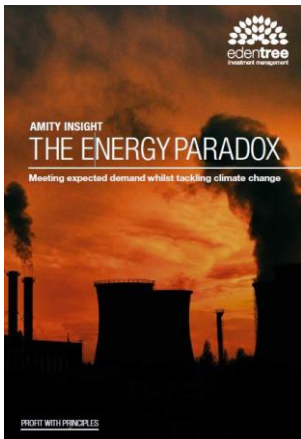


RESEARCH AND PUBLICATIONS

Our latest Amity Insight, published in February considers The Energy Paradox, specifically how the world will meet its future energy needs whilst tackling climate change. The Insight considers the 'disconnect' between the energy scenarios of the major oil and energy companies and the need to meet national emissions targets under the COP21 Paris Agreement. As well as features on 'China' and 'Fracking', the Insight also brings together all the work Edentree has progressed during 2016 in making the Amity Funds 'Carbon Aware' via portfolio carbon footprints. The Insight is online at www.edentreeim.com or available in hard copy on request.



Clients have told us of their concerns regarding employment trends and poor labour conditions. The future of work, owing to technology and the advance of artificial intelligence, looks more uncertain and precarious for many than at any time in the recent past. Our next Amity Insight will therefore consider the Future of Work from the perspective of the 'gig economy', zero-hours contracts and the precariousness of living standards in many parts of the developed economy. The Insight will also explore how Edentree can support 'social justice' issues as they affect employment in our engagements with business.

During the quarter we published two RI Expert Briefings; both considered the role of animals in the supply chain. Genus (Amity UK) is a science led, global leader in animal genetics and reproduction services serving the bovine and porcine sectors. We were invited to visit their bovine stud in North Wales to understand its daily operations and observe the high standards of animal welfare.

We are signatory-supporters of the Business Benchmark on Farm Animal Welfare. In our second RI Expert Briefing, we explore why this is an important issue for business and for investors, and how we are using the results of the Benchmark in our engagement with companies in the food production, processing, retail and hospitality sectors. The Amity Funds already employ a negative screen on intensive farming, whilst the Business Benchmark informs our understanding of corporate approaches to the management of farm animal welfare risk more widely. Both Expert Briefings can be found on the website.

From time to time we write blogs on topical issues, and during the quarter we published three RI opinion pieces; looking at the likely impact of the Trump Presidency on climate change and the environment; the link between smart phones and child labour, and how investors can fully assess corporate human rights risk.

During the quarter, we were featured in several trade publications, for example, writing on The Energy Paradox and providing comment to the Financial Times on controversial weapons.



We invite you to get involved with the team by following us on Twitter and LinkedIn. As well as accessing all of our publications at www.edentreeim.com, you can also follow Ketan on Twitter @Kethical where his 1,163 followers regularly read his Tweets on market, economic and sustainability issues. You can also 'link-in' with Neville where his 843 connections follow posts on topical ethical issues, research trends, and corporate governance news.

COMPANY ENGAGEMENT AND INDUSTRY INITIATIVES

We continue to collaborate with coalitions of investors on Climate Change and during the quarter, we co-signed a letter to the Heads of the G20 calling for a phasing out of fossil-fuel subsidies. We also joined with the CDP in signing letters to 27 companies on GHG emissions disclosure. Collaboration

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with like-minded investors is an important part of our strategy and we continue to be members of several PRI work streams including on cyber security.

We had discussions with Schrodgers on the launch of their 'toolkit' for investors on the risks arising from sugar in terms of public health.

Human rights risk is of crucial concern for clients, and we were pleased to attend the launch of the Corporate Human Rights Benchmark, which ranks 98 companies across three key sectors: agricultural produce, apparel and extractives. The ambition over time is to rank 500 global companies on their approach to managing human rights risk. The first Benchmark indicates there is still much to do with no company scoring higher than 69% in total.

We engaged with French company Imerys (Amity European) over allegations part of its sourcing of talc was being derived from Taliban occupied parts of Afghanistan. We received strong reassurances that a limited supply of specialist talc derived from the Afghan region was subject to rigorous supply chain monitoring. We have continued to engage with companies with operational exposure to the disputed territory of Western Sahara, engaging with Siemens and Enel.

We joined a collaborative investor initiative writing to the SEC (Securities & Exchange Commission) urging retention of conflict mineral disclosure under the Dodd Frank Act, which is potentially subject to abolition. The Act has served investors and business well in promoting rigorous supply chain management around conflict minerals.

