

# Engagement with our stakeholders

## Section 172 statement

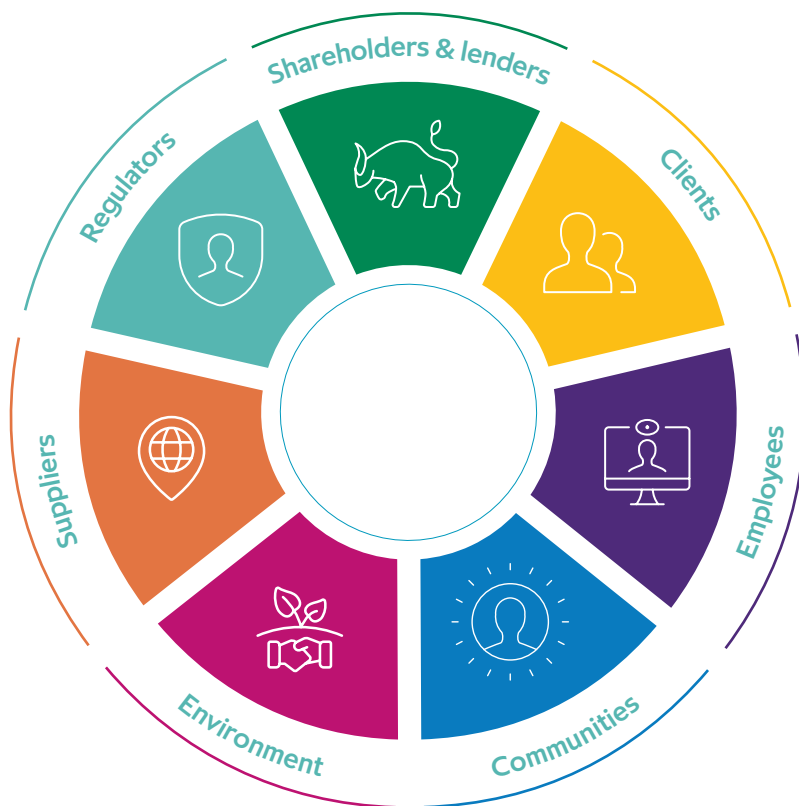
As required by the Companies Act 2006, the Directors have had regard to wider stakeholder needs when performing their duties under s.172. In particular, the Directors recognise the importance of acting in a way that promotes the long-term success of the Company to the benefit of its members as a whole.

We set out on the following pages how the Directors considered the interests of stakeholders. The clearest example of this is in capital allocation and the use of our balance sheet to support the long-term growth of our Fund Management Company. During the year, in determining the level of commitments our balance sheet would make to new funds, management and the Board balanced a number of considerations including:

- The long-term prospects of such new funds, what quantity of third-party AUM such funds and future vintages were likely to attract, and the management fee streams that would result from such third-party funds
- The level of balance sheet commitment needed to establish a track record to enable the Group to raise third-party AUM or to demonstrate alignment of interests between the Group and its clients
- The liquidity needs of the business
- The need to pay dividends to shareholders in line with our stated policy
- The prevailing market conditions

## Our key stakeholder groups

The Directors consider that the following groups are the Group’s key stakeholders. The Board seeks to understand the interests of each stakeholder group so that these may be properly factored into the Board’s decisions. We do this through various methods including direct engagement by Board members where relevant; receiving reports and updates from members of management; and receiving input and counsel from external experts as appropriate.



[Read about how the Board engages with stakeholders on page 60](#)

## Stakeholder engagement



### Shareholders & lenders

Effective access to capital is crucial for the success of the Group, and fostering a supportive investor base that is interested in the long-term prospects of the Group is of strategic importance.

We seek to foster a two-way dialogue with both current and potential shareholders and lenders.

We strive to communicate clearly to them our performance and prospects.

We also seek to understand their views on our industry and our business so that these perspectives can be factored into management and Board decisions.

The Group conducts an active Investor Relations programme, engaging with shareholders, lenders and rating agencies throughout the year using a variety of channels. Details of this can be found on page 60.

The Board and management receive feedback on shareholder and lender views directly from shareholders, from the Group's Investor Relations function and from third parties such as our corporate brokers.

- Ability to deliver continued strong growth for shareholders
- Clear communication of strategy
- Understanding our shareholders' and lenders' ESG requirements
- Balance sheet liquidity

- Increased engagement with current and potential shareholders both through regular reporting and off-cycle
- Enhancing relationships with the analyst and broader financial community
- Appointed Citi Global Markets Limited as Joint Corporate Broker alongside Numis Securities Limited
- Positive outreach programme in place of Annual General Meeting which was "closed" due to restrictions on gatherings
- Maintaining and upgrading the credit rating of the Group



### Clients

Clients entrust us with their money to invest on their behalf. The single largest driver of our long-term growth is continuing to attract increasing levels of capital from our clients.

