

EdenTree Investment Management Remuneration Statement

Introduction

We are a UK based investment manager; that is all we do on behalf of customers and clients. Our business strategy is to be the investment manager of choice for our customers and to be the 'Best Ethical Investment Provider'. Our focus is the long-term. We are not interested in short-term fads and fashion, or in pursuing short-term performance at the expense of long-term stewardship.

We are pioneers of ethical and responsible investment in the UK, launching one of the first ethical retail funds in the UK – our Amity UK Fund – as long ago as 1988. With over 30 years in the ethical and responsible investment marketplace, our business is focused on delivering 'Profit with Principles' for all of our customers who choose us as their investment partner.

Our values are strongly focused on delivering great service for our customers; an engaged, rewarding workplace for our people; and to be seen as a force for good in the wider business community and society.

Our People

Our people are fundamental to the aim of being the most respected and trusted manager of customer and client money.

Behaviours are therefore central to delivering on this objective for customers. We are an equal opportunities employer, seeking to recruit skilled and motivated individuals who align personally to the business's values and culture. We expect and encourage the highest standards of professional behaviour and integrity from our people as we believe *how* we achieve results for customers and clients is as important as the results themselves.

We seek to create a collaborative, inspiring and team-focused workplace that emphasises a high-performing and efficient response to customer needs. We develop, train and empower people in order to deliver these values in an efficient and professional way for customers and clients.

How we treat each other is therefore important; we do this with respect, dignity and courtesy in accordance with the values and culture of the business. We encourage a high level of engagement from everyone in the business so as to deliver for customers.

EdenTree is an equal opportunities employer, committed to an appropriate life-work balance and a fair reward structure. The mutual contract between our people and the business is reflected in the high standard of personal and professional conduct expected from everyone.

Our reward structure is designed to support a strategy of 'Achieving More Together' so that we can attract, motivate and retain skilled people aligned to our values and which encourage the right business behaviours.

Remuneration

EdenTree has been subject to the Remuneration Code since 1 January 2011 due to its investment activities. In 2015 EdenTree was classified by the FCA as a BIPRU Level 3 firm under the proportionality rule and hence subject to the requirements of the BIPRU Remuneration Code SYSC19C. The Firm is also subject to the UCITS Directive 2009/65/EC, as amended by Directive 2014/91/EU (the 'UCITS V Directive') as outlined in SYSC19E. These rules govern the remuneration of employees of regulated firms and aim to ensure that firms establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote effective risk management.

With effect from 3 January 2018 as a MiFID Firm EdenTree is also required to comply with Article 24(10) and MiFIR Article 27) which focus on remuneration of sales staff and those involved in the provision of investment and/or ancillary services. The FCA have introduced a new remuneration code, SYSC 19F, to implement the MiFID II remuneration provisions.

SYSC 19F states that the regulations will apply to all relevant persons with an impact, directly or indirectly, on investment and ancillary services provided by the investment firm, or on its corporate behaviour, regardless of the type of clients, to the extent that the remuneration of such persons and similar incentives may create a conflict of interest that encourages them to act against the interests of any of the firm's clients. Having completed a gap analysis of the MiFID II remuneration requirements, we are satisfied that the current policy meets the requirements of SYCS 19F. An appropriate mix of fixed and performance-related pay opportunity is offered, while ensuring that any incentive plans are responsibly designed and encourage high standards of professional conduct.

Regulatory requirements require that the remuneration of certain categories of employees, "Code Staff", or similar is set by reference to other specific guidelines. Annual bonuses and long term incentives are currently paid in cash and linked to key strategic goals; these include business performance, long term investment performance (for fund managers); customer & conduct; and individual performance targets. For senior managers, material risk takers and control functions a proportion of the variable component may be deferred and vest over a three year period. It may also be subject to clawback.

Core Principles of Reward at EdenTree

The following principles underpin EdenTree's reward structures:

Delivery of long-term sustainable returns

The overall aim of EdenTree is to promote the long-term success of the Company and to attract, motivate and retain high calibre employees who can deliver sustained performance consistent with EdenTree's strategic goals.

