COUTTS STEWARDSHIP POLICY

Coutts

INTRODUCTION

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At Coutts, we invest with purpose and integrity, and with a keen focus on sustainability. And as a purpose-led organisation, stewardship is truly at the heart of what we do.

For over 300 years, we have strived to be a long-term, indispensable partner for our clients and serve families over generations. Accordingly, we have always focused on creating long-term value for our clients and beneficiaries. As responsible investors, we also aim for our investments to deliver sustainable benefits for the economy, the environment and society.

Our Stewardship Policy, which constitutes our statement of compliance with the 2020 UK Stewardship Code, sets out in detail how we prioritise stewardship and responsible ownership practices within our investment processes. In the year ahead we aim to further strengthen our stewardship activity and work with our partners to deliver sustainable outcomes for all our stakeholders.

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COUTTS' APPROACH TO STEWARDSHIP

This document details Coutts' approach to stewardship and its statement of compliance with the 2020 UK Stewardship Code, which is overseen by the Financial Reporting Council. Its purpose is to protect and enhance the value that accrues to the ultimate beneficiaries. While the code is focused on the UK, it sets a standard for stewardship and engagement for non-UK investments. We seek to apply the same principles globally, taking in to account local practice and law.

Coutts' report on its compliance with the UK Stewardship Code 2020 has been reviewed by the Coutts Investment Committee and approved by the Coutts Asset Management Risk Forum, which includes the Head of Asset Management.

PURPOSE AND GOVERNANCE

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.

Our purpose and investment beliefs

Our **purpose** is to "champion potential, helping people, families and businesses to thrive", and together with its focus areas (Climate, Enterprise and Learning), it underpins all that we do. We work together to provide the very best for our clients, whether by supporting their financial planning, helping to grow their businesses, ensuring their wealth has its intended consequences, and by building a diverse and inclusive workforce of the best talent in the industry. Part of the NatWest Group, Coutts Asset Management has as its purpose to secure our clients' future by protecting and growing their assets, to remove or simplify the barriers for investing and to reduce the climate impact of how we invest. The launch of our group-wide Purpose in early 2020 has allowed us to strengthen our stewardship, as it is embedded in the way we conduct business.

Our **culture** is centred around three pillars:

- **Our way of life:** We respect each other above everything else and we challenge and debate to reach the right outcome. We work together as a high performing team and achieve a healthy balance in our lives.
- **Our Potential:** We believe everyone has the potential to grow. Our aim is to succeed collectively by being a learning organisation and to invest in future with coaching, training, support, and encouragement.
- **Our Communities:** We care about our local communities and the environment, with a particular focus on climate change. We encourage everyone to get involved in a bigger purpose to help make a difference, and we are proud of the communities we've built within Coutts.

Our culture actively promotes effective stewardship and enables us to create long-term value for our clients, as it is based on collaboration, incremental growth and focuses heavily on our role in communities. It is these three pillars that guide us in our relationships with third-party funds and EOS at Federated Hermes, our longstanding engagement partner.

Our culture is underpinned by our **values**:

- **Serving clients:** We exist to serve our clients. We earn their trust by focusing on their needs and delivering excellent service.
- **Working together:** We care for each other and work best as one team. We bring the best of ourselves to work and support one another to realise our potential.
- **Doing the right thing:** We do the right thing. We take risk seriously and manage it prudently. We prize fairness and diversity and exercise judgement with thought and integrity.
- **Thinking long term:** We know we succeed only when our clients and communities succeed. We do business in an open, direct, and sustainable way.

We have over 300 years of experience serving our clients and have always been guided by our values of collaboration, client service and long-term thinking. We believe our consistent values enable effective stewardship as they give us the mandate to manage and engage on our investments in a way that delivers sustainable value for clients.

Our purpose drives effective stewardship

Coutts regards stewardship, as defined by the 2020 UK Stewardship Code, as integral to our investment process, and our purpose is inherently connected to our commitment to be a responsible investor. We define responsible investment as the integration of environmental, social and governance (ESG) factors into our investment processes and ownership practices. We believe that embedding responsible investing principles into our investment process will lead to better informed investment decisions and that ESG factors, over time, have the potential to have a positive impact on investment portfolios. We also believe that strong corporate governance practices and management of environmental and social risks are important drivers to the creation of long-term shareholder value. In addition to this, our emphasis on voting and engagement with our direct and fund holdings enables us to embed our purpose and values in the way we drive change within our investee funds and companies.

Example – Purpuse:
Our Purpose, which identifies climate change as one of its three priorities, is a cornerstone of our approach to responsible investing. It guided us to set targets to reduce the carbon intensity of our funds and portfolios, and to exclude high-impact fossil fuels where we have direct control. More details are provided in principle 7.

Our Responsible Investing Policy describes how we integrate environmental, social and governance factors into our investment decision-making processes, and our Responsible Ownership Principles outline our approach to ownership and governance of companies in which we invest.

As an active investor, Coutts takes a blended approach to investing via direct securities, external active funds, low-cost index funds and our own Coutts funds. On behalf of our clients we manage portfolios at all levels of risk – from 100% bonds to 100% equities, with balanced the most popular choice centred around 50% equity exposure.

When managing investments, we focus on three factors: managing risk, managing costs, and investing responsibly – which fits naturally with our five **investment beliefs**.

- **Macro-informed asset allocation:** we believe this is a key driver of returns over the long term.
- **Value and Selectively Contrarian:** we look for assets that are inexpensive and may be unpopular and out of favour.
- **Diversification:** essential to broaden sources of return and manage risk in a robust way.
- **Quality:** we seek well-managed and stable institutions which aligns with our approach to responsible investing.
- **Patience:** we focus on long-term opportunities and do not overreact to short-term noise.

Example – Exclusions:
Patience is one of our core investment beliefs. It means that our funds and portfolios are in a position to take advantage of long-term opportunities. This enables effective stewardship as we can engage with the companies and funds, we invest in to drive positive change. For example, we do not have blanket exclusions on fossil fuels as we believe there is value in identifying the companies that are leading the transition to a low-carbon economy and engage with them to support and speed up this process.

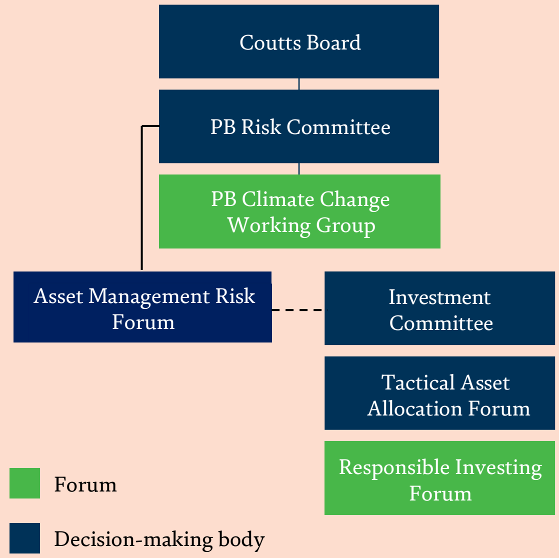
Our investment principles provide us with the roadmap for the way we look at the world and the way we run our business. We are not conflicted as our **business model** is one where we stand independent of any third-party investment bank or asset manager, which means we have freedom of choice in how we form and represent our investment beliefs in our clients' funds and portfolios.

Our Purpose, values, strategy, and investment beliefs are client-centred and designed to enable us to serve the best interest of our clients effectively. Coutts, as a relationship bank and asset manager on behalf of our clients, delivers consistent value for its stakeholders by providing diversified, actively managed investment solutions with a focus on ESG integration and active stewardship. This has allowed us to deliver strong returns while safeguarding the interests of all stakeholders.

Principle 2: Signatories' governance, resources and incentives support stewardship.

Governance structure

The **Coutts Investment Committee** is tasked with the governance and oversight of all client investment outcomes, which includes responsible investing and stewardship. The **Asset Management Risk Forum** meets monthly to review, manage and monitor operational, compliance and conduct risk. Where output from these meetings relates to climate-related matters this is presented to the **Private Banking Climate Change Working Group** before progressing to the **Private Banking Risk Committee**. Day-to-day oversight for the allocation of client capital rests with the **Tactical Asset Allocation Forum**, which includes input from our Head of Responsible Investing. The development of our approach to responsible investing is led by the **Responsible Investing team** and is informed by the **Responsible Investing Forum**, which includes members from across the business.



Final accountability sits with the **Coutts Board** on behalf of Asset Management. Accountability and implementation of responsible investment, of which stewardship forms an integral part, is distributed across Coutts asset management and across different levels of seniority and areas of expertise. This allows for a diverse range of insights and fosters collaboration to ensure effective stewardship. The table below provides an overview of the teams involved in stewardship and the allocation of stewardship responsibilities.

	Oversight/accountability for stewardship	Implementation of stewardship
Board members or trustees	Yes	No
CEO, CIO, COO, Investment Committee	Yes	No
Head of Responsible Investing	Yes	Yes
Portfolio Managers	No	Yes
Investment Analysts	No	Yes
Dedicated responsible investment staff	No	Yes
Responsible Investment Forum	No	Yes

Coutts Asset Management manages all investments on behalf of the NatWest Group (NWG). This includes the funds offered through the NatWest Invest and RBS Invest platforms. These funds are managed on a discretionary basis, but there is collaboration within the wider NWG regarding delivery and customer journeys. Coutts Asset Management also works with the wider NWG to share expertise around responsible investing and to achieve the Group's Purpose. The Coutts Responsible Investing team feeds into the **NWG Responsible Investing Working Group** and, where relevant, provides regular updates to the **NWG Climate Executive Steering Group**.

