

PROFITS WITH PRINCIPLES



2018

RESPONSIBLE INVESTMENT ACTIVITY REPORT



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FOREWORD BY SUE ROUND, CHIEF EXECUTIVE OFFICER

I am delighted to introduce EdenTree's first Annual Responsible Investment Review.

Thirty years ago when I launched the first of our Amity Funds, the concept of ethical and responsible investment was still quite novel – in fact the Amity UK Fund, launched in 1988, was only the second screened equity product available in the UK.



Sue Round
Chief Executive Officer

Since then we have seen an exponential increase in interest and product diversity available to clients to support their ethical, responsible and sustainable objectives. In the UK the market is particularly vibrant with multiple new product launches in the sustainability and impact arenas. We very much welcome this as providing strong endorsement of our long-held belief in the importance of ethical, responsible and sustainable investing.

EdenTree is a pioneer of responsible and sustainable investment in the UK and we are proud of delivering 'profits with principles' for clients for three decades. We operate an integrated team in which the investment and responsible investment case is researched in parallel, with a specialist team, led by Neville White our Head of Responsible Investment Policy & Research, providing the detailed in-house expertise for ESG screening, engagement, voting and research. Neville, who also acts as governance lead, is supported by Esmé van Herwijnen our environment and climate change lead, and Jon Mowll, our social issues lead.

Our strong and ongoing commitment to responsible and sustainable investment has been recognised in the UK with several awards, including the Moneyfacts 'Best Ethical Investment Provider Award – the tenth successive year we have achieved this distinction (2009-'18), and Best ESG Fund Management Group (Specialist) at the Investment Week Sustainable and ESG Investment Awards 2018.

Our strong commitment to client communication and thought leadership driven by our award winning Amity Insights and expert briefings is now supplemented by this, our first Annual Review. Here you will find more detail of our work in the responsible investment arena over the course of 2018 conducted on behalf of our clients across the four key areas of our ESG focus: Research (thought leadership), Screening, Engagement and Governance.

We hope you enjoy finding out more, and, as always, we invite comment and feedback.

EDENTREE'S APPROACH TO RESPONSIBLE INVESTING

Our Amity Funds have adopted a 'profit with principles' approach in which investment decisions are based on an integrated investment and ESG case.



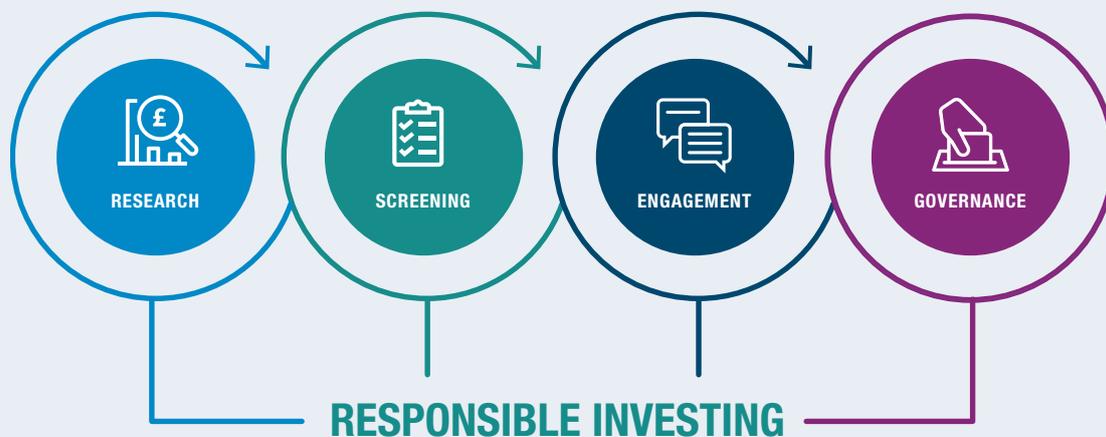
To be considered suitable for inclusion within our Amity range of responsibly and sustainably managed funds, an investment idea must meet the criteria laid out by our responsible and sustainable screening model. There are three parts to this: ethics/ values, responsibility/ ESG and sustainability/thematic.

The eight exclusion criteria which make up ethics/values aim to avoid activities that are harmful to society. 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). Negative screens include: alcohol production; gambling operations; pornographic and violent material; tobacco production; strategic weapon production; animal testing for cosmetic or household products; intensive farming; and oppressive regimes.

As a House we have also determined to avoid companies with direct exposure to oil sands and Arctic drilling. Specific policies have been produced on our approach to (i) strategic weapons production (ii) animal testing and (iii) intensive farming. These are available on request.

APPROACH



Investment ideas are then assessed across the following six ESG risks for their suitability for inclusion in the Funds:

- Business Ethics
- Community
- Corporate Governance
- Employment and Labour
- Environmental Management
- Human Rights

The responsibility/ESG risk criteria can also act as a brake on investment.

