

RESPONSIBLE INVESTMENT

# Engagement Policy

This applies to centrally monitored holdings only. Your Investment Manager has the flexibility, within a controlled framework, to tailor your portfolio with regard to asset allocation and security selection, in order to accommodate your investment requirements.

SPECIALISTS IN INVESTMENT MANAGEMENT

Approver: Quilter Cheviot, 16 September 2025.

# Introduction

As a responsible investor Quilter Cheviot is committed to its role as a steward of clients' assets to protect and enhance long-term returns. This encompasses our engagement with investment holdings by considering environmental, social and governance (ESG) factors which could impact shareholder returns.

Quilter Cheviot aims to meet the challenges of a dynamic market environment to deliver the investment performance that provides its clients with the outcomes they require to meet their financial aspirations.

We are committed to using our resources to encourage companies and funds to improve their management of ESG issues.

We review this policy annually. This policy was updated in September 2025.

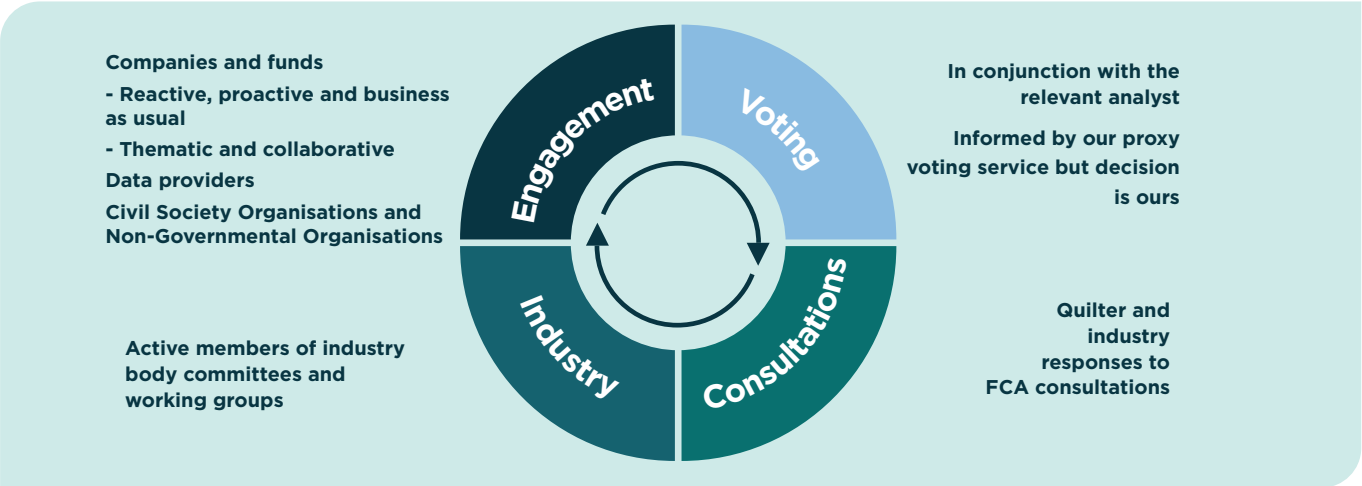
# How we engage



Given finite resources, we consider **materiality** to be an important factor in determining our engagement targets. This is materiality in two contexts:

- 1 the size of our holding
- 2 the significance of the ESG issue for the holding

Underpinning our stewardship approach is our **Governance** engagement activity through which we hold the companies and funds we invest in, to account.



## Our engagement approach

*Engagement captures any interactions between the investor and current or potential investee companies on ESG issues and relevant strategies, with the goal of improving (or identifying the need to influence) ESG practices and/or improving ESG disclosure. It involves a structured process that includes dialogue and continuously monitoring companies. These interactions might be conducted individually or jointly with other investors.*

### *UN backed Principles for Responsible Investment*

By engagement, we mean speaking directly to companies (including investment trusts) and funds about the issues that concern us and understanding their general approach to material ESG issues. This can be at board, executive or manager level.

### Types of engagements and prioritisation:

We consider the following characteristics to prioritise engagements:  
**Risk based | Thematic | Norms/Incident based**



**Reactive (bottom up)**  
AGM/SGM resolutions  
Policy consultations  
Controversial events



**Proactive (top down)**  
Thematic engagements  
Collaborative engagements



**Business as usual**  
Ongoing dialogue

We undertake our own engagement with the responsible investment team working alongside the relevant analyst where appropriate.

