

STRATEGIC REPORT

To those who are reading about Ecclesiastical for the first time, I invite you to join us, whether as a colleague, customer or business partner, and experience for yourself how it is possible to do business differently. There is no doubt that, together, we are creating something very special a movement for good that touches and transforms lives in our homes, in our communities, in this country and abroad.

Together, by understanding what matters, we are better able to help our customers. Together, we are better able to increase giving to our beneficiaries. And together, in the words of Captain Sir Tom Moore, we will ensure that for more people "Tomorrow will be a good day".

Climate change and environment

The Group reports on all emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The reporting year runs from January to December. The emissions reporting boundary is defined as all entities and facilities either owned or under operational control of the Group and associated travel by staff. The Group continues to improve the coverage and quality of data which informs the reporting.

Scope 1 Emissions from fluorinated gas losses and fuel combustion in premises/ vehicles, Scope 2 Emissions from electricity and cooling in premises, and Scope 3 Emissions associated with business travel, waste and water use have been calculated using UK Government Greenhouse Gas reporting conversion factors 2020 (Department for Business, Energy & Industrial Strategy), and independently verified according to ISO – 14064-3:2019 Specifications with Guidance for the Validation and Verification of Greenhouse Gas Statements.

Our 2020 carbon footprint has been significantly influenced by the Covid-19 pandemic. Business travel makes the largest contribution to our footprint and it was greatly reduced due to Government restrictions. We expect business travel to increase in the future, however 2020 also inspired us to adopt new technologies and think differently about future working so we expect our impact to reduce overall. We are particularly pleased to achieve sourcing more than 92% of our energy from renewables.

In line with the Streamlined Energy and Carbon Reporting requirements the Group's carbon footprint is detailed here including our first report on carbon intensity:

	UK tCO ₂ e		Non-UK tCO ₂ e		Total tCO ₂ e	
	2020	2019	2020	2019	2020	2019
Scope 1	378	530	-	-	378	530
Scope 2	17	63	6	7	23	70
Scope 3	125	826	-	-	125	826
Total	520	1,419	6	7	526	1,426

Total energy use 2,682,606 kWh, of which 2,655,294 is UK and 27,312 non-UK. Carbon intensity: 0.54 tonnes/employee (2019: 1.45). tCO₂e refers to tonnes (t) of carbon dioxide (CO₂) equivalent (e).

We continue to focus on the influence we can exert through the carbon intensity of our investments. All five of our EdenTree investment funds are below their sector benchmark for 2020 and four out of five have a lower carbon intensity than five years ago.

In 2021 we will also move into our new head office which has been designed to a 'very good' BREEAM sustainability standard. The building features heat recycling, solar panels and electric charging points. We have been planting trees in the local area to improve green spaces. Improving working environments across our Group will boost wellbeing, reduce our impact and support a more flexible working future.

Section 172 statement

This section of the Strategic Report describes how the directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the directors' statement required under section 414CZA, of the Companies Act 2006. The Directors recognise that the long-term success of the Group is dependent on having regard to the interests of its stakeholders. The Board has identified and documented its stakeholders in the Group Governance Framework. Key stakeholders include its shareholder, employees, customers and clients, bondholders, regulators and intermediary partners (including brokers and other suppliers). Stakeholder engagement is considered as part of the decision making process of the Board. Given the new disclosure requirements, board and committee papers templates were updated to better focus on stakeholder interest, which has been embedded across the Group.

Key performance indicators

The Group considers its key performance indicators to be profit and loss before tax, regulatory capital, combined operating ratio and net expenses ratio. In addition to information included within this Strategic report, details about Group's regulatory capital and combined operating ratio and net expenses ratio can be found in notes 4 and 38 to the financial statements.

Stakeholder engagement

The Board recognises the importance of engaging with stakeholders, understanding their views and interests in order to be successful over the long-term. Dialogue with stakeholders can help the Board to understand significant changes in the landscape, predict future developments and trends, and re-align strategy.