

## **EdenTree Investment Management Section 172 Statement**

This section of the Strategic Report describes how the directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the directors' statement required under section 414CZA, of the Companies Act 2006.

The Directors recognise that the long-term success of the Company is dependent on having regard to the interests of its stakeholders. The Board has identified and documented its stakeholders in the Company's Governance Framework and Board Charter. Key stakeholders include its shareholder, employees, customers and clients, regulators and intermediary partners (including brokers and other suppliers). Stakeholder engagement is considered as part of the decision making process of the Board. Given the new disclosure requirements, board and committee papers templates were updated to better focus on stakeholder interest.

The Board recognises the importance of engaging with stakeholders, understanding their views and interests in order to be successful over the long-term. Dialogue with stakeholders can help the Board to understand significant changes in the landscape, predict future developments and trends, and re-align strategy.

### **The Shareholder (Ecclesiastical Insurance Office plc)**

Ecclesiastical Insurance Office plc owns the entire issued Ordinary share capital of the Company, which is ultimately wholly owned by Allchurches Trust Limited. Protocols for the exchange of information between Allchurches Trust Limited and its subsidiaries (including the Company) are in place and cover performance, operations and financial position.

The Board has an open and constructive relationship with its shareholder. There is at least one "Common Director" (i.e. a Director who is a member of the Boards of the Company and Ecclesiastical Insurance Group plc) who is expected to attend every Board Meeting. Mark Hews (Group Chief Executive Officer) and Denise Cockrem (Group Chief Financial Officer) are "Common Directors". The Common Directors present a summary of relevant highlights from Ecclesiastical Insurance Office plc Board and Committee meetings to the Directors. There is also engagement between respective Board and Chairmen and regular dialogue takes place on Group's expectations of the Company and strategy for the development of business.

This ensures that the views of the Shareholder are communicated to the Board as a whole which enables Ecclesiastical Insurance Office plc to effectively communicate its views and expectations to the Board. In turn, the Common Directors are able to support the directors of Ecclesiastical Insurance Office plc to understand the performance and strategic issues faced by the Company.

### **Employees**

The Company does not have any employees. Individuals who undertake work on behalf of the Company are employed by Ecclesiastical Insurance Office plc. However, the Board recognises that these individuals are the Company's most valuable assets, given their specialist skills and knowledge and propensity to go above and beyond. Members of the management team and subject matter experts are invited to Board and Committee meetings to present on items and input into discussion. In addition the Head of HR provides an annual report on culture and values which covers key elements of the associated strategy including (i) training and development; (ii) coaching objectives and performance; (iii) CSR, inclusion, responsibility and ownership; and (iv) communication. In order to engage, involve and inform employees the following methods are used:

- \* a variety of communication channels including weekly huddles (which provide quick updates on what's going on, what's coming up and opportunities to ask questions); circulating information to keep employees up-to-date on key financial and business metrics and sales and business development activities (such as planned client pitches and wins); and employee meetings on general business performance and strategic direction

- \* an engagement survey (MySay survey) conducted twice a year at a Group level. The survey allows the tracking of engagement and provides employee views on a range of

matters affecting them. The results are reviewed at both Board and Group level and are cascaded to individual teams. Managers discuss results with employees and create action plans to respond to concerns;

- \* whistleblowing policy and procedures are operated at a Group level;
- \* direct engagement and consultation through employee representative forums such as the 'Teambuilding and Social Committee' who have a mandate to build trust, collaboration and strong teams through the strengthening of internal networks, familiarity and relationship building activities
- \* a performance related bonus scheme is operated, which directly links individual objectives and business performance to encourage employees to participate in the overall financial success of the Company and the Group; and
- \* a range of training, development and volunteering activities are available to employees, including technical courses, mentoring, coaching and community opportunities.

Some matters are determined at Group level as set out in Ecclesiastical Insurance Office Plc's Section 172 Statement.

## **Clients**

Clients are the lifeblood of the Company. The Board considers that clients should be at the heart of everything we do, ensuring any actions or decisions demonstrate our passion for clients and make us first choice for clients both today and in the future. During the year, the Board and the Audit, Risk and Compliance Committee received updates on client issues via the Operations Report. In addition, the Board considered clients' needs and expectations as part of the development of the next chapter for the Company and development of strategic priorities.

Regular meetings are held between management and key clients which includes the Ecclesiastical Group to understand their needs and perspectives. In addition, the Company has regular engagement with clients (including conducting listening exercises, surveys, holding focus or consultative groups, monitoring customer complaints and satisfaction data) and key outcomes are shared with the Board. Our commitment to customers and clients is further demonstrated by the tailored Customer Promises that has been developed.

In 2019, the Board expanded the remit of the EdenTree Responsible Investment Panel (formerly the Amity Panel) to provide independent oversight and accountability for all retail investor mandates and strategies. An Investment Committee (with effect from 1 January 2020) was established to oversee investment performance and consider outcomes from fund or portfolio reviews. A Product Governance Committee was established to review associated management information and provide assurance in respect of charges to achieve good client outcomes.

Moreover, the business continuity plan was considered to ensure appropriate outcomes for the customer (including cyber security requirements). The Board and its Committees regularly consider the liquidity of its portfolio of products to ensure appropriate client outcomes.

Some matters are considered at a Group level and associated information is set out in the Ecclesiastical Insurance Office Plc's Section 172 Statement.

## **Suppliers**

The importance of the role that suppliers play in ensuring a reliable service is delivered to customers is recognised by Directors. Consequently, the Audit, Risk and Compliance Committee oversees the Company's material outsourcing contracts. Regular updates are received and discussed in respect of the performance and relationship with Northern Trust (Fund Administration and Transfer Agency), Bank of New York Mellon (Depository and Custodian) and the Ecclesiastical Insurance Group plc who provide a variety of resources including HR Payroll, Business procurement, IT Infrastructure and

generic systems. In addition, the Executive Directors have regular meetings with key suppliers to understand their needs and perspectives.

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### **Community and environment**

Given the desire to maintain the Company's leading position in responsible investment, environmental, social and governance matters has been a key focus for the Board during the year and throughout the life of the Company. The Company has a long history and expertise of taking account of ESG factors within its investment portfolios, philosophy and the associated strategy determined by the Board. Moreover, the Board celebrated achieving a number of external awards including the Moneyfacts Best Ethical Investment Manager.

During the year the Head of Responsible Investment Policy and Research has reported to the Board on responsible investment activity, UK Corporate Governance Policy and voting and the UK Stewardship Code.

The Company and the Group is focused on long-term and strategic charitable giving. Employees are supported to give to causes they care about through myGiving. This enables them to offer support with volunteering, small grants and fundraising matching to create direct involvement and help to drive charitable giving at a local level. In addition, a Corporate Responsibility Working Group was established and has suggested a way to improve the Company's environmental footprint. The Company supported Futures Theatre and StreetTalk as our two nominated charities. In 2019 we improved accessibility to our industry by partnering with the borough of Tower Hamlets, providing work experience opportunities to students who do not have the networks or 'know-how' to access Investment Management.

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### **Regulators**

The Board recognises the importance of open and honest dialogue with regulators (including the Financial Conduct Authority (FCA)). In addition, the Board (via its Audit, Risk and Compliance Committee) has received regular updates on legal, regulatory and compliance matters. During the year, the Board oversaw the implementation of requirements for the Senior Managers and Certification Regime (SMCR).