

For Financial Reporting Council

# Stewardship Code Compliance Statement

April 2023

Covering April 2022 – March 2023 activities

Reviewed and approved by Group CEO  
on behalf of responsible business committee

# Foreword

Rathbones has a long history of stewardship and continues to receive industry accolades for its sense of purpose and performance. In 2022 our specialist ethical, sustainable and impact business unit, Greenbank, celebrated its 25th annual Investor Day, which once again showcased some of the critical opportunities and challenges facing ethical, sustainable and impact investors in an ever-changing world. Ethical, sustainable and impact investing are investment approaches that incorporate social and environmental considerations into investment decisions not just because of financial materiality, but also to reflect the values, sustainability intentions or mission of the investor.

Our culture has always been very closely aligned with the principles of the Stewardship Code. We see it as our responsibility to be valued, long-term stewards of our clients' wealth. This culture underlines our belief that it is in the best interests of our clients for the companies and investment vehicles we invest in to adopt good practice in managing ESG risks. Our aim is to consider each company within a framework that evaluates how it manages its operations in the long-term interests of its shareholders.

We have been members of the United Nations-supported Principles for Responsible Investment (PRI) for 14 years, and use the PRI's six principles to inform our approach. Being a signatory to the UK Stewardship Code is an important expression of our commitment to responsible investment.

Our responsible business committee covers our four pillars of responsible business. That includes how we invest and how we support society and our colleagues. Please refer to our [responsible business report](#) for more information. Our investment policy defines responsible investment as "the purposeful integration of ESG considerations into the investment management process". The responsible investment committee oversees this responsible investment policy and monitors progress towards the investment aspects of our Science Based Targets initiative-aligned target and commitment to net zero by 2050. Our near-term target is for 35% of our listed equity and bond portfolios, by invested value, to commit to or set SBTi-validated targets by 2025, using 2020 as a base year.

In 2022/23 the impacts of climate change have taken centre stage in much of our work. It is recognized that climate risks have the potential to materially affect the value of investments over the longer term. Our updated voting policy includes clear expectations of how companies will be assessed on their own net zero strategies.

Rathbones has taken a range of measures to ensure that it is putting its approach to responsible investment into action. We explain these measures in the following report. We hope it helps you understand in more detail how we are responding to the opportunities and challenges in this important area.

**Paul Stockton**  
Chief Executive Officer

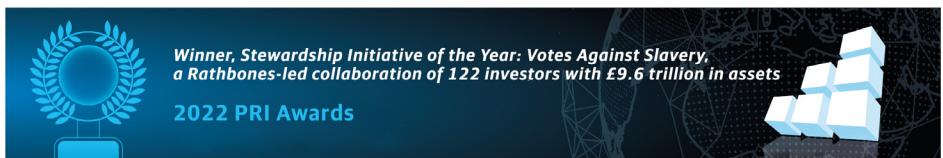
## Rathbones and responsible investment

We believe that thinking, acting and investing responsibly benefits our clients, the companies in which we invest, and wider society.

We demonstrate responsible investment through:

- Long-term stewardship: we identify long-term investments that take into account environmental, social and governance (ESG) factors, especially as non-financial factors may have consequences that only appear over the longer term.
- Assessing clear evidence on materiality: evidence suggests that integrating ESG analysis into the investment process imposes no penalty on returns. ESG integration is rapidly becoming embedded in 'mainstream' investment management as a means through which to identify both material risks and opportunities.
- Responding to investor demand: there is a growing pressure from society for companies to operate responsibly. This creates a need to provide more transparency on key ESG issues and increased demand for responsible solutions for clients.
- Complying with increasing regulation: UK and European regulators are noticeably tightening rules for the promotion of financial products claiming to apply sustainability or ESG credentials.

We work with our industry partners to promote responsible investing not only within financial services but across the range of asset classes within which we invest. We will continue to integrate ESG issues throughout our research and investment decision-making with the aim of delivering on clients' investment objectives as well as doing the right thing for society



**This brochure references investment products and services. The value of investments and the income from them may go down as well as up and you may not get back what you originally invested.**

## Rathbones and stewardship

Stewardship is the responsible allocation, management and oversight of capital to create long term value for clients and beneficiaries, leading to sustainable benefits for the economy, environment and society as defined by the Financial Reporting Council. The Stewardship Code 2020 comprises a set of 12 apply- and-explain principles for asset managers and owners. This report sets out how Rathbones has applied the Code between April 2022 and April 2023, for our investment management services and funds business.

For further information we provide a range of detailed reporting on our responsible investment activities at <https://www.rathbones.com/investment-approach/responsible-investment>.

## What we do

Our purpose - to think, act and invest responsibly - is delivered through our corporate values: responsible and entrepreneurial in creating value, collaborative and empathetic in dealing with people, courageous and resilient in leading change, and professional and high-performing in all our actions.

## Investment management

Rathbones Investment Management provides investment management solutions to private clients, charities, trustees and professional partners, with a total of £49.2 billion in assets under management as of December 31 2022. Clients of this service can expect a tailored investment strategy that meets individual objectives, backed by an investment process that aims to provide risk-adjusted returns to meet clients' needs today and in the future.

Within Rathbones Investment Management, we have several specialist capabilities, including:

### Charities and not-for-profit organisations

Rathbones Investment Management manages £6.3 billion of charity and non-profit funds, making it the fourth-largest charity investment manager in the UK. The team is diverse in both expertise and experience, and aims to deliver suitably tailored investment portfolios to meet the specific needs of clients.

### Rathbone Greenbank Investments

As one of the pioneers in the field of ethically focused investments, Greenbank manages over £2.0 billion in ethical and socially responsible investment portfolios. The team is specialised, managing accounts only for clients with more advanced ESG and responsible investment preferences.

## Personal injury and court of protection

A specialist team works closely with deputies, trustees and families, providing a consistent and rigorous investment process sympathetic to individual circumstances.

## Rathbones Investment Management International

Based in Jersey, it caters for the investment needs of individuals and families, charities and professional advisers who are looking for offshore investment management.

## Funds

Rathbone Funds is a UK active fund manager with around £11.0 billion under management, providing a range of specialist and multi-asset funds designed to meet retail clients' core investment needs. These funds are distributed primarily through UK financial advisers. Our Funds business also supports a responsible investment approach by delivering fund-based solutions for clients and advisers. Our Ethical Bond Fund managed £2.2bn on 31 December 2022, while the Rathbone Greenbank Global Sustainability Fund managed £69m as at the same date. The recently launched Rathbone Greenbank Multi-Asset Portfolios (RGMAPs) fund range (managed by Rathbones' multi-asset team and supported by Rathbone Greenbank Investments) managed £168m.

Our funds can also be accessed by international clients through our Rathbone Luxembourg Funds SICAV (Société d'Investissement à Capital Variable), which provides access to a similar range of actively managed funds.

## Complementary services

### **Rathbone Financial Planning**

Our in-house financial planning team provides whole-of-market advice to clients. The planners work closely with investment managers to help clients create a bespoke financial plan. We have long-standing experience and can act on a one-off basis or as part of an ongoing service.

### **Unitised Portfolio Service**

Using Rathbone Multi-Asset Portfolio funds, we offer clients with investible assets of £25,000 or more our model-based discretionary investment management service. This is designed for clients who do not require a fully bespoke investment solution, but still want an investment manager to ensure investments are selected and monitored to suit their individual circumstances.

## **Managed Portfolio Service**

A simple and straightforward execution-only investment service that gives clients with £15,000 or more the ability to access high-quality investments. The service is delivered via an adviser at a price that reflects the competitive nature of our sector, while seeking to maintain a high standard of quality.

## **Rathbone Select Portfolio**

An attractive and cost-effective investment solution for clients with £15,000 or more to invest for at least three years. Providing access to the Rathbone Multi-Asset Portfolio funds on a self-select basis, this service is designed for clients who are comfortable choosing an investment strategy themselves to meet their investment objectives and risk profile.

## **Banking and loan services**

We offer loans to our existing clients secured against their investment portfolios and, in some cases, other assets. As a licensed deposit taker, we are also able to offer our clients a range of banking services. This includes currency and payment services and fixed interest term deposits.

We also provide services through the following entities:

### **Rathbones Trust Company**

UK trust and specialist legal, estate and tax advice to larger clients.

### **Saunderson House**

A comprehensive financial planning and investment management service to high net-worth individuals, charities and trusts. Completion of the Saunderson House acquisition in October 2021 added the largest specialist professional services focused financial planning business in the UK to Rathbones Group.

### **Vision Independent Financial Planning**

An Independent Financial Advisor (IFA) network providing financial advisory solutions to UK private clients. Acquired in 2015, it has grown from £845 million of assets on its discretionary fund management panel and 81 advisers to £2.7 billion and over 120 IFAs.

The Stewardship Code's 12 Principles, and how they are applied at Rathbones

# 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.

## What we do

Our purpose is to think, act and invest responsibly. This not only shapes what we do but how we do it. It is woven throughout our business strategy and values, recognising that this approach is core to our day-to-day decision making.

## Our investment beliefs

We recognise that the environment, society and financial stability are connected. We have a fiduciary responsibility to our clients: investing for their long-term goals. With this focus we aim to deliver good financial outcomes and create value for our clients, whilst also making a positive contribution to society as stewards of our clients' wealth.

We believe it is in the best interests of our clients that the companies and securities we invest in adopt good practice in managing ESG risks. This provides a framework for managing our operations in the long-term interests of our shareholders.

As a firm we have built a responsible business framework, which will provide the blueprint for driving sustainable value for our broader stakeholders. The Responsible Business Committee, co-chaired by the chief executive officer and a managing director of RIM, provides high-level direction and oversight for group policy relating to responsible investment and direct operational risks.

Our [responsible investment policy](#)<sup>1</sup> was created to guide the development and enhancement of our investment process and stewardship approach, as outlined by our four responsible investment principles:

- **ESG integration:** we consider ESG factors in the evaluation of investments, to help identify ESG opportunities and risks.
- **Voting with purpose:** We actively vote in line with our responsible investment policy. This may involve voting against management to help drive positive change.
- **Engagement with consequences:** we prioritise engagement where we can make a real difference in addressing the world's environmental and societal challenges. We also prioritise engagement to address other issues that may be material to investors holding specific investments. We are prepared to reduce our holdings in companies that continue to present an ESG risk over time
- **Transparency:** as a participant in financial markets, we are committed to being transparent about our approach to responsible investment. We actively report on the progress of our responsible investment activities to our clients, shareholders and other stakeholders.

<sup>1</sup> [https://www.rathbones.com/sites/rathbones.com/files/imce/rathbones\\_-\\_responsible\\_investment\\_policy\\_1.pdf](https://www.rathbones.com/sites/rathbones.com/files/imce/rathbones_-_responsible_investment_policy_1.pdf)



We have continued to invest in our responsible investment proposition across all business areas and have expanded our stewardship approach to further incorporate ESG integration, deepening our analysis of direct equities, direct fixed income and fund holdings. The overarching responsible investment principles are consistent and resources complementary across business areas - for example, leveraging information and data and collaborating in our engagement activity. However, the application of the integration approach is tailored to fit the relevant investment service or mandate so that the investment manager or fund manager is accountable for interpreting ESG and stewardship information to inform investment decisions in the context of the mandate or client objective.

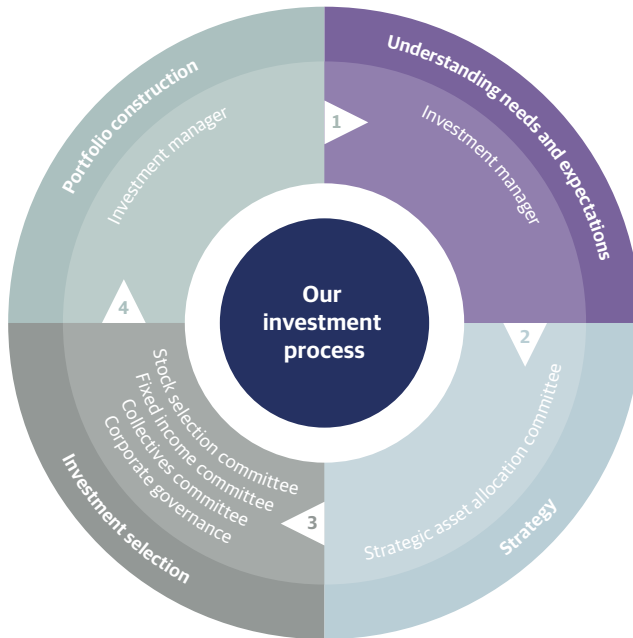
In the period April 2022 - March 2023 we can point to several key developments as evidence of this ongoing commitment:

- Published a formal responsible investment Policy for Rathbone Funds, our investment fund business
- Agreed process to enable the pre-declaration of voting intentions on ESG-themed AGM resolutions.
- Continued to make progress on refining the frameworks to inform the integration of ESG considerations into investment decisions.
- Refinement of the standards and assessment of Group ESG exclusions.

Within the RIM business (which accounts for the majority of our AUM) our investment managers seek to understand each client's situation and objectives, proposing an investment strategy tailored to clients' needs. When constructing client portfolios our investment managers draw on recommendations and guidance from our investment committees. At these committees we seek to pool the insights and expertise of a hybrid team. This incorporates financial analysts and investment managers as well as stewardship and engagement specialists and ESG integration and data analysts.

Our goal is to facilitate informed judgements that are genuinely useful for investment decisions and to incorporate this analysis into our investment committee recommendations and ongoing portfolio management activities.

The graphic below summarises the RIM investment process. It is influential but not prescriptive, and able to support the business channels listed later in this section in serving their clients' best interests.



### Rathbone Greenbank Investments

Rathbone Greenbank Investments (Greenbank) was an early adopter of ESG investing: it has created bespoke ethical, sustainable and impact portfolios for clients for 25 years. Fundamental to Greenbank's approach is the belief that those companies providing positive solutions for a changing world, while also demonstrating strong social and environmental management and good corporate governance, are likely to be sound long-term investments. In addition to information available from the central investment process, Greenbank has a research team that provides in-depth ethical screening, sustainability and impact analysis to help inform the team's investment selection and portfolio construction.

Where clients have particular ESG preferences or enhanced ESG requirements, Greenbank is able to service those needs. Its team comprises ethical, sustainable and impact investment specialists, whose knowledge and expertise caters to clients who aim to go the extra mile in the consideration of ESG and sustainability factors along their investment journey. Greenbank implements broader exclusions across its investment universe, providing a wider range of impact and sustainable investment solutions across asset classes.

## Rathbone Funds

Rathbone Funds (formerly Rathbone Unit Trust Management) encourages its managers to think as individuals. Rathbone Funds utilizes specialist research from MSCI and Sustainalytics to ensure it has access to a deep pool of ESG risk information. We have established an ESG risk tolerance level for each of our strategies, which looks at the overall rating of each fund as well as the exposure to higher-risk or laggard companies from an ESG perspective. This is reviewed weekly by the investment risk team. Fund manager portfolios are scrutinised by the chief investment officer (CIO) at regular challenge meetings, where the rationale for investments with adverse ESG factors is reviewed. ESG risk data is reviewed monthly by Rathbone Funds' performance and risk committee, with escalation where necessary to the product governance committee, to ensure investments remain suitable for the funds' target markets and in line with the funds' mandates as described in their prospectuses.

In addition to the engagement carried out on Rathbone Funds' behalf by Rathbones' group stewardship team as described in this document, our fund managers regularly meet with company executives of businesses Rathbone Funds invests in to discuss ESG issues and opportunities directly.

As a default, Rathbone Funds votes in line with the sustainability voting policy of Institutional Shareholder Services (ISS). Our fund managers and distribution team take on board feedback from our investees where appropriate. Ultimately, it is the responsibility of our fund managers to vote on behalf of and in the best interest of the unitholders of the fund, in line with the investment mandate of the fund, supported by the group.

## How we have served the best interests of clients

Effective and appropriate stewardship means recognising our clients' interests and taking an active approach to the ownership of investments. Implementing effective stewardship is integral to our investment process, as a means of protecting and enhancing value for our clients. We offer opportunities for clients to learn about ESG and responsible investment topics through events and seminars (e.g. our Earth Convention webinars)

We actively monitor the actions, policies and decisions of the boards of companies we invest in and vote at annual and extraordinary general meetings.

As stewards of our clients' wealth, we actively engage with the management teams and boards of the companies and securities we invest in. This gives us the opportunity directly to raise issues that are important to our clients or might impact portfolio performance. We also recognise that environmental, social and governance (ESG) factors can have a material impact on a company's performance, as is also the case with financial factors. We engage to drive operational improvements and press companies to address ESG risks. Just as we stand by our beliefs and vote against management when we think it is appropriate, as an extension of our active investment approach we may reduce holdings in companies that present unmanaged, material ESG risk over time.

We know that industry collaboration can lead to more impact, so we strive to share our knowledge and help build a universal understanding of ESG issues and sustainable investing (see Principle 10). We partner with other bodies in the responsible investment community, with the aim of collectively driving positive change on diverse social and environmental issues. Examples are climate change and modern slavery, where our collaborative efforts were recognized with a PRI Award (see Principle 4).

We have made good progress in integrating ESG considerations into investment decisions. However, we observe that data coverage from external sources may have gaps – particularly when considering smaller or less liquid companies and investments. For this reason, our analysis is being extended to the use of other tools to enable a robust assessment even where data on securities is limited or unavailable from external sources.

We continue to deepen our ESG integration approach across the asset classes we hold (see Principle 7).

We are seeking ways to understand better our clients' expectations in this area. In 2022 we continued our participation in the UK CX Benchmark, seeking a better understanding of client engagement. In addition to standard questions, we are able to request the inclusion of bespoke topics. In 2022 we asked questions about our clients' understanding of responsible investment and ESG issues.

Respondents were asked about their level of familiarity with ESG investing. These results help us calibrate our client offering, suggesting areas for improvement in our service and stewardship activities. In particular, the results show that we have an important role to play in continued client education in how ESG investing serves as a means of managing risks.

# Principle 2

Signatories' governance, resources and incentives support stewardship.

The governance structure of our responsible investment committee (RIC) was reviewed in 2020, with alterations approved and implemented in 2021. These changes are designed to ensure effective execution of our responsible investment vision and its evolution.

The responsible investment committee has accountability for formulating policy, establishing standards of best practice and monitoring implementation and oversight of ESG integration, engagement and voting. This committee is attended by Elizabeth Savage, co-CIO for Rathbones Investment Management (RIM), the CIO of Rathbone Funds, the head of Charities (RIM), head of Rathbone Greenbank and the stewardship director, as well as other representatives from across the business. As of January 2023 it was chaired by Elizabeth Savage.

An assessment of progress against the principles of the Responsible Investment Policy is a key accountability for the committee. The responsible investment committee provides direction to and oversees the output of the voting committee and the engagement committee, both of which have revised terms of reference and memberships. The voting committee is focused on proxy voting at investee companies in RIM and Rathbone Funds and responsible for the development and maintenance of our bespoke group voting policy. The engagement committee manages the multi-year engagement plan, tracks progress against objectives, proposes new engagement priorities and coordinates direct and collaborative engagement activity. It also ensures coordination between investment professionals involved in company engagement who are based in different areas of the company. The stewardship team coordinates and integrates all voting and engagement activity with investment committees and investment managers.

## Resources

We have a well-resourced research team with experience across a range of investment disciplines. Our financial analysts provide a strong source of ESG knowledge, which is bolstered with the support of responsible investment specialists. So far, 22 of our 41-strong research team have completed structured ESG training courses, including the UN PRI training and eight had earned the more advanced CFA Certificate in ESG Investing in the reporting period. A further 13 have begun study for it and are due to complete this in the calendar year 2023. This continues to aid our understanding of how to incorporate ESG into our research and investment process as we enhance our current processes and prepare to broaden our existing coverage.

At group level the stewardship director currently leads a team of four entirely focused on proxy voting and ESG engagement. During the reporting period we continued to invest in additional resource to support the further evolution of our responsible investment proposition and integration activities: we appointed an ESG Policy Analyst and our data and implementation teams have also been working alongside our financial analysts in order to further develop analytical frameworks to support ESG integration. All specialist ESG and Stewardship roles operate in support of and in collaboration with members of

the equity, fixed income and Greenbank teams.

Rathbone Greenbank employs a team of dedicated ethical sustainable and impact specialists. This team is devoted primarily to assets managed by Rathbone Greenbank. However, it also contributes in various ways to group level work, including participation on our internal responsible investment committee.

Full details of our responsible investment specialists are provided below.

## Stewardship specialists

### **Matt Crossman**

Stewardship director

Matt Crossman is responsible for oversight of Rathbones' stewardship policy, proxy voting and engagement on governance issues. He has spent his 19-year career exclusively in responsible investment.

Matt is a graduate of the University of Bristol, where he studied law, with a particular interest in the administration of environmental law. He also has postgraduate qualifications in sustainable development theory and practice. He is a trustee of LoveBristol, an urban regeneration charity, and the Quartet Community Foundation. Matt holds the CFA certificate in ESG Investing.

### **Archie Pearson**

ESG & stewardship analyst – voting lead

Archie joined Rathbones in 2018 as a voting & governance analyst. He is a member of the Stewardship team, ensuring informed proxy voting and corporate engagement activities as part of Rathbones' stewardship policies, and helping to promote the integration of ESG within the investment process.

Prior to Rathbones, Archie worked for the UK & Ireland office of Oikocredit, which funds microfinance institutions, co-operatives and small businesses in developing countries. During his time there, he worked as a client executive, tasked with generating capital from individuals and institutions. Archie graduated in 2015 from the University of Edinburgh with a Master's in Theology.

### **Kazuki Shaw**

ESG and stewardship analyst

Kazuki joined the Stewardship team at Rathbones in 2021 to assist with proxy voting and corporate engagement activities, as well as the promotion of ESG integration within the investment process.

Prior to joining Rathbones, Kazuki spent four years on the sell-side, as an equity trader at Credit Suisse Securities in Tokyo and as a fixed-income futures salesperson at HSBC in London.

He graduated from the University of Oxford in 2017 with a BA (Hons) in Oriental Studies and is a CFA Level 1 candidate.

