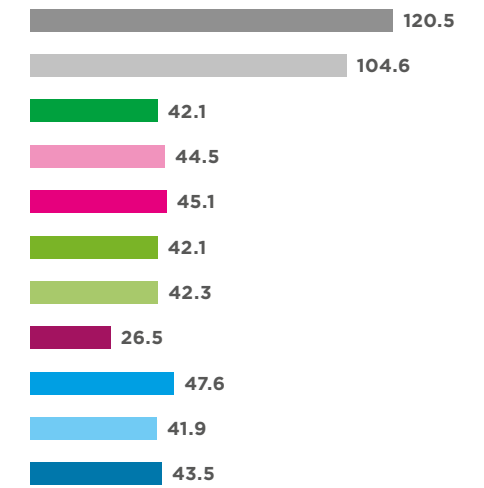
### What is my portfolio's normalised carbon footprint per million dollars invested?

Carbon emissions (tonnes CO<sub>2</sub>e/\$m invested)



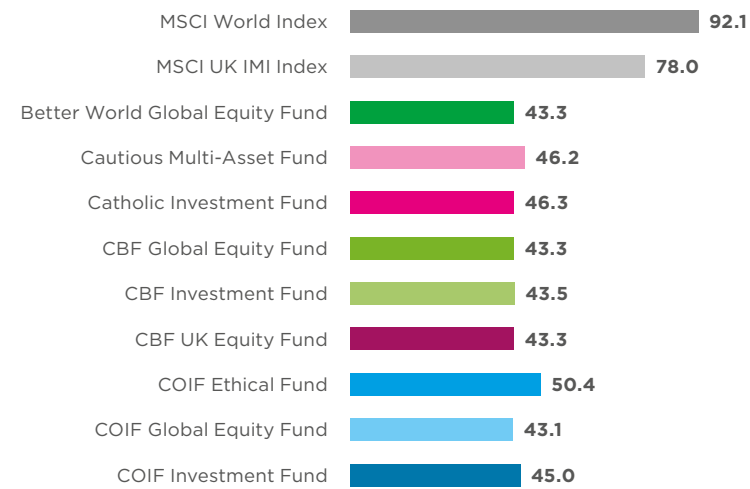
### How efficient is my portfolio in terms of carbon emissions per unit of output?

Carbon intensity (tonnes CO<sub>2</sub>e/\$m sales)



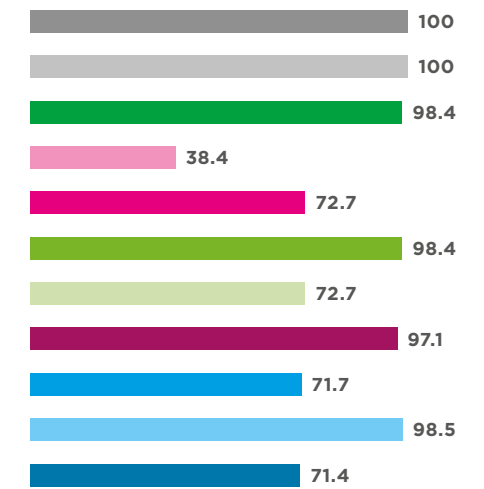
### What is my portfolio's exposure to carbon-intensive companies?

Weighted average carbon intensity (tonnes CO<sub>2</sub>e/\$m)



### How much of my portfolio is comprised of listed equities?

Coverage (% of fund comprised of listed equities)



Source: MSCI ESG Manager, as at 31 December 2024. Fund metrics relate to equity holdings only and include scope 1 and 2 emissions.



# Climate-related public policy update

In 2024 we continued our efforts to influence climate-related public policy, both in the UK and overseas.

## Transition Plan Taskforce

Progressive regulation and legislation will play a vital role in accelerating the transition to net zero. CCLA was represented on the Delivery Group of the UK government's 2022-24 Transition Plan Taskforce (TPT), which was established by HM Treasury to develop the 'gold standard' for transition plans and to strengthen disclosure requirements across the UK economy. The TPT has set sector-specific guidance for mandatory disclosure on corporate transition planning, with CCLA's Helen Wildsmith being part of the electricity sector working group. Mandatory transition planning in the UK was referenced in the Labour Party manifesto for the 2024 election, and responsibility for TPT's work has been assumed by the International Sustainability Standards Board.

## Powering Past Coal Alliance

Since we invest globally, we also participate in other markets where we can influence systemic change. Since 2017 we have taken an active role in the Powering Past Coal Alliance (PPCA), co-chaired by the governments of Canada and the UK. This coalition of national and subnational governments, businesses and organisations works to advance the transition from unabated coal power generation to clean energy. The PPCA's new Finance Principles were launched at the 29th United Nations Climate Change Conference (COP29), in 2024.

## Glasgow Financial Alliance for Net Zero

In March 2024, we joined the Glasgow Financial Alliance for Net Zero (GFANZ) workstream on public policy. GFANZ aims to champion the importance of national-level transition planning, focusing on how private finance can support these plans by ensuring they are both investable and attractive to private capital. The group has also been working to push for better outcomes and greater consistency in regulatory transition plan standards.

## Institutional Investors Group on Climate Change

CCLA is part of the Institutional Investors Group on Climate Change (IIGCC) UK Policy Working Group, which was set up in early 2024. IIGCC published its 'Call to action' to the UK government in May 2024.<sup>19</sup> It urged leaders to adopt a whole-of-government approach, laying out 10 critical policy measures, and called for a comprehensive green industrial strategy to support the decarbonisation of the economy.

## Global Investor Statement to Governments on the Climate Crisis

We signed the 2024 Global Investor Statement to Governments on the Climate Crisis, which is considered the most comprehensive investor call for climate action to date. The statement has a greater emphasis on nature and calls for mandating climate-related disclosures. It also strongly advocates for a whole-of-government approach to achieving ambitious climate targets through implementing economy-wide policies and sector-specific strategies, particularly for high-emitting industries.<sup>20</sup>

**We will continue our direct and indirect policy activity and take further action to support businesses and governments in efforts to shift to a net-zero-emissions economy.**



# A history of climate action



2007

CCLA is an early signatory to the UN Principles for Responsible Investment



2012

The shareholder advocacy campaign Aiming for A is launched (it will go on to be an inspiration for Climate Action 100+)



2015

Aiming for A files successful climate-related shareholder resolutions at BP and Shell



2017

Aiming for A is superseded by Climate Action 100+ and CCLA is a founding member

CCLA joins the Powering Past Coal Alliance



2020

With the UK government and others, CCLA becomes a seed investor in the Clean Growth Fund

CCLA sells its remaining direct holdings in oil and gas extraction companies



CCLA's Helen Wildsmith wins the prestigious Joan Bavaria Award for her pioneering work on responsible investment and climate action

CCLA joins the Financing a Just Transition Alliance

2022

Helen Wildsmith joins the Delivery Group of the UK government's Transition Plan Taskforce as an investment sector expert on mining and electrical utilities



2023

A climate-related shareholder resolution co-filed by CCLA at Bank of America receives strong shareholder support (28.5%)

CCLA is now Climate Action 100+ co-lead for engagement with Home Depot, Honeywell International\*, Nestlé and Unilever

The Transition Plan Taskforce issues its final disclosure framework

Focused engagement commences targeting the 30 highest greenhouse gas-emitting companies held in CCLA portfolios (meetings are held with 16 of them in 2023)

2010

CCLA starts its climate action pathway with a carbon disclosure watch list

2013

The COIF Charities Ethical Investment Fund restricts investment in thermal coal

CCLA becomes a cornerstone investor in the Bluefield Solar Income Fund



2016

Aiming for A files successful climate-related shareholder resolutions at Anglo American, Glencore and Rio Tinto



2019

The COIF Charities Ethical Investment Fund restricts direct investment in oil and gas extraction companies\*

Following engagement, Duke Energy commits to net-zero emissions by 2050



CCLA works with UK and Canadian governments to launch the Powering Past Coal Alliance's Finance Principles

2021

CCLA pledges to achieve net zero by 2050

CCLA becomes lead investor for Unilever on behalf of Climate Action 100+

Following dialogue, Unilever is the first FTSE 100 company to introduce a 'say on climate' vote



CCLA becomes a founding signatory to the Institutional Investors Group on Climate Change's Net Zero Asset Managers initiative



NextEra Energy responds to engagement by increasing its climate disclosures

2024

CCLA joins the Glasgow Financial Alliance for Net Zero workstream on public policy

CCLA and the Local Authority Pension Fund Forum (LAPFF) partner to send 'say on climate' letters to 76 FTSE 100 companies, with 39 supporting investor signatories representing £1.6 trillion in assets under management

Following engagement, Empiric Student Properties puts its environmental, social and governance (ESG) targets to a shareholder vote

A NextEra Energy shareholder proposal co-filed by CCLA achieves 33% of the shareholder vote

\*Defined as companies that derive more than 10% of their revenues from the extraction, production or refining of oil and gas.

\*Not held in CCLA portfolio(s) as at 31 December 2024.

# Climate stewardship

We do not invest directly in any companies that focus on extracting, producing, or refining coal, oil sands, oil or gas, nor any company in a high-carbon sector that we believe does not align with the Paris Agreement.<sup>21</sup> In our view, these businesses are highly exposed to changing legislation and regulation aimed at tackling climate change.

**N**onetheless, we continue to invest in companies across a range of sectors that can influence climate change. These include electrical utilities companies, consumer goods businesses, health care companies and information technology companies.

At its core, our engagement strategy aims to drive and accelerate corporate emissions reductions. It is conducted both directly and as part of climate-related collaborative investor initiatives, such as Climate Action 100+ (CA100+) and the Institutional Investors Group on Climate Change's (IIGCC) Net Zero Engagement initiative.

Our engagement activity is consistent across all our equity funds and multi-asset funds that hold listed equities; it does not vary from fund to fund. It is monitored by our Investment Committee. Poor corporate responses can, in extreme cases (i.e. where a company has breached, or may in the future breach, international standards set out in the UN Global Compact and UN Guiding Principles on Business and Human Rights), lead to divestment.

## Top 30 emitters in our portfolios

We focus our active ownership work on the 30 largest greenhouse gas (GHG) emitting listed equity holdings in our portfolios, identified using scope 1 and 2 and estimated scope 3 emissions. While scopes 1 and 2 are used for portfolio metrics due to their reliability, we also consider estimated scope 3 emissions where material. Scope 3 usually represents the largest share of a company's climate impact, and despite data challenges, we include it in our engagement priorities to address the most significant emissions across the full value chain.

Our aim is to persuade companies to set credible decarbonisation plans, monitor performance against these plans and follow through on successful implementation. The top 30 emitters in our portfolios are set out on the next page with corresponding CDP scores, which give an overview of companies' overall climate change disclosure standards.<sup>22</sup>



“There’s someone here to see you regarding the climate reparations bill.”

## TOP 30 GHG EMITTERS IN OUR PORTFOLIOS

List criteria Best practice transparency and performance	Leadership Implementing current best practices	Management Taking coordinated action on environmental issues	Awareness Knowledge of impacts on/of environment	Disclosure Starting to disclose environmental impacts	Not scored (i.e. disclosed but missed deadline)	No disclosure
A	A-	B	C	D	E	F
Alphabet	ASML Holding 👤👤	Abbott Laboratories	Costco Wholesale*		Microsoft	
LVMH ●	Coca-Cola Co	Amazon ■	Deere & Co 👤👤		NextEra Energy 👤👤**	
Trane Technologies 👤👤**	Eaton*	Ferguson* 👤👤	Medtronic 👤👤			
	Home Depot 👤👤*	Honeywell International* *				
	Johnson & Johnson 👤👤	Rio Tinto 👤👤**				
	Lloyds Banking Group*	Taiwan Semiconductor Manufacturing Co ●				
	Nestlé 👤👤*	UnitedHealth Group				
	Nike*					
	PepsiCo* ■					
	Pfizer*					
	Procter & Gamble 👤👤**					
	Siemens 👤👤●					
	Thermo Fisher Scientific					
	Unilever 👤👤*					
	Union Pacific					

**Key**  
 \* CA100+ co-lead  
 \*\* CA100+ contributor  
 ● IIGCC's Net Zero Engagement Initiative  
 ■ Other collaboration  
 👤👤 Meeting(s) held in 2024

\*Not held in CCLA portfolio(s) as at 31 December 2024. Source: MSCI and CDP. CDP company scores 2023 (latest available as at December 2024). Top 30 portfolio emitters for scopes 1 and 2 and estimated scope 3 emissions as at 31 March 2024. IIGCC NZEI: Institutional Investors Group on Climate Change's Net Zero Engagement Initiative.



“Is my homeowners policy covered for Global Warming?”



## Engagement in 2024

We had dedicated climate-related engagement meetings with 13 of our top 30 greenhouse gas-emitting companies in 2024. Beyond our engagements with the top 30 companies, we use a variety of other approaches to ensure that systemic climate risk is addressed:

- 1 In September, in collaboration with the Local Authority Pension Fund Forum (LAPFF), we wrote to 76 FTSE 100 companies that had not held a vote on their climate transition plans in the past three years. Such votes allow shareholders to express their views on a company's transition plan through a dedicated resolution, rather than having to vote against the re-election of a board member or another item on the agenda. CCLA and LAPFF were joined by 39 other investors with £1.6 trillion assets under management. This initiative has seen a marked increase in response rates, indicating growing engagement. Prior to the 2023 annual general meeting (AGM) season, the response rate was 19%; it has since risen to 64%. In 2024, one company committed to holding a vote on its transition plan at its 2025 AGM, while another plans to do so in 2026. The majority of companies in 2024 indicated that they would keep a transition plan vote under review, showing an increasing focus on ensuring accountability to shareholders.
- 2 As part of the continuing IIGCC Net Zero Engagement Initiative, in October we co-signed letters to 160 companies requesting information about their climate transition plan development. We sought clarification as to whether these plans would be put to shareholders for approval, aligning with expectations for transparency and accountability in managing climate-related financial risks and transition planning.
- 3 In 2024 our support for CDP's annual Non-Disclosure Campaign focused on companies failing to provide information to shareholders on risks posed by climate change, forestry and water security (the last of these including plastics). The campaign aims to drive up the rate of corporate environmental disclosures. In 2024 this involved contacting 1,590 listed companies that had so far failed to respond to CDP. By the end of 2024, CDP reported that 317 companies had disclosed this information following engagement. These included CCLA portfolio companies O'Reilly Automotive and Sonic Healthcare on climate change and Home Depot on forestry.
- 4 A core aspect of our engagement with companies is monitoring whether their carbon reduction targets are science based. In 2023, we participated in a CDP initiative that involved writing to more than 2,100 high-impact companies. The letters asked the companies to commit to and set 1.5°C-aligned science-based targets by signing up to the Science Based Targets initiative (SBTi). In all, 71 companies did so as a result, including two of our portfolio companies: in 2024, Danaher committed to the SBTi targets and RELX had its targets validated.

## SCOPE 1, 2 AND 3 EMISSIONS

The scope 1, 2 and 3 system is a way of categorising the different kinds of carbon emissions a company creates in its operations and in its wider value chain.

### Scope 1

This is made up of the greenhouse gas emissions that a company makes directly – for example, while running boilers and vehicles.

### Scope 2

This consists of emissions for which a company is indirectly responsible – for example, emissions resulting from the production of the energy and electricity that it buys to heat and cool its buildings.

### Scope 3

This covers all other indirect emissions associated with a company both up and down its value chain. Scope 3 includes emissions created by a company's suppliers and extends right down to the emissions created by its products when customers or consumers purchase and use them. Scope 3 emissions tend to account for the majority of a company's carbon footprint but are also the most difficult to measure and address.

## Progress on climate

The outcomes of our engagement on climate in 2024 are set out below. The icons represent the status of our engagement for each company.

### Key

- No response
- Discussions ongoing
- Positive change
- Met engagement target

### **Abbott Laboratories** Health care

Engagement with Abbott has been ongoing through correspondence since the company has not held any shareholder-focused environmental, social and governance (ESG) events. Abbott has set emissions reduction targets validated by the Science Based Targets initiative and has shared updates on its progress towards achieving these goals.

### **Alphabet** Information technology

Communications with Alphabet have been brief, and not particularly informative beyond signposting of materials on the company website. We investigated co-filing a shareholder resolution asking how the company's climate commitments align with its lobbying activities, including actions taken directly and through trade associations. We were unable to progress co-filing as we hold non-voting shares.

### **Amazon** Consumer staples

Communications continued with Amazon about the transparency and completeness of its scope 3 emissions reporting. Specifically, we questioned the exclusion of significant emissions, especially from its third-party product sales and supply chain activities. While Amazon maintained that it only reports emissions directly relevant to its business, we urged it to provide more detailed and accurate reporting, following the Greenhouse Gas Protocol Corporate Standard.<sup>23</sup> We also supported a related shareholder resolution at the annual meeting asking for improvement on scope 3 emissions disclosures.




 **Coca-Cola Co**  
Consumer staples

We corresponded with Coca-Cola in 2024, highlighting the need to accelerate its decarbonisation and encouraging the company to develop a comprehensive, publicly available transition plan. Although we outlined specific recommendations, including mechanisms for shareholder accountability, the company did not respond.

 **Costco Wholesale\***  
Consumer staples


Engagement aimed to clarify several aspects of the company's climate transition plan, including how specific actions would lead to emissions reductions, potential long-term targets beyond 2030, and how aligning with a 1.5 °C pathway could impact stakeholders. We also sought information on the company's stance on climate policies and how it engages with industry associations on these matters. Costco acknowledged the importance of these areas but did not provide firm commitments.

 **Deere & Co**  
Industrials

A meeting in the summer provided an opportunity to press for more transparency on Deere & Co's decarbonisation progress. The company has committed to aligning its strategy with a 1.5 °C pathway, with discussions highlighting the importance of reducing scope 3 emissions through precision technology and balancing investments in biofuels with electrification. Responding to a request for evidence of how the company planned to align future capital spending with decarbonisation goals, representatives emphasised the integration of sustainability with financial performance.

 **Eaton\***  
Industrials


We wrote to Eaton to inquire about the main steps it is taking to meet its emissions reduction targets and the potential to accelerate decarbonisation progress up to 2030 but have not yet received a response.

 **Empiric Student Property**  
Infrastructure

Following engagement, Empiric presented its short-term ESG targets for shareholder approval at the company's May 2024 AGM (see panel on the next page for details).

 **Ferguson\***  
Industrials

We engaged with Ferguson to explore its decarbonisation plans, focusing on setting science-based targets and improving how it measures and reports scope 3 emissions. Ferguson shared its approach to balancing environmental goals with long-term business success, highlighting actions such as virtual power purchase agreements, electric vehicle technology and improving supply chain visibility. While the company is on track to meet its emissions intensity targets, absolute emissions have increased, and the company recognises the need for more comprehensive scope 3 reporting. We encouraged greater transparency in its climate lobbying as it refines its transition plan.

 **Home Depot**  
Consumer staples

At a December meeting, we commended Home Depot for having its targets validated by the Science Based Targets initiative and for improving the breakdown of its scope 3 emissions. Disclosure has improved such that reporting is published annually. We will continue to push forward on our other asks: disclosure of all scope 3 categories, a clearer decarbonisation roadmap, a public statement on alignment with the Paris Agreement and consistency with positions taken by the company's trade associations.


**CLIMATE ENGAGEMENT WITH EMPIRIC STUDENT PROPERTIES**

In 2023, we engaged extensively with Empiric Student Properties, meeting the company's CEO and chief finance and sustainability officer, and continuing discussions with the latter throughout the year. These meetings centred on measures to improve the energy efficiency of Empiric's buildings, the development and disclosure of a climate transition plan, and the possibility (which we encouraged) of the company seeking shareholder approval for the plan through a formal resolution at its AGM.

We maintained a constructive dialogue with the company, providing examples of peer companies that had already taken similar steps relating to seeking feedback by means of a resolution. Empiric was responsive, planning to accelerate the roll-out of energy efficiency measures and seek validation of its decarbonisation targets from the Science Based Targets initiative by 2025 and to include the plan in board discussions around its AGM agenda.

At its May 2024 AGM, instead of focusing on past ESG achievements, Empiric presented its short-term ESG targets for shareholder approval. These targets, covering 2024 and 2025, emphasised near-term decarbonisation goals alongside other governance priorities. Approximately three-quarters of shareholders supported the resolution. The directors also committed to revisit these targets every two years, giving shareholders a regular opportunity to review and approve updates and ensuring transparency and accountability.

