CCLA
GOOD INVESTMENT

The CBF Church of England Investment Fund

Manager

CCLA Fund Managers Limited

Report type

Combined SDR ongoing product-level disclosure and TCFD product report.

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).

Reporting period

1 July 2025 to 30 June 2026

Fund size

2026	**£1,993m**
2025	£2,065m

SDR label

We believe that the primary role of sustainable investment is to drive positive change, and this is best achieved by pushing companies to do more to address the major challenges facing us today.

We aim to manage our clients' investments in a way that aligns with their values and to do this we consider environmental, social and governance (ESG) factors in our listed equity investment process and go beyond the boundaries of traditional investor engagement to drive change.

The FCA has introduced sustainable investment labels to help investors find products that have a specific sustainability goal. This product does not have a UK sustainable investment label because it does not have a sustainability goal.

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 (as measured by the UK consumer prices index). It will have an emphasis on equities (between 50% and 85%) 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 the manager, 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 (EIAG).

Fund sustainability goal

None

Prior year/trend: No change

SDR label status

Unlabelled

Prior year/trend: No change

Sustainability characteristics

The fund is managed in line with a faith-consistent investment policy.

This supplements CCLA's standard 'Act, Assess, Align' approach to sustainable investing, while all other assets are managed in accordance with the 'Align' principles set out within its values-based investment restrictions.

In addition, the fund supports CCLA's commitment to achieving net-zero emissions across its listed equity portfolios by no later than 2050.

This commitment reflects CCLA's broader climate strategy, which seeks to align investment portfolios with the transition to a low-carbon economy while delivering sustainable long-term returns.

Prior year/trend: No change

Values-based restrictions

Excludes companies materially involved in adult entertainment, alcohol, tobacco, gambling, arms, controversial weapons, fossil fuels, non-medicinal cannabis, and high interest.

It also restricts oppressive-regime sovereign debt and requires committee approval for poor governance, controversies or weak ESG ratings.

The restrictions can be found in scheme information and in the values-based restrictions document.

Prior year/trend: No change

Impact of values-based restrictions on comparator universe

8.66% (by weight) of the comparator was restricted by fund rules (versus 7.20% the previous year).

Prior year/trend: Increase

Portfolio climate profile

The weighted average carbon intensity (WACI) of the fund was 51.1 tonnes CO_2e/$m sales compared to the comparator 94.0 tonnes CO_2e/$m sales (versus 47.0, 97.2 the previous year).

Prior year/trend: Increase

Engagement profile

Number of themes: 8
Number of companies engaged: 73
Number of companies improved (at least one theme): 25

Prior year/trend: New metric

Voting profile

Meetings: 86
Resolutions: 1197
Percent resolutions voted against management: 20.9

Prior year/trend: New metric

Material changes during the period

None

Prior year/trend: N/A

Sustainability approach

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 to help avoid investment in companies deemed by CCLA as having an unacceptable social or environmental impact, while supporting the fund's financial returns; and aligning investment decisions with the values of our clients.

As set out above, the fund is managed in line with values-based investment restrictions that have been set by CCLA and the listed equity component of the fund is managed in line with CCLA's goal to achieve net-zero listed equity portfolios no later than 2050.

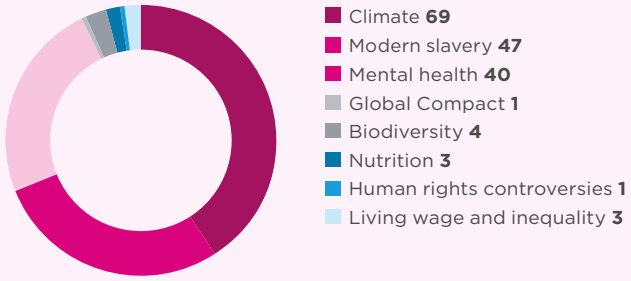
Engagement statistics

Number of listed equites subject to engagement	73
Proportion of fund percentage (weight)	98.9%

Engagement is undertaken against the CCLA Better World Engagement Framework. This framework defines our engagement themes and uses established best-practice data points to inform our dialogue with companies. Through this framework, we classify portfolio holdings across five performance levels, enabling us to drive meaningful engagement outcomes while evaluating and reporting with clarity and transparency.

The framework categorises engagement themes into three pillars: **better work, better environment and better health**. For each theme, the framework defines clear, measurable objectives, allowing us to monitor the success of our engagement over time.

