



Coutts | 

Stewardship Policy 2025



Message from our CIO

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 long-term by providing a range of diversified Funds and Portfolios.

Stewardship, to us, means more than just managing assets. It entails a deep-rooted responsibility to create long-term value for clients. This includes the responsible allocation and oversight of capital. Engagement is rooted in this ethos and takes various forms depending on the investment channel.

This report outlines our approach and demonstrates how we incorporate stewardship into our investment activity.

Fahad Kamal,
Chief Investment Officer, Coutts & Co



Purpose of the report

The UK Stewardship Code is defined and overseen by the [Financial Reporting Council \(FRC\)](#). The code sets high stewardship standards for asset owners and asset managers, and for the service providers that support them. The Code comprises a set of 12 'apply and explain' principles for asset managers and asset owners. 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 into account local practice and law.

This document details Coutts & Co. (Coutts) approach to stewardship and its statement of compliance with the 2020 UK Stewardship Code.

The FRC has published a new [Stewardship Code 2026](#) which will replace the Stewardship Code 2020. This will apply to Coutts reporting in 2026. We are therefore adopting the FRC's interim changes to reporting requirements where appropriate. We are also actively monitoring developments in the application of the new code such as the FRC's new definition of 'Stewardship', which clarifies engagement expectations of signatories. This is defined by the FRC as the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries.

Introduction to our business

With over 300 years of experience in private banking and wealth management, Coutts has established itself as a trusted partner for UK-connected high-net-worth individuals and their business interests. Our comprehensive suite of products and services includes banking, lending and wealth management, all designed to meet the needs of our clients. Investment Products and Solutions (IP&S)¹ sits within Coutts and provides products and services across NatWest Group, meeting the diverse needs of our retail, affluent, and private clients.

This report covers the Funds and Discretionary Portfolios that we have discretion to manage on our clients' behalf, which we refer to as Managed Assets. This includes our Coutts Managed Funds (CMaF), Personal Portfolio Funds (PPF) and Discretionary Portfolio Services (DPS). Managed Assets represented 83% of AUM as of 31 December 2024. Managed Assets are invested in custom-built and third-party funds, with limited direct exposure to equities and bonds. Where stated, EOS² engagement applies to companies held by our custom-built funds. All data in this report is as of 31 December 2024, unless stated otherwise. Where our stewardship approach differs for specific products or investments, this is detailed throughout the report.

1. References to 'IP&S', 'we' or 'us' are made in the context of assets under management of IP&S unless otherwise stated.

2. EOS at Federated Hermes is a global engagement and stewardship service that focuses on promoting responsible investment practices. It is a part of Federated Hermes, an investment management firm, and its primary aim is to influence companies to adopt sustainable business practices by engaging with them on environmental, social and governance (ESG) issues.

The Code principles are listed here:

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.	Page 5
Principle 2:	Signatories' governance, resources and incentives support stewardship.	Page 6
Principle 3:	Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.	Page 7
Principle 4:	Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.	Page 8
Principle 5:	Signatories review their policies, assure their processes and assess the effectiveness of their activities.	Page 9
Principle 6:	Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	Page 10
Principle 7:	Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.	Page 11
Principle 8:	Signatories monitor and hold to account managers and/or service providers.	Page 12
Principle 9:	Signatories engage with issuers to maintain or enhance the value of assets.	Page 13
Principle 10:	Signatories, where necessary, participate in collaborative engagement to influence issuers.	Page 15
Principle 11:	Signatories, where necessary, escalate stewardship activities to influence issuers.	Page 16
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Principle 1

Purpose, investment beliefs, strategy & culture

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.

Culture

Purpose

At NatWest, our purpose is to be the bank that turns possibilities into progress. Crucial to the fulfilment of our strategy and our purpose is the imperative to think and act in a long-term, sustainable way, enhancing NatWest Group's resilience and helping create value for our stakeholders. Coutts ambition, is to be the UK's number one chosen partner for Private Banking & Wealth Management.

Behaviours

Our NatWest group behaviours set a clear standard for how we work, helping us to move together in the same direction and deliver great client outcomes. Delivery of our purpose is underpinned by our behaviours. By focusing on our three core behaviours, we're making it easier for everyone to contribute and succeed with our clients.

We start with clients

We raise the bar

We own our impact

Strategy

There are three stages to our investment philosophy. Our investment approach is designed to ensure our investment beliefs and strategy are implemented consistently.

Our investment philosophy

A disciplined investment philosophy that places risk at the forefront of our day - to - day decision making through three pillars.

We take risk where it's best rewarded	We protect the downside	We methodically exploit market dislocations
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Our investment process

Anchor focuses on the long term and the next five years. Cycle focuses on the present and where we are in the business cycle today. Refer to [Principle 4](#).

Our Investment performance

Our Anchor and Cycle process builds upon our investment philosophy and drives Coutts investment performance. We conduct an assessment of value for our funds and have concluded that on balance they deliver value to our customers. See our [Assessment of Value report 2025](#). For our Portfolios, we conduct various internal monitoring activities to assess how effective we have been in serving our client needs.

Responsible Investing

In addition to traditional risk measures, we consider environmental, social and governance (ESG) issues, that could impact the investments we manage on our clients' behalf. By working to understand them, we aim to manage clients' investments more effectively. We call this approach 'responsible investing'.

We implement our responsible investing approach through three activities:

1. Investment selection
2. Voting and engagement
3. Exclusions

We apply our responsible investing approach to those funds that we have discretion to manage on our clients' behalf, which we refer to as Managed Assets. This includes our Coutts Managed Funds (CMaF), and Personal Portfolio Funds (PPF) and Discretionary Portfolio Services (DPS).

