



Epworth

Investing with Christian ethics



Pillars

Introduction

Epworth has strengthened its theological grounding through the development of ethical pillars. These pillars underpin policies, keep the firm grounded in its theology, and allow Epworth to better respond to existing and emerging issues.

The ethical pillars are guided by God's call to care for people and planet, and informed by the Methodist tradition of equality, fairness, individual responsibility, and societal care.

The pillars are linked to the United Nations Sustainable Development Goals (SDGs). Epworth supports the utilization of the SDGs, but feel that without a robust theological underpinning, they risk being misused by corporations or organizations attempting to appear ethical. By linking the theological pillars to the SDGs, Epworth develops a common industry voice whilst better embedding theology into engagement action.

Epworth's ethical pillars also draw on the heritage of the principles of Catholic Social Teaching (CST). The CST provides a unique, ecumenical dialogue partner and enables Epworth to critique the application of theology in investment decisions.

*Do all the good you can,
By all the means you can,
In all the ways you can,
In all the places you can,
At all the times you can,
To all the people you can,
As long as ever you can.*



The United Nations (UN) has called upon the private sector in helping to free the human race from the tyranny of poverty and want and to heal and secure our planet. Epworth is determined to be bold in its approach to engagement with investee companies, and to draw upon the Sustainable Development Goals to help inform our investment decisions.

SUSTAINABLE DEVELOPMENT GOALS



Our pillars at a glance...



Earth & Ecosystem

All creation belongs to God. We are to be good stewards and are to contribute to the renewal and flourishing of all creation.



Labour

All people have the right to employment at a living wage and in conditions that do not violate their human dignity or deny their opportunity to flourish.



Equality

All people are worthy of value and dignity as they are made in the image of God.



Conflict

All people and companies should work actively toward peace.



Health & Wellbeing

All people have the right to the essential elements that contribute to human flourishing: healthy food, clothing, secure housing, healthcare, education, and social programmes.



Society

All people should be enabled to thrive in flourishing communities and have the opportunity to enjoy life in its fullness. The poor and those who are excluded should be centred and prioritised.



Fairness, Responsibility & Transparency

Companies are participants in society and share in the individual's obligation to justice and the common good. Seeking the common good involves honesty and truth, and may demand restitution, forgiveness, reconciliation and ultimately transformation.

Earth & Ecosystem

All creation belongs to God. We are to be good stewards and are to contribute to the renewal and flourishing of all creation.

Scripture

Genesis 1:27
Exodus 23:10-12
Psalm 24:1-2
Matthew 25:40

Genesis 2:15
Leviticus 23:22
Colossians 1:15-16

Sustainable Development Goals Met

7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND



The earth is the Lord's, and everything in it... Psalm 24:1

Earth & Ecosystem



Topics covered

- Climate emergency
- Environmental impact
- Resource management
- Food animal welfare



Catholic Social Teaching

Care for creation

The Epworth difference

Epworth's stewardship in the oil and gas sector remained in focus in 2021. After rigorous assessment of oil and gas companies' alignment with the well below 2-degree climate change objective of the Paris Accord, Epworth disinvested from most of its remaining holdings in the oil and gas sector after concluding these holdings were not aligned or close to being aligned with the Paris Accord. The CFB and Epworth set out to engage with its remaining oil and gas holdings, largely through shareholder coalitions, with a goal to encourage improvements in governance, capital expenditure plans, emissions, and climate-linked remuneration targets. The engagement was undertaken with the recognition that the pace of change of the remaining oil and gas companies needed to accelerate in order to limit global warming to well below 2 degrees and aiming for 1.5 degrees.

In 2021, further assessment of the aforementioned areas concluded that progress had been made in some areas by the remaining oil and gas companies. However, it was deemed that improvements had not been enough given the pace of change required, and therefore these companies were no longer allowed the benefit of the doubt as to whether they were 'close to' being aligned. Thus, in this particular case, engagement had not led to the desired outcome, and therefore the most appropriate stewardship approach was to divest from these remaining companies.

Epworth Investment Management Limited and its parent, The Central Finance Board of the Methodist Church sold their remaining company holdings in the oil and gas sector, including Royal Dutch Shell in reporting year 2021.

Following our experience of assessing the oil and gas sector, we aim to develop a more robust and dynamic cross sector climate emergency policy that better responds to the initiatives outlined at COP26.