We meet over 350 companies on average annually as part of our integrated process and sustainability often features at these meetings. During the quarter we re-engaged with Hotel Chocolat (Amity UK) around sourcing and supply chain; Morgan Sindall (Amity UK) on their approach to responsible and sustainable construction, and Novo Nordisk (Amity Global Equity) around commission incentives for their diabetes drug sales teams.

Working with Share Action we have once again supported their Living Wage engagement, urging companies to work towards adopting The Living Wage. We specifically targeted Taylor Wimpey (Amity UK & Amity Global Equity Income) in the current round of engagements.

We are currently reviewing how we assess companies exposed to animal testing for household and cosmetic purposes under our Amity negative screen, and we are currently engaging with regulators, industry and specific companies to understand how the animal testing regime works across the supply chain. We are interested in hearing the views of clients as we progress this work.



We attended a two-day stakeholder dialogue convened by Nestlé (Amity Global Equity) focused on the first 1,000 days of life covering maternal and infant nutrition from conception to two years. The dialogue with investors and NGOs sought to ask what the role of a global food manufacturer is in promoting infant nutrition and the responsible marketing of breast milk substitutes. Controversial in some quarters, engagement over time has yielded very positive results in Nestlé's strong endorsement of breast feeding and the WHO International Code of Marketing of Breast Milk Substitutes.

The second day afforded wider discussion of their 'shared value creation' model. The global food and beverage company has set an ambitious vision for 2020 to contribute positively to society through nutrition, rural development, environmental protection and human rights. During the day, the company listened to stakeholders including NGOs and investors to help shape its sustainability agenda.

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VOTING AND STEWARDSHIP

There are early signs that the 2017 proxy voting season could be a turbulent one for shareholder revolts, given the Government's signal that it is determined to restrain executive pay. We made a formal response to the Government's consultation document 'Corporate Governance Reform' in which we called for a single, annual binding vote on executive remuneration, improved consultation with share-holders on pay proposals, Remuneration Committee chairs being required to serve at least 12 months on the Committee prior to appointment as chair, and for pay ratios to be disclosed. Although supportive of long-term incentives, we have called for far more rigour in the setting of performance hurdles and an end to vesting for median performance. Our response to the Government consultation is available on request.



Our Global Corporate Governance Report for the first quarter is available at www.edentreeim.com.

The first quarter saw us vote at 33 UK meetings on 425 resolutions. We opposed or abstained 36 resolutions, predominately against executive remuneration and auditor rotation. We take a robust approach towards executive pay that fails our excess tests or is poorly aligned with delivering superior out-performance for shareholders, and we took action in 19 cases during the quarter (53% of all action taken). Companies where we voted against remuneration on grounds of excess included WH Smith, Compass Group, Sage Group, Crest Nicholson, Smith & Nephew and RELX. We have integrated auditor rotation into our voting policy, and during the quarter we voted to oppose or abstain, the re-appointment of external auditors at seven companies where there had been no audit tender for some considerable time.

Overseas, our strategic partner Glass Lewis & Co. votes all proxies in markets other than the UK, voting against poor corporate governance board structures or where unlimited powers are ascribed to the Board to the detriment of shareholders. The first quarter saw Glass Lewis vote at 20 meetings comprising 244 resolutions. They opposed or abstained 23% of resolutions mostly against directors (13 resolutions).

THE EDENTREE RI TEAM



Neville White
Head of RI Policy
and Research



Esmé van Herwijnen
Responsible Investment
Analyst



Jon Mowl
Responsible
Investment Analyst

We have a specialist in-house Responsible and Sustainable Investment (RI) team who carry out thematic and stock-specific research to identify investment ideas for our range of Amity Funds. Headed up by Neville White, Head of RI Policy & Research, and supported by Responsible Investment Analysts Esmé van Herwijnen and Jon Mowl, the team is also creates an on-going dialogue with companies, allowing us to engage on a wide variety of responsible and sustainable investment concerns. Our is overseen by an independent Amity Panel that meets three times a year, and comprises industry and business experts, appointed for their specialist knowledge.

We hope you enjoy this Responsible Investment Activity Report and find it useful and informative. For any further information please contact us on 0800 011 3821 or at ifa@edentreeim.com