edentree investment management

Contact us

For additional information on EdenTree and to find out more about what our range of funds can deliver for you and your clients, please get in touch with us at:

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BENEFACT GROUP

FSC

edentree investment management

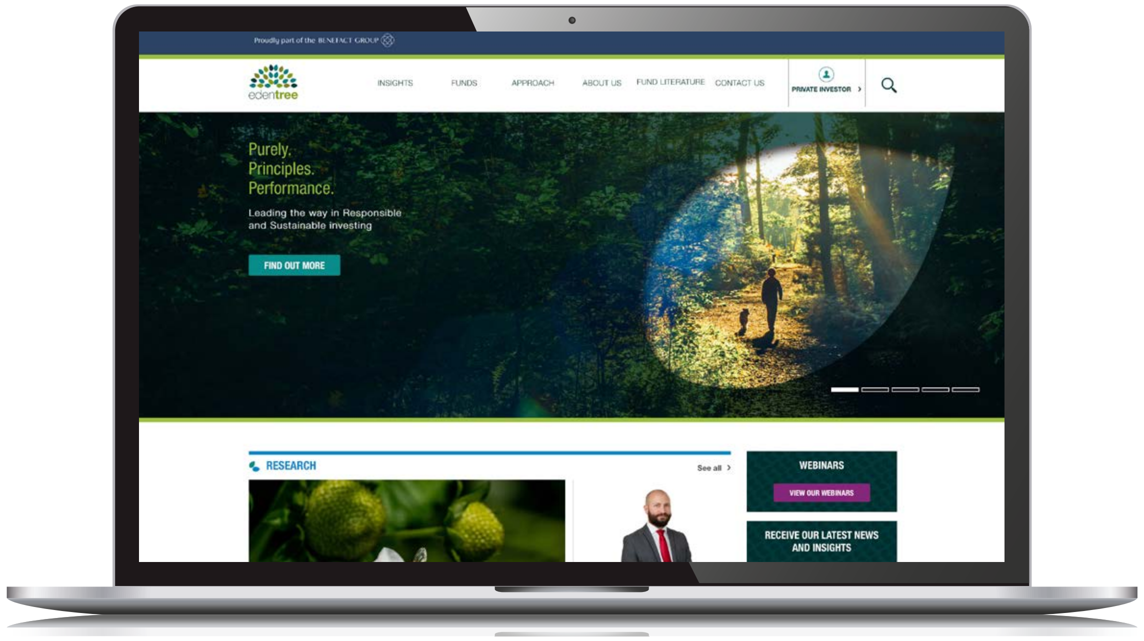
“STEWARDSHIP”

UK Stewardship Code Report 2023-24

edentree Performance with principles®

Welcome to our Stewardship Report for 2023-24

This report constitutes our disclosure under the UK Stewardship Code and should be read in conjunction with our other disclosures and reports which are all published on our website at www.edentreeim.com. We disclose under the FRC's reporting regime for October submissions.



EdenTree Investment Management Ltd is a specialist Responsible and Sustainable investment House offering investment management services to the retail, charity, advisor and institutional markets.

As dedicated Responsible & Sustainable investors we are proud of our more than three decades of stewardship managing client capital and this report sets out our response to the UK Stewardship Code's 12 'comply or explain' principles published by the Financial Reporting Council (FRC) in 2020.

This Report was approved by the EdenTree Executive Committee and signed by the Chief Executive Officer, Andy Clark, in October 2023.

BENEFACT GROUP Proudly part of the Benefact Group – specialist financial services companies built to make a difference.

First things

I am delighted to introduce our 2023-24 UK Stewardship Code Report, which forms part of our comprehensive annual reporting suite for clients. This is our third such report under the revised Stewardship Code published by the Financial Reporting Council.

After several years of progress we have begun to see more debate on the value of integrating ESG (environmental, social and governance) factors as part of a dedicated investment strategy. In our annual Responsible Investment Review, published in March, I wrote that despite seeing no let-up in client interest and support, "we have seen more challenge and debate; push back against ESG as a methodology, and more specific criticism linked to sustainable investment 'over-reach'. Whilst events over the past year have led some firms to pull back in terms of their commitment, we remain steadfast and true in our principles and in our approach". Stewardship is not a 'fad or fashion'; it represents the clearly articulated values surrounding the responsible management of client assets entrusted to our charge. Whilst Responsible and Sustainable Investment is all we do, Stewardship encompasses the way we do what we do to hold ourselves accountable.

The Code provides a qualitative template for accountability when it comes to exercising Stewardship, and we continue to commend its striving to improve the quality of disclosure and transparency in the UK investment market. The need to act always with integrity and authenticity have been watchwords for EdenTree since inception: We know too that this is important to clients who are increasingly interested in not only what we do on their behalf, but how we do it, and the decisions we take on their behalf. We have been signatories to the previous (2012) UK Stewardship Code since inception.

For over three decades EdenTree has been dedicated to promoting the importance of environmental, social and governance integration. As I again wrote in March "our focus isn't on being something for everyone, but instead, on being everything to someone – the manager of choice for investors that care as deeply about responsible and sustainable investment as we do".

We move with the times, but our values and principles surrounding our Stewardship remain unchanged.

This report should be read in conjunction with our many other reports and disclosures that we make, and it complements those narratives.

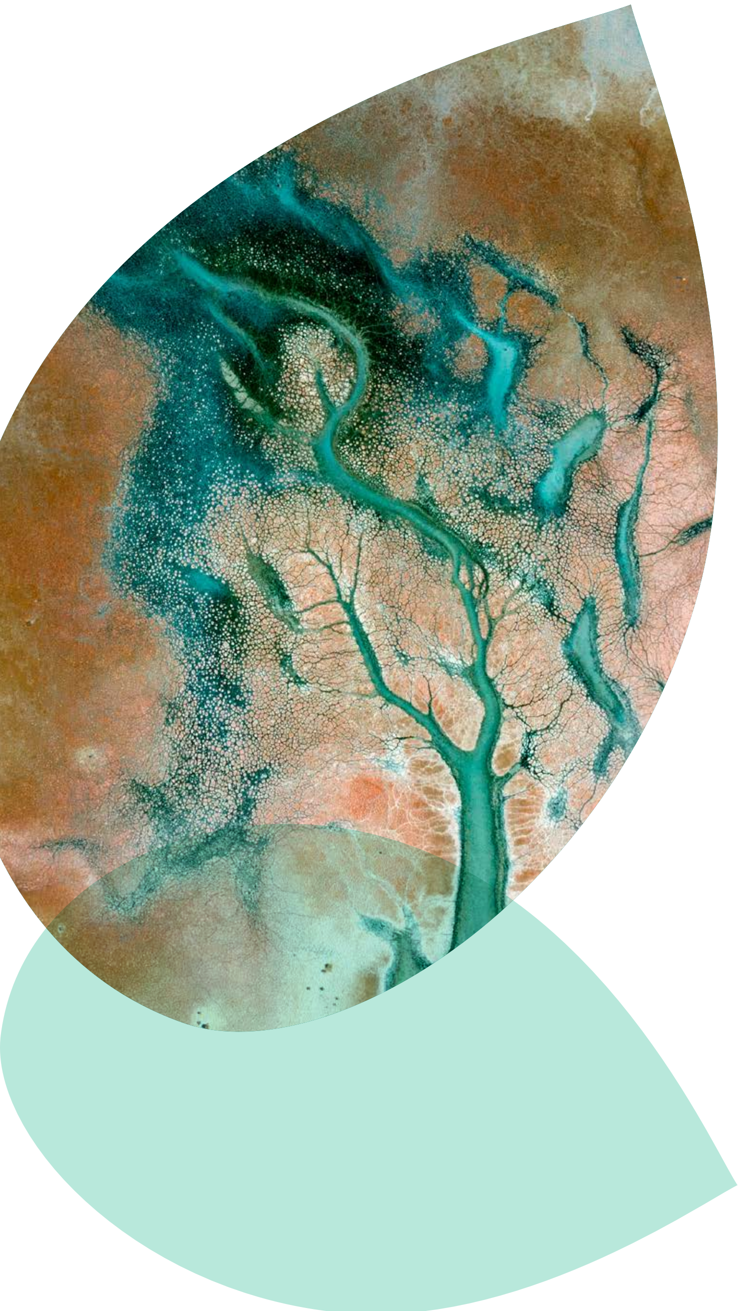
We hope you enjoy reading about how we exercise Stewardship on behalf of you, our clients, and welcome any feedback.

Andy Clark
Chief Executive Officer
EdenTree Investment Management Ltd.
24 Monument Street London

1 October 2023

The 12 Principles

"Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society".



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BENEFACT GROUP

EdenTree Investment Management Ltd is a wholly owned subsidiary of the Benefact Group[1], a specialist financial services company that is ultimately owned by a registered charity – the Benefact Trust.

Founded in 1887, The Benefact Group provides grants in the form of distributable profits to the Benefact Trust, and has, since 2015, donated £200m in grants for charitable purposes. The Benefact Group has now set a new ambitious target to donate £250m to charitable good causes by 2025 and is ranked #3 among the UK's top corporate donors. The Benefact Group is the holding name of a group of decentralised businesses that trade principally under the name of Ecclesiastical Insurance Office Plc (EIO).

The Benefact Trust is among the UK's largest grant giving charities and raises funds for charitable distribution from its wholly owned asset – The Benefact Group. In 2022 the Trust made grants of £22.8m in support of a wide range of charitable projects and organisations including registered charities (41.6%), Church dioceses (31.3%) and churches and cathedrals (27.1%).

The Benefact Group comprises general and specialist insurance businesses in the UK, Ireland, Canada and Australia, investment management in the UK, and broking and advisory businesses across the UK and overseas. EdenTree Investment Management Ltd. provides responsible and sustainable investment management services to a range of retail, advisor, charity and institutional clients, and manages over £3.7bn of assets.

BENEFACT TRUST

[1] Formerly Ecclesiastical Insurance Group which re-branded as Benefact Group in January 2022. The All Churches Trust, founded in 1972, is the ultimate owner of the Benefact Group, and rebranded to become The Benefact Trust (Registered Charity No 263960) in January 2022. Ecclesiastical Insurance Office is the trading name of the Group.

As a specialist investor we provide managed services across a range of strategies and policies from our screened Responsible & Sustainable range of Funds to segregated clients who instruct different policies and approaches.

