# *Quarterly* STEWARDSHIP *Report*

## Q2 2026

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PARTNERS

# Our stewardship approach

## What is stewardship?

The UN Principles of Responsible Investment (PRI) defines stewardship as "*the use of investor rights and influence to protect and enhance long-term value for clients and beneficiaries, including common economic, social and environmental assets on which their interest depend*."

Stewardship is about working with external stakeholders including other investors, regulators and clients to mitigate risks and improve outcomes. It includes voting on shares in companies and investment vehicles.

## Why is it important to us?

We believe that stewardship is at the forefront of our fiduciary duty to clients. We remain firmly committed to the UN PRI principles and the UK Stewardship Code. This is guided by our conviction that responsible investment (RI) – through environmental, social and governance (ESG) integration and active stewardship – contributes to building more resilient portfolios and contributes to better client outcomes.

Our stewardship approach assists us in the following ways:

**Information gathering/sharing:**

- Assists with evaluation of our systemic risks
- Helps determine whether a particular investment meets our criteria and standards
- Allows us to understand and assess investments against our bottom-up RI priorities

**Adhering to policy**:

- Enables us to assess the investment landscape and align our approach with regulatory developments
- Helps ensures the stated policies of investee companies and external funds are being actioned
- Fulfils our fiduciary duty of being active stewards of clients' capital by 'walking the walk' not just 'talking the talk'

**To reduce risk:**

- Where standards fall short of our expectations at investee companies or fund level, but the investment case remains intact, we can work to help improve business practices and lower long-term risk
- Contributes to the well-functioning of the financial system e.g. working with regulators to help shape policy

## Who is conducting stewardship?

There are several teams at Evelyn Partners involved in defining and implementing our RI and stewardship activities:

**Responsible investment team:** seven dedicated specialists, with skills ranging from expertise in stewardship to climate, integration of ESG factors into the investment process, regulatory compliance and RI data analysis and reporting

**Sector specialists:** practitioners that also provide sector analysis, including ESG risks and opportunities, make investment decisions and participate in our voting process

**Investment managers:** they meet with clients frequently to understand their sustainability preferences. These insights help ensure our products and services are suitable for them

**Service providers:** since January 2025, we have been working with **Morningstar Sustainalytics**, an external engagement service provider, to extend our capacity and reach

**We are active members of various collaborative initiatives including:**

Climate Action 100+
THE INVESTOR FORUM
Votes Against Slavery
BBFAW Business Benchmark on Farm Animal Welfare
Nature Action 100
Find it, Fix it, Prevent it
United Nations Global Compact

**We work with trade bodies to promote improvement in the functioning of financial markets:**

PIMFA
THE INVESTMENT ASSOCIATION
TISA

# Engagement in the investment process

## Pillars of our engagement strategy

| Engagement type | Evelyn Partners activities Q2 2026 |
|---|---|
| Engagement with **policy makers** and other stakeholders | • We co-signed a letter to the UK Minister of State for Trade last year in support of human rights due diligence. We received a response in June 2026 acknowledging the government will take our view provided into consideration<br>• Contributed targeted input and feedback to the IA and PIMFA's consultation responses on FCA proposals to streamline TCFD product reporting |
| Stewardship with **investees** and **assets** | • Sent 133 letters to companies notifying them we would be voting against a management recommendation<br>• Directly met with 3 companies to discuss their AGM agendas<br>• Attended 11 Morningstar Sustainalytics led meetings with companies under coverage<br>• Attended pre-AGM meetings with BP, Shell, and GSK organised by the Investor Forum<br>• Sent a letter to a company under CA100+ with 6 other investors on climate |
| Engagement with **external managers** | • Followed up with 8 fund managers who did not appear to be UN PRI signatories<br>• Requested more information from 9 fund managers where we required more information on their ESG integration and stewardship activities |
| **Client** engagement | • Hosted our annual Responsible Investment conference, "Understanding tomorrow: future forces transforming our world", which brought together leading voices including UCL Professor Helen Czerski and representatives from SSE and Croda - totalled 570 client registrations<br>• Thought leadership article on how AI is becoming a major source for energy demand but also a promising tool to accelerate decarbonisation, see link **From tension to transformation: AI's evolving environmental impact** |
| **Collaboration** | • Participated in Cazenove wealth managers meeting on climate physical and insurance risks<br>• Virtuvest meeting with sustainability professionals across the asset management industry<br>• Participated in the UNGC UK network, AGM and webinars on topic of AI in and its implications for responsible investing |

## Escalation – we act where needed

Where we have concerns about an investee company or collective investment, or where we have reasons 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 and fund managers.

