STEWARDSHIP REPORT 2021

For reporting period
01/01/21 - 31/12/21

evelyn PARTNERS

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CEO MESSAGE

As I write this introduction in October 2022 for the period ending 31 December 2021 it is difficult to reconcile the broad optimism held on things Environmental, Social & Governance (ESG) after the relatively successful COP 26 held in Glasgow and the necessarily more circumspect mood that now prevails.

The Russian invasion of Ukraine has very much brought the primary focus back to the climate emergency. In addition to the suffering and wanton destruction of war, the shortages of commodities and sharp rises in prices that hurt the poorer nations and people the most, the invasion has been a stark reminder of the World's deep reliance on fossil fuels. To deal with the supply shortages we have seen coal fired power stations reopened or closure plans postponed, planned shifts from coal to gas have also been postponed, and we have seen nuclear reopening. We've also seen a renewed focus on energy and food security and a break-down of international cooperation. More positively we have seen EU and US regulations prompt an acceleration towards the green transition..

The cost of living crises highlights the importance of a Just Transition, the need for broad popular support to drive difficult, expensive energy change and reminds us that we have to be focussed on both Sustainable Development Goal (SDG) 7 (Access to affordable, reliable, sustainable & modern energy for all) and SDG13 (Action to combat climate change and its impacts).

Government policies are currently not consistent with the net zero targets, the turmoil this year makes the necessary new policies and the international cooperation less likely and so keeping temperatures to 1.5° by 2050 has become even more of a challenge.

Our actions

We have not stood still. We understand the importance of the increased transparency that our investors, employees, clients and other stakeholders require on climate related issues and will continue to improve our disclosures in this area. Work continues towards the reporting of Scope 3 emissions, evaluating which science-based targets, metrics and initiatives are feasible, establishing the Environmental Management Framework (EMF) necessary to embed the Taskforce for Climate-Related Financial Disclosures (TCFD). We have also committed to completing the Carbon Disclosure Project (CDP) disclosures each year.

These actions will help contribute to improved data availability, consistency and reliability, but we need to recognise that the quality of ESG data across the world remains unreliable at best and that companies need to take great care about the green credentials they claim themselves or offer for their clients. Our view is that we should provide the highest quality data we have available, but to avoid making claims that in practical terms could be seen as greenwashing.

At Evelyn Partners we have had an active programme of events and staff engagement in support of Inclusion and Diversity. As part of this, we shared our latest 'Gender Pay Gap Report' and are committed to delivering further improvements in the coming years. In 2021, we partnered with Impetus, an organisation which supports charities around the UK to transform the lives of young people from disadvantaged backgrounds.

It remains a difficult and complex environment to navigate for both clients and their advisors. We need to continuously challenge our assumptions, carefully consider our responses, remain practical and not to lose hope.

Chris Woodhouse
CEO, Evelyn Partners

INTRODUCING
EVELYN PARTNERS

Placing the power of good advice into more hands

Tilney Smith & Williamson has become Evelyn Partners, and a new chapter in our story has begun.

Life is full of decisions that shape the future of what matters to our clients. Great 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 26 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 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 UN Sustainable Development Goal (SDG) alignment.

This report covers the activities of Evelyn Partners as at 31 December 2021, which was responsible for managing assets and advice of circa £57.7bn.

KEY ACHIEVEMENTS FOR 2021

Key Achievements for 2021

Net Zero

The Group 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.

Proxy Voting

Following our recent merger, we saw an increase in our voting and engagement. In October 2021 the first tranche of legacy Tilney assets transfered into in-house custody and administration with substantial future transfers expected throughout 2022. We voted at over 800 AGMs in 2021.

Collaborative Engagement

We are a member of collaborative engagement platforms to amplify the impact we can make by working with other investors. Through collaborative engagements, the Group can influence and address various ESG topics, wider themes and work with industry peers.

This year has seen us become members of Find it, Fix it, Prevent it with various conversations happening throughout the year. We are looking forward to participating in the next round of collaborative engagements due to take place in 2022.

We have also seen an increase in the number of engagements we have been involved in through the Investor Forum and an increase in activity though Climate Action 100+,

COP 26

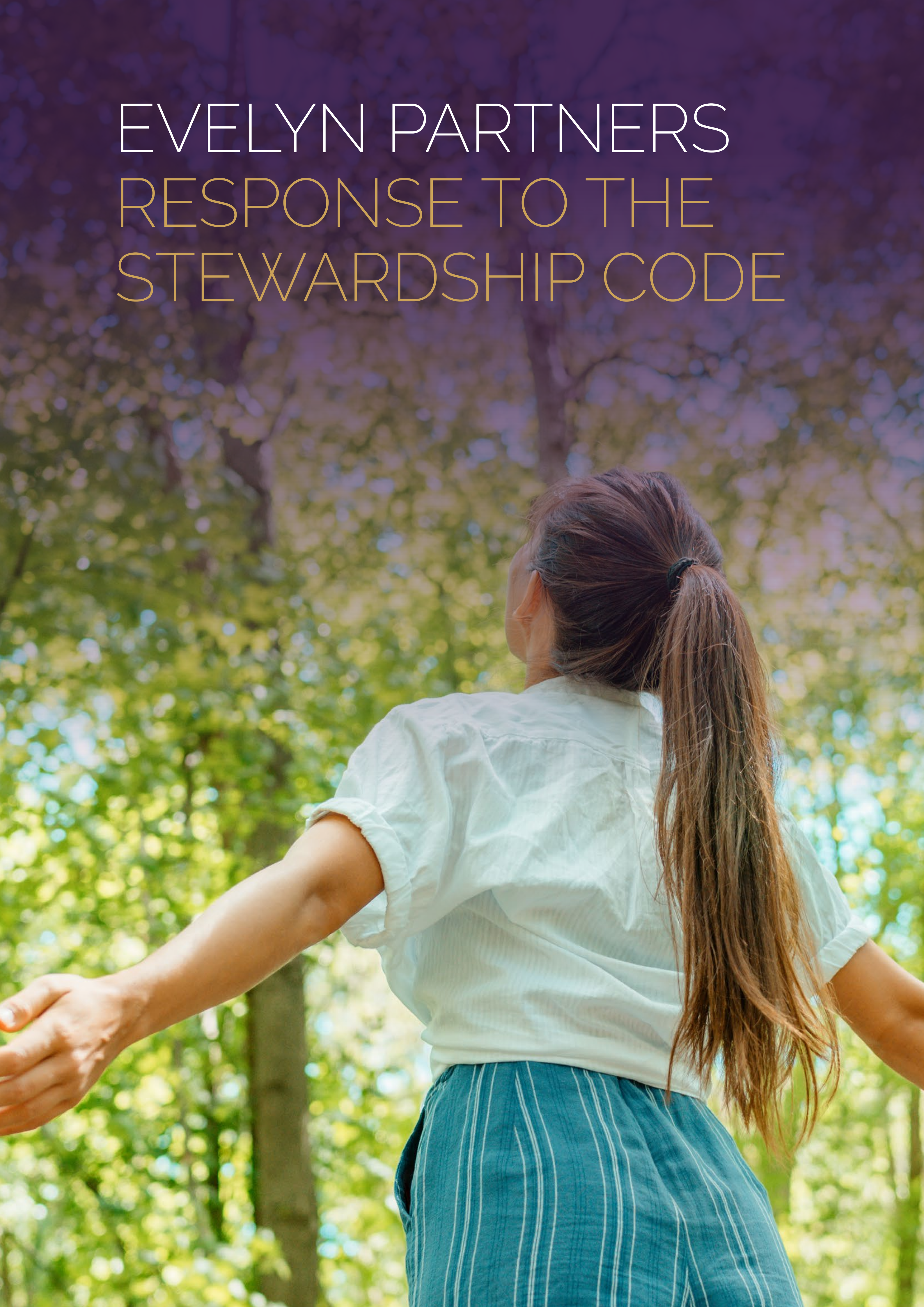
We attended the COP 26 conference in Glasgow this year and hosted a Responsible Investment Conference at the end of the week to share experiences and learning with clients.

This was the most significant COP since Paris in 2015, and it was the first year countries were asked to submit updated Nationally Determined Contributions (NDCs) for carbon reduction. It also marked the start of the 'decisive decade', where scientists have warmed that if we are to limit global warming to 1.5° drastic changes need to be made within the next decade.

Knowledge Sharing

We held our second annual Responsible Investment Conference in December 2021. Topics covered in conferences, seminars, and articles ranged from 'Navigating the Green Maze', Sustainable Investments, UN Sustainability Development Goals (SDGs), Climate change, and COP26, through to forthcoming global accounting changes and impact measurement. We look forward to hosting further events in the years ahead for our clients, colleagues and financial intermediaries.

EVELYN PARTNERS RESPONSE TO THE STEWARDSHIP CODE



Principle 1

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

Purpose

Our corporate purpose is "to place the power of good advice into more hands". Over the last 185 years, we have delivered the type of powerful, good advice that is personal, in partnership and performs for individuals, families, charities and businesses alike. Our core values are to deliver a personal and inclusive service to all clients irrespective of their size, to build long-term partnerships which will stand the test of time and focus on performance, as we aim to be a forward-thinking and innovative business that strives for more. We deliver imaginative, yet pragmatic advice and investment solutions tailored to each clients individual circumstances. We achieve this by taking the time to get to know our clients and to understand their objectives, needs, constraints and aspirations, as well as the longer term challenges they are likely to face. We act as a trusted adviser to help our clients grow, manage and preserve wealth. Our fiduciary duty to our clients is at the forefront of managing their needs as well as contributing to the wider market and society.

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

Personal - 'we treat you as an individual'

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

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

Partnership - 'we go further together'

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

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

Performance - 'we strive for more'

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

We have strong depth of advice expertise, including more than 265 financial planners, 290 investment managers and more than 140 professional services partners and directors (accurate as of June 2021).

Investment beliefs

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

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

Responsible investment is an important principle for the Group and plays an vital part in setting an agenda which considers ESG impact, policies, measures and metrics. ESG factors can have a significant impact on the long-term financial performance and risk profile of investments, both positively and negatively, therefore we have integrated consideration of these factors as a core component of our investment approach. We believe that companies with high standards of governance and corporate behaviours, sustainable business models and which make a positive contribution to the communities they serve and operate within are less risky long-term investments.

Strategy & culture

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

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

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

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

Pillar	Objective
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, plastics), water, biodiversity and deforestation, energy efficiency and carbon emissions. We are striving to achieve the relevant UN goals on meeting environmental targets
Responsible investment	Responsible investment is a strategy and practice of incorporating ESG factors alongside purely financial considerations in investment decisions and the practice of active ownership/stewardship. We are engaged in stewardship (active ownership) in investment management to improve investees' ESG practices.
People	Our people and our culture are central to our successful and unique client proposition. The quality of our people, their skill and expertise and the trusted long-term relationships they build with clients, underpins and sustains our success. Our ability to attract and retain a diverse pool of talent is central to our success. A competitive reward model and colleague training and developments is key, as is inclusion, diversity and wellness, to ensure we attract and retain the best talent.
Charities and communities	As a Group, we enable our clients to invest responsibly, and we adopt the same approach to supporting our local communities. We have a wealth of talent and experience within our business and are keen to share this by enabling our employees to gain further personal and professional development by getting involved in community projects and activities.