Further Information:

Ecclesiastical Insurance Office Annual Report: Here

EdenTree Investment Management Ltd Responsible Investment Annual Review: Here

Benefact Trust Annual Report: Here

About Us

We manage a range of strategies and mandates across the wholesale, charity, advisor, and institutional segments, comprising general listed and unlisted equities, fixed instruments, and direct real estate. At 31 December 2022, total assets under management were £3,670,000,000.[2]

We segment these 28 mandates as: Responsible & Sustainable Funds (including Multi-Asset, Green and Impact Funds: 13 Funds), Amity charity funds (2 Funds), external segregated mandates (7 mandates), Benefact Trust (1), Benefact Group portfolios (4) and Ecclesiastical Insurance Office Direct Benefits Pension Fund (1). The value (and % AUM) of these at 31 December 2022 were as follows:

Responsible & Sustainable Collective Funds	£1,843m	50%
Amity Charity Funds*	£51m	1%
External Segregated Mandates	£860m	23%
Benefact Trust	£63m	2%
Benefact Group	£602m	17%
EIO Pension Fund	£251m	7%

In terms of asset class, the breakdown was as follows:

Equity	£1,932m	52%
Bond	£1,349m	37%
Mixed	£206m	6%
Property	£183m	5%

The assets managed by EdenTree were invested in the following regions:

UK	£1,731m	47%
Europe - EX UK	£1,034m	28%
North America	£497m	14%
Asia Pacific – Inc Japan	£123m	3%
Rest of World Asia Pacific – Inc Japan	£16m	0.5%
Supranational + Gilts	£92m	3%
Other (Cash)	£177m	4.5%

* These funds were closed in sept 2023

[2] Numbers have been rounded

“THE 12 PRINCIPLES”

Working Stewardship

Principle 1

Purpose, strategy and culture

Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

EdenTree are dedicated to responsible and sustainable investing, having launched our first ethical fund in March 1988.

EdenTree exists to serve its clients who choose us as a responsible, sustainable and impact investor of their capital to deliver superior investment performance over the long-term. Our business model is to provide clients with an attractive range of screened responsible & sustainable, green and impact investment products that seek to preserve capital and deliver either income or growth (or a combination of both). We have a generally low-risk, ethically astute business model that puts clients first and does not erode capital by investing in more risky alternative instruments, or by deviating from our proven areas of investment expertise.

WINNER
FIFTEEN TIMES
Investment Life & Pensions
Moneyfacts®
Awards 2009 -2023

Best Ethical Investment Provider

We have been continuously recognised for the strength of our approach, being awarded the title of 'Best Ethical Investment Provider' at the Moneyfacts Investment Life & Pensions Awards for 15 consecutive years.[3]

We are proud of our clear culture and strong values which set us apart, that focus on our business, our people, our environment, our community and our customers. We are a diverse and inclusive business, proud of our culture that unites all colleagues. Our Culture & Values Statement can be viewed here.

EdenTree has an appropriate Risk and Governance regime that monitors business activity, overseen by the EdenTree Board and its various committees. Fund Managers operate in a closely regulated FCA environment consistent with 'treating customers fairly' (TCF) rules, and our ethically driven culture.

EdenTree's distributable profits are given in the form of a dividend to Benefact Group, which in turn makes grants to our ultimate parent, the Benefact Trust for distribution to good causes. Benefact Group first set a target to donate £50m to our charitable parent by 2015, and having achieved that, we achieved a further stretching target of donating £150m by 2022. We are now inspired by a target to donate £250m in total by 2025.

[3] Moneyfacts Investment Life & Pensions Awards 2009-2023

Principle 1

In that sense the whole of EdenTree's purpose is driven by our serving clients to re-distribute our profits for the greater good of society. We also have our own distinct and independent staff led EdenTree Community Fund. This is a three-year £150,000 pot that supports projects operating in neighbouring boroughs to our company office at London Bridge, linked to our Responsible & Sustainable screening criteria e.g. environment, climate change, health & wellbeing, education or human rights. More on the EdenTree Community Fund is available here.

Our staff-led Community Investment Fund supports a number of dedicated good causes over a three-year cycle. One such cause is **Blind in Business** which helps and supports sight impaired young people into employment. We are providing £90,000 of support over three years that will assist the charity with the core of its mission to help as many young people as possible with life-enhancing chances via training, mentoring, and employment services. As well as the important financial support we also like to provide practical support and colleagues at EdenTree have provided business support such as mock interviews, work experience and volunteering.

We measure and judge our success by client retention, new business attracted under competitive tender, complimentary feedback from existing clients whose needs we serve, and in maintaining a nil or low number of complaints. On all of these metrics we judge that we are delivering on these commitments in the best interests of our clients.

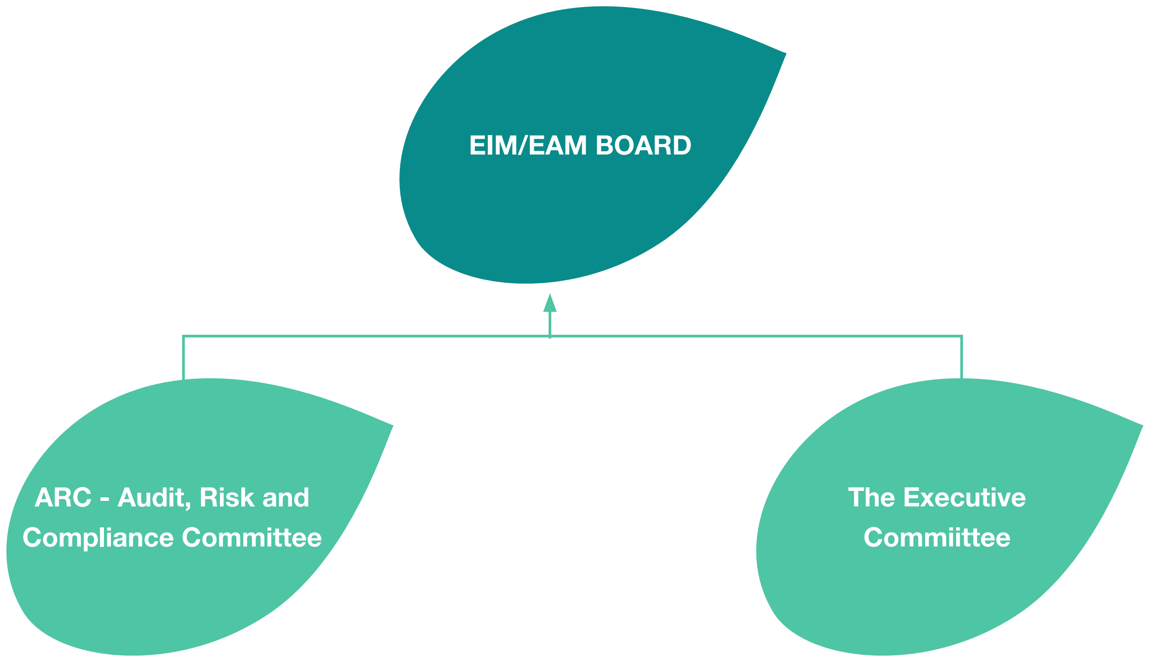
Principle 2

Governance, resources and incentives

Signatories' governance, resources and incentives support stewardship.

As a regulated business, EdenTree operates within a rigorous risk and governance environment, led by the EdenTree Board, the Audit, Risk & Compliance Committee (ARC), and the senior management Executive Committee. We operate a professional and well-resourced business across our divisional teams which comprise Investments, Operations, Distribution & Marketing, Finance, Compliance and Human Resources.

The Board has ultimate responsibility for risk oversight of EdenTree Investment Management and our sister company EdenTree Asset Management, and for determining risk appetite limits within which the companies operate. The Committees relevant to managing risk are set out below:



Membership:

- Group Chief Financial Officer
- Group Risk and Compliance Officer
- Non Exec Director

Membership:

- Chief Executive Officer
- Chief Investment Officer
- Chief Financial Officer
- Chief Commercial Officer
- Chief Operating Officer
- Head of Distribution

The Board operates within the remit of the Group Policy outlined in the Ecclesiastical Enterprise Risk Management Strategy. On a day-to-day basis Management Information is reported to the Management Committee and is escalated to the Board when appropriate. The Board considers management Information on a quarterly basis. Tolerances are set out in the Risk Appetite Statement. The principal risks of the business are Strategic Risk, which include Reputation, Financial (Liquidity, Market and Credit Risk) and Operational Risk. The Internal Capital Adequacy & Risk Assessment Process (ICARA) documents the approach and assessment of the risk profile of the Company and the adequacy of its capital. It includes an assessment of all material risks faced by the Company, the controls in place to mitigate those risks and ensures that sufficient capital is maintained to withstand the resulting residual risk. The ICARA is approved by the Board of Directors.

At an operational level, the Chief Executive and Senior leadership team have responsibility for Stewardship in terms of governance structures and resources, however given it is integral to the 'way we work' the Board has ultimate oversight and responsibility for Stewardship integrity. The senior leadership team (Executive Committee) comprises the Chief Executive Officer, Chief Investment Officer, Chief Financial Officer, Chief Operating Officer, Chief Commercial Officer and Head of Distribution.

The Chief Executive reports directly to the Chief Executive of Benefact Group (Mark Hews), who chairs the EdenTree Board.

The Responsible Investment Team (RI Team) comprises four professional individuals within the wider investment team charged with overseeing the Responsible & Sustainable Investment Process; this comprises our four core stewardship activities; research, screening, engagement and governance.

We invest in our people through continuous professional development (CPD), which includes relevant qualifications as well as general training and development. Regulatory training is mandatory, comprising modules such as whistleblowing, money laundering, financial crime, information security, treating customers fairly etc. All staff are required to state they have read and understood the Benefact Group Code of Conduct on an annual basis.

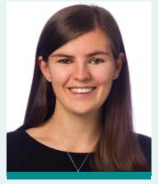
We actively foster a supportive and encouraging training and development environment where all employees are encouraged to gain relevant industry qualifications and to develop their industry knowledge, skills and expertise. Within the RI team, environment, social and governance 'leads' provide a dedicated, specialist resource to ensure we continue to have appropriate expertise across the waterfront of ESG issues. Members of the RI & Investment Team are also expected to keep their professional knowledge up to date by participating in a broad range of industry events, conferences and webinars. We recently attended the PRI in Person and RI Europe conferences, and the team are encouraged to pursue additional training on ESG issues including by studying for relevant qualifications or certifications.

Across the business we employ systems, products and software to provide qualitative investment management services to our clients. This includes broker research, Bloomberg, dealing systems (Charles River) and custodian services. Within the RI Team, a dedicated ESG service provider is taken (ISS-ESG) which provides raw data across the investment universe on company disclosure and performance. We do not use ratings; more we interpret and analyse the raw data from ISS-ESG together with company disclosures to inform our decision making. To strengthen our response to ethical controversies, we use data provided by Sustainalytics (Morningstar). Our screening process is a human-oriented qualitative one in which Stewardship is deepened and enhanced by the understanding and knowledge of the dedicated RI team.

The RI Team currently comprises:

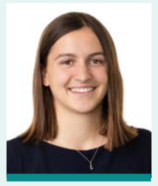
Neville White
Head of Responsible Investment Policy and Research

Neville White joined EdenTree in 2010 and is responsible for RI policy and research at EdenTree and is the lead on global corporate governance proxy voting. Neville began his career at the Church Commissioners for England and prior to joining EdenTree, was involved in managing socially responsible investment policy for a number of church and charity investment managers. Neville holds a BA(Hons) in English & American Studies from the University of East Anglia.



Amelia Gaston
Responsible Investment Analyst

Amelia Gaston joined EdenTree in 2022 and holds a BA in Geography from Durham University. She previously worked as a Responsible Investment Analyst at the Local Government Pension Scheme (LGPS Central), one of the UK's largest Pension Pools. Amelia leads EdenTree's Climate Stewardship strategy as well as other environmental issues such as biodiversity. She holds the Investment Management Certificate (IMC) and CFA Certificate in ESG Investing.



