

Ecclesiastical Insurance Office Plc Staff Retirement Benefit Fund – Annual Engagement Policy Implementation Statement

Introduction

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles ('SIP') produced by the Trustees has been followed during the year to 31 December 2023. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019 (as amended) and the guidance published by the Pensions Regulator.

The SIP may be accessed [online](#).

Investment Objectives of the Fund

The Trustees believe it is important to consider the engagement policy in place in the context of the investment objectives they have set. The objectives of the Fund included in the SIP are as follows:

- to ensure that the Fund can meet the members' entitlements under the Trust Deed and Rules as they fall due;
- to reduce the risk of the assets failing to meet the liabilities over the long term;
- to manage the expected volatility of the returns achieved in order to control volatility in the Fund's overall funding level.

Policy on ESG, Stewardship and Climate Change

The Fund's SIP includes the Trustees' policy on Environmental, Social and Governance ('ESG') factors, stewardship and Climate Change. This policy sets out the Trustees' beliefs on ESG and climate change and the processes followed by the Trustees in relation to voting rights and stewardship. This was last reviewed in September 2022.

In 2020, the Trustees commenced a review of their ESG policy, and revised the Responsible and Sustainable Investment Policy with regards to the Fund's equity exposure. This includes an "absence of harm" screening process, excluding companies whose activities may be inconsistent with the wider values of the Fund's beneficiaries, as well as an aspiration to reduce the portfolio's carbon intensity over time. Full details are outlined in the SIP. Where they are not covered by the Responsible and Sustainable Investment Policy, the Trustees have given their appointed investment managers full discretion in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

The following sets out how the Trustees' engagement and voting policies were followed and implemented during the year.

Engagement

- The Trustees requested that the investment managers confirm compliance with the principles of the UK Stewardship Code. Both of the Fund's investment managers confirmed that they are signatories of the UK Stewardship Code 2020.
- The Trustees received details of relevant engagement activity for the year to 31 December 2023 from EdenTree, covering a wide range of different issues, including ESG factors. Examples of this are given below. Insight manages a portfolio of LDI pooled funds for which engagement activities are not applicable.
- EdenTree engaged in 189 ESG issues during the year, of which 62% were thematic related, 24% screening engagements, 11% voting related and 3% reactive engagements. In terms of engagement types, the most predominant were associated with environment issues (38% of total engagements), social focus (26%) and overlapping matters (20%).

Voting Activity

The Trustees have delegated their voting rights to the investment managers.

Investment managers are expected to provide voting summary reporting on a regular basis, at least annually. The Trustees did not use the direct services of a proxy voter over the year.

Significant Votes

The Trustees have defined 'significant votes' as those which relate to material holdings (more than c.1% of EdenTree's equity portfolio, including listed infrastructure and UK preference shares) in the areas of climate change (Environmental), human rights (Social) and Board composition/remuneration (Governance).

Over the last 12 months, the key voting activity on behalf of the Trustees was as follows:

EdenTree

UK and Overseas equities:

For its UK portfolio, all 2023 proxy voting was conducted wholly in-house by EdenTree's Research Investment team with overseas equities proxy voting contracted out to proxy advisor Glass Lewis & Co to vote on EdenTree's behalf. The votes undertaken over 2023 are summarised below.

Number of meetings in which the manager was eligible to vote	Number of resolutions voted on	% of votes against management	% of votes abstained	Reason for vote against management/abstention
100	1,398	10%	2%	-Remuneration Report/Policy (50%) - Board Balance (24%) - Shareholder Capital (3%) - Other (23%)

Examples of 'significant votes' over 2023 are included below. The Trustees are engaging with EdenTree to improve reporting on voting activity going forward.

