STEWARDSHIP REPORT 2022

For reporting period
01/01/22 - 31/12/22

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CEO MESSAGE

Europe saw its hottest summer on record in 2022, and 2023 is shaping up to set more uncomfortable records. The effects of climate change are increasingly tangible. Mitigating these effects requires a unified global effort and significant investment. Belatedly, policymakers are recognising this imperative and ploughing resources into addressing the problem.

The war in Ukraine has accelerated their efforts. It has brought into sharp relief the ongoing reliance on fossil fuels and the vulnerabilities that creates. Governments nowrecognise that energy security and decarbonisation are part of the same problem. Policymakers have shown themselves willing to consider and pursue a wider library of options and – importantly – put resources to work.

For these reasons, our strategy team anticipates an acceleration in investment in carbon emission reduction and an opportunity for investors who proactively allocate funds towards climate solutions. In the developed world, we are seeing huge increases in public spending and legislation, led by the US Inflation Reduction Act and the EU Fit for 55 package, beginning some of the enormous investment required to achieve such an undertaking.

At Evelyn Partners we have continued to invest in our responsible investment and stewardship capabilities to meet the twin requirements of European and UK legislation. The pace continues to accelerate, but our teams are making good progress in areas such as incorporating the requirements of the Task Force on Climate-related Financial Disclosures (TCFD), the CDP (formerly the Carbon Disclosure Project), the Stewardship Code, the United Nations Principles for Responsible Investment (UN PRI), the EU Sustainable Finance Disclosure Regulations (SFDR) and the ESMA amendments to MiFID II.

We actively engaged with both the Financial Conduct Authority (FCA) and our wealth management peer group as part of the FCA consultation on further climate disclosure rules in December and are waiting for the delayed publication of the outcome. Government focus remains on the environment, but biodiversity and social considerations are not far behind, as demonstrated by the growth of organisations such as the Task Force on Nature-related Financial Disclosures (TNFD).

Our stewardship activities through voting, direct and collaborative engagement continue apace. We now vote on around 95% of all clients' direct holdings. Voting activity has risen by close to 30% and we are making good progress with our engagement activity.

The fierce debate continues around the right green solutions. This requires investors to take care when choosing investment options both to ensure alignment with their individual values and to participate in best 'direction of travel' investment opportunities, which they should discuss with their advisers. Evelyn Partners has a lengthy pedigree in responsible investment and experience of working with many different types of sustainable mandate. We hope this report brings to life our recent activities and the work we do on behalf of our investors.

Paul Geddes
CEO, Evelyn Partners

ABOUT EVELYN PARTNERS

About Evelyn Partners

Evelyn Partners is a leading wealth management and professional services group. Created from the merger of Tilney and Smith & Williamson in 2020, we have a rich heritage of supporting individuals, families and businesses with their financial affairs for over 186 years. With a depth of expertise in financial planning, investment management, tax advice and professional services provided from offices across the UK, Ireland and the Channel Islands, we offer an unrivalled range of services to support our clients with the management of both their personal wealth and business interests.e for managing assets and advice of circa £57.7bn.

A heritage of
186
years

We are a team of
3,600
people

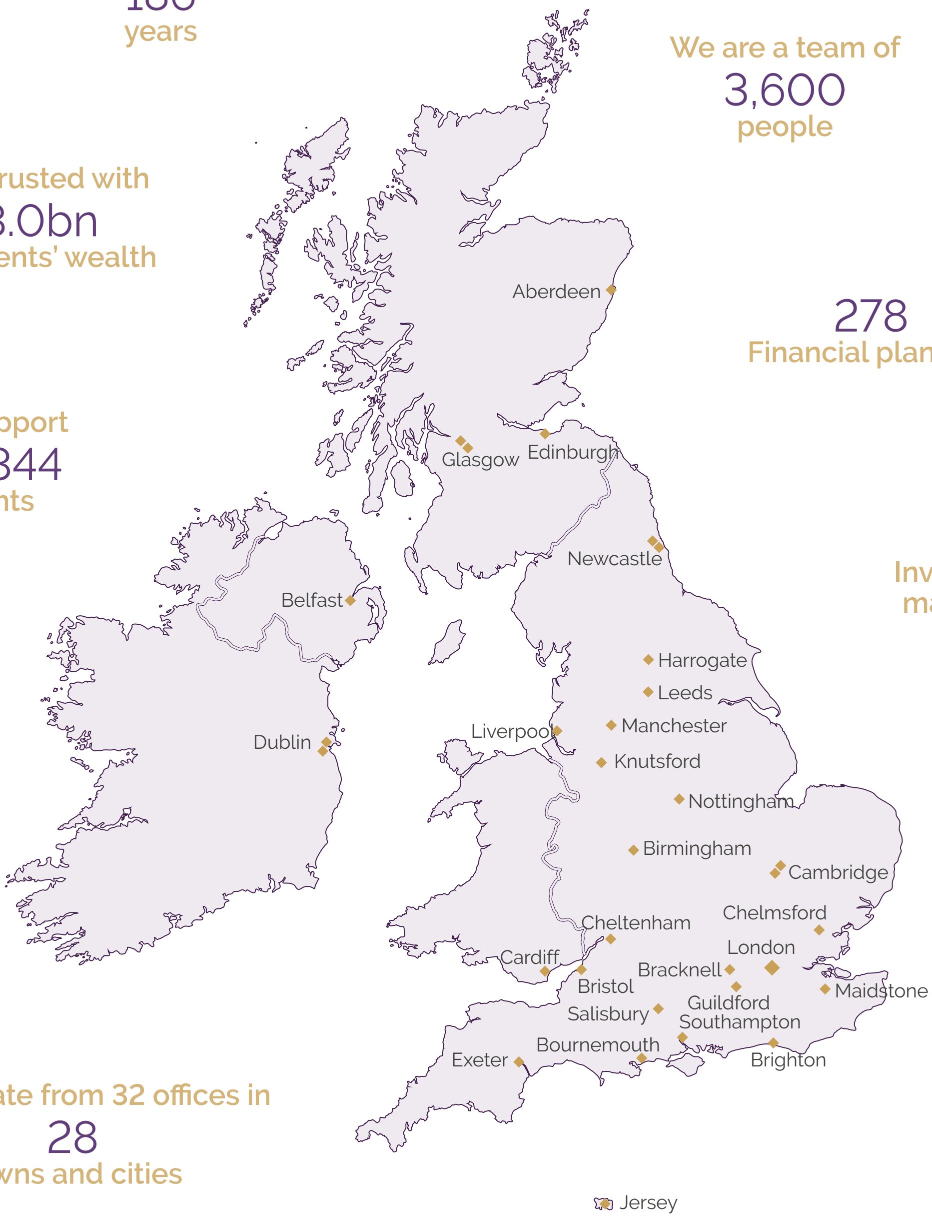
We are trusted with
£53.0bn
of our clients' wealth

278
Financial planners

We support
177,344
clients

313
Investment managers

474
Qualified professional services colleagues



We operate from 32 offices in
28
towns and cities

Source: Evelyn Partners Annual Report 2022

KEY ACHIEVEMENTS FOR 2022

Key Achievements for 2022

Net Zero

Evelyn Partners is seeking to achieve net-zero carbon emissions on our corporate operational footprint, as soon as possible. We are working towards expanding our assessment of Scope 3 emissions, including assets under management (the 'financed emissions' from managed investment portfolios), and we will report on these in due course.

Voting

Following the merger, we saw an increase in our voting and engagement. This was linked to the first transfer of assets that came across from the legacy Tilney business over to our in-house custody and administration. This first tranche was transferred in October 2021, with further substantial transfers happening throughout 2022. During the reporting period we voted at over 780 meetings.

CDP

In 2022, we signed up as supporters of CDP and completed our first CDP climate questionnaire to track and benchmark our progress as we reduce our climate emissions. We achieved a 'C' rating and will improve on this in the years ahead. This will be completed annually to enhance transparency of our progress.

Collaborative engagement

2022 saw us join two additional collaborative initiatives. We became founding members of the Corporate Mental Health Benchmark, which focuses on employee mental health. We also supported the Seasonal Worker Scheme collaborative engagement, whereby we signed an investor statement with the aim of targeting companies who employ overseas workers though the Seasonal Worker Scheme.

UN PRI

Due to reporting issues at the UN PRI, the 2021 reports were delayed in being sent out to us and there was no 2022 reporting season. We will submit our first Evelyn Partners report in 2023.

EVELYN PARTNERS
RESPONSE TO THE STEWARDSHIP CODE

Principle 1

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Following the merger of Tilney and Smith & Williamson in September 2020, and the substantial completion of the integration of both businesses, the Group rebranded to Evelyn Partners on 14 June 2022.

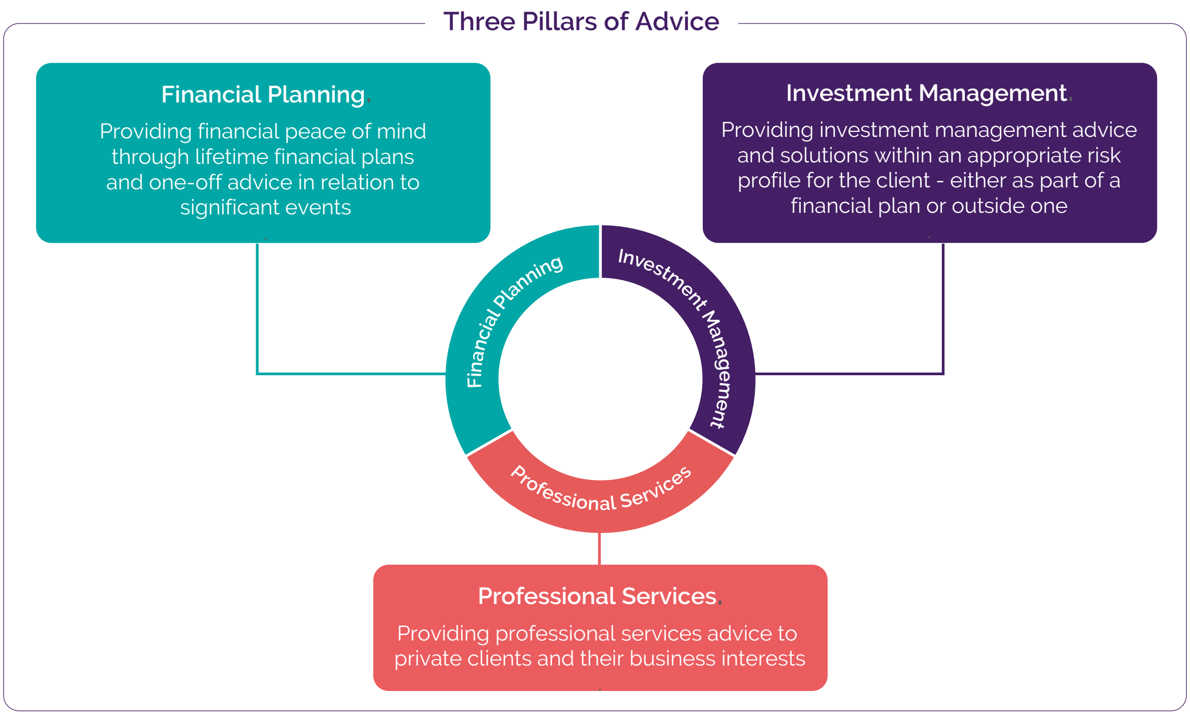
By becoming one firm under a unified brand, we now offer all of our clients the best of both worlds from the two previous businesses. This includes a joined-up wealth management approach spanning financial planning, investment management and tax advice, alongside an extensive range of professional services focused primarily on supporting entrepreneurs and family-owned businesses. As a combined business, our ability to support clients with advice on their personal wealth and business interests is unrivalled in the UK.

Clients now have access to greater specialist expertise, and we can support them from an extensive network of offices in 28 towns and cities.

The move to a unified brand confidently expresses our unique differentiation in the marketplace and not only encapsulates the integrated nature of our service offering and shared purpose but will also lead to a stronger external profile and greater efficiencies, which will better support our growth aspirations.

We are a highly differentiated business, operating across wealth management and professional services. Our proposition is unrivalled in our market, enabling us to support clients with both the management of their personal wealth and their business interests.

Our strength is rooted in the depth of our expertise across multiple disciplines and our ability to assemble a team of experts to support our clients, including financial planning, investment management, tax advice and a wide range of business services.



Source: Evelyn Partners Annual Report 2022

Purpose

We recognise that life is full of decisions that shape the future of what matters to our clients, be they private individuals or businesses. Great decisions require as much certainty as possible; the kind of certainty that comes from good advice. Good advice is powerful as it allows people and businesses to flourish in the present, knowing that tomorrow is being taken care of. We also believe that more people and businesses should have access to good advice, regardless of their size. Our purpose is therefore 'to place the power of good advice into more hands'. It is at the heart of everything we do. We are committed to being an active key voice for raising the standards and reach of advice.

In pursuing our purpose, we have three core values:

Personal: we treat you as an individual

Advice that is delivered by people who really understand what matters to our clients.

We welcome client portfolios of any size thanks to the breadth of our offering — from online investing to bespoke portfolio management. Our charity and not-for-profit clients range from small family established endowments through to large complex operational charities. Our business clients range from small entrepreneurs to scale-ups and multi-million-pound revenue companies.

Partnership: we go further together

Working with our clients in a joined-up, collaborative way.

We are the UK's leading integrated wealth management and professional services group, so we can look after our clients' combined wealth and tax needs, personal and business. We are a committed corporate responsibility partner, looking for ways to positively influence the communities we work in.

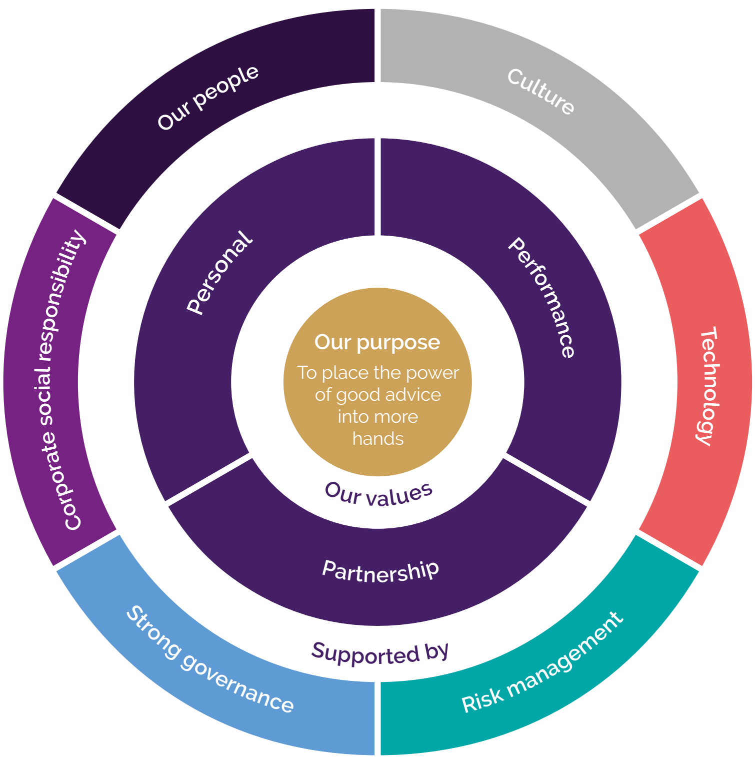
Performance: we strive for more.

With breadth and depth of advice expertise, and strong investment performance.

We are ambitious for our clients and for ourselves, so we aim to be a forward-thinking and innovative business that leads the way in the industry.

These values are the cornerstones of both our service promise and of our workplace culture. In seeking to deliver our purpose, and the values which underpin it, our business is supported by several key pillars that work together: the quality of our people, our culture, a first-class technology platform, robust risk management, a strong governance framework and a commitment to corporate social responsibility.

Evelyn Partners has long been aware of the benefits of socially responsible investing. We've always looked to incorporate clients' individual values into how we invest for them.



Source: Evelyn Partners Annual Report 2022

Investment beliefs

Our culture, values and commitment are to provide a top quality, personalised service, working in partnership with professionals across the wider group to deliver strong risk-adjusted performance to our clients. We are committed to integrating responsible investment (i.e. the combined activities of Environmental, Social and Governance (ESG) integration and active ownership and stewardship) into our investment process and believe that stewardship is at the forefront of our fiduciary duty to our clients. We are cognisant that our success as a business is based on the quality and commitment of our employees and partners and a strong, shared culture. Their continued development and our ability to attract and retain the best people is at the forefront of the programmes we have in place and are enhancing. We strive to create a rewarding and fulfilling work environment, providing career development and training opportunities while promoting an appropriate work/life balance. We also have a strong sense of corporate responsibility, aiming to manage the impact of our business on people, suppliers, communities and the environment.

As responsible investors, we are engaged in the stewardship of the businesses we invest in on behalf of our clients. We use our influence as shareholders to improve investee companies' own ESG practices and performance. We do this by engaging (directly and collaboratively) with companies where we have material shareholdings (which is detailed below) and by voting at shareholder meetings. As good stewards of our clients' capital, we seek to encourage better business practices which will both enhance value and reduce potential risks as well as increasing the impact of holding those investments on both the environment and wider society.

Responsible investment is an important principle for the Group and plays a vital part in setting an agenda which considers ESG impact, policies, measures and metrics. ESG factors can have a significant impact on the long-term financial performance and risk profile of investments, both positively and negatively, therefore we have integrated consideration of these factors as a core component of our investment approach. We believe that companies with high standards of governance and corporate behaviours, sustainable business models and which make a positive contribution to the communities they serve and operate within are less risky long-term investments. We do not, however, seek to impose a target for ESG factors on our clients' portfolios, such as Net Zero greenhouse gas emissions, unless we are specifically instructed to do so by individual clients. Please see link to responsible investing approach and policy on our website (www.evelyn.com/group/corporate-responsibility/responsible-investing/)

Strategy & culture

Evelyn Partners has a strong commitment to corporate responsibility. It is core to our purpose, our culture and business strategy that ESG considerations are being embedded into our corporate operational processes.

For wealth managers and financial advisers, such as ourselves, who are entrusted with the stewardship of our clients' capital, it is also important to ensure that ESG considerations are embedded within our responsible investment processes.

The Group is committed to being a responsible corporate citizen in managing the impact of our business activities on the environment and on key stakeholders, including clients, colleagues, investors and the wider community. We seek to minimise our environmental footprint, provide a professional and supportive workplace for colleagues and attract, integrate and retain people from diverse backgrounds to deliver the best possible service to all our clients. Ultimately, we are working towards a sustainable future.