Carlota Esguevillas
Senior Responsible Investment Analyst

Carlota Esguevillas joined EdenTree in 2021 and holds a BA in Geography from Oxford University. She previously worked for a sustainability consultancy advising businesses on their sustainability strategies and disclosures. She leads EdenTree's work on social issues such as human rights, diversity and workforce issues. Carlota holds the Investment Management Certificate (IMC).

Cordelia Dower-Tylee
Responsible Investment Analyst

Cordelia Dower-Tylee joined EdenTree in 2022 and holds an MA in History from the University of Edinburgh, and a Certificate in Sustainable Finance from the University of Cambridge. She previously worked with the International Water Management Institute and has experience in a green focused corporate advisory firm. Cordelia leads EdenTree's water stewardship strategy as well as other thematic projects across the ESG space.

Because investing responsibly and sustainably is all we do, Stewardship is fully integrated into the way we work, think and deliver. All colleagues are motivated via annual strategic objectives to deliver for clients in a responsible and sustainable way. Our remuneration policy is here and 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 crucially encourages the right business behaviours. An appropriate mix of fixed and performance-related variable pay opportunity is offered, while ensuring that any incentive plans are responsibly designed and encourage high standards of professional conduct whilst not incentivising undue risk taking.

We have integrated some ESG components into variable pay calculations, and this is something the Benefact Group Board, and the Benefact Group Remuneration Committee continues to look at and to enhance.

We view our governance structures to be robust, appropriate and arranged so as to deliver our strategic objectives within the context of a regulated entity and which in turn support our strong Stewardship focus. All colleagues at EdenTree are fully inducted at the start of their employment with modules on culture & values, corporate responsibility and Stewardship. Ongoing training that affirms the standards and behaviour expectations required is ongoing.

Given this is all we do, we aim to have structures in place that are nimble, agile and responsive to client needs whilst fully meeting the requirements of a professional and regulated business to deliver for clients.

Principle 3

Conflicts of interest

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

We have a published policy for managing actual and potential conflicts of interest.

EdenTree does not offer or publish advice that might conflict with the responsibilities of managing investments on behalf of our 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, EdenTree 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 we 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 identifies the potential conflicts of interest relative to the business and 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 a separation of functions and restrictions on activities and are designed to ensure that relevant persons maintain an appropriate degree of independence.

Our potential material conflicts of interest relate to actual and potential client relationships, specifically as the asset manager appointed by Benefact Group to manage its investment portfolios whilst also being the wholly owned investment business of Benefact Group. Conflicts have been identified as:

- Conflicts relating to the interests of the Ecclesiastical Insurance Office (EIO) and Benefact Group and the investors in the funds managed by EdenTree;
- Failing to allocate securities between fund clients on an equitable basis;
- Inappropriate use of the services of the 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/insider dealing;
- Inappropriate use of dealing commissions;
- Personal Account Dealing by employees, and
- Remuneration and oversight

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

- Reporting lines; these are designed to avoid conflicts arising so that where necessary there is separation of duties and relevant staff are supervised adequately. In addition, procedures are in place to minimize the exchange of information between persons where such an exchange of information could give rise to a conflict of interest. It is not entirely possible to remove all conflicts therefore relevant staff are required to report actual or potential conflicts of interest to management as they are identified.
- Remuneration structures; these are designed to avoid incentivizing undue risk that may disadvantage clients;
- Training; relevant and compliance focused staff training in conflicts of interest;
- Restriction on Personal Account Dealing; pre-clearance by the EdenTree Compliance Officer of all staff personal dealing requests;
- Substantial Gifts & Entertainment; compliance with the Group policy on accepting and registering external gifts and entertainment.

The conflicts of interest policy and the conflicts register are subject to periodic review at least annually by the EdenTree Board and the EdenTree Senior Management Executive Committee and are maintained by the EdenTree Compliance Officer.

We have identified one further Stewardship conflict of interest where an EdenTree or Benefact Group director is simultaneously a director of an investee company where we may wish to take voting action. Without exception, proxies are cast in a uniform way across all portfolios in accordance with our published UK and Overseas Corporate Governance Policies. Voting as a delegated function is not open to clients, or directors to influence.

We have not identified any actual conflicts of interest that require further reporting.

Principle 4

Promoting well-functioning markets

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Risk analysis and monitoring is a standard function of operational business management, with governance oversight sited in a well-developed management Board and Committee structure. The EdenTree Board (comprising executives and independent non-executives) sets and approves the overall risk appetite within the business, whilst each Fund is risk rated in accordance with regulatory requirements.

Our 2022 Investment Funds Assessment of Value Report is available for our UCITS (Undertakings for the Collective Investment in Transferable Securities) products on the EdenTree website. The Report sets out in detail how we assess value, which for EdenTree encompasses our approach to values, responsible & sustainable investing as well as Fund performance. The Senior Management Executive Committee (ExCo) has day to day operational oversight including breaches and systems risks.

EdenTree is supported by Group risk, compliance and internal audit functions which also provide competence and oversight.

EdenTree's Risk & Compliance function provide oversight of risk appetite and the risk register, and this is a regular Agenda item for the Board. The Investment Team address and determine market-wide systemic risk such as geo-political, currency, interest rates and commodity prices etc. and these are also discussed at regular investment team meetings led by the Chief Investment Officer.

Increasingly we are aware that Fund risk is affected by long-term systemic issues such as climate change – affected from a multi-disciplinary perspective that may include regulatory, economic and reputational risk.

Fund	Overall rating	Absolute Performance	Relative Performance	Responsible and Sustainable Investment Process	Comparable Market Rates and Classes of Share	Fund Manager Costs	Comparable Services	Economies of Scale	Quality of Service
A EdenTree Responsible and Sustainable UK Equity	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green	Green
B EdenTree Responsible and SustainableEuropean Equity	Green	Green	Green	Green	Green	Green	Green	Green	Green
C EdenTree Responsible and Sustainable Global Equity	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green	Green
D EdenTree Responsible and Sustainable Managed Income	Green	Green	Green	Green	Green	Green	Green	Green	Green
E EdenTree Responsible and Sustainable UK Equity Opportunities	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green	Green
F EdenTree Responsible and Sustainable Sterling Bond	Green	Green	Green	Green	Green	Green	Green	Green	Green
G EdenTree Responsible and Sustainable Short Dated Bond	Green	Green	Green	Green	Green	Green	Green	Green	Green
H EdenTree Amity Balanced Fund for Charities	Green	Green	Yellow	Green	Green	Green	Green	Green	Green
I EdenTree Amity Global Equity Fund for Charities	Green	Green	Yellow	Green	Green	Green	Green	Green	Green
J EdenTree Responsible and Sustainable Multi-Asset Cautious	Green	Grey	Grey	Green	Yellow	Green	Green	Green	Green
K EdenTree Responsible and Sustainable Multi-Asset Balanced	Green	Grey	Grey	Green	Yellow	Green	Green	Green	Green
L EdenTree Responsible and Sustainable Multi-Asset Growth	Green	Grey	Grey	Green	Yellow	Green	Green	Green	Green
M EdenTree Green Future Fund	Green	Grey	Grey	Green	Green	Green	Green	Green	Green
N EdenTree Global Impact Bond Fund	Green	Grey	Grey	Green	Yellow	Green	Green	Green	Green

EdenTree seeks to mitigate and respond to these challenges via an active engagement process in which we focus on transition, stranded asset risk, reducing impacts and targeting long-term alignment with the Paris Agreement. Over time, the objective is to decarbonise portfolios via active monitoring and engagement. Most of our client strategies have long mandated no fossil fuel extraction, or sectors relying on oil and gas such as aviation and automobile manufacturers. As part of our commitment to the Montreal Pledge, we annually measure the carbon footprint for each of our Funds. We also provide footprint assessments for our Benefact Group clients and direct benefits pension scheme.

The Benefact Group has published its climate ambitions which include a Net Zero target by 2040 with supporting intermediate milestones.

With a significant track record of recording positive Fund decarbonisation over several years with most Funds well below their relevant benchmarks for tCO_2e/£m invested, we took the opportunity in 2023 to reflect on next steps.

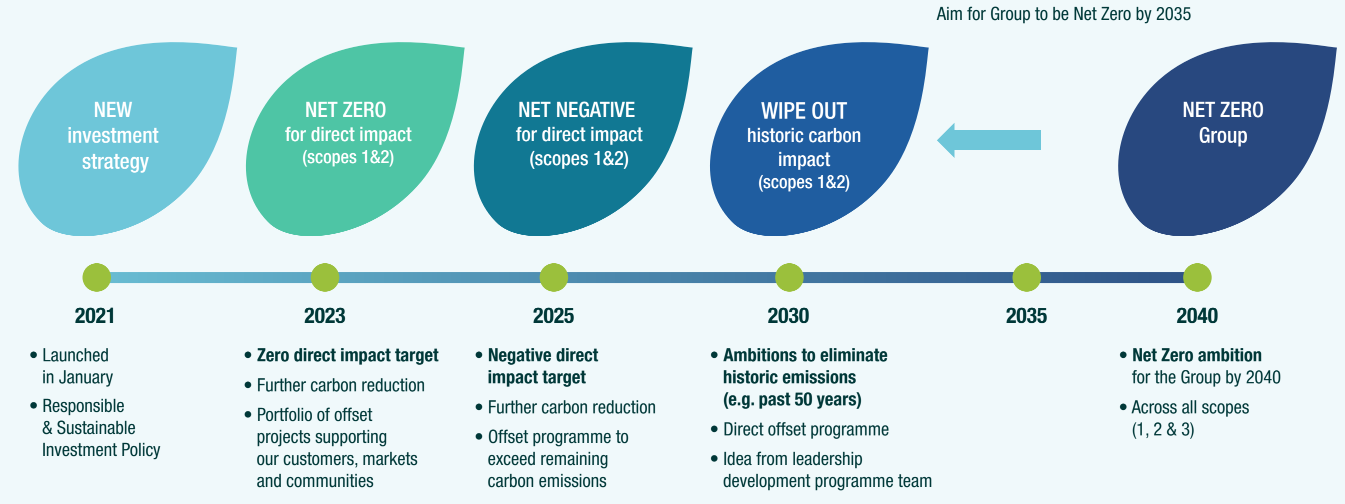
This resulted in our new 'Climate Stewardship Plan' being published, with two accompanying targets:

- A top-down absolute emissions target to achieve 78% decarbonisation by 2035 against a 2016 baseline and consistent with the UK Government legally binding target, and
- A bottom-up alignment target of 80% financed emissions to have set or committed to set a science-based target by 2025

The Plan is accompanied by detailed criteria and a targeted list of 22 companies which account for 80% of our financed emissions across all strategies. The Plan will initially run for three years up to 2025 when outcomes will be measured.

Our 2023 carbon footprint outcomes are published in our 'Climate Stewardship Report', which now captures all of our climate work and expands on previous Fund reporting.

In 2022, our parent, the Benefact Group set out its net zero ambitions.



[3] The EIO Direct Contributions Money Purchase pension schemes are outsourced to a third party.