Stocks are enabled into Funds if they pass the ethics/values exclusions and the responsibility/ESG risks.

Finally, our process includes four sustainability themes, which are subject to manager stock selection:

- Education
- Health & Wellbeing
- Social Infrastructure
- Sustainable Solutions

Stock ideas that are pursued are subject to investment and ESG analysis to assess their suitability for investment inclusion. Companies are screened as a 'pass' or 'fail' on their merits, or they may require engagement before proceeding. The Responsible Investment Team have the final say on the inclusion of any stock in the Amity Funds based on our screening process.

Once invested, we will conduct thematic or company-specific engagement, and vote at company meetings. Engagement is conducted across the portfolios, and, although there is an emphasis on the screened Amity Funds and client-specific mandates, we also have a positive engagement commitment in our non-screened Funds, which include those of our parent company, Ecclesiastical Insurance Group. Engagements are wide-ranging and are conducted by the Responsible Investment Team, either unilaterally, or in collaboration with fellow investors and/or NGOs, non-profits, and other initiatives.

The final piece of our responsible investing jigsaw is research/thought leadership. At EdenTree, we pride ourselves in providing clients, industry experts, and investors with relevant, detailed research on some of the most pressing sustainability- and ethics-focused challenges of our time. We also publish a number of shorter thought-leadership pieces, known as Expert Briefings, which focus on social, environmental, and governance topics, outlining the issues at stake, our House view, and what we are doing as responsible investors to address stakeholder concerns. This Annual Review sets out some 2018 highlights across our four areas of focus.



RESEARCH

At EdenTree, we pride ourselves in providing clients, industry experts, and investors with relevant, detailed research on some of the most pressing sustainability- and ethics-focused challenges of our time.

Throughout 2018, we published three Amity Insights – our flagship thought-leadership pieces – on sustainable cities, global hunger in an age of climate breakdown, and the problem of waste. 2018 marked the tenth anniversary of the Amity Insight, of which over 30 have been published since 2008.

We also published a number of shorter thought-leadership pieces, known as Expert Briefings, which focus on social, environmental, and governance topics, outlining the issues at stake, our House view, and what we are doing as responsible investors to address stakeholder concerns. In 2018, Expert Briefing topics ranged from the

environmental impacts of sand mining to zero-hours contracts, and from investing in the FAANGs to gender diversity in workforces and at Board level.

This section of our Annual Responsible Investment Review outlines the extent of our thought leadership work in 2018.

All our research pieces – including the Amity Insights and Expert Briefings – are available on our website, at www.edentreeim.com/insights. We welcome feedback on any of our Insights and Expert Briefings, and encourage you to spend some time looking back through our thought leadership work of previous years.

Our thought leadership is one of many things which sets EdenTree apart from other investment management companies. Our Responsible Investment Team produces high-quality, in-depth research on a very broad range of topics, and we continue to punch well above our weight in this area.

Neville White, Head of Responsible Investment Policy and Research



AMITY INSIGHT. JANUARY.

Sustainable Cities: Challenges And Opportunities Arising From Urbanisation

Cities are always the victims of their history and geography as well as of time and culture. Today, as old cities become larger and more overcrowded, the challenge to make them liveable and sustainable is immense, outgrowing their original capacity and with an urgent need to rethink their design.

In the US, the economic decline of cities has often seen migration to the suburbs, leaving ‘downtown’ areas subject to crime and decay. In the developing world, the emergence of ‘mega cities’ of 20m people plus, has been an equally striking phenomena.

Across the world, cities are home to an ever growing number of people. Their prosperity is often key to overall economic resilience and growth – but in a fast changing world are they still fit for purpose?

In this Insight, we looked at the nature of the challenge, the problems cities face, and the investment required to ensure cities remain sustainable for the long term. We examined how old cities may need to adapt in order to function and remain attractive, as well as opportunities for newer cities to do things differently.

We took a close look at how utilities, transport, housing and connectivity are enablers towards a more sustainable ‘polis’. Finally, we explored what the issues are for responsible investors and outline the investment value chain of opportunities that support the concept of ‘sustainable cities’.

AMITY INSIGHT. JULY.

Hungry Planet Revisited: Feeding the World – Threats and Opportunities

Back in 2012, when Hungry Planet was first published, we observed how rising population ‘is going to place unprecedented strain on the global food supply chain, impacting the lives of billions of people’. In Hungry Planet Revisited, we explored some new drivers of change in global food industries – such as technology and artificial intelligence – which hold out the prospect of improving production. We also looked at the expected impact of climate change on food, and the significant contribution that can be made by reducing food waste.

As usual we considered the investment value chain, in this instance, via five investible themes. We believe one solution to the acute supply-demand imbalance is greater access to mechanisation, and we featured this as a case study.

