

# The Representative Body of the Church in Wales Staff Retirement Benefit Scheme

## Implementation Statement 31 March 2023

This document reviews the extent to which the Trustees of The Representative Body of the Church in Wales Staff Retirement Benefit Scheme (“the Scheme”) have adhered to the exercise of rights (including voting), the undertaking of engagement activities and monitoring of the investment manager (the Stewardship Policies) during the Scheme’s accounting year (ending 31 March 2023) as set out in the Scheme’s Statement of Investment Principles (“SIP”) dated August 2021, which was the SIP in place at the Scheme year end.

Furthermore, this report provides examples of voting behaviour and most significant votes cast on behalf of Trustees during the year.

### 1. Trustees’ policy regarding engagement

The Trustees acknowledge the constraints they face in terms of influencing change due to the size and nature of the Scheme’s investments and given the Scheme invests in pooled funds. Furthermore, the Trustees note that the investment strategy and decisions of the investment manager cannot be tailored to the Trustees’ policies and the manager is not remunerated directly on this basis. The Trustees, with the help of their advisers, set the investment strategy for the Scheme and select appropriate managers and funds to implement the strategy.

The Trustees do not directly incentivise the investment manager to engage with the issuers of debt or equity to improve their performance. The Trustees do, however, expect the investment manager to participate in such activities as appropriate and necessary to meet the investment objectives of the respective fund. The funds utilised typically include an objective that is expected to result in a positive return over the medium-to-longer term and, as such, the investment manager engagement with the issuers of debt or equity is expected to be undertaken so as to target medium-to-long term value creation. Over the period, the Trustees monitored the performance of the Scheme’s funds through investment reports, produced by EdenTree Investment Management (“EdenTree”).

The Trustees acknowledge the need to be a responsible steward and exercise the rights associated with the Scheme’s investments in a responsible manner. With regards to equity investments, the Trustees have provided the appointed investment manager with full discretion concerning the stewardship of investments.

During the year, the Scheme therefore invested in equities through the following fund:

- EdenTree Responsible & Sustainable Global Equity Fund

The Trustees have reviewed the manager’s voting policies and processes (including most significant votes cast over the period) and the manager’s declared conflicts of interest and have no concerns. If any concerns did arise, the Trustees would engage directly with the investment manager. The Trustees believe they have followed their engagement policy (as detailed in the Statement of Investment Principles) over the year to 31 March 2023.

## 2. Manager's voting policies

During the year, the Scheme invested in equities (which have voting rights) with EdenTree (who manage the underlying securities in the funds in which the Scheme invests).

The Trustees have delegated voting rights to the manager. The Trustees do not have legal rights to the underlying votes of the funds. However, the Trustees review the manager's voting behaviour and would raise any concerns with the manager. A frequent occurrence of disagreement would result in the Trustees reviewing and potentially terminating the fund if the Trustees felt that the manager's beliefs were not consistent with those of the Scheme.

EdenTree supports the principle of considered voting, believing that proxies have an economic and stewardship value, and that shareholders have a vital role play in encouraging and upholding high standards of global corporate governance from the perspective of being long-term investors.

EdenTree therefore seek to vote at all meetings in which the firm has a shareholding. For international company holdings, EdenTree wholly delegates responsibility for both research and proxy-voting to Glass Lewis & Co.

Further information relating to the manager's policies and quarterly reports on voting activity can be found at the following website: <https://www.edentreeim.com/insights#screening>

## 3. Votes cast

The table below provides information relating to voting statistics and most significant votes cast over the year to 31 March 2023.

Statistic	EdenTree Responsible and Sustainable Global Equity Fund
Number of Equity Holdings	69
Meetings Eligible to Vote	64
Share-blocked Meetings	5
Number of Markets Voted	17
Number of Eligible Proposals	824
Number of Non-eligible Proposals (Share-blocked)	59
Proportion of Eligible Resolutions Voted	100%
Votes Supporting Management	704 – 85%
Votes Against Management	113 – 14%
Votes Abstained	7 – 1%
Meetings with at least one proposal opposing Management	47
Votes cast contrary to the recommendation of the Proxy Advisor	N/A

Source: EdenTree.