Effectiveness of governance structures

Our governance process allows us to drive change relatively quickly, while keeping senior management involved and informed in the process. Decisions relating to stewardship feed up to and are approved by the Investment Committee, and information is then disseminated up and down. Our two designated ESG groups (the RI forum and the PB Climate Change Working Group) allow us to get stakeholder buy-in before seeking official approval, which increases the effectiveness of our governance process.

The way that we are looking to improve our governance process in the next year is to have clearer delineations of responsibilities, with the goal of creating greater clarity where each body's responsibilities lie and avoid duplication of efforts.

Our people

All staff in the Coutts Asset Management team are responsible for the implementation of our responsible investing strategy, and this forms part of everyone's objectives, regardless of seniority. Some examples of teams that are directly involved in stewardship are:

- Investment strategy team: incorporate stewardship into our strategic and tactical asset allocation
- Fund research team: select best-in-class funds when it comes to ESG and active stewardship
- Risk team: incorporate ESG risks into our risk framework
- Wealth managers and investment specialists: communicate our approach to stewardship with clients
- Responsible investing team: set our stewardship strategy and policies
- Product teams: design our investment products in a way that enables effective stewardship

While the members of the Asset Management team come from a wide range of backgrounds and have different qualifications, ranging from CFA, CFA ESG, PCIAM to IAD, the business employs significant efforts and resources to educate staff on stewardship. Some examples are listed in the next section.

Appropriately resourced

In line with our purpose and our commitment to be a responsible investor, we are investing in **training and education** for our staff, both within Coutts Asset Management and the wider bank.

- Every member of our fund selection team has committed to achieving the CFA UK ESG Qualification.
- All Coutts staff is required to undertake yearly training on Responsible Investing, which takes the form of online training.
- We conduct regular responsible investing masterclasses for the Coutts staff. E.g. 3 sessions in 2019 with 200+ attendees, and 5 sessions in 2020 with 400+ attendees.
- The responsible investing team produces a quarterly reading list that allows Asset Management staff to keep abreast of developments in ESG. Additionally, the Group also distributes weekly email updates on ESG-related regulations and ESG market activity.

Example – Climate change training:
In 2020, NatWest Group rolled out bank-wide training on climate change, with more than 1,500 leaders from across the bank participating in climate change training. More than 500 senior leaders have undertaken a sustainability leadership programme with the University of Cambridge Institute for Sustainability Leadership (CISL). The programme, running over nine weeks, is led by the CISL faculty and draws in academic and industry experts. The aim of the programme is to boost the climate and broader sustainability knowledge and skills of some of the bank's most influential senior leaders. Concurrently the University of Edinburgh's Centre for Business, Climate Change and Sustainability (B-CCaS) has provided training to a further 1,000 NatWest Group colleagues to help the bank support its customers to reduce their carbon impact and transition to the low carbon economy.

The importance of stewardship is highlighted in all of the above initiatives, and we believe these have led to improved confidence of our advisors when talking about ESG incorporation with clients, and increased our workforce's awareness of the importance of ESG and stewardship integration into our investment process.

Diversity

NatWest Group continues to focus on building a more diverse and inclusive organisation. At the end of 2020, 39% of the roles in our top three leadership layers were held by female colleagues, a 10% uplift since our target of achieving a full gender balance in these layers by 2030 was introduced.

2020 also brought an increased focus on racial inequality: following the establishment of a taskforce led by the co-chairs of our multicultural network, we published a report - Banking on Racial Equality: A Positive Roadmap for Change – looking at what more we could do to champion the potential of colleagues, customers and communities from Black, Asian, and Minority Ethnic backgrounds. This built on the targets we put in place in 2018 to increase the number of colleagues from Black, Asian, and Minority Ethnic backgrounds in our top four UK leadership layers in the bank to 14% by 2025. We currently have 10% Black, Asian and Minority Ethnic representation amongst our UK senior leaders, a 2% increase since the targets were introduced. Under our new commitments, we have launched a separate goal to have 3% Black colleagues in senior UK roles by 2025.

Performance management and reward programmes

The incorporation of responsible investment, which includes proper stewardship, forms part of the performance objectives of all Coutts asset management staff. All Asset Management staff have the objective to contribute towards enhancing responsible investment outcomes within our end to end investment process. Moreover, our ExCo remuneration policy is directly linked to the achievement of our purpose, which responsible investing contributes towards.

Use of service providers

Stewardship activity in our direct equity and Coutts funds is led by EOS at Federated Hermes, which provides Coutts with voting recommendations based on our voting policy, which are input on the voting platform prior to the vote deadline. The voting recommendations are reviewed by the equity team and typically cast as voting instructions, except in the case of share blocking votes.

For our security selection we draw on data from Sustainalytics, an external data provider, to obtain inputs on a range of ESG metrics. In addition to this we also use Morningstar's data for external investment funds that are used in our multi-asset portfolios, with the goal of helping us assess ESG risks and opportunities. Morningstar uses Sustainalytics data to aggregate ESG metrics for funds.

Limitations

While stewardship is integral to our approach to responsible investing, our modest exposure to direct equity limits our ability to directly exercise our stewardship rights. However, we have recently entered into a relationship with an Blackrock that helped us deliver six fully customised funds. On these funds, we are able to vote and engage in line with our policies and in a manner consistent with our direct equity holdings. Where we invest through other third-party funds, we expect them to exercise their stewardship duties to the same standard as we would if we were in control of the assets. As mentioned in principle 7, we have a rigorous due diligence process to identify funds that align with our responsible investment principles, and we engage with the managers of the funds we invest in to ensure proper stewardship.

Furthermore, we recognise that there are limitations to the influence we have with our government bond holdings. We are working to improve our capabilities by working internally within the NatWest Group and externally through our membership of the PRI and our ongoing engagement with bond issuers and bond fund providers. For example, we are currently engaging on green and sustainability-linked bond issuance.

Principle 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

Coutts-wide policy

Coutts conducts its business according to the principle that it must manage conflicts of interest fairly and effectively, both between itself and its clients and between one client and another. The protection of our clients' interests is our first concern and Coutts maintains and operates effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest.

A conflict of interest may arise as a result of Coutts owing duties and obligations to one or more clients and where Coutts has financial or other interests in the outcome from providing services or executing transactions. More specifically, conflicts of interests may arise when:

- The interests of one client are, or may be, contrary to the interests of another client
- The interest of Coutts and/or NatWest Group, or a company connected to it, is different from its clients' interest
- Coutts and/or NatWest Group influences the outcome of certain transactions in a way which may result in it favouring one client's interests over those of another

Our Conflicts of Interest Policy and relevant operational frameworks for the identification and management of conflicts of interest are in place in order to safeguard our clients' interests and set out the principles observed by Coutts to this effect. Our Conflicts of Interest Policy is reviewed regularly to assess whether we are continuing to take appropriate steps to manage conflicts that may have an adverse effect on clients. Senior management is involved in the escalation, clearance and management of the conflicts identified, setting out the appropriate conditions for their management as required.

A summary of our Conflicts of Interest policy is available on our website and the full policy will be made available on request.

Stewardship conflicts of interest

Coutts primary responsibility regarding client investment assets is to try to add value over the long term. Our principal objective when considering how to vote or whether to engage with a company is to ensure that we fulfil our duty of acting in the interests of all our clients. The table below outlines potential conflicts of interest and how they are managed.

Conflict situation	Example	How we manage the conflict
Individuals on the board of a company that we engage with or vote on have a private or commercial relationship with Coutts/NatWest Group. Because we apply judgement in our voting activities (to permit us to override voting recommendations given by EOS in accordance with our Responsible Ownership Principles), there is a risk that conflicts of interests could influence these activities.	Where a client serves on the board of a company we hold, and we intend to vote against their directorship or against management we may come under pressure to change this decision.	Where this conflict of interest arises, we will report it to Investment Committee. If we believe the issue warrants further deliberation, we will escalate the conflict to Private Banking Risk Committee.
Our staff or clients may have personal relationships with the companies we are engaging with or voting on. Because we apply judgement in our voting activities (to permit us to override voting recommendations given by EOS in accordance with our Responsible Ownership Principles given by EOS), there is a risk that conflicts of interests could influence these activities.	A member of our Investment Committee may have an outside relationship with a board of directors for a company we hold.	All staff must declare and seek approval for outside interests, including board/ trustee roles. All staff must seek approval for Personal Account Dealing. All staff complete NatWest Group Policy Learning modules which cover conflicts of interest Where this conflict of interest arises, we will report it to Investment Committee. If we believe the issue warrants further deliberation, we will escalate the conflict to Private Banking Risk Committee.
Our engagement, voting or policy work may be in conflict with our parent group, NatWest Group, which seeks to influence our process.	We may be asked to alter our vote for a director who is close to our parent company or desist from policy work that could impact our parent company.	Where this conflict of interest arises, we will report it to Investment Committee. If we believe the issue warrants further deliberation, we will escalate the conflict to Private Banking Executive Committee

Coutts does not invest directly in its parent company, NatWest Group, plc (NWG). There were no conflicts of interest identified at a Coutts level over the reporting period.

Stewardship partner conflicts of interest policy

EOS conflicts are maintained in a group conflicts of interest policy and conflicts of interest register. As part of the policy, staff report any potential conflicts to the compliance team to be assessed and, when necessary, the register is updated. The conflicts of interest register is reviewed by senior management on a regular basis.

Our Responsible Ownership Principles frame voting recommendations given by EOS at Federated Hermes. While this framework provides rigour to voting decisions, we are aware that conflicts of interest may arise. If Coutts believes it should override the recommendations of EOS at Federated Hermes, then Coutts will document the decision and rationale.

