Pillar 3 Risk, Stewardship Code and Remuneration Disclosures

The information below has been prepared for Eaton Vance Management (International) Limited (EVMI) and Eaton Vance Advisers International Ltd. (EVAIL) based on the facts and circumstances that existed as at 31 December 2021. The information provided below is required to be disclosed in accordance with the rules adopted by the Financial Conduct Authority (FCA) and does not form part of the entities' audited accounts. Please refer to the following links for each respective entity's disclosures:

- Eaton Vance Management (International) Limited
- Eaton Vance Advisers International Ltd.

EATON VANCE MANAGEMENT (INTERNATIONAL) LIMITED FCA DISCLOSURES PILLAR 3 DISCLOSURES

Introduction

Eaton Vance Management (International) Limited (the Firm) is authorised and aregulated by the Financial Conduct Authority (FCA) and is categorised as a Banks, Building Societies and Investment (BIPRU) Firm for capital purposes and reports on a solo basis. The Firm's Pillar 3 disclosure fulfils the Firm's obligation to disclose to market participants key pieces of information on the Firm's capital, risk exposures and risk assessment processes.

The Firm is permitted to omit required disclosures if it believes that the information is immaterial such that omission would be unlikely to change or influence the decision of a reader relying on that information. In addition, the Firm may omit required disclosures where it believes that the information is regarded as proprietary or confidential. In the Firm's view, proprietary information is that which, if it were shared, would undermine the Firm's competitive position. Information is considered to be confidential where there are obligations binding the Firm to confidentiality with our customers, suppliers and counterparties. We have made no omissions on the grounds that it is immaterial, proprietary or confidential.

The information presented below for the Firm is reflective of the facts and circumstances that existed as at 31 December 2021.

Risk management

The Firm's Executive Management determines its business strategy and the level of risk acceptable to the Firm. The Firm has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen by the Board of Directors who take overall responsibility for this process. Appropriate action is taken where risks are identified which fall outside of the Firm's risk tolerance levels or where the need for remedial action is required in respect of identified weaknesses in the Firm's mitigating controls.

The Firm considered the risks below to be the key risks to its business during the fiscal period ended 31 December 2021. Additionally, as a result of the United Kingdom's (UK) withdrawal from the EU on 31 December 2020 and subsequent uncertainty, the Firm continues to monitor developments for impacts business operations in the United Kingdom and Europe. The Firm has contingency plans in place in to mitigate risk brought about the UK's exit from the EU.

Covid Risk

In light of the outbreak of respiratory disease caused by a novel coronavirus (COVID-19) particular attention was considered for pandemics and the additional risks it presented. By way example, COVID-19 resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, and disruptions to supply chains and consumer activity. There is been significant worldwide economic impact related to a pandemic including closure of certain markets, with a particular impact on emerging markets, and on certain industry sectors. The uncertainty, magnitude and duration of a pandemic makes it difficult to predict the impact on markets or on the issuers of the instruments in which the Firm or funds typically invests, and represent an additional systemic and non-systemic market risk factor which could impact the operations and valuations of the Firm.

Escalation of war in Ukraine

The Company has no direct exposure to Russia and Ukraine. There may be negative effects to the global economy due to the current disruption to the financial markets, global trade payment systems and capital flows as well as from the impact of sanctions. The extent to which the impact to the global economy affects the Company will depend on future developments that are highly uncertain and cannot be predicted. The Company will continue to closely monitor events and their potential impact.

Business risk

The main business risks faced by the Firm related to a potential fall in assets under management or the loss of key staff which could have reduced fee income earned by the Firm and hindered its ability to finance its operations and reimburse its expenses.

Operational risk

This risk covered a range of operational exposures from the risk of the loss of key personnel to the risk of the provision of investment advice. Legal and reputational risks were also included within the category of operational risk. Operational risks and how they can be mitigated are assessed as part of the Firm's Internal Capital Adequacy Assessment Process (the ICAAP or Pillar 2).

Liquidity risk

The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due or that financial resources can only be secured at excessive cost. Liquidity risk may occur if sudden unexpected cash flows are experienced or if regular sources of funding cease or are withdrawn.

The Firm maintained an amount equivalent to three months' expenditure in its bank accounts at all times during the fiscal period, with any cash required to be held for working capital purposes being held over and above this amount. The Firm has always had sufficient liquidity within the business to meet its obligations and there were no perceived threats to this during the fiscal period given the support it has from the parent company. The cash position of the Firm is monitored by the Divisional Controller, who would alert the Treasurer if additional capital is required.

