STEWARDSHIP AND RESPONSIBLE INVESTMENT ANNUAL REPORT

2022

evelyn PARTNERS

Responsible Investment Introduction

Europe saw its hottest summer on record in 2022, and 2023 also set more 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.

Chris Grigg,
Chair 2023

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INTRODUCING
EVELYN PARTNERS

Introducing Evelyn Partners

Life is full of decisions that shape the future of what matters to our clients. Important decisions require as much certainty as possible; the kind of certainty that comes from good advice. The kind of good advice that comes from over 185 years' experience in helping people and businesses to flourish.

Like most families, we're proud of our roots. From Tilney's beginnings in Liverpool in 1836, to the founding of Smith & Williamson in Glasgow in 1881, throughout our history we've helped generations of people and businesses thrive.

A story of change – but also of constancy. We're still here, in over 25 towns and cities across Britain, Ireland and the Channel Islands, doing what we do best: placing the power of good advice into more hands.

We don't impose our ethical or environmental, social and governance (ESG) views on our clients, but all clients benefit from our integrated approach to responsible investment and stewardship. Most have the option to ask for additional negative screening, positive tilts and additional reporting of ESG factors such as greenhouse gas (GHG) emissions and alignment to the UN Sustainable Development Goals (SDG).

This report covers the activities of Evelyn Partners for the year to 31 December 2022, which was responsible for managing assets and advice of circa £53 billion.

A heritage of
186
years

We are a team of
3,600
people

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

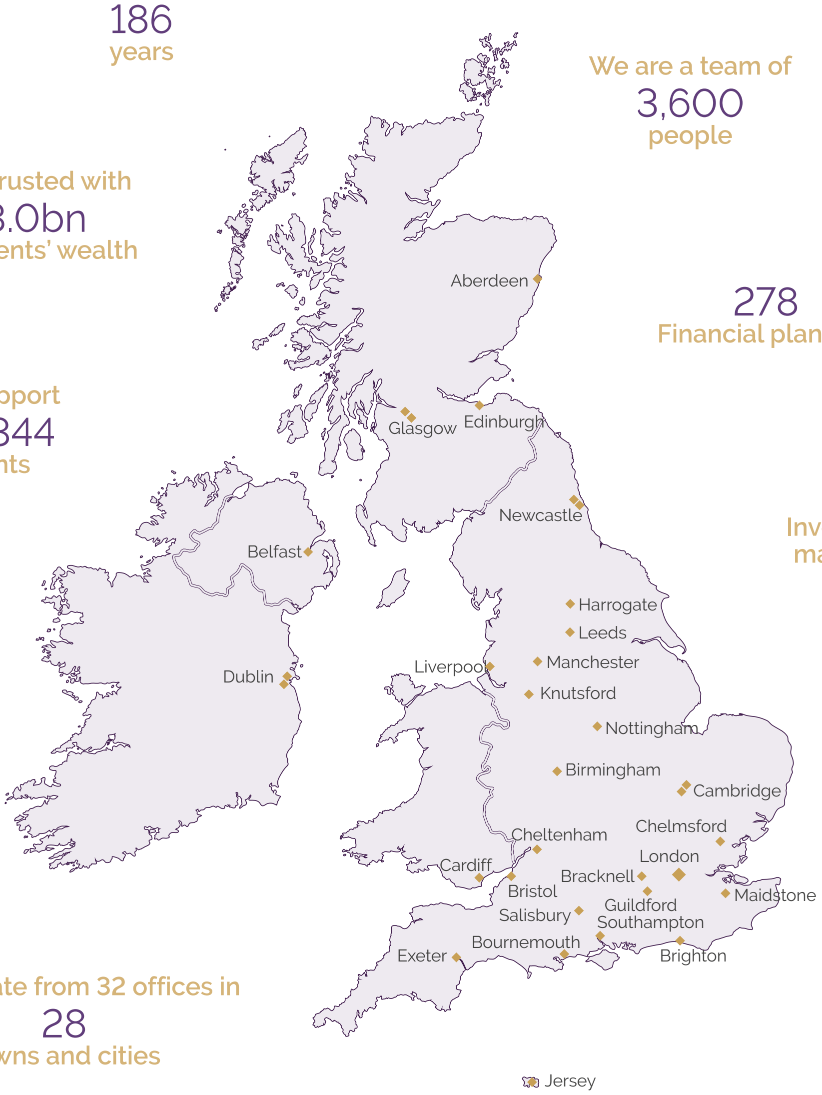
278
Financial planners

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

Environmental, Social and Governance (ESG): our annual summary

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 from the legacy Tilney business to our in-house custody and administration. This first tranche was transferred in October 2021, with further substantial transfers throughout 2022. We voted at over 780 meetings.

Stewardship Code

We completed our 2021 Stewardship Code submission in September 2021, Evelyn Partners gained signatory status in March of this year. This was our first time reporting as Evelyn Partners, as the previous report was solely for the Smith & Williamson business.

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.

UN PRI

Due to reporting issues at the United Nations Principles for Responsible Investment (UN PRI), the 2021 reports were delayed in being sent out to us and there was no 2022 reporting season. We are due to submit our first Evelyn Partners report in August 2023.

PUBLIC POLICY/ REGULATORY UPDATE

What to expect 2023 and beyond

For our European Union (EU) based operations, we continue to implement the requirements of the Sustainable Finance Disclosure Regulations (SFDR), including updates to the Markets in Financial Instruments Directive (MIFID II) for our Dublin-based subsidiary. This includes further integration of sustainability considerations into our organisation arrangements, capturing client sustainability preferences and enhancing disclosures around Principal Adverse Impacts (PAI) on the environment and society of the investments we manage on behalf of our clients.

For our businesses in the UK, the Group became subject to the FCA's mandatory requirements for asset managers for implementation of the Task Force for Climate-Related Disclosures (TCFD) in January 2023. These provisions include comprehensive disclosures of the impact of our clients' investment portfolios on the global climate and our assessment and management of climate related risks on the value of those investments.

We continue to keep abreast of the many sustainability related developments, regulations and guidance, including climate-related disclosures and proposals for mandatory transition plans We are at the very early stages of development. Best practice across the industry continues to emerge in this rapidly evolving area. There is significantly more to come, including the UK FCA's fund classification and labelling system for sustainable investments and related Sustainable Disclosure Requirements proposals (SDR), with a policy statement expected by 31 December 2023.

Evelyn Partners submitted its own response to the FCA's SDR consultation proposals. We played a leading role with other wealth management peers with our input reflected in the final consultation responses by the investment industry trade bodies on behalf of member firms (Investment Association, PIMFA,TISA).

Over the next couple of years, the quantity of data available on the sustainable attributes of investments will also increase as corporate disclosures provide data for wealth managers and product manufacturers do the same for consumers. The FCA is expected to bring ESG data providers into its regulatory perimeter, highlighting the significant dependency and concerns around the use of ESG data for investment purposes.

The transfer of guardianship of disclosures to the International Sustainability Standards Board (ISSB) will increase the codification of the depth and width of sustainability related disclosures within an internationally agreed framework, issued in June 2023 and available for implementation from 2024.

Climate change has most recently been the focus of the FCA and will continue to be, with further developments expected in:

- Mandatory climate transition plans for regulated firms
- The development of a UK green taxonomy
- Further enhancements to sustainable finance regulation
- An update to the UK Government's green finance strategy in 2023 and related policy proposals

We look forward in the coming years to rules addressing the wider range of ESG factors, such as nature-related disclosures around biodiversity, natural capital, human capital and social matters, including development of the Task Force for Nature-Related Disclosures (TFND).

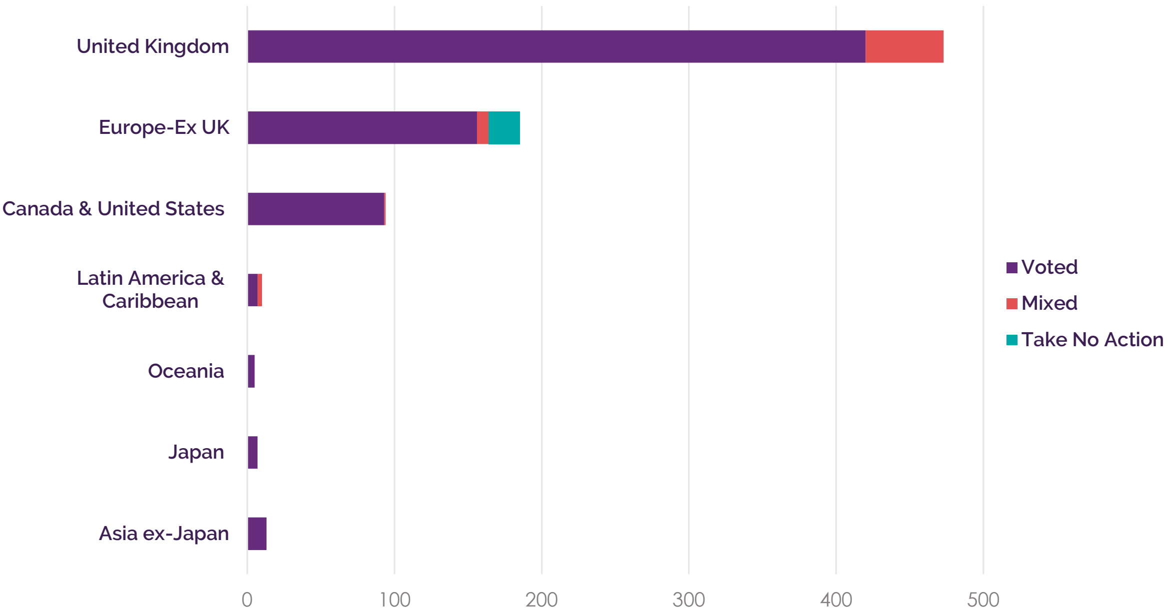
Voting

Engagement with companies to improve their environmental, social and governance (ESG) performance is a vital part of our responsible investment process.

Voting is an important tool in ESG engagement and gives us the opportunity to express our views. Over the 12 months to the end of December 2022, we voted at over 780 company meetings and actively engaged with companies on multiple subjects. Most of our voting took place in the UK, followed by Europe then the USA and Canada, with 85.7% of our votes were with management and 1.6% of our votes were against management.

