

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

## Implementation Statement 31 March 2024

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 2024) 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 2024.

## 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 for the Responsible & Sustainable Global Equity Fund for the year to 31 March 2024.

Number of Equity Holdings	75
Meetings Eligible to Vote	68
Share-blocked Meetings	4
Number of Markets Voted	19
Number of Eligible Proposals	890
Number of Non-eligible Proposals (Share-blocked)	56
Proportion of Eligible Resolutions Voted	100%
Votes Supporting Management	83%
Votes Against Management	15%
Votes Abstained	2%
Meetings with at least one proposal opposing Management	48
Votes cast contrary to the recommendation of the Proxy Advisor	10%

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 recognise 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 EdenTree Responsible and Sustainable European Equity Fund has held (and potentially could hold) shares in Mapfre. 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). Compliance coding in Charles River to flag any trades in Mapfre and produce a soft warning, enabling firm to ensure no known material inside information which would prevent trading. As of 30th June 2024, the European Equity Fund currently holds 2,000,000 shares in Mapfre ( Currently 1.8% 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;

*No - our actual exercise of Stewardship is a delegated function for our pooled funds as documented in our Conflicts Register, all voting and engagement is conducted in line with our house policies. 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 selection of significant votes for 2023/24.

Company	Date	Summary	Voted Decision	Why Significant / Vote Rationale	Outcome
Alphabet Inc	6/2/2023	Advisory Vote on Executive Compensation	Against	Significance: Vote against management Rationale: Poor alignment between pay and performance. Excessive STI/LTI opportunity	Vote passed (76% Support - significant dissent of 24%)
		Amendment to the 2021 Stock Plan	Against	Significance: Vote against management Rationale: Pace of historical grants; Excessive cost compared to enterprise value	Vote passed (85% Support - notable dissent of 15%)
		Elect Ann Mather	Against	Significance: Vote against management Rationale: Compensation Committee member - negligent oversight of remuneration	Vote passed (91% Support)
		Elect John L. Hennessy	Against	Significance: Vote against management Rationale: Poor board gender diversity; Multi-class share structure + unequal voting rights	Vote passed (84% Support - notable dissent of 16%)
		Elect K. Ram Shriram	Against	Significance: Vote against management Rationale: Compensation Committee member - negligent oversight of remuneration	Vote passed (95% Support)
		Elect L. John Doerr	Against	Significance: Vote against management Rationale: Affiliate/Insider on compensation committee	Vote passed (93% Support)
		Elect Robin L. Washington	Against	Significance: Vote against management Rationale: Compensation Committee member - negligent oversight of remuneration	Vote passed (94% Support)
		Ratification of Auditor	Against	Significance: Vote against management Rationale: Excessive auditor tenure.	Vote passed (98% Support)
		Shareholder Proposal Regarding Lobbying Activity Alignment with Climate Commitments and the Paris Agreement	For	Significance: Shareholder proposal relating to climate Rationale: Would provide clarity on alignment of lobbying with climate commitments	Vote did not pass (14% support)
Microsoft Corporation	12/7/2023	Advisory Vote on Executive Compensation	Against	Significance: Vote against management Rationale: Poor alignment between pay and performance. Excessive STI/LTI opportunity	Vote passed (94% Support)
		Elect Hugh F. Johnston	Against	Significance: Vote against management Rationale: Serves on too many boards	Vote passed (91% Support)
		Ratification of Auditor	Against	Significance: Vote against management Rationale: Excessive auditor tenure.	Vote passed (95% Support)
		Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern	For	Significance: Shareholder proposal relating to human rights Rationale: Would inform assessment of company's exposure to human rights risks	Vote did not pass, but received notable support at 34%

<b>Hartford Financial Services Group Inc.</b>	5/17/2023	Advisory Vote on Executive Compensation	Against	Significance: Vote against management Rationale: Poor alignment between pay and performance. Excessive STI/LTI opportunity	Vote passed (92% Support)
		Elect Trevor Fetter	Against	Significance: Vote against management Rationale: Non independent Lead director with combined Chair/CEO	Vote passed (96% Support)
		Ratification of Auditor	Against	Significance: Vote against management Rationale: Excessive auditor tenure	Vote passed (96% Support)
		Shareholder Proposal Regarding Fossil Fuel Lending and Underwriting Policy	For	Significance: Shareholder proposal relating to climate Rationale: Request has strong merit regarding fossil fuel lending and underwriting policy	Vote did not pass (9% support)
<b>Medtronic Plc</b>	10/19/2023	Advisory Vote on Executive Compensation	Against	Significance: Vote against management Rationale: Poor alignment between pay and performance. Excessive STI/LTI opportunity	Vote passed (93% Support)
		Appointment of Auditor and Authority to Set Fees	Against	Significance: Vote against management Rationale: Excessive auditor tenure. No tender for 60 years	Vote passed (91% Support)
		Elect Denise M. O'Leary	Against	Significance: Vote against management Rationale: Non independent Chair of the Audit Committee - committee 50% independent	Vote passed (89% Support - notable dissent of 11%)
		Elect Kendall J. Powell	Against	Significance: Vote against management Rationale: Affiliate/Insider on compensation committee	Vote passed (90% Support)
<b>SSE Plc</b>	7/20/2023	Remuneration Report	Against	Significance: Vote against management Rationale: Poor alignment between pay and performance. Excessive STI/LTI opportunity.	Vote passed (95% Support)
		Approval of Net Zero Transition Report	For	Significance: Vote on company's climate report Rationale: Supportive of the company's progress over the period	Vote passed (93% Support)