



EDENTREE INVESTMENT MANAGEMENT LTD. (EIM) **UK STEWARDSHIP CODE STATEMENT**

The UK Stewardship Code was first published in 2010 and aims to enhance the quality of engagement between asset managers and investee companies in order to help improve long-term returns to shareholders. EIM fully subscribes to the concept of active share ownership and investor stewardship as long-term investors, and considers itself compliant with the principles asked of institutional investors set out in The UK Stewardship Code and the UK Corporate Governance Code (Schedule C) as exercised through:

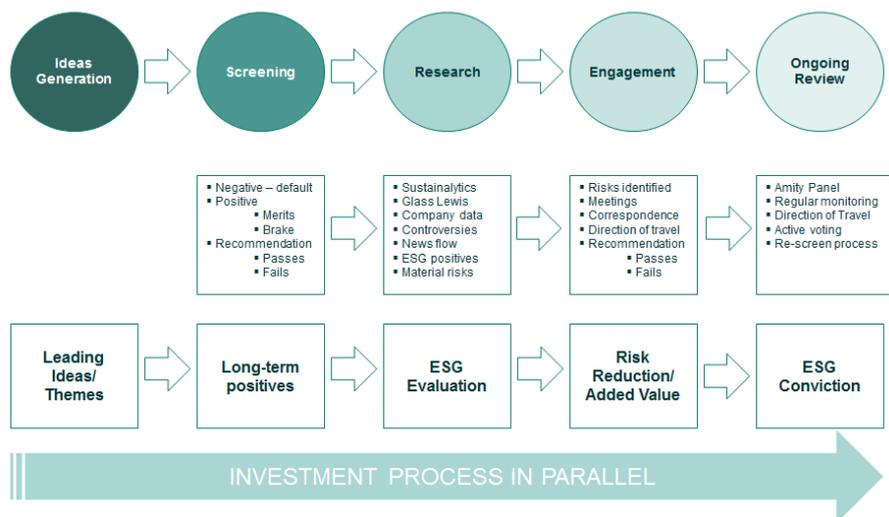
- a) publication of this Statement and compliance with the UK Stewardship Code's seven Principles;
- b) publication of our UK & Overseas Corporate Governance Policies, revised annually;
- c) EIM's policy of engaging with companies on material financial, ethical and governance issues as part of our investment management process;
- d) publication of client materials detailing how EIM engages with investee companies on material financial, ethical and governance issues;
- e) publication of EIM's quarterly proxy voting record at www.edentreeim.com and,
- f) accreditation under the European SRI Transparency Code, which confirms and verifies our commitment to open communication and transparency.

PRINCIPLE 1: POLICY DISCLOSURE

"Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities".

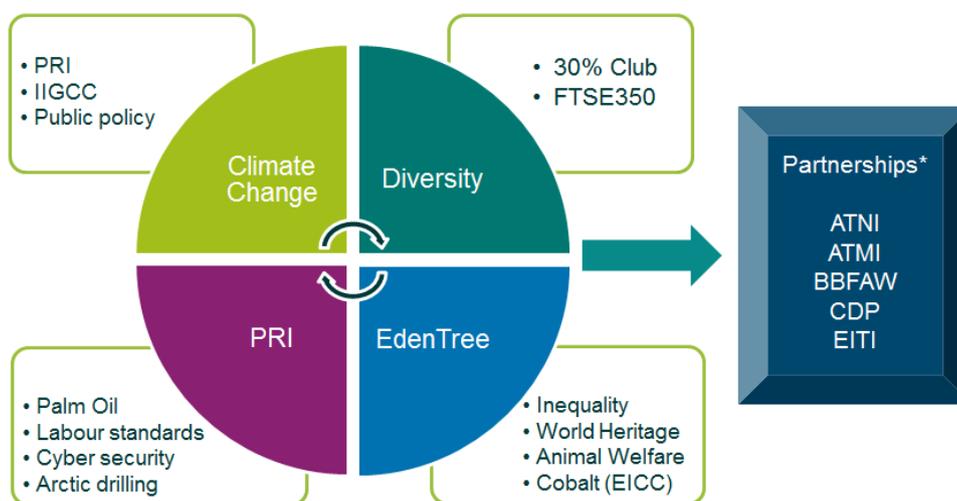
Our Stewardship responsibilities are discharged internally as part of an integrated investment process. We are long-term investors integrating the principles of responsible stewardship into our investment philosophy and practice. As responsible owners and managers, dialogue and engagement with the companies in which we invest is a fundamental part of our due diligence and investment philosophy. We subscribe to the view that companies that take ESG (Environment, Social and Governance) issues into account as part of their business model will better deliver long-term sustainable returns to investors.

