CCLA
GOOD INVESTMENT

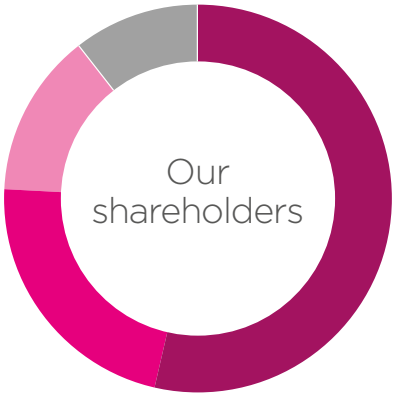
# CCLA modern slavery statement

For financial year ending 31 March 2023

## About CCLA

CCLA Investment Management Limited is a private company limited by shares, registered in England and Wales and incorporated in the United Kingdom, providing investment management products and services to charities, Church of England organisations, the public sector and retail clients. CCLA Fund Managers Limited is a wholly owned subsidiary of CCLA Investment Management Limited.

CCLA shareholders are dominated by the funds we manage:




| | |
|---|---|
| The CBF Church of England Investment Fund | **53.69%** |
| COIF Charities Investment Fund | **22.37%** |
| The Local Authorities Mutual Investment Fund | **13.42%** |
| Employees | **10.52%** |

### Governance

Ultimately the CCLA board is responsible for our modern slavery policy. The CCLA board consists of three executive directors, three non-executive directors representing our largest shareholders, and three independent non-executive directors (one of whom is the chair). The non-executive directors form the Audit & Risk and the Remuneration and Nominations committees.

### Organisational structure

CCLA's Chief Executive is responsible for the implementation of our modern slavery policy. He leads our work to ensure that CCLA adheres to both the UN Guiding Principles on Business and Human Rights and the International Labour Organisation (ILO) Core Labour Standards.

The Chief Executive is assisted by the executive committee, which includes senior representatives from each business area of CCLA.

CCLA had 165 employees as of 31 March 2023. In addition, 19 were contractors. None were outsourced. Disclosing the breakdown of our workforce is important to further transparency in this area as we know that flexible and outsourced workers and contractors are more at risk of modern slavery due to the mutability of their employment status.[1]

### Our business

CCLA is the UK's largest manager of charity investments (Charity Finance Fund Management surveys 2021 and 2022).

During the reporting year we managed money on behalf of charities, faith organisations and local authorities.

Based in the City of London, with an office in Edinburgh, we are largely owned by our clients' funds. This means that a significant

percentage of our dividends is returned to the charitable sector to further their good works.

We manage over £13.9 billion (at 31 March 2023) on behalf of over 33,000 not-for-profit clients and offer a variety of different investment solutions to meet the needs of our clients. These include:

- multi-asset class pooled funds
- single asset class pooled funds, which cover bonds, cash, equities and property, and may be used alone or in combination (usually as part of a client's investment strategy)
- managed funds service, which offers clients a blended portfolio using CCLA funds
- segregated investment services for clients where, for various reasons, pooled funds are not appropriate.

While our clients are based in the UK, we are global investors. Our funds and products are managed responsibly and in line with our clients' values.

## Policy

CCLA is committed to ensuring that its dealings with its own employees, and with its suppliers, are conducted ethically and responsibly.

The following nine clauses guide how we protect and respect human rights:

- employment is freely chosen
- freedom of association is respected
- working conditions are safe and hygienic
- child labour shall not be used
- living wages are paid
- working hours are not excessive
- no discrimination is practised
- regular employment is provided
- no harsh or inhumane treatment is allowed.

We expect suppliers to comply with all the above, as well as all applicable national laws in the countries in which they operate and relevant ILO Conventions.

## Modern slavery and CCLA

CCLA defines modern slavery in line with the United Nation's definition: 'Modern slavery is an umbrella term encompassing slavery, servitude, human trafficking and forced or compulsory labour. Victims are controlled by debt bondage threats, deception, and coercion.'[2]

### Conforming to the Modern Slavery Act

We are committed to respecting human rights in all our operations, acknowledging that modern slavery is a systemic issue present in virtually every supply chain. To identify these injustices, rectify them and implement strong processes to prevent reoccurrence requires collaboration and support from external partners and industry bodies, as well as proactivity and the belief that being ignorant of human rights abuses by omission is not good enough.

