

RIVER AND MERCANTILE INVESTMENTS LIMITED

Our stakeholders: Section 172 Statement

Duty to promote the success of the Company

Section 172(1) of the Companies Act 2006 requires Directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

This Section 172 Statement sets out how the Directors have discharged this duty.

In order for the Company to succeed in the long-term, the Board must build and maintain successful relationships with a wide range of stakeholders. The Board recognises that the long-term success of the Company is dependent on how it works with a number of important stakeholders.

The Board's decision-making process considers both risk and reward in the pursuit of delivering the long-term success of the Company. As part of the Board's decision-making process, the Board considers the interests of a broad range of the Company's stakeholders – including the impact of its decisions on regulators, employees, clients, suppliers and the local community as well as shareholders.

The Board seeks to understand stakeholder groups' priorities and interests. The Board listens to stakeholders through a combination of information provided by management and also by direct engagement where appropriate.

The following overview provides further insight into how the Board has had regard to the interests of our key stakeholders, while complying with its duty to promote the success of the Company in accordance with Section 172 of the Companies Act 2006.

Our key stakeholders

How we engage with them



Clients

Our clients are the people and firms that entrust us with the investment of their assets. We focus on understanding our clients' needs and developing relevant solutions and products to meet those needs.

Our client services, distribution, investment consulting and investment management teams all maintain contact with our clients through regular meetings, reporting and written communication.

We continue to evolve the manner in which we engage with clients with a greater emphasis on virtual communication to address client's evolving investment and governance needs. Client engagement activities are reported to the Board regularly by the Group Chief Executive.

Members of the Board and senior management team meet directly with clients. To support engagement with our clients, the Group is investing in a new client relationship management platform which will be used by the Company.

As an FCA regulated firm, the Board has considered a number of matters relating to our investment products and services we offer our clients throughout the year – including product changes and client outcomes.

The development and retention of long term client relationships is our focus in terms of delivering good outcomes for clients and long term return for shareholders.



Shareholders

The Company is a wholly owned subsidiary of River and Mercantile Group PLC (the 'Group'), a main market listed company. The Company's sole shareholder is River and Mercantile Holdings Limited.

The interests of the Company's shareholder and the ultimate parent company, River and Mercantile Group PLC are represented on the Board by the Group Chief Executive, who is also the Chairman of the Board of the Company.

RIVER AND MERCANTILE INVESTMENTS LIMITED

Our key stakeholders

How we engage with them



People

Our people are critical to the success of the Company. It is imperative that the Board engages effectively with employees. It is of the utmost importance to the Board that we have a culture that attracts and retains talented employees. We value our diverse workforce and seek inclusion at all levels.

We engage with our employees regularly through line managers, senior management communications and quarterly townhall presentations.

With the initiation of Group-wide remote working in March 2020, we introduced a number of measures to try to ensure the physical and mental wellbeing of our employees. Our Group Chief Executive writes to all employees on a weekly basis and additional virtual town halls have been held to allow employees to raise concerns directly using an online platform. At each weekly senior management meeting, the Head of HR provides an update on HR matters, including matters relating to staff wellbeing and health. Each business head then reports on any people related matters in this forum.

A Group wide working group, including representatives from the senior management of the Company, has been formed to discuss the Group's return to the office planning and longer-term working practices plans. An HR led all employee survey was conducted to understand the views of employees on returning to the office environment and the results discussed by the Board. As part of its management information, the Board receives a quarterly report from the Group's HR Director on the working environment which includes data on new joiners, leavers and employee wellbeing.

In addition to support provided through the Group's employee assistance programme, the Company has a number of trained mental health first aiders.

We invest in our people through training and support a number of employees who are undertaking professional qualifications, by offering study leave and paying tuition fees. All employees are required to undertake mandatory compliance training. Additional training has been provided to employees following the implementation of Senior Managers and Certification Regime (SM&CR). A Fitness and Proprietary Committee has been established to consider matters relating to SM&CR certification for the Group's employees.



Suppliers and service providers

Our suppliers and service providers include outsourced third-party service providers such as our IT service provider, payroll administrator and other key third-party service providers. Their services and support are vital in helping us deliver our services to our clients, pay and support our employees and to grow our business, including being key to us being able to meet our regulatory obligations.

The Company is committed to the highest standards of business conduct. Each business area is responsible for the day to day contact with our third-party service providers. We ensure that there is an appropriate framework of oversight of our key third-party suppliers. Regular meetings are held with key third-party service providers and issues escalated to the relevant business area's Chief Operating Officer and the Board where required.

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Our key stakeholders

How we engage with them



Community and environment

We aim to make a difference through the things that we do, including charitable work, carbon offsetting and the stewardship of our clients' assets.

The Board considers the impact of our operations on the community and environment.

As a regulated firm, a key area of focus is the stewardship of our client's assets. The Company has signed up to the UK Stewardship Code and has focussed on the implementation of the Shareholder Rights Directive in the past year. The Board has reviewed and approved the Company's voting and engagement policy. The Company is a signatory to the AMNT/UKSIF Investment Consultant Initiative. The Group is a signatory to the UN PRI and was rated A plus in a recent review.

Representatives from the Company sit on the Group's ESG Committee which has been established to co-ordinate the ESG and corporate responsibility activities.

The Company's Macro investment team have implemented their approach to ESG investing across client portfolios and are working on the launch of a new ESG focused fund.

The Group, on behalf of its constituent companies, calculates its carbon emissions annually and offsets its carbon emissions. The Group expects to be certified as carbon neutral by Natural Capital Partners.



Regulators

The Company is a UK based FCA regulated firm. We have a conduct-led culture that encourages our people to act with integrity at all times.

We engage with our regulators primarily through our Group compliance function by way of regular mandatory reporting as well as any ad hoc interactions required by our regulators. We are open and co-operative with our regulators and take our regulatory responsibilities seriously.

The Group's Head of Compliance and the Chief Risk Officer attend Board meetings and report on the Company's regulatory and compliance matters, interaction with regulators and the risk management framework. The Board receives a regular report on conduct and culture and a quarterly compliance report.

The implementation of SM&CR has been an area of focus for the Board during the current year. The Board has received regular implementation project status reports during this period and externally run training on SM&CR. The Board Directors are also senior managers under SM&CR.