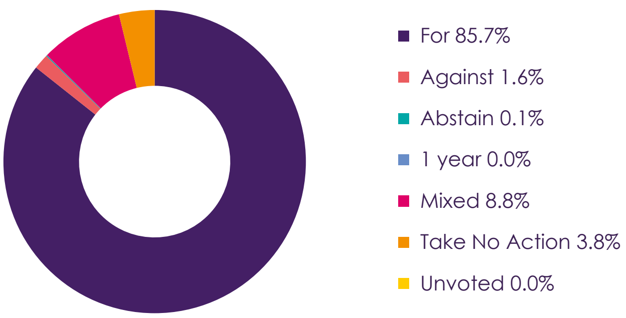
A full copy of our proxy voting report can be found here.

Voting activity by region



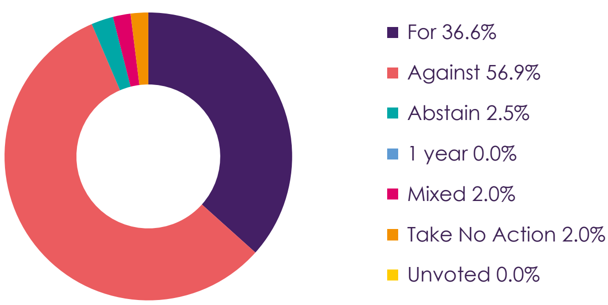
How Evelyn Partners voted

Management Proposals - Votes cast



Source: Glass Lewis

Shareholder Proposals - Votes cast



Source: Glass Lewis

CASE STUDIES

Berkshire Hathaway Inc

We voted in favour of shareholder proposals regarding aligning greenhouse gas (GHG) reductions with the Paris Agreement and the Climate Report. We do not believe that these issues are being considered at board level and believe that shareholders would benefit from the additional disclosures.

Nike

We voted against the shareholder proposal regarding the policy to pause sourcing of raw materials from China. This was in line with both management and Glass Lewis. We believe that Nike already has a very large supply chain and monitors this as best as possible. We are aware that there is a potential reputational risk for the company in China, however given that the company already complies with all applicable laws and regulations we did not believe that this shareholder proposals would be in shareholders' best interest.

NextEra Energy Inc

We decided to vote in favour of the shareholder proposal regarding the disclosure of NextEra Energy Inc's board diversity and skills matrix and the shareholder proposal regarding employee diversity data reporting. We believe that this would offer shareholders an overview on the skills sets and attributes held by each director. We were happy to support the rationale given by Glass Lewis, especially based on the pay linked to the performance. Additionally, we voted in favour of the shareholder proposal regarding employee diversity data reporting. We deemed it necessary to disclose how issues of diversity were being managed and overseen.

Marks & Spencer's

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 considering Covid-19.

JD Sports Fashion Plc

We decided to vote in favour of the remuneration report and against the Glass Lewis recommendation for the second year. We believe that the CFO remuneration was not out of line with the peer group and operationally JD have outperformed the peer group consistently and in share-price terms. We therefore felt that supporting management was appropriate.

Burberry

We decided to vote against the election of Antoine de Saint-Affrique at the AGM. We believed that there could be a potential overcommitment given his responsibility as the CEO of Danone. In our opinion this gives a limited amount of time to also perform his duties as a NED of a FTSE 100 company.

Big Yellow

We were advised to vote against the election of Vince Niblett because he was deemed to have a poor succession plan. However we decided to vote in favour of his re-election. Mr Niblett has only held this position since July 2021 and in our opinion a one-year tenure is not an appropriate time frame to assess his performance. We are happy to re-visit this resolution at their next AGM.

Proxy adviser

We have appointed Glass Lewis as our proxy voting adviser, partly because our voting policies are usually quite closely aligned. However, Evelyn Partners have our own high-level published voting policy and more granular-specific policies and do deviate from this advice as necessary. The quality of the management teams in which we hold shares is a key consideration in the investment decision so we would expect to be mostly voting in line with these management teams and in line with our proxy voting adviser. While Glass

Lewis is our proxy voting service provider, we have developed our own voting policy. We rely on Glass Lewis to provide voting research and to keep us abreast of the legislative changes in all the different jurisdictions where we vote. Both policies focus on transparency and communications; corporate culture; strategy; financial disciplines, structure and management; stakeholders, environmental and social issues; and governance.

The polices are influenced by best practice in each country, taking account of local guidelines and governance codes. We have great respect for the Glass Lewis policy, and where we differ tends to be in the detail rather than the broad principle. We can make use of the detailed understanding our sector analysts have of our investments which can allow a more nuanced and less rule-based approach. In most cases, we vote with management - after all a key criterion of our investment process is that the investment has an executive team that we respect.

Each vote against a resolution is reviewed by three people within Evelyn Partners – the analyst (or if the stock is unmonitored the largest material holders), a member of Stewardship and Responsible Investment Group (SRIG) and a senior member of the SRI team. SRIG comprises a mix of experienced investment managers, the Head of the Stewardship and Responsible Investment (SRI) team, the Head of Charities, the Head of Investment Compliance, the Head of Investment Risk and the Head of Regulatory Developments along with experienced investment practitioners.

The table below shows that in most cases we have voted in line with management. Most of our votes against management have been either board structure or compensation related. On nearly 140 occasions our view differed from that of Glass Lewis, primarily on-board related issues.

Evelyn Partners voting record

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: Social	51	32	0	0	1
Total row	9342	254	413	7	953

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.

Our voting process focuses on all discretionary holdings held by Evelyn Partners Investment Management (EPIM) which are held by our charity and not-for-profit clients, any situation where our materiality threshold is met and companies currently on our monitored AIM list. This currently amounts to around 750 UK and international companies. This number increased slightly in October 2021 with the transfer of the first tranche of Tilney assets to our in-house custody - around an additional 3,000 accounts, and approximately £3 billion in assets. Significant additional transfers happened throughout 2022.

We are looking to bring our in-house funds into scope for voting. This means that we will exercise our voting rights on all direct holdings held in our Evelyn Active Portfolio (EAP) range of funds. We also plan to overlay ESG and climate policies that are aligned with our investment philosophy to our voting.

CASE STUDIES

Carnival Plc

We met with Carnival Plc, a global cruise company, to discuss our votes against at their AGM. In our letter to Carnival Plc we raised concerns about a sustained disconnect between pay and performance.

In our meeting with Beth Roberts (investor relations) and Arnie Perez (company secretary, previous general counsel) we discussed why we had voted against their advisory vote on executive compensation and renumeration report.

Carnival Plc noted that compensation was performance-based before the Covid pandemic. During Covid, compensation based on performance was no longer appropriate. Although the plan hasn't changed, new targets have been introduced which looks at returning the fleet to operation, setting health and safety protocols and ensuring ESG criteria are met.

Halma

We had a meeting with Halma following 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) and Melanie Horton (Deputy Head of IR). We discussed our reasons for voting against the executive share plan and authority to establish share plans for overseas participants.

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

We were happy with the opportunity to engage with the company and to gain some understanding into their decision-making process.

dotDigital

We decided to engage with dotDigital ahead of their AGM. We wrote to the chairman asking him to provide additional information regarding their remuneration report as Glass Lewis were recommending a vote against. Following our 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 the 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 went against the Glass Lewis recommendation.

Hansard Global

We decided to amend our vote against the Hansard Global Chairman because of additional information he sent us prior to the AGM. We wrote to Mr Kay explaining that we were voting 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 is his responsibility to ensure board gender diversity.

Mr Kay's response was to detail the steps he has taken since his appointment, which included the appointment of a female Chief Risk Officer 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 female candidate as a replacement to a male director who was retiring. We felt both upcoming appointments warranted a change in vote, and as a result we voted in favour of Mr Kay's election.

Collaborative engagement

Investor Forum

We are members of the Investor Forum, a community interest company set up by institutional investors in UK equities. The forum helps investors work collectively to escalate material issues with the boards of UK-listed companies.

CASE STUDY: GlaxoSmithKline

Members raised the matter 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 felt that the level of disclosure should be increased.

There was a feeling that greater insight into the vaccines division could 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.

Company: UNILEVER PLC	Oversight (by the Board)					Execution (by the Management team)		
	Strategy	Leadership & Succession	Capital Allocation	Corporate Governance	Corporate Action	Operational Performance	Management Information	Reporting & Communication
		✔	✔	✔		✔		

Timeframe: Jan 22 – May 22 | Index: FTSE100 | Number in Engagement: 25 | Combined Shareholding: 20%

Source: * Source: Investor Forum

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 world's largest investor engagement initiative on climate change. It focuses on 160 companies with significant greenhouse gas (GHG) emissions. These companies are critical to the net-zero emissions transition and to meeting the objectives of the Paris Agreement.

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 disclosures clearer around their emissions reporting. We also discussed if they would do a TCFD report, which they were considering. We had further discussions around their Scope 3 emission disclosures, 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 that methodology. This is something that they are continuing to investigate 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 associated targets. The company also made significant progress on its lobbying disclosure, which is 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

Living Wage

CASE STUDY:

Sainsbury's

Sainsbury's 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 Sainsbury's 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.

Corporate Mental Health Benchmark

Mental health deterioration was identified for the first time in the Global Risk Report for 2021 as one of the top risks to businesses.

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 because 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 (SDGs) in 2015, which is aimed at promoting mental health and wellbeing.

New research 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 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) and based on their publicly available information ranked from Tier 1 to Tier 5.

All companies have been contacted and engagements will begin in Q1 2023. We will look to target companies in Tiers 4 and 5 who 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.

We will be taking the lead on one UK and one global company and a supporting role in another. We will be engaging with both UK-based and global companies.

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

Find it, Fix it, Prevent it

According to the Global Slavery Index, 50 million people[1] around the world are trapped in modern slavery.

Women, children and migrants are disproportionately more vulnerable to being trapped. Modern slavery occurs in every country and 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 pandemic, conflict and climate change.

Of those trapped in forced labour, 86%[2] are in the private sector[1], meaning 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 are 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 exists 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.

1. Modern slavery: 50 million people worldwide in modern slavery (ilo.org)

2. https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_855019/lang--en/index.htm

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.

Evelyn Partners have joined a seasonal workers scheme collaborative engagement programme to engage with companies on their use of goods procured using the SWS.

The SWS was launched in 2019. It allows employers in the horticultural and poultry production sectors to recruit overseas workers. Workers 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.

Through our involvement in the collaboration, we will be engaging with major UK food retailers on their use of the SWS.

COP27 – return of the hot air

(Originally published November 22)

The mood going into COP27 is one of concern, given the halting progress over the past year. This is somewhat compounded by it being staged in Egypt, a country with a poor record on human rights and environmental action, and key sponsor Coca-Cola, a company which has been labelled 'the world's top plastic polluter' by Break Free From Plastic.

Progress from COP26 2022.