Of 11 pooled Funds that EdenTree offer, eight are below or significantly below relevant benchmark, with three above.

In the case of Benefact Group, all three client portfolios are significantly below their relevant Benchmark contributing strongly to their Net Zero targets and aspirations.

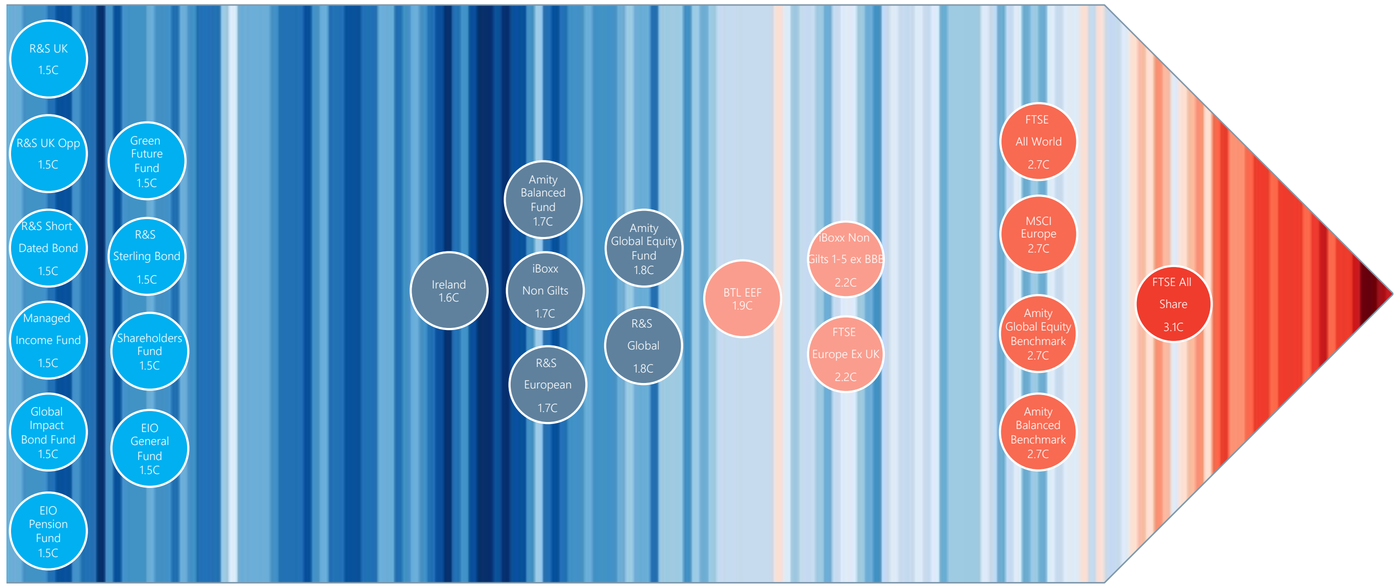
To help clients understand portfolio climate resilience we map the projected carbon budget overshoot of each product. This indicates that most Funds are currently on trend for compliance with a 1.5^{O} scenario, whilst relative benchmarks are currently at 1.7^{O} and above.

This is a commendable and strong position of resilience to be able to demonstrate to climate aware clients. The majority of our Funds based on this modelling are resilient out to 2050, with only the Amity Global Equity Fund and the Responsible & Sustainable Global Equity Fund slightly outside this range at 1.8^{O}.

EdenTree participates in several collaborative investor initiatives through which we aim to influence corporate action and promote progressive climate policy. Examples include being an active participant in IIGCC's public policy programme by supporting engagement around finance and climate policy at the global, EU and national level across Europe. We are active members of IIGCC's Banks Working Group, and we engage with international banks collaboratively, encouraging them to withdraw from projects that do not align with the Paris Agreement goals. EdenTree is signatory to the CDP which every year runs a non-disclosure campaign. EdenTree have been long-standing supporters of the non-disclosure campaign.

Case Study – Engaging with Canadian Banks

We wanted to increase our engagement with our Canadian Bank holdings, so joined the IIGCC focus groups for both TD Bank and Scotiabank, whilst continuing our engagement with Royal Bank of Canada (RBC). Our engagement over the year included a call with RBC in which we challenged their financing of new fossil fuel infrastructure, encouraged them to align their oil and gas targets with the IEA's net zero scenario and called on them to ensure that their public policy work is 'Paris aligned'. We also met with the Chair of Scotia Bank in which we asked the Bank to extend its oil & gas targets to cover all lending, project finance, investment bank and advisory activity, expand sector targets to include all carbon-intensive activities, and improve the disclosure of climate risk in their annual report. Lastly, we met with TD Bank to discuss physical climate risk mapping, as well as what 'red-lines' they have in place whilst supporting their clients to transition. Over the coming year, we will continue to engage with TD Bank, Scotiabank, and RBC, with a particular focus on encouraging them to set commitments for no new fossil fuel infrastructure. In addition, and recognising the need for broader policy change, we intend to engage with the Canadian Banks regulator, OSFI, to encourage faster action at the macro level.



Principle 5

Review and assurance

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

As a regulated investment management company, EdenTree provides clear and transparent information on our Funds and business activity. This includes all regulatory documentation as well as, for instance, Value for Money Assessments. Key documentation is reviewed by the Compliance Officer and his team, as well as the Senior Management Executive Committee. Ultimate oversight is provided by the Board and specific committees of the Board.

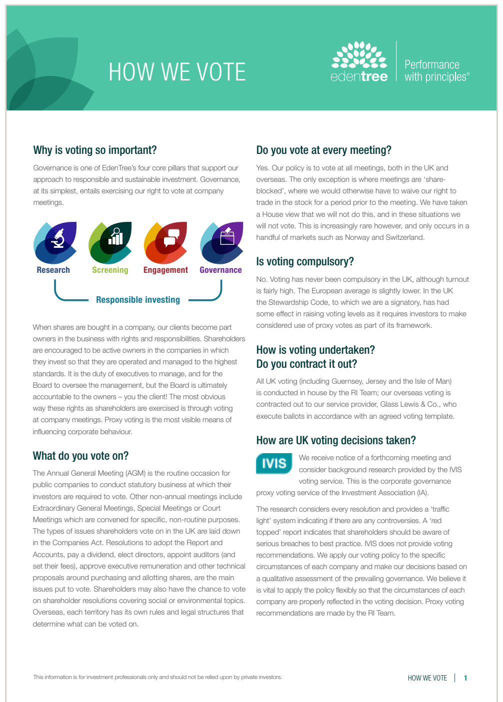
Key policies are published online including:

- Conflicts of Interest
- Culture & Values Statement
- Execution Policy
- Privacy Policy
- Remuneration Statement
- Consumer Duty Statement
- Consumer Duty FAQs
- Vulnerable Customer Policy

IFPR (Investment Firms Prudential Regime) disclosures and our Companies Act Section 172 Statement are also published on the website.

Policies are reviewed periodically as part of a normal 'business as usual' cycle of policy documentation updates and reviews. These are updated to ensure they continue to be 'fit for purpose', are accurate, reflect the most up to date regulatory guidance, and are written in plain English. Policy updates are generally signed off by the Senior Management Executive Committee or the Board.

We also publish a suite of operational policies set out as 'primers' that guide our Responsible Investment process; 'How We Screen', 'How We Engage' and 'How We Vote' were fully refreshed and updated in April 2023 as part of an annual review process.



Other specific screening policies are available on request, and this is made clear to clients via other published material. These policies include, animal testing, defence investment and intensive farming. During the year we developed our thinking on investing in forestry as an alternative asset class, and this policy is also available on request.

Changes to the responsible investment process may need regulatory approval and would undergo internal review by the Board and/or the Senior Management Executive Committee before seeking regulatory approval.

The EdenTree Responsible Investment Advisory Panel exists to provide advisory oversight over the entirety of our business and our ESG processes. They may advise and inform but not mandate a course of action. For assurance purposes, we view the Panel as providing external independent assurance of our process and activity. The Panel acts as our independent, external assurance function, with the Chair providing an annual statement to the EdenTree Board. Panel Members are appointed for their expertise for an initial term of three years, renewable for a maximum of two further terms of three years (nine years in total). The current eight members of the Panel are shown below.

Rt Rev Dr Nigel Peyton
Panel Chair

Julian Parrott
Client Member, Ethical Futures

Mike Barry
Former Director of Sustainable Business at Marks & Spencer

Annette Fergusson
Former Global Head of Sustainability Vodafone Group

Julie McDowell
Independent Consultant

Bill Seddon
Former CEO CFB Methodist Church

Sue Round
Deputy Chair EdenTree IM

Paul Simpson OBE
Co-founder and former CEO of CDP

During the year, we appointed two new independent members, Paul Simpson OBE co-founder and former Chief Executive of the CDP, and Annette Fergusson, former global Head of Sustainability at Vodafone Group.

Our Group Internal Audit function also plays a role in reviewing and certifying key internal controls, risk functions and other stewardship processes such as proxy voting.

Since 2018, our core Responsible & Sustainable investment screening process has evolved and changed several times; the market for ESG products is fast-moving and dynamic, and we have responded. Key changes to our process that have made the offer more robust and competitive include:

- Changing our Health pillar to a Health & Wellbeing one that includes sport, nutrition, diet and wellbeing
- Changing 'urban regeneration' to 'social infrastructure' to broaden the scope for investing in socially useful infrastructure that may not strictly fall under the previous definition
- Adding 'sustainable solutions' to our thematic pillars and setting out in a key research document how we define and articulate 'sustainability'. This metric includes activities such as renewable energy, green buildings, waste, water and regenerative agriculture
- Re-articulating what we do as 'Responsible & Sustainable' rather than 'SRI'
- Adding several new ethical exclusions based on client feedback e.g. fossil fuels and high-interest sub-prime (pay day and doorstep) lending

We constantly re-imagine what we do given the fast-moving nature of the market, and this is part of our commitment to 'pivot to the client'. This has led to continuous improvement of our Stewardship policies and processes across the business.

We have not introduced any additional areas of investment exclusion during the year; individual stock exclusions are caught under existing Policy positions or under our screening process.

Principle 6

Client and beneficiary needs

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

EdenTree is a UK based active investor with approximately £3.7bn of assets under management. Our clients are drawn from a range of institutional, pooled retail, charity, advisory and segregated clients. Further details are set out on Page 7.

We are managers of our parent, The Benefact Group's assets, its Defined Benefits (DB) Pension Fund and part of the capital endowment assets of our ultimate parent, the Benefact Trust. We define the current assets under management as:

- Responsible & Sustainable and Impactful 96% - informed negative and positive screening, engagement and voting
- Ethical Investment 2% - negative screening, engagement and voting
- Stewardship 2% - engagement and voting only

Ecclesiastical Insurance Office (wholly owned by the Benefact Group) manages the Defined Benefits Scheme in the UK which closed to new entrants in April 2006. The Defined Benefits Scheme represented 7% of assets under management at 31 December 2022; it has 1,082 active members with an average age of 51 years.

We invest as active managers across all developed markets in the equity and fixed interest securities markets; we place considerable emphasis on capital preservation, and the majority of our external Fund products have a lower risk profile. We tend not to invest in frontier or higher risk emerging markets or in instruments such as derivatives. We are long-term investors with a typical 10 year+ investment horizon which we believe is appropriate for our model of long-term active investment.

