



investment
management



Stewardship Report 2024



Welcome to our Stewardship Report for 2024

This document constitutes our disclosure under the UK Stewardship Code covering the 12-month period to 31 December 2023, and should be read in conjunction with our other disclosures, reports, and policies, which are all published on our website at edentreeim.com. The alignment of this document with the UK Stewardship Code and its 12 principles is set out in the contents table below.

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Spotlight: Reporting

We publish quarterly and annual reporting relating to our range of stewardship work on our website. While we have a long history of publishing this information, and it has been evolved over the years to ensure clients have the information they need.

Below are the key reports published over the period covered by this report:

- [Quarterly RI Activity Reports](#)
- [Quarterly Corporate Governance Reports](#)
- [Annual RI Activity Report](#)
- [Climate Stewardship Report](#)

This document has been approved by EdenTree's Executive Committee ('ExCo'), and signed by our Chief Executive Officer ('CEO') who has provided a foreword on the next page.

Foreword Andy Clark, Chief Executive Officer

I am delighted to introduce our 2024 UK Stewardship Code Report, a key component of our comprehensive annual reporting suite for clients.

This is the fourth such report we have published under the Financial Reporting Council's revised Stewardship Code, and with each iteration we have evolved our reporting approach with a view to helping our clients develop a thorough understanding of the important role stewardship plays in our investment process, and the impact it has achieved.

The period covered by this report is characterised by change, with the FCA's Sustainability Disclosure Requirements (SDR) and labelling rules promising to bring much-needed clarity and transparency to the sustainable investment market. Transparency is at the heart of our investment ethos. This is supported by our continued demonstration of alignment with the twelve principles outlined in the UK Stewardship Code, which provide a blueprint for accountability when it comes to exercising effective stewardship.

Stewardship is central to our investment approach. We believe the way we conduct our stewardship and engagement activities empowers us to make sound, responsible investment decisions, and to act as a real force for change in the market. Over the course of the year we have made a number of enhancements to our process to ensure we continue to meet the high bar we have set for ourselves; updating our engagement priorities, enhancing the way in which we categorise and track our engagement activity, and enhancing our approach to exercising voting rights.

When analysing companies for inclusion in our portfolio range, we believe culture speaks volumes, and we are committed to holding ourselves to the same high standards we expect of investee businesses. At EdenTree we are hugely proud of our clear purpose and strong firm-wide values, which underscore our dedication to responsible and sustainable investment, and the positive impact we seek to achieve. At the start of this year, we worked with an external consultant to create a framework not just of this corporate purpose, but also of the behaviours we must all embody day-in-day-out to embody those standards. Our newly articulated Purpose and Values reflect the EdenTree we are now, and the EdenTree we will continue to strive to be.

We are continually mindful of the trust our clients place in us as a responsible, sustainable investor of their capital and we endeavour to reward that trust. We hope this report will help build a comprehensive picture of who we are, and the work that we do on behalf of you, our clients. We welcome any feedback you may have.



Andy Clark
Chief Executive Officer

About EdenTree

In this section, information and activity relating to the following UK Stewardship Code Principles can be found: 1, 2, 3, 4, 5, 7, 9



Our Business

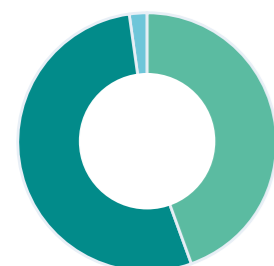
EdenTree are dedicated to responsible and sustainable investing, having launched our first ethical fund in March 1988. We have a 35-year track record in this space; it is all we do.

EdenTree exists to serve its clients who choose us as a responsible, sustainable and impactful investor of their capital. Across our range of responsible, sustainable and impact funds we seek to invest in companies operating as sustainable businesses, as well as those contributing to environmental and social solutions. We believe consistent, long-term returns are more likely to be achieved by investing responsibly in sustainable businesses, and we integrate environmental, social and governance factors throughout our investment process.

We manage a range of strategies and mandates across the wholesale, advisor, and institutional markets, comprising general listed and unlisted equities, fixed income instruments, and direct real estate. While each fund has its own philosophy and approach, each share sustainability as one of the core characteristics, and thus we consider all AUM to fall under sustainable investment. Our headline figures are below, and further information about our business, funds, and more can be found on edentreeim.com.

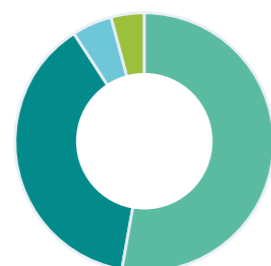
£3.6billion total assets under management (AUM) as at 31 December 2023

Client type



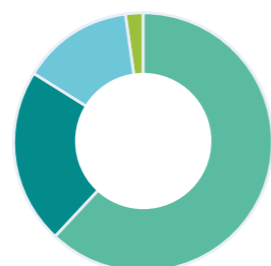
- Institutional 45%
- Retail 54%
- Charity 2%

Asset Class



- Equity 53%
- Bond 38%
- Mixed 5%
- Property 4%

Region



- UK 62%
- Europe 22%
- North America 14%
- Asia Pacific 2%

Source: EdenTree

We are proud have been awarded Sustainable Investment Fund Group of the Year (AUM under £50million) at Investment Week’s 2024 Sustainable Investment Awards. We are also delighted to have been awarded the Moneyfacts “Best Ethical Investment Provider” every year since 2009 – an award voted for by the advisor community and which underscores our commitment to responsible and sustainable investment.

In addition to our activities as investors, we are acutely aware of the need to hold ourselves to the same high standards we expect of investee companies. Our [Corporate Responsibility Report](#), which details how we measure our impact and our approach to charity partnerships, can be read [here](#).



Best Ethical Investment Provider



EdenTree is proudly part of the Benefact Group, an international group of financial services businesses, that gives all distributable profits to charities and good causes via the Group’s ultimate parent, The Benefact Trust. 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. Benefact Group first set a target to donate £50m to our charitable parent by 2015, and having achieved that, achieved a further stretching target of donating £150m by 2022. As a Group, we are now inspired by a target to donate £250m in total by 2025.



Award winning investment management, with over 35 years dedicated to responsible and sustainable investing.



BENEFACT GROUP

An international Group of financial services business, that gives all available profits to charities and good causes. Ultimately owned by the Benefact Trust.



BENEFACT TRUST

One of the UK’s largest grant-making charities.

We strive to be fully transparent in all of our operations and various disclosures are made at edentreeim.com including conflicts of interest policy, culture & values statement, execution policy, privacy policy, remuneration statement and our Fund Value Assessment Report. Under regulatory information, we disclose our statement on research costs (MiFID II), our Pillar 3 disclosure and our Section 172 Statement.

Our Purpose

We transform the way people invest to build a better tomorrow

Our values

Our purpose underscores our dedication to sustainable investment, and the positive impact we seek to achieve through our investment activities and our business.

We are proud of our clear purpose, culture and strong values which focus on our business, our people, our environment, our community, and our clients. Our Purpose & Values Statement can be viewed [here](#).

Our values are paramount to driving our purpose, they are the core components of our culture and are used every day to guide our decisions, actions, and strategy.



Back each other

We actively support our colleagues, trusting their intent and expertise



Bold and brave

We think bigger and innovate how we work



Own it

We each take responsibility for our part in EdenTree's growth

Spotlight: Kin & Co Culture Exercise

- In January 2024, EdenTree commenced a journey to create a blueprint of Purpose, Values and Behaviours. We worked with Kin&Co to undertake this project, with an ultimate objective to establish a clear set of priorities and actions that support our purpose.
- A co-creation based approach was used to ensure that the established purpose, values and behaviours were authentic. In practice, this required open and accessible engagement opportunities to colleagues from across the firm in order to build a collective identity that truly reflects the perspectives and experiences of all EdenTree people.
- Following over 100 touchpoints, we determined two main pillars of EdenTree's purpose: **An unwavering commitment to principled investment at the core of our operations, and a drive to make a positive difference in the world through our investment activities.**



Andy Clark
Chief Executive Officer



As a responsible business, EdenTree views our healthy corporate culture as an employee and client interest. We are proud signatories of the investment industry standard 'ACT: Action, Challenge, Transparency' and, with everything we do, want to ensure we are holding ourselves to higher standards. Working with Kin&Co to capture the voices of everyone in the business to create a new cultural blueprint was critical to the success of this project. Our newly articulated Purpose and Values reflect the EdenTree we are now, and what we will continue to strive to be. We are stewards of capital, investing in businesses that are helping to build a better tomorrow with a charitable owner equally dedicated to transforming and bettering lives. These are so much more than words; they are the very reason EdenTree exists and the impact we seek to make on the world.

At EdenTree, we feel that a responsible business like ours must champion diversity and proactively seek out a diverse range of thought, experience and background. By achieving this, we believe we can provide greater value-add to our clients, and encourage new ways of thinking about the issues we seek to tackle in our stewardship efforts.

Spotlight: Our commitment to Diversity & Inclusion

- Over 2023/24, we undertook a review of our Diversity & Inclusion strategy, engaging with a wide variety of specialists in areas such as gender diversity, ethnic diversity, social equality and neurodiversity. As a result, we published our new Diversity & Inclusion policy and commitment earlier this year.
- Ultimately, we are striving towards an EdenTree that is reflective of the communities we serve and, alongside setting targets, are looking into how we can remove barriers for people at different stages of the process. Our involvement in initiatives and partnerships, such as Investment 20/20, We Can Be, and The Girls' Network, help support this.
- More information on these partnerships, as well as our new targets, colleague interviews, and the oversight in place around diversity & inclusion, are contained in our commitment, which can be read [here](#).

EdenTree in the community

Our [2023 Corporate Responsibility Report](#) details the wide range of work we have done in the year since we revised our approach to corporate responsibility. Key highlights include our volunteering activity and continuing to work closely with the organisations we are partnered with.