Performance-related

Reward will reflect individual and business performance, both in terms of actual achievement against objectives. Company and individual performance will be reflected in employees' reward where appropriate through variable pay schemes. However, EdenTree will adopt a prudent and considered approach when determining what portion of an employee's remuneration package should be variable/performance-linked. Where appropriate, specific mechanisms will be put in place to support long-term success and to protect against inappropriate conduct and behaviours (e.g. the operation of formal long-term incentive plans, bonus deferral, clawback/malus provisions).

EdenTree is committed to avoiding "rewards for failure".

The fixed vs variable pay balance

EdenTree wishes to foster a performance culture where people recognise that high levels of performance delivered within the Company's risk profile, in accordance with its values/culture and high standards of conduct will be rewarded.

The degree of leverage (i.e. the role played by performance-related pay) in packages should increase with seniority, thereby ensuring that an increased portion of remuneration is linked to performance and, therefore, "at risk".

Therefore, amongst the most senior executives at EdenTree, fixed pay should be set by reference to applicable median levels (as determined taking account of the factors described above) and comprise a significant portion of the overall package. However, senior executives should have the ability to materially enhance their overall pay through performance-related remuneration if high levels of performance are delivered. An individual's annual bonus and long-term incentive opportunity will be subject to caps, save in exceptional circumstances. However, unless required by statute/regulation, EdenTree will not apply an overall cap on variable pay opportunity as a ratio/multiple base salary/fixed pay.

Overall, reward structures should be designed to ensure that inappropriate behaviours/risk-taking is neither encouraged nor rewarded through, for example, there being too great a weighting on variable pay and that customer experience is not prejudiced in any way by the operation of its pay arrangements.

The short-term vs long-term incentive balance

As stated above, the overall aim of EdenTree is to promote the long-term success of the Company. However, it is accepted that this is best achieved through incentivising and rewarding the delivery of both short-term and long-term objectives.

The balance struck between short and long-term incentive pay is largely driven by role/seniority. As a general rule, EdenTree believes that the more senior the employee, the greater the role which should be played by long-term incentives.

Remuneration Elements

Remuneration comprises a number of elements. The table below summarises EdenTree's general guidelines towards each of these elements, both in terms of the principles it applies to all employees and specific features that may only be appropriate for more senior staff.

Governance and Review

EdenTree Investment Management Limited (EdenTree) is a wholly owned subsidiary of Ecclesiastical Insurance Group-

EdenTree's governance and decision making processes as they relate to remuneration is overseen by the EdenTree Board and Ecclesiastical Group Remuneration Committee which exclusively comprises of independent non-executive directors (who do not perform any executive function). Members are appointed by the Group Board on recommendation of the Group Nominations Committee. They serve a three year term which may be extended for a further two terms. A minimum of two members is required, currently there are four members:

Denise Wilson
Caroline Taylor
Angus Winther
Neil Maddington

The Chairman, the Group Chief Executive and the Group HR Director may also attend meetings but will not be members of the Committee.

The oversight undertaken by the Group Remuneration Committee is set out in the Committee's Terms of Reference, which are reviewed annually. The Group's Remuneration Policy is reviewed annually by the Committee to ensure it is fully aligned with the Company's long-term objectives, its risk profile, its culture and values, market practice and takes due account of the regulatory environment.

Remuneration Type	Pay Element	What it does	Key Measures
Fixed	Base Salary	Provides competitive fixed pay at a level sufficient to operate a flexible policy with regard to variable elements	Experience, duties, scope of responsibility, Performance Internal & External market factors
	Benefits (Inc Pension)	Provides benefits package to promote the wellbeing of employees Benefits can include life assurance, private health insurance, sickness pay, a company car or car allowance and Pension provision Aligns with business strategy & objectives and culture & values	
Incentive Type			
Variable	Annual Cash Bonus	To incentivise and reward the achievement of key financial/strategic goals and personal contribution measured over a period of one year Aligns staff with customer and other stakeholders. Awards for senior management roles and employees within the investment management function are subject to deferral, providing further alignment with shareholder interests	Based on annual financial results; delivery of strategic priorities; customer and conduct performance; fund performance (for investment managers); and individual performance.
	Long Term Incentive	To incentivise and reward the achievement of key financial/strategic goals measured over a period of at least three years Aligns staff with customer and other stakeholders Provides an additional retention mechanism	Based upon cumulative achievement of financial results, customer & conduct measures and delivery of long term strategy