More broadly we are passionate about how we communicate what we do using a broad sweep of media. The website www.edentreeim.com is the main destination for news, events and publications, and their arrival on the website is announced via regular email drops to clients, informing them of new research and views that might interest them. We take care to ensure we adhere to high standards of data protection and privacy and adhere fully to the requirements of GDPR (General Data Protection Regulation).

We are also active on social media where news flashes and opinion pieces can be profiled. The Investment Team, RI Team, Sales, Marketing etc. all have active social media accounts and regularly engage clients and the wider public.

As part of our ongoing efforts to meet client needs, our segregated clients are now able to receive tailored-Fund voting reports, and these have been progressively rolled out during 2022/23. Our Benefact Group and DB Pension Fund clients also receive quarterly Responsible Investment Activity Reports that include engagement and policy updates, voting statistics and a governance attestation statement that the assets have been managed in line with Policy. The Benefact Trust will commence receiving equivalent reports from early 2024.

House Responsible Investment Activity Reports and Global Corporate Governance proxy reports are published online within 10 working days of the end of each quarter and are designed for pooled Fund clients as well as for general viewing.

Our sales team regularly seeks to communicate with clients and we enjoy frequent feedback and enquiries on our approach and activities. In 2022 the RI Team recorded 154 individual client contacts by e-mail and face-to-face. We use client focus groups from time to time where appropriate to inform our thinking, especially in areas where Policy is evolving. We evaluate effectiveness through the number of recordable complaints, and clients expressing satisfaction at the quality of engagement they have with us.

Our Policy is to maintain five years of reporting records online at www.edentreeim.com but where available earlier reports may sometimes be provided on request.

Principle 7

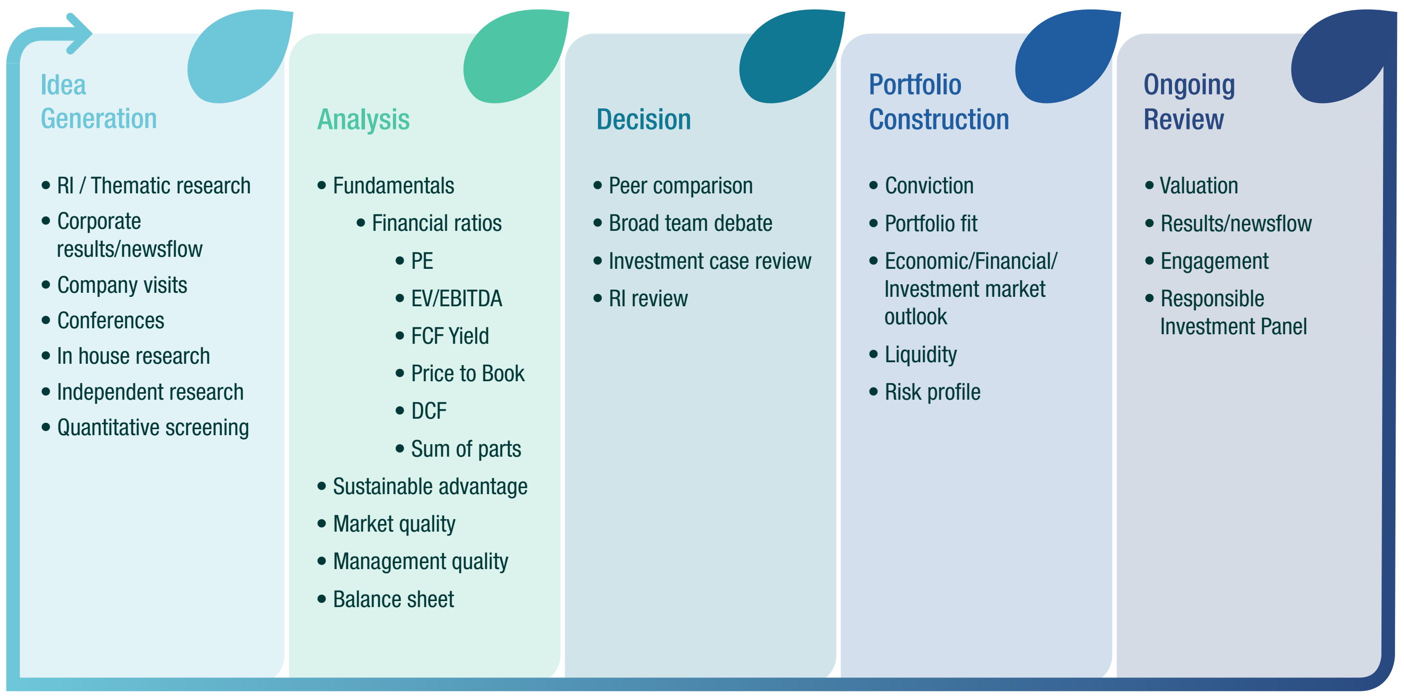
Principle 7

Stewardship, investment and ESG integration

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

For over three decades, EdenTree have integrated environmental, social and governance risk into its investment philosophy and approach. Since launching our first dedicated screened equity fund in 1988, we believe that an approach that integrates responsibility and sustainability could deliver superior risk adjusted returns for clients over the long-term. We manage a range of strategies that reflect client objectives from light screening to our Responsible & Sustainable screened approach to our new range of thematic 'green' Funds including Green Future and Green Infrastructure.

As bottom up, contrarian, active managers the investment and ESG cases are run in parallel; integration does not differ between strategies, mandates, asset classes or geographies as responsible & sustainable investment is all we do:



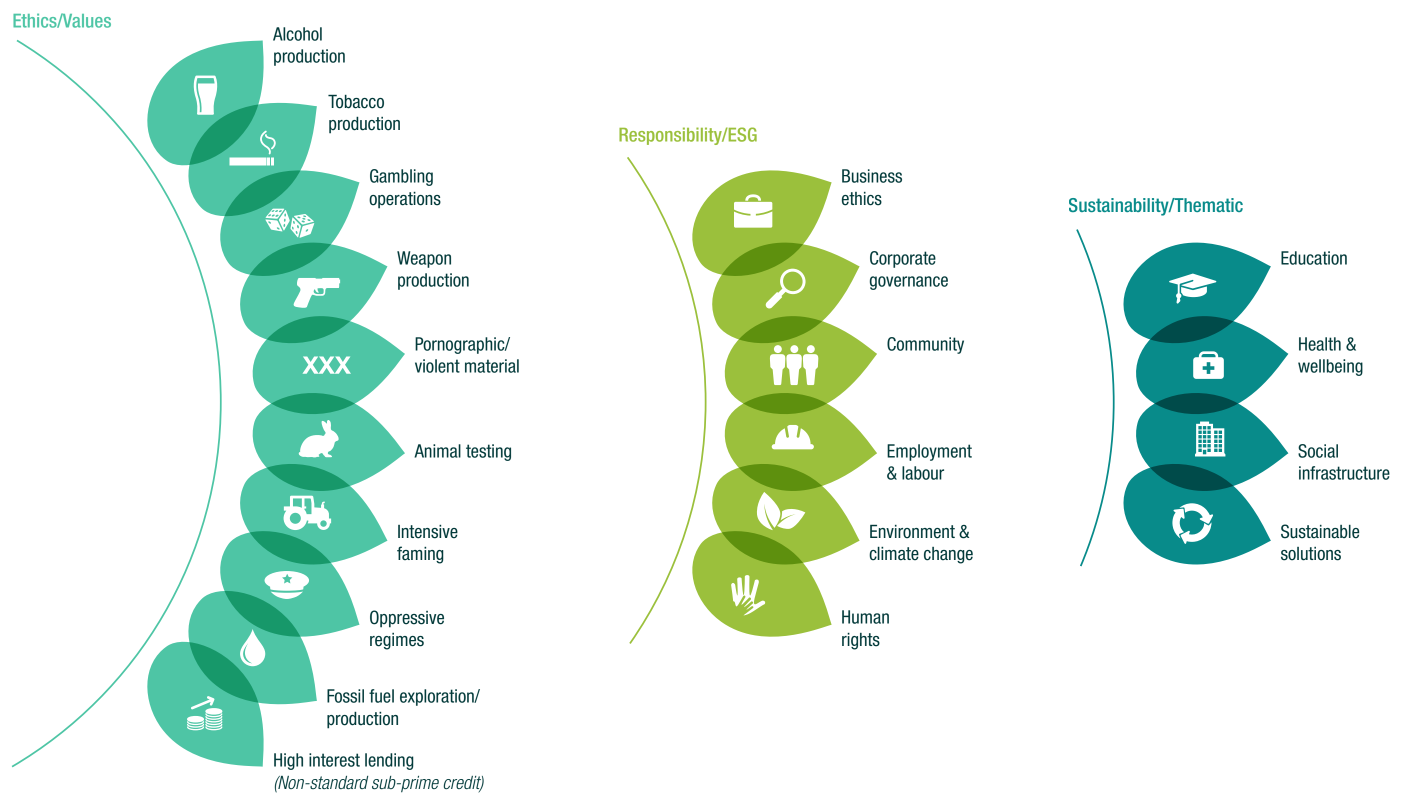
The RI Team has oversight of investment suitability from an ESG point of view across the range of screened and segregated mandates managed by EdenTree. Investment Team Fund Managers are responsible for the timing, weighting and allocation of all investments. Both Teams work symbiotically in an integrated way to enable stocks to enter the investment universe.

Our core Responsible & Sustainable screening process integrates three elements when assessing Stewardship suitability of a security for inclusion: Ethics, ESG and Sustainability. Our ethics screens seek to apply an absence of harm approach, that avoids key areas of the market such as gambling, tobacco and weapons. We next apply an ESG risk screen that assesses the degree of risk and impact tailored specifically to the security in question and includes Business Ethics, Corporate Governance, Environment & Climate Change and Human Rights.

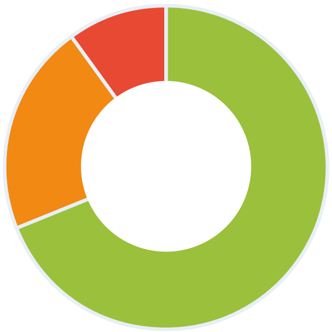
A traffic light system is used to indicate whether the risk/impact is well-managed (green), poorly managed (red) or may have residual issues that should be borne in mind when investing (amber).

A security is deemed to be either 'suitable', 'suitable with caution' or 'fail' based on these screening criteria which are mandatory. The third part of the process, our thematic or sustainability screens, are discretionary but are positive on areas of the market that have strong social utility - education, health & wellbeing, social infrastructure and sustainable solutions.

Where a security passes the ethics and ESG screens and screens well against our themes, we view that as doubly positive in providing an attractive or compelling investment idea.