### **Tilia Astell**

Junior ESG and stewardship analyst

Tilia works on corporate engagement, informed proxy voting and the integration of ESG factors into investment. She was previously knowledge officer at the charity Accounting for Sustainability (A4S).

Tilia has a Geography degree from the University of Durham and the Certificate in Green and Sustainable Finance from the Chartered Banker Institute.

## Research specialists

### **Francesca Cherubini Stoughton**

Head of investment process implementation

Francesca joined Rathbones in July 2017. She is responsible for regulatory, governance, process and project matters within Research and oversees the development of ESG policy, analysis and tools to help integrate ESG factors into the investment process.

Francesca has more than two decades of experience in investment banking and wealth management and has previously worked at UBS and Coutts.

Francesca holds a BSc in Economics from University College London and an MSc in Finance from Birkbeck, University of London. She is a Chartered MSCI.

### **Venessa Parekh**

ESG policy analyst

Venessa joined Rathbones in 2022 to work on the ESG policies and procedures that support the company's investment process.

She previously managed the research programme at Financial Markets Law Committee, a think tank that considers the impact of proposed financial services regulation on market practice.

Venessa has an LLM from Birkbeck University, an MSc in International Relations from the London School of Economics and a BA in Economics and History from the School of Oriental and African Studies.



**Jamie Mill**

Research management analyst

Jamie supports and monitors the effectiveness of Rathbones' investment process. Jamie joined Rathbones in February 2020, having previously worked for S&P Global before a short spell in fintech. He spent over four years at S&P, focusing on factor-based index rebalancing and index treatment for complex corporate actions. Jamie began his career working as an index analyst at Russell Investments.

Jamie graduated from the University of Glasgow in 2012, with a BAcc (Hons) in Accounting and Finance.

**Rathbone Greenbank****Rahab Paracha**

Sustainable multi-asset investment specialist

Rahab is the sustainable multi-asset investment specialist for the Rathbone Greenbank Multi-Asset Portfolios. She joined Rathbones in 2021, having worked previously as a junior responsible investment specialist at HSBC Asset Management. Rahab graduated from the London School of Economics with a BSc in Economics. She holds the Investment Management Certificate and is a CFA Charterholder.

**Kate Elliot**

Head of ethical, sustainable and impact research

Kate is head of Rathbone Greenbank's ethical, sustainable and impact research team. She oversees the development and implementation of the team's sustainability assessment framework, analysing investments against a range of environmental, social and governance criteria. She also monitors emerging sustainability themes, sets priorities for Greenbank's stewardship and engagement activities. Kate has developed the team's systems for the measurement and reporting of portfolio sustainability and impact performance. She joined Rathbones in 2007 after graduating from the University of Bristol with a Master's in Philosophy and Mathematics.

**Perry Rudd**

Ethical, sustainable and impact research adviser

Perry joined Rathbones in 1999 after a career in the IT industry. He acts as adviser to Rathbone Greenbank's ethical, sustainable and impact research team, which he headed until 2021. Perry established the team's proprietary research database and continues to be involved in its development. He also conducts thematic research into key responsible investment issues as well as monitoring corporate performance on environmental, social and governance matters. Perry was a founder member of Rathbone Greenbank in 2004.

### **Sophie Lawrence**

Stewardship and engagement lead - Rathbone Greenbank Investments

Sophie joined Rathbone Greenbank in January 2020 as a senior ethical, sustainable and impact researcher and has recently moved into her new role. She is responsible for the delivery of key engagement projects, building relationships with external partner organisations and shaping Greenbank's engagement strategy, priorities and reporting. She started her career at Barclays Bank in 2013 and also spent three years at KKS Advisors, a strategy consultancy in London where she led a team specialising in sustainable and impact investment. She holds an MSc from Imperial College London in Environmental Technology, a BSc in Geographical Sciences from the University of Bristol and the CFA Certificate in ESG Investing.

### **Kai Johns**

Ethical, sustainable and impact researcher

Kai joined Rathbone Greenbank in March 2019 after graduating from the University of Cambridge with a BA in Law. He assesses the social and environmental performance of companies.

### **Katherine Farr**

Assistant ethical, sustainable and impact researcher

Katherine joined Rathbone Greenbank in March 2020 and became a member of the ESI research team in January 2021. She assesses the social and environmental performance of companies. Katherine graduated from the University of Durham with a BSc (Hons) in Anthropology.

### **Charlie Young**

Assistant ethical, sustainable and impact researcher

Charlie joined Rathbone Greenbank in January 2021 after graduating from the University of Warwick with a BAsC (Bachelor of Arts and Sciences) in Economic Studies and Global Sustainable Development. He assesses the social and environmental performance of companies.

### **Emma Williams**

Senior ESI researcher

Emma joined Greenbank in September 2022. She analyses investments against a range of environmental, social and governance criteria, as well as conducting thematic research into key responsible investment issues. Emma has over 10 years' experience working in business valuation, sustainability and social investment, predominantly within professional services firms PwC and Grant Thornton. Emma holds a BSc (Hons) in Natural Sciences (Physics with Philosophy) from the University of Durham and is also a chartered accountant (ACA).

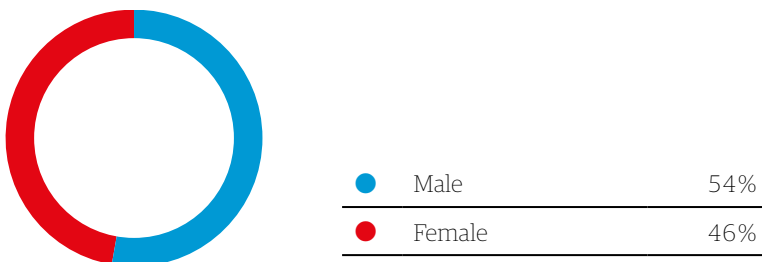
## Incentives to integrate stewardship into investment decision-making

Rathbones creates an open and transparent working environment where colleagues are encouraged to engage proactively in risk management and to support our key objectives. We want our colleagues to feel empowered to make decisions that are in the best interests of our company, our clients and other stakeholders, and the world around us. All staff are required to act responsibly. This value is explicitly incorporated into the performance appraisal process applicable to all colleagues. Achieving and driving forward our Responsible investment strategy is incorporated into the objectives of several executive and senior level roles<sup>2</sup>. Senior-level accountability for overseeing and implementing responsible investment has been assigned and incorporated into job descriptions and key objectives against which performance is assessed. Where ESG risks form a key part of an employee's role, these considerations are incorporated into their appraisal discussions, performance assessments and remuneration. Entry-level training on responsible investment has been mandatory for all investment management staff since 2021.

## Diversity

Across the organisation we champion a transparent and evidence-led investment culture where the testing of ideas and sharing of diverse perspectives is encouraged in an open, inclusive and collaborative environment. The investment committees and research and stewardship teams are made up of individuals of a range of backgrounds, experience, academic disciplines and career history. Several members of the responsible investment team have a career history in the non-profit sector. Group gender breakdown data is provided below.

### Summary of Group gender breakdown, December 2022



<sup>2</sup> See page 134 of our 2022 Annual Report and Accounts Rathbones Group Plc - Annual Report and Accounts 2022\_1.pdf

Rathbones have so far collected diversity, equality and inclusion (DE&I) data from 64.9% of colleagues. This includes gender, ethnicity and sexual orientation. We've recently added a socio-economic background question to our data collection set. In common with other DE&I data, it's optional, though actively encouraged, for people to provide this. Our current data helps us continue our focus on delivering our DE&I strategy and implementation plans. A key outcome in 2022 was the setting up of four Inclusion Networks covering Gender Balance, Race & Ethnicity, Abilities Count and LGBTQ+, with a fifth - Socio-Economic - to follow in 2023. These networks will help us continue to raise awareness and take actions to support our understanding that a diverse and inclusive culture can improve business results. It achieves this through fresh perspectives and innovation, access to a wider range of skills, and the support of talent retention.

Although our workforce is quite evenly balanced between men and women, there is a higher proportion of males in senior positions. We are making progress in reducing our gender pay gap, though this is slower than we'd like. Our latest numbers, from 2021, show a mean pay gap of 37.1%, down from 40.1% the previous year. An important strand of our DE&I strategy is to break down barriers that are still discouraging talented women from choosing a career in wealth management. We continue to partner with organisations expert in improving access for female talent. The menopause is another barrier that can impact both wellbeing and gender balance in senior roles. We launched our colleague-led 'Take a moment to Pause' menopause group to help put practical actions in place to retain female talent.

We are signatories to the UK's Women in Finance Charter, under which we pledge to promote gender diversity. We committed to a target of 25% of women in senior management by 2023. We had surpassed this by the end of 2022, with a total of 30% (2021: 28%).

## Support for stewardship processes

We utilise data and professional services to support the implementation of our stewardship approach. We employ a third-party proxy voting consultant ([Institutional Shareholder Services, 'ISS'](#)) to help us build and execute our bespoke voting policy across RIM and Rathbone Funds. The service includes features supplementary to the standard service levels. This includes the implementation of our bespoke voting framework for RIM and subscription to ISS's new sustainability-focused voting policy recommendations as a sidelight to our own bespoke policy, and a vote disclosure website.

We source ESG data from a number of vendors, including MSCI, Sustainalytics and SASB. This data is incorporated into a number of our internal databases and systems to aid analysis and assimilation. We have enhanced our research templates to incorporate a dedicated section on ESG and responsible investment information. In addition, we have acquired further data and tools to assess the climate impact and risk embedded in our portfolios. Further information can be found under Principle 7.

## Outcomes

Our responsible investment committee (RIC) has had another productive year. We provide below some highlights of the reporting period to show how these structures enhance and improve our stewardship activities:

- Agreed process on the pre-declaration of voting intentions on ESG-themed AGM resolutions.
- Published a formal responsible investment policy for Rathbone Funds.
- Began work agreeing standards and methodology for the assessment of impact investment according to the widely used 'ABC' framework: Act to avoid harm, Benefit stakeholders and Contribute to solutions.
- Formalised our internal application of group ESG exclusions.

We are also working to improve our governance structures and processes:

- We are in the final stages of making our internal ESG integration working group a formal committee under the RIC.
- We have identified ways to connect more closely the aspects of responsible investment committee and responsible business committee oversight.
- In 2023 we are planning to refresh our suite of policies and processes as our responsible investment approach evolves.

# Principle 3

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

All staff are covered by our Group conflicts of interest policy (last updated in December 2022).

We reproduce our policy for managing conflicts of interest in the voting and engagement process below:

#### Conflicts of interest policy (Stewardship) – Rathbones Group PLC

We have a clear responsibility under UK regulation to maintain a robust internal conflicts of interest policy.

With regard to the oversight of voting of shares in our priority companies and the undertaking of engagements with those companies on ESG issues, we have identified the following potential conflicts of interest:

- a. For proxy voting, it is our preference to amalgamate all votes on a particular issue into a unified stance. Voting committee members have an opportunity to shape our voting stance. This could lead to a potential conflict, should the interests of shareholders diverge from those of connected persons.
- b. Different clients may have different needs and requests on voting issues. For example, a vote may be offered on the issuance of new shares and clients may wish to vote differently from our central recommendation. Clients may have different risk appetites or income requirements, so votes on approval of the dividend could give rise to conflicts between clients.
- c. We may be required to direct our votes at RIM on governance issues at Rathbone Funds. There is a risk that internal pressure may prejudice the voting process, resulting in outcomes that suit Rathbone Funds better than the client.
- d. Rathbones' employees may serve as non-executive directors on boards of companies or investment companies: A conflict may arise when a committee member is either directly employed by a listed company or could be pressured by colleagues internally to determine pay and conditions for board members.
- e. A conflict could arise where a client serves as a director, CEO, chair or other senior employee of a company and may place undue pressure on the stewardship team to follow a particular course of voting action that may be in conflict with the best interests of clients.

Internal controls to mitigate conflicts of interest in the stewardship process:

- a. **Declaration:** Voting and engagement committee members are required to complete a declaration form each year in order to disclose and manage their conflicts of interest. When a stock is discussed in the committee to which the members have disclosed a connection, members are required to recuse themselves. Voting committee members are specifically required to disclose:
  - current employment and any previous employment in which they continue to have a financial interest
  - appointments (voluntary or otherwise) e.g. trusteeships, directorships, local authority memberships and tribunals
  - membership of any professional bodies, special interest groups or mutual support organisations
  - investments in unlisted companies, partnerships and other forms of business, major shareholdings
  - investments in listed companies in a personal capacity with a cash value above £10,000
  - memberships of other internal Rathbones investment committees
  - any other conflicts not covered by the above.
- b. **Public voting policy and voting record:** High levels of transparency help reduce the likelihood of conflicts arising. We publish our voting policy and make our voting record on listed companies public. External actors are therefore able to track our voting in line with our stated policy and note any divergence.
- c. **Client register of interests:** We recognise that larger high net worth clients may dominate our holdings of a particular stock. A conflict would arise where that client may, as a director, CEO, chairman or other senior employee, place undue pressure on the stewardship team to follow a particular course of voting action that may be in conflict with the best interests of our other clients. We therefore maintain a register of such client holdings, flagging such exposures. We allow split voting to manage such conflicts (i.e. where we vote a client's shares one way and the rest of our discretionary holding in conflict with the wishes of the larger client).



- d. **Client voting requests:** We have a clear process for allowing clients to request that their shares be instructed in a particular way without changing the implementation of our wider voting policy. Any debate on a proposed course of action is discussed by the responsible investment committee, with one of the co-CIOs holding the casting vote in the event of a tied decision.
- e. **Firewalls/structure:** The approach to voting is designed to keep it free from undue external interest. Only committee members can see the voting recommendations, and they must declare conflicts of interest before contributing.

The most common situation in which a conflict arises is where a client also serves on the board of a company or other listed vehicle, and the personal relationship is potentially in competition with the necessary governance issues at hand. For example, in 2022 we were recommended to vote against the report and accounts of a smaller company where our voting policy flagged some issues with the remuneration policy and arrangements. This company's chair was a client in our Rathbones Investment Management business and their shares were held in our nominee account.

In practice, our processes worked well to manage the conflict. Firstly, as per the policy above, we track all such potential conflicts. From the moment the 'vote against' recommendation was issued we knew about the potential conflict. Secondly, this triggered detailed engagement with the company via the investment manager whose client was the chair. The manager was made aware of the potential conflict and warned the chair that Rathbones may vote shares in our nominee against the acceptance of the report and accounts. In the event, we deemed the company's performance significantly better than benchmark expectations to such a degree that we did not agree with our proxy voting consultant's analysis of the issue, and we supported management on all items. However, the chair was made aware that we would vote against management where best practice recommended we do so.

## 5. Conflicts of interest

Responsible investment supports our vision to think, act and invest responsibly to become one of the leading ESG players in the UK wealth market. It aligns with our core values and purpose as a company.

However, conflicts may arise from our responsibilities as a listed company under the principles of the UK Corporate Governance Code, those of ESG disclosure and the best practice of peers. The direction of our voting and engagement activities may, on occasion be inconsistent with our own internal ESG management arrangements as we manage a proportion of our assets on a non-discretionary basis. In particular, we note that the following risks may arise in the execution of our responsible investment activities as a result of:

- ownership structure
- business relationships between asset owners and asset managers, and/or the assets they manage
- differences between the stewardship policies of managers and our clients
- cross-directorships
- bond and equity managers' objectives
- client or beneficiary interests diverging from each other.

We are confident that our existing conflicts of interest management systems address these issues in sufficient detail.

The internal management of ESG risks by Rathbones Group PLC is outside of the remit of this policy and the responsible investment committee.

# Principle 4

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

## How we identify systemic risks

The identification of systematic risks falls within our central research process. Our asset allocation committee schedules four quarterly meetings a year as a matter of course. It routinely and systematically assesses market-wide and systemic risks. These include developed market macroeconomic risks, emerging market macroeconomic risks, liquidity risks, financial stress, and portfolio and contagion risks. Our long-term market assumptions methodology specifically includes adjustments to valuations based on the impact of environmental factors on returns.

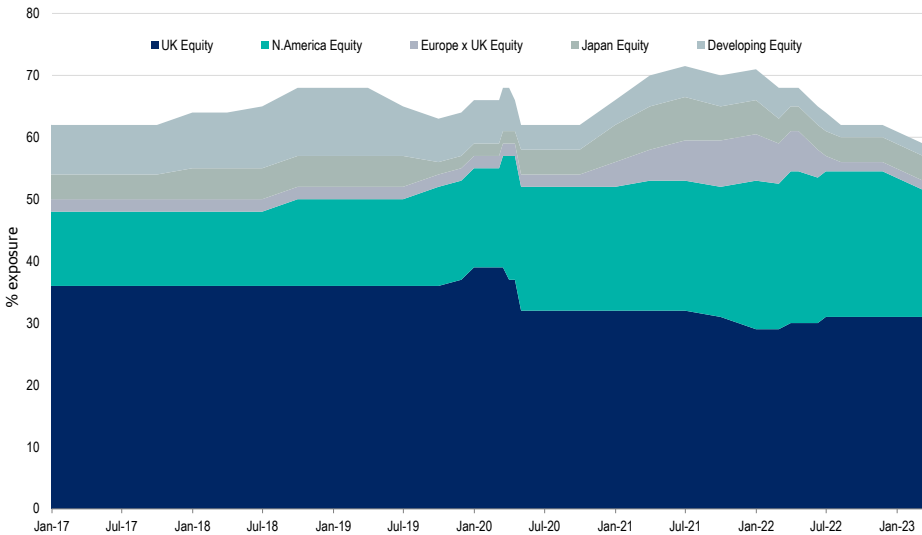
Our research department provides top-down analysis of these risks through proprietary and third-party quantitative indicators. For example, we monitor credit-to-GDP 'gaps' because in common with the European Central Bank, we believe, these to be among the best predictors of a banking crisis. We also have our own proprietary measure of financial stress, improving on methodology first set out by the Federal Reserve Bank of St Louis. Furthermore, we monitor and respond to geopolitical events insofar as they have a material impact on the economic and market risks outlined above.

This is complemented by bottom-up observations from our equity and bond analysts, who speak to company management teams frequently as they model future profits.

The asset allocation committee also convenes interim meetings to respond to rapid changes in market-wide and systemic risks. In line with best practice, it follows the discipline of maintaining a dynamic list of conditions that would trigger a meeting. In 2022 (covering most of the reporting period) we held five interim meetings, in addition to those scheduled on a regular quarterly basis. The table below details the triggers for and the outcomes of those interim meetings. As of 2023, the committee will also hold a further annual meeting specifically to identify key 'tail risks' to global markets in advance, and to prepare contingency plans for use should they come to pass.

<b>Interim meeting date</b>	<b>Trigger</b>	<b>Outcome</b>
28 February 22	Russia's invasion of Ukraine	Added to cash and gold; reduced EM debt, US, European and Japanese equities
20 April 22	Inversion of the US yield curve	Added to gilts; reduced cash
29 June 22	Russia restricting gas supply to Europe, >50% surge in wholesale (TTF) gas prices	Added to cash and UK equities; reduced European equities
8 August 22	Proprietary quant models suggest >50% chance of a US recession	Added to IG credit; reduced cyclical European equities
3 October 22	Volatility following UK 'mini budget'	No change

The past couple of years illustrate how we have responded to changing systemic risks. Since June 2021, when the outlook for inflation and bond yields first started to change meaningfully, altering our probability-weighted view for equities and equity factors, the asset allocation committee has made many changes, beginning with ending its long-standing recommendation to overweight 'growth'. The committee has become considerably more defensive since that point, reducing its exposure to equities for a medium-risk portfolio from 71.5% to 59% by March 2023. The chart below shows how our equity allocation in our central model has evolved under the guidance of our central process. The money has been reallocated to high-quality short-dated bonds and to actively managed diversifying strategies (such as macro funds and CTAs) due to the unfavourable environment for long-dated bonds.



### Sustainable investment

We consider the active integration of ESG into the investment process as key in delivering a healthy financial system. We have formally articulated this firm belief since we first publicly stated our support for the Principles for Responsible Investment in 2009. In recent years our work on the concept of responsible capitalism has further underlined our belief that proper identification and management of ESG risks is key to the long-term prospects of the global economy.

In order to help shape the UK financial industry's responses to these issues, we have contributed our time to two important industry organisations:

- Rathbones is a member of the UK Investment Association's Sustainability Committee.
- Rathbones serves on the ESG advisory committee of the International Regulatory Strategy Group, co-sponsored by TheCityUK and the City of London Corporation.

Through our membership of these committees, we have contributed to a number of important interventions into the UK financial system. Recent examples include:

- [Government commitment to Net Zero is needed to unlock green investment | TheCityUK](#)
- [TheCityUK strongly supports MPs' plans for greater scrutiny of regulation | TheCityUK](#)
- [Climate Change Position – July 2022.pdf \(theia.org\)](#)
- [FINAL – IA Response to FCA CP22-20 SDR 20230125.pdf \(theia.org\)](#)

Our ESG integration process encompasses our consideration of material, systemic ESG risks, chiefly through the development of our own in-house ESG ratings methodology and via frameworks that facilitate the identification and assessment of sustainability-themed investments. We are developing capabilities that will allow us to monitor, report and manage the climate impact of securities holdings and manage the risk they may pose to investment outcomes and global climate goals. For more on this, see Principle 6.

We provide examples of how we have researched and planned interventions on market wide and systemic risks below:

## 1. Climate change

As part of our annual reporting cycle we have for many years identified climate change as a major systemic risk.

In our 2022 Annual Report we state:

Rathbones' climate-related risks include both physical risks (arising from the physical effects of climate change on businesses' operations, workforce, markets, infrastructure, raw materials and assets) and transition risks (resulting from policy, legal, technology and market changes occurring from the shift to a lower-carbon global economy). Importantly, the transition to a low-carbon future also provides Rathbones with opportunities which, if acted on, stand to benefit the business. An overview, timeframe and a description of our strategy to realise each opportunity is provided in the full report. Climate-related risks have been integrated into our risk management framework to support our transition to net zero.<sup>3</sup>

<sup>3</sup> Rathbones Group Plc – Annual Report and Accounts 2022\_1.pdf, p.79

Though this formal statement of policy is relatively recent, it reflects a more longstanding belief. This is evidenced by the fact that Rathbones first became a corporate supporter of the Carbon Disclosure Project (now CDP) in 2004. Since that time we have also become members of the Institutional Investors Group on Climate Change. Moreover, through Rathbone Greenbank we were founding members of 'Aiming for A', a UK-investor coalition, operating between 2014 and 2018, that focused on the biggest emitters listed in the UK.

