



STEWARDSHIP CODE REPORT 2025

A Message from the Deputy CEO

Dear friends,

It is my privilege to introduce our 2025 Stewardship Report – a reflection of the values, work, and witness that define Epworth’s calling as ethical stewards of our clients’ capital.

This report bears testimony to a year shaped by vigilance and moral resolve. From boardrooms to shareholder meetings, we have acted with a clarity of purpose: to bring Christian ethics to bear on the most urgent challenges of our time. Whether confronting climate inaction, pressing for fair pay, or working to safeguard supply chains, our stewardship is not just about responsible ownership – it is about faithful leadership.

At Epworth, stewardship is inseparable from service. We believe that managing investments should be an expression of ministry, rooted in justice and directed toward the common good. This conviction has guided us through another year of deep engagement and careful alignment with the values of those we serve.

Throughout these pages, you will find evidence of outcomes; not only actions taken, but results achieved. We do not claim perfection, but we do strive for integrity – to be transparent where progress is slow, to learn from feedback, and to ensure that our stewardship remains both principled and practical.

Thank you for entrusting Epworth to steward your investments. We continue this work with hope, humility, and a renewed commitment to do all the good we can by all the means we can.

Yours sincerely,



A handwritten signature in black ink, appearing to read 'A Harper'.

Rev. Andrew Harper

Deputy CEO & Chief Responsibility Officer

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ABOUT EPWORTH

We are Epworth Investment Management, a specialist ethical investment manager, wholly owned by the Central Finance Board of the Methodist Church. Our purpose is to serve the investment needs of UK churches and charities that seek to align their capital with their values. All our investments are managed according to a single, principled ethical framework rooted in Christian teaching, with a strong emphasis on justice, sustainability, and the common good.

Stewardship is at the heart of our mission. We view our role not only as financial fiduciaries, but also as ethical stewards, seeking to influence the financial system in service of people and planet.

With over £1 billion in assets under management, we apply a rigorous ethical screening process, actively engage with companies to drive positive change, and exclude investments that conflict with our values. Our long-standing commitment to responsible investment is demonstrated through our collaborative engagement, voting, and policy advocacy, as well as our transparency—recognised through our Fair Tax Mark accreditation.



Stewardship with Values, Voices, Vigilance and Vision

Epworth Investment Management Ltd (“Epworth”) is proud to present its 2024 Stewardship Code Report, reaffirming our commitment as a signatory to the UK Stewardship Code. As the charities’ investment arm of the Central Finance Board of the Methodist Church, Epworth’s purpose and culture are rooted in over 50 years of ethical investing. We are guided by the Methodist principle to “do all the good we can, by all the means we can,” translating our distinctive theological ethos into practical stewardship. Our seven Ethical Investment Pillars – Earth & Ecosystem, Labour, Equality, Conflict, Society, Health & Wellbeing, and Fairness, Responsibility & Transparency – capture the core values that shape every aspect of our strategy and investment decisions. These pillars align our investments with our Christian ethos and the UN Sustainable Development Goals (SDGs), ensuring that clients’ capital is directed towards improving the lives of people and the state of our planet over the long term. In line with Principle 1 of the Stewardship Code, we actively foster a culture where these values enable effective stewardship and sustainable benefits for our clients, the environment and society.

Epworth's Ethical Pillars

Our Ethical Investment Pillars are underpinned by theological beliefs and guide our engagements and exclusions:

 Earth & Ecosystem	All creation is God's – we must be good stewards of the earth. This pillar drives our climate action, nature-related stewardship, and environmental investments (e.g. supporting renewable energy and biodiversity protection).
 Labour	All people have the right to decent work at a living wage, in conditions that respect their God-given dignity. This informs our engagements on workers' rights, supply chains, and human capital (e.g. pressing companies on fair pay and safety standards).
 Equality	Every person is of equal value, made in the image of God. We promote diversity, equity and inclusion, engaging companies on issues from gender and ethnicity pay gaps to board diversity and inclusive practices.
 Conflict	We strive for peace and avoid profiting from war and violence. We avoid weapons production and seek to ensure companies in conflict-sensitive areas uphold human rights. We support initiatives for conflict resolution and prevention of gross human rights abuses.
 Society	We believe everyone should be able to thrive in community. We encourage companies to consider their social impact – from fair tax practices to community wellbeing – and we centre the poor and marginalised in our investment considerations.
 Health & Wellbeing	All people should have access to life's essentials that enable human flourishing – nutritious food, clean water, housing, healthcare, education. We invest in solutions for health and wellness and avoid industries that harm wellbeing (e.g. tobacco, predatory lending).
 Fairness, Responsibility & Transparency	Companies share in the individual's obligation to justice and the common good. We expect honesty, accountability and good governance, and we promote transparency and responsible practices in corporate behaviour.

Epworth's Ethical Pillars

These seven pillars serve as the foundation of our purpose and investment beliefs, embedding a clear ethical framework in Epworth's culture. They resonate strongly with our clients – predominantly UK church and charity investors – who entrust us to align their investments with their mission. In 2024 we further strengthened staff training and induction around these pillars, ensuring our team lives out our values in day-to-day decision-making. This values-led culture is balanced with a disciplined, clear-sighted investment approach that delivers both ethical impact and competitive financial returns. We believe this dual focus on values and value creation is key to sustainable stewardship.

Epworth's stewardship approach is also framed by what we call the "Values, Voices, Vigilance, Vision" ethos. Our values, embodied in the pillars above, ground our purpose and define what we will or won't invest in, guiding us to create long-term value aligned with our clients' ethics. Our voices speak through active engagement and advocacy – we raise concerns with companies, collaborate with other investors, and, when needed, take a public stance to influence change on behalf of our clients. Vigilance means we are constantly monitoring our investments and the market, integrating ESG risks into decisions and holding companies to account to ensure they meet high ethical standards; it also means keeping watch on systemic risks that could affect our clients' long-term interests. And vision keeps us looking forward – anticipating emerging issues and innovating in our policies so that our stewardship remains effective for future generations. These four themes weave through our report, demonstrating how we apply the Stewardship Code principles in practice.

In the following sections, we detail Epworth's stewardship activities and outcomes in 2024, structured around the 12 Principles of the UK Stewardship Code. For each principle, we explain the context of our approach, the actions we have taken, and the outcomes or progress achieved. We explicitly map our practices to the Code's requirements, demonstrating how our purpose, governance and resources support effective stewardship (Principles 1–5), how we integrate environmental, social and governance (ESG) factors into our investment approach (Principle 7), how we engage and escalate issues (Principles 9–11), and how we exercise our rights and deliver positive outcomes for clients and society (Principle 12). Principles 6 and 8, concerning client needs and service providers, are addressed within these themes. Throughout, we include candid examples, case studies, and even areas for improvement, evidencing our activities and our commitment to transparency and continuous enhancement of our stewardship practice. This report is intended to be a clear narrative of our stewardship – consistent with Financial Reporting Council (FRC) guidance and with the FCA's Consumer Duty to deliver good outcomes for clients.

PURPOSE, STRATEGY AND CULTURE

Purpose and Strategy

Epworth's core purpose is to channel the capital of churches and charities into investments that achieve a sustainable return. Our strategy is therefore to invest in a diversified portfolio of ethically screened assets and to actively engage as stewards to improve corporate behaviour in line with our Christian ethical perspective. This purpose is not just a statement on paper – it is actively overseen and reinforced through our governance and culture at every level.

Epworth is wholly owned by the Central Finance Board (CFB) of the Methodist Church, and our ethical investment policies are set with input from the Methodist Church's Joint Advisory Committee on the Ethics of Investment (JACEI), a cross-disciplinary body including church representatives and subject matter experts. This structure grounds our strategy firmly in our clients' values. In 2024, the Methodist Conference, the Church's governing body, received and endorsed the JACEI Annual Report on our work – a strong affirmation that our investment activities remain true to Methodist ethics and our stated mission.

Epworth's distinctive position, serving faith-based investors, means our culture naturally prioritises long-term stewardship and care for stakeholders. We think of this as "stewardship as service" – we view managing investments as a form of ministry, seeking to serve the greater good. This philosophy aligns closely with the Stewardship Code's vision of creating sustainable benefits for the economy, environment and society.

Our investment beliefs explicitly emphasise stewardship. For example, we believe that integrating environmental, social and governance factors leads to better risk-adjusted returns and positive societal impact, and that active ownership, through engagement and voting, can influence companies to improve. We openly communicate these beliefs so that all stakeholders understand what we stand for.