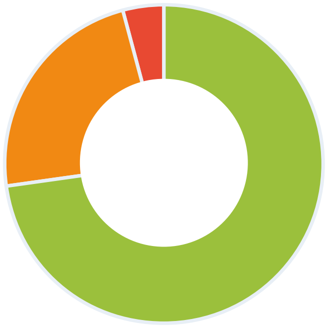


In our 2022 Responsible Investment Activity Report, we publish screening statistics (new ideas and reviews) so that clients can see how their capital equates to new and existing portfolio ideas from an ESG and Stewardship perspective, these are shown below. Outright fails of new and existing ideas remains modest which points to the overall quality of issuers being put into the Funds.



2022 SCREENING OUTCOMES

- Passes **69%**
- Suitable with caution **21%**
- Fails **10%**



2022 REVIEW OUTCOMES

- Passes **73%**
- Suitable with caution **23%**
- Fails **4%**

The exercising of Stewardship via engagement and corporate governance proxy voting is generic across clients and strategies and is based on client feedback, the volume and type of client enquiries and the team strategy, which is set annually (see Principle 9). Climate change and diversity are core strands of our engagement activity, and we publish carbon footprints for our equity and fixed interest funds as well as material on our engagement with companies on their climate change strategy and alignment with the Paris Agreement.

Our ESG service provider (ISS-ESG) provides raw data which is used and analysed by the RI Team as part of the screening process. ISS does not provide recommendations, and we do not use ISS ratings to determine outcomes. Crucially, the ESG service provider has no material decision making impact on our screening process or its outcomes; we fully own the process. We use both ISS and Sustainalytics as part of our controversies monitoring. This is a critical part of our exercising Stewardship and represents a continuous appraisal of ESG risk across our holdings. We use two service providers for corporate governance proxy voting. IVIS, is the UK voting service provided by the Investment Association. IVIS does not make voting recommendations and is used as a research provider.

The RI Team's voting decisions are based on this research as measured against our published Corporate Governance voting policy. Glass Lewis & Co. Inc. is our overseas voting provider, and more detail is provided below in Principle 8.

Our assessment score under the PRI Annual Assessment process is indicative of our strong commitment to integration and our overall Stewardship. Under the new reporting regime, signatories no longer receive an overall score, but are instead rated 0-100 across distinct asset classes, however for our core active listed equity asset class we achieved 85% in the first year of submission. Our PRI Transparency and Assessment reports are published in full online.

Case Study: Ericsson Divestment

In February 2022, Swedish telecoms company Ericsson announced that they had uncovered corruption related misconduct in Iraq. The CEO announced that the company made payments to terror organisations, including potentially ISIS, between 2011 and 2019. The payments purchased transportation routes through areas controlled by terrorist organisations to circumvent legitimate customs routes. We were extremely concerned about these allegations and the potential for terror related financing to have occurred, and in turn, the failure of Ericsson's internal controls and compliance rules. Following this news, we placed an immediate 'stop' on the holding and sought an urgent call with the company to discuss the issue. The call did not reassure us that the company was on top of material risk in conflict areas, or that it had a compliance and internal control regime that was fit for purpose. In particular, the company had no intention of looking beyond 2019 to see if further payments may have been made in subsequent years. As a result, we took the view that the merits of further engagement would be limited in this instance, and we felt that further revelations were likely to arise that would be detrimental to the share price and the company's reputation with more value at risk. We decided that Ericsson was no longer a suitable holding for our Responsible & Sustainable Funds, and Ericsson was divested from all portfolios within 48 hours.

Principle 8

Principle 8

Monitoring managers and service providers

Signatories monitor and hold to account managers and/or service providers.

As a professional and regulated asset manager we require a range of professional services to run our business for clients, these include broking, legal, information technology, custodian and data service providers.

The majority of our core services are supplied by well-known international providers with strong ESG credentials e.g. Bloomberg, Northern Trust, Broadridge, Charles River and a range of well-known global brokers. These services are subject to tender and legal contract and are routinely monitored to ensure they deliver as expected. Relationships are owned by various teams across EdenTree with periodic meetings to discuss problems or errors. A central function within EdenTree manages contracts.

Our sustainability and governance data providers are ISS-ESG, Sustainalytics, Glass Lewis & Co. Inc. and IVIS (Institutional Voting Information Service).

ISS-ESG is our dedicated ESG research provider. We have direct contact with a relationship manager should we encounter any issues; this is operated via a self-service platform. Errors would be recorded and reported through the relationship manager. ISS also provides our dedicated carbon footprint tool, which is also operated as a self-service platform. Queries as to the quality or integrity of data outputs would be recorded and reported through the client relationship manager. Regular discussion, requests for training and general update meetings are held from time to time. ISS also provides us with specialist additional tools such as the EU taxonomy tool to assist with Article 9 under the EU SFDR disclosure regime.

In 2023 we appointed Sustainalytics to provide controversies monitoring support. Both ISS and Sustainalytics are used in this capacity. The adequate monitoring of controversies alerts is a critical function of our process; investment in this area of work reflects our view that this is an ongoing material area of risk that requires proactive management.

IVIS is a UK corporate governance voting research provider and any errors with the data provided are reported directly to the research author. Clarification is often sought on the detail to be voted, again directly with the research author. We have an annual debrief meeting with IVIS at the end of the main UK proxy voting season, to exchange views on the main issues to have emerged during the season, trends in corporate governance best practice and IVIS's stance on particular issues. IVIS does not vote our UK ballots and does not provide voting recommendations.

The RI team use IVIS to inform our views, and ballots are executed directly on the Broadridge Proxy Edge platform. We have not encountered any errors regarding Broadridge; however our Operations Team own the relationship with Broadridge and would engage with them directly should any be encountered. They are also responsible for client account integrity in ensuring any new clients are set up for voting.

Glass Lewis & Co. Inc. executes all overseas ballots under delegated authority. We regularly liaise with the client relationship team on emerging issues, client set-up, ballot integrity and outputs where these arise. We regularly test and assess voting outcomes to ensure they comply with policy and in 2022 confirmed that no ballots were missed, and all were voted in accordance with our published policy. In 2023 one ballot was missed owing to a stock being jointly recognised as being UK and Luxembourg which was not voted by Glass Lewis or the RI Team. This led to a review of all such holdings and confirmation that it represented a highly unusual one-off situation. Voting outcomes are published quarterly in the Governance hub at www.edentreeim.com.

We generally have three-year rolling contracts with our key providers with due diligence carried out towards the end of each three-year semester to assess whether they remain fit for purpose, or whether a full tender should be carried out. We would normally tender at least every 10 years to ensure the contract remains competitive as well as our 'testing the market'.

As we are dedicated Responsible and Sustainable investors nearly all our activities are carried out in-house with no external parties used for engagement activities (save for collaborative engagement). Only Glass Lewis exercises external Stewardship in respect of executing overseas proxy voting.

Principle 9

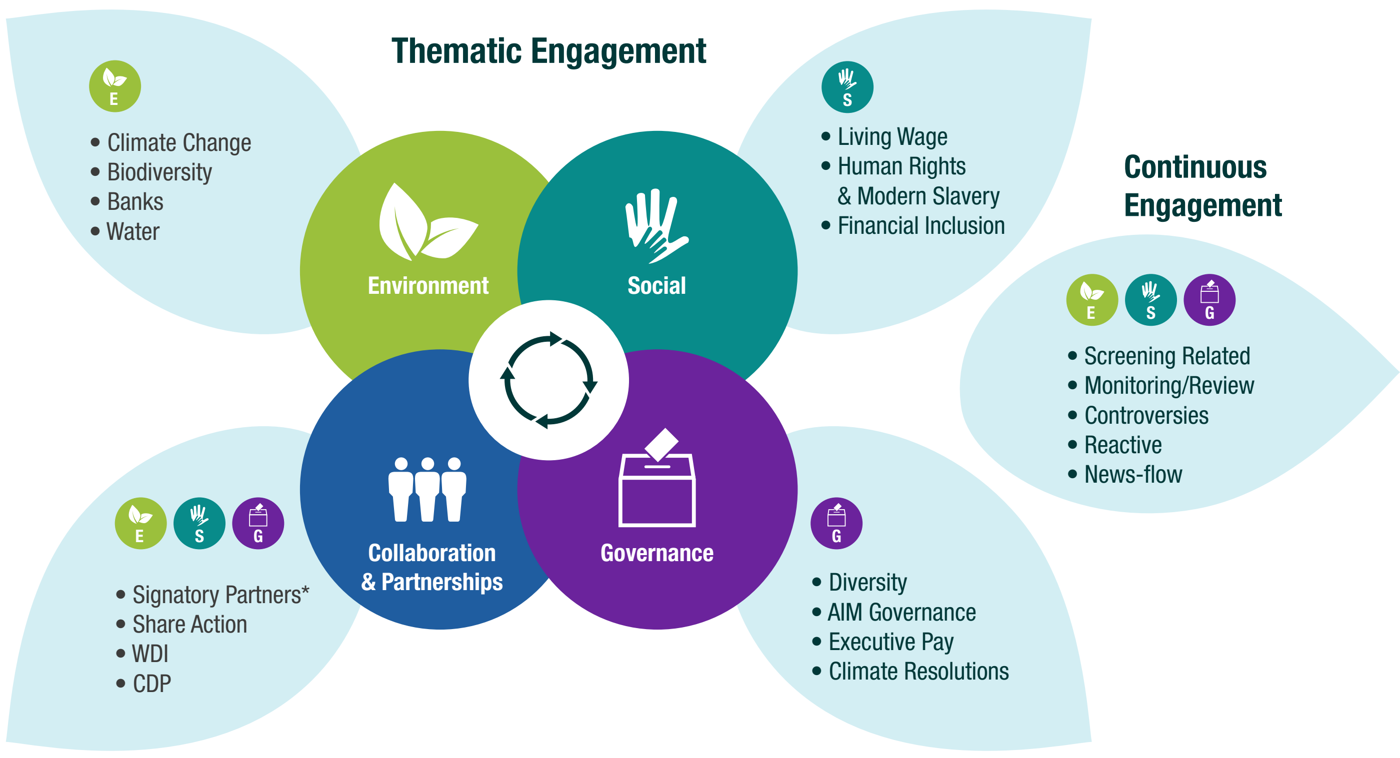
Engagement

Signatories engage with issuers to maintain or enhance the value of assets.

Engagement with investee companies and issuers lies at the heart of our approach to stewardship. Engagement is carried out as an internal function and is never outsourced to third parties. Most engagement is conducted by EdenTree however, we seek to collaborate positively with like-minded investors wherever possible or as part of collaborative industry initiatives. The RI team sets out its annual engagement strategy at the beginning of each calendar year, which comprises our anticipated thematic engagement and priorities. For 2023 the strategy has been defined as set out below, with our priorities being climate change, diversity and various social oriented issues such as Living Wage and Human Rights & Modern Slavery.

Thematic engagement will combine leading E, S and G issues, with climate change and diversity a constant. The E, S & G leads within the team will set out their objectives for short thematic strands e.g. biodiversity, the universe of companies targeted, and the goals for the engagement. Each strand is expected to take at least three months. Responses via calls or correspondence are mapped against the goals and follow up questions asked. Conclusions drawn are written up as published research and detailed in our quarterly reporting.

Objectives for each engagement strand will differ but may encompass fact finding, comparing corporate approaches, raising awareness of an issue and engaging corporate reactions, improving disclosure, improving risk management and improving behaviours. The objectives may commence with an impression of what 'good looks like' or may seek to arrive at a definition of what good looks like. Poor overall responses may lead to further consideration e.g. escalation and collaboration.



