

CBF Church of England Investment Fund

The purpose of this report is to provide disclosures of key sustainability-related performance indicators and metrics. The content of this report is aligned with the requirements of the environmental, social and governance (ESG) sourcebook published by the Financial Conduct Authority (FCA) and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

We recognise the growing demand from investors for more information in these areas and will continue to evolve and enhance our reporting in line with data and industry developments.

Date range

Due to current data collection processes the report covers two distinct reporting periods. Climate related data required under TCFD is reported as a 12-month period to the end of March 2025 (this was previously reported separately and was originally issued in June 2025). Sustainability related data covers the 12-month period to the end of June 2025. Going forward it is our intention to report against a 12-month period to the end of December, starting with the calendar year ending December 2025.

Fund size

2025	£2,074 million
2024	£2,153 million

Investment policy

The fund is an actively managed, diversified portfolio of assets designed to help protect both present and future beneficiaries from the effects of inflation. It will have an emphasis on equities but will also include property, bonds and other asset classes, which may be either liquid or illiquid in nature. The fund is managed in line with a faith-consistent investment policy, developed by CCLA, to meet shareholders' desire to invest in a way that reflects Christian and Anglican teachings and is grounded in the advice produced by the Church of England's Ethical Investment Advisory Group. This can include restrictions from investment (or other implications for asset selection) and/or engagement activity that goes beyond CCLA's standard approach.

Sustainability approach

This product does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not use a sustainable investment label because it does not have a sustainability goal. However, the listed equities held in the fund are managed in line with CCLA's 'Act, Assess, Align' approach to sustainability. Other assets are managed in line with the 'Align' approach as set out in the [values-based investment restrictions](#). The 'Act, Assess, Align' approach includes:

- acting as an agent for 'change', because investment markets can only ever be as healthy as the environment and communities that support them
- assessing the environmental, social, and governance standards of listed equities with the aim of avoiding investment in companies that are deemed by CCLA as having an unacceptable social or environmental impact and supporting the financial returns of the fund
- investing in a way that we believe is aligned with the values of our clients.

The fund is managed in line with [values-based investment restrictions](#) that have been set by CCLA. The restrictions that apply to the fund are set out in the scheme particulars. These restrictions are applied in accordance with our [values-based screening policy](#) (which also sets out how we consider the eligibility of third-party managed funds) and are implemented based upon data points selected by CCLA.

In addition, the fund is managed in line with CCLA's goal to achieve net-zero emission listed equity portfolios no later than 2050. Key performance indicators for net-zero alignment are set out in the TCFD section at the end of the report.

Approach to driving social and environmental change

The fund aims to act as an agent for change because we believe investment markets can only ever be as healthy as the environment and communities that support them. We do this 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 received the attention that they require
- seeking to be a catalyst for change in the investment industry.

Our work to drive change is currently organised into three priority areas:

- **Better environment:** where we are working to accelerate the transition to a net-zero emissions economy and address concerns regarding biodiversity loss.
- **Better work:** where we are working to address modern slavery and wider concerns regarding human rights, poor labour standards and the living wage.
- **Better health:** which includes working with companies to push for better standards to protect the mental health of employees and push for improvements in the nutritional standards of products. This work only applies to the listed equity component of the fund and CCLA may change or add to these areas of focus.

Further detail about our engagement priorities and the outcomes that have been achieved are available in our [Sustainable Investment Outcomes report](#).

Sustainability metrics

Act

During the 12 months to the end of June 2025, CCLA engaged with 88% (76 out of 86) of the listed equities held in the fund.

Engagement is split across our three engagement themes: health, work and environment. We set out below two engagement case studies for each. Please note case studies are selected for illustrative purposes and are intended to give a balanced picture of our engagement, both positive and negative.

A new approach to engagement tracking and reporting was introduced on 1 July 2025. We will report on effectiveness of engagement with holdings in the fund against this new approach at the next reporting period.

Health

Engaging for better public health is a key priority in our stewardship work. Our health stewardship covers a range of themes, including mental health and nutrition.

Nestlé (nutrition)

Good nutrition is fundamental to good health, yet we are experiencing an epidemic of poor health due to the consumption of unhealthy products. Through engaging with food and beverage manufacturers on nutrition, we can play a role in improving public health. More than a billion servings of Nestlé products are consumed every day worldwide¹ making the company a key player in the fight against diet-related ill-health.

We have been engaging with Nestlé on nutrition since 2017. In 2025, we took the role of lead investor for the Access to Nutrition Initiative coalition and attended the company's AGM in Geneva. We asked the new CEO to prioritise this topic.