Further information about our approach to stewardship and engagement is detailed further in our [Responsible Investment policy](#) and the [NatWest Group - 2024 Sustainability Report](#).

Principle 2

Governance, resources and incentives

Signatories' governance, resources and incentives support stewardship.

Board and executive oversight

Please refer to page 89 of [NatWest Group plc 2024 Annual Report and Accounts](#) for our group governance framework. The execution of investment strategy falls under individual accountability within the Coutts legal entity. The governance diagram below details these governance Committees and Forums. Refer to our [NatWest Group – 2024 Sustainability Report](#) for Coutts sustainability-related governance which includes oversight of our responsible investing approach. For more detailed examples of oversight activity, see page 74 of our [NatWest Group 2024 Sustainability Report](#).

Our people and service providers

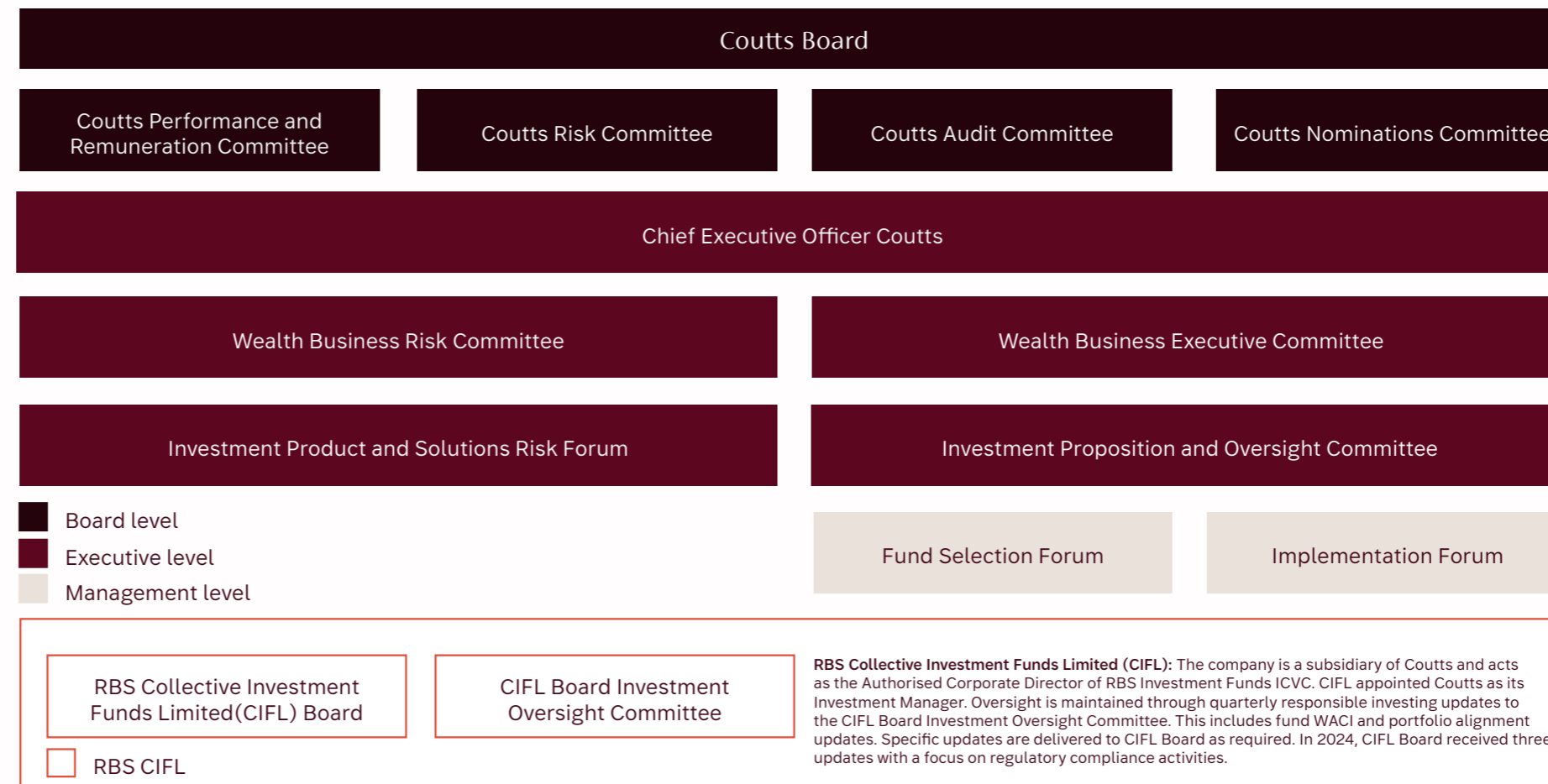
All colleagues in IP&S are responsible for delivering client outcomes and our investment approach. The Responsible Investing team within IP&S sets the Responsible Investing strategy and policy and coordinates its implementation. Refer to page 9 of our [2024 Coutts Stewardship Policy report](#) for further details regarding our people.

The Responsible Investment team are responsible for collective engagement activities. Fund engagement activities are conducted by our investment specialists in IP&S. EOS provide voting recommendations and engage directly with companies held by our custom-built funds. See [Principle 9](#) for more information on engagement.

Performance management and reward programmes

Our Executive Committee's remuneration policy is directly linked to the achievement of our purpose. The annual bonus scorecard is based on weighted performance measures and appropriately stretching targets across financial and non-financial areas that align with our strategy; Financial, Customer & Colleagues.

In addition to the governance structures described above, [Principle 8](#) also describes our processes in place to monitor service providers. This enables oversight and accountability for effective stewardship.