Following the AGM, we were encouraged by Empiric's commitment to engage with larger shareholders who voted against the resolution; this showed its willingness to listen and address concerns. The company expressed appreciation for our constructive input, highlighting the role of collaboration in aligning its strategic priorities with shareholder expectations.





 **Honeywell International\***  
Industrials

Honeywell has not responded to repeated requests for discussions about its decarbonisation transition strategy, making engagement challenging. As a new addition to the Climate Action 100+ focus list, it received its first benchmark assessment in October, setting a clear baseline for future dialogue. We sold our shares in Honeywell in 2024 for investment reasons.

 **Johnson & Johnson**  
Health care

A meeting with Johnson & Johnson representatives gave the opportunity for a deep dive into decarbonisation initiatives – for example, relating to upstream transportation and distribution, one of the company's larger scope 3 emissions categories. As with other areas of indirect emissions, working with suppliers is crucial, and the biggest impact will come from supplier-led reductions. We suggested that the company could provide more transparency and details in its roadmap for emissions reductions and also be clearer on how its stance on climate issues aligns with that of its industry trade associations.

\*Not held in CCLA portfolio(s) as at 31 December 2024.

**Key**  No response  Discussions ongoing  Positive change  Met engagement target



**LVMH Moët Hennessy Louis Vuitton**  
Consumer discretionary

During 2024, we engaged with LVMH on its climate transition plans, including decarbonisation targets, emissions reporting and governance, highlighting progress under its climate programme while noting its targets are pending validation by the Science Based Targets initiative.

**Medtronic**  
Health care

We met with Medtronic to discuss its progress on decarbonisation. The company has increased its renewable energy use and expects its Science Based Targets certification by mid-2025, supported by its first virtual power purchase agreement. While Medtronic has made progress in governance and operational sustainability, including by appointing a chief sustainability officer, there is potential for setting clear scope 3 emissions targets and aligning executive pay with climate goals. We also sought clarity on how the company engages with shareholders on its transition plan, encouraging greater transparency and alignment with investor expectations.

**Microsoft**  
Information technology

Having had a brief exchange of correspondence with Microsoft in 2023, in 2024 we followed up with more detailed questions on the company's emissions reduction initiatives, including its withdrawal from its Science Based Targets initiative commitment and its positioning with trade associations' climate advocacy. We have not yet received a reply to our latest communication.

**Nestlé**  
Consumer staples

Nestlé demonstrated progress against engagement requests including reporting emissions reductions from 2018 and providing detailed insights into the relative contributions of decarbonisation levers to its greenhouse gas emissions reductions. The company also addressed climate in remuneration by adding emissions reductions as part of its performance share plan. A second meeting focused on further areas where improvements had been requested, including more transparency on its scope 3 emissions breakdown, on offsets, and on the scope, scalability and timelines of agroforestry investments. We also highlighted areas for improvement in the company's lobbying review. Nestlé made various commitments to improve disclosure and will provide a review on lobbying disclosure in May 2025.

**NextEra Energy**  
Electrical utilities

NextEra Energy is one of the world's largest generators of renewable energy. Despite its leadership in decarbonising the US electricity sector, the company has lagged behind its peers in climate-related disclosure. CCLA has been engaging with the company since 2021. More recent engagement has focused on improving lobbying disclosure, including trade association alignment with the company's 2045 decarbonisation goal. Our 2024 shareholder lobbying resolution achieved 33% of the investor vote. A further resolution has been filed for the 2025 AGM season (see the voting section on page 72 for details).

**Nike\***  
Consumer discretionary

After corresponding with Nike in 2023 regarding its emissions reduction approach, we requested a meeting in 2024. The company replied with an offer to address questions. However, since we subsequently sold the company, the engagement was not pursued further.

**COP29: PROGRESS IN THE FACE OF HEADWINDS**

Negotiations at the 29th United Nations Climate Change Conference (COP29) in Baku continued 35 hours beyond the deadline, highlighting the challenges in finding consensus among nearly 200 countries. While some progress was made, many consider the outcomes not to be of the scale and scope needed to address the urgency of the climate crisis.

One major result was a commitment from wealthier nations to provide \$300 billion annually for developing countries' energy transitions. Although this has been the largest financial pledge made at COPs to date, it is still only a fraction of the \$1.3 trillion a year experts estimate is needed for energy transition and adaptation.<sup>24</sup>

There were some positive developments, such as the UK, Colombia and New Zealand

joining the Coalition on Phasing Out Fossil Fuel Incentives Including Subsidies (COFFIS). This group aims to end subsidies for fossil fuels, supporting the shift to renewable energy systems. The conference also emphasised the need for clearer sector-specific plans that outline how industries such as transport, energy and manufacturing will decarbonise.

A carbon credit mechanism was adopted to help make emissions cuts more affordable. The 'Baku to Belém Roadmap to 1.3T' also set a plan to scale climate finance to \$1.3 trillion annually by 2035.

As UN Secretary-General António Guterres put it, 'Climate finance is not charity. It's an investment in our shared future.'<sup>25</sup> While COP29 made some progress, the message from Baku is clear: much more action is needed, and soon.

**PepsiCo\***  
Consumer staples

Before it was sold from our funds, PepsiCo was a top 30 emitter in our portfolio. A collaborative meeting with the company in 2023 recognised progress it had made in addressing scope 3 emissions reductions, in including climate metrics in executive compensation, and in addressing a potential misalignment between the company's climate transition plans and its lobbying activities and trade association memberships. When we met with representatives in 2023, the company had not yet published a detailed transition plan. In 2024 its climate strategy (in the form of a road-map) together with additional detail in its new ESG reporting showed improvement in transition planning disclosure.

**Pfizer\***  
Health care

After meeting with company representatives in December 2023, a follow-up meeting was scheduled for later in 2024. The company was sold from our portfolio before the meeting took place and the engagement was not carried forward.

**Procter & Gamble**  
Consumer staples

Discussions with Procter & Gamble (P&G) focused on its plans to reduce carbon emissions in both its supply chain and its operations. On carbon credits for offsetting, P&G explained that its main goal is to reduce emissions directly, and only use natural or technical offsetting solutions to address any remaining emissions. We suggested that P&G set a target for reducing emissions from agriculture sourcing and land use changes associated with its products.

\*Not held in CCLA portfolio(s) as at 31 December 2024.

**Key** No response Discussions ongoing Positive change Met engagement target



### CLIMATE-RELATED LOBBYING ACTIVITY AT UNILEVER

We have been engaging with Unilever on its climate transition for several years. Following constructive discussions, it became the first FTSE 100 company to seek shareholder approval for its transition plan at its AGM. Ahead of its 2024 AGM, we had several meetings to discuss expectations for the plan's development. The result was a strong 97.5% vote in favour, showing widespread shareholder support of the company's updated climate strategy.

We were particularly pleased to see that Unilever's decarbonisation roadmap now provides more detail, especially on indirect emissions. In response to our input, the company added a clear graphic in its reporting, outlining specific emissions reduction measures through to 2030 and quantifying each action's contribution to overall emissions reduction. This added clarity improves understanding of Unilever's strategy and carbon reduction plans.

Having pushed on climate-related lobbying and advocacy, we were pleased to see Unilever issue its first climate policy engagement review. This received a 100% score from InfluenceMap, a non-governmental organisation that assesses companies on their climate policy engagement. This is noteworthy, as only a handful of companies have achieved scores of more than 50%. The review analysed Unilever's policy advocacy across over 600 associations and resulted in the company calling on some trade associations to improve their climate policy reporting and align their positions with the Paris Agreement.

We had a productive subsequent meeting with representatives from Unilever, the consultancy Volans (which had helped Unilever draw up the review), InfluenceMap and our other co-lead investor in Unilever. The discussion focused on how Unilever and investors can influence systemic change, adapt to new analytical methodologies and encourage standardisation in climate policy reporting.

#### **Rio Tinto** Mining

We held two meetings with Rio Tinto to discuss plans for cutting emissions and making transparency improvements, especially in how the company decarbonises its operations and manages its supply chain. While progress has been made towards 2030 targets and in collaborations with the steel industry, we asked for more detail on scaling these initiatives and tackling supply chain emissions. We highlighted the importance of making sure the narrative in the company's annual report aligns with the financial data, so that investors can clearly see how climate goals match up with financial decisions. Lastly, we urged Rio Tinto to take a stronger, more transparent approach to advocating for better climate policies, especially given its evolving stance on Australian environmental protection and biodiversity legislation.

#### **Roche Holding** Health care

In 2024, Roche submitted near- and long-term emissions reduction targets to the Science Based Targets initiative. These targets seek to reduce greenhouse gas emissions across its operations (scopes 1 and 2) and throughout its up- and downstream value chain (scope 3) to achieve net-zero emissions across its entire value chain by 2045. In 2023 the company reduced its scope 1 and 2 emissions by 6.9% and its scope 3 emissions by 7.4%.

#### **Siemens** Industrials

We engaged with Siemens to encourage clearer plans and actions for its climate transition strategy. Siemens has raised its 2030 scope 3 reduction target from 15% to 30% and recently had its targets validated by the Science Based Targets initiative. At its AGM, we urged the company to set out a detailed timeline for its

transition plan and to consider putting it to a shareholder vote, as peers such as Schneider Electric have done. Although Siemens had previously stated that no other shareholders were asking for this, two speakers before us at the AGM made the same request. We appreciate the progress made so far and will continue to push for greater transparency and accountability on the company's decarbonisation strategy.

#### **Taiwan Semiconductor Manufacturing Co** Information technology

Collaborative correspondence has included asking the company to set a science-based emissions reduction target through the Science Based Target initiative. More recently, as part of the Net Zero Engagement Initiative investor group, we asked for more information on how the company expects to achieve its targets and how it is engaging with governments on bottlenecks in policy. The company has recently made some progress, such as an increased target for its use of renewables by 2030 and improved scope 3 disclosures, which came in 2024.

#### **Thermo Fisher Scientific** Health care

Thermo Fisher Scientific provided a brief response to correspondence requesting information on elements of its carbon transition plan. We have requested a follow-up meeting.

#### **Trane Technologies** Industrials

Having recently joined the Climate Action 100+ group, we met the company to discuss several areas central to its climate transition. This included its approach to scope 3 emissions, where investors would benefit from a clearer strategy for reductions. Currently, efficiency is a primary component of this strategy. We also explored Trane's capital allocation to next-generation climate technologies, such as heat pumps, and its position on offsetting. We recognised improved public policy disclosure and encouraged the company to be more transparent on its lobbying and trade associations activity.

#### **Unilever** Consumer staples

We have been engaging with Unilever on its climate transition for several years. In 2024, we welcomed the news that it had achieved a 100% score from InfluenceMap on its approach to climate-related lobbying and advocacy (see panel on the previous page for details).

#### **Union Pacific** Industrials

We contacted Union Pacific to initiate a dialogue regarding its climate action plan and alignment with broader climate goals towards the end of the year. The company responded positively and a meeting is scheduled for 2025.

#### **UnitedHealth Group** Health care

UnitedHealth has committed to science-based target-setting through the Science Based Targets initiative. The company was awaiting the publication of the Transition Plan Taskforce financial sector guidance in 2024 for further development of its transition plan and is open to additional engagement.

#### **US Bank\*** Financial services

In a collaborative engagement with Ceres and the Interfaith Center on Corporate Responsibility (ICCR), we discussed the bank's climate strategy and disclosures. The conversation focused on transition planning, sustainable finance and public policy advocacy. US Bank provided updates on its sector-specific net-zero transition plans, highlighting its challenges and progress in data collection and policy development. The bank committed to improving its data quality and disclosures, aiming to align with global emissions reduction commitments and enhance transparency in its climate-related activities.

\*Not held in CCLA portfolio(s) as at 31 December 2024.

**Key** No response Discussions ongoing Positive change Met engagement target



## Plastics engagement

While climate action is our highest environment-related engagement priority, we recognise that other areas also require investor attention.

The intersection between plastics and the drivers of oil demand have been recognised by the International Energy Agency, which predicts that petrochemicals, which include plastics, will become the largest driver of oil demand, accounting for almost 50% of the growth in oil demand by 2050.<sup>26</sup> Given their significant environmental impact, particularly due to their persistence in ecosystems, we have continued some company engagement on this topic as well as participating in initiatives aimed at influencing policy measures.

The outcomes of our engagement on plastics in 2024 are set out below.

### **Procter & Gamble** Consumer staples

Engagement with Procter & Gamble (P&G) continued in 2024 on its progress towards reducing the use of plastic packaging and adopting sustainable alternatives. In Europe the company is trialling biodegradable and paper-based packaging, which has been well received by consumers and trade partners. P&G reported a 13% reduction in virgin plastic use in 2023 and remains committed to 100% recyclable or reusable packaging by 2030. It also highlighted the potential for product sustainability to drive premium pricing, attract new customers and deliver operational efficiencies.

### **Unilever** Consumer staples

Continuing collaborative engagement from 2023, we followed up with Unilever to discuss its progress in reducing its use of plastics. We had been pushing for a reduction of single-use plastics and disclosure of non-plastic packaging use. The company has updated its plastics and packaging targets, aiming to reduce virgin plastic use and improve recyclability, with new timelines for rigid plastics (2030) and flexible plastics (2035). Unilever is focusing on solutions such as paper-based packaging and concentrated products, scaling successful projects to suit different markets. Collaboration with other businesses and pushing for better recycling regulations are priorities.

## PLASTICS POLICY ENGAGEMENT

In June 2024, we signed an investor statement calling on petrochemical companies producing plastics to transition to safe and environmentally sound practices by reducing their fossil fuel dependency and eliminating their use of hazardous chemicals.<sup>27</sup>

In April, we co-signed a letter organised by the PRI and other partners, urging negotiating governments to commit to a robust, internationally binding agreement to combat plastic pollution. The recipient governments are members of the Intergovernmental Negotiating Committee (INC) which has been tasked by the UN to draft a legally binding agreement by the end of 2024. In November, nearly 200 countries participated in a week-long United Nations-backed summit in Busan, South Korea, which, unfortunately, concluded in early December without securing a legally binding agreement on how to address plastic pollution in the future.

## Biodiversity engagement

In 2023, we joined the new Nature Action 100 engagement initiative, a global investor engagement initiative inspired by the work of Climate Action 100+. We co-signed letters to 100 companies deemed to be systemically important in reversing nature and biodiversity loss by 2030. In 2024, we commenced engagement with three of our portfolio holdings: AstraZeneca, McDonald's and Zoetis.

The outcomes of our engagement on biodiversity in 2024 are set out below.

### **AstraZeneca** Health care

At a meeting with AstraZeneca in 2024, we focused on governance, risk management and targets on biodiversity. AstraZeneca's board oversees the company's efforts around biodiversity and natural capital, and the company is developing a framework to assess biodiversity risks across its value chain by 2024, aiming for sustainable sourcing of all critical materials by 2028. It plans to set future goals aligned with guidance from the Taskforce on Nature-related Financial Disclosures.<sup>28</sup> Since the meeting, Nature Action 100 has issued its benchmark scoring for all 100 companies, and we have sought a follow-up meeting to discuss these results.

### **McDonald's** Consumer discretionary

McDonald's responded to initial correspondence from Nature Action 100, explaining how it integrates sustainable practices, biodiversity protection and regenerative agriculture into its operations, and noting that it is aiming for deforestation-free supply chains by 2030. Since then, we have made several attempts to arrange a meeting, but the company has been unresponsive. We have co-filed a shareholder proposal on this topic asking for the company to prepare a public report assessing the extent to which its supply chains and operations impact biodiversity and are vulnerable to biodiversity loss (see the voting section on page 72 for details).

### **Zoetis** Health care

In October 2024, we met Zoetis to discuss aligning the company's sustainability strategy with biodiversity goals. We discussed its biodiversity priorities, related materiality assessments, antibiotics use and the sustainability of its packaging. Zoetis committed to incorporating biodiversity more fully into its future materiality assessments, highlighted a shift from antibiotics to preventative health care solutions, and shared insights on fostering collaboration with stakeholders to enhance environmental practices, including plastic reduction pilots and broader engagement initiatives.

## THE PRINCIPLES FOR RESPONSIBLE INVESTMENT'S SPRING INITIATIVE FOR NATURE

We are represented on the Advisory Committee of the Principles for Responsible Investment's Spring initiative for nature. The initiative focuses on forest loss and land degradation, policy alignment aimed at decoupling economic activity from deforestation, and broader responsible political engagement. We are co-lead investor for engagement with L'Oréal, with initial outreach achieved with the company in 2024.

Key



No response



Discussions ongoing



Positive change



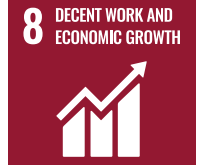
Met engagement target

# Better work



**TARGET:**  
**SUSTAINABLE DEVELOPMENT GOAL 8**

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Despite significant progress over centuries, far too many businesses still have a very poor record in the area of labour rights.

**L**abour rights encompass a wide range of fundamental human rights, including the rights to decent work, freedom of association, equal opportunity, and protection against discrimination, exploitation and abuse in the workplace.

During the reporting period, we launched the second iteration of the CCLA Modern Slavery UK Benchmark and pressed ahead with concerted efforts to strengthen the legislative environment on modern slavery. We continued engaging with companies on the Living Wage for employees and the supply chain, and worked hard to address human and labour rights controversies affecting our investee businesses. All these themes are covered in the following pages.



“Before automation how did humans endure work?”

## MODERN SLAVERY

Modern slavery is an umbrella term encompassing slavery, servitude, human trafficking, and forced or compulsory labour.<sup>29</sup> Victims are controlled by punishment, debt bondage, threats, violence, deception or coercion.<sup>30</sup> While the true extent of this crime is hidden, it is estimated that 50 million people worldwide are in a state of modern slavery.<sup>31</sup> It infiltrates the supply chains of many everyday products and commodities, including food, electronics and clothing. It is also rife in construction and hospitality.

While some companies are more exposed to the risk of modern slavery than others, we believe that all businesses are linked to modern slavery in some way – either directly, or indirectly via their supply chains.

We have spent years bringing investors together to help improve the efficacy of corporate action to find and fight modern slavery in supply chains. In 2024, this work accelerated.



# Modern slavery public policy update

## Review of the Modern Slavery Act 2015

As investors, we have long argued that the UK's Modern Slavery Act 2015 needs to be strengthened so that the requirements placed on companies to publish modern slavery statements are clearer and more exacting. We have also argued that there need to be sanctions for non-compliance and that the law should apply to public bodies as well as companies.

During 2024 we gave both written and oral evidence to the House of Lords review of the Modern Slavery Act. We collaborated with Rathbones to make a joint written submission to the inquiry,<sup>32</sup> and in April CCLA's Dame Sara Thornton and Dr Martin Buttle gave evidence to the committee. They argued for the Modern Slavery Act to be amended but also advocated for the need for the UK to go further and adopt mandatory human rights due diligence.



There had been a lengthy debate in the European Union on this issue over the past few years and, after several setbacks, the European Parliament formally adopted the Corporate Sustainability Due Diligence Directive in May 2024.<sup>33</sup> The directive introduces legal obligations on large companies trading in Europe in respect of the adverse impacts of their activities on human rights and environmental protection. We believe that a similar approach in the UK would provide consistency of standards for businesses and would reduce the risk of goods made with forced labour being deposited in the UK.

## Other work on modern slavery policy

Over the course of the year, we engaged with Baroness Young of Hornsey as she sought support for her private members' Bill, the **Commercial Organisations and Public Authorities Duty (Human Rights and Environment) Bill**. The Bill had its second reading, but the July general election meant that it could progress no further.



We continued to focus on **exploitation in UK agriculture** and in March met with Mark Spencer MP, then Minister of State for Food, Farming and Fisheries. We were accompanied by a group of 14 institutional investors. This was the group that had supported us in 2023 in writing to Thérèse Coffey, then Secretary of State for Environment, Food and Rural Affairs, urging the government to implement the recommendations of an independent review into labour shortages in the UK's food supply chain.<sup>34</sup>

During the meeting we urged the government to support work being done by the Seasonal Worker Scheme Taskforce (SWST) on **recruitment-related costs borne by agricultural workers**. In particular, the Seasonal Worker visa scheme is not compliant with international best practice on the Employer Pays Principle. We welcomed a joint feasibility study between the Department for Environment, Food and Rural Affairs and the SWST and are pleased to be the investor voice on the Project Advisory Group.