The UN warned in October that there is 'no credible pathway' to keeping temperatures from rising below 1.5˚C, in line with the aims of the Paris Agreement, and that governments' carbon-cutting plans over 2022 have been 'woefully inadequate'. The same report shows that under current policies in place, the world will warm by 2.8˚C this century. The Russian invasion of Ukraine resulted in soaring energy costs, a renewed focus on energy security and plans to close coal and other high-emission energy sources indefinitely postponed. However, there have been victories over the year. The US, having only recently re-joined the Paris Agreement, announced $369 billion being directed to climate action as part of the Inflation Reduction Act. These measures could reduce US greenhouse gas emissions by 40% by 2030.

Last year over 100 countries pledged to end and reverse deforestation by 2030, under the Glasgow deforestation pledge. Progress has been disappointing. Only 26 countries have this year launched the Forest and Climate Leader's Partnership to accelerate momentum and funding.

Another key agreement was the Global Methane Pledge, where countries agreed to collectively reduce global methane emissions by 30%. Though pathways have been developed within key industries to start mitigation, global methane emissions are still projected to rise by 13% by 2030 under a business-as-usual scenario.

Keeping a close eye on each annual conference is important to investors. Each conference indicates areas and industries that are likely to undergo increasing regulation. Meanwhile, the progress year on year can help predict which themes are growing in importance and how best we can build resilient portfolios.

1 https://www.iea.org/commentaries/cop26-climate-pledges-could-help-limit-global-warming-to-1-8-c-but-implementing-them-will-be-the-key

2 https://www.packaginginsights.com/news/unilever-debuts-in-break-free-from-plastics-top-three-plastic-polluters-despite-principal-cop26-role.html

3 Siri Eriksen, Karen O'Brien and Lynn Rosentrater Department of Sociology and Human Geography University of Oslo. 2008. Climate Change in Eastern and Southern Africa: Impacts, Vulnerability and Adaptation. Global Environmental Change and Human Security.

4 https://www.newarab.com/news/egypt-had-least-60000-political-prisoners-nyt

5 https://www.hrw.org/news/2022/09/12/egypt-government-undermining-environmental-groups

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Why the 'S' in ESG

(Originally published December 2022)

The case for managing the environmental impact of the companies in which we invest is clear. We are in the middle of a climate emergency that requires immediate and drastic action. Increasingly, however, social factors are becoming just as important for the long-term sustainability of companies. We believe that the move to incorporate social metrics into investment decision-making is likely to be one of the strongest trends over the next decade.

For trustees, social investment offers an opportunity to align a charity's investment strategy with its charitable goals. Bringing about social change, from alleviating poverty to tackling discrimination to preventing abuse, is often core to a charity's purpose. Social impact investing allows a charity to super-charge its impact in key areas.

There are also strong arguments that social investing can improve investment returns and help manage risk. Why does it make such a difference? Perhaps the most important is that proper management of social factors gives companies their 'licence to operate'. This is more than simply reputation — though that is a factor – but is about a company's legitimacy with all its stakeholders. If it doesn't manage its social responsibilities effectively, it loses its relationship with its employees, its customers and its shareholders.

A 2020 Harvard Law School report, written by Jonathan Neilan, Peter Reilly and Glenn Fitzpatrick, said social practices are likely to become increasingly important in a more complex and difficult economic environment: "Factors relating to 'S' are now among the most pressing issues for companies globally… entire sectors of the economy, and not just the weakest players, are facing a stark and uncertain future. We believe now, more than ever, that a company's reputation — its 'licence to operate' — will be a function of how it engages and manages it stakeholders through this crisis; and how it communicates that responsibility — the 'S' — to its stakeholders in a clear and transparent way."[1]

The authors also believe that strong performance on social metrics can be taken as a barometer for corporate culture: "Where companies have a strong and shared culture across the organisation, [social] practices tend to be strong. Where a culture is poor or considered 'toxic', [social practices] tends to follow the same pattern."[1]

Social practice can not only be a risk for companies but also an opportunity. Companies that manage their human capital successfully will be better at attracting, developing, and retaining employees. In turn, they are likely to be more resilient, remain competitive, and thrive. Companies that treat their employees poorly, beating them down on pay or compromising on working conditions won't be able to attract skilled staff, hampering their growth over the long term.

Just as it has become an increasing priority for society, these considerations have become an increasing priority for investors. The pandemic galvanised movements such as Black Lives Matter and brought a far greater focus on the well-being of staff. It has also shown the vulnerability inherent in weak supply chains and neglecting labour rights. Poor social performance becomes a greater risk for corporate performance and a threat to companies' reputations, investors are giving it a higher weight.

The more investors take an interest, the greater the link to share price performance. There is already evidence that companies scoring well on social and governance metrics deliver higher performance. In the latest Federated Hermes report 'ESG investing: how Covid-19 accelerated the social awakening', it says: "Companies with good or improving corporate governance have tended to outperform companies with poor or worsening governance by 24bps per month on average – unchanged from our 2018 study. The social premium, however, has marginally increased from an average of 15bps per month in 2018 to 17bps in 2020[2].

As investors, we need to make sure that companies are run in a way that is sustainable for the next generation. That means proper management of human capital, preserving a company's 'licence to operate' and ensuring its long-term reputation with clients and other stakeholders.

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Investing for gender equality

As the wider movement of ESG aligned investing accelerates through our industry, the topic of gender equality has become more important. Gender equality is the UN's fifth sustainable development goal.

Gender equality falls into the S category of ESG. This can be more difficult to measure than environmental criteria, but social issues shape a company's reputation and ultimately their 'license to operate'. We believe that the move to incorporate social metrics into investment decision-making is likely to be one of the strongest trends over the next decade.

What problems do we face?

Although progress has been made on equality, it is clear from the headlines we see about lingering gender pay gaps, violence against women and sexist remarks to FTSE 100 CEOs there is a long way to go. The UK's gender pay gap rose from 14.9% to 15.4% from 2020 to 2021[1] as the Covid pandemic proved tougher for women. Over this time, 66% of women had increased home responsibilities, while 5% of women lost their jobs versus 3.6% of men [1]. The World Economic Forum estimates that the pandemic raised the time it will take to close the global gender pay gap from 99.5 years to 135.6 years[3].

Why should companies and investors care?

Many studies have proven that in the long-term gender diverse companies have outperformed others on average. In 2019, Morgan Stanley research found that between 2011-2019, companies scoring higher on gender equality enjoyed a one-year return on equity, 2% better than their less diverse peers [2]. A study conducted by S&P in 2019 found similar results; between 2002-2018 firms that hired a female CEO saw a 20% increase in their share price during the 24 months after the appointment [9]. The research highlighted several reasons why this might be the case:

- Employee satisfaction: inclusive and diverse environments tend to create happier workers, with staff feeling more valued and appreciated. This can lead to lower staff turnover and more cooperative teams.
- Recruiting diverse talent: having high levels of women in a firm often comes hand in hand with good flexible working and return to work policies, which help ensure the retention of these employees. These policies enable companies to attract a wider range of staff
- Promoting innovation: diversity of gender, race and backgrounds also leads to diversity of thought. By bringing different perspectives into working environments firms can avoid 'group think' and the mistakes that can come from this. Staff may be more open with expressing their ideas, which can encourage innovation
- Avoiding reputational risk: as has been seen recently witnessed with Activision and its harassment law suits, gender-related claims can have a significant negative impact on share prices

How can investors integrate this into portfolios?

The lack of data from companies can make gender equality difficult to measure. However, there are tools to identify companies with the best gender profile, policies, and social impacts:

1. Screening: applying negative and positive screens to an investment universe to see how companies compare on some gender metrics. For example, whether a company has D&I programmes in place, and the gender of senior management and board members. A company that screens very well is Accenture, which has a female CEO, CFO and Chair, and a 1:1 ratio of women to men on the board. The company also is actively committed to improving their culture and have some brilliant initiatives focussed at creating an inclusive organisation where women can thrive.
2. Thematic investment: another option is investing in funds that have a gender diversity theme. There are now specific funds and ETFs targeting companies with strong femalerepresentation on boards and within their senior management teams, and who prioritise the fair treatment of employees.
3. Engagement: engaging with a company's management at meetings is a vital tool to bring about change. It is important for investors to make themselves aware of their manager's voting policies to ensure that their voices are heard.

Sources: 1. Berenberg.com, 2. Morgan Stanley, 3. www.weforum.org, ww.ilo.org 4. spglobal.com

The Sustainable Development Goals

(Originally published July 2022)

The UN Sustainable Development Goals (SDGs) were developed as an ambitious blueprint for achieving peace and prosperity for all nations while also protecting the planet. At the heart of the framework is addressing global environmental and social challenges to achieve a more sustainable future for everyone.

How did the UN SDGs come about?

The SDGs are the key focus of the UN's 2030 Agenda for Sustainable Development, which was adopted by members in 2015. The SDGs are deliberately interconnected – ending poverty, protecting the environment and spurring economic growth must go together to futureproof the Earth. Each goal has sub-targets that needs to be achieved by 2030. There are a total of 174 targets.

The United Nations Development Programme (UNDP), an agency of the UN, works in 170 countries focusing on the complex systems and root causes of issues to build high-level solutions on a national and international level. The SDGs however, were designed to be used by anyone – companies and investors alike – as guidance for a more sustainable future. Businesses can align themselves by identifying which goals are most relevant to their operations, as well as improving their reporting and monitoring of their contribution. Investors can use them as guides to identify and evaluate companies that are future-proofing and contributing meaningfully to that future, thus putting them in a position of competitive strength. Finally, policymakers can use them as an overarching goal when drafting and implementing policies and regulation.

Source: www.un.org/sustainabledevelopment

What are the SDGs?

The SDGs are a mix of environmental, social and governance goals. The goals are:

1. No poverty
2. Zero hunger
3. Good health and wellbeing
4. Quality education
5. Gender equality
6. Clean water and sanitation
7. Affordable and clean energy
8. Decent work and economic growth
9. Industry, innovation and infrastructure
10. Reduced inequality
11. Sustainable cities and communities
12. Responsible consumption and production
13. Climate action
14. Life below water
15. Life on land
16. Peace and justice strong institutions
17. Partnerships to achieve the goal

Investor landscape

Since 2006, the growth of assets managed by 'Principles for Responsible Investment (PRI) signatories (Those agreeing to invest under the UN's Principles for Responsible Investment) has grown from $6.5 trillion to $103.4 trillion in 2020[1]. What was once a niche investment style is now widespread practice, sparking many new ESG-focused funds coming to market. Existing funds now commonly implement ESG scoring and monitoring into their investment process, regardless of their mandate. Part of this incredible growth is due to a shift in responsibility. What was once perceived as exclusively a governmental or supranational duty now has a large and varied base of stakeholders. The SDG framework includes asset owners, businesses and all kinds of investors as part of those stakeholders who now have an increased role in advancing sustainable economic development.