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

Our investment philosophy rests on five fundamental principles:

1. Quality: we expect equities will be the main drivers of returns through time. We seek to invest in businesses able to grow revenue and compound returns over time, that are attractively valued with sound balance sheets and healthy cash flow generation, that are sustainable in terms of ESG (Environmental, Social and Governance) factors and have a proven record of strong management and investment in their chosen strategy. We believe that these types of companies will outperform across the economic cycle and they represent the core of our portfolios. We adapt portfolios to reflect where we are in the investment cycle.

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

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

4. Responsible: we integrate Environmental, Social and Governance (ESG) factors alongside traditional financial analysis because it improves our ability to identify sustainable businesses and improves the resilience of the portfolios we build for our clients. We vote all discretionary holdings held by Evelyn Partners Investment Management (EPIM) which are held by our charity and not-for-profit clients, all holdings above our materiality threshold, and all monitored holdings in companies listed on the London Stock Exchange's Alternative Investment Market (AIM). We directly and collaboratively engage with the companies we invest in worldwide.

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

ESG risks

We consider ESG or sustainability risk as an environmental, social, or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment arising from an adverse sustainability impact.

ESG risks and factors include those related to climate change impacts, mitigation and adaptation, environmental management practices and duty of care, working and safety condition, respect for human rights, anti-bribery and corruption practices, and compliance to relevant laws and regulations.

Factors we consider are:

- **Legal and regulatory:** the risk of failure to identify the changing requirements from multiple and overlapping regulators. Firms could get fined for mis-selling products/services to clients or providing improper advice to clients regarding 'green' or 'sustainable' investments until the appropriate standards are established. There is also an increased risk of litigation and client dissatisfaction.
- **Technology:** accelerated adoption of climate and sustainability goals, potentially leading to more spending upfront on technological solutions to achieve our energy goals.
- **Reputation:** the reputational impact of climate change both actual and perceived is a key concern for firms. Negative headlines and protests have already been seen across the sector. There is a need to ensure the Group is proactive in its activity and the brand is carefully managed.
- **Productivity:** rising summer temperatures or severe weather events could have productivity impacts for staff.
- **Raising sea level:** the majority of Evelyn Partners business is not in areas that are stressed by water or extreme temperatures therefore rise in sea level would have a limited impact on our operations.

- **Product and service offerings:** the investment strategy will need to adapt, to take in to account new regulations and meet the expectations of clients. This creates both risks and opportunities.
- **Sustainability considerations and promotion of ESG culture within the group:** net-zero targets, plans to align to TCFD, recycling, paper reduction and green energy initiatives are already in place. In spring 2022 we will relocate to a new head office in London, which is being fitted out to the meet high environmental standards. Further developments are also being planned and considered.

Stewardship at Evelyn Partners

Why is Stewardship important to us?

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

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

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

Clients

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

> "I'm impressed by the personal touch. The people I work with have a thorough understanding of my aims and values and advise accordingly. I always feel they are on top of my needs."
> **Jonathan, Client**

Communities

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

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

- the 'Girls Network', where some of our colleagues dedicate their time to mentoring young women
- the '100 Black Interns Programme' which provides summer internships
- 'She Can Be' by hosting workshops and events to help young women see the City as a viable career option.

Performance

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

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

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

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

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

Principle 2

Signatories' governance, resources and incentives support stewardship.

Governance & resources

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

The Board sets the purpose of the company, the strategic direction, the policies and monitors performance of the Group Executive Committee (GEC) against these. The GEC has ultimate responsibility for the leadership of the Group, the development and execution of its strategy and running the business on a day-to-day basis. Group CEO, Chris Woodhouse, in addition to his other duties, is the lead on stewardship and responsible investment and corporate responsibility at Board level.

In relation to the four pillars of our Corporate Responsibility Framework, they in turn are advised by the Corporate Responsibility Committee (CRC) who report directly to the GEC. This multi-disciplinary group of GEC members who directly report to the Group CEO, chaired by Susan Shaw (Head of Professional Services), draws up their recommendations and set targets under four main pillars of Responsible Investment, People, Environment, Communities and Charities.

The head of the appropriate department has responsibility for each pillar, all are members of the GEC:

Responsible Investment - John Erskine, Chief Investment Management Director: focused on our investment clients with the aim for Evelyn Partners to be the leading responsible investment wealth manager in the UK; represents all things related to the stewardship and responsible investment process inputs/outputs which is overseen day to day by the Investment Process Committee (IPC).

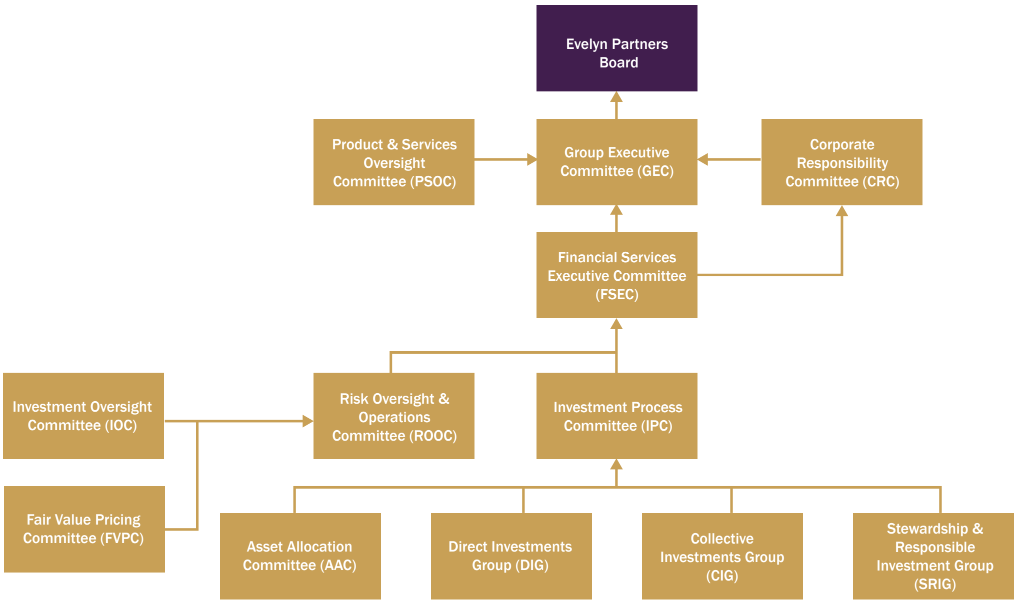
People - Benne Peto, Group Chief People Officer: includes employee engagement and wellbeing, and diversity and inclusion.

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

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

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

Organisational structure



Financial Services Executive Committee (FSEC)

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

Investment Process Committee (IPC)

Day to day oversight of the investment processes is provided by the Investment Process Committee (IPC), a group of senior investment management practitioners, who are responsible for all of the Group's investment services and the allocation of resource to support them. The team of analysts are responsible for the provision of collective and direct equity research as well as strategic and macroeconomic analysis and report into the Chair of the IPC.

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

Stewardship & Responsible Investment Group (SRIG)

The Group is responsible for:

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

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

The SRI team are responsible for reporting stewardship outcomes, co-ordinating engagements, proxy voting oversight, ESG and ethical monitoring and advice, and ensuring external websites and the internal 'responsible hub' are kept up to date. Their role sits within the front office where they can assist with queries, conduct due diligence on new systems, provide specialised training, run various reports and be the first point of contact for anything relating to stewardship and responsible investment. Support is also provided from members of the wider operational teams depending on needs and their specialism. This support includes corporate actions related data gathering and distribution, contract negotiation, regulatory insight/briefing, liaison with industry bodies and technology integration.

Direct Investment Group (DIG)

The Group is responsible for:

1. Ensuring that the Monitored Universe of direct equities ("MU") properly serves the requirements of investment managers across the business
2. Monitoring the performance of the constituents of the MU
3. Monitoring the firm's level of exposure to the constituents of the MU
4. Ensuring that research is of sufficient quality, is updated regularly and is in accordance with the Group's policies and procedures
5. Ensuring that the output from the Group and sector specialists is appropriately disseminated across the different communication forums
6. Supporting the wider investment process, including encouragement of participation in it and research
7. Continuing the integration of responsible investment within the process for investing in direct securities

8. Monitoring the technology and data (incl. 3rd party research) to ensure it is suitable to provide the most appropriate evaluation, selection, and monitoring of investment recommendations
9. Monitoring & reviewing the process for investing in AIM securities, to ensure that it is sufficiently robust given the higher risk nature of the investable universe
10. Monitoring & reviewing the process for investing in Fixed Income securities, to ensure that investment managers are provided with an adequate selection of direct bonds for consideration in portfolios

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

Collective Investment Group (CIG)

The Group is responsible for:

1. investment managers across the business
2. Monitoring the performance of the constituents of the MU
3. Monitoring the firm's level of exposure to the constituents of the MU
4. Ensuring that research is of sufficient quality, is updated regularly and is in accordance with the Group's policies and procedures
5. Approving additions to and removals from the "Buy List"
6. Ensuring that the output from the Group and analysts is appropriately communicated
7. Supporting the wider investment process, including encouragement of participation in it and research

Key service providers

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

There are four members of SRIG sitting on CIG. They are responsible for updating the group on all matters of stewardship and responsible investment, including due diligence, monitoring, engagement, voting on Investment Trusts, ESG training and any regulatory updates. We share responsible investment resources on our internal and external websites. On our website, we share a number of policies under the overarching structure of our responsible investment policy statement. We also provide our quarterly proxy voting report, our PRI responsible investment transparency report and our Stewardship Code report.

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

Training

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

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

We also undertake sector-by-sector training each year with MSCI sector specialists, and just under 20% of our sector specialists have already taken the UK CFA ESG exam with many more signing up on a voluntary basis. There is also wide-spread take-up of sell-side events and other training opportunities, with a notable recent example being the Climate Change and Investment Academy run by Alliance Bernstein in collaboration with Columbia University's Earth Institute.

The Learning & Development team have overall responsibility for training. However, where content is mostly related to investment, this is overseen and approved by the Investment Process Committee, with input from the Stewardship & Responsible Investment Group, the Direct Investment Group, and the Collectives Investment Group where applicable.

We plan to extend our collaborative engagement activities, build our principal adverse impact (PAI) and other Level 2 SFDR reporting, integrate individual client sustainability preferences with appropriate systems and strengthen our climate-related disclosures by adopting the Task Force for Climate Related Disclosures (TCFD) framework and reporting for the year end 31 December 2021. We are in the process of selecting external training professionals to provide more advanced training for our investment managers and sector specialists and will encourage further take up of the CFA ESG exams and other relevant training related to sustainability and responsible investment.