Culture

Epworth's values-driven culture is intentionally cultivated. Every new staff member is educated on our ethical ethos, and our investment team is guided by the Ethical Investment Pillars in all decision-making. Senior leadership regularly highlights our mission of "Christian values in action" to ensure it remains front-of-mind. The result is that employees at all levels understand and embrace our purpose. Our long-term orientation and faith identity help create an internal culture where stewardship is viewed as a core duty rather than an optional add-on. We encourage an environment where anyone can raise ethical questions or suggest stewardship initiatives – reinforcing that our purpose and values are lived, not just spoken. This strong alignment of purpose, strategy and culture has enabled Epworth to pursue stewardship that creates long-term value for clients and beneficiaries, consistent with Principle 1.



GOVERNANCE, RESOURCES AND INCENTIVES FOR STEWARDSHIP

Governance

Epworth has robust governance structures and dedicated resources to support effective stewardship. Ultimate oversight of our stewardship activities lies with our Board of Directors, which includes members with expertise in finance, ethics, and the charity sector. The Board reviews our stewardship strategy and activities quarterly, receiving regular reports on engagements, voting outcomes, and ethical integration. This ensures our approach remains aligned with our purpose and adapts to new risks and regulations.

Ethical considerations are embedded in governance at every level. For example, we have a Chief Responsibility Officer (CRO) on our leadership team who ensures that investment decisions and engagements adhere to our values and to evolving responsible investment standards. Our CRO, Rev Dr Andrew Harper, serves as a bridge between church ethics and modern finance practices. Under his leadership, our team uses tools like the UN Sustainable Development Goals as a common language when engaging companies – framing issues in ways companies understand, while still rooted in theological conviction.

Day-to-day, stewardship responsibilities are integrated across our investment team rather than siloed. Every portfolio manager and analyst is accountable for considering ethical risks and ethical impacts in their investment research. We also have a dedicated Responsible Investment Manager who coordinates our engagement and voting efforts, ensuring our activities are systematically recorded and follow our policies. In 2024 we increased our internal capacity by adding two fund managers to support ethical research and engagement, reflecting our commitment to resource stewardship adequately.

We continually invest in staff development. During the year, team members undertook training on topics such as climate risk and diversity & inclusion best practices to deepen our expertise. We leverage some external resources prudently – for instance, we subscribe to proxy voting research and ESG data services to inform our decisions – but all stewardship decisions, including voting instructions and engagement targets, are made in-house according to our bespoke ethical policies. This approach gives us the benefit of external insights while ensuring actions remain aligned with our values.

Resources and Incentives for Stewardship

Our organisational structure also benefits from the JACEI advisory committee (noted in Principle 1), which provides independent ethical guidance on complex issues and helps set our ethical investment policies. This external input adds an extra layer of governance to ensure we live up to our clients' values. We likewise participate in industry groups such as the Church Investors Group that allow us to benchmark and improve our practices.

Regarding incentives, Epworth's culture emphasises mission alignment over monetary reward; however, we do formally incorporate stewardship objectives into staff performance goals. Each investment team member has goals related to stewardship outcomes – for example, successful engagements achieved or quality of ethical analysis produced. These factors are considered in performance reviews and remuneration discussions. This way, our team is incentivised and recognised for delivering on stewardship, not just financial performance. The alignment of pay and promotion with our ethical objectives reinforces that stewardship is a core part of everyone's role.

The quality of our governance and resourcing for stewardship has been positively recognised. The FRC approved our last Stewardship Code submission for 2023. We remain determined to continuously improve both our reporting and our practices. In line with Principle 2, we believe our governance structure, resources, and incentive mechanisms are appropriate for a focused stewardship-led investment manager, and we regularly review them to ensure we can uphold the highest standards of stewardship on behalf of our clients.



MANAGING CONFLICTS OF INTEREST

Epworth is a relatively small investment firm serving exclusively church and charity investors, and we operate a straightforward business model with a low inherent risk of conflicts of interest. We manage only institutional charity assets and do not manage money for individual retail clients or any affiliated commercial entities. We also do not engage in activities like proprietary trading, stockbroking, or investment banking that could create conflicts between advisory and ownership roles. This focused model minimises many typical conflicts; for example, there is no risk of us favouring one client over another, since all are similar in nature and mandate, or of trading against our clients' interests.

Nonetheless, we recognise that no organisation is entirely conflict-free, so we maintain a strict Conflicts of Interest Policy to identify and manage any actual or potential conflicts proactively. This policy is reviewed annually by our Board, and all Epworth staff and Directors undergo training on it each year and must formally attest to their compliance. Typical areas of focus include ensuring no preferential treatment among our charity clients, managing personal account dealing to prevent any misuse of information, and avoiding undue influence from any related entities. All staff and board members are required to disclose any external positions or personal interests that could conflict with their duty to Epworth's clients. These disclosures are recorded in a Conflicts Register, which is regularly reviewed by senior management and annually by the Board's Audit, Risk & Governance Committee.

We have a robust internal control environment around conflicts. For instance, any potential conflict that arises, such as a staff member having a connection to a company we invest in, is escalated and addressed through recusal from decision-making, additional oversight, or other mitigating actions as appropriate. In 2024, it is noteworthy that no material conflicts of interest arose that required Board intervention, a testament to the diligence of our preventive measures. We attribute this to our clear policies and the nature of our client base, but we remain vigilant. In addition, Epworth's ownership by the Methodist Church means our mission is fully aligned with our clients' mission – removing many conflicts that can exist at commercial asset managers. Our remuneration structures, as mentioned, do not incentivise behaviour contrary to clients' long-term interests.

In summary, consistent with Principle 3, Epworth has effective arrangements in place to manage conflicts of interest and to always put our clients' interests first. We maintain transparency with our clients about how we manage conflicts – our conflicts policy is available to them, and we would openly communicate any conflict and how it's addressed should one ever impact them. Thus far, our controls and ethical culture have ensured that conflicts of interest are avoided or resolved such that our duty to clients is never compromised.

IDENTIFYING AND RESPONDING TO MARKET-WIDE AND SYSTEMIC RISKS

Responding to Risks

Epworth recognises that effective stewardship extends beyond individual investee companies – it also means promoting well-functioning markets and addressing systemic risks that could undermine long-term value for our clients and beneficiaries. In line with Principle 4, we identify major market-wide and systemic issues relevant to our portfolios and take action to manage or mitigate those risks. We consider not only financial system risks, but also environmental and social systemic issues, given our clients' broad concerns for society and creation.

One overarching systemic risk we prioritise is the climate emergency. Climate change has economy-wide impacts and directly affects our beneficiaries – many of whom are charities caring for vulnerable communities that can be hit first and worst by climate events.

To play our part in mitigating this risk, Epworth is an active member of the global Climate Action 100+ investor coalition – an initiative targeting the world's largest corporate greenhouse gas emitters to push them toward net-zero business models. In 2024, we co-led a Climate Action 100+ engagement with a major mining company (Anglo American), helping to coordinate dialogues and set expectations. This contributed to that company's decision to set more ambitious carbon reduction targets. Notably, in 2024 Anglo American adopted Paris-aligned emissions targets and executed a responsible exit from thermal coal operations – progress that reflects sustained pressure from CA100+ investors including Epworth. We view this as a concrete example of how collaborative stewardship can address systemic climate risk.

Beyond that specific case, we voted in favour of all climate-related shareholder resolutions at portfolio companies and consistently urge high-emitting companies in our portfolio to publish climate transition plans. Internally, we monitor our portfolio's carbon footprint and have set thresholds to reduce exposure to heavy emitters over time in line with our Climate Policy. We have also supported broader market initiatives like the Transition Pathway Initiative by using their data in our analysis. These efforts collectively aim to reduce the systemic risk that climate change poses to our clients' long-term returns and to society at large.

Responding to Risks

Another emerging systemic concern is biodiversity loss. The degradation of natural ecosystems and loss of biodiversity could disrupt supply chains, diminish natural resources, and undermine the environmental services that economies rely on (water, pollination, stable climate, etc.). In 2024, to address this risk, Epworth joined the newly formed Nature Action 100 initiative – a global investor coalition, modelled on CA100+, focused on companies with outsized impacts on nature. Through Nature Action 100, we have teamed up with other investors to engage companies in sectors like agriculture, forestry, and consumer goods on issues such as deforestation-free supply chains and water stewardship. Though this initiative is in early stages, we have already contributed to a joint investor letter to a major home improvement retailer (Home Depot), urging them to eliminate deforestation from their sourcing of forest-risk commodities. We will continue to collaborate in this way because safeguarding nature is essential for long-term economic stability and aligns with our duty as stewards of God's creation. By pushing companies to address biodiversity risks, we are helping strengthen the resilience of markets and communities against this systemic threat.