Below are some of the ways that investors can use the SDGs as a tool when evaluating funds, companies and portfolios.

Company analysis

It's unlikely any company can tackle all 17 SDGs as part of its business model. However, there are almost certainly multiple goals that a company can address either by:

1. Actively contributing to a goal as part of its operations – for example, an electricity utility company can make shifting entirely to renewable energy sources part of its long-term strategy (SDG 7), or a drinks manufacturer can commit to using recycled plastic (SDG 12)
2. Shifting its business away from detrimental activities. Equally important to the above is businesses and economies becoming less reliant on socially harmful or environmentally damaging practices. An example is oil and gas companies reducing their reliance on fossil fuels by investing more in their renewable energy portfolios

Some companies, such as French food manufacturer Danone, already have active and engaged policies and reporting in place to monitor their SDG contributions and impact[2]. This includes monitoring environmental and social performance alongside financial performance in annual reports, using measurable targets that allow investors to observe progress.

Not all companies currently provide such information, but the recommendations from the Taskforce for Climate-related Financial Disclosures (TCFDs) are being adopted as an international disclosure framework by many governments (and it's now mandatory for many companies in the UK).

It is also useful for an investor to evaluate companies within the context of the SDGs even where information is lacking.

The SDGs are not just a nice thing to have for corporate responsibility, but also a template of what over 150 nations are intending the future to look like. Is a business' operations resilient within the SDG framework? Can this company continue or improve its growth projections in a sustainable way? Will this company still have, gain or lose a competitive edge versus its peers? As 2030 grows closer, policymakers will accelerate the implementation of regulation and policies that support the UN SDGs, so it's important for companies to at least address future-proofing, if not actively contribute to the UN SDGs.

Engagement with the SDGs

As stakeholders, investors can use the SDGs as a basis for engagement with companies. Where investors are trying to engage on a specific issue, the 17 SDGs can provide:

- An easily communicated overarching goal - for example, how a company's internal policies incorporate SDG 5, gender equality and SDG 10.
- Specifically tailored and targeted suggestions and goals for a company to address. An example could be asking how food producers that rely on beef and cattle rearing address target SDG 15.2, under 'Life on Land', in promoting the sustainable management of all types of forests and halt deforestation. Do they engage with suppliers that use deforested land for cattle rearing? Do they only do business with suppliers who have sustainable cattle practices? Do they have supply chain auditors in place to regularly monitor suppliers?

The ambition of the SDGs and their sub-targets can be overwhelming to both companies and investors, especially with increasing amounts of data being both made available and demanded. However, they can be useful in identifying a particular cause of concern or weakness in a company's operations and positively engaging with the company over it. There are also several initiatives that allow investors to collaborate with each other, raise awareness or learn about potential issues that merit engagement – e.g. Climate Action 100+.

A company's response to this kind of engagement is significant. Some may have very good reasons why they have been unable to measure a particular impact, or implement a particular strategy, that may be indicative of problems that need policymakers or governments to address. However, some companies may resist engagement and change without sufficient reason, or no reason at all. Investors in these cases must monitor the situation carefully and evaluate their investment case in a scenario where engagement has no impact.

How effective are the UN SDGs?

Concretely measuring the global impact SDGs have had since their adoption in 2015 is difficult, and it must be based on more than just a company's own disclosure to be robust. However, in the seven years they have existed they have provided a common language for businesses, investors and policymakers, as well as unifying goals to achieve. They stress the importance of all stakeholders working together to a 2030 sustainable future. They highlight the significance of the challenges that need to be actively addressed. Most importantly, they provide clear guidance on where we need to go from here and thus where to look for new investment opportunities.

For investors, evaluating companies within an SDG framework helps affirm whether a company is operationally and financially aligned to address specific SDG targets and achieve a positive impact. It is also useful to use the SDGs alongside scientifically based and measurable goals to ensure progress is made (a percentage reduction in water usage in an audited annual report is more material progress than 'we plan to consume less water in the future' in a press statement). Policymakers will continue to implement rules and regulation around a sustainable future, so the SDGs provide metrics by which investors can evaluate whether companies can adapt and thrive, or risk getting left behind.

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Social capital – reporting and measuring

(Originally published July 2022)

For trustees, social investment offers an opportunity to align a charity's investment strategy with its charitable goals. Bringing about social change, from alleviating poverty to tackling discrimination to preventing abuse, is often core to a charity's purpose. Social impact investing allows a charity to super-charge its impact in key areas. However, measuring social impact comes with more complexity than environmental or governance assessment.

The pandemic has accelerated focus on a company's social impact. It exposed fissures in the social fabric of society. Women, ethnic minorities and low-paid workers suffered disproportionately in the fallout from economic lockdowns, while certain segments of society saw higher serious illness and mortality. This galvanised social movements, such as Black Lives Matter, but also saw a renewed focus on well-being and mental health from governments and the corporate sector.

Reporting and measurement remains the trickiest area in building social criteria into a portfolio. It is relatively easy to track and measure carbon output, or plastics, but objective benchmarks for areas such as employee well-being are more difficult. There are multiple frameworks and some disagreement over the criteria. This means it is difficult to compare data or achieve an objective judgement of a company's performance.

UN SDGs

Policymakers and corporates are starting to work out new ways to disclose and compare social metrics. The UN Sustainable Development Goals have generally been used as a starting point. There are three main SDGs that map specifically to social factors: SDG 3, 5 and 8. It is here that many charities are focusing most of their attention.

SDG 3 focuses on ensuring healthy lives and "promoting well-being for all at all ages". This includes areas such as reducing maternal mortality and addressing preventable deaths in children. It strives to tackle epidemics, such as AIDS, tuberculosis and malaria. It also seeks to address mental health and wellbeing, including the prevention and treatment of substance abuse.

SDG 5 covers gender equality. The UN says: "It is not just a human rights issue; it is a tremendous waste of the world's human potential. By denying women equal rights, we deny half the population a chance to live life at its fullest. Political, economic and social equality for women will benefit all the world's citizens. Together we can eradicate prejudice and work for equal rights and respect for all."

SDG 8 is a broad category, encompassing sustainable growth and equal pay, to full employment and 'decent' work. It covers universal banking, youth employment, training, labour rights and safe working environments. It also looks to achieve higher levels of productivity through diversification, technological upgrading and innovation, plus a greater focus on high value-added and labour-intensive sectors.

Even though these goals were originally designed for countries rather than corporates, they are being adapted to fit. More recently, the Sustainability Accounting Standards Board (SASB) has mapped accounting rules to the SDGs, so the two sides are coming together.

Other initiatives

The EU has drafted a social taxonomy, designed to build on the environmental one already agreed by member states. This new taxonomy will take time to be approved but is reasonably well-advanced. It considers both the contribution made to social goals from products and services sold by companies, along with the contribution made by the manufacturing process or supply chain. This is vitally important. There is no merit in making socially responsible products from exploitative practices.

At the same time, human capital and diversity disclosures are gaining momentum. Increasingly, investors demand details of gender pay gaps and board diversity and are willing to vote against boards who score poorly. Furthermore, the UK has made it compulsory for companies with more than 250 employees to publish their gender pay gap.

The European Commission is now increasing its consideration on gender. In March 2021, it published a set of pay transparency measures, compelling member states to force reporting requirements on companies with more than 250 employees. Companies will also need to provide all workers with the right to see colleagues' salaries.

The capitalist system is being redesigned and investors need to stay on the right side of that change. For the time being measurement is poor and inconsistent, but standards are being established. For charities, it is vitally important to start using social metrics and learning from the outcomes, not as a hard and fast measure but as good starting point for further investigation.

Evelyn Partners announces support for the Task Force on Climate-related Financial Disclosures

(Originally published February 2022)

Evelyn Partners, the leading wealth management and professional services group, has declared its support for the Task Force on Climate-related Financial Disclosures (TCFD). In becoming a formal supporter of TCFD it joins more than 3,000 organisations across the globe in demonstrating a commitment to building a more resilient financial system and safeguarding against climate risk through better disclosures.

The TCFD, chaired by Michael R. Bloomberg, founder of Bloomberg LP, provides participants with recommendations to address the financial impact of climate change on their business. By increasing transparency on financially material climate-related risks and opportunities the recommendations promote more informed financial decision-making by investors, lenders and others.

Evelyn Partners' support for the TCFD follows the Group's announcement in December 2021 that it is committed to achieve net-zero greenhouse gas emissions in its corporate operational footprint as soon as possible. The Group is also working towards expanding its assessment of Scope 3 emissions, including Assets Under Management (the 'financed emissions' from the investment portfolios it manages) and will report on these as soon as possible.

Working towards achieving both goals is ongoing and being overseen by the Group's corporate responsibility committee. The Group is also working with the international sustainability consultancy and project developer, EcoAct, an Atos company, in the development of a science-led strategy and a solid climate transition plan for achieving net-zero corporate emissions.

Chris Woodhouse, Group Chief Executive of Evelyn Partners commented:

"We have already set out our commitment to achieve net-zero greenhouse gas emissions in our corporate operational footprint as soon as possible in support of the goals of the Paris Agreement. As one of the leading firms in our sector, we recognise the importance of responding to the challenges of climate change and playing our part in achieving net zero globally. In becoming a supporter of the Task Force on Climate-related Financial Disclosures we are affirming our commitment to embracing transparent and enhanced reporting on our progress in this important area and will be keeping stakeholders regularly updated on our journey."

Implementing the TCFD recommendations provides companies with:

- Easier or better access to capital by increasing investors' and lenders' confidence that climate-related risks are appropriately assessed and managed
- Better ability to meet existing disclosure requirements by reporting material information in financial filings
- Increased awareness and understanding of climate-related risks and opportunities, resulting in better risk management and more informed strategic planning
- The ability to proactively address investors' demand for climate-related information in a framework that investors are increasingly asking for

About the Task Force on Climate-related Financial Disclosures

On December 4, 2015, the Financial Stability Board (FSB) established the industry-led Task Force on Climate-related Financial Disclosures (TCFD) with Michael R. Bloomberg as Chair. The Task Force currently has four Vice Chairs and 32 members in total. The TCFD was asked to develop voluntary, consistent climate-related financial disclosures for use by companies in providing information to lenders, insurers, investors and other stakeholders, which were published in the TCFD Recommendations Report on June 29, 2017. More information about the TCFD can be found at www.fsb-tcfd.org.