Company name	Date of vote	Why the Trustees consider the vote to be 'most significant'	Approximate size of the holding as at the date of the vote ¹	Summary of the resolution	EdenTree voting decision	Rationale for EdenTree voting decision
Visa Inc	24/01/2023	Related to Executive compensation	1%	Advisory Vote on Executive Compensation	Against	Total combined opportunity under the short term and long term incentive plans is too high
		Related to Board composition		Shareholder Proposal Regarding Independent Chair	For	Shareholder Proposal separate the roles of Chair and Chief Executive. EdenTree views as best practice
Mueller Water Products Inc	07/02/2023	Related to Executive compensation	1%	Advisory Vote on Executive Compensation	Against	Poor alignment between pay and performance. Total combined opportunity under the short term and long term incentive plans is too high.
		Related to Board composition		Election of Board member	Abstain	Insufficient independent non-executives
GCP Infrastructure Investments Limited	15/02/2023	Related to Board composition	2%	Election of Board member	Abstain	Time concerns; too many external appointments; potential overboarding.
Novartis AG	17/03/2023	Related to remuneration policy	2%	Compensation Report	Against	Total combined opportunity under the short term and long term incentive plans is too high.
Prysmian S.p.A.	19/04/2023	Related to Executive compensation	1%	Authority to Issue Shares to Service Long-Term Incentive Plan	Against	Linked to an Executive remuneration plan EdenTree does not support
		Related to Executive compensation		Long-Term Incentive Plan	Against	Vesting below median
		Related to remuneration policy		Remuneration Policy	Against	Vesting below median
		Related to remuneration report		Remuneration Report	Against	Total combined opportunity under the short term and long term incentive plans is too high.
Adobe Inc	20/04/2023	Related to Executive compensation	1%	Advisory Vote on Executive Compensation	Against	Total combined opportunity under the short term and long term incentive plans is too high

Nestle SA	20/04/2023	Related to remuneration policy	1%	Compensation Report	Against	Total combined opportunity under the short term and long term incentive plans is too high
RELX Plc	20/04/2023	Related to Executive compensation	1%	Long-Term Incentive Plan("LTIP")	Against	Excessive remuneration policy plan
		Related to remuneration policy		Remuneration Policy	Against	650% salary available in aggregate; very excessive
		Related to remuneration report		Remuneration Report	Against	623% salary paid; poor performance link; significant vesting at threshold
Astrazeneca plc	27/04/2023	Related to Board composition	1%	Election of Board member	Against	Member has presided remuneration committee
		Related to remuneration report		Remuneration Report	Against	Excessive remuneration
Veolia Environnement S.A.	27/04/2023	Related to remuneration policy	1%	2023 Remuneration Policy (Chair)	Against	Concerning pay practices
Standard Chartered plc	03/05/2023	Related to remuneration report	1%	Remuneration Report	Against	Excessive CEO remuneration
Allianz SE	04/05/2023	Related to remuneration report	1%	Remuneration Report	Against	Total combined opportunity under the short term and long term incentive plans is too high
Boston Scientific Corp.	04/05/2023	Related to Executive compensation	1%	Advisory Vote on Executive Compensation	Against	Poor alignment between pay and performance. Total combined opportunity under the short term and long term incentive plans is too high.
Schneider Electric SE	04/05/2023	Related to Executive compensation	1%	2022 Remuneration of, Chair and CEO	Against	Total combined opportunity under the short term and long term incentive plans is too high
		Related to remuneration report		2022 Remuneration Report	Against	
HSBC Holdings plc	05/05/2023	Related to Board composition	1%	Election of Board member	Against	Chair of remuneration committee; excessive base and fixed allowance
		Related to remuneration report		Remuneration Report	Against	Excessive remuneration in aggregate
Hartford Financial Services Group Inc.	17/05/2023	Related to Executive compensation	1%	Advisory Vote on Executive Compensation	Against	Poor alignment between pay and performance. Total combined opportunity under the short term and