Principle 3

Managing conflicts of interest

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

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

All NatWest Group colleagues are required to follow NatWest Group policies relating to Handling Confidential and Inside Information and Market Abuse, and mandatory training on Personal Conflicts of Interest and Personal Account Dealing is made available for all employees to make sure they are aware of these policies.

EOS conflicts of interest policy

EOS conflicts are maintained in the EOS group conflicts of interest policy and conflicts of interest register. As part of the EOS group policy, EOS employees report any potential conflicts to the EOS compliance team to be assessed and, when necessary, the register is updated. The conflicts of interest register is reviewed by EOS senior management on a regular basis. EOS engage with companies where there are concerns over conflicts of interest, see example below.



EOS Case study example

Engagement Theme: Supervisory board composition and effectiveness

Background	EOS requested that the company consider engaging an independent third party to conduct a review of its governance practices. This request was followed by a formal written communication seeking a response from the company.
Steps taken	At the company's 2016 Annual General Meeting (AGM), EOS raised this issue directly with the board. Over the subsequent years, EOS reiterated its concerns, urging the company to clarify the steps being taken to enhance board independence and to demonstrate that robust governance mechanisms were in place. Due to the company's limited progress, EOS recommended voting against the discharge of the supervisory board and the re-election of non-independent board directors at each AGM.
Outcomes	After eight years of sustained engagement with minimal improvement, EOS concluded in late 2023 that continued engagement on this specific issue was unlikely to yield meaningful change. EOS therefore decided to discontinue its efforts in this area and redirect its focus toward other aspects of the company's operations that may offer greater potential for positive outcomes. EOS will continue to express its concerns at future AGMs through its voting recommendations.

Principle 4

Responding to systemic risks

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

Identifying market risks and systemic risks as a business

Coutts operates under NatWest Group’s enterprise-wide risk management framework, which is centred on the embedding of a strong risk awareness culture. The framework ensures the governance, capabilities and methods are in place to facilitate risk management and decision making across the organisation. For more detail on our approach to identify and respond to risks, including market-wide and systemic risks, refer to the Risk and Capital Management section our [Annual Report and Accounts 2024](#).

Our approach to investment risk management

Anchor & Cycle

Our investment philosophy places risk at the forefront of our day - to - day decision making and is managed via our Anchor and Cycle process. Anchor focuses the long term and the next five years. Anchor revolves around getting our over-arching positioning right for that timeframe. Cycle focuses on the present and where we are in the business cycle today, including the macro-economic environment.

Understanding the downside:

We conduct scenario analysis (both historical and forward looking) to assist with visualising potential loss scenarios materialising. The Risk and Analytics team monitors several metrics, such as tracking error, which provides guidelines on a Fund's or Portfolios deviations from benchmark.

ESG Risk

Climate change has been identified as a source of systemic risk, with potentially severe consequences for financial institutions. The financial impacts of climate and sustainability-related risks are expected to be widespread and may disrupt the orderly functioning of financial markets and have an adverse effect on financial institutions, including NatWest Group. Our process to identify and assess climate related risks is included on page 72 of our [NatWest Group - 2024 Sustainability Report](#).

In 2024, we continued to focus on regulatory compliance with the FCA ESG Sourcebook rules and guidance. We delivered our first entity and product-level climate reports alongside meeting the FCA Sustainable Disclosures Requirements, which in part came into force on 2 December 2024. As part of the regulations, we published Responsible Investing Information Documents for CMaF and PPF to summarise our approach for clients.

We also published Climate Value at Risk (Climate VaR) and implied temperature rise metrics in our [product-level climate-related reports](#). These reports provide clients with insight into the impact investments have on climate change and how investments could be impacted by climate change.

Working with stakeholders and industry initiatives

We participate in several investor-led initiatives. We believe that collective engagement can provide companies with clarity on broader investor priorities, which supplements the effectiveness of individual engagements.

- As members of the [Investment Association](#) and the [Personal Investment Management & Financial Advice Association \(PIMFA\)](#) we contribute to responses to consultations where relevant, attend discussion groups and other events, and provide representatives on relevant working groups.
- We are signatories to investor-led initiatives that support the transition to a net-zero economy. This includes Climate Action 100+ for example. As a signatory we engage by aligning with the goals and commitments set by these collective initiatives. Refer [here](#) for further detail.

Principle 5

Effectiveness of policies and processes

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

Three lines of defence

In line with industry best practice and sound risk governance principles, NatWest Group adopts a Three Lines of Defence model of risk governance. This supports understanding of responsibilities and the embedding of effective risk management throughout the organisation:

- Most roles in NatWest Group sit within the first line of defence. These colleagues are responsible for managing risk by identifying, assessing and mitigating risks in day-to-day business operation.
- The second line of defence comprises of colleagues in the Risk function. They advise on monitor and challenge activities undertaken by the first line where required.
- Internal Audit is the third line of defence which operates independently of the first and second lines of defence. This function provides independent assurance on the overall design and operating effectiveness of the risk management framework.

For further information regarding our three lines of defence, refer to page 9 of our [Our Coutts Annual Report and Account 2024](#).

Our Responsible Investing policy

All our responsible investing policies are updated in alignment with our governance framework. Policies are reviewed to identify opportunities for improvement and respond to new insights, including evolving client needs. In 2025, we undertook a comprehensive review of our approach and its alignment with client goals and expectations. Following this, several recommendations for improvement were approved and are now in the process of implementation.

Refer to [Principle 2](#) for further detail of governance and oversight.

Service providers:

We ask all NatWest Group’s suppliers, direct and indirect, to meet or exceed the requirements of responsible business practice and behaviour set out in this [Supplier Code of Best Practice](#) (the “Code”).