Quilter Cheviot's engagement activity is split between:

**Reactive (bottom up)** – where we will initiate engagements in reaction to a controversy or a resolution at a company meeting, as well as participating in policy consultations.

**Proactive (top down)** – these fall into two categories:

1. Thematic engagements where we have conducted analysis on a specific topic and look to engage with those investments with material exposure.
2. Collaborative engagements which are driven by one of our three thematic priorities, and where we will work alongside other investors.

**Business as usual** – where no immediate concerns are identified but is part of a regular catch-up process.

In considering how to prioritise engagement, we consider the following factors:

- Norms and incident based.
- Risk-based.
- Thematic priorities.

## Thematic engagement

### Our thematic priorities

Our thematic priorities are shown below. There are key megatrends that we believe are material to longer-term sustainable investment returns for our clients and have the potential to have a significant impact on other stakeholders and the planet as a whole. As such, these inform the ESG integration and stewardship work undertaken by Quilter Cheviot.

**Climate change** – climate change is the defining issue of our time and we are at a defining moment. From shifting weather patterns that threaten food production, to rising sea levels that increase the risk of catastrophic flooding, the impacts of climate change are global in scope and unprecedented in scale. Without drastic action today, adapting to these impacts in the future will be more difficult and costly. (Source: United Nations).

#### *Our commitment*

Through our stewardship process we commit to engage with companies and funds to understand their decarbonisation plans with the aim to encourage alignment with net zero pathways and disclosure against globally recognised standards (such as the Science Based Targets Initiative).

#### *UN Sustainable Development Goal (UN SDG) alignment*



**Human rights** – human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination. (Source: United Nations).

### *Our commitment*

Through our stewardship process we commit to engage with companies and funds to better understand or improve performance on issues such as decent work and pay, human rights in the supply chain, and health and safety as well as inclusion and diversity.

More specifically, where we have appropriate agency through our responsible investment processes, we commit to monitoring and respecting human rights included in the International Bill of Human Rights and International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions.

### *UN SDG alignment*



**Natural capital** – natural capital can be defined as the stock of renewable and non-renewable natural resources (e.g. plants, animals, air, water, soils and minerals) that combine to yield a flow of benefits and ecosystem services to society. (Source: Task Force on Nature-related Financial Disclosures).

### *Our commitment*

Through our stewardship process we commit to engage with companies operating, and funds investing in, high impact sectors to better understand how they are managing and mitigating risks related to deforestation, water usage and biodiversity.

We commit to engage to improve company and fund performance where they are not meeting the standards expected by us.

### *UN SDG alignment*





## Identifying thematic engagements

The Quilter Cheviot responsible investment team identifies areas of specific focus within the three broad groups mentioned above. These are then agreed by the Engagement Panel (which comprises the Chief Investment Officer, Head of Equity Research/Head of Fund Research<sup>4</sup>, and the Head of Responsible Investment). We agree and publish our Stewardship Priorities annually, and our engagement activity is published on the website quarterly.

In addition to historic proprietary research, we use multiple external data sources to identify engagement targets and inform our dialogue. For much of this data, there will be a focus on granular underlying information from ESG data providers including non-governmental organisations. More information on data providers may be found in our Responsible Investment Policy.

## Collaborative engagements and industry groups

### Collaborative networks

- Collaborative networks are not open to all investors, usually you must evidence what you will be able to contribute. For us, the focus has been on accessing networks where we are able to play a meaningful role – we will exit networks and groups if we are unable to contribute, for example we exited one group in 2024 as it was not aligned to our key priorities.
- We have continued to play an active role in the 30% Club (diversity issues) and the PRI Wealth Managers Group, as well as 'Find it, Fix it, Prevent it' and 'Votes against slavery' which are focused on modern slavery in the UK. Additionally, we have taken active positions in the CDP Non-Disclosure Campaign and previously in the CDP Science Based Targets Initiative (SBTi) Campaign.
- We have joined and are active participants in the following collaborative engagement networks which are aligned to our three themes.