Our corporate responsibility activities are divided into four underlying pillars which are overseen by our Corporate Responsibility Committee (CRC):

Pillar	Objective	Key highlights
Environment	We are committed to managing our business in a sustainable way to minimise our impact on the environment, both in our operations and through the value chain.	• We are working towards Net Zero in our corporate operations • We introduced the environmental management framework and environment policy • We moved to two BREEAM 'Excellent' rated offices in London and Birmingham. 45% of colleagues are located at offices rated 'Excellent' • We are supporters of CDP and completed our first CDP questionnaire • We measured all Scope 3 categories 1-14 and have reported on these emissions • We introduced a new procurement policy. The policy includes our ESG expectations of our suppliers within the Supplier Code of Conduct
Responsible investment	As Responsible Investors, we incorporate ESG factors alongside purely financial considerations in investment decisions and practise active ownership and stewardship	• UN PRI and UK Stewardship Code 2020 obligations frame the Group's investment process, policies, and procedures • We engage with collaborative engagement platforms (The Investor Forum and Climate Action 100+). In 2022, we became a founding member of the CCLA Corporate Mental Health Benchmark • Systems, third-party research tools and databases, screening and sector specialists assist in measuring ESG factors and sustainability risks. • We were awarded 'ESG Initiative of the Year' at the International Adviser Awards 2022 – see 'Our Sustainable Products and Services'
People	Our ability to attract and retain an inclusive and diverse pool of talent is central to our success. A competitive reward model supported by colleague training and development is key, as is inclusion, diversity, equality and mental and physical wellbeing.	• The Smart Working framework has enabled better planning of facilities and reduced travel for colleagues • In 2022, we reviewed the inclusion and diversity strategy and appointed a dedicated Inclusion and Diversity Director • We issued our Women in Finance Charter Statement and our Gender Pay Gap Report • We were awarded a BRONZE status on accreditation by the Inclusive Employers Standard (IES) • We joined 'The Business Disability Forum' • We continue to support colleagues' physical and mental wellbeing and have an active programme of wellbeing events • We launched career development and leadership programmes
Charities and communities	We have a wealth of talent and experience within our business and support communities through pro-bono work, volunteering and charitable giving.	• The Group's corporate charitable objective is to improve inclusion and diversity in financial and professional services • We donated £100,000 to Impetus, an organisation transforming the lives of young people from disadvantaged backgrounds, and supported Impetus charities through provision of pro-bono work and volunteering • The Group donated £100,000 to the British Red Cross Ukraine Crisis Appeal. • We increased our colleague matched fundraising to £500 for an individual and to £2,500 for each team fundraising event • The Evelyn Partners Charitable Trust made donations of £64,000 during the year • We participate in programmes which support our inclusion and diversity strategy

Investment Philosophy

We seek to preserve and grow the real value of each portfolio, for the lowest risk necessary to meet each client's specific objectives over the long term. We are patient investors.

Our investment philosophy rests on five fundamental principles:

1. Quality: we expect equities will be the main drivers of returns through time. We seek to invest in businesses able to grow revenue and compound returns over time, that are attractively valued with sound balance sheets and healthy cash flow generation, that are sustainable in terms of ESG factors and have a proven record of strong management and investment in their chosen strategy. We believe that these types of 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.

2. Genuine diversification: however confident we are about the outlook, we maintain well diversified multi asset portfolios. We want to preserve capital during unexpected shocks and to match each portfolio to every individual's risk capacity and tolerance. We do this by constructing portfolios made up of different asset types, combining holdings with different economic exposures and avoiding investment in areas that are too risky.

3. Liquidity: portfolios need to be flexible to be adaptable to changing economic and market conditions. Liquid assets can prevent active management and lead to unsuitable portfolios in 'risk-off' environments. We look to hold high quality investments which trade on large liquid markets. We regularly assess the liquidity of our portfolios, especially in the fixed interest and alternative sectors where liquidity is thinnest.

4. Responsible: we consider ESG or sustainability risk as an environmental, social, or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment arising from an adverse sustainability impact. ESG risks and factors include amongst others those related to climate change, mitigation and adaptation, environmental management practices and duty of care, working and safety condition, respect for human rights, anti-bribery and corruption practices, and compliance to relevant laws and regulations. We integrate ESG factors alongside traditional financial analysis because it improves our ability to identify sustainable businesses and improves the resilience of the portfolios we build for our clients. Our voting process focuses on discretionary holdings which are on our direct equity monitored universe, any company on our Alternative Investment Market (AIM) monitored list and any situation where our materiality threshold is met (where we own more than 1% of the total issued share capital).

5. Integrated risk controls: we incorporate strong risk controls across every aspect of our management of our client's capital. In addition to the risk controls monitoring investment and operational risk, there are also strong risk controls covering administration and transition.

ESG risks to Evelyn Partners

Factors we consider are:

- **Legal and regulatory:** the risk of failure to identify the changing requirements from multiple and overlapping regulators. Firms could get fined for mis-selling products/services to clients or providing improper advice to clients regarding 'green' or 'sustainable' investments until the appropriate standards are established. There is also an increased risk of litigation and client dissatisfaction
- **Technology**: accelerated adoption of climate and sustainability goals, potentially leading to more spending upfront on technological solutions to achieve our energy goals
- **Reputation:** the reputational impact of climate change both actual and perceived is a key concern for firms. Negative headlines and protests have already been seen across the sector. There is a need to ensure the Group is proactive in its activity and the brand is carefully managed
- **Productivity:** rising summer temperatures or severe weather events could have productivity impacts for staff
- **Raising sea level:** the majority of Evelyn Partners business is not in areas that are stressed by water or extreme temperatures therefore rise in sea level would have a limited impact on our operations
- **Product and service offerings:** the investment strategy will need to adapt, to take in to account new regulations and meet the expectations of clients. This creates both risks and opportunities
- **Sustainability considerations and promotion of ESG culture within the group:** net-zero targets, plans to align to TCFD, recycling, paper reduction and green energy initiatives are already in place. Further information about how we consider sustainability and ESG risks can be found in our Sustainability Disclosure statement on our website (www.evelyn.com/group/corporate-responsibility/responsible-investing/)

Stewardship at Evelyn Partners

Why is Stewardship important to us?

The Financial Reporting Council defines stewardship as the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, environment and society. Stewardship allows ESG issues to be considered alongside financial issues when building a portfolio so investors can be sure they're investing responsibly as well as profitably.

Stewardship encourages communication with wider stakeholders on the issues that matter to investors. This takes the form of informal discussions, as well as more formal voting and collaborative engagement, with the aim of improving ESG performance of companies. Whether it's voting in a certain manner or sharing information about regulations that could impact ESG goals, clear and direct communication helps shape policies in a way that encourages companies to maximise their long-term value – both monetarily and morally.

We use a range of methods when putting our approach to investment stewardship into action from taking an active part in company votes to engaging with boards or committing to Corporate Social Responsibility. When investing in third-party funds, we choose those with the same commitment and approach to stewardship as Evelyn Partners.

Clients

We take a proactive approach by listening to and understanding our clients' needs and ambitions, operating a comprehensive and unified Client Care programme across the Group. This provides an independent and objective platform to capture insights that will enable us to deliver a consistently exceptional client experience. We believe that by listening to our clients' experiences on how we are performing, and by understanding what they want and expect from Evelyn Partners – now and in the future - we can improve many aspects of our service that will bring real and tangible benefits. This is a client-centric programme that runs holistically across the Group, unifying all business areas nationally. It helps us to grow and deepen relationships, as well as understand more about our clients' needs so that together we can develop growth strategies, ensuring ongoing satisfaction and enabling us to better serve their interests. Our client surveys report strong satisfaction levels amongst clients. Our client feedback indicates the growing interest and importance of stewardship and responsible investment to them.

> "Couldn't be more thrilled to be working with the team at Evelyn Partners. [Our investment manager] blew us away with her knowledge and passion… I know we are in safe hands."
> **Evelyn Partners charity client**

Communities

As a Group, we enable our clients to invest responsibly, and we adopt the same approach in supporting our local communities. We have a wealth of talent and experience within our business and are keen to share this with the community and enable our employees to gain further personal and professional development by being involved in community projects and activities.

As part of our inclusion and diversity strategy, we also participate in several programmes which support the under-represented and under-privileged groups in society. These include:

- The 'Girls Network', where some of our colleagues dedicate their time to mentoring young women
- The '100 Black Interns Programme' which provides summer internships
- 'She Can Be' by hosting workshops and events to help young women see the City as a viable career option
- We became sponsors of GAIN (Girls Are Investors), a programme which helps young women get into the investment management industry through education and internships.

Performance

We are long term investors. For some clients this can mean a multi-decade, multi-generational approach – for example we manage assets for the sixth generation of our original investors.

Tilting portfolios towards positive long-term trends and away from the negative ones is a key part of our long term strategy. Regularly meeting and engaging with the companies and management teams we invest in has always been a core part of our disciplined investment process and fundamental to our approach to stewardship.

Stock picking, alongside asset allocation are core aspects of our investment approach. The importance we place in ESG factor integration and stewardship in improving our stock picking and, thus, ultimately portfolio resilience for clients, is just a natural extension of what we do. Many of our investments are tax constrained so good engagement with our investments is key to meeting client objectives to preserve and grow capital in the long term. Clients have had the opportunity to exclude companies and sectors from their portfolios using negative screening techniques or to tilt portfolios towards specific goals for over a decade.

The problems that ESG investment seeks to address are urgent. The repercussions of issues such as climate change, nature and social factors are profound and a failure to tackle it today would rightly be condemned by future generations forced to live with the consequences. Against this backdrop, it will only become more important to policymakers as part of the inevitable policy response. Governments are designing carrot and stick incentives to encourage markets to do the heavy lifting. Enormous and rapid change is necessary, but the momentum behind ESG investing is building. Client interest and regulatory change in both the UK and Europe, has accelerated. Remaining at the forefront of the UK wealth industry with regard to stewardship and ESG integration is core to our long-term purpose of placing the power of good advice into more hands.

We are proud of our clear culture and strong values which set us apart, that focus on our business, our people, our environment, our community and our customers. We are a diverse and inclusive business, proud of our culture that unites all colleagues to deliver 'performance with principles'.

Principle 2

Signatories' governance, resources and incentives support stewardship.

Governance and resources

Our Board recognises the importance of good corporate governance and works to ensure that the Group's governance arrangements deliver a well-run business which has at its heart its clients and recognises its responsibilities not only towards shareholders but also other stakeholders such as employees, the wider market and society.

The Board has delegated the day-to-day management of its corporate responsibility to the Group Executive Committee (GEC).

In 2021, the GEC appointed the Corporate Responsibility Committee (CRC) to oversee these activities. The CRC was responsible for setting and monitoring the Group's approach to the Corporate Responsibility strategy and leading the Group's work on ESG. The CRC, supported by the Board and the GEC, made significant strides in progressing the corporate social responsibility agenda.

The Group refined its approach in September 2022; the CRC was disbanded and ESG is now discussed formally by the GEC at a monthly ESG meeting, which includes the CEO. The GEC is responsible for setting and monitoring the Group's approach to the Corporate Responsibility strategy and leading the Group's work on ESG.

The GEC's activities, and formerly the CRC Committees, activities, are co-ordinated by its Chair and divided into four pillars. The strategy of each pillar is considered across the entire business.
The GEC sponsors of each pillar during the year were:

Responsible Investment **- John Erskine, Chief Investment Management Director:** focused on our investment clients and represents all things related to the stewardship and responsible investment process inputs/outputs which is overseen day to day by the Investment Process Committee (IPC).

People **- Benne Peto, Group Chief People Officer:** includes employee engagement and wellbeing, and diversity and inclusion.

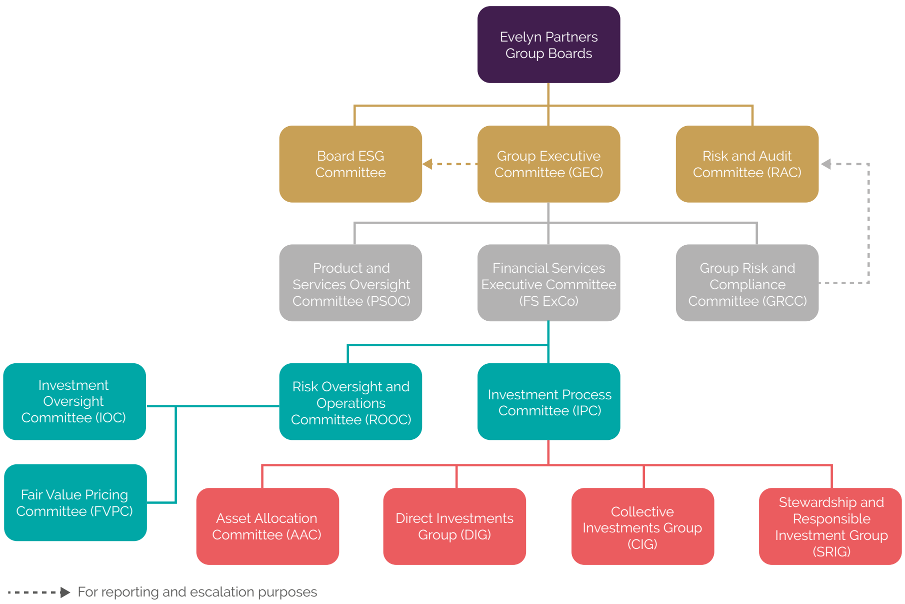
Environment **- Andrew Baddeley, Group Chief Financial Officer:** includes waste (paper, recycling, plastics, water, biodiversity and deforestation), energy efficiency & carbon reporting (scope 1-3) and striving to achieve the relevant 17 UN Sustainable Development Goals applicable to Evelyn Partners' corporate activities.

Communities and Charites **- Nicola Mitford-Slade[1], Group General Counsel:** includes volunteering, charitable giving and support for local communities.

In addition, Group Audit have responsibility for reporting, internal assurance and controls. The Board sub-committee Risk and Audit Committee (RAC), which is chaired by the senior Non-Executive Director, provides overall oversight of all these aspects including ensuring the function has the appropriate resources and access to information.

[1] Following Nicola Mitford-Slade's retirement in December 2022, Charley Davies, Group Legal Counsel, replaced Nicola as the Charities and Communities pillar lead in January 2023.

Organisational structure



Group Executive Committee (GEC)

The GEC is responsible for:

- Formulating the Group's objectives, strategy, and business plan, and recommending them to the Group Boards and Trust Co Boards for approval and overseeing the implementation of the Group's objectives, strategy and business plan
- Examining trade investments, disinvestments and major capital expenditure proposals and recommending to the Group Boards and Trust Co Boards any of those which are material by nature or cost
- Reviewing the organisational and governance structure of the group and making recommendations for change
- Managing the businesses within the risk appetite set by the Group Boards and regularly reviewing the Group's material risks
- Monitoring the operational and financial performance of the business against budgets, objectives and key performance indicators
- Implementing appropriate remuneration structures within the business divisions

Board ESG Committee

The committee is responsible for:

- Independently reviewing management's actions for an on behalf of, and assisting, the Group Boards in:
    - Promoting the long-term sustainable success of the business in relation to ESG matters
    - Embedding the corporate culture and values across the Group and to every aspect of the business ensuring they are aligned with the Group ESG commitment
    - Overseeing the development of the Group ESG strategy and monitoring its performance in relation to ESG matters by ensuring that the right ESG strategies, supporting framework, policies and action plans are in place to meet the Group's desired goals and monitor progress against those goals
    - Advising the Group Boards on the effectiveness of the Group's ESG strategy, clarity of its purpose, the application of its values and its management of ESG risks and opportunities.
    - Ensuring that the Group agrees, implements, communicates, and reviews strategy on key ESG issues, risks and opportunities

Financial Services Executive Committee (FS ExCo)

FS ExCo is a sub-committee of the GEC. The GEC has appointed FS ExCo as the supervisory body to provide oversight of the day-to-day running of the financial services business including overall client outcomes, regulatory compliance, business development, growth strategy and profit and loss across the business.

The committee is responsible for:

- Monitoring and ensuring the quality and delivery of client service outcomes and experience and making any changes or recommendations to GEC as appropriate to enhance the overall client outcomes
- Oversee the implementation of the Group's objectives, strategy, and business plan in relation to financial services ('FS') business and its compliance with the legal and regulatory framework
- Recommend to the GEC any propositions, business plans and strategies for the overall FS business development and performance including considering any changes to the operating framework
- Reviewing the FS organisational and governance structure and making recommendations for change
- Managing the FS businesses within the risk appetite set by the Group Boards and regularly reviewing the Group's material risks including any material escalations to Group Risk & Compliance Committee ('GRCC')
- Monitoring the operational and financial performance of the FS business including against budgets, objectives, and key performance indicators

Investment Process Committee (IPC)

Day to day oversight of the investment processes is provided by IPC, a group of senior investment management practitioners, who are responsible for all of the Group's investment services and the allocation of resource to support them.

IPC has delegated day to day responsibility for matters related to responsible investment and active ownership to the Stewardship & Responsible Investment Group (SRIG). Responsibility for direct investments falls to the Direct Investment Group (DIG) and collectives to the Collective Investment Group (CIG).

The committee reports directly to FS ExCo, the EPI and EPE Risk and Compliance Committees, with the report covering the following aspects:

- The ongoing suitability of the investment process to meet clients' requirements
- The sufficiency of resources (people, technology and data) and information to support investment managers in managing investment portfolios
- That regulatory requirements and best practice are being incorporated into the investment process
- An update on the budgetary position and any additional requirements

IPC is supported by and is ultimately responsible for the output of four main bodies:

- Asset Allocation Committee
- Direct Investment Group
- Collective Investment Group
- Stewardship & Responsible Investment Group

Stewardship & Responsible Investment Group (SRIG)

The Group is responsible for:

- Communicating stewardship and responsible investment activities, including any relevant regulatory changes and associated requirements, the Annual Stewardship & Responsible Investing report and internal and external briefings
- Integration of stewardship and responsible investment throughout the investment process, including providing or arranging any relevant training
- Identifying, assessing, monitoring and managing risks and opportunities relating to climate change and other material environmental and social impact issues
- Maintaining and updating all stewardship and responsible investment policies at least annually, and communicating any relevant changes accordingly
- Ensuring third party service providers (such as MSCI and Glass Lewis) are fit for purpose and meet the requirements of the investment management business
- Timely and accurate submission of reports for our relevant professional memberships, such as the UN PRI, Stewardship Code, TCFD and CDP climate related disclosures.
- Overseeing the Voting and engagement processes

SRIG meets monthly and reports monthly to IPC. There are working parties that meet covering special projects. SRIG comprises a mix of experienced investment managers, the Head of the Stewardship & Responsible Investment (SRI) team, the Head of Charities, the Head of Investment Compliance and the Head of Investment Risk along with experienced investment practitioners.

Direct Investment Group (DIG)

The Group is responsible for:

- Ensuring that the monitored universe of direct equities properly serves the requirements of investment managers across the business
- Monitoring the performance of the constituents of the monitored universe
- Monitoring the firm's level of exposure to the constituents of the monitored universe
- Ensuring that research is of sufficient quality, is updated regularly and is in accordance with the Group's policies and procedures
- Ensuring that the output from the Group and sector specialists is appropriately disseminated across the different communication forums
- Supporting the wider investment process, including encouragement of participation in it and research
- Continuing the integration of responsible investment within the process for investing in direct securities
- Monitoring the technology and data (incl. 3rd party research) to ensure it is suitable to provide the most appropriate evaluation, selection, and monitoring of investment recommendations
- Monitoring & reviewing the process for investing in AIM securities, to ensure that it is sufficiently robust given the higher risk nature of the investable universe.
- Monitoring & reviewing the process for investing in Fixed Income securities, to ensure that investment managers are provided with an adequate selection of direct bonds for consideration in portfolios

There are currently members of SRIG sitting on DIG. They ensure that matters of stewardship and responsible investment are filtered down into the wider group. They provide updates on voting, engagement, ESG training and any regulatory updates.

Collective Investment Group (CIG)

The Group is responsible for:

- Investment managers across the business
- Monitoring the performance of the constituents of the monitored universe
- Monitoring the firm's level of exposure to the constituents of the monitored universe
- Ensuring that research is of sufficient quality, is updated regularly and is in accordance with the Group's policies and procedures
- Approving additions to and removals from the monitored universe
- Ensuring that the output from the Group and analysts is appropriately communicated
- Supporting the wider investment process, including encouragement of participation in it and research

There are members of SRIG sitting on CIG. They are responsible for updating the group on all matters of stewardship and responsible investment, including due diligence, monitoring, engagement, voting on Investment Trusts, ESG training and any regulatory updates.

Resources

At Evelyn Partners we have seven dedicated responsible investment specialists, with skills ranging from stewardship to climate. We also have several Investment Managers that specialise in ESG investing, including monitoring energy and transition collective investments and managers of our in-house sustainable investment funds and sustainable managed portfolio service.