Supporting Ronald McDonald House



Our CR committee, comprised of dedicated volunteers across the business



The Big Swim

The organisations we are currently partnered with include:



We Can Be | This Is Me | Power of Inclusion



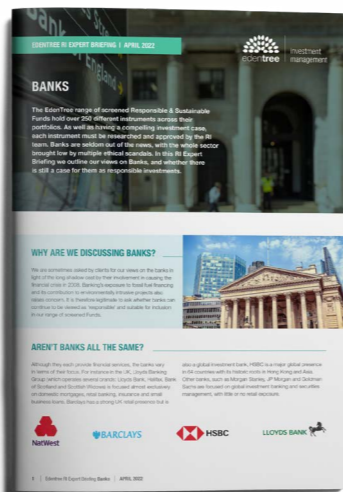
BLIND IN BUSINESS



Ambitious about Autism

EdenTree Insights

Our responsible investment team regularly publish expert opinion pieces, which help to inform our clients and drive idea generation within our investment team.



EdenTree in the industry

We are members or signatories to several industry partnerships involving the responsible and sustainable investment community. We work collaboratively with coalitions of investors to further our stewardship objectives and to promote well functioning of markets. These partnerships, including our level of involvement, are listed in our [Responsible Investment Activity Report](#). Highlights over the period include:





- We were delighted to have achieved the highest possible score of five stars across all modules in the most recent **Signatory of the Principles for Responsible Investment** assessment, having been a signatory since 2013.

- We participated as a Lead Investor in four collaborative engagements over the period, including the **PRI Advance – Human Rights group, Investor Initiative on Hazardous Chemicals, Valuing Water Initiative, and the World Benchmarking Alliance – Digital Inclusion Group**.
- We started publicly pre-declaring our votes on the **PRI Resolution Database** to support our engagement and escalation efforts, joining efforts with other investors to hold companies to higher standards.



Our Investment Approach

Our active sustainable investment process starts with individual ideas, which are debated and scrutinised by Fund Managers and Responsible Investment analysts in accordance with the objective of each fund. While each fund has its own philosophy and approach, EdenTree’s investment team shares four common beliefs:

 <p>We invest for a better tomorrow</p> <p>We are active, long-term investors and focus on businesses making a positive contribution to people and the planet. While cognisant of short-term market and economic cycles, our activities are primarily focused on investing in businesses and organisations offering products and services that are supporting positive, long-term structural change.</p>	 <p>We invest in quality</p> <p>Our combined investment and sustainability analysis typically tilts our investment focus toward quality, whether that be in traditional factors, such as financial and management strength, or the contribution underlying investments are making towards a sustainable tomorrow.</p>	 <p>We invest at sustainable valuations</p> <p>Our approach looks at the long-term value an investment can make for our clients and society more broadly. For us, risk is absolute and is not linked to a benchmark. Our wider investment approach seeks to avoid the material loss of capital, which runs in parallel with our aim to invest in a way that helps to alleviate social and environmental degradation.</p>	 <p>We engage for change</p> <p>We maintain an active programme of engagement and voting to ensure businesses are acting responsibly and supporting a more sustainable economy. Our engagement and voting approach assess material risk factors and targets thematic areas where we can make a difference.</p>
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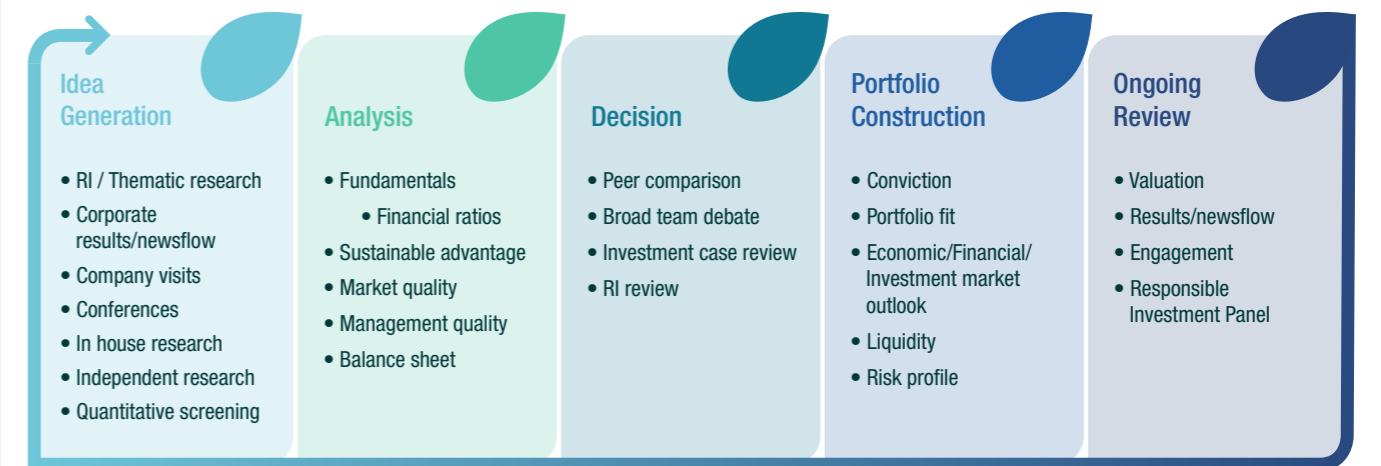
Our investment strategy is underpinned by the understanding that achieving key global social and environmental goals requires significant and targeted investment capital. Our approach is therefore shaped by two integrated elements of the investment process:

- Through our stock **selection**, seeking to have a positive influence the cost of capital for organisations driving a better tomorrow
- Through our **stewardship** work, seeking to effect positive change from investee companies across our portfolios through our engagement and voting activity.

Spotlight: Integrating sustainability into our funds

Since launching our first dedicated screened equity fund in 1988, EdenTree have integrated environmental, social and governance risk into its investment philosophy and approach. As bottom up, contrarian, active managers the investment and ESG cases are run in parallel; integration differs by mandate, however share common, mandates, asset classes or geographies as responsible & sustainable investment is all we do.

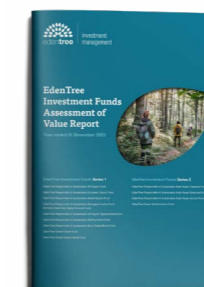
The RI team has oversight of investment suitability from a sustainability point of view, we have continuously enhanced and invested in our processes, ensuring the Investment and RI Teams work symbiotically to enable stocks to enter the investment universe. This depth of integration can be seen at all stages of the investment process, from idea generation, through analysis, decision, portfolio construction, and ultimately forming a central part of our ongoing monitoring and review.



Further information on the key areas of focus when assessing the sustainability characteristics of companies and issuers, and how this differs by mandate, can be found in [here](#).



Our investment approach is supported by a robust risk management framework. 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 2023 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 Executive Committee (ExCo) has day to day operational oversight including breaches and systems risks.

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. EdenTree seeks to mitigate and respond to these challenges in the same way we do traditional risk. Our spotlight on climate below outlines how our approach enables us to identify and respond to market-wide and systemic risks, from investment selection to responsible stewardship of the assets entrusted to us.

Spotlight: Identifying market-wide and systematic risks (Climate Change)

The science of climate change is unequivocal; we are already living in a climate emergency and must rapidly reduce greenhouse gas emissions. To achieve the goal of the Paris Agreement of limiting global warming to 1.5°C, CO₂ emissions must fall by 45% by 2030, reaching net zero by 2050. If we fail to meet this target, the consequences will be severe and far-reaching.

Building on a long-standing commitment to climate action and eight years of carbon foot printing, we launched our Climate Change Strategy in 2023. It is based on four pillars where we believe there is both a need for action and where we can make a difference.



Decarbonise our Funds

- We aim to decarbonise our Funds in line with the goals of the Paris Agreement.
- We have set two climate-targets for each of our Funds, designed to position our Funds onto a 1.5C-aligned pathway.



Accelerate the transition

- We aim to increase the amount of capital being directed towards climate mitigation and adaptation solutions.
- We intend to grow our range of Responsible, Sustainable, and Impact Funds.



Collaborate to drive change

- We plan to promote climate action through collaboration with other investors.
- We will use collaborative initiatives to drive greater change at the corporate level and encourage policy-makers to establish comprehensive and robust frameworks.



Embody our standards

- We are acutely aware of the need to hold ourselves to the same high standards we expect of investee companies.
- We will continue to champion environmental initiatives and promote awareness and action within our local communities.

Under each of our four pillars we have defined ambitions and actions. The ambitions are a combination of quantitative and qualitative targets that define the change we would like to see, and help us to focus our efforts in the areas of greatest importance. The actions set out the levers we will use to achieve our ambitions.

