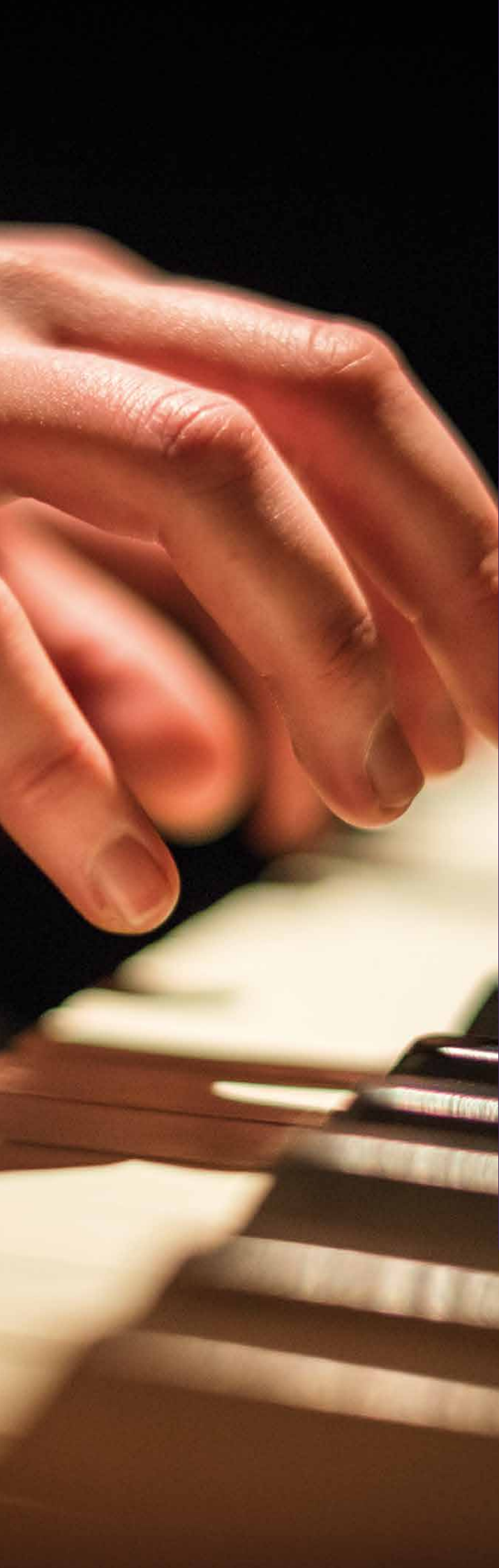


# A GUIDE TO RESPONSIBLE INVESTING

Incorporating Environmental,  
Social and Governance factors  
into investment decisions



**evelyn**  
PARTNERS



# The power of good advice

Life is full of decisions and choices that shape our future. Making great decisions requires as much certainty as possible – the kind of certainty that comes from good advice. Our advice is backed by almost 200 years' experience in helping people and businesses flourish.

At Evelyn Partners our mission is 'to place the power of good advice into more hands'. We believe that more people and businesses should have access to good advice, regardless of their size or wealth. We are committed to raising the standards of good advice and to extending its reach.

We are the UK's leading integrated wealth management and professional services group. We look after the combined wealth and tax needs of our clients and provide specialist accountancy, assurance, tax and advisory services for businesses. Our clients range from online investors to those requiring bespoke wealth management, and from charities to entrepreneurs and corporate businesses.

All our advice is delivered by people who care, who go further to understand your needs so they can help you make those big decisions with ease and confidence, bringing *you* closer to what matters *most to you*.

That's the power of good advice.



# Welcome

**Whether or not you have a stance on socially responsible investments or issues such as climate change, the landscape around us is changing quickly. This provides both opportunities and threats.**

For instance, there are now more than 1,800 laws and policies in over 180 countries relating to climate change alone. Momentum in this area is set to continue, so awareness of the latest developments in environmental, social and governance (ESG) investing is key to building a portfolio that is positioned for the future and best reflects your values.