We articulate our Stewardship policy process thus:



We use an external service provider, Sustainalytics, to support and inform in-house decision making. EIM has an in-house SRI team responsible for conducting responsible investment research, engagement and voting. The research and execution of overseas voting is outsourced to Glass Lewis & Co., overseen and monitored internally. No other Stewardship activities are currently outsourced.

Our strategy sets out the issues we regard as priorities for engagement either alone or in collaboration with others. This has been articulated for 2017 as:



* ATNI: Access to Nutrition Index; ATMI: Access to Medicines Index; BBFAW: Business Benchmark on Farm Animal Welfare; CDP: Carbon Disclosure Project; EITI: Extractives Industry Transparency Initiative

PRINCIPLE 2: CONFLICTS OF INTEREST

“Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed”.

EIM is a wholly owned subsidiary of the Ecclesiastical Insurance Group (EIG), which in turn is wholly owned by a registered charity, All Churches Trust (registered charity number 263960). EIM manages pooled and segregated Funds for internal and external clients, as well as a suite of award winning ethically screened Amity Funds for retail clients. Investment policies, staff, systems and premises are shared across all clients without exception. Our Investment Management services are operated from a single office location in Central London.

EIM does not offer or publish advice that might conflict with the responsibilities of managing investments on behalf of EIM or its clients. As a regulated business, our policy regarding potential conflicts of interest and “Treating Customers Fairly” (TCF) in the conduct of investment business forms a key part of our overall compliance regime.

In accordance with FCA rules, EIM is required to establish, implement and maintain an effective conflicts of interest policy appropriate to the nature and scale of the business. This policy sets out key areas where EIM may be subject to a conflict of interest in the provision of services to clients whilst carrying out regulated or ancillary activities. The policy covers those circumstances which either constitute or could give rise to a conflict of interest entailing a material risk of damage to the interest of one or more clients.

The policy describes the structures that have been put in place to limit the consequences of these actual or potential conflicts of interest. These structures make use of separation of function and restrictions on activities, and are designed to ensure that relevant persons maintain an appropriate degree of independence.

EIM has identified its potential material conflicts as:

- Conflicts relating to the interests of the Ecclesiastical Insurance Office (EIO) Group and the investors in the funds managed by EIM;
- Failing to allocate securities between fund clients on an equitable basis;
- Inappropriate use of the services of the EIO Group;
- Substantial gifts or entertainment;
- Entering into mandates where clients have conflicting interests;
- Entering into mandates where client interests may conflict with those of the Group;
- Misuse of information for personal gain / inside dealing;
- Inappropriate use of dealing commissions;
- Personal Account Dealing by employees, and
- Remuneration

EIM procedures and processes are fully documented and in place to support and comply with the conflicts of interest policy particularly regarding:

- Remuneration structures – designed to avoid incentivising undue risk that disadvantages clients
- Training – relevant and compliance focused staff training in conflicts of interest
- Restriction on Personal Account Dealing – pre-clearance by The Compliance Officer of all staff personal dealing requests
- Gifts & Entertainments – compliance with the Group policy on accepting and registering external gifts and entertainment

The regulatory compliance manual retains a full conflicts of interest policy and a conflicts register. Both are subject to periodic review by the EIM Board and EIM Management Committee and are maintained by the EIM Compliance Officer.