We strive to be transparent with our stakeholders and therefore we disclose progress against our climate ambitions on an annual basis. For more information on our climate strategy, read our [Climate Stewardship Report](#):



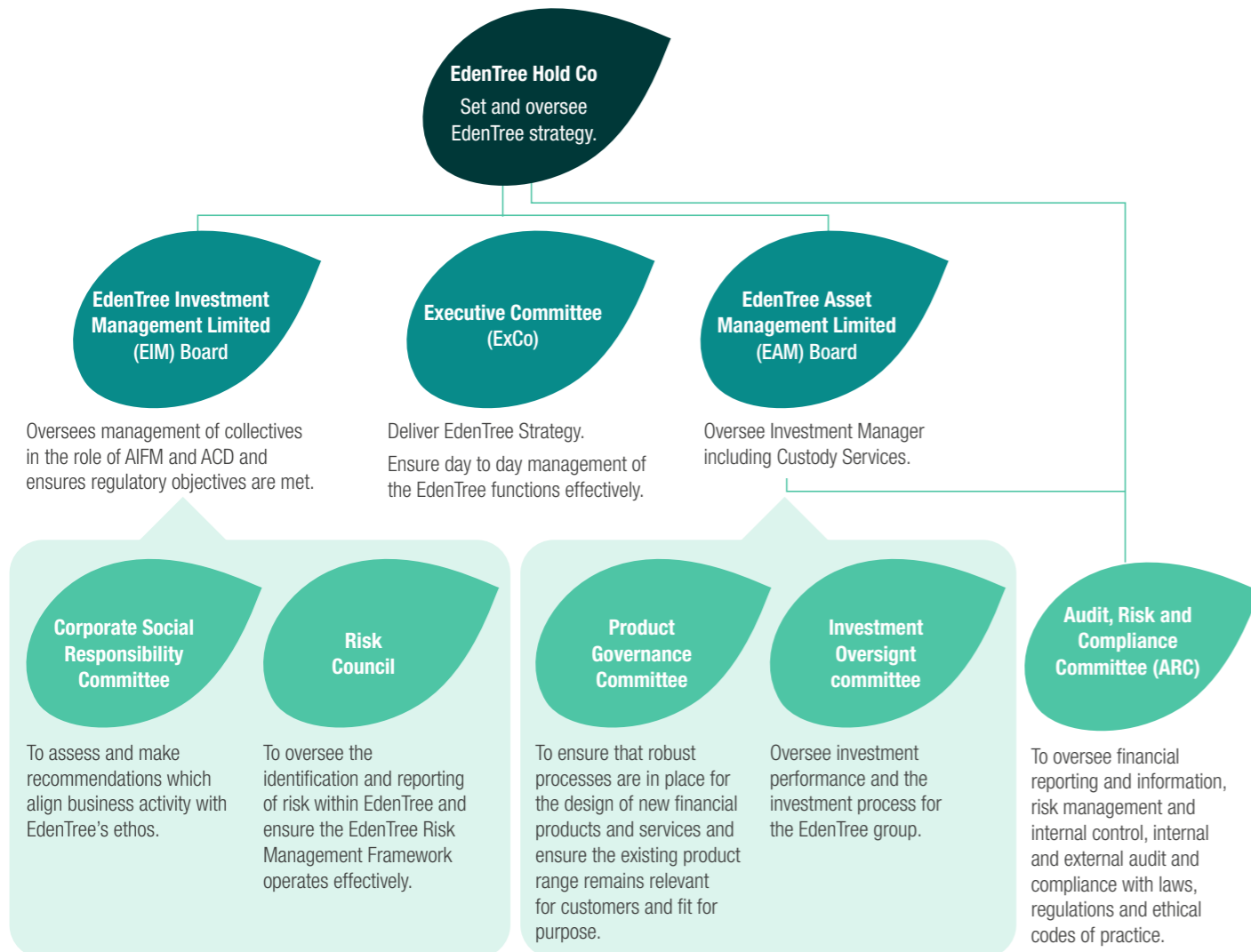
Our Governance

As responsible and sustainable investors, Stewardship is fully integrated into the way we work, think and deliver. Our governance structures are a cornerstone of achieving this.

Because investing responsibly and sustainably is all we do, stewardship is fully integrated into the way we work. All colleagues are motivated via annual strategic objectives to deliver for clients in a responsible and sustainable way. Our remuneration policy is available [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.

As a regulated business, EdenTree operates within a rigorous risk and governance environment, led by the EdenTree Board, and the senior management Executive Committee. The Board has ultimate responsibility for risk oversight of EdenTree Investment Management.



The CEO and Executive Committee have responsibility for Stewardship in terms of governance structures and resources, and given it is integral to the business the Board has ultimate oversight of our Stewardship activity. We view our governance structures to be robust, appropriate and arranged so as to deliver our strategic objectives which in turn support our strong stewardship focus.

Resources

Stewardship activity is predominantly undertaken by the Responsible Investment team, in collaboration with the Fund Managers. Each member of the RI team is responsible for a key area of focus, and this specialism is leveraged in full throughout our stewardship work.

The Responsible Investment Team



Carlota Esguevillas
Head of Responsible Investment

Carlota leads the Responsible Investment Team. As the Head of Responsible Investment at EdenTree, Carlota oversees all stewardship activity, and provides training and updates to the Board on a regular basis.

Prior to joining the firm, Carlota worked for a leading sustainability consultancy advising global companies on their ESG strategies and disclosures. She holds a First-Class Honours BA in Geography from Oxford University, a master's certificate with distinction in Business & Human Rights from Bergen University, and the Investment Management Certificate (IMC). She is also a member of the PA Future Committee and the IIGCC Just Transition Working Group.

Over the period, Carlota also led our involvement in the PRI's Advance Initiative, and our direct engagement stream with our infrastructure holdings on human rights.



Hayley Grafton
Senior Responsible Investment Analyst

Hayley joined EdenTree in 2024, and leads on the firm's approach to corporate governance and proxy voting. She holds the Investment Management Certificate,

the CFA Certificate in ESG Investing, and is a member of the StePs (Stewardship Professionals) Association. Previously, Hayley worked at Mercer, where she focused on the firm's stewardship approach and activity across portfolio funds in her role as a Sustainable Investment Specialist.

Hayley has led the ongoing review of our voting policy and process. This included developing our internal voting process with a focus on how the RI and Investment teams collaborate on voting matters, as well as our approach to engaging with companies on governance-related matters. She also supported our involvement in industry initiatives such as the World Benchmarking Alliance and the PRI Resolution Database.



Amelia Gaston
Senior Responsible Investment Analyst

Amelia joined EdenTree in 2022 and is a Senior RI Analyst. She previously worked as a Responsible Investment Analyst at LGPS Central Limited, a UK pension pool

with approximately £55bn in assets, where she managed its Climate Risk Monitoring Service, and led due diligence for manager selection and monitoring. Amelia holds a First-Class Honours BA in Geography from Durham University, the Investment Management Certificate (IMC) and CFA Certificate in ESG Investing. She is also a member of the PRI's Circular Economy Reference Group.

Over the period, Amelia continued to oversee our Climate Stewardship Plan. In addition to direct engagement, this also included the production of our Climate Stewardship Report for clients. Amelia also led and supported our involvement in several collaborative initiative groups, including the Institutional Investors Group on Climate Change (IIGCC).



Cordelia Dower-Tylee
Responsible Investment Analyst

Cordelia joined EdenTree in 2022 and is an RI Analyst. She holds an MA in History from the University of Edinburgh, and a Certificate in Sustainable Finance from the University of

Cambridge. She has previously worked with the International Water Management Institute and has experience in a green-focused corporate advisory firm. She leads on several of EdenTree's environmental workstreams, with an emphasis on water, and also supports the forms work on governance.

Over the period, Cordelia participated in both lead and supporting roles in several collaborative initiative groups, including the World Benchmarking Alliance, the Valuing Water Initiative, and the Investor Initiative on Hazardous Chemicals. Cordelia also led and supported our direct engagement streams including our engagement with chemical companies, infrastructure holdings, and water utilities.

The Responsible Investment Advisory Panel

Another source of expertise to our stewardship work is the EdenTree Responsible Investment Advisory Panel, who provide independent oversight of our RI process and meet three times a year to provide advice on cases, issues and ethical dilemmas.

We view the Panel as providing external independent oversight of our process and activity. 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 Chair provides an annual statement to the EdenTree Board.

The members of the Advisory Panel are shown below. They bring a range of expertise and experience to support our Stewardship work across topics including climate change, human rights and sustainable investment regulation. Further information on the expertise of our Advisory Panel is available [here](#).



Will Oulton
EdenTree
RI Panel Chair

“ The principle role of EdenTree’s Responsible Investment Advisory Panel is to provide oversight of EdenTree’s sustainable investment approach. The seven strong Panel is composed of senior industry practitioners with a breadth of experience across core stewardship topics including climate change, human rights and emerging sustainable investment regulation. Since joining the Panel as Chair at the start of the year, we have engaged in constructive debates on many topics of great relevance to the business. We have deep dived into EdenTree’s engagement strategy and priorities, reviewed EdenTree’s climate strategy, and we have also provided perspectives on companies that EdenTree funds were proposing to invest in, particularly where the sustainability case for investment was nuanced. Stewardship is central to EdenTree’s sustainable investment approach, and the Panel’s advice and input is an important value adding part of this process. ”



Will Oulton, Chair
Former Head of RI
at First Sentier



Julian Parrott
Client Member,
Ethical Futures



Sue Round
Deputy Chair, EdenTree
Investment Management



Paul Simpson OBE
Co-founder and former
CEO of CDP



Verity Mitchell
Independent Consultant



Annette Fergusson
Former Global Head of
Sustainability Vodafone
Group



Mike Barry
Former Director of
Sustainable Business at
Marks & Spencer

Spotlight: Training supporting stewardship

- 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, and treating customers fairly.
- 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, each member ‘leads’ on a thematic strand and an area of expertise, ultimately

providing a dedicated, specialist source of stewardship knowledge for other teams internally as well as clients and other external stakeholders. Teams are also encouraged to pursue additional training on sustainability issues including by studying for relevant qualifications or certifications.

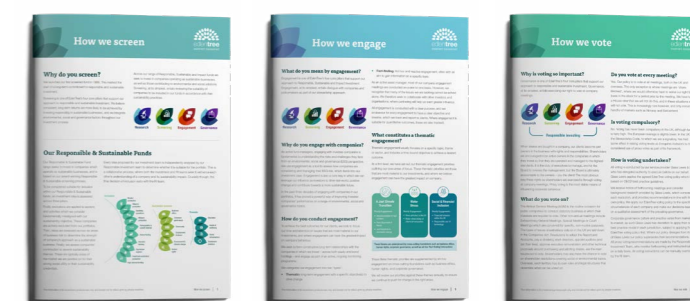
- Members of the RI & Investment Team are also expected to keep their professional knowledge up to date by participating in a broad range of industry events, conferences and webinars. Over the period, events attended include a number of Bank Issuer/ Investor Forums, the RI Europe Conference, the annual ICGN conference, and events held as part of London Climate Action Week.

Review and Assurance

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 their team, as well as the Executive Committee. Ultimate oversight is provided by the Board and specific committees of the Board.

