



## **EdenTree Investment Management Limited**



### **European SRI Transparency Code**

### **Fifth Statement of Commitment**

**2017/18**

## **European SRI Transparency Code**

**EdenTree Investment Management Limited (EIM) is a wholly owned subsidiary of Ecclesiastical Insurance Group plc (EIG), and is domiciled and registered in the United Kingdom as a specialist insurance and financial services company.**

**The Group was founded in 1887 as a specialist insurer of church buildings. It now has insurance operations in Canada, Australia and the Republic of Ireland, as well as in the United Kingdom.**

**EIG is wholly owned by a UK registered charity, the Allchurches Trust Limited (Registered Charity Number 263960).**

**EIM was among the first fund management groups in the UK to launch an ethically screened retail fund in 1988 (the Amity UK Fund).**

### **Statement of Commitment**

EdenTree Investment Management Limited, is a pioneer of ethical and responsible investment in the United Kingdom, launching its first ethical retail product (the Amity UK Fund) in 1988.

Since then, sustainable and responsible Investing has become an essential part of the strategic positioning and behaviour of EdenTree Investment Management Limited, and a mainstay of our product offer to the retail and charity markets in the UK with five ethically screened retail Funds within our product range, and two screened Funds for the charity sector.

These are: the Amity UK Fund, the Amity International Fund, the Amity European Fund, the Amity Sterling Bond Fund and the Amity Short Dated Bond Fund for the retail market. Our two other products are the Amity Balanced Fund for Charities and the Amity Global Equity Income Fund for Charities.

Our ethically screened funds under management totaled £610m (€691m) at 30 September 2017.

Our commitment to SRI has been recognised in the UK with several awards including the Moneyfacts 'Best Ethical Investment Provider 2017', the ninth successive year we have achieved this distinction.

Sustainable and Responsible Investing is an essential part of the strategic positioning and behavior of EdenTree Investment Management Limited. We have been involved in SRI since 1988 and welcome the European SRI Transparency Code.

This is our fifth statement of commitment and covers the year 2017/18.

Our full response to the European SRI Transparency Code can be accessed below and is available on our web site at [www.edentreeim.com](http://www.edentreeim.com)



## **Compliance with the Transparency Code**

EdenTree Investment Management Limited is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate.

To the best of our knowledge, EdenTree Investment Management Limited meets the full recommendations of the European SRI Transparency Code, to which it is a signatory.

12 October 2017

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## **Disclaimer**



The European SRI Transparency logo signifies that EdenTree Investment Management Limited commits to provide accurate, adequate and timely information to enable stakeholders, in particular consumers, to understand the Sustainable Responsible Investment (SRI) policies and practices relating to the fund. Detailed information about the European SRI Transparency Code can be found on [www.eurosif.org](http://www.eurosif.org) and information of the SRI policies and practices of the EdenTree Amity Fund Range can be found at [www.edentreeim.com](http://www.edentreeim.com). The Transparency Code is managed by Eurosif, an independent organisation.

The European SRI Transparency Logo reflects the fund manager's commitment as detailed above and should not be taken as an endorsement of any particular company, organisation or individual.

12 October 2017

# EUROSIF SRI TRANSPARENCY CODE

## EDENTREE INVESTMENT MANAGEMENT 2017/18 RESPONSE

<b>Section 1 General Information</b>	
<b>1a</b>	<p><b>Provide the name of the Fund Management company managing the Funds to which this Code applies.</b></p> <p>EdenTree Investment Management Limited (EIM)                      Monument Place                      24 Monument Street                      London EC3R 8AJ                      UNITED KINGDOM</p> <p><a href="http://www.edentreeim.com">www.edentreeim.com</a></p> <p>The contact for the purposes of this code is Neville White, Head of SRI Policy &amp; Research.  <a href="mailto:neville.white@edentreeim.com">neville.white@edentreeim.com</a> +44 (0)207 680 5846.</p>
<b>1b</b>	<p><b>Describe the general approach of the fund management company with regards to how it takes environmental, social and governance criteria into consideration.</b></p> <p>The approach taken by EdenTree Investment Management Limited (EIM) to incorporating ESG considerations into its investment management process forms a fundamental element of the corporate responsibility policies of the Ecclesiastical Insurance Group, part of which is to be <i>'the best ethical investment provider'</i>. Ecclesiastical is the UK's highest ranking insurance company for charitable giving with £24.7m or 39.5% of pre-tax profits delivered to charity in 2016; we are a Living Wage employer.</p> <p>The company has articulated its 2016 CR highlights as:</p> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;"> <p><b>Our people</b></p> <p>One of the first financial services businesses to sign up to the <b>Women in Finance Charter</b></p> <p><b>Free wellbeing support</b> 250 flu jabs, 150 health checks, 100 personal safety session attendees</p> <p>Over 95% of UK employees completed voluntary training and signed up since the Group Code of Conduct was launched</p> <p><b>85%</b> of employees believe we're a 'socially responsible' business</p> <p><b>Living Wage</b> status retained</p> </div> <div style="width: 50%;"> <p><b>Our environment</b></p> <p><b>100%</b> electricity for main contract from renewable sources</p> <p><b>Carbon footprint</b> of Amity ethical funds complete for the first time</p> <p>Investment Week Sustainability Award for EdenTree ethical thought leadership paper on Natural Capital</p> <p>Moneyfacts Best Ethical Investment Provider Award for the eighth successive year (EdenTree)</p> </div> </div> <div style="display: flex; flex-wrap: wrap; margin-top: 20px;"> <div style="width: 50%;"> <p><b>Our community</b></p> <p><b>£24.7m</b> total Group charitable giving</p> <p><b>60%</b> of UK employees volunteered</p> <p><b>£130k</b> distributed in small 'personal grants' in the UK</p> <p><b>Aus\$230,000</b> given in Australia through our Community Education Programme</p> <p><b>40%</b> of pre-tax profit given to charity</p> <p>Gold Standard for Payroll Giving achieved</p> <p>BITC's CommunityMark standard retained</p> </div> <div style="width: 50%;"> <p><b>Our marketplace</b></p> <p><b>Fairer Finance Gold Ribbon</b> award for the second consecutive year</p> <p><b>98%</b> of UK customer-facing employees completed training on customer vulnerability</p> <p><b>18</b> heritage apprentices trained since 2010</p> <p><b>material claims suppliers</b> in the UK</p> </div> </div> <p><a href="http://www.ecclesiastical.com/general/aboutus/corporate-responsibility/index.aspx">http://www.ecclesiastical.com/general/aboutus/corporate-responsibility/index.aspx</a></p> <p>EIM became a signatory to the Principles of Responsible Investment (PRI) <a href="https://www.unpri.org/">https://www.unpri.org/</a> in early 2013, and submitted its first response for publication in June 2015. We received an A+ rating for strategy and governance in our third response in 2017.</p>