Credit risk

This risk related to the exposure to the Funds for non-payment of management and performance fees and counterparty exposure relating to the Firm's bank balances and any other debtors. This risk is monitored by the Firm's Finance Team.

Market risk

This risk related to the exposure to foreign exchange fluctuations due to investment management and performance fees being denominated in currencies other than sterling. The Firm's exposure to this risk was limited as the Firm maintained currency bank accounts which permitted it to receive/pay currency directly.

Additionally, due to the nature of the Firm's business during the fiscal period, the Firm faced the risk that assets under management could have declined as a result of unfavourable market actions. To mitigate this risk, the Firm's investments strategies were designed to identify long term investment opportunities.

Regulatory Capital

Capital resources
As at 31 December 2021 the Firm's regulatory capital resources were £10,672,000. This comprised solely of core Tier 1 capital of £12,370,000 less deductions of £1,698,000.

The Firm maintains capital resources as follows:

	31/12/2021
Capital Item	**£'000**
Tier 1 capital*	12,370
Deductions from Total Capital: Illiquid Assets	1,698
Total capital resources, net of deductions	10,672

*No innovative tier one capital is held

Capital requirement
The Firm is a private limited company and its capital arrangements are established in its Articles of Incorporation. Its capital contains only share capital. The Firm's risks in the context of its Pillar 1 capital requirement assessment consists of market risk and credit risk. Its market risk is limited to foreign exchange risk on its debtor balances and credit risk is limited to its bank balances.

The Firm's Pillar 1 capital requirement is the higher of:

1. the Firm's base capital requirement of €50,000,
2. the sum of the Firm's market and credit risk requirements, or
3. the Firm's Fixed Overhead Requirement (the FOR).

The Firm's Pillar 2 capital is calculated to represent any additional capital to be maintained against any risk not adequately covered under the requirement in Pillar 1 as part of its ICAAP. The ICAAP assesses the adequacy of the Firm's internal capital to support its current and future activities. The ICAAP involves a thorough assessment of the Firm's current risk exposures and the processes in place to mitigate those risks as well as the impact those risks have on the Firm's internal capital.

As at 31 December 2021, the Firm’s Pillar 1 capital requirement was £2,328,000. This has been determined by reference to the Firm’s FOR and calculated in accordance with the FCA’s General Prudential Sourcebook (GENPRU) at GENPRU 2.1.53. The requirement is based on the FOR since at all times this exceeds the total of the credit and market risk capital requirements it faces and also exceeds its base capital requirement of €50,000.

The FOR is based on annual expenses after deducting variable costs, which include base compensation and other expenditures such as facilities expenses, marketing expenses, taxes, and other miscellaneous expenses required during the course of business. The Firm monitors its expenditures on a monthly basis and takes into account any material fluctuations in order to determine whether the FOR remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year. This is monitored by the Treasurer and reported to senior management on a regular basis.

Satisfaction of capital requirements
As at 31 December 2021, the Firm had a regulatory capital surplus under Pillar 1 of £8,344,000. Since the Firm’s ICAAP process did not identify capital to be held over and above the Pillar 2 requirement, including the results of stress testing and scenario analysis performed, the capital resources detailed above are considered adequate to continue to finance the Firm over the next year. No additional capital injections are considered necessary and the Firm expects to continue to be profitable.

STEWARDSHIP CODE DISCLOSURE

FCA COBS Rule 2.2.3R requires FCA authorised firms to disclose whether they conform to the requirements of the UK Financial Reporting Council’s Stewardship Code (the Code). Adherence to the Code is voluntary. During the fiscal period, the Firm pursued an active trading strategy. This involved a wide variety of investment products and timeframes. Therefore, while the Firm supports the principles of the Code, it did not consider it appropriate to conform to the Code during the fiscal period ended 31 December 2021. Further, the Firm did not consider it appropriate to commit to a voluntary code of practice within a particular individual jurisdiction given the global nature of our investment strategy.

REMUNERATION DISCLOSURE

The Firm is subject to FCA Rules on remuneration. These rules are contained in the FCA's BIPRU Remuneration Code located in the SYSC Sourcebook of the FCA's Handbook. The Remuneration Code (the RemCode) covers an individual's total remuneration, fixed and variable. The Firm incentivises staff through a combination of the two. As such, in applying the FCA's BIPRU RemCode, the Firm has appropriately applied proportionality in developing its remuneration policy.