The Stewardship & Responsible Investment (SRI) team: responsible for all of the firm's stewardship activities, including the proxy voting process, collaborative engagements and providing transparency on our activity.

The team is comprised of experienced voting and engagement specialists, including the Director of Stewardship & Responsible Investment team, a senior SRI analyst and an SRI analyst.

The role sits within the front office where they can assist with queries, provide specialised training, run various reports and be the first point of contact for queries relating to stewardship and responsible investment. Support is also provided from members of the wider operational teams depending on needs and their specialism. This support includes corporate actions related data gathering and distribution, contract negotiation, regulatory insight/briefing, liaison with industry bodies and technology integration.

The Responsible Investment Transition team: this team was formed to support the firm in responding to the structural market and regulatory changes arising from governmental plans to significantly reduce the amount of greenhouse gases produced by the UK economy and to quantify other externalities. As a discretionary investment manager, Evelyn Partners must quantify emissions arising from its client investment portfolios and demonstrate that it is considering the risks to those investments. Both the UK and the EU have sustainable disclosure regimes that affect our pooled funds and our discretionary investment management business in the UK and Ireland.

The RI Transition Team is responsible for developing our systems and processes to enable Evelyn Partners to respond to those new business and regulatory requirements. The team then works together with investment managers to understand the wider context surrounding this data and with the Stewardship and Responsible Investment Teams to align our data with our approach to shareholder engagement.

ESG Specialists: we have ESG specialists in our investment management teams. They provide support to the wider front office with ESG integration, thematic investing and client communication. We also provide further ESG training for all our investment professionals, to ensure a consistent level of knowledge and understanding.

We currently have 18 employees who hold the CFA ESG qualification, with an additional 18 currently studying for it.

Key service providers

	Provider	Service Provided	Additional Information	Training
Core Wealth System	Avaloq	Investment Management & adminstratvie systems		Ad-hoc training is available upon request
	X-Plan			
ESG Ratings Provider	MSCI ESG Manager	ESG rating, controversies, screening, ESG company and industry research, carbon data, webinars, portfolio reporting on ESG, impact, and carbon	MSCI ESG Manager provides initial company and fund screening, as well as detailed reporting for our clients. We supplement their work with that of our own analysts. Consistency and interpretation of data across companies, sectors, regions and data providers remain an issue, although one that we expect to be resolved in time. MSCI are developing new modules and adding new coverage which is gradually reducing gaps to coverage and meeting emerging needs.	We hold various training session throughout the year on how to use ESG Manager and how to run the various reports. We also hold sessions with various MSCI sector specialists.
Proxy Voting	Glass Lewis	Proxy voting research and platform, portfolio and company-wide reporting	Glass Lewis, our proxy service agent, provide proxy voting information which we adapt to our own voting policy. In addition, they allow us to track and report our activity at both a group and portfolio level. We have been working with Glass Lewis on leveraging the most meaning full data from their system to enable us to enhance our reporting capabilities	Training is available to anyone that uses the Glass Lewis platform ViewPoint. We are also planning on running some additional sessions with Glass Lewis specialists on various voting topics that may be useful to our specialists.
	Broadridge	Proxy voting delivery	Broadridge supply the pipeline through which all our voting activity is directed and the controls to ensure we only vote what we should be.	We have the ability to run reports through Broadridge's reporting tool ProxyEdge. As of yet this isn't something we have utilised however they have offered to provide training should we decide to use this.
Data, News & Research	Morningstar	Data, news and research on funds, investment trusts and ETFs	Provide additional services and information to allow us to cross-check information.	Ad-hoc training is available upon request
	Refinitiv	News, pricing data, investment analytics tool, including ESG		
	Bloomberg	Access to news, data and analytics		
	Sell-side research	A range of sell-side research used to augment and inform our own work	We buy-in a global range of high-quality sell-side research that provides valuable insight used to augment and inform the work of our in-house teams.	

We have an internal investment platform from which our Responsible Investment (RI) hub is accessed. The RI Hub brings together all the responsible investment information available into one easy to navigate area. For example, we share internal documents such as our ESG training material, meeting notes of webinars on sustainable investment topics, ESG research, our ESG newsletters, user guides to our service providers, lists of proprietary ESG buy-lists for equities and funds. Our ESG policies are also stored there. The equities section of the investment platform contains our monitored universe on which our proprietary financial scores are displayed along MSCI ESG ratings, as well as individual MSCI ESG scores.

Training

All members of the Board and senior executives and department heads receive induction and ongoing training on stewardship and responsible investment each year.

As part of our consideration of ESG in the investment process, we continue to ensure all investment managers/sector specialists are trained on ESG topics. We have completed the first two stages of our three-phase mandatory responsible investment training programme for all client-facing professionals. The first phase consisted of a 30-minute online training programme, with the second phase being held over the course of two months with practitioners attending one and a half hour in-person training seminars. Phase 3 is due to begin roll out in 2023.

We also undertake sector specific training each year with MSCI sector specialists. There is also wide-spread take-up of sell-side events and other training opportunities.

Other activities

We have extended our collaborative engagement activities (please see further details under Principle 10). We continue to work on building our proprietary RI Dashboard which enables us to aggregate principal adverse impacts (PAIs) indicators and comply with our SFDR reporting obligations. We continue to consider how we will integrate individual client sustainability preferences with appropriate systems.

We continue to strengthen our climate-related disclosures in line with the TCFD framework and have reported for the year end 31 December 2022 – further information can be found in our Annual CSR Report (www.evelyn.com/media/aske5e3y/evelyn-partners-2022-corporate-responsibility-report.pdf). We continue to work towards further alignment with the requirements of the TCFD in accordance with the FCA's requirements for asset managers applicable to Evelyn Partners from 1 January 2023.

MSCI Roadshow

We attended a session run by MSCI on the Russia Ukraine conflict. This was very topical due to the ongoing situation in Russia and Ukraine. There was a focus on the downgrade of all companies domiciled in Russia due to the extreme financial and operating risks associated with the country.

Remuneration policy principles

In determining the Evelyn Partners remuneration policy, the Remuneration Committee takes into account all factors it deems necessary, including business plans/longer term strategy and budgets, relevant legal and regulatory requirements and associated guidance, as well as the risk and risk management implications of its decisions, including environmental, social and governance risk factors.

The overall objective of the Evelyn Partners remuneration policy is to ensure that the Executive Management of the Company and their colleagues are provided with appropriate incentives to encourage enhanced performance and are rewarded for individual contributions to the success of the Evelyn Partners Group, in a fair and responsible manner and in line with market practice and business plans/longer term strategy.

The main remuneration components are fixed pay, variable pay and benefits.

Fixed pay:

Fixed pay includes base salary and company funded/provided benefits (including pension contributions, income protection and life assurance). Fixed pay is determined by considering internal factors (the role a colleague carries out, affordability etc) and the external market. Fixed pay is reviewed annually to determine if an increase is appropriate.

Variable pay:

Variable pay is an important part of total compensation at Evelyn Partners. Variable pay takes into account the performance of the business and an individual's performance against their annual KPIs and other performance related factors. The KPIs and other performance factors will consider financial and non-financial KPIs, behaviours (including adherence to the Evelyn Partners company values), and appropriate performance against a range of risk and compliance measures.

Variable pay awards are made from a bonus pool which is determined annually based on company performance. All variable pay awards are discretionary.

Risk and conduct in remuneration:

Risk management is at the heart of how all colleagues are remunerated at Evelyn Partners, particularly when considering variable pay structures.

All key remuneration decisions are subject to approval by the Remuneration Committee. In discharging its responsibilities under its terms of reference, the Remuneration Committee and the Group Chief People Officer work with the Chief Risk Officer & Group Head of Compliance ("CRO") to ensure that risk factors are properly considered in setting the overall remuneration for the Evelyn Partners Group, and in particularly the incentive structures for the Executive Directors, Senior Management and other key professionals, as appropriate.

The Chief Risk Officer provides an annual report on bonus risk adjustment considerations and makes recommendations to the Remuneration Committee on whether adjustments to bonus pools should be made.

Bonus plans have non-financial KPIs within them, which consider the behaviours and client focus (amongst other criteria) of a colleague in determining a bonus payment. All colleagues are also subject to a risk, compliance and conduct review as part of their annual appraisal, which determines the percentage of any bonus payments made. This review considers amongst other things, the completion of all mandatory training, compliance with all policies and procedures, and in the case of practitioners, client specific metrics. Evelyn Partners' remuneration policy takes into account sustainability-related disclosures in the financial services sector. The policy is consistent with Evelyn Partners' approach to the integration and management of sustainability risks in its investment process. Relevant feedback, including non-financial criteria, is provided to the remuneration committee for consideration in the assessment of variable remuneration. This includes whether the investment process has been followed with regard to matters such as asset allocation, security selection, responsible investment and investment risk management, including sustainability risks. Management reserves the right to add other metrics to the scheme throughout the year if new risks/ conduct issues are identified.

Any bonus award may be deferred or reduced by up to 100% where a satisfactory outcome of the Risk and Compliance review is not achieved, where a disciplinary or capability process is underway, or where an employee is suspended in a case that leads to (or is expected to lead to) a gross misconduct dismissal.

Inclusion and diversity (I&D)

We recognise our responsibility to be an inclusive employer as well as the value that diversity brings in strengthening our ability to achieve our goals.

In 2022, we reviewed our inclusion and diversity strategy, appraised the latest research, and considered the challenges we face and our progress. As a result, the Diversity & Inclusion Committee (DIC), established in 2021, was relaunched as the Inclusion & Diversity Committee (IDC) in early September 2022 reflecting that diversity is a product of an inclusive environment. IDC membership was selected to reflect its diversity aims as indicated below.

Our inclusive culture aims to ensure that colleagues of all backgrounds, life experiences, preferences and beliefs are respected and valued as individuals, are treated equitably and respectfully and that colleagues have a sense of belonging and security and are free to speak up. We want colleagues to feel empowered, to have an equal opportunity to contribute to business success and to be their authentic selves.

Our diversity should reflect, but is not limited to diversity of:

- Thoughts and opinions
- Age
- Gender and gender identity
- Sexual orientation
- Race and ethnicity
- Religion or belief
- Physical and cognitive ability; and
- Social background.

Central to our I&D objectives, we are committed to the education, recruitment and retention of a diverse workforce that reflects wider society and our client base. We use an outsourced recruitment provider to remove unconscious bias, thereby allowing us to apply consistent criteria to a diverse candidate pool. We provide training to our hiring managers on business wide sub-conscious bias.

Highlighting the importance of I&D, in 2022 the Board approved policies on Board Diversity and Board Director Suitability, Induction & Training.

Appointment of a dedicated Inclusion and Diversity Director

In 2022, we appointed a dedicated Inclusion and Diversity Director to drive forward the Group I&D Strategy. She is supported by the IDC and the Inclusivity & Diversity (I&D) networks within the business.

As a flavour of some of our initiatives, promoted by the I&D networks during the year, the Committee:

- Supported by the Race, Religion and Ethnicity (RaRE) network engaged in religious and cultural celebrations
- Via the Gender Equality network (previously the Women's network), supported participation in national recognition days such as International Women's and International Men's days
- Following the lifting of COVID-19 restrictions, hosted an inaugural in-person meeting of the firm's Proud Network which celebrates members of the LGBTQ+ community.

Inclusive Employer's Standard (IES)

The Inclusive Employer's Standard (IES) is an evidence-based workplace accreditation tool for inclusion and diversity. Participants answer 35 questions that cover all the protected characteristics and wider I&D themes. We completed our first assessment during the year and are pleased to announce that Evelyn Partners was awarded a BRONZE status under the IES.

Business Disability Forum

We became members of the Business Disability Forum, a leading business membership organisation in disability inclusion. It works in partnership with business, government, and disabled people to remove barriers to inclusion. We are working towards becoming a Disability Smart Employer.

Women in Finance Charter

As supporters of the Women in Finance Charter pledge for gender balance in financial services, we seek to improve gender diversity in both Financial Services and Professional Services.

This year, we signed the Women in Finance Charter outlining our commitment to working towards greater female representation (particularly at a senior level) within our industry. Our statement can be found on our website at evelyn.com within the People section.

Gender Diversity

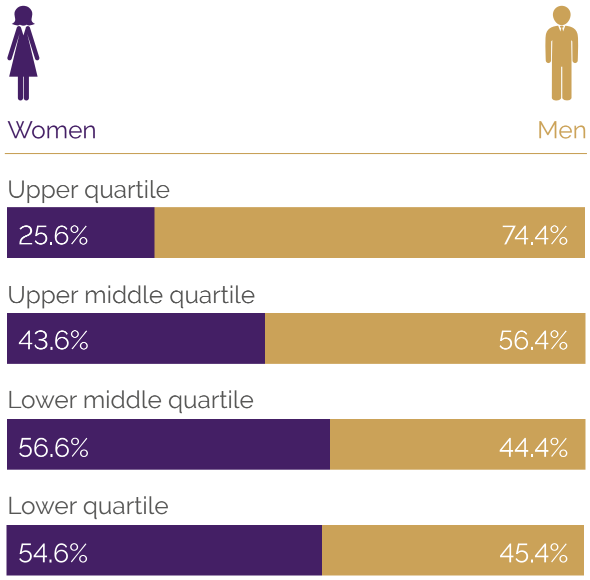
We are making progress on improving gender diversity of the Board and senior management team and are committed to improving this within all levels of the organisation. The following table shows the gender mix of the Group:

Organisation level	Female		Male		Total
31 December 2021	No.	%	No.	%	No.
Board of Directors	2	27%	8	73%	11
Group Executive Committee	3	27%	8	73%	11
Senior management	33	24%	107	76%	140
All colleagues	1,620	45%	1,980	55%	3,600

Organisation level	Female		Male		Total
31 December 2020	No.	%	No.	%	No.
Board of Directors	2	18%	9	82%	11
Group Executive Committee	4	36%	7	64%	11
Senior management	33	24%	105	76%	138
All colleagues	1,520	46%	1,766	5%	3,286

We are closing our Gender Pay Gap (GPG) year-on-year, with significant progress made in the 2022 reporting year. Our GPG, which calculates the median average pay by gender, is 27.7% for 2022, down from 32.1% in 2021. This does not mean that colleagues are paid unfairly, but rather because more men occupy more senior, higher paid roles.

Percentage of women and men in each pay quartile



As an employer, we are committed to reducing our gender pay gap and we continue to focus on ways to encourage and support the progression of women into senior roles through recruitment, promotions and mentoring.

In the coming year:

- We are committed to improving diversity within our organisation and industry and continuing to develop our inclusion and diversity strategy
- We are committed to reducing our Gender Pay Gap and supporting the progression of women into senior roles through recruitment, promotions and mentoring and leadership development
- We will continue to monitor and develop our remuneration strategy and will link an element of ESG related objectives to bonuses
- We will continue to monitor colleague engagement and wellbeing, development and satisfaction by undertaking colleague Pulse surveys twice a year and adapting our strategy accordingly
- We will develop our metrics and targets related to inclusion, diversity, wellness and equality.

Principle 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

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 and in accordance with our written policy.

Purpose and scope

The purpose of our conflict of interest policy is to summarise the policies and procedures in place within the Group for identifying, minimising and managing conflicts of interest arising from the different business activities undertaken by these companies. The GRCC is responsible for ensuring the effectiveness of the policy and procedures in relation to each of the operating subsidiaries of the Group. The Board is ultimately responsible. The Group is required to:

- Take all appropriate steps to identify and to prevent or properly manage conflicts of interest, such as those between (i) the firm and its clients, and (ii) one client and another
- Maintain and operate effective organisational and administrative arrangements in order to take all appropriate steps to prevent conflicts from adversely damaging clients' interests. If the risk of a conflict of interest is so great that the conflict cannot be avoided or managed by a combination of these and/or other steps in such a way as to ensure the client's interest will not be adversely affected, then the firm will decline to act for that client
- Fairly disclose the general nature and/or source of the conflict to the client when the organisational and administrative arrangements in place are insufficient to ensure that clients' interests will not be adversely affected
- Keep records of the firm's services and activities in which conflicts may arise or have arisen
- Provide clients with a summary of the Conflicts Management Policy

Ownership and governance

The board of directors of each firm within the Group is responsible for ensuring that each firm complies with all its obligations under the regulatory system, including its obligations to identify, manage and record conflicts of interest. This policy is owned by the Board Risk & Audit Committee (RAC), which is responsible for approving the policy. The GRCC is responsible on a day-to-day basis for overseeing risk control matters for the UK businesses, including adopting and annually reviewing the Conflicts Management Policy and ensuring its effective implementation (including ensuring that compliance monitoring programmes cover these issues). This review should identify any deficiencies and the actions needed to ensure that appropriate measures are taken to address these. The GRCC should track the resolution of the issues identified and report material issues into the RAC.

Identifying conflicts of interest

For the purpose of identifying the types of conflicts of interest that may arise as part of our fiduciary duty to our clients, and which may entail a material risk of damage to clients' interests, we take into account whether we, an associate or an employee:

- Has conflicting duties to act for clients on both sides of a transaction
- Is acting for a transaction in respect of which it holds relevant confidential information supplied by a current, past or prospective client on the other side of the transaction
- Holds unpublished price sensitive information about the issuer of securities held for clients through/acting in a transaction affecting the issuer
- Is likely to make a profit or avoid a loss at the expense of the client
- Has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of a client, which is distinct from the client's own interest in that outcome
- Has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client
- Carries on the same business as the client

- Receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard fee or commission for that service
- Is substantially involved in the management or development of insurance policies, in particular where such a person has an influence on the pricing of those policies or their distribution costs

Avoiding and managing conflicts of interest

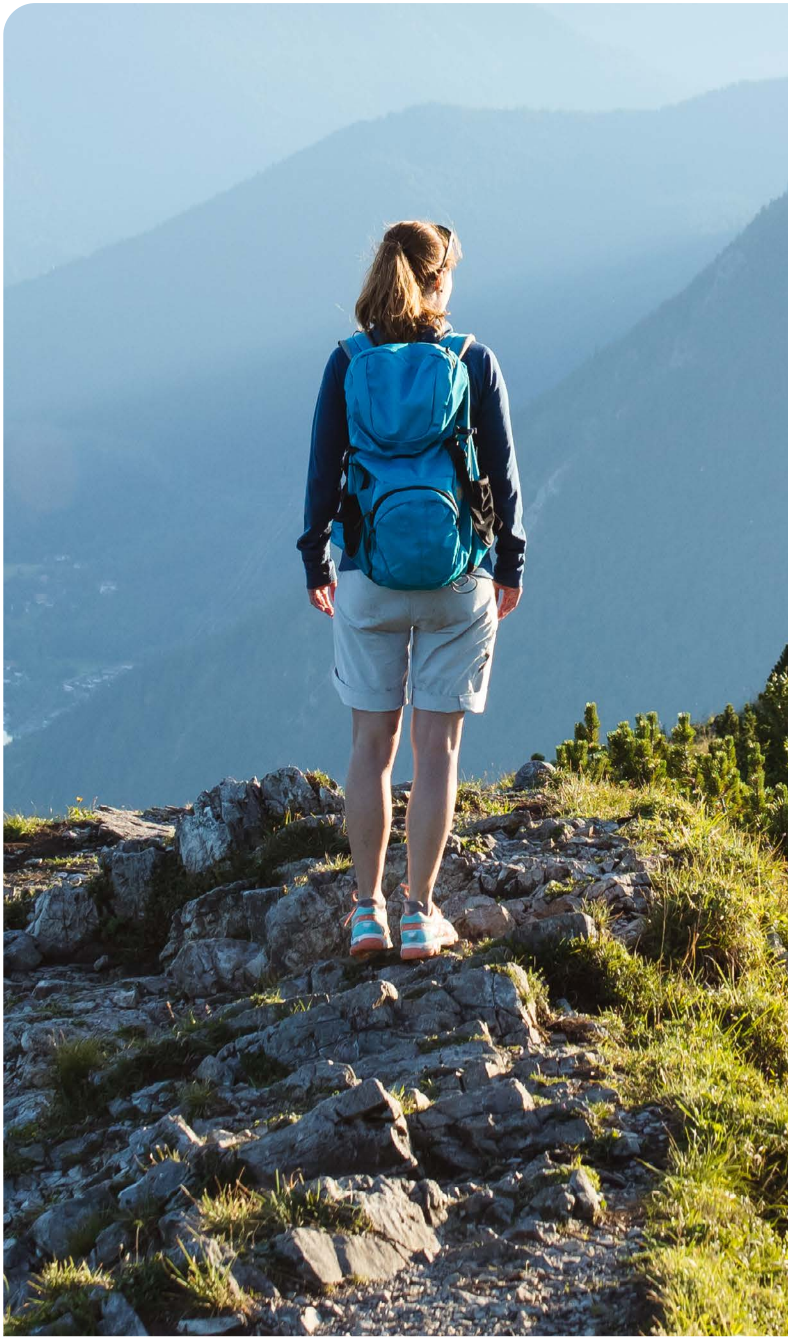
We avoid and manage these conflicts through a number of policies and procedures. These include:

- **Maintaining a confidentiality policy**
  - All staff are required to maintain the confidentiality of client information. Such information should not be accessed or communicated except for legitimate business reasons.
- **Restricting staff dealings in securities**
  - Staff are required to adhere to our personal account dealing policy.
- **Restricting information flows**
  - We have physical and technical barriers in place, known as 'information barriers'. These prevent information held by other parts of the Evelyn Partners group, which could restrict dealing, from reaching our investment managers.
- **Carrying out transactions in investments as agents not as principal**
  - We only carry out transactions in investments as agents for the client.
- **Gifts and entertainment policy**
  - We have a policy to ensure gifts and inducements received from or given to third parties by members of staff are declared, and pre-approved as appropriate.
- **Maintaining appropriate and transparent charging policies**
- **Disclosing in accordance with market practice**
  - General potential conflicts inherent to the nature of our business and the structure of the market are disclosed in the written contracts concluded with clients.
- **Obtaining clients' informed consent**
  - Following disclosure of specific conflicts arising in particular transactions or situations, client consent is received before proceeding.