Incentives

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

The Remuneration Committee considers all reward decisions with the following principles in mind:

- Operate an annual bonus plan which incentivises delivery against financial plans, particularly growth targets, and rewards the contribution colleagues make;
- Operate an incentive plan that rewards long term growth and retention;
- Consider total compensation against competitor benchmarks;
- Ensure that we can recruit and retain key talent; and
- Ensure that our approach is compliant and aligned with sound risk management.

These reward principles support the wider business objectives of Evelyn Partners.

The link between performance and pay:

Fixed remuneration is set at a level that is sufficient to attract and retain high calibre colleagues.

Variable incentives may be awarded to eligible colleagues where the performance of both the Group and the colleague substantiates the award and in accordance with the over-arching principles and parameters set by the Remuneration Committee. This will include bonuses, incentive payments, and any compensation payments deemed appropriate by the Committee. Any bonuses or incentive payments are linked to corporate and individual performance and designed to promote the long-term success of the group. Alignment of remuneration policy and business strategy/objective/long term interests:

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

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

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.

To ensure the development and delivery of the Group's Inclusion and Diversity agenda, the Inclusion and Diversity Committee (IDC) was formed with membership selected to reflect its diversity and inclusive aims. The committee reports to the Group Chief People Officer monthly and to the GEC and CRC on a quarterly basis.

Our inclusion and diversity agenda aims to ensure that colleagues of all backgrounds, life experiences, preferences and beliefs, are respected and valued as individuals, that all colleagues are given equal opportunity to contribute to business success and to be their true selves. We wish to improve all forms of diversity within the organisation and at all levels across the business.

Our Group Inclusion and Diversity Committee supports the development of our inclusion and diversity strategy. Firstly, we seek to embed a culture that values diversity, giving colleagues a voice, and the safety to speak and be themselves. This includes establishing and promoting diverse support networks within the business. We recognise and engage colleagues in religious and cultural celebrations and participate in national recognition days such as International Women's and Men's days and Gay Pride. Through such events, we showcase diverse role models both internally and externally, and tell their stories to reinforce positive role models.

Another area of focus for our inclusion and diversity strategy, is to ensure that we educate, recruit and retain a diverse workforce that reflects wider society and our client base. Following the merger, we reviewed our flexible working and maternity leave policy and enhanced both to ensure they support the achievement of our goals. Our new outsourced recruitment provider has, by removing unconscious bias, allowed us to apply a more consistent criteria to a diverse candidate pool and to highlight our diverse credentials on our recruitment website. We are also developing the inclusion and diversity skills and understanding of our colleagues by providing training on business wide sub-conscious bias and hiring manager recruitment training. So far 30% of our managers have completed this training,

We participate in 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 mentor young women; the 100 Black Interns Programme which provides summer internships; and 'She Can Be' by participating in workshops and events that help young women see the City as a viable career option.

We have signed up to the Women in Finance Charter pledge for gender balance in financial services and have sought to improve gender diversity in both our Financial Services and Professional Services businesses. We will be communicating our first targets under the Charter in 2022.

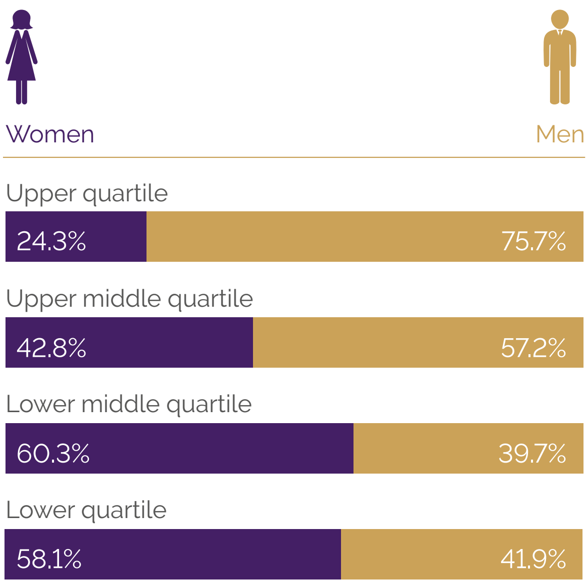
In the formation of the Board and the Group Executive Committee, we have sought to improve gender diversity and are committed to doing this within all levels of the organisation. The following table shows the gender mix of the Group:

Organisation level	Female		Male		Total
31 December 2021	No.	%	No.	%	No.
Board of Directors	2	18%	9	82%	11
Group Executive Committee	4	36%	7	64%	11
Senior management	33	24%	105	76%	138
All colleagues (inc. Group Exurive Committee and Senior management	**1,520**	**46%**	**1,766**	**54%**	**3,286**

Organisation level	Female		Male		Total
31 December 2020	No.	%	No.	%	No.
Board of Directors	2	18%	9	82%	11
Group Executive Committee	4	31%	9	69%	13
Senior management	31	24%	100	76%	131
All colleagues (inc. Group Exurive Committee and Senior management	**1,474**	**47%**	**1,658**	**53%**	**3,132**

The 2021 gender pay gap shows we need to continue to focus on removing barriers so all our people can fulfil their potential. Improving gender diversity is a key objective to enhance our performance and ensure that everyone feels that they belong and can contribute to our business.

Our analysis of individual pay means that we are confident men and women are paid fairly and equitably and that the gender pay gap does not translate into a disparity in pay between men and women for the same or equivalent roles.



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

Outcomes

Combining the two legacy businesses has been an opportunity to learn from the best from each business and to systematically upgrade processes and governance standards wherever necessary. This will be an ongoing process as we go forward as Evelyn Partners.

Our governance structure and processes have proved successful during the period and our reporting and controls have operated as they should. We have successfully expanded our Stewardship and ESG integration activities across the combined business and have built a strong process throughout the investment departing, starting with our mandatory in-person training programme.

We significantly expanded our ESG integration process across our collective investments, working with our external fund managers to build a complete view of their responsible investment activities.

We recognise how important sustainability and the need to work towards Net Zero is for our business, our colleagues and clients, our communities and other stakeholders. It is on the radar for the Board, the GEC, RAC and the CRC and supporting committees throughout the organisation as they seek to ensure that targets and progress in achieving ESG considerations are embedded into our operations, responsible investment processes and decisions.

Last year, we introduced a new investment management, custody and settlement technology system. This will be a key building block on which the responsible investment process and client sustainability preferences are integrated within portfolios in the years to come. Several major new projects will be required to fulfil our ambitions on stewardship, responsible investment, digitalisation and automation generally. We are in the process of setting up various working groups to realise these ambitions.

There is always more to learn, and many challenges remain. The enthusiasm and energy of our colleagues to complete this transformation has been hugely rewarding, but the real test has been increasing client engagement, interest, and demand for specialist ESG strategies, reporting and education.

Principle 3

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

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

We take all reasonable steps to identify conflicts of interest arising and to manage potential conflicts in a way that is fair to our clients and in accordance with our written policy.

Purpose and scope

The purpose of our conflict of interest policy is to summarise the policies and procedures in place within the Evelyn Partners group for identifying, minimising and managing conflicts of interest arising from the different business activities undertaken by these companies. The Group Risk & Compliance Committee ("GRCC") is responsible for ensuring the effectiveness of the policy and procedures in relation to each of the operating subsidiaries of the Group. The Board is ultimately responsible.

The Group is required to:

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

Ownership and governance

The board of directors of each firm within the Group is responsible for ensuring that the firm complies with all its obligations under the regulatory system, including its obligations to identify, manage and record conflicts of interest. This policy is owned by the Board Risk & Audit Committee (RAC), who are responsible for approving the policy.

The GRCC is responsible on a day-to-day basis for overseeing risk control matters for the UK businesses, including adopting and annually reviewing the Conflicts Management Policy and ensuring its effective implementation (including ensuring that compliance monitoring programmes cover these issues). This review should identify any deficiencies and the actions needed to ensure that appropriate measures are taken to address these. The GRCC should track the resolution of the issues identified and report material issues into the Risk & Audit Committee.

Identifying conflicts of interest

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

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

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

Avoiding and managing conflicts of interest

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

Maintaining a confidentiality policy

All staff are required to maintain the confidentiality of client information. Such information should not be accessed or communicated except for legitimate business reasons.

Restricting staff dealings in securities

Staff are required to adhere to our personal account dealing policy.

Restricting information flows

We have physical and technical barriers in place, known as 'information barriers'. These prevent information held by other parts of the Evelyn Partners group, which could restrict dealing, from reaching our investment managers.

Carrying out transactions in investments as agents not as principal

We only carry out transactions in investments as agents for the client.

Gifts and entertainment policy

We have a policy to ensure gifts and inducements received from or given to third parties by members of staff are declared, and pre-approved as appropriate.

Maintaining appropriate and transparent charging policies

Disclosing in accordance with market practice

General potential conflicts inherent to the nature of our business and the structure of the market are disclosed in the written contracts concluded with clients.

Obtaining clients' informed consent

Following disclosure of specific conflicts arising in particular transactions or situations, client consent is received before proceeding.

Example: Our information barriers mean that we can be voting against directors of public companies that are also our clients. For example, in the case of one building company we voted against the remuneration policy and hence a client for not being aligned to clear performance indicators. In another example, where a client was a director of an investment trust, we voted against resolutions they had proposed.

Clients

A potential conflict of interest that could arise from our Investment Management Services could consist of a situation where a firm could exercise voting rights in relation to discretionary client holdings to the detriment of the interests of particular client(s). We would manage this situation by ensuring the firms exercise voting rights in accordance with our Responsible Investment and Voting policies, each vote being cast in the best overall interests of clients. If this might prejudice the interests of a particular client (e.g. by voting the client off the company's board) the firm will cast the vote as considered appropriate for the overall interests of clients but will notify the particular client of the action being taken and the reasons. Clients' may exclude or vote differently on some or all of their portfolio holdings from the voting process.

As part of new client take-on procedures, partners/directors are required to undertake a conflicts check for historical or current relationships which may conflict with the mandate, holdings by clients, directorships of clients and, in the case of a listed company, whether there are material holdings for investment clients. In the latter case they are required to discuss with the Ethics Partner and Legal, the potential for conflicts or reputational risk arising.

We are not aware of any situations where client detriment has been caused because of a failure to disclose a conflict of interest. Generally, our processes have been designed so that material conflicts of interest are not permitted and therefore do not require management.

Ownership structure

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

Cross-directorships

A member of staff could be a director of a potential new corporate client or could be asked to be a director of an existing corporate client. External business interests require formal approval.

If an existing director becomes a new client, this would be disclosed on the conflicts checklist and a discussion would ensue with head of the relevant business area and our legal colleagues about the management of the potential conflict which could lead us to declining to act.

Example: Recently, an investment manager was asked to become a trustee of a charity local to him, following proper procedure he sought permission from the business to do so, but he then discovered that that charities portfolio was managed by Smith & Williamson, and so he declined to take the position to avoid any perception of a conflict between his fiduciary duty as a trustee, and the commercial objectives as an employee of the Group.