Example (EOS) – Voting activity:
EOS recognised at an early stage that the AGM for a client's sponsoring company would be controversial. Their voting decisions in relation to this meeting were therefore assigned to a senior member of staff and the analysis was carried out early and comprehensively with oversight from an EOS director. After dialogue with the company, EOS took the view that the right decision was to recommend a vote against a board sponsored resolution at the AGM. EOS then communicated with the client to explain their decision.

Training

All staff are required to follow NWG policies relating to *Handling Confidential and Inside Information and Market Abuse*, and mandatory training is made available for all staff to make sure they are aware of these policies.

Principle 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Identifying market risks and systemic risks

As an asset manager our primary objective is to manage financial risks and returns. As mentioned in principle 1, we consider macroeconomic factors when assessing risk, as we believe this is a key driver of returns in the long term. We also believe that it is important to incorporate a wider range of environmental, social and governance factors.

Example – Biodiversity:

We have identified climate change as a key risk within our investment process, and we consider this as both a topic for engagement and a decision-factor when making asset allocation changes. As part of our process of fully incorporating all possible aspects of climate change into our approach we have identified biodiversity as a key topic for engagement with the companies that we are investing in. This includes topics such as deforestation and sustainable water and land use. Economies and societies are embedded in nature, rather than existing alongside it. Recent estimates suggest that over half of global GDP is moderately or highly dependent on nature.

This is why we came together with some of the world's largest banks as members of the Sustainable Markets Initiative's (SMI) Financial Services Taskforce (FSTF) and are signatories of the Terra Carta. As part of this initiative we have committed to incorporating biodiversity risks and opportunities into our business-wide thinking, and this includes the way we manage investments.

Our stewardship partner EOS also expects "companies to address the risks associated with high dependence on nature and commit to having no further negative impact on biodiversity. EOS states that companies that do not pivot to a nature-positive economy are likely to face a series of transition risks.

To make their business models resilient, companies should be proactive and innovative in developing nature-positive operations, products and supply chains. This will also enable companies to contribute directly to the UN Sustainable Development Goals (SDGs). Two SDGs - Life Below Water and Life on Land - are explicitly linked to biodiversity, while many more, including those relating to poverty, gender equality, health and climate action, are indirectly dependent on intact biodiversity and ecosystem services." *Source: EOS Q3 2020 Public Engagement Report*

The objective of our risk framework is to provide an environment to deliver steady, risk-controlled investment returns. The framework guards clients' long-term strategic investment objective while carefully monitoring the short-term tactical asset allocations. It ensures that we steer our portfolios confidently under all type of market environments, especially during market turmoil. The robustness of our risk framework is constantly tested and reviewed.

Our in-house risk budget model outlines controlled boundaries based on clients' risk profiles, and highlights any issues relating to outperformance or underperformance, which may indicate that we're taking too much or too little risk. It uses limits such as asset class bands, volatility bands and tracking error bands. As detailed below we employ a number of qualitative and quantitative models, such as stress testing models and factor analysis models, to diagnose risk exposures of our portfolios.

We use historic and forward-looking stress testing as a tool to explore specific situations and events:

- We use a variety of measures that in the past have been reliable guides to the future, known as leading indicators.
- We assess the probability of various scenarios and use the estimated portfolios' outcomes to guide asset allocation
- We also stress test portfolios to see how they would react to events that are less likely to happen

In addition to this, factor exposure analysis forms an important part of our investment process. We use both macroeconomic factors and style factors (such as measures of value, momentum, and volatility). We believe this combination provides an additional way to assess investment return opportunities, which complement our traditional asset class views. It also helps us identify any excessive risk factor exposures, and indicates the estimated performance during historical and simulated environments, which gives us an extra layer of comfort for any known risk, such as economic risk, credit risk, liquidity risk, FX risk and political risk among others. We consider the following macroeconomic factors to assess the extent to which portfolios are exposed to factors such as economic growth, real rates and inflation, credit, emerging markets, commodities, liquidity, foreign exchange rates, etc.

We then identify how the performance of each asset class is exposed to these factors. For example:

- Equity markets are driven largely by conditions in the underlying economy
- Developed market government bonds are influenced by real rates and inflation
- High yield bonds are exposed to broader conditions in credit markets

We make asset allocation views following our assessment of both macroeconomic and style factors. For example, if our analysis indicates a healthy economic outlook then we would increase our exposure to equities.

Another important part of our risk framework is the performance trigger mechanism: it acts as a "circuit breaker", which protects our portfolios from any shock. The mechanism operates at three layers, which are at portfolio level, asset class level and individual stocks/fund level. It provides further security on any type of new risk emerging in the market, which are unforeseen or unprecedented, whether it is a Macro economic impact, such as COVID-19 or a micro impact, such as a sharp drop in a single fund/stocks.

In addition to more traditional risk measures we recognise that climate change is likely to have an impact on the long-term value of investments that we manage on behalf of our clients. Therefore, we are working to identify potential opportunities and risks, which include physical and transitional risks affecting both Coutts as an asset manager and the assets that we manage. Moreover, we want to understand how best to integrate climate-related concerns into our business and investment decision-making. While climate change is a material financial risk, other, more traditional macro-economic risks may still dominate in financial terms. Our approach to identifying and managing climate-related risks and opportunities is detailed in our TCFD statement, which is publicly available on our website.

Our risk framework is designed to enable effective identification and management of risks, whether these risks are systemic or idiosyncratic, and we are comfortable in our ability to identify the majority of risks when they arise. However, when it comes to the identification of systemic risks relating to ESG, it is more difficult to obtain reliable, consistent data. The lack of common methodologies around assessing ESG factors can at times impede the inclusion of ESG-related systemic risks into our risk framework. We have identified this as a development area and are in the process of strengthening our access to ESG data to better enable the incorporation of ESG-related risks into our risk framework.

Example – Aligning investments to identified risks:
In response to the regulator's increased focus on liquidity risk as a systemic risk, the Asset Management team undertook an exercise to look into the liquidity of our funds and portfolios. This consisted of several spotlight sessions and deep dives held by the Investment Committee, supported by detailed analytics supplied by the Risk team. As a result of this exercise we enhanced our risk framework and reporting around liquidity. While the liquidity of our investments was already sufficiently high at the start of the exercise, one of the outcomes was a further increase in liquidity.

Working with stakeholders and industry initiatives

Coutts takes part in the following industry initiatives:

- As a PRI signatory we take part in a number of initiatives, including roundtables, information sessions and working groups, where relevant. Examples of this are our involvement in the PRI Wealth Managers Group and the PRI Roundtable with the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) on the EU recovery and Green Deal. One of the outcomes of our interaction with the PRI as a signatory is that we can provide feedback to their reporting framework and help identify priority areas that may inform their future direction of travel.
- As members of IA and PIMFA we engage with these bodies in areas where there is a potential impact on us as a bank and our portfolios/funds. We contribute to responses to consultations where relevant, attend discussion groups and other events, and provide representatives on some working groups. For our funds we also engage with IA's sister organisation, Irish Funds, that covers all funds domiciled in Ireland.

As a part of the wider NatWest Group, we are involved in the following industry initiatives:

- NatWest Group is the banking sponsor of COP26, which underscores our determination to be a leading bank in addressing climate change. Both NatWest Group and Coutts recognise the need for collaboration and cooperation that must take place between governments, businesses, regulators and society, and the key role of the finance sector to support the transition to a low-carbon economy. We believe that effective international cooperation on climate change is instrumental in improving the functioning of financial markets.
- NatWest Group is one of the Founding Signatories of the Principles for Responsible Banking, committing to strategically align its business with the Sustainable Development Goals and the Paris Agreement on Climate Change. The Principles for Responsible Banking provide the framework for a sustainable banking system that responds to and drives today's expanding global sustainable development economy, and guide the banking industry to align itself with society's goals as expressed in the Sustainable Development Goals and the Paris Agreement.
- NatWest Group are the first major UK bank to sign up to the Partnership for Carbon Accounting Financials (PCAF). PCAF is a collaboration between financial institutions worldwide to enable harmonized assessments and disclosures of greenhouse gas emissions financed by loans and investments. PCAF promotes the well-functioning of markets by facilitating collaboration between financial institutions worldwide to enable harmonised assessments and disclosures of GHG emissions financed by loans and investments. Improved disclosure and collaboration enable us to better identify and respond to systemic risks related to climate change.

- NatWest Group contributed to the Thun discussion paper on the implications of UN Guiding Principles 16-21 for banks, which was launched in 2013. We are committed to the implementation of these Guiding Principles on Human Rights within the bank. NWG

Our stewardship provider EOS regularly engages with a wide range of stakeholders on behalf of its clients. This includes government authorities, trade bodies, unions, investors, and NGOs, to best identify and respond to market-wide and systemic risks. At times they will also collaborate with other investors in pursuit of improved outcomes.

Principle 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities.

Policy reviews

All our policies relating to responsible investing are reviewed and updated at least annually to reflect changes in our approach, progress made and additional information that has become available. Policies are reviewed by the responsible investing team, who will assess whether policies can be updated to include new developments in terms of stewardship. For example, we might update our TCFD statement to include information on the scope 3 emissions of our investment funds and portfolios where we currently only disclose scope 1+2. Significant changes to our responsible investing policies will pass through internal governance, as detailed in principle 2. Principle 7 sets out the review process we undertake with the funds and companies we invest in.

We actively monitor and review the activities of our stewardship provider, EOS at Federated Hermes, through quarterly calls and regular reports. This also includes ad-hoc engagement progress discussions and direct participation in engagements where appropriate. EOS also provides a client-facing portal which allows us to refer to the full history of engagement of each company and track progress. As mentioned in principle 9, EOS conducts engagements using specific milestone-driven objectives, which allows us to effectively keep track of the stewardship activity delegated to them. They also publish a 3-year engagement plan, which is updated yearly to reflect progress made. This document is publicly available on our website.