	<p>EIM is also a signatory-supporter to several collaborative investor initiatives including the:</p> <ul style="list-style-type: none"> <li>• Access to Medicine Index <a href="http://www.atmindex.org/">http://www.atmindex.org/</a></li> <li>• Access to Nutrition Index (ATNI) <a href="http://www.accessstonutrition.org/">http://www.accessstonutrition.org/</a></li> <li>• CDP (carbon, water and forest) <a href="http://www.cdproject.net/">http://www.cdproject.net/</a></li> <li>• Extractives Industry Transparency Scheme (EITI) <a href="http://eiti.org/">http://eiti.org/</a></li> <li>• Business Benchmark on Farm Animal Welfare (BBFAW) <a href="http://www.bbfa.com/">http://www.bbfa.com/</a></li> <li>• 30% Club on governance diversity <a href="http://www.30percentclub.org.uk/">http://www.30percentclub.org.uk/</a></li> <li>• Corporate Human Rights Benchmark <a href="https://www.corporatebenchmark.org/">https://www.corporatebenchmark.org/</a></li> <li>• Workforce Disclosure Initiative <a href="https://shareaction.org/wdi/">https://shareaction.org/wdi/</a></li> <li>• Montréal Pledge <a href="http://montrealpledge.org/">http://montrealpledge.org/</a></li> <li>• Paris Pledge <a href="http://www.parispledgeforaction.org/">http://www.parispledgeforaction.org/</a></li> </ul> <p>EIM is a member of UKSIF <a href="http://uksif.org/">http://uksif.org/</a> and IIGCC <a href="http://www.iigcc.org/">http://www.iigcc.org/</a></p> <p>EIM has published its UK and International corporate governance voting policies, and publishes its approach to engagement as part of our signatory obligations in support of the UK Stewardship Code.</p> <p>All three policies can be accessed at:</p> <p><a href="http://www.edentreeim.com/literature">www.edentreeim.com/literature</a></p> <p>We contribute to the promotion of SRI in the UK via a suite of frequent research reports and publications, by hosting occasional industry meetings, providing ‘thought’ pieces for the trade press, and by presenting on SRI at conferences. Responsible investment is a key driver for the business, and promotion of it forms a consistent element of our marketing and engagement initiatives.</p>
1c	<p><b><i>Provide the name of the Funds to which this Code applies and the specific resources allocated to your SRI activities.</i></b></p>
	<p>We manage five ethically screened Amity Fund retail (OEIC) products and two ethically screened institutional Funds for charities:</p> <p>The <b><i>Amity UK Fund</i></b> – long term capital appreciation principally via UK equities; inception date 01.03.1988 ISIN GB0009371310 <a href="https://www.edentreeim.com/funds/screened-funds/amity-uk">https://www.edentreeim.com/funds/screened-funds/amity-uk</a></p> <p>The <b><i>Amity European Fund</i></b> – long term capital appreciation principally via European equities: inception date 13.09.1999 ISIN GB0008446626 <a href="https://www.edentreeim.com/funds/screened-funds/amity-european">https://www.edentreeim.com/funds/screened-funds/amity-european</a></p> <p>The <b><i>Amity International Fund</i></b> – long term capital appreciation principally via global equities: Inception date 13.09.1999 ISIN GB 0008448663 <a href="https://www.edentreeim.com/funds/screened-funds/amity-international">https://www.edentreeim.com/funds/screened-funds/amity-international</a></p> <p>The <b><i>Amity Sterling Bond Fund</i></b> – attractive income via UK government and corporate bonds: inception date 18.02.2008 ISIN GB00B2PF8B06 <a href="https://www.edentreeim.com/funds/screened-funds/amity-sterling-bond">https://www.edentreeim.com/funds/screened-funds/amity-sterling-bond</a></p> <p>The <b><i>Amity Short Dated Bond Fund</i></b> – capital preservation whilst providing an above-average steady income for investors: Inception date 01.09.2017 ISIN GB00BZ012J01 <a href="https://www.edentreeim.com/funds/screened-funds/amity-short-dated-bond">https://www.edentreeim.com/funds/screened-funds/amity-short-dated-bond</a></p> <p>The <b><i>Amity Balanced Fund for Charities</i></b> – a balance between income and capital growth: Inception date 04.04.2011 ISIN GB00B3MV9484 <a href="https://www.edentreeim.com/funds/funds-for-charities/amity-balanced">https://www.edentreeim.com/funds/funds-for-charities/amity-balanced</a></p> <p>The <b><i>Amity Global Equity Income Fund for Charities</i></b> – above average income yield: inception date 04.04.2011 ISIN GB00B45M5W55 <a href="https://www.edentreeim.com/funds/funds-for-charities/amity-global-equity">https://www.edentreeim.com/funds/funds-for-charities/amity-global-equity</a></p> <p>All are domiciled in the United Kingdom. EIM comprises 35 people in total in three teams; investment, operations and sales &amp; marketing.</p>