Escalation can take a variety of forms:

- Direct communication (sometimes repeated) with board members
- Collaborating with other investors if private engagements prove unsuccessful
- Abstaining or voting against management
- Taking steps to reduce our investment exposure by removing from coverage/selling holdings where we believe it is the interests of our clients to do so

## How we prioritise engagements

Evelyn Partners has identified three bottom-up priorities to inform our responsible investment process which are given specific focus for our investment selection, risk management and stewardship activities. These are:

1. **Environmental resilience**
2. **Workplace standards**
3. **Excellence in governance**

These priorities primarily drive our engagement programme, but we also address systemic risks where those have been identified. There are four megatrends that we believe will shape the next decade:

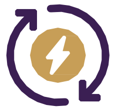
**Shifting demographics** | **Changing world order** | **Bumpy energy transition** | **Technological revolution**

Our approach is consistent across both collective investment funds and direct investment assets, as can be seen from the case studies in the following section.

# Case studies of engagement with companies

## Direct meetings – can cover several risks, including systemic risks and bottom-up priorities

**Megatrend** | **RI Priority** | **Engagement**



Bumpy energy transition

Environmental resilience

### BP plc

Collaborative pre-AGM meeting

**Sector:** Energy

**What we like**

- Strong capabilities in risk management

**Challenges**

- Recent rollbacks negatively impact emissions trajectory and executive climate accountability

**Stewardship Focus**

The Investor Forum organised a meeting with BP's Senior Independent Director (SID) prior to the company's AGM. Investors raised concerns regarding transparency and BP's decision not to include the 'Follow This' resolution on climate disclosures. The SID noted legal advice allowed the board to reject the proposal. BP also outlined plans to retire two legacy shareholder proposals relating to climate disclosures arguing they were duplicative given their compliance with UK disclosure requirements. The company stressed that its existing strategy and disclosures provided sufficient clarity and that additional shareholder proposals would not add value.

**Outcome** We were not satisfied with BP's response and were still concerned with the lack of transparency over their decision making. We decided to abstain in the election of the chair and supported a shareholder proposal regarding disclosure of capex approach for oil and gas projects.

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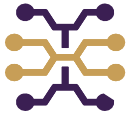

Technological Revolution

Workplace standards

### Tesco

Sustainalytics-led meeting

**Sector:** Consumer staples

**What we like**

- Leads peers in corporate governance, business ethics and GHG reduction efforts

**Challenges**

- Faces various ESG risks, particularly in its supply chain and product governance

**Stewardship Focus**

As part of Sustainalytics' Human Capital Management programme, a meeting was held to discuss Tesco's approach to address the risks linked to workforce transformation. Tesco highlighted the challenges in evaluating and predicting workforce skills especially given the rapid growth of AI but noted that this change was not as significant among store level employees. The meeting also covered health and safety at the workplace, including how Tesco evaluates measures to reduce safety incidents at stores and how incidents are fed back to relevant business units. The company exhibited an approach supported by clear accountability and escalation processes.

**Outcome** We had an insightful meeting with Tesco, which presents a well-integrated approach to human capital management, where strong alignment between people and business strategy supports operational efficiency and mitigates workforce risks.

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Excellence in governance

### Interactive Brokers

Pre-AGM meeting

**Sector:** Diversified financials

**What we like**

- Effective strategy automating as much of brokerage business as possible

**Challenges**

- Lags most peers on corporate governance practices

**Stewardship Focus**

We met with Interactive Broker's Vice Chair after notifying the company we would vote against several AGM proposals, including the election of the Chair, Vice Chair, and CEO. The remuneration committee comprised of the mentioned executives and was 0% independent, creating a conflict of interest and running contrary to our policy requiring independence. The nominating committee also fell short of our majority independence expectation. The Vice Chair stated that executives focus on employee pay rather than their own pay, but we urged the need for checks and balances and a peer review on executive pay,

**Outcome** The company acknowledged that its board and committee structures were unusual. Although it has not benchmarked against its peers, the Vice Chair agreed to provide a peer comparison prior to next year's AGM. We will continue to monitor governance enhancements.

