

STONEHAGE FLEMING INVESTMENT MANAGEMENT (SFIM)  
MULTI-ASSET ENGAGEMENT POLICY WITH THIRD-PARTY FUND  
MANAGERS – POLICY SUMMARY DOCUMENT

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STONEHAGE  
FLEMING

NOW AND FOR FUTURE GENERATIONS

## PURPOSE

Stonehage Fleming Investment Management UK (“SFIM UK”) believes that engagement with third party managers should be actively encouraged in order to pursue both investment and where material, sustainability goals. This is an important feature in performing responsible stewardship of our clients’ assets. This policy summary document sets out the scope of our multi-asset engagement policy, the 4 main types of engagements we undertake, how to escalate an issue if required and how we monitor progress and report on our engagement activity.

## SCOPE

Our multi-asset engagement policy applies to all accounts, models and funds managed by the Investment Strategy & Research Team within SFIM UK.

## TYPES OF ENGAGEMENT

Engagement to us is about dialogue, with the aim of generating positive outcomes for the benefit of all current and future stakeholders, including our clients and their multi-generational families.

Analysts are free to engage with a fund manager on any appropriate topic, although it is common for our engagements to be framed around a) portfolio positioning and specific investments and b) material sustainability risks and checks (for further information see our ESG Screening and Exclusions Policy).

### 1. Explore

SFIM UK analysts pursue an investment or ESG topic of concern with a third-party fund manager to understand why they have taken the action they have. The information gathered during this exploration phase should be treated as an entry point for further more mature follow-up engagements that may involve the other types of engagement described below.

### 2. Encourage

SFIM UK analysts encourage a third party fund manager to adopt the proposed line of thinking by explaining our point of view and where possible, draw on examples of industry best practice.

### 3. Enhance

SFIM UK analysts enhance the investment or ESG-thinking of all investee third party fund managers, via a blanket approach, by knowledge sharing and discussing the implications of particular themes which are vital for the preservation of the planet via their portfolios. Too often, overlooked examples of themes might be the circular economy and nature-based solutions as opposed to just focusing on climate change.

### 4. Experience

SFIM UK analysts aim to ensure that clients’ experience is as positive as it can be in terms of financial and non-financial means by querying and seeking to resolve any areas which may be disadvantageous to our clients.



## ESCALATION

Being a signatory of the UN PRI, SFIM UK has an escalation process in place in case an engagement is not producing the desired results. The approach adopted by SFIM UK is listed below.

1. Engage with primary contact via an organized call or at the annual engagement meeting. Agree follow-up meeting time and date during that meeting. SFIM UK has not set a timeline for this initial re-engagement stage to be completed, it is the discretion of each analyst to determine the end of this stage and track developments.
2. Summarise the articulated position via a formal letter with the level of progress expected and a timeline for follow-up.
3. If still no progress is being made, consider whether to involve and collaborate with other unitholders on the shareholder register or in a fund selector forum in order to obtain broader support for the issue.

Finally, if after exhausting options provided under steps 1 – 3 and no sufficient progress has been made, consider divestment and clearly communicate the reason for the decision, including that the outcome of such decision would not create a poor outcome for customers.

## MONITORING

All engagement efforts must be documented in our Engagement Tracker. This tracker functions as the central repository for third-party manager engagements of SFIM UK and is used for internal reporting purposes.

## REPORTING

Engagement activities are discussed quarterly at our Voting & Engagement Meeting and outcomes from those meetings are reported to the Stewardship & Investment Sustainability Committee (SISC). A summary of our engagement activities is disclosed annually in the UK Stewardship Report.