	<p>EIM has pioneered SRI in the UK, launching the country's second ethically screened retail product in 1988. EIM operates an integrated team in which the investment and SRI case is researched side by side. A specialist team comprising two analysts provide the detailed in-house resource for both ESG and voting.</p> <p>With our integrated process, <i>all</i> members of the investment team are expected to have an understanding of SRI and include sustainability research into their thinking. There is no distinction made between corporate governance and SRI in terms of dedicated resource. The team was established in 1988.</p> <p>To support the core in-house resource ESG research is provided by Amsterdam based research house, Sustainalytics <a href="http://www.sustainalytics.com">www.sustainalytics.com</a></p> <p>Our portfolio carbon footprint service provider is ISS Ethix Climate Solutions (formerly Southpole Group). <a href="https://www.issgovernance.com/esg/climate-metrics-advisory/">https://www.issgovernance.com/esg/climate-metrics-advisory/</a></p> <p>UK voting is informed by IVIS (Institutional Voting Information Service) provided by the UK Investment Association (IA) <a href="http://www.ivis.co.uk">www.ivis.co.uk</a></p> <p>International (ex-UK) voting research and execution is contracted out to US based service provider, Glass Lewis &amp; Co. <a href="http://www.glasslewis.com">www.glasslewis.com</a></p> <p>Portfolio holdings are published biannually in the Funds Interim and Final Report &amp; Accounts</p> <p>2017 Interim Report <a href="https://www.edentreeim.com/docs/default-source/LiteratureLibrary/our-fund-and-accounts/eif-long-report-june-2017.pdf?sfvrsn=2">https://www.edentreeim.com/docs/default-source/LiteratureLibrary/our-fund-and-accounts/eif-long-report-june-2017.pdf?sfvrsn=2</a></p> <p>2016 Final Report <a href="https://www.edentreeim.com/docs/default-source/LiteratureLibrary/eif-long-report-dec-201677dda2bb2e21610d976cff1d00235a19.pdf?sfvrsn=0">https://www.edentreeim.com/docs/default-source/LiteratureLibrary/eif-long-report-dec-201677dda2bb2e21610d976cff1d00235a19.pdf?sfvrsn=0</a></p> <p>Further information on the Amity Funds is available on our website at: <a href="https://www.edentreeim.com/docs/default-source/LiteratureLibrary/sales-aids-and-brochures/amity-funds-brochure.pdf?sfvrsn=0">https://www.edentreeim.com/docs/default-source/LiteratureLibrary/sales-aids-and-brochures/amity-funds-brochure.pdf?sfvrsn=0</a></p>
1d	<b><i>Describe the content, frequency, and resources allocated by the fund management company to inform investors about the ESG criteria taken into account.</i></b>
	<p>EIM publishes a detailed client brochure <i>'The Amity Investment Fund Range: Responsible investments that truly stand out'</i> that sets out the SRI approach. <a href="https://www.edentreeim.com/docs/default-source/LiteratureLibrary/sales-aids-and-brochures/amity-funds-brochure.pdf?sfvrsn=0">https://www.edentreeim.com/docs/default-source/LiteratureLibrary/sales-aids-and-brochures/amity-funds-brochure.pdf?sfvrsn=0</a></p> <p>Investors are kept informed via our regular <i>Amity Insight</i> (three times a year) and <i>SRI Expert Briefings</i> (five times a year) research publications together with other client communications. All are publicly available online.</p> <p>Monthly Fund Sheets are provided detailing Fund performance and Fund Manager commentary. The Annual and Interim Fund Reports provide additional detailed information on the application of the Socially Responsible Investment Fund policy.</p> <p>Clients have access to a dedicated quarterly SRI Activity Report and Global Proxy Voting Report, and these are also publicly available.</p>
1e	<b><i>Provide the name of the fund(s) to which this Code applies and their main characteristics.</i></b>
	<p>We manage five ethically screened Amity Fund retail (OEIC) products and two ethically screened institutional Funds for charities: data to 31.12.2016.</p> <p>The <i>Amity UK Fund</i> – long term capital appreciation principally via UK equities; inception date 01.03.1988</p>

ISIN GB0009371310. Risk Class (KIID) 5

The *Amity European Fund* – long term capital appreciation principally via European equities: inception date 13.09.1999 ISIN GB0008446626. KIID 5

The *Amity International Fund* – long term capital appreciation principally via global equities: Inception date 13.09.1999 ISIN GB 0008448663 KIID 5

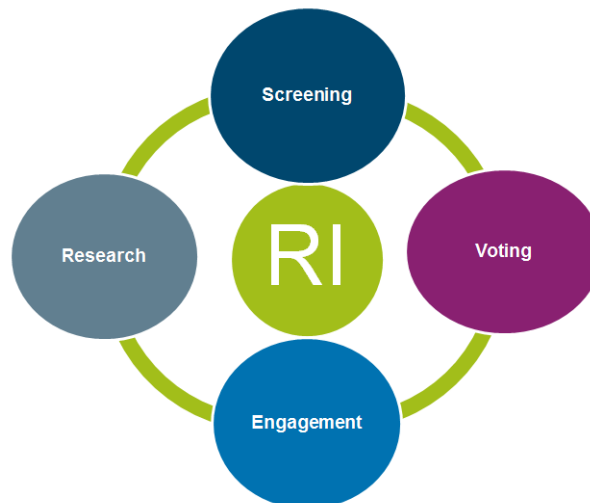
The *Amity Sterling Bond Fund* – attractive income via UK government and corporate bonds: inception date 18.02.2008 ISIN GB00B2PF8B06 KIID 3