Since 2022, Nestlé has increased the age threshold from 13 to 16 for marketing unhealthy products; ceased infant formula marketing (0–6 months); and set a target on sales of healthier products. In 2025, it announced new commitments on nutrition disclosure. We will be visiting the company in October 2025 to work towards stronger targets on sales of healthier products.

Meanwhile, CCLA continues to be a signatory to ShareAction's Healthy Markets Initiative, and to the Access to Nutrition Initiative. We engage with all major food and beverage manufacturers in our portfolio on this topic.

AstraZeneca (workplace mental health)

AstraZeneca is one of more than 100 companies in the CCLA Corporate Mental Health Benchmark – Global 100+. Despite engagement calls with the company in April 2024 and March 2025, and a letter to the company's CEO on behalf of a sizeable investor coalition annually, the company's performance has steadily deteriorated. Having scored 60% in its 2022 benchmark assessment, the company scored just 40% in 2024, representing the largest deterioration of any company in the mental health benchmark over this time period.

Engagement with the company will continue. In April 2025, we voted against the re-election of the CEO, Pascal Soriot, reflecting our level of concern over the company's record on workplace mental health.

Work

Within the 'better work' pillar, we are principally concerned with the recognition and support for human and labour rights. Our focus is on modern slavery, broader human rights concerns and living wage.

Coca-Cola Co (forced labour)

In 2024, the *New York Times* uncovered exploitative abuse, forced labour and coerced hysterectomies in the Maharashtra sugar cane industry in India.

CCLA led engagement on Coca-Cola on behalf of an investor coalition engaging sugar buyers in the region. We asked the company to tackle this issue and ensure effective grievance mechanisms for affected workers.

Coca-Cola agreed to implement training for mill management and labour brokers to improve recruitment and labour conditions. It also advanced plans to establish the Coalition for Responsible Sugar in India (CRSI).

Meanwhile, we are engaging with the Independent Sugar Workers Association (ISWA) and brokered the first meeting between ISWA representatives and the global sugar buyers (Unilever, Nestlé, Coca-Cola, Mondelez, PepsiCo). In June 2025, the *New York Times* reported that the international pressure may be working and there are signs of change in the sugar industry in India. We will continue to engage on this topic.

¹ Source: Nestlé, 2025.

LVMH Moët Hennessy Louis Vuitton (Living Wage)²

CCLA began engaging with LVMH on Living Wage in 2024 through the Platform for Living Wage Financials (PLWF). In the 2023–4 assessment, LVMH's approach was rated 'Embryonic'. LVMH faces significant challenges due to its decentralised structure, which comprises 75 brands or 'maisons' that all have significant autonomy. Therefore, although LVMH has a Living Wage commitment, it is unclear how they implement this policy across their maisons.

In December 2024, CCLA and the other members of the PLWF engagement group met with LVMH to push the company into strengthening their approach on Living Wage. Although they shared that one of their maisons, Louis Vuitton, is working with the Fair Wage Network to engage suppliers and promote fair payment within their supply chains, they did not provide evidence of an improved group approach. CCLA will continue to monitor LVMH's progress and engage when their next assessment is published in late 2025.

Environment

Within 'better environment' our primary focus is on climate action. We also focus on other environmental concerns such as biodiversity.

Siemens (climate)

Climate change represents a significant threat to our planet, ecosystems and communities. As an industrial sector company, Siemens is defined as a 'high impact' company for its potential to contribute to climate mitigation. We have engaged with Siemens on climate action since 2023 through the Net Zero Engagement Initiative.

Specifically, we have been asking for a clearer climate transition plan, an increase in scope 3 emission reduction targets and better engagement on climate with suppliers. We attended the AGM in 2024 to reinforce these asks.

By early 2025, Siemens had raised its 2030 scope 3 emissions reduction target from 15% to 30% and expanded disclosure on supplier engagement. It has published a structured climate transition plan including a visual decarbonisation roadmap. There is more to do, particularly around quantifying the impact of specific actions. Nonetheless, Siemens has a significant potential to contribute to climate mitigation and has evidenced that it is actively working to reduce its carbon footprint.

Zoetis (biodiversity)

Declining biodiversity presents growing systemic risks to environmental stability, economic security, and human wellbeing. As a health care company with impacts across animal pharmaceuticals and agriculture, Zoetis is considered systemically important for reversing nature loss. We began engaging in 2024 through the Nature Action 100 initiative.

In our first meeting, we encouraged Zoetis to align its sustainability strategy with biodiversity goals. We discussed biodiversity-related materiality assessments, antibiotic use, sustainable packaging, and consideration of frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD).