As the global climate continues to be warmed, extreme weather events becoming increasingly frequent and severe. The outlook is bleak. There is now thought to be a one in 20 chance per decade that heat, drought and flood will cause a simultaneous failure in maize production in both China and the US; the world’s two main sources. This would result in widespread famine and population displacement. The challenges are growing, but we used this Insight to point to real solutions, where opportunities for the responsible investor abound.





AMITY INSIGHT. OCTOBER.

The Waste Problem: From “Take, Make & Dispose” To a Circular Approach

The world generates about 3.5 million tonnes of solid waste a day, a significant amount that is now becoming a major challenge. According to the World Bank, around 10 times more waste is produced now than a hundred years ago and this is expected to triple by the end of the century, exceeding 11 million tonnes per day. The scale of the problem is huge and plastic pollution in particular has become a serious threat to the oceans and marine biology. Whales washing up on beaches with their stomachs filled with plastic and turtles trapped in floating plastic debris are just some of the iconic images of our destructive relationship with waste. The waste we produce does not just affect marine animals; it also affects our soil, drinking water and human health.

In this, our third Amity Insight of 2018, we explored the issue of waste and how our economic model has led to the depletion of resources and an exponential increase in waste production. Instead, a different approach is needed; the Insight zeroed in on companies that are innovating and are part of the solution.

Whilst every aspect of our economy generates waste, in this Insight we decided to have a close look at plastic waste and to examine three different sectors and their respective approaches to waste management: the textile industry, electronics and construction.



EXPERT BRIEFINGS, 2018.

Investing in the FAANGs

We are often asked by clients whether we can invest in the so called FAANG stocks: Facebook, Apple, Amazon, Netflix and Alphabet (Google). As interest grew, we published an Expert Briefing summarising the challenges for responsible investors like ourselves to invest in them owing to multiple issues such as labour, data protection, market domination, fake-news, tax policies and the mental health impacts of social media. The piece set out our House position on each of the stocks and whether we can invest.

Dechra Pharmaceuticals & RELX

On the 30th anniversary of our Amity UK Fund, we highlighted two holdings in the Fund in which we have a high conviction and which have contributed to fund performance over many years: Dechra Pharmaceuticals, a specialist veterinary pharmaceuticals company which fits well with our positive theme on Health & Wellbeing and RELX, a provider of information and data analytics for professional and business customers which fits well with our positive theme on Education.

Nutrition and Wellbeing

Health & Wellbeing is one of our key positive themes; with this in mind, we published an Expert Briefing in July looking at the latest Access to Nutrition Index results. This showed the world's largest food and beverage companies are improving their efforts to promote healthy diets – but there is still some way to go. The Briefing also looks at what EdenTree is doing in the health and nutrition investment space.

Zero-Hours Contracts (ZHCs)

This Expert Briefing picked up on a topic touched on in our 2017 Amity Insight, 'The Future of Work', and outlines our thoughts on zero-hours contracts, which have proved a contentious yet growing part of the so-called “gig economy”. We examined their antecedents in late-Victorian London, how widely and how responsibly they are used today, and the potential mental health implications for those workers on ZHCs.

Sand Mining

In February, we produced an Expert Briefing on sand mining to accompany the Amity Insight on Sustainable Cities. The Expert Briefing looked at an emerging topic for investors, as the ecological and social issues around sand sourcing, a key component for building materials including concrete, becomes acutely constrained.

UN Sustainable Development Goals

Over the course of 2018, we saw growing market excitement and some interest from clients around the concept of integrating the UN Sustainable Development Goals (SDGs) into portfolio construction as a framework for assessing ‘impact’. This Expert Briefing, published in June, responds to that client interest, explores the issue more deeply, and sets out our response and current position.



SCREENING

Both the screening of new investment propositions and ESG-specific reviews of current investments, form a key part of the Responsible Investment Team’s work on a daily basis.

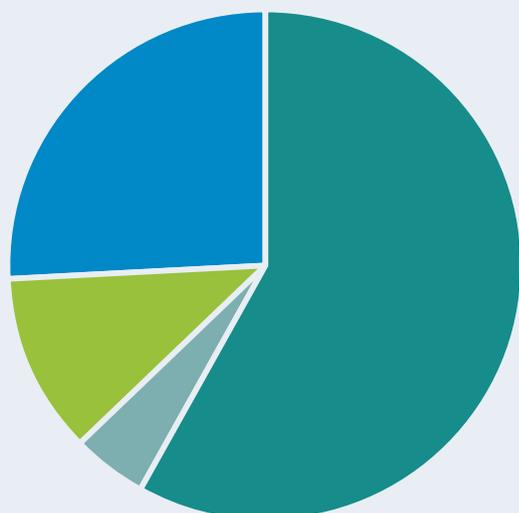


Screenings and reviews draw on information from a broad range of sources, including our data provider, Sustainalytics, company meetings, broker research, market news, NGOs and non-profits, academic research, national and international laws and protocols, company reports, and our own expertise.