Furthermore, we play a significant role in the corporate programme of the Institutional Investors Group on Climate Change (IIGCC). We are longstanding members of the shareholder resolutions support group. Within Climate Action 100+, a sister initiative to the IIGCC, we are lead investor in engaging with one of the UK's biggest carbon emitters, SSE, and co-lead investor on the recent 'Say on Climate' project. We commit significant staff time to these initiatives and believe our work is highly valued. This is evidenced by our Stewardship director being regularly requested to support IIGCC member engagement and training sessions.

As a business we have continued to support CDP, both as an investor and as a business responding by disclosing our own carbon footprint. With CDP's move to align its framework to the Task Force on Climate-related Financial Disclosures (TCFD), additional financial services questions were introduced in 2020. Our score of B in 2022 showed progress from our C rating in the previous year. This reflected the fact that our targets were approved by the SBTi.

## 2. Modern slavery

Modern Slavery is a pervasive risk to society and supply chains, affecting millions of people globally. The International Labour Organisation (ILO) estimates that forced labour and human trafficking is worth \$150 billion annually, a cost to the formal economy and a major systematic risk to business across all sectors. Businesses have a huge role to play in eradicating modern slavery, and the UK's landmark 2015 Modern Slavery Act sought to bring the business community into the fight. Rathbones was the leading UK investment organisation calling for the inclusion of transparency in supply chains reporting in the Act. For example, Rathbone Greenbank [gave evidence to the Parliamentary Joint Committee on the draft bill](#).

Despite good intentions, the modern slavery reporting regime set out in Section 54 (s54) of the Act was left lacking in enforcement powers. Among the biggest companies in the UK, compliance was poor. In this vacuum of enforcement, investors have a crucial role in advancing protection for fundamental human rights. Having previously had success on this issue when engaging on its own with companies, in 2020 Rathbones convened an investor collaboration, Votes Against Slavery, with £3.2 trillion in assets under management. It challenged 22 FTSE 350 companies that had failed to meet the reporting requirements of s54. Signatories made it clear to target companies that they would not support the adoption of the target's annual report and accounts if the company did not comply. By the end of 2020, 20 out of the 22 target companies were compliant.

In 2021, Votes Against Slavery aimed to achieve full compliance from a target list of 61 laggard companies. We worked with a respected international NGO, the Business & Human Rights Resource Centre, to develop the target list. We expect the members of the FTSE 350 to lead in this area, and to take substantive action against the prevalence of slavery in their supply chains. We consider the FTSE 350 to have a 'multiplier' effect, as the actions of FTSE 350 companies will incentivise further compliance down their supply chains.

Rathbones launched the third version of this project in 2022, convening a 122-investor strong collaboration with £9.6tn in assets under management to challenge 44 FTSE 350 companies that had failed to meet the reporting requirements of s54. By year-end, 41 of 44 companies had complied. The remaining three had committed to complying before their financial year-end.

During the months of 2023 included in this reporting period, we assessed the FTSE 350 once again. We agreed a target list of 29 companies, spanning 16 normal operating companies and 13 investment companies. We had positive engagements with several non-compliant companies from the target list that had AGMs in January and early February 2023. Several of our supporting investors, now part of a coalition of 131 investors with £8.1 tn in AUM, also engaged on behalf of the coalition. At the time of writing, 14 of the companies had become compliant, with a further 7 actively working to produce a complaint statement before their AGM. We are currently on course to vote against the report and accounts of two companies. Additionally, Rathbones decided in 2023 to assess larger AIM-listed companies and engage with those not yet compliant with s54. We will provide an update to this project in our interim responsible investment report, to be published later in 2023.

The success of the engagement has highlighted many areas of good practice, and provided increased confidence in these investments, making them more suitable for investment in client portfolios.

### 3. Diversity

For investors, diversity makes sense. Studies suggest that companies with executive teams featuring strong gender and ethnic diversity are more likely than companies with more uniform teams to outperform their peers on measures such as profitability. This reflects evidence that a diverse group of people may make better decisions.<sup>4</sup>

Increasing diversity on boards helps create good conditions for a healthy board with a strong culture to emerge. For example, we think boards that lack diversity are missing a valuable opportunity to bring in voices that represent a wide range of potential and actual clients. More diverse boards and senior leadership teams may also reduce groupthink, where the board can adopt a single point of view rather than considering different scenarios and strategies.

<sup>4</sup> <https://www.thecorporategovernanceinstitute.com/insights/news-analysis/board-diversity-leads-to-better-profits/>



We know we need to play our part in increasing diversity on company boards. As with executive pay, circumstances vary by region, but the UK has two main government-backed targets. The FCA Listing Rules call for FTSE 350 companies to set a minimum target of 33% female representation. The Parker Review target is for each FTSE 100 board to have at least one director from an ethnic minority background.

In 2022 the Financial Conduct Authority (FCA), the UK regulator, raised its target for gender diversity on the boards of listed companies. Its new targets for boards include:

- at least four in ten to be women
- at least one woman in a quartet of senior board positions - chair, senior independent director, chief executive officer or finance director
- at least one member from an ethnic minority background - the target of the UK government's Parker Review.

In January 2023 we wrote to all non-compliant companies, requesting compliance with the new targets.

#### **4. Nature and biodiversity**

We added biodiversity as a key engagement theme for the first time in 2022, and continued with this theme in 2023. Rathbones believes that nature-related risks can be material to investment outcomes. We believe companies that set ambitious targets and credible implementation plans in line with reducing negative impacts on nature are likely to fare better over the long term than those who do not.

There is growing evidence of the financial materiality of nature degradation. The impact on companies arises through transition, physical, litigation, regulatory and systemic risks, which have the potential to affect investment value in the short, medium and long term. This makes the state of the natural world of great concern to Rathbones because of the effect on our investments. The World Economic Forum ranks biodiversity loss and ecosystem collapse as one of the top five economic threats humanity will face in the next ten years.

Recognition of the importance of nature protection and restoration has gained huge momentum with the outcomes of the 2022 United Nations Biodiversity Conference (COP15). This saw the establishment of the Kunming-Montreal Global Biodiversity Framework (GBF), which set global targets for the preservation of nature – most notably for 30% of Earth's land and ocean area to be conserved and managed for biodiversity by 2030. There are also increasing corporate reporting expectations for biodiversity and nature, such as the Taskforce on Nature-related Financial Disclosures.

In 2023 we commenced targeted engagement with companies that have the most impact on nature and biodiversity. We've identified these priority companies through our own model, which combines ESG data from different external providers with our own scoring system. The stewardship team has selected 28 top-priority companies - those with the most impact on land ecosystems – and 24 secondary-priority businesses.

We are engaging with priority companies to encourage them to identify, mitigate and reverse negative impacts on nature and biodiversity - and therefore on ecosystem services. We will also discuss with them effective targets and strategies, as well as appropriate measurements and good disclosure of negative impacts and progress in reducing them.

### Collaborative efforts on systemic risks – policy engagements

Although we prefer to lead on ESG engagements, we see value in adding our weight to the efforts of others, especially in policymaking. We provide two examples from among many of the situations where we have aligned with others' work to support engagement on market-wide, systemic ESG risks.

- Since December 2021 we have been involved in a collaborative engagement led by Sarasin & Partners with the Big Four audit firms, PwC, KPMG, EY and Deloitte. Our engagement sets out investor expectations for auditors to provide net-zero-aligned audits and associated disclosures. In 2022/23 we continued to engage with the relevant internal teams. Our most recent meeting was with PwC in March 2023. In this meeting, the firm outlined significant progress in response to our engagement. Most notably, it had established a climate centre of excellence to support the total of nearly 5,000 audits conducted by the firm.
- In September 2022 Rathbones was among 532 investors collectively managing over US\$39 trillion in assets that called on governments to raise their climate ambition and implement meaningful climate policies. The statement urges governments to implement policies, consistent with a just transition, to limit the global temperature rise to 1.5°C. It asks governments to do this through policies such as medium and long-term climate strategies, transitioning energy away from fossil fuels, ending deforestation, bolstering climate finance and strengthening disclosures.

## Assessing effectiveness

Where we respond to a market-wide and systemic risk through engagement, the effectiveness of the project is reviewed periodically by the engagement committee and the responsible investment committee. An annual assessment of engagement work is conducted by the Responsible Investment Committee when approving the next year's engagement plan. This assessment looks at factors that include the quality of responses to letters or statements and the general uptake of ideas generated. With regard to policy consultations, the assessment also considers the quality of commitments made by issuers and the degree to which our engagement goals have been delivered.

The aforementioned annual engagement plan is based on a review of a number of factors, including an assessment of ESG risk in our portfolios. As explained below under Principle 8, issues with more severe and widespread ESG risks are prioritised for action. Individual actions are suitable for such detailed review, but it is not possible to conduct a meaningful assessment of a FTSE 350 asset manager's role in advancing global acceptance of human rights, for example.

# Principle 5

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

Our stewardship process and its outcomes are overseen at Group level by the responsible business committee. We report to the PRI and FRC on the detail behind our stewardship activities and have transparency as one of our responsible investment principles.

As described under Principle 2, supplementary to our regular review of progress and management of responsible investment at Rathbones, 2020 saw us commence a three-year programme looking to set out a vision for accelerating all aspects of responsible investment at Rathbones.

2021 was the first full year in which our newly refreshed governance processes for responsible investment were in operation. The responsible investment committee has established a rolling programme of work that includes an annual review of the suite of responsible investment policies. As the most recent drafting of these policies had just been done, these policies were approved as appropriate and current in 2021. However, we refreshed the suite of policies towards the end of 2022 for re-issue in 2023 as we are aware of ways in which the policy and regulatory environment has evolved.

A major area of work is in the Rathbone Funds business, where a standalone responsible investment policy was drafted in January 2022. Its formal adoption falls outside of the reporting period since it was approved by the responsible investment committee in June 2022. However, the development of a specific responsible investment policy for a particular area of our business, covering the specific stewardship challenges faced, is evidence of us working to address identified weaknesses in our approach.

The new Rathbone Funds responsible investment policy explains how our group responsible investment policy is worked out in our funds business. It contains important disclosure on product labelling and classification.

Our custom voting policy, on which the majority of our ESG engagement is based, is reviewed and revised annually by the voting committee and the responsible investment committee.

In terms of recent developments to policies, in January 2023 we commenced a full review of our suite of responsible investment policies, a multi-stakeholder process overseen by our ESG policy analyst. We expect to publish a revised responsible investment policy by the end of 2023.

We provide high-level summary Responsible Investment Reports which cover the most important issues and interventions, supplemented by more bespoke reporting embedded in our client meeting packs and portfolio reviews.

Within our Rathbone Funds division, specific funds have sought external verification, notably for The European Sustainable Investment Forum (Eurosif) disclosure frameworks. Our reporting processes reflect the nature of the services and portfolios that we manage. For products that are managed to clear ESG and sustainability-led mandates the governance, oversight and reporting processes are tailored to these needs.

Our investment managers running portfolios for each client on a bespoke basis are not covered by the same frameworks for external assurance of stewardship as for Rathbone Funds. We do, however, regularly report and benchmark our progress as a Group through the PRI reporting framework.

Our annual and interim responsible investment reports go through a multi-level sign off process. The most significant oversight is provided by the responsible investment committee. However, these reports are also subject to the approvals process for all external publications. The responsible investment committee is also responsible for approving our annual PRI Report. This internal verification includes input from our communications and marketing teams. This helps ensure that reporting is, to the best of our abilities, fair, balanced and understandable. Multiple layers of sign off exist for all documents produced for publication. Sign-off by various functions ensures consistent use of language in a manner that is clear, fair and not misleading.

# Principle 6

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

Rathbones provides individual investment and wealth management services for private clients, charities, trustees and professional partners.

As at 31 December 2022, our assets under management were £60.2bn, made up of:

Category	AUM (£)	%
Bond	6,051,598,169	10.05%
Collective	24,463,644,229	40.64%
Equity	21,640,012,920	35.95%
Passive fund/ETF	3,033,679,717	5.04%
Structured product	414,858,852	0.69%
Cash and other*	4,596,206,113	7.63%

This can be broken down into the following asset classes (NB presented as a snapshot only, the sum total and result of all of our bespoke and individual investment portfolios and retained funds).

#### Sum of total value (£)

	Bond	Collective	Equity	Passive fund/ETF	Structured Product	Grand total
Asia	0.00%	4.95%	0.96%	0.54%	0.00%	2.58%
Emerging Markets	0.00%	2.19%	0.03%	0.93%	0.00%	1.03%
Europe	0.11%	2.72%	12.02%	0.81%	0.91%	5.94%
Global	0.00%	27.72%	0.00%	11.09%	22.01%	12.97%
Japan	0.00%	3.26%	0.47%	0.65%	1.59%	1.67%
North America	0.16%	11.69%	35.11%	34.76%	1.07%	20.73%
Other	16.77%	27.97%	0.24%	35.45%	53.98%	16.56%
United Kingdom	82.95%	19.49%	51.15%	15.77%	20.45%	38.53%
<b>Grand total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

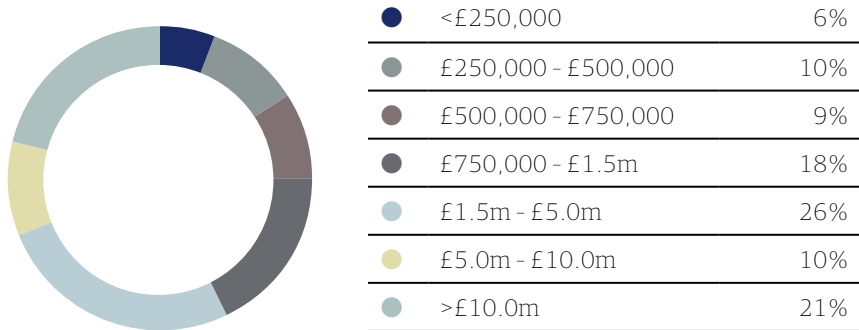
As at 31 December 2022



## Rathbones Investment Management (RIM)

Rathbones Investment Management provides investment management solutions to a range of private clients, charities, trustees and professional partners. Clients are offered a tailored investment strategy that meets individual objectives, backed by an investment process that aims to provide risk-adjusted returns to meet clients' needs today and in the future.

### Size of client relationship by value



As at 31 December 2022

## FUM by location



London	51%
Glasgow	15%
Liverpool	7%
Edinburgh	6%
Other	21%

As at 31 December 2022

## FUM by type



Private clients	34%
ISAs	20%
Charities	13%
Pensions	12%
Trusts	10%
Other	11%

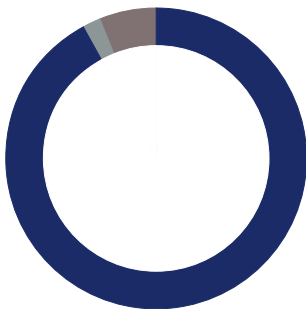
As at 31 December 2022

Our investment and stewardship process works to a range of different time horizons to meet the needs of our client base. We manage portfolios for a range of different client types, including individuals, families, charities, endowments and pension funds.

Our process allows us to consider and understand how stewardship and ESG factors may influence or be impacted by the economy, market dynamics and investment outcomes over multiple time horizons. We recognise that the environment, society and financial stability are connected. We have a fiduciary responsibility to our clients: investing for their long-term goals. This focus on the long term should enable us, as stewards of our clients' wealth, to deliver good financial outcomes and create value for them whilst also making a positive contribution to society.

A final important point to note is the proportion of RIM assets by type of service. As the following chart shows, some 92% of assets are discretionary. The remaining 8% are either execution-only or advisory.

### Type of service by number



●	Discretionary	92%
●	Advisory	2%
●	Execution-only	6%

As at 31 December 2022

## Rathbone Funds

Rathbone Funds is a UK active fund manager with £11 billion under management, providing a range of specialist and multi-asset funds designed to meet core investment needs in the retail client market. These funds are distributed primarily through financial advisers in the UK. We vote on every company held in a Rathbone Funds fund, whenever it is possible for us to vote.

### Funds – funds under management by product

	2022 £m	2021 £m
Rathbone Global Opportunities Fund	3,361	4,334
Rathbone Multi-Asset Portfolios	3,043	2,679
Rathbone Ethical Bond Fund	2,169	2,802
Rathbone Income Fund	741	825
Offshore funds	549	661
Rathbone Active Income Fund for Charities	216	245
Rathbone High Quality Bond Fund	206	291
Greenbank Multi-Asset Portfolios	168	105
Other funds*	149	500
Rathbone Core Investment Fund for Charities	147	156
Rathbone Strategic Bond Fund	138	200
Rathbone Global Sustainability Fund	69	116
Rathbone UK Opportunities Fund	49	76
	<b>11,005</b>	<b>12,990</b>

As at 31 December 2022, £213 million of 'Bespoke' other funds transferred out during the year post the switch of Authorised Corporate Director (ACD) from Rathbone Unit Trust Management Limited to Evelyn Partners, an independent ACD

Our range of services include:

- Financial planning
- Unitised Portfolio Service
- Managed Portfolio Service
- Rathbone Select Portfolio
- Banking and loan services
- UK trust, legal, estate and tax advice
- Vision Independent Financial Planning

## How we seek our clients' views – RIM

Our business model itself is the biggest expression of our compliance with Principle 6, which covers direct communication between client and investment manager. Bespoke, segregated portfolios based on this communication form our core offering.

As managers of predominantly discretionary retail clients on a segregated portfolio basis we are obliged to collect, process and assess the suitability of our investment offerings for our clients. For new clients a full suitability assessment is carried out, including a client's views on ESG. This can include both exclusions and broader responsible investment requirements. Private clients' information is often gathered and recorded from meetings with them. More institutional mandates such as pension funds and charities often have Investment Policy Statements (IPs) that express their responsible investment views. This is the most effective way to gather the nuanced information required for discretionary segregated mandates, where each client can have individual requirements.

All information is played back as part of our 'About Your Investment Mandate' document, which is sent to clients, confirming our understanding of their investment needs (including RI). A combination of conversations, formal IPs and playback with clients ensures we understand client responsible investment needs properly.

Suitability is an ongoing process and a key fiduciary duty - part of the obligation to act in the client's best interests. Formally suitability is reviewed at least every three years but in reality more often for most, through our pattern of regular direct contact between investment managers and clients. This includes RI, a mandatory part of the suitability review process for existing clients. The same information-gathering and playback process operates as with new clients.

We have a well-embedded quality control (QC) and investment risk process (IR). The IR and QC teams regularly check that portfolios are being managed to mandate. Information on this assessment is held within the investment management system. It includes data on responsible investment metrics. Where QC and IR suspect a portfolio is outside of its mandate IMs are invited to explain why and set out corrective steps.

As we manage portfolios on a discretionary basis, clients entrust us to implement their investment needs as we see fit. Once we have responsible investment information as part of our suitability process IMs are then empowered and supported in implementing these needs. Any negative restrictions are embargoed within our investment management systems, preventing purchases of excluded stocks. Further information on securities is displayed within the system, such as ESG ratings. This supports IMs in managing in line with the mandate. Clients are made aware of our approach to voting and engagement and managers are equipped to explain what we do and why. Where clients express a view different to our own, we are able to incorporate bespoke voting instructions, further helping to ensure that we manage to mandate from a responsible investment perspective.

Client reporting on ESG continues to improve. This will provide a further resource by which clients can understand our approach to responsible investment and our implementation of their policy. Since 2021 all IMs have been able to screen a client's portfolio in line with their responsible investment needs - for example, providing a breakdown of ESG ratings, for conversations with the client. This enforces a virtuous circle of implementation, reporting, client discussions and further implementation, with changes made as required. Any changes made to how we manage a client's portfolio is informed by their feedback. Investment managers undertake regular communication with clients. This enables us to respond to specific requests, such as a tailored client voting instruction.

As explained elsewhere in this report, we have created and maintained a system whereby client voting requests are processed and respected. Clients at Rathbone Greenbank, our specialist ethical and sustainable investment management business, may have more specific or deeply held ethical preferences. Greenbank operates a rigorous ethical screening process, supported by a bespoke methodology and screening database. In respect of our discretionary fund management, clients come to us because we offer a fully delegated investment management service, trusting us to meet their financial and stewardship objectives and paying a fee for that service.

For the majority of our client base, all investment needs are covered in our standard service arrangements. In most cases clients prefer to delegate fully to our professionals, guided by our public policies on responsible investment. In January 2022 we began rolling out a project aimed at enhancing our capacity to have responsible investment conversations with clients. The roll-out was successful and the enhancement to our process went live in April 2022. Although largely outside the reporting period, we highlight this work as an important example of our efforts to invest continually in our capacity to capture and implement our clients' views on responsible investment and stewardship matters.

## How we seek our clients' views – Rathbone Funds

Rathbone Funds is committed to the principle of seeking and implementing its unit holders' views. However, this is very difficult to execute in practice, since we mainly distribute our fund range through UK investment platforms, and those platforms do not provide us with any data on who our underlying holders are. We have therefore tried to make our stewardship and responsible investment stance as clear as possible in our marketing materials and to be transparent about our voting record.

In addressing this gap, we are in discussions with several start-up companies that amalgamate retail and pension clients' voting intentions on ESG issues. However, as the major platforms are not yet covered by these systems, any data gleaned would not speak directly to our fund holder universe.

## How the firm engaged with clients in the reporting period

We engage with our clients through a variety of channels including:

- client satisfaction survey focused on Charity and Greenbank clients
- regular meetings held with investment managers and financial planners
- continued use of video technology to enable virtual engagement with clients
- virtual and in-person conferences held for private clients, intermediaries and IFAs.

## Evaluating our engagement with clients

In October 2022 we conducted our annual brand sentiment survey with over 500 clients. Whilst not the main topic of this survey, several ESG and responsible investment topics were covered. The majority of clients agree that Rathbones' actions support our purpose statement of thinking, acting and investing responsibly. The headline figures suggest that the vast majority of clients are satisfied with their experience of Rathbones, with 77% stating that their strong relationship with their investment manager would be key in recommending Rathbones.

