

Environment Agency Active Fund (EAPF) is fully committed to responsible investment. We believe there is a considerable body of evidence that well governed companies produce better and more sustainable returns than poorly governed companies. We also think investors, including pension fund managers and shareholders, could influence the Board/Directors of under-performing companies to improve the management and financial performance of those companies. A summary of our compliance with the UK Stewardship code, published in 2010, is detailed below.

<p><b>Principle 1</b> Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.</p>	<p><b>Our Fund fully follows this principle</b></p> <ul style="list-style-type: none"> <li>• The EAPF has a comprehensive suite of published policy documents which define how we discharge our Stewardship responsibilities, including but not limited to our Statement of Investment Principles, Corporate Governance and our Environmental Overlay Strategy.</li> <li>• All new Investment Management Agreements (IMAs) include requirements to observe the FRC's UK Corporate Governance Code and UK Stewardship Code.</li> </ul>
<p><b>Principle 2</b> Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.</p>	<p><b>Our Fund fully follows this principle</b></p> <ul style="list-style-type: none"> <li>• Declaration of conflict of interests is a standing agenda item at the start of all Pensions Committee and Investment Sub-Group meetings. A public register of Pension Committee members declaration of interests is also maintained and audited annually.</li> <li>• The need to avoid conflicts of interest is also highlighted in our Investment management agreements (IMAs) and contracts with external parties.</li> </ul>
<p><b>Principle 3</b> Institutional investors should monitor their investee companies.</p>	<p><b>Our Fund fully follows this principle</b></p> <ul style="list-style-type: none"> <li>• We include our Corporate Governance policy and ESG reporting requirements in all our IMAs with all our fund managers and Service Level Agreement (SLA) with our equity engagement overlay provider.</li> <li>• Monitoring of specific investee companies is detailed our quarterly reports and discussed regularly at fund manger review meetings.</li> </ul>
<p><b>Principle 4</b> Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.</p>	<p><b>Our Fund fully follows this principle</b></p> <ul style="list-style-type: none"> <li>• Our Corporate Governance Policy and Environmental Overlay Strategy details of our engagement policies.</li> <li>• During quarterly review meetings with our fund managers we review their engagement activity and planned escalation of activity.</li> </ul>
<p><b>Principle 5</b> Institutional investors should be willing to act collectively with other investors where appropriate.</p>	<p><b>Our Fund fully follows this principle</b></p> <ul style="list-style-type: none"> <li>• We actively work with other pension funds, asset managers and other organisations to promote responsible investment. These include but are not limited to the UNPRI, IIGCC, NAPF and UKSIF.</li> <li>• All our managers work collaboratively with other parties. Collaborative engagements, research and advocacy work is detailed in our quarterly and annual reports.</li> </ul>
<p><b>Principle 6</b> Institutional investors should have a clear policy on voting and disclosure of voting activity.</p>	<p><b>Our Fund fully follows this principle</b></p> <ul style="list-style-type: none"> <li>• We detail on what basis our votes are cast and the guidelines we direct our managers to use in voting in our Corporate Governance policy. We publish all the votes on environmental resolutions.</li> <li>• All our equity manager have voting polices and most are publicly available. Similarly, our larger managers publish voting records on their website and others on request.</li> </ul>
<p><b>Principle 7</b> Institutional investors should report periodically on their stewardship and voting activities.</p>	<p><b>Our Fund fully follows this principle</b></p> <ul style="list-style-type: none"> <li>• We include a comprehensive annual review of our activities in our Annual Report and Accounts and Fundfare. A more detailed review is provided in our periodic Responsible Investment Review.</li> </ul>