CCLA
GOOD INVESTMENT

Catholic Investment Fund

Income class 1 units (ISIN)	**GB00BLD8X190**
Accumulation class 2 units (ISIN)	**GB00BLD8X539**
Name of manufacturer	**CCLA Fund Managers Limited**

Purpose

This document explains the Catholic Investment Fund's (the fund) approach to sustainability. It is not marketing material.

This document is the consumer-facing disclosure document required under FCA rules.

Sustainable investment label

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

Sustainability approach

The listed equities held in the fund are managed in line with CCLA's 'Act, Assess, Align' approach to sustainability. Other assets are managed in line with the 'Align' approach as set out in the values-based investment restrictions. The 'Act, Assess, Align' approach includes:

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

The fund is managed to reflect the traditions and teachings of the Catholic Church. The fund adopts a faith consistent investment policy that is consistent with the faith and teachings of the Catholic Church. The restrictions that apply to the fund are set out in the fund prospectus.

These restrictions are applied in accordance with Our values-based screening policy (which also sets out how we consider the eligibility of third-party managed funds) and are implemented based upon data points selected by CCLA.

In addition, the fund is managed in line with CCLA's goal to achieve net-zero emission listed equity portfolios no later than 2050. See the climate action section on our website for our approach to net-zero listed equity portfolios.

Approach to driving social and environmental change

The fund aims to act as an agent for change because we believe investment markets can only ever be as healthy as the environment and communities that support them. We do this by:

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

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

- **Better environment:** where we are working to accelerate the transition to a net-zero emissions economy and address concerns regarding biodiversity loss.
- **Better work:** where we are working to address modern slavery and wider concerns regarding human rights, poor labour standards and the living wage.
- **Better health:** which includes working with companies to push for better standards to protect the mental health of employees and push for improvements in the nutritional standards of products.

This work only applies to the listed equity component of the fund and CCLA may change or add to these areas of focus. Further detail about our engagement priorities and the outcomes that have been achieved are available in our Sustainable Investment Outcomes report.

Sustainability metrics

Act

During the 12 months to the end of June 2025, CCLA engaged with 87% (84 out of 87) of the listed equities held in the fund.

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

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

Health

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

Nestlé (nutrition)

Good nutrition is fundamental to good health, yet we are experiencing an epidemic of poor health due to the consumption of unhealthy products. Through engaging with food and beverage manufacturers on nutrition, we can play a role in improving public health. More than a billion servings of Nestlé products are consumed every day worldwide[1] making the company a key player in the fight against diet-related ill-health.

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

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

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

Amazon (workplace mental health)

Amazon is one of more than 100 companies in the CCLA Corporate Mental Health Benchmark – Global 100+ and has been assessed annually on its approach to workplace mental health since 2022.

The company has engaged well with us over the past two years. In February 2025, Amazon's nine-strong Global Behavioural Health team came to CCLA's offices to discuss its approach to workplace mental health and how it could improve in the benchmark.

Unfortunately, despite this strong engagement, the company's score deteriorated during the reporting period, and it dropped a performance tier. We continue to engage with the company to push for improvements.

Work

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

Coca-Cola Co (forced labour)

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

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

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

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

LVMH Moet Hennessy Louis Vuitton (Living Wage)

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

1 Source: Nestlé, 2025.

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

CCLA will continue to monitor LVMH's progress and engage when their next assessment is published in late 2025.

Environment

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

Kerry Group (climate action)

We've engaged with Kerry Group since September 2023 through the collaborative Net Zero Engagement Initiative, focusing on companies with significant climate impact. In our first meeting, the company said it was preparing to publish a climate transition plan and update its emissions targets for validation by the Science-Based Targets initiative, including work on FLAG guidance covering Forestry, Land use and Agriculture.

Since then, Kerry has published its plan, updated targets for reducing value chain emissions, and improved disclosure on climate-related investment. We had asked for a visual roadmap quantifying emission reductions and greater clarity on the use of offsets. Both are now included in reporting. At our April 2025 meeting, the company shared more detail on its 50% cut in operational emissions (versus 2017) and 5% reduction in value chain emissions (vs 2022). It applies an internal carbon price to major investments and is piloting regenerative agriculture with farmers.

Zoetis (biodiversity)

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

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

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

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

Assess

Climate-related data in this report covers the period to 31 March 2025. CCLA reports on the weighted average carbon intensity (WACI) of each fund. WACI measures a portfolio's exposure to carbon-intensive assets, defined as the portfolio weighted average of assets' carbon intensity (emissions/sales), expressed in tCO_2e/\$1m sales. The larger the number, the more carbon intensive the investments.

Weighted average carbon intensity (WACI)

Fund	**38.4 tCO_2e/\$m sales**
MSCI World	97.2 tCO_2e/\$m sales

This covers 78.3% of the fund's assets (covering most listed equities and alternative assets).[2]

Climate metrics are only provided if reliable climate data and appropriate methodologies are available. The assets covered include all listed equities and alternatives.[3] Much of our fixed interest exposure is through externally managed funds. We have obtained climate data from these fund managers, however, as they use a different methodology to calculate their data it is not reported here. We do not have reliable climate data using appropriate methodologies for other asset classes.

Our full approach to climate targets can be found in A climate for Good Investment, reported in accordance with the Task Force on Climate-related Financial Disclosures (TCFD).

Align

The value-based screenings that apply to this fund are set out here.

If these restrictions were applied to the MSCI World Index, 15% of the index by weight (177 companies) would be excluded from investment.[4]

2 The percentage shown here is a combination of the coverage ratio for different asset classes. The coverage ratio is the fund's percentage of each asset class multiplied by the data coverage for the securities of that asset type. 78.3% for 2025 is made up of coverage ratios for equities (66.9%) and alternatives (11.4%). Please note figures have been rounded and do not sum to the total. If the total coverage ratio stated is below 100%, it may not represent the fund's total carbon footprint/climate-related impact for the given metrics and is not comparable with other funds. Lower data coverage results in reduced reliability for these metrics.

3 Source: MSCI, as at 31 March 2025 and 31 March 2024.

4 Analysis is based on MSCI index weighting at 30 June 2025. All restrictions are based on either those specified in the respective scheme particulars/prospectus or CCLA's investment policy.

Further links

- Prospectus (for pre-contractual disclosures)
- A climate for Good Investment (for information on the impact of climate change on CCLA and the actions we are taking)
- Climate-related financial disclosures (for information on the impact of climate change on the fund)

Glossary

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

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