We also monitor social and financial system risks. For instance, the stability and fairness of the financial system itself is important to our clients – events like the 2008 banking crisis show how systemic financial risks can harm savers and society. We consider issues like trust in banks, high levels of corporate debt, or poor market conduct as systemic concerns. To help address these, Epworth engages in industry-wide efforts to improve market standards and transparency. In 2024, we supported ShareAction's campaign to improve workforce practices in the banking sector – a collaborative effort calling on major banks to pay living wages, enhance job security, and eliminate discriminatory practices. We joined this because we believe improving how banks treat their lowest-paid workers reduces systemic social inequalities and ultimately contributes to a healthier economy.

Additionally, we are an active member of forums such as the Institutional Investors Group on Climate Change (IIGCC) and the Church Investors Group (CIG). Through these, we join forces with like-minded investors to advocate for policy and regulatory reforms that address systemic issues. For example, in 2024 we co-signed investor letters to the UK Government and financial regulators urging stronger climate-related disclosure requirements for companies and more robust corporate governance rules, such as mandating ethnic diversity reporting.

Responding to Risks

By participating in public consultations and policy dialogue – for instance, contributing a faith-based investor perspective to the Financial Conduct Authority’s consultation on sustainability disclosure requirements – we help shape a regulatory environment that supports long-term, sustainable investing. We also worked with CIG to engage the UK government on strengthening modern slavery legislation, signing an investor statement that was later referenced in Parliamentary debate. These are ways we use our voice to influence the “rules of the game” in capital markets to the benefit of all investors and stakeholders.

In summary, Epworth takes a proactive approach to systemic risks. We identify key systemic challenges, and we respond through collaborative engagement, policy advocacy, and integration of these considerations into our investment process. This broader stewardship perspective promotes well-functioning markets and mitigates risks that could otherwise undermine our clients’ long-term interests. Consistent with Principle 4, we will continue to devote time and resources to market-wide issues – recognising that acting on systemic risks is part of being a responsible steward of our clients’ assets.



REVIEW AND ASSURANCE OF STEWARDSHIP POLICIES AND ACTIVITIES

Stewardship Policies and Activities

Epworth is committed to continually reviewing and improving our stewardship policies, processes, and performance – both to adapt to new challenges and to better serve our clients. In keeping with Principle 5, we undertook a thorough review of our stewardship approach in 2024 and sought assurance that our practices remain effective and up-to-date. This review process, led by our Chief Responsibility Officer and JACEI, involved evaluating each of our key policies and assessing the outcomes we achieved relative to our objectives. As part of this, we also collected input from clients and beneficiaries (linking to Principle 6, see below) and benchmarked ourselves against peers and industry best practices.

We are pleased to note that feedback from the Financial Reporting Council (FRC) on our previous (2023) Stewardship Report was positive. The FRC highlighted a few areas for enhancement – notably the desire for more explicit outcome reporting and case studies to demonstrate impact. Our clients had similarly expressed interest in seeing more tangible examples of change resulting from our stewardship. In response, this report incorporates a clearer structure mapped to each Principle, richer examples and case studies and more candid discussion of results – including where progress is ongoing or where we faced challenges. We view these additions as evidence of learning and progression in our reporting practice. In essence, we used the review process to ensure we are aligned with best practice guidelines and to implement improvements recommended by our stakeholders.

Our internal review in 2024 also covered the resources and third-party service providers that support our stewardship (anticipating Principle 8, addressed later). We conducted an annual assessment of our proxy voting execution service and ESG research providers to ensure they continue to meet our expectations. This review confirmed that our proxy voting service accurately executed 100% of our voting instructions over the year with no errors reported. We provided feedback to that provider to further improve the custom reports they deliver to us. For example, we requested clearer analytics on our voting trends.

Stewardship Policies and Activities

We also evaluated our ESG data sources and identified opportunities to deepen our capabilities – as a direct result, we decided to onboard an additional climate-risk analytics tool, provided by ClarityAI, to enhance our insight into portfolio carbon exposure. This new tool will help us quantify climate scenario risks and track our portfolios' alignment with net-zero pathways, thereby strengthening our investment decision process. Such enhancements directly result from our continuous improvement cycle: we identified a gap and are taking action to fill it.

Additionally, we subjected our stewardship processes to an internal review in late 2024, providing assurance that our controls are operating as intended. We reviewed areas like conflict-of-interest management, data accuracy in stewardship reporting, and escalation decision-making. No major deficiencies were found. The review did offer minor recommendations, such as formalising a schedule for periodic policy updates and sharpening some record-keeping around engagement decisions. We have accepted these recommendations and have already begun implementing them. For example, we scheduled semi-annual ethics policy check-ins and upgraded our engagement tracking systems.

We recognise the value that reviews bring to our stewardship credibility. While to date we have relied on JACEI and Board oversight, we are exploring options for third-party review of specific aspects of our stewardship in the future. For instance, we are considering commissioning an assessment of our proxy voting policy's alignment with the UK Corporate Governance Code. Such steps would further bolster confidence in our processes for clients.

As a result of JACEI's formal policy review in June 2024, a few policy enhancements were approved. We expanded our Climate Change policy to cover not only fossil fuel exclusions but also explicit expectations for investee companies on climate lobbying transparency – aligning with emerging best practice that investors should push for responsible climate lobbying. We also updated our Engagement Escalation Guidelines to provide clearer criteria for when to escalate issues to public statements or ultimately to divestment. These updates were informed by our experiences in 2023–24. For example, our use of media in bank engagements led us to outline more clearly the triggers for public escalation. By refining these policies, we aim to be more predictable and transparent in our actions, which should improve effectiveness.

Overall, our review and assurance processes in 2024 gave us confidence that Epworth's stewardship approach is sound and continues to evolve in line with best practice. We found that our activities are largely effective at achieving intended outcomes, and where they were not, we have taken on board lessons. We will maintain this cycle of plan–do–review–improve. In line with Principle 5, we formally review our stewardship policies at least annually and more often if needed, ensuring we remain accountable and continuously improve our stewardship for the benefit of our clients.

CLIENT AND BENEFICIARY NEEDS – COMMUNICATION AND UNDERSTANDING

Communication and Understanding

Understanding and serving our clients' needs, and communicating our activities and outcomes to them clearly, is fundamental to Epworth's approach. Our client base consists of institutional church and charity investors – primarily Methodist and other Christian denominational bodies across the UK. These clients typically have dual objectives: to achieve financial returns for their ministries and to ensure their investments align with and advance their ethical and mission goals. We take care to align our strategies and services with these needs. For example, many of our church clients require steady income to fund their work, so our funds are managed to provide stable income while also screening out or excluding investments that conflict with Christian values such as tobacco, gambling, weapons, etc., per our ethical exclusions policy. We regularly consult with clients on their specific ethical priorities or any sensitivities unique to them, and we can adjust portfolios, where managed in bespoke arrangements, to accommodate particular exclusions if needed. In practice, most clients invest in our pooled funds or discretionary models that already reflect a broad consensus on ethical standards set by the Church, but this dialogue ensures we remain attentive to any evolving concerns.

We maintain an ongoing, two-way dialogue with clients to stay attuned to their priorities and to demonstrate accountability. In 2024, in line with the FCA's new Consumer Duty and Principle 6 of the Code, we enhanced our client communication and feedback mechanisms. Notably, we enhanced the dedicated section on stewardship in our annual client survey. We asked our clients how satisfied they were with our stewardship efforts, which issues mattered most to them, and how they would like to receive information. The responses were encouraging: a large majority of clients agreed that Epworth clearly communicates its stewardship activities and that these activities add value to their investments. Clients particularly appreciated the improved reporting format we rolled out whereby we map to Code principles and providing concrete outcomes, as mentioned in Principle 5. A few clients requested even more frequent updates on engagement progress. In response to that feedback, we have included a brief stewardship update in our quarterly fund factsheets and monthly newsletters so that clients have more real-time insight into key engagements and votes. We also plan to hold a client conference each year specifically on stewardship and investment themes, where clients can hear updates and ask questions directly to our team.

