

29<sup>th</sup> September 2022

**Re: Cost of Living crisis**

We are writing on behalf of the Church Investors Group<sup>i</sup> and CCLA Investment Management<sup>ii</sup> about your response to the cost-of-living crisis. We have investments across UK listed equities and, as a group of church and charity investors, are deeply concerned about the impacts of the sharply rising cost of living on the lowest paid members of our society.

We expect, like every other business leader in the UK, you share our concern. We appreciate that the business outlook - with increased energy costs, supply chain challenges and rising prices - is challenging and uncertain, but we do not want to see those on lowest income bearing an unfair burden that they will find difficult to meet.

Of course, government has a primary role in ensuring people are protected. While measures to cap energy prices to £2500 for a typical household will make a difference, it should be noted that this is double the average household bill in 2020. At the same time, prices are rising for many goods and services.

Nevertheless, the crisis has a disproportionate impact on low wage households who spend a larger proportion of their income on fuel and food. There are currently an estimated 4.8m workers earning a wage below the cost of living. 42% of such workers are reporting missing meals regularly due to financial reasons and 56% report using foodbanks regularly. During the winter months many of these workers are facing bleak choices such as whether to 'heat or eat'<sup>iii</sup>.

We understand that the crisis is having a huge mental health impact, which is already estimated to cost the UK private sector between £43-46bn in 2020-21<sup>iv</sup>. Workers under financial pressure are unlikely to perform at their best and businesses are likely to face reduced productivity, higher turnover and increased training costs.

As one of the largest listed employers, we recognize that you can play a leading role in shaping the response of business. We are interested to understand:

- Whether you have taken any steps to support your lowest paid employees through this winter or if you have any plans to be implemented over the next few weeks?
- What proportion of your workforce will be impacted by these activities and how were they selected for assistance?
- Whether third party contracted staff whose principal place of work is one of your premises (such as cleaners, caterers and security guards) are eligible for assistance through any 'cost-of-living' programme that you offer?
- If you have no plans, why you will not be acting on this issue?

According to a survey conducted by PWC in the summer, 83% of pay specialists for large companies are taking action and considering ways to help employees and 50% are considering additional pay increases. A number of companies have announced one-off payments or created hardship funds and we are monitoring announcements made by other UK-listed companies.

These one-off measures can go alongside longer-term measures such as: being an accredited Living Wage Employer, bringing forward paying the increase in Living Wage (which has recently gone up to £10.90 in UK and £11.95 in London); guaranteeing hours or providing hardship loans. Business in the Community (BITC) provides some [good examples](#) of actions companies can take.

Beyond the short-term pressures as long-term investors we recognize growing inequality is a systemic risk and wish to see efforts to drive inclusive growth. We are currently updating our Voting Guidelines and will not vote in support of executive pay rises next year if businesses have not taken steps to shield their lowest paid workers from the impacts of the rising cost of living.

We recognize that there is a large amount of interest in the steps that businesses are taking in this area, and we would like to highlight those that are doing the most. For this reason, we will be publishing responses to these questions on the CCLA website.

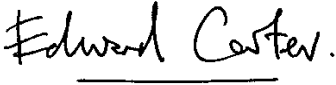
We look forward to your reply. Please can you direct all correspondence to Martin Buttle, Better Work Lead, CCLA Investment Management ([martin.buttle@ccla.co.uk](mailto:martin.buttle@ccla.co.uk)).

Yours sincerely



Peter Hugh Smith

Chief Executive, CCLA



Revd Canon Edward Carter

Chair of Church Investors Group

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<sup>i</sup> The Church Investors Group is a membership organization representing the charitable and pension funds of denominations, dioceses, religious orders and Christian based charities. The CIG has 65 members predominantly drawn from the UK and Ireland, with combined investment assets of over £29bn.

<sup>ii</sup> CCLA Investment Management manage over £13bn of assets on behalf of charities, churches, and local authorities. They are the UK's largest manager of charity investment assets.

<sup>iii</sup> Living Wage Foundation (2022) Life on low Pay report [78% of low-paid workers say cost-of-living crisis is the worst financial period they have ever faced | Living Wage Foundation](#)

<sup>iv</sup> Deloitte - Mental health and employers Refreshing the case for investment [Mental health and employers: Refreshing the case for investment | Deloitte UK](#)