Ensuring that we understand our clients' needs and serve them appropriately is fundamental to the success of the Group.

We are continually considering the position of our clients, and how we can best engage with them. More information on our clients can be found on page 3.

Our in-house distribution team engages regularly with all clients and potential clients, providing detailed updates on fund performance, new funds and other business developments.

We continued to hold annual client investor days and investor conferences, ensuring our clients had access to our in-house distribution team as well as senior management and members of our investment teams.

- Designing products to meet clients' needs
- Factoring ESG considerations into our investment processes
- Continuing engagement programme despite the constraints of the pandemic
- Reporting of portfolio performance

- Enhanced the reporting of ESG activities for portfolio companies
- Developed a number of funds with sustainable elements (for example Infrastructure Equity, Sale and Leaseback and Real Estate Fund VI)
- Continued to broaden our expertise and offering of funds to meet client needs such as hiring a Life Sciences team
- Offered successor vintages of established funds to meet client demand

**Why is it important to engage?**

**How have the Board and management engaged?**

**What were the key topics of engagement?**

**Outcomes as a result of that engagement**



## Employees



## Suppliers

### Why is it important to engage?

The success of the Group depends on collaboration and expertise across teams.

Effective two-way communication with our employees is essential to build and maintain engagement. Our employee engagement informs us where we are doing well and where further development should be considered and applied.

We work to ensure that our key suppliers are engaged with our business and that each party understands the approach of the other.

This enables our suppliers to better meet our needs and us to understand their perspective, as well as delivering appropriate oversight of the supplier relationship.

### How have the Board and management engaged?

We have a number of formal and informal channels to achieve this, including our confidential employee engagement surveys, regular whole company business briefings and regular team meetings.

Amy Schioldager is the NED responsible for employee engagement, and she held a number of formal and informal sessions with employees during the year in individual and group forums.

Details of our employee engagement can be found on page 36.

We hold regular relationship meetings with our key suppliers to ensure that any issues in our interactions with them are fully considered and addressed.

### What were the key topics of engagement?

- Managing the complexities (practically and emotionally) of working from home
- Integrating new hires remotely
- Succession planning
- Ensuring that the employee experience is not impacted by our growth trajectory
- Growth and development of our employees
- Wellbeing of employees
- Ability of third-party administrators to support us during Covid-19
- Liquidity challenges faced by smaller suppliers
- Ethical procurement practices

### Outcomes as a result of that engagement

- Increased the level of formal engagement with senior management, for example through more regular 'town halls'
- Implemented new system of performance management and reviews
- Rollout of enhanced training and development programme for employees
- Ongoing diversity initiative led by our Diversity and Inclusion hub
- Virtual global induction event held for new joiners
- Reviewed prompt payment practices to ensure that suppliers are not left unpaid for inappropriate lengths of time
- Supplier management programme reviewed and specialist in oversight of suppliers hired to review key relationships
- Conducted Modern Slavery policy review



## Local community

We are a people business, with offices in 14 countries and investing money on behalf of clients including pension funds and insurance companies worldwide.

Our actions have meaningful and direct impacts on local communities. It is incumbent upon us to ensure that we actively cultivate and maintain strong local relationships and help our local communities share in our success.

We carried out a review of our contribution to wider society and we have decided to substantially increase our work in the area of social inclusion through education.

- Identifying the most appropriate way for the Group to positively impact its local communities
- Continued commitment of employee time to charitable initiatives

- Established more robust internal governance around charitable giving
- Donated £250,000 to the Covid-19 Solidarity Response Fund for the World Health Organization and City Harvest
- £1.5m, three-year relationship with the Education Endowment Foundation supporting the Nuffield Early Learning Intervention and the Tutor Trust
- Local charitable partnerships led by each of our offices



## Environment

We are aware of the impact of our business operations on the environment. We are seeking to reduce our own negative impact, and those of our funds' portfolio companies.

Details of our focus on environmental matters and climate risk can be found on pages 33 and 34.

- How to integrate climate risks into our corporate decision making
- Ensuring that investment decisions are made with appropriate regard to environmental factors, including our shareholders' and lenders' ESG requirements

- Moved London head office to an energy efficient building, reducing our carbon footprint
- Developed a Climate Risk Assessment tool that is being implemented firm-wide to ensure all investments are assessed with a view to climate risk (see page 30)
- Focused on developing funds that have a positive environmental impact (see page 30)
- Incorporated explicit ESG targets into the terms of our new Revolving Credit Facility (see page 32)
- ESG training provided to all investment employees
- Stephen Welton nominated as the NED responsible for ESG matters
- Enhanced relationship with SolarAid to offset our carbon dioxide emissions

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## Regulators

### Why is it important to engage

We are subject to regulation by a variety of financial regulators in a number of jurisdictions worldwide.