Ownership structure

Evelyn Partners is not subject to any conflicts arising from its ownership structure. The substantial shareholders of the Group are Permira 56.4% and Warburg Pincus 24.8%. The balance of 18.8% is owned by current and former managers and staff. No third-party product provider or supplier has a material shareholding or financial interest in Evelyn Partners (or vice versa) such as to be able to influence Evelyn Partners' operating decisions to the detriment of client interests.

We did not identify any conflicts or potential conflicts in the reporting period.



Principle 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Managing risk to support our strategy

The purpose of risk management is to develop processes and tools that assist the Group to identify, assess, monitor and manage the key risks that are inherent in the Group's business activities, in line with the Board's strategic objectives and risk appetite. The risk management arrangements at Evelyn Partners form part of a strong governance culture, built upon the Three Lines of Defence model under which primary responsibility for identifying and controlling risks rests with the Group's businesses (the first line of defence). Ultimate responsibility for ensuring the adequacy and effectiveness of risk management rests with the Group's Board, with oversight provided by the Board's RAC.

The Group has a Risk and Compliance function providing the second line of defence. It is led by the Group Chief Risk Officer who has an independent reporting line to the Chair of the Board Risk and Audit Committee and a right of access to the Chair of the Board. The Group Chief Risk Officer is a member of the GEC and attends the Risk and Audit Committee meetings.

The third line of defence consists of the internal audit function, which provides assurance to senior management that business processes and controls are operating effectively. The internal audit function identifies any processes and control deficiencies and monitors remediation plans.

The risk management framework is underpinned by policies, procedures, and reporting. The requirement to produce accurate and timely management information to meet the needs of the Group, continues to increase, as it seeks to deliver its strategic objectives. Over the last year, the Group has focused on enhancing reporting at Group and Divisional level. It has also developed reporting of material events with the production of several deep dives. Strategically there has been a lot of focus on global events and changes to regulation. This has required risk management and compliance to conduct in depth reviews of the business through these lenses and understand how they will impact the Group. This has tested the awareness, implementation and effectiveness of the risk management framework.

Where risks fall outside of the Group's risk appetites, which are defined at both the operational resilience and business-as usual threshold levels, 'path to green' actions are required. Actions are also required where remedial action is recognised in respect of any weaknesses identified in relation to mitigating controls.

Top and emerging risks

The top risk report and emerging risk radar continue to facilitate discussion and provide a mechanism to monitor potential risks at executive and Board risk committees. The process for identifying developing risks at Group and business levels has been further refined to bring greater clarity on why risks are being proposed or removed from the report or radar.

Risks shown on the top risk report for 2022 included:

- **Global Economic Climate** – The Group has been closely monitoring the changes to the global economy and the potential impact on the Group. Initial activity included reviewing the sanction changes following the Russian invasion of Ukraine. It then moved on to look at market volatility, the rise in interest rates and the cost of living
- **Consumer Duty** – A key regulatory change over the coming year will be Consumer Duty. Due to the assessed requirements of this change, it was elevated to being a Group Top Risk in Q4 of this year
- **ESG** - This remains a key driver of activity across the Group. Examples include the requirement to assess the environmental impact of our corporate supply chain, to understand portfolio level emissions data, to consider how ESG activities impact the community and colleagues. In 2022, it was decided to establish a Board ESG Committee, the inaugural meeting of which will take place March 2023. ESG is a key risk and is the subject of a dedicated monthly meeting of the GEC. The strategy and objectives of each pillar of corporate social responsibility objectives are discussed at each meeting

Risks on the emerging risk radar for 2022 included:

- The risk of a material external change driven by politics is now assessed as decreasing. A number of politically linked risks have been removed
- Both Consumer Duty and the global economic climate were initially tracked on the emerging risk radar before becoming top risks for the Group

The Group reviews and refreshes its key risks on an annual basis. The Group identifies 17 key risks at Group and business level to help ensure that risks are assessed and managed in a consistent way with oversight from the relevant Committees and Boards. An example of this is shown below:

Key risk	Risk definition	Key mitigating controls	Example of metrics	Trend
Environmental social and governance (ESG)	Adverse business and/or client impact resulting from the failure to meet stakeholder expectations of ESG	• Board and Executive level focus with a dedicated monthly Group Executive Committee meeting • Group Executives are responsible for the implementation of the Corporate Responsibility strategy based on four key ESG Pillars detailed in the Corporate Responsibility Report • Enabled coordinated planning • Recruitment of ESG focused colleagues • Guidance and obligations, as signatories to the UN PRI and of the UK Stewardship Code 2020	• Scope 1, 2 & 3 emissions • REGO-backed renewable energy • Group and colleague charity donations • Volunteering days • Gender mix • Inclusive and diversity measures • Employee Pulse survey • Estate management	• An increased area of focus across the Group • Performance and risk indicators, thresholds and targets are being developed and embedded in business areas and support functions. These will be enhanced as more data becomes available. • Understanding the Group's impact and where it can make changes to improve, our corporate planning and strategy, the resources consumed, the clients we work with, and the investment decisions made on behalf of clients

Climate change

We are deeply committed to managing our business in a sustainable way to minimise our impact on the environment. Our environmental considerations include waste (paper, recycling, plastics), water, biodiversity and deforestation, energy efficiency and carbon emissions. We are striving to achieve the relevant UN goals on meeting environmental targets. We are working towards reducing our corporate organisational carbon footprint to meet the group strategy of achieving operational Net Zero as soon as possible.

We believe that the most significant climate impacts for our business are in the form of 'financed emissions'. ESG factors including climate considerations, impact the long-term financial performance of investments, both positively and negatively, and our understanding of these factors will inform our clients. This may affect our organisation and stakeholders in the short-term (less than one year), medium-term (one to five years) and long term (over five years).

The GRCC identified ESG as a top risk 2022 and the Group have been monitoring regulatory and other announcements throughout the year.

Having identified ESG as a key risk, the main risks and opportunities were analysed. Our understanding of climate risks and opportunities and the potential impacts of those risks frame our strategy, as we seek to minimise exposure to those risks, both at a corporate organisational level and as a responsible investor. These are outlined below.

Key physical and transitional risks to our business

The impact of climate change has contributed to extreme floods, wildfires, droughts and storms in various parts of the world. Temperature records continued to be broken as evidenced by the extreme weather events which occurred globally throughout the year. Based on current pathways and trajectories, climate scientists report that the window to take action and avoid the most severe impacts of climate change is narrowing. To ensure a sustainable future, the onus is on all of us to reduce our climate impact.

The risks associated with ESG and climate-risk were analysed and have been split into two elements:

- **Physical** – the risk of climate change affecting the Group's operations and assets, including assets under management, in relation to more frequent or more extreme weather events and chronic changes in climate
- **Transitional** – the risks to the Group as it transitions to embed ESG and climate-risk across the organisation, are related to policy and legal risk, market risk, technology and reputation risks

As we work towards controlling and reducing our carbon footprint, we have implemented many initiatives across the business. A summary of these is set out below:

- We are working towards Net Zero in our corporate operations
- We introduced the environmental management framework and environment policy
- We moved to two BREEAM 'Excellent' rated offices in London and Birmingham. 45% of colleagues are located at 'Excellent rated offices
- We are supporters of CDP and completed our first CDP questionnaire
- We measured all Scope 3 categories 1-14 and have reported on these emissions
- We introduced a new procurement policy. The policy includes our ESG expectations of our suppliers within the Supplier Code of Conduct

ESG, including climate, is embedded within our Responsible Investment strategy and considered in our investment process to reduce risk and maximise opportunities related to our investments

The Group is a member of two collaborative engagement platforms; The Investor Forum and Climate Action 100+. Through collaborative engagement with other investors, the Group can influence and address various ESG topics, including climate and wider themes

We promote and support sustainable transport policies such as cycle-to-work and season ticket loans and through our 'Smart Working' policy. Our new head office has an accessible bike storage area for 150 bicycles and there are no car parking spaces.

Policy and legal

The Board ESG Committee are supported by colleagues with responsibility to keep abreast of developments related to climate and ESG through training and development, engagement on panel discussions and research. As part of our ESG integration, we continue to ensure our investment managers and sector specialists are trained on ESG areas and we monitor responsible investment regulatory changes and update training requirements.

SRIG and SRI, supported by sector specialists, are fundamental for fulfilling our duty as responsible investors to ensure that ESG objectives are given due consideration. Sector specialists conduct in-depth research and consider the most important ESG factors (typically the most significant 3 to 5) for the sector in which the company operates. .

Technology

We used third-party research tools and databases to provide our investment managers with core ESG data and tools to assist in measuring ESG factors and sustainability risks for the investments we manage on behalf of our clients. These tools are now available to all Group investment managers via the sector specialist teams. This will also enable us to capture third-party ESG data required to measure and manage our ESG risks in portfolios and meet pending EU SFDR and UK TCFD regulatory reporting requirements in the years to come.

Our third-party research tools allow us to map investments and portfolios against the 17 sustainable development goals (SDGs) and provide useful analysis regarding the rating for each element of ESG.

Market

Where clients have ethical or other criteria, our investment teams have access to MSCI ESG Manager, a tool which allows portfolios to be screened for exposures. It allows for positive screening towards companies with high or improving ESG scores and includes best in-class portfolios and provides insights into portfolios carbon exposure. This reporting tool can also be used to provide clients with the carbon footprint of their portfolios as well as sustainable impact reports, upon request.

Reputation

As signatories to the UN PRI and supporters of the UK Stewardship Code 2020, we have incorporated ESG factors alongside traditional financial metrics into our responsible investment processes. Both require regular and transparent reporting and will help reduce reputational risk.

We are working towards operational Net Zero and will further develop our environment strategy, risk management and metrics and targets as we further align with the TCFD and work towards reducing our environmental impact. We will be submitting our second CDP climate questionnaire in 2023.

Scenario analysis

It is important that we are aware of the climate impacts associated with our corporate operations and that consideration of ESG, including carbon-emissions and climate, is embedded within our corporate operations and investment processes. The risk from transitional developments, which was explored in the ESG Scenario Analysis carried out in 2021 and refreshed in 2022, is considered valid and appropriate. Two scenarios were considered that centred on the failure to accurately deliver regulatory requirements:

- A failure in trust and tools of the Group to correctly monitor and manage a client's portfolio in line with their ESG requirements. This could lead to litigation and a single issue at the Financial Ombudsman Service (FOS)
- A stressed version of scenario 1 where the Group is assessed as being in breach of all three themes: transparency, trust and tools, with a systemic failure of ESG requirements resulting in an FCA fine due to the failings.

A further scenario was considered based upon a significant change in climate (a 2-4% rise in temperature leading to a market drop of 40%); this is a Bank of England stress testing scenario.

We plan to further enhance our stress testing to assess climate related risks to the business over the coming years.

Further information on our TCFD climate-related disclosures can be found in our 2022 Group Corporate Responsibility Report. (www.evelyn.com/media/aske5e3y/evelyn-partners-2022-corporate-responsibility-report.pdf)

Investment process – integration of sustainability risks (Evelyn Partners ESG integration)

Our central investment strategy team identifies short, medium and long-term risks, including those posed by structural trends, such as climate change and digital conversion, together with the perennial concerns about interest rates, inflation, growth and geo-political risks. We use these to inform the asset allocation process and top-down sectoral recommendations to investment managers.

Principle Adverse Impacts

Evelyn Partners has adopted the approach of sustainability-related disclosures mandated by the EU in the Sustainable Finance Disclosure Regulation (EU 2019/2088) (the Regulation). The Regulation includes provisions requiring relevant businesses to disclose to potential investors how sustainability risks are integrated into their investment processes and the due diligence performed on the principal adverse impacts (PAIs) of their investment decisions on sustainability factors (as set out below). Please see link for updated sustainability disclosures.

The regulation defines:

- Sustainability risk as an ESG event or condition which, if it occurs, could cause a material negative impact on the value of an investment.
- Sustainability factors as environmental, social and employee matters, respect for human rights, anticorruption and anti-bribery matters

This approach applies to the Evelyn Partners discretionary investment management. The section below describes how these are incorporated within our investment process

- Integration of ESG risks - our central investment strategy identifies short (0-1 year), medium (1-5 years) and long-term risks (5-10 years), including those posed by structural trends, such as climate change and digital conversion, together with the concerns about interest rates, inflation, growth and geo-political risks. This informs the asset allocation process and top-down sectoral recommendations to investment managers
- From a bottom-up perspective, our direct sector specialists identify the top 3-5 material ESG impacts for each sector and use this to inform the investment decision making. Where this reflects market-wide or systemic risks to certain sectors, this is considered and impacts investment recommendations. Performance of all recommendations is regularly monitored and reviewed over multiple time periods through the IPC governance structures

- Our investment managers and sector specialists have regular engagements with the companies in which our clients invest. Regular informal communication and more formal discussions, including discussions about ESG factors relevant to each company, plus use of research tools, helps us to manage and reduce risk
- Our proxy voting service provider provides us with third- party research that complements our in-house function. The issues that our advisers provide are shared with investment teams. We are transparent in our voting and attempt to engage with the company before voting against a resolution so that we may understand the background to the resolution. Research, engagement and transparency help to reduce risk
- Our policies and controls are designed to reduce risk and are regularly reviewed.
- We continue to develop our colleagues' understanding of ESG factors and climate-risk. Our colleagues are key to help us identify, manage and monitor the risks and opportunities that face the companies in which we invest and within our own corporate operations

Direct Equity Investments

Evelyn Partners receives ESG data from MSCI on all securities in the MSCI ACWI and the MSCI UK IMI indices.

MSCI provides an ESG score for all securities within our monitored universe, the MSCI ACWI and MSCI UK IMI. For monitored securities, Evelyn Partners' sector specialists, responsible for assessing monitored companies, may seek to override the MSCI ESG scores where there is a significant divergence between the MSCI score and their own assessment. This ESG perspective is supplemented by our own fundamental research and analysis, and also that from third-party providers, to arrive at an overall qualitative assessment or security recommendation.

This analysis incorporates an assessment of the likely impact of sustainability risks on the returns of these securities. In general, where a sustainability risk occurs in respect of these securities, there may be a negative impact on its value. Sustainability risk can either represent a risk on its own, or impact and contribute significantly to other risks, such as market risks, operational risks, liquidity risks or counterparty risks.

The ESG risk factors affecting all companies within each industrial sector within the MSCI ACWI and the MSCI IMI are then assessed. The top material ESG factors, three to five in total, for each industrial sector represent the key ESG issues for sector specialists to consider.

The PAIs per sector are reported to SRIG on a quarterly basis for consideration in the firm's investment process (overseen by Evelyn Partners' IPC).

Collectives

Evelyn Partners monitors a selection of funds which then can be used to construct and maintain suitable portfolios. Sector specialists divide up the population of monitored funds into three types: Responsible/Sustainable, Green Tick and Others.

Due diligence is undertaken on each fund under the following headings:

- **Industry bodies**: Ideally the investment firm/company should be a signatory to the UN PRI and/or the UK Stewardship Code, or another equivalent body
- **Investment policy:** A fund's investment policy should incorporate the principles of the UN PRI and/or the UK Stewardship Code in their approach to responsible investment
- **Investment process:** The fund manager should be able to describe how ESG is integrated into the investment process
- **ESG resource:** Training should be available to all investment professionals. Additional note will be taken where there is dedicated resource and/or external ESG data providers
- **Stewardship:** Voting and engagement policies will ideally cover ESG issues
- **Principal adverse impacts:** The investment firm/company should consider and disclose the PAIs of their investments

Clients

It is our fiduciary duty to manage investment risk on behalf of our clients.

To ensure that services are suitable the adviser/investment manager needs to be very clear exactly who the client is, particularly when there is more than one party connected to the account. It is important to be clear who is the subject of the suitability assessment – the person whose knowledge and experience, financial situation and investment objectives (including attitude to risk) need to be considered and reviewed regularly. We take into account:

- Knowledge and experience
- Financial situation
- Investment objectives

By understanding our clients' risk capacity and tolerance and making sure they understand and have the resources to withstand the risk of loss of their chosen strategy this reduces the likelihood of poor outcomes or panic selling at times of market stress which in turn should reduce systematic risks.

Industry groups

Evelyn Partners is involved in several industry groups that allow us to engage and inform on promoting a well-functioning financial system. This includes contributing input into regulatory policy and consultation responses amongst:

- **The Investing and Saving Alliance (TISA):** We are part of the Responsible & Sustainable Investment Committee
- **Investors Association (IA):** We are part of several working groups on Stewardship, a TCFD implementation forum, SFDR implementation forum and a Net Zero forum
- **Personal Investment Management & Financial Advice Association (PIMFA):** Our involvement focuses around understanding how to implement regulations effectively, measurably, and in a way which allows clients to invest sustainably according to their values and preferences

Collaborative engagement platforms

Additionally, we are a member of various collaborative engagement platforms, as well as the UN PRI and the UK Investor Forum.

CASE STUDY: Should executive remuneration be linked to ESG metrics?

The meeting was hosted by the Investor Forum and was attended by Phillippa O'Connor, leader of PwC's reward and employment practice, to discuss ESG in incentives. Phillippa took us through the global state of play, the expectations of investors and senior leaders, and the challenges to embed ESG into executive incentives. During the meeting she discussed how employees and other stakeholders need to understand how ESG goals translate into a company's strategy and priorities to make them credible. She talked about how important it is to lead with culture, support with pay. She believed that pay must be seen to enable a culture, rather than being the driver of it. She also discussed how employee involvement in the ESG strategy will increase their feeling of ownership and enable them to understand their own influence. She felt that by inserting ESG targets into pay will require closer collaboration between HR and sustainability functions, and potentially require the evolution of both functions' skillsets.

