



Section 172 Statement – EdenTree Investment Management

This section of the Strategic Report provides an overview of how the directors have fulfilled their duties to promote the success of the Company and had regard to the matters set out in section 172(1) (a) to (f) Companies Act 2006 as detailed below:

- (1) A director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to-
- a) the likely consequences of any decision in the long term;
 - b) the interests of the company's employees;
 - c) the need to foster the company's business relationships with suppliers, customers and others;
 - d) the impact of the company's operations on the community and the environment;
 - e) the desirability of the company maintaining a reputation for high standards of business conduct, and;
 - f) the need to act fairly as between members of the company.

The Company's Stakeholders

This also forms the directors' statement required under section 414CZA, of the Companies Act 2006.

The Company's stakeholders are identified in the Governance Framework, and are at the core of all decision making. Key stakeholders are (1) shareholders, (2) employees, (3) customers and clients, (4) suppliers, (5) the environment and community groups, (6) regulators. Examples of the way the Board has engaged with some of these stakeholder groups throughout the year are set out below.

Our Approach to the Long Term Success of the Company

The Board of Directors recognise that the long-term success of the Company is dependent upon having regard to the interests of its stakeholders. Given the Group's ambition to be the most trusted and ethical specialist financial services group, the Board understands how important it is to listen and respond to the needs of our stakeholders.

As part of an ethical, global financial services group we are fundamentally different to our competitors because we are driven by the power of why and are continually striving to do the right thing at all times. In doing so there are occasions where balancing the needs of different stakeholder groups can be challenging. On these occasions, the Board attempts to balance the conflicting interests and impacts of our stakeholders in their decision-making.

Covid-19 Response:

As the world begins to return to some form of normality, we understand that the effects of the Covid-19 remain with us all. As a Company, we set out our initial response to Covid-19 in the 2020 Report and Accounts. As such, the Board has continued to make decisions this year to ensure that the



Company remains strong and able to support its stakeholders. The ongoing Covid-19 pandemic has also encouraged the Company and its stakeholders to consider and embrace new and innovative

Shareholder Engagement



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 Benefact Trust Limited. Protocols for the exchange of information between Benefact 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 Office 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 Boards and Chairs and regular dialogue takes place regarding the 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.

Consequently, there is a two-way channel of communication between the Board and the Shareholder.

The Shareholder is also a client. Group funds are managed on a commercial basis and a discretionary Investment Management Agreement is in place, as is the case for all external clients. Dealing is conducted at arm’s length and on the same terms as external clients. Allocations of stocks and any associated costs of trading for both Group and external clients are strictly pro-rated according to AUM.

Employee Engagement

The Company does not have any employees. Ecclesiastical Insurance Office plc employs individuals who undertake work on behalf of the Company. 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 Human Resources 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 regular meetings, held online during the Covid-19 pandemic, (which provide brief 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;
- * During 2020, as a result of the Covid-19 pandemic, the Group chose to focus on more tailored and regular ‘check-in’ surveys which were conducted monthly. This enabled The Group to gather real time feedback, to flex each survey and to respond as the situation evolved during what was a unique year. During 2021, the Group transitioned back to a full annual colleague engagement survey adopting a new B-Heard Survey provided by an external partner, Best Companies. The full B-Heard survey was undertaken in the Spring with 79% of employees taking part, and this was supplemented by a further pulse survey later in the year. The Group was proud to be awarded Best Companies' 2 star accreditation demonstrating 'outstanding' levels of employee



engagement, with many of the Group's teams being recognised at the highest 3 star level, or 'world class';

- * 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.

Customer and Client Engagement

Clients are the lifeblood of the Company. The Board considers that clients should be at the heart of everything the Company does, ensuring any actions or decisions demonstrate passion for clients, making the Company 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 (online during the Covid-19 pandemic) between management and key clients which includes the 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. The Company's commitment to customers and clients is further demonstrated by the tailored Customer Promises that have been developed.

The Board has established the EdenTree Responsible Investment Panel to provide an independent perspective for all retail investor mandates and strategies. An Investment Committee oversees investment performance and considers outcomes from fund or portfolio reviews. A Product Governance Committee also reviews associated management information and provide assurance in respect of charges to achieve good client outcomes.

Moreover, the Company's 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 directors recognise the importance of the role that suppliers play in ensuring that a reliable service is delivered to customers. 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 (Depositary and Custodian) and the Group, 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 (held online during the Covid-19 pandemic) to understand their needs and perspectives.

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Community and Environment

Given The Company's desire to maintain its leading position in responsible investment, ESG matters have 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 ESG factors into account within its investment portfolios, philosophy and the associated strategy determined by the Board. Moreover, the Board celebrated achieving a number of external awards including award of Moneyfacts Best Ethical Investment Manager and Boutique Charity Investment Manager of the Year at the Charity Times Awards 2021.

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 ways to improve the Company's environmental footprint.

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

Engagement with Regulators

The Board recognises the importance of open and honest dialogue with Regulators and is committed to complying with applicable legislation and regulation. The Board (via its Committees) receives regular reports detailing the Company's regulatory interactions.

The Board (via its Committee's) also receives regular reports on the evolving legal and regulatory landscape incorporating a detailed impact and progress assessment which undergoes a rigorous cross departmental challenge process before being presented to the Board.

methods of engagement. This impact and how we have responded to protect the Company and manage the expectations of our stakeholders has been included in our Stakeholder Engagement overview below.

Stakeholder Engagement in Decision Making

The Board adopts a range of approaches to engage with stakeholders and recognises that the importance of a stakeholder group may differ depending on the matter to be considered. Given the nature of the business, the Board sometimes engages directly with stakeholders and also understands that it may be more appropriate for engagement to be undertaken at an operational level.

Certain stakeholder matters are led at Group level, especially where the matters are of Group-wide significance or have the potential to impact the reputation of the Group. The Board considers a variety



of information to understand the impact of the Company's operations as well as the interests and views of key stakeholders. A one-year rolling plan of business for discussion is agreed annually to ensure that the Board is focused on the right issues at the right time and that sufficient time is allowed for appropriate consideration and debate. Information is provided to directors by way of papers in advance of each Board meeting. In addition, people from the business are invited to attend meetings to provide insight into key matters and developments. At each Board meeting, the directors discuss strategic and business matters, financial, operational and governance issues and other relevant issues that arise. Following Committee meetings, the Board receives oral reports from the Chair of each Committee at the next Board meeting. As a consequence of this, the Board has an overview of engagement with stakeholders and other relevant factors, which enables the directors to comply with their legal duty under section 172 of the Companies Act 2006.

Below is a summary of key decisions and actions the Board has taken during the year in respect of strategic and Company performance and how it has had regard to the interests of, and impact on a selection of its stakeholders.