Principle 8 covers how we evaluate the effectiveness of our third-party fund managers and fund managers within our custom-built funds, which determines if we continue to use their services

ESG data

To generate some of our metrics, both underlying investment company data and fund data needs to be processed. We typically use MSCI as our data provider as they are best able to meet these needs. MSCI conduct in-house processes and controls to collect, validate and review the data. Coutts reviews data ahead of publication in reports. We rely on them to obtain assurance where relevant. Each report published explains the data reporting period and sources.

Where EOS provide voting recommendation and engagement directly with companies held by our custom-built funds, we rely on them to obtain independent assurance of their engagement and proxy voting on an annual basis. EOS Annual and Quarterly Engagement Review reports are provided to use (See latest here).

Principle 6

Communicating action on stewardship

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

Client views

Meeting the needs of clients is central to our long-term success and is a feature of Board discussions and decisions. Net Promoter Score (NPS) is regularly reviewed by the Board and Executive Committee and represents a key performance metric. During the year the Board received regular updates on clients matters through reports from the Chief Executive Officer (CEO) and spotlights from the business areas. The directors met with clients during the year to enhance relationships and understand their views. In addition, a client council is operated to undertake research during the year to understand better our clients' views and test developments which help us to evolve in line with their needs.

Our client base and assets

The investment products we manage aim to provide an increase in value over the long-term (five years+) by providing a range of diversified Funds and Portfolios to our clients. As a UK private bank and wealth manager, Coutts serves high net worth families and individuals with a nexus to the UK. The client base we serve consists almost exclusively of retail investors. Experienced clients who are looking for a more complex, sophisticated service can move up to professional status, but this represents a small portion of our client base. In addition to individual clients, we also serve several charities and businesses.

Our investment offering delivered strong growth in 2024 as we supported our clients' investment needs across NatWest Group. Assets under management and administration increased by £8.1 billion to £48.9 billion in 2024. The increase was driven by assets under management net flows of £2.2 billion which represent 6.9% of opening assets under management and strong market performance of £4.8 billion.

Please refer to [Principle 1](#) where we detail how we assess client views and investment performance in alignment with client value.

Communicating with clients

Client views are incorporated into how our assets are managed. We communicate on our approach and activities regarding stewardship in several ways, separate to this report.

Investment performance:

- Product factsheets
- Insight articles on [Coutts.com](#) that provide context and thought leadership.

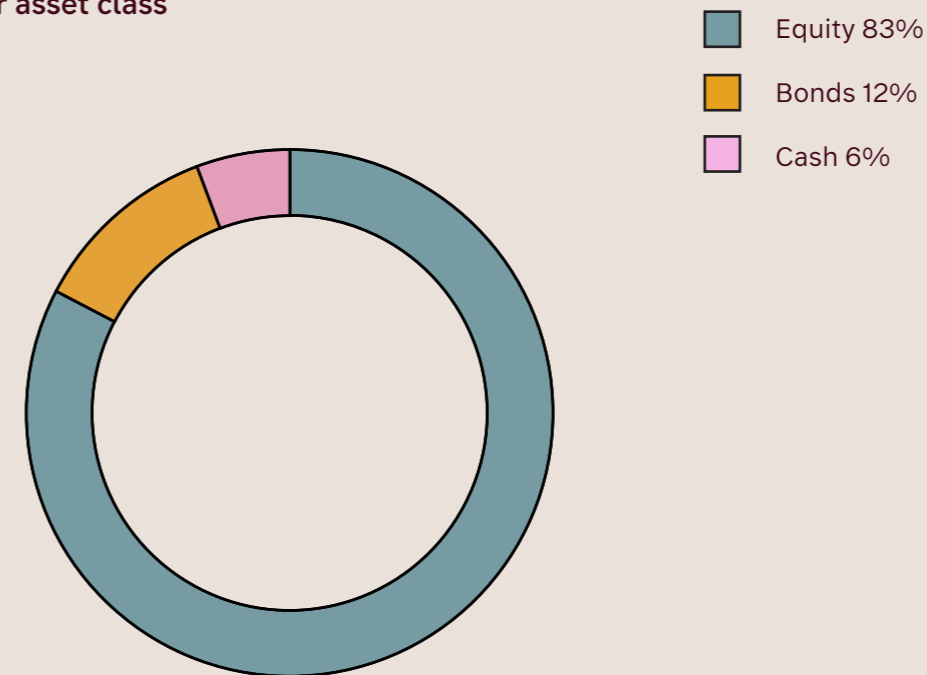
Responsible Investing:

- [Coutts Responsible Investing Policy](#)
- EOS publish Annual and Quarterly Engagement Reviews (see latest [here](#)), as well as [EOS Responsible Ownership Principles](#).
- [Product Climate-Related Disclosures Reports](#)
- Responsible Investing Information Documents for [CMAF](#) and [PPF](#)