Principle 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

We believe it is our duty to clients as responsible investors to ensure we are transparent in our investment processes by promoting stewardship.

Policies

We maintain a set of policies under the overarching structure of our responsible investment policy statement. All of these are disclosed on the 'Stewardship' section of our website (www.evelyn.com/services/investment-management/stewardship/). Stewardship is broken out into various areas which all have a detailed policy. These policies are reviewed annually unless there is a regulatory change that forces an immediate change.

Principle 2 covers the full governance structure. Individual policies are designed by the SRI team pulling together operational, legal and compliance expertise as required. These are approved by SRIG and then reviewed by IPC and CRC.

Specific detailed policies covering stewardship include:

- Responsible Investment Policy
- Voting Policy
- SRD II Engagement Policy
- Sustainability Disclosure Policy

We also maintain a series of People policies to support our corporate responsibility strategy. These include:

- Equality, Diversity & Inclusion
- Health & Wellbeing
- Living Wage
- Dignity at Work
- Flexible Working
- Recruitment Policy

Responsible Investment Policy

Our responsible investment policy covers the integration of ESG factors into our investment process and how we act as responsible stewards on behalf of our clients, including through voting and active engagement with investee companies.

Investment objectives

- We integrate ESG factors into our investment analysis and monitor ESG risks
- We use MSCI ESG Manager screening services to provide ESG data and insights.

Governance

- Oversight of the process is led by the Corporate Responsibility Committee (CRC). Investment managers maintain discretion on all investments

Active ownership and engagement

- We vote on all discretionary holdings held by EPIM which are held by our charity clients and any position above our materiality threshold, and all monitored AIM holdings.

Voting Policy

We use Glass Lewis as our proxy voting service provider, but adapt their work to our own policies based on our direct engagement with the firms we invest in. Our focus is on the following areas:

- Transparency and Communication
- Corporate Culture
- Strategy
- Financial Disciplines, Structure & Risk Management
- Stakeholders, Environmental and Social Issues
- Governance

In-line with Principle 9, where we vote against a resolution, we write to the company explaining our position in plenty of time to allow them to provide additional information that often allows us to change our vote – this provides a valuable cross-check to the information provided by our proxy voting provider. All sector specialists (internal research analysts) have direct access to the Glass Lewis proxy voting reports as they become available. Our sector specialists are consulted as part of the voting process and they pick up the discussion directly with the company as part of their usual engagement. Each vote against a resolution is reviewed by three people – the analyst (or if the stock is unmonitored the largest material holders), a member of SRIG and a senior member of the SRI team. All our voting activity is made publicly available each quarter on our website, we can also provide individual voting records for each client on request.

Glass Lewis provide an annual review of regulatory changes for each proxy voting region including a discussion forum which allows us to share any concerns and hear the views of other investors. Our own detailed policies are continuously adapted based on our growing practical experience, feedback from the companies, analysts, investment managers, senior staff and informal client discussions.

SRD II Engagement Policy

Our engagement is based on integrating ESG factors alongside traditional financial metrics when making investment decisions according to the criteria set out under Principle 1.

Investee companies are monitored on:

- Strategy
- Financial and non-financial performance and risk
- Capital structure
- Social and environmental impact and corporate governance

Evelyn Partners are compliant with SRD II for all discretionary and non-discretionary clients.

Sustainability Disclosure Policy

The Group's UK regulated entities are subject to the FCA implementation of the TCFD. We are developing the Group's capabilities to address the FCA's requirements for TCFD recommendations and disclosures applicable to Evelyn Partners from 1 January 2023. This includes forward-looking scenario analysis and metrics on the financed emissions of our clients' investments, that will enable us to assess the degree of alignment with the objectives of the 2015 Paris Agreement.

This statement will be updated in due course as we implement these requirements and any further FCA Sustainable Disclosure Requirements applicable to the Group.

The Group's Irish regulated entity Evelyn Partners Investment Management (Europe) Limited (EPE) and our in-house pooled funds managed in the EU are subject to the Sustainable Finance Disclosure Regulation (EU 2019/2088) and related Regulatory Technical Standards (SFDR). The SFDR includes provisions requiring relevant businesses to disclose how sustainability risks are integrated into their investment processes and how due diligence is performed on the Principal Adverse Impacts of their investment decisions and investment advice on sustainability factors.

Further information can be found on our approach to sustainability risks in our Sustainability Disclosure statement on our website (www.evelyn.com/legal-compliance-regulatory/evelyn-partners-sustainable-disclosures/) and approach to Responsible Investment. (www.evelyn.com/group/corporate-responsibility/responsible-investing/)

Monitoring Effectiveness:

We recognise that responsible investment is continually evolving and therefore we need to ensure that our policies remain relevant. These policies and their effectiveness are reviewed at least annually by the Board ESG Committee, IPC and SRIG and more regularly as changes are required. All activity is documented, the process is designed to be completely transparent with numerous checks and balances as noted elsewhere under Principle 8.

Reporting

As part of being a signatory to the UN PRI, we submit an annual assessment report. We publish our voting record on our website as well as a copy of our Stewardship Code response. We also have access to various reports through both MSCI and Glass Lewis.

During the year, we submitted our first climate questionnaire to CDP and became a CDP supporter to track and benchmark our progress as we align with the TCFD and reduce our environmental footprint.

Assurance

There is currently no external assurance of our stewardship activities. However, the Risk and Audit Committee (RAC) have appointed BDO LLP to provide internal assurance of our stewardship activities. Abbreviated terms of reference for BDO's review include as follows.

- Review of the key documentation in order to build understanding of the area and consider the sufficiency of the documented control environment from a design perspective.
- Conduct interviews with key staff to establish the controls and governance arrangements that are in place.
- Key documentation will be evaluated for suitability, taking account of the activities involved, regulatory requirements and the way that Evelyn Partners operates.

We conducted two internal audits during the period, a Stewardship Audit and a Responsible Investing Audit.

The Stewardship Audit focused on:

- Stewardship framework
- Processes and controls surrounding each principle

As part of the Audit we looked at an overall assessment of the design and/or operating effectiveness of any of the processes identified as forming part of the stewardship framework.

Outcome: *One of the findings of the Stewardship Audit was to make enhancements to the meeting minutes of our quarterly meetings with key vendors (MSCI & Glass Lewis). All meetings now have an agenda, minutes include a list of those in attendance (from both Evelyn Partners and the vendor) and we also produce a list of actions and who is responsible for each.*

The Responsible Investment Audit focused on:

- Resourcing and capacity constraints
- Integration of responsible investment policies, processes and procedures
- Governance of the SFDR Project
- Data constraints
- Training

Outcome: *One of the findings of the Responsible Investment Audit was limited resources dedicated to RI. Since the Audit was completed 3 additional full time members of staff have been brought on; an SRI Analyst, ESG Analyst and an ESG Business Analyst.*

The Audit findings are monitored by SRIG and RAC.

We are working with our Proxy Voting service provider on how best to integrate climate and ESG into our voting policy. We are looking at two custom policy overlays that will enable us to look at both climate and ESG issues. We plan on using these policies to enhance our own voting policy on issues relating to climate and ESG.

In 2022, governance of ESG was strengthened with the introduction of the ESG policy. This policy sets out our approach to each element of ESG and how it is considered both operationally and within responsible investments. It outlines how ESG is considered throughout the value chain which includes suppliers, employees, clients, investees and Shareholders.

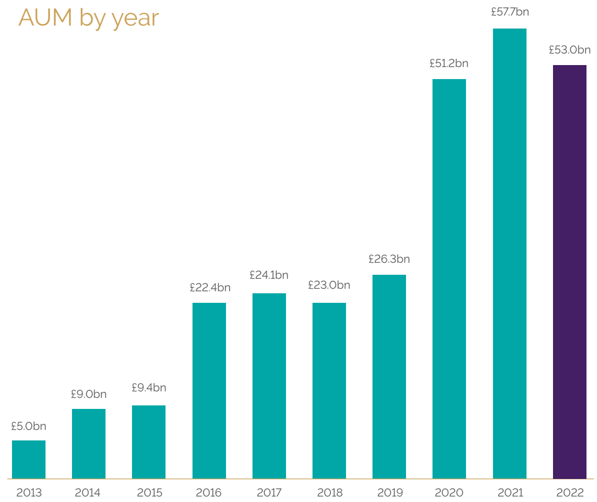
Principle 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

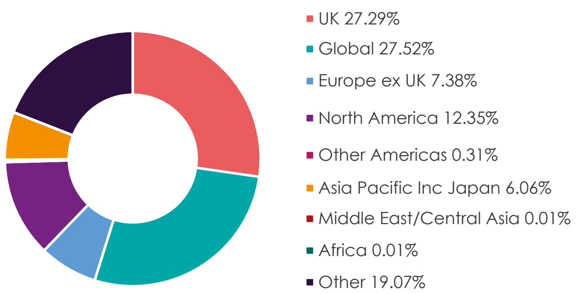
Evelyn Partners offers bespoke portfolio management aligned to individual clients' objectives and risk appetites. Our client base is a mix of private client portfolios, trusts, charities and companies. Accordingly, it is of the utmost importance that we take account of each clients' needs and communicate regularly these activities and outcomes.

Evelyn Partners is one of the fastest-growing firms in the UK wealth management market when measured on assets under management growth (Source: PAM Insight) and compared to listed peers. Over the last nine years our assets under management have grown more than tenfold from £5.0 billion to £53.0 billion.

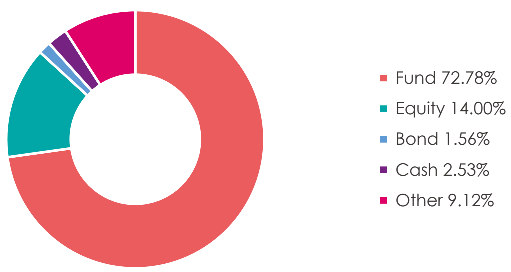
AUM by year



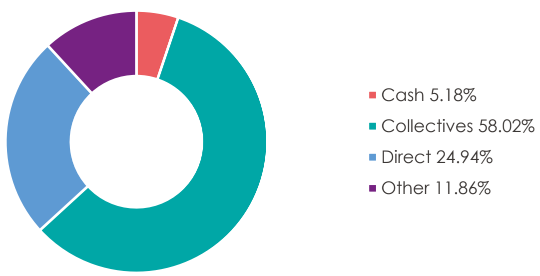
AUM by region:



AUM by asset class:



AUM by asset type:



Client Portfolios

As we manage bespoke portfolios on behalf of our clients, each of them varies on composition based on the following requirements:

- Portfolio size
- Investment objective
- Target income
- Target total return
- Risk tolerance
- Time horizon
- Liquidity
- Investment constraints, such as tax
- ESG and ethical preferences

Each client goes through a comprehensive fact find prior to their account being opened. Seeking our clients' views and values is an integral part of this discussion and is well documented on their application form. These views are formulated into actionable investment guidelines and agreed with the client. This is reviewed with the client on (at minimum) an annual basis. This approach is used to ensure each client can tailor their portfolio to their individual views and values.

Client sustainability and ethical preferences form part of the overall investment strategy, where they do not impact on overall portfolio suitability. Where a client wishes to place a formal restriction on certain assets for example, specific sectors or companies to reflect their values, this is implemented and monitored at a desk level by the investment manager.

The Asset Allocation Committee has responsibility for setting strategic and tactical asset allocation, which is regularly reviewed by IPC. While the strategic asset allocation guidance is set according to our long-term expectations of risk, tactical asset allocation seeks to exploit more variable short term market behaviour. In addition, we also create bespoke investment portfolios for our clients to meet their requirements, goals and values as well as suitability considerations. This means each client has their own investment time horizon based on their individual requirements. These fall under three categories, short term, medium term and long term. To invest a significant proportion of a portfolio in equities requires a time horizon of greater than five years, reflecting the volatility of this asset class and the need for a longer time horizon to make sure the strategy meets its objectives.

We believe holding the right blend of assets – including equities, fixed income and diversified alternatives – is the primary determinant of long-term investment performance. As a framework for constructing portfolios we use a range of asset-allocation strategies, built by our specialist in-house team. Our investment managers will fine-tune the allocation to meet a client's requirements before selecting appropriate investments within each asset class.

We conduct regular client surveys to help understand what is important to our clients. However, more importantly, it is the primacy of relationship between client and investment manager that matters. Understanding our clients and what is important to them is an integral and ongoing part of the relationship, which helps us shape bespoke portfolios to meet their needs.

Reporting

Clients receive a quarterly valuation that includes specific geographical and asset class breakdown, alongside details of all holdings in the portfolio. Each valuation includes house commentary from our strategy team and a detailed bespoke summary from the investment manager on at least an annual basis.

Clients have access to our quarterly voting report, which is available on our website. They can also request ad-hoc statements of all votes relevant to their portfolios.

As standard, discretionary holdings that meet our materiality threshold are voted on in line with the Evelyn Partners voting and engagement policies. However, clients can request at any time that their holdings are excluded from this, how specific holdings are voted on according to their preference and of any conflict of interest that may arise. Client specific voting reports are also available upon request.

Regarding sustainability, clients can receive ad-hoc reports on the ESG rating of their portfolio and underlying holdings, carbon reports and positive impact reports. These can be used to assess ongoing activities to adjust the overall sustainability of portfolios, as well as the success of these activities. We have found that these reports often need significant explanation and careful caveating. Extensive training has been organised with investment managers on how to run and talk to clients about these reports. Recordings of our MSCI training sessions are saved to our internal investment portal for investment managers to access when required. Additionally, we aim to improve the knowledge base of our clients, through the production of responsible investing articles, which can be found on our website, and thought pieces, as well as regular conferences and webinars including our trustee training. In September we held our annual Charity Conference, with a focus on navigating a challenging market environment, how to consider diversity and inclusion within portfolios and the importance of engagement as part of responsible investment.

Throughout the year we have also hosted a series of trustee training sessions, that have been run with various in-house specialists as well as external speakers.

Since our last report, we have also held various sector specific training sessions with MSCI covering topics such as labour standards in the supply chain, "Say-on-climate" and net zero targets in the real estate market.

CASE STUDY: Decarbonising the Healthcare System

The presentation by MSCI looked at healthcare companies that are setting targets towards decarbonisation. They discussed that 36% of companies that are covered have set targets, 20% of which are on track to achieve these targets, with 35% not on track to achieve any.

MSCI noted that healthcare is a historically low emissions sector, one of the lowest in emissions intensity.

They noted that AstraZeneca stands out as one of the best in the class - their net zero targets covered all relevant scopes. They have also considered Scope 3 emissions and all relevant categories were included in their target plans.

Looking to the year ahead, we are planning to run more focused training sessions with our external providers, including a pre-voting season session on remuneration. We will continue to build on our suite of resources that can be made available internally, alongside our annual charity conference.

During 2022, we signed up as supporters of CDP and completed our first voluntary CDP climate questionnaire to track and benchmark our progress as we reduce our climate emissions. We achieved a ‘C’ rating and aim to improve on this in the years ahead. This will be completed annually to enhance transparency of our progress on reducing our environmental impact.

Due to issues with the UN PRI reporting tool, we will submit our first Evelyn Partners report in 2023 for the year end 2022.

Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

Evelyn Partners has a strong commitment to corporate responsibility. It is core to our purpose, our culture and business strategy, and ESG considerations are embedded into our corporate operational processes.

For wealth managers and financial advisers, such as ourselves, who are entrusted with the stewardship of our clients' capital, it is also important to ensure that ESG considerations are embedded within our responsible investment processes.

We recognise that every client has unique circumstances and requirements and can benefit from a tailored investment solution. Our offering is underpinned by a robust and repeatable process which provides a solid framework within which to manage discretionary portfolios. By taking time to understand our clients' circumstances, we can then construct the optimal portfolio, applying these tested and longstanding processes.

Responsible investment is part of our fiduciary duty to our clients, as well as a regulatory requirement. The majority of our client portfolios are bespoke, which allows each client to express their own responsible investment preferences. Based on the UN PRI definition, we define Responsible Investment as the practice of incorporating ESG factors into investment analysis alongside traditional financial factors, and the practice of active ownership/stewardship.

As long-term investors we have always considered the sustainability of the companies we invest in and incorporating ESG factors and screening into our analysis is a continuation of this process.

The goal is to integrate ESG factors and practise active ownership in a way that enhances the existing investment process and improve long-term outcomes for clients. The integration of ESG factors is done at the sector specialist level and feeds into recommendations for direct and collective investments and informs our voting and engagement activities.

ESG factor integration is done with primarily qualitative analysis, using data and research principally from MSCI ESG Manager as well as other internal and external resources. Our sector specialists use this in addition to their specialist knowledge of the sector and the company. All research is shared across the firm on the internal investment portal, where investment managers find the details on our monitored universe.

All of our sector specialists are also investment managers with client responsibility. This ensures that our research is produced from a practical buy-side perspective and that our sector specialists have a stake in the ideas they produce (as they will buy these for their own clients).

Every quarter, direct sector specialists attend a review meeting, where they are joined by representatives from the Strategy team, the Fixed Income team, ESG Specialist team and the SRI team. The purpose of this meeting is to fully review recommendations within the sector and explore additional inputs from the aforementioned teams. For each quarterly review meeting, a summary of all ESG rating changes and new controversies is assessed as well as a deep dive into a specific ESG key issue that affects the sector and a review of corporate governance within the sector. This serves to continually upskill the sector specialists in understanding ESG issues and ensure that any conclusions have been fully integrated into the investment recommendation.

Direct securities

The direct investments process seeks to provide investment managers with a sufficient choice of securities from which they can construct and maintain suitable portfolios. The process seeks to cater for our clients' wide range of circumstances, values and objectives. However, our core philosophy is that investment in direct equities of growing companies with sustainable and attractive returns, and not overpaying for these companies, generates superior portfolio performance. The securities identified by this process form the monitored universe.

A key objective of the direct investment process is to demonstrate that adequate due diligence of investments (whether monitored or unmonitored) held in managed portfolios has been carried out.

By fulfilling this regulatory requirement, we are able to manage bespoke portfolios in a way that should lead to the best client outcomes.

ESG factors form an intrinsic part of the investment selection process. For direct investments MSCI ESG Manager provides ESG data points for all companies on the MSCI ACWI and the MSCI UK IMI, ESG ratings and industry/thematic research, as well as business involvement screening. We receive additional ESG and thematic research from our third-party research providers.

We are trying to make the best decisions that we can on each holding but recognise that our resources have limits. We therefore prioritise these material factors for each company and sector rather than focus on the same specific issues across all sectors. Put another way, the issues we care most about are the ones that will have the greatest financial impact, positive and negative, on each investment. When analysing a company, analysts must take note of the MSCI ESG rating and the material ESG factors for the sector in which the company operates, typically three to five. We encourage sector specialists to understand the drivers behind the MSCI ESG rating, but also to use their own judgement to ascertain if the driving factors are important to the long-term performance of the individual company. In particular it is important to understand the reasons behind low scores.

MSCI provides an ESG score for all securities that fall under their coverage. For monitored securities, Evelyn Partners' sector specialists, responsible for assessing monitored companies (sector specialists), may seek to override the MSCI ESG scores where there is a significant divergence between the MSCI score and their own assessment. This ESG perspective is supplemented by our own fundamental research and analysis, and also that from third-party providers, to arrive at an overall qualitative assessment or security recommendation.

Concurrently with the assessment of the MSCI ESG score, analysts must also list the most material ESG factors for the sector. These material ESG factors are generated from aggregating materiality scores across 31 environmental and social indicators for all companies in the MSCI ACWI and MSCI UK IMI. This is done to ensure analysts prioritise the most relevant issues when analysing a company and sector.