Principle 4

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

Corporate entity

We identify and assess market-wide and systemic risks from many different angles. From a top-down point of view both the Group Risk Compliance Committee (GRCC) and the Risk & Audit Committee (RAC) are responsible for identifying both systemic and market wide risk.

GRCC are ultimately accountable for ensuring that adequate systems and controls are in place and that the businesses operate in accordance with all relevant legal and regulatory requirements. Group Risk monitors the management of key risks against appetite group-wide, and reports on deviations and material issues relating to subsidiaries to the GRCC.

The Group Boards and the Trust Co Boards have delegated risk management and oversight to the GRCC. They recommend the Group, sub-business and regulated entity Risk Management Policy and Framework to the RAC. They review and recommend the Group's key risks, associated scenario analyses, risk appetite and key risk indicators to the RAC, as well as identify, monitor and consider the key risks facing the Group including: operational, credit, conduct, capital and liquidity, market and climate change risk. They also assess known or emerging risks, including client related risks, and correlations across the business and adequacy of actions to avoid or mitigate the impact of identified risks.

RAC advise the Evelyn Partners Board on the Group's risk profile and overall risk appetite in setting its future strategy, taking into account the recommendations from the GRCC and the current and prospective macroeconomic and financial environment, drawing on reviews and areas of concern that are published by the FCA and other regulators and authoritative sources relevant to the risk policies of the Group. They ensure that a suitable and effective risk management framework and strategy is in place for the Group and advise the Group boards in that regard. They review and challenge where necessary the effectiveness of the Group's overall risk management framework and internal financial controls and the adequacy of the associated management information, both qualitative and quantitative, and make recommendations to the Group Boards. Our Group Risk team maintain detailed risk registers including climate risk scenarios and the impact of both physical and transition risk over different time frames. Every committee is responsible for identifying risk and should escalate them through the Governance structure of the Group.

Climate change

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

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

The GRCC identified ESG as an emerging risk in 2020 and the Group have been monitoring regulatory and other announcements throughout the year. The GRCC moved this from an emerging risk to a top risk in 2021. In the latter part of 2021, this was further reclassified as a key risk for the Group.

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

Key physical and transitional risks to our business

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

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

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

Physical risk

We have considered the environmental impact of new offices and the sustainable fit-outs of those offices, and the office moves are planned for sustainability.

We have invested in our digital collaboration platform and introduced 'Smart Working' to allow our colleagues to work from home. This was thoroughly tested during COVID-19 lockdowns. We also increased investment in digital storage back-up ensuring that there are backup options and locations for cloud-based services.

We consider long-term planning of potential changes when considering location strategy. The geographical spread of our offices, colleagues and customer base limits the physical risk.

ESG, including climate, is embedded within our Responsible Investment strategy to reduce risk and maximise opportunities related to our investments.

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

In addition, we are also actively looking to reduce our operational impact on the environment by:

- We look forward to moving into our new sustainable, refurbished offices in 2022. This will help to further reduce our operational carbon footprint. The newly refurbished London office will save 6,660 tonnes of CO_2 over its lifetime, compared with a new building, the equivalent to the carbon footprint of over 1,200 people in the UK
- Green energy - where we procure energy directly, we aim to ensure that all energy is from renewable sources supported by Renewable Energy Guarantees of Origin (REGO). Where energy is supplied by our lessors, we will work with them to influence their sustainable selection of energy suppliers
- Reducing energy usage by switching to LED lighting and adopting sensor technology
- Reducing paper usage, printing and storage by implementing a Document Management Scheme (DMS).

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

Transition risk

Policy and legal

The CRC are supported by colleagues with responsibility to keep abreast of developments related to climate and ESG through training and development, engagement on panel discussions and research. As part of our ESG integration, we continue to ensure our investment managers, sector specialists and research analysts are trained on ESG areas, and this will be extended to all colleagues in the years ahead. SRIG, the RI Regulatory Specialist and the SRI team in particular monitor the responsible investment regulatory changes and update training requirements.

SRIG and SRI, supported by Sector specialists, are fundamental for fulfilling our duty as responsible investors to ensure that ESG objectives are given due consideration. Sector specialists conduct in-depth research and consider the most important ESG factors (typically the most significant 3 to 5) for the sector in which the company operates. The specialists also evaluate the short (2-3 years), medium (4-6 years) and long-term (7+ years) impact of ESG factors on performance.

Technology

Last year, Evelyn Partners introduced a new investment management and custody and settlement technology system. This will enable us to integrate client sustainability preferences within portfolios in the years to come.

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

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

Market

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

We offer Sustainable Managed Portfolio Services and Sustainable Evelyn Active Portfolios (EAP) funds. The Sustainable EAP funds are classified as Article 8 products under the EU Securities Finance Disclosure Regulation (SDFR). The Sustainable Cautious EAP fund was crowned the Best ESG Investment Strategy in 2021 in the City of London Wealth Management Awards.

We have supported and enabled clients to adapt to paperless reporting ad enhanced the content available on our secure online client portals. Where we have obtained client permission, we communicate electronically. Our Responsible Investment publications can be found on our website and are regularly communicated to our clients. Additionally, we aim to improve the knowledge base of our clients, through the production and communication of responsible investing articles and thought pieces, as well as hosting regular conferences and webinars.

Reputation

As signatories to the UN PRI and supporters of the UK Stewardship code, the Group have incorporated ESG factors alongside traditional financial metrics into our responsible investment processes. Our obligations as signatories and supporters frame the Group's investment process, policies, and procedures to help manage conflicts of interest, pursue an active voting policy and monitor companies in which we invest. Our Responsible Investment policy is reviewed on an annual basis and can be found on our website. ESG factors and active ownership are now integrated in the Group's investment process.

Scenario analysis

It is important that we are aware of the climate impacts associated with our corporate operations and that consideration of ESG, including carbon-emissions and climate, is embedded within our corporate operations and investment processes.

The risk from transitional developments was explored in the ESG Scenario Analysis which was carried out during the year.

Two scenarios were considered that centred on the failure to accurately deliver regulatory requirements:

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

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

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

Climate change was assessed as a key risk category at Group entity level. The potential exposure to climate risk has been split into two elements, both previously used by the FCA:

- **Physical** – the risk of climate change affecting the Group's operations.
  - Consideration has been given to extreme weather events and flooding of the Group's offices. Experience from the last year has shown the Group is able to transition to a working from home and establish business as usual functionality in an operational resilience scenario.
  - The key dependency is assessed to be on the availability of national infrastructure facilitating working from home.
- **Transitional** – the risk to the Group as it moves to new ESG focused regulatory requirements.
  - The risk from transitional developments was explored in the ESG Scenario Analysis shown below which was carried out this year. The first two scenarios centre on the failure to accurately deliver regulatory requirements. The time horizon for these events is set beyond any new TCFD regulations that are introduced.
  - The final scenario is based upon a significant change in climate which causes a market drop of 40%, this is a BOE stress testing scenario.

Likelihood	Scenario Detail	Assessed Financial Impact
Best Case (1 in 10)	A failure in Trust and Tools of the Group to correctly monitor and manage a client's portfolio in line with their ESG requirements. This leads to litigation and a single issue at the Financial Ombudsman Service (FOS)	£0.1m
Median Case (1 in 50)	A stressed version of scenario 1 where the Group is assessed as being in breach of all three themes. Transparency, Trust and Tools with a systemic failure of ESG requirements. FCA fine due to the failings.	£18.8m
Worst Case (1 in 200)	A 2-4˚C rise in temperature which leads to a 40% drop in markets.	£38.1m

Climate change scenarios show impact on group operations. We are starting a project to look at climate risks for clients through scenario analysis.

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

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

From a bottom-up perspective, our analysts identify the top 3-5 material ESG impacts for each sector and use this to inform investment decision making. Where this reflects market-wide or systemic risks to certain sectors, this is considered and impacts investment recommendations. Performance of all recommendations is regularly monitored and reviewed over multiple time periods through the IPC governance structures previously described.

Principle Adverse Impacts

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

The regulation defines:

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

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

Investment process – integration of ESG risks Our central investment strategy identifies short (0-1 year), medium (1-5 years) and long-term risks (5-10 years), including those posed by structural trends, such as climate change and digital conversion, together with the concerns about interest rates, inflation, growth and geo-political risks. This informs the asset allocation process and top-down sectoral recommendations to investment managers.

From a bottom-up perspective, our analysts identify the top 3-5 material ESG impacts for each sector and use this to inform the investment decision making. Where this reflects market-wide or systemic risks to certain sectors, this is considered and impacts investment recommendations. Performance of all recommendations is regularly monitored and reviewed over multiple time periods through the IPC governance structures.

Our investment managers and investment analysts have regular engagements with the companies in which our clients invest. Regular informal communication and more formal discussions, including discussions about ESG factors relevant to each company, plus use of research tools, helps us to manage and reduce risk.

Our proxy voting advisors provides us with third-party research that complements our in-house function. The issues that our advisors provide are shared with investment teams. We are transparent in our voting and attempt to engage with the company before voting against a resolution so that we may understand the background to the resolution. Research, engagement and transparency help to reduce risk.

Our policies and controls are designed to reduce risk and are regularly reviewed.

We continue to develop our colleagues' understanding of ESG factors and climate-risk. Our colleagues are key to help us identify, manage and monitor the risks and opportunities that face the companies in which we invest and within our own corporate operations.

Given the significant impact that climate change represents, we are committed to playing a positive role in the transition to a Net Zero economy. This will involve increasing our exposure to businesses aiding or benefiting from the transition to a Net Zero economy, while also decreasing our exposure to high-carbon businesses with no transition plans in place to align with the Paris Agreement.

Direct Equity Investments

Evelyn Partners receives ESG data from MSCI on all securities in the MSCI ACWI and the MSCI UK IMI indices covering the below risk factors:

Environment	Social	Governance
Electronic Waste	Chemical Safety	Corporate Governance (including Ownership & and Control, Board, Pay and Accounting)
Financing Environmental Impact	Controversial Sourcing	Corporate Behaviour (including Business Ethics and Tax Transparency)
Packaging Materials & Waste	Consumer Financial Protection	
Product Carbon Footprint	Health & Safety	
Raw Material Sourcing	Human Capital Development	
Toxic Emissions & Waste	Labour Management	
Water Stress	Privacy & Data Security	
Opportunities in Clean Tech	Product Safety & Quality	
Opportunities in Green Building	Supply-Chain Labour Standards	
Opportunities in Renewable Energy	Responsible Investment	
	Community Relations	
	Insuring Health & Demographic Risk	
	Access to Communications	
	Access to Finance	
	Access to Health Care	
	Opportunities in Nutrition & Health	

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

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

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

Evelyn Partners assumes that the principal adverse impact on sustainability factors are equal to the top material ESG risks for each sector. This is based on our current interpretation of the regulation and the availability and quality of ESG risk data. We will continue to adapt our policy and related disclosures as industry best practice evolves.

