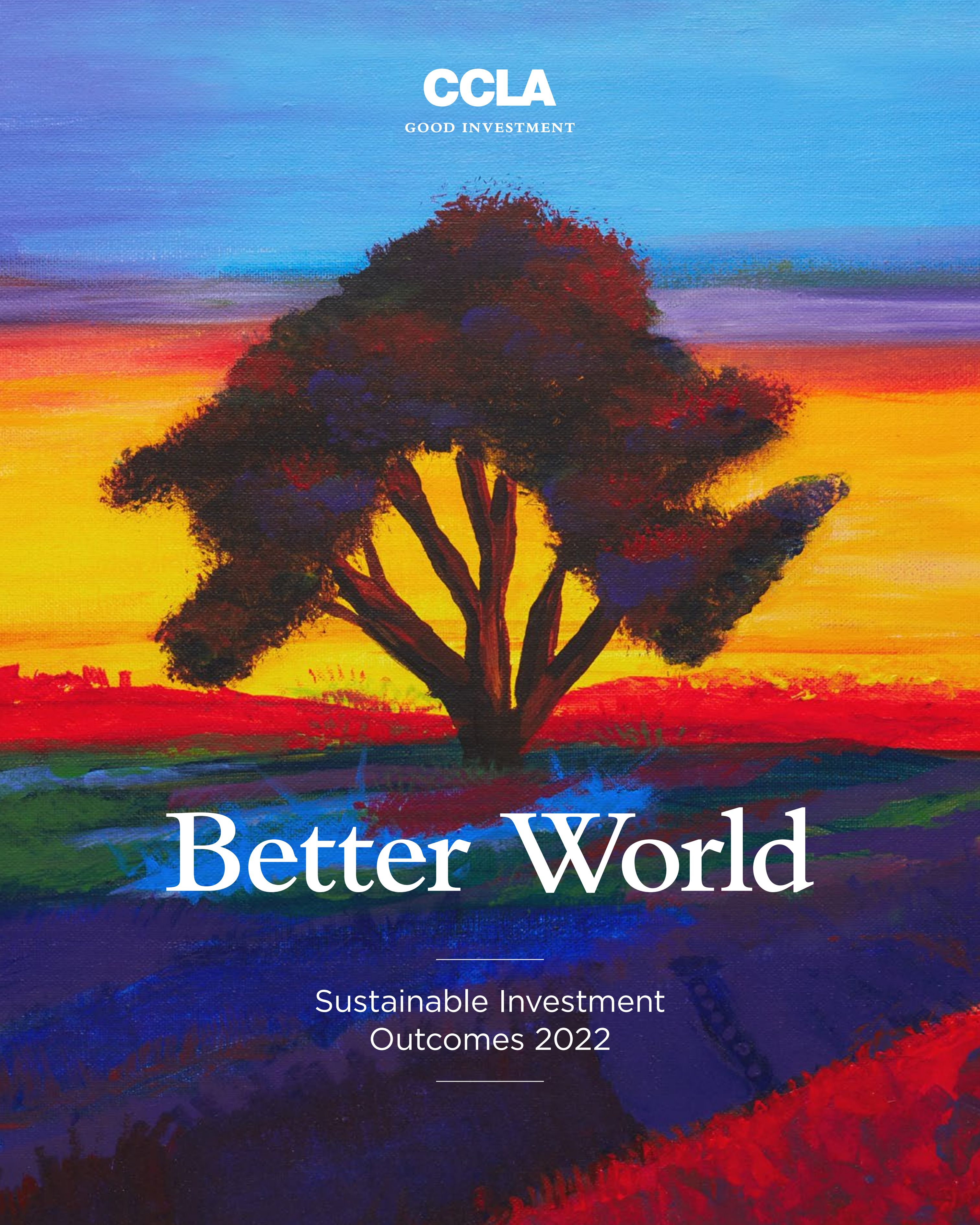
CCLA

GOOD INVESTMENT



Better World

Sustainable Investment Outcomes 2022

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

Cover image courtesy of Koestler Arts. *Savouring Natural Beauty*, Woodlands Juvenile Justice Centre, Barbara Reeve Highly Commended Award for Painting, 2022.

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

Introduction

As this report goes to press, several forces are converging on the world of sustainable finance that have the potential to transform the investment landscape for good.

Environmental, social and governance (ESG) investing has become embroiled in America's 'culture wars'. By the end of 2022, 35 anti-ESG bills had been introduced in state legislatures, although only 15 had become law.[1] Efforts in developed economies are stepping up to tackle greenwashing through attempts to create a common language for public sustainability reporting. Meanwhile, ongoing conflict in Ukraine has opened the world's eyes to energy dependency as a geopolitical weapon, disrupting fuel and food markets and having serious impacts on livelihoods across the world.

At CCLA, we have always believed that the primary role of sustainable finance is to drive positive change. Despite being challenging, we are excited by the opportunities that a changing landscape provides to create a better world. Never before has the role of active ownership been more relevant or more necessary.

What is more, we believe that efforts should be channelled towards effecting change that improves the lives of the most vulnerable in society. The secondary and tertiary social effects of war in Europe, following hot on the heels of a global pandemic, are putting already vulnerable groups at ever greater risk of exploitation: the poor, the marginalised, the sick, and the oppressed.

In 2022, we ramped up our work on modern slavery (page 16), inequality (page 26), and launched a new cost-of-living engagement that attracted the support of £3.2 trillion in assets under management on behalf of our industry.

We continued to focus on nutrition (page 39), began engaging on occupational safety (page 37) and launched the inaugural CCLA Corporate Mental Health Benchmark (page 32). On climate, while we no longer invest directly in conventional energy companies, we turned our attention to other highly relevant (though often overlooked) sectors: electrical utilities, consumer goods, mining and banks.

Businesses have a vital role to play in righting the wrongs that exist in the world. We are convinced that investors hold the key to unlocking progress at a global scale.

Peter Hugh Smith
Chief Executive

www.CartoonStock.com

We're all about Good Investment. So what is Good Investment?

As an asset manager our aim is to meet our clients' financial objectives in a way that aligns with their values and furthers their mission. We believe we have a duty to go beyond the boundaries of traditional investor engagement and work with the industry to address systemic risks that threaten communities, the environment and ultimately investment markets. We achieve this through the following three principles.

Act

We 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.

By helping to accelerate progress in meeting the major sustainability challenges that the world faces, we can limit risks before they negatively affect the performance of our clients' assets and the functioning of society.

Assess

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

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

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

This helps us avoid investments that we anticipate will underperform and, as the market has a poor record of pricing these risks, enable us to deliver consistent long-term risk-adjusted returns to our clients.

Align

As we are the guardians and not the owners of the assets we mange, we aim to invest in a way that aligns with our clients. We have a responsibility to:

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

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

This is what we call Good Investment. ■

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**

Stewardship in action

We have continued to develop and coordinate our flagship engagement programmes that focus on addressing poor mental health and fighting modern slavery. These projects are already making progress in tackling some of the world's most pressing systemic problems.

Better environment

Better work

Better health

2022

Our initiatives are supported by £15 trillion in assets under management†

January

Met the Home Office Modern Slavery Unit to discuss revisions to the UK Modern Slavery Act

Supported ShareAction in co-filing a shareholder resolution at Unilever on the nutritional standards of their food products

Commenced the CCLA 'What is Good Investment?' client consultation working groups

February

Met the Minister of State for Farming, Fisheries and Food and the Department of Health and Social Care as part of our role in the Investor Coalition on UK Food Policy

March

The Unilever nutrition resolution was successfully withdrawn, after the company committed to groundbreaking nutritional disclosure and pledges to set targets on sales of healthy products

April

Worked with Development International e.v. and Sustain Worldwide to analyse the 2021 modern slavery statements of the FTSE 100 companies

CCLA's Helen Wildsmith joined the Delivery Group of the Government's UK Transition Plan Taskforce for climate transition plans

May

Launched the inaugural Corporate Mental Health Benchmark – UK 100. This rates 100 UK listed companies on their approach to protecting employees' mental health

Met Department for Environment, Food and Rural Affairs (Defra) for a second time as part of the Investor Coalition on UK Food Policy

Following successful engagement on nutrition with Unilever, attended the company's AGM and read out a statement

†as at 31 December 2022

June

Published a global investor statement on workplace mental health with 29 founding signatories

July

Wrote to the CEOs of 100 UK-listed companies about their approach to workplace mental health, supported by $7 trillion investor coalition

August

Joined Ceres' new Banks Working Group to push banks to adopt more ambitious climate change commitments

September

Modern slavery engagement initiated with 17 construction companies, supported by 15 investors, as part of the Find it, Fix it, Prevent it initiative

CCLA and the Church Investors Group wrote to the 100 largest publicly listed employers in the UK, asking them to protect vulnerable employees from the-cost-of-living crisis

October

Launched the Corporate Mental Health Benchmark – Global 100. This rates 100 of the world's largest companies on their approach to workplace mental health

Published an investor statement on the UK's cost-of-living crisis, signed by 17 investors

Occupational health and safety engagement initiated with 10 companies

November

Dame Sara Thornton, former UK Independent Anti-Slavery Commissioner, joined CCLA to strengthen our push for effecting real-world change in modern slavery and labour standards

Wrote to the CEOs of the companies in the Global 100 benchmark regarding workplace mental health, supported by $7.5 trillion investor coalition

Engagement with Abbott Laboratories escalated to board level following concerns about its approach to the manufacture and retail of infant formula milk

December

Initiated an investor statement to push businesses and government to rectify failings in the Seasonal Workers' scheme

Co-filed a shareholder resolution at Amazon calling for improvements on their approach to workers' freedom of association and collective bargaining rights

Co-filed a shareholder resolution at Bank of America on climate transition plans

Co-filed a shareholder resolution at JP Morgan on climate transition plans

Client consultation called 'What is Good Investment?' went live

Industry recognition

Responsible investment has never been more important for underlying investors. However, it is difficult to assess the effectiveness of the policies and processes that underpin the approach of large asset managers.

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 a signatory to both, our approach is assessed annually and the full results are available on our website.

The UK Stewardship Code

CCLA has been accepted as a signatory to the Financial Reporting Council's UK Stewardship Code 2020. The code sets out 12 principles which aim to set high stewardship standards for those investing money on behalf of UK savers.

Principles for Responsible Investment

The Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment, supported by the United Nations. The PRI evaluates signatories on how well they incorporate ESG factors into investment decisions.

PRI module	Stars	CCLA	Median
Responsible investment policy and process	5	95%	60%
ESG integration in listed equities	5	98%	44%
Proxy voting	5	90%	58%
ESG integration in property	4	80%	69%

The PRI's latest assessment was undertaken in Q2 2021, with the results released in Q3 2022, based on new scoring methodology to reflect the updated reporting framework. It is not comparable with PRI scores from previous years.

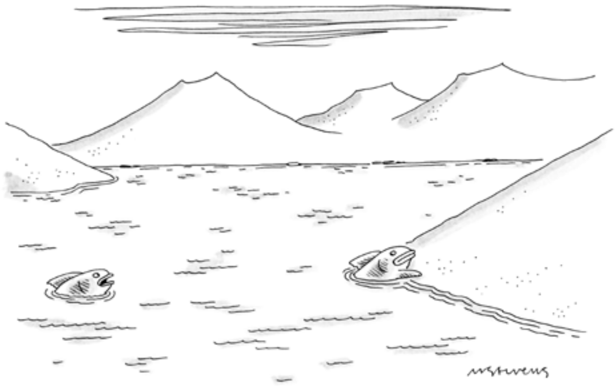
A better world, not just a better portfolio

We realise that some of the key environmental and social challenges facing the medium- to long-term performance of our clients' investments are systemic and cannot be eliminated through diversification.

We also recognise that, despite their impact, the investment industry has a poor track record on addressing systemic risks. For this reason, we seek to be a catalyst for positive systemic change and have a long track record for developing engagement initiatives that focus investor action on risks that have not been adequately addressed by the market.

Our approach to engagement frequently goes beyond the constituents of our portfolios. Despite being hard work, we believe that this top-down, or 'systemic' approach to stewardship can be the quickest and most efficient way of driving progress at the company level.

This report contains details of interactions with companies both inside and outside our investment universe. Companies held in our portfolios are marked with an asterisk (*) (correct as at 31 December 2022).



"Why don't you just stay and work on being a better fish?"

SUSTAINABLE DEVELOPMENT GOALS

We fully support the pursuit of the 17 Sustainable Development Goals (SDGs) that were adopted by the United Nations in 2015, which make up a core component of the UN 2030 Agenda for Sustainable Development.

The SDGs recognise that ending poverty and increasing economic growth must go hand in hand with strategies that reduce inequality and improve health and education, while tackling climate change and working to preserve biodiversity. The success of the SDGs relies on contributions from various stakeholders including governments, the private sector and civil society.

Rather than investing solely in 'SDG aligned' businesses, we believe that the best way to deliver the necessary change is by using our power as owners of the companies in which we invest. This allows us to have a real-world positive impact on the issues that matter. From addressing modern slavery to tackling mental ill-health, we are having a real impact on the key issues of our time.

SUSTAINABLE DEVELOPMENT GOALS

‘Un-thunk’ the ‘Glunk’

Why it’s time to rethink sustainable investment

> ‘Could she Un-thunk the Glunk alone?
> It’s very doubtful whether.
> So I turned on MY Un-thinker.
> We Un-thunk the Glunk together.’
>
> Dr Seuss[2]

Our sustainable investment philosophy

In ‘The Glunk that Got Thunk’ Dr Seuss tells the cautionary tale of a small girl who, after becoming frustrated about only ‘thunking’ about ‘fuzzy little stuff’, turns up the intensity of her thinking. The result is ‘The Glunk’, an imaginary monster who becomes real and begins to wreak havoc.

Try as she might, the girl cannot thunk the Glunk away. Just as her family stands on the brink of financial ruin, her brother (The Cat in the Hat) returns. By working together they manage to ‘Un-thunk the Glunk’.

The world faces a multitude of sustainability challenges. On climate change, despite significant progress, current international policies are expected to lead to increased global temperatures to between 2.7 and 3.1 degrees Celsius above pre-industrial levels.[3] This is far above the limit of 1.5 degrees as set out in the 2015 Paris Climate Change Agreement and, if unmitigated, will continue to lead to increased poverty in low-income countries, erratic weather patterns and accelerated biodiversity loss.

In addition, despite increased attention from companies and policymakers globally, 50 million people are estimated to live in a state of modern slavery.[4] Income inequality across countries in the Organisation for Economic Co-operation and Development (OECD) is at its highest level for 50 years[5] and poor mental health is one of the primary drivers of disability worldwide.[6]

The good news is that the investment industry, with its power and the ability to put businesses under pressure, has embraced sustainability. The bad news is that, in response, it might have accidentally ‘thunked up a Glunk’ of its own: ESG.

Driving positive and lasting change

ESG investing, the process of incorporating environmental, social and governance factors into the investment process, has undergone an incredible rise in popularity. This style of investing requires analysis of extra-financial risks, as well as traditional financial factors, when making investment decisions. It should, we believe, be welcomed.

However, instead of working to alleviate the world's major sustainability challenges, most sustainable investors choose to invest either in thematic sustainability leaders, or simply in companies with high ESG ratings.

While this may feel safe or 'clean', ESG ratings are artificial and do not relate to the real world. In buying a company that is already a leader in sustainability, investors are simply profiting from positive activity that is already taking place – their ownership makes no difference.

At CCLA, we take a different approach. We go beyond ESG and the composition of portfolios to be an advocate and catalyst for change. By actively engaging with businesses we bring the investment industry along with us. This is the only way to drive the change we need to see – it is also the only hope we have for protecting the long-term value of our clients' investment portfolios for generations to come.

Our record in driving positive change

One example is modern slavery. While the true extent of modern slavery is hidden from view, it is estimated that there are 50 million modern-day slaves in the world today. This is a human tragedy, but it also impacts the business and investment community. In the UK, for instance, the Global Slavery Initiative estimates that we import goods worth an estimated $18 billion each year that, in all probability, used slave labour in their production.

We believe that companies have an obligation to work to identify victims of modern slavery in their supply chain and direct operations, and then support the provision of remedy to these victims. CCLA has formed an unlikely coalition between the investment industry, non-governmental organisations and academics to develop a new approach. Our Find it, Fix it, Prevent it programme asks companies: 'what are the outcomes of your anti-slavery efforts?' We go beyond evaluating policies and look for results.

Although in its early days, this programme is already having impact. From its small start, Find it, Fix it, Prevent it is now supported by investors with £12.8 trillion in assets, and has led to companies commissioning new work and efforts to find and help people in difficulty, rather than pretending that they do not exist. This collaboration can change lives, and we like to think it already has.

On mental health, the CCLA Corporate Mental Health Benchmark (launched in 2022), has already driven change in a crucial area that has historically not had the attention it deserves.

Assessing purpose

While driving change is key, it is important that asset owners – of all sizes and complexities – can assess the effectiveness of the activities carried out by their asset managers. This is a complex and contested area but the Financial Conduct Authority is working to clear some of the confusion by promoting a labelling regime for sustainable finance products.

If adopted, this will help clients understand the purpose behind their asset managers' sustainability activity and set a clear marker of what counts as 'real' sustainable activity.

The time is now

With the scale of the challenges that we face, it is critical that the investment industry 'un-thunks' the ESG 'Glunk', by doubling down on efforts to drive positive change. The value of our portfolios and the health of our environment and communities depend on it.

If we fail, as the little girl observes of The Glunk, it will remain, 'a little greenish ... not very cleanish'. This report maps our record in going beyond ESG and our progress in driving real world, positive change.

Our approach to integrating sustainability

The main aim of our responsible investment process is to preserve the long-term value of our clients' investments by delivering positive change.

To protect short- and medium-term value, we fully integrate ESG factors into our listed equity investment process. We believe that this allows us to assess and control financial risks that are often not visible through the lens of conventional financial analysis.

Companies' poor ESG standards are of increasing importance. So, we assess each company prior to purchase in two ways.

First, we assess how sustainability factors will impact the company's ability to thrive financially. This assessment is based on reviewing the company against:

- Sector-specific sustainability issues identified by the Sustainability Accounting Standards Board (SASB). SASB Standards identify the subset of environmental, social and governance issues most relevant to financial performance and enterprise value for each of the 77 industries[7]. These issues can be broadly summarised as environmental, social capital, human capital, business model and innovation, leadership and governance factors.
- The grade awarded by the CCLA Corporate Governance Rating. This is a bespoke tool that awards companies a grade from A–F dependent on the quality of their board structure, accounting practices, ownership and capital stewardship.
- Any sustainability controversies that the company has been involved in.

The outcome of this assessment can alter our opinion about the value of a company.

Second, we recognise that not all sustainability issues are financially material within conventional investment time horizons. We expect that regulation, legislation and changing consumer preferences will increasingly embrace the importance of sustainability. Businesses involved in the most unsustainable activities are likely, over time, to be penalised. For this reason, we also assess companies' impact on the real world. This is based on three themes:

- Better work – labour standards and human rights
- Better health – encouraging high standards of health and wellbeing
- Better environment – climate change and the environment.

Taken together, this analysis allows us to identify, and remove from our investment universe, the most unsustainable businesses and develop appropriate engagement action plans to help the other businesses to move forward.

Our ESG analysis does not end once an investment has been made. Companies' ESG characteristics are routinely reviewed to ensure that standards do not slip. For those companies with an engagement action plan, progress is closely monitored. We reconsider investment in companies if they refuse to engage or do not respond adequately to engagement on the most serious issues.

This approach helps us to control risk, deliver more consistent investment returns and contributes towards our mission of pushing for positive change. ■

Better work

TARGET: SUSTAINABLE DEVELOPMENT GOAL 8.7

Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

8 DECENT WORK AND ECONOMIC GROWTH

Modern slavery is an umbrella term encompassing slavery, servitude, human trafficking and forced or compulsory labour.[8] Victims are controlled by debt bondage, threats, violence, deception and coercion.[9]

In 2021, we reported that the number of modern-day slaves worldwide was 40 million. In 2022, new estimates suggested that the number was closer to 50 million.[10]

This is clearly a key issue for law enforcement, but it does also impact the business and investment community. Against a backdrop of increasing public scrutiny, a risk that may once have been reputational and short term in nature is becoming financially material.