The Trustees were satisfied with the level of voting undertaken by the investment manager.

## 4. Manager's conflicts of interest

The manager was asked whether there were any conflicts of interests concerning holdings in their respective fund(s), with regard to the following criteria, over the period:

1. The asset management firm overall having an apparent client-relationship conflict e.g. the manager provides significant products or services to a company in which they also have an equity or bond holding;

*We recently recognised the potential conflict of investing in listed companies such as Hargreaves and ABN AMRO, who are also clients of ours. This has been recorded in our conflicts register. Currently the only conflict is if we were to have a material holding where we could influence decision making through our voting rights. To mitigate against this we have taken an action to review and monitor any holdings where we own in excess of 5% of voting share capital, with any holding over this threshold automatically being flagged in Charles River. No holding is approaching this threshold and given the market capitalisation of these companies, we do not anticipate this conflict emerging.*

2. Senior staff at the asset management firm holding roles (e.g. as a member of the Board) at a company in which the asset management firm has equity or bond holdings;

*Mark Hews our Group C.E.O. and Chair of EdenTree is a Director of Mapfre RE, a subsidiary of Mapfre. The Responsible and Sustainable Global Equity Fund has held (and potentially could hold) shares in Mapfre (1.41% as of 31.03.22), this is documented in our Conflicts Register and Mark Hews is aware that if he receives any inside information he must advise EdenTree Compliance so that the stock can be placed on our STOP List. (Ensuring we cannot trade in the security). As of 30<sup>th</sup> June 2023, the Global Equity Fund currently holds 2,200,000 shares in Mapfre ( Currently 1.3% of the portfolio)*

3. The asset management firm's stewardship staff having a personal relationship with relevant individuals (e.g. on the Board or the company secretariat) at a company in which the firm has an equity or bond holding;

N/A

4. A situation where the interests of different clients diverge. An example of this could be a takeover, where one set of clients is exposed to the target and another set is exposed to the acquirer;

N/A

5. Differences between the stewardship policies of managers and their clients; and

*No - our actual exercise of Stewardship is a delegated function for the pooled funds with our conflicts policy set out in the Stewardship Code Report. Any potential conflicts would be unusual and would be looked at case by case but at this time, we have no examples.*

6. Any other conflicts across any of the holdings.

N/A

## 5. Most significant votes cast

We define a significant vote to be one where the investment manager has opposed Management on routine proposals and where they have registered a vote on a shareholder proposal or climate transition strategy. Below is a small selection of significant votes for 2022/23.

Company	Date	Summary	How Voted	Why significant	Outcome
Hartford Financial Services Group Inc.	May 2022	Shareholder Resolution  Climate Change Policy; underwriting	FOR	The proposal called for the insurer to develop an ambitious climate policy re: underwriting which we view as a material risk	Vote Defeated 8.7%
Microsoft Corp.	December 2022	Shareholder Resolution  Risks of developing Military Weapons	FOR	The proposal called for a report into the risks of MS technology being used by the military; we viewed this to be a desirable proposal	Vote Defeated 10.6%
Microsoft Corp.	December 2022	Shareholder Resolution  Tax Transparency	FOR	The proposal called for the company to publish a report in line with the GRI Tax Standard – a proposal we viewed as having merit	Vote Defeated 23%
Salesforce Inc.	June 2022	Shareholder Resolution  Independent Chair	FOR	The proposal called for the separation of the roles of Chair and CEO which we view as having merit	Vote Defeated 34%
Boston Scientific	May 2022	Executive Pay	AGAINST	Remuneration is viewed as excessive with a poor link to performance	Vote Passed 89%
Trimble Inc.	June 2022	Auditors	AGAINST	The auditors have served 37 years without tender which we view as excessive tenure	Vote Passed 91%

Source: EdenTree