Key Material Risks:

Environment pillar			
Climate change	Natural capital	Pollution & waste	Env. opportunities
Carbon emissions1	Water stress	Toxic emissions & waste	Opportunities in clean tech
Product carbon footprint	Biodiversity & land use	Packaging material & waste	Opportunities in green building
Financing environmental impact	Raw material sourcing	Electronic waste	Opportunities in renewable energy
Climate change vulnerability			

Social pillar			
Human capital	Product liability	Stakeholder opposition	Social opportunities
Labor management	Product safety & quality	Controversial sourcing	Access to communication
Health & safety	Chemical safety	Community relations	Access to finance
Human capital development	Consumer financial protection		Access to health care
Supply chain labor standards	Privacy & data security		Opportunities in nutrition & health
	Responsible investment		
	Insuring health & demographic risk		

Governance pillar	
Corporate governance	Corporate behaviour
Ownership & control	Business tax
Board	Tax transparency
Pay	
Acccounting	

Source: MSCI

This analysis incorporates an assessment of the likely impact of sustainability risks on the returns of these securities. In general, where a sustainability risk occurs in respect of these securities, there may be a negative impact on its value. Sustainability risk can either represent a risk on its own, or impact and contribute significantly to other risks, such as market risks, operational risks, liquidity risks or counterparty risks. The ESG risk factors affecting all companies within each industrial sector within the MSCI ACWI and the MSCI IMI are then assessed. The top material ESG factors, three to five in total, for each industrial sector represent the key ESG issues that we consider. These factors form part of the recommendation process. Where an ESG factor impacts the investment case of a stock, this feeds into the overall stock recommendation.

These ESG factors also form some of the key areas of engagement when sector specialists speak to company management and further interrogate the materiality of these issues for the individual company and analyse responses and targets.

The process initially is the same for all sectors and geographies, however sector specialists use their knowledge and judgement to adjust expectations and relevant factors for analysis. We use the same reports and ESG approach for direct fixed interest as we do for direct equity holdings.

Indirect – collective investment schemes (funds)

The majority of the firm's assets are invested in collective investments, which represent a core element in our investment approach. Their benefits include enabling convenient access to a wide range of:

- Markets, sectors and themes, especially for smaller investment sums
- Investment styles and approaches to seeking alpha
- Best-of-breed fund managers

The collective investments process seeks to provide Investment Managers with a sufficient choice of funds from which they can construct and maintain suitable portfolios. The process seeks to cater for our clients' wide range of circumstances, values and objectives.

A key objective of the collective investment process is to demonstrate that adequate due diligence of collective investments (whether monitored or unmonitored) held in managed portfolios has been carried out. By fulfilling this regulatory requirement, we are able to manage bespoke portfolios in a way that should lead to the best client outcomes.

ESG analysis is integrated into our collectives research process, whereby material ESG factors are considered for funds under coverage. At present, the assessment takes the form of a qualitative approach supported by quantitative data and reports from MSCI ESG Manager and Morningstar Direct/Sustainalytics. Sector specialists are also informed by the lists of signatories to UN PRI and the UK Stewardship Code.

Sector specialists identify a selection of high-quality funds within their sector, which are representative of a variety of styles on offer. The main elements that they evaluate include:

- The strategy (including its longevity)
- The approach to incorporating ESG considerations
- The consistency and quality of the historic track record
- All costs
- The liquidity (of the fund and the underlying investments)

The responsible collective process applies to all funds that are formally monitored by Evelyn Partners sector specialists and are included on the monitored collectives list. These monitored collectives can be broken down into three categories:

- **Green Tick funds:** these have more stringent ESG integration (the explicit and systematic inclusion of ESG issues in investment analysis and investment decisions), which means they are more likely to be suitable for clients with strong ESG preferences.
- **Responsible/Sustainable funds:** these have specific mandates which invariably result in a heavily constrained investment universe. One consequence is that, unlike Green Tick funds, Responsible/Sustainable investment funds cannot be compared to other funds in the same broad sector.
- **Other funds:** not all funds will have sufficiently stringent ESG integration or positive inclusion processes to earn a Green Tick or be eligible for the Responsible/Sustainable list. Nevertheless, all collectives are subject to ESG-related due diligence.

Funds eligible for the responsible list have responsible strategies/mandates in place which mean they should not sit alongside mainstream funds on the wider collectives list, as their resulting investment universe is heavily altered or restricted compared to the conventional peer group.

Any fund can be eligible for the Green Tick mark where ESG considerations are well embedded into the investment process and/or show a robust commitment to positive inclusion policies that mean they may be eligible for clients with an ESG mandate.

All funds, regardless of whether they are eligible for the Responsible list or a Green Tick mark, are subject to ESG due diligence. This assessment focuses on the investment philosophy and process, any restrictions or specific inclusions, internal and external research as well as assessing their voting and engagement policy.

The due diligence is the same across asset classes and geographies, however context is used when assessing the quality of ESG processes in a fund. For example, voting policies and records are not relevant for fixed interest funds, whereas we would expect that emerging market vehicles rely more on internal resource as external sources are less available.

The results of this due diligence are shared with the fund management teams where we believe that the disclosures or processes require improvement.

For alternative investments such as private equity, real estate, infrastructure, commodities and hedge funds the quality of the data is much lower. For funds holding private assets, MSCI screening scores are generally not available. Many of these companies produce their own assessments which we are able to effectively review, but currently cannot include our own assessments in portfolio reports which rely on MSCI tools. For hedge funds data is limited.

Collective investments incorporate a broad range of products and structures. They comprise closed ended and open-ended vehicles (both on and offshore, regulated and unregulated). This definition includes passive funds, Non-Mainstream Pooled Investments (NMPIs) and structured products.

Active Ownership

Active ownership is performed at a firm level, directed by the SRI team. We receive recommendations from Glass Lewis, our proxy voting provider. However, we enforce our own policy which is built from our experience and engagement with the companies, as well as the expertise of our investment analysts and managers. All proposals to abstain or vote against a resolution is reviewed by a minimum of the sector specialist, a member of SRIG and a senior member of the SRI team. If the stock is unmonitored the largest material holders are consulted. Where the company is AIM listed, or a close-ended fund, the AIM and investment trust specialists are included. Where the company in question is AIM listed or an investment trust, we include our AIM and investment trust specialists as one of the signatories. Recommendations are also reviewed by the responsible analyst as well as the material holders. Our approach can be found in our Voting and Engagement policies.

In order to prioritise engagements and resources in the most effective way. Each of these addresses key issues that are a priority:

- The Investor Forum
- Climate Action 100+
- Find it, Fix it, Prevent it modern slavery collaboration
- Corporate Mental Health Benchmark founding signatories

Teams and resource

The SRI team is responsible for all of the firm's stewardship activities, including the proxy voting process, collaborative engagements, and providing transparency on our activity. We also have investment managers that are ESG specialists that are embedded as part of our investment management teams. They provide support to the wider front office with ESG integration, thematic investing and client communication. For more information on our teams resources, please see Principle 2.

We also provide further ESG training for all our investment professionals, to ensure a consistent level of knowledge and understanding. We use MSCI ESG Manager as the primary external source of ESG and ethical screening services for both direct investments and funds. We also make use of Morningstar and data available from Bloomberg and Refinitiv. Our sell-side relationships increasingly add valuable ESG insight through their work. Our in-house sector specialists conduct in-depth research into UK and overseas equities by holding meetings with companies' management each year as well as undertaking media and other desk-based research.

Remuneration

As outlined under Principle 2, our Remuneration Policy comprises all relevant feedback, including nonfinancial criteria, which is provided to the remuneration committee for consideration in the assessment of variable remuneration. This includes whether the investment process has been followed with regard to matters such as asset allocation, security selection, responsible investment and investment risk management, including sustainability risks.

All our sector specialists are also investment managers with client responsibility. Our analysts receive additional performance-based bonuses linked to their analyst responsibilities, with ESG integration representing a core tenet of the analysts' responsibilities.

Oversight

Oversight and steering of this process is led by IPC and managed by SRIG, DIG and CIG.

CASE STUDY: Hipgnosis Songs Fund

The decision was taken to downgrade Hipgnosis Songs Fund in 2022. The downgrade occurred due to concerns on balance sheet, dividend cover and management professionalism in the sector. We believed that there was a weakness in the management and overall governance of the company which lead to share price falls.

Principle 8

Signatories monitor and hold to account managers and/or service providers

Our fiduciary duty to our clients is at the heart of everything we do so ensuring that our managers and service providers are monitored is extremely important to us.

Internal Governance Arrangements for outsourced service providers

Evelyn Partners has implemented an appropriate governance structure with clearly defined roles and responsibilities.

The Board of Directors has overall responsibility for ensuring that all ongoing outsourcing decisions taken by Evelyn Partners, and activities undertaken by third parties, are in keeping with this policy.

Senior management (first line of defence) is responsible for the implementation of the outsourcing policy and procedures, with day-to-day management assigned to the Relationship Owners.

Each outsourcing arrangement is assigned a Relationship Owner (first line of defence), who has sufficient expertise and experience to understand the nature of the services or activity being outsourced and thus is able to manage the associated risks.

Group Risk and Group Compliance (second line of defence) are responsible for reviewing and challenging the effectiveness of the identification, assessment and mitigation of the Group's key risks, including those associated with outsourced service providers. The Group Central Services function provides support and technical advice to Relationship Owners with respect to the establishment and ongoing management of such arrangements, plus it conducts annual due diligence assessments to confirm service standards remain acceptable and that appropriate governance and controls remain in place.

Internal Audit is the third line of defence. Internal Audit will ascertain:

- That Evelyn Partners' framework for outsourcing, including the outsourcing policy, is effectively implemented and in line with applicable laws and regulation
- The adequacy and effectiveness of the assessment of critical or important functions
- The appropriate involvement of governance bodies
- The appropriate monitoring and management of outsourcing arrangements

The Board of Directors has delegated authority to the GRCC for monitoring the effectiveness of Evelyn Partners' outsourcing framework.

GRCC periodically receives Management Information (MI) on existing outsourcing arrangements to facilitate monitoring of the effectiveness of those arrangements and the level of risk associated with them.

Critical or important functions

Before entering into any outsourcing arrangement, Evelyn Partners assesses whether the planned outsourcing concerns a critical or important function. As per SYSC 8.1, "An operational function is regarded as critical or important if a defect or failure in its performance would materially impair the continuing compliance of a common platform firm with the conditions and obligations of its authorisation or its other obligations under the regulatory system, or its financial performance, or the soundness or the continuity of its relevant services and activities."

Based on the above, at Evelyn Partners, a relationship is described as critical if any of the following apply:

- A defect or failure of the service being provided would impair:
    - continuing compliance with regulatory or statutory requirements
    - financial performance or the continuing ability to conduct business
    - soundness or continuity of investment services or activities
    - ability to service clients in a timely and appropriate way
- The outsourced service, regardless of size, is performing a regulated activity.
- Where the financial cost in any single financial year is expected to be significant (note that a contract value of up to £200,000 requires the Authorisation of the Group CFO or the Group CEO).

Where the outsourced relationship is one relating to an FCA, JFSC or CBI-regulated entity, Evelyn Partners notifies the relevant regulator when it intends to rely on a third party for the performance of operational functions which are critical or important for the performing of relevant services and activities on a continuous basis.

Risk assessment

Before proceeding with the initiation of a critical or important outsourcing arrangement, Evelyn Partners ensures that it conducts a risk assessment.

When assessing the risks of a potential outsourcing arrangement, Evelyn Partners balances the expected advantages of the proposed outsourcing arrangement, including any risks which can be managed and mitigated, against any potential risk which may arise as a result of the proposed outsourcing arrangement, taking into account, inter alia, the following:

- Concentration risks, from multiple outsourcing to the same or related service provider
- The level of cyber risk posed by the potential outsourced arrangement
- The level of bribery risk posed by the potential outsourced provider
- The level of tax evasion risk posed by the potential outsourced provider
- Where a potential outsourced provider presents a significantly high-risk exposure, Evelyn Partners will not proceed with the initiation process

Where a potential outsourced provider presents a significantly high-risk exposure, Evelyn Partners will not proceed with the initiation process

Due diligence

The level of due diligence conducted is proportionate to the risks associated with the outsourcing arrangement.

For critical functions, in line with FCA rule SYSC 8.1.7R, before entering into an outsourcing arrangement Evelyn Partners ensures that the service provider has appropriate and sufficient ability, capacity, resources, organisational structure and, if applicable, the required regulatory authorisation(s) to perform the critical or important function.

Where client data will be held or processed by an outsourced service provider, the provider must also demonstrate robust cyber controls and have adequate cyber insurance.

As part of the due diligence process, technical expertise is sought from the relevant teams, for example, when reviewing the financial statements of the provider the Finance department is consulted for guidance.

The implementation, monitoring and management of outsourcing arrangements

We considerservice providers to be an essential part of our investment process.

Evelyn Partners monitors the performance of service providers on an ongoing basis, with a particular focus on the outsourcing of critical or important functions. In addition, Evelyn Partners ensures that outsourcing arrangements meet appropriate performance and quality standards.

Where indications are identified that service providers may not be carrying out the outsourced function effectively, Evelyn Partners takes appropriate corrective or remedial actions.

Each outsourcing arrangement is also subject to an annual review using the Annual Review Template. This exercise is conducted by the Group Central Services function.

Our contract negotiation team like to sign longer-term contracts. This enables us to maximise our return on our internal training and support efforts.

We hold annual meetings with all our service providers and research tools to ensure we are aware of any recent developments and upcoming system changes. This enables us to plan any training sessions with our in-house analysts. We also hold various meetings throughout the year with service providers. Our relationships with service providers are reviewed regularly and new providers are always considered when existing contracts are approaching renewal.

Service providers

MSCI

We use MSCI ESG Manager as a screening tool and to provide detailed ESG related research. We have quarterly meetings to discuss our ongoing needs and how they are being met. If there are circumstances where we have an issue, they are raised as a ticket and tracked until they are resolved or escalated at our quarterly meetings. During these meetings we also arrange training sessions between their industry specialists and our sector specialists. We hold these sessions throughout the year.

We also have regular meetings with MSCI to discuss any issues we are having with their system, developing requirements and to gain better understanding of methodology. Investment managers and clients often request clarification on figures displayed where the numbers seem inconsistent. We often ask MSCI to provide clarification on the methodology used in their products. This enables us to better monitor the research we receive from them as part of our due diligence checks, where relevant on the information we receive from MSCI.Over the course of the year, we held several sessions with MSCI, on various topics. We also held quarterly meetings though out the year to enable us to keep up to date with any changes to the system, reports moving from excel to being platform based and any coverage updates that may be relevant.

CASE STUDY:

We raised concerns with MSCI on the calculation of ESG ratings. We discovered that until now, as part of the ESG ratings aggregation methodology MSCI had taken into consideration whether the underlying holdings had seen a positive or negative trend compared to their ratings from the previous year and if the portfolio contained any ESG laggards.

Based on these elements, they calculated an adjustment factor. As more and more companies increased their ESG disclosures, companies were receiving higher ESG ratings, therefore resulting in higher overall scores.

The technology sector, which is highly weighted in the MSCI ACWI, had seen this trend. More issuers in recent years have had a positive trend rather than negative trend.

MSCI were aware of this issue and consulted with clients and market participants to propose changes to the aggregation methodology. The outcome of the consultation showcased that nearly 80% of clients were in favour of changing the adjustment factor, to no longer influence the ESG Quality Score. This change would therefore lead to a lower percentage of funds and portfolios being categorised as ESG leaders.

MSCI are working to implement all changes following the consultation.

Over the next year we plan to continue having both quarterly sector specialist meetings and our regular review meetings with MSCI.

Glass Lewis

We use Glass Lewis as our Proxy Voting adviser service. We have quarterly meetings with them to discuss the service we are receiving and any issues we have encountered. We have ensured that there is a Service Level Agreement (SLA) in place.

In addition, we are attending various Glass Lewis organised meetings and webinars throughout the year in order to keep up to date with global regulations, policy changes and evolution of their products. We are aiming to hold inhouse training sessions with them to enhance our knowledge around specialist areas such as remuneration and board composition.

We routinely monitor Glass Lewis recommendations in the event that any contradictions occur, discussing company feedback on recommendations or differences with our policies and checking for updates on recommendations prior to voting.

Any vote where they have recommended that we abstain or vote against, is reviewed by a minimum of the sector specialist, a member of SRIG and a senior member of the SRI team. If the stock is unmonitored the largest material holders are consulted. Where the company is AIM listed, or a close- ended fund, the AIM and investment trust specialists are included.

CASE STUDY:

As we continue to integrate the two legacy businesses, we raised with Glass Lewis our concerns that the system would be unable to cope with the new volumes that we would be sending through.

Glass Lewis conducted various stress tests to ensure that the Viewpoint voting platform could deal with the additional accounts. There was no impact to the service provided.

Looking to 2023, we will continue to hold regular meetings with Glass Lewis and we are also looking to run a pre-voting season training session.

Broadridge

Broadridge provide the electronic voting system liaising between our safe custody team our custodians, Glass Lewis and company share registers. Voting records are automatically checked and mismatches identified as part of the process.

We regularly meet with Broadridge to discuss our ongoing requirements and any additional system developments. This will continue into 2023.

Third party funds

All asset managers for our monitored collective funds are assessed regularly, including regular meetings with management (where appropriate) to discuss the portfolio, market changes, management, performance, responsible investment and stewardship. Where a fund falls short in any of these areas, analysts review the fund for a rating downgrade or a removal from coverage. Any change from the Top Picks rating due to concern around these factors is communicated with the asset manager and will include suggestions for improvement.

An integral part of our investment process is ensuring we conduct due diligence on all of our monitored collectives. We ensure that these external managers have been put through a thorough screen.

The following factors reflect due diligence queries for all collectives:

- Industry bodies: Ideally the investment firm/company should be a signatory to the UN PRI and the UK Stewardship Code, or another relevant/equivalent body
- Investment Policy: A fund's investment policy should incorporate their approach to responsible investment
- Investment Process: The fund manager should be able to describe how ESG is integrated into the investment process
- ESG resource: Training should be available to all investment professionals. Additional note will be taken where there is dedicated resource and/or external ESG data providers
- Stewardship: Voting and engagement policies will ideally cover ESG issues.
- PAIs: Does the investment firm/company monitor and disclose on the principal adverse impacts of their investments on sustainability factors

Responsible Collectives

Any fund can be eligible for the Green Tick mark where ESG considerations are well embedded into the investment process, or a robust commitment to positive inclusion. Given that most asset managers will indicate that they have an ESG process in place, it is important that any fund given the Green Tick has a robust ESG integration process that is used methodically, and which could potentially impact or drive the shape of the portfolio.

Funds that are on our Green Tick list are subject to the following procedure:

- Complete the Evelyn Partners ESG DDQ and provide manager's responsible investment policy, voting and engagement policy and any associated presentations or marketing
- Review material and follow up with relevant questions
- Summarise key points and any areas for ongoing review in Recommendation Notes and Update Notes
- Identify whether the fund is suitable for a Green Tick
- Review Green Tick as part of annual fund review

Some examples of questions from our ESG DDQ are:

- Do you have a policy on responsible investing?
- How, if at all, are ESG considerations incorporated within your investment process?
- What are the internal and external ESG resources used in your investment process? Do you use any ESG data providers?
- Do you share your ESG data externally (whether to Morningstar or Lipper) for means of comparison? If not, please explain why
- Which ESG training and CPD resources are available for your staff? Please state if you have designated staff who work on ESG issues within your firm
- Do you have a policy on voting and engagement?
- Does your firm engage directly with companies on ESG issues? If so, please provide practical examples of engagement and outcomes

Principle 9

Signatories engage with issuers to maintain or enhance the value of assets.