Given the size of CCLA, we rely on external suppliers for a number of key services. Most are financial and professional service providers (data suppliers, cyber, operations, management consultancy, legal, HR, marketing and communications) which are not considered high risk sectors for modern slavery, and we do not manufacture or retail any physical goods. However, we believe no supply chain is free of risk, and that greater risk may be present further down the supply chain with indirect suppliers. For example, in the production of technology hardware and software and in the UK construction industry, the latter being relevant to our property funds.

CCLA monitors civil society reports and intelligence relating to the risks of modern slavery in our supply chaining with experts such as KnowTheChain, Human Rights Resource Centre and Unseen.

### Due diligence in our operations and supply chain

CCLA has approximately 700 suppliers on our procurement system. In engaging with our suppliers we use due diligence questionnaires, gathering relevant evidence as appropriate, including the modern slavery statement of every supplier.

Our suppliers are ranked by highest spend, as well as by those that are critical to the business. This helps us prioritise regular and ongoing due diligence. Reviews are undertaken six monthly, annually or every three years according to their risk.

A high-level review during the year has identified that services we procure in construction, catering, corporate hospitality and cleaning represent our highest risks for modern slavery.

## Living Wage

CCLA is a Living Wage accredited employer and this commitment extends to work with our suppliers, encouraging them to take similar steps.

## Training and awareness for employees

Our people are our first line of defence against modern slavery, and for that reason we ensure that they undertake training to understand and identify the risks concerning modern slavery. CCLA has implemented an annual, mandatory e-learning module on modern day slavery for all staff. A 75% pass rate must be achieved.

We have also produced other media such as film/video for staff, clients, suppliers and other stakeholders on modern slavery and CCLA's distinctive approach.

## A human rights approach to managing investments

**Beyond procurement: our product**

Although investment portfolios are not currently in scope of supply chain for either the Modern Slavery Act or the Home Office Guidance, we believe our highest exposure and most salient risks of modern slavery occurring is likely to be through the companies and assets held in client portfolios.

As part of our commitment to proactivity we launched Find it, Fix it, Prevent it in 2019 – a collaborative investor engagement programme with the aim of using our leverage as investors to help companies, find, fix, and prevent modern slavery in their supply chains. The framework of this programme has three workstreams:

- Corporate engagement – aiding companies in developing and implementing better processes for finding, fixing and preventing modern slavery.
- Public policy – promoting a meaningful regulatory environment through work with government, policy makers and regulators.
- Developing better modern slavery data – working with data providers, NGOs, and academia to identify and develop better data.

Since its launch the programme has:

- received the support of investors with assets under management in excess of £15 trillion
- lead to meaningful engagement with companies creating new and improved practices
- engaged with UK government on how to better mobilise the investor community on this important issue.

Our Find it, Fix it, Prevent it programme sets out investor expectations. As investors, we see that modern slavery is pervasive in virtually all supply chains, and taking a leadership role is something we are uniquely positioned to do. As part of our 2023 Find it, Fix it, Prevent it statement we worked with UK-listed companies to:

- increase their efforts to identify human trafficking, forced labour, and modern slavery in their supply chains
- review assess and disclose the effectiveness of their attempts to address these issues
- support the provision of remedy to victims of modern slavery within their supply chain.[3]

For CCLA, modern slavery prevention does not simply end once pre-investment due diligence has been completed; it should be viewed as an iterative process undertaken through the life cycle of the engagement.

## Beyond procurement: active ownership

While we have recognised there is more to do in terms of our approach towards combating modern slavery in our operations, we have taken an active role in other ways. For example, our actions with Nike and Compass Group and via UN PRI Advance exemplify steps we have taken to combat modern day slavery.

### Nike: shareholder collaboration

We seek to engage with other shareholders to actively encourage portfolio companies to dig deeper into their supply chain. We supported a shareholder proposal presented to Nike urging for a 'pause' on the sourcing of cotton and other raw materials from China. Approximately 85% of China's cotton comes from the Uyghur region, where it is believed human rights abuses are being committed against the Uyghur Muslims. We supported this motion to pause so that Nike could go back through their supply chain and confirm that materials such as yarn and cotton are being sourced from top-tier ethical suppliers.

### Compass Group: protecting migrant workers

In 2022–23 we engaged with Compass Group, a catering and hospitality company, asking them to reflect on their actions to tackle modern slavery. The group identified their Middle East operations as high risk and reported that steps taken included training for more than 140 individuals representing recruitment agencies and sub-agencies from countries where they recruit migrant workers. This training included ethical recruitment, the Employer Pays Principle, best practice and legal requirements. Through this process the group have undertaken a human rights assessment and been able to enhance their due diligence processes.