Furthermore, we undertake due diligence on all our third-party research providers, which takes the form of an annual review. Coutts is also a member of the EOS Client Advisory Council, in which we discuss potential focus areas and key issues, review policy changes and contribute to areas of engagement.

Assurance

Any asset management policies that come into effect are taken through our governance process, which is detailed in principle 2. Final accountability for stewardship sits with the Coutts Board, with implementation delegated to Coutts Asset Management. In practice this means that the Coutts Board oversees our stewardship commitments, including our carbon reduction targets, and will review progress against these on a regular basis and will provide feedback on material publications, such as our Asset Management TCFD statement. New and updated policies are reviewed by our internal legal and compliance team prior to publication and any materials designed for client use must be approved by our Financial Promotions team prior to distribution.

Progress against our carbon reduction targets in the first half of 2020 was reviewed by EY as part of their sustainability assurance of the NatWest Group 2020 Annual Report.

Where we delegate our voting and engagement to EOS at Federated Hermes, we rely on them to obtain independent assurance of their engagement and proxy voting process on an annual basis (AAF 01/06). For our ESG data providers, Sustainalytics and Morningstar, we rely on them to obtain assurance where relevant.

Stewardship reporting

We receive voting and engagement reports from EOS on a quarterly basis, and these are made publicly available on our website. Alongside we publish quarterly insight articles to bring to life these reports and highlight past quarter's achievements and the focus going forward. This information is publicly disclosed on our website and where clients have opted into receiving marketing, they will also receive these insights via email. These different formats have the aim to make our stewardship activity accessible and understandable for our diverse client base.

Improving stewardship policies and processes

For third-party funds the responses they provide to our responsible investing due diligence questionnaire help us identify strengths and weaknesses, as well as areas for development in the fund managers we invest in, and this provides us with a starting point for engagement. Our questionnaire is key to enabling us to continuously improve our stewardship and that of the funds we invest in, as it helps us track progress at the fund level and tailor our engagement to maximise impact. It is updated yearly to reflect the latest developments on responsible investing within Coutts.

Regular review of our responsible investing policies and processes to incorporate changes in our approach, better availability of data and developments in the industry have led to the following improvements in 2020:

- We published our first publicly available TCFD statement, which sets out our approach to incorporating climate-related risks and opportunities into our investment process.
- We have updated our stewardship policy to comply with the updated 2020 UK Stewardship Code.
- We have set out our carbon reductions targets and exclusions policy (detailed in principle 7), with the goal of better addressing climate-related risks and aligning our investment process with our purpose.

We aim for our stewardship reporting to be fair, balanced and understandable. While we make every possible effort to communicate our approach with our clients, fund managers and service providers, there are a number of areas where we have identified limitations in our stewardship approach.

- Discretionarily managed equity holdings might be held in a pooled nominee account. While this offers cost benefits for clients, it at times impacts our ability to exercise our voting rights. While this does not impact our ability to engage, we see voting as an integral part of our fiduciary duty, which is why we are working towards a solution that would allow us to exercise our voting rights without increasing complexity and costs for our clients.
- While we have ownership over the engagement that takes place within our Coutts funds managed by Blackrock, we delegate voting and engagement within third-party funds to the respective fund managers. While we clearly communicate our approach to stewardship and have frequent interactions to make sure information is being shared continually, we are still reliant on them to properly execute their stewardship duties and are often only able to act reactively when things go wrong. While we have not experienced significant issues, it remains a possibility that one of our fund managers fails to exercise their voting and engagement duties to a satisfactory standard.

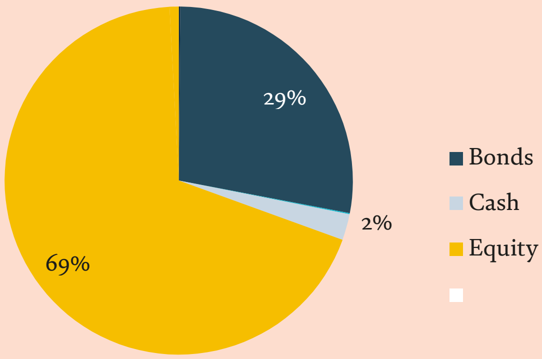
INVESTMENT APPROACH

Principle 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

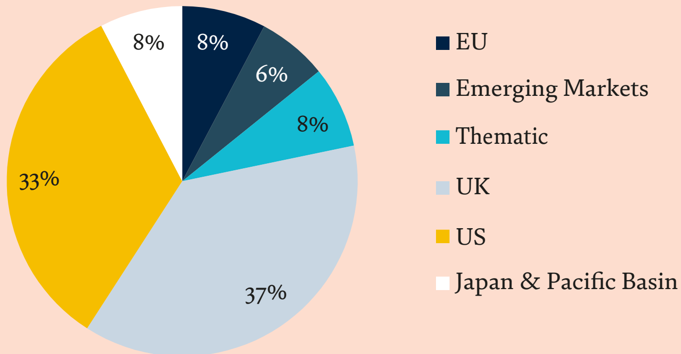
Our client base and assets under management

As a UK private bank and wealth manager, Coutts serves high net worth families and individuals with a nexus to the UK. Coutts Asset Management provides all investment services on behalf of the NatWest Group, totalling £29.1bn (as of 31 December 2020). All clients that invest with Coutts, regardless of wealth, are classified as retail investors. This means that the client base we serve consists almost exclusively of retail investors. However, experienced clients who are looking for a more complex, sophisticated service, can move up to professional status, but this will only represent a very small portion of our client base. In addition to individual clients we also serve a number of charities and businesses.

AUM Breakdown per asset class



AUM Breakdown across geographies



At Coutts our aim is to be a long-term, indispensable partner for our clients and serve families over generations. Therefore, the investment products we manage aim to provide an increase in value over the medium to longer-term by providing a range of diversified funds and portfolios. Our investment horizons range from a minimum of three years to in excess of eight years, depending on the client's risk and return preferences.

Seeking clients' views

How we seek out and receive clients' views depends on the chosen investment route:

1. Clients can opt to undertake the advice journey, which allows them to enter into dialogue with their wealth manager on their needs, goals and preferences, which are then incorporated into the investment advice provided at the end of the advice journey.
2. Alternatively, clients can opt to undertake the digital self-conducted guided advice journey through Coutts/NatWest/RBS Invest, which grants them access to our portfolio funds.
3. Thirdly clients have the ability to invest themselves, on an execution-only basis, in a range of investment products that are managed by Coutts Asset Management. This would allow the client to assess their risk and return preferences independently while maintaining access to Coutts investment products and the Coutts investment view.

In addition to this, we actively seek feedback from our clients on a wide range of topics using our Coutts Client Council, which consists of 714 members (as of 25 March 2021), and the NatWest Group Human Centred Design team, which conducts client testing for the Group. Through these platforms, we organise interactive roundtable discussions, workshops, and questionnaires to generate client-driven ideas, test potential products and services, and get an insight on where the priorities and needs of our clients lie. Both platforms consist of a diverse sample of our clients and represents different backgrounds, genders, and ages. The output from our Council sessions makes a real difference in shaping our propositions of the future. At Coutts we work with The Wisdom Council, a specialist agency in this field, to ensure we gather our clients' views in the most efficient and tailored way possible and to get access to industry-wide research on relevant topics, which we are then able to leverage.

Example – Coutts Client Council:
An example of where our conversations with the Client Council guided our decision-making is when we carried out a survey of 50 Client Council members, asking about their knowledge and interest in ESG, sustainability and our responsible investing approach. 100% of clients surveyed said that it was important for their bank to be considering ESG, but many found they were not fully informed about what Coutts did in this space. Using this insight, we decided to launch a yearly sustainability report, of which the first edition was published in June 2020.

Where clients do not wish to join the Coutts Client Council, they are able to express their views by interacting with and feeding back to their adviser(s). Where appropriate, advisers will feed this back to the client experience team, who collate this information and look for ways to improve our process or offering where possible. As a wealth manager with a focus on helping our clients and their families thrive, we often have longstanding and personal relationships with our clients. This means that we are uniquely positioned to get continuous and honest feedback from them, which feeds into our approach.

Moreover, we conduct our client feedback programme eight times a year to provide an indication of how our clients are feeling about Coutts, our service, and their investments. We pride ourselves in having a client base that feeds directly into the way we design our offering and the way we serve our clients and believe that this is an effective way of receiving feedback from a diverse range of sources on an ongoing basis.

Managing assets on behalf of our clients

Stewardship is a central element of our approach to responsible investment. Where clients opt to receive advice and invest with Coutts, an investment policy statement will be created to reflect the client's investment policy. Where clients opt for a bespoke portfolio, they can avoid exposure to a number of activities in the direct equity portion of their portfolio. The data provider for this screening is Sustainalytics.

As we manage assets on behalf of our clients, they delegate voting and engagement with their holdings to us. While we do not offer bespoke voting based on the client's personal preferences, we are guided by our *Responsible Ownership Principles,* which have been developed through an iterative process based on industry best practice, but have evolved to incorporate the views of our clients and stakeholders, and are guided by our Purpose.

Communicating with clients

We communicate on our approach and activities regarding stewardship in three ways. Firstly, we publish reports, insights and voting and engagement reports on coutts.com, which is available to the public. This includes:

- Our yearly sustainability reports
- Regular insight articles on coutts.com that provide context and thought leadership around our stewardship and responsible investing activity, including case studies of engagement.
- Quarterly voting and engagement records (provided by EOS), which provides a breakdown of the number of meetings and resolutions voted on, the number of companies engaged with, including a breakdown by geography and theme.

Secondly, we produce materials and organise events around responsible investing for our clients. This includes in-person events, podcasts, interactive webinars, and reports.

