



EVENLODE
INVESTMENTS FOR LIFE

Engagement Policy

Introduction

We consider stewardship to be an important part of our investment philosophy, and have over the past few years been developing a framework for engagement with the companies we invest in. We feel it is our fiduciary duty to protect and enhance the value of our clients' assets, whilst responsibly minimizing broad non-financial risks. Monitoring of investee companies is good investment practice and we would never invest on behalf of our investors without undertaking sufficient due diligence.

However, with the implementation of the 'Shareholder Rights Directive' (SRD) II the FCA have now placed a formal obligation on Investment Managers to publicly disclose our policy on shareholder engagement or to explain where they have chosen not to do so.

How does Evenlode monitor the companies it invests in?

To better mitigate long-term financial and non-financial risks, we analyse and monitor investee companies by understanding the long-term strategy of the business and how (or if) it correlates with the long-term performance measures of its remuneration structure. This allows us to better understand the company's capital allocation strategy. In the coming years, we will further look to engage with companies on environmental and social strategy to further mitigate reputational and climate-related risks.

To directly engage with investee companies, we have strengthened our engagement strategy by recently developing an internal platform which enables us to track our correspondence. The system helps us monitor investee companies on matters such as long-term strategy, remuneration policies, attitude to capital structure, social and environmental impact, key governance issues and other non-financial risks by recording the following:

- 1) when the engagement was initiated;
- 2) acknowledgement by the company;
- 3) description of the desired outcome; and
- 4) result of the engagement.

Evenlode engages directly with the companies it invests in and does not use any external proxy research provider(s) due to the size of our portfolio(s). All of our research is carried out in-house from our Stewardship Analyst, using publicly available information and internal research carried out by our Fund Managers and Investment Analysts.

Below we detail how we engage with the companies and their management:

- 🌱 Dialogue – in adherence to the UK stewardship code we initiate dialogue with company management before we action a vote (if we need additional information) and after actioning a vote (if we vote against management) via a letter.
- 🌱 Voting rights – Evenlode does not engage in stock lending and therefore vote on all of our shareholdings annually using the proxy voting service provider 'Proxyedge', Evenlode usually vote with management on resolutions put forward, unless we have initiated an engagement in the previous year showing our discontent and asking for change which has not materialised

- 🌱 Cooperates with other shareholders - along with our own engagement strategy, Evenlode Investment also willingly acts collectively with other investors where it feels it is in the best interests of investors to do so. We are a member of several different industry bodies, specifically the Investor Forum (IF), United Nations Principles of Responsible Investment (UNPRI), Net Zero Asset Manager's Initiative (NZAMI), International Corporate Governance Network (ICGN), Corporate Reporting Users Forum (CRUF) and Investment Association (IA) which facilitate proactive and positive collective engagement between investors and companies.
- 🌱 Communicates with relevant stakeholders of companies it invests in – we regularly interact with other key stakeholders included but not exclusive to staff, customers, suppliers, governmental departments and other key investors as highlighted previously.

Conflicts of interest arising from engagement

Evenlode Investment is an independent, privately owned company, a situation which removes potential conflicts arising from investments in parent companies. We take all reasonable steps to identify and prevent conflicts of interest if they were to arise through Evenlode employee ownership or directorship of investee companies regardless of the client type, be it, retail, professional or eligible counterparty. However, we have identified the following areas that may give rise to a conflict of interest:

- Employee voting against investee company management using their personal shareholding
- Inducements - receipt of unsolicited, unpaid for research or gifts and hospitality
- Receipt of material non-public information
- Personal account dealing
- Fee setting
- Allocation of orders between funds
- Shareholder engagement

In terms of managing our conflicts from stewardship related activities, voting guidelines are in place which are designed to advance our clients' interests over the long-term. Engagement policies, voting history and the annual responsible investment report are also made public. Should a conflict-of-interest situation arise, this must be reported to our Compliance Officer for discussion to make an independent decision. In order to keep an audit trail, a register of these conflicts is logged soon after which records the date, client/company, description and the outcome. We also have an internal logging system for each engagement, where we record if we have (or have not) received material non-public information. At all times we will act in our investors' best interests.