The survey further suggested that 69% of our clients would choose a brand that 'supports sustainability' over a brand that does not. However, strong investment performance remains core to all client expectations.

When asked to rank which of our four responsible business pillars we should prioritise, ESG investment came out top:

### Desired priority of Rathbones' responsible business pillars (average ranking):

1st

#### ESG Investment

Ranked 1st by 41% of clients

2nd

#### Our people

Ranked 1st by 29% and 2nd by 22% of clients

3rd

#### Society and communities

Ranked 1st by 20% and 2nd by 30% of clients

4th

#### Environmental impact

Ranked 3rd or 4th by 70% of clients

The majority of clients agree that Rathbones' actions support our purpose statement of thinking, acting and investing responsibly. However, the research showed that there is scope for improving our Responsible Business related communications via preferred channels: newsletter, MyRathbones and website, as only 21% of respondents considered that Rathbones communicates its impact across responsible business and community focus initiatives 'very or somewhat often'.

### Communication with clients

As stated above, given the bespoke nature of our core service, our group-level Responsible Investment Stewardship Reporting is high-level, covering the most important and pressing issues which we consider, for most of our clients, to be the most relevant to them. We publish our voting record for RIM and Rathbone Funds in full on our website. We offer enhanced reporting on stewardship matters where the client requires it or where covered by regulation. This includes, for example, detailed information in the following:

- voting reports for pension schemes covered by the Pensions and Lifetime Savings Association reporting requirements
- engagement reports for major charity clients
- carbon footprint reporting for clients of Rathbone Greenbank Investments.

We are working, as a priority, to enhance our reporting capabilities specifically in relation to ESG, responsible investment and sustainability factors; we intend to scale up and provide more detailed information regarding a portfolio's ESG characteristics to all clients.

We have increased the frequency of our responsible investment reporting, adding an interim responsible investment report to our existing annual reporting cycle and our annual Stewardship Code Compliance Statement. We make our PRI Transparency report public on request. In addition, a monthly stewardship update is sent to all fund managers for inclusion in their regular day-to-day communications with clients.



# Principle 7

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

## ESG integration (RIM)

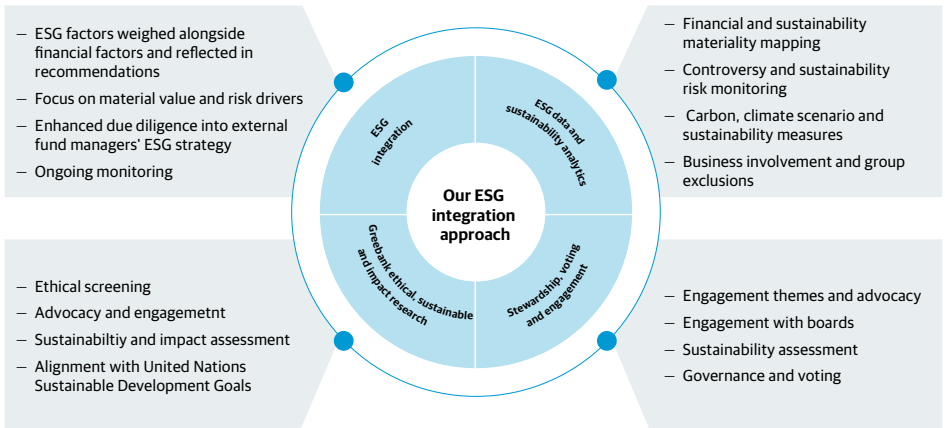
The integration of environmental, social and governance (ESG) considerations into our investment process and ownership activities is a core principle of our responsible investment policy. Our analysis combines external and internal data with our stewardship activities, materiality considerations and our financial analysis, to help identify ESG opportunities and risks for the companies that we invest in.

Our ESG activities take account of:

- insights and data from our financial and stewardship analysts
- external data from sources such as CDP, MSCI and Morningstar
- materiality assessments, such as those described by the Sustainability Accounting Standards Board (SASB)
- relevant legislation, such as the Task Force on Climate-related Financial Disclosures (TCFD), the UK Stewardship Code 2020, EU Taxonomy Regulations and the EU Sustainable Finance Disclosure Regulation (SFDR)
- widely adopted international frameworks, such as the United Nations Sustainability Development Goals (UN SDGs)
- market-led initiatives seeking to develop best practice, such as the Science-Based Targets initiative and the Net Zero Asset Managers initiative.

The systematic integration of such factors into our investment process provides our research analysts, investment managers and clients with the additional lens of sustainability with which to inform their investment decisions. In 2022, we made considerable progress in developing data and processes to support the consideration of material ESG factors and sustainability, combined with insights from company engagement and financial analysis. This emphasises the vital importance of qualitative input from our responsible investment specialists and financial analysts.

We continue to evolve our integration approach and to embed enhancements into our investment process. Through this analysis, we hope to understand how companies currently meet commonly agreed ESG standards, demonstrate impact, and evolve to meet the changing regulatory and sustainability landscape.



## ESG integration in our research processes

Using the tools and inputs described above, we have created bespoke models and analytical processes to enable us to form an in-depth view of a company or a fund. Our goal is to make better informed judgments by incorporating ESG analysis into our recommendations and investment decisions. We seek to understand not only what a company does, but also how it achieves it and the potential impact on a broader range of issues.

Ongoing thematic research work seeks to identify drivers and enablers of change, assist with joining up macro, micro and potential sustainability-led thematic insights, and identify investment opportunities and highlight risks. This work also feeds into the security selection process (see Principle 4). By understanding the specific issues, we can identify how best to add value, either through ongoing engagement or by exiting and identifying substitute investments.

Investment research recommendations include ESG drivers as part of the summary and investment case. Within security recommendations, analysts summarise their findings by explaining how material ESG issues may impact the investment thesis and different scenarios, as well as explaining any mitigating factors. Our investment committees use this information to inform recommendation decisions and, where relevant, to identify opportunities to create value through further engagement with the company. This information is, in turn, communicated to investment managers and incorporated as necessary into their investment decisions.

## ESG data coverage across the asset classes

A combination of in-house analyst research and data-based sources is used to inform the ESG views across all investable securities. Our approach to analysis from an ESG perspective is most developed when it comes to equities, owing to better availability of ESG disclosures and data. Assessments are conducted with input from the SASB materiality map, CDP, Morningstar, MSCI and individual security disclosures. We have taken a thoughtful approach to data and model management to identify and mitigate gaps or inconsistencies that are inevitable given the still nascent nature of ESG disclosures. Acknowledging that data availability may be patchy, lagging or biased towards larger companies and certain jurisdictions, we are improving our access to qualitative insights. We are developing sector-specific standards that will leverage the non-data information to which we have access from other sources, including engagement. This will enable well-rounded analysis of companies' progress from an ESG perspective.

Where possible, our equity and fixed income models are identical as we look to keep consistency across the companies and issuers whose securities we hold, but this is not always feasible due to the lack of available vendor data. For fixed income, we analyse ESG risks at the issuer level, with the exception of green, social and sustainability bonds, which are considered on a case-by-case basis.

ESG factors considered for corporate fixed income holdings are similar to those considered for equities, with an emphasis on factors that affect the creditworthiness of specific issuers. Sovereign issues are considered through fundamental reviews by analysts, supplemented by external tools. Where specific criteria are applicable, such as a stated fund objective, these are included as part of our assessment.

Collectives are approached using a similar methodology to equities, with a higher reliance on third-party data providers for coverage. Along with the ESG credentials of the underlying fund holdings we consider the ESG thoughts and considerations of the fund manager and investment house through regular meetings for our covered fund universe. To enable this degree of analysis, we have enhanced the due diligence questionnaires that form a vital part of our fund selection process in order to understand better how advanced external asset managers are in their approach to responsible investment and how this translates into their investment process in practice.

## Examples of ESG integration in our investment decision-making process

We present below three examples from the reporting period that bring to life the integration process set out above.

### **Example 1 – Collectives**

Whilst carrying out a search for a global, short-duration bond fund, our Collectives analyst deployed our enhanced due diligence questionnaires for external fund managers. During this process, they became aware that a fund we had previously recommended had a sister short-term bond fund with an ESG strategy.

They learned that, prior to launching the ESG fund, the fund manager had researched the value-add by applying ESG factors. Their analysis revealed comparable returns but lower diversification. They back-tested various levels of ESG thresholds, aiming to find a level that struck a balance between ESG quality and preserving the risk-return profile. The analyst noted that the fund's sustainability commitment is aligned with the Paris Agreement which, in practice, signals a minimum exposure to companies aligned to the Science-Based Targets initiative. The analyst also noted the fund manager's transparency of reporting, both for the underlying holdings and for how issuers fare against comparable ESG metrics (such as the UN Sustainable Development Goals and carbon emissions).

The analyst's positive view of the fund was informed by its transparency, clearly defined objective, and tracking of the progress of issuers' alignment with the Science Based Targets initiative and their reduction of carbon emissions. This information was all uncovered by our integration efforts.

### **Example 2 – Social housing provider**

Our credit analyst recommended bonds issued by a social housing provider on analysing the company's management of ESG risks alongside credit analysis. The company provides essential social and affordable housing.

The analyst identified material ESG factors for the sector, which include energy usage, management of water, waste and hazardous materials, development of human capital and protection of consumer welfare. They examined the issuer's publications to assess how it manages these risks. The analyst found that the company outperforms its peers in managing overall ESG risk. This reflected, among other factors, its considerable impact on society by providing affordable housing, verifiable commitments to build sustainable housing and make its housing portfolio greener, and robust governance practices.

The analyst noted the issuer's strong ESG score in the wider financial context of its ambitious development programme, projected profitability and financial resilience, and recommended the bond to investment managers. The analyst noted that assessments of fixed income investments focus on downside risks. A company's management of ESG factors can be a source of significant risk and must therefore be included in assessing the investment.

### **Example 3 – Reinsurance company**

Climate change is no longer a theoretical concern for the future. Weather-related physical risks are already increasingly significant when assessing certain sectors.

One example is insurance, where major companies have had to contend with larger pay-outs to policyholders than in previous years owing to damage from severe weather events and other natural disasters. Our analyst covering a large global reinsurance company noted the significant evidence that climate change is pushing up the frequency and cost of these events. This represents a threat to the company's profitability. As a result, exposure to environmental risk has become a material ESG factor for insurance companies.

Our analyst considered the possibility of worsening natural disasters over time and the risk this may present to the company's balance sheet, overall profitability and valuation. Given the volatility in the company's business model from this and financial considerations, the analyst downgraded his assessment of the company's investment case.

# Principle 8

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

We treat our commercial contracts with regard to ESG and stewardship service provision with the same degree of rigour that we do for all commercial contracts. Our main service providers in this area are:

- MSCI
- Sustainalytics
- SASB
- Bloomberg
- ISS

The first four parties listed assist with the provision of data only. Since we perform all investor engagement directly, the provision of voting advice (currently serviced by ISS) is the main way in which we employ a third party to assist with discharging our stewardship responsibilities.

#### How we monitor the work of our external voting consultant

In RIM all voting is executed by our Corporate Actions team, using the ISS voting platform. Our primary activity here is to monitor the provision of advice against our in-house proxy voting policy. A member of the team is responsible for the weekly tracking of voting recommendations against our policy, submitting regular feedback where our policy is not followed. We review the timely provision of bespoke advice on a monthly basis. In 2022/23 we found fewer than 10 occasions where we had reason to challenge the factual accuracy of the advice we had been given. Voting advice is also regularly reviewed at the quarterly meeting of the voting committee.

As a failsafe, we have an annual meeting with our service providers to review service levels. This applies to our proxy voting provider and ESG data and ratings providers.

As a specific example of a wider monitoring process undertaken by the team, in the early 2022 proxy season, we reached out to our main proxy voting service provider on the provision of voting advice. Our bespoke policy clearly states our opposition to the re-election of a nomination committee chair where a board is lacking ethnic or racial diversity. We noted that our provider had failed to issue a negative voting recommendation on the re-election of the nomination committee chair despite the lack of ethnic and racial diversity on the company's board. Our monitoring process flagged this issue well in advance of the AGM, and the advice was changed.



## Monitoring collective investments

Our investment universe is split approximately 60:40 between indirect and direct investments.

The starting point for engaging with our collectives managers is listed investment trusts, which are already covered by our stewardship activities and voting arrangements. Our voting policy states that we will vote against the report and accounts of a listed investment trust where there is no ESG policy in place, for example. However, we know we can do more to engage with collectives managers about their own stewardship activities.

With regard to investment trusts, we try and meet with the chair of recommended and large holdings at least once a year. Via the shareholder voting process, the Rathbones collectives team is consulted about specific trusts where there are ESG issues. This can often result in a meeting with the chair and/or board if required. We always cover governance when pursuing due diligence on a new fund. We also cover this in our due diligence questionnaire. The environmental and social attributes depend on what the fund strategy and objective is. We prioritise our biggest held investment trusts for voting each year.

However, in 2022 we worked on expanding our governance and oversight of the stewardship approach taken by open-ended funds. In February 2023 we identified 20 of our largest Open-Ended Investment Companies, writing to their managers to encourage high standards of investor stewardship. In particular, we said we wanted the managers to encourage underlying holdings to manage ESG risk appropriately. This includes:

- attaining high levels of diversity at board level and among the wider workforce
- adopting mid-century net zero targets
- respecting human rights in their operations, in line with the UN Guiding Principles on Business and Human Rights
- investing in human capital
- making detailed ESG disclosures.

At the time of writing we had met with four fund houses that provide investment management services for us. As a result of our meetings, several have become more aware of our advanced stance on 'Say on Climate' votes and our engagement priorities more generally. One provider has commenced exploring the idea of a real-time vote disclosure tool as a direct result of our feedback.

In 2023 we plan to write to our largest investment trust managers, by holding value, to communicate clearly our voting policy and our expectations that they execute the highest standards of stewardship in their activities on our behalf.

# Principle 9

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

All engagement activity at Rathbones is covered by our responsible investment policy, which sets out 'engagement with consequences' as a core principle. This is fleshed out further in our engagement policy:

<https://www.rathbones.com/about-us/investment-approach/stewardship/rathbones-engagement-policy>

This policy explains how we approach the selection and execution of engagement projects, our escalation methods and how we monitor effectiveness. We align with the FRC in defining engagement as "proactive interactions aimed at accomplishing a specific objective with an issuer or group of issuers".<sup>5</sup>

As previously mentioned, we conduct all engagement on our own behalf or through recognised coalitions. We do not contract for any engagement services beyond those of our voting research provider in the normal course of their research process. This builds from our corporate culture and purpose.

Our core principle on engagement states:

We prioritise engagement where we believe we can make a real difference in addressing the world's environmental and societal challenges. We are prepared to reduce our holdings in companies that continue to present an ESG risk over time.

As owners of the companies in which we invest on behalf of our clients, it is our responsibility to undertake dialogue with companies on a wide range of ESG issues.

We believe that such dialogue can deliver benefits to our clients in a number of ways, not least in its ability to gain the disclosure of better information on ESG risks.

We also note academic evidence that engagement with companies on ESG issues can lead to better investment outcomes.

We also believe that engagement on ESG issues with underlying companies forms part of our wider responsibility as a business to society.

While the primary purpose of engagement is to enhance and protect assets in our portfolios, we also have a role to play in addressing and minimizing systemic risks which may affect those assets.

<sup>5</sup> Review of Stewardship Reporting 2022 (frc.org.uk)

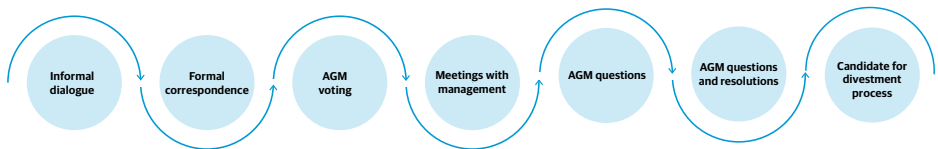
As a manager with over £60bn in more than 60,000 portfolios we have choices to make about the application of our engagement activities, given that we do not have infinite resources. We therefore need to prioritise our engagement efforts. We hold around 400 companies in our Rathbone Funds business.

Selecting and prioritising engagement topics and targets is therefore essential in meeting our stewardship responsibilities. More detail is available in our engagement policy, but in summary we are more likely to engage after considering the following principles:

1. **Exposure:** across our portfolios we may hold stakes in smaller companies which, while small in terms of value, may be significant in terms of the proportion of voting rights. We are more likely to engage directly where we hold a material stake in the company, defined as holding in excess of 2.5% of a company's share capital, or where shares in the company are widely held across the business. We are also more likely to engage where the company is currently in receipt of a recommendation from our investment process.
2. **Severity:** we are more likely to engage on issues that present an immediate or severe threat to the best interests of our clients, or where the ESG issues in discussion are pressing and serious.
3. **Location:** we are more inclined to engage with companies when we have a deeper understanding of the local legal framework.
4. **Expertise:** we are more likely to engage where we have a deeper experience of a company or issue. We select certain issues for specific action each year and develop specific policies for the most important ESG engagement issues.

We summarise engagement methods used and our consideration of their place in an ongoing engagement in our escalation scale:

### Engagement: our escalation framework



We may not use the escalation tools in sequence and will determine the appropriate escalation approach to use based on specific circumstances.

We are shareholders and not campaigners, therefore it makes sense to prioritise engagement efforts through shareholder rights and dialogue. The mainstay of our engagement is formal correspondence with the board of an investee company, followed by AGM voting and meetings with management. We write to every company where we issue a vote against management, and where we decide to support management but have issues to communicate for the board to consider.

Rathbones has experience in co-filing shareholder resolutions in the European market – work pioneered by Rathbone Greenbank. This started in 2006 with one of the first ESG shareholder resolutions filed in the market: Shell. We also participated in 2016 filings with Shell and BP.

More recently, we were invited to co-file a proposal led by the responsible investment campaign group ShareAction at HSBC's 2021 AGM. The proposal called for the company and its directors to be authorised and directed by shareholders to set and publish a strategy, along with short, medium and long-term targets to reduce its exposure to fossil fuel assets, starting with coal, on a timeline aligned with the goals of the Paris Agreement (the "Paris Goals"). This campaign was regarded as key in the company issuing important updates to its coal policy in December 2021.<sup>6</sup>

We provide more detail on escalation under Principle 12.

We set clear goals where we consider them to be helpful and meaningful in delivering on the stewardship goal. Where we have an engagement focused on measurable outputs such as this we use 'SMART' objectives (Specific, Measurable, Attainable, Realistic and Time bound). However, many engagements deal with intangible factors, such as corporate culture, less suited to such quantifiable targets. Our annual engagement action plan is drafted and made public on our website.<sup>7</sup> In this we specify objectives for each thematic engagement.

### Engagement in practice 2022-2023 – outcomes

In addition to the full list of engagements provided in the appendices, here we provide summaries of our flagship ESG-themed engagements in the reporting period.

<sup>6</sup> <https://cdn2.assets-servd.host/shareaction-api/production/resources/reports/HSBC-Coal-Policy-Brief.pdf>

<sup>7</sup> <https://www.rathbones.com/investment-approach/responsible-investment/engagement>

Environmental:

### **Climate change – net zero**

In 2021, Rathbones Group Plc announced its own plans to achieve net zero emissions by 2050 or sooner. The majority of emissions we're responsible for are financed emissions: they're created by the companies that we invest in. We have established an engagement programme covering the highest-emitting companies within our holdings universe. We want to see at least 57% of our underlying holdings set climate targets validated by the Science-Based Targets initiative (SBTi), an arbiter of corporate climate change targets, by 2030. Failing that, we want them to have committed to this. During the report period covered by this Stewardship Code statement, we've made important changes to our net zero engagement strategy and voting policy to reflect the urgent need for escalation with companies not yet aiming for their own net zero future.

In the first part of the reporting period we contacted the 40 companies that account for the highest proportion of our financed emissions, setting out clear investor expectations on managing climate risk and alignment to Net Zero. The 2022 voting season saw strong degrees of engagement with high-emitting companies. We also voted against nine climate transition plans in Say on Climate votes as we assessed them as lacking in detail and rigour. We made all such votes public on our website.

By year-end 2022 the percentage of portfolio companies (by AUM) that had set a net zero target or committed to doing so had risen to 22.9% from 17% in 2021. Although we cannot claim direct influence in all cases, the statistic is nonetheless encouraging. However, clear examples of real-world change by companies, in terms of physical reductions in emissions, were less forthcoming.

In the first quarter of 2023 we re-ran our list, selecting the 40 companies that were the biggest sources of our financed emissions<sup>8</sup>. These companies accounted for 80% of our financed emissions.

By March 2023, 17 companies had responded to our engagement and we had lined up 8 meetings.

### **Biodiversity**

Natural ecosystems provide the foundations for economic growth, human health and prosperity. These benefits are sometimes known as 'ecosystem services'. As economic activity depends on ecosystem services, the degradation of nature and reduction in biodiversity – the variety of plant and animal life on Earth – are financially material.

<sup>8</sup> The list is expected to evolve over time as markets move and asset allocations shift. However, in practice there was a high degree of consistency between targets year on year.

We spent the first half of the reporting period learning about the issue and refining our expectations of companies in this regard. In January 2023, we identified priority companies through our own model, which combines ESG data from different external providers with our own scoring system. The stewardship team has selected 28 top-priority companies - those with the most impact on land ecosystems - and 24 secondary-priority businesses. These are the companies that pose the greatest risk to nature, with a focus on those with the most impact on land ecosystems.

By March 2023, 28 companies had responded to our engagement and we had lined up 4 meetings.

### **Hazardous chemicals**

Hazardous chemicals find a use in many different consumer products, but their persistence in the environment poses risks to human health and the environment. Specifically, a class of chemicals known as PFAs does not degrade after use. Their durability increases the risk of cancer in humans and damages plant and animal life. Working with the non-profit organization ChemSec, we began engaging with 54 of the world's largest chemicals companies in the reporting period. We are advocating for increased efforts to phase out harmful persistent chemicals in favour of alternatives that are more sustainable because they're less harmful. We are also requesting greater transparency, including disclosure of all hazardous chemicals produced.