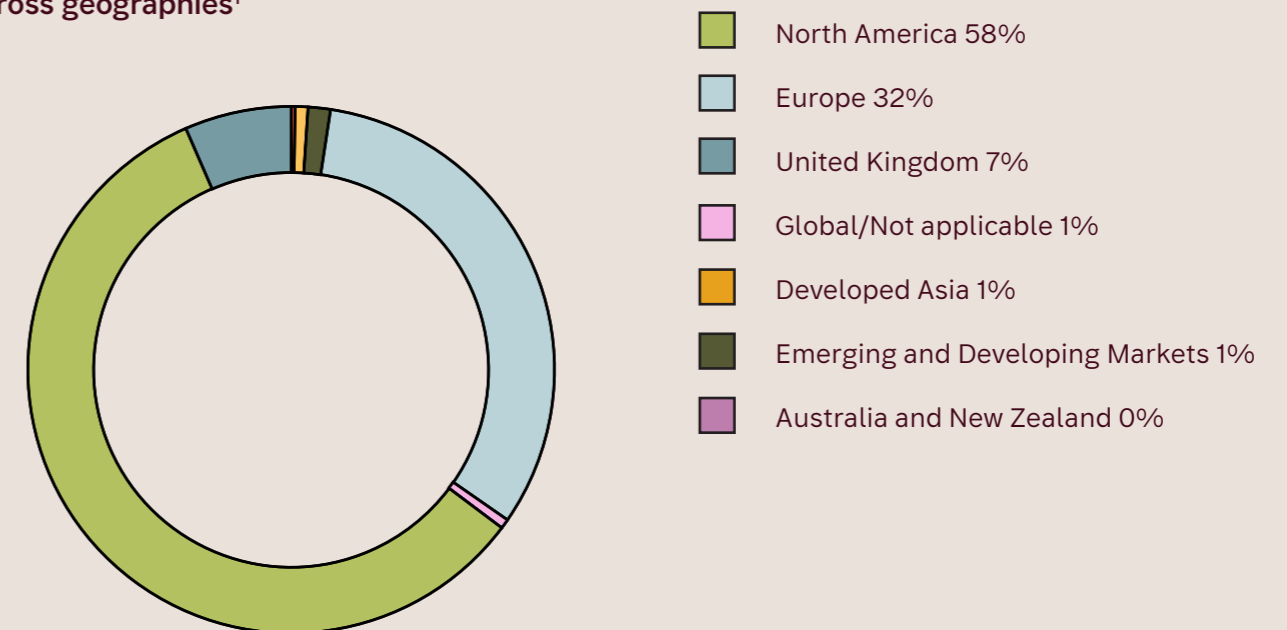
Refer to [Principle 8](#) for how we evaluate the effectiveness of our client engagement service providers. You can read all of our reporting in our disclosures and policies section on [Coutts.com](#).

Custom-built funds AUM engaged by EOS (as of 31 Dec 2024)

Per asset class



Across geographies¹



1. Geographies as defined by EOS

Principle 7

Systematic integration of stewardship

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

We make investment decisions to support the overall investment objectives of our Funds and Discretionary Portfolios. Diversification across asset classes, sectors and countries play an important role in our ability to provide suitable products for a broad range of investors, helping us manage risks such as liquidity and volatility.

[Principle 2](#) explains our overall investment approach.

Investment approach: Responsible Investing

Our responsible investing approach covers investment selection, voting and engagement and exclusions.

Investment selection

Once a potential investment is identified, our responsible investing assessment is undertaken. The outcomes of the assessment and supporting commentary are included as one of several factors in the recommendation for investment.

The purpose of a responsible investing assessment is to gain an understanding of fund managers' consideration of ESG factors, such as human rights and climate change, in their investment process and ownership practices. The assessment covers topics such as:

- Responsible investing policies and commitments, including approaches to voting and engagement and exclusions.
- Approach to climate change including net zero commitments and transition plans.
- Integration of ESG factors into investment decision-making and oversight.

Voting and Engagement

We have three ways of voting and engaging:

- With funds: On important topics, for example, if their sustainability approach materially changes. We engage with fund managers on both firm-level and fund-level matters.
- With companies: EOS provide voting recommendations and engage directly with companies held by our custom-built funds. Refer to our EOS case studies throughout the report for examples of stewardship decisions and outcomes.
- Through collective initiatives: See Principle 10.

For information regarding how the integration of stewardship and investment differs for products, funds and asset classes, see our [Responsible Investing Policy](#) available on our website for further information.

Refer to [Principle 6](#) for further information regarding how we take account of client's views within our investment time horizons and communicate with clients regarding stewardship.

Exclusions

There are certain investments where we consider engagement unlikely to be effective. As a result, these are excluded from our custom-built funds, subject, to revenue or criteria thresholds. The impact of exclusions varies over time based on how we hold the investments, and will generally reduce, rather than remove the exposure. We have four exclusion categories and human rights is captured within 'Global Norm Violations'.

Overview of exclusion categories

Exclusion Theme	Related Exclusions	Exclusion Approach
Fossil fuel-related	Thermal coal, tar sands, arctic and unconventional oil and gas production	Revenue threshold
Other societal-based	Adult entertainment, civilian firearms, gambling, predatory lending, tobacco	Revenue threshold
Weapons	Controversial weapons, nuclear weapons	Criteria
Global norms violations	United Nations Global Compact, Human rights, International Labour Standards	Criteria

Principle 8

Fund manager & service provider accountability

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

Monitoring: third party fund managers

Once we have invested, we monitor investments for material changes, including sustainability approaches and engage on important topics.

For example, in 2024, we engaged with a number of asset managers, including on the topic of climate-related commitments. In one example an asset manager notified us that a fund we were invested in had been removed from the asset manager's assets committed to net zero. In response, we engaged with the asset manager to discuss our climate commitments, the rationale for the change to the manager's committed assets, the impact on the fund, and our expectations of the asset manager going forward.