About EcoAct

EcoAct, an Atos company since October 2020, is an international sustainability consultancy and project developer that supports companies and organisations by providing the most efficient and holistic solutions to effectively meet the challenges of climate change. Founded in France in 2006 by Thierry Fornas and Gérald Maradan, EcoAct has offices in 7 countries across 3 continents (Paris, London, New York, Barcelona, Montréal, Munich and Embu in Kenya). With a team of more than 260 experts in decarbonisation strategy, EcoAct enables managers and their teams to transform their business model and reduce their carbon emissions while driving commercial performance. EcoAct's core purpose is to inform and lead sustainable strategies that create value and benefit its clients as well as the climate, and the environment. EcoAct is a CDP Gold Partner, a founding member of ICROA, a strategic partner in the implementation of the Gold Standard for the Global Goals and reports to the UN Global Compact.

The cost-of-living crisis explained: how is it impacting your investments?

(Originally published December 2022)

The cost-of-living crisis is inescapable. If you've shopped in a supermarket or opened an electricity bill lately, you will have noticed that things cost more than they used to. And if you've checked your wage packet lately, you'll probably have found that it isn't going up anywhere near as quickly. Even if you haven't, the striking rail and postal workers certainly have.

And that, broadly, is what the crisis is about - prices are going up faster than wages. The chart below shows the growth in wages versus the inflation rate over the last 10 years. Over most of the period, wages have beaten inflation, leaving households wealthier. However, over the past year, average wages have risen by 6.0% compared to inflation of 11.1%. This means that in real terms – after inflation – the average worker's pay packet has dropped 4.6%. Consumers have lost a chunk of their spending power.

What is causing persistent price rises?

As the chart above shows, wages growth has picked up since the pandemic. With skill shortages across the economy, employers are having to pay up to retain the best staff. But inflation has seen a far bigger rise. Initially it was dismissed as a blip, a temporary mismatch between supply and demand as businesses struggled to cope with the economic bounce back following the pandemic. But price rises have persisted.

There are several reasons for this. The war in Ukraine caused a spike in commodity prices, particularly for oil and gas and hence petrol and electricity. This has had a significant impact on inflation both here and globally.

However, there are a few causes that are more domestic in nature, leaving the UK with higher inflation than many comparable countries. The Government and the Bank of England kept fiscal and monetary policy looser for longer than necessary once it was apparent the economy was bouncing back, adding fuel to the economic fire. The weakness of sterling, particularly against the dollar, also means we're having to pay more for imported goods.

What will the effects of high inflation be?

It's worth noting that this has happened before. You can see this in the chart below, which shows inflation-adjusted wages (in 2022 pounds) since the start of the century. Wages rose steadily in real terms from 2000-7, but then peaked at the time of the financial crisis and steadily fell from 2008 to 2014. They recovered subsequently, but their recent falls mean that, astonishingly, the average real wage in the UK is below where it was in 2007.

The earlier period of falling real wages serves as a good guide as to the likely effects this time.

One of these was the rise of 'trading down' – spending on the same goods or services but moving away from more expensive brands. Notable beneficiaries were Easyjet and Ryanair, as holidaymakers realised that by putting up with slightly less comfortable seats they could get to the same destinations for much lower prices. The period also saw the rise of discount supermarkets at the expense of more mainstream supermarkets such as Tesco.

However, the difference this time is that the worst price rises have been in energy and food, both of which have few alternatives. Those who have already turned down their thermostats and switched to the likes of Aldi or Lidl might have nowhere further to go.

The decline in real wages from 2008-14 also provided a tailwind to nascent technological trends. The move to online shopping was partly driven by cost-conscious consumers shunning more expensive high street shops, and those same consumers also flocked to the 'free' entertainment provided by social media.

These trends were boosted by the growth of smartphones and home broadband. While these are now ubiquitous, we should expect technological change to continue apace.

The impact on portfolios

Investing itself is one possible way to protect your savings against the ravages of inflation. The strong returns from markets in recent years mean that many have grown their portfolios regardless of what has happened to their pay packets. However, it's important to distinguish between absolute and real returns, particularly when inflation is as high as it is now.

The chart below, which shows returns from different asset classes before and after inflation, helps illustrate this. The different characteristics of asset classes, including how they are affected by inflation, mean each could have a role to play in a portfolio.

- **Cash** – few will have failed to notice the miserable interest rates available since the global financial crisis. They lagged inflation even when it was low, so holders of cash have consistently lost spending power over the last 10 years.

  Savings rates have risen this year to more attractive levels. However, inflation has risen more, so cash balances are still falling in value in real terms. This is why – aside from emergency funds – holding too much cash over the long term can be detrimental. Cash can also be a useful place to hide in the short term, providing so-called 'dry powder' to be deployed in higher-return asset classes when better opportunities arise.
- **Bonds** – they tend to suffer when inflation rises. The income they pay is fixed when the bond is issued, so inflation eats into the value of that income in real terms. They also suffer when central banks then raise interest rates to tackle inflation. Both have happened this year.

  However, the price falls mean that, after years in the doldrums, bond yields have risen to increasingly attractive levels. While they're still below the rate of inflation, if price rises moderate, bonds could deliver stronger returns.
- **Infrastructure** – this has moved from a fringe asset class to the mainstream in recent years. It has several attractive attributes, one of which is typically offering some shelter from inflation. This is because the underlying assets – things like bridges, roads and wind farms – often have contractually secure returns, linked to retail prices.

  Infrastructure is generally accessed by listed investment companies, so share prices can suffer in turbulent markets. However, it can bring valuable resilience and diversification to a portfolio, qualities that have been demonstrated this year. Funds specialising in renewable energy have done particularly well, as the energy crisis and record-breaking summer temperatures have re-emphasised the need to move away from fossil fuels
- **Equities** – over the long term, equities have proved a great way to beat inflation – the historical returns of equity indices have been well above retail price rises, and companies can often raise their profitability simply by putting up prices. However, over the short term they can definitely take a hit.– Equities are volatile, and this year's market falls look even worse when adjusted for inflation.

  Volatile markets make it scary to invest – it's easy to extrapolate from 2022 and assume 2023 will be equally bleak. That might be the case, but often the best returns come when the headlines look worst – think of March 2009 at the depths of the financial crisis, or March 2020 as we entered the pandemic. Equities have proved their worth against inflation over history. However, their short-term returns are difficult to predict, so they should definitely be thought of as a long-term investment.

  Investors looking for a specific edge over inflation might look to favour higher quality businesses with pricing power – those with brands or technological edges that mean customers will pay a premium to stay with them. Energy companies are another area that could be attractive, with higher oil and gas prices seemingly here to stay

Do not forget the lessons of the past

With **markets turbulent** there have been few asset classes that have delivered positive returns this year, and fewer still that have beaten inflation. However, that doesn't mean we should forget the lessons of the past.

We believe the best way to conquer inflation is to invest much the same as always: to invest in a **diversified portfolio** of assets that suit your circumstances and, despite their recent woes, not to forget the **long-term potential** of equities. This doesn't guarantee success – we're dealing with probabilities, not certainties ¬– but it can help tilt the odds in your favour.

Our providers and memberships

Providers

MSCI

MSCI ESG Manager is an online ESG research and analytics platform designed to provide asset managers and owners with an integrated suite of tools to efficiently manage research, analysis and compliance tasks across the spectrum of environmental, social and governance (ESG) factors.

GLASS LEWIS

As the leading independent provider of global governance services, Glass Lewis helps institutional investors understand and connect with the companies in which they invest.

Broadridge

Broadridge provides advanced technology and operations, communications, data and analytics solutions for the financial services industry and businesses.

SUSTAINALYTICS

A leading independent global provider of ESG and corporate governance research and ratings to investors.

Memberships:

UK STEWARDSHIP CODE

PRI Principles for Responsible Investment

THE INVESTOR FORUM

Climate Action 100+

Trade associations:

THE INVESTMENT ASSOCIATION

TISA

PIMFA

Corporate social responsibility data

Environment

We are committed to managing our business in a sustainable way to minimise our impact on the environment. Our environmental considerations include waste (paper, recycling and plastics), food, water, biodiversity and deforestation, energy efficiency and carbon emissions. We select sustainable buildings and ensure our offices are sustainably fitted-out to high standards. We are striving to achieve the relevant UN goals on meeting environmental targets and have set ourselves the goal of achieving net zero on our corporate operational emissions as soon as possible.

We are supporters of the Taskforce for Climate-related Financial Disclosures (TCFD) reporting framework and its recommendations.

Environmental considerations are also embedded within our investment processes.

Why it is important

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 act 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.

Governance

The Environment pillar is headed by Andrew Baddeley, the Group Chief Financial Officer (CFO) and a member of the Board and GEC. As environment pillar lead. his role is to ensure that the environment is considered throughout the business, to lead and oversee the activities being undertaken to meet the Group's strategy of achieving operational net zero. He is supported in these activities by the board, the GEC and by senior management and colleagues throughout the business. In 2022, Andrew reported to the board on progress against the Environment strategy on a quarterly basis. This will be reported to the board ESG committee, quarterly from March 2023 onwards.

Activities during the year

This year, our activities focused on implementing policies, improving processes and data, and measurement of additional Scope 3 category emissions across our value chain, including limited disclosures related to Scope 3 category 15 the 'financed emissions'..

The key activities were as follows:

Policies

Following the introduction of the ESG policy, we introduced the environmental management framework (EMF) and the environment policy.

The EMF embeds the TCFD requirements within the organisation's policies; it covers the key areas of governance, strategy, risk management, opportunities, metrics and targets and is the over-arching framework relating to the environment. The environment policy supports the EMF and details our environmental approach, gives detailed guidance and sets out expectations and direction of travel. The policy deals with energy, waste and recycling, food, water efficiency, biodiversity, sustainable buildings and sustainable fitouts and our approach to the value chain.

Both the EMF and environmental policy were approved by the board and will be reviewed annually.

Measurement of emissions

We worked with our climate consultants to expand the measurement of Scope 3 emissions across all categories, excluding 'financed emissions'. The Scope 3 measurements were completed for both 2021 and 2022, aiding our understanding of our impact and informing the environment strategy going forward.

Sustainable building

In 2022, we completed the sustainable fitouts of two key premises where 45% of our colleagues are based.

Gresham Street, London

In May 2022, approximately 1,600 colleagues were relocated to Gresham Street. Our London colleagues, previously housed in four separate locations, were re-located into one London office.