Regulatory interventions to address modern slavery in global supply chains, including forced labour import bans, are on the rise. The US is increasingly using forced labour bans to prevent goods made with forced labour from entering the country and in June 2022 enacted the Uyghur Forced Labour Prevention Act. This includes a rebuttable presumption that goods from Xinjiang, China, are tainted by forced labour.

Also in June 2022, the European Parliament adopted a resolution calling for an EU import ban on products manufactured using forced labour. Any such import ban could be a powerful tool to impose due diligence obligations on companies whose products are destined for the EU market. We believe regulation will be forthcoming.

CCLA has a decade-long history of efforts to make the corporate response to modern slavery more effective. We recognise that we cannot do this alone and aim to bring the investment community along with us in this mission.

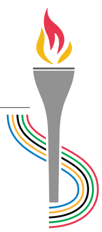
STEWARDSHIP IN ACTION

Go to page 6 to see how Better Work forms part of our overall stewardship programme.

A history of action on modern slavery

We have a long-standing commitment to protecting human rights and our highest exposure to modern slavery is likely to be through the companies and assets held in client portfolios. Recognising the important role that investors can play to make change happen, we have spent years bringing investors together to help improve the efficacy of corporate actions to find and fight modern slavery in supply chains.

2012



During the London 2012 Olympics, CCLA engaged with hotel groups (IHG and Whitbread) as part of a coalition to understand the risk of their facilities being used for child sex trafficking

2017/18

Released the Engagement Report

Worked on the Employer Pays initiative

Fed into Home Affairs Select Committee inquiry on Modern Slavery Act

Responded to government consultation on behalf of £2.4 trillion investor coalition

2015/16

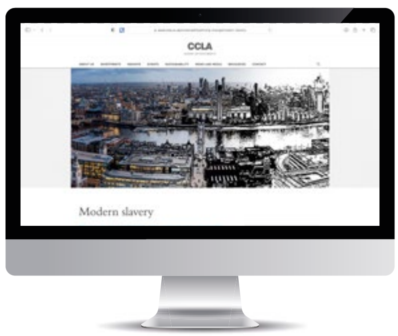
CCLA collaborated to get the ‘Transparency in Supply Chains’ provisions included in the Modern Slavery Bill as it was going through parliament, to later become the Modern Slavery Act

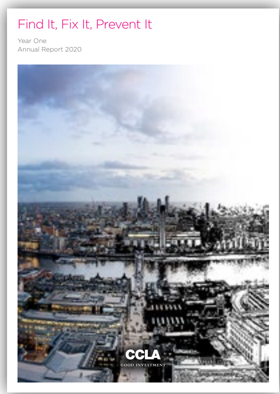
Engaged with 265 companies on the Modern Slavery Act

Modern Slavery Act 2015

2019

Launched Find it, Fix it, Prevent it, supported by 40 investors with £3.5 trillion of assets





2020

Published engagement expectations document

Engagement with 14 hospitality companies began

Joined the Home Office stakeholder input group: Transparency in the Supply Chain Modern Slavery Strategy Implementation Group

Issued letter to companies operating in the Gulf in light of Covid-19

Worked with government IT contractor to advise on creation of the Modern Slavery Statement Registry, launched March 2021

2021

Find it, Fix it, Prevent it now supported by £7 trillion AUM

Continued engagement in hospitality sector. CCLA speaks at the IHG AGM about the project

Provided input into the government's new modern slavery strategy

Supported Dutch and Australian investors to replicate the project in their markets

2022

Find it, Fix it, Prevent it now supported by £12.8 trillion of assets

Continued to engage with 13 hospitality firms, with support of 16 investors. Outcomes include stronger policies, better implementation and partnerships with anti-slavery initiatives

Initiated engagement with 17 construction companies, supported by 15 investors

Drafted investor statement on the Seasonal Workers' scheme, signed by 10 investors

Sent letters to British Retail Consortium, the Ethical Trading Initiative and the Food Network for Ethical Trade to make investor views clear

Supported Unseen and Justice & Care pushing for stronger provisions in the Modern Slavery Act, including fines for non-reporters and more mandatory reporting data-points

Dame Sara Thornton, the former UK Independent Anti-Slavery Commissioner, joined CCLA to strengthen our action on modern slavery

Worked with Development International e.v. and Sustain Worldwide to analyse the 2021 modern slavery statements of the FTSE 100 to assess compliance with the Modern Slavery Act and the degree to which companies publicly declare whether they 'find, fix and prevent' modern slavery

Find it, Fix it, Prevent it

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

The initiative is designed to harness the power of the investment community in order to make the corporate response to modern slavery more effective.

We believe that companies have an obligation to work to find modern slavery in their supply chains, to address it and then provide remedy to victims. To encourage this, the initiative has three complementary aims, each linked to a discrete workstream:

- **Coordinated company engagement** – helping companies to develop and implement better processes for finding, fixing and preventing modern slavery. This is currently focused on UK-listed companies in the hospitality and construction sectors
- **Meaningful public policy** – aims to strengthen the Modern Slavery Act 2015 through dialogue with policy makers
- **Better data for investors** – works with data providers, NGOs and academia to identify and develop better data on modern slavery risks.

Progress summary

Coordinated company engagement

In 2022, Find it, Fix it, Prevent it continued to engage with the 13 hospitality firms that the initiative has targeted since 2020. This effort is supported by 16 institutional investors and focused largely on business ventures in the Gulf states.

Outcomes include stronger policies, better implementation and partnerships with anti-slavery initiatives, such as Stop the Traffik.

In September 2022, the programme moved into phase two: engagement with the construction industry. Seventeen construction firms were identified for engagement. These firms cover UK housebuilding; international construction and engineering firms; and suppliers of raw materials to the construction sector. Fifteen investors volunteered to support these engagements.

Our engagement with the construction sector is in its early days and we look forward to reporting on outcomes later in 2023.

During 2022, we learned that Brexit combined with the war in Ukraine had resulted in a shortage of migrant workers for the UK agricultural sector. Reports showed that migrant workers in the UK, recruited and employed through the government's Seasonal Workers' scheme (SWS), were obliged to pay excessive fees to agents and middlemen, resulting in a high risk of debt bondage.

We drafted an investor statement and convened a group of 10 investors to sign it. As a group, we intend to write to all UK supermarkets, selected hospitality companies and agricultural suppliers. See page 25 of this report for more information.

MODERN SLAVERY IN NUMBERS

£12.8 trillion

VALUE OF ASSETS MANAGED OR ADVISED SUPPORTING FIND IT, FIX IT, PREVENT IT

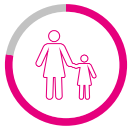
20,000 people

WILL NEED TO BE FREED EVERY DAY TO END MODERN SLAVERY BY 2030

56 investors

SIGNED THE FIND IT, FIX IT, PREVENT IT INVESTOR STATEMENT

50 million people



ARE VICTIMS OF MODERN SLAVERY; WOMEN AND GIRLS ACCOUNT FOR 78%

13 hospitality companies

HOSPITALITY COMPANIES ENGAGED DURING 2022

£14.4 billion

THE VALUE OF GOODS IMPORTED INTO THE UK EACH YEAR THAT ARE LIKELY TO HAVE USED SLAVE LABOUR IN THEIR PRODUCTION

2 companies disclosed

INSTANCES OF MODERN SLAVERY IN ENGAGEMENT

20 % of FTSE 100 companies

REPORTED ACTION TO IDENTIFY MODERN SLAVERY IN SUPPLY CHAINS

Meaningful public policy

In January 2022, CCLA met the Home Office Modern Slavery Unit to discuss revisions to the UK Modern Slavery Act. We supported extending the definition of supply chains in Section 54 of the Act (Transparency in the Supply Chain) to include investment portfolios.

This would require asset managers and other investment businesses to report annually on the steps that they have taken to fight slavery in their portfolio. It was a positive discussion, and we were left feeling optimistic about the likelihood of this change occurring.

In the 2022 Queen's Speech, the government duly announced a review of the Modern Slavery Act, including a new Modern Slavery Bill. However, given the changes in government since the Queen's Speech, it is – again – unclear whether this legislative agenda will go ahead. No further development was achieved in the reporting period.

Also in 2022, CCLA joined forces with civil society organisations, including Unseen and Justice & Care, pushing for stronger provisions in the Modern Slavery Act, including fines for non-reporters and more mandatory reporting data-points. We signed a statement supporting stronger provisions and shared it across the Find it, Fix it, Prevent it network.

We expect there will be further opportunities in 2023 to engage with government, civil society and academia now that Dame Sara Thornton, the former UK Independent Anti-Slavery Commissioner, has joined CCLA's sustainability team.

FIND IT, FIX IT, PREVENT IT – ASIA-PACIFIC CHAPTER

During summer 2022, we met with the Investors Against Slavery and Trafficking team. This is an initiative set up by Australian investors, First Sentier, and supported by the Walk Free Foundation to take the Find it, Fix it, Prevent it model to companies in Asia-Pacific. Well-developed engagement is ongoing with several large-cap companies listed on the ASX 50.

Better data for investors

We recognise that modern slavery is often hidden from sight and can sit deep within corporate supply chains. Our ambition is to incentivise companies to be more transparent in their efforts to find and tackle modern day slavery: disclosing when it is uncovered, reporting on steps taken to prevent recurrence and remedy provided to victims (find, fix, prevent).

In 2022, we worked with Development International e.v. and Sustain Worldwide to analyse the 2021 modern slavery statements of 100 of the largest UK-listed companies to understand whether they comply with the Modern Slavery Act and the degree to which companies publicly declare whether they find, fix and prevent modern slavery.

The vast majority had published a modern slavery statement, however, the number and percentage of companies reporting that they had found, fixed or prevented modern slavery was much lower. Only 20% reported action to identify cases of modern slavery in their supply chains, while 3% reported fixing individual cases and 18% reported action to prevent it.

The FTSE 100 companies have a combined net turnover of £1.9 trillion and own *c.*30,000 subsidiaries worldwide, so their potential to address modern slavery is especially high.

Engagement outcomes

CCLA's engagement expectations document[11] guides all engagements on the Find it, Fix it, Prevent it initiative. The objectives are based on the UN Guiding Principles of Business and Human Rights and draw upon existing best practice principles developed by the Business & Human Rights Resource Centre and KnowTheChain.

The list of indicators is extensive, though there are four primary questions that really matter:

1. Have you found modern slavery in your operations or supply chain?
2. If not, can you demonstrate that you have rigorous processes in place to look for it?
3. If so, can you demonstrate the steps you have taken to improve the lives of victims?
4. Have you effectively reported your actions and the steps taken to prevent a reoccurrence?

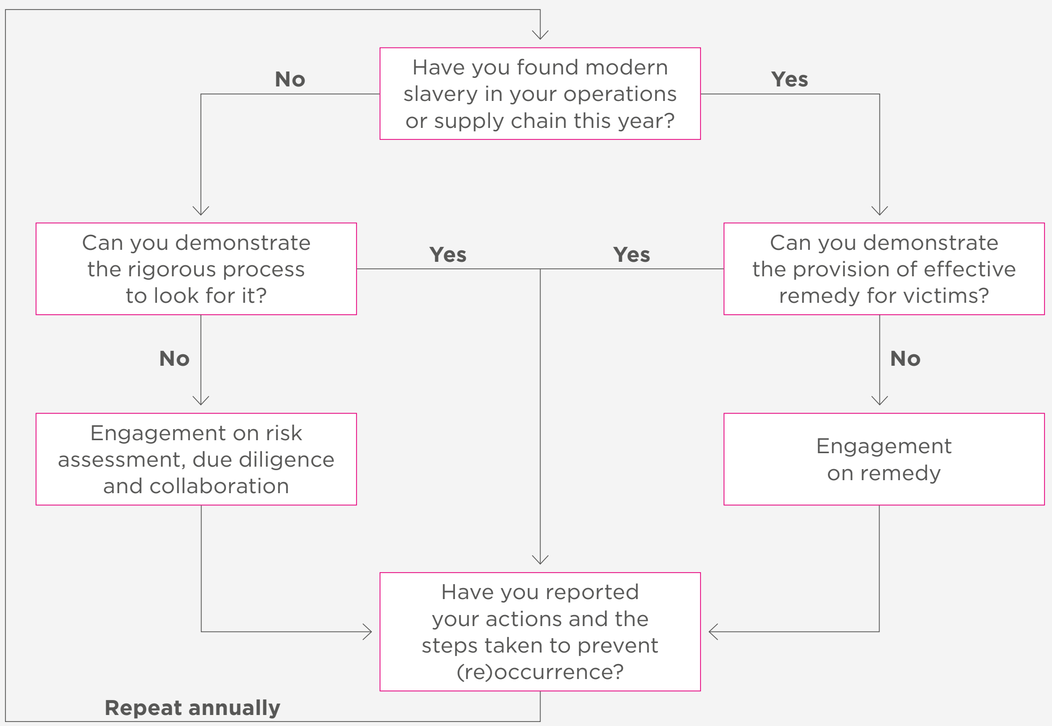
The Find it, Fix it, Prevent it coalition's engagement programme is circular and designed to be repeated annually. Its delivery is illustrated in the diagram below.

The first phase of work, initiated in 2020, focused on 13 UK-listed companies within the hospitality sector: Carnival, Compass Group*, Domino's Pizza Group, EI Group, Greggs*, InterContinental Hotels Group*, J D Wetherspoon, Marston's, Mitchells & Butlers, PPHE Hotel Group, Restaurant Group, SSP Group, TUI Group, and Whitbread.

Phase two, initiated in late 2022, worked with 17 UK-listed construction companies: Balfour Beatty, Barratt Developments, Bellway, Countryside Developments, Crest Nicholson Holdings, Genuit Group*, Ibstock, Marshalls, Morgan Sindall Group, Persimmon, Redrow, RHI Magnesita N.V., Taylor Wimpey, The Berkeley Group Holdings, Tyman, Vistry Group, and Volution Group.

*A holding in a CCLA portfolio(s) as at 31 December 2022.

THE COALITION'S ENGAGEMENT PROGRAMME



The collaborative engagement group consists of 26 investors. Each investor is responsible for engagement with one or two companies over a one- to three-year timeframe. Each company is allocated a minimum of two investors: one to lead, the other to support.

The coalition meets periodically to share progress and best practice. We are pleased to report that several target businesses disclosed that their modern slavery processes had successfully identified areas of concern. We are encouraging them to support the provision of remedy to those involved.

InterContinental Hotels Group (IHG)*

- **Background:** IHG is a global provider of hotels and resorts. Most facilities are managed on a franchise model.
- **Status:** Found it

  IHG commissioned an investigation that identified breaches of the ILO's indicators of forced labour in their Oman operations.

- **Next steps:** Engagement focused on the provision of remedy to victims and roll out of investigation in other markets.
- **Investor lead:** CCLA, supported by Aviva.

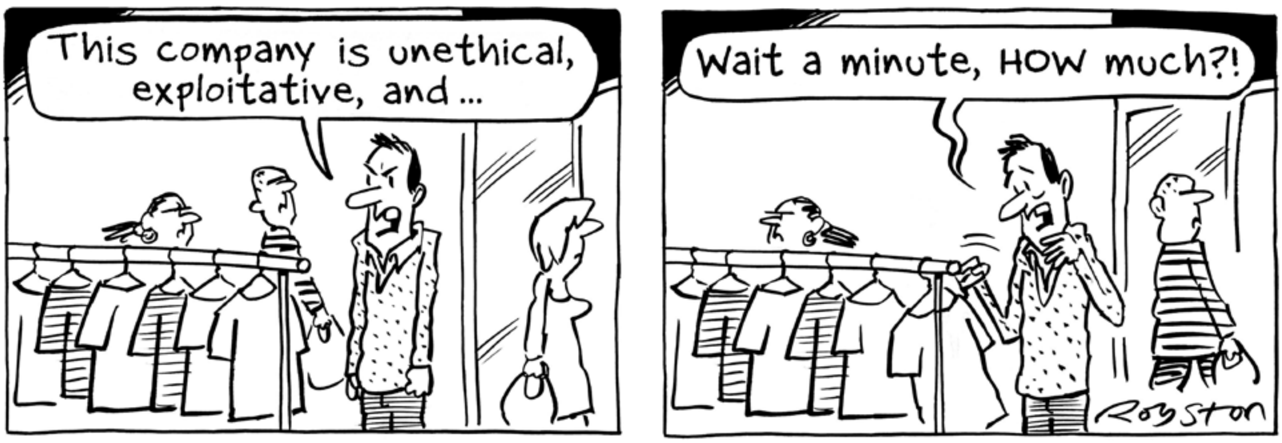
Compass Group*

- **Background:** Compass Group is one of the largest contract foodservice providers in the world.
- **Status:** Found it

  After engagement, focused on a joint venture in the Gulf with Abu Dhabi. Compass conducted a detailed external audit of migrant worker sourcing practices into the Gulf. Findings are detailed in latest modern slavery statement and the company has begun to document remedy.

- **Next steps:** Continue the engagement to develop a systematic process for finding modern slavery within the supply chain.
- **Investor lead:** CCLA, supported by Central Finance Board of the Methodist Church.

Please refer to Appendix 1: Active ownership summary on page 66 for full list of company targets. We thank our collaborators for their engagement efforts during the reporting year.



*A holding in a CCLA portfolio(s) as at 31 December 2022.

Focus on Amazon and workers' rights

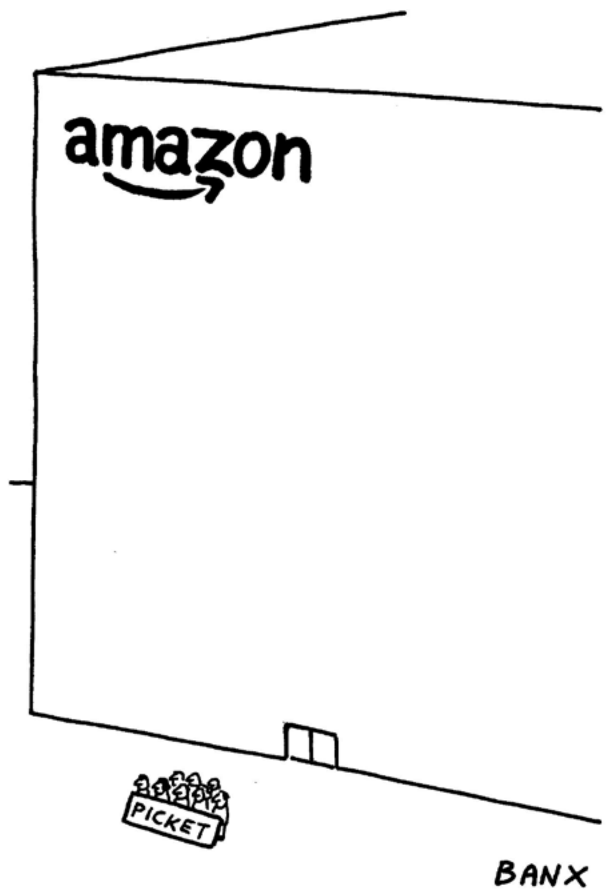
Amazon is an American multinational technology company focusing on e-commerce, cloud computing, online advertising, streaming and artificial intelligence. As the second largest employer in the US and one of the world's most influential businesses, it attracts criticism on a range of issues from customer data collection to working conditions, anti-union activities, tax avoidance and anti-competitive behaviour.

Working conditions and trade union rights grew in prominence over 2022. On 1 April, Amazon workers at the JFK8 Fulfilment Center on Staten Island voted to form the first Amazon Union. Since then, the Amazon Labor Union (ALU) has faced widespread and well publicised opposition and anti-union interference from the company.