The Firm's policy is designed to ensure that it complies with the RemCode and its compensation arrangements:

1. Are consistent with and promotes sound and effective risk management;
2. Do not encourage excessive risk taking;
3. Include measures to avoid conflicts of interest; and
4. Are in line with the Firm's business strategy, objectives, values and long-term interests.

The Firm has defined Code Staff to be those employees who have a material impact on the risk profile of the Firm or client accounts managed by the Firm. This includes senior management, risk takers, those holding control functions and any employee whose total remuneration takes them into the same remuneration bracket as senior management. The Firm's Code Staff includes individuals throughout Eaton Vance Corp. and its subsidiaries. The aggregate level of remuneration earned by Code Staff was £4,057,654 for the fiscal year ended 31 December 2021.

EATON VANCE ADVISERS INTERNATIONAL LTD. FCA DISCLOSURES
PILLAR 3 DISCLOSURES

Eaton Vance Advisers International Ltd. (the Firm) is authorised and regulated by the Financial Conduct Authority (the FCA). The Firm is a United Kingdom (UK) domiciled discretionary investment manager to professional clients and unregulated collective investment schemes. The Firm is a full scope Alternative Investment Fund Manager (AIFM) and categorised as a collective portfolio management investment firm by the FCA for capital purposes. The Firm reports on a solo basis. The Firm’s Pillar 3 disclosure fulfils the Firm’s obligation to disclose to market participants’ key pieces of information on a firm’s capital, risk exposures and risk assessment processes.

We are permitted to omit required disclosures if we believe that the information is immaterial such that omission would be unlikely to change or influence the decision of a reader relying on that information. In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties. We have made no omissions on the grounds that it is immaterial, proprietary or confidential.

The information presented below for the Firm is reflective of the facts and circumstances that existed as at 31 December 2021.

Risk management

The Firm's Executive Management determines its business strategy and the level of risk acceptable to the Firm. The Firm has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen by the Board of Directors who take overall responsibility for this process. Appropriate action is taken where risks are identified which fall outside of the Firm's risk tolerance levels or where the need for remedial action is required in respect of identified weaknesses in the Firm's mitigating controls.

The Firm considered the risks below to be the key risks to its business during the fiscal period ended 31 December 2021. Additionally, as a result of the United Kingdom’s (UK) withdrawal from the EU on 31 December 2020 and subsequent uncertainty, the Firm continues to monitor developments for impacts business operations in the United Kingdom and Europe. The Firm has contingency plans in place in to mitigate risk brought about the UK’s exit from the EU.

Covid 19 Risk

In light of the outbreak of respiratory disease caused by a novel coronavirus (COVID-19) particular attention was considered for pandemics and the additional risks it presented. By way example, COVID-19 resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, and disruptions to supply chains and consumer activity. There is been significant worldwide economic impact related to a pandemic including closure of certain markets, with a particular impact on emerging markets, and on certain industry sectors. The uncertainty, magnitude and duration of a pandemic makes it difficult to predict the impact on markets or on the issuers of the instruments in which the Firm or funds typically invests, and represent an additional systemic and non-systemic market risk factor which could impact the operations and valuations of the Firm.

Escalation of war in Ukraine

The Company has no direct exposure to Russia and Ukraine. There may be negative effects to the global economy due to the current disruption to the financial markets, global trade payment systems and capital flows as well as from the impact of sanctions. The extent to which the impact to the global economy affects the Company will depend on future developments that are highly uncertain and cannot be predicted. The Company will continue to closely monitor events and their potential impact.

Business Risk

This main business risk faced by the Firm related to the potential loss of key staff which could have hindered its ability to finance its operations and reimburse its expenses.

Market risk

The risk related to the exposure to foreign exchange fluctuations due to debtor and creditor balances being denominated in currencies other than sterling. The Firm exposure to this risk was limited as the Firm maintained currency bank accounts which permitted it to receive/pay currency directly.

Operational risk

This risk covered a range of operational exposures from the risk of the loss of the key personnel to legal and reputational risks. Operational risks and how they can be mitigated are assessed as part of the Firm’s Internal Capital Adequacy Assessment Process (the ICAAP or Pillar 2).

Credit risk

This risk relates to counterparty exposure relating to the Firm’s bank balances and any other debtors. This is monitored by the Firm’s Finance Team.

Regulatory Capital

The Firm is a private Limited Company and its capital arrangements are established in its Articles of Incorporation. Its capital contains only share capital. The Firm is small with a simple operational infrastructure. The Firm’s risks in the contexts of its Pillar 1 capital requirement assessment consists of market risk and credit risk. Its market risk is limited to foreign exchange risk on its debtor balances and credit risk is limited to its bank balances.