The Gresham Street office has been fitted out to high standards of environmental sustainability and to accommodate smart and agile working, which has allowed us to reduce our office space and support our operational sustainability efforts.

The Gresham Street building is BREEAM-rated 'Excellent'. BREEAM is the world's leading science-based suite of validation and certification systems for the sustainable built environment.

Environmental features of the building include:

- The air handling units benefit from thermal wheel heat recovery which improves energy efficiency by 70%
- A high-efficiency cooling tower which utilises 78% less fan power compared to a traditional cooling tower
- A 735 square metres sedum (green) roof and a rooftop beehive with 13,500 bees and a dedicated beekeeper, to promote biodiversity
- Green spaces provided by the many plants throughout the building absorb internal carbon emissions
- Sensor-LED lighting throughout
- An accessible bike storage area for 150 bicycles and no car parking spaces

Colmore Row, Birmingham

In June 2022, approximately 150 colleagues were relocated to Colmore Row. Our Birmingham colleagues, previously housed in two separate locations in Birmingham, were able to re-locate into one office and reduce our required office space.

The Colmore Row office has similarly been fitted out to high standards of environmental sustainability and to accommodate smart and agile working. It is also a BREEAM-rated 'Excellent' building.

Environmental features of the building include:

- It is the first commercial office development in Birmingham's central business district to benefit from the City's District Energy Scheme, a scheme which aims to cut CO_2 emissions by 60% by 2027
- It has an EPC rating of A; it is the first building to achieve this in Birmingham City Centre. Power is produced by low and zero-carbon technologies
- It benefits from a unique closed loop recycling scheme with Protec
- It has a 'Wiredscore' rating of platinum indicating a best-in-class digitally connected building with reduced power requirement
- Green spaces are provided by the many plants throughout the building absorbing internal carbon emissions. It also features a quadruple-height winter garden
- Sensor LED lighting throughout
- An accessible bike storage area for 92 bicycles and dedicated electric car charging points

Bothwell Street, Glasgow

Our newly secured office space at 177 Bothwell Street, Glasgow, is likewise a BREEAM-rated 'Excellent' building. It is a fully electric building with 100% renewable energy supplied from a local source. Other sustainable features will include a rooftop running track and 318 cycle spaces.

Sustainable facilities

Following these office moves, we replaced disposable cups and cutlery with re-useable crockery, cutlery and glasses. The boardroom table is made with Richlite, a sustainable solid paper composite.

As part of the rebrand to Evelyn Partners, all colleagues were issued with a travel mug, re-usable water cannister and a sustainable bag. These are also issued to all new starters.

We purchase ethically sourced catering supplies (tea, coffees and other refreshments) and select locally sourced foodstuffs where possible. We use bio-degradable waste sacks and environmentally friendly cleaning products.

We continue to develop our understanding of our climate impact by office so that we may set a realistic climate reduction plan for each office. Our initial focus is on our larger offices and those where we procure services directly.

Renewable energy

As a large group with offices across the UK, as well as the Republic of Ireland and the Channel Islands, we source energy for our offices through a number of providers, both directly and indirectly, dependant on the office location, the energy sources available and the leasehold arrangement.

Where we procure energy directly, we aim to increase our energy from renewable sources. In 2022, 83% of our directly procured energy and 61% of our total energy, was supplied from renewable sources supported by Renewable Energy Guarantees of Origin (REGO) certificates. The REGO scheme provides transparency to consumers about the proportion of electricity that suppliers source from renewable generation.

As we move more of our business into sustainable buildings, we will naturally increase the percentage of energy from renewable sources.

Scope 1, Scope 2 and Scope 3 emissions

During the year, we worked with our climate consultants to include all Scope 3 emission categories, excluding financed emissions, in our assessment. This exercise was completed for both the year ended 31 December 2022 and the year ended 31 December 2021.

	Description	Emissions tCO_2e 2022	Emissions tCO_2e 2021
Scope 1	Scope		286.9
Scope 2	Indirect emissions from the purchase of gas & electricity (location based)	1,033.1	1,225.0
Scope 3	Total Scope 3 emissions, excluding financed emissions	42,613.6	43,695.3
Total emissions, excluding financed emissions		44,040.5	45,207.2

An explanation of the movement in the emissions from scope 1 and 2 are detailed under Streamlined Energy and Carbon Reporting (SECR) in the full CSR report.

Our Scope 3 emissions are further analysed as follows

Scope 3 Category	Description	Emissions tCO_2e 2022	Emissions tCO_2e 2021
1	Purchased goods and services	35,474.6	31,880.9
2	Capital goods	2,690.0	8,155.0
3	Fuel and energy related activities	428.2	504.7
4	Upstream transportation and distribution	188.0	221.0
5	Waste generation in operations	58.3	43.9
6	Business travel	1,021.5	303.8
7	Employee commuting (and homeworking)	2,753.0	2,542.0
8	Upstream leased assets	-	44.0
Total Scope 3 emissions, excluding financed emissions (note 1)		42,613.6	43,695.3

Note 1: Scope 3 category 13 is captured within Scope 3 category 1-8 emissions. Scope 3 categories 9 to 14 are not applicable to our business.

The table clearly shows that most of our emissions are generated from Scope 3. The largest proportion of Scope 3 excluding financed emissions are from Category 1 – purchased goods and services (83.2%). This is higher due to the increased activities as colleagues returned to offices post Covid-19, and due to the increase in trading volumes and number of employees. To reduce this, we will focus on reducing emissions associated with purchased goods and services by engaging with suppliers on climate strategy and exploring the use of less carbon intensive supplies and services. Category 2 – capital goods emissions were significantly reduced from 8155.0 (18.7%) to 2,690.0 (6.3%) during the year as we completed the fitouts and moved into our new offices in London and Birmingham, both large projects with significant capital outlay. Category 7 – commuting and homeworking (6.5%) rose by 8.3% as we returned to the office. Lastly, Category 6 – business travel saw a significant increase following the lifting of significant travel restrictions in place globally in 2021. Overall, despite the return to a normal post-Covid-19 year and an increase in trading volumes, we were pleased to note a reduction in total emissions, excluding financed emissions, of 2.5%.

Scope 3 and the supply chain

To enhance our understanding of ESG within the value chain, we circulated a pilot ESG questionnaire to key suppliers, from large to small organisations and across different sectors. We are reviewing external solutions for evaluating ESG by supplier and will further develop the ESG strategy relating to our suppliers. As mentioned, this will include engaging with suppliers to understand their Climate Strategy as we work towards reduction of our upstream Scope 3 emissions.

In 2022, we introduced a new Group procurement policy which includes a Supplier Code of Conduct. This policy sets out Evelyn Partners' ESG expectations of our suppliers and how we will assess ESG..

CDP

During 2022, we signed up as supporters of CDP (formerly the Carbon Disclosure Project) and completed our first CDP climate questionnaire to track and benchmark 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 on reducing our environmental impact

Employee engagement and awareness

Our people and colleagues play a vital part in transitioning to net zero on our corporate operations. Learning and development around ESG is a key priority for the Group.

To support our endeavours, early in 2023, we launched an environment steering committee and an environment forum. The roles of both are to promote, champion and support our environment strategy and to increase awareness of our environment agenda and to be a sounding board for ideas and initiatives with a view of improving our approach, implementing and developing our agenda. Both will meet at least on a quarterly basis to communicate activities and progress.

Streamlined energy and carbon reporting (SECR)

As a UK-incorporated, large organisation, Evelyn Partners is required under SECR to report its greenhouse gas (GHG) emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The table below summarises the energy consumption and GHG emissions for the Group for the year ended 31 December 2022, with comparatives for the year ended 31 December 2021, measured in metric tonnes of carbon dioxide equivalent (tCO2e). Please see note 52 for a list of the companies included in the Evelyn Partners Group.

Description	Emissions tCO_2e 2022	Emissions tCO_2e 2021
Energy consumption used to calculate emissions, kWh	7,450,804	7,699,130
Scope 1 Emissions from combustion of gas	394	287
Scope 2 Emissions from purchased electricity (location-based)	983	1,218
Scope 3 Emissions from business travel in rental cars or employee-owned vehicles, where company is responsible for purchasing the fuel	74	97
Total gross (Scope 1, 2 and 3, as above)	**1,451**	**1,602**
Intensity ratio: tCO2e / FTE	**0.43**	**0.58**
Scope 2 Emissions from purchased electricity (market-based)	408	1,218
Outside of Scopes	7	-

Scope 1 emissions increased (37.3%) because of a return to offices post-Covid. However, the combined Scope 1 emissions of the legacy entities in 2019, the last normal pre-Covid year, were 559 tCO2e - 42% higher than 2022. Emissions from purchased electricity (location-based) decreased by 19.3% to 983. This is calculated using DEFRA location-based averages. Emissions from purchased electricity (market-based), a measure which more accurately reflects the decision to procure REGO-backed renewable electricity where we can, shows a significant reduction in our emissions, a fall of 66.5% from 1,218 to 408 tCO2e. A comparison with 2019 purchased electricity emissions of 1,669 tCO2e gives a decrease of 75.6% over the period.

These actions, the change to 'Smart working' and the reduction in our overall office space, has resulted in a significant decrease in our emissions intensity ratio per full-time equivalent employee from 0.58 to 0.43.

We have used the main requirements of the Greenhouse Gas Protocol to calculate our emissions. We have reported on all the emission sources required under the regulations. These sources fall within the Group, with an operational control approach being followed when defining our organisational boundary. We do not have responsibility for any emission sources that are not included in our consolidated statement. Where necessary due to the unavailability of meter readings, any estimates included in our totals are derived from actual data in the same reporting period which have been extrapolated to cover any missing periods. Where actual data was not available, consumption is estimated based on our floor area and the Real Estate Environmental Benchmark from the Better Buildings Partnership. We have used the main requirements of the Greenhouse Gas Protocol Corporate Standard, along with the UK Government's GHG Conversion Factors for Company Reporting 2022 to calculate our emissions. The intensity ratio has been calculated based on the Scope 1 and 2 emissions compared to full-time equivalent heads. This is comparable to the measure used in prior years and is considered to be the most relevant for a people-based business such as ours.

Scope 1 emissions are direct emissions from gas used for heating in our offices. Scope 2 emissions are associated with our consumption of purchased electricity, heat, steam and cooling.

The only Scope 3 emissions included above relate to the consumption of fuel used for company transport. Our total emissions, excluding financed emissions, are disclosed under heading Scope 1, Scope 2 and Scope 3 on page 5. The SECR emissions are including within those total emissions.