NUMBER OF ENGAGEMENT CASES BY THEME



Over the past twelve months, we have engaged with 73 of the 77 listed equities held in the portfolio. We engaged with these companies across all eight engagement themes, with 168 engagement cases.

Responsiveness

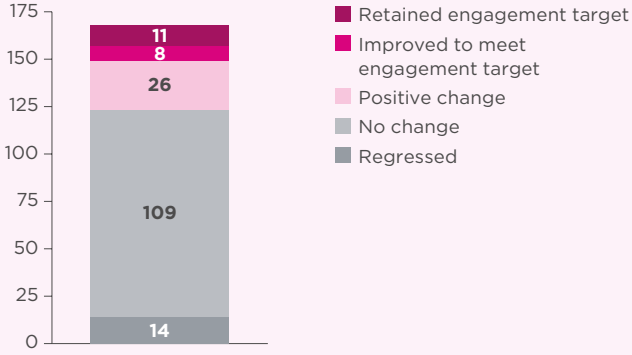
We had two-way dialogue in 57% of engagement cases (by number) and meetings in 32% of engagement cases (by number).

Progress

Over the past twelve months, there were:

- 34 improvements at 25 companies
- 14 regressions at 14 companies
- 16 companies that met or retained the engagement target set

ENGAGEMENT JOURNEY



ENGAGEMENT IN ACTION

Engaging Coca-Cola on forced labour and human rights in India's sugar supply chain

The issue

In 2024, investigations revealed widespread labour abuses in Maharashtra's sugarcane industry, including debt bondage, forced labour, exploitative working conditions and reports of coerced hysterectomies among migrant sugarcane workers. These workers are often recruited through labour intermediaries who can trap them in cycles of debt and vulnerability.

Our engagement

As part of the Interfaith Center on Corporate Responsibility's Equitable Global Supply Chains group, CCLA joined a collaborative investor engagement with major buyers of Indian sugar, including Coca-Cola, Nestlé, PepsiCo, Mondelēz and Unilever. As a direct investor in Coca-Cola, CCLA co-led engagement with the company, pressing for stronger action to address labour abuses and improve worker representation and social dialogue.

Outcome

Coca-Cola responded constructively and has supported several initiatives to improve conditions within the Indian sugar sector, including:

- **SEEDS (Sustainable and Ethical Engagement in Decent Sugarcane):** working with supply-chain mills to improve awareness and labour conditions for workers.
- **Coalition for Responsible Sugar Cane Industry (CRSI):** a multi-stakeholder initiative addressing systemic industry challenges, supported by leading companies and the Indian Sugar Mills Association.
- **Partnership with the International Organization for Migration:** delivering rights training for migrant workers.
- **Support for International Labour Organization (ILO) programmes:** tackling child labour in neighbouring Karnataka.

Visit our website for more information on how we are driving real world change through active ownership and engagement with companies on key issues facing society: Better World 2026.

Voting statistics

Number of meetings the fund was eligible to vote at	86

	No.	%
Eligible resolutions voted	1197	96.7
Votes for	979	79.1
Votes abstain and against	218	20.9
Votes against management recommendations	267	21.6
Votes against service provider base recommendations	229	18.5
Meetings where fund voted against a director at least once	70	81.4
Environmental shareholder resolutions supported	3	60
Social shareholder resolutions supported	8	34.8
Governance shareholder resolutions supported	19	82.6

VOTING IN ACTION

As institutional investors, we are in a unique position to be able to influence corporate actions, and our voting practice has long supported our wider engagement work.

Amazon AGM: Voting against key board leaders over worker rights concerns

While we supported the election of most directors at Amazon's AGM, we voted against the re-election of Edith W. Cooper, Chair of the Leadership Development and Compensation Committee, and Jonathan J. Rubenstein, Chair of the Nominations and Corporate Governance Committee. Our concerns stem from Amazon's continued approach to worker rights and board responsiveness to shareholder concerns.

As chair of the committee overseeing human capital management, Cooper holds responsibility for Amazon's workforce policies and practices. Given the company's long-standing controversies relating to freedom of association and collective bargaining rights, we no longer believe sufficient progress has been made to justify our support. We also opposed Rubenstein's re-election due to concerns that the board has not engaged constructively with shareholders on material governance issues. Under his leadership, the nominations committee has sought to exclude shareholder proposals that we consider relevant to the company's long-term management of workforce risks.