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# Case studies of engagement with fund managers

## Due diligence with funds to ensure our values and standards are shared

**Megatrend** | **RI Priority** | **Engagement**

Excellence in governance

### Private Equity Firm

Engagement following pre-AGM letter

**What we like**
- Impressive long track record of exits

**Challenges**
- Active buyback programme in place though quantum somewhat trails recent moves made by peers in recent months

**Stewardship Focus**
Prior to the AGM, we notified the firm that we intended to abstain on a director's re-election due to attendance below our 75% threshold and a lack of disclosure explaining the shortfall. In response, a non-executive director explained that, under Bermuda's Economic Substance requirements and the company's Bye-laws, a distinction is made between attendance and participation. There were occasions when the director (or his alternate) attended a meeting but was not considered as formally participating. While the director attended 8 of 10 board meetings, they did not formally participate on some occasions to avoid affecting the board's composition.

**Outcome** Following a response from the firm, we gained clarity on the director's attendance record and the distinction between attendance and formal participation under Bermuda requirements. The explanation provided reassurance about the director's presence at board meetings and we will keep this under consideration for future voting decisions. Additionally, we are hopeful that the current £20m slated buybacks this year will be raised closer to the £50m from last year.

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Excellence in governance

### Global Equity Investment Firm

Due diligence exercise on responsible investment

**What we like**
- Differentiated from global peers by exposure to unquoted assets

**Challenges**
- Firm not a signatory to UN PRI

**Stewardship Focus**
As part of our commitment to demonstrate responsible investment principles, we carried out due diligence with external fund managers who were not listed as UN PRI signatories. We contacted this firm to understand whether they had plans to become signatories. The firm responded stating that although they aren't signatories, responsible investment principles were fully embedded within their investment philosophy and process. ESG considerations are integrated throughout the stages of the investment cycle and the firm maintains an established governance framework to oversee responsible investment activities. Although the firm was not a signatory to UN PRI, they support the initiative and plan to keep potential membership under review.

**Outcome** In our correspondence we emphasised the importance that we attach to being a UN PRI signatory, though we were satisfied with the firm's response and felt reassured that responsible investment is an integral part of the investment process. We will continue carrying out this due diligence exercise with fund managers on an annual basis.

# Proxy voting

Voting is an important tool in active stewardship and gives us the opportunity to express our views on behalf of our clients as investors. The group's voting policy and process covers discretionary holdings in our direct investment MU for equities, any company on our alternative market investment (AIM) monitored list, closed-ended investment trusts and our Evelyn Partners managed funds