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

The responsibility/ESG risk criteria – outlined on page 5 of this report – can also act as a brake should a company’s ESG performance fail to meet our required standards. To that end, mining and transnational oil are normally avoided on environmental, climate change, and human rights grounds under our positive screens.

We view the integration of ESG factors as a key way of 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.



COMPANY SCREENING FIGURES FROM 2018

- Passes - 25
- Fails - 2
- Engage before investment - 5
- Suitable with caution - 11

Total **43 screened stocks in 2018**



ENGAGEMENT

As responsible investors, engagement with companies is one of the most important aspects of our work. We undertake two types of engagement – unilateral and collaborative

With respect to the former, we will generally either initiate engagement with a company (a) if it is involved in a high-level controversy; (b) if it has been identified as a target for engagement during the course of a screening or review; or (c) as part of a wider round of thematic engagement (e.g. on business ethics in the pharmaceuticals industry, or plastic packaging in the food retail sector).

Collaborative engagements are key to progress, leveraging the collective voice and expertise of like-minded investors.

EdenTree is also a signatory-supporter to several collaborative investor initiatives, including:

- Access to Medicine Index (ATMI)
- Access to Nutrition Index (ATNI)
- CDP (carbon, water, and forest)
- Business Benchmark on Farm Animal Welfare (BBFAW)

- Farm Animal Investment Risk & Return (FAIRR)
- 30% Club on Diversity
- Corporate Human Rights Benchmark (CHRB)
- Workforce Disclosure Initiative (WDI)
- Montréal Pledge
- Paris Pledge

We support a range of collaborative partnerships in the course of our work, where adding our name to coalitions of international investors can help influence business behaviour. **During the year we:**

- Joined a new coalition, the Plastics Solutions Investor Alliance
- Signed two combined investor letters to the RSPO Roundtable on Sustainable Palm Oil to improve RSPO governance
- Signed a collaborative letter sent in association with the Anti-Slavery

Commissioner to a number of companies regarding their Modern Slavery Statements

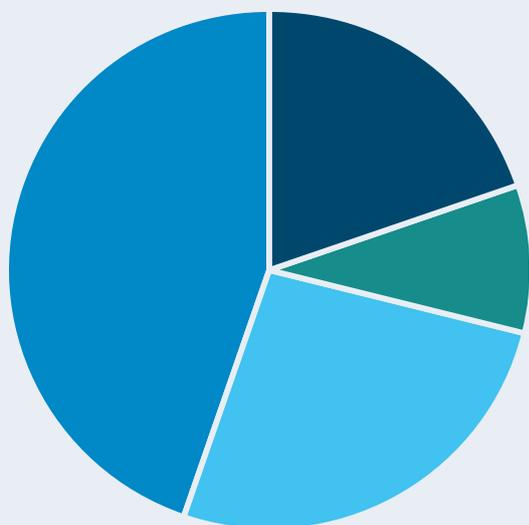
- Signed an investor letter facilitated by IIGCC to Heads of Government prior to the G7 meeting on climate change
- Signed an investor Statement supporting Modern Slavery legislation in Canada
- Signed a collaborative letter to companies on the need to protect the Arctic Refuge
- Signed an investor letter, in collaboration with FAIRR, to the Brazilian authorities to cease deforestation in the Cerrado
- Supported Oxfam's Behind the Barcode campaign by signing their Investor Statement.



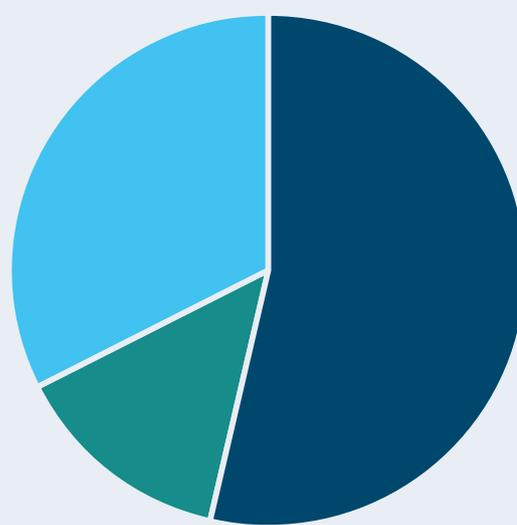
COMPANY ENGAGEMENT FIGURES FROM 2018

276	Total engagements on ESG issues
55	Engagements with a specific environmental focus
25	Engagements with a specific social focus
73	Engagements with a specific governance focus
123	Engagements with an overlapping (ESG) theme
82	Responsible Investment Initiatives

BREAKDOWN OF ENGAGEMENT TYPES



■ E
 ■ S
 ■ G
 ■ Overlapping



■ Thematic EIM Engagement
■ Reactive Engagement
■ Screening / monitoring-related engagement