Our objective remains clear: to see Amazon demonstrate that its treatment of workers is consistent with both its publicly stated commitments and recognised international labour standards, while addressing the reputational and operational risks arising from ongoing workforce-related controversies.

Fund restrictions

The fund excludes investments in companies materially involved in adult entertainment, alcohol, tobacco, gambling, arms, controversial weapons, fossil fuels, non-medicinal cannabis, high-interest lending and certain life ethics issues.

It also restricts oppressive-regime sovereign debt and requires committee approval for poor governance, controversies or weak ESG ratings.

The restrictions can be found in the scheme information and in the values-based restrictions document.

The values-based restrictions excluded 8.66% of the MSCI World comparator benchmark by weight during the year, compared with 7.20% in the previous year. There were no changes to the restriction methodology during the reporting period and no breaches of the values-based restrictions were identified in either the current or previous year.

Climate metrics

The following information, which 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 see A climate for Good Investment which includes our approach to climate-related scenario analysis, exclusions and engagement.

Metrics

Metric	Unit	Fund 2026	Fund 2025	Fund 2024
Asset coverage	Percentage	72.85	78.3	72.5
Carbon footprint	tCO_2e/ $m invested	11.9	10.1	11.2
Total carbon emissions (scope 1 and 2)	tCO_2e	2,436	1,877	11,236
Total carbon emissions (scope 3)	tCO_2e	14,805	16,487	85,236
Weighted average carbon intensity (WACI)	tCO_2e/ $m sales	51.1	47.0	53.1
Implied temperature rise (ITR)	°C	2.2	1.9	2.2

Note: 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.

Carbon footprint

A measure of the total amount of greenhouse gasses. This is typically measured in units of carbon dioxide. This means you may also see reference to 'carbon dioxide equivalent' which is used to describe the potency of other greenhouse gases, such as methane.

Total carbon emissions

Measures the total carbon emissions attributable to an investor through their asset ownership. Emissions are apportioned according to investors' ownership share of each company's market capitalisation. This metric captures total emissions across scopes 1, 2 and 3 for all covered assets.

Carbon intensity

Refers to volume of carbon emissions per million pounds of sales (carbon efficiency of a corporate), expressed in tonnes CO_2e/$m sales.

Weighted average carbon intensity (WACI)

Is a fund's exposure to carbon-intensive issuers, expressed in tCO_2e/$m sales. The larger the number, the more carbon intensive the investments currently are. WACI allows comparison across different funds.

Implied temperature rise

Implied temperature rise estimates the global temperature increase contribution from a fund's current greenhouse gas emissions trajectory. It is a simplified tool to assess alignment of business strategies with climate goals like the Paris Agreement target. The Aladdin Climate model used to generate this metric mainly accounts for scope 1 and 2 emissions. However, it overlooks emissions occurring outside direct operations (scope 3) and any avoided emissions that could have a positive environmental impact (scope 4). These exclusions can lead to an over- or underestimation of a fund's implied temperature rise.

Climate scenarios

The following scenarios are used to assess a fund's transition alignment:

- **Orderly transition**
  This scenario assumes climate policies are introduced early and become gradually more stringent, reaching global net zero CO_2 emissions around 2050, with the aim of limiting global warming to below 1.5 ˚C on pre-industrial averages.
- **Disorderly transition**
  This scenario assumes climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2 ˚C on pre-industrial averages.
- **Hot house world**
  This scenario assumes only currently implemented policies are preserved, current commitments are not met and emissions continue to rise, with high physical risks and severe social and economic disruption and failure to limit temperature rise.

WACI fund against its comparator

Unit	2026	2025	2024
Fund tCO_2e/$m sales	51.1	47.0	53.1
Comparator tCO_2e/$m sales	94.0	90.9	145.1

Progress against net-zero commitments

At CCLA, we believe that climate change is a systemic risk to the global economy. Unmitigated, it poses a significant financial risk not only to the value of our clients' investments over the long term but also to our collective way of life. While our approach may differ from that of other parts of the industry, we remain committed to achieving net-zero emissions on the listed equities within our portfolios by no later than 2050.

We believe that this requires us to take care in asset selection and to use our tools as an investor to incentivise an accelerated energy transition. We are committed to playing our part in developing an approach to managing the risks and opportunities associated with climate change, reflecting the need for urgent action and the role we see for ourselves as a catalyst for change in our industry.