As a responsible investor and as a signatory to the United Nations Principles for Responsible Investment (UN PRI), Evelyn Partners is committed to ensuring that we monitor and engage with investee companies on behalf of our clients.

We are committed to improving the transparency of our reporting with the aim of enhancing and demonstrating value for our clients. As noted within our responses to Principle 1 and Principle 6 we are long term investors, with the majority of clients receiving a bespoke service that allows them to exclude stocks and sectors or tilt portfolios to desired outcomes. We are active stock pickers so meeting and engaging with companies is a normal part of what we do. We meet and report to each client regularly to keep them informed and to make sure we know when their circumstance or constraints change.

We monitor investee companies on relevant matters including:

- Strategy
- Financial and Non-financial performance and risk
- Capital Structure
- Social, environmental impact and corporate governance

We believe that by engaging with companies we can improve the outcome and ensure the investee company take into consideration our concerns. We apply the same broad engagement principles across all assets and geographies. We are most effective in our home territory and in more specialist areas such as investment trusts and AIM stocks where we have a proportionately larger voice.

Collaborations

We choose to take part in larger collaborative engagements through memberships with collaborative engagement platforms - The Investor Forum, Climate Action 100+, Find it, Fix it, Prevent it modern slavery collaboration and we also become founding members of the Corporate Mental Health Benchmark on 1 July 2022.

Through these memberships we are able engage more meaningfully with larger issuers where we represent a small shareholder minority. Examples of relevant collaborative engagements can be found under Principle 10.

Identifying engagement opportunities

Weekly sector specialist meetings take place where each sector is analysed and key material factors are flagged alongside engagements where relevant. Engagement priorities are discussed at regular DIG and CIG meetings, principally based on whether we think they are detrimental to the long-term valuation of the business. These engagements are led by the sector specialists and supported by the SRI team and overseen by SRIG.

For direct holdings, over 80 sector specialists conduct in-depth research into UK and overseas equities by holding various meetings throughout the year, as well as undertaking media and other desk-based research.

Collective analysts currently cover around 500 funds across 16 sectors, including open ended funds, investment trusts and offshore specific funds. The analysts regularly meet with fund managers and closely monitor the performance of covered funds.

We have had limited ability to engage on direct fixed income as we are not a large enough direct fixed income investor to be consulted on the covenants in loan agreements at issue. We actively monitor the ESG issues related to the company itself and our fundamental analysis places significant weight on balance sheet issues, especially gearing levels and interest cover.

Where we have concerns about the performance or strategy of an investee company or fund, or where we have reason to believe that our clients' rights as shareholders are being compromised in any way, we will, in appropriate circumstances, escalate our involvement with investee companies or the relevant fund manager. Whilst we do not believe in the micromanagement of management teams, in some cases we feel that it is necessary. This could include issues with board independence or remuneration.

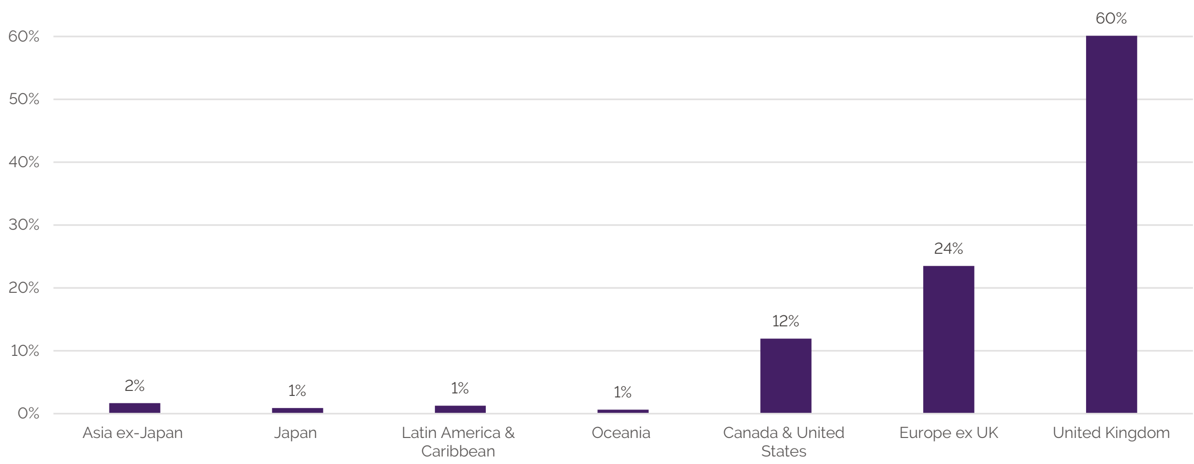
In cases such as these we would open a dialogue and write to the company/fund manager or meet directly with management to express our concerns. In some circumstances we would be willing to act collaboratively.

Engagement following Proxy Voting:

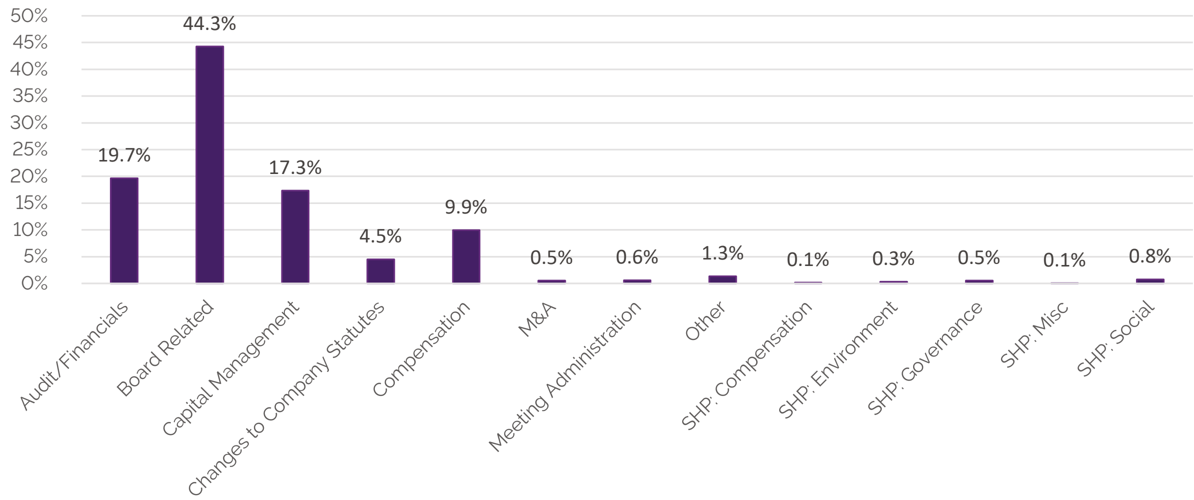
In cases where we deem it necessary, and where SRIG agree, we will abstain or vote against management resolutions. Where we abstain or vote against management resolutions, we always write to the Chair of the Board to explain our reasons. If a satisfactory response is not possible, we may look to escalate this further. Our escalation process would include, but is not limited to:

- Holding additional meetings with management specifically to discuss concerns
- Intervening jointly with other institutions on particular issues
- Submitting resolutions
- Meet directly with management to discuss concerns
- Disinvest if we felt that clients would be at a material disadvantage

Proxy voting engagement by region



Proxy voting engagement by theme



Source: Glass Lewis

CASE STUDIES:

Halma

We had a meeting with Halma following on from our letter to their chairman after our vote against management at the AGM earlier in the year. We met with Jo Harlow (Chair of Remuneration), Ejiro Marandu (Total Reward), Melanie Horton (Deputy Head of IR). We discussed our reasons for voting against the executive share plan and the authority to establish share plans for overseas participants.

Ms Harlow noted that the company had a consultation with shareholders on all aspects of remuneration compensation, salary etc. and recognised that the decision would be controversial but felt like it was the right decision at the time. She also noted that proxy providers recommended to vote against the remuneration report, not on the basis of performance or the quantum, but the moving of all aspects of remuneration at once. Shareholders indicated that they were uncomfortable with this and indicated that the company should move the salary over more than one year, hence the move to phase the base salary increase over two years. However, Halma didn't feel they could make these changes over a longer period.

We appreciated the opportunity to engage with the company and to gain some understanding into their decision-making process and will continue to monitor this situation going froward.

Sainsburys

Sainsburys faced a shareholder resolution directing the Company to accredit as a Living Wage Employer. The resolution was tabled by ten investors, coordinated by ShareAction's Good Work Coalition.

The Investor Forum held a Four O'clock Forum with Graham Griffiths, assistant director of the Living Wage Foundation to discuss the work of the Living Wage Foundation. Mr Griffiths took us through the history of the real Living Wage, the role of accreditation, and how the wage responds to times of high inflation.

We also met with Sainsburys to allow them to present their views and take questions to help inform our voting decisions. The agenda covered current staff pay strategy, and the business implications of becoming a living wage employer, including the impact on third party contractors and subcontracted workers. There was much discussion on how the board should balance the needs of all its stakeholders, and its competitive position within the industry.

Following this meeting, we chose to vote against the shareholder proposal at the AGM. We believe that management of the company are already doing enough and that there was no need to seek Living Wage accreditation when the company is already paying above the minimum level.

Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers.

We choose to take part in larger collaborative engagements through memberships with collaborative engagement platforms such as Investor Forum and Climate Action 100, Find it, Fix it, Present it and the Corporate Mental Health Benchmark to amplify the impact we can make.

Through these memberships we are able to address various ESG topics and wider themes that we consider important, as well as to learn from industry peers. We have learnt that engaging in this way has not only enabled us to better hold boards to account but also attend various engagement meetings where companies are proactive and engage before making decisions.

THE INVESTOR FORUM

The engagements we consider with Investor Forum are put to us after the key issues have been identified and constructive solutions have been developed. The process of engagement follows the process detailed below:

1. Principles:

- Is it proactive and grounded in economic rationale?
- Is there a long-term focus?
- Is there likely to be a constructive solution?

2. Prospect of support

- Is there a reasonable prospect of securing sufficient support among the Company's largest shareholders to foster a meaningful dialogue with the Company?

3. Safe and secure

- Is there a reasonable expectation of conducting the Engagement in accordance with the Forum's policies and procedures and all applicable laws and regulations?

They use their Collective Engagement Framework to define their engagements. They have been involved in multiple engagements as shown below.

Source: the Investor Forum

Since becoming members of the Investor Forum, we have been involved in several collaborative engagements. The process to become involved in one of these engagements involves a check to ensure we hold the company in question and a conversation with the lead analyst to ensure it is something we believe we could add value to. The lead analyst will then work alongside the SRI team throughout the engagement. They attend all meetings and report back on these engagements to both DIG and SRIG.

Whilst we believe transparency is important, we ensure that feedback on these ongoing engagements is not made public in our voting and engagement reports until the engagement is completed.

CASE STUDY: GlaxoSmithKline

Members raised, that while historically GlaxoSmithKline had disclosed adjusted operating profit by business, it was no longer reporting the vaccines operating profit. Therefore concerns were raised over the lack of details of the profitability of the vaccines division following the Haleon spin-off. Given the prominence of vaccines for GlaxoSmithKline, we believed that the level of disclosure should be increased.

Members believed that greater insight into the vaccines division may help increase confidence in the underlying performance of the business. A letter was sent to the Chair by Investor Forum stating how members felt.

Whilst this engagement allowed us to raise concerns it did not result in a change of approach from GlaxoSmithKline and no enhancement to their disclosures followed. We will continue to monitor this, and direct engagement will follow if we deem it necessary.

CASE STUDY:

Unilever

The Investor Forum contacted members as it had become apparent that there was widespread concern about the board's effectiveness at Unilever, but the consensus view was to wait and consider the full year results.

Following the annual results and the rumoured arrival of an activist investor onto the share register, the objective of the engagement was for Unilever to provide a clear picture of long-term shareholder perspectives on the challenges facing the business, in particular the need for the board to demonstrate a more proactive stance. A letter was sent to Unilever focusing on the following three areas:

1. The need for improved operational performance
2. The need for greater transparency to increase confidence in the Group's approach to capital allocation
3. The effectiveness of the Board's oversight

The engagement saw the largest participation with 25 members of The Investor Forum, representing approximately 20% of total share capital, joining the collective engagement.

Unilever responded to the letter, inviting us to meet with the CEO and agreed to participate in an Investor Forum-hosted webinar, where participants wanted to highlight their continued dissatisfaction with the effectiveness of the Board. In particular, the appointment of the new NEDs in 2022, a more rigorous board evaluation and concerns over Chair effectiveness were seen as critical areas.

During the meeting we discussed the impact on confidence of the Board appearing to have misread investor opinion in relation to two defining decisions in recent years. Investors raised the need for the Chair to proactively demonstrate his commitment to Unilever, and for the Board to review and manage his succession. Investors also highlighted the importance of action to appoint new NEDs. It was felt that managing these issues well would provide evidence that the Board was proactively setting the agenda rather than reacting to events. The Chair accepted these challenges and committed to take action.The Chair formally responded to the second letter confirming that he found the feedback to be very helpful.

The engagement was closed but we continue to monitor activity and look for evidence that Unilever is:

- Executing against its strategic priorities
- Delivering improved performance
- Addressing concerns regarding board effectiveness and succession

Climate Action 100+

Climate Action 100 is the largest investor engagement initiative on climate change. Climate Action 100+ now has more than 700 signatories responsible for a record USD 68 trillion in assets under management.

Through CA 100+ we are engaging with 166 of the world's biggest listed corporate emitters and driving faster corporate climate action in line with the global goal of reaching net-zero emissions by 2050 or sooner.

CASE STUDY: WALMART

Over the course of the year, the Working Group had two meetings with Walmart.

In the first meeting we discussed how they could make their disclosures clearer around their emissions reporting. We also discussed if they would do a TCFD report, which they were considering. We had further discussions to clarify their Scope 3 emission disclosure, as we felt that they weren't particularly clear. They noted that they currently have issues reporting on Scope 3 and have also looked at how their peers are calculating this, but do not agree with this methodology. This is something that they are continuing to look into and work on.

In the second meeting it was noted that the company has made significant progress (6.6% in 2021; 23% since 2015) towards the 2025 goal of 35% absolute GHG reduction. Walmart stated that they had created a new position, SVP of Energy and Transport, to transition their operations to clean energy to assist with their transition targets. The company also made significant progress on its lobbying disclosure which was encouraging. They continue to work on their Scope 3 emissions reporting. Walmart also committed to upgrading its Science Based Targets initiative (SBTi) certification to the net-zero standard.

700+
Investor signatories

$68
Trillion AUM

166
Focus companies

75%
of focus companies have net zero commitments

700+
of focus companies have some level of board oversight

700+
of focus companies have aligned with TCFD recommendations

Source: Climate Action 100

Find it, Fix it, Prevent it

Women, children and migrants are disproportionately more vulnerable to being trapped. Modern slavery occurs in every country in the world and in every business sector, with the construction sector having one of the highest incidences of modern slavery. The latest data shows the number of people trapped in modern slavery has grown over the last five years, driven by the Covid-19 pandemic, conflict and climate change.

Of those trapped in forced labour, 86% are in the private sector, meaning that the business sector is exposed to modern slavery risks. Not only is legislation increasing the requirements on business to address this across the globe but also stakeholder expectations are growing.

Evelyn Partners is proud to be a part of the Find it, Fix it, Prevent it modern slavery collaboration, which represents £12.8 trillion AUM and over 56 investors.

We believe that modern slavery will exist in the supply chains of almost every business in the UK. We acknowledge that modern slavery is hidden and difficult to tackle and are welcoming discussions with two UK construction companies on how they are addressing it.

CASE STUDY:

As part of our involvement with Find it, Fix it, Prevent it we are engaging with two construction companies (Persimmon and Balfour Beaty). These engagements are ongoing as we work with the companies to understand how they are identifying modern slavery and the steps that they are taking to eradicate it. At the writing of this report, a meeting with Persimmon has been scheduled for January 2023. A meeting with Balfour Beaty will be arranged once their 2023 statement is released in Q2 of 2023.

Seasonal Workers Scheme

We believe that workers entering the UK under the Seasonal Workers Scheme (SWS) should be protected from unseen costs and potential debt bondage and that no worker should pay for employment.

We joined a seasonal workers scheme collaborative engagement programme (a workstream of Find it, Fix it, Prevent it) to engage with companies on their use of goods procured through the use of the SWS.

The SWS was launched in 2019 and allows employers in the horticultural and poultry production sectors to recruit overseas workers. They are allowed to do certain types of work (such as crop harvesting) in edible and ornamental horticulture for up to six months in any year.

We are concerned that migrant workers in the UK, recruited and employed through SWS operators, are being obliged to pay illegal fees to agents and middlemen in addition to other fees. The payment of recruitment fees, often only made possible by taking out excessive loans at high interest rates or by signing over assets and property, can mean that workers are left in a position of debt bondage, and therefore at high risk of forced labour across the horticulture sector in the UK.

We believe that workers entering the UK under the SWS should be protected from unseen costs and potential debt bondage, and that no worker should pay for employment.

We think that there should be a well-designed and robust process for the recruitment and employment of seasonal workers in the UK food system. We believe that without further intervention more and more workers are at risk.

Corporate Mental Health Benchmark

Evelyn Partners became a founding signatory to the Corporate Mental Health Benchmark in July 2022.

Mental health deterioration was identified for the first time in the Global Risk Report[1] for 2021 as one of the top risks to businesses as a result of the pandemic. In recent years, there has been increased acknowledgement of the important role mental health plays in achieving global development, which was highlighted by the inclusion of mental health in the Sustainable Development Goals (SDG's) in 2015.

New mental health research which was published by Deloitte revealed that the cost to employers of poor mental health has increased, to up to £56 billion in 2020-21 compared to £45 billion in 2019, with mental health being the leading cause of absence from work.

Employers have a 'duty of care' to their employees. They must do all they reasonably can to support their health, safety and wellbeing. It is now more important than ever to protect employee mental health.

As part of this benchmark, the top 100 UK and Global companies were assessed on a set of 27 criteria (which can be found here: www.ccla.co.uk/documents/mental-health-benchmark-assessment-criteria/download?inline) and based on their publicly available information, were ranked from Tier 1 to 5.

All companies have been contacted prior to engagements commencing in Q1 2023. Companies have been ranked from Tier 1 to 5 using a set of 27 criteria, based on their publicly available information. The coalition will look to target those companies in Tiers 4 and 5 which received the lowest scores. We understand this is a relatively new issue for companies who are feeling their way towards best practice by developing more detailed reporting. The role of this benchmark is to create an opportunity for continued improvement.

As previously mentioned, we are looking to engage with the companies that have scored the lowest. We will be taking the lead on one UK (easyJet Plc) and one global (Nike Inc) and taking on a supporting role in two others. We will be engaging with both UK-based and global companies.

1. www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf

Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers.

Where we have concerns about the performance or strategy of an investee company or where we have reason to believe that our clients' rights as shareholders are being compromised in any way, we will, in appropriate circumstances, escalate our involvement with investee companies. Whilst we do not believe in the micromanagement of our investee companies, in some cases we feel that it is necessary. This could include issues with board independence or remuneration. In cases such as these we would open a dialogue and write to the company or meet directly with management to express our concerns. We are willing to act collaboratively where appropriate. In cases where we deem it necessary, and where SRIG agree, we will abstain or vote against management resolutions. If a satisfactory response was not possible, we would look to escalate this further. Our escalation process would include, but is not limited to:

- Holding additional meetings with management specifically to discuss concerns
- Intervening jointly with other institutions on particular issues
- Submitting resolutions
- Disinvest if we felt that clients would be at a material disadvantage

As explained previously, we systematically vote on discretionary holdings which are on our direct equity monitored universe, any company on our Alternative Investment Market (AIM) monitored list and any situation where our materiality threshold is met. This currently amounts to around 750 UK and international companies. This includes investment trust funds listed on the UK market to which we apply the same principles and approach.