There are also concerns about the company's approach to unions in Europe: Germany's United Services Trade Union (Verdi) went on strike multiple times in 2022, including on Amazon's October 'Prime Day' sale, after the company refused to sign a collective agreement with the union. In the UK, Amazon union members voted to strike at the Coventry fulfilment centre on dissatisfaction with proposed sub-inflation pay rises.[12]

CCLA is a member of the Interfaith Centre for Corporate Responsibility (ICCR) Advancing Worker Justice working group and joined their Amazon 'Big Tent' investor coalition in 2022. The group aims to coordinate and concentrate investor engagement with the company in advance of 2023's proxy season.

We were signatories to a letter sent by SHARE Canada to Amazon in November 2022, supported by a coalition of investors with $15 trillion in assets under management. Addressed to Amazon's Chair of the Leadership Development and Compensation Committee, the letter was prompted by a failure by Amazon to respond formally to an investor resolution on freedom of association and collective bargaining from May 2022 that received 39% of the votes cast.



Our letter asked the company to:

- respond formally to the shareholder vote
- demonstrate a higher level of commitment to freedom of association and collective bargaining by conducting an independent third-party assessment of Amazon's commitment, policies and practices on freedom of association. This should help to identify, address and prevent any possible misalignments with the ILO Declaration on Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights.

Six weeks later, we had received no response from the company. We therefore decided to escalate the engagement by co-filing a shareholder resolution at Amazon in December 2022.

The proposal calls for Amazon to *'commission an independent third-party assessment of Amazon's adherence to its stated commitment to workers' freedom of association and collective bargaining rights as outlined in Amazon's Global Human Rights Principles, which explicitly reference the Core Conventions of the International Labour Organization and the ILO Declaration on Fundamental Principles and Rights at Work'*.

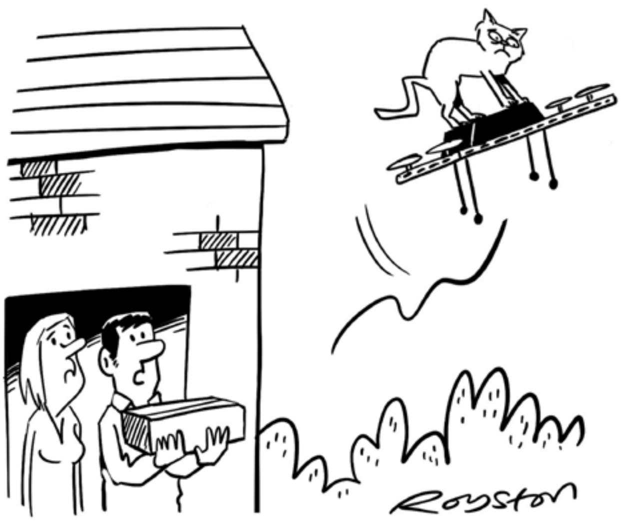
With c.1.5 million full and part-time employees and a staff turnover of 150% per annum, there are a great many individuals affected by the company's actions. ■

WHAT HAPPENS WHEN WORKERS ORGANISE?

Allegations aimed at Amazon suggest that people who speak out are:

- subject to increased surveillance
- moved to isolating or demanding work
- broken up from social groups formed within departments, driving isolation
- given increased contracted work, including temps, seasonal workers and fixed term contracts, undermining financial security.

We hope that by filing a shareholder resolution we can encourage the company to adopt best practice standards on collective bargaining and unionisation.



"My package arrived OK by drone but I don't think we'll see the cat again."

The Seasonal Workers' scheme

In December 2022, CCLA spearheaded a call by investors to help protect migrant seasonal workers in the UK.

Brexit and the war in Ukraine have resulted in a shortage of migrant workers for the UK agricultural sector. The investor group is concerned that migrant workers in the UK, recruited and employed through the government's Seasonal Workers' scheme (SWS), are obliged to pay excessive fees to agents and middlemen, in addition to other fees, travel and visa costs for crucial but temporary roles in support of the UK's food sector.

Impactt, a consulting group specialising in ethical trade and human rights, estimates that fees paid by migrant seasonal workers in the UK were £35 million in 2022 alone.[13]

Despite the UK government's commitments[14] to tackling modern slavery and the International Labour Organization stating that no recruitment fees or related costs should be charged to, or otherwise borne by, workers or jobseekers,[15] there are allegations that workers have had to take out loans at high interest rates, or sign over assets and property, to cover the costs. This leaves the workers at high risk of debt bondage, one of the key indicators of forced labour.

In addition, some migrant workers in the UK have been deceived by promises of multi-year contracts, but due to the late release of 8,000 visas, find themselves with only weeks of work and in substantial debt.

ESTIMATED RECRUITMENT FEES PAID BY SWS WORKERS ACROSS 66 NATIONALITIES

	Lower estimate (GBP)	Higher estimate (GBP)	Total number of workers granted visa
2019 to 2022	48,671,729	74,825,693	65,866
2022 only	27,053,152	34,771,156	26,575

*All workers recruited under Seasonal Workers' scheme.
Source: Impactt Limited, bespoke analysis undertaken for CCLA, November 2022.

CCLA convened 10 investors with an estimated £800 billion in assets under management to sign a statement calling on retailers and firms in, and directly sourcing from, the UK agricultural supply chain to:

- implement the Employer Pays principle[16], such that the employer bears all recruitment costs (any recruitment fees and associated expenses such as travel)
- undertake investigation of existing workers and ensure a fair process to repay recruitment-related costs that may have been borne by the workers
- encourage the government to bring the UK's Seasonal Workers' scheme into line with international commitments.

As a group, we intend to write to all UK supermarkets, selected hospitality companies, and agricultural suppliers in 2023. ■

"No, you definitely wouldn't get Christmas Eve off."

Cost-of-living crisis

With the highest rates of inflation in decades, and a recession that is expected to worsen throughout 2023, the social fabric of the UK is facing a time of deep disruption. Millions of families are being pushed into poverty, damaging social cohesion and exacerbating already stark health inequalities.

We have always believed that healthy communities underpin healthy markets. The returns we generate from our investment portfolios will only be as robust as the people and planet that support them. We also believe that it is an employer's duty to protect the health, safety and welfare of its employees: physical welfare, mental welfare and, crucially, financial welfare.

What is the cost-of-living crisis?

The cost of living is the amount of money needed to cover basic expenses such as housing, food, taxes and healthcare. In a period where inflation of goods and services outstrips wage inflation, low-income households tend to bear a disproportionate burden – these households typically spend a larger proportion of their income on fuel and food.

According to the Living Wage Foundation Life on Low Pay report, there are currently an estimated 4.8 million workers earning a wage below the cost of living in the UK.[17] During the winter months, many of these workers are facing bleak choices, such as whether to 'heat or eat'.

The government has a key role to play in supporting individuals and to that end it has introduced measures to support households in the face of rising energy costs. While capping energy prices at £2,500 for a typical household will make a difference, this figure nonetheless amounts to around double the value of the average household bill in 2020.

What action can employers take?

As well as intervening to ensure base wages match the real Living Wage, companies can survey the needs of their workforce, provide vouchers to help employees buy food, bring forward or increase one-off bonuses, offer hardship funds, public transport discounts, train managers to look out for vulnerable colleagues and help employees to access financial training.

What have we done?

In Q3 2022, CCLA and the Church Investors Group wrote to the 100 largest publicly listed employers on the UK stock market, asking for details of what they are doing to support their workers through the cost-of-living crisis. The 100 companies in receipt of our letters employ a total of 5 million people (excluding contractors).

Specifically, we asked:

- whether they have taken, or plan to take, any steps to support their lowest paid employees
- what proportion of their workforce will benefit from these activities and how were they selected for assistance
- whether third-party contracted staff (such as cleaners, caterers and security guards) are eligible for assistance through any cost-of-living programme that they offer
- if they have no plans, why?

KEY FINDINGS AT A GLANCE

The largest listed employers in the UK play a leading role in shaping the response of business to the cost-of-living crisis. Our findings reflected that of the 100 companies contacted, most are aware of the situation and are either taking action to support their employees or have plans to do so.

28 accredited

AS REAL LIVING WAGE EMPLOYERS

9 have hardship funds and grants

WHICH EMPLOYEES CAN ACCESS

39 provide support

SUCH AS MENTAL HEALTH HOTLINES, FINANCIAL MANAGEMENT TRAINING AND DEBT COUNSELLING

15 have formal mechanisms

SUCH AS COLLECTIVE BARGAINING AGREEMENTS, ONGOING NEGOTIATIONS WITH UNIONS OR FORMAL SOCIAL DIALOGUE

28 provide one-off payments

AND DISCRETIONARY BONUSES TARGETED AT THE LOWEST PAID STAFF

"Today inflation drove up the price of everything. Except my salary."

Key findings

At the end of 2022, we had received 60 responses from the 100 companies in receipt of our letter, of which 53 are substantive, and seven are holding replies. The companies that have replied collectively employ 3.4 million people and have a combined market capitalisation of £1.4 trillion.

The responses are from companies across multiple sectors, from advertising to industrials and retail. We found that:

- 28 companies are accredited real Living Wage employers
- 39 companies provide support, such as mental health hotlines, financial management training, and debt counselling
- 28 companies provide one-off payments and discretionary annual bonuses of between £300 and £1,500, targeted at the lowest paid staff
- 15 businesses have collective bargaining agreements and ongoing negotiations with unions, or other mechanisms for formal social dialogue
- 9 companies have hardship funds and grants which employees – and in some cases, former employees – can access.

REAL LIVING WAGE VERSUS NATIONAL LIVING WAGE[18]

The real Living Wage is the only UK wage rate that is voluntarily paid by over 11,000 UK businesses who believe their staff deserve a wage that meets everyday needs – like the weekly shop, or a surprise trip to the dentist.

This is not to be confused with the government's National Living Wage:

- the real Living Wage is £10.90 per hour across the UK and in London it is £11.95, effective since September 2022
- the government's National Living Wage is £10.42, as of 1 April 2023.

We received substantive responses from the following 53 companies:

Anglo American
Associated British Foods
AstraZeneca*
Aviva
Babcock International Group
BAE Systems
Bakkavor Group
Barclays
BP
BT Group
Capita
Compass Group*
Computacenter
Currys
DCC
Diageo*
Entain
Experian*
FirstGroup
Glencore
Greencore Group
GSK
Halfords Group
Hays
HSBC Holdings
IMI
J. Sainsbury
John Wood Group
Johnson Matthey
Kier Group
Kingfisher
Lloyds Banking Group*
London Stock Exchange Group*
Mediclinic International
Mondi
National Express Group
NatWest Group
Ocado Group
Reckitt Benckiser Group*
RELX*
Restaurant Group
Rio Tinto*
Rolls-Royce Holdings
Royal Dutch Shell
Royal Mail
Serco Group
SSP Group
Tesco
TUI AG
Unilever*
Vodafone Group
WH Smith
Whitbread

Holding replies were received from Coats Group, Greggs*, International Personal Finance, Prudential*, Smurfit Kappa Group, TI Fluid Systems, WPP.

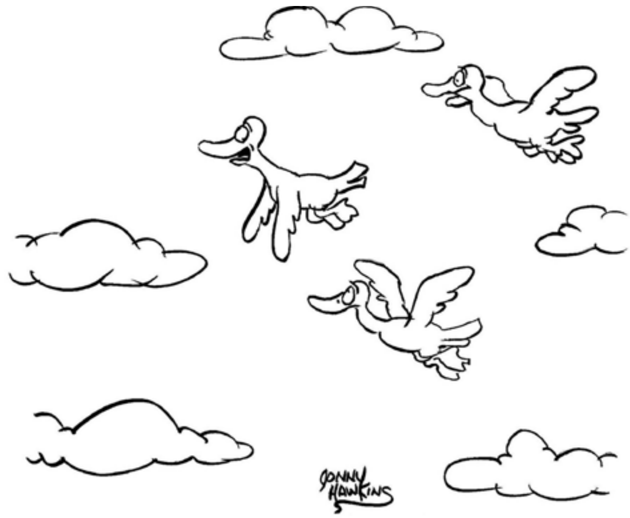
We are awaiting responses from 40 companies (see Appendix 1: Active ownership summary on page 66).

*A holding in a CCLA portfolio(s) as at 31 December 2022.

RESEARCH BY PwC ON EMPLOYERS' SUPPORT FOR STAFF [19]

PwC completed a survey in August 2022 which found that companies are looking at ways in which they can help their staff. It does not specify, however, whether the measures referred to are specifically targeted at the low-paid:

- 83% of reward specialists at large companies are taking action or considering ways to help employees
- half are implementing or considering additional pay increases
- 40% are providing one-off bonuses
- 15% are making non-financial interventions, such as help with travel, home insulation and shopping.



"Our bills are getting too high."

Mobilising the investment community into action

Seventeen investors, with £3.2 trillion in assets under management (AUM), have now united to back our cost-of-living initiative (see Appendix 2: Collaborating for change on page 71).

The investor coalition has come together to sign a joint investor statement on the UK cost-of-living crisis, aligned to the questions set out in our original letter.[20]

Specifically, we ask companies to:

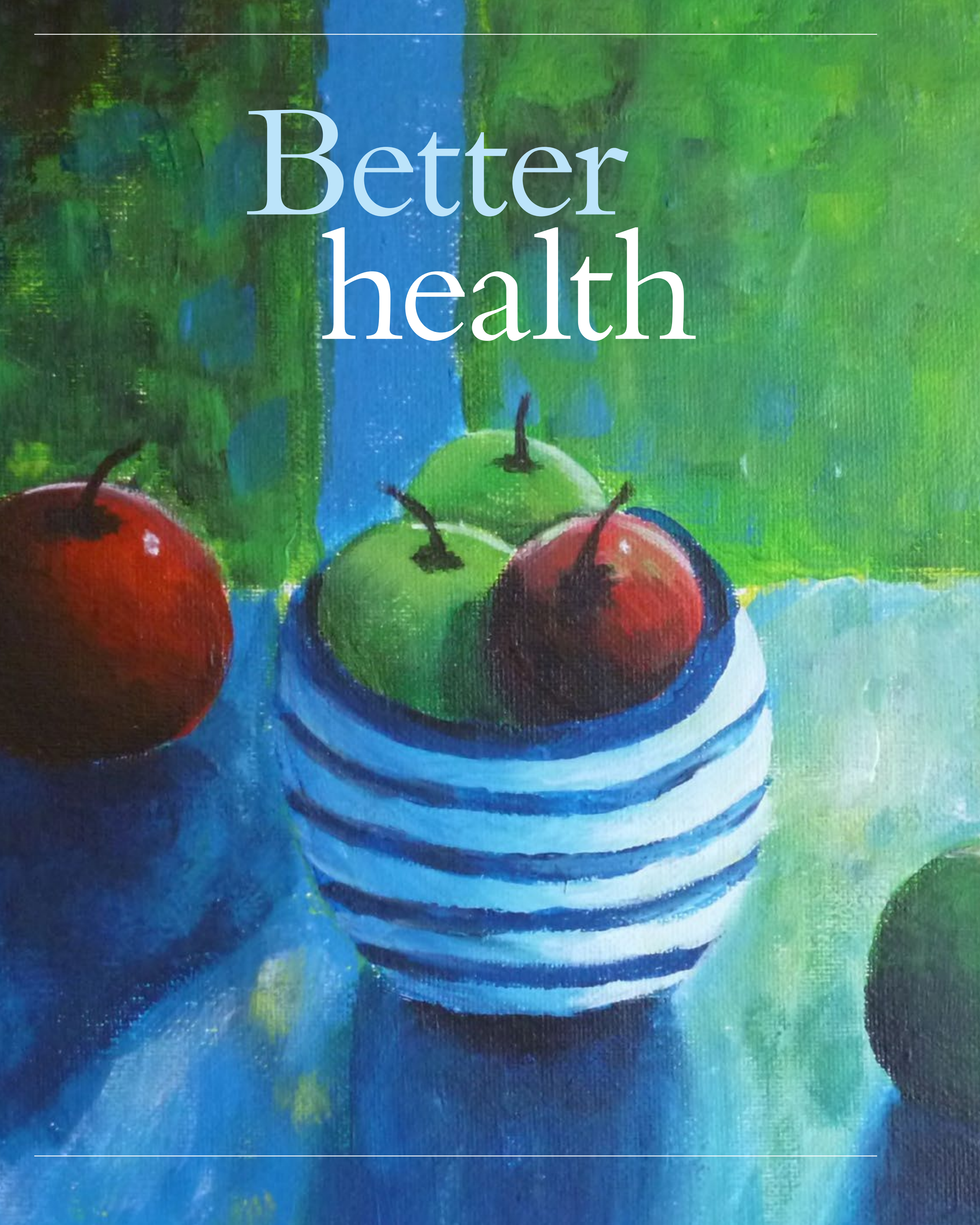
- prioritise providing support for the lowest paid employees, including uplifting pay and the provision of one-off cost-of-living support
- consider meeting the new real Living Wage rates
- work in good faith with workers and unions to reach agreements on pay claims and avoid potential disruption
- proactively engage with third-party contractors to ensure support is being provided for staff working on the company's premises
- be cognisant of pricing of key goods and services upon which people are reliant.

We are confident that we can make a real difference to the lives of hundreds, if not thousands of individuals through this initiative. In doing so, we will help to support and strengthen the country's social fabric – the fabric upon which business, the economy and investment markets so heavily rely.

Cost-of-living engagement next steps

We will write again to the largest 100 UK employers in March 2023 to ask for an update and monitor progress. In addition, we will be reflecting on the lessons learnt through this engagement in our voting activity in 2023. We may vote against the election of the chair of the remuneration committee in businesses that have not responded to our letter, or those where we believe the response has been insufficient.

Better health



TARGET: SUSTAINABLE DEVELOPMENT GOAL 3

Ensure healthy lives and promote well-being for all at all ages. Ensuring healthy lives and promoting well-being at all ages is essential to sustainable development

3 GOOD HEALTH AND WELL-BEING

The strong correlation between human health and investment returns was clearly visible during the Covid-19 pandemic: we quickly learned that healthy companies require healthy workers.

The private sector undertakes a great many activities that affect people's health, both positively and negatively. Within a company's immediate sphere of influence, its 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 come with consequences for customers.

Where products or services have the most significant, unmitigable, negative impact upon public health, we restrict investment in the associated companies. For instance, CCLA applies a 5% revenue restriction to tobacco, that applies to all portfolios.

Many products can be harmful to one's health, though often there is great potential to mitigate the negative impacts. The nutritional quality and marketing of manufactured foods is a good example.

At CCLA, we believe that investment markets will only be as healthy as the environment and communities that support them, and health is a key engagement priority for us. During 2022, our health stewardship covered a range of themes, including workplace health and safety, mental health, nutrition, and infant formula product safety and marketing.