### Climate change:

- Climate Action 100+
- NZEI (Net Zero Engagement Initiative)

### Human rights:

- 30% Club Fix the Exec
- Advance (PRI)
- 'Votes against slavery'

### Natural capital:

- Spring (PRI)
- Nature Action 100
- CDP Non Disclosure Campaign

### Industry groups

We play an active role in the following industry groups and trade bodies:

- IIGCC External Fund Manager Working Group
- Wealth Managers on Climate
- The Investment Forum
- Advisers' Sustainability Group
- TISA Responsible and Sustainable Investment Committee
- UKSIF

<sup>4</sup> As applicable

## Voting and engagement

A significant proportion of our engagement activity is focused on proxy season when companies and investment trusts hold their Annual General Meetings (AGMs). Shares carry voting rights and shareholders are able to express their views through the exercise of these. As a responsible investor, we will use voting rights (where appropriate) to further the economic interests of our clients.

We try to engage with companies and investment trusts on contentious votes to understand their thinking, rather than solely rely on ISS, our proxy voting service provider. At times, we will have engaged ahead of the vote and therefore will have already determined our view which we usually will have communicated to the company or investment trust. Additionally on occasion we are part of the consultation process for companies to test proposals, such as new remuneration policies, with shareholders.

We have established a voting policy which outlines our approach to core issues.

## Business as usual engagement

We believe that establishing relationships with the investments we manage for our clients is valuable in creating a constructive dialogue. Therefore, as part of our engagement activity we will 'check in' with investments on an ongoing basis as part of this dialogue.

## Engaging with purpose

When we engage we do so with a specific objective and are outcome oriented. The outcome will take a number of different forms including:

- A change in, or validation of the responsible investment categorisation of the holding
- For investment trusts: a change in, or validation of the RAG rating which assesses board composition, board effectiveness and responsible investment disclosures
- A voting decision
- Addition or removal from a model strategy
- A change in the analyst's recommendation

## Materiality

Given finite resources, we consider materiality to be an important factor in determining our engagement targets. This is materiality in two contexts:

- 1 the size of our holding
- 2 the significance of the ESG issue for the holding.

In terms of collaborative engagement activity, we join collaborations where we can actively contribute and believe our engagement outcomes will be amplified. In specific circumstances we may join collaborations in nascent topics where we are building expertise. We target forums that align with our thematic priorities and working groups for investments where we have a material holding. We avoid joining engagements without a defined objective.

We have learned that focused engagements, be it with a company or a fund, are more constructive than a generalised discussion on multiple ESG related issues.



## Escalation

The desired outcome of engagement activity is to reduce risk and/or obtain greater long-term success for the company and our clients. Thus, achieving change and avoiding risks are factors we consider in reviewing holdings and the success of our activity.

### **Escalation: companies and investment trusts**

The information published by companies and investment trusts, particularly financial statements such as reports and accounts, are important sources of information to assist in monitoring investments. We also use other sources including third-party ESG data, financial research, and information we obtain during engagement with a company.

Engagement with companies arises from one-to-one and group meetings with company executives, as well as email correspondence. Depending on the topics of discussion, meetings are also held with company chairs, and chairs of board committees. In specific instances we will request a meeting with the senior independent director (SID) if we believe this will be helpful. We have found that multiple engagements are often required, and that patience and perseverance are helpful attributes.

Where possible, it is our preference to support the management of companies in which we have holdings. We will therefore evaluate the actions and strategies of companies constructively, particularly through meetings and other engagement with executive and non-executive directors of the board. However, where there is a threat to the value of the company, we will take steps to protect the value of our clients' investments.

We may consider taking one or more of the following actions:

- Engaging with members of the company board;
- Discussing or working with other shareholders on matters of mutual interest;
- Voting contrary to the management proposals at general meetings;
- Downgrading the investment recommendation or removing it from our portfolio models;
- Selling the holding where we evaluate it is in the interests of our clients to do so;
- In extreme circumstances, we could request a general meeting.

### **Escalation: funds**

The information published by third-party managers regarding their responsible investment activity is a useful source. Additionally, we use other data sources including our ESG RFI<sup>5</sup> and third-party ESG data, which complements the face-to-face meetings we conduct with funds.

Engagement with funds arises from one-to-one and group meetings with the fund management team, as well as with the manager's responsible investment team (where applicable) to understand better the firm's capabilities. Where we have concerns regarding the fund's strategic direction or responsible investment credentials, we may consider:

- Downgrading the investment recommendation or removing it from our portfolio models;
- Not investing in new funds that the manager may be launching;
- Selling the holding where we evaluate it is in the interests of our clients to do so.