Monitoring: custom-built funds

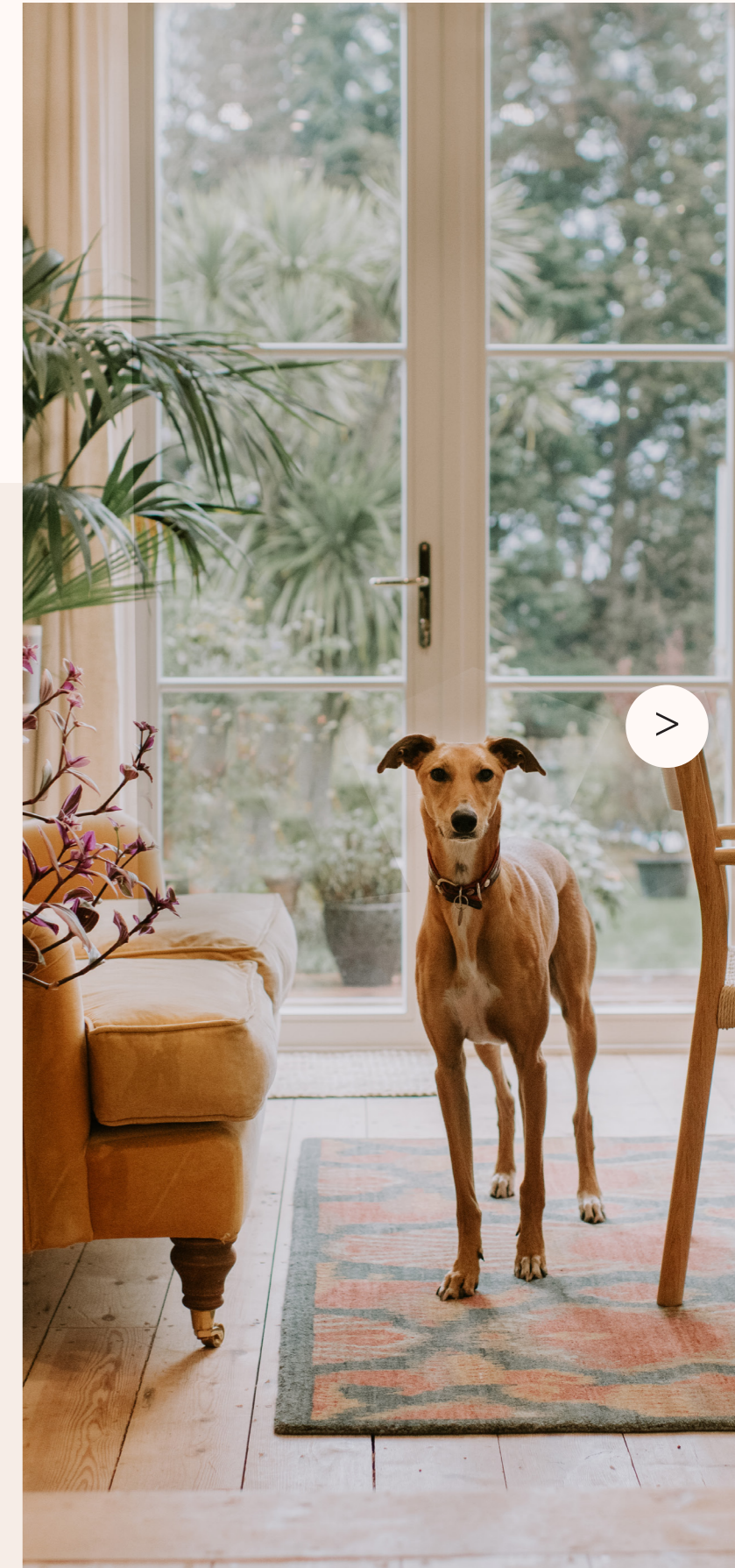
EOS provide voting recommendations and engage directly with companies held by our custom-built funds. We monitor and review the activities of EOS through regular reports. EOS Annual and Quarterly Engagement Review reports are provided to use (See latest [here](#)).

EOS publish a three-year Engagement Plan, which is updated yearly to reflect progress made. The four priority themes as per the 2025-2027 [Plan](#):

- Board effectiveness
- Climate change
- Human and labour rights
- Human capital.

Example of ESG-related escalation

In 2024, in response to the decision by a fund manager within our Portfolio to withdraw their signatory status from a major climate initiative, we initiated an escalation process to assess the implications. A formal meeting was held with the fund manager to understand the rationale behind the withdrawal. Members of both the Fund Research Team and Responsible Investing Team attended the meeting. Following the engagement, we issued an internal meeting note outlining the change, and we continue to monitor for any impacts on our investments.