Communication and Understanding

Beyond surveys, we engaged directly with beneficiary representatives in 2024. For example, we met with members of the Methodist Church (end beneficiaries of some of our investors) to discuss how our investments were supporting the Church's wider mission. Their perspective helped underscore the importance of certain issues – such as safeguarding the dignity of workers and protecting children from harm – which reinforced our resolve on engagements like living wage and online safety. This kind of outreach helps ensure we're not operating in a vacuum but are responsive to the concerns of those whom our clients ultimately serve.

Transparency is a key aspect of our client communication. We publish extensive information about our stewardship: full quarterly voting reports are available on request, and we send them directly to clients. We also publish an annual JACEI/Epworth ethical performance report which is presented to Methodist Conference, providing an additional layer of client and public disclosure.

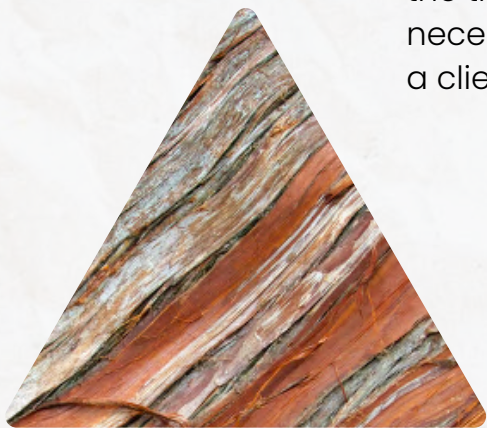
In 2024, we launched a refreshed client stewardship report format to clearly map our actions to the Stewardship Code – making it easier for clients to assess our performance principle by principle. Additionally, we provide bespoke updates upon request – for instance, if a client is particularly interested in a certain issue (say the Occupied Territory of Palestine), we will provide tailored reporting or even training sessions on those topics. We view educating and informing our clients as part of our service.

Ultimately, we recognise that our clients judge our success not only by financial returns but by the ethical impact of their investments. We therefore share outcome stories with them to make the impact tangible. One such example we are eagerly awaiting is our engagement with the UK's 2nd largest retailer, Next. We were a part of a coalition of investors who, with ShareAction, took it upon themselves to co-file a shareholder resolution for Next's AGM seeking greater transparency into employee compensation. Specifically, in how the company should provide data on how many employees are being paid below the real living wage. This resolution ask is to be a first step in what us and the investor group see in a broader journey to get Next to pay all their employees at least the rate of the real living wage (detailed under Principle 9 and 12). We reported this to all our investors in our quarterly stewardship update, highlighting how if our goals were met this would seek to benefit thousands of workers. One church foundation client told us that this particular outcome, a company agreeing to pay a living wage, was "deeply meaningful" to them, as it resonated with their charitable work on poverty alleviation. Such feedback reinforces that stewardship success, for Epworth and its clients, is measured in moral and social terms as well as financial ones.

Communication and Understanding

In terms of understanding client needs regarding financial outcomes, we engage with clients about their time horizons, liquidity needs, and risk tolerance to ensure our investment strategies remain appropriate. Most of our clients have long-term outlooks (multi-decade, intergenerational funds) which complements our long-term stewardship focus. On the few occasions where a client might have a different ethical view or require an exception (for instance, a slightly different exclusion list), we work with them to accommodate it or, normally, explain our approach. However, because our ethics are derived from widely agreed church teachings, we find strong alignment among our investors.

Finally, we consider it part of our stewardship to help our clients communicate back to their stakeholders about how their money is invested. We prepare summary reports that our charity clients can share with their boards or congregations, showing how their investments have been managed responsibly and what impact has been achieved. This gives beneficiaries confidence that their values are being upheld. In summary, client focus, and communication are woven throughout our stewardship. We listen to our clients' priorities, report to them with clarity and honesty, and adapt our services to ensure we meet their needs. By doing so, we not only comply with Principle 6 but also build the trust and understanding that is necessary for effective stewardship in a client-centric way.



INTEGRATING STEWARDSHIP AND ESG INTO INVESTMENT DECISIONS

Investment Approach

Epworth's investment approach fully integrates stewardship and ethical considerations at every stage of the investment process. We do not treat responsible investment as a separate silo; rather, it is inseparable from how we analyse opportunities and manage portfolios. All potential investments are evaluated not only on financial metrics but also on criteria defined by our Ethical Investment Pillars and related ethical factors. We employ a robust ethical screening process with clearly defined levels of tolerance for various activities as set out in our published Tolerances Policy. If a company's business activities exceed the thresholds we consider acceptable or if its conduct breaches our ethical standards, it is excluded or avoided for investment. For example, our policy sets a 0% tolerance for controversial weapons, very low thresholds (1–5%) for activities like tobacco production or gambling, and a 30% limit on revenue from fossil-based electricity generation. These thresholds help us maintain consistency and transparency in our exclusions.

In 2024 we updated our exclusion lists to reflect emerging issues and new information. For instance, we added General Electric to our conflict-related exclusions due to their growing revenue from military equipment, which crossed our tolerance level for non-weapon military components, and we excluded Schlumberger because of its significant involvement in oil & gas services, which we deemed inconsistent with our strengthened environmental stance on the climate emergency. These decisions were made jointly by our ethics and investment teams, illustrating how financial analysis and ethical judgment are integrated: we considered not only the ethical misalignment but also the long-term financial risk of those exposures (e.g. stranded asset risk in fossil fuel services, or reputational risk in defence contracting).

Investment Approach

Exclusion is just one aspect of our integration. Beyond avoiding harmful investments, we proactively integrate positive ethical factors into portfolio construction. We seek out companies that are making a constructive contribution to society or the environment, provided they also meet our financial criteria for quality and return potential. For example, within a given sector, we will favour the leaders in sustainability, such as a utility company with a strong renewables portfolio and decarbonisation strategy, over peers with heavy coal dependence. If two companies are fundamentally similar in financials, our ethical analysis can tip the balance in favour of the one with better societal impact.

Having provided seed money to the Rathbone Greenbank Global Sustainable Bond Fund at the end of 2023, Epworth was delighted with the performance it delivered for clients in its first full year. Epworth maintains regular dialogue with the fund manager, covering not just financial due diligence but also pushing for tangible evidence of the fund's sustainability credentials in action. Epworth was therefore delighted to see the fund become a leading investor in a new World Bank Amazon Reforestation Outcome Bond in August 2024. The Bond is designed to provide upfront financing for reforestation initiatives in the Amazon. Epworth will continue to engage with all its third party managers to see more such investments, which Epworth could not otherwise provide access to for its clients. This demonstrates Epworth's willingness to innovate and work with industry peers (even potential competitors) to deliver optimal solutions for our clients.

All our fund managers formally document how material ethical issues, such as climate risk, workforce practices, or board diversity, are considered in each investment decision. This is recorded in investment research reports that accompany stock proposals. These considerations directly influence position sizing and buy/sell decisions. For instance, if a company in the portfolio experiences a controversy or starts drifting from our ethical criteria, we may underweight or divest that holding even if pure financial models still look positive, because we foresee greater risk or misalignment with our mandate.

To support this integration, we leverage external research and data providers for specialised analyses. However, we never rely on them uncritically – our team reviews external ESG data in the context of our own knowledge and the values of our clients. Often, our faith-based perspective leads us to dig deeper or take a more values-driven stance than generic ESG ratings might. In short, our investment process is designed to ensure that what we invest in aligns with our clients' ethics and contributes to sustainable outcomes, in line with Principle 7.

Investment Approach

Throughout 2024, we also expanded and refined our ethics integration as we broadened our investment universe. In 2024 we expanded further into fixed-income and alternative assets, including commodities such as gold and EUA allowances/ carbon credits. We applied the same rigorous stewardship approach to these new asset classes. For instance, when evaluating corporate bond issuers, we assess their ethical performance just as we do for equities, including controversies and alignment with our pillars. We declined certain bond offerings that offered attractive yields because the issuers failed our ethical screens.

In asset classes like infrastructure and property, where we invest via third-party managed funds, we choose managers with strong responsible investment credentials. We have a third-party fund selection policy that sets out preferences and requirements for any external funds we invest in, such as requiring that they do not contain egregious exposures that we would normally exclude, and that the managers demonstrate ESG integration in their strategy.

In practice, in 2024 we approved investments in an infrastructure fund and a property fund only after confirming the managers had high ESG ratings, exclusion policies aligned with our own on critical issues, and a willingness to engage on any ethical concerns. All third-party funds undergo due diligence by our Epworth Responsible Investment Management Group before investment, and we monitor their holdings semi-annually to ensure ongoing alignment. This demonstrates that our commitment to stewardship is not limited to equities; it extends across all asset classes we invest in, even when we invest indirectly.