## How we voted this quarter

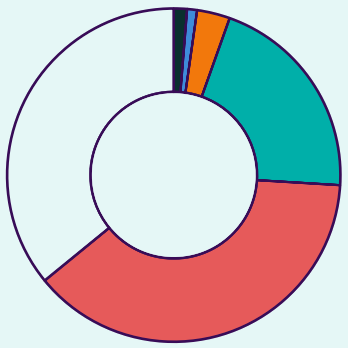
**314 meetings**

**4620 proposals**

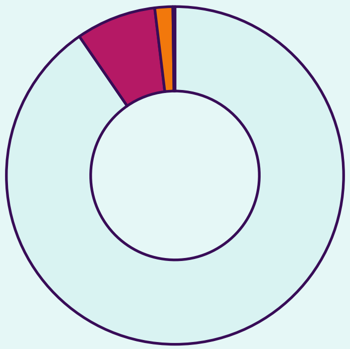
**Voted 90.4% in line with management**

**Supported 36.6% shareholder proposals**

### Voting by region

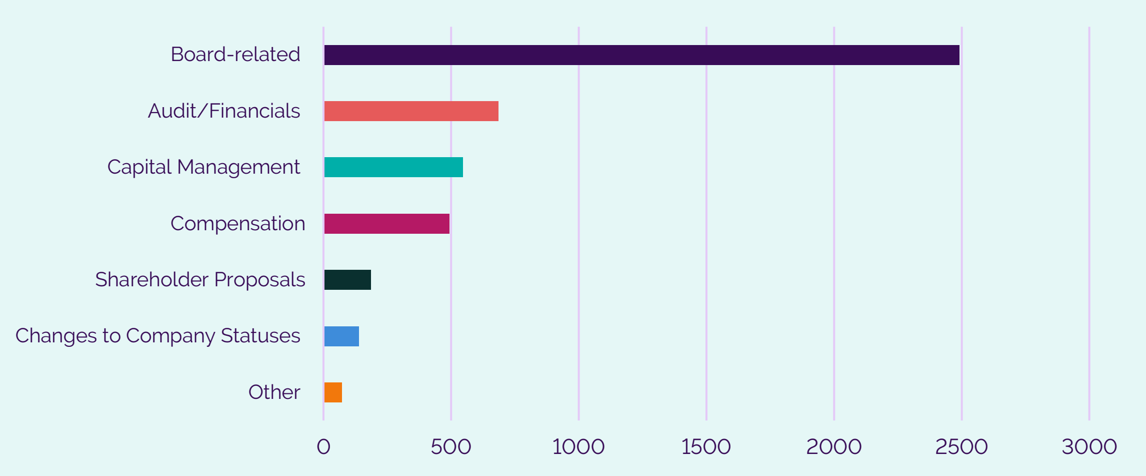



### Management proposals – votes cast




Source: Glass Lewis

### Voting by proposal category




Source: Glass Lewis

## Significant votes

For the majority of resolutions, we vote in line with management. However, on occasion our opinion may differ from the position indicated by our voting policy and the RI framework used to assess company proposals.

Examples where Evelyn Partners voted against management in this quarter include:

- We voted against the chair of the nominating and governance committee at **Berkshire Hathaway** given the company's limited disclosure of board diversity policies and insufficient disclosure of racial/ethnic board demographics
- At **Citigroup's** AGM, we voted against the advisory vote on executive compensation as the CEO: Employee ratio was greater than 1000:1 and the CEO's annual compensation increased by 61% (when excluding the 2025 one-time grant)
- We voted against the chair of the remuneration committee at **LVMH** given the significant and repeated shareholder dissent the company has faced over executive pay in the past few years
- Following a decline in quality and timelines of sustainability disclosures at **Coca Cola**, we supported a shareholder proposal on increased sustainability disclosure
- We supported a shareholder proposal on enhancing disclosures at **Meta** regarding the risks of AI data sourcing as greater transparency would enable shareholders to assess how the company identifies and manage these risks

# Appendix

## Specialist meetings with companies in Q2 2026

| Company | Sector | Type | Environment | Social | Governance |
|---|---|---|---|---|---|
| BHP | Metals & Mining | Led by Morningstar Sustainalytics | | X | |
| BP plc | Energy | Collaborative | X | | X |
| CRH Plc | Materials | Led by Morningstar Sustainalytics | X | | |
| Deere & Co. | Industrials | Led by Morningstar Sustainalytics | X | | |
| GSK | Healthcare | Collaborative | | | X |
| Iberdrola | Utilities | Led by Morningstar Sustainalytics | X | | |
| Interactive Brokers | Diversified Financials | Led by Evelyn Partners | | | X |
| JPMorgan Chase & Co. | Banks | Led by Evelyn Partners | | | X |
| LVMH | Consumer Discretionary | Led by Morningstar Sustainalytics | | X | |
| Microsoft | Information Technology | Led by Evelyn Partners | | | X |
| Nestle | Consumer Staples | Led by Morningstar Sustainalytics | X | | |
| Procter & Gamble | Consumer Staples | Led by Evelyn Partners | X | | |

| Company | Sector | Type | Environment | Social | Governance |
|---|---|---|---|---|---|
| RWE | Utilities | Led by Evelyn Partners | | | X |
| Shell | Energy | Collaborative | X | | X |
| TotalEnergies | Energy | Led by Morningstar Sustainalytics | X | | |
| Tesco | Consumer Staples | Led by Morningstar Sustainalytics | | X | |

# Contact

**If you're interested in finding more about our investment management products & services, please contact me or visit www.evelyn.com**

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Further details about our approach to responsible investing and stewardship activities, including our sustainability disclosures and detailed proxy voting reports can be found here **www.evelyn.com/about-us/corporate-responsibility/responsible-investing/**

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