

The revised EU Shareholder Rights Directive II (SRD II) is designed to facilitate the exercise of shareholder rights, encourage shareholder engagement with companies and set out new requirements for companies. The emphasis is very much on encouraging long-term shareholder engagement which should improve investee companies' corporate governance and performance. The deadline for implementing the Directive was 10 June 2019 when the FCA's new rules came into force.

Walter Scott's core conviction is that over the long term, returns to shareholders can only ever be as great as the wealth generated by the underlying businesses in which they are invested. Longevity of compound return goes hand in hand with the concept of sustainability.

For Walter Scott, good stewardship means acting as a responsible owner on behalf of the firm's clients. Below are some examples of how this is achieved:

- The consistent application of the firm's investment philosophy and process;
- In-depth analysis and monitoring of companies;
- Engagement – Walter Scott strives to hold regular meetings with senior management. These meetings provide the forum to discuss governance issues, as well as environmental and social concerns where necessary. Additional engagement may occur relating to matters such as proxy voting, governance or consultation on revised remuneration policies.
- Proxy voting – Walter Scott has its own Proxy Voting Policy and, where authorised to do so, exercises discretionary proxy voting authority with a view to safeguarding its clients' best interests.

Walter Scott does not currently have a standalone Engagement Policy. Instead, the firm's Response to the UK Stewardship Code addresses our approach to engagement. However, in response to SRD II and other agendas, an Engagement Policy is being prepared which will be publicly disclosed within the 'Governance & Regulatory Disclosures' section of this website in the near future.

Walter Scott's current ESG Policy, Proxy Voting Policy and Response to the UK Stewardship Code are all publicly disclosed within the 'Governance & Regulatory Disclosures' section of this website.



Walter Scott & Partners Limited, One Charlotte Square, Edinburgh EH2 4DR, UK

TEL: +44 (0)131 225 1357 FAX: +44 (0)131 225 7997 WEB: walterscott.com