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 Executive committee or the Board, and are available on the EdenTree website.

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 June 2024 as part of an annual review process.



How we screen How we engage How we vote

These primers are designed with lay readers in mind, and aim to be readable, understandable, and balanced to ensure clients and others can appropriately assess our process.

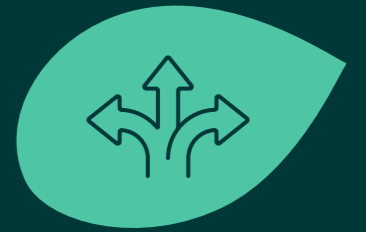
Our Group Internal Audit function also plays a role in reviewing and certifying key internal controls, risk functions and other stewardship processes such as proxy voting.

Spotlight: Conflicts of Interest

- We have a published [policy](#) for managing actual and potential conflicts of interest. 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, including as these may pertain to stewardship work.
- 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.
- 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.
- 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.

Our Stewardship Approach

In this section, information and activity relating to the following UK Stewardship Code Principles can be found: 4, 5, 6, 7, 8, 9, 10, 11, 12



Carlota Esguevillas
Head of Responsible Investment



As responsible and sustainable investors, we recognise our responsibility to all stakeholders, whether that be our colleagues, clients, industry, the wider markets, or future generations to come.

As stewards of our clients' investments we see first-hand how our stewardship efforts with companies, issuers, regulators, and other investors can be a catalyst for positive societal and environmental change.

With stewardship positioned as a central component of our investment approach, we use the entire strength of our voice in our efforts by leveraging the combined holdings and expertise of our Investment Teams across asset classes, in collaboration with the Responsible Investment team. ”



Engaging for Change

Key highlights:



We enhanced the way in which we categorise and track our engagement activity, with a focus on clear objectives, timelines, and outcomes



We identified three thematic priorities: A Just Climate Transition, Water Stress, and Social & Financial Inclusion.



We strengthened collaboration between the investment and RI team by rolling out a proprietary research database, through which teams can better share stewardship information.

Our approach to engagement

As active managers, engaging with investee companies is fundamental to understanding the risks and challenges they face from an environmental, social and governance (ESG) perspective. We use engagement as a tool to assess how companies are considering and managing their ESG risk, which feeds into our investment case. Engagement is also a core way in which we can leverage our influence as investors to drive real-world, positive change and contribute towards a more sustainable future.

In the past three decades of engaging with companies in our portfolios, it has proved a powerful way of improving investee companies' performance on a range of topics.

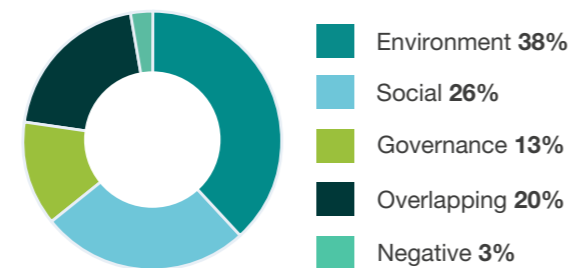
To achieve the best outcomes for our clients, we look to focus our time and attention on issues that are most material to our investments, and where engagement can have the greatest impact on company behaviour. We seek to form constructive long-term relationships with the companies in which we invest – across both equity and bond holdings – and engage as part of an active, ongoing monitoring programme. This dialogue is conducted in close collaboration with fund managers.

Type of engagement over 2023

Thematic	116	61%
Fact-finding	73	39%
Screening Related		24%
Reactive		3%
Voting Related		11%

Source: EdenTree

2023 Engagement Topic Summary



Source: EdenTree



Our 'How We Engage' document provides further information on our engagement approach and priorities. Summarised below are key highlights of our 2023 engagement activity, with further information available in our [2023 Responsible Investment Activity Report](#).

Most of our company engagement meetings are conducted on a one-to-one basis. However, we recognise that many of the issues we are tackling cannot be solved alone. We therefore seek to collaborate with other investors, non-governmental organisations, and investor collaborative initiatives and organisations, where partnering will help us exert greater influence.

We categorise our engagement into two 'types':

- **Thematic:** Thematic priorities are those which we deem to be material to the long-term value of our investments, and where we view our engagement as being able to drive real-world, positive change. Effective engagement is time intensive, and focusing on these issues will allow us to concentrate our resources more effectively. Our priority areas are covered in further detail below, and are underpinned by cross-cutting foundations such as business ethics, human rights, and corporate governance.
- **Fact-finding engagements:** We use fact-finding engagements to seek further information from current and potential holding companies and issuers. This type of engagement often supplements our thematic work, and is most commonly used for three purposes: emerging controversies, voting-related issues, and screening clarifications.

Thematic priorities



A Just Climate Transition

Priority Engagements:

- Decarbonisation of high emitters
- Paris Alignment of Banks
- Just transition in renewable energy



Water Stress

Priority Engagements:

- River pollution in the UK
- Water stewardship of chemical companies



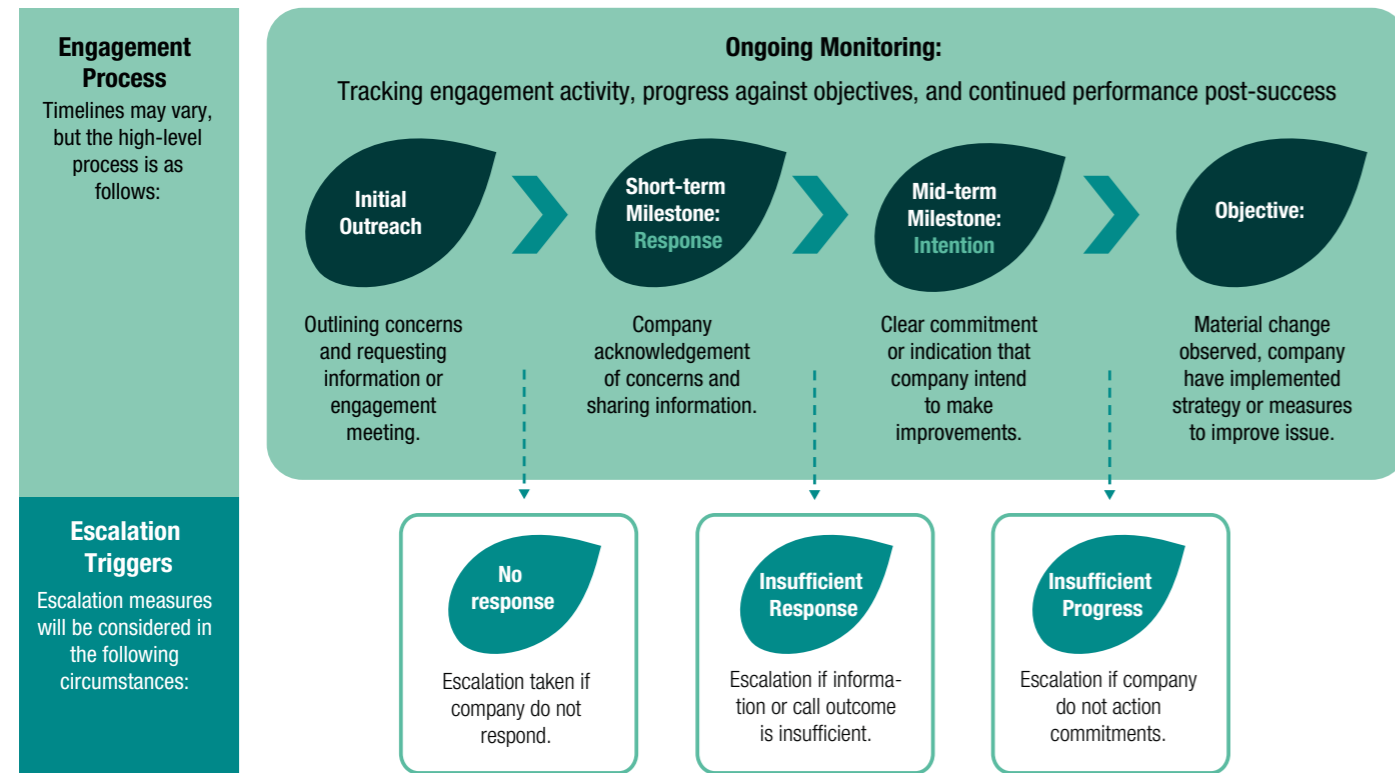
Social & Financial Inclusion

Priority Engagements:

- Financial Inclusion within the UK
- Responsible use of technology

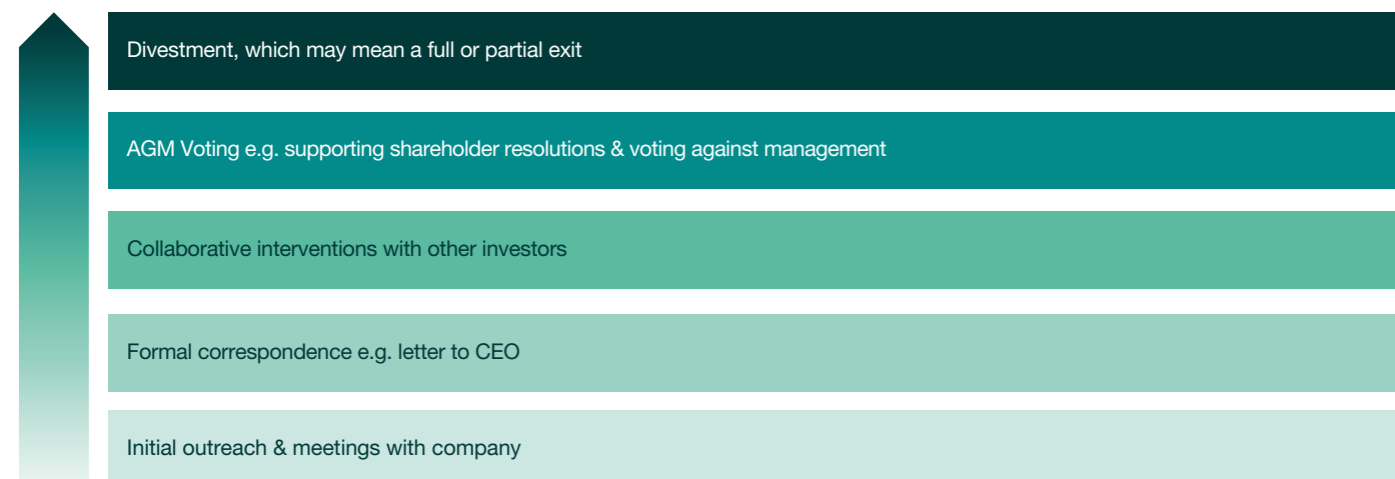
Engagement Journey

We engage with company management in an open and constructive manner in order to understand the issues and to raise concerns. We recognise that the topics on which we engage are complex and many progress over a long-time horizon. With this in mind, we retain flexibility in the engagement methods we chose and response to progress, or lack thereof. At a high-level, our engagement journey would generally take the form below.