In 2023, we are due to receive an update from ChemSec on the responses from the target companies and meetings to be set up to enable further engagement. However, we are pleased to report that already, in December 2022, the manufacturing company 3M announced plans to phase out the use of PFAs by 2025, partially as a result of the efforts of the wider engagement group.

Social:

### **Modern slavery (Votes Against Slavery)**

Now into its fourth year, Votes Against Slavery (VAS) aims to create incentives for faster company action in combatting modern slavery. The question of what action is needed is by nature imprecise, but important. Having assessed the level of slavery risk in the UK and beyond, we consider that company transparency on the issue is lacking, and that a regulatory need to provide better information would stimulate improved action by corporates. To that end we researched compliance levels with s54 of the 2015 Modern Slavery Act (see Principle 3) in the FTSE 350. In the light of this research, we targeted 29 companies – a mixture of normal operating and investment companies.

We wrote to them explaining precisely which elements of their reporting fell short of best practice, with the threat of voting against their report and accounts if changes weren't made. We also increased the number of target companies we held meetings with, to discuss the content of each company's statement and overall approach to tackling slavery within its supply chain.

The 2022 and 2023 iterations of the project overlap in this Stewardship Code statement's reporting period. In 2022 we reported successful engagement, with 41/44 of the target companies now compliant and 13 company meetings held during the year.

In the 2023 version of the project, 15 out of 29 companies had become compliant. 12 companies had committed to make changes to their 2023 statements due later in the year. Five meetings have taken place so far. We also wrote to the 79 AIM-listed companies not compliant with s54 in an individual capacity, a tactical addition to the project which we look forward to reporting on in our next report.

This project was recognised for its sector leading best practice and impact with the 2022 PRI Stewardship Initiative of the Year award.<sup>9,10</sup>

### Engagement outcome: Staffline Group

We wrote to the company to notify them that, according to research conducted by Rathbones, they had fallen short of fulfilling all requirements of s54 of the 2015 Modern Slavery Act and subsequent reporting guidelines issued by the Home Office. We called on the company to show clearly that board approval had been provided for its modern slavery statement and ensure that this was included in all future statements. We threatened to use our voting powers at the AGM should the company not make this change. The board responded in a matter of days to confirm that this change had been made and would be incorporated in future statements.

### Governance:

#### **Board diversity**

In 2022, we wrote to 72 FTSE 350 boards on the importance of compliance with the Hampton-Alexander Review target of 33% female representation on boards. Sixty-seven responded in detail, three acknowledged receipt and two did not respond. We also engaged with 17 FTSE 100 boards on the requirement to meet the Parker Review target of at least one board member from an ethnic minority background. All 17 provided thorough responses.

<sup>9</sup> <https://www.unpri.org/the-pri-awards/rathbones-group-votes-against-slavery/10821.article>

<sup>10</sup> <https://www.esginvestor.net/live/rathbones-clinches-stewardship-initiative-of-the-year/>



In 2023, we wrote to 30 FTSE 250 companies we deemed to be falling short of all of the new FCA listing requirements for companies for FY2022. These targets include:

- at least four in ten to be women
- at least one woman in a quartet of senior board positions - chair, senior independent director, chief executive officer or finance director
- at least one member from an ethnic minority background - the Parker Review target.

We requested compliance with the new targets and for planning to be put in place to create a pipeline of talent across all levels of the company.

By March 2023, 23/30 companies had responded to our letter.

Engagement outcome: credit fund

We wrote to the company ahead of its AGM to raise concerns regarding the all-male board and position of a non-independent director on the audit committee. The chair of the board responded, explaining that a new female NED would be added to the board and the non-independent NED would step down.

### **ESG and pay**

In 2022 we engaged with 34 FTSE 100 companies that had not included an ESG measure in executive remuneration. Unfortunately, not all 34 FTSE 100 companies have made the changes required. However, for the majority of those that have not done so, we received an adequate explanation.

### **Governance at smaller listed companies**

In January 2023 we wrote to 72 small and mid-sized companies listed on the FTSE AIM to make them aware of the demands of the QCA Corporate Governance Code and the growing investor support for its implementation. We feel that full alignment with this Code is crucial as these companies grow in size and complexity, to demonstrate to shareholders that senior management and the board are taking ESG risk management seriously.

By March 2023, 69 companies had responded to the engagement, with 1 committing to make changes to their governance arrangements.

## Engagement outcome: Hardide

We wrote to the company in January 2023 to remind them of the importance of meeting the demands of the QCA Corporate Governance Code. We called on the company to ensure that the remuneration committee was composed of fully independent non-executive directors (NEDs). The board discussed the concerns raised in our letter and committed to changing the composition of the committee so that it was only filled with fully independent NEDs.

We provide disclosure on the status of ongoing and concluded engagements in the year April 2022-March 2023 in Appendix 1 to this report. This includes progress under collaborative engagements listed below with the exception of IICGG/ CA100+. More detail on progress relating to this project can be found at [Net-Zero Company Benchmark | Climate Action 100+](#)

# Principle 10

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

As we state in our public engagement policy: “Where appropriate, in line with our conflicts of interest policy, we will seek to engage on a collaborative basis.”

We recognise that in some situations our concerns will align directly with those of other shareholders. However, our overarching aim is to act in the best interests of clients. This takes precedence over collaborative action.

We recognise that many ESG issues are systemic, and hence are more suited to coordinated, cross-sectoral action. We have therefore joined the following high-level collaborative organisations:

### Principles for Responsible Investment

We have been members since 2009 and make full use of the PRI’s collaboration platform, engaging with other members on a wide range of ESG issues each year. In the reporting period we used the platform to gain new signatories to our ‘Votes Against Slavery’ initiative and support for our policy work on modern slavery.

### Institutional Investors Group on Climate Change

We have been full members of the IIGCC since 2019. Rathbones leads engagement with two UK utilities companies, National Grid and SSE. In 2021 we led a specific engagement programme on the adoption of ‘Say on Climate’ votes at listed companies, pulling together many IIGCC members in support of the concept within clearly defined boundaries. We successfully led negotiations with SSE to trial the notion at its 2021 AGM. IIGCC plays a significant role in Climate Action 100+ (CA100+), a global coalition engaging with the world’s largest corporate emitters. It is difficult to say with precision exactly how much influence we have exerted through such large and complicated networks. However, our commitment is long-standing and we dedicate significant amounts of staff time to IIGCC projects.

Progress in CA100+ engagements is measured against issuers’ achievements relative to a common benchmark. In 2022 75% of participating companies made Net Zero Commitments (up from 50% in March 2021), with 91% of companies having aligned reporting with TCFD recommendations (up from 72% in March 2021).<sup>11</sup> Notably, the year saw the first company to achieve full compliance with all areas of the benchmark.

### Find it, Fix it, Prevent It

Rathbones continued its involvement in this engagement, which calls on hospitality businesses to find victims of slavery within their supply chains and support their rehabilitation. Rathbones also sits on the advisory committee for this engagement. We want to see hospitality companies develop better policies, processes and procedures for tackling modern slavery. Rathbones remains the lead investor for the engagement with Mitchells & Butler and is a supporting investor for the engagement with Greggs.

<sup>11</sup> CA-100-Progress-Update-2022-FINAL-2.pdf (climateaction100.org)

## Votes Against Slavery

See Principle 4 for details of our award-winning investor collaboration project.

### **Human rights – PRI Advance**

Some issues are too wide-ranging and important to leave to the efforts of one investor. The need to advance human rights and fundamental freedoms is one such issue. We will pursue progress in this field within the framework of Advance, a collaborative stewardship initiative organised by the PRI. We are the supporting investor for the engagement with the multinational utility company Iberdrola. We are calling on the company to implement fully the NGPs, the United Nations' Guiding Principles on Business and Human Rights - a guardrail of corporate conduct on human rights. We also want them to align their political engagement with their responsibility to respect human rights and deepen progress on the most severe human rights issues across their value chains. This includes both their own operations and goods and services supplied from outside the company.

### Collaborating for policy influence

As previously mentioned, we have a clear policy that enables us to participate in collaborative demands for regulatory or policy changes on ESG best practice and responsible investment.

### Climate policy engagement

In 2022 the best example of this type of engagement came with our involvement in "The 2022 Global Investor Statement to Governments on the Climate Crisis". According to the organisers this is "the most ambitious statement to date in terms of the policy recommendations contained within it, calling on governments to raise their climate ambition in line with the goal of limiting global temperature rise to 1.5°C."<sup>12</sup> Rathbones was one of 532 global investors with \$39trn in AUM to sign the statement.

<sup>12</sup> <https://www.iigcc.org/news/more-than-500-institutional-investors-from-around-the-world-join-forces-to-urge-governments-to-step-up-climate-policy-ambition/#:~:text=the%20climate%20crisis,The%202022%20Global%20Investor%20Statement%20to%20Governments%20on%20the%20Climate,rise%20to%201.5%C2%BC>.

The full list of policy recommendations can be found in the statement, but a summary is as follows. Investors urge governments to:

1. Ensure that the 2030 targets in their Nationally Determined Contributions align with the goal of limiting global temperature rise to 1.5°C
2. Implement domestic policies across the real economy and take early action to ensure that their 2030 greenhouse gas emissions are aligned with the goal of keeping global temperature rise to 1.5°C
3. Contribute to the reduction in non-carbon dioxide greenhouse gas emissions and support the effective implementation of the Global Methane Pledge to reduce emissions by at least 30 percent from 2020 levels by 2030
4. Scale up the provision of climate finance from the public and the private sector for mitigation, and for adaptation and resilience, with a particular focus on the needs of developing countries
5. Strengthen climate disclosures across the financial system.

### Human rights/supply chains policy engagement

In early 2023 we began, once more, engaging with policy makers on the issue of modern slavery in the UK. We looked specifically at reforms needed to the Modern Slavery Act 2015, on which we had engaged - [giving evidence to the Parliamentary Joint Committee on the draft bill](#).

We worked with civil society organizations Justice & Care, Unseen UK and Anti-Slavery International, and fellow investment manager CCLA, to agree a set of priorities to be addressed by the UK government. This initiative is supported by PRI members. The Transparency in Supply Chains provision of the Act led the world in addressing modern slavery in company supply chains. However, non-compliance and poor-quality reporting have limited its effectiveness, making evident that additional legal approaches beyond reporting are necessary. The forthcoming Bill amending the 2015 Act is an opportunity to strengthen the legislation and give the UK the tools needed to prevent goods produced through the use of forced labour in UK supply chains. Together with our partners we established the key elements that we consider to be some of the minimum actions needed to give the UK an effective mechanism against modern slavery in UK companies' supply chains.

These recommendations are part of a wider approach that includes the introduction of new separate primary legislation. This legislation will mandate companies, financial institutions and the public sector to undertake due diligence to identify and address human rights abuses and environmental harm in their supply chains. It will also hold these entities accountable for any failure to prevent harm. Import controls and due diligence legislation should be seen as complementary, but not interchangeable, policy tools. By March 2023, we had built a coalition of 14 investors with £1.75 trillion in assets under management supporting the investor statement.

# Principle 11

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

Under our engagement policy we are committed to engagement with consequences – an explicit endorsement of the necessity for escalation. This is best expressed graphically, using the graphic from Principle 9.

### Engagement: our escalation framework



We may not use the escalation tools in sequence and will determine the appropriate escalation approach to use based on specific circumstances.

Escalation is discussed at the monthly engagement committee meetings, with strategy approved by the responsible investment committee.

### 2022/23 escalation examples

#### Deere & Co

As UK-based investors, we generally have concerns where board directors hold the roles of both CEO and chair, contrary to consensus best practice in Britain. We told the US tractor maker our concerns about its continued use of this arrangement in our letter to the company around the early 2022 AGM. It is our belief that the company and shareholders could benefit in the long-term from the separation of these crucial roles.

At the February 2023 AGM, we acknowledged that the good level of independence on the board, and the support of the chair by Chad Holliday Jr. as lead independent director. We also appreciate that the chair brings considerable experience and expertise to the role of chair. However, given a lack of progress on the issue and a failure to properly engage with our letter, we decided to escalate our vote from an abstention to a full vote against the chair's re-election. This recommendation was followed by the majority of our fund managers.

#### Informa Plc

At UK events company Informa Plc, our continuing concern about remuneration policy prompted us to escalate our vote in 2022. The remuneration committee chair had witnessed regular substantial shareholder opposition to the company's remuneration arrangements - particularly from 2019 to 2021. This culminated in a 61.2% vote against the remuneration report at the 2021 AGM. Although we acknowledged that the director had recently stepped down from the role of remuneration committee chair, we noted concerns that they remain a member of the remuneration committee. This was clearly a major area of concern for shareholders, with the director in question receiving a 46.6% vote against their re-election in 2021. We therefore escalated our vote to oppose his re-election in 2022.



## **Heineken NV**

In our 2022 AGM vote we noted that the proportion of independent directors on the supervisory board was extremely low, standing at 10%. This is below the recognised best practice as found in the Dutch Corporate Governance Code, which stipulates that a majority of the supervisory board should be independent. We decided to vote against the three non-independent incumbent directors up for re-election since the board fell short of this figure. It is our belief that the company, and therefore shareholders, could benefit in the long term from increased independence on the board, through the added layer of scrutiny that independent directors could bring.

While we appreciate that expectations in this area vary by region, we called on the board to pursue the appointment of additional non-executive directors on the board, which would improve its overall degree of independence whilst retaining the expertise required. We felt this was particularly necessary as the chair was deemed non-independent and there was no senior independent director. We instructed the chair that we would consider voting against the re-election of the entire board in future unless we saw a considerable improvement in the level of independence on the board.

The company listened to our concerns and those of others, and made changes, appointing two new independent directors to the board. This also made the audit committee 100% independent and increased female representation to 44%.

### **Adapting our approach to local conditions**

We take into account local regulation and culture when deciding on next steps for our engagements. By way of example, co-filing a shareholder resolution is much more straightforward in the US compared to the UK. However, it carries less impact initially and is more of a multi-year commitment. We have adopted the stance of supporting others' efforts in the US whilst using our expertise and in-depth knowledge of resolution co-filing in the UK market. In 2022 we proposed to co-file on a number of resolutions at US companies, but were unable to meet all the administrative requirements. We have conducted further work to understand the local conditions, paving the way for potential co-filing in the 2024 US proxy season.

This escalation process works well for listed equities where formal voting rights have an important place. We find engagement with boards works just as well for collective investments but is less effective for other asset classes, including fixed income.

We continue to explore options for the development of robust escalation strategies in fixed income, starting with a more formal process of dialogue with boards to make known the concerns of bondholders. However, fixed income assets are a proportionally small part of our investment exposure, and many of the issues overlap with our concerns as shareholders in the same company. Given the more direct influence we have as shareholders as opposed to bondholders, and the fact that listed equity accounts for the largest proportion of our assets under management (see Principle 6), we prioritise engagement via our equity holdings.

## **Escalation – IIGCC/CA100+**

Under IIGCC's corporate engagement programme/CA100+ we note several examples of escalation undertaken by others on our behalf. These include formal AGM statements at the meetings of Shell and BP made on behalf of all CA100+ members. Rathbones delivered the AGM statement for SSE plc.

A new development in CA100+ relevant to the reporting period is the flagging of business-as-usual resolutions, which investors can use to amplify their climate-related concerns.<sup>13</sup> Fifteen management proposals were flagged at eight companies in the AGM season covered by this statement's reporting period.

<sup>13</sup> <https://www.climateaction100.org/approach/proxy-season/#:~:text=The%20flagged%20votes%20process%20is,to%20determine%20how%20they%20vote.>

# Principle 12

Signatories actively exercise their rights and responsibilities.

Since a significant portion of our investment exposure, within Rathbones Investment Management, is listed equities and investment trusts, this is the main way we execute our stewardship responsibilities, although this is supported by targeted engagement. Our holdings are in our nominee account, which means we actively receive proxy notices and voting cards from underlying companies.

We have set out guidelines for our fixed income analysts for ESG integration issues, with a view to enabling better interaction with issuers on ESG matters. We have established a process for regular meeting between the stewardship and fixed income teams, as well as for external meetings of bondholders to address ESG concerns. Finally, we continue to operate a separate weekly ESG controversy risk screening for our fixed income assets, which is reviewed by the stewardship team and fixed income analysts. This is helping us be more responsive to stewardship needs in this area.

We take an active approach to investment and stewardship. We ensure we use our access to senior management and boards in order to meet our core investment management and stewardship duties. We engaged directly with 674 companies and governments during the reporting period.

We make our voting policy available on our website:

<https://www.rathbones.com/sites/rathbones.com/files/RIM-voting-policy-2023.pdf>

All votes under the RIM custodian are entered according to the recommendations of our bespoke policy. There is a fair degree of overlap between our bespoke policy and the default ISS policy since both seek to promote best practice in corporate governance. However, we do not follow the service provider's recommendations as a default.

For both RIM and Rathbone Funds, the recommendations of the service provider, made on the basis of the default sustainability policy, are subject to review by those who know the investments well and are accountable for investment decisions. In RIM, this means review and consultation by the lead analyst for the stock and the largest holders. In Rathbone Funds, this means review by the fund manager and the lead research analyst. In neither case do we implicitly follow the voting recommendation without challenge.

In RIM, we have set out a clear procedure for clients to submit specific voting instructions via their investment manager – a process that is well-used.

Investment managers routinely submit votes that deviate from the house view for specific client holdings. We allow for the submission of split votes through our nominee (with a mixture of votes for, against or abstain, if that is the wish of the client). This applies to clients within in our bespoke discretionary wealth management service, including our charity clients.

Furthermore, as we are a private wealth manager, many of our clients are high net worth individuals who may hold senior positions in company boards and are major shareholders. We maintain a register of interests that alerts the stewardship team to the existence of this type of client so that their shares are not voted against their specific instructions. This process also ensures that large holders do not unduly influence the Group proxy voting decision (see Principle 3).

Rathbones does not offer a stock lending service.

### Voting statistics

Across RIM and Rathbone Funds we voted on 12,974 resolutions at 992 company meetings between April 2022 and March 2023. The nature of our business model means that a small proportion of total assets but a significant number of securities are held for execution only mandates. This means that these shares are held in Rathbones nominee accounts, but we do not have the right to vote for these shares. Our stewardship approach is therefore targeted in a proportionate way.

Overall, we voted on 95.02% of total voteable assets under management by value for discretionary equities and investment trusts in the reporting period. The remaining 4.98% represents a very large number of small holdings. However, we will vote on any of these holdings where instructed by an underlying client.

We present a sample of voting decision rationales below:

### Glencore

The international mining group, listed in the UK and South Africa, is taking several steps to strengthen its 2050 net zero commitment made in 2021. However, there's considerable scope for improvement. One concern is that Glencore may have under-reported its operational emissions by 11-24% between 2018 and 2021. Glencore's 2019 emissions are particularly significant because this is the baseline year for its 2026, 2035 and 2050 emissions reduction targets.

Glencore has also been expanding coal production at several Australian sites, including a brand-new coal mine. This is directly at odds with its policy to run down coal production over time.

Moreover, Glencore hasn't committed capital spending to reducing its operational carbon footprint and to cutting Scope 3 emissions (90% of which come from coal). We also noted that Glencore has not set an emissions reduction target for 2030, even though this is the critical decade for climate action. Moreover, InfluenceMap, a think tank, has ranked Glencore as the eighth most obstructive company blocking climate policy action globally.

## **Process**

We decided to vote against the re-election of the chair and the management-backed Say on Climate resolution. Say on Climate votes ask shareholders whether they endorse companies' decarbonisation plans. Rathbones believes that climate risks can affect the performance and valuation of investments. This includes both individual companies that risk being left behind by the global transition to net zero and the many companies that will be affected by the physical changes to the world caused by climate change.

## **Outcome**

There was a 10.7% vote against the chair and a 23.7% vote against the management-backed Say on Climate vote. Opposition to the latter was above the 20% threshold necessary to place the company on the UK Investment Association's Public Register. This lays the foundation for further engagement with the company on climate. We called on the board to ensure that the issues highlighted in our engagement - ahead of the 2023 AGM - were addressed to ensure our support for the next year's Climate Progress Report.

## **Tesla**

The US electric car maker is contributing to the world's move to net zero. However, it has faced multiple allegations of racial discrimination and sexual harassment in its workplaces. Tesla recently paid \$15m in damages in a discrimination case, with several more lawsuits ongoing.

Companies failing to stamp out racial discrimination and sexual harassment can suffer substantial reputational, legal and operational risks. We have seen several large US companies experience large votes against incumbent directors over the poor handling of these issues. We have also witnessed a growing number of highly supportive shareholder proposals calling for enhanced disclosure of how companies are preventing abuse, discrimination and harassment. These claims are worrying to investors in the company not just because of the distress to the people involved. They could affect the company's ability to recruit and retain employees. This in turn can harm corporate performance and have a financial impact through higher recruitment costs.

## **Process**

We supported the shareholder proposal filed by the Office of the New York State Comptroller. This called for the company to oversee the preparation of an annual public report to describe and quantify the effectiveness and outcomes of company efforts to prevent harassment and discrimination against protected classes of employees, such as women and different ethnic groups. We felt a report of this nature would supplement the notable steps being taken by the company and provide further reassurance to investors that the company was taking the issue seriously. We asked the board to improve the level of disclosure of how the company is managing and mitigating these risks.

## **Outcome**

The proposal received 46.5% support. Although this was not quite high enough to pass, it confirmed that shareholders are highly interested in action to prevent harassment and discrimination, putting pressure on the company to ramp up disclosure about this. We will continue our engagement with the company in 2023 and expect this issue to be raised again at the 2023 AGM.

## **Barratt Developments**

The business case for diversity is strong. Studies by the consultancy McKinsey and others suggest that companies with executive teams featuring strong gender and ethnic diversity are more likely than companies with more uniform teams to outperform their peers on measures such as profitability. This reflects evidence that a diverse group of people may make better decisions.

In the UK, all FTSE 100 and FTSE 250 companies were expected to meet the government's Hampton-Alexander Review target of 33% female representation at board and senior management level by December 2020.

Building on this, from April 2022 the Financial Conduct Authority has required listed companies to meet two gender benchmarks or explain why they have not done so.

One is that at least 40% of board members should be women, as well as at least one of the four senior board positions of chair, chief executive officer, chief financial officer and senior independent director. The other is to have at least one ethnic minority board member.

