

Evelyn Partners SRD II Engagement Policy

This policy should be read in conjunction with our Responsible Investment Policy, which is the overarching policy, together with the related voting policy. Other relevant documents include the United Nations supported Principles for Responsible Investment (UN PRI) submission and our UK Stewardship Code 2020 report, plus our regular reports on voting and engagement activity and our sustainability related disclosure statement, all publicly available on our website.

Active ownership

Our investment process involves rigorous analysis across geographies, asset classes, collective funds and companies, and includes assessing the Environmental, Social and Governance (ESG) factors alongside more traditional financial appraisal techniques. This improves our ability to identify high quality investments and strengthens the resilience of the portfolios we build for clients over the long term.

Among other areas, we monitor investee firms including strategy, financial and non-financial performance and risk, the capital structure, social and environmental impact and corporate governance.

The largest asset class in client portfolios is listed equities or collective funds investing in those companies. We seek to invest in businesses that have overall positive characteristics, able to grow revenue and compound returns over time, that are attractively valued with sound balance sheets and healthy cash flow generation, have high standards in their operational activities, and have a management team that are adapting to the challenges of the future by investing in their chosen strategy. We believe that these companies will outperform across the economic cycle and they represent the core of our portfolios. We adapt portfolios to reflect where we are in the investment cycle.

While our investment process leads us to high quality investments, there are occasions where standards can fall short in some areas, but the investment case remains intact. In these instances, we will work to effect change using our influence at company and fund level. We believe that these actions will reduce corporate and systemic risks, and thereby improve the resilience of client portfolios.

Active ownership (stewardship) and engagement can take a variety of forms:

- direct communication (sometimes repeated) with board members – direct engagement
- direct communication with fund managers of third party of collective investments – direct engagement
- acting in collaboration with other investors in working groups – collaborative engagement
- communicating with relevant stakeholders of the investee companies
- abstaining or voting against management – use of voting

We accept that successful engagement may take time to be effective, and that we need to be patient in our standard engagement programmes prior to elevating any escalation action. In our experience, a flexible approach which takes advantage of different options has proved to be useful.

Collaborative engagement

Collaborative engagement occurs when a group of investors come together to engage in dialogue with companies. The discussions cover a wide range of topics, although there will generally be a single thematic issue under consideration. Through these memberships we can meaningfully engage with companies where we might otherwise represent a small shareholder minority. By unifying our voice, investors can more effectively express concerns to corporate management, resulting in more informed and constructive dialogue.

To amplify our impact, Evelyn Partners participates in larger collaborative engagements through memberships with platforms including:-

- The Investor Forum, Climate Action 100+;
- the "Find it, Fix it, Prevent It" modern slavery collaboration;
- Nature Action 100;
- Corporate Mental Health Benchmark and;
- the Farm Animal Investment Risk and Return (FAIRR) initiative.

To participate in collaborative engagements, we must have holdings in the target company and determine we can add value. The lead Sector Specialist works alongside the Stewardship & Responsible Investment (SRI) team throughout the engagement, attending meetings and reporting progress to the Directs Investments Group (DIG) and Stewardship & Responsible Investment Group (SRIG).

Whilst transparency is important, we ensure that feedback on ongoing collaborative engagements is not made public in our voting and engagement reports until the engagement reaches a conclusion.

Engagement as part of sector analysis

Sector Specialists regularly meet with the companies under their coverage to discuss a range of topics from ESG issues to traditional analytical metrics. Key material risks are shared with the Sector Specialists: these should form part of regular discussions with companies.

Engagement following proxy voting

In cases where we deem it necessary, Evelyn Partners will abstain or vote against management resolutions. In these cases, we write to the Chair of the Board to open a dialogue with the company. We may also choose to engage with companies ahead of casting our vote to request additional information.

Thematic engagement

Targeted company engagement focuses on a smaller group of companies i.e. by sector or by theme. They usually result in mailing a set of targeted questions to specific companies.

To encourage enhanced disclosure and ambition to reduce greenhouse gas (GHG) emissions, for example, we actively engage on multiple levels to achieve emissions reductions (in addition to our membership of Climate Action 100+). This is accomplished through thematic based engagements such as:-

- asking the fund managers of funds responsible for a significant contribution to our overall assets under management and associated GHG emissions to explain their approach to alignment with the goals of the Paris Agreement, as part of our suitability evaluation and due diligence;
- directly engaging with the 20 highest emitting investee companies in three key carbon intensive sectors (e.g. energy, utilities and material) without Science Based Targets or acceptable Carbon Disclosure Project (CDP) scores.

Client-led engagement

Specific clients might request a specific engagement on their behalf. These requests are reviewed by SRIG and other parties on the basis of various factors, including their alignment with Evelyn Partners existing position and the client's specific requirements.