Escalation

There is no one-size-fits all escalation pathway that is suitable for all issuers, sectors, or asset classes. However, where we have engaged repeatedly and seen no meaningful progress, or where we have received an inadequate response, we may employ a combination of the steps outlined below to escalate our concerns.



Case Study: Escalating engagement efforts

Issuer: Royal Bank of Canada (RBC) | Topic: Fossil Fuel Financing | Method: Direct



Issue

In 2023, we conducted a review of our holdings in the Canadian Banking sector. These are companies that we have been engaging with for several years, with a particular focus on encouraging the withdrawal of financing from projects misaligned with the goals of the Paris Agreement. While our conversations have always been constructive, we observed that accompanying action was failing to materialise. This was particularly pertinent in the case of RBC. As the largest of the five Canadian Banks, the company has considerable financing power, and yet, has failed to noticeably shift its levels of fossil fuel financing, despite coming under increasing investor pressure. Between 2016 and 2022, RBC provided \$252bn in fossil fuel financing, and \$31.7bn in tar sands financing. In 2022 alone, RBC was the largest financier of fossil fuels globally. RBC also lags considerably behind European peers when it comes to fossil fuel financing policies.

Action

We engaged with RBC to discuss our the most concerning findings from our review, including the Bank's lack of: credible fossil fuel lending restrictions, a clear timeline on when it will phase out its existing fossil fuel clients, and a policy to exclude unconventional sectors, such as fracking, tar sands, or ultradeep-water financing, or to exclude oil and gas companies with expansion plans. We were not able to gain comfort through our engagement that these areas would improve sufficiently in the future.

Status

Given the Bank appeared unwilling to escalate its transition plan, and with the climate crisis becoming ever more urgent, we did not view this to be in keeping with the standards required by our funds. We therefore recommended RBC for divestment. Working in collaboration with our Fixed Income Team, we placed a hold on RBC. Proceeds from maturing bonds were redirected towards alternative opportunities, while longer-dated bonds were actively reduced across the Funds in which they were held. RBC has now been fully exited.

Thematic Priorities: A Just Climate Transition

When discussing climate change, we aim to capture the social and nature impacts of the transition within our conversations. Notable focuses over the period have been: progressing our Climate Stewardship Plan and working with our ‘transitioning in’ assets – i.e., our renewable energy infrastructure holdings – on how they can maintain a high standard of human rights whilst continuing to provide the low-carbon energy we need for a successful transition.

In recognising we cannot drive the transition alone, we also continued to be active participants in a range of industry initiatives over the period, including Climate Action 100+, the CDP, ShareAction, and the IIGCC. These forums have enabled a comprehensive engagement approach, by strengthening our voice in company engagements and providing an avenue for policy-related engagements.

Climate Change:

In 2023, we engaged on climate change 89 times, representing 47% of all our engagement activity. This focused on four key elements of climate change:

Heaviest Emitters via our Climate Stewardship Plan.

We aim to focus our work where it is most material. Whilst climate change will affect all companies, those with carbon-intensive business models face elevated levels of risk. Further, due to their existing high emissions, successful decarbonisation of such companies would generate the biggest real-world impact. We have developed a proprietary Climate Stewardship Plan, which is our primary tool for engaging with these businesses. On a company-by-company basis, the Plan tracks performance against a series of expectations, allowing us to identify areas for improvement, which are used to inform our engagement activity. It includes our highest emitters across both equity and fixed income holdings.

Banks’ Fossil Fuel Financing. As a house which does not invest in fossil fuels, our main, indirect exposure to coal, oil and gas, comes from our investment in Banks. Our engagement work is focused on encouraging the withdrawal of financing from projects that are misaligned

with the Goals of the Paris Agreement. We believe that if Banks can achieve this, they can become important enablers of the low carbon transition due to their lending to the renewable and green energy sector. We engage both directly and collaborative through our involvement in the IIGCC Bank’s Working Group, across both equity and fixed income holdings.

Policy Engagement. We believe that engagement with regulators and policymakers is important as no one organisation can drive the low carbon transition alone. The level of change required to meet the goals of the Paris Agreement requires action from all parts of society. Our policy engagement aims to encourage greater action at this level.

Climate Disclosure. We recognise that it’s not just the heavy-emitting companies that have an impact on global environmental goals. We believe that all our holdings need to take this issue seriously and implement a robust plan to manage climate risk. As such, in 2023, we ran an engagement with our small- to medium-cap companies, encouraging improved climate disclosure.

Human Rights:

In recognition that there is no transition without a just transition, across 2023 we engaged with our renewable energy investment trust holdings on the topic of human and labour rights. Our objective for this engagement was for each company to publish a standalone human rights policy outlining their approach, and where relevant commit to implementing the principles of Free, Prior and Informed Consent (FPIC).

We were pleased that all except one signalled their commitment to this ask and several asked for further input on their human rights disclosures, commenting that these conversations had helped them build the business case for action. Our findings from this engagement are available [here](#), and we have continued our dialogue on this topic through 2024.

Case Study: Thematic Engagement

Company: Renewi | Topic: Encouraging Ambitious Climate Targets | Method: Direct



Issue

In Renewi is a European waste management company, and is a material contributor to the financed emissions of several of our Funds. Due to its carbon-intensive business model, the company faces significant transition risks, particularly if it fails to decarbonise at a rate consistent with the broader economy. The company is captured within our Climate Stewardship Plan, and our assessment identified an excellent enabling contribution to the low carbon transition, however other aspects of its decarbonisation plan are less well-developed.

Action

We identified three objectives for the engagement, for Renewi to: 1) set approved science-based targets, 2) disclose its scope 3 emissions, and 3) independently verify its scope 1, 2 & 3 emissions. We engaged directly with the company and used the conversation to discuss the company’s transition plan in detail.

Status

The engagement was very constructive. Renewi confirmed that it intends to submit near-term targets to the SBTi for approval by mid-2024. The company also met one of our key objectives by disclosing its scope 3 emissions for the first time in 2023. However, it has yet to put in place any verification process for these emissions and has only achieved ‘limited’ disclosure for its scope 1&2 emissions. The company agreed to look into raising the level of assurance in future years. Overall, there are clear signs of progress and we intend to re-engage in 2024 to follow up on several areas, namely the SBTi approval process and its emissions verification.

Case Study: Thematic Engagement

Company: Greencoat Renewables | Topic: Indigenous Land Rights | Method: Direct



Issue

Despite their explicitly positive contribution to decarbonisation, renewable energy assets are significantly more land-intensive than traditional fossil fuels. Indeed, it is estimated that wind and onshore solar projects require about ten times more land than fossil fuel projects to deliver the same power, placing significant pressure on local communities and indigenous populations globally. As one of our holdings with renewable assets located in or around indigenous communities, we engaged with Greencoat Renewables on this topic.

Action

In 2023, we held several conversations with the company focused on their approach to protecting indigenous communities’ rights. The management team weren’t aware of the FPIC principles prior to our engagement, but they were able to evidence previous work undertaken to deepen

their understanding and recognition of indigenous rights. This included prioritising early engagement with indigenous communities when considering assets in their communities. Importantly, they expressed the view that financial arrangements alone were inadequate – a view that we support – and favoured a holistic, in-depth and long-term engagement approach.

Status

Following our engagement, Greencoat Renewables updated its Modern Slavery and Human Trafficking Statement to include a section on ‘indigenous peoples’, outlining its policy to ensure that land rights are respected and a commitment to FPIC. This demonstrated progress against a number of our engagement asks, and we will continue to use our influence to push for best practice.

Thematic Priorities: Water Stress

Nature is a topic of immense complexity. To address this, we have taken a comprehensive approach by focusing our direct stewardship work on water, while participating in both policy-related and collaborative engagements to capture other important issues within nature. This has allowed us to focus engagements and drive more meaningful change, whilst utilising the voice and expertise of industry initiatives to tackle systemic and interconnected risks.

Over the period, we continued our engagement on river pollution with our water utility holdings and, in light of the PR24 Ofwat price review, we participated in policy-related work to ensure that the regulatory framework is fit for purpose and supportive of positive environmental outcomes. We have also been active participants in the Investor Initiative on Hazardous Chemicals, the Valuing Water Finance Initiative and the Investor Action on Antimicrobial Resistance (AMR). Furthermore, following the launch of Nature Action 100+, we signed letters for the 15 companies we hold, which introduced the initiative and set out investor expectations.

Water

River pollution in the UK: The health of the rivers in the UK has been in crisis for several decades. A regulatory regime predicated on keeping costs low has led to poorly overseen incident management, impunity for continued offences and underinvestment by the water industry. Yet, rivers are critically important to a healthy, balanced ecology, carrying water and nutrients, and draining a majority of the land surface. As equity and fixed income investors in several water utilities, we have been engaging on the topic of river quality and pollution since 2022, pushing for best practice and improved performance. With the next five-year regulatory period commencing in 2025, we believe now is the time to recalibrate the investment needed to improve the health of our rivers.

