

# RIVER AND MERCANTILE GROUP PLC

## 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 fulfils its duties in collaboration with the senior management team, to which day-to-day management has been delegated. 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 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.

The Group Chief Executive and members of the senior management team meet directly with key clients. To support engagement with our clients, we are investing in a new client relationship management platform.



#### Shareholders

The ongoing support of our shareholders is vital in helping us deliver our long-term strategic objectives and the profitable growth of the business.

The Board engages with the Company's shareholders in a number of ways. Our AGM is held in December annually and allows shareholders the opportunity to engage directly with the Board. All Directors attend the AGM and are available to answer shareholder queries. The Company Secretary collates shareholder and proxy voting agency feedback provided in advance of the AGM and circulates this to the Board for consideration.

The Group Chief Executive and Chief Financial Officer regularly meet (in person and virtually) the Company's major shareholders to discuss the financial performance of the Company.

The Chairman is available to meet major shareholders without the Executive Directors present to permit direct feedback. The Chairman and Chair of the Remuneration Committee have held several meetings with the Company's major shareholders to consider the design of the new Directors' Remuneration Policy.

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## Our key stakeholders

## How we engage with them



### People

Our people are critical to the success of the Group. 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 senior management communications and quarterly Townhall presentations. Our NEDs regularly attend our town hall meetings to allow for interaction and engagement with our employees.

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 biweekly senior management meeting, the Head of HR provides an update on HR matters, including matters relating to staff wellbeing and health. The Group Chief Executive then reports on any people related matters during his informal regular Board calls.

Miriam Greenwood, the Chair of the Remuneration Committee, is the Director responsible for employee engagement. Miriam attends Group induction days for new employees and the rest of the Board attends by invitation. Miriam has also been involved in the working group 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.

Our Remuneration Committee reviews and considers the overall Group wide employee pay trends, has oversight of the various bonus pools and approves the remuneration of the Group's senior management and Executive Directors. The Risk Committee receives a quarterly report from the Group HR Director on the working environment which includes data on new joiners, leavers and employee wellbeing.



### Suppliers and service providers

Our suppliers and service providers include outsourced third-party service providers such as our IT service provider, payroll administrator and middle and back office support function, 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 Group 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 Fran Fahey, Group Chief Operating Officer, where required.

The oversight of outsourced service providers was an area of focus of the Risk Committee during the past year. The Risk Committee receives quarterly papers on the Group's outsourcing and third-party supplier risks prepared by the Chief Risk Officer.

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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. The Group has established a Group ESG Committee to co-ordinate the Group's ESG and corporate responsibility activities.

Further details of our approach to sustainability and corporate responsibility can be found on pages 34 to 39. Highlights include the Group's stewardship activities, charitable donations and activities, and increased consideration of the positive steps to improve the environment.

One of the Board's virtual strategy day presentations focussed on our macro investment team's approach to ESG investing. This allowed the Board the opportunity to have an in-depth explanation from subject matter experts on their approach to ESG investing and consider the launch of a new ESG focussed fund.



### Regulators

The Group operates in the UK, US and Australia and is therefore subject to the oversight of various regulators. 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 the Risk Committee meetings and report on the Group's regulatory and compliance matters, interaction with regulators and the risk management framework. The Risk Committee receives a regular report on conduct and culture and a quarterly compliance report covering compliance matters for both UK regulated subsidiaries and the US regulated subsidiary. In the UK, the relevant Financial Conduct Authority (FCA) "Dear CEO" letters are circulated to the Board for review.

The implementation of SMCR has been an area of focus for the Risk Committee and Board during the current year. The Risk Committee has received regular implementation project status reports during this period.