



EVENLODE

INVESTMENTS FOR LIFE



Evenlode Investment
Quarterly Stewardship Report
Q1 2025

evenlodeinvestment.com

Our purpose is to preserve and enhance the value of our clients' assets through long-term engagement and analysis.

AS AT 31 MARCH 2025

Our Quarterly Stewardship Report aims to provide investors with information on our voting and engagement activity, as well as highlighting some key focus areas for the Stewardship team for the year.

VOTING

Voted on
12 meetings

In 83% of meetings, we voted with management on all proposals

In 17% of meetings, we voted against management on at least one proposal

As an example, we voted with management on all resolutions at IntegraFin's AGM - a holding we have held in the IFSL Evenlode Income Fund since 2022. In previous years, we voted against the remuneration policy due to the absence of a traditional Long Term Incentive Plan. However, for FY24, the company is introducing a new 'Combined Incentive Plan'. This plan incentivises long-term performance over five years through a combination of cash and deferred bonuses, underpinned by performance criteria. In addition, they are incorporating clear financial and non-financial targets, reflecting the shareholder feedback they've received on this issue. While this is not a standard model, it represents a significant improvement compared to previous years, and as such, we supported the revised remuneration policy.

Regarding the annual bonus, IntegraFin provides strong disclosure on the performance metrics used, clearly breaking them down into four categories. However, they have not set specific targets, as the remuneration committee exercises judgement and discretion when determining outcomes. Although this approach is not something we typically support, we chose to back the policy in this instance, considering the company's size, its strong culture, and the detailed engagement we have had with them.



ENGAGEMENT

Engaged with
9 companies

Engaged on
3 themes

Engaged the most
on remuneration

ENGAGEMENT EXAMPLES

IFSL Evenlode Income

The Head of Investor Relations and Chair of RemCo at Savills reached out after reviewing the remuneration policy to ensure it remains aligned with the Group's strategy. As a result, they proposed:

- Increasing individual annual performance-related profit share caps, which have remained unchanged for three years.
- Applying annual increases to these caps from 2026.
- Raising the base salary cap to offer a salary between the lower quartile and median of FTSE 250 market practice for a new Director role.

The current policy was designed to support the Group's partnership culture and operating model, emphasising modest fixed pay compared to FTSE 250 benchmarks. The annual performance-related profit share was assessed on financial (75%) and strategic (25%) targets, including accelerating Portfolio Solutions growth, resetting the US board structure, and expanding the Savills Earth Consultancy business. The consultancy business services include progress in the Net Zero Transition services business which was welcomed. Given the strength of the current management team, including CEO Mark Ridley, we felt the proposed increase was both timely and appropriate.

IFSL Evenlode Global Income/Evenlode Global Dividend

We wrote to the CEO of SGS expressing concerns about the potential merger with Bureau Veritas. The Head of Investor Relations acknowledged our feedback and forwarded it to the CEO. After the merger talks failed, our fund manager and analyst met with the CEO. She emphasised SGS's strong network and talent as key factors in client retention. She also addressed the continuing emphasis on improving incentive structures, chains of command and efficiency within the workforce.

On the Bureau Veritas merger, she clarified it was a takeover, not a merger of equals. Learning that Bureau Veritas' anchor shareholder sought to sell, and that Intertek was also interested, she felt compelled to assess the opportunity. While recognising Bureau Veritas' potential, she concluded the merger was not beneficial to SGS. For future growth, the focus is on mature markets and high-growth sectors like PFAS and cybersecurity. Investments in the commercial teams and incentive structures are underway, with one-third of bonuses now tied to cash generation. Management acknowledged our concerns, and the Bureau Veritas merger did not proceed.

IFSL Evenlode Global Equity/Evenlode Global Opportunities

We engaged with the Head of Investor Relations at Medtronic on setting robust emissions targets, ensuring coverage of all greenhouse gases, at least 95% of Scope 1 and 2, and 67% of Scope 3 emissions to support their 2045 net zero ambition. We also asked for greater disclosure (beyond the current 14%) and third-party verification. Regarding emissions, they planned to increase disclosure beyond 14% in the near-term, reflected in the 2024 Carbon Disclosure Project (CDP) data. On scope 3 targets, they have a March 2025 Science Based Targets initiative (SBTi) deadline to set scope 3 targets and are considering a supplier engagement target. Company restructuring has supported progress on this however they haven't yet assessed the impact of potential SBTi delays. They plan to set long-term net zero targets alongside near-term targets and currently have a carbon neutrality goal for FY 2030.