The *Amity Short Dated Bond Fund* - capital preservation whilst providing an above-average steady income for investors: Inception date 01.09.2017 ISIN GB00BZ012J01 KIID 2

The *Amity Balanced Fund for Charities* – a balance between income and capital growth: Inception date 05.04.2011 ISIN GB00B3MV9484 KIID 4

The *Amity Global Equity Income Fund for Charities* – above average income yield: inception date 05.04.2011 ISIN GB00B45M5W55 KIID 5

We articulate our responsible investment product offer as shown below:



All the Amity funds take an approach that encompasses both negative and positive screening. They may therefore be categorised as combining (i) exclusion of holdings from the investment universe (ii) integration of positive ESG factors in financial analysis (iii) engagement on sustainability matters and (iv) global proxy voting

**1f What are these Funds trying to achieve through taking into account ESG criteria.**

The Funds apply negative screening in keeping with the adoption of a distinctive ethical stance. Positive screening is then applied so that the Funds comprise a portfolio of companies we view as likely to deliver superior returns over the long-term given their strong sustainability and investment credentials.

The positive criteria may also act as a brake and result in a negative recommendation. To that end mining and transnational oil are usually avoided on environment, climate change and human rights grounds under our positive screens (see 2a).

We view the integration of ESG a factor in reducing risk and adding value over time. We also believe that through investor engagement we may play a role in raising standards and improving business behaviour. <https://www.edentreeim.com/process>



	We may invest in unlisted social, community or impact investment vehicles particularly in our Amity Sterling and Amity Short Dated Bond Funds.

<b>Section 2 Approach to ESG Evaluation of Companies and Countries</b>	
<b>2a</b>	<b><i>What fundamental principles underlie the ESG research methodology</i></b>
	<p>The Amity Funds have adopted a <i>'profit with principles'</i> approach in which investment decisions are based on an integrated investment and ESG case. The Funds apply a default 'negative' screen in which companies in the following business areas are excluded where turnover or profit exceed 10% (whichever is the lower).</p> <ul style="list-style-type: none"> <li>• Alcohol production</li> <li>• Gambling operations</li> <li>• Pornographic and violent material</li> <li>• Tobacco production</li> <li>• Strategic weapon production</li> <li>• Animal testing for cosmetic or household products</li> <li>• Intensive farming</li> <li>• Oppressive regimes</li> </ul> <p>Specific policies have been produced on our approach to (i) strategic weapons production (ii) animal testing and (iii) intensive farming, and these are available on request.</p> <p>Companies are then assessed across nine positive screening 'pillars' for their suitability for inclusion in the Funds. The nine pillars were completely refreshed during 2016, and are now articulated as 'six areas of business risk' and 'three themes'. The nine pillars are:</p> <ul style="list-style-type: none"> <li>• <b>Business ethics</b> – including Codes of Conduct; product quality and safety; culture and behaviours; financial conduct; ethical sourcing; supply chain relationships; taxation policy; farm animal welfare and lobbying</li> <li>• <b>Community</b> – including community liaison; license to operate; project finance; giving programmes; health, education and welfare, Access to Medicine and training and apprenticeships</li> <li>• <b>Corporate governance</b> – includes Code compliance; independent Boards; pay for performance; diversity; anti-bribery and whistleblowing; cyber security; audit; related party transactions and political donations</li> <li>• <b>Employment &amp; labour</b> – includes ILO protocols; equal opportunities; diversity; anti-discrimination; reward structures; freedom of association &amp; collective bargaining; training &amp; development; health &amp; safety and occupational wellbeing</li> <li>• <b>Environmental management</b> – Includes climate change; GHG emissions; resource depletion; water; pollution; natural capital; waste and recycling; energy; soil and forestry and sustainable products</li> <li>• <b>Human rights</b> – includes policies; support for the UDHR and UN Guiding Principles; child, bonded and forced labour; trafficking and Modern Slavery; indigenous people and land rights; sanctions and conflict risk and conflict minerals</li> <li>• <b>Education</b> – <i>businesses focused on education, training, human development, promoting girls' education and student housing &amp; support</i></li> <li>• <b>Health &amp; wellbeing</b> – <i>businesses focused on affordable healthcare, access to medicine, pharmaceutical R&amp;D, biotechnology, clinical care and nutrition and</i></li> </ul>