Additionally, after careful study, our Asset Allocation Committee approved investments in physical carbon emission allowances as a new asset class, recognising the clear ethical case and diversification benefits. By buying and holding EU carbon permits, we help reduce available allowances and thus push up the price of carbon – directly incentivising companies to cut emissions (a tangible climate impact). This decision was underpinned by our analysis that carbon pricing is a powerful tool for a net-zero economy and that including carbon allowances can improve risk-adjusted returns for our portfolios. We also ensured this new investment complied with our ethical guidelines (only regulated market permits, no speculative derivatives). These examples show Epworth's vision in ESG integration: we continually adapt our approach to encompass new sustainable investment opportunities, always subject to rigorous ethical oversight.



Outcome

The outcome of this comprehensive integration is an investment approach where ethics and financial analysis are fully interwoven, helping to mitigate risks and identify opportunities. We believe this integrated approach ultimately improves long-term performance. We will continue to refine our ethical integration methods. For instance, in 2025 we plan to utilise the new climate analytics tool (as noted in Principle 5) to better measure and manage climate-related financial risks, and we are exploring new data sources for measuring social impact to remain at the forefront of responsible investment best practice.



MONITORING AND HOLDING SERVICE PROVIDERS TO ACCOUNT

Service Providers

Epworth makes selective use of service providers to support our stewardship, and we monitor them closely and hold them to account to ensure our standards are met. The main services we use are proxy voting execution and ESG research/data services. As described under Principle 5, each year we review the performance of these providers. In 2024, our assessment found that our proxy voting agent executed all our votes according to our instructions, with no errors. We maintain an open dialogue with this provider. If ever a vote were miscast or a technical issue occurred, we would address it immediately. We provided feedback to improve the format of their reporting to us. For example, we want clearer categorisation of votes against management and rationales, and they have committed to enhancing that in their 2025 reports. We also review whether our proxy voting service's policies, which we override with our own custom policy, and research meet our needs. So far, we are satisfied but remain vigilant.

Similarly, for ESG data providers, such as specialised climate data, or ethical screening databases, we evaluate whether their coverage and quality are sufficient. Our decision to add a climate risk tool was in part because we found our current data on physical climate risk was not granular enough, a gap we are now filling. If any provider consistently fell short of expectations or accuracy, we would seek alternatives. In short, we don't solely rely on third-party services; we actively manage those relationships in pursuit of quality.

A significant aspect of Principle 8 for us is how we manage investments via pooled funds or external managers, as mentioned in Principle 7. When we invest in a third-party managed fund, that external fund manager in effect becomes a service provider whom we must hold to account for stewardship on our behalf. Our Pooled Fund Policy outlines our approach. We prefer funds whose values align with ours, and we perform due diligence on their holdings before investing. We will not invest in any pooled fund that deliberately focuses on excluded activities.

Service Providers

We also check that no more than a very small percentage of the underlying holdings (typically <10%) are involved in any combination of activities that violate our ethical Levels of Tolerance. If we find any concerning holdings, we engage the external manager about them. For instance, if a pooled infrastructure fund we use holds a company that later engages in unacceptable behaviour, we would raise it with the fund manager and immediately push for remedial action or divestment of that holding. We reserve the right to divest from the pooled fund if serious issues aren't addressed. In fact, our policy states that in extreme cases – if a fund's holdings violate our ethical pillars and the manager is unwilling or unable to influence or remove the offending exposure – we will exit that investment.

We formally monitor underlying holdings of any third-party funds at least annually and have an internal committee, the Epworth Responsible Investment Management Group, review them and make recommendations. In 2024, these reviews did not uncover any significant ethical breaches in the funds we use, but they remain an important safeguard. Additionally, we expect external managers to exercise stewardship on their holdings; we request transparency on their voting and engagement. If their stewardship approach is lacking, we convey our expectations or reconsider the mandate.

In terms of other service providers, Epworth also uses an external custodian bank for asset safekeeping and an outsourced internal audit function. We monitor these through regular reports and due diligence meetings. For example, our custodian provides an annual service review and independent control assurance report, which our finance and compliance teams scrutinise to ensure assets are securely managed. Any issues, like settlement errors or corporate action processing, are flagged and addressed promptly. In 2024, there were no material issues with our custodial or other operational service providers.

By actively monitoring and engaging with our service providers, Epworth ensures that they uphold the same standards of stewardship and ethics that we expect of ourselves. If they fall short, we act, whether that means demanding improvements or changing providers. This approach fulfils Principle 8's requirement that we hold to account those who support our stewardship, thereby ensuring consistency and integrity across the board.

ENGAGEMENT WITH INVESTEE COMPANIES

Engagement

Engagement with investee companies is at the heart of our stewardship. It is how we give life to our values in the real world. By being an active owner, Epworth seeks to influence companies to improve their practices and to protect and enhance the value of our clients' assets. We take a strategic and relationship-driven approach to engagement.

At the start of each year, Epworth sets priority engagement themes based on our Ethical Investment Pillars, the results of client consultations, and emerging issues we believe could materially affect our investments or society. In 2024, for example, our priority themes included: Climate transition plans (Earth & Ecosystem pillar) – pushing companies to adopt Paris-aligned targets and credible plans to reach net-zero; Modern slavery and supply chain safety (Labour pillar) – addressing human rights due diligence and workforce conditions in global supply chains; and Diversity and inclusion at both board and workforce levels (Equality pillar) – encouraging companies to improve board diversity, publish ethnicity pay gap data, etc. We identified target companies in our portfolios for each priority – typically those either lagging behind their peers on the issue or those particularly exposed to risk or opportunity related to the issue.

For instance, under the modern slavery and labour rights theme, we targeted several retailers and apparel brands we hold, including Amazon, specifically regarding workers' rights to collectively bargain in north America. Similarly we have sent letters to begin engagement with a tech company to seek clarity regarding whether their products may be in use in combat zones, this specific case involves the company Accenture and we have questions regarding their footprint in the ongoing Israel-Hamas conflict.

Our engagements involve a range of activities depending on what will be most effective: writing letters to company boards or CEOs to outline our expectations, meeting with management or board directors to discuss our concerns and suggestions and following up over time to check on progress. We generally engage in a constructive, solutions-focused tone, aiming to build long-term relationships with companies.

Engagement

We find that respectful dialogue can often lead to meaningful changes, especially as we represent values-based investors who can offer a different perspective. For example, with our engagement with Next regarding their employees on the Real Living Wage, we managed to hold a meeting with those at the very top of the company. Two of our team members attended a meeting with a small number of other shareholders with the Next CEO and company secretary. This intimate setting was very conducive of progressive, actionable conversations, the open format enabled us as investors to freely confront and question the CEO on the company positions in a positive, collaborative way. The meeting ended with the outlining of prospects that both sides would be happy with, and we are looking forward to these results.

Another engagement example from 2024 is our work with The Royal Mint, which, as the custodian of some of our gold holdings, was an important but perhaps unconventional engagement target. Under our Labour and Conflict pillars, we opened a dialogue with the Royal Mint regarding the ethical sourcing of gold for their operations. We raised concerns that the gold bars backing our holdings should be sourced from mines with robust labour standards and conflict-free supply chains. The Royal Mint was very receptive. In response to our engagement, and parallel encouragement from other investors, the Royal Mint agreed to increase due diligence on its gold suppliers and by the end of 2024 rolled out a new responsible sourcing policy across all its major suppliers. They also began exploring partnerships with third-party audit programs for responsible mining. This is a great example of how even a smaller investor like Epworth can influence a unique institution by articulating our values and expectations; it led to strengthened supply chain oversight in an important area (we provide a further outcome summary of this case under Principle 12).

We also evaluated a large multinational healthcare company in which we are shareholders, and have subsequently developed an engagement plan to both encourage and explore further their capabilities in improving access to medicines in low-income countries. We have already had calls with their investor relations and sustainability teams to emphasise the moral and reputational imperative of expanding affordable access. While this conversation is ongoing, the company has made some initial steps. In 2024, the company expanded a drug donation program to several additional countries, which we count as progress. We will continue to encourage a more comprehensive medicines accessibility strategy.