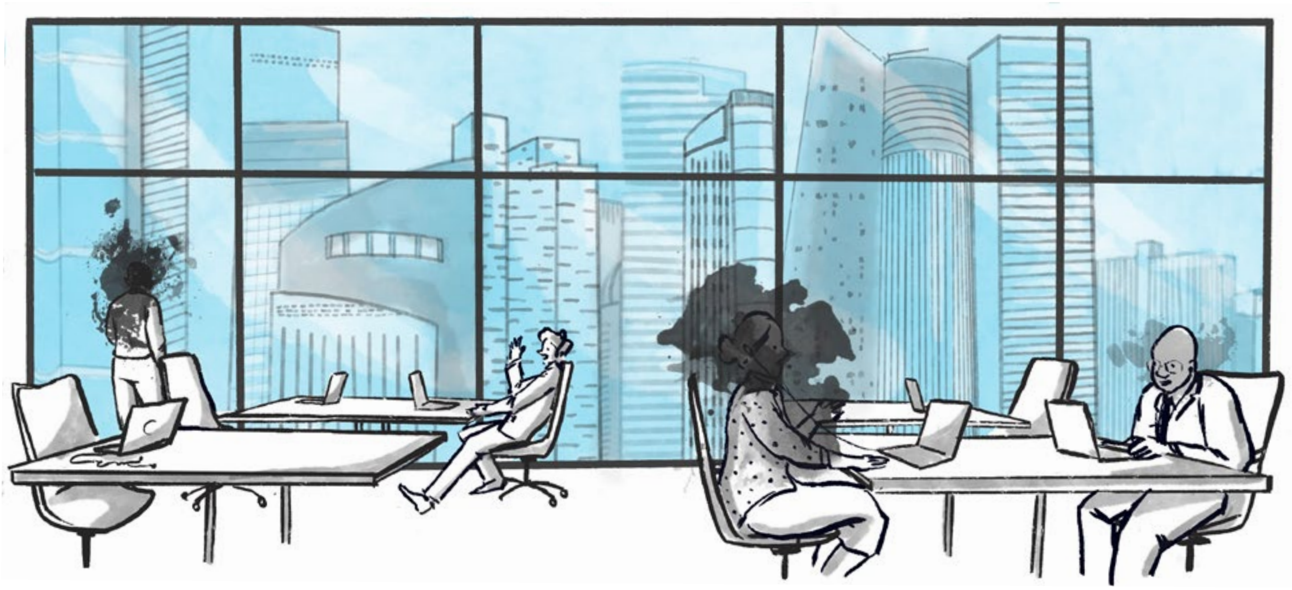
Where we identify a risk that is specific to a company in our portfolio, we engage directly on a one-to-one basis. Where we identify a major systemic risk (one that affects most or all companies), we aim to mobilise the investment community into action to address it.

In 2022, this took the form of a new benchmark to assess and compare companies on their approach to workplace mental health. The corresponding investor statement, launched in May 2022, has the support of $7.5 trillion in assets under management at the end of 2022.

Our approach to engagement frequently goes beyond the constituents of our portfolios. The theory of change is that a rising tide lifts all boats; our 'boats' (holdings) will be included among them. Despite being hard work, we believe that this top-down, or 'systemic' approach to stewardship can be the quickest and most efficient way of driving progress at company level.

STEWARDSHIP IN ACTION

Go to page 6 to see how Better Health forms part of our overall stewardship programme.



Corporate mental health

As human beings, many of us have experienced, or seen other people experiencing, crippling mental health problems. Of course, that is something we all want to change.

The genesis of CCLA's project on mental health is not purely altruistic: it is driven by the concrete evidence that improving the mental health of an organisation saves money.

According to a study by Deloitte, mental ill health in the workplace costs employers annually an average of £1,652 per private sector employee.[21] For a company employing 10,000 people, that equates to an estimated loss of £16.5 million every year.

More importantly, creating a positive environment for mental health costs much less than failing to do so. In the UK, Deloitte found an average return of £5.30 for every £1 invested in mental health interventions in 2020–21.[22] Globally, the World Health Organization (WHO) tells us that for every $1 put into scaled-up treatment for common mental disorders, there is a return of $4 in improved health and productivity.[23]

Appropriate action by employers not only improves the quality of people's working lives, but it also brings financial benefits at a corporate level, which means that investors stand to gain too.

GENESIS AND AIMS OF THE CCLA CORPORATE MENTAL HEALTH BENCHMARK

We started to engage with companies on workplace mental health in early 2019. Following three years of research, data gathering, focused engagement and consultation, we have now created a new tool, designed to shine a spotlight on corporate mental health practices for the first time.

The CCLA Corporate Mental Health Benchmark is the culmination of sustained collaboration with mental health experts, data providers, charities and listed companies. In May 2022, we launched the UK 100 benchmark[24], followed by the Global 100 benchmark[25] in October. The companies in the two benchmarks employ between them more than 24 million people.

The benchmarks provide an objective assessment of listed companies employing more than 10,000 people. It does not attempt to gauge the 'happiness level' of a company's workforce. Rather, to evaluate the extent to which employers provide the working conditions under which individuals can thrive, based on a company's public disclosures.

The project has two explicit aims:

1. strengthen the hand of those within organisations that are trying to make headway on mental health
2. mobilise the investment community into action on this important topic.

Corporate Mental Health Benchmark
CCLA

Mobilising the investment community

During the benchmarking process, we learned that workplace mental health remains uncharted territory for many investor relations departments. This suggests that, until now, the importance of mental health has been lost on the wider investment community. We aim to change that.

To truly effect change in the real world, we know we need to work together with other investors. To that end, CCLA has launched a Global Investor Statement on Workplace Mental Health,[26] at the end of 2022 supported by 43 signatories with a combined $7.5 trillion in assets under management (see Appendix 2: Collaborating for change on page 71).

During 2022, we wrote to each of the companies in the two benchmarks on behalf of the coalition. We continue to receive responses and at the end of 2022 had received 68 in total. In 2023, we are organising the investor coalition into small engagement working groups, targeting companies in the lowest performance tier of the benchmark.

Is it working? Engagement outcomes

By the end of 2022, more than six months had passed since CCLA launched the UK 100 mental health benchmark; and almost three months since the launch of the Global 100 benchmark.

Each of the companies evaluated received individual assessment reports and bespoke recommendations. Many companies engaged with us during the assessment process and many more have engaged since.

Is the benchmark having an impact? Here is evidence that our work is already starting to bear fruit.

Improvers: evidence of progress

Amazon*

We first contacted Amazon about workplace mental health in March 2022, followed by various emails during the benchmark assessment period over the summer. In December, Amazon responded in writing to the collaborative investor letter. We learned that the company has launched a set of brand-new mental health benefits for employees, their families and households. Employees in the US will have access to additional mental health resources and benefits scheduled to launch fully by early 2023, scaling globally in the months to come. This is now disclosed publicly on the company's website.[27]

AstraZeneca*

AstraZeneca engaged with the mental health benchmarking process well, with a large volume of email exchanges. They responded in writing to the collaborative investor letter later in the year, setting out several initiatives aimed at supporting good workplace mental health. Increased disclosure by the company resulted in an uplift from Tier 3 in the UK benchmark (May publication) to Tier 2 in the Global benchmark (October publication).

BHP Group

BHP Group was in scope of the 2021 UK pilot and both of the 2022 benchmarks: the UK 100 and Global 100. BHP had introduced new disclosure on mental health in the annual report ahead of its 2022 company assessment. BHP's website also now includes performance reporting and impact on mental health. Consequently, BHP moved up from Tier 3 in the UK benchmark (May publication) to Tier 2 in the Global benchmark (October publication) and we are grateful for the positive engagement.

Experian*

Experian engaged with us throughout the assessment process. Towards the end of the year, it notified us of a new publication, the 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 the global commitment. This represents significant new disclosure by the company, for which we are grateful.

Ferguson*

Ferguson was in scope of the 2021 benchmark pilot and the 2022 UK 100 benchmark. Encouragingly, it used the findings of the pilot to enhance disclosure on mental health, published in the company's annual report.

HSBC

HSBC stated an ambition to achieve 100% in the benchmark. Since the launch of the UK benchmark, the company has published a new standalone mental health policy, which required the input of human resources, employee relations and legal teams across each of its major regional hubs. It is available on the company's website and now applies to every one of its 223,000 employees across the 64 markets in which it operates.

*A holding in a CCLA portfolio(s) as at 31 December 2022.

EXPERT ADVISORY PANEL

An Expert Advisory Panel, comprising independent workplace mental health experts and specialist practitioners, provides technical guidance on workplace mental health and supports CCLA and Chronos Sustainability on the development of the benchmark.

Co-chaired by Elizabeth Sheldon (COO, CCLA) and Lord Dennis Stevenson CBE, Panel members are: Paul Farmer CBE, Age UK; Dr Shekhar Saxena, Harvard T H Chan School of Public Health; Dr Junko Umihara, Showa Women's University; Dr Richard Caddis, BT; and Elena Espinoza, United Nations Principles for Responsible Investment (UNPRI).

The panel is responsible for:

- ensuring that the benchmark – including its assessment criteria and scoring methodology – is credible, robust and based on best available knowledge
- providing independent technical guidance on workplace mental health
- reviewing the positioning of the benchmark's overarching findings
- supporting the effective dissemination of the benchmark findings
- guiding the refinement of benchmark criteria and scoring for future benchmark iterations.

Novo Nordisk*

Novo Nordisk told us it had taken our recommendations into account during the summer assessment period and made some improvements to its ESG reporting portal. The result is increased disclosure on the 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.

PepsiCo*

PepsiCo responded to the investor letter, acknowledging the importance of mental health to a thriving business and setting out several steps the company takes to support its employees. The letter also included news of new initiatives the company has taken to enhance its approach: '...since you last assessed our mental health programming in June 2022, we offered our associates several dozen mental health webinars and programs during World Mental Health week, which was promoted internally and externally by PepsiCo's Chief Medical Officer'.[28] These improvements will be reflected in the 2023 benchmark assessments and we look forward to tracking PepsiCo's progress.

Shell

Shell is one of five companies in both the UK and Global benchmarks. Having ranked in Tier 5 in the UK benchmark (published May 2022) they improved sufficiently to move up to Tier 4 in the Global benchmark (published Oct 2022). We had two engagement calls with the company and several email exchanges during the year. The company used the meetings to establish where and how it could improve disclosure further ahead of the 2023 assessments and we look forward to monitoring its progress.

Unilever*

Unilever is one of five companies in both the UK and Global mental health benchmarks. Increased disclosure on mental health resulted in an uplift in the company's ranking, from Tier 3 in May (UK benchmark) to Tier 2 in October (Global benchmark). We had multiple email exchanges and calls with the company during the year, including individuals from various teams both in the UK and overseas. They are keen to understand how to bridge the gap to achieve Tier 1 performance.

PUBLIC POLICY AND MENTAL HEALTH

In addition to the benchmark, we are also supporting the development of better public policy on workplace mental health in the UK.

This is conducted through participation in an advisory board, pushing for mandatory minimal standards for mental health support in companies with more than 250 employees in the UK.

Other members include Josh Krichefski, CEO GroupM EMEA & UK; Sarah Jones, Lancet COVID19 Commission Mental Health Task Force, and Expert Advisor, UK Cabinet Office International Joint Comparators Unit; Jan-Emmanuel De Neve, professor of economics and behavioural science at Oxford University; Mark Rowland, CEO Mental Health Foundation.

Vodafone

Vodafone was in scope of the 2021 pilot benchmark and assessed again as part of the UK 100 benchmark in 2022. We learned that the investor relations team had shared the pilot report and recommendations with relevant colleagues. The 2022 Annual Report includes fresh disclosure on mental health, including training, awareness raising and reporting on uptake of initiatives.

Next steps

CCLA is only at the beginning of this journey. Benchmark assessments will take place annually hereafter and we will monitor and report on corporate progress.

With the appropriate measure of respect and encouragement, a combination of annual benchmarking and ongoing engagement could bring about real progress. The cost-of-living crisis has arrived hot on the heels of the Covid-19 pandemic, resulting in tangible urgency for action, and momentum in the industry is now growing.

This is our message to employers: promoting and investing in the mental health of your workers is both a moral and an economic imperative. By directing resources thoughtfully, not only will you improve the quality of your people's lives, but you will also build a workforce that is more productive, more resilient and more profitable. ■

Occupational health and safety

Health and safety includes both physical and mental health. It is therefore relevant to every company with workers.

In having a watertight health and safety or accident prevention policy, businesses are better able to manage risks of accidents at work, thereby reducing injuries on-site, saving the company money, boosting productivity and safeguarding corporate reputations.

We establish whether companies disclose their health and safety or workplace accident prevention policy, and if that policy applies to all direct operations, including subsidiaries. We aim to engage where a policy is not disclosed.

Accenture*

Accenture acknowledged that it does not disclose its occupational health and safety policy but has disclosed ISO® 45001 certification — a globally recognised standard for occupational health and safety — in six countries, including Brazil, India, Ireland, Italy, Spain and the UK. We learned that the company continues to support other geographies currently working towards the certification. As a globally recognised standard for occupational health and safety, we are satisfied with the response. We continue to engage with the company on its approach to mental health.

Admiral Group*

Admiral Group confirmed that it does not disclose policies but that the Annual Report and Sustainability Report confirm that the policy is in place and explains the company's broad approach. We were told that they are looking to include more information on health and safety 'down the line', though no detail given. This is encouraging and we will monitor progress.

DRIVING CHANGE IN OUR PORTFOLIOS

We have established a set of targeted indicators, based on existing data points, against which we assess the holdings in our portfolios. Where a company that we own does not meet a certain standard, we aim to engage with that company to push for improvement.

"Tell me, Mr. Steiner, do you do a lot of heavy lifting at work?"

Aveva Group*

Aveva Group provided us with a copy of its occupational health and safety policy (for internal use only). They explained that they do not yet have a built-out occupational health and safety programme but that it has been raised to the human resources team and is on the radar. We will monitor progress.

Honeywell International*

Having been flagged by MSCI, our data provider, as lacking an occupational health and safety policy, we discovered that the company does in fact disclose a policy on its website. We engaged with MSCI, and the company has now been reclassified. Honeywell is no longer flagged on this indicator.

Intercontinental Hotels Group*

The company responded well to engagement and shared a significant amount of information about its approach to health and safety. It became clear that the company does have comprehensive policies in place and good oversight of hotels, even where franchised. We encouraged the company to publish its Brand Safety Standards and asked to be kept informed of progress.

Kerry Group*

Kerry Group confirmed that its health and safety policy forms a key part of the Group Code of Conduct. It indicated that the Code had been refreshed recently and that work is underway to update and enhance relevant policies within it. Once complete the company plans to publish details of key policies within the Code, including health and safety. This is encouraging and we will monitor progress.

Keyence Corp*

Keyence Corp agreed to meet to discuss occupational health and safety, including mental health. The company confirmed that it does not disclose its health and safety policy: most workers are desk-based so deemed low risk. Supplier factories, where the risk is higher, must follow a set of Keyence health and safety guidelines. Keyence has a concentrated workforce with high value employees working in pressured environments, so the discussion moved to mental health, specifically stress and burnout. In 2023, we will encourage the company to disclose a health and safety policy.

Keywords Studios*

Keywords Studios stated that it does not currently have a standalone occupational health and safety policy, but that it is being considered. We are told that health and safety is integrated into the company's Code of Conduct, which was due to be updated at the end of 2022. We asked to be kept informed of further disclosure and will monitor progress. ■

*A holding in a CCLA portfolio(s) as at 31 December 2022.

Nutrition and health

Good nutrition is fundamental to good health, yet humankind is experiencing a growing epidemic of diet-related ill health. According to the Access to Nutrition Foundation, poor nutrition – and resulting illnesses – cost an estimated $3.5 trillion annually, or 5% of global income.

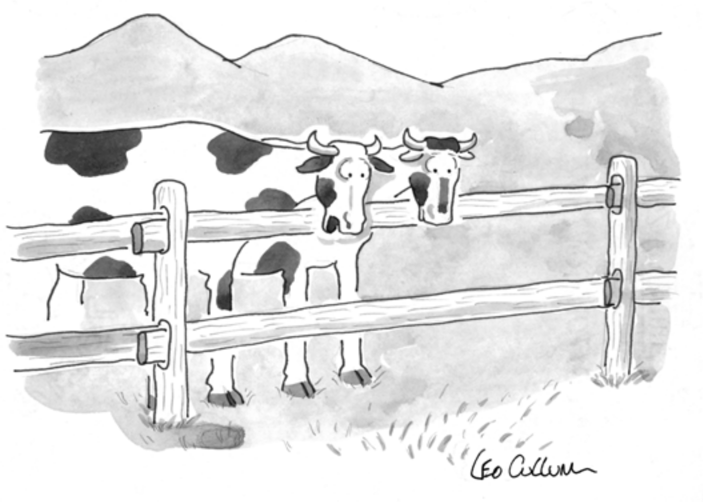
Diet-related ill health places an extraordinary burden on health care systems, governments and insurers around the world. To tackle the problem, governments are beginning to adjust the regulatory landscape. Sugar and calorie taxes have been introduced in 50 jurisdictions around the world,[29] indicating that there are now increasing financial repercussions for companies that fail to transition their business models towards healthier products and sales.

Through engaging with companies on nutrition, we can make business models more resilient and play a role in improving public health. Government policy is also crucially important in creating a level playing field within which companies can operate.

Public policy update – investor coalition on UK food policy

In Summer 2021, the UK government-commissioned National Food Strategy was published. Recognising the impact that unhealthy food has upon our health (80% of processed food sold in the UK is deemed unhealthy) and the environment (the food industry is the second largest contributing sector to climate change) the Strategy included 16 recommendations to build a more sustainable food system.

In December 2021, we signed a letter to the Prime Minister, along with 17 other institutional investors and coordinated by Rathbone Greenbank, urging the Government to act on the National Food Strategy's recommendations.



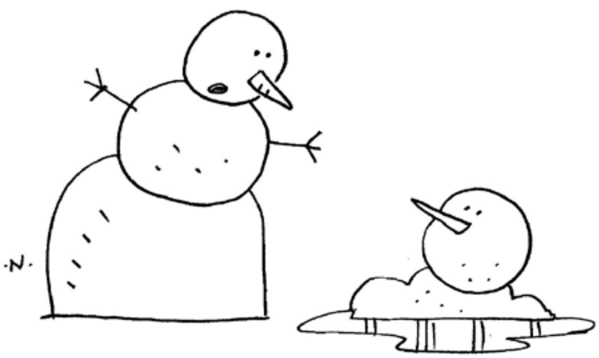
"Not only is it greener, but I suspect it's richer in all the essential nutrients."

In Q1 2022, we duly joined a small number of investors in meeting with the Minister of State for Farming, Fisheries and Food at the Department for Environment, Food and Rural Affairs (Defra), and representatives from the Department of Health and Social Care. We discussed why mandatory nutritional reporting is important for investors, the role that investors could play, and how it could work in practice. The meeting was positive but non-committal.

In May 2022, we met again with Defra, including five members of Defra's Food Data Transparency Partnership team. We pushed hard for investors to have a role as a driving force in raising ambition on mandatory nutrition reporting and holding industry to account.

In June 2022, the government published its food strategy policy paper.[30] Encouragingly, mandatory reporting is included in the white paper and we welcome the commitment to improving food industry reporting standards.

The following months saw significant change in the government and news that several anti-obesity measures, including advertising restrictions on 'junk food', would be delayed until 2025. This was disappointing news for the investor group. With government-imposed mandatory reporting on nutrition now more distant than ever, we refocused our attention on voluntary steps that companies can take to address the obesity crisis.



"You have too much salt in your diet."

Stewardship summary

Commercial organisations – those designing, manufacturing, advertising and selling unhealthy food and drinks – have a direct influence on our eating habits.

We support ShareAction's Healthy Markets Initiative and the Access to Nutrition Index (ATNI). Through these coalitions, we have been engaging with four investee companies: Unilever, PepsiCo, Nestlé and Coca-Cola.

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 asks relate to disclosure, target setting, and reporting on progress against those targets.

Unilever*

Food/beverage brands include Ben & Jerry's, Hellmann's, Knorr, Magnum and Wall's.

With a global turnover of €51 billion, Unilever is one of the largest food and drink manufacturers in the world. Its foods and refreshments division generates €19.1 billion annually, accounting for an estimated 40% of sales. Yet despite its reputation for sustainability, the 2021 ATNI showed that only 17% of its global sales come from healthier products – lower than Danone, Nestlé, Kraft Heinz and PepsiCo.

This has three implications. First, Unilever is missing out on the opportunity to grow in healthier products and categories. Second, it is failing to see the public health impacts of its own work through the eyes of regulators. Third, its food portfolio is more at risk from changing legislation than its peers.

In January 2022, CCLA supported ShareAction in co-filing a shareholder resolution at Unilever. We called on the company to align its disclosure of sales of healthier products with government-endorsed nutrient profiling models. Also, to set targets to increase the share of sales of healthier products.