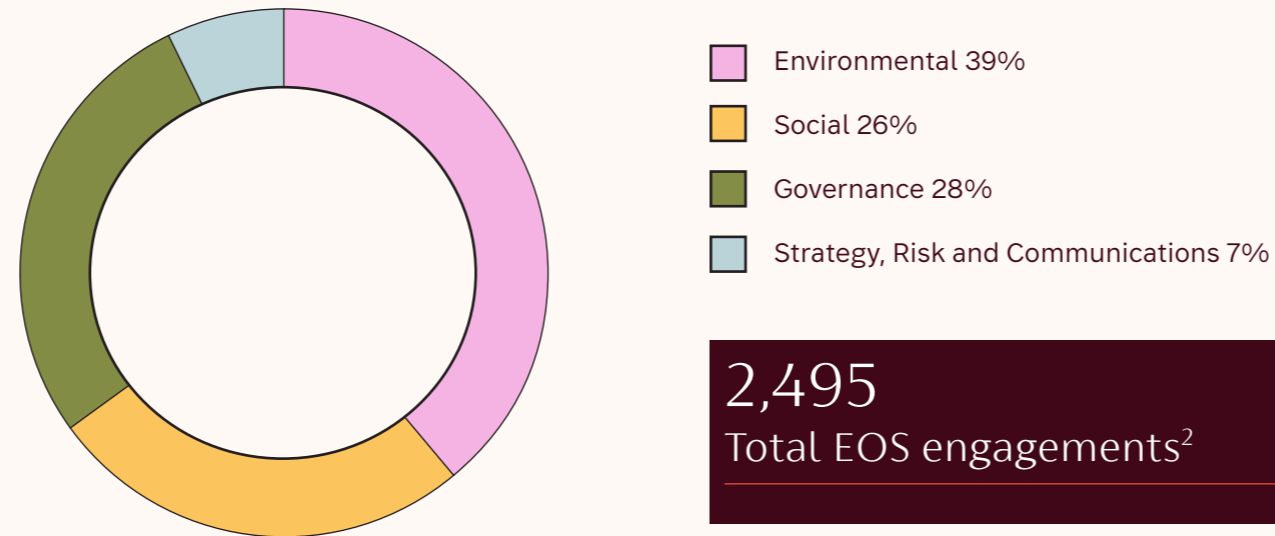


Principle 9

Engaging with issuers

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

Engagements with companies held by custom-built funds: 2024 themes¹



2,495
Total EOS engagements²

Main theme	Theme	Sub theme
Environmental 39% of total engagement	Environmental Climate change Circular economy and zero pollution Natural resource stewardship	Climate change Climate opportunities GHG emissions reduction Governance and transparency Physical risk

Third-party funds

As per [Principle 8](#), company engagement and voting is the responsibility of the respective fund managers to retain oversight and to ensure their policies are implemented correctly.

Custom-built funds

EOS¹ provide voting recommendations and engage directly with companies held by our custom-built funds.

These engagements focus on four key themes, as shown in the above diagram, each of which has several priority themes and sub-themes, as described in the 'Environmental' example. For 2024, the primary environmental priorities were climate change, circular economy and zero pollution, and natural resource stewardship. Environmental issues made up 39% of total engagements in 2024.

Environmental engagement continued to grow in response to shifting policies and increasing investor demands for stronger biodiversity conservation efforts, clearer corporate disclosures, and more ambitious target-setting.

1. EOS conducts all voting and engagement activities for our custom-built funds and have autonomy on engagement decisions including the authority to continue or discontinue any engagement. Engagement holdings are as at 07/01/2025, covering the reporting period of 01/01/2024 to 31/12/2024.
 2. Total engagements relate to issues and objectives. An issue represents matters of early-stage discussions. An objective is a specific, measurable outcome the engagement is seeking to achieve. An issue may progress into an objective if a precise goal is identified.



Engagement in practice

To identify material issues EOS¹ conducts desktop research, sector and geographical context analysis and benchmarking of companies within the same industry. EOS typically conducts engagement over four stages. The engagement process begins by raising the initial concern, which must be acknowledged by the company. The company is then asked to develop a credible strategy to achieve the objective of the engagement. Finally, EOS seeks evidence that the actions are being implemented, and material progress has been made against its engagement objective.

If engagements are unsuccessful, EOS may take further action. This can include recommending votes against management, tabling resolutions, collaborating with other shareholders on proposals or finally, choosing to disengage on that specific engagement activity. EOS may disengage from an objective if it becomes immaterial or unlikely to deliver beneficial outcomes¹, for example, when no material progress is made over several years. This allows focus and resources to shift to other issues².

Example of key challenges

When a company's climate strategy lacks transparency or fails to provide sufficient detail, for example, it becomes difficult for EOS to assess its effectiveness and long-term viability. Another significant challenge results from the wide variety of national standards for emissions targets. As EOS engages with holdings across diverse markets worldwide, navigating complex and differing regulatory landscapes, each with its own approach to emission targets, this complicates efforts to standardise expectations and benchmarks. We anticipate that global frameworks, such as the International Sustainability Standards Board, will help drive greater consistency in reporting.

EOS Case study example

Engagement theme: Combating plastic pollution

Background	In spring 2021, EOS supported a shareholder proposal requesting the publication of an annual report on plastic pollution at a chemical company's annual general meeting. The proposal received majority approval from shareholders.
Steps taken	Following the vote, EOS welcomed the company's decision to partner with Operation Clean Sweep and its commitment to report on plastic pollution. In 2023, EOS continued its engagement with the company, focusing on its plastic pollution disclosures. During these discussions, the company confirmed that it does not operate any plastic production facilities, although plastic remains a component in certain products.
Outcomes	The company has demonstrated an awareness of its environmental impact and the importance of transparency. It remains an active member of Operation Clean Sweep, which mandates the reporting of plastic releases into the environment. The company has committed to disclosing this information annually through its sustainability report.

1. EOS conducts all voting and engagement activities for our custom-built funds and has autonomy on engagement decisions including the authority to continue, change or discontinue any engagement. If an engagement issue is discontinued, EOS may engage the company on other relevant issues, maintaining ongoing dialogue where appropriate.
 2. If EOS chooses to discontinue an engagement, this does not mean we are divested from the company. Underlying investment holdings are at the discretion of the custom-built fund managers who align investment decisions with the overall investment objectives and guidelines of the custom-built funds.

Principle 10

Collaborative engagement

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

Collective engagement

Collective engagement forms the third component of our engagement approach. Refer to [Principle 9](#) for our other engagement approaches and [Principle 4](#) for broader industry initiatives.

ESG-related collective initiatives:

We are signatories to investor-led initiatives that support the transition to a net-zero economy. This includes Climate Action 100+ for example. As a signatory we engage by aligning with the goals and commitments set by these collective initiatives.

Refer [here](#) for further detail of the global initiatives we support.



Principle 11

Escalating stewardship activities

Signatories, where necessary, escalate stewardship activities to influence issuers.

Escalating engagement

As per [Principle 9](#), we apply a three-fold engagement approach, under which escalation methods differ.

Third Party Funds

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. Once we have invested, we monitor investments for material changes, including to sustainability approaches and engage on important topics. See example of an ESG-related concern which was escalated in 2024, and in [Principle 8](#).