## Sustainability risks and ESG integration

Sustainability risks are an environmental, social or governance event or condition that, if they occur, could cause an actual or potential material negative impact on the value of the investment. We consider sustainability risks when assessing investments. We refer to this as ESG integration and this is an ongoing process across all asset classes we invest in. Our analysts consider ESG factors within the research process. Examples of the issues we consider in our investment decisions are listed below:



### Environmental:

A company's impact on the natural world.

- Climate change
- Biodiversity loss
- Resource scarcity (including water)
- Waste and pollution



### Social:

The wellbeing and rights of people and communities.

- Human rights
- Labour standards
- Working conditions
- Data protection



### Governance:

The standards for running a company.

- Bribery and corruption
- Executive remuneration
- Board structure
- Political contributions
- Board diversity

## Reporting

As a signatory to the UN-backed Principles for Responsible Investment (PRI), we have made a commitment to transparency and recognise its importance in creating higher standards, not only for responsible investment practices but also for the wider financial market.

We disclose (from June 2020 onwards) all the votes within our voting universe cast on behalf of discretionary clients. We have classified all votes that are enacted within our voting universe to be significant. We do not disclose client-instructed voting publicly.

We disclose engagements with all companies and funds on a quarterly basis. In some (rare) cases, we may choose not to name the company or the fund in question if we believe publicity is likely to prove counterproductive to our engagement process. The reports are available on our website and also on request.

An engagement might be in person, via a virtual meeting, or through email. Not all of our attempts to engage with companies are successful and, in that case, we document this in our quarterly engagement reporting.

## Stewardship Code

As part of Quilter, we produce an annual Stewardship Report in line with the requirements set by the Financial Reporting Council. We were among the first group of investors to become signatories to the revised Stewardship Code in 2021 and have retained signatory status since then.

## Conflicts of interest

Quilter Cheviot's conflicts of interest policy may be found at: <https://www.quiltercheviot.com/siteassets/documents/important-information/os010171-qc-conflicts-of-interest-policy-uk.pdf>



# QUILTER CHEVIOT

## SPECIALISTS IN INVESTMENT MANAGEMENT

**This is a marketing communication and is not independent investment research. Financial Instruments referred to are not subject to a prohibition on dealing ahead of the dissemination of marketing communications. Any reference to any securities or instruments is not a recommendation and should not be regarded as a solicitation or an offer to buy or sell any securities or instruments mentioned in it. Investors should remember that the value of investments, and the income from them, can go down as well as up and that past performance is no guarantee of future returns. You may not recover what you invest. All images in this document are sourced from iStock.**

Quilter Cheviot and Quilter Cheviot Investment Management are trading names of Quilter Cheviot Limited, Quilter Cheviot International Limited and Quilter Cheviot Europe Limited. Quilter Cheviot International is a trading name of Quilter Cheviot International Limited.

Quilter Cheviot Limited is registered in England and Wales with number 01923571, registered office at Senator House, 85 Queen Victoria Street, London, EC4V 4AB. Quilter Cheviot Limited is a member of the London Stock Exchange, authorised and regulated by the UK Financial Conduct Authority and as an approved Financial Services Provider by the Financial Sector Conduct Authority in South Africa.

Quilter Cheviot International Limited is registered in Jersey with number 128676, registered office at 3rd Floor, Windward House, La Route de la Liberation, St Helier, JE1 1QJ, Jersey and is regulated by the Jersey Financial Services Commission and as an approved Financial Services Provider by the Financial Sector Conduct Authority in South Africa.

Quilter Cheviot International Limited has established a branch in the Dubai International Financial Centre (DIFC) with number 2084, registered office at 4th Floor, Office 415, Index Tower, Al Mustaqbal Street, DIFC, PO Box 122180, Dubai, UAE which is regulated by the Dubai Financial Services Authority. Promotions of financial information made by Quilter Cheviot DIFC may be carried out on behalf of its group entities.

Quilter Cheviot Europe Limited is regulated by the Central Bank of Ireland, and is registered in Ireland with number 643307, registered office at Hambleden House, 19-26 Lower Pembroke Street, Dublin D02 WV96.

QC00060 (09/2025)