"You're hyper nourished."

What followed was eight weeks of intense negotiation with the company. The co-filing group met seven times, and with Unilever three times. In February 2022, sensing a lack of progress, we escalated the engagement by writing to Unilever's CEO, Alan Jope, and President of Foods & Refreshment, Hanneke Faber. This resulted in a meeting with Ms Faber, where we finally agreed the conditions under which we could withdraw the resolution.

✓ Unilever pledged to set a new industry-leading standard on transparency around sales of healthy foods. It announced the new measures in a public statement on 7 March and published its findings in October.

✓ Unilever has now disclosed the 'healthiness' of its global portfolio against six government-endorsed nutrient profiling models, in both sales volume and revenue.

This involved a huge amount of resource and data gathering by the company, and we are grateful to Unilever for its positive engagement over the course of the year. CCLA attended Unilever's 2022 AGM and publicly congratulated the company in a statement, read on behalf of the co-filing group.

In 2023, we will continue to ask the company to set meaningful targets on sales of healthy products.

Nestlé*

Food/beverage brands include Buxton, Cheerios, KitKat, Nescafé, Nespresso, Perrier, and Quality Street.

We first started engaging with Nestlé on nutrition in 2017. Over the past two years, the frequency of dialogue has increased, both via the ATNI, and via ShareAction's Healthy Markets Coalition.

There was a notable success in 2022. On increased shareholder pressure – and possibly influenced by Unilever's new commitments set out above – Nestlé agreed to the following:

✓ **Nutrition commitments:**

- Nestlé will benchmark and disclose the nutritional information of its products, in terms of sales, in 14 countries (UK, France, Germany, New Zealand, Australia, Singapore, Indonesia, Thailand and some countries in Latin America), based on the Health Star Rating (HSR) where possible, or the prevailing local nutrient profiling system.

*A holding in a CCLA portfolio(s) as at 31 December 2022.

- Disclosures will be published in Nestlé's Annual Review. Country-specific information will be contained in the Shared Values and Sustainability Report. Both publications will be released in March 2023.
- Nestlé will report on joint ventures when they have a large majority stake and will work with those where they have a minority stake to gain access to the data.[31]

✓ **Marketing commitments:**

- Nestlé will raise the age of marketing of unhealthy foods from 13 to 16 years.
- Data collection on minors will be ceased.
- Any social media influencers will be over the age of 18.
- Marketing will cease on gaming platforms with a user base comprising of >25% of under-16s.
- Marketing of 0–6 months infant formula ceased from 1 January 2023.

✖ **On targets:**

- The company tells us it is too premature to consider setting targets on sales of healthy foods.

Nestlé believes that the information being published in 2023 will inform strategy and that through responsible marketing and clear nutritional labelling, they hope to enable consumers to 'make better decisions'.

While very grateful for the progress made to date, we believe the company can go further and make itself a leader on this important issue. We will continue to push Nestlé to set targets on sales of healthier products.

The Coca-Cola Co*

Food/beverage brands include Costa Coffee, Innocent, Schweppes, Sprite, Coca-Cola and Diet Coke.

During the year, the Access to Nutrition Foundation published a new US Index 2022. The Index[32] covers the 11 largest food and beverage manufacturers in the US and in 2022, Coca-Cola was ranked at the bottom of the peer group.

CCLA supports ATNI engagement with Coca-Cola, which is led by Achmea and Pimco. Engagement during 2022 focused primarily 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 and we questioned this in 2022. We are also asking if the company plans to set targets on sales of healthy products and how it plans to use the findings of the US Index 2022 to improve its overall approach.

We will continue the dialogue in 2023, pushing for the adoption of a nutrient profiling model and for sales targets on healthy products.

PepsiCo*

Food/beverage brands include Pepsi, Lay's, Doritos, Tropicana, Quaker Oats and Naked.

The ATNI 2021 Global Product Profile found that only 18% of PepsiCo's sales come from healthier products. This is below the average of healthier products sold across all packaged food and drink manufacturers.

In 2022, we engaged with PepsiCo as part of ShareAction's Healthy Markets Coalition. We are asking the company to commit to disclosing the proportion of portfolio and sales associated with healthy food and drinks products, and to set targets to increase the proportion of sales.

PepsiCo responded to our requests in writing and set out some key commitments and disclosures already in motion. The company stated that it does not have anything further to disclose at present. There is more work to do, and we will continue the dialogue in 2023.

Infant formula – product safety and marketing

We continue to engage with companies where we have concerns about their approach to the manufacture or marketing of breast milk substitutes.

Abbott Laboratories*

In 2022, Abbott faced investigations by the FDA and CDC after several infants were taken ill with Cronobacter Sakazakii (CS) and Salmonella Newport (SN) following consumption of formula products produced at its major manufacturing plant in Sturgis, Michigan.

While there was no conclusive evidence linking the illnesses to Abbott's infant formula products, the company entered into a consent decree with the FDA as a result of the investigations. This demanded several corrective actions of Abbott as a condition of resuming production at the plant in question.

While Abbott has provided some disclosure on progress against these steps [33] [34] , we remain concerned that now that the Sturgis plant has re-opened, shareholders have limited means with which to track the company's progress in implementing the changes and adhering to the required standards.

After several failed attempts to get a meaningful response from Abbott, we escalated the engagement by writing to the company's board. We ask for:

1. public disclosure by Abbott on progress made against each of the points set out by the FDA, with regular updates to evidence incremental improvement
2. the company to take similar corrective steps at Abbott's other infant formula manufacturing facilities, with disclosure on progress and regular updates released publicly.

We continue to seek a response in 2023.

Reckitt Benckiser*

Multiple class action lawsuits have been filed against Mead Johnson Nutrition, a subsidiary of Reckitt Benckiser, over the use of alleged misleading information related to the risks of infant formula products to the development of necrotising enterocolitis (NEC) and death in premature babies since February 2021.

Some lawsuits allege that Reckitt was aware of the medical research detailing the risks of infant formula products but failed to provide warnings to the customers about those risks.

Reckitt scores 32% in the Access to Nutrition BMS/CF Marketing Index 2021.[35]

In 2022, we contacted the company's investor relations function and asked the company to:

1. commit to increase Reckitt Benckiser's score in the Access to Nutrition BMS/CF Marketing Index, with a target of >50% by 2025
2. commit to score >50% in both 'Corporate profile' and 'In-country assessment', ensuring that progress is made on implementation as well as policy.

These two commitments, and successful follow-through, would demonstrate meaningful progress towards compliance with the WHO Code. They would allow all stakeholders to track the company's performance and evidence its commitment to delivering innovative solutions for healthier lives and happier homes. ■

*A holding in a CCLA portfolio(s) as at 31 December 2022.

Better environment

TARGET: SUSTAINABLE DEVELOPMENT GOAL 13

Take urgent action to combat climate change and its impacts

We view climate change as the largest threat to our planet, ecosystems and communities. Unmitigated, it will lead to increased erratic weather patterns, higher sea levels, biodiversity collapse and unprecedented mass migration.

Climate change is a material threat to medium- and long-term shareholder value and a crucial issue for investors.

We have long supported efforts to limit global temperature rise to below 1.5 degrees Celsius. We are committed to accelerating the transition to a net-zero emissions economy and are taking steps to protect the value of our clients' portfolios during the transition.

Our climate pledge commits us to:

- act to increase the pace of climate action by leading impactful engagements with the companies that we invest in, and by pushing policymakers for progressive regulation and legislation
- assess companies' position against the energy transition as part of our investment process and avoid those that do the most harm
- align our portfolios with our clients' requirements and disclose information about our approach to managing the risks and opportunities associated with climate change.

"If you cover your eyes, you can make it go away."

STEWARDSHIP IN ACTION

Go to page 6 to see how Better Environment forms part of our overall stewardship programme.

Climate action

We believe that climate change poses a systemic risk to investment markets. While excluding the most carbon-intensive companies from a portfolio may boost its resilience in a changing world, almost all assets will be compromised if action to mitigate climate change is not accelerated. Investors therefore have a fiduciary duty to drive this work forward.

We have an unrivalled track record as a catalyst for investor action on climate change. While we no longer invest directly in any conventional oil and gas companies, we continue to push ahead on efforts to mitigate climate change.

We are guided by the following principles:

1 **Net-zero through action, not transactions.** CCLA is a founder signatory to the Net Zero Asset Managers initiative. This commits us to achieving net-zero greenhouse emissions no later than 2050 in the listed equity portfolios that we manage on behalf of our clients. While carbon footprinting is an important tool in managing the climate exposure of our portfolios, we believe that it is better to achieve net zero through real emissions reductions. After all, selling carbon intensive assets to other investors, and replacing them with low carbon assets, makes no difference to emissions in the real world.

2 **Pushing for better regulation and legislation.** Progressive legislation is essential in efforts to transition to a low-carbon economy. We are members of the Institutional Investors Group on Climate Change (IIGCC) and support other initiatives that advocate for appropriate climate related public policy. This includes the UK and Canadian governments' Powering Past Coal Alliance.

3 **Corporate engagement.** Investors can be highly influential in encouraging companies to take steps to reduce their own environmental impacts. We started engaging with companies on climate change in 2012 and were instrumental in bringing the investment industry together on this topic through Climate Action 100+ forerunner 'Aiming for A'. Today, the primary focus of our climate stewardship programme targets the most carbon-intensive businesses in our portfolios, such as electrical utilities. Our engagement also extends to banks, many of whom continue to finance fossil fuel extraction, production and refining.

4 **Allocating capital to 'impact' assets.** The OECD estimates that approximately $6.9 trillion is needed in investment every year through to 2030 to meet climate and development objectives. That said, purchasing assets that already exist on the secondary market, an arena – such as a stock exchange – that facilitates the buying and selling of investments between two or more investors – has little positive real-world impact. Where we can, we prefer to identify and invest in assets on the primary market, which is where the proceeds of the sale go directly to the company. An example of a primary market transaction would be an Initial Public Offering.

Climate-resilient portfolios

Regulation and legislation aimed at tackling climate change is on the rise. The Climate Change Laws of the World database identifies more than 2,000 climate laws at the national level in around 200 countries worldwide. It has also captured more than 450 climate change cases filed before courts and tribunals across the world, from more than 50 national or international jurisdictions (excluding the US).[36]

To protect the value of our investment assets, we adopt a rigorous process for assessing and managing climate risk. We:

- avoid investing in companies that are highly exposed to changing legislation and regulation aimed at tackling climate change. We do not invest directly in any companies that focus on extracting, producing or refining coal, oil sands, oil or gas
- assess the most exposed industries against the Paris Climate Change Agreement and avoid investing in any companies that do not align
- dedicate capital to assets that will accelerate the transition to net-zero. This includes battery storage and energy efficiency, green technology, and solar and wind power. Where possible, we aim to allocate primary capital to these projects, providing fresh capital to growing and undersupplied capital markets.

Our path to net zero

As a founding signatory to the Net Zero Asset Managers initiative, we are committed to set decarbonisation goals with an ambition to reach net-zero emissions by 2050 or sooner across our listed equity assets.

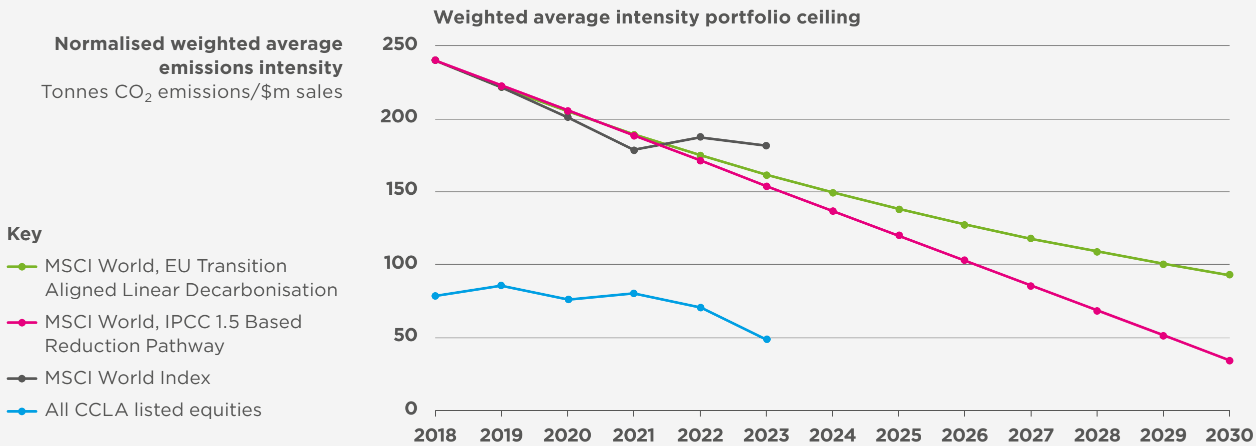
In 2022, our climate transition pathway for listed equities remained on track to achieve this target.

As an active investment manager, we can purchase any listed equity asset within investment markets and have chosen to set our decarbonisation targets through a decreasing maximum carbon footprint, based on the MSCI World Index. Informed by the IPCC Special Report on Global Warming 1.5˚C and the UN Environment Programme, our ceiling decreases year on year. This is consistent with the aggregate decarbonisation rate required to limit temperature rises to 1.5 degrees above pre-industrial levels.

While CCLA's listed equity portfolios perform well on climate metrics, we are wary that portfolio footprints can be inaccurate and should not distract from the need to decrease real-world emissions.

We aim to meet our decarbonisation targets through work to accelerate the transition to a low-carbon economy, rather than through significant changes or restrictions on portfolio composition. We call this approach, 'action, not transactions'. ■

SETTING NET-ZERO TARGETS

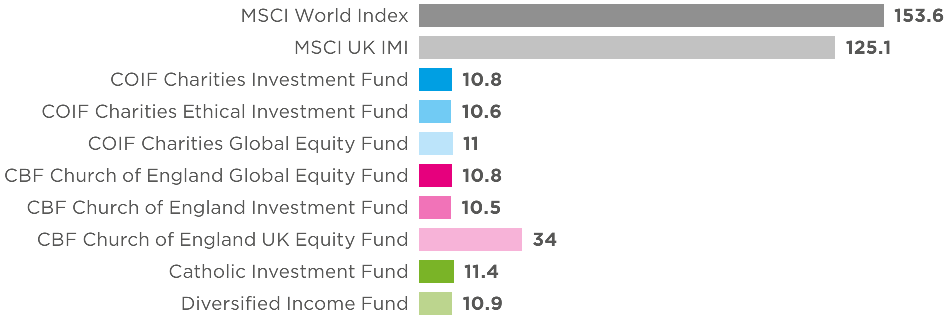


Source: IPCC, MSCI and CCLA, 31 December 2022.

CARBON MEASUREMENTS

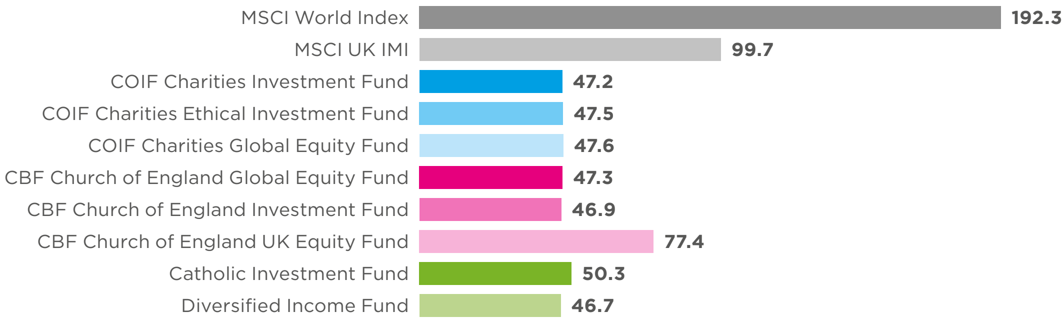
What is my portfolio's normalised carbon footprint per million dollars invested?

Carbon emissions Tonnes CO_2 emissions/$m invested



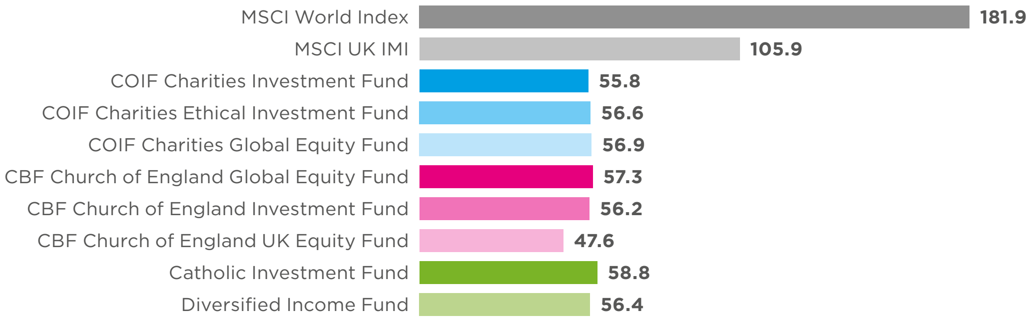
How efficient is my portfolio in terms of carbon emissions per unit of output?

Carbon intensity Tonnes CO_2 emissions/$m sales



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

Weighted average carbon intensity Tonnes CO_2 emissions/$m sales



Source: MSCI ESG Manager, as at January 2023.
All data refers to listed equity holdings only. In each case the equity section has been reweighted to 100% of holdings.

Public policy update

UK and Canadian governments' Powering Past Coal Alliance

Thermal coal remains the single biggest contributor to human-created climate change.[37] To meet the Paris Agreement commitment to limit global temperature increases to 1.5 degrees Celsius, analysis shows that coal power phase-out is needed by no later than 2030 in the OECD and no later than 2040 in the rest of the world.[38]

The Powering Past Coal Alliance (PPCA) is a coalition of national and subnational governments, businesses and organisations working to advance the transition from unabated coal power generation to clean energy. Co-chaired by the governments of Canada and the UK, CCLA joined the PPCA in 2017.

Since 2018, CCLA's Helen Wildsmith has been working with the PPCA to develop the Finance Principles, which were first launched in 2019. This work was acknowledged in the UK government's Green Finance Strategy.[39] The principles translate the requirements for global coal phase-out into tangible actions for the financial sector, and financial institutions must commit to them when joining the Alliance.

During 2022, Helen worked with the PPCA to refresh and update the Finance Principles, which are due for launch in spring 2023. She also joined the Delivery Group of the government's UK Transition Plan Taskforce, as an investment sector expert on mining and electrical utilities.

Climate change is not only an environmental issue

We consider climate change from a social, as well as environmental, perspective. As part of the transition from high carbon power generation to lower-carbon technologies, there will be a shift in jobs and employment patterns. This will affect many people and communities whose livelihoods currently depend on high-carbon, capital-heavy industries.

"I believe the board has successfully achieved its goal of biodiversity."

We believe it is critical that people and communities are not left behind in the transition to a net-zero economy. We act in the following ways to ensure a just transition.

- We support the Financing a Just Transition programme, designed to identify the role that finance can play in providing an inclusive pathway to a low carbon economy, with positive outcomes for people and communities. It comprises a group of financial services companies coordinated by the Grantham Research Institute at the London School of Economics[40].
- We are a member of the Financing a Just Transition Alliance (FJTA). FJTA was created in 2020 with the aim of identifying concrete steps that the financial sector can take to support the just transition in the UK.

A history of climate action

Fitting with the partnership approach that is at the centre of the UN Sustainable Development Goals, our experience shows us that collaboration is critical to mobilising action on climate change.

We recognise that we cannot do this on our own and we have a long track record of channelling our position as an investment manager into leading meaningful action across the investment community.