Reactive engagement

In the event of a large market event or controversy (such as the Russia Ukraine conflict), we would consider engaging with relevant companies as a result.

Expectations of external fund managers in our monitored universe

We have a fiduciary duty and requirement to scrutinise the policies and effectiveness of external fund providers. During our due diligence process, we seek to establish whether fund teams share the values we ascribe to regarding responsible investment principles and practices that support long-term investment returns. Fund management groups are expected to be UNPRI signatories, and this is the case for the vast majority of funds and is now a requirement for a fund to be added to our monitored universe.

Fund managers are also expected to follow the principles of the UK Stewardship Code 2020, where possible. However, we are mindful that differing approaches to ESG integration and stewardship may be appropriate, depending on the asset class and investment geography. Accordingly, we adapt these expectations to a certain extent on these factors where relevant.

For those few managers in our monitored universe without UK Stewardship Code signatory status, the majority are in asset classes where active stewardship may not be practical e.g. hedge fund strategies taking short-term positions which render engagement challenging, or overseas funds that are not covered by the UK Stewardship Code, or in property where other bodies are used for standard setting. In terms of overseas funds, many are covered by their own relevant country standards. For example, a high proportion of our holdings in specialist Japanese funds are signatories of Japan's Stewardship Code.

Escalation

For direct equities, there are occasions where an investment case has been significantly adversely affected by sustainability related risks and/or ESG factors and this has contributed to a material deterioration of the investment case. In those cases, an escalation has been to remove from coverage and sell client holdings.

For collective investments, our ongoing monitoring programme includes questioning over responsible investment processes and capabilities. If a fund manager continues to maintain a position or practice on voting, stewardship or ESG integration that we do not agree with we may notify the manager that coverage is under review, and we may reduce the capital allocation until concerns have been rectified. On occasions where shortcomings continued, we have removed funds from coverage, and where appropriate, provide feedback for the reasons for removal.

External data providers

We use MSCI to provide ESG data, screening and reporting, Glass Lewis for proxy voting advice and Broadridge for electronic voting.

Wider stakeholder & policy engagement - regulators and trade bodies

Evelyn Partners is involved in several industry groups and regulatory provides input into the various trade body regulatory consultation responses to help improve sustainability-related disclosures and proposed regulation. This helps us to demonstrate and provide further clarification on the regulatory intent or address specific rules to assist in the practical implementation of proposed regulations; as well as adding to our understanding and ability to mitigate systemic risks. The Group participates in industry working groups for sustainability and stewardship related initiatives and is a member of the following bodies:

- The Investment Association (IA)
- Personal Investment Management and Financial Advice Association (PIMFA)
- The Investing and Saving Alliance (TISA)

Managing conflicts of interest

We define a conflict of interest as a situation which arises when: our interests or the interests of a partner, director or employee conflict with the duties it owes to a client; or the duties we owe to one client conflict with the duties we owe to another client.

We take all reasonable steps to identify conflicts of interest arising and to manage potential conflicts in a way that is fair to our clients. We avoid and manage these conflicts through a number of policies and procedures. Please see our Conflicts Management Policy – Financial Services available here:

[Conflicts of Interest Policy Statement | Evelyn Partners](#)

In terms of managing potential conflicts of interests within our engagement and voting activities, the Responsible Investment team maintains a register. This identifies investment managers who might be involved in an engagement, or who may be asked to provide a voting recommendation, in respect of an equity where a statutory director is also a client of that investment manager. In some cases, they may be asked to recuse themselves from the stewardship process.

Reference to other policies

For more details on voting please see our voting policy, Sustainability-Related Disclosures Statement and overall responsible investment policy, please go to www.evelyn.com

The Group's Investment Management business is a signatory of the UN PRI and UK Stewardship Code 2020 via its subsidiary company Evelyn Partners Services Ltd. This policy applies to the following legal entities which provide the Group's discretionary portfolio management services: Evelyn Partners Investment Management Services Limited (FCA) | Evelyn Partners Investment Management LLP (FCA) | Evelyn Partners Discretionary Investment Management Limited (FCA) | Tilney Discretionary Portfolio Management Limited (FCA) | Evelyn Partners Securities (FCA) | Evelyn Partners Investment Services Limited (FCA) | Evelyn Partners International Limited (Jersey) | Evelyn Partners Investment Management (Europe) Limited (Ireland).

Evelyn Partners UK legal entities are authorised and regulated by the Financial Conduct Authority

Evelyn Partners Investment Management (Europe) Limited is regulated by the Central Bank of Ireland

Evelyn Partners International Limited (Jersey) is regulated by the Jersey Financial Services Commission