Water Stewardship of chemical companies: Looking at water stress through issues of quality and quantity is something we are addressing in our chemical company water engagement. It is a long-term thematic engagement focusing on chemical companies' water use in production, management of wastewater, chemical afterlife and phase out of hazardous chemicals which contaminate water ways harming the environment and human health.

Nature

Biodiversity: Recognising that the global food system is the primary driver of global biodiversity loss, in 2023 we continued our engagement with investee food and agricultural companies, on their management of biodiversity risk. Our engagement found that companies are struggling to fully assess their impact on the natural world, although encouragingly, most companies expressed a desire to start their biodiversity journey by taking small steps instead of using the complexity of the issue as an excuse for inaction.



Plastics: Single-use plastics are resulting in severe environmental, social, economic and health consequences. Half of all plastic produced is used just once and then thrown away, leading to approximately 400 million tonnes of plastic waste every year¹. Systemic change is needed to stop this flow of plastic waste from polluting our environment. In 2023, as well as engaging with companies which use a high amount of single-use plastic, we called on EU policymakers to create a legally binding Global Plastics Treaty. We believe the issue of plastic is rooted in regulatory reform and to drive change we have continued this policy work in 2024.

¹ https://www.unep.org/interactives/beat-plastic-pollution/?gad_source=1&gclid=EAlalQobChMI6u3eg66qhAMVF5JQBh3MfAQLEAAYAAEgK1f_D_BwE

Case Study: Thematic Engagement

Authority: Ofwat | Topic: Fitness of the regulatory regime | Method: Direct



Issue

The UK water industry is viewed as slow to innovate, held back by ageing infrastructure and struggling to invest efficiently. During our engagement with water companies, we heard several times that the regulatory regime has been too heavily focused on keeping customer bills low at the expense of enabling greater investment. In addition, we heard that the regulators have been slow to move on key issues such as climate change, biodiversity, and nature-based solutions. With this in mind, and recognising the need for a supportive regulatory regime to drive environmental improvements, we engaged with Ofwat – the water services regulator.

Action

In our conversation, Ofwat highlighted the significant challenge facing the sector – delivering affordable bills while investing significantly in infrastructure improvements to curb environmental damage. However, the regulator emphasised

that improvements in company performance are both necessary and possible, and it felt that calling out poor behaviour has moved the dial and incentivised greater action.

Status

Our engagement with the sector and the regulator has restored our confidence in the ability of companies to improve their environmental performance. However, we question whether the current regulatory model is enabling water utilities to meet the multi-faceted challenges they face. Specifically, the model that financially rewards leaders and punishes laggards, while keeping prices artificially low, is seen to limit the ability of companies to invest in the infrastructure improvements required to turn around performance. We have continued to engage with the regulator on these core issues in 2024.

Case Study: Thematic Engagement

Companies: Consumer & food retail sectors | Topic: Robust policy on single-use plastics | Methods: Direct and collaborative



Issue

Many companies in the consumer and food retail sectors are taking limited action to mitigate the risks posed by plastics. We believe that companies' failure to respond to tightened legislation on this topic will expose them to financial risks. In addition, improved policy is required to compel companies to shift their business models away from intensive plastic consumption.

Action

Our engagement efforts utilised both direct and collaborative mechanisms. We cosigned two investor statements, one of which called for companies to: support ambitious policy, commit to reducing single-use packaging, and eliminate the use of hazardous substances in products and packaging. The other called for the European Parliament and Council to take a visionary, forward-looking position on the proposed Packaging and Paper Waste Regulation Reform (PPWR) that supports

the reduction of waste at source, including waste prevention and reuse targets. We also signed a letter to members of the High Ambition Coalition (HAC) governments calling for a robust, effective, legally binding Global Plastic Treaty (GPT) in anticipation of the third round of discussions in mid-November last year. To extend this message, we were also a signatory on the Carbon Disclosure Project's investor letter calling for the mandatory disclosure of data surrounding plastic use by corporates.

Status

The letter sent to companies resulted in a series of engagement meetings and certainly succeeded in elevating this issue. Companies that we engaged with included Unilever and Danone. We await the outcome of the Global Plastic Treaty, as negotiations are ongoing, and our engagement on this matter will persist in 2024.

Thematic Priorities: Social & Financial Inclusion

As responsible and sustainable investors, we have a responsibility to ensure that the companies within our portfolios respect human rights based on internationally recognised standards. Not only have we publicly committed to respecting internationally recognised human rights standards, but we seek similar action from the companies held within our portfolios.

Inequality in income and wealth has been increasing for the past 40 years, but the Covid-19 pandemic and the cost-of-living crisis have thrown into sharp focus these levels of inequality in the UK. Inequality is a systemic risk: it undermines social cohesion, erodes trust in institutions and fuels unrest. When we reduce inequality, everyone – including the companies we invest in – are better off.

Over the period, we focused on three key areas relating to this theme:

Ethical and Responsible Artificial Intelligence (AI):

The scope of AI's impact on the global economy could potentially be more transformative than any prior technological evolution. But while it could bring positive developments, evidence has also shown that it could increase the risk of social harms. If digital technology companies fail to adopt, implement and disclose robust governance policies and controls, backed by strong ethical principles, they may face reputational as well as revenue losses, and society as a whole faces tremendous risk.

Given the elevated risks we felt it was important to engage on the topic, in particular with the companies developing AI technology. As part of the World Benchmarking Alliance's collaborative initiative on Digital Inclusion, we are pushing for best practice in the implementation of ethical standards, ensuring digital technology companies disclose policies on ethical design and use of AI, and put in place robust governance controls.

Modern Slavery: Modern slavery is thought to affect more than 50 million people worldwide and, by its very nature, can be difficult to uncover. It includes the exploitation or enslavement of individuals in a variety of coercive or deceptive practices such as bonded and forced labour. From a business perspective, modern slavery is a particular concern in sectors characterised by low-skilled, temporary, and subcontracted labour.

Modern slavery has been a continuous focus of our engagement work for several years. We are active participants in several industry collaborations on the topic. This includes Votes Against Slavery (VAS) which focuses on adherence with the reporting requirements of the Modern Slavery Act 2015, and 'Find it, Fix it, Prevent it' which encourages companies to discover modern slavery in their supply chains and provide the appropriate care and remedy.

Income inequality: In the face of the cost-of-living crisis, we feel engaging on executive pay is particularly pertinent and closely linked to financial inclusion. In recent years executive pay has steadily increased in the UK, influenced by the American market's pay packages. We are cognisant that pay should be sufficient to recruit, retain and motivate, but at the same time should be decided with explicit consideration of what is available to the wider workforce and remain within specific parameters.

We intend to build out our engagement work on financial inclusion going forward, however the findings from our executive pay engagement efforts will form the foundations of our approach, particularly in our assessment of how companies are considering the issue of income inequality. Further information on our executive pay engagements can be read in the 'Fact Finding: Engaging on Governance' section opposite.

Case Study: Thematic Engagement

Company: Salesforce | Topic: Ethical AI | Method: Collaborative



Issue

In 2023, we co-led an engagement with Aviva Investors as part of the World Benchmark Alliance's Coalition for Ethical AI with US cloud-based software company Salesforce. Salesforce is a leader in the ethical use of artificial intelligence however, its disclosures on the topic were spread across several blogs and website locations, making it difficult to understand its policy position. In addition, while it had ethical AI guidelines in place, we were not clear on the extent to which these were applied to partners and customers.

Action

We held several conversations with Salesforce over the year, with a specific focus on improving its disclosures and establishing clear red lines around the use and sale of its

technology. During the engagement, we gained significant reassurance around the implementation of its AI policy and the guardrails it had in place. We did however believe its external disclosures could be strengthened and encouraged Salesforce to improve disclosure by creating one simplified area to display this information.

Status

Following our engagement, we were pleased that Salesforce met a number of our asks. It has updated its externally facing Ethical and Humane Use website to better reflect its commitment to ethical AI, and has published a new externally facing AI Acceptable Use Policy document that governs how customers should use its AI technologies.

Case Study: Thematic Engagement

Company: Bellway | Topic: Modern Slavery Risks in the Construction Sector | Method: Direct



Issue

Modern slavery exists in many forms in the UK. One sector particularly at risk from modern slavery is the construction and house-building sector. Long, complex supply chains, widespread use of sub-contracted labour, and a reliance on temporary projects lead to elevated risk levels. With this in mind, we led an engagement with Bellway as part of the Find It, Fix It, Prevent It collaborative engagement.

Action

We met with Bellway in 2023 to discuss its approach to modern slavery including governance of the issue, reporting on instances and training provided for employees on the topic. Specifically, in line with the objectives of the Find It, Fix It, Prevent It coalition we encouraged Bellway to proactively

search its supply chain for modern slavery, on the assumption that it exists. We also sought to better understand its approach to remedy for those affected, and the steps it is taking to ensure that modern slavery does not exist in its supply chain

Status

Since our engagement with Bellway commenced in February 2023, it has published a new modern slavery statement with further detail on its work over the course of the last year. This includes the implementation of a cross-functional anti-slavery committee to oversee its efforts, and an increase in training for employees on the topic. However, we would welcome further detail on its process for identifying instances of modern slavery and are continuing to engage with the company on this topic.

Fact-Finding: Engagement at different stages of the investment process

While our thematic priorities enable focus and alignment with our clients, we must remain adaptable. In some cases, for instance in the case of negative news flow, corporate announcements, emerging controversies, or other issues identified in our ongoing monitoring and screening of companies, we may need to take urgent action. Typical issues that may require reactive engagement include involvement in a controversial project, allegations of misconduct, product quality/safety issues, or any other

environmental, social or governance controversy. These usually prompt us to conduct a short engagement to seek information and the company's position or response, and determine the appropriate means of escalation.

Retaining the ability to promptly respond to emerging issues within our portfolio, and take the action necessary, as part of our engagement approach, has been an important factor in our integration of stewardship and the investment process.