Engagement

Our style of engagement is typically one of private, quiet diplomacy. We prefer to give management the opportunity to address issues in confidence before resorting to any public pressure. We keep detailed records of all engagements in an internal database, recording the objectives, actions taken, and any results or commitments obtained. By year-end 2024, we had meaningful engagement dialogues with 62 companies on one or more of our ethical priority topics. By our assessment, we achieved at least some improvement or specific commitment from about 40% of those engagements during the year, while the remaining 60% are in progress, or in a few cases, did not yield the desired result.

We consider a ~40% immediate success rate to be solid, given that many responsible investment changes take time. The engagements still in progress are not failures; they often require sustained effort over multiple years. For those, we have set carry-forward objectives into 2025. For example, if a company did not agree to our request in 2024, we may escalate (as per Principle 11) or try a different approach in 2025.

In line with Principle 9, we also make sure to explain our stewardship approach clearly to investee companies. When we initiate engagement, we often introduce who we are, an ethical investor managing church assets, and why we care about the issue, linking it to long-term value as well as our values. This helps companies understand our perspective and take our requests seriously. We have found that our reputation as a principled, long-term shareholder sometimes gives us unique access or moral authority with boards, even though we are not a giant investor in size.

We also report transparently on these engagement activities to our clients (see Principle 6 and Principle 12). For example, in our quarterly reports and this annual report, we disclose what issues we have engaged on and highlight case studies of successes and setbacks. This transparency keeps us accountable for following through. We will carry forward our priority themes into 2025, with some adjustments for new issues like biodiversity (e.g. adding specific biodiversity targets under our climate engagements), ensuring continuity and follow-through on engagements initiated in 2024. If an engagement achieved an outcome, we may choose a new company or issue to focus on; if it's still open, it remains on our agenda. This persistent, values-driven engagement approach defines Epworth's stewardship, as we seek to maintain or enhance the value of assets and to foster positive change in investee companies.

COLLABORATIVE ENGAGEMENT

Engagement Approach

We recognise that many challenges are too great for a single investor to tackle alone. Collaborative engagement allows us to amplify our influence by partnering with like-minded investors and stakeholders. Where appropriate, Epworth actively participates in collective initiatives to push for changes that align with our values. Working in collaboration often lends greater weight to the message and can lead to industry-wide improvements. In 2024, our key collaborative engagements included:

Case Study – Climate Action 100+ (CA100+)

Epworth has been an active member of CA100+ since its inception. This global investor alliance targets the largest corporate greenhouse gas emitters to ensure they take necessary action on climate change. As noted earlier, we are a co-lead investor for one of the focus companies in the mining sector (Anglo American), meaning we help coordinate the engagement agenda with that company. Through CA100+, we collectively pushed our focus company to adopt science-based emissions targets and improve its climate disclosures.



Engagement Approach

In 2024, this collaboration bore fruit when Anglo American announced a new commitment to achieve net-zero emissions by 2050 with robust interim targets – a goal aligned with what CA100+ investors, including Epworth, had been advocating. While challenges remain in implementation, this demonstrates the power of collaborative investor pressure on climate issues. Being part of CA100+ has allowed our relatively small fund to punch above its weight in driving climate action.

Case Study – Nature Action 100

Understanding that biodiversity is an emerging systemic risk (as discussed in Principle 4), Epworth joined the newly launched Nature Action 100 initiative in 2024. This is a collective engagement platform similar to CA100+ but focused on companies with outsized impacts on nature. By joining NA100, we have teamed up with global investors to engage companies in sectors like agriculture, forestry, and consumer goods, on issues such as deforestation-free supply chains and water stewardship. Though the initiative is still in early stages, we have already contributed to a joint investor letter to a major U.S. retailer (Home Depot) urging them to eliminate deforestation from their sourcing of key commodities. We will continue to collaborate on this front, as we believe safeguarding nature is essential for long-term economic stability and aligns with our duty as stewards of creation.

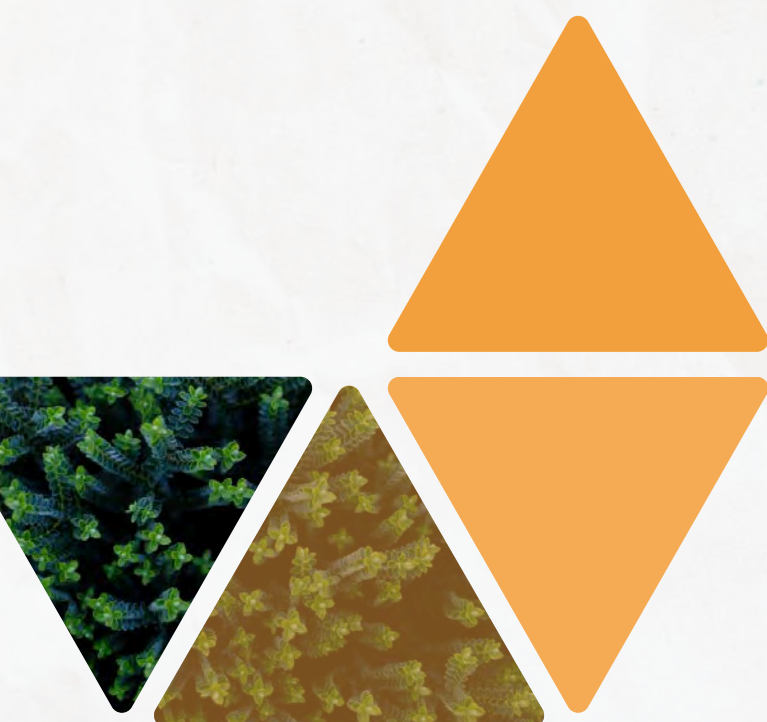


Case Study – ShareAction and The Workforce Disclosure Initiative

Under our Labour and Equality pillars, Epworth often works with NGOs and coalitions to improve corporate practices on human and workers' rights. In 2024, we partnered with ShareAction in supporting the WDI – a collaborative effort asking companies to publicly disclose detailed information on their workforce practices, covering issues like wages, diversity, and worker well-being.

In 2024, we signed collaborative letters coordinated by ShareAction's Workforce Disclosure Initiative (WDI), engaging multiple FTSE 100 and FTSE 250 companies to encourage improved workforce data transparency and Living Wage adoption. Several companies responded positively by agreeing to review and expand their disclosures, and this work is ongoing.

Additionally, in alignment with ShareAction's campaigns on climate, we co-filed a shareholder resolution at Barclays bank demanding enhanced disclosure of its financing of high-carbon projects and a commitment to phase out financing for coal. By teaming up with larger investors, we were able to put this issue to a vote. The resolution received about 20% support – not a majority, but enough to signal to the bank that a substantial bloc of shareholders seeks stronger action. Following the AGM, the bank's executives agreed to meet with the co-filing investors, including Epworth, to discuss potential policy changes, which we view as a constructive outcome from this escalation (see Principle 11 below for more on escalation tools).



Case Study – Engaging Policy and Industry Bodies

Epworth also collaborates at the market-wide and policy level to drive systemic change (overlapping with Principle 4). For example, in 2024 we contributed to a joint investor response to the Financial Conduct Authority (FCA) consultation on new Sustainability Disclosure Requirements, bringing a faith-based investor perspective to the discussion. We also worked with the Church Investors Group to engage the UK Government on strengthening modern slavery legislation, signing an investor statement that was later referenced in Parliamentary debate. By pooling our voice with others in these policy forums, we help promote higher standards of governance, transparency, and corporate responsibility across the market.

By collaborating through these alliances and collective actions, Epworth multiplies its impact potential in addressing systemic ethical issues and encouraging better practices industry-wide. The collaborative engagements in 2024 significantly enhanced our effectiveness – allowing us to achieve outcomes such as the climate target adoption and workforce transparency improvements mentioned above, which we likely could not have secured alone. These efforts exemplify Principle 10's spirit of collective action: working with peers, civil society, and industry groups wherever joint action can drive change aligned with our beneficiaries' interests and our ethical values. We remain committed to such partnerships and will continue to participate in coalitions to amplify our stewardship influence on critical issues.

In 2024, where companies failed to respond adequately to engagement on climate policy, workforce rights, or ethical sourcing, we escalated through voting against directors, co-filing shareholder resolutions, or public advocacy, including actions against HSBC, Barclays, Amazon, and others.