On these companies, the Stewardship team and members of the SRIG committee review all resolutions for which our proxy voting provider, Glass Lewis, recommends us to vote against the management or to abstain from voting. We systematically assess these recommendations. When they are aligned with our voting policy and best serve the interest of our shareholder, we follow this advice but engage with the company so they have the opportunity to provide more information and allow us to change our vote. If we feel that the company does not offer a satisfactory answer, we then vote against or abstain. After that, we monitor if there is any progress from the company in the year up to the next AGM. A lack of progress can trigger an additional engagement according to the severity of the issue.

In cases where we are still invested in the company by their next AGM and the same questionable resolutions are put to a vote, we inform the company that further inaction will lead us to further escalate our approach. If the company still does not provide an adequate reply, we vote against or abstain another time. We then inform the sector specialist covering the stock and he or she will follow up with the company on these issues in his or her next meeting with the company. We will then assess the answer from the company and subsequently decide what additional steps can be taken if necessary (please refer to the different actions mentioned in the list above).

In 2022, we engaged with over 150 companies on their resolutions.

Whilst we recognise it may not always be possible to engage across different markets and asset classes, we would always consider joining with other shareholders to do this if necessary. We would consider engaging with foreign regulators if this were the only option available to us.

We also speak with our proxy voting advisers and ESG screening providers regularly to keep up to date on any engagements they may be driving.

Escalation in the time period was generally limited to equities as this asset class was easier to escalate in the UK, our main investment geography, and then the USA. Collaborative opportunities are greater too in these two countries, but also provide the best opportunity for a relatively small minority shareholder to exert influence. We are looking to extend collaborative engagement to other geographical regions in the future.

CASE STUDY: RENISHAW

David McMurtry and John Deer are Renishaw Plc's controlling shareholders and serve as executive chair and deputy chair, respectively. Directors McMurtry and Deer have declined to enter into a relationship agreement (an agreement that defines the specific roles played by significant shareholder to ensure transparency) with the company in contravention of the requirements of the Listing Rules, requirements which are intended to afford greater protection to minority shareholders. In our view, directors McMurtry and Deer should be held accountable for their failure in this regard.

We note that at last year's annual meeting, approximately 22.19% and 24.04% of shareholders voted against the election of Sir McMurtry and John Deer, respectively. This represents a significant and persistent level of opposition given Sir McMurtry's and John Deer's re-election (24.79% and 24.14% of shareholders voted against the election of Sir McMurtry and John Deer, respectively, at the Company's 2020 AGM).

Taking into account the increased scrutiny on quantifying and examining responses to shareholder dissent, it appears to us that the nominations committee has not fulfilled its duty to shareholders in this regard. In our view, the nomination committee should heed the voice of shareholders and act to remove directors not supported by shareholders or, at the very least, address the issues that raised shareholder concern. We do not believe that has been done here.

Principle 12

Signatories actively exercise their rights and responsibilities..

Our voting process focuses on discretionary holdings which are on our direct equity monitored universe, any company on our Alternative Investment Market (AIM) monitored list and any situation where our materiality threshold is met. This currently amounts to around 750 UK and international companies.

We use our own voting policy, which was developed alongside the Glass Lewis voting policy. Much of the detail has already been discussed earlier in the document including under Principle 5.

Our Voting Policy focuses on issues such as:

Leadership

Companies should have a talented board with a proven record of protecting and delivering value, where individuals have a diverse background, record of positive performance and a breadth and depth of experience. We believe in routine director evaluation, including independent external reviews, and periodic board refreshment to foster the sharing of diverse perspectives in the boardroom and the generation of new ideas and business strategies.

The board will most effectively perform the oversight necessary to protect the interests of shareholders if it has a majority of independent NEDs. Ideally, only independent directors should serve on a company's audit and remuneration committees while a majority of members of the nomination committee should be independent. Moreover, there should be at least one member of the audit committee with relevant financial experience.

Effectiveness

There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision. The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.

The Committee Chair maintains primary responsibility for the actions of his or her respective committee. There should be a clear disclosure of which director is charged with overseeing each committee.

The audit committee should act independently from the executive, to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal control. We assess audit committees based on the decisions they make with respect to their monitoring role, and the level of disclosure provided to shareholders. We believe that the committee requires a minimum of three members — or two for smaller companies.

Remuneration committees have a critical role in determining the remuneration of executives. We believe overall remuneration levels should be reflective of the company's size, relevant peer group and recent performance.

Nomination committees are responsible for ensuring that the board contains the right balance of skills, experience, independence and knowledge to effectively oversee the company on shareholders' behalf. This process includes managing the terms and disclosure of board appointments, both in initial recruitment and on an ongoing basis, with an emphasis on progressive refreshment. The committee must set out the board's policy on diversity, with specific reference to gender, including details of any internal objectives and progress against them.

Accountability

Each company should be headed by an effective board which is collectively responsible for the long-term success of the company. To achieve good governance requires continued high-quality effort. The Board should promote the interests of shareholders. The Board should consist of mostly independent directors, each accountable for actions and results related to their responsibilities.

The board should establish a formal and transparent process to review the company's corporate reporting, risk management and internal control principles. A director's history is often indicative of future conduct and as such we typically vote against directors who have served on boards or as executives of companies with a track record of poor performance, over-remuneration, audit or accounting-related issues and/or other indicators of mismanagement, poor oversight or actions against the interests of shareholders.

We take note of any significant losses or write-downs on financial assets and/or structured transactions. Where we find that the company's board-level risk committee contributed to the loss through poor oversight, we would vote against such committee members on that basis.

Remuneration

We believe executive remuneration should be linked directly with the performance of the business that the executive is charged with managing. The policy should provide clear disclosure of an appropriate framework for managing executive remuneration.

We expect remuneration policy to comply with best practice. When a company's executive remuneration policy deviates from these guidelines, we expect a clear and compelling rationale for why the proposed structure or practice is appropriate for the company. If the company has failed to sufficiently disclose the terms of its policy, we may vote against the proposal solely on this basis.

Remuneration should be sufficient to attract and retain proven talent. It should not be excessive. We examine executive pay on a case-by-case basis. A clear, succinct and comprehensive disclosure of the company's remuneration structure and practices is essential for shareholders to make an informed assessment. No director should be involved in deciding his or her own remuneration. In the event of significant opposition to remuneration proposals, we will assess the responsiveness of the committee to shareholder concerns.

Incentives tied to long-term performance provide the strongest alignment with the interests of long-term shareholders.

The majority of the incentive opportunity should generally be subject to a performance period of at least three years. A significant proportion of incentive pay-outs should be delivered in equity to promote alignment with shareholder interests. Incentive programmes should generally include specific and appropriate performance goals and a maximum award amount per employee. Remuneration committees should retain a reasonable level of discretion to ensure that pay outcomes are justified and linked to performance, and that the implementation of the remuneration policy remains appropriate.

Performance

Performance measures should be carefully selected to relate to the specific business/industry in which the company operates and, especially, the key value drivers of the company's business.

We look at the performance of these individuals in their capacity as board members and executives of the company, as well as their performance in different positions at other firms. We would consider voting against an individual should they fail to attend at least 75% of board meetings. We are sceptical of directors who have a track record of poor performance.

Remuneration committees should retain a reasonable level of discretion to ensure that pay outcomes are justified and linked to performance, and that the implementation of the remuneration policy remains appropriate.

A full copy of our voting policy can be found on our website, alongside our voting report. All entities follow the same voting policies.

Evelyn Partners respects the Glass Lewis policy, and where we differ tends to be in the detail rather than the broad principle. In particular, Evelyn Partners is able to make use of the detailed understanding its sector specialists have of its investments, which can allow a more nuanced and less rules-based approach.

In most cases, Glass Lewis recommend voting with management. Where they recommend a vote against management, SRIG assess the vote and pass it to the relevant direct/collective sector specialists where necessary for advice. SRIG includes amongst others Head of Charities, Head of Investment Risk, and ESG Specialists. Engagement with companies to improve ESG performance of investee companies is a vital part of our responsible investment process.

On various occasions our view differed from that of Glass Lewis, mainly on compensation and board related issues. Our in-house sector specialists conduct in-depth research by holding meetings with companies' management each year. We believe that our specialist knowledge can put us in a superior position, especially when it comes to AIM, investment trusts and UK stocks, making us better placed to make decisions.

Monitoring

Every night, Evelyn Partners sends the list of companies that it has voting rights for to Broadridge and Broadridge which then sends ballots to Glass Lewis.

Broadridge relies on Evelyn Partners to report the correct share positions, but if it is notified of an 'overvote' or mismatch, then it refers the matter to Evelyn Partners for investigation. Glass Lewis monitors incoming and outgoing ballots, to ensure they are processed via the automated feed to Broadridge.

Fixed Interest

For fixed-income assets we have found that the instruments we invest in and the size of our investments have limited our ability to influence terms and conditions in contracts. We are not shown terms prior to issue and deal though secondary markets.

We are constantly looking for ways to improve and develop our processes which our Fixed Income Group are monitoring at their regular meetings.

Stock Lending

We don't lend stock as we do not see this activity as being consistent with our fiduciary duties and we do not have the regulatory permissions to do so.

Climate

With regards to governance, we closely evaluate the roles and responsibilities of the board and its committees in order to understand what level of oversight is afforded to environmental and climate-related risks and opportunities. In instances where a company does not afford proper oversight to these issues, we would consider voting against relevant directors.

When looking at transparency, we understand that shareholders require comprehensive disclosure of companies' climate and sustainability-related risks. We would consider voting against relevant directors in instances where a company has failed to provide adequate disclosure to allow shareholders to evaluate how a company is considering issues of climate change.

For heavily emitting or highly exposed companies, we will consider how a company's strategy has incorporated issues related to climate change, by evaluating whether the company has established GHG reduction goals.

In order to determine how risks related to climate change are established throughout an organisation, we would carefully evaluate the incentive structures driving the top levels of an organisation and to what extent climate and other environmental risks are built into a company's reward structures.

Shareholders may put forth resolutions related to a company's climate programme. These shareholder proposals will be evaluated on a case-by-case basis taking careful consideration of the proponent's request, the company's climate-related performance and how the company performs compared to its peers.

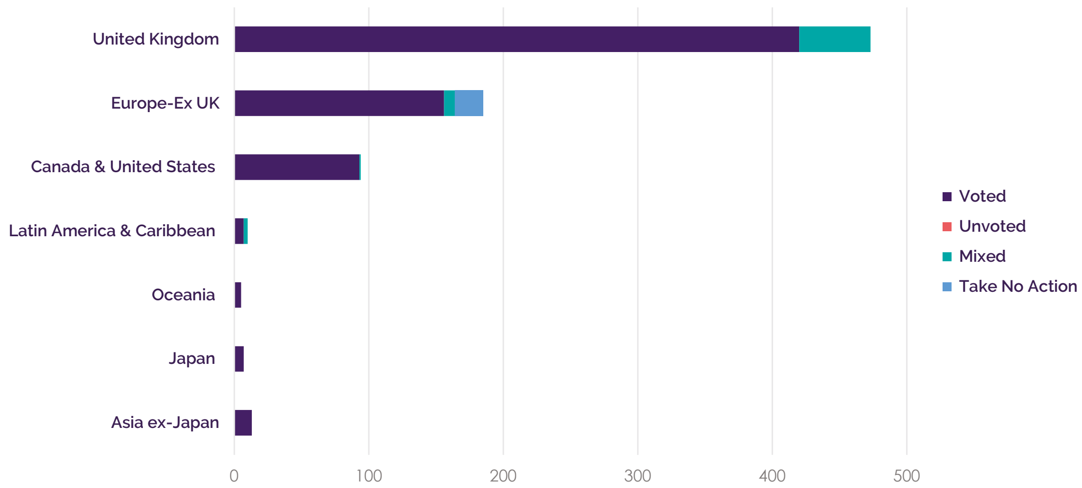
ESG

With regards to governance, we acknowledge the importance of ensuring that the board is comprised of directors who have a diversity of skills, backgrounds, thoughts and experiences. As such, having diverse boards benefits companies greatly by encompassing an array of different perspectives and insights.

We would consider voting against compensation plans where a company has both failed to provide an adequate link between pay and performance, and the company has neglected to incentivise environmental and social performance.

We would be broadly supportive of environmental and social shareholder proposals aimed at enhancing a company's policies and performance with respect to such issues.

Meetings by Region & Vote Status

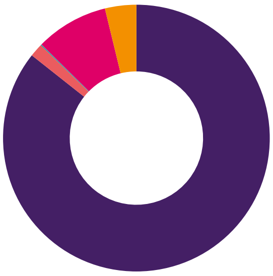


Source: Glass Lewis

We voted at 787 AGMs, across 621 companies, covering 35 markets.

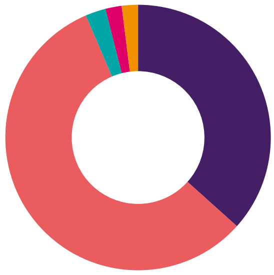
This amounted to 10,969 resolutions and 484,929 ballots.

Management Proposals – votes cast



Source: Glass Lewis

Shareholder Proposals – Votes Cast



Source: Glass Lewis

The majority of our voting is UK focused. However, we also vote extensively in Europe and in the US & Canada, which covers 35 markets. For the majority of our voting, we voted in line with management. However, on occasion our opinion differed to that of management, and we have either voted against or abstained. Most of our votes against management were either Board or Compensation related.

An example of this was when we decided to vote against the remuneration report at the Kion Group AG AGM. We believed that despite notable voting against by minority shareholders, the company had not amended their remuneration policy. We considered that the Supervisory Board's authority to grant discretionary bonuses deviated from European best practice.

We also decided to vote against the election of Antoine de Saint-Affrique at the Burberry AGM as he was the CEO of Danone. Given the size and complexity of his role at Danone, we believe that he we would have limited capacity to serve as a NED at a FTSE 100 company.

During the period we voted in favour of various shareholder proposals that we believed would benefit the companies involved to mitigate future risks. For example, we voted for the shareholder proposal regarding human rights impact assessment at Meta Platforms Inc. We believed that increased disclosure around human rights was warranted.

Votes vs Management

Proposal Category Type	With Management	Against Management	Take No Action	N/A	Mixed
Audit/Financials	1884	4	61	0	208
Board Related	4173	67	232	1	381
Capital Management	1659	16	20	0	206
Changes to Company Statutes	439	8	3	2	42
Compensation	863	78	65	1	84
M&A	51	1	2	0	5
Meeting Administration	34	1	24	0	4
Other	123	3	2	1	19
SHP: Compensation	12	3	0	0	1
SHP: Environment	25	9	2	0	2
SHP: Governance	26	28	2	2	0
SHP: Misc	2	4	0	0	0
SHP:	51	32	0	0	1
Total	**9342**	**254**	**413**	**7**	**953**

Source: Glass Lewis

Votes vs Glass Lewis

Proposal Category Type	With Management	Against Management	Take No Action	N/A	Mixed
Audit/Financials	1884	4	61	0	208
Board Related	4218	23	232	0	381
Capital Management	1659	16	20	0	206
Changes to Company Statutes	439	8	3	2	42
Compensation	863	78	65	1	84
M&A	51	1	2	0	5
Meeting Administration	34	1	24	0	4
Other	123	3	2	1	19
SHP: Compensation	14	1	0	0	1
SHP: Environment	34	0	2	0	2
SHP: Governance	54	2	2	0	0
SHP: Misc	6	0	0	0	0
SHP:	82	1	0	0	1
Total	**9461**	**138**	**413**	**4**	**953**

Source: Glass Lewis

CASE STUDIES:

dotDigital

We decided to engage with dotDigital ahead of their AGM. We wrote to the Chair asking him to provide additional information regarding their remuneration report as Glass Lewis were recommending a vote against. Following the engagement with the company prior to voting, we were satisfied that the process for arriving at the remuneration for the CEO was robust. The overall level of compensation was commensurate with a company of dotDigital's size and reflected additional responsibility taken on by the CEO following the departure of the CFO mid-year. It is worth noting that bonus payments, though increased, were still only circa 50% of the maximum.

We were satisfied with the very full response from the chair of the remuneration committee, which demonstrated the seriousness with which they have taken the Glass Lewis recommendation and an open willingness to engage with shareholders.

We therefore voted in line with management and did not follow the Glass Lewis recommendation.

Hansard Global

We decided to amend our vote against the Hansard Global Chairman as a result of additional information sent to us from him prior to the AGM. We wrote to Mr Kay explaining that we would vote against his election due to an inadequate level of board gender diversity. As the Chair of the nomination committee and chairman we believed that it was his responsibility to ensure board gender diversity.

Mr Kay's response was to detail the steps he had taken since his appointment, which included the appointment of a female Chief Risk Officer of the company to the board of the Group's main operating subsidiary, Hansard International Limited. He also noted that the company was in the process of appointing an excellent female candidate as a replacement to a male director who was retiring. We felt both of these upcoming appointments warranted a change in vote, and as a result we voted in favour of Mr Kay's election.

CASE STUDIES: VOTING IN PRACTICE

Alphabet Inc

We voted for the shareholder proposal regarding a racial equity audit at the AGM. We believe that the requested audit would help to identify and mitigate potentially significant risks to the company. Whilst we recognise the Company's existing efforts around diversity, equity and inclusion reporting, we believe that the requested audit could help reduce potential future business risks.

This resolution received support from 22.31% of votes.

Boeing Co.

We voted for the shareholder proposal regarding the Climate Action 100+ Net Zero Indicator at the AGM, in line with both the Board and the Glass Lewis recommendation. The proposal requested that the Company issue a report evaluating and disclosing if and how it had met the criteria of the CA100+ Net Zero Indicator or whether it intended to revise its policies to be fully responsive to such Indicator. We believed that additional disclosures would allow us to understand the Company's climate-related risks and how the Company was mitigating those risks.

This resolution received support from 89.09% of votes.

Picton Property Income Limited

We decided not to follow the Glass Lewis recommendation of voting against the Picton remuneration report. The Glass Lewis recommendation was that we should vote against the remuneration report on the grounds that the increase was excessive. The sector specialist for this holding believed that Picton Property had demonstrated a sufficient rationale for this pay rise in their consultation letter and in further meetings with the board and management team. Both in its quantum and split between fixed and variable remuneration, he argued that this change brought the vehicle more in line with its competitors whilst protecting from the possibility of losing key employees.

This resolution received support from 96.13% of votes with only 2.99% voting against the remuneration report.

JD Sports Fashion plc.

We decided not to follow the Glass Lewis recommendation of voting against the JD Sports remuneration report for the second year running. The Glass Lewis recommendation for the vote against was that the increase was excessive and that there had been excessive granting practices in light of Covid-19. The sector specialist for JD Sports disagreed with this, noting that the CFO remuneration is not out of line with the peer group and operationally JD have outperformed the peer group consistently and in share price terms.

This resolution received support from 72.16% of votes.

Intertek Group plc

We decided to vote against the election of Andrew Martin, the Chairman of the Board, on the grounds that the company operates petroleum and chemical laboratories and inspection facilities in Russia and did not issue any statement regarding discontinuation of its operations in Russia following the Russian invasion of Ukraine. It was our view that the absence of disclosure provided by the Company in relation to its operations in Russia constituted a substantial failure to properly inform shareholders of material risks. As Chair of the board, we believed that Mr Martin should be held accountable for this failure.

10.72% of voters also voted against the election of Mr Martin.

Marks & Spencer

We decided to vote against the remuneration report at the AGM. We were concerned with the payment of significant bonuses to the executives despite the company having benefited from business rates reliefs and the continued suspension of dividends in light of Covid-19.

28.51% of voters also voted against the remuneration report at the AGM.

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