Without exception, proxies are cast in a uniform way across all portfolios in accordance with our published UK and Overseas Corporate Governance Policies. We currently have no discretionary mandates requiring tailored or client specific voting execution.

PRINCIPLE 3: MONITORING COMPANIES

“Institutional investors should monitor their investee companies”.

We are active fund managers. Underlying investments are closely monitored in respect of their financial and ethical performance. Engagement is prioritised according to material risk factors attendant on the underlying investments and we actively monitor ethical and financial issues as part of our standard research into companies and ongoing stewardship responsibilities. We typically meet and engage with over 300 companies annually.

The Amity Panel has been established to provide independent advice and oversight of the Stewardship process. It meets regularly to scrutinise our investment portfolios, and engagement and voting activities and priorities. Our priorities for pro-active and ongoing engagement are currently:

- Climate change risk
- Diversity
- Water risk
- Modern Slavery
- Cyber security
- Labour related issues and social inequality
- Executive remuneration

The SRI Team actively monitors ethical stewardship issues as part of our research into companies; we assess the material ESG risks to the business, whether the company complies with our negative screens, areas that may require pro-active engagement and any controversies news-flow. Resource limitations mean that it is currently our policy to notify companies when we have taken action either to oppose or abstain management proposals on an exceptional basis only. We participate in all remuneration consultations and take an active approach to opposing executive pay structures we view as providing poor overall value in terms of performance and the potential to be excessive.

From time to time, EdenTree may become involuntary ‘insiders’. We do not seek insider status, and should this occur, we have robust internal compliance procedures in place to report it in accordance with best practice. The principal contact for insider and compliance issues is the EIM Head of Compliance jenny.nolan@edentreeim.com

PRINCIPLE 4: ESCALATION POLICY

“Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value”.

We have a process for the escalation of engagement depending on the nature of the issue. As responsible investors we engage with company management in an open and constructive manner in order to understand the issues and to raise concerns.

Escalation would normally occur if a request goes unanswered or is inadequately addressed. Typically we engage with companies via electronic mail. In the first instance these are directed to:

Environment and Social issues – Investor Relations

Corporate Governance – Company Secretary or Counsel

Financial and Corporate Strategy – Investor Relations

Companies are normally given 14 days to respond before a second attempt is made via the same contact. Subsequently, the usual method of escalating contact with investee

companies is then via senior management; the Chief Executive (for strategic and operational matters) or the Chairman and Senior Independent Non-executive Director (for governance and other issues). In the event of the company failing to reply after a second or third attempt, we may utilise House brokers to facilitate contact and dialogue.

We are willing to make our views known when concerns are not fully met, and in some circumstances we will actively collaborate with other like-minded investors in the event of an escalated approach.

PRINCIPLE 5: COLLECTIVE ACTION

“Institutional investors should be willing to act collectively with other investors where appropriate”.

We are members or signatories to several industry collaborative partnerships involving the responsible investment community. We work collaboratively with coalitions of investors where this adds value. These partnerships include:

- Access to Medicine Index (ATMI)
- Access to Nutrition Index (ATNI)
- Business Benchmark on Farm Animal Welfare (BBFAW)
- Carbon Disclosure Project (CDP including CDP-Water and Forest Footprint)
- European SRI Transparency Code (accredited)
- Extractives Industry Transparency Initiative (EITI)
- FTSE4Good Breast Milk Substitutes (BMS) Marketing Group
- Institutional Investors Group on Climate Change (IIGCC)
- The 30% Club
- Principles of Responsible Investment (PRI)

Membership of the Principles of Responsible Investment (PRI) affords specific opportunity to work with like-minded global investors on material issues, particularly on workstreams around palm oil sourcing and Arctic drilling. We have recently joined the PRI Advisory Committee on Cyber Security which will lead in 2017 to a focused programme of engagement on a pressing Stewardship risk.

We worked with Rathbone Greenbank Investments on strengthening the Modern Slavery Bill to include company supply chain reporting in the final UK legislation, and have supported the ‘Aiming for A’ coalition that promotes shareholder resolutions at high-impact companies on portfolio resilience to climate change. We have also joined an investor coalition led by Avivia Investors urging extractives companies to develop strong protocols of avoidance of exploration in World Heritage Sites.