Case Study: Engagement at the investment idea

Company: Basler AG | Topic: Ethical use of surveillance technology | Method: Direct



Issue

We assessed Basler AG, a global supplier of cameras and associated products, for inclusion suitability in our Funds. The assessment revealed high risk exposure in areas of ethics, facial recognition, and use of artificial intelligence. In addition, the company had very little disclosure on its management of these risks.

Action

We sought a call with the company to determine whether their products and services have the potential to cause or contribute

to adverse human rights impacts – for example through the use of their cameras for mass surveillance.

Status

The call did not reassure us that the company had adequate oversight or controls in place to mitigate this risk. For example, the company did not have sufficient oversight of how their clients intend to use their products, particularly for the 20% sold via distributors. We felt the risk that their cameras could be linked to human rights abuses was too great, and rated Basler as unsuitable for inclusion in our Funds.

Case Study: Engagement at the investment monitoring stage

Company: Koninklijke Philips NV | Topic: Business ethics and product recalls | Method: Direct



Issue

Philips has faced controversies over its sleep apnoea Dreamstation devices for several years. Millions of breathing devices and ventilators were recalled due to concerns that noise reduction foam used within them could potentially degrade and become toxic.

Action

We have engaged with Philips several times since the initial product recall and sought a call with the company to determine how internal remediation has progressed and understand their key learnings to prevent future failings.

Status

The call gave us a clearer understanding of the root causes of the recalls. Philips shared details on their remediation programme which is focused on employee training and embedding accountability and safety into all business lines. We view the company to have made improvements and are content with the direction of travel but will continue to look for further improvements. As a result of this progress, we chose to abstain the ratification of the Management Board, and will look for further improvement to support this vote at next year's AGM.

Fact-Finding: Engaging on Governance

Corporate governance is the system by which companies are directed and controlled for the long-term benefit of their shareholders. Good governance is rooted in transparency, accountability, and trust, which fosters a culture of integrity and financial stability. Companies without appropriate governance controls can exhibit poor management, a lack of oversight, and in some cases business failure.

In order for companies to make progress across our key thematic priorities, they must have the right governance and oversight systems in place supporting key-decision makers. We identified some concerning trends in our 2023 and 2024 proxy voting, and have therefore identified key issues that will be prioritised across all our engagement efforts going forward. This includes board independence, skills and experience representation, sub-committee effectiveness, and multi-class voting structures.

Due to the structural, operational, and cultural implications for organisations, governance-related engagements are generally long term in nature, with AGMs serving as an opportunity to review progress annually. Our engagements on corporate governance and related developments over the period and into 2024 focused on three key areas:

Alternative Investment Market: The Alternative Investment Market (AIM) was established as a place where smaller companies could access capital, offering

greater regulatory flexibility than the UK's main stock market. Whilst supportive of this flexibility, we believe that certain basic principles of good governance should apply to all companies. As such, we continued our ongoing engagement with our AIM-listed holdings with a view to raising standards, particularly on the annual election of directors and putting executive remuneration to an annual advisory vote. In preparation for expanding our board diversity focus to include skills and experience going forward, we commenced reviews on these elements as part of our voting on our AIM-listed holdings in 2024. For more information on our AIM engagement, please read our blog: [How do you solve a problem like AIM?](#)

Better boards: Building on our historic engagements on board diversity, primarily focused on gender and ethnic diversity on boards in line with the targets of the Hampton Alexander Review and the Parker Review, this year we expanded our focus to include the diversity of skills and experience.

Executive pay: Over the period, our engagements ranged from taking part in remuneration consultations, formally writing to companies to ask for improved pay practices, and meeting with Remuneration Committee Chairs. In light of the debate around executive pay in the UK heating up this year, we reviewed our expectations over 2024, which will shape future engagements on the topic.

Case Study: Engaging on Governance

Company: Instem | Topic: Governance in the Alternative Investment Market | Method: Direct



Issue

The Alternative Investment Market (AIM) is designed to provide smaller companies with flexible access to capital and, among other differences, it sets out fewer requirements on corporate governance.

Action

The objective of our engagement with life sciences company Instem was to encourage them to move to annual director elections – an ask we felt would not add any significant financial or administrative burden, but would have a strong, positive upside. We met with Instem and made this ask, and

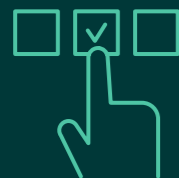
held a constructive conversation in which the company agreed that the ask was reasonable and achievable.

Status

We are pleased that following our engagement Instem moved to annual elections for its 2023 AGM. This marks a significant improvement in its governance practices and our ability to exercise our rights as shareholders. As was the case with the other AIM-listed companies we targeted, our engagement was widely welcomed and encouragingly suggested that we were knocking at an already open door.

Exercising our investor rights

Key highlights:



We brought all vote execution onto one platform, Glass Lewis, enabling greater oversight and consistency in making voting decisions.



We developed our strategy for pre-declaring our voting intentions and started doing this publicly, utilising the PRI's Resolution Database.



We strengthened our voting approach by bringing the investment team closer to voting decisions, particularly where voting was being used as an escalation tool.

Our approach to exercising voting rights

Proxy voting is a core responsibility of asset managers. We believe that shareholders have a vital role to play in encouraging high standards of corporate governance from the perspective of being long-term investors, we therefore seek to vote at all meetings in which we are eligible to. We will also seek to engage pro-actively with companies where either existing corporate governance arrangements or management proposals cause concern. Voting is conducted in accordance with our published UK and International Corporate Governance Policies ([available on our website](#).) We seek to vote at all meetings in all markets, except where they are share-blocked.

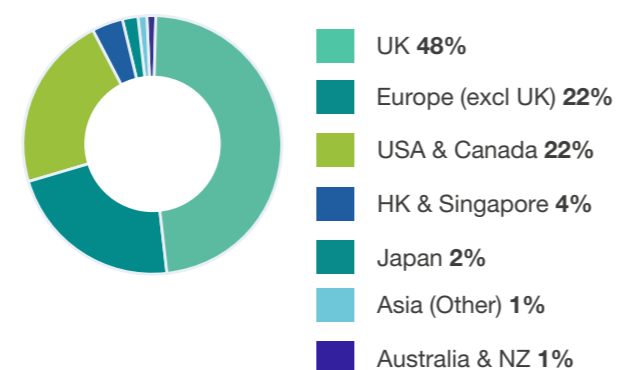
Over the period, we voted across all areas of corporate governance, taking a thoughtful and considered view on each resolution. Issues we focused on particularly, included remuneration, auditor re-appointment, and shareholder proposals. Over 2024, we have carefully reviewed our voting approach, including our guiding principles and link to engagement work. As a result, a new Corporate Governance and Voting policy will be in place for 2025, which will serve to guide our activity and provide further transparency to clients, holding companies, and other stakeholders around our corporate governance expectations and voting decisions.

Key 2023 Voting Figures

	Numbers	%
Meetings Voted	353 ¹	98% ¹
Markets	23	
Eligible ¹ Resolutions Voted	5,402	100%
Proposals Opposed/Abstained		11%

Source: EdenTree

2023 Meetings Voted at by Region



Source: EdenTree

¹ In line with the guidelines set out in our Corporate Governance policies regarding share-blocked markets, 8 meetings were not eligible for voting action over the period.

Our [‘How We Vote’](#) document provides further information on our voting approach and policies. More information around our 2023 activity, including key statistics, commentary, and our shareholder proposal activity and approach can be read in our [2023 Annual RI Report](#).

Spotlight: Monitoring and holding to account our voting service provider

For voting execution, we use the services of a third-party proxy advisor, Glass Lewis. Their Viewpoint platform enables consistency in our voting by applying EdenTree's bespoke voting template to make recommendations, however the EdenTree RI team are responsible for reviewing these recommendations, and ultimately making a final decision based on our policies and in-house

research, as well as any engagements with the relevant company. This process means our voting approach does not differ across funds – ensuring our voice is not diluted. Voting is monitored on a daily basis by the RI team in collaboration with the Operations team and Glass Lewis. As an additional layer of monitoring, Glass Lewis maintain quarterly KPIs that we discuss with them.

Responsibility to our clients

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.



A complete and transparent record of voting action taken is [published](#) quarterly in a single House Global Corporate Governance Report. This contains UK and overseas voting statistics, detail of action taken (oppose/abstain), meetings where all resolutions were supported, diversity records (in the UK), and where we have supported shareholder resolutions globally. Voting reports tailored to specific client mandates are provided as routine or on request.

Votes of Interest over the Period

While we do not publish a definitive list of significant votes across our portfolio, we are conscious of the expectations set out in the DWP guidance regarding Trustees setting their own definition for, and reporting on, significant votes as part of preparing their annual reporting. Therefore, we are able to support clients with their completion by providing information

that is relevant to each Scheme's holdings and aligned with the significant vote criteria as established by the Trustees, rather than a generic list of votes.

Below are a selection of priority votes over the period, based on their link to our thematic priorities, fact-finding work, and significance of the action taken.