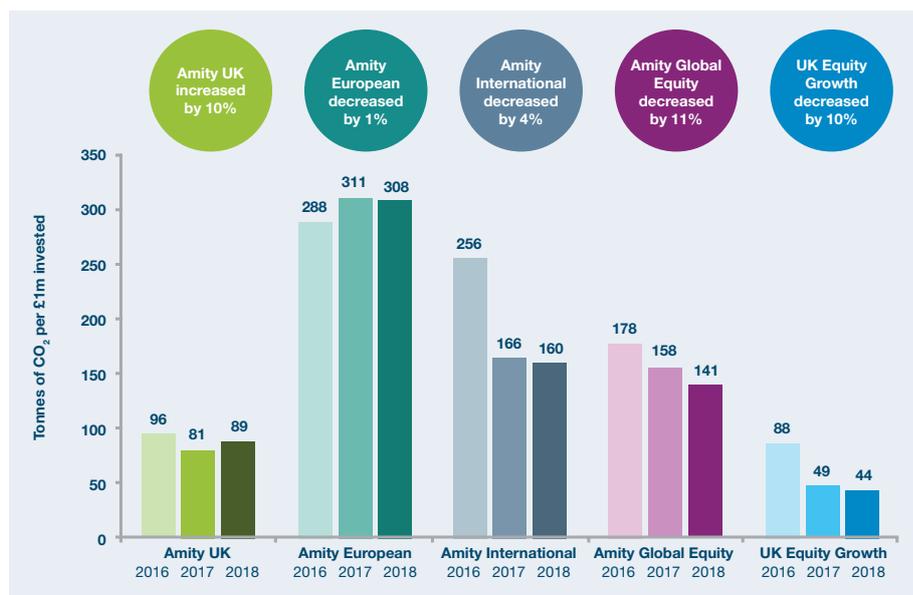
UNILATERAL ENGAGEMENT CASE STUDIES

CLIMATE FOCUS

Climate breakdown is perhaps the most pressing issue facing humanity in the 21st century. The importance of acting swiftly and decisively to address greenhouse gas emissions was highlighted in October 2018 by the International Panel on Climate Change (IPCC) Special Report on the 1.5 degrees scenario. Although our Amity Funds do not have direct exposure to thermal coal or transnational oil, we engage with high-emitters across the portfolios to understand targets, reporting, and transition pathways.

As a signatory to the Paris Pledge for action, we believe investors cannot ignore climate change. At EdenTree, we have conducted carbon footprints of our equity portfolios for three consecutive years now. This helps us to identify the heaviest emitters in our portfolios and supports our engagement on this topic. In line with our commitment to transparency, we annually publish the results of this exercise.

During the course of 2018, we continued our engagement with **a.s.r. Nederland** (Amity Global Equity, International). Following a successful meeting with the company in Amsterdam, we had a call focusing on the company's developing thinking on climate change. Much work has been done by the Dutch insurance company in the last two years, and we were able to understand in some detail how they invest with climate risk in mind and how they model products and services to take extreme weather events into account.



Following a meeting with management in October, we had further conversations with **Talanx** (Amity Balanced, European, International), regarding its approach to climate change. Despite operating in the insurance sector, the company had not identified climate change as a material risk and is now reviewing its position. It is also encouraging to see that the company increasingly integrates ESG issues in its investment division.

We also engaged with **Veolia**, (Amity European, Global Equity), the French waste and water utility company and one of the heaviest emitters in the Amity Funds, to discuss the company's management of greenhouse gas emissions. We continue to challenge the absence of reduction targets for their own operations. The company's growth strategy in developing markets has led to the company becoming responsible for higher methane emissions from landfill and we continue to encourage the company to have a systematic, target-based approach to tackling this.

We engaged with a number of companies including **CRH** (Amity UK), **Imerys** (Amity European, Balanced), **DS Smith** (Amity Balanced, UK) and **Smurfit Kappa** (Amity European, Global Equity, International), encouraging them to set science based targets for reducing emissions.

Climate breakdown – alongside global inequality – is perhaps the most pressing issue facing us in the 21st century. At EdenTree, as well as monitoring our portfolios' carbon footprints, we regularly engage with companies on their emissions reduction targets and other initiatives to reduce climate impact.

Esmé van Herwijnen, Responsible Investment Analyst



PHARMA FOCUS

Health & Wellbeing is one of the key themes employed as part of our sustainable approach to investing. The pharmaceutical sector is unique in its purpose: to save lives through science based pharmacology. However, the sector has also been the subject of serial challenges in respect of bribery and misconduct around sales & marketing practices. Given the importance of the sector to us, we conducted a comprehensive engagement strategy during the year, meeting with many of the companies held in our portfolios. Meetings with **Smith & Nephew** (Amity UK), **AstraZeneca** (Amity Balanced and UK), and **GSK** (Amity Balanced, Amity Global Equity, Amity International and Amity UK), and a call with **Sanofi** (Amity European, Amity Global Equity and Amity International) covered a broad range of ethical issues around conduct, culture and behaviour.