PRI

2007

Early signatory to UN Principles for Responsible Investment

2010

Started climate action pathway with carbon disclosure watch list

Climate Action 100+

2012

Launched Aiming for A shareholder advocacy campaign, which inspired Climate Action 100+

2013

The COIF Charities Ethical Fund restricted investment in thermal coal

CCLA became a cornerstone investor in the Bluefield Solar Income Fund

bluefield Solar Income Fund

2015

Aiming for A filed the first successful climate-related shareholder resolutions at BP and Shell

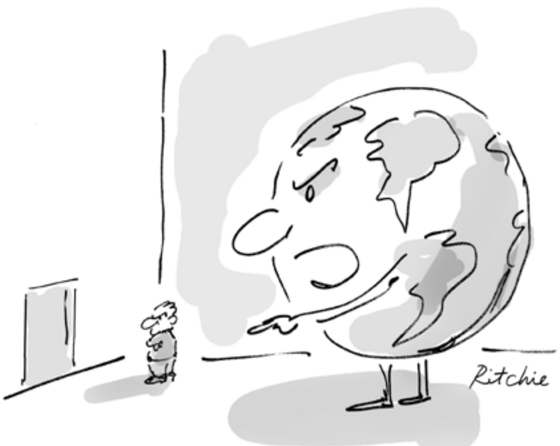
2016

Successful strategic resilience resolutions at Anglo American, Glencore and Rio Tinto

AngloAmerican

GLENCORE

RioTinto



“Now go to your room and think about what you’ve done!”

> If unmitigated, climate change will lead to increased erratic weather patterns, higher sea levels, biodiversity loss and unprecedented mass migration.

2017

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

CCLA joined Powering Past Coal Alliance

2020

Seed investors of the Clean Growth Fund with the UK government

CCLA sold remaining direct holdings in oil and gas extraction companies

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

CCLA joined Financing a Just Transition Alliance

2022

CCLA co-filed shareholder resolution at Bank of America on climate transition plans

Co-filed shareholder resolution at JP Morgan on climate transition plans

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

2019

The COIF Charities Ethical Fund restricted direct investment in oil and gas extraction companies

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

CCLA worked with UK and Canadian governments to launch the Powering Past Coal finance principles

2021

CCLA pledged to achieve net zero by 2050

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

Following dialogue Unilever was the first FTSE 100 company to introduce a 'Say on Climate' vote

Founding signatory of IIGCC Net Zero Asset Managers initiative

NextEra Energy responded to engagement by increasing climate disclosures

Climate stewardship

CCLA does not invest directly in any companies that focus on extracting, producing or refining coal, oil sands, oil or gas, nor any company in high-carbon sectors that we believe does not have the potential to align with the low-carbon transition.

There are, however, companies in our portfolio that are carbon-intensive; particularly electrical utilities, consumer goods businesses, mining companies and banks that provide financing to fossil fuel businesses.

Our progress on engaging with these companies in 2022 is shown here.

Electrical utilities

NextEra Energy*

Based in the US, NextEra is one of the world's largest generators of renewable energy. Despite its leadership in the generation of clean energy, the company has historically lagged peers in climate-related disclosure. CCLA co-filed a shareholder resolution calling for progress, and this was successfully withdrawn in 2021 once we had received a commitment that the company would report to CDP, thereby aligning with the recommendations of the G20's Task Force on Climate-Related Financial Disclosure (TCFD). This was a critical first step in building transparency and assessing progress. Separately NextEra's first trade association disclosure report scored poorly in benchmarking. We led the filing of a shareholder resolution in late 2022, which has subsequently been withdrawn due to an agreement by the company to improve disclosure in this area in autumn 2023.

Consumer goods

Nestlé*

Nestlé has substantially built out its TCFD reporting over the last 12 months. It published its decarbonisation strategy in late 2020, which was put to vote in 2021, and passed. As collaborator, we will continue to support the Climate Action 100+ engagement leads on next steps regarding Nestlé's decarbonisation strategy; improving transparency around the company's executive remuneration scheme incorporating climate change performance elements; and disclosure around climate policy and lobbying.

Coca-Cola Co*

We met with Coca-Cola's senior director of environmental policy who gave us an update on the work Coca-Cola is undertaking on delivering their science-based targets. While progress has been slow, Coca-Cola, which is heavily reliant on its supply chain to reduce emissions, is currently engaging with major suppliers and bottlers on creating capabilities to implement emissions reduction practices.

Unilever*

There have been no major breakthroughs in 2022 from a climate engagement perspective at Unilever. We continue to support the Climate Action 100+ engagement lead on enhancing transparency in Unilever's climate lobbying perspectives.

*A holding in a CCLA portfolio(s) as at 31 December 2022.

Mining

Rio Tinto*

Our engagement with Rio Tinto dates back to 2016, when we mobilised enough asset owners to co-file an early climate-related shareholder resolution at the company. Since 2019, we have been asking the company to put its climate transition plans to a shareholder vote. The vote was granted for 2022 and passed, despite resistance from a minority of investors who would prefer the company's downstream influence on the decarbonisation of the Asian steel sector to be integrated into targets for the emissions the company directly controls. Rio Tinto continues to be active in the 2022/23 Transition Plan Taskforce process described on page 49.

Banks and fossil fuel financing

At CCLA, we invest in (or use as counterparties for our cash deposit funds) several multinational banks, some of whom provide financing to conventional energy companies for fossil fuel production, extraction or refining.

Fossil fuel financing from the world's 60 largest banks has reached $4.6 trillion in the six years since the adoption of the Paris Agreement, with $742 billion in fossil fuel financing in 2021 alone.[41]

In 2022, we joined Ceres' new Banks Working Group. The Group will actively engage North American and banks on aligning their lending, financing, and investment activity with 2050 and interim net-zero commitments. The banks are assessed based on a selection of criterion developed by the Transition Pathway Initiative.[42]

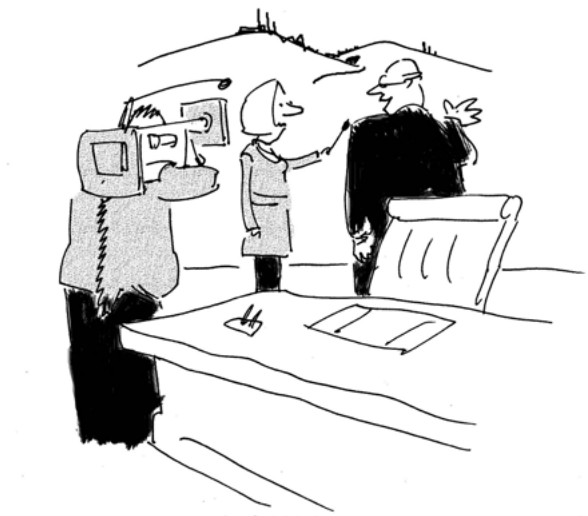
The initiative will benchmark banks and seek detailed transition plans and lobbying consistent with their public statements. We hope to be able to influence banks on their transition planning through both our equity holdings and our cash holdings.

Bank of America*

We co-filed a shareholder resolution together with As You Sow for the 2023 AGM. We are asking Bank of America to issue a report disclosing a transition plan that describes how it intends to align its financing activities with its 2030 sectoral greenhouse gas emissions reduction targets. This should include the specific measures and policies to be implemented, reductions to be achieved by such measures and policies, and timelines for implementation and associated emission reductions.

JP Morgan Chase*

Similarly, at JP Morgan Chase we co-filed a resolution with As You Sow asking the company to issue a report disclosing a transition plan that describes how it intends to align its financing activities with its 2030 sectoral greenhouse gas emissions reduction targets. This report should include the specific measures and policies necessary to achieve its targets, the reductions to be achieved by such measures and policies, and timelines for implementation and associated emission reductions.



"We're proud that 80 per cent of our electric coal drilling and processing equipment is solar powered."

Exercising governance

Corporate 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. This includes effective sub-committees: nomination, remuneration, and audit (and risk)
- **executive remuneration that aligns** the interests of 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 substantial risk to investment performance. For this reason, we have developed a process that includes bespoke quantitative and qualitative analysis to identify and avoid companies with weak governance.

Governance evaluation process

In order to understand the quality of companies' corporate governance, we have developed a bespoke quantitative corporate governance rating tool. We assess and score the board structure, ownership, accounting practices and management capabilities of companies.

Following this, 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.

GOOD GOVERNANCE INDICATORS

Our governance rating is based on the following good governance indicators which, when combined, produce a governance risk rating for each company. The percentages show the weighting given to each score.

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 INDIVIDUALS, INDEPENDENCE AND TRACK RECORD

35 % shareholder rights

ASSESSES THE OWNERSHIP STRUCTURE OF THE COMPANY

Corporate governance and the investment process

Our governance evaluation process is an integral part of CCLA's investment process and operates as follows:

1. Corporate governance analysis is conducted on all prospective listed equity investments prior to purchase.
2. Companies with a high governance risk, or those without independent auditors, or who have received a qualified audit report, will only qualify for investment with the approval of CCLA's Investment Committee.
3. For a 'high risk' company to be approved for investment, the relevant investment analyst must demonstrate why a 'high risk' rating – or the auditors' qualification – is incorrect or not of concern. This normally requires detailed qualitative analysis, fact-finding discussions with the company and ongoing, target-based engagement.
4. Should an existing holding's rating decline to 'high risk', a full governance review is required and a decision on continued investment is required within one week.
5. A review of high governance risk companies and the portfolio structure by governance rating are standing agenda items at CCLA Investment Committee meetings.

"We have an agreement in principle.
The question is, do we all have the same principles?"

Governance and our portfolios

We adopt a rigorous process to identify and remove companies with high governance risk from our investment universe, detailed above. As a result, our portfolios are biased against companies with low corporate governance ratings.

Governance analysis is a key component of our investment thesis and is integrated into our financial materiality assessment.

At the end of 2022, we held nine companies deemed 'high risk' according to our governance analysis. Investment in these companies was approved by CCLA's Investment Committee.

NextEra Energy

Like many US companies, NextEra Energy's chief executive is also the chair of the board. This raises concerns over whether the board can act independently of management and in the best interests of shareholders. For NextEra, we believe that because more than half of the board is comprised of independent directors, this risk is adequately mitigated and not material.

L'Oreal, Estee Lauder, Novo Nordisk, Heineken, LVMH and Blackstone Group

Each company 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 view driven by an inter-generational perspective.

Alphabet

The company has developed an unconventional governance structure to protect itself from the short-term nature of Wall Street traders. We are pushing for the appointment of a senior independent director.

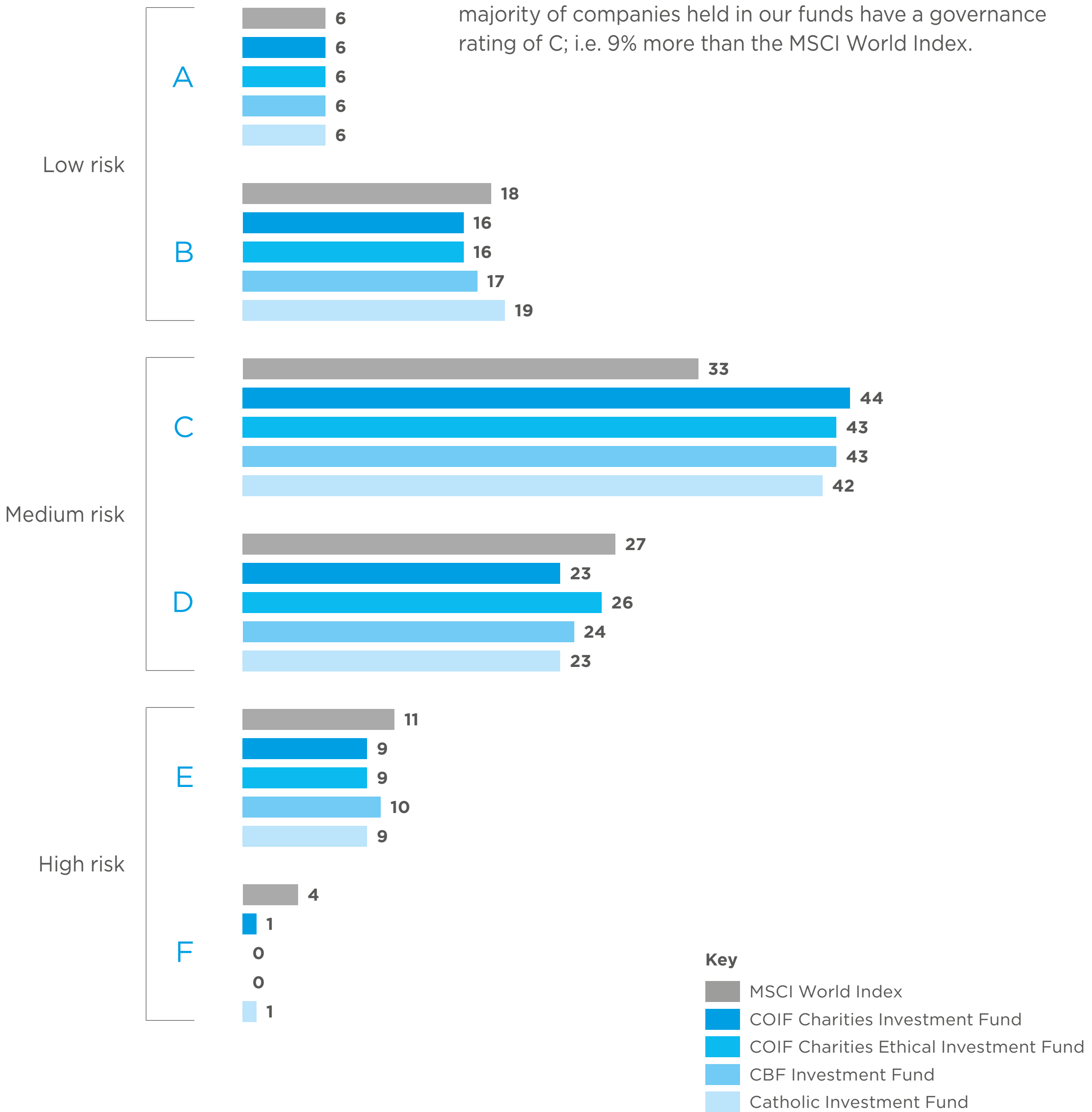
Alexandria Real Estate

The founding director remains on the board as combined chair and chief executive. This is balanced by several independent directors and a wide shareholder base.

OUR PROPRIETARY GOVERNANCE RATING

Using our governance rating tool and qualitative analysis we award companies a corporate governance rating from A (best) to F (worst). Companies rated E and F are not permissible investments without approval and engagement.

Shown in percentage terms, this chart compares the governance ratings of companies in our key funds with those in the MSCI World Index. For example, it demonstrates that the majority of companies held in our funds have a governance rating of C; i.e. 9% more than the MSCI World Index.



Source: CCLA as at 31 December 2022.

DUAL CLASS SHARES: COMPARING GOVERNANCE AT BLACKSTONE AND ALPHABET

One-share, one-vote is commonly viewed as the basis of good governance. Allotting a single vote per share helps to ensure alignment between ownership and control; promotes accountability to shareholders; and allows all shareholders to voice their concerns via stewardship and voting.

While less common, an increasing number of newly listed companies (notably in the technology sector) are moving towards dual class shares. The most common form of dual class shares gives multiple votes to owners of certain share classes. For example, ten votes for every class B share and one vote for every class A share. Some companies may even issue non-voting shares.

Those in favour of dual class structures argue that it protects companies against the short-term pressures of investment markets. Academic research suggests a near-term value premium for companies with dual class structures, albeit one that declines over time. This indicates that 'sunset clauses' with a seven- to ten-year lifespan can be beneficial.

Assessing a company's share structure is important but only part of the process for evaluating governance. At the same time, we need to understand whether the board (who commonly own enhanced voting shares) is willing to listen to shareholders, even those with little or no voting power.

We own non-voting shares in Blackstone and Alphabet. In each case, our board review identified a lack of a senior independent director. We believe this is the key to increasing access for non-voting shareholders and we are pushing both companies to appoint a director to this position.

At Blackstone, the duties that typically fall to senior independent director have now been allocated to an existing board director, while there has been no change at Alphabet. Interestingly, Alphabet's board did contain an independent director prior to a recent restructure and we will continue our efforts to reinstate the role.

How are governance and financial performance related?

We have long believed that poor corporate governance poses a risk to the long-term performance of companies, and in 2022 we tested this theory. We measured the correlation of our chosen good governance indicators (see page 55) with various financial metrics drawn from MSCI and HOLT Credit Suisse with which we assess companies during the initial stages of building our investment case.

We tend to favour companies with a quality and growth bias, and the financial indicators we chose to test reflect this preference. We uncovered the following.

a) **Price-to-book ratio** reflects the value that market participants place on a company's equity relative to the book value of its equity. Businesses with a high price-to-book are commonly known as 'growth' companies. Conversely, businesses with a low price-to-book ratio are known as 'value' companies.

   We found that the price-to-book ratio is positively correlated with good governance. In other words, the higher the price-to-book ratio, the stronger the governance of a company tends to be, although the relationship is not fully linear. 'Value' companies should not be dismissed on this basis.

b) **Cash flow return on investment** (CFROI) is a valuation metric that acts as a proxy for a company's economic return. It gives insight into how a company works internally and how well the company generates cash.

We found that good governance is positively correlated with CFROI, meaning that companies that generate a positive economic return generally have good governance in place.

c) **The HOLT Growth Factor** is a forward-looking measure based on historic CFROI data and other cash-related indicators. It evaluates the degree to which a company is likely to generate positive CFROI in the future, relative to peers.

We found a notable positive correlation between good governance and the likelihood of future cashflow growth. In other words, companies that tended to generate cash in the past are more likely to do so in the future if supported by a strong governance structure.

d) **Operational quality** assesses the historic variability of CFROI over time compared to peers.

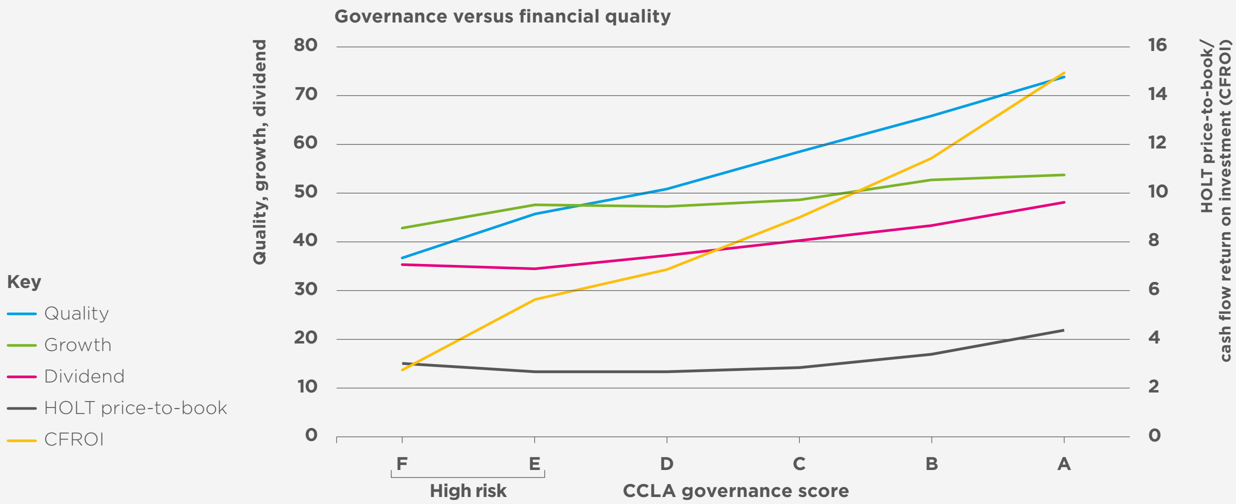
We found that well-governed companies tend to allocate capital in a way that is reliably profitable, year after year, conducive to the generation of shareholder value.

e) **Dividend yield**, expressed as a percentage, shows how much a company pays out in dividends each year, relative to its share price.