During 2024, we contributed to the Migration Advisory Committee's report on the **Seasonal Worker visa**, which was published in June.<sup>35</sup> The report recommends that there needs to be greater security about the future of the scheme, fairer work and pay for workers, and better communication and enforcement of worker rights. Significantly, the report also recommended consideration of the Employer Pays Principle. Professor Brian Bell, chair of the committee, attended a meeting of CCLA's Find it, Fix it, Prevent it initiative to share his findings with investors. We then wrote on behalf of six investors with over £1 trillion in assets under management and advisement to Daniel Zeichner MP, Minister of State for Food Security and Rural Affairs, in support of the Migration Advisory Committee's report.

**Construction** is another high-risk area for modern slavery and we have continued to work with investors and the construction sector to urge robust action. In April we convened a roundtable bringing together investors, law enforcement, civil society, government officials and 23 construction industry representatives. The debate was positive. Since then, several companies have overhauled

their approach, and representatives of the sector are working together to develop information and intelligence-sharing. We published a joint statement in August that was signed by 17 organisations, including seven major construction companies.<sup>36</sup> We continue to work with this sector and have participated in several events since our seminal roundtable.

Over the past year we have contributed to the Home Office's Modern Slavery Engagement Forum on Prevention and Enforcement. In particular, we are members of the Forced Labour Forum, which is advising the Home Office as it revises the statutory guidance on **transparency in supply chains**. This guidance for businesses on Section 54 of the Modern Slavery Act is important and our work on the Modern Slavery UK Benchmark has demonstrated the need for it to be updated and revised. The Forced Labour Forum is a good opportunity to provide an investor perspective.

The **2024 CCLA Modern Slavery UK Benchmark**, published in November, also gave us a strong platform for engagement with policy professionals. In December, we presented our findings at both the Westminster Legal Policy Forum and the Cross Whitehall Group on Forced Labour in Supply Chains.



Lastly, we were delighted to present an investor perspective to the Commonwealth Parliamentary Association. This group of legislators, from across the Commonwealth, is considering the need for **law and regulation on modern slavery**. Led by CCLA's CEO, Peter Hugh Smith, we set out CCLA's approach to modern slavery within the wider context of 'good investment', the Financial Conduct Authority's Sustainability Disclosure Requirements regime and broader public policy.



# CCLA Modern Slavery UK Benchmark

There are clear steps that companies can take to reduce modern slavery around the world. Large listed companies can be particularly influential in setting international norms and in efforts to find, fix and prevent modern slavery.

The CCLA Modern Slavery UK Benchmark, launched in 2023, aims to:

- develop a framework on the degree to which companies are active in the fight against modern slavery
- create an objective assessment of corporate modern slavery performance aligned with statutory requirements, government guidance, and international voluntary standards on business and human rights
- support investor engagement with companies on their approach to modern slavery
- provide a vehicle for learning and sharing good practice
- create a mechanism to leverage business competition to drive improvement in practice.

The CCLA Modern Slavery UK Benchmark assesses the largest UK-listed companies on the following:

- Modern Slavery Act compliance and registry
- conformance with Home Office guidance
- efforts to find, fix and prevent modern slavery in business operations and supply chains.

Companies are assigned to one of five Performance Tiers based on an assessment of their published information. The Performance Tiers are designed to correspond with the Independent Anti-Slavery Commissioner's maturity framework:<sup>37</sup>

- Tier 1: Leading on human rights innovation
- Tier 2: Evolving good practice
- Tier 3: Meeting basic expectations
- Tier 4: Barely achieving compliance
- Tier 5: No modern slavery statement.

## 2024 MODERN SLAVERY UK BENCHMARK IN NUMBERS

**110** companies assessed

IN 2024

**67** companies engaged

DIRECTLY WITH CCLA<sup>1</sup>

**10** companies mentioned

THE CCLA MODERN SLAVERY UK BENCHMARK IN THEIR PUBLIC REPORTING<sup>2</sup>

**35** companies improved

SUFFICIENTLY TO MOVE UP BY ONE OR MORE PERFORMANCE TIER

<sup>1</sup> Includes engagements between the launch of the 2023 benchmark and the end of 2024.

<sup>2</sup> Abrdn, Anglo American, Marks & Spencer Group, National Grid, NatWest Group, Persimmon, RELX, Rio Tinto, Schroders and Tesco.

## MODERN SLAVERY UK BENCHMARK: 2024 IMPROVERS

The 35 companies listed below improved their score sufficiently between their 2023 and 2024 modern slavery assessments to move up by one or more Performance Tier. For the full company rankings, refer to the 2024 CCLA Modern Slavery UK Benchmark report.<sup>38</sup>

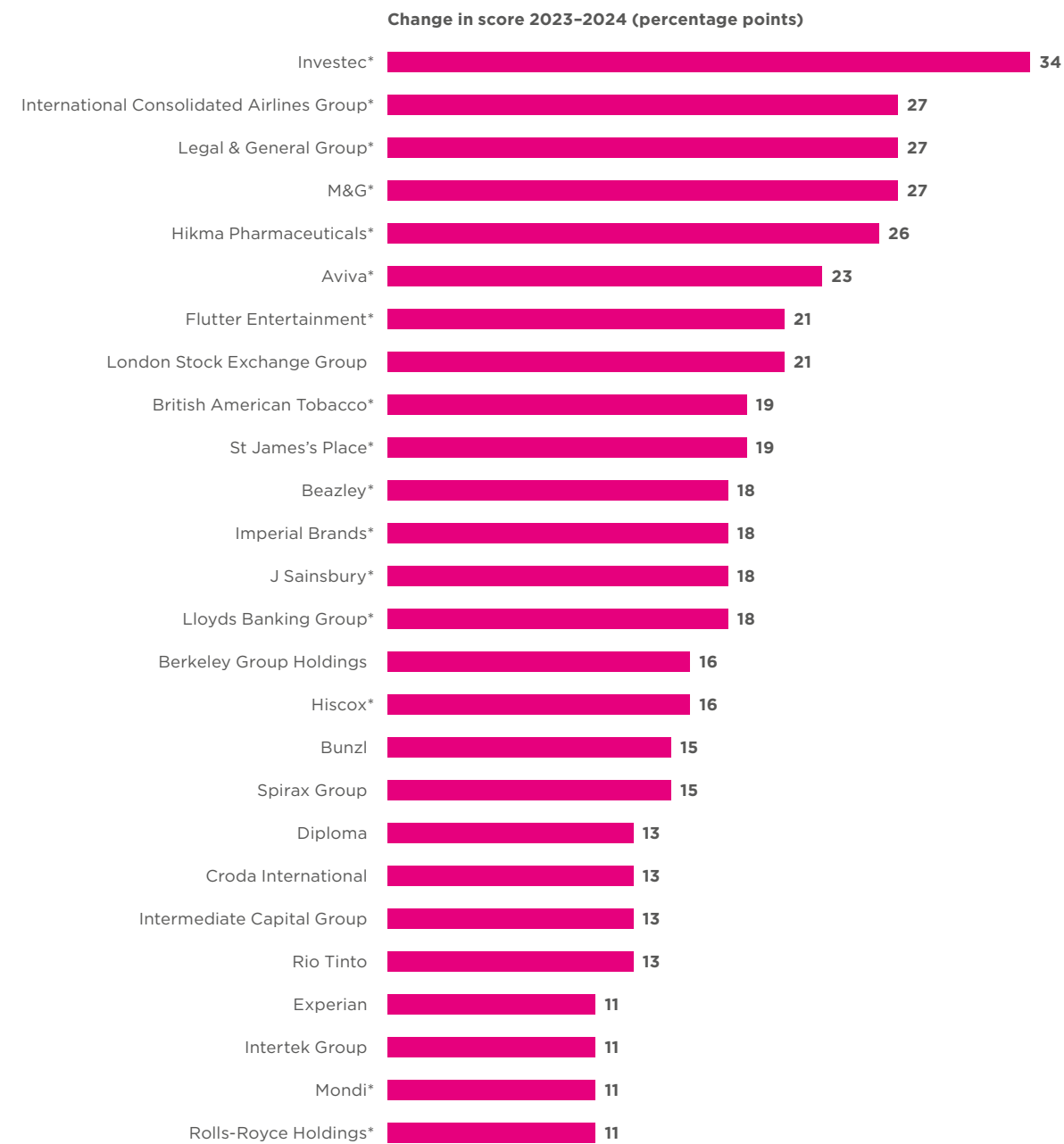
Company	Performance Tier in 2023	Performance Tier in 2024
Abrdn*	3	2
Airtel Africa*	5	4
Ashtead Group	4	3
Associated British Foods*	2	1
Aviva*	3	1
Beazley*	4	3
British American Tobacco*	2	1
BT Group*	3	2
Bunzl	3	2
Centrica*	3	2
CRH*	3	2
Croda International	4	3
Dechra Pharmaceuticals*	4	3
Entain*	3	2
Experian	3	2
Flutter Entertainment*	4	3
Hikma Pharmaceuticals*	4	3
Hiscox*	4	3
IMI*	4	3
Imperial Brands*	2	1
Intermediate Capital Group	4	3
International Consolidated Airlines Group*	4	2
Intertek Group	3	2
Investec*	4	3
J Sainsbury*	2	1
Legal & General Group*	4	2
Lloyds Banking Group*	3	2
London Stock Exchange Group	4	3
M&G*	4	2
Mondi*	3	2
Ocado Group*	3	2
Rio Tinto	2	1
Spirax Group	4	3
St James's Place*	4	3
Weir Group*	4	3

\*Not held in CCLA portfolio(s) as at 31 December 2024.



### TOP IMPROVERS BY PERCENTAGE SCORE 2023-2024

The following companies improved their score by 10 or more percentage points in the CCLA Modern Slavery UK Benchmark between its first iteration (in 2023) and 2024. For the full company rankings, refer to the CCLA Modern Slavery UK Benchmark report.<sup>39</sup>



\*Not held in CCLA portfolio(s) as at 31 December 2024.

### MODERN SLAVERY UK BENCHMARK ASSESSMENT CRITERIA

The CCLA Modern Slavery UK Benchmark assessment criteria were created by mapping and combining content from the following resources:

- Modern Slavery Act 2015
- Guidance derived from the Modern Slavery Act 2015
- Business & Human Rights Resource Centre
- Ethical Trading Initiative Base Code
- International Responsible Business Conduct
- KnowTheChain
- Stronger Together
- UN Guiding Principles on Business and Human Rights
- UN Guiding Principles Reporting Framework.

### CCLA'S FIND IT, FIX IT, PREVENT IT MODERN SLAVERY INITIATIVE

Find it, Fix it, Prevent it is an investor collaboration created, convened and resourced by CCLA. It was formally launched at the London Stock Exchange in 2019 and is overseen by an advisory committee that brings together investors, academics and non-governmental organisations to share knowledge, set targets and monitor progress.

At the end of 2024, the Find it, Fix it, Prevent it investor coalition numbered 70 investors with a combined £18 trillion in assets under management. For details of the collaboration, refer to the 2024 Find it, Fix it, Prevent it annual report.<sup>40</sup>

### Progress on modern slavery

The outcomes of our engagement on modern slavery in 2024 are set out below.

#### Key

- No response
- Discussions ongoing
- Positive change
- Met engagement target

#### **Admiral Group** Financials

Admiral is included in the Modern Slavery UK Benchmark, ranked in Tier 3 in 2023 (meeting basic expectations). We met its representatives in 2024 to discuss the company's approach to modern slavery. It remains in Tier 3 (meeting basic expectations) and discussions continue.

#### **Ashtead Group** Industrials

Ashtead Group is in the Modern Slavery UK Benchmark and improved by one Performance Tier in 2024, moving from Tier 4 to Tier 3 (meeting basic expectations). It disclosed working with the Slave Free Alliance and disclosed more in the Find it Fix it, Prevent it sections of the scorecard.

#### **AstraZeneca** Health care

AstraZeneca is in the scope of the Modern Slavery UK Benchmark. In 2023 it was ranked in Tier 2 (evolving good practice). We corresponded with the company in 2024 to discuss its approach to modern slavery. It remains in Tier 2.

#### **Auto Trader Group** Communication services

Auto Trader was ranked in Tier 4 (barely achieving compliance) in the 2023 Modern Slavery UK Benchmark. We met the company during 2024 to discuss its approach to modern slavery. It remains in Tier 4 in 2024 and discussions continue.



**Berkeley Group Holdings**  
Consumer discretionary

Berkeley Group was rated Tier 3 (meeting basic expectations) in the 2023 Modern Slavery UK Benchmark. It was also part of our Find it, Fix it, Prevent it modern slavery engagement focused on construction firms. We invited the company to attend a construction sector investor roundtable that we hosted in April 2024. The company remains in Tier 3 in 2024.

**Bunzl**  
Industrials

Bunzl is in the scope of the Modern Slavery UK Benchmark and ranked in Tier 3 (meeting basic expectations) in 2023. We corresponded with the company during 2024, and it subsequently moved up to Tier 2 (evolving good practice) in 2024.

**Compass Group**  
Consumer discretionary

Compass was selected as a priority company for engagement on modern slavery in 2020 under the Find it, Fix it, Prevent it initiative. It is also part of the Modern Slavery UK Benchmark, where it was ranked in Tier 2 (evolving good practice) in both 2023 and 2024. Compass Group have taken the lessons from their due diligence and remedy in the Middle East and applied the learnings to their broader supply base. They are members of the Fair Food Program in the US, for example.

**Croda International**  
Materials

Croda is in the scope of the Modern Slavery UK Benchmark. In 2023 it was rated Tier 4 (barely achieving compliance). We met the company in March and November 2024 to discuss its approach to modern slavery. In its 2024 benchmark assessment, it moved up one Tier to Tier 3 (meeting basic expectations).

**Diageo**  
Consumer staples

Diageo is in the scope of the Modern Slavery UK Benchmark. In 2023 the company was rated Tier 2 (evolving good practice). We met the company in September 2023 and in 2024 it retains its Tier 2 position.

**Diploma**  
Industrials

Diploma is in the scope of the Modern Slavery UK Benchmark. In 2023 it was ranked in Tier 4 (barely achieving compliance). It remains in Tier 4 in the 2024 benchmark and has not yet engaged with us on this topic.

**Experian**  
Industrials

Experian is in the scope of the Modern Slavery UK Benchmark. In 2023 it was ranked in Tier 3 (meeting basic expectations). We met the company in 2023 to discuss its approach. In 2024 the company has moved up one Tier in the benchmark to Tier 2 (evolving good practice). We continue to engage with the company on this topic.

**Genuit Group**  
Industrials

Genuit was targeted for engagement under our Find it, Fix it, Prevent it construction sector engagement on modern slavery. We met the company to discuss its approach in January 2024 and representatives joined the construction sector roundtable.

**Halma**  
Information technology

Halma is in the Modern Slavery UK Benchmark. In 2023 it was ranked in Tier 3 (meeting basic expectations). We corresponded with the company in 2024 and it retains its Tier 3 ranking.

**Informa**  
Communication services

Informa engaged with the benchmarking process but remained at Tier 2 (evolving good practice) in 2024.

**InterContinental Hotels Group**  
Consumer discretionary

The InterContinental Hotels Group was selected for engagement in 2020 under the Find it, Fix it, Prevent it initiative. CCLA continues to engage with the company via the Modern Slavery UK Benchmark. In 2023 it was ranked in Tier 2 (evolving good practice), where it remains in 2024.

**Intermediate Capital Group**  
Financials

Intermediate Capital Group is in the scope of the Modern Slavery UK Benchmark. In 2023 it was ranked in Tier 4 (barely achieving compliance). We corresponded with the company during the year and by the 2024 assessment, it had improved sufficiently to move up to Tier 3 (meeting basic expectations). They improved by committing to further mapping their supply chain, signing up to a policy aligned to the UN Guiding Principles, and disclosing further information about its grievance mechanisms.

**Intertek Group**  
Industrials

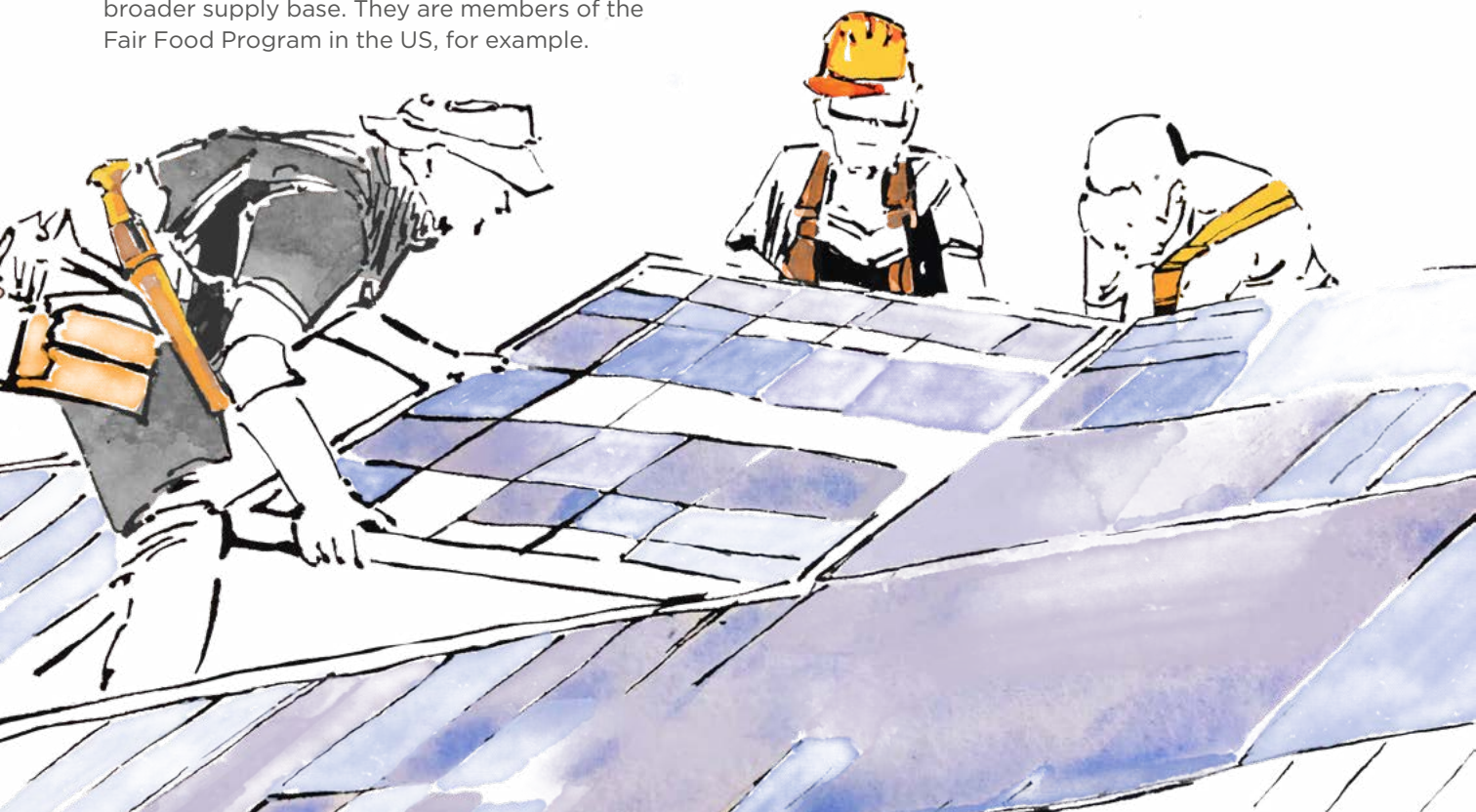
Intertek is in the scope of the Modern Slavery UK Benchmark. In 2023 it was ranked in Tier 3 (meeting basic expectations). We corresponded with the company during the year. By its 2024 assessment, it had improved sufficiently to move up to Tier 2 (evolving good practice).

**Lloyds Banking Group\***  
Financials

Lloyds is in the Modern Slavery UK Benchmark. In 2023 it was ranked in Tier 3 (meeting basic expectations). We met the company in May and October 2024 to discuss its approach to modern slavery. It subsequently moved up to Tier 2 (evolving good practice) in 2024.

**London Stock Exchange Group**  
Financials


The London Stock Exchange Group is in the scope of the Modern Slavery UK Benchmark. In 2023 it was ranked in Tier 4 (barely achieving compliance). We met with the company in 2024 to discuss its approach to modern slavery. By its 2024 modern slavery assessment, it had improved sufficiently to move up to Tier 3 (meeting basic expectations).