Company Issue	How we voted	Status Next steps
<p>Koninklijke Philips NV Oversight Failures</p> <p>We have engaged with Philips several times in recent years following controversies over its sleep apnoea Dreamstation devices for several years. Millions of breathing devices and ventilators were recalled due to concerns that noise reduction foam used within them could potentially degrade and become toxic.</p> <p>Quality and Safety is considered to be a significant source of legal and reputational risk to the Company, of which the management and supervisory Board must be held accountable for oversight failures in this respect.</p>	<ul style="list-style-type: none"> ✗ Voted against the ratification of the Supervisory Board for oversight failures. ✗ Voted against the ratification of the Management Board for oversight failures. 	 <p>Further engagement required</p> <p>Follow-up scheduled in 2024 to determine how internal remediation has progressed and understand their key learnings to prevent future failings.</p> <p>Further voting action will be taken if insufficient progress has been made.</p>
<p>Genus Executive Remuneration</p> <p>Genus is a UK FTSE 250 biosciences group where remuneration has historically been viewed as modest or in line with market norms. We viewed several aspects of new remuneration arrangements to be problematic following the appointment of a new, external Chief Executive.</p> <p>Buyout awards for the incoming CEO amounted to \$4.9m, which the Board intended to implement using newly issued shares and treasury shares while seeking shareholder approval for flexibility on this figure. We deemed the buyout element to be excessive with no rationale as to why shareholders should allow flexibility.</p>	<ul style="list-style-type: none"> ✗ Voted against the remuneration report tabled at the meeting. ✗ Voted against the re-election of the Remuneration Committee Chair to voice our discontent at the remuneration changes for the new CEO. 	 <p>Monitor</p> <p>We monitored the dissent levels of the remuneration report following the meeting and expect the company to acknowledge significant levels ahead of the next meeting if dissent was high.</p> <p>Escalated voting actions will be considered ahead of the 2024 AGM if company do not acknowledge concerns.</p>

Company Issue	How we voted	Status Next steps
<p>Covivio SA Climate Change Strategy</p> <p>In 2023 the company sought shareholder approval of its climate strategy and objectives for 2030, as it wished to consult shareholders on its suitability. It was an advisory vote on the strategic direction of the Company, rather than binding the board to the strategy.</p> <p>Covivio have a robust climate change strategy with science-based targets, a strong track record of decarbonisation since 2010 and ample disclosures reporting in line with the TCFD and against the CDP. In addition, the Board has oversight of climate-related risk, therefore we supported the vote to signal our support for its climate change strategy.</p>	<ul style="list-style-type: none"> ✓ Voted to approve the Covivio's climate strategy and objectives for 2030. 	 <p>Monitor</p> <p>We will continue to monitor Covivio, particularly their performance against the implemented climate strategy and objectives.</p>
<p>Alphabet Inc. Corporate Governance Failures</p> <p>Alphabet's multi class structure, whereby common shareholders carry less than half of the voting rights while baring significantly more of the economic risk, has been destructive to the shareholder experience in recent years. After almost 20 years and no sunset-clause, we believe the benefits of this structure have long since expired.</p> <p>In addition to a number of shareholder proposals being filed, shareholders were also able to vote on the Frequency of Advisory Vote on Executive Compensation. The success of this proposal enhances transparency and accountability to shareholders, particularly where shareholders are given the opportunity to vote on pay annually.</p>	<ul style="list-style-type: none"> ✓ Supported shareholder proposal relating to recapitalisation. ✓ Supported shareholder proposals relating to publication of a lobbying report and alignment with climate commitments. ✓ Supported shareholder proposal relating to undertaking of human rights impact assessment. ✓ Voted for a "1 Year" frequency of Advisory Vote on Executive Compensation. 	 <p>Monitor, escalation required</p> <p>In our monitoring, we identified that Alphabet failed to implement the "1 Year" frequency voted for by the overwhelming majority of unaffiliated shareholders. This a clear indication of the company's share class structure eroding alignment with shareholders.</p> <p>Escalated voting actions will be taken at the 2024 AGM, particularly due to the company not implementing the say-on-pay outcome.</p>

Company Issue	How we voted	Status Next steps
<p>Caledonian Trust Corporate Governance Failures</p> <p>We have engaged with Caledonian Trust a number of times in recent years, focused primarily on their poor corporate governance structures and practices. As an AIM listed company, the Board has opted to utilise the flexibility available to them as an AIM listed company, however we remained concerned about independence in particular.</p> <p>Furthermore, under the rotation provisions adopted by the Trust, shareholders had no opportunity to vote on Board re-elections. We viewed progress against our engagement efforts to be unsatisfactory and thus, utilised our voting rights to escalate.</p>	<ul style="list-style-type: none"> ✗ Voted against all resolutions on grounds that the company has failed to take into account our concerns around Board independence. ✗ Voted against re-election of a non-independent non-executive director due to the lack of Board refreshment. 	 <p>Monitor, escalation required</p> <p>A follow-up engagement will be considered, alongside further escalated voting action if insufficient progress has been made ahead of the next AGM.</p>
<p>Hartford Financial Services Group Inc Shareholder Proposal on Fossil Fuel Lending and Underwriting Policy</p> <p>A proposal was filed requesting that the company adopt and disclose a policy for a time-bound phase-out of lending and underwriting for new fossil fuel exploration and development. The proponent highlighted the increasing global insured losses due to weather-related disasters, and the need to align underwriting activities to the company's own net zero targets as the core reasons for filing the resolution.</p> <p>We see a clear need for insurance companies to ensure underwriting activity is in line with their own net zero targets. In addition, the insurance market is already feeling the material negative financial impacts of climate-related risks, which are only set to increase.</p>	<ul style="list-style-type: none"> ✓ Voted for the proposal to encourage the company to consider a policy that considers the complexity of the insurance market. 	 <p>Monitor</p> <p>We monitored the support levels of the shareholder proposal following the meeting. While support was < 10%, we expect the company to acknowledge investor concerns and commit to improving their alignment.</p> <p>We will consider escalating our voting action if insufficient progress is made.</p>

Working with our partners: Clients, Service Providers, & industry initiatives

Clients

We serve a variety of institutional and retail clients, each with a long-term investment time reflecting their needs and preferences. As such, we endeavour to align with this horizon in our investment approach, whether that be through our own long-term holding focus in asset selection and portfolio construction, or through forming long-standing relationships with companies and issuers to enable constructive dialogues and adaptable stewardship efforts over time.

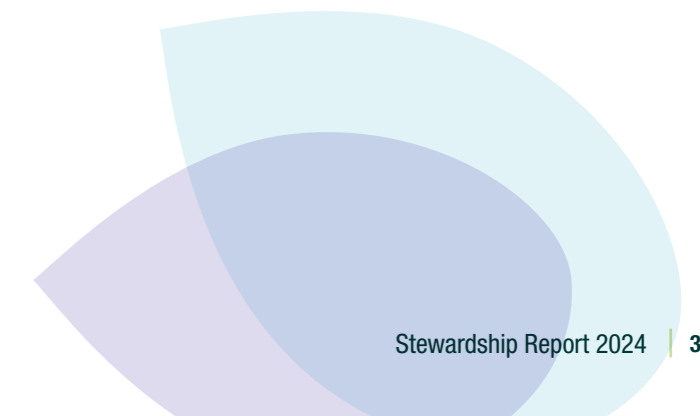
We recognise the importance of our relationship with our clients, and engage with them on an ongoing basis. In addition to systemising our existing reporting to meet clients' needs and continuously developing our capabilities to support their own reporting requirements, we also actively seek client feedback on our approach and activities via our Client Distribution Team. While we do not offer bespoke stewardship services across our pooled funds, such as client-directed voting or engagement, we do consult with clients where they have stewardship-related interest or queries relating to specific cases. We welcome such dialogues as they present an opportunity to reflect and consider different viewpoints.

Beyond reporting, another example of how EdenTree supports clients is our [newly launched nuts-and-bolts guide](#) for professional advisers, to assist in navigating the FCA's Sustainability Disclosure Requirements and fund labelling regime. Through this, we sought to provide key information about how it will impact different areas of the funds industry and inform careful application of the new policy framework.

Service Providers

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 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.

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).



Partnerships

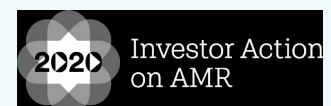
We are members or signatories to several industry partnerships involving the responsible and sustainable investment community. Ultimately, membership of organisations such as the Principles for Responsible Investment (PRI) affords specific opportunity to work with like-minded global investors on material issues. The RI Team oversee periodic review of our involvement in these industry partnerships and collaborative initiatives, particularly assessing effectiveness, progress made, and alignment with our engagement priorities. Over the period, our partnerships included:

	Theme
Principles of Responsible Investment	Firm level commitment
UK Sustainable Investment and Finance Association	Firm level membership
Global Impact Investing Network	Firm level membership
UK Stewardship Code FRC	Firm level membership
Carbon Disclosure Project	Just Climate Transition & Water Stress
Institutional Investor Group on Climate Change	Just Climate Transition
FAIRR Initiative	Just Climate Transition, Water Stress and Social & Financial Inclusion
Financing a Just Transition Alliance	Just Climate Transition
World Benchmarking Alliance	Just Climate Transition, Water Stress and Social & Financial Inclusion
Access to Nutrition Initiative	Social & Financial Inclusion
Access to Medicine Initiative	Social & Financial Inclusion

Collaborative Engagement memberships

Most engagement is conducted by EdenTree directly, however we seek to collaborate positively with like-minded investors wherever possible or as part of collaborative industry initiatives. Detailed below is a list of the initiatives we were involved in, and in what capacity, over the period. Further detail and updates on our involvement in these collaborations are shared in our quarterly reporting.

	Theme	Capacity
PRI Advance - Human Rights	Just Climate Transition	Leading role
IIGCC – Banks Working Group	Just Climate Transition	Supporting role
Climate Action 100+	Just Climate Transition	Supporting role
Nature Action 100+	Just Climate Transition	Supporting role
Investor Action Group on AMR	Water Stress	Supporting role
Valuing Water Initiative	Water Stress	Leading role
Investor Initiative on Hazardous Chemicals	Water Stress	Leading role
Microfibre Pollution Initiative	Water Stress	Supporting role
30% Club Investor Group	Social & Financial Inclusion	Supporting role
WBA – Digital Inclusion Group	Social & Financial Inclusion	Leading role
Good Work Coalition	Social & Financial Inclusion	Supporting role
Votes Against Slavery	Social & Financial Inclusion	Supporting role





investment
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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:



0800 011 3821



clientservice@edentreeim.com



edentreeim.com



BENEFACT GROUP

This Stewardship Report is not a financial promotion and is issued for information purposes only as our voluntary disclosure under the UK Stewardship Code (2020). It does not constitute advice.

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Our office address is 24 Monument Place, London EC3R 8AJ United Kingdom.