ESCALATION OF STEWARDSHIP ACTIVITIES

Engagement Approach

While our preferred approach with companies is constructive and cooperative, Epworth is prepared to escalate stewardship activities when companies are unresponsive to initial engagement or when the issues at stake are sufficiently serious. In line with Principle 11, we have a clear escalation strategy to influence issuers in cases where progress is lacking. Our escalation “toolkit” in 2024 included both traditional measures, like voting against management, and more assertive tactics such as filing shareholder resolutions, speaking out in the media, or ultimately divesting. We choose escalation methods case-by-case, considering what is most likely to prompt a positive change on the issue while bearing in mind our clients’ long-term interests.

General Approach to Escalation

Typically, if a company does not respond adequately to our standard engagement efforts, we will communicate that we are considering stronger actions. Often, the first escalation step is to intensify our direct engagement. For example, we might send a follow-up letter co-signed by other influential investors or request a discussion with a higher-level representative, such as the Board Chair or lead independent director, to underscore the importance of our concerns. If this still yields unsatisfactory results, we then escalate through our formal rights as shareholders or use public channels:

Voting as Escalation

Exercising our voting rights at company meetings is one of our most powerful tools as shareholders. Epworth uses voting to reinforce our engagement messages. In situations where a company has not been responsive on an issue, we will vote against management on relevant resolutions to signal our dissatisfaction. For instance, if we are unhappy with a company’s climate strategy or progress, we may vote against the re-election of the board chair or against the annual report and accounts to register our concern. In 2024, we voted against at least one resolution at 42% of the company meetings we attended. We opposed management on issues such as excessive executive pay, auditor reappointments where we had governance concerns, and inadequate climate transition plans.

All our voting decisions are made in accordance with our custom Voting Policy, which is directly informed by our ethical principles and governance expectations (we discuss our voting policy and activity further under Principle 12.).

We believe our 2024 voting record demonstrates a willingness to hold companies accountable. For example, we have dissented on over 60% of remuneration votes and over 30% of executive pay. This can be for various reasons, but mainly due to concerns over managers pay as a percentage of the company's lower earners, as well as concerns over remuneration oversight. We also dissented 15% of our votes regarding director appointments, primarily due to our concerns over female and ethnic minority representation.

Shareholder Resolutions and Formal Letters

When voting alone is not sufficient, or when we want to propose a specific change, we consider filing or co-filing shareholder resolutions. Epworth is a relatively small investor, but by teaming up with larger investors (as described under Principle 10) we can file resolutions that gain traction. In 2024, as noted, we co-filed a shareholder resolution at Barclays bank (in coordination with ShareAction and others) requesting improved climate-risk disclosure and a plan to phase out coal financing. While the resolution did not pass, the significant minority support it received put the issue firmly on the bank's agenda and led to follow-up dialogue.

Apart from resolutions, we also use formal escalation letters in some cases. For example, writing a letter to the entire board of a company to express that if no improvement is seen on an issue, we are prepared to take further action. We often coordinate these letters with other concerned investors to maximise impact.

Public Advocacy and Media Engagement

A distinguishing feature of Epworth's approach to escalation is our willingness, when necessary, to speak out publicly – a step we take only after private efforts have been exhausted or when the issue has broad societal implications. In 2024, we utilised media engagement as an escalation tool in a few high-profile situations. In one instance, we publicly criticised HSBC in the press for what we viewed as a gap between its bold climate pledges and its actual financing activities. Despite HSBC's public commitment to net-zero, our analysis, corroborated by findings from the Bureau of Investigative Journalism, showed the bank was still heavily financing fossil fuel expansion.

After multiple attempts at private engagement yielded no meaningful change, we decided to raise the issue in a public forum, giving an interview to a major financial newspaper about the responsibility of banks to align their actions with their climate rhetoric. Similarly, in May 2024, Epworth took Barclays to task in the media for greenwashing, calling out the bank's aggressive marketing of its green products while it remained one of Europe's largest financiers of fossil fuels. We also spoke on a public panel and were quoted in the press about how such behaviour undercuts genuine climate progress.

These instances of media engagement garnered significant attention and placed additional public pressure on the banks. Notably, following these actions, HSBC reached out to our investor coalition to re-engage in dialogue, indicating that our public escalation prompted a reaction. Barclays, for its part, issued a public statement defending its position but also acknowledged the investor concerns and hinted at forthcoming policy updates. We now are involved in annual meetings with the CEO of Barclays to stay abreast of climate policy from the very top of the organisation.

We view the use of media and public advocacy as part of a last resort. Our escalation policy is to attempt all reasonable private avenues first. However, we believe there are moments when raising our voice publicly is justified to accelerate change, especially on critical systemic issues like climate change where time is of the essence. By being willing to escalate publicly, we add credibility to our private engagements, and we help shape broader public discourse on corporate responsibility.

Divestment and Exclusion

If all other efforts fail, Epworth will consider divestment or exclusion of a company as the final step of escalation. Our philosophy is "engagement with purpose, exclusion with regret." We would always rather remain invested and influence a company from within, but we will not indefinitely hold an investment that fundamentally conflicts with our ethical standards or that presents unmanageable ethical or financial risks.

In practice, our rigorous screening means we often won't own a company in the first place if it has egregious issues. But if a holding was initially acceptable and later goes astray, we can divest. In 2024, we did not ultimately have to divest any major holdings purely for stewardship reasons, which we view as an encouraging sign that our screening and engagement processes are working.

Across all these escalation activities in 2024, we endeavoured to be both principled and pragmatic. We gave companies ample opportunity to change and communicated our concerns clearly. When those avenues were exhausted or ignored, we escalated in measured steps.

Of course, not every escalation yields immediate success. Some companies remain resistant, and change can be slow. The banking sector, for instance, has not yet dramatically reduced its fossil fuel exposure despite our efforts and those of our peers. As noted, HSBC and Barclays have made only incremental policy tweaks so far, not the sweeping shifts we think are needed. These more modest results remind us that patience and persistence are crucial; we record even incremental changes as interim outcomes and will continue pushing for further progress in the years ahead.

Epworth's experience shows that having a range of escalation tools – and a willingness to use them when warranted – is essential for effective stewardship. In line with Principle 11, we will continue to escalate issues as needed to fulfil our duty to protect our clients' long-term interests, always balancing firmness with fairness. We also remain transparent with our clients about our escalation decisions, as they support and understand that these actions are taken to uphold the values and financial stewardship they expect of us.

EXERCISING RIGHTS AND REPORTING OUTCOMES

Epworth views the exercise of rights and responsibilities, such as voting and other shareholder rights, and the transparent reporting of stewardship activities and outcomes, as critical components of our role as a responsible investor. We are accountable to our clients for how we exercise their ownership rights, and we seek to demonstrate the impact of our stewardship through clear outcome reporting. In our 2024 stewardship efforts, we not only engaged and voted extensively, but we also placed a strong emphasis on measuring and communicating the results of these efforts, in line with Principle 12.

Proxy Voting Activity

Voting at shareholder meetings is a central part of Epworth's stewardship. We exercised our voting rights at over 350 company meetings worldwide in 2024, covering 100% of our equity holdings. In total, we cast votes on more than 5,000 resolutions. Our votes were guided by our custom Voting Policy, which is rooted in our ethical pillars and aligned with global best-practice governance standards. For example, we expect at least 33% female board representation at larger companies, alignment of executive pay with ESG performance, and robust climate transition plans for high emitters.

Where companies fell short of our expectations, we voted against management or abstained. Under our Equality pillar, we voted against the re-election of Nomination Committee Chairs at several companies that had zero women or ethnic minorities on their boards. Under our Fairness & Transparency pillar, we refused to support some remuneration reports that lacked disclosure of key ESG metrics or that rewarded executives despite significant ethical controversies or poor performance. The majority of our dissenting votes were regarding excessive pay, and gender and racial representation – reflecting our values regarding inclusive workplaces.

We also supported 100% of shareholder resolutions on topics such as climate action, human rights due diligence, and political lobbying transparency – reflecting our view that these proposals often further long-term shareholder interests and the common good.

Each vote decision is considered case-by-case; given our size we rarely swing an outcome alone, but our voting often aligns with larger investor coalitions pushing for change. Notably, at Barclays' 2024 AGM, a shareholder resolution requesting a phase-out of fossil fuel financing, which we supported, received over 20% shareholder backing. This was a clear signal to management, reinforced by our public stance on the issue.

We ensure full transparency in our voting. Epworth publishes a quarterly voting report, detailing every vote cast across all meetings and providing rationales for key votes, particularly when we vote against management or against the recommendations of proxy advisors. This level of disclosure exceeds the Code's baseline expectations and reflects our commitment to accountability.