						long term incentive plans is too high.
		Related to Board composition		Election of Board member	Against	Non independent Lead director with combined Chair/CEO
		Related to climate change		Shareholder Proposal Regarding Fossil Fuel Lending and Underwriting Policy	For	Shareholder proposal regarding fossil fuel lending and underwriting policy; has strong merit
Orange	23/05 2023	Related to Board composition	1%	Election of Board member	Against	Less than 75% attendance / Serves on too many boards
Prudential plc	25/05 2023	Related to Executive compensation	1%	Agency Long-Term Incentive Plan	Abstain	Agency incentive scheme; insufficient information to take a view
		Related to Board composition		Election of Board member	Abstain	Potential over boarding; time concerns
		Related to remuneration policy		Remuneration Policy	Against	Poor performance link; excessive overall
		Related to remuneration report		Remuneration Report	Against	Significant vesting at threshold; excessive
Sanofi	25/05 2023	Related to Executive compensation	2%	2022 Remuneration of CEO and remuneration report	Against	Total combined opportunity under the short term and long term incentive plans is too high.
Salesforce Inc	08/06 2023	Related to Executive compensation	1%	Advisory Vote on Executive Compensation	Against	Poor alignment between pay and performance. Total combined opportunity under the short term and long term incentive plans is too high.
		Related to Board composition		Election of Board member	Against	Non independent Lead Director where there is a combined Chair/CEO. Audit Committee Chair - non independent
		Related to Board composition		Shareholder Proposal Regarding Company Directors Serving on Multiple Boards	Against	Proposal is too prescriptive and not in shareholder interests
		Related to Board composition		Shareholder Proposal Regarding Independent Chair	For	Shareholder proposal to elect an independent Chair; proposal has strong merit
Tesco plc	16/06 2023	Related to Board composition	1%	Election of Board member	Abstain	Potential time concerns; serves on too many Boards

		Related to remuneration report		Remuneration Report	Against	Excessive in aggregate; significant vesting at threshold
SSE Plc	20/07 2023	Related to remuneration report	1%	Remuneration Report	Against	Excessive in aggregate; poor performance link.
		Related to climate change		Approval of Net Zero Transition Report	For	Company proposal; Approve Net Zero Transition Report for year ended 31.03.23 which EdenTree iss supportive of
Nike, Inc.	12/09 2023	Related to Executive compensation	1%	Advisory Vote on Executive Compensation	Against	Poor alignment between pay and performance. Total combined opportunity under the short term and long term incentive plans is too high.
		Related to Board composition		Election of Board member	Withheld	Poor overall independence - Lead director has served too long / Multi-class share structure with unequal voting rights
		Related to Human Rights		Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Abstain	Current disclosures appear satisfactory but proposal may have merit
		Related to Human Rights		Shareholder Proposal Regarding Report on Supply Chain Management	Abstain	Current disclosures appear satisfactory but proposal may have merit
Medtronic Plc	19/10 2023	Related to Executive compensation	1%	Advisory Vote on Executive Compensation	Against	Total combined opportunity under the short term and long term incentive plans is too high.
		Related to Board composition		Election of Board member	Against	Non independent Chair of the Audit Committee - committee 50% independent / Affiliate/Insider on compensation committee
Lam Research Corp.	07/11 2023	Related to Executive compensation	1%	Advisory Vote on Executive Compensation	Against	Total combined opportunity under the short term and long term incentive plans is too high.
Ferguson Plc.	28/11 2023	Related to Executive compensation	1%	Advisory Vote on Executive Compensation	Against	Total combined opportunity under the short term and long term incentive plans is too high.

		Related to Board composition		Election of Board member	Abstain	Board member is not viewed as independent.
Cisco Systems, Inc.	06/12 2023	Related to Executive compensation	1%	Advisory Vote on Executive Compensation	Against	Poor alignment between pay and performance. Total combined opportunity under the short term and long term incentive plans is too high.
		Related to Board composition		Election of Board member	Against	Non independent lead director where Chair/CEO is combined
Microsoft Corporation	07/12 2023	Related to Executive compensation	2%	Advisory Vote on Executive Compensation	Against	Total combined opportunity under the short term and long term incentive plans is too high.
		Related to Board composition		Election of Board member	Against	Serves on too many boards
		Related to climate change		Shareholder Proposal Regarding Report on Climate Risk In Employee Retirement Options	For	Shareholder proposal regarding climate risk in employee pension plans; has strong merit
		Related to human rights		Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern	For	Shareholder proposal report on risks of siting in countries with significant human rights
Palo Alto Networks Inc	12/12 2023	Related to Executive compensation	1%	Advisory Vote on Executive Compensation	Against	Total combined opportunity under the short term and long term incentive plans is too high.
		Related to Executive compensation		Amendment to the 2021 Equity Incentive Plan	Against	Excessive compensation; further dilution not in shareholder interests
		Related to Board composition		Election of Board members	Against	Concerning pay practices; affiliate/insider on nominating/ governance committee

1 As a % of EdenTree equity portfolio (including infrastructure and UK preference shares).

Insight LDI

The manager did not provide voting activity details as these are fixed income funds that do not have voting rights.