The audit committee reviews audit tenure and independence annually, with the lead audit partner rotating every five years. Internal due diligence ensures independence and them being value-add for the business. They highlighted several barriers to changing auditors such as:

- Company transformation requires consistency.
- Changing auditors is costly, and they have favourable terms with PwC.
- PwC's expertise in life sciences is beneficial.

Overall, it was a productive engagement, but we will assess their spring targets to determine whether their commitments are backed by action, and that the internal due diligence framework for auditor independence continues to be strong.

STEWARDSHIP TEAM & ESG RATINGS



Sawan Wadhwa
Head of Stewardship



Bethan Rose
Stewardship Analyst



Rebekah Nash
Stewardship Analyst



Lily Postlethwaite
Stewardship Analyst

Our ongoing commitment

Evenlode Investment Management became a signatory to the United Nations Principles for Responsible Investment (UNPRI) in 2018. By becoming signatories, we commit to implementing these principles and incorporating environmental, social and governance factors into our investment process to help enhance returns and better manage risk for our clients.

Signatory of:



Policy Governance and Strategy



Direct – Listed Equity Active fundamental



Confidence Building Measures



MORNINGSTAR®

IFSL Evenlode Income
IFSL Evenlode Global Income
IFSL Evenlode Global Equity
Evenlode Global Dividend
Evenlode Global Opportunities



MSCI



The Morningstar® Sustainability Rating™ is intended to measure how well the issuing companies of the securities within a fund's portfolio holdings are managing their environmental, social, and governance risks relative to the fund's Morningstar Global Category peers, with 5 globes being the highest rating. IFSL Evenlode Income, IFSL Evenlode Global Equity and Evenlode Global Opportunities are based on 100% of AUM; IFSL Evenlode Global Income is based on 95.9% and Evenlode Global Dividend is based on 95.8% of AUM. Data as at 31 January 2025.

The Morningstar® Low Carbon Designation™ is intended to allow investors to easily identify low-carbon funds across the global universe. The designation is an indicator that the companies held in a portfolio are in general alignment with the transition to a low-carbon economy. IFSL Evenlode Income, IFSL Evenlode Global Equity and Evenlode Global Opportunities is based on 100% of AUM; IFSL Evenlode Global Income and Evenlode Global Dividend are based on 95.8% of AUM. Data as at 28 February 2025.

MSCI ESG Fund Ratings aim to measure the resilience of funds to long-term risks and opportunities arising from environmental, social and governance (ESG) issues. Each fund scores a rating on a scale from CCC (laggard) to AAA (leader). The rating is based first on the weighted average score of the underlying holdings of the fund. ESG momentum is then assessed to gain insight into the fund's ESG track record, which is designed to indicate a fund's exposure to holdings with a positive rating trend or worsening trend year over year. For more information on the methodology please visit our website. IFSL Evenlode Income and IFSL Evenlode Global Equity are based on 100% of AUM as at 28 February 2025. IFSL Evenlode Global Income is based on 95.8% of AUM as at 28 February 2025. Evenlode Global Dividend is based on 100.0% of AUM as at 30 November 2024; Evenlode Global Opportunities is based on 100.0% of AUM as at 31 December 2024.





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Important Information

Evenlode has developed a [Glossary](#) to assist investors to better understand commonly used terms.

We believe that delivering real, durable returns over the long term can be best achieved by integrating environmental, social and governance (ESG) factors into our risk management framework as this ensures that all long-term risks are monitored and managed on an ongoing basis. In addition to reviewing ESG factors when making investment decisions, we engage with portfolio companies on a range of ESG issues (for example greenhouse gas emission reduction). However, please note that the Evenlode funds do not have a sustainability objective.

This document is not intended as a recommendation to invest in any particular asset class, security or strategy. The information provided is for information purposes only and should not be relied upon as a recommendation to buy or sell securities.

For full information on the Evenlode funds, including risks and costs, please refer to the Key Investor Information Documents, Annual & Interim Reports and the Prospectuses, which are available on the Evenlode Investment Management website (www.evenlodeinvestment.com). Recent performance information is shown on monthly factsheets, also available on the website.

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ESG ratings

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