The PAIs per sector are reported to the Stewardship & Responsible Investment Group (SRIG) on a quarterly basis for consideration in the firm's investment process (overseen by Evelyn Partners' Investment Process Committee).

Collectives

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

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

- Industry bodies: Ideally the investment firm/ company should be a signatory to the UN Principles for Responsible Investment (PRI) and/or the UK Stewardship Code, or another equivalent body.
- Investment policy: A fund's investment policy should incorporate the principles of the UN PRI and/ or the UK Stewardship Code in their approach to responsible investment.

- Investment process: The fund manager should be able to describe how ESG is integrated into the investment process.
- ESG resource: Training should be available to all investment professionals. Additional note will be taken where there is dedicated resource and/or external ESG data providers.
- Stewardship: Voting and engagement policies will ideally cover ESG issues.
- Principal adverse impacts: The investment firm/company should consider and disclose the PAIs of their investments.

Clients

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

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

- Knowledge and experience
- Financial situation
- Investment objectives

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

Industry groups

Evelyn Partners are involved in several industry groups that allow us to engage and inform on promoting a well-functioning financial system, including:

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

Collaborative engagement platforms

Additionally, we are a member of various collaborative engagement platforms, as well as the UN PRI, with the UK Investor Forum being an important example, given the body's renewed focus on promoting well-functioning markets.

In response to principle 4 of the 2020 Stewardship Code, the Investor Forum, has established "promoting well-functioning markets" as an additional field of work. They initiated a number of projects which combine our practical focus, the team's extensive experience and the support of members, to identify and promote improved practice. A collaborative effort to address systemic issues can be very effective, provided there is a clarity of objective for any given initiative.

CASE STUDY:

We attended a Four O'Clock forum hosted by The Investor Forum to discuss moving towards a more ambitious decarbonisation pathway and the role of companies and investors. The speaker was Chris Stark , CEO, Climate Change Committee. He discussed the need for Net Zero ambitions to be a fundamental part of corporate strategy given the pace of disruption and large-scale investment opportunities. He emphasized the important role investors play in working with companies to meet these ambitions. There was also discussion around the scale of transition, the key role of business as drivers of change.

Principle 5

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

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

Policies

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

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

Specific detailed policies covering stewardship include:

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

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

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

Responsible Investment Policy

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

Investment objectives

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

Governance

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

Active ownership and engagement

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

Voting Policy

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

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

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

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

SRD II Engagement Policy

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

Investee companies are monitored on:

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

Evelyn Partners were compliant with SRD II for discretionary clients in 2018 and became compliant for non-discretionary clients in 2020 and our policies were updated accordingly.

Sustainability Disclosure Policy

This is mandated by the EU Sustainable Finance Disclosure Regulation (EU 2019/2088) which was adopted as a Level 1 requirement as at 10 March 2021 for our Dublin based operations, but applies across the whole group. Level 2 RTS rules are subject to further consultation and are awaiting finalisation, adoption and integration with EU environmental taxonomy requirements later in the year. The expectation is that the UK will adopt broadly equivalent regulations.

The requirements at Level 1 broadly track existing Evelyn Partners policies (we have already integrated ESG and sustainability risks into our investment process as responsible investors), but detailed Level 2 EU requirements proposed by the EU regulators represents a significant step up in reporting with regards to PAIs (Principal Adverse Indicators) and for prescriptive disclosures required for any Article 8 and 9 products (i.e. those that promote ESG characteristics or have sustainable investment as their objectives).

Monitoring Effectiveness:

Corporate Responsibility Committee (CRC) → Investment Process Committee (IPC) → Stewardship & Responsible Investment Group (SRIG)

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

To ensure all stewardship and responsible investment activities are monitored effectively, we have various committees to oversee the processes. Stewardship is embedded into each committee who also have a member of the risk team attend.

Reporting

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

Assurance

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

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

Element	Basis of evaluation
Stewardship Framework / Report	High level review and assessment of the design of the Stewardship Report. Specifically our assessment will cover the firms approach to: Purpose and Governance (Principles 1-5); Investment Approach (Principles 6-8); Engagement (Principles 9-11); and Exercising rights and Responsibilities (Principle 12).
Processes and Controls	Undertake sample testing of Evelyn Partners' stewardship processes and controls listed within the "Stewardship Report" to evaluate the operational effectiveness and adherence to the Code. Specific focus will be on the policies and controls around: Principle 1 – how stewardship affects decision making Principle 2 - how the governance process supports stewardship activities Principle 4 – how Evelyn Partners consider market wide and systemic risks Principle 5 – how Evelyn Partners maintain their stewardship policies and procedures Principle 7 – how ESG factors are considered in the investment approach Principle 8 – how Evelyn Partners monitors external managers and key third parties Principle 9 – how Evelyn Partners engage with investee companies Principle 10 – how Evelyn Partners collaborate to influence investment decisions Principle 11 – how escalations are undertaken Principle 12 – how voting is performed

We are planning an internal Audit of our Responsible Investing in relation to the integration of environmental, social and governance (ESG considerations). This Audit will focus on: -

- Resourcing and capacity constraints
- Integration and embeddedness of responsible investing policies, processes and procedures
- Governance of SFDR project
- Data constraints
- Committee structures and reporting framework
- Proxy voting policy and process
- RI training

The findings of these audits will be monitored by SRIG who meet monthly, and any findings will be actioned as part of our RI Strategy group who also meet monthly. Our Strategic RI Framework will ensure any recommendations from the audit are also actioned.

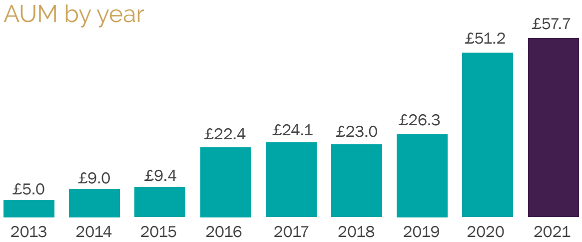
Over the next year we are looking to add a climate section into all of our Responsible Investment policies. We have begun thinking about custom thematic policies relating to climate change and ESG. We are also considering our materiality threshold and non-voting countries. We will also be launching an ESG policy across the whole group.

Principle 6

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

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

AUM by year



Client Portfolios

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

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

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

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

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

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

Reporting

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

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

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

Regarding sustainability, clients can receive ad-hoc reports on the ESG rating of their portfolio and underlying holdings, carbon reports and positive impact reports. These can be used to assess ongoing activities to adjust the overall sustainability of portfolios, as well as the success of these activities. We have found that these reports often need significant explanation and careful caveating. Extensive training has been organised with investment managers on how to run and talk to clients about these reports. Going forward we plan to arrange recorded training sessions with MSCI which will be made available internally to all those that use these reports.

Additionally, we aim to improve the knowledge base of our clients, through the production of responsible investing articles, which can be found on our website, and thought pieces, as well as regular conferences and webinars including our trustee training and responsible investment conferences.

In September we had our annual Charity Conference, with a focus on cashflow, risk, responsible investing and the implications of the coronavirus pandemic.

We also held our second Responsible Investment Conference in November 2021. This was live from COP 26. It was run by our lead ESG expert alongside a host of internal and external speakers. The conference focused on COP 26, environmental markets and upcoming opportunities, the challenges and opportunities of investing sustainably through funds and social impact investing.

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

Looking to the year ahead, we are planning on running more focused training sessions with our external providers. We are looking to create a suite of resources that can be made available internally, alongside our annual charity and responsible investment conferences.

We are also planning on submitting our first round of reporting to CDP in 2022 – we hope to be able to report on our submission in our next Stewardship Code report.

For the legacy Smith & Williamson entity the UN PRI report is also published on our website.

Principle 7

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

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

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

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

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

As long-term investors we have always considered the sustainability of the companies we invest in and incorporating ESG factors and screening into our analysis is a continuation of this process. Responsible investment requires a robust, nuanced but repeatable process. The goal is to integrate ESG factors and practise active ownership in a way that enhances the existing investment process and improve long-term outcomes for clients. The integration of ESG factors is done at the analyst level and feeds into recommendations for direct and collective investments and informs our voting and engagement activities.

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

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

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

Direct

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

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

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

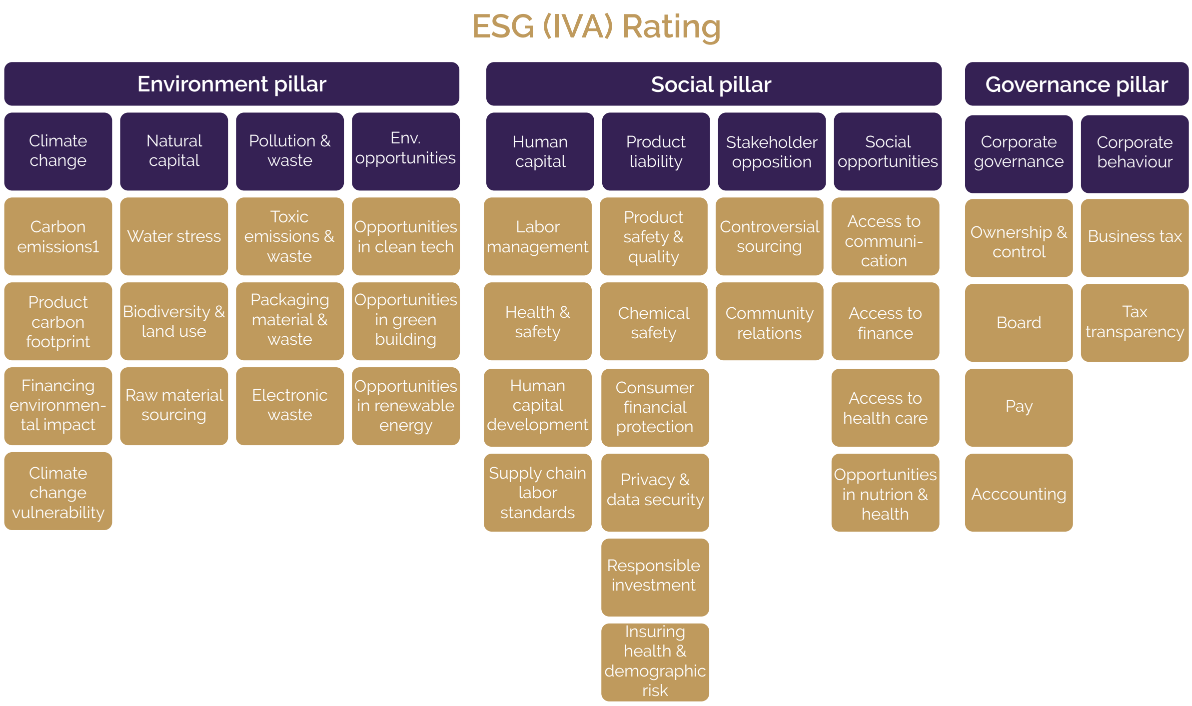
We are trying to make the best decisions that we can on each holding but recognise that our resources have limits. We therefore prioritise these material factors for each company and sector rather than focus on the same specific issues across all sectors. Put another way, the issues we care most about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

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

Concurrently with the assessment of the MSCI ESG score, analysts must also list the most material ESG factors for the sector. These must be addressed specifically, with sector specialists evaluating the short, medium and long term impact on performance of these factors.