Evelyn Partners has always looked to incorporate clients' individual values into how we invest for them. As long-term stewards of your assets, the sustainability of companies has always been an important consideration within our process.

This is why we welcome the greater focus on helping company management and investors make appropriate decisions, driven by data. We routinely consider how this shifting landscape impacts companies we invest in and both when and how we need to engage with boards. This ensures that companies are being managed with the long-term prospects of all stakeholders in mind.

The world of responsible investment is moving constantly but Evelyn Partners is always on hand to help guide you through this process.



## **Important information**

The value of investments can go down as well as up and investors may not get back the amount invested. Please note that some ethical funds may, by definition, have a limited investment universe; this may affect performance.

# Evelyn Partners membership and providers

## Signatory status:

- UN PRI
- UK Stewardship Code (under our former brand Smith & Williamson)
- TCFD

## Engagement platforms we are a member of:

- Investor Forum
- Climate Action 100+
- Find it, Fix it, Prevent it

## Proxy voting adviser:

- Glass Lewis

## ESG data providers:

- MSCI ESG Manager
- Refinitiv

## Industry groups:

- The Investing and Saving Alliance (TISA)
- The Investment Association (IA)
- Personal Investment Management & Financial Advice Association (PIMFA)



# Overview of responsible investing

Due to the speed of growth and interest in environmental, social and governance (ESG) and responsible investing, it's easy to lose focus on what these terms actually mean. Broadly, the concepts are built on the bedrock of the six principles of the United Nations supported Principles for Responsible Investment (UN PRI). The UN PRI is the world's leading proponent of responsible investment and as signatories we have agreed to incorporate these principles in our investment process. Below we have listed out some of the more frequently used terms in this area:

## Responsible investing

This is commonly defined as the strategy and practice of incorporating ESG factors into investment decisions alongside purely financial considerations, as well as being good stewards of our clients' assets through active ownership.

## Stewardship

Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

## Impact investing

Investments made with the intention of generating positive, measurable social or environmental impact alongside a financial return.

## UK Stewardship Code

We are a signatory to the UK Stewardship Code under our former brand Smith & Williamson. This requires signatories to have policies and procedures in place to manage conflicts of interests, have an active voting and engagement policy and monitor investee companies. More information can be found in our annual Stewardship Report.

Examples of ESG issues include:

### Environmental (E)

- Climate change
- Biodiversity
- Raw material and water scarcity
- Pollution and waste
- Deforestation

### Social (S)

- Human rights
- Labour policies and relations
- Product liability and cyber security
- Supply chains
- Social impact reporting

### Governance (G)

- Business ethics
- Executive pay
- Management diversity and structure
- Transparency



# Responsible investing at Evelyn Partners

We believe responsible investing means making better informed investment decisions that best reflect your values. As long-term investors we have always looked at the sustainability of the companies we invest in. Incorporating ESG factors into our analysis is a continuation of this practice. We recognise that everyone has their own ethical values, and we can introduce screening and strategies that enable us to reflect these values in your investment portfolio. As ever, we are always here to guide you through this rapidly evolving area.

## What we do

### We monitor ESG factors

#### Environmental

We analyse the challenges or opportunities faced by companies from their exposure to environmental risk factors (both physical and transitional, including adoption of new technologies or new regulations), dependency on natural capital or impact on the environment. These span climate-related risks, resource management (water, timber, cotton etc), waste management, pollution, land-use and many more.

#### Social

We monitor the social policies and practices of companies to ensure that all internal and external stakeholders are being treated fairly. Social issues include, but are not limited to, labour management, supply chains, health and safety, product safety and community relations.

#### Governance

We consider factors that measure the quality and robustness of a company's internal structure and management behaviours and practices. Issues such as executive pay, bribery, board structure, diversity and tax strategy are assessed to ensure the company is well-managed, with decent risk controls and with all stakeholders in mind.