### UN PRI Advance programme

In 2022 CCLA joined the UN PRI Advance programme on human rights. We are the lead investor for a US clean energy utility company. The company is making large investments in decarbonising the US energy infrastructure. At the end of 2022, the company's solar panel imports were caught in US Customs and Borders enforcement of the Uyghur Forced Labour Prevention Act. CCLA has been engaging the company on its approach to human rights and its plans to move its solar supply away from China.

## Beyond procurement: our people

### Mary Ward Loreto Foundation: getting involved

Peter Hugh Smith, our Chief Executive, became a trustee of the Mary Ward Loreto Foundation, which works in both Albania and the UK to help those most vulnerable to human trafficking, as well as providing immediate shelter and care to those rescued. The foundation runs advice and service centres, youth employment programmes and education for community development.

### Accelerating CCLA's initiative to tackle modern slavery in company supply chains

CCLA appointed the former UK Independent Anti-Slavery Commissioner, Dame Sara Thornton, and ShareAction's Dr Martin Buttle to bolster its sustainability team and further build expertise in modern slavery and labour standards to drive real-world change. The focus of their work is on ensuring fair and sustainable working conditions for companies' labour forces that are aligned with the UN Guiding Principles on Business and Human Rights.

## Beyond procurement: our premises

### Caritas Social Action Network: mobilising faith communities

CCLA is the largest manager of charity funds in the UK and has an active events programme throughout the year at our offices in the City of London. Over the past year we have hosted roundtables and seminars on the subject of modern slavery and human trafficking. One of them, in partnership with Caritas Social Action Network, attracted representatives from the Catholic Church in England and Wales to share their collective experience and ideas on how to achieve lasting impacts from the national to the community level in policy and practice. Cardinal Vincent Nichols joined a range of expert speakers from the fields of policy, front-line services, ethical investment and those working to eradicate modern slavery from supply chains.

**Convening stakeholders to learn best practices and develop the field**
As part of the 'better work' strand of our Sustainability programme at CCLA we have convened and coordinated a series of multistakeholder meetings on modern slavery and forced labour with partners from Anti-Slavery International, the Bureau of Investigative Journalism, Finance Against Slavery and Trafficking, Impactt, Investor Alliance on Human Rights Modern Slavery Policy and Evidence Centre (the multistakeholder taskforce on seasonal workers), Slave Free Alliance and Stronger Together. These meetings have covered the opportunities and challenges of using artificial intelligence to tackle modern slavery, forced labour, modern slavery risks in construction and UK seasonal agriculture and in solar and EV technologies from Xinjiang.

## CCLA's continuing commitment

We take modern slavery extremely seriously, whether this is in our own operations, or through our investments. We know that the work is not yet complete, so our approach will continue to evolve.

We are committed to doing the most we can both as a business and as an investor.

## Looking ahead

Establish a dedicated internal working group to monitor progress and continue our journey to reduce the risk of modern slavery further in 2024 by working towards, or achieving, the following goals:

- Review CCLA's Supplier Code of Conduct to ensure our modern slavery policies are fully integrated, ensuring our risk assessments for those suppliers who may be sourcing from areas with an elevated risk of modern slavery are undertaken in a proportionately appropriate but meaningful manner (by the end of 2024).
- Review our supplier onboarding process, along with our standard terms and conditions, to ensure that supplier expectations and standards are clear, understood and reflect the changing needs of our clients and society in the areas of ethical trading and human rights (by the end of 2024).
- Employ imaginative and engaging methods of growing awareness regarding human rights across the business, whether raising awareness with those employees who come into contact with suppliers on a regular basis or those involved in the construction of our investment portfolios (ongoing).

## Approval

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes CCLA's slavery and human trafficking statement for the financial year ending 31 March 2023.



**Peter Hugh Smith**
Chief Executive



**Richard Horlick**
Chairman of CCLA Investment Management Limited

## Endnotes


1 International Labour Organization (ILO), Walk Free and International Organization for Migration (IOM) (2022), 'Global estimates of modern slavery: forced labour and forced marriage.' Online at www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_854733.pdf

2 Modern Slavery Act (2015). Online at www.legislation.gov.uk/ukpga/2015/30/section/54/enacted

3 CCLA (2023), 'Find it, Fix it, Prevent it: modern slavery report 2023'. Online at www.ccla.co.uk/documents/find-it-fix-it-prevent-it-modern-slavery-report-2023/download?inline


**WANT TO KNOW MORE?**

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