At UK housebuilder Barratt Developments, women made up only 25% of the board by the time of the 2022 AGM, though the company had met the ethnic benchmark target. As of June 2022, women held only 17% of senior manager roles. Men occupied all four senior board positions.

## **Process**

We decided to vote against the re-election of the nomination committee chair (and chair of the board) John Allan, holding him accountable for the low number of women on the board and in senior management. The nomination committee makes recommendations for appointments to the board.

## **Outcome**

20.4% of shareholders voted against Mr Allan's reelection. This was above the 20% threshold needed to place the company on the Investment Association's Public Register. This increased pressure on the board to make changes, consult with shareholders and disclose how it has addressed their concerns. A failure to meet these targets could lead to reputational risks and votes against the chair and nomination committee directors at the next AGM.

With regard to our fixed income assets, our fixed income team review holdings on a regular basis. Their review includes whether to seek amendments to terms and conditions in indentures or contracts where this is deemed to be in the best interests of the underlying holders. Consideration of the terms and conditions forms part of the regular review of holdings as part of the research process.

The above summarises our approach to meeting the requirements of the Stewardship Code in 2022-23. For more information on current activities and to view our live voting reporting website, please view [Responsible Investment | Rathbones Investment Management \(rathbones.com\)](#)

We welcome any feedback or questions about our stewardship activities. Please contact us using [stewardship@rathbones.com](mailto:stewardship@rathbones.com) for any detailed queries.



# Appendix I

Status / outcome of direct engagement  
April 2022 - March 2023

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
3I GROUP PLC	Board Diversity	Completed
3i Infrastructure PLC	Board Diversity	Monitor
4imprint Group plc	Modern Slavery	Completed
AB Dynamics PLC	Capitalisation	Completed
AB Dynamics Plc	Remuneration	Completed
Abbott Laboratories	Shareholder Rights, Diversity & Equal Opportunity, Combined Chair CEO	Monitor
Abbott Laboratories	Net Zero	In Progress
Abbott Laboratories	Combined Chair CEO	Monitor
AbbVie Inc	Lobbying Activities & Political Contributions, Combined Chair CEO	Monitor
AbbVie Inc	Combined Chair CEO	Completed
Abcam PLC	Remuneration	Monitor
Aberdeen Standard Japan Investment Trust PLC	Director Overboarding	Completed
Aberdeen Standard UK Smaller Companies Trust PLC	Capitalisation	Completed
Aberforth UK Small Companies Fund	Director Overboarding	Completed
Accenture PLC	Combined Chair CEO, Audit Related	Completed
Activision Blizzard Inc	Labour/Management Relations	Monitor
Activision Blizzard Inc	Remuneration, Independence of Directors & Committees	Completed
Activision Blizzard Inc	Combined Chair CEO	Monitor
Adidas AG	Audit Related, Independence of Directors & Committees	Completed
Adidas AG	Audit Related	Monitor
Admiral Group PLC	Modern Slavery	Completed
Adobe Systems Inc	Combined Chair CEO, Audit Related	Monitor
Adobe Systems Inc	Audit Related, Combined Chair CEO	Monitor

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Advanced Medical Solutions Group PLC	Remuneration	Completed
Advanced Medical Solutions Group PLC	Independence of Directors & Committees, Shareholder Rights	Completed
Aggreko PLC	Board Diversity	Completed
AIA Group Ltd	Board Diversity	Monitor
AIRTEL AFRICA PLC	Board Diversity	Completed
Airtel Africa plc	Modern Slavery	Monitor
AJ BELL PLC	Modern Slavery, Remuneration	Completed
Alibaba Group Holding Ltd	Independence of Directors & Committees	Monitor
Alibaba Group Holding Ltd	Audit Related, Combined Chair CEO	Monitor
Alliance Trust plc	Modern Slavery	Completed
Allianz SE	Independence of Directors & Committees	Completed
Allianz Technology Trust plc	Modern Slavery	Monitor
Alphabet Inc	Remuneration, Director Overboarding, Shareholder Rights, Human Rights Assessment, Anti-Competitive Behaviour	Completed
Alphabet Inc	Audit Related	Monitor
Alternative Credit Investments plc	Modern Slavery	Monitor
Altria Group Inc	Customer Health & Safety, Lobbying Activities & Political Contributions	Monitor
Altria Group Inc	Audit Related	Completed
Amadeus IT Group SA	Remuneration	Monitor
Amazon.com Inc	Combined Chair CEO, Audit Related, Remuneration, Shareholder Rights, Diversity & Equal Opportunity, Materials, Waste, Labour/Management Relations, Lobbying Activities & Political Contributions, Human Rights Assessment	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Amazon.com Inc	Net Zero	In Progress
Amazon.com Inc	Audit Related	Completed
AMETEK Inc	Combined Chair CEO, Audit Related	Monitor
Amphenol Corp	Audit Related	Completed
Anglo American Plc	Remuneration	Monitor
Anglo American PLC	Net Zero	In Progress
Anglo American Plc	Modern Slavery	Completed
Ansys Inc	Shareholder Rights	Completed
Antofagasta PLC	Board Diversity, Capitalisation	Completed
Antofagasta Plc	Board Diversity	Monitor
AO World Plc	Board Diversity	Monitor
Apax Global Alpha Limited	Modern Slavery	Monitor
Apple Inc	Independence of Directors & Committees, Remuneration	Completed
APTIV PLC	Remuneration	Monitor
Aptiv Plc	Net Zero	In Progress
Aquila European Renewables Income Fund PLC	Board Diversity	Monitor
AQUIS EXCHANGE LTD	Succession Planning, Board Diversity	Completed
AQUIS EXCHANGE LTD	Board Diversity	Completed
ArcelorMittal	Net Zero	In Progress
Argo Investments LTD	Shareholder Rights	Monitor
Ariana Resources PLC	board Behaviour, Board Diversity, Independence of Directors & Committees, Remuneration, Capitalisation, Capitalisation	Monitor
Artemis Alpha Trust PLC	Director Overboarding, Capitalisation	Completed
Arthur J. Gallagher & Co	Audit Related, Combined Chair CEO	Monitor
Ascential plc	Modern Slavery	Monitor
Ashmore Group plc	Modern Slavery	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Ashtead Group PLC	Remuneration	Completed
Ashtead Group plc	Modern Slavery	Completed
ASHTEAD GROUP PUBLIC LIMITED COMPANY	Board Diversity	Completed
Assa Abloy AB	Remuneration, Director Overboarding	Monitor
Associated British Food Plc	Remuneration	Monitor
Associated British Foods PLC	Remuneration	Completed
ASSOCIATED BRITISH FOODS PLC	Board Diversity	Completed
Associated British Foods PLC	Net Zero	In Progress
Associated British Foods Plc	Modern Slavery	Completed
Assura plc	Modern Slavery	Monitor
Aston Martin Lagonda Global Holdings Plc	Modern Slavery	Completed
AstraZeneca PLC	Net Zero	In Progress
AT&T Inc	Remuneration, Audit Related, Shareholder Rights	Monitor
AT&T Inc	Audit Related, Combined Chair CEO	Completed
Auction Technology Group Plc	Board Diversity	Monitor
Augmentum Fintech PLC	Director Overboarding, Capitalisation	Completed
Australia and New Zealand Banking Group Ltd	Emissions, Net Zero	Monitor
Australia and New Zealand Banking Group Ltd	Audit Related	Monitor
Australian Foundation Investment Company	Independence of Directors & Committees, Director Overboarding	Completed
AUTO TRADER GROUP PLC	Board Diversity	Completed
Autodesk Inc	Audit Related	Monitor
Automatic Data Processing Inc	Audit Related	Monitor
Avast Plc	Remuneration	Monitor

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
AVEVA Group PLC	Independence of Directors & Committees, Board Diversity	Completed
AVEVA Group plc	Modern Slavery	Completed
AVI Japan Opps Trust PLC	Director Overboarding	Completed
Aviva Plc	Emissions, Net Zero	Monitor
Avon Rubber plc	Modern Slavery	Completed
Axon Enterprise Inc	Shareholder Rights, Remuneration	Monitor
B&M European Value Retail SA	Remuneration	Monitor
Badger Meter Inc	Diversity & Equal Opportunity	Completed
BAE Systems PLC	Remuneration	Monitor
BAE Systems plc	Modern Slavery	Monitor
Baillie Gifford Japanese Trust Plc	Board Diversity	Completed
Baillie Gifford Shin Nippon	Board Diversity	Completed
Baillie Gifford UK Growth Fund	Director Overboarding	Completed
Baillie Gifford US Growth Trust PLC	Director Overboarding	Completed
Balfour Beatty Plc	Board Diversity	Completed
Ball Corp	Shareholder Rights	Completed
Ball Corp	Net Zero	In Progress
BALLARD POWER SYSTEMS NPV	Remuneration, Audit Related	Completed
Bank of America Corporation	Combined Chair CEO, Audit Related, Shareholder Rights, Diversity & Equal Opportunity	Monitor
Bank of America Corporation	Audit Related, Combined Chair CEO	Completed
Bank of Nova Scotia	Audit Related, Miscellaneous, Climate Change	Completed
Bank of Nova Scotia	Independence of Directors & Committees	Completed
Bankers Investment Trust plc	Modern Slavery	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Barclays PLC	Emissions	Monitor
Barr (A G) PLC	Board Diversity, Remuneration	Completed
Barratt Developments plc	Modern Slavery	Completed
Barrick Gold Corp	Miscellaneous	Completed
Barrick Gold Corp	Audit Related	Completed
BB Biotech AG	Audit Related	Completed
BB Healthcare Trust PLC	Board Diversity	Completed
Beazley plc	Modern Slavery	Completed
Becton Dickinson & Co	Combined Chair CEO, Audit Related, Shareholder Rights	Monitor
Becton Dickinson & Co	Independence of Directors & Committees, Audit Related, Remuneration, Shareholder Rights	Monitor
Beiersdorf AG	Independence of Directors & Committees	Monitor
BERKELEY GROUP HOLDINGS PLC	Board Diversity	Monitor
Berkeley Group Holdings Plc	Remuneration	Monitor
Berkshire Hathaway Inc	Remuneration, Emissions, Diversity & Equal Opportunity	Monitor
Berkshire Hathaway Inc	Combined Chair CEO	Monitor
BH Global LTD	Shareholder Rights	Monitor
BH Macro LTD	Director Overboarding, Capitalisation	Completed
BH Macro LTD	Shareholder Rights	Completed
BHP Group	Rights of Indigenous People, Local Communities, Emissions, Lobbying Activities & Political Contributions	Completed
BHP Group	Net Zero	In Progress
BHP Group Plc	Board Diversity	Completed
Biffa PLC	Board Diversity	Completed
Big Yellow Group plc	Modern Slavery	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
BlackRock Commodities Income Investment Trust PLC	Capitalisation	Completed
BlackRock Frontiers Investment Trust PLC	Audit Related	Completed
BlackRock Frontiers Investment Trust Plc	Board Diversity	Completed
BlackRock Latin American Investment Trust PLC	Director Overboarding	Monitor
BlackRock North American Income Trust PLC	Director Overboarding	Completed
BlackRock Throgmorton Trust PLC	Director Overboarding	Completed
BlackRock Throgmorton Trust PLC	Capitalisation	Completed
Blue Prism Group PLC	Combined Chair CEO, Board Diversity	Monitor
Bluefield Solar Income Fund LTD	Director Overboarding	Completed
BMO Global Smaller Companies PLC	Capitalisation, Director Overboarding	Completed
Bodycote plc	Modern Slavery	Completed
boohoo.com PLC	Remuneration, Independence of Directors & Committees, Board Diversity	Completed
Booking Holdings Inc	Emissions, Net Zero, Shareholder Rights, Audit Related	Monitor
Boral Ltd	Independence of Directors & Committees, Director Overboarding, Board Diversity	Monitor
Boston Scientific	Audit Related, Combined Chair CEO	Completed
BP p.l.c.	Modern Slavery	Completed
BP PLC	Net Zero	Completed
BP PLC	Emissions	Completed



<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Brambles Ltd	Shareholder Rights, Director Overboarding	Completed
Breedon Group Plc	Independence of Directors & Committees	Completed
Breedon Group PLC	Net Zero	In Progress
Brewin Dolphin Holdings Plc	Board Diversity	Monitor
Bridgepoint Group Plc	Modern Slavery	Completed
British American Tobacco Plc	Remuneration	Completed
Britvic Plc	Remuneration	Completed
Brookfield Asset Management Inc	Audit Related	Completed
Brooks Macdonald Group PLC	Remuneration	Monitor
Brunner Investment Trust Plc	Independence of Directors & Committees, Director Overboarding	Completed
Brunner Investment Trust Plc	Independence of Directors & Committees	Completed
BT Group PLC	Capitalisation	Completed
Bunzl PLC	Director Overboarding	Completed
BURFORD CAPITAL LTD	Independence of Directors & Committees, Board Diversity	Completed
Bytes Technology Group Plc	Modern Slavery	Completed
C&C Group PLC	Board Diversity	Completed
Caledonia Investments PLC	Board Diversity, Independence of Directors & Committees, Shareholder Rights	Completed
Caledonia Investments PLC	Board Diversity	Monitor
Caledonia Investments plc	Modern Slavery	Completed
Capital & Counties Properties Plc	Board Diversity	Monitor
Capital Gearing Trust PLC	Director Overboarding	Monitor
Carnival plc	Emissions	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Carnival plc	Board Diversity	Completed
Carr's Group PLC	Board Diversity, Independence of Directors & Committees	Completed
CC Japan Income & Growth Trust PLC	Board Diversity	Completed
Cenovus Energy Inc	Net Zero	In Progress
Ceres Power Holdings PLC	Shareholder Rights, Board Diversity	Monitor
Chevron Corp	Emissions, Net Zero, Shareholder Rights, Combined Chair CEO, Audit Related	Monitor
Chevron Corp	Net Zero	In Progress
Chevron Corp	Audit Related	Monitor
Churchill China PLC	Independence of Directors & Committees, Board Diversity	Completed
Cisco Systems Inc	Audit Related, Combined Chair CEO	Completed
Citigroup Inc	Audit Related, Shareholder Rights, Diversity & Equal Opportunity, Independence of Directors & Committees, Human Rights Assessment, Lobbying Activities & Political Contributions	Monitor
Citigroup Inc	Audit Related	Completed
Civitas Social House PLC	Capitalisation	Monitor
Clarkson Plc	Board Diversity	Monitor
Clinigen Group PLC	Director Overboarding	Completed
Close Brothers Group PLC	Remuneration	Completed
Close Brothers Group Plc	Modern Slavery	Completed
CLS Holdings plc	Modern Slavery	Completed
CMC Markets Plc	Board Diversity	Monitor
Coca-Cola Co	Modern Slavery	Completed
Coca-Cola Co	Net Zero	In Progress
Coca-Cola Co	Combined Chair CEO	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Coca-Cola HBC AG	Board Diversity	Completed
Coca-Cola HBC AG	Modern Slavery	Completed
Colgate-Palmolive Co	Combined Chair CEO, Shareholder Rights	Monitor
Colgate-Palmolive Co	Net Zero	In Progress
Colgate-Palmolive Co	Combined Chair CEO	Monitor
Coloplast A/S	Audit Related	Completed
Compass Group PLC	Modern Slavery, Remuneration	Completed
Computacenter plc	Modern Slavery	Monitor
ConocoPhillips	Net Zero	In Progress
ConocoPhillips	Audit Related, Combined Chair CEO	Monitor
ContourGlobal Plc	Board Diversity	Monitor
ContourGlobal Plc	Modern Slavery	Completed
ConvaTec Group Plc	Board Diversity	Monitor
COOPER COS INC	Board Diversity, Audit Related	Monitor
COOPER COS INC	Audit Related	Completed
Costco Wholesale Corp	Net Zero	In Progress
Countryside Properties PLC	Remuneration, Routine/Business	Completed
Countryside Properties Plc	Board Diversity	Completed
COVESTRO AG NPV Shares	Independence of Directors & Committees	Completed
COVESTRO AG NPV Shares	Net Zero	In Progress
Craneware PLC	Board Diversity, Director Overboarding, Capitalisation	Monitor
Cranswick PLC	Remuneration	Monitor
Cranswick plc	Modern Slavery	Completed
Credit Suisse Group AG	Audit Related	Completed
CRH Plc	Remuneration	Completed
CRH PLC	Net Zero	In Progress

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
CRH Plc	Modern Slavery	Completed
Croda International Plc	Net Zero	In Progress
Crown Holdings Inc	Independence of Directors & Committees, Audit Related	Monitor
CSL LTD	Remuneration	Monitor
CVS Group PLC	Board Diversity, Independence of Directors & Committees, Remuneration	Monitor
Darktrace Plc	Modern Slavery	Completed
DCC Plc	Remuneration	Completed
Dechra Pharmaceuticals PLC	Remuneration	Monitor
Dechra Pharmaceuticals PLC	Board Diversity	Monitor
Deere & Co	Combined Chair CEO, Audit Related	Completed
Deutsche Telekom AG	Director Overboarding, Capitalisation	Monitor
Deutsche Telekom AG	Remuneration, Shareholder Rights	Monitor
Diageo PLC	Routine/Business	Completed
Diageo PLC	Net Zero	In Progress
Diploma PLC	Human Rights Assessment	Monitor
Diploma Plc	Modern Slavery	Completed
Direct Line Insurance Group Plc	Modern Slavery	Completed
DISCOVERIE GROUP PLC	Board Diversity	Completed
Diverse Income Trust	Capitalisation	Completed
Diversified Energy Company plc	Net Zero	In Progress
Diversified Gas & Oil plc	Modern Slavery	Completed
Dominos Pizza Group plc	Modern Slavery	Monitor
Domino's Pizza Group Plc	Board Diversity	Completed
DotDigital Group PLC	Board Diversity	Completed
DS SMITH PLC	Board Diversity	Monitor
DSV PANALPINA AS	Independence of Directors & Committees	Monitor

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Dunedin Income Growth Investment Trust	Board Diversity	Completed
Dunelm Group Plc	Board Diversity	Completed
easyJet PLC	Remuneration	Completed
easyJet plc	Modern Slavery	Completed
easyJet Plc	Board Diversity	Completed
Eaton Corp PLC	Audit Related, Combined Chair CEO	Completed
Ecolab Inc	Shareholder Rights, Audit Related	Monitor
Edinburgh Investment Trust PLC	Remuneration	Monitor
Edinburgh Worldwide Investment Trust Plc	Board Diversity	Completed
Edinburgh Worldwide Investment trust plc	Modern Slavery	Completed
Ediston Property Investment Company	Board Composition, Remuneration	Completed
EDP Energias de Portugal SA	Capitalisation	Completed
EDP Renovaveis SA	Combined Chair CEO	Monitor
Electrocomponents plc	Modern Slavery	Completed
Elementis Plc	Modern Slavery	Completed
Eli Lilly and Co	Audit Related, Combined Chair CEO	Monitor
ELIXIRR INTL LTD	Remuneration	Completed
Emera Inc	Net Zero	In Progress
Emera Inc	Audit Related	Completed
Emerson Electric Co	Audit Related	Completed
Emerson Electric Co	Audit Related, Combined Chair CEO	Monitor
EMIS Group Plc	board Behaviour	Completed
EMIS Group Plc	Board Diversity	Completed
Energiean Oil & Gas plc	Modern Slavery	Completed
Energiean Plc	Modern Slavery	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Entain plc	Board Diversity	Completed
Entain plc	Modern Slavery	Completed
EP Global Opportunities Trust	Board Diversity	Completed
Ergomed PLC	Remuneration, Independence of Directors & Committees, Board Diversity	Completed
Essentra Plc	Modern Slavery	Completed
Estee Lauder Companies Inc	Director Overboarding, Remuneration	Monitor
Euromoney Institutional Investor plc	Modern Slavery	Completed
EVOQUA WATER TECHNOLOGIES CORP	Shareholder Rights	Completed
EVRAZ PLC	Board Diversity	Monitor
Evraz plc	Modern Slavery	Completed
Experian Plc	Remuneration	Monitor
Exxon Mobil Corp	Emissions, Net Zero, Independence of Directors & Committees, Combined Chair CEO, Shareholder Rights, Lobbying Activities & Political Contributions	Monitor
Exxon Mobil Corp	Net Zero	In Progress
Exxon Mobil Corp	Audit Related	Completed
Facebook Inc	Combined Chair CEO	
Monitor		
FERGUSON PLC	Remuneration	Completed
Ferrari NV	Remuneration, Director Overboarding, Shareholder Rights	Completed
Ferrari NV	Director Overboarding, Shareholder Rights	Completed
Ferrexpo Plc	Board Diversity	Completed
Ferrexpo Plc	Modern Slavery	Completed
Fevertree Drinks PLC	Independence of Directors & Committees, Board Diversity	Monitor