	<p><i>wellbeing</i></p> <ul style="list-style-type: none"> <li>• <b>Urban regeneration</b> – <i>businesses focused on social housing, affordable housing, green building, inner city brownfield development and natural capital</i></li> </ul> <p>More detail is set out here:  <a href="https://www.edentreeim.com/docs/default-source/LiteratureLibrary/sales-aids-and-brochures/amity-funds-brochure.pdf?sfvrsn=0">https://www.edentreeim.com/docs/default-source/LiteratureLibrary/sales-aids-and-brochures/amity-funds-brochure.pdf?sfvrsn=0</a></p> <p>Companies are ‘scored’ using external and internal research analysis before a decision on suitability from an ESG perspective is approved. The subsequent investment decision then lies with the Fund Manager.</p> <p>The Funds do <i>not</i> apply either a ‘best in class’ or ‘norms’ based approach to investment decision making; companies are judged on the overall positive contribution they are assessed as making across the nine positive screening pillars. All stocks are required to earn their place in the portfolios on an integrated basis.</p> <p>The positive criteria may also act as a brake and result in a negative recommendation. To that end mining and transnational oil are usually avoided on environment, climate change and human rights grounds.</p> <p>Additional tests are applied as regards sovereign debt where Freedom House and Transparency International core ratings are taken into account when approving potential sovereign debt (Gilts) issued by countries with poor human rights records.</p>
<p><b>2b</b></p>	<p><b><i>What internal and external resources are used to carry out research?</i></b></p>
	<p>Our basic ESG risk analysis is provided by <i>Sustainalytics</i> <a href="http://www.sustainalytics.com">www.sustainalytics.com</a> which rates each company within an industrial sector peer group; this is noted for the purposes of our first tier analysis. Companies achieving a below peer group average rating would be subject to additional ESG scrutiny in order to achieve a positive investment recommendation. This is usually taken to mean third quartile or lower.</p> <p>Our SRI team then conducts additional research and analysis from publicly available materials including:</p> <ul style="list-style-type: none"> <li>• Company literature (annual reports, websites and sustainability reports)</li> <li>• Industry or trade body publications and websites</li> <li>• NGO reports and websites</li> <li>• Government and academic research including websites</li> </ul> <p>We seek always to determine whether a potential investment meets the detailed criteria of the Amity Funds with any remaining areas of enquiry pursued via engagement.</p> <p>We utilise research services provided by <i>Glass Lewis &amp; Co.</i> to conduct and execute international (ex-UK) voting. <a href="http://www.glasslewis.com">www.glasslewis.com</a></p> <p>All UK voting is undertaken in-house; basic UK corporate governance research is provided by IVIS <a href="http://www.ivis.co.uk">www.ivis.co.uk</a> (see 1c). UK voting decisions are recommended by the SRI team and approved by the relevant Fund Manager. Votes are then executed in-house with full disclosure online.</p>
<p><b>2c</b></p>	<p><b><i>Which ESG analysis criteria are used?</i></b></p>
	<p>This information is contained in 2a.</p> <p>The same analysis is applied across all sectors, geographies and company types. We do not make a distinction between securities and fixed interest in terms of sustainability analysis.</p>

We use Freedom House and Transparency International rankings to assess sovereign debt and would avoid positions in countries with poor ratings in either or both surveys.

We apply two country exceptions in terms of investment restriction: Sudan and Burma (Myanmar). Other potential oppressive regime information is assessed using *Freedom House* and *Transparency International* data as above.

Material risk assessment is taken into account that considers the sector and its global footprint: companies working in the oil and extractives sectors seldom meet our positive human rights and environmental management standards, and are therefore rarely approved for inclusion and are often excluded under our positive criteria.

Across each ESG dimension a range of issues may be considered pertinent to the particular company, its sector and its global reach.

Although not exclusive, we would seek to take into account the following as part of our due diligence ESG research:

Environmental	Social	Governance/Ethical
Biodiversity	Access to Medicines	Alcohol
Ozone Depleting Chemicals	Affordable Healthcare	Nuclear Power
Pesticide Use	Equal Opportunities	Animal Testing & Fur
Resource Production	Health & Safety	Pornography
Environmental Management	Human Rights	Oppressive Regimes
Energy	Child Labour	Gambling
Transport	Supply Chain Management	Tobacco
Nuclear Power	Community	GMOs
Pollution	Bribery & Corruption	Stem Cells
Water	Labour Standards	Intensive Farming

**2d** *What is your ESG evaluation methodology?*

*Sustainalytics* provides a detailed ESG rating methodology in which general assumptions are made regarding outline suitability for inclusion. We take absolute and peer ratings into account when analysing companies; no other rating system is used.

Companies operating in 'high risk' sectors are subject to specific data testing on environmental management, human rights and safety protocols.

We look for companies that broadly meet our sustainability requirements contained under the nine pillars; companies must have reasonable and appropriate environmental, social and governance positives to commend them for inclusion in the Funds. We do not expect all companies to score well under all nine screens, but we expect all potential holdings to exhibit reasonable overall sustainability positives, as well as passing the default negative screen.

We apply a 'traffic light' system across the nine pillars to assess disclosure, process and performance in each area.

This is communicated to Fund Managers in the form of a tabular assessment:

	<table border="1"> <tr> <td><b>Business Ethics</b></td> <td><b>Community</b></td> <td><b>Corporate Governance</b></td> </tr> <tr> <td></td> <td></td> <td><b>POOR</b></td> </tr> <tr> <td><b>Education</b></td> <td><b>Environmental Management</b></td> <td><b>Health &amp; Wellbeing</b></td> </tr> <tr> <td>N/A</td> <td><b>STRONG</b></td> <td>N/A</td> </tr> <tr> <td><b>Human Rights</b></td> <td><b>Employment &amp; Labour</b></td> <td><b>Urban Regeneration</b></td> </tr> <tr> <td></td> <td></td> <td>N/A</td> </tr> </table> <p>Controversies are taken into account as part of our overall risk-assessed approach. Companies with significant recent or ongoing risk-related controversies require additional due diligence assessment prior to approval and are subject to intensified monitoring.</p>	<b>Business Ethics</b>	<b>Community</b>	<b>Corporate Governance</b>			<b>POOR</b>	<b>Education</b>	<b>Environmental Management</b>	<b>Health &amp; Wellbeing</b>	N/A	<b>STRONG</b>	N/A	<b>Human Rights</b>	<b>Employment &amp; Labour</b>	<b>Urban Regeneration</b>			N/A
<b>Business Ethics</b>	<b>Community</b>	<b>Corporate Governance</b>																	
		<b>POOR</b>																	
<b>Education</b>	<b>Environmental Management</b>	<b>Health &amp; Wellbeing</b>																	
N/A	<b>STRONG</b>	N/A																	
<b>Human Rights</b>	<b>Employment &amp; Labour</b>	<b>Urban Regeneration</b>																	
		N/A																	
<b>2e</b>	<b><i>How frequently is the ESG evaluation reviewed?</i></b>																		
	<p>The research process is reviewed in a timely manner consistent with the needs of the business. Individual company holdings are reviewed periodically to ensure they continue to meet the criteria of the Funds and are otherwise not in breach of any Amity ethical policies. Direction of travel is important, and companies screened positively are monitored to ensure they remain eligible for inclusion.</p> <p>We monitor the monthly controversies rating report supplied by Sustainalytics and the highest categories of controversy (4 and 5) are scrutinised in depth. Fund Managers are made aware of any changes in controversy rating for portfolio holdings. Sold stocks will normally require re-screening prior to any subsequent re-purchase, and cannot be bought until this has occurred.</p> <p>EIM seeks to integrate evolving thinking into the existing framework including our signatory-supporter initiatives outlined in (1b). Our membership of PRI has also provided opportunity to enhance our overall approach to collaborative engagement. We expect to commence scoping the mapping of our Amity Fund portfolios against the 17 Sustainable Development Goals in due course.</p>																		

