



Evelyn Partners SRD II Engagement Policy

This document should be read in conjunction with our Responsible Investment Policy, which is the over-arching document, together with the connected voting policy. Other relevant documents include the United Nations supported Principles for Responsible Investment (UN PRI) submission, plus our regular reports on voting and engagement activity, all publicly available on our website.

1. Integrates shareholder engagement in its investment strategy.

As a responsible investor Evelyn Partners is a signatory to the United Nations Principles of Responsible Investment (UN PRI), and our former brand Smith & Williamson is a signatory to the UK Stewardship Code and is committed to ensuring that we monitor and engage with investee companies on behalf of our clients. As part of this we are committed to improving the transparency of our reporting with the aim of enhancing and demonstrating value for our clients.

Our Responsible Investment Policy is set by the Corporate Responsibility Committee (CRC) which reports to the Board of Evelyn Partners. All aspects of our investment strategy are under the oversight of the Investment Process Committee (IPC). 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), collectives to the Collectives Investment Group (CIG) and fixed interest to the Fixed Interest Investment Group (FIG).

We use MSCI ESG Research (MSCI), an external company, for all Environmental Social & Governance (ESG) and ethical screening services, as well as for portfolio reporting of ESG factors such as greenhouse gas (GHG) emissions and UN Sustainable Development Goal (SDG) alignment. Voting plays an integral role in active engagement. We use Glass Lewis to provide voting research which we incorporate into our voting policy. The UN PRI and other bodies provide opportunities for industry wide engagement initiatives.

ESG factors are incorporated into our fundamental research process for direct investments as these can have a significant impact on the long-term valuations. Our in-house sector specialists conduct in-depth research into UK and overseas equities, including holding over 500 meetings with companies' management each year as well as undertaking media and other desk-based research.

All third-party collectives that are formally monitored by Evelyn Partners sector specialists are subject to ESG due diligence, that includes their UK Stewardship Code and UN PRI signatory status where applicable. There is a responsible collectives team that researches specialist ethical, ESG and related thematic funds and another specialist team that covers infrastructure, including renewables, and related funds.

2. Monitors investee companies on relevant matters including:

- a) Strategy
- b) Financial and non-financial performance and risk
- c) Capital structure
- d) Social and environmental impact and corporate governance

Our investment process is an assessment of client risk and objectives, global economic strategy and outlook, asset allocation process, security selection and portfolio construction.

We receive a great deal of information and macro-guidance from our team of strategists and analysts.

The Direct Investment Group (DIG) is responsible for the development of Evelyn Partners' investment process for direct investment in equities and fixed interest.

DIG appoints and oversees Sector Specialists who are responsible for:

- identifying a set of direct equity and fixed interest investments capable of forming core holdings for the majority of our clients maintaining and summarising relevant third-party research

For direct equities, the core of our security selection will focus on businesses that are:

- Growing
- Attractively valued
- Sustainable
- Proven

This framework (GASP) has a pronounced similarity to the better known GARP (Growth at a Reasonable Price). Our framework does not seek to de-emphasise valuation as an important determinant of future returns, but rather to emphasise that understanding the persistence of an underlying business is of particular significance given the long timeframes over which we seek to invest for clients.

Full details of our direct investment process are available on request. We show an extract of the Sustainable section immediately below.

Sustainable

We include Environment, Social and Governance (ESG) data from MSCI right from start of our investment process (as well as using it in portfolio construction to comply with client restrictions). We do not set filters at the Sector Specialist level, but we do include ESG measures as a factor in analysis and seek to understand any poor scores. This is a fundamental part of understanding the sustainability of the businesses we seek to invest in from a holistic standpoint.

We look for returns that are likely to be persistent, for example where a business has a degree of protection from competitive pressure, and the structural position of the wider sector is sustainable. We favour (not exclusively) businesses with relatively predictable returns, supported by moderate levels of financial and operating leverage and either steady sales or an extensive order book.

It is important to understand the nature of growth in a business. Is it tied to the economic cycle; if so what is the sensitivity to that cycle? Does it earn the same returns through different cycles (a mean reverting cyclical) or has it managed to improve through each cycle (a cyclical compounder)?

Is growth driven by secular factors? What has historical growth looked like, and is this sustainable looking forward? Can the company adapt its products to meet new demands? Has growth been driven by increasing prices or volumes?

What is underpinning the growth – a fantastic product or a commoditised one? A brand? A consistent track record of innovation?

3. Conducts dialogues with investee companies.

Over 60 sector specialists conduct in-depth research into UK and overseas equities by holding over 500 company meetings each year as well as undertaking media and other desk-based research. This work is complemented by our geographic specialists.

Over 70 collective analysts currently cover around 480 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. This includes an annual review of the fund managers' own Responsible Investment Policies including Stewardship Code and their UN PRI submissions where applicable.

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 micromanagement, 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. In cases where we deem it necessary, and where our Stewardship and Responsible Investment Group 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 investor relations 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.

4. Executes voting rights & other rights attached to shares

The voting process focuses on all holdings held by our charity and not-for-profit clients plus associated private client holdings and any situation where we hold more than 1% of the issued share capital, which we use as our materiality threshold. This currently amounts to around 800 UK and international companies.

We use Glass Lewis to provide voting research and guidance which we incorporate into our own policy. Our policy focuses on; transparency and communications; corporate culture; strategy; financial disciplines, structure and management; stakeholders, environmental and social issues; and governance. The policy is influenced by what is considered to be best practice in each country taking into account local guidelines and governance codes.

Evelyn Partners has great respect for the Glass Lewis research and recommendations, 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 analysts have of its investments which can allow a more nuanced and less rules-based approach.

In most cases, Evelyn Partners votes with management. Where Glass Lewis recommend a vote against management, the Stewardship & Responsible Investment Group (SRIG) assesses the recommendation and passes it to the relevant direct/collective analyst where necessary for advice. The SRIG includes amongst others the Heads of Charities, Investment Risk, Collectives (CIG), AIM stocks, stewardship & ESG specialists and sector analysts.

5. Cooperates with other shareholders

Our long-term investment policy and rigorous research process mean that it should rarely be necessary for such collective action to be taken. This is because quality of management is a key fundamental factor when choosing suitable investments. However, Evelyn Partners understands that at times collaboration with other investors may be the most effective way to engage. We are open to working alongside other organisations; all instances will be judged on a case-by-case basis.

We are members of the Investor Forum and Climate Action 100+. These collaborative platforms provide us with a private forum to pool resources, share information, enhance influence and engage with companies, policymakers and other actors in the investment value chain on ESG issues across asset classes, sectors and regions.

We are also members of relevant trade associations: UK Finance, the Investment Association, PIMFA and TISA.

6. Communicates with relevant stakeholders of the investee company

Although this is likely to be rare, where relevant we will consider communicating with relevant stakeholders of investee companies, defined as any individual or entity potentially affected by the company's actions in pursuit of its primary objectives. This could include employees, creditors and suppliers as well as shareholders. Where we intend to communicate with such stakeholders we will notify the Chair of the Board of the investee company.

7. Manages actual and potential conflicts of interest in relation to the firm's engagement

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.

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 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.

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 agent not as principal – We only carry out transactions in investments as agents for the client.
- 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.

In particular, we do not engage in securities lending.



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