* Signatory Partnerships include: Principles for Responsible Investment; Institutional Investors Group on Climate Change; Task Force on Climate-Related Financial Disclosures; Carbon Disclosure Project; Access to Nutrition Index; Access to Medicines Index: Business Benchmark on Farm Animal Welfare; Corporate Human Rights Benchmark; Farm Animal Investment Risk & Return; Workforce Disclosure Initiative; Montréal Pledge; Paris Pledge; World Benchmarking Alliance; Just Transition Alliance.

Engagement, given our House size, is generic and seeks to benefit all clients and strategies equally where they have the same holdings. Equally we do not draw a distinction between asset classes, treating equity and fixed interest the same. We do not usually carry out tailored engagement for a specific client, although we have specialist Just Transition mandates which require a different approach. In essence we believe that Stewardship should serve the interests of all clients equally, although we will undertake engagement where a holding is only held in one or two mandates if we feel the issues to be important or of material concern. The published results will similarly be available to all clients and the wider public. Engagement is conducted initially by e-mail with the expectation that we will, in the majority of cases have a conversation with the company. Our engagement access is high – we achieve above a 90% response rate from our targeted groups.

Our escalation policy for engagement is set out under Principle 11.

There is growing client interest in 'measurable outcomes' regarding engagement activity'. Whilst we understand this, engagement is not necessarily linear with cause-and-effect outcomes. We track all engagements and assess the effectiveness of the engagement when these are concluded. In general a one-off approach will be concluded quickly and assessed in that context. Our thematic engagement strands are designed to last around three months, and will entail initial e-mails, conversations with investee companies, and a written report of the findings and conclusions. Other engagement may be more time consuming and extend over months or even years with less obvious outcomes. In every case, as long-term investors we feel it is desirable to build strong relationships and engagement is undertaken in this spirit.

Tracking and Measuring Engagement Outcomes

Some clients and industry bodies are increasingly interested in how we measure the outcome of engagement. This remains challenging as drawing a straight and definitive line between our engagement and a future event can be problematic (and inaccurate). In only a very few cases can we definitively point to an outcome as having arisen directly from our engagement. We do track all engagement in terms of its objectives and how we view the outcome to have progressed against that objective; this is materially different from stating the outcome was as a direct result of our actions which could be viewed as 'greenwashing'. Consequently this remains 'work in progress' for us as for much of the industry.

We publish case studies, statistics and findings in our quarterly and annual Responsible Investment Activity Reports. In 2022 we undertook 229 distinct engagements; 51% was thematic, 32% screening related, 11% relating to proxy voting and governance and 6% linked to a controversy such as our response to Ericsson (see Principle 7).

Type of Engagement	Number	%
Proxy Voting Related	25	11%
Thematic Engagement	117	51%
Screening Related	73	32%
Reactive & Controversy Related	14	6%
Total	229	100%

Topic of Engagement	Number	%
Environment	57	25%
Social	61	27%
Governance	35	15%
Overlapping	72	31%
Negative screens	4	2%
Total	229	100%

We capture a range of outcomes for each engagement pursued:

- Company provided information sought
- Company committed to change
- Company improved disclosure
- No response – chase
- No response – escalate
- No response – close
- Ongoing
- Completed

Case Study: River Quality in England & Wales

In 2022 the Environment Agency reported that only 14% of England's rivers enjoyed 'good health' that approached their natural ecological condition. Following a number of decades of poor environmental performance by UK water utility companies, we carried out a thematic engagement with eight English and Welsh water utility companies on the topic of river quality and pollution management. Calls were held with Thames Water, Yorkshire Water, United Utilities, Dwr Cymru (Welsh Water), Severn Trent, Pennon (South-West Water), Anglian Water and Southern Water. We published an Insight on our findings and recommendations to industry and have been engaging with Ofwat and the Environment Agency on the topic and their role as regulators. The work is ongoing as we have held follow up meetings in 2023 with the worst performers as well as reaching out to Water UK. Our Insight is available here.

Principle 10

Collaboration

Signatories, where necessary, participate in collaborative engagement to influence issuers

We embrace collaborative engagement with other like-minded investors, non-governmental organisations and investor collaborative initiatives as providing considerable 'value-add' for clients. Collaboration is the 'fourth quadrant' on our published engagement strategy (see Principle 9).

We are members or signatories to several industry collaborative partnerships involving the responsible and sustainable 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)
- Climate Action 100+
- Corporate Human Rights Benchmark (CHRB)
- Farm Animal Investment Risk & Return (FAIRR)
- Financing a Just Transition Alliance
- Institutional Investors Group on Climate Change (IIGCC)
- The 30% Club
- Principles for Responsible Investment (PRI)
- PRI Montréal Pledge and Paris Pledge
- World Benchmarking Alliance
- Workforce Disclosure Initiative (WDI)
- UKSIF

During the period covered by this Code report we joined one new collaborative partnership – Climate Action 100+.

Membership of the Principles for Responsible Investment (PRI) affords specific opportunity to work with like-minded global investors on material issues. We have been members of several PRI work-streams, including cobalt sourcing, and are involved with a new collaborative work stream on face recognition technology. Typically, these collaborations afford an opportunity to take part in company calls as either a leading or supportive investor and to sign investor statements or policies.

We collaborate regularly with investor members of the 30% Club in promoting diversity, with ShareAction on initiatives such as their Living Wage campaign, and through the Workforce Disclosure Initiative (WDI) and with the IIGCC (Institutional Investors Group on Climate Change) on climate change public policy engagement. In most cases, public policy would normally be carried out via an industry lobby group such as IIGCC or UKSIF, exceptions may be when we lobby Parliamentarians direct.

Our partnership with BBFAW adds our voice to their annual letter writing campaign on farm animal welfare sent to the world's largest food manufacturers, processors, and retailers. A further example can be found under Principle 4 looking at our collaborative engagement with Canadian Banks.

Case Studies: Collaborative Engagements

As part of the **Access to Nutrition** Index and the Healthy Markets Coalition we engaged our food retailer holdings on the topic of healthy food sales. Over the year we attended calls with several companies including Tesco, Danone, M&S and Waitrose, encouraging them to report on sales of healthy food and shift promotions away from unhealthy options. As part of our health and wellbeing focus, we also take part in the Access to **Medicine Index** annual engagements to encourage our pharmaceutical holdings to improve access to critical drugs. This year we joined calls with Novartis, Sanofi and GSK, among others, to discuss topics such as the difficulties in antibiotic innovation, supply chain resilience and the need to collaborate with government to increase access. Anti-microbial resistance (AMR) is a topic of growing importance, and we had calls with Zoetis and Dechra Pharmaceuticals on the topic of AMR in animal feed. Both companies spoke about the role of farmer education in tackling the risk of AMR and the impact on their business of the new EU legislation on giving prophylactic antibiotics to animals

Principle 11

Escalation

Signatories, where necessary, escalate stewardship activities to influence issuers.

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

We aspire to build long-term relationships with investee companies and to that end, escalation may happen naturally, or be confined to instances where engagement has in the first instance failed (this may not necessarily be due to uncooperativeness, but because of our communication not being received, acted upon, or, quite often, having simply gone astray).

Escalation would normally occur if a request went unanswered or was inadequately addressed.

Typically, we engage with companies via e-mail.

In the first instance these are directed to:

Environment and Social issues – Investor Relations or Head of Sustainability/CR

Corporate Governance – Company Secretary or Counsel

Financial and Corporate Strategy – Investor Relations

Companies are normally given two to three weeks to respond before a second attempt is made via the same contact. 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 or 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 utilize House brokers to facilitate contact and dialogue. Response rates are high and so ‘forced escalation’ remains rare.

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.

Proxy voting is another possible means of escalation which we use in cases where concerns, such as on diversity, are not met. Further information on how we exercise Stewardship via Proxy Voting can be found under Principle 12.

Our ultimate sanction is divestment; however, we would generally view this as a last resort, and then only if the issue was of a material consequence financially and/or reputationally.

This process is adopted irrespective of the sector in which it operates or the domicile.

Principle 12

Exercising rights and responsibilities

Signatories actively exercise their rights and responsibilities.

As dedicated responsible and sustainable investors we seek fully to exercise our rights and responsibilities in the interests of our clients. The principal means at our disposal is to vote our listed equity (and where appropriate UK Building Society fixed interest) shares at all meetings in all markets. We do not apply any economic cut off in respect of voting, believing that even small holdings have an economic value that in respect of our Stewardship responsibilities we should exercise.

Proxy voting is a delegated function across client mandates. We do not take instruction on how to exercise proxies from any client, nor do we show preference to one client over another in the exercise of specific proxies. Clients, including segregated mandates and strategies have no agency at present to override House policy, although we recognize and support growing interest among some clients in ‘being involved’ in the proxy voting decision making process; we will continue to explore with them how to facilitate this whilst ensuring market efficiency in the execution of ballots.

We publish our UK and Overseas Corporate Governance Policies annually in January. These are available on the Governance hub at www.edentreeim.com. These Policies are the sole guide for our voting decisions.

EdenTree supports the principle of considered voting, believing that shareholders have a vital role to play in encouraging and promoting high standards of corporate governance. EdenTree has adopted a policy of voting to support company management except where proposals are considered in breach of UK or in-country governance best practice or reflect poor shareholder value.

EdenTree actively votes all equity (and where relevant, fixed interest) holdings within its UK and overseas portfolios except at meetings which are ‘share-blocked’, where we opt to withhold rather than waive shareholder rights. Share-blocked meetings represented 2.2% of all meetings and were limited to eight ballots in 2022, all of them Norwegian.

Share-blocking

Share blocking requires investors who intend to vote to surrender the right to trade (sell) their shares for at least two weeks prior to the meeting at which the shares will be voted. This presents a potential fiduciary compromise where it may be necessary to sell the stock and was often blamed for low shareholder turnout. Share blocking also gives disproportionate voting power to those shareholders willing to suspend their trading rights. The European Union outlawed the practice in 2007 to align standard voting practice as it exists in other markets such as the UK and US. The practice is now rare (it was only ever a feature of the European market) and mostly restricted from an EdenTree perspective to one market - Norway. In 2022 eight such meetings were share blocked including Cambi and Yara International. Whilst not exercising our right to vote in Norway is disappointing, we believe active Stewardship requires us to be active managers of client capital at all times. We are exploring potential ways of lobbying the Norwegian regulator and Finance Ministry to consider reforming these requirements.

UK voting decisions (where UK includes Jersey, Guernsey and Isle of Man registered holdings) are informed by the IA (Investment Association) Institutional Voting Information Service (IVIS), by engagement with companies, and by active monitoring of any "comply or explain" statements issued by the investee company. IVIS does not provide voting recommendations and we do not use IVIS to direct or steer decision making. All UK voting is researched by the RI Team and then executed in-house. Voting records are routinely monitored for completeness and accuracy by compliance and internal audit.

We contribute to company consultations on executive remuneration proposals when approached, although given the typical size of holding, we are not often ranked in the top 20 shareholder register.