<b>Section 3 Fund Management Process</b>	
<b>3a</b>	<b><i>How do you take into account ESG criteria when defining the universe of eligible investments?</i></b>
	<p>See 2a.</p> <p>Our model does not use a universe of pre-screened eligible investments. Investment ideas arise within the whole Team based on a range of sources. Ideas that are pursued are then subject to investment and ESG screening (the latter as set out in 2a) to assess their suitability for investment inclusion. As bottom up stock pickers, there is no minimum threshold of ESG scoring; companies are screened as a 'pass' or 'fail' on their merits, or 'requires engagement to proceed'.</p>
<b>3b</b>	<b><i>How do you take ESG criteria into account when building the portfolio?</i></b>
	<p>See 2a and 3a above.</p> <p>The investment and ESG process is integrated. Research at the ideas stage takes place in parallel. The SRI Team have ultimate authority to reject a proposed stock from investment if it fails the negative screen, exhibits insufficient positives or bears unacceptable risk under the positive criteria. We apply no weightings or other quant based analytics.</p> <p>If an investment ceases to be eligible for inclusion, for instance because a banned activity has passed the 10% threshold, the Fund Managers have an appropriate and reasonable time limited period to sell</p>

the stock down (normally three calendar months). Companies that change their strategy or move into areas that raise concerns may also lead to divestment after a period of review and engagement.

All companies are analysed equally. The exception is investment trusts where we employ a *de minimus* threshold test across the whole portfolio, whereby a Trust should not normally have more than 10% of its holdings in excluded areas of activity in aggregate. A review is conducted at least annually of Trusts held in the portfolios. Trusts fulfil a specific investment function and are not subject to separate positive screening.

**3c Do the Funds have a specific ESG engagement policy?**

Yes. The Funds general approach to engagement is set out in the EIM Statement of compliance with the UK Stewardship Code. This is reviewed and published annually. The 2017 Statement is available here:

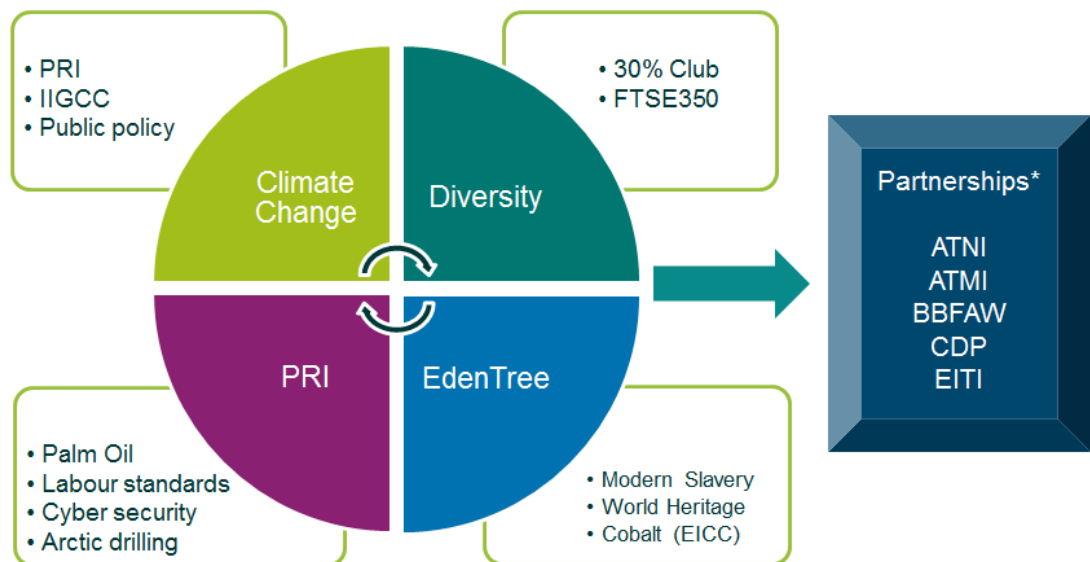
<https://www.edentreeim.com/docs/default-source/LiteratureLibrary/uk-stewardship-code-statement-2017.pdf?sfvrsn=0>

Engagement fulfils an important part of our overall approach focused on raising issues of concern with business and seeking to raise standards of business behaviour over time.

In general our approach serves four imperatives:

- i. Fact finding and information gathering
- ii. Getting to know the management in order to understand the ESG issues and their ability to manage ESG risk
- iii. Raising concerns with the aim of lobbying for change
- iv. ESG risk mitigation arising from key business activities

In 2017 we have articulated our engagement strategy as focused on risk, identifying climate change and diversity as key strands for EIM engagement.