Example – Client event:
In July 2020 we organised an online webinar for members of the Coutts Fellowship. This included a deep dive into our approach to responsible investing and a case study presented by EOS. Both Coutts and EOS discussed how they use stewardship to deliver value for their clients and touched on the strengths and limitations of this approach.

Thirdly, we communicate with our clients on stewardship on an ad-hoc basis. Our advisers maintain regular contact with our clients and will have conversations around their interests and needs. While all our advisers have received training around our approach to responsible investing, where clients express an interest in responsible investing, the relationship manager has the ability to liaise with the responsible investing team to join meetings and/or provide more details on our approach to stewardship. This can include more general conversations around our approach and activity, a deep dive on our carbon reduction targets or a discussion around how their values can be reflected within their investment portfolios. Where relevant we are also able to provide updates on company-specific engagements and voting decisions.

When we are unable to meet client needs

Through our advice process we aim to get a deep understanding of our clients' investment needs and preferences, and this includes their stewardship and investment policies. Where clients require tailored portfolios that reflect their ESG and/or ethical considerations, we are potentially able to offer bespoke portfolios to help achieve this.

In most cases we can provide clients with suitable investment solutions and have found that we are able to manage assets in line with their preferences and expectations. However, if we are not able to do so, we will talk to clients about our approach to stewardship and the policies we adhere to. In cases where we find that our approach is not reconcilable with a client's own stewardship or investment policy, we would not be able to make a suitable recommendation.

Principle 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

ESG considerations

Coutts defines Responsible Investment as the 'integration of environmental, social, and corporate governance (ESG) considerations into our investment processes and our ownership practices'. Through our holistic asset allocation process, we consider a wide range of ESG-related risks and opportunities, which are detailed in our Responsible Investing Policy and our Third-Party Funds Policy, which are available on our website.

In addition to this, tackling **climate change** is one of the pillars that underpins our purpose. In line with NatWest Group's target of aligning our business with the 2015 Paris Agreement, Coutts Asset Management has set two targets to reduce the carbon intensity of all our discretionary funds and portfolios:

- We have committed to reducing the carbon intensity of all equity holdings in discretionary funds and portfolios by 25% by the end of 2021.
- Furthermore, we also committed to a 50% reduction in the carbon intensity of all holdings by the end of 2030.

Example – Our carbon reduction targets:
We are making deliberate allocations to ensure we achieve our carbon reduction targets. Within our Personal Portfolio Funds, we have switched 20-30% of our allocations out of non-ESG tracker funds into low-carbon, strong-ESG tracker funds, which has delivered a reduced carbon footprint as well as strong financial returns in the first half of 2020.

Therefore assessing the carbon footprint and climate-related risks and opportunities of funds and companies we invest in is a priority for us, and forms part of our assessment process before deciding to invest, and the progress made by funds and companies to align themselves with the Paris Agreement is also an important factor we monitor throughout our holding.

In addition to this, we monitor funds' and companies' exposure to unsustainable (fossil fuels, thermal coal, and oil sands extraction involvement) and sustainable (green transportation, renewable energy production and supporting products/services)activities, and we aim to identify ways to adjust these exposures in line with our assessment of the investment risks and opportunities.

Our exclusions policy, which is detailed in our TCFD statement, means that in our direct holdings and Coutts funds we do not invest in companies that:

- Derive more than 5% of revenue from thermal coal extraction, tar sands and Arctic oil & gas exploration
- Derive more than 25% of revenue from thermal coal energy generation

Example – Divestment:
Another example of the influence of stewardship is our decision to exit any holdings that are not in line with our exclusions policy. After putting in place this policy we identified a few existing direct holdings that did not meet the requirements. We put in place an exit strategy and made an informed decision on the timing to close our positions.

A second pillar underpinning our purpose is the commitment to removing barriers to enterprise, and particularly for female entrepreneurs. In 2019 the UK government commissioned NatWest Group CEO, Alison Rose, to lead an independent review of female entrepreneurship. The report, titled *The Alison Rose Review of Female Entrepreneurship*, sets out to identify the disparity between male and female entrepreneurs when starting and scaling businesses, and the barriers women face, which has resulted in 'unrealised potential' for the UK economy. In line with this, it is important for us to ensure that the same priorities are reflected in our investment decisions, which is why we actively monitor and encourage strong gender diversity within the fund houses and companies we currently hold or consider investing in.

Factors influencing ESG integration

While ESG factors are integrated at every stage of our investment process, routes to market, asset classes and geographies influence our ability to utilise our capabilities and wield our influence.

As mentioned in principle 5, third-party funds make up a significant proportion of the investment portfolios we manage on behalf of our clients. When we consider investing in a third-party fund, we require them to complete our Responsible Investing Questionnaire as part of our standard due diligence process. This questionnaire reflects all aforementioned issues in detail and includes qualitative and quantitative questions relating to: whether they are signatories of PRI, UK Stewardship Code (or similar), questions relating to voting and engagement records and whether this information is publicly available, and questions relating to TCFD and associated recommendations for asset managers. From 2020, our questionnaire has been expanded to track any climate-related targets set out and any policies on human rights and modern slavery, as well as requesting third-party funds to disclose examples of successful and failed engagement, and to detail their approach. At all times we require the funds that we invest in to back up their statements with examples to help bring this to life. Each fund is scored based on their answers, compared against the relevant peer group, and this is then incorporated into our investment decision-making processes. Where we notice a lack of willingness from asset managers to incorporate responsible investing principles into their investment process, this will feed into our overall assessment of them. While funds with below average scores are not automatically dismissed, access to this data and insight allows us to engage with the manager to improve their practices. Annual reviews are conducted with all third-party fund managers. More details and examples of questions we ask fund managers are available in our 2020 PRI submission.

Example – Stewardship informing investment decisions:
We gather a wealth of information through our due diligence process, as well as through formal and informal dialogue with our selected fund managers. An example where stewardship informed our investment decisions is the case of a Russia fund, we previously invested in. We recognised that Russia is a market that performs very poorly in terms of not just environmental considerations, due to the heavy concentration of polluting energy companies, but also in terms of social and governance considerations. However, we identified that the fund in question had positive ESG performance when compared to the Russian peer group. This formed an important part of our decision to invest in the fund.

For our direct security selection, we draw on data from Sustainalytics, an external data provider, to obtain inputs on a range of ESG-related risks. We will only invest in direct equity and bonds if these do not violate our exclusions policy. While ESG data is more widely used for equities, and data availability develops at different speeds, we will subject our (in)direct bond holdings to a similar due diligence process as we do for our equity holdings. We currently do not assess ESG risks for our cash holdings due to a lack of standardised and reliable information, but are looking to enhance our approach to cash, as we believe there is more that the industry can do to drive the adoption of industry-wide methodologies in this area.

During the past year we have been working on amplifying our voting and engagement activity by establishing a strategic relationship with a large fund manager. This resulted in the creation of six funds that are customised by Coutts, and which represent approx. 45% of our funds and portfolios. This relationship allows us to strengthen our voting and engagement activity, as the funds will follow our own stewardship policy. Coutts has also set the ESG policy of the funds to ensure these reflect our own ESG policy.

Voting and engagement is the area where we notice the biggest discrepancies between asset classes and geographies. While we are advocates for active ownership and the use of voting and engagement to drive material, long-term change, we are limited in our ability to engage with our government bond holdings. However, we require all third-party bond funds to complete our Responsible Investing questionnaire. Across geographies we observe stark differences in cultural norms, laws, and corporate governance standards, affecting our ability to drive change. We believe that in order to effectively engage across geographies a tailored engagement approach is required, which is why we work with our stewardship provider, EOS at Federated Hermes, who have local engagement teams with specific focus areas. Two examples of geographical discrepancies that we have identified are the United States' attitude towards collaborative engagement, and gender diversity on Japanese corporate boards.

Integrating stewardship

Coutts is a long-term investor, and this influences how we assess material ESG risks and opportunities. As an asset manager operating on behalf of our clients, we have a duty to make asset allocation decisions that serve their long-term investment goals. We believe that this will gradually but increasingly underline the importance of incorporating ESG opportunities and risks to the creation of long-term value for our clients. As part of our investment process we look for risks that have the potential to affect returns over the medium to long term, and this aligns with the time horizons of our clients. We have a holistic risk management process that looks at risks of all timeframes, even where clients have shorter time horizons (e.g. three years). More details are provided in principle 4.

When providing investment advice to our clients we consider a minimum time horizon of three years, which is often a short timeframe to achieve persistent and measurable results from engagement. However, as engagement is both goal-driven and event-driven, we believe that even clients with shorter time horizons will benefit from our engagement activity.

Example – Proactive engagement:
In 2020 one of our direct equity holdings was involved in a controversy. We invested in this company as we look favourably upon their role in the transition to a low-carbon economy and consider them as leaders when it came to tackling climate change in their industry. As soon as the news of the controversy broke, we reached out to EOS, our engagement partner, to ensure that this issue was followed up and appropriate action was taken by the company. We also carried out an internal analysis to determine the impact of this controversy on our long-term view of the firm. We believe that engagement in this case added value to investors regardless of time horizon.

Service providers

All our service providers are subject to our selection process, which includes, where relevant, a number of questions on their approach to ESG and sets out minimum criteria that we expect to be fulfilled for them to be considered.

Our service providers are kept informed of our commitment to responsible investing. For service providers that enable us to effectively carry out our stewardship activity, we will disclose our ESG-related policies and commitments, such as our exclusions policy, our carbon reduction targets and our ESG integration process.

Our stewardship provider, EOS, makes voting recommendations based on our responsible ownership principles and has a clear and proprietary milestone system, detailed in principle 9, to track success of engagements over the short, medium and long term. In addition to this, we maintain ongoing dialogue with data providers to ensure we have access to all required data to make informed investment decisions.