Custom-built funds

If engagements are unsuccessful, EOS may take further action. EOS may disengage from an objective if it becomes immaterial or unlikely to deliver beneficial outcomes. EOS conducts all voting and engagement activities for our custom-built funds and has autonomy on engagement decisions including the authority to continue, change or discontinue any engagement. If an engagement issue is discontinued, EOS may engage the company on other relevant issues, maintaining ongoing dialogue where appropriate¹

See the example outcome of EOS escalation activities conducted in 2024.

EOS Case study example

Engagement theme: Climate lobbying alignment

Background	EOS has been actively engaging with a chemical company since 2022 on the topic of climate-aligned lobbying. EOS expects companies to maintain a public policy position that supports the goals of the Paris Agreement, with appropriate board oversight and alignment of both direct and indirect lobbying activities, including those conducted through industry associations.
Steps taken	In 2022, the company publicly committed to lobbying exclusively in support of the Paris Agreement and initiated a review of 16 industry associations to assess potential misalignment. As a participant in Climate Action 100+ (CA100+), EOS provided feedback on the company's alignment report, referencing the global standard for responsible climate lobbying. Throughout 2023 and into early 2024, EOS continued to encourage the company to conduct a more comprehensive review of its lobbying alignment and engaged in dialogue regarding the company's approach to addressing identified areas of misalignment.
Outcomes	In 2024, the company published an expanded review of the lobbying activities of its industry associations in relation to the Paris Agreement. Although the review did not explicitly reference the goal of limiting global warming to 1.5°C, EOS welcomed the direct mention of the Paris Agreement, the broader scope of associations assessed (including those flagged by LobbyMap), enhanced detail on the specific policy positions considered Paris-aligned by thematic area, and the clear articulation of steps to address any misalignment.

1. If EOS chooses to discontinue an engagement, this does not mean we are divested from the company. Underlying investment holdings are at the discretion of the custom-built fund managers who align investment decisions with the overall investment objectives and guidelines of the custom-built funds.

Principle 12

Exercising rights and responsibilities

Signatories actively exercise their rights and responsibilities.

Voting – third party funds

As per [Principle 8](#), company engagement and voting is the responsibility of the respective fund managers to retain oversight and to ensure their policies are acceptable, however all voting activity can be requested. Our expectations for fund managers are explained within our [Responsible Investing Policy](#).

Voting – Custom-built funds

In line with [Principle 8](#), our voting and engagement policy aligns with EOS voting recommendations. As a result, we do not review all individual voting recommendations.

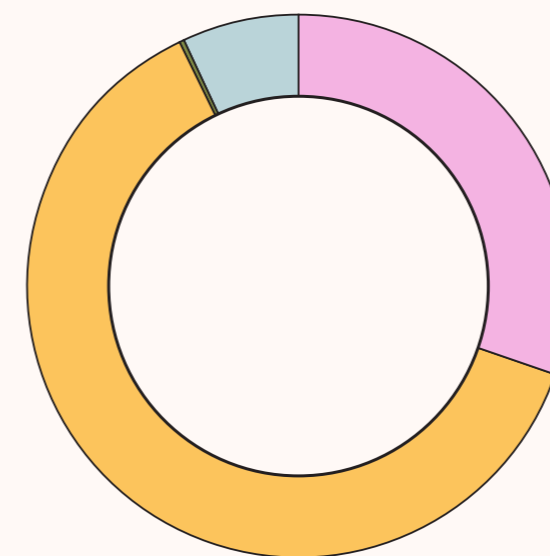
We are committed to providing transparency on voting activity and publish EOS' annual and quarterly updates on activity. These can be found on [Coutts.com](#) and 2024 voting activity is shown here. Refer also to our EOS case studies throughout the report for other examples of stewardship decisions and outcomes, including voting decisions.

EOS voting overview

In 2024, our voting and engagement policy aligned with EOS voting recommendations. EOS voted on 12,813 resolutions at 884 meetings: 11,106 votes were in favour of the proposal while 1,633 of votes were against. 57 votes were either abstained or withheld.¹

EOS voted on **12,813** resolutions at **884** meetings

Voting Proposal Overview



- For 30.4%
- Against 62.6%
- Abstain 0.2%
- For by Exception 6.8%

¹ 12,813 items voted on accounts for 99% of total votable items. Due to data limitations, the breakdown of votes cast in 2024 does not include voting on senior management remuneration.¹

Important Information

The information contained in this document is believed to be correct but cannot be guaranteed. Opinions constitute our judgement as at the date of issue and are subject to change. The analysis contained in this document has been procured, and may have been acted upon, by Coutts & Co. (Coutts) and connected companies for their own purposes, and the results are being made available on this understanding. When investing, the value of investments, and the income received from them, can go down as well as up and investors may not get back as much as they invested. Past performance is not a guide to future results. To the extent permitted by law and regulation, neither Coutts nor any connected company accepts responsibility for any direct or indirect or consequential loss suffered by clients or any other person as a result of their acting, or deciding not to act, in reliance upon such information, opinions and analysis.

Before investing in any investment Fund or other investment product or service, investors should review the relevant literature such as the prospectus and the key investor information document. Copies of these are available for clients of Coutts & Co from their Wealth Managers or online at [coutts.com](https://www.coutts.com). Not all products and services offered by Coutts & Co are available in all jurisdictions and some products and services may be made available, performed through, or with the support of, different members of NatWest Group, of which Coutts & Co is a member. This document should be read in conjunction with the cautionary note on climate - related data alongside the 'Responsible investing and AUM climate transition plan' section of the [NatWest Group plc 2024 Sustainability Report](#).



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