Intensive engagement has also been conducted with **Novartis** (Amity European, Global Equity and International Funds). The company has diversified interests in cardio-vascular, oncology and respiratory disciplines, and has been implicated in multiple misconduct challenges. Focused engagement with the company's Chief Ethics & Compliance Officer led to our writing to the Chief Executive regarding the importance of his setting the tone for future ethical conduct. He has sent a reply confirming ethical behaviour and restoring trust are top priorities under his leadership. We will continue to engage at a deep level with the company as change is progressed.

In addition to direct engagement with companies in the pharmaceuticals sector, we also monitor benchmarks such as the Access to Medicine Index. In November,

we attended the Access to Medicine Index Launch event in London. The ATMI is a biennial ranking of 20 of the world's largest pharmaceutical companies' efforts to improve access to medicine, and is an indicator of the companies' overall approach to corporate social responsibility. **GSK** continues to top the ranking. As well as informing our screening process, the ATMI provides a basis from which to engage with companies on their access to medicine programmes. The 2018 ATMI is the subject of an RI Expert Briefing, published in early 2019.

Corporate responsibility and ethical business practices are at the core of our engagements in the pharmaceuticals sector. We continually push companies to do the right thing.

Ketan Patel, Fund Manager

SITE VISITS

Whilst face-to-face meetings at our offices and conference calls with senior management form the core of our company-specific engagement schedule,

we occasionally have the opportunity to visit companies' facilities in the UK and continental Europe. These allow us to gain a better understanding of on-site working conditions, environmental management procedures, and, in some cases, how pioneering circular economy models are being implemented.

Image, below: Head of Responsible Investment Policy and Research, Neville White, discussing the waste recycling process at **Renewi's** (Amity UK) facilities just outside Amsterdam. As part of an investment field trip to the Netherlands, we visited the anaerobic digestion site at Greenmills Amsterdam owned by Renewi, which turns liquid food waste into green energy, bio-fuels and organic agricultural products. The company uses wet digestion technology to turn up to 120,000 tonnes of waste supermarket food and other organic waste a year, to create 5.5MW of green electricity and 3,500 tonnes of fertiliser.

We were also invited to make a site visit to **Drax**, which used to be Europe's single largest coal fired power station. The company, although not owned by EdenTree, presents a fascinating transition story as the company has all but ceased to burn coal in favour of biomass, sourced from North American wood waste.





Currently four of the six burners have been converted to biomass, with the remaining two available for coal if demand warrants, but are in line to be converted to gas. The transition has allowed Drax substantially to reduce carbon emissions, whilst building a long-term sustainable vision for the power station. The company has developed an integrated model in which it sources and processes the wood waste in North America, before its transportation to Yorkshire.

Image, left: Neville White at the Drax facilities in Yorkshire. Whilst not held in the Funds, Drax's work to shift from coal-fired power

towards natural gas and biomass is an interesting case study. It raises a number of questions about the life cycle of biomass as a fuel source.

During the year, Responsible Investment Analyst Esmé van Herwijnen visited **Scapa's** First Water manufacturing site in Wiltshire (Amity UK). The global manufacturer of adhesive wound care solutions develops all its products with "safety, efficacy and usefulness" in mind. The company's high tech products sold through a B2B model also contribute to reducing healthcare costs by allowing better care at home.

COLLABORATIVE ENGAGEMENT CASE STUDIES

LIVING WAGES, THE WDI, AND OUR WORK WITH SHAREACTION

We have been supporters of the Workforce Disclosure Initiative (WDI) since its inception. Now in its second year, the initiative which is supported by more than 110 investors, with over \$13 trillion AUM calls for transparency from companies on how they manage workers in their direct operations and supply chains.

Early in 2018, we attended the launch of the pilot year study which saw 34 companies (from a survey list of 76) respond in detail to the WDI; over two-thirds replied to 70% of the survey topics, suggesting there is some way to go before companies collect adequate data – particularly through the supply chain. We are working with the WDI to improve the quality of the survey, in light of speaking to companies such as HSBC Holdings.

EdenTree has long supported the Living Wage Foundation's work and ShareAction's investor-led campaign around fair pay. We have written to companies in the past to encourage Living Wage accreditation, and during the year we met with **Marks & Spencer** (Amity Balanced, Sterling Bond, Short Dated Bond and UK Funds) to discuss the work of the living wage foundation and M&S's approach to fair work. We welcome M&S's commitment to pay a living wage, applying this to all their operations. Subsequent to our meeting with M&S, we continued the discussion around the Living Wage in the UK, engaging with non-accredited holdings in the FTSE100 later in the year.