\*Not held in CCLA portfolio(s) as at 31 December 2024.

**Key** No response Discussions ongoing Positive change Met engagement target




 **McDonald's**  
Consumer discretionary

In September 2024, BBC Panorama broadcast 'Slavery on the high street', a documentary uncovering how an organised crime group had trafficked vulnerable Czech nationals into the UK and forced them to work in McDonald's restaurants in Cambridgeshire, while controlling their movement and taking their pay. See the section on controversies on page 50 for details of our engagement.

 **Prudential**  
Financials


Prudential is in the scope of the Modern Slavery UK Benchmark. In 2023 it was ranked in Tier 3 (meeting basic expectations). We met the company in October 2024 to discuss its approach to modern slavery. It continues to rank in Tier 3 in the benchmark in 2024.

 **Reckitt Benckiser Group**  
Consumer staples

Reckitt Benckiser topped the Modern Slavery UK Benchmark in 2023 and representatives from the company spoke at our benchmark launch event. We met with Reckitt Benckiser in September 2024 and they continue to be ranked in Tier 1 (leading on human rights innovation) in 2024.

 **RELX**  
Industrials


RELX engaged with the Modern Slavery UK Benchmark but did not improve its performance in 2024, remaining in Tier 2 (evolving good practice). Discussions continue.

 **Rightmove**  
Communication services

Rightmove is in the scope of the Modern Slavery UK Benchmark and ranked in Tier 3 (meeting basic expectations) in 2023. We corresponded with the company during in 2024 to discuss its approach to modern slavery. It continues to rank in Tier 3 in the benchmark in 2024.

 **Rio Tinto**  
Materials

Rio Tinto is in the scope of the Modern Slavery UK Benchmark and ranked in Tier 2 (evolving good practice) in 2023. We corresponded with the company in 2024 and it improved sufficiently to move up to Tier 1 in 2024 (leading on human rights innovation).

 **Sage Group**  
Information technology

Sage Group is in the scope of the Modern Slavery UK Benchmark and ranked in Tier 4 in 2023 (barely achieving compliance). We met the company in March and September 2024 to discuss its approach to modern slavery. It continues to rank in Tier 4 in 2024. However, due to its reporting cycle, it had not had a chance to respond to engagement on this topic. We expect improvements in 2025.

 **SEGRO**  
Real estate

SEGRO is in the scope of the Modern Slavery UK Benchmark and ranked in Tier 3 in 2023 (meeting basic expectations). We corresponded with the company in 2024 and it remains in Tier 3 in 2024.

 **Spirax Group**  
Industrials

Spirax Group is included in the Modern Slavery UK Benchmark and ranked in Tier 4 in 2023 (barely achieving compliance). We met the company in February 2024 to discuss its approach to modern slavery. It improved sufficiently to move up to Tier 3 in 2024 (meeting basic expectations).

 **Unilever**  
Consumer staples

Unilever is in the scope of the Modern Slavery UK Benchmark. In 2023 it was ranked in the top Tier of the benchmark (leading on human rights innovation). We met the company to discuss this topic in 2024 and the company retains its Tier 1 position.

**Progress on the Living Wage**


In early 2023, we commenced engagement with several UK-listed companies with the aim of persuading them to become Living Wage accredited. We chose companies in sectors where there is a high proportion of low-paid workers, namely hospitality and retail, as well as businesses with large call centres.

Also in 2023, we joined an alliance of financial institutions known as the Platform Living Wage Financials (PLWF). The alliance encourages companies to aim for living wages in their global supply chains. We are a member of PLWF's apparel and textile working group and are part of the engagement working group for the following companies.

The outcomes of our engagement on the Living Wage in 2024 are set out below.

 **Greggs**  
Consumer discretionary

We have been engaging with Greggs on its policies on pay and retention as a member of ShareAction's Good Work Coalition since 2023. We met with the company in March and October 2024. Although Greggs is not a Living Wage accredited employer, it does have a collective bargaining agreement with the Bakers, Food and Allied Workers Union and claims that wages and benefits are negotiated with workers on an annual basis. Discussions continue.

 **LVMH Moët Hennessy Louis Vuitton**  
Consumer discretionary

LVMH is a focus of our engagement under PLWF. In June 2024, news emerged that Italian authorities had put LVMH subsidiary Dior under special measures after finding that the company had not taken sufficient measures to address the exploitation of Chinese migrant workers in northern Italy. CCLA joined engagement calls with PLWF members to address these concerns. LVMH has announced that Dior plans to bring more Italian production in-house to address this problem.

 **Nestlé**  
Consumer staples


As part of PLWF, we have been engaging with Nestlé to ensure that workers in the company's supply chain are paid a living wage or have a living income. Nestlé is ranked as 'maturing', the middle tier of five in a PLWF analysis published in 2023.<sup>41</sup> The next PLWF report is scheduled for publication in January 2025 and we await the outcome.<sup>42</sup>

 **Watches of Switzerland**  
Consumer discretionary





Following engagement that commenced in 2023, Watches of Switzerland became a Living Wage accredited employer in 2024.

**Progress relating to the UN PRI Advance programme**

The outcomes of our engagement relating to the United Nations Principles for Responsible Investment (PRI) Advance programme in 2024 are set out below.

 **NextEra Energy**  
Utilities

In 2023, CCLA joined the UN PRI Advance work programme as lead investor for NextEra Energy. The focus of the engagement is the company's approach to human rights – in particular, forced labour in its solar panel supply chain. During 2023, the company confirmed a new onshoring/nearshoring/friendshoring strategy for solar and said that it was working on a new human rights policy. We met to discuss this with the company in July 2024, but it became clear that little progress had been made. A shareholder proposal has been filed at the company, which we plan to support when it goes to vote.

**Key**  No response  Discussions ongoing  Positive change  Met engagement target



# ‘Better work’ controversy-related engagements

**W**e monitor our equity holdings for involvement in significant sustainability-related controversies on an ongoing basis. Several investee companies were involved in severe human or labour rights controversies during 2024. Our approach to controversies recognises that things can go wrong, no matter how good a business is, and that rather than walk away, it is better to remain invested and push the company to improve.

## Freedom of association and collective bargaining

### **Amazon** Consumer staples

CCLA has co-filed a shareholder proposal two years running at Amazon on the topic of freedom of association and collective bargaining, calling for the company to publish an independent report into the alignment of its practices with its own policies and human rights standards. See the voting section on page 72 for details of this engagement.

### **Starbucks\*** Consumer discretionary

In 2022-2023 we were part of a collaborative engagement with Starbucks regarding its practices on freedom of association and collective bargaining. A 2023 resolution on the issue passed and Starbucks published an independent report into its labour practices, which identified issues that needed to be addressed. In February 2024, Starbucks signed a recognition agreement with Workers United.

## Human rights and labour standards

Coca-Cola Co and PepsiCo are significant buyers of sugar from Maharashtra in India. Following a series of *New York Times* articles in mid-2024 highlighting exploitative working conditions and bonded labour in the Indian sugar supply chain, we began engaging with these companies to push them to provide remedy and improve labour standards in this area.

### **Coca-Cola Co** Consumer staples

CCLA is lead investor for a collaborative engagement initiative on the topic of human rights and labour standards at Coca-Cola, supported by investors in the Interfaith Center on Corporate Responsibility’s Equitable Global Supply Chains group and members of the Council of Institutional Investors. Since the problem in Maharashtra came to light, we have been asking Coca-Cola to demonstrate leadership in tackling this deep-rooted and complex human rights issue. Discussions continued in 2024 and in December Coca-Cola has engaged constructively and launched several initiatives in India with a view to creating a more responsible sugar cane industry. Coca-Cola published a statement outlining the steps it has taken to address the issue.<sup>43</sup>

### **Costco Wholesale\*** Consumer staples

In June 2024, we wrote to Costco to raise concerns about allegations (first raised by the Outlaw Ocean Project) of forced labour, including the use of Uyghur forced labour in its seafood supply chain. Shortly after writing to the company, we sold our holdings in Costco and the engagement ceased.

### **McDonald’s** Consumer discretionary

In September 2024, BBC Panorama broadcast ‘Slavery on the high street’, a documentary uncovering how an organised crime group had trafficked vulnerable Czech nationals into the UK and forced them to work in McDonald’s restaurants in Cambridgeshire, while controlling their movement and taking their pay. Following the broadcast, CCLA wrote to McDonald’s, which responded to confirm that it has a human rights policy covering all franchisees and that it co-operated with the enforcement agencies. The response also stated that important lessons had been learned. Discussions continue.

Separately and since 2023, McDonald’s has been involved in reported allegations of widespread sexual harassment in UK retail stores. In July 2023, CCLA wrote to McDonald’s about the issue and its response, which we deemed to be inadequate. McDonald’s acknowledged the problem and issued an apology. It has since signed a legally binding agreement with the Equality and Human Rights Commission. In August 2024, McDonald’s additionally published a civil rights audit covering how the company is working to promote a diverse, equitable and inclusive workplace.<sup>44</sup>

### **PepsiCo\*** Consumer staples

Following the reports, we began engaging with PepsiCo to push them to provide remedy and improve labour standards in this area. Prior to the sale of our holding in PepsiCo, we were part of a collaborative engagement working group on the topic of human rights and labour standards with the company. A resolution on the issue has been filed by Mercy Investment Services for the 2025 season.

## Semiconductors in Russian weaponry

News emerged in 2023 that electronic chips manufactured by Western technology firms had been found in Russian weaponry linked to war crimes in Ukraine.

\*Not held in CCLA portfolio(s) as at 31 December 2024.

### **NVIDIA** Information technology

CCLA is engaging with NVIDIA in relation to its downstream human rights due diligence processes, following allegations that its semiconductor chips had been found in Russian weaponry. The majority of these chips are ‘dual use’ and ‘off the shelf’, meaning they can be designed for consumer use but reprogrammed to guide weaponry. CCLA and a group of investors met with NVIDIA several times during 2024. The company is now working with a human rights consultancy called Article One to undertake a human rights impact assessment that includes upstream and downstream risk.

### **NXP Semiconductors** Information technology

In September 2023, CCLA co-signed a letter sent on behalf of a group of investors by Cardano to raise concerns about allegations that semiconductor chips manufactured by Western technology firms had been found in Russian weaponry linked to war crimes in Ukraine. The company acknowledged the problem but argued that it is difficult to track dual-use technology. Discussions continue.

## Severance pay

### **Nike\*** Consumer staples

In late 2023, we wrote to Nike on behalf of 70 other investors to raise concerns about the lack of remedy for workers made redundant without severance pay at two supplier factories during the Covid-19 pandemic. Despite unions’ concerted efforts over three years, Nike is yet to support these workers. In 2024, we co-filed a resolution at the company requesting that it commission an independent study on the degree to which ‘binding agreements’ and ‘worker-driven responsibility measures’ might strengthen its supply chain labour rights programme in high-risk contexts in the future. See page 52 for further details.

Key



No response



Discussions ongoing



Positive change



Met engagement target



## Engaging with Nike on labour standards

In the mid-1990s, Nike\* became the poster child for a new type of globalised business model. In this model, the manufacture of apparel was increasingly outsourced to countries – mainly in Southeast Asia – where labour was plentiful and cheap.

Nike's so-called 'sweatshop scandal' was reputationally damaging and prompted measures to improve the working conditions of employees in its factories. The company pioneered a new form of private regulation for supply chain labour standards, including a supplier code of conduct and social auditors to monitor compliance. This approach has since been adopted by almost all major companies sourcing products from high-risk countries.

In this context, we believe Nike can do more to strengthen labour rights in its supply chain, particularly given the recent passing of the European Union's Corporate Sustainability Due Diligence Directive (arguably a 30-years-delayed response to the issues that first surfaced in the 1990s).<sup>45</sup>

Nike's problem is twofold. The first problem relates to non-payment of wages at two supplier factories following Covid-related closures. Workers at Hong Seng Knitting and Ramatex are owed an estimated \$2.2 million combined in terminal compensation and legally owed partial wages. Nike has refused to engage with trade union groups and non-governmental organisations and is now being investigated by the US National Contact Point for Responsible Business Conduct.

\*Not held in CCLA portfolio(s) as at 31 December 2024.

Second, the company is not a member of the International Accord, which relates to building safety in the textile and garment industry.<sup>46</sup> The initiative is widely regarded as one of the most effective interventions in supply chain labour standards, and failure to support it puts workers' safety at risk.

### Shareholder proposal

During the summer of 2023, we held an investor webinar to highlight the plight of workers at Hong Seng Knitting and Ramatex and to raise investor awareness. We then drafted a public letter asking Nike to intervene and ensure remedy for the affected workers, gathering more than 60 investor signatories. Nike failed to provide a formal response.

In March 2024, CCLA co-filed a resolution calling on Nike to 'publish a report evaluating how implementing worker-driven social responsibility (WSR) principles and supporting binding agreements would impact the Company's ability to identify and remediate human rights issues in sourcing from high-risk countries'.

WSR initiatives are designed to protect the rights of workers and include binding agreements between workers and brands and independent monitoring. They also support effective reporting of harms through grievance mechanisms and worker participation in the design and provision of remedy. WSR initiatives are aligned with the United Nations Guiding Principles on Business and Human Rights and considered effective, even where workers are vulnerable to exploitation.

Our proposal rested on growing evidence that the prevailing approach of private regulation of global supply chains may no longer be fit for purpose, particularly at a time when the European Union is mandating human rights due diligence and remedy for people adversely affected by business practices.

Many of Nike's peers have taken steps to improve conditions for workers and remediate rights violations by employing WSR approaches or binding agreements with labour organisations. Nike has failed to do the same.

### Building the vote

During the summer of 2024, CCLA worked to build a supportive vote at Nike's September annual general meeting (AGM). We:

- published two 'exempt solicitations'<sup>47</sup> with the US Securities and Exchange Commission
- spoke to proxy advisor firms Glass Lewis and ISS
- set up discussions with Nike's top 10 investors
- held an investor webinar to explain the necessity of the resolution
- briefed media outlets.

The proposal received 12.3% investor support at the AGM on 10 September, about average for a human rights resolution. We successfully raised awareness of WSR and binding agreements – a new topic for some investors – and have paved the way for strong investor collaboration on this topic ahead of the company's next AGM.

Today, Nike has over 500 suppliers in 38 countries globally, and more than 1.1 million workers in its global supply chain.<sup>48</sup> As investors, it is our duty to champion the rights of these workers and to ensure that the company upholds the highest labour standards. We aim to encourage a company that was once a leader in the field to return to this path and believe that, with time, Nike will be responsive.



# Better health

**TARGET:**  
**SUSTAINABLE DEVELOPMENT GOAL 3**

Ensure healthy lives and promote well-being for all at all ages.

**3** GOOD HEALTH AND WELL-BEING



The private sector undertakes a great many activities that affect people's health.

**A** company's approach to the health, safety and welfare of its own workforce can have a direct impact on its profitability. More broadly, the products or services that a company sells can influence the health of consumers, while the by-products of manufacturing and transportation can contribute to illness and disease.

In 2024, we published the third iteration of our award-winning Corporate Mental Health Benchmark<sup>49</sup> and continued to grow the supporting investor coalition. We built on 2023's engagement aimed at improving the nutritional quality of manufactured foods, and took tentative steps towards a new initiative aimed at tackling corporate air pollution.

## CCLA Corporate Mental Health Benchmark

An estimated 12 billion working days are lost globally each year to depression and anxiety alone, at an annual cost of \$1 trillion in lost productivity.<sup>50</sup> In the business context, mental ill-health at work costs employers in the private sector an estimated average of over £1,800 per employee (every employee) each year.<sup>51</sup> Meanwhile, according to Deloitte, for every £1 invested in mental health interventions in the workplace, companies receive an average return of £4.70.<sup>52</sup>

The CCLA Corporate Mental Health Benchmark, launched in 2022, aims to inform and accelerate progress in this area – an area that has historically been hidden behind closed doors in the workplace. We acknowledge that benchmarking is a long game, but at three years old, our initiative appears to be doing its job in driving corporate performance on workplace mental health.

In 2024, the CCLA Corporate Mental Health Benchmark evaluated 220 listed companies against 27 assessment criteria based on the information publicly available during the assessment period.






The criteria cover four thematic pillars:

1. management commitment and policy
2. governance and management
3. leadership and innovation
4. performance reporting and impact.

Companies are assigned to one of five Performance Tiers based on an evaluation of their published information. Assessments take place annually, allowing investors to track company improvement over time.

The performance framework recognises that every company is at a different stage in the journey towards integrating mental health into its business strategy and reporting.



Tier	Overall performance score range	Tier description
	81%-100%	Companies are leading the way on workplace mental health management and disclosure
	61%-80%	Companies are well on the way to demonstrating a strategic approach to workplace mental health management and disclosure
	41%-60%	Companies are on the way to developing robust systems for workplace mental health management and disclosure
	21%-40%	Companies are on the journey and have begun to formalise their approach to workplace mental health management and disclosure
	0%-20%	Companies are at the start of the journey to adopting a formal approach to workplace mental health management and disclosure



**2024 CORPORATE MENTAL HEALTH BENCHMARK IN NUMBERS**

**220** companies assessed

IN 2024

**10** companies mentioned

**THE CCLA CORPORATE MENTAL HEALTH BENCHMARK IN THEIR PUBLIC REPORTING<sup>1</sup>**

- 1 BT Group, Centrica, Dunelm Group, Experian, HSBC Holdings, J Sainsbury, NatWest Group, Roche Holding, Serco Group and Weir Group.
- 2 Includes engagements between the launch of the 2023 benchmark and the end of 2024.

**137** companies engaged

DIRECTLY WITH CCLA ON MENTAL HEALTH<sup>2</sup>

**36** companies improved

**SUFFICIENTLY TO MOVE UP BY ONE OR MORE PERFORMANCE TIER**

**GLOBAL INVESTOR COALITION ON WORKPLACE MENTAL HEALTH**

Already, the CCLA Corporate Mental Health Benchmark is starting to serve as an important engagement tool and an accountability mechanism for a growing global coalition of institutional investors and asset owners. The global investor statement on workplace mental health<sup>53</sup> was launched in July 2022 with 29 founding signatories representing \$7 trillion in assets under management.

At the end of 2024, the investor statement had 56 investor signatories with a combined \$10 trillion in assets under management. Given the level of engagement we are already seeing – both from companies covered by the benchmark and from investors – we are confident that the benchmark will continue to provide incentives for the world’s largest businesses to improve.





