



ECCLESIASTICAL INSURANCE GROUP PLC (EIG)

PROPERTY ETHICAL AND RESPONSIBLE INVESTMENT POLICY

One of Ecclesiastical's strategic goals is to become the most trusted and ethical specialist financial services group. Our property Ethical and Responsible Investment Policy outlines one aspect of how we as a Group can achieve that goal.

Management of the Group's investment portfolios is delegated to its wholly owned asset management business, EdenTree Investment Management Ltd. EdenTree has an award winning 30 year track record of responsible and sustainable investment in the UK, being one of the first investment firms to launch ethical funds for the retail and charity markets. EdenTree invests with a 'profit with principles' approach, believing that long term returns are more likely to be achieved when investing in a responsible and sustainable way.

The Group invests in direct property and recognises that real estate investments differ from securities and fixed interest investment in terms of the amount of influence a landlord can bring to bear in accordance with lease terms. Notwithstanding this, the Group has developed this Policy with the aim of aligning, where possible, direct property investment with the Group's Ethical and Responsible Investment Policy.

The Board has adopted as part of the Group's Ethical and Responsible Investment Policy a 'negative screening' process, and where practicable this should be applied to direct property holdings, except where the excluded activity represents a small overall proportion of turnover. Properties where the tenant is wholly or mainly involved in one or more of the Groups proscribed investment exclusions would not normally be eligible for investment. These include activities wholly or mainly involved in alcohol production, gambling, tobacco, strategic weapons or pornographic or violent material.

In the event that a lease assignment occurs where this is assigned to a tenant breaching the Group's negative screening process, this will be considered by the Manager on a 'case by case' basis. In situations where the Group, as landlord, has minimal control over the assignment of leases, the Group would not expect to impose restrictive lease terms to the Group's potential financial detriment. However, there may be occasions where the assignment is so contrary to the Group's Property Ethical and Responsible Investment Policy that the Group may seek ultimately to divest. It would not normally be the Group's intention to be invested in a single tenanted direct property holding if the majority of revenues are derived from a proscribed activity.

Our investment decision process involves a review of economic, industry and company information, including relevant ESG (environmental, social and governance) factors. Potential property purchases would be subject to environmental and social risk assessments as well as energy efficiency ratings as a standard part of our due diligence process for new purchases.



EdenTree applies a positive engagement approach to our portfolios and actively works with its appointed property Manager to enhance environmental performance over time. Where the Group, as landlord, has direct control, energy, water and waste metrics are measured and monitored as well as other material environmental and amenity related issues, such as building safety, accessibility and materials use. In cases where the Group as landlord does not have direct control, the property Manager will seek to encourage best practice in terms of energy, water and waste reduction, monitoring and management.

In addition to our normal compliance with environmental legislation, we also commit, where possible and appropriate to:

- Set clear environmental objectives in respect of energy, water and waste
- Monitor and review progress with building managers
- Strive to encourage best practice in environmental performance

The Group supports capital enhancement to its property holdings that improve the overall efficiency of the asset and its value, such as fitting solar panels, LED lighting or other energy efficiency measures.

In respect of developments and major refurbishments we will encourage the use of appropriate sustainability assessments (e.g. BREEAM, Ska Rating).

We work with our appointed Manager to reduce the environmental impact (energy, water and waste), undertake regular maintenance and improvement and to engage with tenants on environmental and social issues.

EdenTree works closely with its appointed Manager to ensure this Policy is applied.

This policy relates to Group and subsidiary property investment portfolios and was adopted in