Overseas voting research and ballot 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 by the RI Team. All shareholder resolutions, investment proposals and corporate actions are designated 'refer to manager' and are reviewed and voted in-house via Glass Lewis. In support of our wider Stewardship aims, our policy is to support shareholder resolutions where these constitute a reasonable and proportionate request and are not narrowly focused by a single interest group.

The 2022 and 2023 proxy voting seasons in the United States saw an increasing number of narrow interest issues being put to investors that carried political bias. Consequently, we have opposed a greater proportion of US shareholder proposals than is typical.

Case Study: Responding to Shareholder Resolutions

The second quarter of the year (Apr-Jun) represents the height of the proxy voting season for EdenTree in all of its main markets. In three months we usually vote 80% of all ballots voted in the year. In Q2 of 2023 we supported 27 climate or shareholder proposals for instance resolutions at Pfizer, Bristol-Myers Squibb, Merck & Co. and Salesforce to elect an independent Chair. Other types of resolution supported include lobbying transparency at Alphabet, Abbvie and Eli Lilly. We supported greater climate transparency at Hartford Financial Services. However, exercising Stewardship can also mean opposing narrow or politically loaded lobbying interests, such as a resolution at Adobe asking for disclosure on employees with arrest records, waiving patent rights at Pfizer, or a report on abortion related policies at American Express. In instances where the request appeared to us redundant, for instance calling for extensive disclosure at Walt Disney on its charitable donations, which are already fully disclosed, or calling for an independent Chair at AT&T where one already is in post, were also opposed.

It is not EdenTree policy to stock-lend.

We provide comprehensive and timely reporting on UK and overseas voting activity, which constitutes the 'House record'. Discrete reports are provided to segregated clients of their portfolio voting activity, where requested or required.

These reports include overall voting statistics, oppose or abstain action and the reason for the action taken, a list of companies where no action was taken (all ballots voted with management), FTSE100 and FTSE250 diversity statistics, and a list of all shareholder and climate proposals supported both in the UK and overseas. The fourth quarter report issued in early January always includes our House voting statistics for the entire calendar year.

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

We take higher than market average levels of action against executive pay in all markets. In the UK in the 2022 proxy voting season we supported no FTSE100 remuneration reports or policies on grounds of simple excess, poor performance hurdles and significant vesting of variable share awards at median. Other areas where we take prudent Stewardship action include long-serving incumbent auditors (especially in the United States), Board directors on independence grounds or where diversity is poor, and where market shareholder capital rules act against the long-term interests of shareholders.

Total Number of UK Remuneration Proposals Voted on	180
Total Percentage of Remuneration Proposals Supported (all votes)	47%
Total Percentage of Remuneration Proposals Opposed/Abstained (all votes)	53%
Percentage of FTSE100 Remuneration Proposals Opposed	100%

Where proposals are viewed as particularly egregious, we will advise the company of our action, request our views be forwarded to the Remuneration Committee or Board, and in some instances seek a meeting. We do not routinely advise all companies of action taken owing to the resource intensive nature of the proxy voting season. We do not collaborate with other investors on proxy voting, except in the case of shareholder proposals where these are facilitated by an NGO. It is not our general policy to co-file shareholder resolutions in the UK or overseas, and we did not co-file any such resolutions in 2022.

All climate and other shareholder resolutions are considered and voted by the RI Team and are not outsourced. In 2022 we voted on 85 such resolutions in international markets and five in the UK, opposing 40%. Of those supported (54), the majority related to shareholder rights (17%) climate change (13%), ESG related (13%) and proposals calling for the appointment of an independent chair (13%).

Given the volume of ballots we do not generally track voting outcomes for either routine votes or for overseas shareholder resolutions. The Stewardship we exercise is to consider each proposal case-by-case and take considered action. In some cases voting outcomes can influence Policy changes, for instance escalating voting action to oppose election of the Chair of the Audit Committee at US companies where auditor tenure remains very excessive (over a century in some instances). In the main shareholder proposals overseas, even the most compelling ones, do not succeed.

In the UK where volumes are much smaller for shareholder and climate proposals, we do track the outcome. It is similarly unusual for these to succeed where they are proposed by activists and NGOs. Company proposed resolutions on climate transition plans pass comfortably. In 2022 we supported 10 companies putting their climate transition plans to a shareholder vote. We abstained five shareholder resolutions in total in 2022 and supported one.

At Standard Chartered, we chose to support an ambitious climate transition plan put by Market Forces whilst abstaining the Bank's own Net Zero Pathway resolution as lacking ambition.

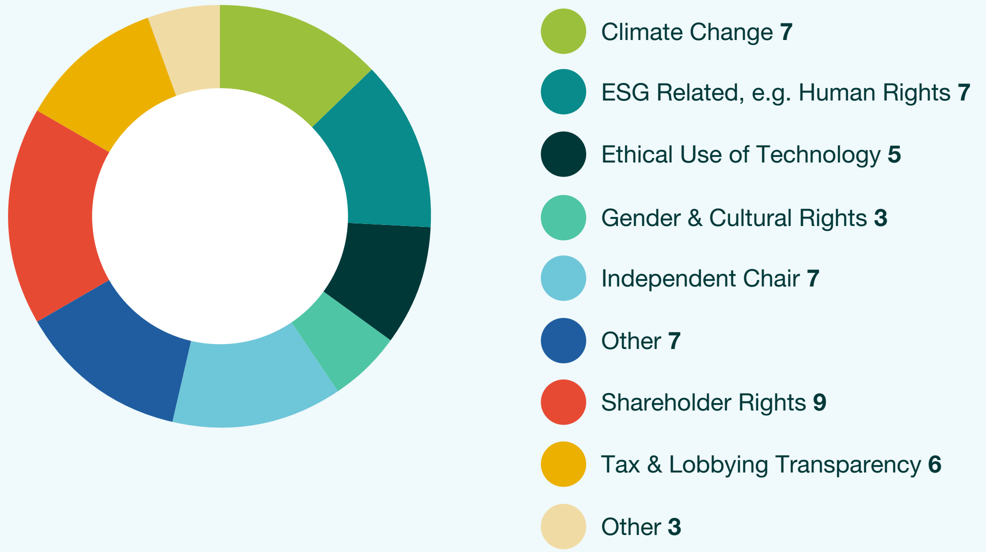
Selected UK and Overseas Ballots Executed and Action Taken in 2022/23

Company	Resolution	Action	Outcome (FOR)	Year
National Grid	Transition Pathway	FOR	98.43%	2022
Pennon Group	Transition Pathway	FOR	90.25%	2023
SSE	Transition Pathway	FOR	97.63%	2023
Rio Tinto	Transition Pathway	FOR		2022
Coventry Building Society	Transition Pathway	FOR	96.9%	2022
Barclays	Transition Pathway	FOR	80.81%	2022
Aviva	Transition Pathway	FOR	97.85%	2022
BP	Transition Pathway	FOR	88.53%	2022
Shell	Transition Pathway	FOR	79.91%	2022
Centrica	Transition Pathway	FOR	79.96%	2022
Standard Chartered	Transition Pathway	ABSTAIN	83.02%	2022

Principle 12

Shareholder Resolutions	Resolution	Action	Outcome (FOR)	Year
J Sainsbury	Living Wage – Share-Action	ABSTAIN	16.69%	2022
HSBC Holdings	Midland Bank Pension-ers	ABSTAIN	3.19%	2023
HSBC Holdings	Shareholders – strategy review	FOR	19.78%	2023
HSBC Holdings	Shareholders - dividend	FOR	19.20%	2023
Standard Chartered	Climate – Market Forces	FOR	11.77%	2022
BP	Climate – Follow This	ABSTAIN	16.75%	2023
Shell	Climate – Follow This	ABSTAIN	20.19%	2023

Shareholder Resolutions Supported 2022



Our Annual Responsible Investment Report also has a comprehensive section on proxy voting.

In 2022 we voted on 5,128 resolutions at 344 meetings in 26 markets, opposing or abstaining in 10% of cases. For purposes of reporting, we detail our UK and Ex-UK action across several types of resolution, and these are shown below in respect of 2022 stewardship outcomes.

We do not stock-lend believing this to be an inappropriate use of client assets as well as an unnecessary distraction from our core Stewardship responsibilities. Stock lending requires a process of 'recall' so that we do not miss our entitlement to vote the stock. Given our Policy is to vote at all meetings in all markets, stock lending adds a layer of risk in terms of potentially missing ballots due to recall failure, in addition to its being, in our view, an inappropriate use of client assets.

Case Study: Shareholder Resolution J Sainsbury

EdenTree has long been an active supporter of the Real Living Wage. As a voluntary initiative – supported by 11,000 employers in the UK – it is materially different to the National Living Wage, set by the UK Government. It encompasses two 'living wage rates' – for Greater London and the rest of the UK – both calculated by the Resolution Foundation and overseen by the Living Wage Commission. Accreditation ensures all employees and contractors receive the enhanced rates. At the J Sainsbury AGM in July 2022, a resolution requisitioned by ShareAction called upon the company to become an accredited Real Living Wage employer by July 2023. Whilst naturally sympathetic to the aims of the resolution, we nevertheless met with the Group Chair to gain the views of the Board. The company held 'constructive and open dialogue' with the proponents, but we felt strongly that Sainsbury was the wrong target. Sainsbury argued with some conviction that they offer a market leading 'package' to all colleagues, which in the context of the cost-of-living crisis included generous discounts on food purchases, including a 15% discount for five days every pay day – in addition to a usual discount of 10% provided outside of this period. Their base rate of pay, which at the time of the AGM was about to rise to £11.05 per hour, makes them among the highest payers in the food retail sector. The Living Wage is set externally, and accreditation removes discretion from the company; Sainsbury, with a £4bn operational pay-roll cost, argued it could not 'contract out' this significant overhead without retaining some control. Overall, they argued that Sainsbury was fully compliant with the spirit of the resolution but could not endorse it. After careful consideration, we took the view that Sainsbury was an unfair target given their extensive work around supporting colleagues; to that end we abstained from supporting the resolution. The resolution received 16.69% support, and so was heavily defeated.

Grand Total UK and Overseas Ballots Executed and Action Taken in 2021

	For	Oppose	Abstain	Total
Resolutions	4,620	450	58	5,128
%	90	9	1	100
Meetings				344
Markets Voted				26
Shareblocking				8

Reason for Action	Oppose	Abstain	Total
Executive Compensation	227	15	48%
Board Balance (Directors)	105	14	23%
Shareholder Capital Issues	17	0	6%
Other	101	29	26%
Total	**450**	**58**	**100%**

The number of markets voted is technically 28, however seven meetings have been counted in the country of trade (Hong Kong and Singapore) rather than market of incorporation (Bermuda and Cayman Islands). The UK counts as four markets.

Meeting Region	No.
UK[1]	177
Europe[2]	77
USA/Canada	63
HK/Singapore	17
Japan	5
Asia – Other[3]	4
Australia/NZ	1
Emerging[4]	-
Total	**344**

1 UK includes Channel Islands & IOM
2 Ex-UK
3 Malaysia, Thailand, Vietnam, South Korea
4 Latin America/India/Africa/Israel/Offshore