### CORPORATE MENTAL HEALTH BENCHMARK: 2024 IMPROVERS

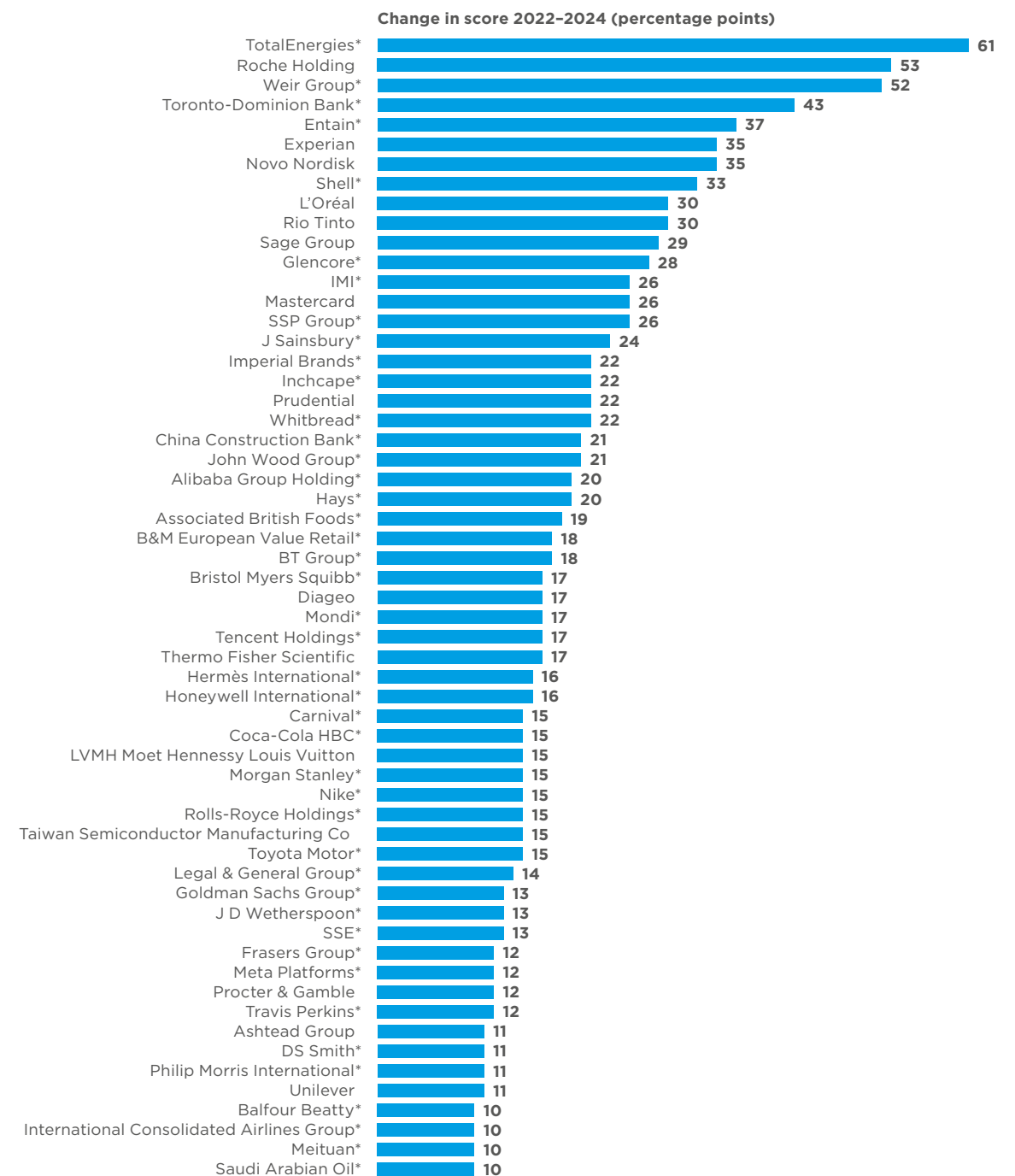
The 36 companies listed below improved their score sufficiently between their 2023 and 2024 mental health assessments to move up by one or more Performance Tier. For full company rankings, refer to the CCLA Corporate Mental Health Benchmark reports.<sup>54</sup>

Company	Performance Tier in 2023	Performance Tier in 2024
Admiral Group	4	3
Alibaba Group Holding*	5	4
Associated British Foods*	3	2
B&M European Value Retail*	5	4
Balfour Beatty*	3	2
BT Group*	2	1
Coca-Cola HBC*	5	4
easyJet*	5	4
Entain*	2	1
Firstgroup*	4	3
Flutter Entertainment*	5	4
Frasers Group*	5	4
Glencore*	4	3
Goldman Sachs Group*	4	3
Grafton Group*	4	3
Hays*	4	3
Honeywell International*	5	4
Imperial Brands*	4	3
Inchcape*	5	4
J D Wetherspoon*	5	4
J Sainsbury*	2	1
John Wood Group*	4	3
L'Oréal	4	3
Legal & General Group*	3	2
Novo Nordisk	4	3
Prudential	3	2
Reliance Industries*	5	4
Roche Holding	3	2
Rolls-Royce Holdings*	4	3
Sage Group	4	3
Shell*	3	2
Taiwan Semiconductor Manufacturing Co	5	4
Tencent Holdings*	5	4
T-Mobile US*	5	4
TotalEnergies*	3	2
Travis Perkins*	4	3

\*Not held in CCLA portfolio(s) as at 31 December 2024.

### TOP IMPROVERS BY PERCENTAGE SCORE 2022-2024

The following companies improved their score by 10 or more percentage points in the CCLA Corporate Mental Health Benchmark between its inception (in 2022) and 2024. For the full company rankings, refer to the CCLA Corporate Mental Health Benchmark reports.<sup>55</sup>







\*Not held in CCLA portfolio(s) as at 31 December 2024.



## Progress on mental health

The outcomes of our engagement on mental health in 2024 are set out below.

### Key

-  No response
-  Discussions ongoing
-  Positive change
-  Met engagement target

### **Abbott Laboratories** Health care

Abbott remains in Tier 4 in the 2024 benchmark. This was the first year in which the company engaged with the benchmarking process. It acknowledged the recommendations coming out of the 2023 benchmark assessment and reviewed and responded to its 2024 preliminary assessment in July of that year. We await the outcome of the 2025 assessment.

### **Accenture** Information technology

We met Accenture in May 2024 to discuss the Corporate Mental Health Benchmark recommendations. During the call we were told that the company already had a team working through CCLA's recommendations to guide efforts ahead of the next assessment. The company ranks in Tier 3 for the second year running but has increased its score marginally since last year. The company notes challenges in reporting, given it spans 120 countries, but we believe the commitment is there and that improvement will come with time.

### **Admiral Group** Financials

We have been in regular contact with Admiral on mental health since 2022. Having been ranked in Tier 4 in 2022 and 2023, in 2024 the company improved its score sufficiently to move up to Tier 3. The company responded to a collaborative investor letter sent in July 2024 and is now working on a gap analysis of its own practices and disclosures against the benchmark criteria.

### **Adobe** Information technology

Adobe engaged with the benchmarking process in 2024. Its score decreased marginally since 2023, which was disappointing, since the company stated an intention to address some of the gaps we had highlighted during a meeting with the company on this topic in 2023. It remains in Tier 4 and we will continue to press ahead on this engagement.

### **AIA Group** Financials

AIA was new to the mental health benchmark in 2023 and was ranked in Tier 4 in both 2023 and 2024. It did not engage with the benchmarking process in 2024, but it did respond to a collaborative investor letter in November. We had a dedicated call with the company in January 2025 to discuss its key recommendations.

### **Alphabet** Communication services

Alphabet remains in the lowest Performance Tier of the benchmark in 2024. It started to respond to emails at the end of 2023 and reviewed its preliminary assessment in 2024. We have not yet had a dedicated call with the company to discuss mental health, and representatives have told us that they do not accommodate individual calls. We will consider a different approach in 2025.

### **Amazon** Consumer discretionary

We had two dedicated engagement calls with Amazon's Global Head of Behavioural Health to discuss mental health in 2024. The first took place in August, after the 2024 benchmark assessments had taken place; the second followed the publication of the benchmark ranking. The company was disappointed to drop a Performance Tier in 2024 but is confident it can improve in 2025. We are now in regular contact and plan to meet again in the first quarter of 2025 to catch up on progress.

### **Ashtead Group** Industrials

Having initially improved its performance in the benchmark between 2022 and 2023, Ashtead Group slipped back to its original position, in Tier 4, in 2024. Discussions continue.

### **ASML Holding** Information technology

ASML has been ranked in Tier 4 in 2022, 2023 and 2024. During a call in May 2024, we discussed multiple ways in which the company could improve its approach. We will request a further meeting in 2025 now that the company has received up-to-date recommendations.

### **AstraZeneca** Health care

We had our first dedicated call with AstraZeneca on mental health in April 2024. It was productive but did not lead to better performance. Unfortunately the company dropped down to Tier 4 in 2024. It has not yet responded to the most recent collaborative investor letter, sent to its CEO in November 2024. We will follow up in 2025.

### **Broadcom** Information technology

Broadcom increased its score marginally in the 2024 Corporate Mental Health Benchmark but remains in Tier 5. We have not had any communication from the company and will continue efforts to secure a meeting in 2025.

### **Bunzl** Industrials

Bunzl has been ranked in Tier 5 of the Corporate Mental Health Benchmark since 2022 and has not responded to engagement. We will follow up again in 2025.

### **Cisco Systems** Information technology

Cisco engaged with the benchmarking process in 2024, including reviewing and commenting on its preliminary assessment report. However, unfortunately it moved down a Performance Tier, to Tier 4.





### **Coca-Cola Co** Consumer staples

Coca-Cola is ranked in Tier 5 (worst) in the Corporate Mental Health Benchmark. The company responded to a collaborative investor letter sent to its CEO in November 2024, and we had our first call with the company on mental health in the same month. We suggested areas in the company's website and reporting where it could add certain information about its mental health approach, which was appreciated. The company does not seem hugely motivated to improve, but the 2025 benchmark outcome will be illuminating. We hope to work with Coca-Cola towards incremental improvement over time.

### **Compass Group** Consumer discretionary

Compass engaged with us throughout 2023 and 2024 on mental health and has been assessed as Tier 3 in each year. Its score has declined marginally over the three years so we will be following up in 2025.

\*Not held in CCLA portfolio(s) as at 31 December 2024.

- Key**  No response  Discussions ongoing  Positive change  Met engagement target



**Costco Wholesale\***  
Consumer staples

After many attempts to get a response, we finally heard from Costco in May 2024. We raised specific questions relating to mental health via email; these were answered, although the company remains in Tier 5 in 2024 and is reluctant to meet. We have secured a call with the company for the first quarter of 2025.

**Danaher**  
Health care

Danaher has increased its score benchmark marginally since 2023, although it remains in Tier 5 and did not engage with the benchmarking process in 2024.

**Deere & Co**  
Industrials

Deere & Co was new to the Corporate Mental Health Benchmark in 2023 and was assessed as Tier 4 in both 2023 and 2024. The company did not engage with us during the benchmarking period, but it did respond to a collaborative investor letter that was sent to the company's CEO in November following the launch of the 2024 benchmark. We met the company in December to discuss the mental health framework and assessment timeline for 2025. Discussions will continue.

**Diageo**  
Consumer staples

Diageo is one of the top improvers over three years, having improved its score by 17 percentage points since 2022 and being ranked in Tier 2 in 2024. We were in regular contact with the company in 2024 and it is motivated to continue its upwards trajectory. Key recommendations relate to mental health training for line managers and objective- and target-setting.

**Experian**  
Industrials

Experian has engaged with us on mental health since 2022. After the publication of the first benchmark, we provided the company

with detailed feedback and recommendations for improvement. Towards the end of the year, it duly notified us of a new publication, its 'Global approach to mental health and wellbeing', which outlines the company's commitment to mental health. It details the scope, governance and management processes of its mental health commitments and includes clear performance reporting and impact metrics. As a result, Experian improved its benchmark score by 33 percentage points year on year and was able to move from Tier 3 in 2022 to Tier 1 in 2023. Experian retained its Tier 1 position in 2024, one of only six companies in the top Performance Tier in the UK benchmark.

**Greggs**  
Consumer discretionary

Greggs informed us of new mental health disclosure in its annual report, published in April 2024. Unfortunately this came too late for the Corporate Mental Health Benchmark assessment in March, so the company remains in Tier 5. We are hopeful that the new disclosure will result in an uplift to the company's performance in 2025.

**Hermès International**  
Consumer discretionary

Hermès improved from Tier 5 to Tier 4 between 2022 and 2023, and retained its Tier 4 ranking in 2024. The company did not engage with the benchmarking process, but it did respond to a collaborative investor letter that was sent to the company's CEO in November 2024. We had a call with the company in December, where it outlined its commitment to mental health and shared the news that it is preparing a new publication, due out in early 2025, that will include information on mental health.

**Home Depot**  
Consumer discretionary

Home Depot engaged with the 2024 assessment process but remained in Tier 5. We have not had a dedicated call with the company on mental health but will aim to do so in 2025.

**Honeywell International\***  
Industrials

Honeywell moved up from Tier 5 in 2023 to Tier 4 in 2024, scoring three times its original score from 2022. We have not had a dedicated engagement call with the company on mental health.

**Informa**  
Communication services

Informa did not engage with the Corporate Mental Health Benchmark and did not improve its performance during the year, remaining in Tier 4.

**Intertek Group**  
Industrials

It was a disappointment to us that Intertek remained in Tier 5 in 2024. From a call with the company in late 2022, we were led to believe that the benchmark report had been escalated to the CEO, who was very supportive of the initiative. We met with the company in December 2024 (after several failed attempts to get a response throughout the year). The team was responsive and seemed keen to improve, noting that they would like to work quickly in order to get the right information included in their upcoming reporting cycle.

**Intuit**  
Information technology

Intuit remains in Tier 5 in 2024. During a call in July, we learned that it would be publishing its 2024 fiscal year corporate responsibility report in January 2025, which would be an opportunity to bring more information about mental health into the public domain. However, during a follow-up meeting in December, we were told that there would be little included on mental health in the new reporting framework. We have requested a further call in the first quarter of 2025, this time including the individual responsible for mental health at Intuit.

**Johnson & Johnson**  
Health care

Johnson & Johnson engaged with the benchmarking process in both 2023 and 2024. Unfortunately the company dropped down to Tier 4 in 2024 as some of its disclosures were more than two years old and therefore out of scope of the assessment. It remains close to the boundary with Tier 3 so we are hopeful for a positive outcome in 2025.

**Lloyds Banking Group\***  
Financials

Lloyds has engaged exceptionally well with the initiative. Having been ranked in the top Performance Tier in 2022, the company received a new CEO and lost some of its focus on mental health. As a consequence, it moved down to Tier 2 in 2023 and remains there in 2024. Lloyds has stated its intention to regain its Tier 1 status and we have been in discussions with the company throughout the year.

**London Stock Exchange Group**  
Financials

The London Stock Exchange Group engaged with the initiative throughout 2023 and 2024. It increased its score in the Corporate Mental Health Benchmark in 2024, albeit remaining in Tier 4. Discussions continue and we are hopeful that the company will move up a Tier in 2025.

**L'Oréal**  
Consumer staples

L'Oréal increased its score significantly in 2024 and moved up from Tier 4 to Tier 3. During a meeting in November, the team said they had worked hard on mental health and were pleased to see this work reflected in the benchmark results.

\*Not held in CCLA portfolio(s) as at 31 December 2024.

**Key** No response Discussions ongoing Positive change Met engagement target

\*Not held in CCLA portfolio(s) as at 31 December 2024.



**LVMH Moët Hennessy Louis Vuitton**  
Consumer discretionary

LVMH engaged with the benchmarking process in 2024 and remains in Performance Tier 3. Having been placed in Tier 4 in 2022, it has improved its underlying score by 15 percentage points since the first assessment and now ranks in the top quintile of global companies assessed. We have a meeting scheduled for January 2025.

**Mastercard**  
Financials

Mastercard has engaged with us on mental health since 2022. We had three meetings with the company in 2023 and a further call in 2024. At our most recent meeting, company representatives disclosed that following 2023's feedback, they built a dedicated project to follow our guidance and align with the benchmark. They shared the news that they had rolled out a mental health champions programme and that it had received 10 times the expected uptake. Between 2022 and 2024 the company increased its score in the benchmark by 26 percentage points, resulting in a move from Tier 4 to Tier 3.

**McDonald's**  
Consumer discretionary

McDonald's engaged with the benchmarking process and responded to our queries in April 2024. We have not had a dedicated meeting to discuss mental health with the company and it remains in Tier 5 in 2024. We will attempt to secure a meeting in 2025.

**Medtronic**  
Health care

Medtronic ranks in Tier 4 in the benchmark in 2024. While it engaged with the benchmarking process in 2024, we have not had a dedicated call with the company on mental health. At year end, it had not responded to a collaborative investor letter that was sent out in November. We will follow up in 2025.

**Microsoft**  
Information technology

We had a detailed call in late 2023 and the company engaged with the benchmarking process in 2024. While Microsoft remains in Tier 5 in 2024, it has responded to a collaborative engagement letter that we sent to the company's CEO in November, and we have a call scheduled for January 2025.

**Nestlé**  
Consumer staples

Nestlé engaged with the benchmarking process but remains in Tier 4 in 2024. The company responded to a collaborative investor letter that we sent to say that it had been passed to the CEO's office. We have a meeting scheduled for January 2025.

**NextEra Energy**  
Utilities

The company has not responded to engagement on mental health in 2024 and remains in Tier 5. We will follow up in 2025.

**Nike\***  
Consumer discretionary

Nike remains in Tier 4 in 2024 and did not respond to engagement during the year. Nonetheless, its benchmark score has improved steadily year on year, having increased by 15 percentage points since 2022.

**Novartis\***  
Health care

Novartis was assessed as Tier 3 in 2022. It engaged with us throughout 2023 and 2024. Having edged up into Tier 2 in 2023, it dropped a few points in 2024 and, as a result, slipped back down to Tier 3. Nevertheless, this represents top-quintile performance and we are in ongoing discussions to get the company higher in the ranking again. We have a meeting scheduled to discuss mental health in January 2025.

**Novo Nordisk**  
Health care

Novo Nordisk told us it had taken our recommendations into account during the 2022 assessment period and made some improvements to its environmental, social and governance (ESG) reporting portal. This took the form of increased disclosure on the company's website covering management responsibility for health and safety (including mental health); health and safety certifications in production facilities; and physical and mental wellbeing performance data. As a result, the company moved up from Tier 5 in 2022 to Tier 4 in 2023. Novo Nordisk has continued to improve in 2024, now ranking in Tier 3, having increased its underlying benchmark score by 35 percentage points since 2022. We met the company in December 2024 to discuss how it could improve further ahead of the 2025 assessment.

**NVIDIA**  
Information technology

NVIDIA is ranked in Tier 5 in the Corporate Mental Health Benchmark and did not respond to engagement on mental health in 2024.

**PepsiCo\***  
Consumer staples

PepsiCo has ranked in Tier 4 in the Corporate Mental Health Benchmark for three years running and did not respond to engagement on mental health in 2024, despite multiple attempts to secure a meeting. It has not yet responded to a collaborative investor letter that we sent to the company's CEO in November 2024.

**Pfizer\***  
Health care

Pfizer was ranked in Tier 4 in 2022, 2023 and 2024 and did not engage with us on mental health in 2024. This is particularly disappointing for a health care company and we will follow up in 2025.

**Procter & Gamble**  
Consumer staples

Procter & Gamble has engaged with this initiative for several years. In 2024, it again ranked in Tier 4; our contacts at the company voiced frustration at how difficult it is to get their work disclosed to the outside world due to a complex internal sign-off process. We were given a tour of the company's head office in Geneva during a visit in September. The company's score has increased by 12 percentage points since 2022.

**Prudential**  
Financials

Having been ranked in Tier 3 in 2022 and 2023, the company moved up to Tier 2 in 2024. This followed regular communication with the company and two engagement calls in 2024, at which the company shared with us detailed analysis undertaken to establish the gaps in its mental health management systems and reporting framework. Prudential is the 10th biggest improver in the global mental health benchmark over three years and seems highly motivated to improve further.

**Reckitt Benckiser Group**  
Consumer staples

Reckitt Benckiser has ranked in Tier 3 three years running. It has engaged with us during this time but we have not yet had a dedicated call to discuss mental health. Its score in the Corporate Mental Health Benchmark has improved marginally since 2022.

**RELX**  
Industrials

RELX did not engage with the mental health benchmarking project in 2024 and fell from Tier 3 to Tier 4. This was because some of its key disclosures were more than two years old and therefore fell out of scope for the assessment.

\*Not held in CCLA portfolio(s) as at 31 December 2024.

**Key** No response Discussions ongoing Positive change Met engagement target

\*Not held in CCLA portfolio(s) as at 31 December 2024.



**Rio Tinto**  
Materials

Rio Tinto has engaged with us on mental health since 2021. The company has improved its score in the mental health benchmark by 30 percentage points since its first assessment in 2022 and is now ranked in Tier 2. During a meeting with the company in July 2024, we were told that the collaborative investor letter that we had sent to the company following the launch of the UK benchmark in June had been read by the CEO, who had praised the work and given the mental health team further impetus to reach Tier 1.

**Roche Holding**  
Health care

Having been ranked in Tier 5 in 2022, Roche improved sufficiently to move up two Performance Tiers, to Tier 3, in 2023. In 2024, it improved yet again and made it into Tier 2 (one of only four companies to achieve this ranking in the global benchmark). This makes the company the second largest improver in the global mental health benchmark since the project's inception; it has improved its score by more than 50% in three years. We are in regular contact with the company on mental health and met several times during 2024.

**S&P Global**  
Financials

S&P Global was new to the Corporate Mental Health Benchmark in 2024 and ranked as Tier 4. It has not yet responded to engagement.

**Sage Group**  
Information technology

Sage Group engaged with the initiative and successfully moved up to Tier 3 in 2024. Its score has increased by 29 percentage points since 2022.