We also collaborate with like-minded investors on specific stewardship related initiatives such as the Investment Association facilitated investor meetings with companies on executive pay and remuneration policy.

The principal contact at EIM for collective action is the Head of SRI Policy, Governance & Research neville.white@edentreeim.com

PRINCIPLE 6: VOTING DISCLOSURE

“Institutional investors should have a clear policy on voting and disclosure of voting activity”.

EIM supports the principle of considered voting, believing that shareholders have a vital role to play in encouraging and promoting high standards of corporate governance. EIM has adopted a policy of voting to support company management except where proposals are

considered to be in breach of UK or in-country governance best practice or reflect poor shareholder value.

EIM actively votes all equity holdings within its UK and overseas portfolios except at meetings which are shareblocked, where we opt to not to vote rather than waive our shareholder rights. Our UK and overseas corporate governance policies are revised annually and are published on our website at www.edentreeim.com

EIM UK voting decisions (including Jersey, Guernsey and Isle of Man registered holdings) are informed by the IA (Investment Association) Institutional Voting Information Service (IVIS), by engagement with the companies concerned, and by active monitoring of any “comply or explain” statements issued by the investee company. IVIS does not provide voting recommendations, although a steer is provided via a ‘traffic light’ system, which helps inform our decision making. We actively contribute to company consultations on executive remuneration proposals.

Overseas (ex-UK) voting research and execution is outsourced to Glass Lewis & Co. based on an agreed voting template which is reviewed annually. Execution of overseas voting is subject to close and regular manual intervention.

It is not EIM policy to stock-lend.

It is our policy to provide comprehensive and regular disclosure on UK and overseas voting activity. These reports include overall voting statistics, where oppose or abstain action was taken, and the reason for the action, a list of companies where no action was taken, FTSE100 diversity statistics, and in the US, full disclosure of shareholder resolutions supported.

Our comprehensive global voting reports are available online and published quarterly at www.edentreeim.com

PRINCIPLE 7: PERIODIC REPORTING

“Institutional investors should report periodically on their stewardship and voting activities”.

EIM is accredited under the European SRI Transparency Scheme and has a strong commitment to transparent reporting.

Internal Stewardship records are maintained and reported to the independent Amity Panel which meets three times a year and advises on ethical and responsible investment matters.

Our regular financial performance, Fund activity reports and Fund Interim and Annual Reports are published and available online.

Our quarterly SRI Activity Report for clients provides information on policy, Stewardship and engagement activities undertaken during the period. We also publish a Global Proxy Voting Report each quarter detailing voting statistics and action taken relating to UK and overseas proxy voting. Both are published online at www.edentreeim.com.

We publish three thematic research pieces on investment and sustainability related topics under our flagship ‘Amity Insight’ format each year, recent examples include:

- Cyber Security
- Natural Capital
- Corporate Governance
- Aviation
- Shipping

- Education
- Human Rights
- Healthcare
- Corporate Misconduct
- Big Data
- Digital Planet

These Amity Insights are complemented by five SRI Expert Briefings per year on focused ESG issues of interest to clients. Recent Examples include:

- Access to Medicine Index 2016
- Biofuels
- Palm Oil
- GMOs
- Fossil Fuel Divestment
- Access to Nutrition 2016
- How we Vote
- Oppressive Regimes
- Banks
- Tax

The Amity Panel provides independent assessment and oversight of our responsible investment process and practice and is made up of experts relevant to the fields of investment and sustainability. It is currently chaired by the Bishop of Brechin, the Rt. Rev. Dr Nigel Peyton.

The Panel, which meets up to three times a year, serves as an independent assurance function, and given the strong focus of Stewardship across the business, we believe this currently provides the appropriate and relevant external oversight function. The Panel's Terms of Reference are available on request.

More information on the responsibilities and membership of the Amity Panel is available at www.edentreeim.com.