In addition to our partnership with our climate consultants, our Mechanical Electrical Plumbing (MEP) service partner for the Group provides an additional layer of energy use monitoring and reporting by providing the following:

- A year-by-year comparison of our monthly energy consumption and cost
- Reporting on building operation approach, controls of central plant identifying notable variance from the commissioned performance of equipment or systems
- Benchmarking of each office energy performance against CIBSE's TM46 published benchmarks
- Identifying energy saving opportunities by each office location

We are seeking to partner with a bureau service to work across our office portfolio to ensure we have transparency of all utilities consumed, both directly and indirectly.

Looking forward

To help further reduce our operational carbon footprint and add to our sustainable offices, we look forward to moving our Glasgow colleagues into their new Glasgow office in 2023.

Other activities planned for the coming years, are summarised below:

- We will be measuring and improving the emissions data of each office as we work towards defining a climate strategy
- We will continue to make environmental improvements in our existing offices by working with our landlords and are considering sustainability in our office selection as leases expire
- We will assess and report (internally) on a target number of supplier ESG ratings and follow up recommendations with those suppliers
- We will continue to develop our strategy to reduce emissions throughout the value chain
- Via our environment steering committee and the environment forum, we aim to engage our colleagues, increase their knowledge and awareness of climate issues and their impact, and improve our environment approach
- As CDP supporters, we will be transparent in our climate actions and will complete a CDP questionnaire in 2023
- We will further develop our environment strategy, risk management and metrics as we further align with the TCFD
- We will continue to support training in ESG and sustainability and climate to expand our knowledge base
- We will continue to keep abreast of the many developments and guidance relating to net zero

People

Our people and our culture are central to our successful and unique client proposition. It is the quality of our people, their skills and expertise, and the trusted long-term relationships they establish with their clients, which underpins and sustains our success.

Our ability to attract, develop and retain a diverse pool of talent is a central strategy. An emphasis on providing development opportunities and structured career paths, alongside a competitive reward model, were the key focuses in the year.

Maintaining the appropriate knowledge and expertise supports excellent client engagement and is of paramount importance to Evelyn Partners.

Activities during the year

Culture

In 2021, we launched our new purpose and values as:

Our purpose is 'to place the power of good advice into more hands', reflecting our commitment to our clients, the quality of our colleagues and our proposition, and the ambitions of the business.

Our values reflect what is unique about our culture and our shared ways of working. They are:

- Personal – we treat you as an individual
- Partnership – we go further together
- Performance – we strive for more

We continue to measure performance against our values and undertook two employee Pulse surveys in the year, covering colleague engagement, client focus, communication, leadership, management, enablement, career development, purpose and value. We added further sections relating to wellbeing and corporate responsibility. Following the launch of our new brand, we added a section regarding the brand. The later survey was completed by 82% of our colleagues and almost all scores had improved compared to the first survey of 2022; we are delighted with the progress being made. We were particularly pleased to see high scores achieved for purpose and values, confidence in management, communications and wellbeing.

The insight provided continues to directly inform the people strategy.

Smart working and communication

The Smart Working framework provides clear guidance to colleagues and management and has enabled better facilities planning, thereby reducing office space requirements.

Communication, digital technology, well-defined culture and values and good leadership are essential to the Smart Working framework. We continue to invest in digital technology to enable our colleagues to communicate and work together effectively from multiple locations. This year, our former legacy intranets were combined following the re-brand to Evelyn Partners, facilitating easier access for all colleagues and providing a single, unified site and a consistent colleague experience for all.

There is frequent communication from the leadership team, supported by several executive management committees and the board. Quarterly all colleague updates and regular team meetings ensure that colleagues understand our shared organisational goals and the progress being made towards achieving them. This year, we added ESG to the quarterly updates.

Inclusion and diversity

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 and inclusion committee (DIC), established in 2021, was relaunched as the inclusion and 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
- 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 and 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 in 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 31 December 2022	Female		Male		Total Number
	No.	%	No.	%	
Board of Directors	3	27%	8	73%	11
Group Executive Committee	3	27%	8	73%	11
Senior management	33	24%	107	76%	140
All colleagues	1,620	45%	1,620	55%	3,600

Organisation level 31 December 2021	Female		Male		Total Number
	No.	%	No.	%	
Board of Directors	2	18%	9	82%	11
Group Executive Committee	4	36%	8	64%	11
Senior management	33	24%	105	76%	138
All colleagues	1,520	46%	1,766	54%	3,286

The 'all colleagues' number in the table above includes the group executive committee (GEC) and senior management.

Our Gender Pay Gap Report 2022, which is expected to be issued in March 2023, will be available on our website at evelyn.com within the Corporate Responsibility section. We have highly talented women in leadership positions and are encouraged to see our mean and median pay as well as bonus gaps reducing whilst seeing more women in the upper pay quartile. As an employer, we are committed to reducing our gender pay gap and continue to focus on ways to encourage and support the progression of women into senior roles through recruitment, promotions and mentoring.

In October 2022, we launched our first 'Women in Leadership Series', aimed at bringing together our senior female leaders from across the business and to ensure that our talent development programmes have strong female representation. For further details, see 'Talent Management and people development'.

Wellbeing

Our employees are our most valuable resource, and we wish to support and improve their wellbeing and organisational resilience.

In 2021, we launched our colleague wellbeing strategy to improve colleague wellbeing across several areas including emotional, physical and financial wellbeing. This has had a positive impact on our colleague's engagement.

We made available resources and information to support colleagues, such as online wellbeing guides. We have an employee assistance programme and family friendly policies. We offer enhanced benefits such as additional holidays and private medical cover.

During the year, we have had an active programme of wellbeing events and colleague engagement in support of 'wellness' with initiatives such as 'time to talk', financial wellbeing webinars, webinar on the benefits of sleep on 'world sleep day', 'mental health awareness week', a focus on menopause and British Heart Foundation fitness checks.

Our people have access to Peptalk: a regular programme of talks relating to physical and mental wellbeing hosted by experts in each field. Recent topics have included 'Whole body mental health', 'Money Clinic', 'Nutritional Clinic', 'Raising emotionally healthy children' and 'Unlocking the kindness code'. We have encouraged conversations around wellbeing including mental health and we have shared experiences.

We have been developing the leadership skills which support organisational resilience and wellbeing.

Bi-annual colleague Pulse surveys provided valuable insights including ratings on how well colleagues feel supported, on emotional, physical and mental resilience and work life balance.

Talent management and people development

Our clients rely on the expertise and judgement of our people. As such, the maintenance and development of the expert level of skills required is an important aspect of our business.

We invest in our people and value professional skills and achievement of qualifications. We participate in apprentice schemes and professional training schemes and provide employee incentives, such as study leave and financial support for the achievement of technical examinations and professional body membership. We offer professional training in several disciplines, including accountancy, taxation, investment management and financial planning. Once qualified, our colleagues have access to regular external and internal professional development courses and relevant technical updates for their areas of specialism, to ensure that their knowledge is kept fresh and up to date.

Recruiting the best talent continues to be a key area of focus for the business. We made a few key hires during the year.

In 2022, we also introduced a new induction programme. All new colleagues across the business experience a consistent core induction. This induction plays an important part in welcoming new joiners, whilst communicating our purpose and values.

We are committed to offering all colleagues career and personal development opportunities and launched several development and leadership programmes during the year.

'Develop' launched in April 2022, offering all colleagues access to over 5,000 pieces of online learning linked to personal and professional topics including career development, management, leadership, wellbeing, inclusion and diversity.

In May 2022, our first of two 'Life Leader Programmes' launched, for those at early-career stage. A pre-launch with the CEO, Executive and Senior Leaders was well received by participants and reinforces our commitment to 'lead by example'.

Next to launch was 'Inspire', our new online leadership development pathway with The Institute of Leadership and Management (ILM), This saw 200 managers invited to participate and work towards gaining accreditation as a professional member of ILM.

In October 2022, our first 'Women in Leadership Series' started, aimed at bringing together our senior female leaders from across the business, through regular quarterly roundtables with members of the GEC. This supports our strategy to support and develop female leaders to close the gender gap.

Our final launch in 2022 was the 'Executive Leadership Series', a professional leadership programme.

We have created an online community to engage and continue the 'leadership conversation' and to learn from each other via our new 'Let's Talk Leadership' Yammer page on our intranet.

We truly value development of all colleagues and we will continue to build on this in 2023.

Remuneration

Our remuneration strategy aims to reward outstanding client outcomes and experiences, aid high-performing colleague attraction and retention, and support the wider business objectives, within a robust risk, compliance and regulatory framework. The principles which underpin our remuneration strategy and support the achievement of our aims are to:

- Enable colleagues to benefit from a competitive base salary, pensions and benefits package, and participate in a bonus plan
- Consider total compensation against competitor and market benchmarks
- Ensure that we recruit and retain key talents
- Ensure that our approach is compliant with regulations and aligned with sound risk management, and in accordance with applicable requirements including the management of sustainability risk
- Enable key senior colleagues to participate in the equity value created

Policies

We maintain a series of people policies including those which specifically support our corporate responsibility strategy as listed below:

- Equality, diversity and inclusion policy
- Board diversity policy
- Health and wellbeing policy
- Dignity at work policy
- Living wage policy
- Flexible working policy
- Recruitment policy
- Family leave policy

We review our policies annually to ensure they remain relevant to our people agenda.

In 2022, we introduced the living wage policy and updated the health and wellbeing policy to give new guidance relating to menopause.

Looking forward

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.
- 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.

Charities and communities

As a Group, we wish to support our local communities. We have a wealth of talent and experience within our business and are keen to share this and encourage our colleagues to get involved in community projects and activities.

Activities during the year

Our corporate partner – Impetus

In 2021, we committed to a three-year partnership with Impetus, an organisation transforming the lives of young people from disadvantaged backgrounds by ensuring that they get support to succeed in school, in work and in life.

Impetus fund and support a portfolio of charities working hard to narrow the gaps in education or employment for young people from disadvantaged backgrounds. Like Evelyn Partners, Impetus's charities are spread across the UK and our colleagues can get involved and make a difference to a local charity within Impetus's portfolio.

During the year Evelyn Partner colleagues had the opportunity to work with Impetus charities through provision of pro-bono and volunteering work, particularly in mentoring to support and encourage disadvantaged young people to consider roles in both the financial services and the professional services sector.

The Charities and Community Committee (CCC) also drove and coordinated volunteering activities with offices across the UK and Ireland supporting local community needs during the year.