Fair pay and the quality of work is an important issue for our clients; their concern resulted in our publishing a dedicated Amity Insight in 2017 on the Future of Work, and we have spoken with numerous companies during the course of 2018 on the issue of the wages and working conditions.

THE PRI INVESTOR WORKING GROUP ON CYBERSECURITY

Companies are facing increased and more sophisticated forms of digital attack. As part of a PRI coalition that EdenTree joined in 2017, we have begun engagement with companies around cybersecurity risk in 2018. EdenTree co-led discussions with **ING Groep** (Amity European, Global Income and International), **Deutsche Telekom** (Amity Balanced, European and Global Income) and **Lloyds Banking Group** (Amity Balanced, Global Equity and UK). We discussed their governance of cybersecurity, including reporting lines for chief security officers, as well as Board competencies and training on cyber risk. We also discussed risk management and teams responsible for cybersecurity. As digitalisation continues, we will continue to monitor closely company preparedness in this area.



GOVERNANCE

EdenTree votes at all company meetings in all markets except where these are share-blocked. In such cases, we have taken a House view not to waive our voting rights.

This occasionally effects our withholding proxies in Norway, Switzerland and Luxembourg. Voting is conducted in accordance with our published UK and International Corporate Governance Policies. All UK proxy voting (including Guernsey, Jersey and the Isle of Man) is conducted wholly in-house by the Responsible Investment Team, and signed off by a Fund Manager. Overseas proxy voting is contracted out to our partner Glass Lewis & Co, Inc.

A complete and transparent record of voting action taken is published quarterly in a single Global Corporate Governance Report. This contains UK and overseas voting statistics, detail of action taken (oppose and abstain), meetings where all resolutions were supported, diversity records (in the UK) and shareholder resolutions (in the US). EdenTree has also published its UK and international corporate governance voting policies, and engagement approach as part of our signatory obligations under the UK Stewardship Code.



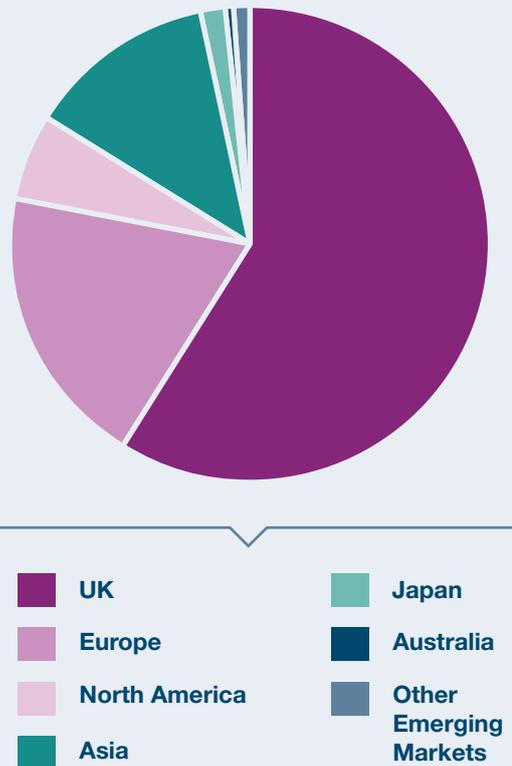
We are pleased to report that we continued our 100% voting record, and voted at a total of 421 company meetings throughout the course of 2018. As part of our efforts to tackle economic inequality, we often vote against what we consider excessive executive remuneration – in 2018, we opposed 86% of FTSE 100 remuneration proposals, where we are shareholders.

- 421** Total meetings at which EdenTree voted in 2018
- 5,026** Total resolutions on which EdenTree voted in 2018
- 28** Markets in which EdenTree voted in 2018
- 48%** Of all UK Remuneration Report and Policy votes were opposed by EdenTree in 2018
- 90%** Of management and shareholder proposals supported by EdenTree in 2018
- 100%** Voting record in the UK

BREAKDOWN OF VOTES CAST ON REMUNERATION



GEOGRAPHICAL BREAKDOWN OF VOTING ACTIVITY



RECOGNITION THROUGHOUT 2018

Whilst we at EdenTree continually strive to improve and refine our responsible investment approach, we are delighted to have received recognition for our efforts throughout 2018.

A particular highlight was winning MoneyFacts' Best Ethical Investment Provider Award for the 10th consecutive year. We were also delighted to be awarded Best ESG Fund Management Group (Specialist) at Investment Week's Sustainable & ESG Investment Awards Event in November.



As responsible investment enters the industry mainstream, and investors with considerably greater resources enter the arena, we are pleased that we continue to receive the respect and recognition from industry experts.

We were also nominated for a number of further awards, and we are encouraged by the growing strength of competition in the responsible investment space.

We have been signatories to the **Principles for Responsible Investment (PRI)** since 2012. Each year our process and performance is assessed by the PRI in a RI Transparency Report which we are obliged to submit to retain signatory status. We are delighted that once again we achieved the highest score of A+ in the overarching Strategy & Governance section. We are assessed across six other areas and the results are set out in the RI Assessment Report, which together with the Transparency Report are available online.