**Siemens**  
Industrials

Our engagement with the company has been positive but so far only included those responsible for mental health at Siemens UK. While the UK is seen as more progressive on mental health than the rest of the group, it can only influence and not control the group activities. Unfortunately, the company lost a few points in 2024 and slipped down to Tier 4. Discussions continue.

**Spirax Group**  
Industrials

Spirax Group was new to the Corporate Mental Health Benchmark in 2024. During a call in February, we were told that the timing was fortuitous as the company was about to launch a new website and new disclosures, and had an opportunity to publish a new mental health policy. Spirax ranked in Tier 3 in its first assessment and we look forward to seeing how it performs in 2025.

**Taiwan Semiconductor Manufacturing Co**  
Information technology

Taiwan Semiconductor Manufacturing Co has engaged with us on mental health since its first assessment, in 2022. Following receipt of the initial recommendations, the company requested a call in 2023, which was attended by the Head of Investor Relations plus five members of the HR and ESG teams. They had prepared a PowerPoint and showed us screenshots of upcoming new disclosures and information relating to mental health, subsequently released shortly after the 2023 assessment period. These efforts paid off and the company moved up to Tier 4 in 2024.

**Texas Instruments**  
Information technology

Despite multiple attempts to make contact, Texas Instruments did not engage with us on mental health in 2024. Its score has increased marginally since 2022 but the company remains in Tier 5.

**Thermo Fisher Scientific**  
Health care

Thermo Fisher moved up from Tier 5 in 2022 to Tier 4 in 2023 and remained there in 2024. It has engaged with the benchmarking process but we have not had a dedicated call to discuss mental health to date. Its score has increased 17 percentage points since 2022.

**Unilever**  
Consumer staples

Unilever has engaged with us on mental health for three years and its score has increased by 11 percentage points since 2022. The company is now ranked in Tier 2 and we are in regular contact.

**Union Pacific**  
Industrials

Union Pacific has remained in Tier 4 since its first assessment in 2022. In November 2024, we sent a collaborative investor letter to the company's CEO along with detailed recommendations as to how the company could improve. We had a detailed call with the company to discuss these recommendations in December 2024. During the meeting, the company shared details of its mental health approach, some of which are not yet disclosed. Company representatives acknowledged the opportunity to improve and said they plan to work on enhancing disclosures on mental health, which they said is a big priority at Union Pacific.

**UnitedHealth Group**  
Health care

UnitedHealth began to engage with us on mental health in 2023, but it has been assessed as Tier 5 for three years running.

**Visa**  
Financials

Visa was assessed as Tier 4 in 2023 and 2024. It responded to a collaborative investor letter sent to the company's CEO in November 2024 and we met in December. The company said that it had been using CCLA's benchmark over the past two years to help inform its strategy and governance framework. While they felt they did not have enough to disclose in 2023, they told us they were confident in their ability to improve their ranking in 2025.

**Key** No response Discussions ongoing Positive change Met engagement target



## Progress on nutrition and obesity

Good nutrition is fundamental to good health, yet humankind is experiencing a growing epidemic of diet-related ill-health. It is increasingly important and urgent for investors to take action to effect change in corporate behaviour.

Those commercial organisations that design, manufacture, advertise, and sell unhealthy food and drinks have a direct influence on our eating habits. Investors can be a driving force in raising ambitions around mandatory nutrition reporting and holding industry to account.

As investors, we can identify where a company may be missing out on an opportunity to develop healthier products and categories. We can engage where a company is failing to see the public health impacts of its own activities through the eyes of regulators and notice where its food portfolio may be more at risk from changing legislation than the portfolios of its peers. We can push for more responsible marketing and clear nutritional labelling and address concerns about a company's approach to food manufacturing.

Through engaging with companies on nutrition, we can make business models more resilient and play a role in improving public health.

We support ShareAction's Healthy Markets Initiative and the Access to Nutrition initiative (ATNi).<sup>56</sup> Through these coalitions, we have been engaging with four investee companies for several years: Coca-Cola Co, Nestlé, PepsiCo and Unilever.

Primarily, we are asking these companies to commit to producing healthier products and to make these products more accessible, more affordable and more available. Our specific requests relate to disclosure, target-setting, and reporting on progress against nutrition-related targets.

In November, we co-signed a letter (coordinated by ShareAction) to US food and beverage manufacturers, including Coca-Cola Co and PepsiCo, pressing these companies to adopt enhanced nutrition disclosure practices. At the end of 2024, we await a response.

The outcomes of our engagement on nutrition and obesity in 2024 are set out below.

### **Coca-Cola Co** Consumer staples

We support ATNi's engagement (led by Achmea and PIMCO) with Coca-Cola. During 2023 and 2024, engagement focused on Coca-Cola's product portfolio and the low percentage of its products that qualify as healthy. Unlike its main competitors, Coca-Cola does not have or use a nutrient profiling model. Facing a continued lack of any meaningful progress, despite several meetings with the company, we took the decision to co-file a shareholder proposal at the company for its 2024 annual general meeting. Unfortunately, this was rejected by the US Securities and Exchange Commission before it went to a shareholder vote (see the voting section on page 72).

### **Nestlé** Consumer staples

We first started engaging with Nestlé on nutrition in 2017. Over the past three years, the frequency of dialogue has increased and resulted in some notable success. In 2022, Nestlé agreed to disclose the nutritional information of its products and to strengthen its responsible marketing practices. From 1 January 2023, marketing of formula milk for infants aged 0-6 months ceased. In 2023, having initially stated that it was too early for the company to set targets on sales of healthy foods, and facing the potential of a shareholder proposal, Nestlé agreed to set a target to increase the sales of healthy products. While this is a step in the right direction, we are disappointed that the target is absolute and not proportional. In 2024, we pre-declared our support for a shareholder proposal calling on the company to increase the number of healthy food options it offers compared to the amount of unhealthy food it sells. The resolution won 11% of the shareholder vote. Discussions continue.

### **PepsiCo\*** Consumer staples

PepsiCo's governance framework on nutrition is strong; it was one of only two companies (the other being Unilever) in the ATNi US Index 2022 that had linked CEO remuneration to nutrition objectives.<sup>57</sup> In 2023 and 2024, engagement primarily focused on PepsiCo's product portfolio. We are asking the company to disclose the healthiness of its food and beverage portfolio against a government-endorsed nutrient profiling model, and to set targets on sales of healthier products. In the past year, the company has introduced two new targets, including a new sodium goal and a goal to introduce healthier products to its portfolio. These come in addition to existing targets on calories in beverages and saturated fat in foods. The company has not yet agreed to disclose its product portfolio against government-endorsed nutrient profiling models.

### **Unilever** Consumer staples

In 2022, following the co-filing and negotiated withdrawal of a shareholder proposal, Unilever agreed to a new industry-leading standard on transparency around sales of healthy products. It now discloses the proportions of its sales revenue and sales volume that are associated with healthier food and drinks products, globally and in 16 key markets, against six government-endorsed nutrient profiling models (NPMs) and against its own internal model. The company has also set targets for sales of healthier products, although these are based on servings (rather than sales) and are assessed using Unilever's internal NPM. Engagement in 2024 centred around pushing the company to base its targets on sales and to use a government-endorsed NPM as the basis for these measurements. We met the company several times in 2023 and again in 2024, by which time it had become the first company to publicly disclose the performance of its product portfolio against six NPMs for three consecutive years.

\*Not held in CCLA portfolio(s) as at 31 December 2024.



“If this food is healthy, then what about the rest of the store?”

## INVESTOR COALITION ON FOOD POLICY

The Investor Coalition on Food Policy is convened and resourced by the Food Foundation<sup>58</sup> and overseen by an advisory group of core investors. The coalition exists to engage with policymakers to advocate for well-designed regulation aimed at creating a healthier, more sustainable and more affordable food system.

We joined the coalition when it was founded in 2021 in response to the UK's National Food Strategy and were involved with meetings with the then Minister of State for Farming, Fisheries and Food at the Department for Environment, Food and Rural Affairs, and representatives from the Department of Health and Social Care. We continued to participate in 2024.

Key



No response



Discussions ongoing



Positive change



Met engagement target



# Air pollution

‘The single biggest environmental threat to human health.’

(World Health Organization, 2022)<sup>59</sup>

In early 2024, we embarked on a new project aimed at tackling corporate air pollution. Inspired by ShareAction’s work on air quality, and with clear evidence of the human and environmental damage caused by poor air quality, we joined forces with Guy’s & St Thomas’ Foundation and set out to create a mechanism for examining company preparedness and resilience to the impacts of urban air pollution.

## The case for action

There have been enormous improvements in air quality in Global North countries since the 20th century through regulatory intervention and evolution of economic structures away from industrialisation. Despite this, air pollution levels remain harmful in virtually all countries: 99% of people worldwide breathe air that exceeds World Health Organization (WHO) limits for key pollutants.<sup>60</sup>

### WHAT IS AIR POLLUTION?

Air pollution is defined as contamination of the indoor or outdoor environment by any chemical, physical or biological agent that modifies the natural characteristics of the atmosphere. It is ‘the single biggest environmental threat to human health’<sup>61</sup> and poses significant challenges for the environment and the economy.

Air pollution and climate change are inextricably linked: it is estimated that reducing PM2.5 (tiny particles of air pollution) emissions in line with WHO guidelines would achieve a 27% reduction in greenhouse gas emissions.

Poor air quality damages human, environmental and economic health in the following ways:

#### Human health:

- Pollution is responsible for approximately nine million deaths per year, corresponding to one in six deaths worldwide.<sup>62</sup>
- It is also a major risk factor for non-communicable diseases including cardiovascular and respiratory diseases, type 2 diabetes, cancers and neurological diseases.

#### The environment:

- Air pollution is an invisible and pervasive threat to biodiversity and to both terrestrial and aquatic ecosystems worldwide.
- Ground-level ozone damages vegetation and agricultural crop yields, while sulphur can lead to excess levels of acid in lakes and streams, damaging trees and soils.<sup>63</sup>

#### The economy:

- Air pollution-related ill-health results in 1.2 billion lost working days annually. This number is projected to reach 3.7 billion by 2060.<sup>64</sup>
- The global cost of health damages from outdoor air pollution was estimated to be \$8.1 trillion in 2019, an economic value equivalent to 6.1% of global gross domestic product.<sup>65</sup>

Air quality is a sustainability blind spot for investors. When compared to climate risks, it is under-represented in corporate disclosure requirements relative to its impact on society.<sup>66</sup>

That said, an increasing number of key reporting standards now require companies to disclose emissions of air pollutants. These include the Global Reporting Initiative, the World Benchmarking Alliance, the Taskforce on Nature-related Financial Disclosures, India’s Business Responsibility and Sustainability Reporting and the European Union’s Corporate Sustainability Reporting Directive.

### Acting for change

Our aim is to mobilise the investment industry into action on this underserved topic and to accelerate corporate efforts to measure, disclose

and reduce emissions of toxic pollutants into the air. Successful implementation will bring about positive outcomes for people and for the planet and help to improve the long-term resilience of the companies in which we invest.

During 2024, CCLA and Guy’s & St Thomas’ Foundation joined forces to commission a scoping review by Chronos Sustainability to explore the role of investors in tackling corporate air pollution. The outcome of this review is a proposal to develop a global benchmark to assess company preparedness and resilience to the impacts of urban air pollution.

Specifically, the proposed benchmark will:

1. define investor expectations of companies involved in urban road transport
2. drive increased transparency and disclosure by companies on air pollution
3. provide investors with an accessible way to understand and evaluate corporate practices
4. showcase examples of good practice in corporate management of air pollution for the benefit of investors and companies.

In November 2024, we launched a public consultation to test our proposed approach. The consultation closed on 17 January 2025 and we will report on the outcomes.

### REDUCING AIR POLLUTION TO WHO RECOMMENDED LEVELS IN THE UK COULD...<sup>67</sup>

Regain  
**3m**  
working days  
annually

Reclaim  
**£1.6bn**  
annually for  
the economy

Save  
**£900m**  
in wages  
each year

Prevent  
**17,000**  
premature  
deaths

# Voting

We believe that it is in our clients' best interests to vote on all company resolutions, both domestic and overseas, and we aim to do so whenever possible.<sup>68</sup>



**W**e have a bespoke voting template, administered by proxy voting provider ISS, through which we aim to promote exemplary corporate governance and to reflect the underlying values of our clients.<sup>69</sup>

Our full voting record is published quarterly on our website<sup>70</sup> and a summary of our voting activity is included in our clients' quarterly reports.

## Vote escalation principles

When used well, voting can be a powerful driver of change. To maximise our positive impact, we observe the following escalation principles:

- 1 We vote as a house and seek to exercise our clients' voting rights at all investee companies, irrespective of their country of listing.** Our voting position is applied to all portfolios under our management. Clients with discretionary mandates can select alternative policies, though this is rarely done.
- 2 We aim to write to all companies, ideally prior to a company's annual general meeting (AGM), to explain our voting position.** In our experience anonymous, unsubstantiated voting has little effect. We use our voting position to complement our wider stewardship work. Environmental and social considerations are woven into our vote guidelines.
- 3 We hold responsible parties to account for areas within their control and not for areas that they cannot control.** For example, voting against the re-election of an auditor where we have concerns about its independence penalises the wrong party. The audit committee chair is ultimately responsible for selecting an auditor and should be held to account.
- 4 Where progress is found wanting, we are not afraid to escalate.** Where we identify a concern – for example, inappropriate executive remuneration – we will first vote against the remuneration policy (or report),

then against the chair of the remuneration committee, and finally against the entire remuneration committee (in extreme cases, we do so in year one).

- 5 We expect directors to respond to shareholders.** We vote against a director's re-election where we have had an unsatisfactory outcome to sustained engagement and voting activity.

## 2024 proxy voting record

During 2024, we voted on 2,688 resolutions at 164 company meetings across 159 companies. We took the decision not to vote at the Tritax Eurobox Special and Court meetings as we had already sold our holding prior to the record date.

We take a strong position on excessive and poorly aligned executive remuneration proposals and continue to hold directors accountable for their actions, including where there is a lack of gender diversity in company leadership. The table below sets out our three-year voting record.

### Our three-year voting record

	2024 (%)	2023 (%)	2022 (%)
<b>All resolutions</b>			
Abstain	0.7	1.3	0.5
Against	17.2	16.3	13.1
For	82.1	82.4	86.4
<b>Executive remuneration<sup>†</sup></b>			
Abstain	1.2	8.0	2.9
Against	80.9	74.1	76.6
For	17.9	17.8	20.5
<b>Director election</b>			
Abstain	0.5	1.0	0.2
Against	19.2	19.3	12.9
For	80.3	79.8	86.9

Note: 'Withheld'<sup>71</sup> votes are included within votes 'Against'. Some of the groups do not sum to 100% due to rounding.

<sup>†</sup>The executive remuneration figures do not include votes at companies where the board is wholly composed of non-executive directors.

### POLICY ON DIVERSITY

A company's nomination committee is responsible for ensuring a diverse board of directors. For gender, this is defined in the UK by the Hampton-Alexander Review as minimum 33% female.<sup>72</sup>

We believe that larger companies should have more progressive governance structures. Accordingly, for companies in the main developed market indices, we require 40% female directors. Outside this group, we look at the number of female directors on the board. For details, please refer to the CCLA proxy voting guidelines.<sup>73</sup>

On ethnic diversity, we follow the recommendations of the Parker Review and require one director from an ethnic minority background for main developed market indices.<sup>74</sup>

We also consider the composition of a company's senior management team, requiring at least 40% female directors for large UK companies and at least two female directors for overseas companies.

Where any of these criteria are not met, we begin by voting against the chair of the nomination committee, escalating to vote against every nomination committee member where progress is not made.

### Director elections

When we vote, we aim to target relevant directors by withholding support for their election. For example, where we have concerns about executive pay plans, we vote against the chair of the remuneration committee. If the company has a poor approach to gender diversity at board and sub-board level, we vote against the chair of the nomination committee.

In 2024, we did not support the re-election of 260 directors. The table below shows where we withheld support for directors during the year, and our reasons for doing so.



Reason for withholding support for the election of a director	2024 count	Percentage	2023 count	Percentage
Audit	47	18.1	48	17.5
Remuneration	78	30.0	87	31.6
Diversity	76	29.2	71	25.8
Governance	47	18.1	49	17.8
Investment performance	9	3.5	14	5.1
Other	3	1.2	6	2.2
	<b>260</b>	<b>100</b>	<b>275</b>	<b>100</b>

### Executive remuneration and pay inequality

While pay should be sufficient to attract, motivate and retain accomplished executives, excessive remuneration can deplete shareholder value.

An executive director's remuneration package should be structured such that their interests are aligned with the long-term interests of the company (and those of its shareholders). To prevent interest misalignment, pay structures should be simple and explicitly linked to the long-term objectives of the company. Including an element of share ownership within a pay package is one tool for aligning executives' interests with those of shareholders. To be effective, those shares should represent a significant proportion of the executive's reward and be held at least until retirement.

Executive remuneration should also be linked to long- as well as short-term performance targets. These targets should be easy to understand, straightforward to measure and disclosed in the remuneration report. Under-performance against the targets should not be rewarded.

We assess and vote on all executive remuneration proposals according to the following principles:

- Remuneration schemes should not breach good local practice.
- Bonuses should be proportionate and not excessive.
- Long-term incentives should outweigh any short-term bonuses.
- Remuneration schemes should incentivise good conduct.
- Non-financial (as well as financial) performance metrics should be incorporated.
- Executive remuneration should not exacerbate inequality within the company.

The table below sets out the factors that contributed to us withholding support for remuneration reports or policies in 2024. Note that some remuneration packages fell foul of multiple principles and are counted more than once.

Reasons for votes against remuneration reports	2024 count	Percentage
Breaches local market good practice	21	8.4
Excessive or disproportionate annual bonus	88	35.2
Annual bonus exceeds long-term incentives	10	4.0
Non-financial or ESG (environmental, social and governance) indicators not incorporated	23	9.2
Potential for remuneration package to breach a given threshold	77	30.8
UK large and mid-cap company not a Living Wage employer	20	8.0
Other	11	4.4
	<b>250</b>	<b>100</b>



“...and now best performance by a chairman at an AGM, defending a massive salary increase.”

Under the category of ‘other’, we consider several areas, some of which are as follows:

- **Climate-specific environmental, social and governance (ESG) indicators.** For example, at Rio Tinto, while ESG metrics, including climate change, accounted for an increasing proportion of the metrics attached to the CEO’s annual bonus, there was no climate-specific metric that would have resulted in zero performance-related pay were it not met.
- **Company performance.** For example, following discussions with CCLA’s Investment Team, we did not support the remuneration report of Assura due to questions over the company’s performance during the year. Our main concern was the 12% increase in the CFO’s salary and the payment of significant bonuses at a time when shareholders were experiencing falls in the company share price and when Assura was underperforming its peers.
- **Remuneration package structure.** For example, once again, the remuneration committee at Novo Nordisk failed to include detail on how bonuses (both short- and long-term) were calculated. This concern was compounded by the fact that a third of the long-term incentive plan award was linked to the same strategic objectives as the short-

term bonus, thus rewarding recipients twice for the same outcomes, albeit over different timeframes.

- **Equality of opportunity.** For example:
  - Kerry Group sought approval for material increases to its maximum bonus and long-term incentive plan (LTIP) opportunities, following similarly large increases in previous years. There was no indication that staff would receive corresponding increases in bonus payments.
  - While the structure of Informa’s remuneration policy conformed with our guidelines, the company has raised the maximum LTIP opportunity for executives and does not similarly suggest how the wider workforce will benefit from company outperformance.
  - The CEO of Sage Group received a 9.9% salary increase, in conjunction with an LTIP grant increase for 2024 (full year), resulting in a material uplift in his overall pay quantum. Additionally, while overall award levels remain within those set by the policy, this was the second year of increases in intended maximum awards for an executive. This raised concerns over increasing inequality within the remuneration package.

### ISS RECOMMENDATIONS AND CCLA VOTES COMPARED

Our voting guidelines are administered by proxy voting provider ISS, which works to a bespoke CCLA template.

The application of our template led us to oppose over four times as many management proposals as the standard ISS recommendations. We did not support management proposals on 17.9% of occasions. If we had applied the vote

recommendations in ISS’s standard template, this would have reduced to 3.6%.

Our record on addressing issues with executive remuneration best illustrates our template’s impact. While ISS recommended support for 85.1% of remuneration report or policy votes, we supported just 17.9% in 2024, as shown in the table below.