Labour

Scripture

James 5:4
Proverbs 22:2

Luke 6:31
Colossians 3:23

All people have the right to employment at a living wage and in conditions that do not violate their human dignity or deny their opportunity to flourish.

Sustainable Development Goals Met

1 NO POVERTY



8 DECENT WORK AND ECONOMIC GROWTH



Whatever you do, work heartily, as for the Lord... Col 3:23



Topics covered

- Modern slavery
- Labour rights
- Living wage
- Working conditions
- Child labour



Catholic Social Teaching

The dignity of work and participation

The Epworth difference

In late 2019, Epworth became signatories to the coalition investor statement of the ‘Find It, Fix It, Prevent It’ campaign, which is based on the belief that modern slavery is present in most if not all supply chains. Engagements began in 2020, with the hospitality sector being the first target sector due to generally having unskilled/low paid/migrant labour both in its immediate supply chain and in subsequent tiers. This topic resonates with the policy Epworth has on human rights and conflict. Continuing the engagement that started in 2020, Epworth met with representatives from Intercontinental Hotels Group (IHG) to discuss recent work it has been doing to strengthen its human rights due diligence in its recruitment practices, including implementing a checklist to help drive responsible recruitment practices. Epworth was part of a small investor group that asked questions and probed the company’s approach to modern slavery prevention.

Equality

Scripture

Genesis 1:27
Mark 12:31

John 13:34
Romans 3:23

*All people are
worthy of value
and dignity as
they are made in
the image of God.*

Sustainable Development Goals Met

5 GENDER
EQUALITY



10 REDUCED
INEQUALITIES



*So God created humans in his own
image... Genesis 1:27*

Equality



Topics covered

- Inclusion
- Recruitment practices
- Board representation
- Tolerance
- Discrimination
- Violence



Catholic Social Teaching

Dignity and solidarity

The Epworth difference

In 2022, Epworth launched a new engagement initiative that takes aim at the mining industry and the supply chain of mined products. To underpin the initiative, Epworth has published an extractives policy that will enable us to better engage with mining companies and help in protecting indigenous communities and workers' rights as the world consumes more metals and minerals in pursuit of overall carbon reduction.

Enabled by this policy, Epworth was able to confidently respond to a report published by the mining company, Rio Tinto. Rio's report outlined systemic workplace toxicity including incidents of criminal harassment, rape, and racism within their company. While we welcomed the efforts of the new leadership at Rio to uncover and address these issues with robustness and transparency, the findings demonstrate systemic problems that not only present a material risk to shareholder value but, and more importantly, demonstrate that Rio Tinto employees are exposed to wholly unacceptable conduct and unsafe working conditions.

Epworth engaged with the company to question the underlying issues within Rio's culture. After a lacklustre response from Rio's investor relations team, Epworth voiced their concerns to the media. Epworth featured in a February 2021 edition of the Sunday Times online as one of the only institutional investors willing to make serious comment on Rio's workplace toxicity. This press exposure leveraged high-level meetings for our ethics team with Rio's management and has given Epworth the opportunity to interrogate policy at the company. On behalf our clients' interests, Epworth remains in constructive dialogue with Rio Tinto as the company shapes its response to the report.

Conflict

Scripture

Hebrews 12:14
Matthew 5:9

Mark 12:31

All people and companies should work actively toward peace.

Sustainable Development Goals Met



Blessed are the peacemakers, for they will be called children of God. Matt 5:9

Conflict



Topics covered

- War
- Conflict zones
- Disputed territories
- Armaments



Catholic Social Teaching

Peace and the option for the poor

The Epworth difference

Due to the unjustified 2022 invasion of Ukraine, Epworth believes that for both ethical and fiduciary reasons, Russian securities should not form any part of our clients' investment portfolios. Epworth does not hold any Russian securities directly, but had, at the start of the conflict, a small indirect exposure to Russian companies through holdings of emerging market-focused vehicles.

We have eliminated this exposure and have excluded Russia from our investment universe.

As ethical investors, we are not profiting from this unjust war. We are not invested in sectors that typically benefit from conflict - armaments and oil and gas. Though this may have short term impact on our investments, it is undoubtedly the godly position to take.

Health & Wellbeing

All people have the right to the essential elements that contribute to human flourishing: healthy food, clothing, secure housing, healthcare, education, and social programmes.