Example – Service provider selection:
When selecting our custodian, we included questions on living wage and human rights in our selection process, and this has a direct influence on our assessment.

Principle 8: Signatories monitor and hold to account managers and/or service providers.

Monitoring asset managers

Third-party funds are a key element of our investment approach, and we recognise how important it is that the fund managers we work with perform as we expect them to, both in financial terms as in their approach to stewardship. In addition to ongoing, more informal dialogue, we conduct annual reviews with all third-party fund managers, which includes a review of any meaningful changes or improvements to their approach to responsible investing.

As voting and engagement is a cornerstone of our approach to responsible investment, we take great care in assessing fund managers' voting and engagement practices. We request voting and engagement data on a regular basis and review case studies to understand the impact that their engagement activity is having in driving positive change.

Below is a non-exhaustive list of topics that we monitor and that often come up in annual review meetings:

- Review the manager's firm-level vs. product-level approach to RI
- Review the oversight and responsibilities of ESG implementation
- Review how is ESG implementation enforced/ensured and assess ESG expertise of investment team
- Review the manager's RI-promotion efforts and engagement with the industry
- Review the process for ensuring the quality of the ESG data used
- Review how ESG materiality is evaluated by the manager
- Review process for defining and communicating on ESG incidents
- Review and agree ESG reporting frequency and detail
- Request and discuss PRI Assessment Reports
- Review the manager's engagement policy and process
- Review the manager's voting policy and ability to align voting activities with clients' specific voting policies
- Review the manager's process for informing clients about voting decisions
- Ensure whether voting outcomes feed back into the investment decision-making process
- Review the number of votes cast as a percentage of ballots/AGMs or holdings and available rationale

Monitoring service providers

We maintain strong relationships with our service providers and are in contact with them on regular basis to request updates, ask for clarification on data points or to collaborate on projects. As our responsible investing team has limited capacity, we rely heavily on EOS and our data providers to help strengthen our approach to responsible investing by providing us with up to date and relevant data.

For EOS, our engagement partner, we monitor their activity through the quarterly reporting on voting and engagement that they provide, and we track their progress against their engagement milestones. We flag inconsistencies where identified and we actively participate in the EOS Client Council to help identify priorities for engagement going forward.

From our data providers we request methodologies on an ad hoc basis to help us gain better understanding of their data, and we point out data gaps/inconsistencies in the data that we receive from them. While we were in the process of developing our own carbon footprint methodology we worked closely with both Morningstar and Sustainalytics to ensure that we were using the data correctly, and any assumptions made were reasonable.

In 2020 NatWest Group launched its new Supplier Charter, which sets out the sustainability requirements that suppliers must meet in order to do business with the Group. It covers key ESG topics and informs our supplier tender process. We require that our suppliers pass the requirements to their own supply base.

When expectations are not met

During our engagements with fund managers we ask them about their approach to responsible investing and tell them in detail about our approach and expectations, after which we monitor their behaviour. In some cases, we find that fund managers do not meet the expectations we set out for them. For example, we expressed our concerns about a large fund manager's approach to voting and engagement, as we felt that the progress in their stewardship report was not sufficiently meaningful and tangible. Over the years, we continued this dialogue with the fund manager and this has resulted in an increased focus on voting and engagement, and has seen their reporting, processes, and dedicated resources strengthened significantly.

Example – Data providers:
An example where our data provider expectations were not met took place when we were developing our carbon footprint methodology. While Morningstar produced data for most of the funds we invested in, there were some data gaps, for example where the funds were too new to automatically be reported on in Morningstar. In this case, we worked with the third-party fund managers and Morningstar itself to address these data gaps and make the data available for us to use.

Example – ESG incorporation:
Another example where our expectations were not met is a fund manager that we worked with for multiple years. When we first started incorporating ESG into our investment decision-making process, we identified a lack of ESG incorporation in this fund manager. During our engagement with the fund manager we stressed the importance of incorporating ESG into their stock selection, as well as the importance of strong voting and engagement policies. We worked with the fund over a period of time, and this resulted in the fund house establishing their own responsible investing team.

ENGAGEMENT

Principle 9: Signatories engage with issuers to maintain or enhance the value of assets.

We partner with EOS at Federated Hermes, who engage with our direct holdings and our Coutts funds on our behalf, enabling positive change and strengthening the value of our assets. We work with an external engagement partner because we believe that effective stewardship requires substantial resource and expertise. As a member of the Client Advisory Council and the Client Advisory Board, we provide feedback on EOS' engagement priority areas and processes and have the ability to contribute to the annual engagement plan. In addition to this, we are in regular contact with our EOS relationship manager to provide mutual updates on our activity and progress.

We expect EOS to provide us with intelligent voting recommendations that are engagement-led where possible and tailored to the company's individual circumstances. We also expect proactive and reactive engagement with companies in our portfolios using a constructive, objectives-driven and continuous dialogue on ESG issues. We expect their strategies to be informed by deep knowledge across themes, sectors and regions to ensure that their engagement is tailored and on the most financially material factors affecting the long-term sustainability of companies. More specifically, we expect EOS to engage with our holdings in line with the themes agreed on in our three-year engagement plan, which is made publicly available on our website.

EOS has developed a proprietary **milestone system**, which allows us to track progress in our engagements relative to objectives set at the beginning of our interactions with companies. The specific milestones used to measure progress in an engagement vary depending on each concern and its related objective. They can broadly be defined as follows:

- Milestone 1: Concern raised with company at appropriate level
- Milestone 2: Acknowledgement of the issue
- Milestone 3: Development of a credible strategy or plan to address the concern
- Milestone 4: Implementation of a strategy or measures to address the concern

Example – Gender diversity (US):

EOS first raised our concerns about the low levels of gender diversity on the board at US pharmaceutical company Pfizer with the corporate secretary in 2018. After the 2018 annual shareholder meeting there were two women on the board, just 17% of the total. Although gender is just one of the factors to consider in determining diversity, studies have shown that higher gender diversity on a board has a causal relationship with reduced financial risk, higher investment in research and development, and more efficient innovation processes.

When EOS raised their concerns, the company said that board gender diversity was a priority, but it was difficult to find the right female talent as it was targeting current or former CEOs, and candidates with scientific or technology expertise. EOS reiterated their view that the company should look beyond this narrow talent pool to candidates with more diverse backgrounds. They continued to engage on this ahead of the 2019 annual shareholder meeting as the board had appointed a new male director.

In early 2020 the company appointed two additional female directors with diverse backgrounds in science and education, and civil society. EOS continues to engage on broader diversity and inclusion in the executive team and throughout the organisation, as well as on climate change, antimicrobial resistance, executive compensation, and lobbying. *Source: EOS Q2 2020 Public Engagement Report*

Example – Product governance and drug pricing (US):

During a call with this US retailer EOS asked how it is taking the lessons it has learned from opioids and applying them holistically to its approach to product governance. They particularly raised this in relation to the responsible sale of antibiotics. The company compared its approach to opioids with tobacco, but it was unable to answer specific questions about antibiotics and anti-microbial resistance, which EOS will follow up on. When EOS questioned the company's long-term view on its exposure to US healthcare reform, it appeared confident that it could pivot to different contracting models for its business, and that it would improve transparency on drug pricing if legislation required it to do so. EOS encouraged it to continue to improve pricing transparency regardless of legislation, given the significant social and reputational impact it could have. They also urged it to improve disclosure around service fees, and to support consumer education on using health savings accounts. *Source: EOS Q1 2020 Public Engagement Report*

Example – Separation of Chair and CEO roles (EU):

In a call with the general counsel and head of legal of this European construction company, EOS engaged on governance matters ahead of the annual general meeting. They were pleased by the overall increase in the level of disclosure, especially on the results of the external board evaluation, for which they had pushed. While the changes on the board will be minimal this year, several mandates will end in 2022 including that of the chair/CEO. EOS asked about succession planning and pushed for a separation of the roles when the chair/CEO retires, most likely at the end of his mandate. EOS also explained that they do not support the former chair/CEO becoming chair, unless this is for a set period. They pressed the company to keep a lead independent director especially if the current chair/ CEO becomes chair for a transition period. EOS also pushed for ending the split between vice-chair and lead independent director, which in our view undermines the lead independent director role.

EOS and Coutts were pleased to see the first woman appointed to the executive committee earlier this year and pressed for further gender balance. On remuneration, EOS pushed for enhanced disclosure of the underlying metrics of the qualitative part of the bonus and challenged the use of the CDP score in the long-term incentive plan, which in EOS' view could be complete by an internal climate target. *Source: EOS Q1 2020 Public Engagement Report*

Principle 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.

As part of our duty as a steward of our clients' assets, we continuously work with our fund managers, data providers and engagement partner to influence and drive change. We influence fund managers by clearly stating our expectations and own approach to responsible investing, and we support them where necessary on their own journey. As mentioned in principle 7, an example of this is one of our fund managers that did not consider ESG in their stock selection process. We worked with the fund house over a period of time to share our experience and knowledge, and this resulted in the fund house hiring their own responsible investing team.

We are signatories, vocal advocates and participants of **Climate Action 100+**, which is an initiative led by over 575 asset managers and asset owners to engage with the world's largest corporate greenhouse gas emitters to improve their climate performance and ensure transparent disclosure of emissions. Since joining, we have been collaboratively engaging with companies and encouraging all asset managers that we work with to join the initiative and will seek justification when asset managers are not involved in CA100+ or similar initiatives. Engagement objectives are defined and tracked for the company that we are engaging with. We highlight our progress and activity in articles that we publish on our website. Meanwhile our stewardship partner, EOS, has taken a particularly active role within the initiative, leading engagement initiatives on 29 companies.