	ISS standard recommendation		CCLA template	
	With management recommendation (%)	Against management recommendation (%)	With management recommendation (%)	Against management recommendation (%)
All resolutions	93.4	6.5	82.1	17.9
Executive remuneration	88.4	11.6	17.9	82.1
Director election	96.7	3.3	80.3	19.7

# How our voting position supports our engagement work

**O**ur voting guidelines are reviewed and updated every year. We aim to be nimble in our approach and seek to step in where we believe corporate practice may be unjust or detrimental to shareholder value.

Our voting template incorporates our position on ESG issues, complements our main engagement themes, and is designed to reflect our clients’ values. It does so both for resolutions proposed by management, such as director elections and remuneration proposals, and for shareholder proposals, which are often more explicitly focused on ESG issues.

## Management proposals

### Executive remuneration and Living Wage

Our remuneration-related guidelines include voting against remuneration reports of large and mid-cap UK companies where the company is not an accredited Living Wage employer.

During 2024 this was either the sole factor or one of several factors resulting in a vote against remuneration proposals at the following companies: Berkeley Group Holdings, Bunzl, Compass Group, CVS Group, discoverIE Group, Genuit Group, Genus, Greggs, Halma, InterContinental Hotels Group, Judges Scientific, Kainos Group, Prudential, Rio Tinto, Spirax Group and Volution Group.

### Climate change

Where a company is in the scope of Climate Action 100+, and where we have concerns about its progress on addressing climate change, we will vote against the re-election of the CEO.

In 2024, we withheld support for two directors:

1. **Jakob Stausholm, CEO at Rio Tinto.** We continue to have constructive engagement with Rio Tinto on climate change. However, while there has been progress, there is still more to do. In recognition of the evidenced improvement, we abstained.
2. **Jon Moeller, CEO/chair at Procter & Gamble.** We voted against Mr Moeller’s re-election for three reasons:
  - The company is part of Climate Action 100+ but has not reflected climate risk in its accounting assumptions.
  - There is a lack of clarity about the company’s position on lobbying/trade association membership and its stated climate goals.
  - Mr Moeller occupies a combined CEO/chair position. This is problematic because executive pay is decided by the board, meaning that a CEO who is also chair votes on their own compensation: a clear conflict of interest.

## Shareholder proposals

Shareholder proposals are a meaningful way for shareholders to encourage improved corporate responsibility and often reflect our clients’ aims and priorities.

We are committed to supporting shareholder resolutions that positively address ESG concerns, and we disclose our voting position and rationale quarterly on our website. See [Appendix 3](#) for a full list of our ‘for’ votes during 2024.

Where escalation is necessary, we sometimes coordinate with other investors to co-file our own resolutions. During 2024, we co-filed five proposals at investee companies, summarised below.



**Better environment**

**NextEra Energy (climate)**

In 2024, we led the filing of a climate-related shareholder proposal at NextEra Energy. NextEra has a target to reach net-zero carbon emissions by 2045 although some of the trade associations to which it belongs can present forceful obstacles to addressing climate change. Our proposal asked the board to report to shareholders on its approach to identifying and addressing misalignments between NextEra’s lobbying and policy influence activities, and its ‘Real Zero’ goal. The proposal received an encouraging 33% support at the AGM in May. A further resolution has been filed for the 2025 AGM season.

**McDonald’s (biodiversity)**

We initiated engagement with McDonald’s as part of our membership of Nature Action 100 in 2024. While the company responded to the initial outreach, we have been unable to secure a meeting. Accordingly, we escalated the engagement by co-filing a shareholder proposal for the company’s 2025 AGM asking for McDonald’s to prepare a public report assessing the extent to which its supply chains and operations impact biodiversity and are vulnerable to biodiversity loss.

**Better work**

**Amazon (collective bargaining)**

We co-filed a shareholder proposal for Amazon’s 2024 AGM, requesting publication of an independent report into the alignment of the company’s practices on freedom of association and collective bargaining with its own policies and human rights standards. This followed ongoing media reports that Amazon has deployed tactics to discourage its workers from joining unions. The proposal received 31.8% of shareholder vote, or 37.0% excluding insider votes (CEO Jeff Bezos alone owns 10.8% of the voting power). This was down 3% compared to votes for a similar resolution in 2023.

As part of this engagement we wrote to Amazon in June 2024 with the backing of 48 investors with shares totalling \$1 trillion, in support of workers trying to form a union in the Coventry fulfilment centre.

We asked Amazon to:

- implement its stated commitment to the International Labour Organization (ILO) ‘fundamental’ conventions, the ILO Declaration on Fundamental Principles and Rights at Work, and the United Nations’ Universal Declaration of Human Rights<sup>75</sup>
- cease all anti-union communications at Coventry and at all other facilities globally
- commit to negotiating in good faith with the Coventry branch of the GMB union and with other unions at national and global levels.

In December, we submitted paperwork to co-file again for the company’s 2025 AGM.

**Nike\* (labour standards)**

In 2024, we co-filed and voted on a shareholder proposal at Nike on labour standards within the company’s supply chain. The industry practice of relying on social auditing to ensure compliance with supply chain labour policies is easily abused and often fails workers, particularly those in high-risk countries. In the resolution we asked Nike to adopt a worker-centric approach, which would involve binding agreements between the company and the workers in its supply chain. In total, 12.3% of the shareholders supported this resolution and we continue to press this topic with the company (see page 52 for further details).

**Better health**

**Coca-Cola Co (nutrition)**

We have been engaging with Coca-Cola for several years on its approach to nutrition. Facing a continued lack of any meaningful progress, we co-filed a shareholder proposal at the company for its 2024 AGM, asking it to adopt an enterprise-wide policy to move towards healthier products, beyond only sugar reduction. Unfortunately, the proposal was challenged by the company’s lawyers and rejected by the US Securities and Exchange Commission (SEC) before going to a shareholder vote. The SEC justified its rejection by arguing that the proposal related to ordinary business matters. We are coordinating with ShareAction and other investors collaborating on this topic to establish how to move the engagement forward with Coca-Cola Co in 2025.

\*Not held in CCLA portfolio(s) as at 31 December 2024.

**Appendix 1: Active ownership summary**

The following list includes direct engagement, all CCLA-led collaborative engagement and third-party-led engagement where we have portfolio holdings.

Company	CCLA holding as at 31 Dec 2024	Better environment		Better work			Better health	
		Climate	Environment (other)	Cost of living and living wage	Modern slavery	Human rights	Mental health	Health (other)
3i Group	No				■			
Abbott Laboratories	Yes	■					■	
AbbVie	No						■	
Abrdn	No				■			
Accenture	Yes	●					■	
Admiral Group	Yes	■			■		■	
Adobe	Yes						■	
Advanced Micro Devices	No						■	
Agricultural Bank of China	No						●	
AIA Group	Yes						■	
Airtel Africa	No	●			■			
Alibaba Group Holding	No						■	
Alphabet	Yes	■					■	
Amazon	Yes	■				●	■	
American Express Co	No						●	
Amgen	No						●	
Anglo American	No				●		■	
Anheuser-Busch InBev	No						●	
Antofagasta	No	●			■		■	
Apple	No						●	
Ashtead Group	Yes	●			■		■	
ASML Holding	Yes	■					■	
Associated British Foods	No	●			■		■	
AstraZeneca	Yes	■	■		■		■	
AT&T	No						●	
Auto Trader Group	Yes	■			■			
Aviva	No				■		■	
B&M European Value Retail	No	●			●		■	
Babcock International Group	No						■	
BAE Systems	No	■			■		■	
Balfour Beatty	No						■	
Bank of America	No						■	
Bank of China	No						●	
Barclays	No				■		■	
Barratt Developments	No	●			■			
Beazley	No	■			■			
Berkeley Group Holdings	Yes	■			■			
Berkshire Hathaway	No						●	
BHP Group	No						■	
Boeing	No						●	
BP	No				■		■	

Key: ● No response ■ Discussions ongoing ■ Positive change ■ Met engagement target



Company	CCLA holding as at 31 Dec 2024	Better environment		Better work			Better health	
		Climate	Environment (other)	Cost of living and living wage	Modern slavery	Human rights	Mental health	Health (other)
Bristol Myers Squibb	No						■	
British American Tobacco	No	■			■		■	
British Land Company	No				■			
Broadcom	Yes						●	
BT Group	No	■			■		■	
Bunzl	Yes	●			■		●	
Burberry Group	No	■			●			
Carnival	No				●		■	
Caterpillar	No						■	
Centrica	No				■		■	
Charles Schwab	No						●	
Chevron	No						●	
China Construction Bank	No						●	
China Life Insurance Co	No						●	
China Merchants Bank	No						■	
Cisco Systems	Yes						■	
Coats Group	No						■	
Coca-Cola Co	Yes	●				■	■	■
Coca-Cola HBC	No	●			●		■	
Comcast	No						■	
Commonwealth Bank of Australia	No						■	
Compass Group	Yes	■			■		■	
Computacenter	No						■	
Contemporary Amperex Technology Co	No						●	
Convatec Group	No	■			●		●	
Costco Wholesale	No	■			■		■	
CRH	No				■			
Croda International	Yes	■			■			
Currys	No						●	
CVS Health	Yes						■	
Danaher	Yes						●	
Darktrace	No	●			●		●	
DCC	No	●			●		●	
Dechra Pharmaceuticals	No				■			
Deere & Co	Yes	■					■	
Diageo	Yes	■			■		■	
Diploma	Yes	●			●			
Direct Line Insurance Group	No						●	
Dowlais Group	No						●	
DS Smith	No	■			●		●	
Dunelm Group	No						■	
easyJet	No	■			■		■	
Eaton	No	●						

**Key:** ● No response ■ Discussions ongoing ■ Positive change ■ Met engagement target

Company	CCLA holding as at 31 Dec 2024	Better environment		Better work			Better health	
		Climate	Environment (other)	Cost of living and living wage	Modern slavery	Human rights	Mental health	Health (other)
Eli Lilly and Co	No						■	
Empiric Student Property <sup>†</sup>	Yes	■						
Endeavour Mining	No	■			●			
Entain	No	■			■		■	
Experian	Yes	■			■		■	
Exxon Mobil	No						●	
Ferguson	No	■						
Ferrexpo	No						●	
Firstgroup	No						■	
Flutter Entertainment	No				■		■	
Fraser's Group	No	●			●		■	
Fresnillo	No	●			●			
Genuit Group	Yes				■			
Givaudan	No	■						
Glencore	No	■			●		■	
Goldman Sachs Group	No						■	
Grafton Group	No						■	
Greggs	Yes			■			■	
GSK	No	●			■		■	
Haleon	No	■			■		■	
Halma	Yes	■			■			
Hargreaves Lansdown	No	■			■			
Hays	No						■	
HDFC Bank	Yes						●	
Hermès International	Yes						■	
Hikma Pharmaceuticals	No	●			■			
Hiscox	No				■			
Home Depot	Yes	■					■	
Honeywell International	No	●					■	
Howden Joinery Group	No	■			●		●	
HSBC Holdings	No	■			●		■	
IMI	No	●			■		■	
Imperial Brands	No	●			■		■	
Inchcape	No						■	
Industria de Diseño Textil	No						●	
Industrial and Commercial Bank of China	No						●	
Informa	Yes	●			■		●	
Intel	No						■	
InterContinental Hotels Group	Yes	■			■		■	
Intermediate Capital Group	Yes	■			■			
International Business Machines	No						●	
International Consolidated Airlines Group	No	●			■		●	

**Key:** ● No response ■ Discussions ongoing ■ Positive change ■ Met engagement target

<sup>†</sup>UK-listed real estate investment trust



Company	CCLA holding as at 31 Dec 2024	Better environment		Better work			Better health	
		Climate	Environment (other)	Cost of living and living wage	Modern slavery	Human rights	Mental health	Health (other)
International Distribution Services	No						■	
Intertek Group	Yes	■			■		■	
Intuit	Yes						■	
Investec	No				■			
J D Wetherspoon	No						■	
J Sainsbury	No	■			■		■	
JD Sports Fashion	No	●			■		■	
John Wood Group	No						■	
Johnson & Johnson	Yes	■					■	
Johnson Matthey	No						●	
JPMorgan Chase & Co	No	■					■	
Keller Group	No						●	
Kerry Group	Yes	●						
Keyence	Yes	●						
Kingfisher	No	■			■		■	
Kweichow Moutai Co	No						●	
Land Securities Group	No				■			
Legal & General Group	No				■		■	
Linde	No						●	
Lloyds Banking Group	No	■			■		■	
London Stock Exchange Group	Yes				■		■	
LondonMetric Property	No	■			●			
L'Oréal	Yes	●					■	
Lowe's Companies	No						●	
LVMH Moët Hennessy Louis Vuitton	Yes	■		■			■	
M&G	No				■			
Marks & Spencer Group	No	■			■		■	
Mastercard	Yes		■				■	
McDonald's	Yes		■		■	■	■	
Medtronic	Yes	■					■	
Meituan	No						●	
Melrose Industries	No	■			●		●	
Merck & Co	No						■	
Meta Platforms	No						●	
Microsoft	Yes	●					■	
Mitchells & Butlers	No						●	
Mitie Group	No						●	
Mobico Group (formerly National Express Group)	No						■	
Mondi	No	■			■		■	
Morgan Stanley	No						■	
National Grid	No				■		■	
NatWest Group	No				■		■	

Key: ● No response ■ Discussions ongoing ■ Positive change ■ Met engagement target

Company	CCLA holding as at 31 Dec 2024	Better environment		Better work			Better health	
		Climate	Environment (other)	Cost of living and living wage	Modern slavery	Human rights	Mental health	Health (other)
Nestlé	Yes	■		■			■	■
Netflix	No						■	
NEXT	No	■			■		■	
NextEra Energy	Yes	■				■	●	
Nike	No	■				■	●	
Novartis	No						■	
Novo Nordisk	Yes						■	
NVIDIA	Yes					■	●	
NXP Semiconductors	Yes	■				■		
Ocado Group	No				■		■	
Oracle	No						■	
PayPal Holdings	No						●	
PDD Holdings	No						●	
Pearson	No	■			■		●	
PepsiCo	No	■				■	●	■
Pernod Ricard	Yes	■						
Persimmon	No	■			■			
PetroChina Co	No						●	
Pfizer	No	■					●	
Philip Morris International	No						■	
Phoenix Group Holdings	No	■			■			
Ping An Insurance Group Co of China	No						●	
Procter & Gamble	Yes	■	■				■	
Prosus	No						■	
Prudential	Yes	■			■		■	
Qualcomm	No						●	
Reckitt Benckiser Group	Yes	■			■		■	
Reliance Industries	No						■	
RELX	Yes	■			■		●	
Rentokil Initial	No	●			■		■	
RHI Magnesita	No						●	
Rightmove	Yes	●			●			
Rio Tinto	Yes	■			■		■	
Roche Holding	Yes	■					■	
Rolls-Royce Holdings	No	■			●		■	
Royal Bank of Canada	No						●	
RTX (formerly Raytheon Technologies)	No						■	
S&P Global	Yes						●	
Sage Group	Yes	●			■		■	
Salesforce	No						●	
Samsung Electronics	No						●	
Sanofi	No						■	
SAP	No						■	

Key: ● No response ■ Discussions ongoing ■ Positive change ■ Met engagement target



Company	CCLA holding as at 31 Dec 2024	Better environment		Better work			Better health	
		Climate	Environment (other)	Cost of living and living wage	Modern slavery	Human rights	Mental health	Health (other)
Saudi Arabian Oil	No						●	
Savills	No						■	
Schneider Electric	Yes	■						
Schroders	No	■			■			
SEGRO <sup>+</sup>	Yes				■			
Serco Group	No						■	
ServiceNow	Yes						■	
Severn Trent	No	■			●			
Shell	No	■			■		■	
Siemens	Yes	■					■	
Smith & Nephew	No	■			●		■	
Smiths Group	No	■			●		●	
Smurfit Kappa Group	No				●		●	
Sony Group	No						●	
Spirax Group	Yes	●			■		■	
Spire Healthcare Group	No						■	
SSE	No	■			■		■	
SSP Group	No						●	
St James's Place	No				■			
Standard Chartered	No				●		■	
Starbucks	No					■		
Taiwan Semiconductor Manufacturing Co	Yes	■					■	
Tata Consultancy Services	No						●	
Taylor Wimpey	No	■			●			
Tencent Holdings	No						■	
Tesco	No	■			■		■	
Tesla	No						●	
Texas Instruments	Yes						●	
Thermo Fisher Scientific	Yes	■					■	
TI Fluid Systems	No						●	
T-Mobile US	No						■	
Toronto-Dominion Bank	No						■	
TotalEnergies	No						■	
Toyota Motor	No						■	
Trane Technologies	Yes	■						
Travis Perkins	No						■	
Tritax Big Box REIT <sup>+</sup>	No				■			
TUI	No						■	
Uber Technologies	No						●	
Unilever	Yes	■	■		■		■	■
Union Pacific	Yes	■					■	
Unite Group	No				■			
United Parcel Service	No						●	
United Utilities Group	No				●			

Key: ● No response ■ Discussions ongoing ■ Positive change ■ Met engagement target

Company	CCLA holding as at 31 Dec 2024	Better environment		Better work			Better health	
		Climate	Environment (other)	Cost of living and living wage	Modern slavery	Human rights	Mental health	Health (other)
UnitedHealth Group	Yes	■					■	
US Bank	No	■						
Verizon Communications	No						■	
Vesuvius	No						●	
Visa	Yes						■	
Vistry Group	No	■			●			
Vodafone Group	No	■			■		■	
Volkswagen	No						■	
Walmart	No						■	
Walt Disney Co	No						●	
Watches of Switzerland	Yes			■				
Weir Group	No	●			■		■	
Wells Fargo & Co	No						■	
WH Smith	No						■	
Whitbread	No	●			●		■	
Wise	No				●			
WPP	No	●			●		■	
Zoetis	Yes		■					

Key: ● No response ■ Discussions ongoing ■ Positive change ■ Met engagement target



## Appendix 2: Collaborating for change

We aim to mobilise the investment industry into action. Here we summarise institutional investor support for CCLA stewardship initiatives as at the end of 2024.