## How do we do it?

### With the help of our screening services

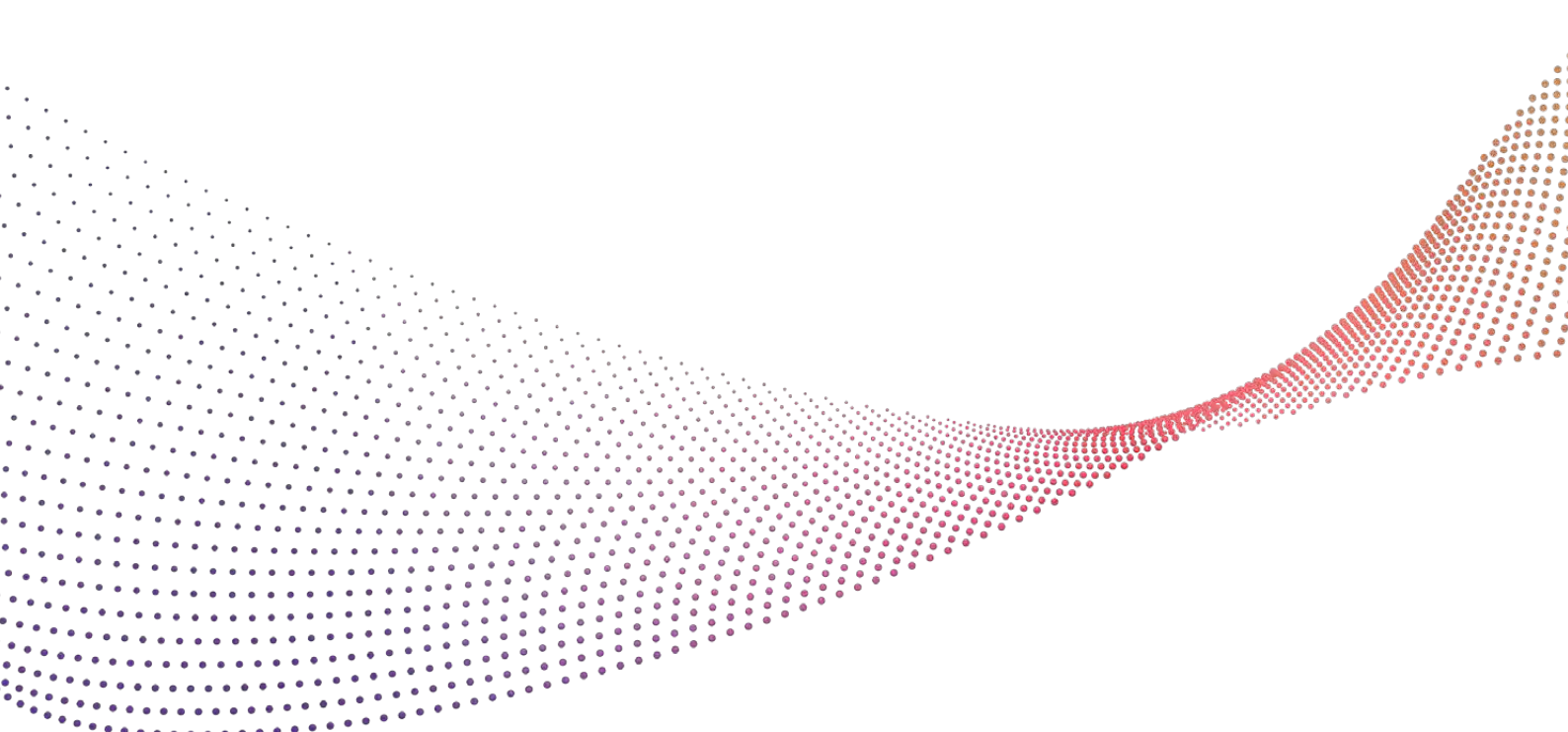
We use external screening services to enhance our analysis of investments. MSCI ESG Manager provides us with ESG data for over 7,000 direct equity holdings and we can screen over 33,000 mutual funds and ETFs.

## What it means for you

### A responsibly invested portfolio

#### Bespoke client preferences

While we incorporate ESG factors into all our investment decisions, we can further adjust portfolios to better reflect your values. Any approach should be discussed with your investment manager, as some changes can alter your portfolio's performance versus the benchmark. We can help build a portfolio that will meet your financial needs and objectives as well as meeting your morals and values.