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

Current ESG Hierarchy



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

The data is refreshed every quarter to ensure the relevant factors are being monitored. These factors form part of the recommendation process. Where an ESG factor impacts the investment case of a stock, this feeds into the overall stock recommendation.

These also form some of the key areas of engagement when analysts speak to company management, where analysts can further interrogate the materiality of these issues for the individual company and analyse their responses and targets.

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

Indirect

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

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

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

Any fund can be eligible for the Green Tick mark where ESG considerations are well embedded into the investment process and/or show a robust commitment to positive inclusion.

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

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

The results of this due diligence are shared with the fund management teams where we believe that the disclosures or processes require improvement. Previously, we have been chiefly focusing on whether the fund is a signatory to the UN PRI and Stewardship Code, as these bodies require a certain level on ESG integration and stewardship.

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

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

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

- markets, sectors and themes, especially for smaller investment sums
- investment styles and approaches to seeking alpha
- best-of-breed fund managers

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

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

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

Active Ownership

Active ownership is done at a firm level, directed by the SRI team. We receive recommendations from Glass Lewis, our proxy voting provider, but enforce our own policy that is built from our experience and engagement with the companies, as well as the expertise of our investment analysts and managers. All proposals to abstain or vote against a resolution are reviewed and signed by three members of the Stewardship & Responsible Investment Group. Where the company in question is AIM listed or an investment trust, we include our AIM and investment trust specialists as one of the signatories. Recommendations are also reviewed by the responsible analyst as well as the material holders. Our approach can be found in our Voting and Engagement policies.

In order to prioritise engagements and resources in the most effective way, we have selected only two collaborative engagement platforms to work with. Each of these addresses key issues that are a priority:

- The Investor Forum
- Climate Action 100+

After careful consideration we have decided to join Find it, Fix it, Prevent it, enabling us to focus on engaging on social issues, as our previous engagements have mainly focused on environmental and governance factors. Find it, Fix it, Prevent it is a collaborative initiative that is being run by CCLA focusing on modern slavery.

Teams and resource

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

We also have investment managers that are ESG specialists that are embedded as part of the investment management teams. They provide support to the wider front office with ESG integration, thematic investing and client communication. We also provide further ESG training for all our investment professionals, to ensure a consistent level of knowledge and understanding. We use MSCI ESG Manager as the main external source of ESG and ethical screening services for both direct investments and funds. We also make use of Morningstar /Sustainalytics (via Glass Lewis) and data available from Bloomberg and Refinitiv. Our sell-side relationships increasingly add valuable ESG insight through their work. Our in-house sector specialists conduct in-depth research into UK and overseas equities by holding meetings with companies' management each year as well as undertaking media and other desk based research.

At Evelyn Partners we believe that voting plays an integral role in active engagement and support our clients' right to vote. We use Glass Lewis to provide voting research which we incorporate into our voting policy. Using active ownership, including voting, to encourage firms to improve their ESG reporting and strategic thinking ensures all relevant factors are properly considered when assessing risk and reward.

Remuneration

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

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

Oversight

Oversight and steering of this process is led by our Investment Process Committee and managed by the Stewardship & Responsible Investment Group (SRIG), the Direct Investment Group (DIG) and the Collective Investment Group (CIG).

CASE STUDY:

Following some press activity with the independent valuer of Round Hill's portfolio and a 3.8% decline in NAV of the C shares in Q1, our analysts met with Josh Gruss, CEO of Round Hill. The purpose of the meeting was to clarify the cause of this decline and receive some colour surrounding the independent valuer, Massarsky. The meeting with the CEO left our analysts with very little confidence in the management (raising numerous red flags from a governance point of view), valuer, vehicle's financial position and the specific risks of the industry. As a result of the risks and uncertainty our analysts downgraded Round Hill to negative.

Principle 8

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

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

Internal Governance Arrangements for outsourced service providers

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

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

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

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

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

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

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

The Board of Directors has delegated authority to the Group Risk & Compliance Committee ("GRCC") for monitoring the effectiveness of Evelyn Partners' outsourcing framework.

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

Critical or important functions

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

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

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

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

Risk assessment

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

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

- Concentration risks, from multiple outsourcing to the same or related service provider.
- The level of cyber risk posed by the potential outsourced arrangement.
- The level of bribery risk posed by the potential outsourced provider.
- The level of tax evasion risk posed by the potential outsourced provider.

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

Due diligence

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

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

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

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

The implementation, monitoring and management of outsourcing arrangements

We consider the service providers to be an essential part of our investment process.

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

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

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

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

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

Service providers

MSCI

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

We also have regular meetings with MSCI to discuss any issues we are having with the system, developing requirements and to gain better understanding of methodology. Investment managers and clients often request clarification on figures displayed where the numbers seem inconsistent. We often ask MSCI to provide clarification on the methodology used in their products. This enables us to better monitor the research we receive from them.

We also flagged intermittent issues with accessing their platform. We have worked with MSCI to ensure our monitored universe has adequate fund coverage. MSCI worked with us to identify the reasons behind the lack of coverage and improve the data available. In order to get ESG fund data available on MSCI, we undertook a project to identify the funds which were not covered by MSCI. For those funds, we then wrote to each investment manager to ask them to share their fund holdings to Lipper so the data would become available in MSCI. While this project is ongoing, we have already seen a significant increase in coverage.

We have also been in discussion with MSCI regarding unmonitored asset types, such as infrastructure and private assets, and continue to work towards finding a solution.

Over the next year, in conjunction with MSCI we plan to run various training sessions that will focus on how to run and understand the various reports that are available to us (ESG and Carbon reports), how to leverage specific data from ESG Manager, along with sector specific presentations run by MSCI specialists.

Glass Lewis

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

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

We routinely monitor Glass Lewis recommendations in the event that any contradictions occur, discussing company feedback on recommendations or differences with our policies and checking for updates on recommendations prior to voting. Any vote where they have recommended that we abstain or vote against, is reviewed by a minimum of the sector specialist, a member of SRIG and a senior member of SRI, as well as any material holders in-house. Where the company is AIM listed, or a close-ended fund, the AIM and investment trust specialists are included.

Broadridge

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

We worked with Broadridge to develop our SRD II solution. We upgraded to Broadridge's enhanced end-to-end Global Proxy solution to fulfil our new responsibilities under SRD II. This included the distribution of meeting agendas within stricter timeframes, reconciling votes on a daily basis and processing votes "without delay." It also handled all aspects of vote confirmation, including timely electronic confirmation back to shareholders.

We regularly meet with Broadridge to discuss our ongoing requirements and any additional system developments.

Third party funds

All asset managers for our monitored collective funds are assessed regularly, with a minimum of one meeting a year with management to discuss the portfolio, market changes, management, performance, responsible investment and stewardship. Where a fund falls short in any of these areas, analysts review the fund for a rating downgrade or a removal from coverage. Any change of rating or coverage is communicated with the asset manager and will include suggestions for improvement.

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

The following factors reflect due diligence queries for all collectives:

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

CASE STUDY:

We have been using Glass Lewis' proxy voting services for the last 3 years. Over that time, we have put more pressure on their systems for our various reporting requirements. We found that these additional pressures caused issues with their reporting tools, resulting in delays in us getting certain data sets.

We have worked tirelessly with Glass Lewis over this time, over which they have made various system upgrades enabling us to leverage the data that we need. Through our regular meetings with Glass Lewis we were able to share our concerns and work on finding a solution.

Principle 9

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

As a responsible investor and as a signatory to the United Nations Principles for Responsible Investment (UN PRI), Evelyn Partners are committed to ensuring that we monitor and engage with investee companies on behalf of our clients. We are committed to improving the transparency of our reporting with the aim of enhancing and demonstrating value for our clients. As noted within our responses to Principle 1 and Principle 6 we are long term investors, with the majority of clients receiving a bespoke service that allows them to exclude stocks and sectors or tilt portfolios to desired outcomes. We are active stock pickers so meeting and engaging with companies is a normal part of what we do. Many of our clients are tax constrained which means that active engagement becomes even more important as divestment would be especially expensive. We meet and report to each client regularly to keep them informed and to make sure we know when their circumstance or constraints change.

We monitor investee companies on relevant matters including:

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

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

Collaborations

We choose to take part in larger collaborative engagements through memberships with collaborative engagement platforms Investor Forum and Climate Action 100+. Through these memberships we are able engage more meaningfully with larger issuers where we represent a small shareholder minority. Examples of relevant collaborative engagements can be found under Principle 10. We are also in the process of signing up to the Find it, Fix it, Prevent it modern slavery collaborative initiative which is being coordinated by CCLA.

Identifying engagement opportunities

Both the Direct Investment Group (DIG) and the Collective Investment Group (CIG) set engagement targets for analysts in their area. Weekly sector specialist meetings take place where each sector is analysed and key material factors are flagged. Engagement priorities are discussed in this process, principally based on whether we think they are detrimental to the long term valuation of the business. These engagements are led by the SRI team and overseen by the Stewardship & Responsible Investment Group (SRIG).

For direct holdings, 84 sector specialists conduct in-depth research into UK and overseas equities by holding various meetings throughout the year, as well as undertaking media and other desk-based research.

Collective analysts currently cover around 650 funds across 15 sectors , including open ended funds, investment trusts and offshore specific funds. The analysts regularly meet with fund managers and closely monitor the performance of covered funds. This includes an annual review of the fund managers' own Responsible Investment policies including Stewardship Code and their UN PRI submissions where applicable.

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

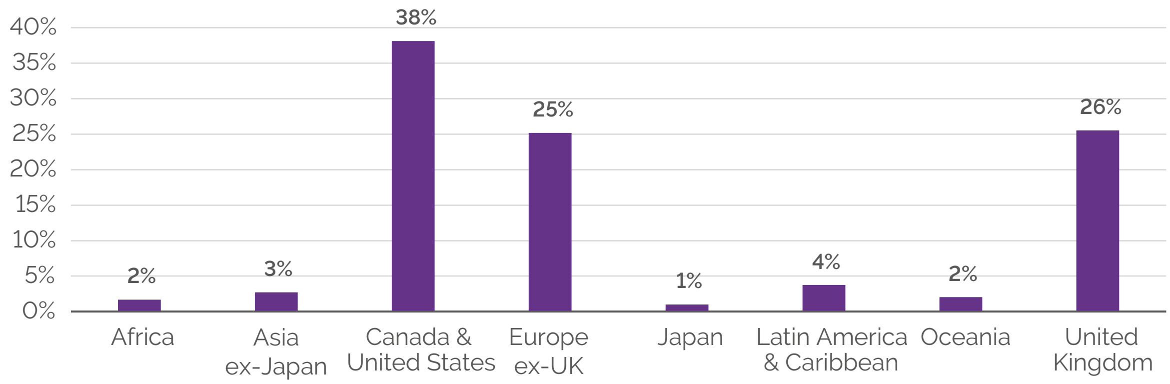
Where we have concerns about the performance or strategy of an investee company or fund, or where we have reason to believe that our clients' rights as shareholders are being compromised in any way, we will, in appropriate circumstances, escalate our involvement with investee companies or the relevant fund manager. Whilst we do not believe in the micromanagement of management teams, in some cases we feel that it is necessary. This could include issues with board independence or remuneration. In cases such as these we would open a dialogue and write to the company/fund manager or meet directly with management to express our concerns. In some circumstances we would be willing to act collaboratively.