	Find it, Fix it, Prevent it	Cost-of-living crisis	Seasonal Worker scheme	Mental health
Abrdn	■			
Achmea				●
Adrian Dominican Sisters – Portfolio Advisory Board	■			■
AdviserAction				■
Aikya Investment Management	■			
Alken Asset Management				●
AllianceBernstein	■			
Allianz Global Investors				■
Alquity Group				■
Amundi	■			
Anchorage Capital Partners				■
Aon	■			
Arabesque Asset Management				●
Archbishops' Council	■			
Artemis Fund Managers				
Asset Value Investors				■
AustralianSuper	■			
Aviva	■	■		
Barrow Cadbury Trust	■			
Bible Society	■			
Bon Secours Mercy Health				■
Border to Coast Pensions Partnership	■			
Boston Common Asset Management	■			●
Brunel Pension Partnership	■	■		●
Canada Life Asset Management	■		■	
Cardano Asset Management		■		●
Castlefield Investment Partners	■	■		●
CCLA Investment Management	■	■	■	●
Central Finance Board of the Methodist Church	■		■	●
Charles Plater Trust	■			
Christian Aid	■			
Christian Super	■			
Church Commissioners for England	■			●
Church Investors Group	■	■		
Church of England Pensions Board	■			
Church of Scotland Investors' Trust	■			
Close Brothers Asset Management				■
Columbia Threadneedle Investments	■			
Congregation of St Joseph				■
CQS				●
Daughters of Charity, Province of St Louise				■
De Nieuwe Beurskoers	■			
Diocese of Hallam	■			
Diocese of Leicester	■			
Diocese of Westminster	■			
EdenTree	■	■		

**Key:** ● Founding signatory ■ Signatory as at 31 December 2024

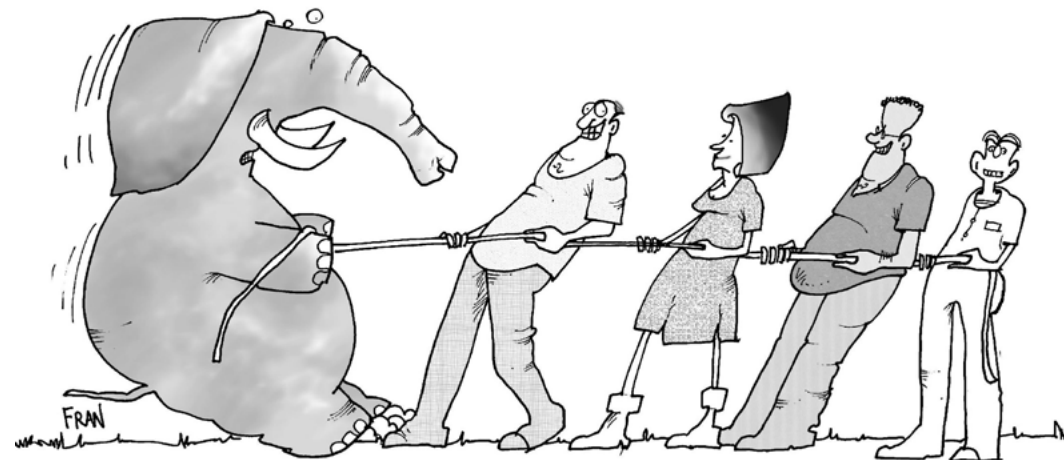
	Find it, Fix it, Prevent it	Cost-of-living crisis	Seasonal Worker scheme	Mental health
EOS at Federated Hermes (on behalf of its stewardship clients)	■	■		●
Episcopal Church (Domestic and Foreign Missionary Society)	■			
Epworth Investment Management (part of the Central Finance Board of the Methodist Church)	■			●
Ethical Partners Funds Management				●
Evelyn Partners (formerly Tilney and Smith & Williamson Group)	■		■	●
Federated Hermes	■	■		●
Fidelity International	■			
First Sentier Investors				●
Fondo Pensione Cometa				●
Friends Fiduciary				●
Friends Provident Foundation	■	■		
Future Group				●
GAM Investments	■			
Guy's & St Thomas' Foundation				■
IEIR				■
Impax Asset Management				■
Interfaith Center on Corporate Responsibility	■			●
Islington Pension Fund		■		
J Stern & Co				■
Jesuits in Britain	■	■		●
JLens				●
Joseph Rowntree Foundation		■		
KLP Kapitalforvaltning	■			
Lazard Asset Management	■			
Legal and General Investment Management		■		
Legal Education Foundation	■			
LGT	■			
Lindsell Train	■			
Liontrust Asset Management				■
Local Authority Pension Fund Forum	■			
Local Government Pension Scheme Central	■			
M&G Investments	■			
Medical Mission Sisters	■			
Mercy Investment Services	■			●
Miller/Howard Investments				■
NEI Investments				■
Nomura Asset Management				●
OVF (The Norwegian Church Endowment)	■			
Panahpur	■			
Pension Protection Fund	■		■	■
PensionBee		■		
PIRC	■	■	■	
Polden-Puckham Charitable Foundation	■			
Quilter Cheviot	■		■	
Railpen	■			●
Rathbone Greenbank Investments	■			●
Region VI Coalition for Responsible Investment				■
Representative Church Body of the Church in Wales	■			
Representative Church Body of the Church of Ireland	■			

**Key:** ● Founding signatory ■ Signatory as at 31 December 2024



	Find it, Fix it, Prevent it	Cost-of-living crisis	Seasonal Worker scheme	Mental health
Royal London Asset Management				■
Salvation Army International: UK and Ireland Territory	■			
Sarasin & Partners	■		■	
Schroders	■		■	■
SHARE (Shareholder Association for Research and Education)	■			■
Sisters of St Francis, Dubuque, Iowa				●
Sisters of the Humility of Mary				●
Sjunde AP-fonden (AP7)	■			
Stichting Pensioenfonds voor Huisartsen				■
Strathclyde Pension Fund		■		
Sycomore Asset Management				■
TAM Asset Management				■
Titan Asset Management				■
Trust for London		■		
United Reformed Church Ministers' Pension Trust	■			
United Reformed Church Trust	■			
Vancity Investment Management				■
William Leech Foundation	■			

Key: ● Founding signatory ■ Signatory as at 31 December 2024



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### Appendix 3: Focus on shareholder resolutions

The table below shows CCLA's 'for' votes in 2024 and how they fit within our environmental, social and governance (ESG) framework. All of these votes took place at annual general meetings.

Company name	Meeting date	Proposal	Environment	Social	Governance
Intuit	18/01/24	Report on climate risk in retirement plan options	■		
Visa	23/01/24	Submit severance agreement (change in control) to shareholder vote			■
Deere & Co	28/02/24	Submit severance agreement (change in control) to shareholder vote			■
Starbucks	13/03/24	Report on pricing of plant-based milk		■	
Agilent Technologies	14/03/24	Adopt simple majority vote			■
Synopsys	10/04/24	Require independent board chair			■
Adobe	17/04/24	Require a majority vote standard for the election of directors with a mandatory resignation policy			■
Adobe	17/04/24	Report on hiring of persons with arrest or incarceration records		■	
Humana	18/04/24	Adopt simple majority vote			■
Nestlé	18/04/24	Report on non-financial matters regarding sales of healthier and less healthy foods		■	
Texas Instruments	25/04/24	Reduce the ownership threshold for shareholders to call a special meeting			■
Texas Instruments	25/04/24	Report on due diligence efforts to trace end-user misuse of company products		■	
Pfizer	25/04/24	Report on the congruency of political spending with the company's stated values and priorities			■
Pfizer	25/04/24	Require independent board chair			■
Coca-Cola Co	01/05/24	Issue a third-party assessment of the safety of non-sugar sweeteners		■	
PepsiCo	01/05/24	Report on risks related to biodiversity and nature loss	■		
PepsiCo	01/05/24	Amend by-laws to adopt a director election resignation			■
PepsiCo	01/05/24	Submit severance agreement (change in control) to shareholder vote			■
PepsiCo	01/05/24	Issue a transparency report on global public policy and political influence			■
PepsiCo	01/05/24	Issue a third-party assessment of the safety of non-sugar sweeteners		■	
PepsiCo	01/05/24	Report on third-party racial equity audit		■	
IDEX	07/05/24	Report on the company's hiring practices with respect to formerly incarcerated people		■	
Danaher	07/05/24	Reduce the ownership threshold for shareholders to call a special meeting			■
Danaher	07/05/24	Report on the effectiveness of diversity, equity and inclusion efforts		■	

Key: ■ CCLA voted in favour of the resolution



Company name	Meeting date	Proposal	Environment	Social	Governance
Stryker	09/05/24	Report on political contributions and expenditures			■
Union Pacific	09/05/24	Submit severance agreement (change in control) to shareholder vote			■
Union Pacific	09/05/24	Amend board's Safety and Service Quality Committee to review staffing levels and confer on safety issues with stakeholders		■	
Honeywell International	14/05/24	Require independent board chair			■
Home Depot	16/05/24	Clawback of incentive payments			■
Home Depot	16/05/24	Report on political spending congruency			■
Home Depot	16/05/24	Disclose a biodiversity impact and dependency assessment		■	
Marsh & McLennan Companies	16/05/24	Provide the right to act by written consent			■
Intercontinental Exchange	17/05/24	Require independent board chair			■
Amazon	22/05/24	Disclose all material scope 3 greenhouse gas emissions	■		
Amazon	22/05/24	Report on efforts to reduce plastic use	■		
Amazon	22/05/24	Report on the impact of the company's climate change strategy, consistent with Just Transition guidelines	■		
Amazon	22/05/24	Report on lobbying payments and policy			■
Amazon	22/05/24	Commission a third-party assessment of company's commitment to freedom of association and collective bargaining		■	
Amazon	22/05/24	Commission a third-party audit on working conditions		■	
Amazon	22/05/24	Commission a third-party study and report on risks associated with use of Rekognition		■	
Amazon	22/05/24	Establish a board committee on AI		■	
Amazon	22/05/24	Establish a public policy committee		■	
Amazon	22/05/24	Report on customer due diligence		■	
Amazon	22/05/24	Report on median and adjusted gender and racial pay gaps		■	
American Tower	22/05/24	Reduce the ownership threshold for shareholders to call a special meeting			■
American Tower	22/05/24	Report on median and adjusted gender and racial pay gaps		■	
McDonald's	22/05/24	Issue a transparency report on global public policy and political influence			■
McDonald's	22/05/24	Adopt antibiotics policy		■	
McDonald's	22/05/24	Disclose poultry welfare indicators		■	
Thermo Fisher Scientific	22/05/24	Adopt simple majority vote requirement			■
Zoetis	22/05/24	Adopt policy on improved majority voting for election of directors			■
NextEra Energy	23/05/24	Report on climate lobbying	■		

**Key:** ■ CCLA voted in favour of the resolution

Company name	Meeting date	Proposal	Environment	Social	Governance
NextEra Energy	23/05/24	Disclose board skills and diversity matrix		■	
ServiceNow	23/05/24	Adopt simple majority vote			■
UnitedHealth Group	03/06/24	Report on the congruency of political spending with the company's stated values and priorities			■
Ansys	07/06/24	Provide the right to call a special meeting			■
Roper Technologies	12/06/24	Adopt simple majority vote			■
Mastercard	18/06/24	Report on lobbying payments and policy			■
NVIDIA	26/06/24	Adopt simple majority vote			■
Nike	10/09/24	Report on environmental targets	■		
Nike	10/09/24	Report on the effectiveness of supply chain management relating to equity goals and human rights commitments		■	
Nike	10/09/24	Report on median gender and racial pay gaps		■	
Nike	10/09/24	Report on the impact of work-driven responsibility principles and supporting binding agreements in sourcing from high-risk countries		■	
Procter & Gamble	08/10/24	Report on median gender and racial pay gaps		■	
Microsoft	10/12/24	Report on risks of using AI and machine learning tools for oil and gas development and production	■		
Microsoft	10/12/24	Report on AI data sourcing accountability		■	
Microsoft	10/12/24	Report on risks of operating in countries with significant human rights concerns		■	
Microsoft	10/12/24	Report on risks of weapons development		■	
Microsoft	10/12/24	Report on risks related to AI-generated misinformation and disinformation		■	

**Key:** ■ CCLA voted in favour of the resolution

AI: artificial intelligence



## Appendix 4: Other initiatives

To add breadth to our thematic stewardship work, we support a number of initiatives led by other organisations. These are outlined below.

### Better environment

Initiative	Lead organisation	Role	Rationale
CDP Climate Change Programme	CDP	Signatory	CDP's climate change programme works to reduce companies' greenhouse gas emissions and mitigate climate change risk. It requests information on the risks and opportunities of climate from the world's largest companies on behalf of a coalition of investors.
CDP Forests Programme	CDP	Signatory	CDP's forests programme helps companies and their investors in understanding and addressing their exposure to forest risk commodities, such as cattle, biofuels, palm oil, timber and soy.
CDP Non-Disclosure Campaign	CDP	Signatory	Focuses on companies that have never responded to CDP or who have not responded in recent years.
CDP Water Program	CDP	Signatory	CDP's water programme provides critical water-related data from the world's largest corporations to inform the global marketplace on investment risk and commercial opportunity.
Ceres & ICCR Banks Working Group	Ceres; ICCR	Member	Provides resources against which bank performance can be measured, with engagement then tailored to each financial institution.
Climate Action 100+	Ceres; IIGCC; PRI	Collaborative/co-lead investor; founding member	Investor-led initiative to ensure the world's largest corporate greenhouse gas emitters act on climate change.
Global Investor Statement to Governments on the Climate Crisis	IIGCC	Signatory	Statement demanding a whole-of-government approach with policy implementation at all levels of government.
IIGCC	IIGCC	Member	Brings the investment community together to work towards a climate-resilient future.
Nature Action 100	IIGCC	Member	Investor engagement to drive greater corporate ambition and action to reverse nature and biodiversity loss.
Net Zero Asset Managers Initiative	IIGCC	Signatory	Aims to galvanise the asset management industry to commit to a goal of net-zero emissions.
Net Zero Engagement Initiative	IIGCC	Member; collaborative investor; signatory	Aims to help investors align more of their portfolio with the goals of the Paris Agreement.
Powering Past Coal Alliance	Powering Past Coal Alliance	Steering committee member	A coalition of national and subnational governments, businesses and organisations working to advance the transition from unabated coal power generation to clean energy.
Spring	PRI	Signatory; advisory committee member	Stewardship initiative for nature, addressing the systemic risks of biodiversity loss.

Initiative	Lead organisation	Role	Rationale
Transition Plan Taskforce (Delivery Group)	UK government	Member	The Transition Plan Taskforce (TPT) aims to help organisations meet their climate goals and support the UK government's pledge to achieve net zero by 2050. Experts lead and contribute to Transition Plan Taskforce workstreams for various sectors.

ICCR: Interfaith Center on Corporate Responsibility; IIGCC: Institutional Investors Group on Climate Change; PRI: Principles for Responsible Investment

### Better work

Initiative	Lead organisation	Role	Rationale
Amazon co-filing group	SHARE; SOC Investor Group	Co-filer	Co-ordinates and exchanges information in relation to Amazon resolutions.
Find it, Fix it, Prevent it	CCLA	Founder; manager	An investor network collaborating to make investors more active in the fight against modern slavery.
Good Work Coalition	ShareAction	Member	An investor coalition campaigning to support living wages, tackling insecure work, and promoting diversity, equity and inclusion in the UK workforce.
ICCR – Advancing Worker Justice	ICCR	Member	Brings shareholder advocates and allied worker-led and worker-focused organisations together to advance dignity and justice for all working people in Canada and the United States.
ICCR – Equitable Global Supply Chains	ICCR	Member	Global supply chains need a transformation – one that benefits all stakeholders but especially workers and their communities who are vulnerable to wage theft and to exploitative and oppressive working conditions.
Investor Alliance for Human Rights	Investor Alliance for Human Rights	Member	An alliance aimed at equipping the investment community with the expertise and opportunities to put into practice the investor responsibility to respect human rights.
KnowTheChain	KnowTheChain Business and Human Rights Resource Centre	Member of Fair Food Program advisory group	To coordinate benchmarking relating to modern slavery.
Labour Rights Investor Network	UNI Global Union; Committee on Workers' Capital	Member	A global investor network focusing on the rights to freedom of association and collective bargaining. It acts as an education and exchange platform and a place to connect on issues related to freedom of association and collective bargaining.
Living Hours	Church Investors Group	Supporter	The Living Hours initiative calls on companies to become accredited Living Hours employers by agreeing to provide stable minimum working hours, in addition to paying their staff the real Living Wage. The Church Investors Group supports this initiative.



Initiative	Lead organisation	Role	Rationale
Nike co-filing group	Domini Impact Investments; Trillium Asset Management	Co-filer	CCLA was a co-filer on a resolution at Nike* on worker-driven responsibility and binding agreements to strengthen Nike's Human Rights Programme.
Platform Living Wage Financials	VBDO (Dutch Association of Investors for Sustainable Development)	Member of the Apparel and Footwear Working Group	An alliance of financial institutions that encourages and monitors investee companies to enable living wages and incomes in their global supply chains.
Sugar Supply Chain Engagement Steering Group	ICCR Equitable Global Supply Chains Working Group	Member of steering group	Following a series of <i>New York Times</i> articles on forced labour and human rights abuses in the Indian sugar supply chain, ICCR formed a group of investors engaging with major international buyers of sugar.
UN PRI Advance Programme	United Nations Principles for Responsible Investment	Lead investor on NextEra Energy	A collaborative initiative where institutional investors seek to advance human rights and positive outcomes for people through investor stewardship.
Votes Against Slavery	Rathbones Group	Signatory	A group that aims to address the systemic nature of modern slavery by encouraging the highest standards of supply chain transparency at FTSE 350 companies.
Workforce Disclosure Initiative	Thomson Reuters Foundation	Member	Aims to improve corporate transparency and accountability on workforce issues, provide companies and investors with comprehensive and comparable data, and help to increase the provision of good jobs worldwide.

ICCR: Interfaith Center on Corporate Responsibility.

## Better health

Initiative	Lead organisation	Role	Rationale
Access to Medicine Foundation	Access to Medicine Foundation	Signatory	Access to medicine, including the fair and equitable dissemination of medicines and vaccines, should be a significant business concern for global companies involved in the development, manufacture or distribution of medicines.
Access to Nutrition initiative	Access to Nutrition Foundation	Signatory	This initiative assesses how the world's 25 largest global food and beverage manufacturers contribute to addressing malnutrition in all its forms.
Antimicrobial Resistance Benchmark	Access to Medicine Foundation	Signatory	This benchmark compares how pharmaceutical companies are tackling the antimicrobial resistance crisis.
Business Benchmark on Farm Animal Welfare (and Global Investor Collaboration on Farm Animal Welfare)	Chronos Sustainability	Signatory	Analyses the farm animal welfare policies, management systems, reporting and performance of 150 of the world's largest food companies.

\*Not held in CCLA portfolio(s) as at 31 December 2024.

Initiative	Lead organisation	Role	Rationale
FAIRR Initiative	FAIRR	Investor member	An investor coalition focused on environmental, social and governance (ESG) risks in protein supply chains. The initiative supports investors through research as well as by running collaborative engagements with the food industry.
Global investor coalition on workplace mental health	CCLA	Lead and signatory	A global investor coalition coordinated by CCLA to galvanise the investment community into action on corporate mental health.
Healthy Markets Initiative	ShareAction	Signatory	Asking companies to commit to producing healthier products and to make these products more available, affordable and accessible.
Investor Action on Antimicrobial Resistance	Access to Medicine Foundation; FAIRR Initiative; Principles for Responsible Investment; UK Department of Health and Social Care	Signatory	A coalition to galvanise investor efforts to address global antimicrobial resistance.
Investor Coalition on Food Policy	Food Foundation	Member	Exists to engage with policymakers to advocate for well-designed regulation aimed at creating a healthier, more sustainable and more affordable food system.
Investor statement on technology, mental health and wellbeing	AXA Investment Managers; Sycomore Asset Management	Signatory	Collaborative engagement initiative to help tech companies define policies and implement measures to mitigate the potential negative impact of technology on their end consumers' mental health and wellbeing.
Long-term Investors in People's Health	ShareAction	Signatory	Broad coalition of investors coordinated and run by ShareAction to tackle major public health issues.



# Endnotes

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- 14 CCLA does not invest in sovereign debt issued by countries identified as the most oppressive. The identification of such countries is based on an analysis of the following four data sources: Freedom House, Corruption Perception Index, US Commission on International Religious Freedom, UN embargoes (only state-led)/EU embargoes. For details, please visit: [www.ccla.co.uk/about-us/policies-and-reports/policies/approach-sovereign-debt](http://www.ccla.co.uk/about-us/policies-and-reports/policies/approach-sovereign-debt)
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- 68 We aim to vote at all company meetings. In certain circumstances, however, for example in markets that adopt the practice of share blocking (banning the sale of shares from the date that the vote is filed until the shareholder meeting), or where power of attorney requirements result in prohibitively expensive associated costs, it may be impractical to vote. In such instances, we may choose not to do so.
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- 71 There are two main ways in which to elect a director: by plurality vote or majority vote. A 'plurality vote' means that the winning candidate only needs to get more votes than a competing candidate. If a director runs unopposed, he or she only needs one vote to be elected, so any 'against' votes are meaningless. Because of this, shareholders have the option to express dissatisfaction with a candidate by indicating that they wish to 'withhold' authority to vote their shares in favour of the candidate. A substantial number of 'withhold' votes will not prevent a candidate from getting elected, but it can sometimes influence future decisions by the board of directors concerning director nominees.
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## Images

### Courtesy of Koestler Arts

Cover, *Flight to Freedom*,  
HM Prison Standford Hill (Sheppey Cluster)

Page 8, *Whitby Harbour*  
HM Prison & Young Offender Institution Styal

Pages 10-11, *Tide Out*  
HM Prison Oakwood

Pages 18-19, *Tuscany Sunrise*  
HM Prison & Young Offender Institution Moorland

Pages 22-23, *Seascape*  
Arnold Lodge

Page 38, *Sea Alarm*  
HM Prison The Verne

Pages 54-55, *Man and Dog in Autumn*  
HM Prison Oakwood

Page 70, *Marshmallow Sunset*  
HM Prison & Young Offender Institution Grampian

Page 72, *Kaleidoscope*  
HM Prison Ashfield

### Other images

Pages 57 and 66: Millie Nice

Pages 40, 46 and 52: Pamela Bentley

Pages 3, 5, 13, 14, 26, 27, 39, 69,

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## Important information

All data as at 31 December 2024, unless specified otherwise.

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