Zoetis acknowledged biodiversity has not yet been a core focus but committed to reassessing its material issues. It is shifting from antibiotics to preventive solutions, with vaccines now 25% of its portfolio, and piloting packaging improvements. The company is early in its approach but open to continued engagement.

Zoetis scores lower than peers in the Nature Action 100 benchmark. We will continue engagement to encourage improved disclosure, framework alignment, and clearer integration of biodiversity into strategy and reporting.

Align

The value-based screenings that apply to this fund are set out [here](#). If these restrictions were applied to the MSCI World Index 7.2% of the index by weight (114 companies) would be excluded from investment.³ No investments breached client values during the period.

Assess

Climate-related data in this report covers the period to 31 March 2025.

The following information is based on the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD), aims to help you understand more about the climate-related financial risks the fund is exposed to and will give you the ability to compare a range of climate metrics with other funds.

To understand the governance, strategy and risk management that CCLA has in place to manage the risks and opportunities related to climate change, please refer to [A climate for Good Investment](#), which also includes our approach to climate related scenario analysis, exclusions and engagement.

Climate metrics are only provided if reliable climate data and appropriate methodologies are available. For 2025 we have also included some alternative assets where reliable data is available. Much of our fixed interest exposure is through externally managed funds. We have obtained climate data from these fund managers, however, as they use a different methodology to calculate their data it is not reported here. We do not have reliable climate data using appropriate methodologies for other asset classes. For more information see [A climate for Good Investment](#).

² Stock sold during the period for investment reasons.

³ Analysis is based on MSCI index weighting at 30 June 2025. All restrictions are based on either those specified in the respective scheme particulars/prospectus or CCLA's investment policy. Restrictions on breast milk substitutes and animal testing are not included.

Climate metrics

Assets covered⁴

2025	73.5%
2024	70.1%

Carbon footprint

2025	10.0 tCO ₂ e/\$m invested
2024	10.8 tCO ₂ e/\$m invested

Sums up the Scope 1 and 2 greenhouse gas emissions⁵ in the portfolio based on the investor’s ownership share of each of the companies’ market capitalisation (in USD) and it is expressed as tonnes of carbon dioxide equivalents (tCO₂e) per \$1 million invested. The larger the number, the greater the contribution to the effects of climate change

Total carbon emissions

	Scope 1 & 2	Scope 3
2025	28,935 tCO ₂ e	257,406 tCO ₂ e
2024 ⁶	10,850 tCO ₂ e	80,094 tCO ₂ e

Measures the total carbon emissions for which an investor is responsible by their asset ownership. Emissions are apportioned based on asset ownership (% market capitalisation). This measure sums up all the emissions (Scopes 1, 2 and 3) for the assets covered.

Carbon intensity

2025	47.4 tCO ₂ e/\$m sales
2024	51.3 tCO ₂ e/\$m sales

Measures the carbon efficiency of a portfolio, defined as the ratio of Scope 1 and 2 carbon emissions for which an investor is responsible to the sales for which an investor has a claim by their asset ownership. Emissions and sales are apportioned based on asset ownership (% market capitalisation).

Weighted average carbon intensity

2025	33.8 tCO ₂ e/\$m sales
2024	53.7 tCO ₂ e/\$m sales

Measures a portfolio’s exposure to carbon-intensive assets, defined as the portfolio weighted average of assets’ carbon intensity (emissions/sales), expressed in tCO₂e/\$1m sales. The larger the number, the more carbon intensive the investments.

Financed emissions

2025	7.5 tCO ₂ e/\$m invested
2024	8.5 tCO ₂ e/\$m invested

Represents the financed greenhouse gas emissions (Scopes 1 and 2) associated with the assets covered. The larger the number, the more it is contributing to the effects of climate change.

Scenario analysis

When considering climate related risks, we use both backward- and forward-looking data. Backwardlooking data summarises the greenhouse gas emissions of an asset or fund.

Forward-looking data aims to gauge the significance of climate risks on the individual investments within the fund. This is determined using climate scenario models which are complex multidimensional computational tools. They are based on a number of variables: data from climate forecasting models, current observations, assumptions about future socioeconomic behaviour and the regulatory landscape.

Due to the numerous assumptions and long-term projections climate models make, there are inherent uncertainties embedded within the results. Therefore, results should be considered with caution as they are estimates of projections, not forecasts. The results should be interpreted on a relative basis as actual future conditions may differ substantially from these projections.

The key forward-looking metrics that we monitor are outlined on the next page.