Engagement following Proxy Voting:

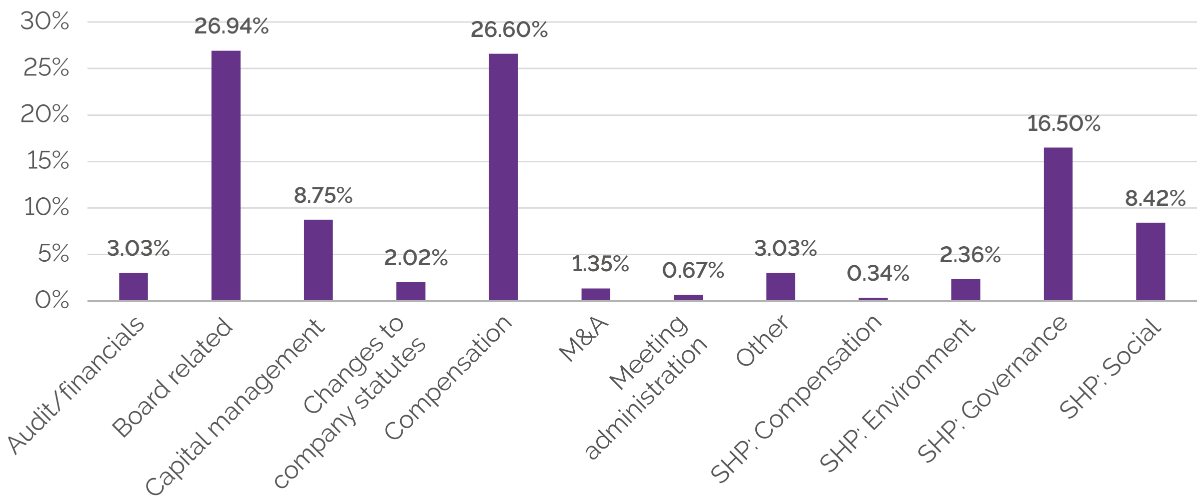
In cases where we deem it necessary, and where our Stewardship & Responsible Investment Group agree, we will abstain or vote against management resolutions. Where we abstain or vote against management resolutions, we always write to the Chair of the Board to explain our reasons. If a satisfactory response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

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

Proxy voting engagement by region



Proxy voting engagement by theme



Source: Glass Lewis

CASE STUDY

PepsiCo

We decided to vote for a shareholder proposal regarding the right to call special meetings at the AGM on 5 May 2021. We supported the same shareholder proposal the year before.

The board has in place rules allowing for certain corporate governance best practices, such as a declassified board structure, majority voting for director elections, proxy access, and no poison pill. However, to call a special meeting, shareholders controlling 20% of outstanding shares are required. Given the company's size and shareholder base, we believed that a 10% threshold was more appropriate and more typical. Moreover, we believed that the Company could reasonably interpret and implement this proposal within the boundaries of applicable securities laws.

We wrote to PepsiCo's Chairman, Mr Laguarta, to inform him of our reservations. After the AGM we were offered a meeting with the Senior Vice President of Corporate Law at PepsiCo and the Senior Counsel of Corporate Governance at PepsiCo on 6 October 2021.

They told us that the Company was reluctant to reduce the threshold to 10% because of the costs PepsiCo would incur to contact all the shareholders by mail should a special meeting be requested by shareholders.

We acknowledged their concerns, particularly given the retail heavy nature of the shareholder base but we reiterated our concern that, with a 20% threshold, PepsiCo was not following best practice and given the size of the company, we would expect it to lead by example on corporate governance.

Principle 10

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

We choose to take part in larger collaborative engagements through memberships with collaborative engagement platforms such as Investor Forum and Climate Action 100 to amplify the impact we can make. Through these memberships we are able to address various ESG topics and wider themes that we consider important, as well as to learn from industry peers. We have learnt that engaging in this way has not only enabled us to better hold boards to account but also attend various engagement meetings where companies are proactive and engage before making decisions.

THE INVESTOR FORUM

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

1. Principles:

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

2. Prospect of support

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

3. Safe and secure

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

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

Engagement Participation in 2021
In each full engagement

5 to 20	12% to 22%	36	86
Range of Participants	Market Cap of Company Represented	Investors Involved	Bilateral Conversations Taken Place

Source: the Investor Forum

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

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

CASE STUDY: HSBC:

Introduction:

HSBC approached the Investor Forum to help inform its response to a shareholder resolution and to facilitate an investor meeting to discuss the banks' new climate commitments.

Objective:

To negotiate a single AGM resolution regarding the action on net zero targets. The engagement would focus on coal financing policy, client transition, and reporting and consideration on a 'say on climate'.

There was a meeting with the Chair, CEO and climate experts and a letter was written to the Board. This placed on record the important need for HSBC to make significant climate commitments, and to encourage an effective response to the shareholder resolution.

Outcome:

The principles of this engagement were welcomed by the Board and HSBC responded positively to the shareholder resolution.

We believe that this is an example of a successful engagement. We will continue to monitor and if necessary, we will engage further in the future.

CASE STUDY: INFORMA

Introduction:

After a discussion with the Investor Forum, a decision was taken to engage with Informa in two phases.

Phase 1: To address Chair succession - In January 2020, the Board announced that the long tenured Chair would step down but suspended the succession process in March 2020.

Phase 2: To address Board refreshment and long-standing remuneration concerns - Chair succession in June 2021 provided an opportunity to engage on Board refreshment and shareholder relations.

Objective:

The objective of the first phase was to address Chair succession and following the 2019 AGM vote, the need for the new Chair to oversee the remuneration policy consultation.

The objective of the second phase was to discuss the forthcoming remuneration consultation, in particular, investor support for Board refreshment and expectation to improve the effectiveness of Board engagement across the institutional shareholder base.

Phase 1 : this included a letter to the senior independent director expressing the above concerns. We were given assurances on Chair succession, remuneration policy and their commitment to publicly updating the market.

Phase 2: a further letter was written to the Chair outlining the concerns mentioned previously which lead to a meeting with the Chair and various with Investor Relations to discuss Board refreshment and any Non Executive Director (NED) appointments.

Outcome:

Phase 1: whilst shareholders remained supportive of the company, we felt an expression of concern regarding the succession timetable and the remuneration policy was important. Following the announcement of the new Chair, the engagement was paused to facilitate meetings with the new Chair.

Phase 2: following significant votes against resolutions on remuneration a the 2021 AGM, the new Chair delivered on his commitment to refresh the board with the appointment of three new NEDs. We saw the Board commit to strengthen its communication with Shareholders with the hope of leading to a wider consensus on remuneration.

We will continue to monitor developments and will follow up n 2022.

CASE STUDY: KINGSPAN

Introduction:

Following on from the Grenfell Tower inquiry which focused the Group board's oversight of subsidiary companies, the culture within a certain division and the industry's licence to operate, concerns were raised.

Objective:

To gain insight into the company's perspective on recent news and to evaluate the actions being considered. Looking to engage on Board oversight of subsidiaries, culture and remuneration as well as implementing recommendations of a Board commissioned independent review.

The Investor Forum arranged two group meetings with one with the CFO and one with the Senior Independent Director and Chair of the Audit and Compliance Committee. A series of collective letters ensured that the non-executives were aware of investor concerns and escalated the request for the Board to be more accessible to investors.

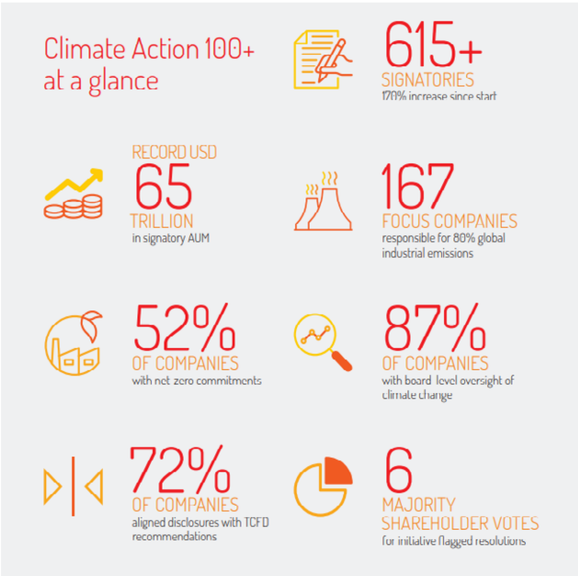
Outcome:

A dialogue was established with the Board and non-executive directors. Whilst cautious regarding the ongoing enquiry, a framework to assess whether the company could rebuild trust prior to the 2021 AGM was formed. Commitment to ongoing dialogue between the Board and shareholders was established. Action has been taken to address concerns following on from the Grenfell Tower Inquiry regarding the effectiveness of the actions taken, further evaluation will continue going forward. Implementation of the improvement plan will continue to be monitored along with developments of the inquiry and any further implications for Kingspan.

Climate Action 100+

Climate Action 100 is the largest investor engagement initiative on climate change. With 70 new investors joining in 2021, Climate Action 100+ now has more than 615 signatories responsible for a record USD 65 trillion in assets under management. This represents an increase of 170% in investor participation since the initiative launched in 2017.

Through CA 100+ we are engaging with 167 of the world's biggest listed corporate emitters and driving faster corporate climate action in line with the global goal of reaching net-zero emissions by 2050 or sooner.



CASE STUDY: WALMART

We continue our involvement in the engagement group with Walmart.

A meeting with the group was held to discuss letters that were previously sent to Walmart surrounding their 2040 Net Zero goal and their ambition to become a regenerative company. We informed them of the Climate Action 100 Company Benchmark and discussed with them that they would be publicly scored. We urged them to continue building on their science-based targets and their net zero emissions commitments. We also asked them to disclose their decarbonisation strategy, to strengthen their TCFD scenario analysis by incorporating transition risks and asked them to take a more granular approach to physical risk assessment.

The group requested a meeting with Walmart's lead independent director to better understand their climate objectives and will continue to prepare for the meeting which has been scheduled for early 2022.

We also attended Walmart's webinar on their climate strategy which has given us much to discuss in the upcoming meeting.

As this is an ongoing engagement, we will provide a further update in 2022.

Find it, Fix it, Prevent it

We look at Find it, Fix it, Prevent it as an opportunity to begin engaging more in the social space as we are aware that the engagements that we are currently involved in are either climate or governance related.