Complementary to our engagement in Climate Action 100+, we work with other asset managers to improve their ownership practices by having ongoing conversations on this topic and sharing best practice. Our responsible investing due diligence questionnaire, as mentioned in principle 7 details the expectations we set out for the asset managers that we work with, and this serves as a guide throughout our engagement.

In addition to reporting to the PRI on a yearly basis, we are also active participants in their roundtables, forums and conversations. We have recently joined the PRI Wealth Managers Group and regularly share our experience of incorporating responsible investing as a multi-asset manager with the PRI to inform their assessments and reports. We also attend PRI workshops such as the Private Finance and the Green Recovery workshop.

We actively support the development of transparency and good reporting from companies and of the integration of ESG in investment decision-making processes by engaging with other bodies with similar goals. For example, our parent company NatWest Group is a member of the UK Sustainable Investment and Finance Association (UKSIF), and we engage regularly with industry bodies and working groups in this developing sector.

Examples of collaborative engagement carried out by EOS on our behalf

Example – CA100+ – oil and gas benchmarking methodology:

EOS had a multi-stakeholder call with all the major European oil and gas companies along with the leads for the Climate Action 100+ engagements. They ran through the proposed benchmarking methodology. Concerns were raised around the boundary for Scope 3 emissions, and regarding the limitations around actions that oil and gas companies could take in mitigating value chain emissions. EOS noted the need for an enhanced focus on positive lobbying, so that oil and gas companies can play a role in the low-carbon transition. EOS raised concerns around leakage of emissions from the sector through divestment of assets, and the need for clear disclosure around organic versus inorganic capital expenditure and divestiture. EOS encouraged greater clarification around the capital expenditure methodology. Concerns were raised around the carbon budget boundary used to measure the alignment of capital expenditure.

Subsequently, EOS had a call with investors to discuss feedback around the benchmarking methodology. They emphasised the need for alignment of capital expenditure with the goals of the Paris Agreement to take a dominant role within the methodology, as it could apply to multiple different strategies. They expect this to be core to the methodology, with supplementary assessment criteria for those companies looking to transition. They also encouraged greater clarification around Scope 3 boundaries and a need for more specificity on the expectations for a Just Transition. *Source: EOS Q3 2020 Public Engagement Report*

Example – Danone – TCFD reporting:

As part of EOS' ongoing dialogue on climate change with European food company Danone through the Climate Action 100+ initiative, they asked the company to publicly support the Task Force on Climate-related Financial Disclosures (TCFD) and align its reporting to the framework. EOS first raised their request in correspondence sent in November 2018. They reiterated their position during meetings with the senior executive responsible for nature and the water cycle on multiple occasions in the first and third quarters of 2019 and in a meeting with the lead independent director in the fourth quarter of 2019. During the latter meeting, EOS obtained reassurance that the company was considering its official support for the TCFD in 2020.

During a meeting in the first quarter of 2020 with the vice president for nature and the water cycle, EOS was pleased to hear that Danone had given its official support. They also welcomed the new TCFD equivalence grid, showing the reconciliation between Danone's disclosure and the TCFD recommendations, in its 2019 universal registration document. They separately welcomed the strengthened commitment made in September 2019 through the signature of the Business Ambition for 1.5°C pledge. EOS will continue to engage on other aspects of climate change such as setting intermediate targets and enhanced disclosure on carbon sequestration in soil, which is a key area of Danone's climate strategy. *Source: EOS Q2 2020 Public Engagement Report*

Example – Department for Business, Energy and Industrial Strategy (BEIS) meeting on UK heat decarbonisation:

EOS met with the heat decarbonisation team of the UK government's BEIS, along with other UK utility Climate Action 100+ (CA100+) participants. The UK's heat decarbonisation roadmap will be published this summer. It will set out the key questions that need to be answered and how this will be done, with the aim of getting the necessary policy in place by the mid-2020s. We agreed to hold a set of meetings to create greater dialogue between CA100+ and the BEIS team over this important year for heat decarbonisation. *Source: EOS Q1 2020 Public Engagement Report*

Measuring progress

EOS measures the progress of these engagements in the same way they would measure progress of company engagements – using their milestone measurement system, as detailed in Principle 9.

Principle 11: Signatories, where necessary, escalate stewardship activities to influence issuers.

Our Responsible Investing Policy outlines clearly what we expect of third-party funds and listed companies and what they can expect of us. Together with our Responsible Investing questionnaire, they set out our expectations and form the basis of engagements with funds and companies on a wide range of issues, including investor communications, corporate culture, operations, strategy, financial structure and disciplines, risk management and oversight, sustainability and governance. They also explain what funds and companies can expect from us and set out what we regard as responsible ownership. Specifically, for third-party funds we have set out clear expectations for fund managers around the identification and management of material ESG risks. Where risk is deemed significant, we expect this to be escalated through active engagement with the Board.

We also actively encourage the asset managers that we invest in to have robust stewardship activity. We request engagement data and review case studies to understand the impact that their engagement activity is having in driving positive change. This enables us to identify those that are failing to perform, whether in terms of immediate financial returns or in terms of failure to adequately manage risks or relationships that may destroy value over the long term. It is those which will receive our greatest attention and are likely to be ones with which we engage most intensively.

As detailed in principle 2, we delegate engagement with our direct holdings and holdings within the Coutts funds to EOS at Federated Hermes. Every year EOS publishes an Engagement Plan, which details their engagement priority areas as directed by their clients, including Coutts, during their annual meetings. The plan is available on our website. While the themes identified below are the focus of the 2020-2022 Engagement Plan, EOS develops engagement strategies specific to each company, informed by its deep understanding across sectors, themes and markets. It seeks to address the most material ESG risks and opportunities, through long-term, constructive, objectives-driven, and continuous dialogue at the board and senior executive level, which has proven to be effective over time. All throughout the engagement process, EOS seeks long-term outcomes at the individual company level and, more broadly, an improvement of public policy and market best practice.

- **Environmental:** climate change, natural resource stewardship, pollution, waste, and the circular economy
- **Social:** conduct, culture and ethics, human capital management, human and labour rights
- **Governmental:** board effectiveness, executive remuneration, shareholder protection and rights
- **Strategy, risk and communications themes:** business purpose and strategy, corporate reporting, risk management

We will escalate engagements where funds are not receptive to engagement, no progress is being made or progress is too slow. In this case, we will attempt engagement at a more senior level and seek answers to our previously raised questions that way.

Our engagement partner, EOS, equally has an approach to escalating engagement. While most engagement takes the form of confidential one-on-one discussions with a company, as this helps develop a relationship based on mutual trust while jointly exploring solutions, at times it does not yield results quickly enough, particularly if management has entrenched views against progress in a particular area. In such cases, EOS can employ different engagement techniques. Escalations include attempting engagement at a more senior level, letters to the board of directors, collaborating with investors or other stakeholders, questions or statements at annual meetings, recommending votes against annual meeting items, shareholder resolutions or open letters. EOS provides regular reporting that includes updates on escalated reporting.

Example (Coutts): Escalate concerns to fund manager

After the recent news around slavery allegations in a company's supply chain, we promptly reached out to one of our active funds that had a significant holding in the company. Our goal was to highlight our concerns and to ensure that this issue was being taken seriously by the fund manager. It was also important for us to know what engagement is being carried out by the fund manager and what steps both they and the company are taking to ensure that issues like these are identified more rapidly in the future.

Outcome: when following up with the fund about six months after the allegations, they were able to disclose a timeline of their engagements with the company and the outcomes of this engagement. The company has since decided to limit the number of their suppliers to improve oversight at the factories.

Example (Coutts): Escalate concerns to EOS

When one of our direct holdings was involved in a controversy following a business decision, we went out to EOS to gain a deeper insight on what was going on. We maintain a proactive approach and follow-up on high profile engagement cases or when any significant event takes place at a company with the goal of ensuring that engagement activity will continue to evolve and intensify when required.

Outcome: after escalating our concerns to EOS we moved the stock from a 'buy' to a 'hold' rating awaiting the company's reaction to the controversy. We stayed in touch with EOS to receive updates on their engagement with the company. When we were able to assess the actions that were taken following the controversy and we were confident that sufficient and correct action was taken, we moved the stock back to a "buy" recommendation.

Example (EOS): Boohoo ad hoc engagement

EOS initiated engagement with Boohoo on an ad hoc basis due to allegations against the company in the press regarding employment practices in Leicester, although due to the relatively low client holdings, Boohoo is not in the EOS engagement plan. EOS had a discussion with the company in July in which Boohoo explained that it had commissioned an independent review conducted by senior barrister Alison Levitt QC. This would consider the company's obligations and relevant duties of care in relation to the workforce in its Leicester supply chain. The company assured EOS that the investigation's recommendations would be key to the future strategy of the company.

On the call, EOS also raised concerns about the sustainability of the fast fashion business model and urged the company to improve its transparency on reporting environmental metrics on a comparable year-on-year basis. After this initial call with the company, they co-signed a letter from the Investor Forum requesting a review of the fashion retailer's supply chain, improved transparency, and governance reforms, such as improving the level of independence on the board. *Source: EOS Q3 2020 Public Engagement Report*

Where we invest directly in companies, we expect EOS to escalate engagement where relevant and use their expertise to tailor this to the company. In our third-party fund investments, our main way of escalating engagement is talking to the fund manager and other relevant stakeholders at the fund house (such as the Head of Responsible Investing).

EXERCISING RIGHTS AND RESPONSIBILITIES

Principle 12: Signatories actively exercise their rights and responsibilities.

Listed equity – our voting policy

As we act as a discretionary manager on behalf of our clients, we will exercise our voting rights in line with our Coutts house view where possible. We do not offer our clients the ability to tailor the voting on their holdings, whether these are held directly, in third-party funds or in Coutts funds. Our Voting Policy is publicly available on our website and reflects the Coutts house view on ESG. This document details how our voting differs depending on our routes-to-market.