Pillar 1 capital is the higher of:

1. the base capital requirement of €125,000;
2. the sum of market and credit risk requirements; and
3. the Fixed Overhead Requirement (FOR).

In addition, the Firm, on account of its classification as a full-scope AIFM, is subject to a parallel "own funds" requirement as follows: The higher of:

1. the funds under management requirement, subject to a minimum of €125,000; and

2. the own funds based on fixed overheads requirement;

Plus whichever is applicable of:

- the professional negligence capital requirement; or
- the Professional Indemnity Insurance (PII) capital requirement.

Although the foregoing “own funds” requirement is not a component of the “Three Pillars” regime, it is likely that the Firm’s “own funds” requirement will exceed its Pillar 1 requirement.

The Firm’s Pillar 2 capital is calculated to represent any additional capital to be maintained against any risks not adequately covered under the requirement in Pillar 1 as part of its ICAAP. When making this calculation, the Firm also takes into account the own funds requirement detailed above, in particular where the own funds exceeds Pillar 1 capital (and the extent to which the Firm is able to use capital instruments to fulfil both requirements).

It is the Firm’s experience that its Pillar 1 capital requirement normally consists of the FOR, although market and credit risks are reviewed monthly. The Firm applies a standardised approach to credit risk, applying 8% to the Firm risk weighted exposure amounts, consisting mainly of bank balances. Having performed the ICAAP, the Firm has concluded that no additional capital is required in excess of its Pillar 1 capital requirement.

As at the date of this disclosure the Firm’s regulatory capital position is:

	31/12/2021
Capital Item	**£’000**
Tier 1 capital*	17,130
Total capital resources, net of deductions	17,130

*No innovative tier one capital is held

The Firm’s ICAAP assesses the adequacy of its internal capital to support current and future activities. This process includes an assessment of the specific risks to the Firm, the internal controls in place to mitigate those risks and an assessment of whether additional capital mitigates those risks. The Firm also considers a wind down scenario to assess the capital required to cease regulated activities.

We have not identified credit risk exposure classes or the minimum capital requirements for market risk as we believe that they are immaterial. Concerning Pillar 1, it is the Firm’s experience that the FOR establishes its capital requirements, and that market and credit risks are considered not to be material. Furthermore, the market and credit risks component excludes such risks related to the management of alternative investment funds. Our capital requirements are currently £1,646,000 (the higher of the minimum capital calculated in accordance with either ‘Pillar 1’ or ‘own funds’) which is well within the level of regulatory capital held.

We consider this amount to be sufficient regulatory capital to support the business and have not identified any areas which give rise to a requirement to hold additional risk based capital.

The Firm’s ICAAP is formally reviewed by the Firm’s Finance Team annually, but will be revised should there be any material changes to the Firm’s business or risk profile.

STEWARDSHIP DISCLOSURE

FCA COBS Rule 2.2.3R requires FCA authorised firms to disclose whether they conform to the requirements of the UK Financial Reporting Council’s Stewardship Code (the Code). Adherence to the Code is voluntary. During the fiscal period, the Firm pursued an active trading strategy. This involved a wide variety of investment products and timeframes. Therefore, while the Firm supports the principles of the Code, it did not consider it appropriate to conform to the Code during the fiscal period ended 31 December 2021. Further, the Firm did not consider it appropriate to commit to a voluntary code of practice within a particular individual jurisdiction given the global nature of our investment strategy.

REMUNERATION

The Firm is subject to FCA rules on remuneration. These rules are contained in the FCA’s AIFMD Remuneration Code located in the SYSC Sourcebook of the FCA’s Handbook. The Remuneration Code (the RemCode) covers an individual's total remuneration, fixed and variable. The Firm incentivises staff through a combination of the two. As such, in applying the FCA's AIFM RemCode, the Firm has appropriately applied proportionality in developing its remuneration policy.

Given the nature and small size of our business, remuneration for all employees is set by the executive management. The Firm formally reviews the performance of all employees and based thereon determines each employees overall level of remuneration and the split of that between base salary, bonus, etc. in compliance with the RemCode.

The Firm has defined Code Staff to be those employees who have a material impact of the risk profile of the Firm. This includes senior management, risk takers, those holding control functions and any employee whose total remuneration takes them into the same remuneration bracket as senior management. The firm's Code Staff includes individuals throughout Eaton Vance Corp. and its subsidiaries. The aggregate level of remuneration earned by the staff is £13,711,811 for the fiscal year ended 31 December 2021.

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