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Fidelity Asian Values PLC	Capitalisation	Monitor
Fidelity Asian Values PLC	Independence of Directors & Committees	Monitor
Fidelity Japanese Values PLC	Board Diversity	Completed
FIDELITY NATIONAL INFORMATION	Combined Chair CEO	Completed
Fielmann AG	Capitalisation, Independence of Directors & Committees	Completed
First Derivatives PLC	Capitalisation, Board Diversity	Completed
FLUTTER ENTERTAINMENT PLC	Board Diversity	Completed
Flutter Entertainment Plc	Modern Slavery	Completed
Foresight Solar Fund LTD	Director Overboarding	Monitor
Frasers Group plc	Modern Slavery	Completed
Freeport-McMoRan Inc	Net Zero	In Progress
Fresenius Medical Care AG & Co. KGaA	Combined Chair CEO	Completed
FRESENIUS SE & KGAA NPV	Independence of Directors & Committees	Monitor
Fresnillo Plc	Modern Slavery	Completed
FUSION ANTIBODIES LTD	Independence of Directors & Committees, Capitalisation	Completed
FUTURE PLC	Modern Slavery, Remuneration	Completed
FUTURE PLC	Human Rights Assessment, Remuneration	Completed
FUTURE PLC	Board Diversity	Completed
Games Workshop Group Plc	Modern Slavery	Completed
Gamma Communications PLC	Independence of Directors & Committees	Monitor
GB Group Plc	Audit Related	Completed
GCP Asset Backed Income Fund	Independence of Directors & Committees	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
GCP Infrastructure Investments Ltd	Modern Slavery	Completed
GCP Infrastrucute Investments Limited	Modern Slavery	Monitor
Generac Holdings Inc	Combined Chair CEO	Monitor
General Electric Co	Net Zero	In Progress
General Electric Co	Audit Related, Combined Chair CEO	Monitor
GENERAL ELECTRIC CORP	Remuneration, Combined Chair CEO	Monitor
General Mills Inc	Shareholder Rights, Customer Health & Safety	Completed
General Mills Inc	Audit Related	Completed
General Mills Inc	Audit Related, Combined Chair CEO	Completed
Genus PLC	Director Overboarding	Completed
Genus plc	Modern Slavery	Completed
GlaxoSmithKline Plc	Remuneration	Completed
GlaxoSmithKline PLC	Net Zero	In Progress
Glencore PLC	Emissions, Net Zero	Completed
Glencore PLC	Net Zero	In Progress
Global Payments Inc	Combined Chair CEO, Shareholder Rights	Monitor
GN Store Nord	Shareholder Rights, Independence of Directors & Committees	Completed
GODADDY INC	Shareholder Rights, Remuneration	Monitor
Gooch & Housego Plc	Board Diversity, Capitalisation	Completed
Gooch & Housego Plc	Miscellaneous	Completed
Gooch & Housego PLC	Remuneration	Completed
Grafton Group plc	Board Diversity	Completed
Grafton Group plc	Modern Slavery	Monitor
Grainger PLC	Modern Slavery, Independence of Directors & Committees	Completed



<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Grainger plc	Remuneration	Completed
Great Portland Estates PLC	Audit Related	Completed
Great Portland Estates Plc	Board Diversity	Monitor
Greencoat Renewables Plc	Board Diversity	Completed
Greencore Group Plc	Modern Slavery	Completed
Greggs PLC	Remuneration	Completed
Gresham House PLC	Remuneration, Board Diversity	Monitor
GUARDANT HEALTH INC	Shareholder Rights, Remuneration	Monitor
Halma PLC	Remuneration	Completed
HANNON ARMSTRONG	Combined Chair CEO, board Behaviour	Monitor
HANNON ARMSTRONG	Shareholder Rights	Monitor
HANNON ARMSTRONG	Audit Related	Completed
Harbour Energy Plc	Modern Slavery	Completed
HarbourVest Global Private Equity	Director Overboarding	Monitor
Hays plc	Modern Slavery	Monitor
Heineken NV	Independence of Directors & Committees	Completed
Helios Towers Plc	Board Diversity	Monitor
Helios Towers Plc	Modern Slavery	Completed
Helios Underwriting PLC	Board Diversity, Independence of Directors & Committees	Completed
Herald Investment Trust PLC	Director Overboarding, Independence of Directors & Committees	Completed
Hermes International SA	Remuneration, Independence of Directors & Committees, Shareholder Rights	Monitor
HIGHBRIDGE TACTICAL CREDIT FD	Board Diversity	Completed
Hikma Pharmaceuticals	Modern Slavery	Monitor

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Hikma Pharmaceuticals PLC	Independence of Directors & Committees, Board Diversity	Completed
Hikma Pharmaceuticals Plc	Board Diversity	Monitor
Hikma Pharmaceuticals Plc	Remuneration	Monitor
Hilton Food Group PLC	Independence of Directors & Committees, Board Diversity	Completed
Hilton Food Group PLC	Board Diversity	Monitor
Hilton Food Group Plc	Modern Slavery	Completed
Hipgnosis Songs Fund Limited Shs GBP	Modern Slavery	Completed
Hiscox Ltd	Independence of Directors & Committees	Completed
Hiscox Ltd	Modern Slavery	Monitor
Hochschild Mining Plc	Board Diversity	Completed
Hochschild Mining Plc	Modern Slavery	Monitor
HOCHSCHILD MINING PLC 25p Ordinary Shares	Modern Slavery	Completed
HOMESERVE PLC	Board Diversity	Monitor
Honeywell International Inc	Shareholder Rights	Monitor
Honeywell International Inc	Net Zero	In Progress
Honeywell International Inc	Combined Chair CEO	Completed
Howden Joinery Group Plc	Modern Slavery	Completed
HSBC Holdings PLC	Modern Slavery	Completed
HSBC Holdings PLC	Board Diversity, Emissions, Oil and Gas	Completed
HUNT (JB) TRANSPORT SVCS INC	Net Zero	In Progress
Hunting Plc	Remuneration	Completed
IBM Corp	Remuneration, Combined Chair CEO, Shareholder Rights	Monitor
IBM Corp	Combined Chair CEO	Monitor

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Ibstock PLC	Board Diversity	Completed
Ibstock plc	Modern Slavery	Completed
ICG Enterprise Trust plc	Modern Slavery	Completed
Ideagen PLC	Remuneration, Capitalisation, Board Diversity	Monitor
Ideagen PLC	Remuneration	Monitor
Ilika PLC	Miscellaneous, Capitalisation	Completed
Illumina Inc	Audit Related	Monitor
IMI plc	Modern Slavery	Completed
Impax Asset Management Group PLC	Remuneration	Completed
Impax Asset Management Group PLC	Independence of Directors & Committees	Completed
Impax Environmental Markets Trust PLC	Director Overboarding	Completed
Impax Environmental plc	Modern Slavery	Completed
Imperial Brands PLC	Remuneration	Monitor
Inchcape plc	Modern Slavery	Completed
Independent Investment Trust	Audit Related	Completed
Independent Investment Trust	Independence of Directors & Committees, Board Diversity	Completed
India Capital Growth Fund Ltd	Director Overboarding	Monitor
Indivior plc	Modern Slavery	Completed
INEXUS GLOBAL LTD	Capitalisation	Completed
Informa PLC	Remuneration	Completed
INFORMA PLC	Board Diversity	Completed
Intel Corp	Remuneration, Audit Related, Shareholder Rights, Diversity & Equal Opportunity	Monitor
Intel Corp	Audit Related	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
InterContinental Hotels Group PLC	Remuneration	Monitor
InterContinental Hotels Group PLC	Net Zero	In Progress
International Consolidated Airlines Group SA	Modern Slavery	Completed
International Public Partnerships LTD	board Composition	Completed
Intertek Group PLC	Remuneration	Monitor
INTUIT INC	Audit Related	Completed
Intuitive Surgical Inc	Remuneration	Monitor
Invesco Global Equity Income PLC	Capitalisation, Capitalisation	Monitor
Investec Plc	Board Diversity	Completed
Investec Plc	Modern Slavery	Completed
Iomart Group PLC	Remuneration	Monitor
IP Group Plc	Modern Slavery	Completed
IQE PLC	Capitalisation, Board Diversity	Completed
ITM Power PLC	Remuneration, Capitalisation, Board Diversity	Completed
ITV Plc	Remuneration	Monitor
ITV Plc	Modern Slavery	Completed
James Halstead PLC	board Composition, Independence of Directors & Committees	Completed
Janus Henderson European Focus Fund	Director Overboarding	Completed
Janus Henderson Far East Income LTD	Board Diversity	Completed
Janus Henderson Smaller Companies Investment Trust	Director Overboarding, Capitalisation	Monitor

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Jardine Matheson Holdings Ltd	Remuneration, Board Diversity, Independence of Directors & Committees	Monitor
JD Sports Fashion	Modern Slavery	Completed
JD SPORTS FASHION PLC	Remuneration, Board Diversity	Completed
JD SPORTS FASHION PLC	Board Diversity	Completed
John Laing Group plc	Modern Slavery	Completed
Johnson & Johnson	Combined Chair CEO, Audit Related	Monitor
Johnson & Johnson	Audit Related	Monitor
Johnson Controls International PLC	Net Zero	In Progress
Johnson Controls International PLC	Audit Related, Combined Chair CEO	Completed
Johnson Matthey PLC	Board Diversity	Monitor
Johnson Matthey Plc	Remuneration	Completed
JPM Elect (Managed Growth Pool) PLC	Audit Related, board Composition	Completed
JPM Elect (Managed Income Pool) PLC	Audit Related, Director Overboarding	Completed
JPM Global Growth & Income Investment Trust	Capitalisation	Monitor
JPM Japanese Investment Trust	Board Diversity	Completed
JPM Mid Cap Investment Trust PLC	Director Overboarding, Capitalisation	Completed
JPMorgan Chase & Co	Audit Related, Combined Chair CEO, Shareholder Rights, Lobbying Activities & Political Contributions, Energy, Emissions	Completed
JPMorgan Chase & Co	Combined Chair CEO, Lobbying Activities & Political Contributions, Labour/Management Relations	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
JPMorgan Chase & Co	Audit Related, Combined Chair CEO	Completed
JTC Plc	Board Diversity	Monitor
Judges Scientific PLC	Independence of Directors & Committees, Board Diversity	Completed
Jupiter Emerging & Frontier Income Trust PLC	Director Overboarding	Monitor
Jupiter Emerging & Frontier Income Trust PLC	Shareholder Rights	Monitor
Jupiter Fund Management Plc	Board Diversity	Monitor
Jupiter Fund Management PLC	Modern Slavery	Completed
Just Group Plc	Board Diversity	Completed
Kainos Group plc	Modern Slavery	Completed
Kering	Combined Chair CEO	Completed
Keurig Dr Pepper	Combined Chair CEO	
KEYSTONE INVESTMENT TRUST PLC	Director Overboarding	Completed
KEYSTONE INVESTMENT TRUST PLC	Routine/Business	Completed
Keywords Studios PLC	Board Diversity	Completed
Kimberly-Clark Corp	Audit Related, Combined Chair CEO, Shareholder Rights	Monitor
Kimberly-Clark Corp	Audit Related, Combined Chair CEO	Monitor
Knights Group Holdings PLC	Capitalisation	Completed
Kone Oyj	Remuneration, Independence of Directors & Committees	Completed
Kone Oyj	Independence of Directors & Committees, Remuneration	Completed
Kurita Water Industries Ltd	Board Diversity	Completed
L&G Emerging Market Short Duration Bond Hedged Fund	Remuneration	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
L3 HARRIS TECHNOLOGIES INC	Combined Chair CEO	Monitor
L3 HARRIS TECHNOLOGIES INC USD1.00 Common Stock	Combined Chair CEO	Monitor
Lancashire Holdings Limited	Modern Slavery	Monitor
Law Debenture Corporation PLC	Remuneration	Completed
Law Debenture Corporation plc	Modern Slavery	Monitor
Learning Technologies Group PLC	Director Overboarding, Board Diversity	Monitor
Legal & General Group PLC	Board Diversity	Completed
Legal & General Group PLC	Modern Slavery	Completed
LF Troy Trojan Fund	Capitalisation, Director Overboarding	Completed
LILLY (ELI) & CO NPV	Audit Related, Shareholder Rights, Lobbying Activities & Political Contributions, Combined Chair CEO, Remuneration, Independence of Directors & Committees	Monitor
Linde PLC	Miscellaneous	Completed
Linde PLC	Net Zero	In Progress
Linde PLC	Audit Related	Completed
Lindsell Train Investment Trust	Shareholder Rights, Board Diversity	Monitor
Liontrust Asset Management PLC	Remuneration	Completed
Lloyds Banking Group PLC	Remuneration	Completed
Lockheed Martin Corp	Audit Related, Combined Chair CEO, Shareholder Rights	Completed
Lockheed Martin Corp	Audit Related	Completed
London Stock Exchange Group Plc	Remuneration	Monitor
London Stock Exchange Plc	Remuneration	Monitor

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
LondonMetric Property PLC	Independence of Directors & Committees	Completed
L'Oreal SA	Remuneration	Monitor
L'Oreal SA	Audit Related, Combined Chair CEO	Monitor
LOWLAND INVESTMENT CO PLC	Director Overboarding	Completed
LPA Group Plc	Remuneration, Board Diversity, Capitalisation	Completed
LPA Group Plc	Remuneration, Board Diversity	Completed
LUCECO LTD	Independence of Directors & Committees, Board Diversity	Monitor
LVMH Moet Hennessy Louis Vuitton SE	Remuneration, Independence of Directors & Committees, Combined Chair CEO	Monitor
LVMH Moet Hennessy Louis Vuitton SE	Combined Chair CEO	Completed
M&G PLC	Remuneration	Completed
M&G PLC	Miscellaneous	Completed
M&G PLC	Board Diversity	Completed
M&G plc (Prudential handling)	Modern Slavery	Completed
Macquarie Group Ltd	Audit Related	Completed
MAESTRANO GROUP PLC	Capitalisation	Monitor
Majestic Wine PLC	Capitalisation, Board Diversity	Monitor
Marks & Spencer Group plc	Modern Slavery	Completed
Marlowe PLC	Board Diversity, Independence of Directors & Committees, Capitalisation	Completed
Marsh & McLennan Companies Inc	Audit Related	Completed
Marston's Plc	Remuneration	Completed
Martin Marietta Materials Inc	Net Zero	In Progress
MARVELL TECHNOLOGY INC	Net Zero	In Progress



<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
MASIMO CORP	Combined Chair CEO	Monitor
MASIMO CORP USD	Combined Chair CEO	Monitor
Mastercard Inc	Remuneration	Monitor
Mastercard Inc	Audit Related	Completed
MATCH GROUP INC	Audit Related, Director Overboarding	Monitor
McCormick & Co Inc	Audit Related, Combined Chair CEO	Completed
McDonald's Corp	board Behaviour, Audit Related, Customer Health & Safety, Shareholder Rights	Monitor
McDonald's Corp	Audit Related	Monitor
Medtronic PLC	Combined Chair CEO, Audit Related	Monitor
Meggitt Plc	Remuneration	Completed
MEGGITT PLC	Board Diversity	Completed
Melrose Industries Plc	Board Diversity	Monitor
Melrose Industries Plc	Remuneration	Monitor
Mercantile Investment Trust	Board Diversity	Monitor
Mercantile Investment Trust Plc	Board Diversity	Completed
Merck & Co Inc	Shareholder Rights, Customer Health & Safety	Monitor
Merck & Co Inc	Combined Chair CEO	Completed
Merian Chrysalis Investment Company LTD	Routine/Business	Completed
Merian Chrysalis Investment Company LTD	Board Diversity	Completed
Meta Platforms Inc	Remuneration, Shareholder Rights, Combined Chair CEO, Human Rights Assessment	Monitor
Mettler-Toledo International Inc	Independence of Directors & Committees	Completed
Micro Focus International PLC	Capitalisation	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Microsoft Corp	Combined Chair CEO, Diversity & Equal Opportunity, Labour/Management Relations, Lobbying Activities & Political Contributions	Monitor
Microsoft Corp	Net Zero	In Progress
Microsoft Corp	Audit Related	Completed
Mid Wynd International Investment Trust PLC	Board Diversity, Independence of Directors & Committees	Completed
Mitchells & Butlers Plc	Board Diversity	Monitor
Mitchells & Butlers Plc	Modern Slavery	Completed
Miton Global Opportunities Investment Trust PLC	Capitalisation	Completed
Miton UK Microcap PLC	Capitalisation	Completed
Molten Ventures Plc	Modern Slavery	Completed
Moncler SpA	Combined Chair CEO	Monitor
Mondelez International Inc	Combined Chair CEO	Monitor
MONDI PLC	Board Diversity	Completed
Moneysupermarket.Com Limited	Modern Slavery	Completed
Monks Investment Trust	Director Overboarding	Completed
Montanaro European Smaller Companies Trust PLC	Miscellaneous	Completed
Montanaro UK Smaller Companies Trust	Capitalisation	Completed
Moody's Corporation	Independence of Directors & Committees	Monitor
Moonpig Group Plc	Board Diversity	Completed
Morgan Sindall Group Plc	Board Diversity	Completed
Murray Income Trust PLC	Capitalisation	Completed
National Express Group PLC	Remuneration	Completed
National Grid PLC	Emissions, Net Zero	In Progress

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
National Grid Plc	Net Zero	In Progress
Natwest Group Plc	Modern Slavery	Completed
NB Private Equity Partners Ltd	Audit Related	Monitor
NCC Group PLC	Board Diversity	Completed
Nestle SA	Net Zero	In Progress
Nestle SA	Audit Related	Completed
Netflix Inc	board Behaviour, Remuneration, Lobbying Activities & Political Contributions, Shareholder Rights	Monitor
Network International Holdings Plc	Board Diversity	Completed
Network International Holdings Plc	Modern Slavery	Completed
New Century AIM VCT PLC	Capitalisation, Board Diversity	Monitor
Nexans SA	Net Zero	In Progress
NEXANS SA	board Behaviour, Remuneration	Monitor
Next PLC	Remuneration	Completed
NextEnergy Solar Fund Ltd	Modern Slavery	Completed
Nextera Energy Inc	Shareholder Rights, Emissions, Net Zero, Combined Chair CEO	Monitor
NextEra Energy, Inc.	Net Zero	In Progress
Nichols Plc	Remuneration	Completed
Nike Inc	Audit Related, Remuneration, Lobbying Activities & Political Contributions, Human Rights Assessment, Diversity & Equal Opportunity	Monitor
North Atlantic Smaller Companies Investment Trust	Capitalisation	Completed
North Atlantic Smaller Companies Investment Trust	Board Diversity, Shareholder Rights	Completed
NORTHERN TRUST CORP	Combined Chair CEO	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Novartis AG	Combined Chair CEO, Audit Related	Completed
Novo Nordisk A/S	Audit Related	Completed
Ocado Group PLC	Board Diversity	Completed
Ocado Group Plc	Remuneration	Monitor
Occidental Petroleum Corp	Net Zero	In Progress
Oxford BioMedica Plc	Board Diversity	Monitor
Oxford Instruments PLC	Board Diversity	Monitor
Pacific Assets Trust PLC	Director Overboarding	Completed
Pacific Industrial Logistics	Board Diversity	Completed
Panopoly Holdings PLC	Independence of Directors & Committees, Capitalisation	Completed
Pantheon International Plc	Modern Slavery	In Progress
PANTHEON INTL PLC	Capitalisation	Completed
Paragon Banking Group plc	Modern Slavery	Completed
PayPal Holdings Inc	Shareholder Rights, Diversity & Equal Opportunity	Monitor
PayPal Holdings Inc	Combined Chair CEO	Completed
Pearson Plc	Remuneration	Monitor
Pearson Plc	Modern Slavery	Completed
Pennon Group plc	Modern Slavery	Completed
PepsiCo Inc	Combined Chair CEO, Audit Related, Shareholder Rights, Customer Health & Safety	Completed
PepsiCo Inc	Audit Related, Combined Chair CEO	Monitor
Pernod Ricard SA	Combined Chair CEO, Remuneration	Monitor
Pernod Ricard SA	Combined Chair CEO	Monitor
Pershing Square Holdings Ltd	Modern Slavery	Monitor
Persimmon plc	Miscellaneous	Monitor
Persimmon Plc	Remuneration	Monitor
Personal Assets Trust plc	Modern Slavery	Monitor

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Petropavlovsk Plc	Board Diversity	Monitor
Petropavlovsk Plc	Modern Slavery	Completed
Pets At Home Group Plc	Modern Slavery	Completed
Pfizer Inc	Audit Related, Combined Chair CEO	Monitor
Pfizer Inc	Audit Related	Monitor
Philip Morris International Inc	Independence of Directors & Committees	Monitor
Phoenix Group Holdings	Board Diversity	Completed
Phoenix Group Holdings Plc	Modern Slavery	Completed
Picton Property Income LTD	Remuneration, Capitalisation	Monitor
Playtech Plc	Board Diversity	Monitor
Playtech plc	Modern Slavery	Completed
Plus500 Ltd	Remuneration	Completed
Plus500 Ltd	Board Diversity, Remuneration	Completed
Polar Capital Global Healthcare Growth & Income Trust	Board Diversity	Completed
Polar Capital Holdings PLC	Capitalisation	Completed
Polar Capital Technology Trust	Director Overboarding	Monitor
POLYMETAL INTERNATIONAL PLC	Board Diversity	Completed
Polymetal International plc	Modern Slavery	Completed
PPHE Hotel Group Ltd	Remuneration, board Behaviour, Board Diversity, Independence of Directors & Committees	Completed
PPHE Hotel Group Ltd	Remuneration, board Behaviour, Board Diversity	Completed
Premier Foods PLC	Board Diversity	Completed
Premier Foods plc	Modern Slavery	Completed
Primary Health Properties PLC	Board Diversity	Completed
Primary Health Properties plc	Modern Slavery	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Princess Private Equity Holding LTD	Audit Related, Miscellaneous	Completed
Procter & Gamble Co	Biodiveristy, Human Rights Assessment, Audit Related, Combined Chair CEO	Monitor
Procter & Gamble Co	Net Zero	In Progress
Procter & Gamble Co	Audit Related, Combined Chair CEO	Monitor
PRS REIT	Director Overboarding	Completed
Prudential Corp	Remuneration	Completed
PTC INC USD0.01 Common Stock	Miscellaneous, Diversity & Equal Opportunity, Audit Related	Monitor
PureTech Health PLC	Remuneration, Director Overboarding	Completed
PureTech Health PLC	Board Diversity	Completed
Puretech Health plc	Modern Slavery	Monitor
PZ Cussons Plc	Modern Slavery	Completed
Qualcomm Inc	Audit Related	Completed
Raytheon Technologies Corp	Human Rights Assessment, Shareholder Rights	Monitor
RAYTHEON TECHNOLOGIES CORP	Audit Related	Completed
Reckitt Benckiser Group Plc	Remuneration	Completed
Redde Northgate Plc	Board Diversity	Monitor
Redde Northgate Plc	Modern Slavery	Completed
Redrow PLC	Remuneration	Completed
Redrow plc	Modern Slavery	Completed
Regional REIT	Board Diversity	Completed
Renew Holdings PLC	Independence of Directors & Committees, Capitalisation	Completed
Renishaw PLC	Board Diversity, Independence of Directors & Committees, Remuneration	Monitor
Rentokil Initial PLC	Remuneration	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Republic Services Inc	Remuneration	Monitor
ResMed Inc	Audit Related, Independence of Directors & Committees	Monitor
Restore PLC	Shareholder Rights	Monitor
Rightmove Plc	Audit Related	Completed
Rio Tinto	Labour/Management Relations	Completed
Rio Tinto	Remuneration, board Behaviour, Rights of Indigenous People, Local Communities, Lobbying Activities & Political Contributions	Completed
Rio Tinto	Remuneration, Emissions	Completed
Rio Tinto	Net Zero	In Progress
RIT Capital Partners PLC	Board Diversity	Completed
RIT Capital Partners Plc	Modern Slavery	Completed
Rollins Inc	Independence of Directors & Committees	Monitor
Rolls-Royce Holdings PLC	Board Diversity	Completed
Rotork Plc	Board Diversity	Completed
RSA Insurance Group plc	Modern Slavery	Monitor
RWS Holdings PLC	Director Overboarding, Capitalisation	Completed
S&P Global Inc	Audit Related	Completed
S4 Capital PLC	Combined Chair CEO	Monitor
Safestore Holdings PLC	Board Diversity, Modern Slavery	Completed
Safestore Holdings PLC	Modern Slavery	Completed
Sage Group Plc	Board Diversity	Completed
Sage Group Plc	Remuneration	Completed
Sainsbury (J) plc	Modern Slavery	Completed
Sampo Oyj	Remuneration, Independence of Directors & Committees	Monitor
Samsung Electronics Co Ltd	Board Behaviour	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
SAP SE	Independence of Directors & Committees	Monitor
Sartorius Stedim Biotech SA	Shareholder Rights, Remuneration, Capitalisation	Monitor
Sartorius Stedim Biotech SA	Remuneration, Combined Chair CEO	Monitor
Savills plc	Modern Slavery	Monitor
Schlumberger Ltd	Audit Related	Completed
Schroder Asia Pacific Fund	Shareholder Rights	Completed
Schroder BSC Social Impact Trust	Director Overboarding	Monitor
Schroder Oriental Income Fund LTD	Capitalisation	Completed
Schroder UK Mid Cap PLC	Director Overboarding	Completed
Scottish American Investment Company Plc	Independence of Directors & Committees	Completed
Scottish Investment Trust PLC	Director Overboarding	Completed
Scottish Mortgage Investment Trust	Modern Slavery	Monitor
SEA LTD	Shareholder Rights	Completed
Securities Trust of Scotland PLC	Capitalisation, Board Diversity	Completed
SEEN PLC	Independence of Directors & Committees, Remuneration, Capitalisation	Completed
Segro Plc	Remuneration	Completed
Segro Plc	Modern Slavery	Completed
Sequoia Economic Infrastructure Fund	Director Overboarding	Completed
Sequoia Economic Infrastructure Income Fund Limited	Modern Slavery	Completed
Serica Energy PLC	Capitalisation, Board Diversity	Monitor