Understanding and adhering to the standards set by these bodies is of paramount importance to our standing as an asset manager and to meeting the expectations of our stakeholders.

We mandate our employees to comply with these standards, which are built into our business practices and processes.

### How have the Board and management engaged

- We engage with regulators in a transparent manner, completing required filings and other submissions and acting responsively and thoughtfully to any inbound queries

### What were the key topics of engagement

- We participate in industry bodies and consultations and provide input to regulators through these and similar channels

### Outcomes as a result of that engagement

- We continued to strengthen our presence in Luxembourg to meet the regulatory requirements set out by the CSSF
- We have overhauled our LIBOR-related documentation to take account of forthcoming changes and best practice
- After participation in a number of industry round tables with regulators, we reviewed all fund documentation and related disclosures in respect of the implementation of the Sustainable Finance Disclosure Regulations



## Financial reporting

During the financial year ended 31 March 2021 the UK's work from home requirement

imposed as a response to the pandemic made the year end process more operationally challenging for the Group, and for our auditors to complete their audit. The Audit Committee recommended to the Board that, in order to ensure an orderly market announcement of the results for the financial year ended 31 March 2020, sufficient time for appropriate preparation and scrutiny of the Group's accounts should be made available.



## Shareholder engagement

The Board recognised very early in the pandemic that additional engagement with

shareholders would be necessary to ensure that the Group's financial strength was clearly understood. The Board supported management's enhancement of the ongoing shareholder relations programme, increasing communication with current and potential shareholders and ensuring that information provided to analysts and the broader financing community emphasised the long-term nature of the Group's fee streams and diversity of investment portfolio.



## Capital allocation

Throughout the year, the Board carefully considered capital allocation in line with the

business plan proposed by management (which was similar but not identical to the original pre-pandemic plan). It was concluded on each occasion that it was in the long-term interests of stakeholders for the Group to continue to seek to grow its range of funds and investment strategies, and that there were sufficient resources available to continue this. As such, the Group has continued to deploy capital from its balance sheet throughout the year in support of new and existing strategies.



### Employee support and engagement

At all Board meetings during the year, including a number of ad hoc meetings, the Board received regular updates from the Chief People and External Affairs Officer about employee wellbeing, and offered

their views on how employees could best be supported (through initiatives such as wellbeing programmes and technology provision).

Amy Schioldager, the designated NED for employee engagement, continued her work with employees, conducting focus groups during the year with a range of employees globally to obtain their feedback on the ongoing challenging circumstances. She reported on this work formally to the Nominations and Governance Committee leading to further discussion about the support provided to employees.

### Additional Board meetings

During the initial phase of the pandemic, a number of additional ad hoc Board meetings were held. These were partly for the purpose of receiving a business update from the Executive Directors, but also served an important purpose in allowing the Board to pool their thoughts and ideas about responding to the pandemic in the interests of all our stakeholders. This contribution helped guide the Group in a prudent and forward-thinking manner through challenging market conditions.

### Stakeholder focus during the pandemic

From the beginning of the Covid-19 pandemic, the Board has acted with a range of stakeholder interests in mind. Although other important stakeholder matters have been considered during the year (see page 60), a significant portion of the Board's time has been spent considering matters relating to the pandemic and the impact on the Group's business and stakeholders.



### Dividend considerations

Throughout the first quarter of the financial year, the Board carefully considered the appropriate level for a potential dividend for FY20, noting the market sentiment and advice from industry bodies that dividends should not be paid if this would lead to undue pressure being placed on a company's resources. However, after careful consideration it was felt that this was not the case for the Group, even during the market uncertainty caused by the pandemic; it was also felt that it was in the best interests of all stakeholders to adhere to the previously disseminated dividend policy. As such, the Board recommended a dividend in line with that policy.



### Community engagement and CSR

Given the very difficult circumstances across society, the Board considered it more important than ever that it should continue to support the Group's Corporate Social Responsibility programme

during the pandemic, including an additional charitable allocation of £250,000 to seek to alleviate food poverty and to support the efforts of the World Health Organization. The charitable initiatives in the education sector sponsored by the Board in the prior financial year also benefited from continued support, leading to significant donations to two UK-based charities which delivered improved educational outcomes for underprivileged school children during the pandemic (see page 27 for more details).



### Office move

In the first half of 2020 the Board elected to terminate the lease of its former London head office sooner than it would have otherwise been able to had the office been needed for employees. This reduced the carbon footprint of office occupancy. In September 2020, the Group took occupancy of a new head office. The building is designed to be energy efficient and to permit employees to work in more flexible and collaborative ways. During the design phase additional safety measures were implemented to protect our workforce against any risks arising from Covid-19 for those returning to the office.