### **Exclusionary (negative screening)**

Traditionally, expressing a particular ethical position in your portfolio has been achieved by excluding certain sectors. We can exclude as much of the investment universe as required and advise on the impact of this on your portfolio.

Typical exclusions:

- Alcohol
- Armaments
- Gambling
- Nuclear
- Tobacco

### **Inclusionary (positive screening)**

If desired, we can apply positive screens to tilt portfolios towards companies that have better ESG profiles or involvement in sustainable activities.

Typical inclusions:

- Best-in-class
- Low-carbon emissions



# Stewardship

## Voting

As part of our discretionary service, we routinely vote on all material shareholdings. We work with proxy voting company Glass Lewis to inform our decision making, which we adapt to suit our own policies and requirements. Our voting policy and our voting record is available on our website.

## Engagement

Broadly, we engage with companies in the following ways:

- With any shareholder resolution where we do not vote with the Board's recommendation, we write to the Chair to explain our rationale
- With over 500 meetings with companies every year, we can follow up on areas of potential concern
- We are signatories of the UN PRI and, under our former brand Smith & Williamson, the UK Stewardship Code
- We are members of the Climate Action 100+ investor group. This is a collaborative engagement initiative to ensure the world's largest corporate greenhouse gas emitters take action on climate change
- We are a member of the Investor Forum, an independent, not-for-profit organisation comprising leading asset managers and owners of the UK equity market. Its purpose is to position stewardship at the heart of investment decision making

## Corporate Social Responsibility (CSR)

Our culture has always reflected our core values of putting our clients first and delivering the right solutions, but our ongoing mission is to keep corporate responsibility at the heart of our growing business. We aim to manage the impact of our business on our clients, staff, suppliers, communities, and the environment.

To achieve this, we look for ways where we can make a positive influence in the communities where we work. We also seek to minimise our environmental footprint and to provide a professional and supportive workplace for our colleagues to work, enabling us to deliver the best possible service to our clients.