4 The percentage shown here is a combination of the coverage ratio for different asset classes. The coverage ratio is the fund’s percentage of each asset class multiplied by the data coverage for the securities of that asset type. 73.5% for 2025 is made up of coverage ratios for equities (65.0%) and alternatives (8.5%). If the total coverage ratio stated is below 100%, it may not represent the fund’s total carbon footprint/climate-related impact for the given metrics and is not comparable with other funds. Lower data coverage results in reduced reliability for these metrics.

5 Scopes 1, 2 and 3 are a categorisation of greenhouse gas (GHG) emissions. Scope 1: GHG emissions that a company makes directly, for example while running its boilers and vehicles. Scope 2: emissions companies make indirectly that is being produced on its behalf, for example purchased electricity or energy for heating and cooling buildings. Scope 3: all the emissions associated, not with the company itself, but for which the organisation is indirectly responsible, up and down its value chain. For example, from buying products from its suppliers, and from its products when customers use them.

6 The calculation used for the 2024 total carbon emissions assumed a portfolio size of \$1 billion. The 2025 calculation uses the actual portfolio size as at 31 March 2025. This change accounts for most of the disparity in the year-on-year figures provided.

Climate value at risk (VaR)

This measure quantifies the size of loss on a portfolio of assets over a given time horizon, at a given probability, for three different scenarios. See [A climate for Good Investment](#) for details of these.

The climate VaR is an aggregate figure comprising:

- Policy climate VaR: captures each asset's share of the costs of regulatory and policy changes in order to meet each country's emission reduction target.
- Technological opportunities VaR: illustrates which assets will be the likely beneficiaries if/when climate policies are implemented on a country and global level.
- Physical climate VaR: indicates costs to business interruption associated with extreme weather.

The following table reflects the impact the costs of transition will have on reducing the profitability of the companies in which the fund invests.

Metric	2025 (%)	2024 (%)
Orderly		
Policy climate VAR	-3.6	-1.9
Technological opportunities VAR	0.8	0.1
Physical climate VAR	-1.3	-3.1
Aggregated climate VAR	-4.1	-4.9
Disorderly		
Policy climate VAR	-1.4	-1.2
Technological opportunities VAR	0.2	0.0
Physical climate VAR	-2.0	-3.1
Aggregated climate VAR	-3.2	-4.3
Hot house world		
Policy climate VAR	-0.7	-0.3
Technological opportunities VAR	0.1	0.0
Physical climate VAR	-2.5	-3.9
Aggregated climate VAR	-3.1	-4.3

What CCLA is doing to mitigate this risk

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

1. **Transactions** is the attempt to reduce carbon emissions in an investment portfolio by selling high carbon assets and purchasing low carbon ones. While this will reduce the footprint of the portfolio, it is unlikely to have an impact on the real world as the assets will be purchased by another investor and continue to emit.
2. **Action** is where the investor works with companies to incentivise them to take steps to reduce their footprint. While slower, this approach decarbonises portfolios by genuinely reducing emissions and, in so doing, contributes to 'real world' decarbonisation.

As part of our commitment to 'action', we are seeking to drive decarbonisation through dialogue with the companies in which we invest and by engaging with public policy makers, while setting a year-on-year maximum carbon footprint ceiling for our listed equity investments (see [A climate for Good Investment](#)).

Implied temperature rise

2025	2.0°C
2024	1.9°C

The implied temperature rise (ITR) captures a company's contribution to rising temperatures. The metric aims to quantify the alignment of the fund's activities against future temperature goals such as the Paris Agreement's maximal goal of mean surface temperatures not breaching 1.5°C.

Further links

- [Scheme information](#) (for pre-contractual disclosures)
- [A climate for Good Investment](#) (for information on the impact of climate change on CCLA and the actions we are taking)

Glossary

Please refer to the glossary on our website for explanations of terms used in this communication. If you would like the information in an alternative format or have any queries, please call us on **0800 022 3505** or email us at **clientservices@ccla.co.uk**

Important information

Data sources

Sustainability: CCLA and MSCI, as at 30 June 2025.

Climate: MSCI, as at 31 March 2025 and 31 March 2024.

This document is not a financial promotion and is issued for information purposes only. It does not constitute the provision of financial, investment or other professional advice. We strongly recommend you seek independent professional advice prior to investing.

The value of investments and the income derived from them may fall as well as rise. Investors may not get back the amount originally invested and may lose money.

Any forward-looking statements are based on CCLA's current opinions, expectations and projections. CCLA undertakes no obligations to update or revise these. Actual results could differ materially from those anticipated.

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