We found that well-governed firms are generally better able to generate cash and profits, and thus more likely to pay out dividends. However, a high dividend yield is a double-edged sword: while it can signal good cash generation, it can also indicate poor growth prospects. ■

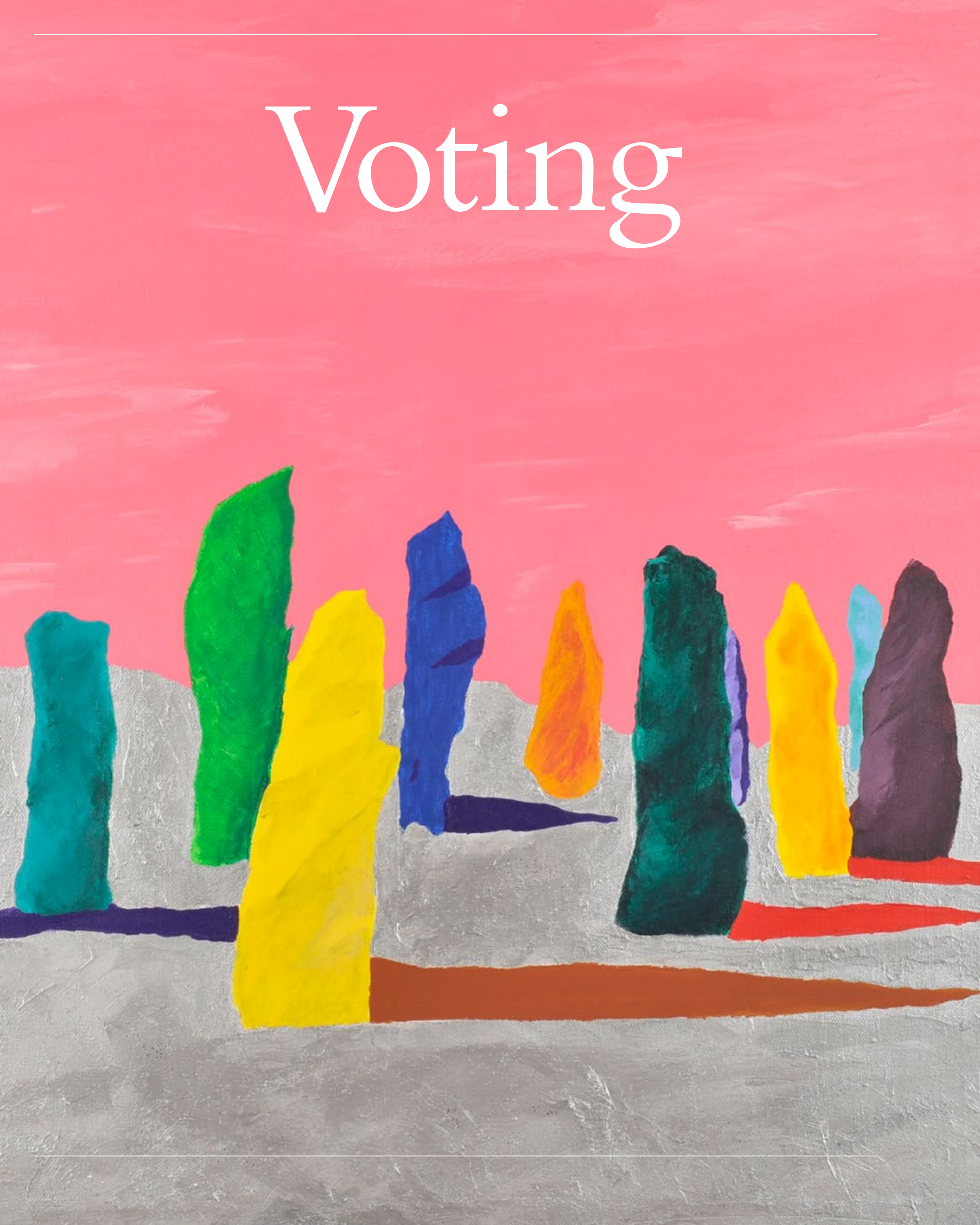
GOVERNANCE AND QUALITY FINANCIALS GO HAND IN HAND

As with all models, these are only an approximation and there were some variables between industries. We can, however, conclude that good governance is an indicator of good financial prospects. Thorough analysis of the quality of a company's corporate governance deserves a place in every investment process.



Source: CCLA. Analysis based on 9,305 companies between July 2019 and July 2022.

Voting



We believe that it is in our clients' best interests to vote on all company resolutions, both domestic and overseas, and aim to do so whenever possible. When we vote, we seek to promote exemplary corporate governance and to reflect the underlying values of our clients.

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

Our guidelines are reviewed annually and administered by proxy voting provider, ISS, who works to a bespoke CCLA template. Our template incorporates our position on environmental, social and governance (ESG) issues, as well as our main engagement themes, and is designed to reflect our clients' values. This ensures consistency across our stewardship activity.

Escalation principles

Voting is one tool in the armoury and when used well, 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 alternate policies, though this is rarely done.

2 We write to all companies, prior to a company's AGM, to explain our voting position.

Because in our experience anonymous, unsubstantiated voting has little effect.

3 We use our voting position to complement our wider stewardship work.

Environmental and social considerations are woven into our vote guidelines.

4 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 does not target dissent upon the person responsible. The audit committee chair is ultimately responsible for selecting an auditor and should be held to account.

5 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, finally, against the entire remuneration committee (in extreme cases, we do so in year one).

6 We expect directors to respond to shareholders.

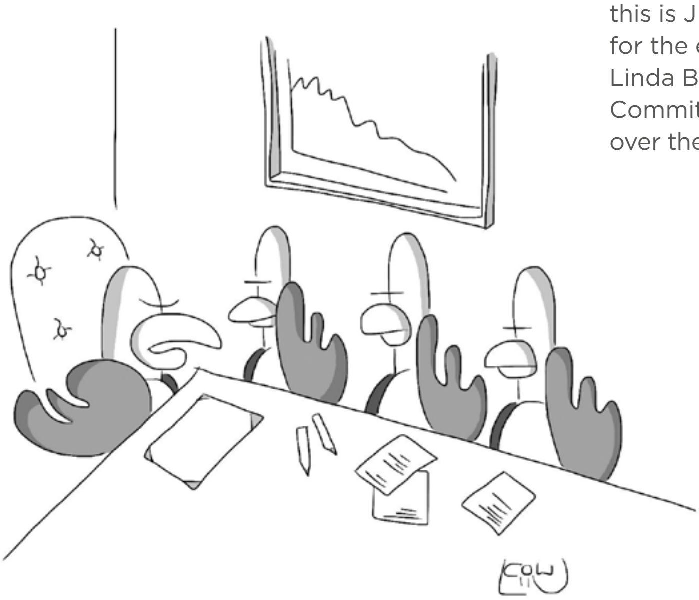
We vote against a director's re-election where we have had an unsatisfactory outcome to sustained engagement and voting activity.

Proxy voting record

During 2022, we voted on 3,094 resolutions at 204 company meetings. We take a strong position on excessive and poorly aligned executive remuneration proposals, lack of gender diversity in company leadership, and indicators of poor environmental sustainability. Detailed guidance as to why we vote for, against or abstain on proposals is available in our proxy voting guidelines on CCLA's website.

Three-year vote record

	2022	2021	2020
All resolutions			
Abstain	0.5%	0.9%	3.0%
Against	13.1%	12.6%	11.9%
For	86.4%	86.5%	85.1%
Executive remuneration			
Abstain	2.9%	4.4%	7.7%
Against	76.6%	75.7%	72.4%
For	20.5%	19.9%	19.9%
Director election			
Abstain	0.2%	0.7%	4.0%
Against	12.9%	13.5%	10.5%
For	86.9%	85.8%	85.4%



"You're all voting against me?
Is this a coo?"

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. If the business is not adequately addressing climate-related risk, we vote against the chair.

The table below shows where we have withheld support for directors during the year, and our reasons for doing so.

Reason for withholding support for the election of a director	Number of dissenting votes	Percentage of dissenting votes
Remuneration	68	37.2
Audit	39	21.3
Governance	39	21.3
Diversity	28	15.3
Other	9	4.9
Total	183	100.0

In addition to our standard vote outcomes, we often integrate company responsiveness to key issues into our vote outcomes. An example of this is JP Morgan, when we withheld support for the election of the Risk Committee Chair, Linda Bammann, and the Public Responsibility Committee Chair, James Crown, due to concerns over the company's financing of fossil fuel projects.

Executive remuneration and pay inequality

An executive director's remuneration package should be structured such that their interests are aligned with the long-term interests of the company (and that of its shareholders). While pay should be sufficient to attract, motivate and retain accomplished executives, excessive remuneration can deplete shareholder value.

It is important that pay packages are structured to incentivise good conduct. 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 that 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. Underperformance against the targets should not be rewarded.

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

1. Remuneration schemes should not breach good local practice.
2. Bonuses should be proportionate and not excessive.
3. Remuneration schemes should incentivise good conduct.
4. Non-financial (as well as financial) performance metrics should be incorporated.
5. Executive remuneration should not exacerbate inequality within the company.

The table below sets out the number of remuneration reports or policies that we withheld support for during 2022, and our reasons for doing so.

Theme	Count	Percentage
Breaches local market good practice	27	9.8
Excessive or disproportionate annual bonus	83	30.2
Annual bonus exceeds long-term incentives	16	5.8
Non-financial or 'ESG' indicators not incorporated	56	20.4
Potential for remuneration package to breach a given threshold	85	30.9
Other	8	2.9
Total	275	100.0

Historically, we have addressed inequality within remuneration on a sector/index basis via Living Wage Accreditation. During 2022, we expanded this voting position to take account of the relative level of salary increases between directors and the wider workforce. Two examples are:

- **Deutsche Boerse**. Executive pensions at the company are around 50% of salary. This is much higher than the wider workforce, and out of line with the market. It breaches CCLA vote guidelines and we therefore voted against the remuneration report.
- **Dechra Pharmaceuticals**. We have concerns over increasing inequality following year on year increases in fixed pay for two directors, which exceeds that of the wider workforce. Combined with an increase in annual bonus, we voted against.

Under the category of 'other', remuneration issues include:

- **Novo Nordisk**. In 2021, executive vice president, Mads Krogsgaard Thomsen, retired from Novo Nordisk and took up the role of CEO of Novo Nordisk's main shareholder, the Novo Nordisk Foundation.

  Mr Thomsen was entitled to 12 months' notice period, which finished in February 2022. During this period, he continued to provide certain services to Novo Nordisk, for which he was remunerated. Even after deducting salary, pension and bonus earned in his new role, this amounted to a payment of DKK 18.3 million. In addition, Mr Thomsen was entitled to a severance payment equal to 36 months' base salary and pension contribution, amounting to DKK 28.8 million, to be paid in February 2022.

  Given that Mr Thomsen's new role was with Novo Nordisk's ultimate shareholder, we believe that the severance payment was neither appropriate nor proportionate and therefore voted against his remuneration proposal.

- **Lloyds Banking Group**. A recent investigation by the Financial Conduct Authority into Lloyds' failures in communications for home insurance renewals between 2009 and 2017 resulted in a fine of approximately £91 million. While there are mitigating factors within the remuneration report, including the committee's decision to adjust the overall bonus pool to take account of the fine, we do not believe that support for the package is appropriate at this moment.

Impact of the CCLA vote template

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

The application of our template led us to oppose nearly three times as many management proposals as the standard ISS recommendations. We did not support management proposals on 13% of occasions, where if we had applied the vote recommendation in ISS's standard template, this would have been 5%.

Our record on addressing issues with executive remuneration best illustrates the template's impact. While ISS recommended support for 85% of remuneration report or policy votes, we identified concerns and withheld support for 80%.

	ISS recommendation		CCLA	
	For mgmt	**Against mgmt**	**For mgmt**	**Against mgmt**
All resolutions	95%	5%	87%	13%
Executive remuneration	85%	15%	20%	80%
Director election	98%	2%	87%	13%

"Every now and then, I find myself in a room filled with people who are wrong."

Shareholder resolutions during 2022

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 environmental, social and governance concerns and disclose our voting position and rationale quarterly on our website.[43]

Examples of our support for shareholder resolutions can be found in Appendix 3: Focus on shareholder resolutions on page 73. Key votes by theme are set out below.

Better environment

Both **JP Morgan** and **Bank of America** faced shareholder resolutions on the 'Adopt Fossil Fuel Financing Policy Consistent with IEA's Net Zero 2050 Scenario'. JP Morgan also faced a second resolution asking it to 'Report on Absolute Targets for Financed GHG Emissions in Line with Net Zero Commitments'. The lack of progress by these companies led us to escalate our concerns; we are supporting As You Sow in filing shareholder resolutions at both companies, seeking alignment between the banks' activities and their greenhouse gas emissions targets.

Public health

We supported several resolutions relating to greater disclosure on public health impacts of products ranging from reports on Covid-19 vaccines at **Johnson & Johnson**, **Pfizer** and **Merck** to reports on 'Public Health Costs of Food and Beverages Products' at **PepsiCo**.

Human rights

We supported human rights reports at both **Disney** and **Amazon**. The proposal at Amazon was one of several proposals which introduced the concept of an independent third-party review of working conditions. We believe that this could be key in strengthening each company's approach by identifying areas for improvement.

Towards the end of 2022 we supported a shareholder proposal at **Nike**, seeking a 'pause' on the sourcing of cotton and other raw materials from China until the lifting of a US government advisory on forced labour in the Uyghur region of Xinjiang. The proposal was put forward at its annual shareholder meeting by Domini Impact Equity Fund and Vancity Investment Management Canadian Equity Fund.

It is estimated that 85% of China's cotton comes from the Uyghur region and while Nike has worked hard to ensure with its first-tier suppliers that its codes of best practice are followed, given the human rights concerns we believed the company needed to go further back into the supply chain, checking that suppliers of yarn, cotton and raw materials are meeting its expected standards. ■

Appendix 1: Active ownership summary

Company	CCLA equity holding as at Dec 2022	Cost of living	Human rights and modern slavery	Mental health	Occupational health and safety	Nutrition	Baby milk substitutes	Climate
Abbott Laboratories	Yes			●			●	
AbbVie	No			●				
Accenture	Yes			🟧	🟧			
Admiral	Yes			🟧	🟧			
Adobe	Yes			🟧				
Advanced Micro Devices	No			●				
Agricultural Bank of China	No			●				
Alibaba Group Holding	No			●				
Alphabet Inc	No			●				
Amazon	Yes		●	🟩				
Anglo-American	No	⬛		🟧				
Apple Inc	No			●				
Ashtead Group	No	●		●				
ASML	Yes			🟧				
Associated British Food	No	⬛		🟧				
AstraZeneca	Yes	⬛		🟩				
AT&T Inc	No			●				
Aveva	Yes				🟧			
Aviva	No	⬛		🟧				
B&M European Value Retail	No	●		●				
Babcock International Group	No	⬛		●				
BAE Systems	No	⬛		🟧				
Bakkavor Group	No	⬛						
Balfour Beatty	No	●		🟧				
Bank of America	Yes			●				●
Bank of China	No			●				
Barclays	No	⬛		🟧				
Berkeley Group	Yes		●					
Berkshire Hathaway	No			●				
BHP Group	No			🟩				
BP	No	⬛		🟧				
Bristol-Myers Squibb	No			●				
British American Tobacco	No	●		●				
Broadcom	Yes			●				
BT Group	No	⬛		🟧				
Bunzl	Yes	●		●				
Camellia	No	●						
Capita	No	⬛						
Carnival	No	●	🟧	●				
Centrica	No	●		🟧				
Charles Schwab	No			●				
Chevron Corporation	No			●				
China Construction Bank	No			●				

Key: 🟩 Positive change ⬛ Due diligence/fact finding 🟧 Discussions ongoing ● No response

Company	CCLA equity holding as at Dec 2022	Cost of living	Human rights and modern slavery	Mental health	Occupational health and safety	Nutrition	Baby milk substitutes	Climate
China Merchants Bank	No			No response				
Cisco Systems	Yes			Discussions ongoing				
Coats Group	No	Due diligence/fact finding		Discussions ongoing				
Coca-Cola Co	Yes			No response		Discussions ongoing		Discussions ongoing
Coca-Cola HBC	No	No response		Discussions ongoing				
Comcast	No			No response				
Compass Group	Yes	Due diligence/fact finding	Positive change	Discussions ongoing				
Computacenter	No	Due diligence/fact finding		Discussions ongoing				
Contemporary Amperex Technology	No			No response				
Costco Wholesale	No			No response				
CRH	No	No response		Discussions ongoing				
Currys	No	Due diligence/fact finding		No response				
CVS Health	No			No response				
Danaher	Yes			No response				
DCC	No	Due diligence/fact finding		Discussions ongoing				
Diageo	Yes	Due diligence/fact finding		Discussions ongoing				
Direct Line	No			Discussions ongoing				
DS Smith	Yes	No response		No response				
Dunelm	No			No response				
easyJet	No	No response		No response				
Eli Lilly and Company	No			Discussions ongoing				
Entain	No	Due diligence/fact finding		Discussions ongoing				
Evraz	No			No response				
Experian	Yes	Due diligence/fact finding		Positive change				
Ferguson	Yes			Positive change				
FirstGroup	No	Due diligence/fact finding						
Flutter Entertainment	No	No response		Discussions ongoing				
Frasers Group	No	No response		No response				
Genuit Group	Yes		No response					
Genus	Yes				No response			
GlaxoSmithKline	No	Due diligence/fact finding		Discussions ongoing				
Glencore	No	Due diligence/fact finding		No response				
Goldman Sachs Group	No			Discussions ongoing				
Grafton Group	No	No response		No response				
Greencore	No	Due diligence/fact finding						
Greggs	Yes	Due diligence/fact finding		No response				
Halfords Group	No	Due diligence/fact finding						
Hays	No	Due diligence/fact finding		Discussions ongoing				
Hermes International	Yes			No response				
Home Depot	Yes			Discussions ongoing				
Honeywell International	Yes			No response	Positive change			
Howden Joinery	No			Discussions ongoing				
HSBC Holdings	No	Due diligence/fact finding		Positive change				
ICBC	No			No response				
IMI	No	Due diligence/fact finding		Discussions ongoing				

Key: Positive change | Due diligence/fact finding | Discussions ongoing | No response

Company	CCLA equity holding as at Dec 2022	Cost of living	Human rights and modern slavery	Mental health	Occupational health and safety	Nutrition	Baby milk substitutes	Climate
Imperial Brands	No	No response		Discussions ongoing				
Inchcape	No	No response		No response				
Informa	No			No response				
Intel Corp	No			No response				
Intercontinental Hotels Group	Yes		Positive change		Discussions ongoing			
International Consolidated Airlines	No	No response		No response				
International Distributions Services (formerly Royal Mail)	No	Due diligence/fact finding		Discussions ongoing				
International Personal Finance	No	Due diligence/fact finding						
Intertek	Yes	No response		Discussions ongoing				
Intuit	Yes			Discussions ongoing	No response			
J D Wetherspoon	No	No response		Discussions ongoing				
J Sainsbury	No	Due diligence/fact finding		Discussions ongoing				
JD Sports Fashion	No	No response		Discussions ongoing				
John Wood Group	No	Due diligence/fact finding		Discussions ongoing				
Johnson & Johnson	Yes			No response				
Johnson Matthey	No	Due diligence/fact finding		Discussions ongoing				
JP Morgan Chase & Co.	Yes			No response				No response
Kerry Group	Yes				Discussions ongoing			
Keyence Corporation	Yes				Discussions ongoing			
Keywords Studios	Yes				Discussions ongoing			
Kier Group	No	Due diligence/fact finding						
Kingfisher	No	Due diligence/fact finding		Discussions ongoing				
Kweichow Moutai	No			No response				
Legal & General Group	No			Discussions ongoing				
Linde	No	Due diligence/fact finding		No response				
Lloyds Banking Group	Yes	Due diligence/fact finding		Discussions ongoing				
London Stock Exchange Group	Yes	Due diligence/fact finding						
L'Oreal SA	Yes			No response				
Lowe's Cos	No			No response				
LVMH Moet Hennessy Louis Vuitton SE	Yes			Discussions ongoing				
Marks & Spencer Group	No	No response		No response				
Marston's	No	No response	Discussions ongoing					
Mastercard	Yes			Discussions ongoing				
McDonald's	Yes			Discussions ongoing				
Mediclinic International	No	Due diligence/fact finding		Discussions ongoing				
Medtronic	Yes			No response				
Meggitt	No			Discussions ongoing				
Meituan	No			No response				
Melrose Industries	No	No response		No response				
Merck & Company	Yes			No response				
Meta Platforms	No			No response				