We are also accredited under the **SRI European Transparency Code**, facilitated by Eurosif, and achieved our 6th accreditation in 2018. The full Transparency Report is available online.

We remain a Tier I Signatory to the **UK Stewardship Code**, as accredited by the Financial Reporting Council (FRC).

MEMBERSHIPS & PARTNERSHIPS

 <p>UK Sustainable Investment and Finance Association</p>	 <p>The Business Benchmark on Farm Animal Welfare (BBFAW)</p>	 <p>The Principles for Responsible Investment (PRI)</p>
 <p>IIGCC (Institutional Investors Group on Climate Change)</p>	 <p>The Access to Nutrition Index (ATNI)</p>	 <p>The European SRI Transparency Code</p>
 <p>CDP</p>	 <p>Investment Association</p>	 <p>Proxy Insight</p>
 <p>The Access the Medicines Index</p>	 <p>The UK Stewardship Code</p>	 <p>FAIRR</p>
 <p>PRI Montreal Pledge</p>	 <p>The 30% Club</p>	 <p>Corporate Human Rights Benchmark</p>



A LOOK AHEAD TO 2019

2019 will see us continue to evolve our process and thinking, to stay ahead of the most topical issues in the responsible and sustainable investment space. New to 2019 will be an occasional series of Emerging Issues briefings, in which we explore new trends that might become ethical issues in due course – for instance investor interest in cannabis and how responsible investors should respond.

We will continue to publish three Amity Insights a year, commencing with **The Life Code**, an in depth look at genetic science that could revolutionise personal medicine. Later Insights will focus on Sustainability and a look at economic inequality, what causes it, and why it matters to investors.

Our Expert Briefings – five or six a year – will explore succinctly key issues for responsible investors, including a look at sugar, and the potential of hydrogen in a low-carbon economy.

We are reviewing in depth our approach to screening and monitoring human rights and will present our thinking towards the middle of the year.

Engagement with business as part of our responsible stewardship lies at the heart of all we do. The urgency of climate change will continue to dominate our screening, engagement, and research work. We will develop engagement streams on human rights in supply chains, the Living Wage, as well as best practice in corporate governance and gender diversity. We will work collaboratively with

other investors across the ESG spectrum, particularly on gender diversity, cyber security and cobalt sourcing.

Responsible and sustainable investing is what we do; for thirty years we have sought to deliver ‘profits with principles’ for our clients. Owned ultimately by a charity, the All Churches Trust, doing the right thing is part of our DNA. We look forward to sharing progress with you throughout 2019 and welcome your feedback on this Review, and our responsible and sustainable investment approach.

OUR RESPONSIBLE INVESTMENT TEAM



Neville White

Head of Responsible Investment Policy and Research

Neville heads the Responsible Investment Team. He leads on global corporate governance, proxy voting, and engagement with business around environmental, social and governance issues. He previously managed socially responsible investment for a number of church and charity investment managers.



Esmé van Herwijnen

Responsible Investment Analyst

Esmé holds a Master's degree in Sustainable Business from Toulouse Business School and gained experience in ESG research from Sustainalytics and PIRC. Alongside Neville

and Jon, she works across the four key areas of our responsible investment approach – screening, governance, thought leadership/research, and engagement. Esmé has been with EdenTree since 2015, and, among other things, now leads our work on environmental issues, including climate change and portfolio carbon footprints.



Jonathan Mowl

Responsible Investment Analyst

Jon is the most recent addition to the EdenTree Responsible Investment Team, having joined in September 2018. He has previously worked in the commodities space, where he specialised in identifying ESG risks embedded in commodity supply chains. Jon holds a BA in History from Cambridge University, as well as the Postgraduate Certificate in Sustainable Business from the Cambridge Institute of Sustainability Leadership. Jon is EdenTree's social issues lead.

OUR AMITY PANEL

Our Responsible and Sustainable Investment process is overseen by an independent Amity Panel. The Panel meets three times a year and may advise and inform but not mandate a course of action. The Panel is made up of independent experts appointed for their knowledge and expertise. The Panel was refreshed during the year following a refreshment of its Terms of Reference.

These now provide for a client member, and the initial appointment was Mr Julian Parrott, an advisor with Ethical Futures. EdenTree also appointed Mr Bill Seddon as an independent member of the Panel. Bill is the former Chief Executive of the Central Finance Board of the Methodist Church. The Panel's Terms of Reference are available on request.



George Prescott

Chartered accountant BA FCA



Julie McDowell

Independent consultant



Helen Crosby

Environmental consultant



Julian Parrott

Client Member, Ethical Futures



Rt Rev Dr Nigel Peyton

Panel Chair



Bill Seddon

Former CEO CFB Methodist Church

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