Find It, Fix It, Prevent It is an investor led, multi-stakeholder project designed to harness the power of the investment community to increase the effectiveness of corporate actions against modern slavery, which is run by investment firm CCLA. We became members to the initiative in September 2020,

Modern slavery is the process of holding a person in a forced service. The most recent estimates from the International Labour Organisation is that 40 million people in the world are in a position of forced labour.

The COVID 19 pandemic has highlighted that it is at times of crises that the victims of modern slavery are at greatest risk of exploitation and vulnerability to enslavement, whilst government response efforts are most hampered.

For the period that this report covers, we were not involved in any ongoing engagements, however looking to 2022, we are hoping to take on a lead role in at least one engagement and supporting at least one other.

Principle 11

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

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

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

As explained previously, we systematically vote on all discretionary holdings held by EPIM which are held by our charity and not-for-profit clients, any situation all holdings above our materiality threshold, and all monitored holdings in AIM companies. This currently amounts to around 750 UK and international companies. This includes investment trust funds listed on the UK market to which we apply the same principles and approach.

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

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

In 2021, we engaged with 140 companies on their resolutions. We are looking at 10 to decide if further action is necessary.

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

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

Escalation in the time period was generally limited to equities as this asset class was easier to escalate in the UK, our main investment geography, and then the USA. Collaborative opportunities are greater too in these two countries, but also provide the best opportunity for a relatively small minority shareholder to exert influence. We are looking to extend collaborative engagement to other geographical regions in the future. Further examples of escalation and outcomes can be seen earlier in this document including under Principle 9 and 10.

Principle 12

Signatories actively exercise their rights and responsibilities..

Our voting process focuses on all discretionary holdings held by EPIM which are held by our charity and not-for-profit clients, any situation where our materiality threshold is met and all 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 first tranche of legacy Tilney assets transferring to in-house custody. This was around 3,000 accounts, and approximately £3 billion in assets. Significant additional transfers are planned for 2022.

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

Our Voting Policy focuses on issues such as:

Leadership

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

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

Effectiveness

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

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

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

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

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

Accountability

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

The board should establish a formal and transparent process to review the company's corporate reporting, risk management and internal control principles.

A director's history is often indicative of future conduct and as such we typically vote against directors who have served on boards or as executives of companies with a track record of poor performance, over-remuneration, audit or accounting-related issues and/or other indicators of mismanagement, poor oversight or actions against the interests of shareholders.

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

Remuneration

We believe executive remuneration should be linked directly with the performance of the business that the executive is charged with managing. The policy should provide clear disclosure of an appropriate framework for managing executive remuneration. We expect remuneration policy to comply with best practice. When a company's executive remuneration policy deviates from these guidelines, we expect a clear and compelling rationale for why the proposed structure or practice is appropriate for the company. If the company has failed to sufficiently disclose the terms of its policy, we may vote against the proposal solely on this basis.

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

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

Performance

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

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

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

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

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

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

Monitoring

Every night, Evelyn Partners sends the list of companies that it has voting rights for to Broadridge and Broadridge sends ballots to Glass Lewis based on that process. Evelyn Partners sends the positions and Broadridge creates the ballots and sends accordingly to Glass Lewis.

Broadridge relies on Evelyn Partners to report the correct share positions, but if it is notified of an 'overvote' or mismatch, then it queries that with Evelyn Partners and we would investigate at our end. Glass Lewis monitors as part of its standard operating procedure for incoming and outgoing ballots, to ensure they are processed via the automated feed to Broadridge.

Fixed Interest

For fixed income assets we have found that the instruments we invest in and the size of our investments has limited our ability to influence terms and conditions in contracts. We are not shown terms prior to issue and deal though secondary markets. We are constantly looking for ways to improve and develop our processes which our Fixed Income Group are monitoring at their regular meetings.

Stock Lending

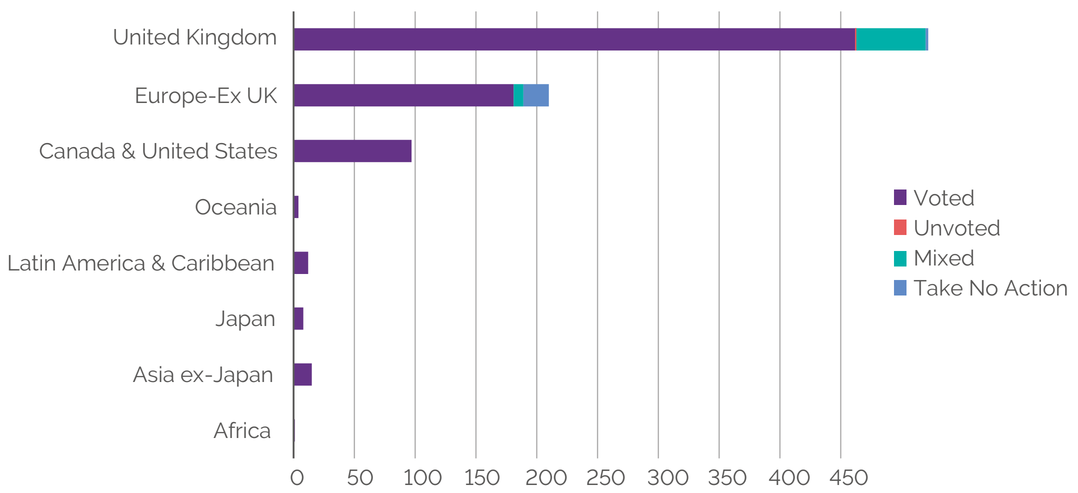
We don't lend stock as we do not see this activity as being consistent with our fiduciary duties and we do not have the regulatory permissions to do so.

On over 50 occasions our view differed from that of Glass Lewis, mainly on board related issues. Our in-house sector specialists conduct in-depth research by holding meetings with companies' management each year. We believe that our specialist knowledge can put us in a superior position, especially when it comes to AIM, investment trusts and UK stocks and therefore we are better placed to make decisions.

We voted at 869 AGMs, across 668 companies, covering 28 markets.

This amounted to 11,245 resolutions and 405,401 ballots.

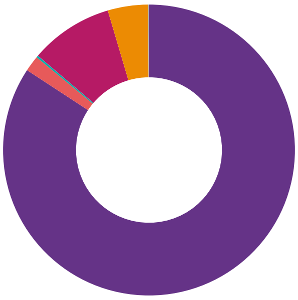
Meetings by Region & Vote Status



Source: Glass Lewis

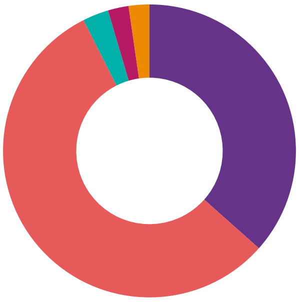
The majority of our voting is UK focused, however we also vote extensively in Europe and in the US & Canada which covers 28 markets.

Meetings by Region & Vote Status



Source: Glass Lewis

Shareholder Proposals – Votes Cast



With the majority of our voting, we vote in line with management, however on occasion our opinion may differ to that of management, and we have either voted against or abstained.

Most of our votes against management are either Board or Compensation related.

An example of this was when we decided to vote against Davide Campari's remuneration report – we believe that the long term incentive (LTI) was not linked to performance which we believe it should be.

We also voted against the election of Alexander de Carvalho to the Board of Directors of Heineken Holdings. In principle Evelyn Partners are great supporters of family representatives sitting on Boards as we think it often adds to the continuity and long-term safety of the business. In this instance however we saw a material lack of balance with only one independent director and therefore decided that a vote against was the best option.

During the period we voted in favour of various shareholder proposals that we believe would benefit the companies involved to mitigate future risks. For example, we voted for the shareholder proposal regarding the report on child exploitation at Facebook Inc. We believe that increased disclosure would provide shareholders assurance that the Company is managing associated risks as it grows its encrypted messaging services.

Proposal Category Type	With Management	Against Management	Take No Action	Unvoted	N/A	Mixed
Audit/Financials	1,814	9	74	3	-	204
Board Related	4,105	80	280	3	-	413
Capital Management	1,781	26	32	1	-	220
Changes to Company Statutes	542	6	13	-	-	65
Compensation	881	79	70	1	-	89
M&A	49	4	-	-	-	2
Meeting Administration	42	2	24	-	-	3
Other	116	9	1	3	1	24
SHP: Compensation	12	1	-	-	-	-
SHP: Environment	16	7	-	-	-	3
SHP: Governance	36	49	2	-	-	-
SHP: Misc	23	25	-	-	-	-
Total	**9,417**	**297**	**496**	**11**	**1**	**1,023**

Source: Glass Lewis

CASE STUDIES: VOTING IN PRACTICE

JD Sports

This is a demonstration of how we are voting contrary to Glass Lewis' recommendation. After discussion with the lead analyst of this stock and members of SRIG, we were happy to vote in favour of the both the remuneration report, remuneration policy and the election of Peter Cowgill, Andrew Leslie and Mattin Davis. We did however follow the GL recommendation and vote against the Approval of Long-Term Incentive Plan. We wanted to acknowledge how well the company performed during the pandemic but wanted to let them know that we would like to see the group move towards best practice and to instigate some long-term succession planning.

LVMH

We decided to vote against the renumeration policy for the Chair and CEO. We believe that the Company has failed to implement a remuneration strategy that adequately aligns executive pay with performance, particularly in the longer term. We believe that the Company has failed to disclose key details of its executive remuneration policy, which precludes shareholders from adequately assessing to what extent it is aligned with Company performance and market best practices. We are looking to engage further with LVMH as this is not the first year that we have voted against these issues.

Independent Investment Trust plc

Glass Lewis recommended that we vote against the election of Douglas McDougall on the basis that he was not a financial expert. Our analyst confirmed that Mr McDougall was a senior partner for an investment firm for 5 years in the 2000s and therefore had more than adequate experience. We also felt that this was a small, independent vehicle and that Directors are fully aligned with shareholders. We therefore decided to vote in favour of his re-election given that our analyst provided additional insight into this director.

Johnson & Johnson, Citigroup Inc, Amazon, JPMorgan Chase & Co & Bank of America Corp

We voted for the shareholder proposals regarding a Racial Equality Audit for the above mentioned companies. We believe that undertaking the requested audits would help the companies to identify and mitigate potentially significant risks.

Berkshire Hathaway Inc & Booking Holdings

We voted for shareholder proposals relating to climate. For Berkshire Hathaway Inc we voted for the shareholder proposal regarding the climate report, and for Booking Holdings we voted for the climate transition report. In both of these instances we believe that the proposals are reasonably crafted and that they would allow shareholders insight into how the companies are considering, monitoring and managing climate-related risks.

Young & Co

We chose to ignore the Glass Lewis recommendation to vote against the election of Torquil Sligo-Young as he is a beneficial owner on the audit committee. The Glass Lewis recommendation is based on best practice; however, this doesn't necessarily translate well into smaller companies that retain founding family interest. We felt that the board was sufficiently large and diverse.

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