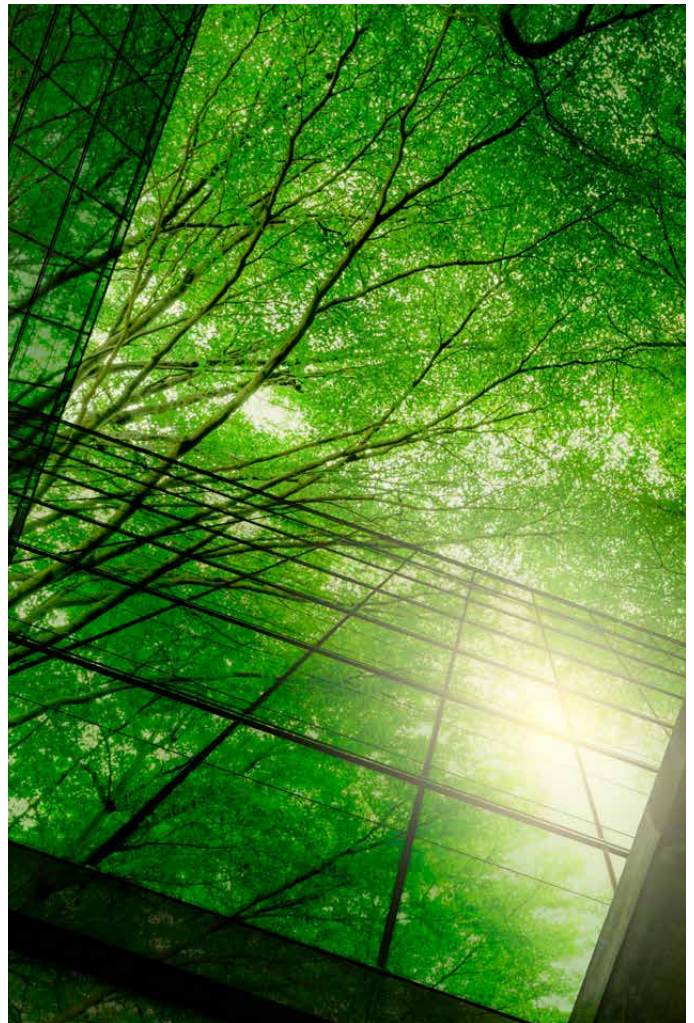


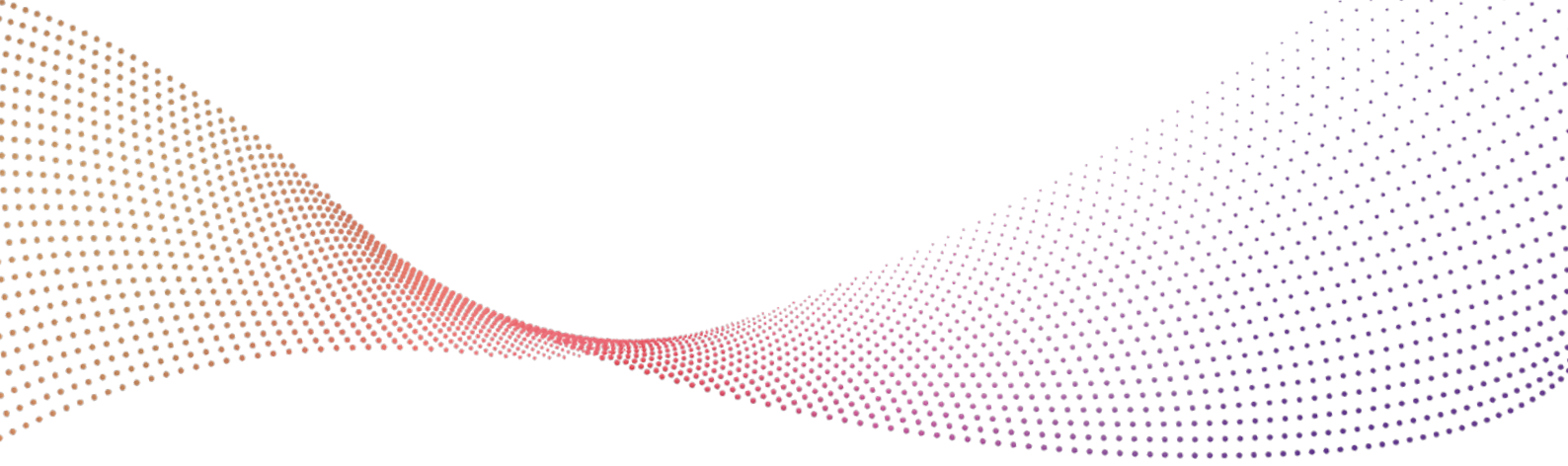
# Evelyn Partners responsible investment solution

- ✓ ESG is fully integrated into our fundamental analysis
- ✓ Clients are able to adopt both exclusionary and inclusionary screens to match their requirements and values
- ✓ We vote and directly engage with the companies in which we invest
- ✓ Our specialist teams allow better understanding of ESG-specific funds and infrastructure vehicles
- ✓ Our voting and engagement track record is published on our website
- ✓ We speak regularly at conferences and seminars on ESG issues and publish regular thought pieces
- ✓ We are committed to providing the highest level of service as our clients navigate this new and rapidly adapting area
- ✓ Our own CSR policies ensure that we practice what we preach

For further information please visit our website:

[www.evelyn.com](http://www.evelyn.com)





## Can we help you with responsible investing?

To learn more about how we can help, please contact your adviser or call us on [020 3131 5203](tel:02031315203).

### Important information

Whilst considerable care has been taken to ensure the information contained within this document is accurate and up to date, no warranty is given as to the accuracy or completeness of any information and no liability is accepted for any errors or omissions in such information or any action taken on the basis of this information.

Please remember the value of investments and the income from them can fall as well as rise and investors may not receive back the original amount invested. Past performance is not a guide to future performance.





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