<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Serica Energy PLC	Net Zero	In Progress
Shell PLC	Emissions, Net Zero	Completed
Shimano Inc	Board Diversity, Combined Chair CEO	Monitor
Shimano Inc	Independence of Directors & Committees, Board Diversity	Monitor
Shopify Inc	Remuneration	Completed
Siemens AG	Director Overboarding	Completed
Siemens AG	Shareholder Rights	Completed
SIG COMBIBLOC GROUP	Shareholder Rights	Completed
Smart Metering Systems PLC	Remuneration, Board Diversity	Completed
SMART(J) & CO(CONTRACTORS) PLC	Combined Chair CEO, Independence of Directors & Committees	Monitor
SMART(J) & CO(CONTRACTORS) PLC	Combined Chair CEO	Monitor
Smith & Nephew plc	Director Overboarding	Completed
Smith & Nephew plc	Board Diversity	Completed
Smith & Nephew Plc	Remuneration	Completed
Smiths Group PLC	Remuneration	Completed
Smithson Investment Trust PLC	Capitalisation	Completed
SoftBank Group Corp	Shareholder Rights, Independence of Directors & Committees	Monitor
SoftBank Group Corp	Combined Chair CEO	Monitor
Spectris PLC	Board Diversity	Monitor
Spirax-Sarco Engineering Plc	Remuneration	Monitor
Spire Healthcare Group Plc	Board Diversity	Monitor
Spotify Technology	Combined Chair CEO, Remuneration, Independence of Directors & Committees	Monitor
SPOTIFY TECHNOLOGY	Combined Chair CEO	Monitor

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
SQN Asset Finance Income	Remuneration	Monitor
SSE PLC	Emissions, Net Zero	In Progress
SSE PLC	Remuneration	In Progress
SSE PLC	Board Diversity	In Progress
SSE Plc	Net Zero	In Progress
SSP GROUP PLC	Remuneration	Monitor
SSP Group Plc	Board Diversity	Monitor
St James Place PLC	Remuneration	Completed
St. James Place Plc	Remuneration	Completed
Standard Chartered PLC	Board Diversity	Monitor
Stanley Black & Decker Inc	Audit Related	Monitor
Starbucks Corp	Combined Chair CEO, Labour/ Management Relations	Completed
Starbucks Corp	Remuneration, Audit Related	Completed
STERIS PLC	Audit Related	Completed
STMICROELECTRONICS NV	Remuneration	Monitor
Strix Group PLC	Board Diversity	Monitor
Surface Transforms PLC	Capitalisation, Board Diversity	Completed
Swiss Re AG	Shareholder Rights, Board Diversity	Completed
Swiss Re AG	Audit Related	Completed
Sycona LTD	Board Diversity	Completed
		Completed
Synthomer Plc	Modern Slavery	Completed
Sysco Corp	Remuneration	Monitor
TAG Immobilien AG	Independence of Directors & Committees	Completed
Taiwan Semiconductor Manufacturing Co Ltd	Board Diversity, Independence of Directors & Committees	Completed
Tate & Lyle PLC	Board Diversity	Monitor

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Tatton Asset Management PLC	Capitalisation, Board Diversity	Completed
Taylor Wimpey Plc	Remuneration	Monitor
TBC Bank Group Plc	Modern Slavery	Completed
TBC Bank Group Plc	Board Diversity	Completed
Teck Resources Ltd	Net Zero	In Progress
Telecom Plus PLC	Capitalisation, Board Diversity	Completed
Telecom Plus Plc	Board Diversity	Monitor
Telecom Plus plc	Modern Slavery	Completed
TESCO PLC	Board Diversity	Completed
TESCO PLC	Labour/Management Relations	Completed
Tesco Plc	Remuneration	Completed
Tesla Motors Inc	Remuneration, board Behaviour, Human Rights Assessment	Monitor
Tetra Tech Inc	Board Diversity, Combined Chair CEO	Monitor
Texas Instruments Inc	Audit Related, Combined Chair CEO	Monitor
The Biotech Growth Trust PLC	Director Overboarding	Completed
The City of London Investment Trust PLC	Audit Related, Capitalisation	Completed
The City of London Investment Trust Plc	Board Diversity	Completed
The Home Depot Inc	Audit Related, Combined Chair CEO, Shareholder Rights, Lobbying Activities & Political Contributions, Human Rights Assessment	Monitor
The Home Depot Inc	Net Zero	In Progress
The Home Depot Inc	Audit Related, Combined Chair CEO	Completed
The Kraft Heinz Co	Remuneration	Monitor
The Kraft Heinz Co	Audit Related	Completed
The North American Income Trust plc	Director Overboarding	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
The Renewables Infrastructure Group Limited	Modern Slavery	Completed
The Renewables Infrastructure Group LTD	Director Overboarding, Capitalisation	Completed
The Simplybiz Group PLC	Board Diversity, Succession Planning	Completed
Thermo Fisher Scientific Inc	Shareholder Rights, Combined Chair CEO	Monitor
Third Point Offshore Investors Ltd	Audit Related, Board Diversity	Monitor
Thorpe (F W) PLC	Board Diversity, Independence of Directors & Committees, Combined Chair CEO	Completed
TI Fluid Systems Plc	Board Diversity	Monitor
Tomra Systems ASA	Remuneration, Director Overboarding	Monitor
Total SA	Net Zero	In Progress
Total SA	Combined Chair CEO	Monitor
TP ICAP Group Plc	Board Diversity	Monitor
TR EUROPEAN GROWTH TRUST PLC	Director Overboarding	Monitor
Tracsis PLC	Capitalisation	Completed
Trainline Plc	Board Diversity	Monitor
TRANE TECHNOLOGIES PLC	Combined Chair CEO, Audit Related	Monitor
Trane Technologies PLC	Net Zero	In Progress
TRANE TECHNOLOGIES PLC	Audit Related, Combined Chair CEO	Monitor
TravelSky Technology Ltd	Board Diversity, Independence of Directors & Committees	Monitor
Travis Perkins Plc	Remuneration	Completed
Tristel PLC	Independence of Directors & Committees	Monitor
Tritax Big Box REIT Plc	Board Diversity	Completed
Tritax Big Box REIT Plc	Modern Slavery	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Tritax EuroBox Plc	Board Diversity	Completed
Tritax EuroBox Plc	Modern Slavery	Completed
Troy Income & Growth Trust	Independence of Directors & Committees, Board Diversity	Completed
TUI AG	Modern Slavery	Completed
UBER TECHNOLOGIES USDO.00001 Common Stock	Lobbying Activities & Political Contributions	Monitor
UDG Healthcare Plc	Modern Slavery	Completed
UDG Healthcare PLC	Human Rights Assessment	Completed
Ultra Salon Cosmetics & Fragrance Inc	Independence of Directors & Committees, Audit Related	Completed
Ultra Electronics Holdings	Modern Slavery	Completed
Ultra Electronics Holdings Plc	Board Diversity	Monitor
UMICORE NPV	Independence of Directors & Committees	Monitor
UMICORE NPV	Audit Related	Completed
Unilever	Shareholder Rights	Completed
Unilever	Emissions, Net Zero	Completed
Union Pacific Corp	Audit Related, Combined Chair CEO, Diversity & Equal Opportunity, Emissions	Completed
Union Pacific Corp	Audit Related, Combined Chair CEO	Completed
UNIPHAR PLC	Audit Related, Remuneration	Monitor
Uniphar Plc	Remuneration	Monitor
UNITE Group PLC	Board Diversity	Monitor
Unite Group plc	Modern Slavery	Completed
United Utilities Group Plc	Remuneration	Monitor
US Bancorp	Combined Chair CEO	Monitor
Utilico Emerging Markets Ltd	Capitalisation	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Value & Income Trust PLC	Independence of Directors & Committees, Director Overboarding, Board Diversity	Monitor
Verisk Analytics Inc	Combined Chair CEO	Monitor
Verizon Communications Inc	Shareholder Rights, Remuneration	Monitor
Verizon Communications Inc	Combined Chair CEO	Completed
Vestas Wind Systems A/S	Audit Related	Completed
Victrix PLC	Independence of Directors & Committees	Completed
Vietnam Enterprise Investments LTD	Modern Slavery	Completed
VinaCapital Vietnam Opportunity Fund Ltd	Modern Slavery	Monitor
Visa Inc	Combined Chair CEO	Monitor
VISTRY GROUP PLC	Board Diversity	Completed
VIVO ENERGY PLC	Board Diversity	Completed
Vivo Energy Plc	Modern Slavery	Completed
Vodafone Group PLC	Board Diversity	Monitor
Volution Group Plc	Board Diversity	Completed
Volution Group Plc	Modern Slavery	Completed
Vonovia SE	Independence of Directors & Committees, Remuneration	Monitor
Walgreens Boots Alliance Inc	Remuneration, Shareholder Rights	Completed
Walgreens Boots Alliance Inc	Remuneration, Independence of Directors & Committees	Completed
Walt Disney Co	Independence of Directors & Committees, Audit Related, Shareholder Rights, Lobbying Activities & Political Contributions, Human Rights Assessment, Diversity & Equal Opportunity	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Walt Disney Co	Remuneration, Audit Related, Shareholder Rights	Completed
Walt Disney Co	Audit Related	Monitor
Waste Connections Inc	Net Zero	In Progress
Watches of Switzerland Group Plc	Modern Slavery	Completed
Watkin Jones PLC	Remuneration	Completed
WEC ENERGY GROUP INC	Independence of Directors & Committees, Audit Related, Remuneration	Completed
WEC ENERGY GROUP INC	Independence of Directors & Committees	Completed
WEC Energy Group Inc	Net Zero	In Progress
Weir Group Plc	Board Diversity	Completed
Wetherspoon (J.D) PLC	Board Diversity	Monitor
Wetherspoon (J.D.) plc	Modern Slavery	Completed
Whitbread PLC	Remuneration	Completed
Whitbread PLC	Board Diversity	Monitor
Witan Investment Trust	Independence of Directors & Committees	Completed
Wizz Air Holdings Plc	Board Diversity	Monitor
Wizz Air Holdings plc	Modern Slavery	Completed
Woolworths Ltd	Remuneration	Completed
Workspace Group Plc	Board Diversity	Completed
Workspace Group Plc	Modern Slavery	Completed
Worldwide Healthcare Trust	Independence of Directors & Committees	Monitor
WPP PLC	Audit Related	Monitor
XP Power Ltd	Board Diversity	Monitor
XP Power Ltd.	Modern Slavery	Completed

<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Xylem Inc	Shareholder Rights	Monitor
Young & Co's Brewery PLC	Audit Related, Capitalisation, Independence of Directors & Committees, Board Diversity	Monitor
ZIMMER BIOMET HOLDINGS INC	Combined Chair CEO, Audit Related	Monitor
Zoetis Inc	Shareholder Rights	Monitor
Zurich Insurance Group AG	Audit Related	Completed



# Appendix II

Status / outcome of collaborative engagement,  
April 2022 - March 2023

<b>Engagement name</b>	<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Letter to Apple to combat online sexual exploitation of children	Apple Inc	Child Exploitation	Letter sent, engagement leads to organise follow-up meetings with the company
Letter to SSE Plc on behalf of IIGCC (net zero audits)	SSE Plc	Climate Change	Letter sent, Rathbones to organise follow-up meetings with the company
Just Transition Investor Statement	N/A	Just Transition	Letters sent, awaiting feedback on responses from engagement leads
Meeting with FRC on the impact of proxy advisors and ESG ratings agencies	N/A	Proxy Advisors and ESG Ratings	Completed – we contributed to the consultation
Amazon Shareholder Letter	Amazon	Human Rights	Unsatisfactory response received from the company. Engagement leads to follow up
Advance PRI	Iberdrola	Human Rights	Calls have taken place with companies. Engagement leads to communicate next steps
Taskforce on Nature-related Financial Disclosures (TNFD) Forum Membership	All sectors	Biodiversity	Completed – Rathbones have become members of the initiative
Investor letter to manufacturers of hazardous chemicals	54 target companies, all part of ChemSec's ChemScore rankings	Hazardous Chemicals	Letter sent, engagement leads to organise follow-up meetings with the company

<b>Engagement name</b>	<b>Company</b>	<b>Issues discussed</b>	<b>Status</b>
Global Investor Statement on the Climate Crisis	Global Governments	Climate Change	Letters sent, awaiting feedback on responses from engagement leads
Visa/Mastercard Child Pornography Engagement	Visa/Mastercard	Child Exploitation	Calls have taken place with companies. Engagement leads to communicate next steps
Statement for stronger alignment of regulatory and standard setting efforts around sustainability disclosure	N/A	Sustainability Disclosure	Completed – statement signed
ISSB Consultation	N/A	Sustainability Disclosure	Completed – we contributed to the consultation
World Benchmarking Alliance	N/A	Progress Towards SDGs	Completed – Rathbones have become members of the initiative
Consultation on Home Office's suggestions about extending S54 reporting requirements to cover financial services	N/A	Modern Slavery	Completed – we contributed to the consultation
Global Standard on Responsible Climate Lobbying	23 company target list	Climate Lobbying	Letters sent, awaiting feedback on responses from engagement leads

# Appendix III

Voting record

Apr 2022 - March 2023 - RIM

		For	Abstain	Against	Meetings	Resolutions
<b>2022</b>	Apr	91.23%	1.31%	6.86%	84	1,677
	May	93.12%	2.00%	4.68%	188	3,400
	Jun	92.17%	3.51%	2.64%	93	1,252
	Jul	96.70%	1.07%	2.15%	74	1,211
	Aug	95.26%	1.29%	3.45%	28	232
	Sep	96.76%	1.33%	1.77%	53	678
	Oct	97.27%	0.30%	2.42%	35	330
	Nov	96.68%	1.16%	1.83%	50	602
	Dec	95.45%	2.05%	2.50%	45	440
<b>2022 total</b>		<b>93.88%</b>	<b>1.78%</b>	<b>3.88%</b>	<b>650</b>	<b>9,822</b>
<b>2023</b>	Jan	95.25%	2.37%	1.48%	27	337
	Feb	96.20%	1.04%	1.55%	35	579
	Mar	94.10%	1.64%	2.95%	26	305
<b>2023 total</b>		<b>95.41%</b>	<b>1.56%</b>	<b>1.88%</b>	<b>88</b>	<b>1,221</b>
<b>Grand total</b>		<b>94.05%</b>	<b>1.77%</b>	<b>3.68%</b>	<b>738</b>	<b>11,043</b>

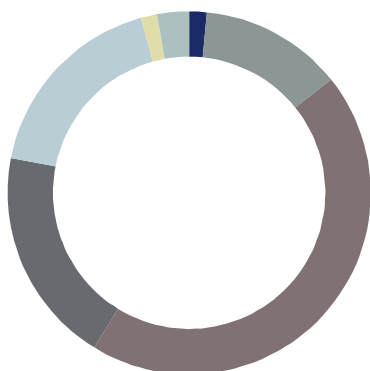
Note: The data provided are in summary form for general information about voting trends and do not reflect the specific votes entered at a specific company. For example, given our status as a private clients asset manager with very close links to our clients, it is entirely plausible (if not frequent) for us to enter three different votes for each votable item, or some combination of For / Against / Abstain.

Hence the numbers of items voted For / Against and Abstain would not be expected to add up to the total number of resolutions on which we voted.

## Sum of number of items voted against management

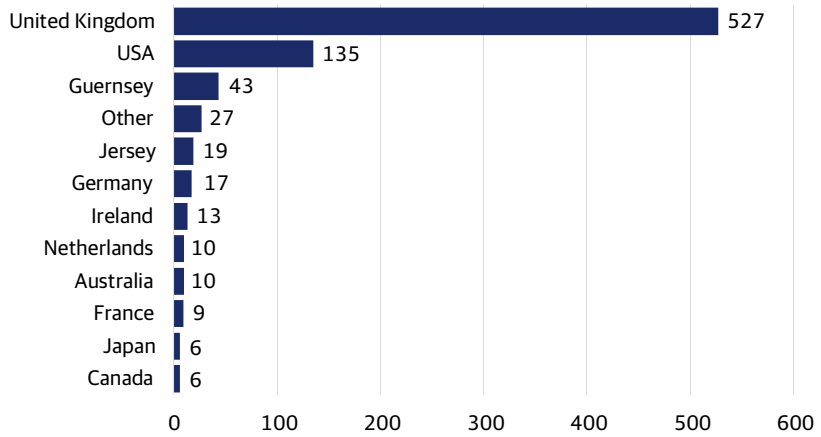
Proposal category	Total
Audit-Related	12
Capitalisation and shareholder rights	98
Directors-Related	343
Environmental and social	149
Executive pay	136
Mergers, acquisitions and takeovers	11
Routine/Business	22
<b>Grand total</b>	<b>771</b>

## Votes against management



● Audit related	12
● Capitalisation and shareholder rights	98
● Directors related	343
● Environmental and social	149
● Executive pay	136
● Mergers, acquisitions and takeovers	11
● Routine/business	22

## Voted meetings



# Appendix IV

Voting record

April 2022 - March 2023 - Rathbone Funds



		For	Abstain	Against	Meetings	Resolutions
<b>2022</b>	Apr	88.15%	0.68%	6.30%	94	1,477
	May	93.70%	0.45%	5.10%	135	2,000
	Jun	92.35%	1.22%	4.25%	66	823
	Jul	95.27%	0.98%	3.59%	38	613
	Aug	96.15%	1.28%	2.56%	9	78
	Sep	90.65%	0.47%	3.74%	24	214
	Oct	93.27%	0.96%	3.85%	13	104
	Nov	97.39%	0.00%	1.74%	23	230
	Dec	93.10%	0.86%	4.31%	20	116
<b>2022 total</b>		<b>92.27%</b>	<b>0.69%</b>	<b>4.86%</b>	<b>422</b>	<b>5,655</b>
<b>2023</b>	Jan	92.31%	2.56%	3.21%	14	156
	Feb	93.47%	1.63%	2.45%	17	245
	Mar	91.24%	1.46%	6.57%	21	274
<b>2023 total</b>		<b>92.30%</b>	<b>1.78%</b>	<b>4.30%</b>	<b>52</b>	<b>675</b>
<b>Grand total</b>		<b>92.27%</b>	<b>0.81%</b>	<b>4.80%</b>	<b>474</b>	<b>6,330</b>

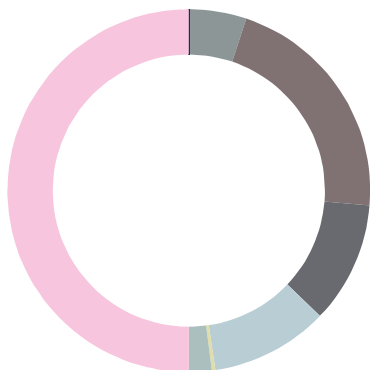
Note: The data provided are in summary form for general information about voting trends and do not reflect the specific votes entered at a specific company. For example, given our status as a private clients asset manager with very close links to our clients, it is entirely plausible (if not frequent) for us to enter three different votes for each votable item, or some combination of For / Against / Abstain.

Hence the numbers of items voted For / Against and Abstain would not be expected to add up to the total number of resolutions on which we voted.

## Sum of number of items voted against management

Proposal type category	Total
Audit-Related	1
Capitalisation and shareholder rights	45
Directors-Related	189
Environmental and social	97
Executive pay	94
Mergers, acquisitions and takeovers	3
Routine/Business	18
<b>Grand total</b>	<b>447</b>

## Votes against management



● Audit related	12
● Capitalisation and shareholder rights	98
● Directors related	343
● Environmental and social	149
● Executive pay	136
● Mergers, acquisitions and takeovers	11
● Routine/business	22
● Grand total	771

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# Rathbones

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