Key: Positive change · Due diligence/fact finding · Discussions ongoing · No response

Company	CCLA equity holding as at Dec 2022	Cost of living	Human rights and modern slavery	Mental health	Occupational health and safety	Nutrition	Baby milk substitutes	Climate
Micro Focus International	No	No response		No response				
Microsoft	Yes			Discussions ongoing				
Mitchell & Butlers	No	No response	Positive change	No response				
Mitie Group	No	No response						
Mondi	No	Due diligence/fact finding		Discussions ongoing				
Morgan Stanley	No			Discussions ongoing				
National Express Group	No	Due diligence/fact finding		Discussions ongoing				
National Grid	No	No response		Discussions ongoing				
NatWest Group	No	Due diligence/fact finding		Discussions ongoing				
Nestlé	Yes			Discussions ongoing		Discussions ongoing		Discussions ongoing
Next	No	No response		Discussions ongoing				
NextEra Energy	Yes			No response				Discussions ongoing
NIKE Inc	Yes			No response				
Novartis	Yes			Discussions ongoing				
Novo Nordisk	Yes			Positive change				
NVIDIA Corp	Yes			No response				
Ocado Group	No	Due diligence/fact finding		Discussions ongoing				
Oracle Corporation	No			No response				
PayPal Holdings	Yes			No response				
Pearson	No	No response		No response				
PepsiCo	Yes			Positive change		Discussions ongoing		
Persimmon	No		Discussions ongoing					
PetroChina Company	No			No response				
Pfizer Inc	Yes			No response				
Philip Morris International	No			No response				
Ping An Insurance Group Co. of China	No			No response				
Polymetal International	No			Discussions ongoing				
Procter & Gamble Company	Yes			No response				
Prosus NV	No			No response				
Prudential	Yes	Due diligence/fact finding		Discussions ongoing				
QUALCOMM	No			No response				
Reckitt Benckiser	Yes	Due diligence/fact finding		Discussions ongoing			No response	
Reliance Industries	No			No response				
RELX	Yes	Due diligence/fact finding		Discussions ongoing				
Rentokil Initial	No	No response		No response				
RHI Magnesita	No	No response		No response				
Rio Tinto	Yes	Due diligence/fact finding		Discussions ongoing				Discussions ongoing
Roche Holding AG	Yes			No response				
Rolls-Royce Holdings	No	Due diligence/fact finding		Discussions ongoing				
Royal Bank of Canada	No			No response				
Sage Group	Yes	No response		Discussions ongoing				
Salesforce	No			Discussions ongoing				
Samsung Electronics	No			No response				
SAP	No			Discussions ongoing				

Key: Positive change · Due diligence/fact finding · Discussions ongoing · No response

Company	CCLA equity holding as at Dec 2022	Cost of living	Human rights and modern slavery	Mental health	Occupational health and safety	Nutrition	Baby milk substitutes	Climate
Saudi Arabian Oil Company	No			No response				
Savills	No	No response		Discussions ongoing				
Serco Group	No	Due diligence/fact finding		Discussions ongoing				
Shell	No	Due diligence/fact finding		Positive change				
Siemens AG	Yes			No response				
Smith & Nephew	No	No response						
Smiths Group	No	No response		No response				
Smurfit Kappa	No	Due diligence/fact finding		Discussions ongoing				
Sony Group	No			No response				
Spire Healthcare Group	No			No response				
SSE	No			No response				
SSP	No		Discussions ongoing	No response				
Standard Chartered	No	No response		No response				
Tata Consultancy Services	No			No response				
Tencent Holdings	No			No response				
Tesco	No	Due diligence/fact finding		Discussions ongoing				
Tesla	No			No response				
Texas Instruments	Yes			No response				
Thermo Fisher Scientific	Yes			Discussions ongoing				
TI Fluid Systems	No	Due diligence/fact finding		Discussions ongoing				
Toronto-Dominion Bank	No			No response				
TotalEnergies SE	No			No response				
Toyota Motor Corp	No			Discussions ongoing				
Travis Perkins	No	No response		No response				
TSMC	Yes			Discussions ongoing				
TUI AG	No	Due diligence/fact finding		Discussions ongoing				
Unilever	Yes	Due diligence/fact finding		Positive change		Positive change		Discussions ongoing
Union Pacific	No			Discussions ongoing				
United Parcel Service	No			No response				
UnitedHealth Group	Yes			No response				
Verizon Communications	No			Discussions ongoing				
Vesuvius	No			No response				
Visa	Yes			Discussions ongoing				
Vodafone Group	No	Due diligence/fact finding		Positive change				
Volkswagen	No			Discussions ongoing				
Walmart	No			Discussions ongoing				
Walt Disney Company	Yes			No response				
Weir Group	No			Discussions ongoing				
Wells Fargo	No			No response				
WH Smith	No	Due diligence/fact finding		Discussions ongoing				
Whitbread	No	Due diligence/fact finding	Positive change	Discussions ongoing				
Wincanton	No	No response						
WPP	No	Due diligence/fact finding		Discussions ongoing				

Key: Positive change   Due diligence/fact finding   Discussions ongoing   No response

Appendix 2: Collaborating for change

We aim to mobilise the investment industry into action. This summarises institutional investor support for CCLA initiatives as at end 2022.

	Find it, Fix it, Prevent it	Cost-of-living crisis	Seasonal Workers' scheme	Mental health
abrdn	■			
Achmea				●
ACTIAM and Cardano		■		●
Adrian Dominican Sisters, Portfolio Advisory Board	■			■
Aikya	■			
Alken Asset Management				●
Alliance Bernstein	■			
Anchorage Capital Group				■
AON	■			
Arabesque Asset Management				●
Archbishops' Council	■			
AustralianSuper	■			
Aviva	■	■		
Barrow Cadbury Trust	■			
Bon Secours Mercy Health				■
Boston Common Asset Management	■			●
Brunel Pension Partnership	■	■		●
Canada Life Asset Management			■	
Castlefield Investment Partners	■	■		●
CCLA Investment Management	■	■	■	●
Central Finance Board of the Methodist Church	■		■	●
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	■			
Congregation of St. Joseph				■
CQS (UK)				●
Daughters of Charity, Province of St. Louise				■
De Nieuwe Beurskoers	■			
Diocese of Hallam	■			
Diocese of Leicester	■			
Diocese of Westminster	■			
EdenTree	■	■		
EOS at Federated Hermes (on behalf of its stewardship clients)	■			●
Episcopal Church (DFMS)	■			
Epworth Investment Management	■			●
Ethical Partners Funds Management				●
Evelyn Partners (formerly Tilney and Smith & Williamson Group)	■		■	●
Federated Hermes	■	■		●
Fidelity	■			
First Sentier Investors				●
Fondo Cometa				●
Friends Fiduciary				●

Key: ● Founding signatory ■ Signatory as at 31 December 2022

	Find it, Fix it, Prevent it	Cost-of-living crisis	Seasonal Workers' scheme	Mental health
Friends Provident	■	■		
Future Super Group				●
GAM Investments	■			
Guy's and St Thomas' Foundation				■
Impax Asset Management				■
Interfaith Center on Corporate Responsibility	■			●
Islington Pension Fund		■		
Jesuits in Britain	■	■		●
JLens Network				●
Joseph Rowntree Foundation		■		
KLP Kapitalforvaltning AS	■			
Lazard Asset Management	■			
Legal & General Investment Management		■		
Lindsell Train	■			
Local Authority Pension Fund Forum	■			
Local Government Pension Scheme Central	■			
M&G	■			
Medical Missionary Sisters	■			
Mercy Investment Services	■			●
Miller/Howard Investments				■
Nomura Asset Management				●
OVF (The Norwegian Church Endowment)	■			
Panahpur	■			
Pension Protection Fund	■		■	■
Pensionbee		■		
PIRC		■	■	
Polden-Puckham Charitable Foundation	■			
Plater Trust	■			
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	■			
Royal London Asset Management				■
Sarasin & Partners	■		■	
Schroders	■		■	
SHARE Canada	■			
Sisters of St. Francis, Dubuque, Iowa				●
Sisters of the Humility of Mary				●
Sjunde AP-fonden (AP7)	■			
Stichting Pensionfonds voor Huisartsen				■
Strathclyde Pension Fund		■		
Salvation Army UK Territory	■			
Trust for London		■		
United Reformed Church Ministers' Pension Trust	■			
United Reformed Church Trust	■			
Vancity Investment Management				■
William Leech Foundation Limited	■			

Key: ● Founding signatory ■ Signatory as at 31 December 2022

Appendix 3: Focus on shareholder resolutions

The table below shows CCLA's 'for' votes and how they fit within our ESG framework.

Company name	Type	Date	Proposal text	Environment	Social	Governance
The Walt Disney Company	Annual	9/03/22	Reduce ownership threshold for shareholders to call special meeting			■
The Walt Disney Company	Annual	9/03/22	Report on gender/racial pay gap		■	
The Walt Disney Company	Annual	9/03/22	Report on human rights due diligence		■	
The Walt Disney Company	Annual	9/03/22	Report on lobbying payments and policy			■
Agilent Technologies, Inc.	Annual	16/03/22	Provide right to call a special meeting at a 10% ownership threshold			■
Starbucks Corporation	Annual	16/03/22	Report on prevention of harassment and discrimination in the workplace		■	
Synopsys, Inc.	Annual	12/04/22	Provide right to act by written consent			■
Honeywell International Inc.	Annual	25/04/22	Reduce ownership threshold for shareholders to call special meeting			■
Honeywell International Inc.	Annual	25/04/22	Report on climate lobbying	■		
Honeywell International Inc.	Annual	25/04/22	Report on environmental and social due diligence	■	■	
The Coca-Cola Company	Annual	26/04/22	Report on external public health costs		■	
The Coca-Cola Company	Annual	26/04/22	Report on global public policy and political influence			■
The Coca-Cola Company	Annual	26/04/22	Require independent board chair			■
Bank of America Corporation	Annual	26/04/22	Adopt fossil fuel lending policy consistent with IEA's Net Zero by 2050 Scenario	■		
Bank of America Corporation	Annual	26/04/22	Report on charitable contributions			■
Texas Instruments Incorporated	Annual	28/04/22	Reduce ownership threshold for shareholders to call special meeting			■
Pfizer Inc.	Annual	28/04/22	Amend proxy access right			■
Pfizer Inc.	Annual	28/04/22	Report on board oversight of risks related to anticompetitive practices			■
Pfizer Inc.	Annual	28/04/22	Report on feasibility of technology transfer to boost Covid-19 vaccine production		■	
Pfizer Inc.	Annual	28/04/22	Report on public health costs of limited sharing of vaccine technology		■	
Johnson & Johnson	Annual	28/04/22	Adopt policy to include legal and compliance costs in incentive compensation metrics			■
Johnson & Johnson	Annual	28/04/22	Consider pay disparity between executives and other employees		■	
Johnson & Johnson	Annual	28/04/22	Oversee and report a racial equity audit		■	

Key: ■ CCLA voted in favour of the resolution

Company name	Type	Date	Proposal text	Environment	Social	Governance
Johnson & Johnson	Annual	28/04/22	Publish third-party review of alignment of company's lobbying activities with its public statements			■
Johnson & Johnson	Annual	28/04/22	Report on charitable contributions			■
Johnson & Johnson	Annual	28/04/22	Report on government financial support and access to Covid-19 vaccines and therapeutics		■	
Johnson & Johnson	Annual	28/04/22	Report on public health costs of limited sharing of vaccine technology		■	
Abbott Laboratories	Annual	29/04/22	Adopt policy on 10b5-1 plans			■
Abbott Laboratories	Annual	29/04/22	Reduce ownership threshold for shareholders to call special meeting			■
Abbott Laboratories	Annual	29/04/22	Report on lobbying payments and policy			■
Abbott Laboratories	Annual	29/04/22	Report on public health costs of antimicrobial resistance		■	
Abbott Laboratories	Annual	29/04/22	Require independent board chair			■
DiaSorin SpA	Annual	29/04/22	Appoint chairman of internal statutory auditors			■
DiaSorin SpA	Annual	29/04/22	Approve internal auditors' remuneration			■
DiaSorin SpA	Annual	29/04/22	Approve remuneration of directors			■
DiaSorin SpA	Annual	29/04/22	Fix board terms for directors			■
DiaSorin SpA	Annual	29/04/22	Fix number of directors			■
Edwards Lifesciences Corporation	Annual	3/05/22	Reduce ownership threshold for shareholders to call special meeting			■
PepsiCo, Inc.	Annual	4/05/22	Report on global public policy and political influence			■
PepsiCo, Inc.	Annual	4/05/22	Report on public health costs of food and beverages products		■	
PepsiCo, Inc.	Annual	4/05/22	Require independent board chair			■
Stryker Corporation	Annual	4/05/22	Amend proxy access right			■
BCE Inc.	Annual	5/05/22	SP 1: propose formal representation of employees in strategic decision making			■
Danaher Corporation	Annual	10/05/22	Reduce ownership threshold for shareholders to call special meeting			■
Verizon Communications Inc.	Annual	12/05/22	Amend senior executive compensation clawback policy			■
Verizon Communications Inc.	Annual	12/05/22	Report on charitable contributions			■
Verizon Communications Inc.	Annual	12/05/22	Submit severance agreement (change-in-control) to shareholder vote			■
Intercontinental Exchange, Inc.	Annual	13/05/22	Reduce ownership threshold for shareholders to call special meeting to 10%			■

Key: ■ CCLA voted in favour of the resolution

Company name	Type	Date	Proposal text	Environment	Social	Governance
JP Morgan Chase & Co.	Annual	17/05/22	Adopt fossil fuel lending policy consistent with IEA's Net Zero by 2050 Scenario	■		
JP Morgan Chase & Co.	Annual	17/05/22	Reduce ownership threshold for shareholders to call special meeting			■
JP Morgan Chase & Co.	Annual	17/05/22	Report on absolute targets for financed GHG emissions in line with net zero commitments	■		
JP Morgan Chase & Co.	Annual	17/05/22	Require independent board chair			■
NextEra Energy, Inc.	Annual	19/05/22	Disclose a board diversity and qualifications matrix		■	
NextEra Energy, Inc.	Annual	19/05/22	Report on effectiveness of diversity, equity and inclusion efforts and metrics		■	
The Home Depot, Inc.	Annual	19/05/22	Oversee and report a racial equity audit		■	
The Home Depot, Inc.	Annual	19/05/22	Reduce ownership threshold for shareholders to call special meeting			■
The Home Depot, Inc.	Annual	19/05/22	Report on congruency of political spending with company values and priorities			■
The Home Depot, Inc.	Annual	19/05/22	Report on efforts to eliminate deforestation in supply chain	■		
The Home Depot, Inc.	Annual	19/05/22	Report on steps to improve gender and racial equity on the board		■	
The Home Depot, Inc.	Annual	19/05/22	Require independent board chair			■
Merck & Co., Inc.	Annual	24/05/22	Report on access to Covid-19 products		■	
Merck & Co., Inc.	Annual	24/05/22	Report on lobbying payments and policy			■
Merck & Co., Inc.	Annual	24/05/22	Require independent board chair			■
Amazon.com, Inc.	Annual	25/05/22	Adopt a policy to include non-management employees as prospective director candidates			■
Amazon.com, Inc.	Annual	25/05/22	Commission a third-party audit on working conditions		■	
Amazon.com, Inc.	Annual	25/05/22	Commission third-party report assessing company's human rights due diligence process	■		
Amazon.com, Inc.	Annual	25/05/22	Commission third-party study and report on risks associated with use of Rekognition		■	
Amazon.com, Inc.	Annual	25/05/22	Publish a tax transparency report		■	
Amazon.com, Inc.	Annual	25/05/22	Report on efforts to reduce plastic use	■		
Amazon.com, Inc.	Annual	25/05/22	Report on lobbying payments and policy			■
Amazon.com, Inc.	Annual	25/05/22	Report on median gender/racial pay gap		■	
Amazon.com, Inc.	Annual	25/05/22	Report on protecting the rights of freedom of association and collective bargaining		■	
Amazon.com, Inc.	Annual	25/05/22	Report on retirement plan options aligned with company climate goals	■		
Amazon.com, Inc.	Annual	25/05/22	Report on risks associated with use of concealment clauses			■

Key: ■ CCLA voted in favour of the resolution

Company name	Type	Date	Proposal text	Environment	Social	Governance
Amazon.com, Inc.	Annual	25/05/22	Report on worker health and safety disparities		■	
Illumina, Inc.	Annual	26/05/22	Provide right to call a special meeting at a 15% ownership threshold			■
McDonald's Corporation	Proxy contest	26/05/22	Issue transparency report on global public policy and political influence			■
McDonald's Corporation	Proxy contest	26/05/22	Reduce ownership threshold for shareholders to call special meeting			■
McDonald's Corporation	Proxy contest	26/05/22	Report on efforts to reduce plastic use	■		
McDonald's Corporation	Proxy contest	26/05/22	Report on lobbying payments and policy			■
McDonald's Corporation	Proxy contest	26/05/22	Report on public health costs of antibiotic use and impact on diversified shareholders		■	
McDonald's Corporation	Proxy contest	26/05/22	Report on third-party civil rights audit		■	
McDonald's Corporation	Proxy contest	26/05/22	Report on use of gestation stalls in pork supply chain		■	
PayPal Holdings, Inc.	Annual	2/06/22	Reduce ownership threshold for shareholders to call special meeting			■
UnitedHealth Group Incorporated	Annual	6/06/22	Report on congruency of political spending with company values and priorities			■
UnitedHealth Group Incorporated	Annual	6/06/22	Submit severance agreement (change-in-control) to shareholder vote			■
Mastercard Incorporated	Annual	21/06/22	Provide right to call a special meeting at a 10% ownership threshold			■
Mastercard Incorporated	Annual	21/06/22	Report on charitable contributions			■
Mastercard Incorporated	Annual	21/06/22	Report on political contributions			■
Mastercard Incorporated	Annual	21/06/22	Report on tasks associated with sale and purchase of ghost guns		■	
NIKE, Inc.	Annual	9/09/22	Adopt a policy on China sourcing		■	
Cisco Systems, Inc.	Annual	8/12/22	Report on tax transparency set forth in the Global Reporting Initiative's tax standard			■
Microsoft Corporation	Annual	13/12/22	Assess and report on the company's retirement funds' management of systemic climate risk	■		
Microsoft Corporation	Annual	13/12/22	Report on development of products for military		■	
Microsoft Corporation	Annual	13/12/22	Report on government use of Microsoft technology		■	
Microsoft Corporation	Annual	13/12/22	Report on hiring of persons with arrest or incarceration records		■	
Microsoft Corporation	Annual	13/12/22	Report on tax transparency			■

Key: ■ CCLA voted in favour of the resolution

Endnotes

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Images

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Page 30, *Apples*
HM Prison Kilmarnock

Page 44, *Abstract Sunset*
The Tower Hamlets Centre for Mental Health

Page 54, *A Stamp on Industry*
HM Prison Barlinnie

Page 60, *Glam Rocks*
HM Prison Low Moss

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Important information

All data as at 31 December 2022, unless specified otherwise.

*Denotes holding in a CCLA portfolio(s) as at 31 December 2022.

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BECAUSE GOOD IS BETTER

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