Third-party funds make up about 50% of our funds and portfolios. Where we invest in third-party funds, we request their voting policy, as well as examples of recent voting and engagement activity. We also share our Responsible Investing Policy and Voting Policy with the fund managers to inform them of our own expectations. As we delegate our voting and engagement activity to third-party fund managers, we rely on them to set their own policies. However, reviewing these and assessing their effectiveness is one of the key parts of our regular review process that we carry out for all funds we invest in, and we require all fund managers to disclose their voting activity, allowing us to monitor their voting.

We use proxy advisers to inform our voting activity. While we have visibility on ISS voting guidance, EOS provides us with voting recommendations based on our Responsible Ownership policy, and flags specific cases where they think their members might not want to vote in line with their recommendation. While we are able to override recommendations, there are few instances in which we would do so, as the recommendations provided reflect our voting policy. Where this does occur we document the rationale for deviating from our voting policy and complete our prescribed approvals process.

Example:

A situation in which we may override a voting recommendation provided by EOS is in relation to voting on closed-ended investment funds. Where EOS' default recommendation is to vote against any significant increases to shares outstanding as this dilutes the holdings of existing shareholders. However, on at least one occasion, funds have asked us to support proposals to increase the shares in issue to help improve trading liquidity, which is in our interest too. The latest example of this was in April 2019, when we voted against EOS recommendations in relation to the UK Commercial Property REIT.

We have voting power for the shares held within our Coutts funds, which make up approx. 45% of our funds and portfolios. EOS provides voting recommendations for all equity holdings within our Coutts funds, tailoring their voting recommendations based on local governance standards and culture. Our Coutts funds currently cover the following geographic areas: North America, the United Kingdom and Europe. In terms of engagement we do not distinguish between equity and fixed income investments, which is why EOS will engage on our Global Investment Grade fund in addition to the aforementioned Coutts equity funds.

Listed equity – monitoring voting rights

The shares within our Coutts funds are monitored by Blackrock, who provide information on shares and voting rights to EOS. EOS in turn provides voting recommendations for these shares based on our voting policy, allowing us to effectively exercise our voting rights. Where we invest in third-party funds, we expect fund managers to actively monitor their shares and exercise the associated voting rights.

Listed equity – stock lending

We do not undertake stock lending. Where the third-party funds that we are invested in are involved in securities lending, we advise them that while we understand the economic rationale behind this decision, we believe that when the issue at stake is sufficiently material, a policy should be in place that allows for the recall of shares to ensure the votes are cast.

Within our Coutts funds, which make up approximately 45% of our funds and portfolios, we will not lend in excess of 45% of the shares at any time, allowing us to maintain the majority of our voting ability. Where issues arise that could have a material impact on either the financial performance or ESG performance of a company, we can recall the remaining shares to strengthen our voting activity.

Listed equity – our 2019 voting activity

In 2019, we voted on 2,270 resolutions at 170 meetings. At 71 of those meetings, we opposed one or more resolutions, while at 0 meetings, we abstained. We voted with management by exception at 6 meetings and supported management on all resolutions at 93 meetings. our voting and engagement records, provided by EOS, are available on our website.

We aim to vote either in favour or against a resolution and will only abstain in exceptional circumstances such as where our vote is conflicted, a resolution is to be withdrawn, or there is insufficient information upon which to base a decision. While we do not have oversight of the aggregate proportion of shares that were voted on in the past year, we have voted on 100% of shares held in our Coutts' funds. These funds make up around 45% of our total holdings.

We expect our third-party fund managers to carry out voting in line with their stewardship policy and will review this on a yearly basis. We currently do not have any aggregate voting data available.

Example – Re-election of directors based on climate change concerns:

We use the Transition Pathway Initiative (TPI) management scoring pathway to assess the management of climate change risks and opportunities for larger and more exposed companies. We take an engagement-led approach to understand the reasons for poor management scores and whether a company will commit to making progress. Where we do not receive satisfactory responses, we may consider voting against the re-election of the chair or other relevant committee chairs.

Example – Siemens:

In February 2020 we voted against the approval of the compensation system for Managing Board Members as we identified a failure to link pay with appropriate performance. We also voted against the repurchase of Siemens shares as we identified concerns to protecting shareholder value.

Outcome: the compensation system and repurchase of shares were both approved approx. 95% of shareholders.

Example – Novartis:

In February 2020 we voted against the re-election of the Statutory Auditor due to concerns about the Auditor's tenure. As mentioned in our voting policy, EOS recommends opposing the ratification of external auditors and/or the payment of audit fees where there are concerns, including those relating to audit quality or independence, or controversies involving the audit partner or firm.

Outcome: the re-election of the Statutory Auditor was approved by 94% of shareholders.

Fixed income

While most of our bond exposure is through third-party bond funds, we have a small exposure to direct fixed income. When considering investments, Coutts will review the transaction documents and prospectus in detail, although this is more relevant for tender offers/corporate actions and primary issuance. Our data providers will typically highlight any meaningful issues of impairment rights. We currently do not seek amendments to terms and conditions in contracts or seek access to trust deed information.

Our approach to stewardship differs between our equity and fixed income holdings insofar as we do not have any voting rights to exercise within our fixed income holdings. However, we do not distinguish between equity and fixed income when it comes to engagement. This means that we set the same expectations for fixed income and equity third-party funds and work with EOS to engage on all Coutts funds (regardless of whether they are equity or fixed income funds). Our fixed income third-party fund managers must complete the same due diligence process as equity funds (through our responsible investing questionnaire).

Within fixed income holdings we are aware of the differences in engagement with companies (both in developed and emerging markets) and with governments, and we take this into consideration when assessing the effectiveness of fund managers' engagement activities. EOS applies its regional corporate governance principles which set out their standards for engagement based on geographies.

Example – EOS regional approach on board independence:

EOS tailors its expectations for companies depending on local regulations and standards, and balances this with the expectations of its clients. For example, in Germany, EOS will require the majority of the board to be independent, while in Mainland China they will expect at least a third of the board to be independent, in line with local regulations and customs. This approach enables more effective stewardship on key issues.

Example – TwentyFour:

Notwithstanding a Fixed Income manager's lack of equity voting rights, TwentyFour believes that they are required, and able, to take stewardship responsibilities seriously. This is especially so today given debts increasing importance in company's capital structures. On behalf of their clients they complete 'corporate action' decisions, such as consenting or not to repurchase offers, bond exchanges and covenant modifications as well as other amendments to terms and conditions. These decisions generally occur on a sporadic basis, are of bond specific nature, and the decision will generally be an economic one. All corporate actions are made on a case by case basis by TwentyFour. Corporate actions are noted by their operations team and flagged to the portfolio managers responsible for each of the funds the holdings relate to. A portfolio manager gathers the necessary information to make an informed decision about which choice is in the best interests of the fund's clients. In 2020 TwentyFour has elected on 38 corporate actions on behalf of their clients.

They conduct a significant amount of due diligence on issuers with whom they invest, which enables them to avoid companies that they believe do not meet their high standards in strategy, performance, and governance. Where relevant this involves a thorough review of the documentation associated with a transaction such as trust deeds and bond prospectus. During the structuring phases of primary debt placements, it is common for TwentyFour to participate in market soundings where deal terms, covenants and security packages are actively negotiated. When pertinent information is missing, or access has not been granted they will engage with investor relations to ensure all relevant information is disclosed to TwentyFour. Issues can arise however post investment, and where they are concerned about specific matters such as governance, management or treatment of bondholders, the portfolio managers will engage with the appropriate senior management or board member of the company involved. They generally keep such discussions private (but canprovide reports on request) as they believe that better outcomes can occur this way but they have, on occasion, published blogs discussing issues that they have found difficult to resolve and feel deserves to be brought to the broader market and their client's attention.

As investors in high quality, liquid fixed income instruments TwentyFour seeks to avoid holding any impaired debt. If a holding becomes impaired, they actively engage with the issuer and other stakeholders to find an optimal solution for our clients. TwentyFour has and will take active roles in recovery steering groups to maximise value for debtholders.

If you have questions about any of the content in this document, please contact Leslie Gent, Head of Responsible Investing, leslie.gent@coutts.com.

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Karen joined Coutts in 2018 and is responsible for the incorporation of ESG considerations in Coutts' investment process and products. Since joining the Responsible Investing team, she has focused on developing the climate change strategy for Asset Management, which includes portfolio carbon footprinting and publishing the first Asset Management TCFD statement. She holds an MSc in Investment & Wealth Management from Imperial College Business School and an MSc and BSc in Business Administration from the University of Leuven.

LESLIE GENT

Head of Responsible Investing

Leslie joined Coutts in 2011 and has headed up the Responsible Investing team since 2016. In addition, she is also responsible for the delivery of Coutts' key investment propositions. Before joining Coutts, Leslie spent five years at Charles Schwab in San Francisco where she was a Director in the Investment Research division specialising in manager selection, asset allocation, and product research. Leslie graduated with a Bachelor of Science in Mathematics from the University of Saskatchewan, Canada. She is a CFA Charterholder, a member of London Society of Financial Analysts, and a participant in the CFA Institute's Continuing Education program.

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Fund Research

Giulia is responsible for third-party fund manager research and selection with the Investment Strategy team. Her coverage consists of US Equities, European Equities, High Yield Credit, Investment Grade Credit, and Responsible Investing. Prior to Coutts, Giulia was a Manager Research Analyst at SEI Investments and an Investment Analyst at Stamford Associates, specialising in manager selection for wealth managers and institutions. She holds a MSc in Finance from Bocconi University, Milan (2014) and a BSc in Economics from LUISS University in Rome (2011). She is a CFA Charterholder and completed the CFA UK Certificate in ESG Investing.

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