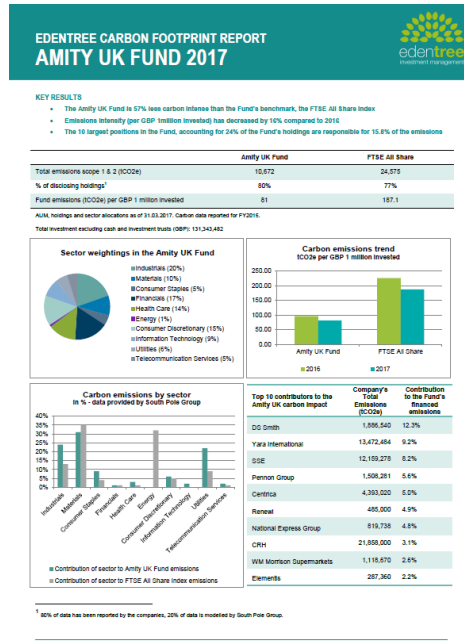
Given our limited resources, engagement is assessed according to investment need and the nature of the risk. Engagement is undertaken either wholly in-house by the SRI team or by working with like-minded industry partners where collaboration is helpful e.g. through the PRI or other industry initiatives. In such circumstances we would aim to lend our support to engagement initiatives by taking part in agreed meetings, calls, and correspondence.

We focus significant engagement effort on climate change, commissioning ISS Ethix Climate Solutions

(formerly SouthPole Group) to provide portfolio carbon footprints of the Amity UK, Amity European, Amity International and Amity Global Equity Income for Charities Funds for the second successive year.

All four footprints again demonstrated a lower than benchmark carbon intensity and provided opportunities for engagement with the largest portfolio emitters. EIM is a signatory to the Paris Pledge and to the PRI Montréal Pledge.

We publish the results of our portfolio carbon footprints in a dedicated 'carbon footprint' part of the website [www.edentreeim.com/literature](http://www.edentreeim.com/literature)



In 2016 we met 490 companies as part of our investment process with sustainability a key part of many dialogues.

In addition we collaborated with 87 SRI related initiatives either through the PRI or with coalitions of like-minded investors, and took part in 222 individual company engagements.

**3d Do the Funds have a specific voting policy integrating ESG criteria?**

No. Voting policy is focused wholly on the quality and appropriateness of corporate governance and is carried out in accordance with our agreed voting templates. Corporate Governance Policies are reviewed annually. We fully integrate diversity into our UK Corporate Governance Policy and will take voting action where Boards have made little progress improving gender diversity at Board level.

We publish two corporate governance voting policies relating to the UK and International (ex-UK).

<https://www.edentreeim.com/docs/default-source/LiteratureLibrary/corporate-governance-policy-2017.pdf?sfvrsn=0>

<https://www.edentreeim.com/docs/default-source/LiteratureLibrary/overseas-corporate-governance-policy-2017.pdf?sfvrsn=0>

**3e Do the Funds engage in securities lending activities?**

No.

3f	<b>Do the Funds use derivative instruments?</b>
	No.
3g	<b>Is a share of the Funds invested in unlisted entities pursuing strong social goals?</b>
	Yes. Unlisted entities are eligible for inclusion in the Amity Sterling Bond and Amity Short Dated Bond Funds where there may be a strong social dimension. These are required to comply with our normal investment criteria. There is no allocated quota for these investments.

**Section 4 Controls and ESG Reporting**

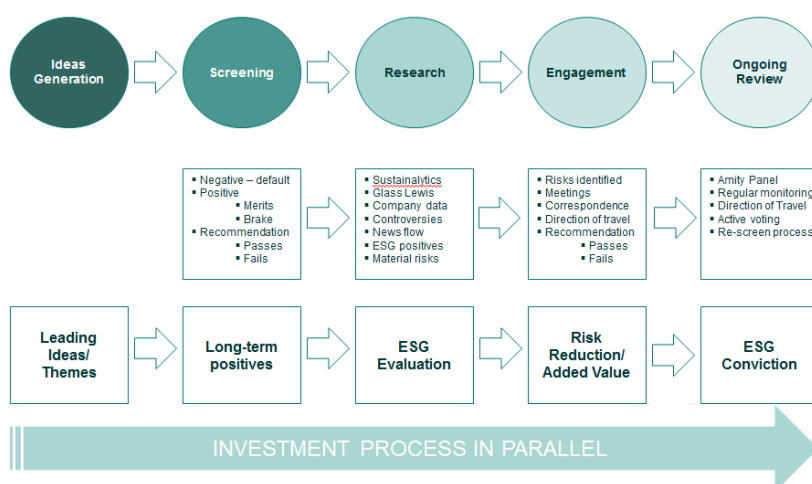
**4a** **What internal controls are in place to ensure the compliance of the portfolio with the ESG rules defined in section 3 of the Code?**

Holdings are controlled by the Charles River operating and dealing system which requires SRI approval prior to purchase where screens apply.

Holdings are regularly monitored to ensure there are no breaches to negative criteria, and that they continue to meet our positive criteria. This is conducted in house by the SRI team utilising external service provider information and publicly available disclosures.

The flow chart below illustrates our overall process for the selection and monitoring of actual and potential investments in the screened Amity Funds.

Compliance breaches would be subject to an appropriate and reasonable time specific draw down, usually three calendar months. Companies that are sold would normally need to be re-screened prior to any further intended purchase. Companies in breach (and therefore requiring sale on ethical grounds) would be flagged in management breach reports triggered by the Charles River operating and dealing system.



**4b** **Please list all public media and documents used to inform investors about the SRI approach to the Fund, include links as appropriate.**

Ecclesiastical Insurance Group (EIG) the parent of EIM publishes corporate responsibility

information in its Annual Report and Accounts and separately on the Group website.

EIM publishes a wide range of materials, all publicly available, that inform clients about key areas of SRI focus and research. These are presented in several formats.

We publish our regular *Amity Insight* publications detailing latest research relating to the nine areas of positive investment. These are aimed at the general investor and typically comprise 12-24 page research brochures; they are all publicly available at

<https://www.edentreeim.com/insight-news>

The following *Amity Insights* are currently available:

- Thirsty Planet Revisited
- The Future of Work
- The Energy Paradox
- Cyber Security
- Natural Capital
- Corporate Governance
- Aviation
- Shipping
- Healthcare
- Education
- Human Rights
- Corporate Misconduct
- Digital Planet II – Big Data
- Digital Planet

We aim to publish three new *Amity Insights* each year.