To give a flavour of the charities supported and activities in which our colleagues engaged, some examples are given below:

- Into University – helps disadvantaged young people gain a place within a higher education establishment. Into University prepares events for secondary school students to attend employability-focused business simulation events. We hosted events in London, Southampton and Glasgow and supported the events with Evelyn Partners volunteers acting either as mentors, advisers or judges for the events. The events were well attended and enabled attendees to explore opportunities in financial services and professional services as potential future careers.
- MCR Pathways – a Scottish-based charity which works with care-experienced and other disadvantaged children on future opportunities. Events were held in support of MCR Pathways at our Glasgow office. where colleagues mentored children to help them with their education and future.
- Resurgo – a charity that believes that everyone has a part to play in the transformation of society and use their expertise in coaching and impact management to equip and empower businesses, charities, churches and individuals to transform society. Events were held in support of Resurgo at our Bristol office.
- Our professional services sector provided pro bono support to two Impetus Charities: Venture Trust and Action Tutoring. We helped both charities develop their strategy and growth plans for the next three to five years. We also helped them develop processes to execute their strategy effectively. Over 300 hours pro bono support was provided.
- We donated the annual contribution of £100,000 to Impetus as pledged.
- Our volunteers participated at the annual triathlon at Dorney Lake, Berkshire and raised £4,780 for Impetus charities, including matched contribution of £2,390

Colleague charitable giving

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.
- 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.

Colleague charitable giving

Our colleague charitable giving objective is to support our colleagues' charitable endeavours by offering generous donation matching and employee volunteering opportunities.

Colleague matched fundraising is funded by the Evelyn Partners Charitable Trust (EPCT), formerly the Tilney Charitable Trust. The Trust was established in 1979 and has a strong heritage of providing funding to charitable causes supported by our colleagues.

The Group donates £50,000 a year to the EPCT to supplement the annual spend of the Trust to support colleague charitable giving.

Colleague charitable support focuses on three key areas:

- Employee volunteering – we work with a provider called Employee Volunteering (EV) to help organise team volunteering days supporting our wider ESG plans. This could range from a day supporting a local environmental project to a day volunteering at a local community school. Local office charity coordinators within Evelyn Partners help deliver team volunteering events and ensure that the nature of the activities align with our Corporate Responsibility ambitions.
- Give-As-You-Earn (GAYE) – during the year, we reminded colleagues that they could opt to donate to charities through the GAYE payroll giving scheme. Regular donations in this way gives charities a reliable income stream. We continue to match every employee donation with up to £20 per colleague, per month.
- Matched fundraising – we continue to match our employees' fundraising efforts. This year our employer matched fundraising contribution was increased from £250 to £500 for an individual and from £1,000 to £2,500 for each team fundraising event. Additional matched funds are available for local office and national Evelyn Partners events through a donation from the EPCT.

In the run up to Christmas, we supported Family Action's annual Christmas Toy Appeal, which provides disadvantaged children with a Christmas gift. Several our UK offices participated and donated wrapped presents from a wish list.

Through our colleague charitable giving donations, Evelyn Partners contributed £52,800 of payroll giving, with £26,695 of matched funding and £160,000 of fundraising efforts with £64,000 of matched funding to charities during the year.

Volunteering communication

We introduced a dedicated charity and community intranet page to share information about volunteering opportunities, from both Impetus and EV, and made available policies, guidelines and application forms, to simplify both volunteering and charitable giving.

We also introduced quarterly newsletters to communicate opportunities, both with Impetus and with EV and with other programmes we support as detailed below, and to highlight team and individual volunteering actions.

There is regular internal communication highlighting conversations and events throughout the year.

Volunteering activities

During the year, volunteer representatives from across our offices supported Evelyn Partners volunteering activities. Volunteer representatives served to identify local charitable opportunities, coordinated team volunteering events and encouraged involvement of colleagues throughout the organisation.

In 2022 the Group introduced a new volunteering policy to allow all colleagues to take two paid volunteering days per annum.

Some of the local office events organised for 2022 included:

- The Bracknell office team worked with Employee Volunteering to visit Dimensions Woodmere, a local residential community care residence, where colleagues spent the day transforming the outside space, making it a welcoming for residents and visitors alike
- Colleagues from Belfast spent a day with Waterways, a charitable social enterprise just outside Belfast, developing waterways as catalysts for social and economic regeneration. Tasks included general landscaping and maintenance duties
- Colleagues in London spent the day clearing and renovating Three Corners Adventure Play, a playground installed to encourage children from disadvantaged backgrounds to play outside
- Colleagues at the Chelmsford office spent the day at Farleigh Hospice, a charity providing hospice care to people affected by life limiting illnesses across mid Essex. The team were tasked with tidying up a large car park in preparation for an upcoming fundraising cycle event
- Colleagues in London spent the day at Edward Alsop House, cooking a festive dinner for homeless people and decorating for Christmas
- Colleagues in Liverpool spent the day at Barnstondale, an inclusive outdoor education and activity centre, planting trees to support conservation efforts

Participation in other support programmes

As part of our inclusion and diversity strategy, our Financial Services and Professional Services teams 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
- '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

Anti-bribery policy

Evelyn Partners values its reputation and is committed to maintaining the highest level of ethical standards in the conduct of its business affairs. The actions and conduct of the Group's people as well as others acting on the firm's behalf are key to maintaining these standards. The Group does not tolerate bribery or corruption in any form.

The firm prohibits the offering, giving, solicitation or the acceptance of any bribe or corrupt inducement, whether in cash or in any other form:

- To or from any person or company wherever located, whether a public official or public body, or a private person or company
- By any individual employee, director, agent, consultant, contractor or other person or body acting on the firm's behalf
- To gain any commercial, contractual, or regulatory advantage for the firm in any way which is unethical or to gain any personal advantage, pecuniary or otherwise, for the individual or anyone connected to the individual

Our policies cover reporting requirements, restrictions on gifts and hospitality and facilitation payments, our approach to politically exposed persons, information security, our procurement approach and charitable gifts and donations.

The Group investigates thoroughly any actual or suspected breach of our anti-bribery policies.

Modern slavery and human trafficking

We are committed to ensuring our business and supply chain are free from any slavery or human trafficking. Due to the nature of our operations, the group is at low risk of exposure to these issues and our supply chain is predominately comprised of UK based entities and/or providers who may also be regulated.

Our procurement policy has modern slavery assessments integrated into our procedures. In our tender process, we require confirmation from potential suppliers that they have complied with the Act and evidential proof of their policy or statement. Our ESG questionnaire requires suppliers to confirm they have a modern slavery policy and additionally to provide evidence of their policies for including ESG considerations for procurement and supply chains. Our due diligence process requires verification that suppliers have policies in place regarding the fair treatment and pay, adequate whistleblowing procedures and that those employed in the provision of services have the necessary documentation to legally work in the UK.

Annual due diligence takes place for our material outsourcing arrangements and this requires confirmations that suppliers have taken steps to ensure that their supply chain is free from any modern slavery.

As regards Responsible Investments, modern slavery and human trafficking, the Group provide investment services across the whole spectrum of clients. All monitored stocks and third-party funds are assessed by their respective analysts to identify the material ESG impacts across industry sectors (positive and negative), including modern slavery risks. We are also a member of the collaborative engagement group Find It, Fix It, Prevent It, an investor-led project to increase the effectiveness of corporate efforts against modern slavery in UK companies and their supply chains. Originally set to focus on the hospitality industry, this is currently being extended to the construction industry. These two sectors are the most vulnerable to modern slavery.

Whistleblowing policy

The whistleblowing policy sets out how colleagues may report any wrongdoings, malpractice, inappropriate behaviour or any concerns or situations they experience, about which they feel uncomfortable.

The policy provides that colleagues who act in good faith have a right not to be victimised, subjected to detriment or dismissed for raising concerns. Concerns can be reported to line managers, or to the compliance team and may be raised verbally or in writing and anonymously. In exceptional circumstances, the incident may be raised with the Group's whistleblowing champion, Carla Stent, or with the regulators directly. All concerns raised are fully investigated in line with the internal whistleblowing investigation procedure. The Group provides access to an independent whistleblowing advice line available to any colleague seeking independent and confidential advice at any stage of the process.

Procurement policy and supplier code of conduct

The Group's procurement policy contains the Supplier Code of Conduct. It is our aim that our suppliers incorporate ESG within their processes and policies, but we recognise that organisations, depending on their corporate structure, size, location and industry sector, will be at various stages of transitioning ESG within their businesses. The Supplier Code of Conduct sets out our expectations for development of their ESG Strategy, the requirement for compliance with the Modern Slavery Act (2015) and awareness of human rights issues, compliance with the Equality Act (2010), elimination of all forms of discrimination, controls to protect against fraud and corruption and a requirement to have a whistleblowing policy in place with a clear escalation process. There is also a requirement for safeguards and security of systems and data protection.

Compliance with our ESG requirements form part of our standard terms and conditions and ESG is now being reviewed as part of the on-boarding process and periodically thereafter.

Tax strategy

The Group's Tax strategy has been made publicly available on our website at evelyn.com, in accordance with the Finance Act 2016. Both the risk and audit committee and the board have reviewed and approved the strategy. The strategy sets out the Group's governance in relation to tax compliance, tax risk management, approach to arranging our tax affairs, and our relationship with the tax authorities. The Group's tax risk appetite is low.

Looking forward

We look forward to working with and supporting Impetus in the years ahead. We will encourage our colleagues and stakeholders to take up opportunities to volunteer by undertaking pro bono work and attending or running knowledge sharing events and will encourage take-up of the two volunteering days per annum available to all colleagues.

Activities planned for the coming year are as follows:

- We will donate £100,000 as pledged to Impetus in 2023 and continue to support the charity
- We will also continue to support local and national charities both financially and by participating in 'Employee Volunteering' events. To encourage engagement, we will make a £50 contribution per employee per day
- We will match donations to local charities up to £500 per individual and up to £2,500 per team event
- We will continue to match donations through the payroll GAYE scheme up to £20 per employee per month
- We will continue to support Evelyn Partners Charitable Trust with an annual donation of £50,000

Our first Stewardship and Responsible Investment Annual Report under the new name of Evelyn Partners has been a great opportunity to appraise how far we have come and how much more we want to achieve within our role as custodians of our clients assets. The pace of change within the spheres of environmental, social and governance is rapid and constantly evolving. This requires Evelyn Partners to ensure our responsible investment process does not stand still but continues to evolve. This is achieved through our collegiate approach, enormous enthusiasm and dedications that is shown by colleagues across the investment teams and wider business. We hope that this report demonstrates much of what has been achieved over the last 12 months and the importance that Evelyn Partners places on Stewardship & Responsible Investing.

evelyn
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