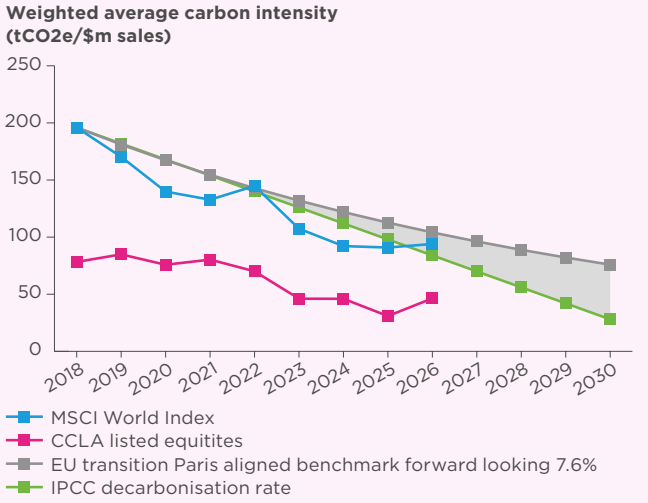
Commitment to net zero

The (NZAM) initiative is an international group of asset managers committed to supporting the goal of net-zero greenhouse gas emissions. As a founding member, we commit to managing our listed equity investments to a carbon footprint that is below a decreasing maximum ceiling.

Our approach to setting targets is based on the scientific findings of the Intergovernmental Panel on Climate Change (IPCC) special report *'Global warming of 1.5 °C'* and the United Nations Environment Programme (UNEP) *'Emissions gap report 2020'*[1], combined with the information contained in various investor networks. In developing these targets, we seek to acknowledge the systemic nature of climate change and the developing nature of the science and methodologies used to determine how to achieve global alignment on a maximum temperature change of 1.5 °C.

The chart below illustrates our approach. The shaded area between these two decarbonisation rates demonstrates that the definition and development of 1.5 °C -aligned scenarios is still evolving, and that we aim to use the best available methodology to inform the appropriate level of a portfolio emissions ceiling.

NET ZERO (LISTED EQUITIES) - WEIGHTED AVERAGE CARBON INTENSITY (WACI)



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.

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.

1 United Nations Environment Programme (UNEP) (2020), 'Emissions gap report 2020'.

Metric	2026 (%)	2025 (%)	2024 (%)
Orderly			
Policy climate VAR	-4.1	-2.8	-2.0
Technological opportunities VAR	0.1	1.0	0.1
Physical climate VAR	-0.2	-1.4	-3.0
Aggregated climate VAR	-4.2	-3.3	-4.8
Disorderly			
Policy climate VAR	-1.1	-1.0	-1.3
Technological opportunities VAR	0.0	0.3	0.0
Physical climate VAR	-0.4	-2.3	-3.0
Aggregated climate VAR	-1.5	-3.0	-4.2
Hot house world			
Policy climate VAR	-0.8	-0.5	-0.3
Technological opportunities VAR	0.0	0.1	0.0
Physical climate VAR	-0.5	-2.7	-3.7
Aggregated climate VAR	-1.3	-3.1	-4.0

What CCLA is doing to mitigate this risk

Climate change is a systemic and non-diversifiable risk. As a result, 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 assets. 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 may 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 doing so, contributes to 'real world' decarbonisation. As part of our commitment to 'action', we seek to drive decarbonisation through dialogue with the companies in which we invest and by engaging with public policymakers.

Important information

Data sources
Sustainability: CCLA and MSCI, as at 30 June 2026, 2025 and 2024 where appropriate.

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.

Issued by CCLA Fund Managers Limited (registered in England No. 8735639) whose registered office is The ZigZag Building, 70 Victoria Street, London SW1E 6SQ. CCLA is part of the Jupiter Group, and is authorised and regulated by the Financial Conduct Authority. CCLA is the trading name of CCLA Investment Management Limited and CCLA Fund Managers Limited.

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**

CCLA
The ZigZag Building
70 Victoria Street
London SW1E 6SQ

CCLA
BECAUSE GOOD IS BETTER

Freephone **0800 022 3505**
clientservices@ccla.co.uk
www.ccla.co.uk

Notice and disclaimer for reporting licenses
Certain information herein is reproduced by permission of MSCI Inc., its affiliates and information providers (MSCI). No reproduction or dissemination of the information is permitted without an appropriate license. MSCI makes no express or implied warranties (including merchantability or fitness) as to the information and disclaims all liability to the extent permitted by law. No information constitutes investment advice, except for any applicable Information from MSCI ESG Research.

1033.2511/CBF-IF-public-product-level-sustainability-report-3