Additionally, we inform clients proactively of any particularly significant votes or controversies. For example, if there is a high-profile shareholder resolution or if we take an unusual step like voting against an entire board, we will highlight this in our stewardship newsletter and client meetings. By diligently exercising our voting rights and reporting on them, we hold companies to account and keep our clients informed about how their ownership rights are being used to drive positive change.



Outcomes of Engagements

Measuring the outcomes of stewardship is challenging but essential – it's how we assess our effectiveness and learn what works. We track outcomes on an ongoing basis, and we strive to communicate these outcomes to our clients in a balanced way. We are pleased to report a number of positive outcomes from our engagement and escalation activities in 2024. The examples below highlight some concrete changes that Epworth helped to achieve or influence during the year, mapped to the relevant ethical pillars:



Climate Action

A large mining company in our portfolio (Anglo American), which we engaged through Climate Action 100+ as co-lead, publicly set more ambitious climate targets in 2024 aligned with the Paris Agreement – including a 50% reduction in Scope 1 and 2 emissions by 2030. This commitment came after sustained investor pressure to strengthen its climate strategy, to which Epworth contributed significantly as part of the CA100+ coalition. The company also accelerated its exit from thermal coal. This outcome demonstrates that persistent collaborative engagement can move the needle on critical climate issues.



Fair Wages

Following our joint engagement through the Workforce Disclosure Initiative and our engagement with Next. We believe our work will have significantly raised the prospects of better pay for thousands of workers, which, once achieved, would guarantee that their wages meet the cost of living. We have already seen companies such as Next provide serious attention to this issue with their CEO actively engaging with ourselves and other co-fillers. This is the start of a meaningful conversation, the results of which could have positive effects on UK workers.



Diversity & Inclusion

In 2024 the majority of our dissenting votes were due to our dissatisfaction with both the quality of reporting and the implementation of recommendations in regards to diversity and inclusion in the workforce. This comes at a time where such endeavours to increase workplace inclusion are experiencing major rollbacks due to the current political climate. And so continuing to vote in accordance to our values will help illustrate to companies that despite the seismic changes on the political stage, we as investors and our clients still care deeply about these issues.



Health & Nutrition

In 2024, we supported a shareholder proposal at Nestlé on making the company's food portfolio healthier, and we met with Nestlé's management to press for accelerated action on obesity and product reformulation. While the shareholder resolution did not pass, our engagement had an impact: subsequently, Nestlé announced new nutrition targets and committed to achieving a zero-deforestation supply chain by 2025. These commitments indicate that our advocacy – alongside others – helped influence Nestlé to strengthen its focus on health and environmental sustainability. It's a case where even a "failed" resolution led to constructive dialogue and corporate action, illustrating the indirect power of raising issues through formal channels.



Ethical Sourcing

As discussed, The Royal Mint implemented a new ethical sourcing policy across all its precious metals suppliers in late 2023, and throughout 2024 Epworth supported the rollout of this policy. By the end of 2024, 100% of the Royal Mint's major suppliers had signed onto the new policy. Moreover, the Royal Mint put in place a supply chain audit and reporting platform to monitor labour conditions and environmental impact in its supply chain. It also worked within its industry to develop better standards. This outcome directly aligns with several of our ethical pillars (Conflict, Labour, Fairness) and was achieved through our long-term engagement relationship with Britain's oldest company. We are proud that our input helped the Royal Mint strengthen its practices, which could have influence across the precious metals industry. Additionally, at the end of 2024, approximately 55% of the gold in the vehicle has been recycled.



Sustainability Innovation

In 2024 we engaged Cranswick, a UK food producer, on climate innovation and sustainable agriculture. Cranswick detailed a 3-year on-farm carbon sequestration pilot project covering 250 hectares, focused on regenerative agriculture techniques. Early results from the project have shown improved soil carbon levels and biodiversity gains. This initiative is setting a new industry standard, and Cranswick has been sharing knowledge from the pilot with peers, multiplying the impact. While many factors drive a company's decision to innovate, Cranswick's management credited shareholder encouragement on sustainability, including from Epworth, as one catalyst for this project.

These examples illustrate some of the real, tangible outcomes of our stewardship activities. Importantly, we also recognise areas where outcomes have been more limited or are still a work in progress. Not every engagement in 2024 yielded a quick success, and some require a long-term view. For instance, despite our efforts and those of other concerned investors, the banking sector's overall exposure to fossil fuels has not yet fallen significantly. Banks like HSBC and Barclays, with which we engaged heavily in 2024, have made only incremental policy changes, not the sweeping shifts we believe are needed to align with global climate goals. However, the pressure is mounting; both banks are now under closer scrutiny by investors and the public. We will continue these engagements into 2025, potentially escalating further if needed, and we remain cautiously optimistic that persistent pressure will lead to more substantial changes in time.

Client and Beneficiary Outcomes

Ultimately, the purpose of our stewardship is to serve our clients' best interests, which include both financial outcomes and broader ethical outcomes. We therefore consider how the results of our stewardship translate into benefits for our clients and their beneficiaries.

Firstly, there is a financial dimension. By encouraging better governance, environmental risk management, and social responsibility in our investee companies, we aim to reduce investment risks and improve long-term performance. The positive changes listed above, like companies addressing climate risks, improving labour standards, or enhancing board oversight, can contribute to more resilient business models

Secondly, there is an extra-financial dimension that is very important to our charity clients. They want to see their values reflected in how their money is invested and to know that their investments are making a positive difference in the world. The stewardship outcomes we helped achieve have real-world benefits that align with our clients' missions – be it fairer pay for workers, reduced carbon emissions, or better corporate transparency. We make sure to share these outcome stories with our clients so that they, and the ultimate beneficiaries of their charities, can take heart that their capital is contributing to positive change. Client feedback indicates high satisfaction that Epworth is delivering on both fronts – performance and purpose. Ultimately, the common good we seek includes our clients' financial well-being and their confidence that their money is advancing the values they hold dear.

Continuous Improvement and Future Outlook

This report explicitly maps our actions to each Principle and provides the case studies and data recommended by the FRC and our clients. We have also integrated insights from peer reports and industry best practices; for instance, we noted that leading stewardship reports often use clear outcome tables and frank discussion of lessons learned, which we have mirrored here for clarity. We remain humble and open to learning. In fact, an external consultant's review of our 2024 stewardship activities concluded that Epworth demonstrates a "strong commitment to responsible investment aligned with stated policies" and suggested minor improvements, such as better tracking of engagement outcomes against initial objectives.

In 2025, we will implement a new tracking system to explicitly rate engagement outcomes (e.g. achieved, in progress, escalated, not achieved) for each objective, which will enhance our internal reviews and external reporting. Looking ahead, Epworth's vision is to deepen our impact and continuously evolve our approach. We enter 2025 with plans to expand our work on biodiversity, moving beyond just Nature Action 100, to engage on emerging social issues such as the just transition for workers in a low-carbon economy, exploring the impact and opportunity of artificial intelligence, and to prepare for forthcoming revisions of the UK Stewardship Code – ensuring we remain at the forefront of best practice.

We anticipate that the UK market will increasingly expect investors to demonstrate tangible stewardship outcomes, not just activity. This is a shift we wholeheartedly support and are already embracing. Epworth aims to remain a leader among medium-sized asset managers in stewardship, punching above our weight by leveraging our faith-based perspective and collaborative ethos. We also acknowledge the likely need to address new regulatory requirements (for example, the EU Corporate Sustainability Due Diligence Directive impacting companies we hold, or any new UK stewardship regulations post-Code review), and our team is staying abreast of these developments.

CONCLUSION

In conclusion, 2024 was a year in which Epworth sought to embody Christian values in action through investment. We upheld the spirit of stewardship by staying true to our values, listening to diverse voices, exercising vigilance in oversight, and maintaining a clear vision for systemic change. Whether it was challenging global banks on climate hypocrisy, encouraging a small-cap company's bold environmental initiative, or safeguarding the dignity of workers, our actions consistently mapped back to our Ethical Pillars and to the Principles of the Stewardship Code.

We delivered on our clients' twin goals of financial returns and responsible impact, and in doing so, contributed to the wider movement towards a more sustainable and just economy. Epworth remains committed to improving lives and protecting the planet through faithful stewardship. With Values, Voices, Vigilance, and Vision guiding us, we stand ready to continue doing "all the good we can, by all the means we can" through our investments in the years to come.





Central Finance Board of the Methodist Church

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Epworth Investment Management Limited

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