Scripture

1 Corinthians 6:19-20

1 Corinthians 10:31

Sustainable Development Goals Met

1 NO POVERTY



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



6 CLEAN WATER AND SANITATION



Whether you eat or drink... do everything for the glory of God. 1 Cor 10:31



Topics covered

- Healthcare
- Pharmaceuticals
- Genetics
- Mental health
- Nutrition
- Addictive products and services



Catholic Social Teaching

The common good, dignity and the option for the poor

The Epworth difference

In February 2021, we co-filed a resolution which asked Tesco to set and report on a target for growing the proportion of its sales from healthier products. We, along with other institutional investors coordinated by ShareAction, had engaged with Tesco prior to co-filing on this topic. As a result of the resolution Tesco made commitments to increase the share of healthy products from 58% to 65% of sales by 2025 in its UK and Republic of Ireland Tesco stores. Further engagement from investors led to Tesco strengthening these commitments by setting out further actions to be applied to its Booker Group subsidiary and its Central European operations. The company's new plans commit Tesco to action on health across its entire retail group.

As such, the coalition of investors withdrew its resolution. A two-year process of engagement has been agreed between Tesco, ShareAction and investors in the Healthy Markets Coalition, as Tesco implements the new commitments.

Society

All people should be enabled to thrive in flourishing communities and have the opportunity to enjoy life in its fullness. The poor and those who are excluded should be centred and prioritised.

Scripture

Exodus 19:6
John 4:1-42
Acts 4:23-37
James 2:1-8

Mark 12:31
1 Peter 2:9
Acts 5: 12-16

Sustainable Development Goals Met

1 NO POVERTY



4 QUALITY EDUCATION



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



17 PARTNERSHIPS FOR THE GOALS



You shall love your neighbour as yourself... Mark 12:31



Topics covered

- Media
- Societal care
- Technology
- AI and automation
- Surveillance economy
- Genetics
- Education
- Communities and culture



Catholic Social Teaching

*The common good and the
option for the poor*

The Epworth difference

During 2022, Epworth continued its engagement with Nestlé, discussing issues as they relate to coffee sourcing. We discussed sustainable sourcing – at the time 75% of Nescafé beans are sustainably sourced. Sustainable sourcing is defined by Nestlé as knowing where the beans are from, down to a farm, and knowing how they are grown. There is a target to get to 100% sustainably sourced beans by latest 2025. We also discussed the steps Nestlé is taking to partner with farmers in training them in financial literacy, agricultural best practices, as well as empowering women and youth.

Fairness Responsibility Transparency

Companies are participants in society and share in the individual's obligation to justice and the common good. Seeking the common good involves honesty and truth, and may demand restitution, forgiveness, reconciliation and ultimately transformation.

Scripture

Proverbs 11:1-3
Mathew 7:12

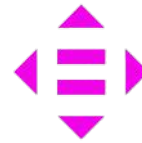
Proverbs 16:8
James 5:4

Sustainable Development Goals Met

1 NO POVERTY



10 REDUCED INEQUALITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIPS FOR THE GOALS



Better is a little with righteousness than large income with injustice. Prov 16:8

Fairness, Responsibility & Transparency



Topics covered

- Tax Justice
- Corporate governance
- Supply chains
- Government, law and policy-making
- Bribery and corruption



Catholic Social Teaching

For the common good

The Epworth difference

Ensuring that companies pay both an appropriate level of taxation and in the right jurisdiction has become an issue of increasing focus over the last few years. At Epworth, we feel this is an important ethical issue, so in 2020 we became the first fund manager in the UK to secure the Fair Tax Mark.

Tax Justice has also become one of the key ethical matters on which we engage with the management of our investee companies. We raised the Fair Tax Mark with MJ Gleeson, a UK house builder that we hold in our portfolios, to raise awareness of the scheme. Since then, they have become accredited with the Fair Tax Mark, noting they are the first in their sector to do so.

We are proud to have joined the growing movement of responsible businesses who ‘say what they pay with pride’ and will continue to engage widely on this important issue on behalf of our clients.

Epworth

Investing with Christian ethics

Epworth Investment Management Limited (“Epworth”) is authorised and regulated by the Financial Conduct Authority (FCA Registered Number 175451). It is incorporated in England and Wales (Registered Number 3052894), with a registered office at 9 Bonhill Street, London EC2A 4PE and is wholly owned by the Central Finance Board of the Methodist Church. Epworth-managed funds are designed for long term investors.”