We also produce focused *SRI Expert Briefings* five or six times a year: These are aimed at the general investor wishing to understand more about a specific complex ESG issue and typically comprise a 4 page briefing note. At least two briefings a year feature stocks held in the Funds. They are all publicly available at:

<https://www.edentreeim.com/literature>

The following *SRI Expert Briefings* are currently available:

- Modern Slavery
- Farm Animal Welfare
- Biofuels
- Palm Oil
- GMOs
- Fossil Fuel Divestment
- Access to Nutrition 2016
- How We Vote
- Global Risks Landscape 2016
- Oppressive Regimes
- The Internet of Things
- Banks
- Tax
- Carbon Footprint
- Access to Medicines Index 2014
- 2014 Proxy Voting Season
- Company Profiles (various)

We publish quarterly corporate governance voting reports and SRI Activity Reports at

<https://www.edentreeim.com/literature>

Fact Sheets and Fund prospectus' are available at



	<a href="https://www.edentreeim.com/literature">https://www.edentreeim.com/literature</a> Fund Interim and Final Reports (including portfolio holdings) are available at <a href="https://www.edentreeim.com/literature">https://www.edentreeim.com/literature</a>
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<b>Section 5 Additional</b>	
<b>5a</b>	<p><b><i>If applicable specify the amount of donations that the Fund gave to charities in the last year.</i></b></p> <p>Ecclesiastical Insurance Group (EIG) made voluntary donations for charitable purposes in 2016 of £24.7m. During the last three years a total of £50m has been provided by Group companies for church and charitable purposes.</p> <p>Ecclesiastical Group is the UK’s highest ranking insurance company for corporate giving with nearly 40% of pre-tax profits distributed to good causes. Ecclesiastical was placed 4<sup>th</sup> in the 2016/17 UK Guide to Company Giving (joint 13<sup>th</sup> in 2015/16).</p> <p>In addition to the Group’s distributable profits being given to its charitable parent (£24m), the Group made £700,000 in other community contributions in 2016.</p> <p>It is not the Group’s policy to make political donations.</p> <p>EdenTree will launch its <i>Community Fund</i> in 2017. This will constitute a community commitment of £150,000 over three years. £120,000 will be focused on a flagship project linked to our <i>Education and Health &amp; Wellbeing</i> positive pillars targeting young people in areas of need in our neighbouring boroughs in Greater London.</p> <p>A further £30,000 will be available for satellite ‘one-off’ grants to projects centred on other areas of need linked to our nine positive pillars. In Year 1, a grant of £10,000 will be targeted at a project focused on the victims of Modern Slavery and human trafficking.</p>

## Definitions of key terms used in the Code

Term	Definition
Divestments	Companies that are sold from the fund portfolio.
ESG	Environment, Social and Governance
Engagement	A long-term process of dialogue with companies by investors which seeks to positively influence company behaviour in relation to their social, ethical, governance and environmental practices. This includes vote at AGM, filing or co-filing shareholder proposals, asking questions at AGM, collaborative engagement initiatives, individual company contact and dialogue with policy makers and industry organisations.
Exclusion	The exclusion of sectors or companies from a fund if involved in certain activities based on specific ESG criteria.
Fund Manager	The entity responsible for overall management of the fund.
Fund(s)	A legal entity, the purpose of which is solely the acquisition of portfolio investments. This also includes compartments and sub-funds.
Fund Purpose	The spirit and overall focus of the fund, but not the investment criteria employed.
Holdings	Equities and/or bonds of companies that collectively comprise the fund portfolio.
Portfolio	A collection of investments managed by the fund manager.
Signatories	Fund(s) and/or fund manager that commits to disclose SRI information in line with the Code.
SRI	SRI, a generic term covering sustainable, responsible, ethical, environmental, social investments and any other investment process that integrates financial analysis with the influence of environmental, social and governance (ESG) issues. It includes an explicit written policy to make use of ESG criteria.
Voting Policy	Policy of a fund to exercise its voting rights as investors to influence company behaviour.

## **About Eurosif**

EUROSIF, the European Sustainable Investment Forum, is the pan-European network whose mission is to address sustainability through the financial markets. Eurosif works as a partnership of the national Sustainable Investment Forums (SIFs) within the EU and with the support and involvement of Member Affiliates. Recognised as the premier European forum for sustainable investment, Eurosif's Member Affiliates are drawn from leading pension funds, asset managers, NGO's, trade unions, academic institutes and research providers, together representing assets totalling over €1 trillion. Eurosif's work includes a focus across asset classes - equity and fixed income markets, microfinance, renewable energy, property, private equity and hedge funds - all centred on the industry trends and future legislation affecting this space. The key benefits that Eurosif affiliate members receive include EU interfacing, SRI information and European wide initiatives that integrate Environmental, Social and Governance (ESG) issues into the financial services sector. For the full list of Eurosif Member Affiliates, please see [www.eurosif.org](http://www.eurosif.org).

National social/sustainable investment forum to date include:

- Belsif, Belgium
- Dansif, Denmark
- FNG – The German, Austrian and Swiss Sustainable Investment Forum
- Forum per la Finanza Sostenibile, Italy
- Forum pour l'Investissement Responsable, France
- Norsif, Norway
- Spainsif, Spain
- Swesif, Sweden
- UKSIF, UK
- VBDO (Vereniging van Beleggers voor Duurzame Ontwikkeling), The Netherlands

For further information contact Eurosif at +33 1 40 20 43 38 or by email at [contact@eurosif.org](mailto:contact@eurosif.org).

Additionally, feel free to see the most updated information on the Transparency Code at [www.eurosif.org](http://www.eurosif.org).

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