RATHBONES

STEWARDSHIP CODE COMPLIANCE STATEMENT

APRIL 2023 – MARCH 2024

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FOREWORD

Stewardship is a concept that resonates well with Rathbones as a firm, as it involves thinking about the long-term best interest of our clients. We have been trusted for generations to manage and preserve our clients' wealth. Our tradition of thinking, acting and investing for everyone's tomorrow continues to drive us forward. But the term is not always widely understood among our stakeholders. In late 2023 we welcomed the work done by the Principles for Responsible Investment (PRI), the Global Sustainable Investment Alliance (GSIA) and the CFA Institute in bringing some helpful clarity to this term. We note their commonly agreed new definition as follows:

"STEWARDSHIP: THE USE OF INVESTOR RIGHTS AND INFLUENCE TO PROTECT AND ENHANCE OVERALL LONG-TERM VALUE FOR CLIENTS AND BENEFICIARIES, INCLUDING THE COMMON ECONOMIC, SOCIAL, AND ENVIRONMENTAL ASSETS ON WHICH THEIR INTERESTS DEPEND."

This correlates neatly with the Financial Reporting Council's (FRC's) own definition found in the UK Stewardship Code 2020:

"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, THE ENVIRONMENT AND SOCIETY."

We have been signatories to the Stewardship Code since 2021. This report will seek to explain how we continue to apply the principles of the code in our business, with a keen eye on the long-term benefits to society and our clients that active ownership and the responsible allocation and oversight of capital can bring. Compliance with the code has fast become an industry standard[1], and transparency in this area is a key feature of our wider responsible investment policy.

We explain how we use our rights and influence as an investor across asset classes, and how we choose how and when to engage on broader environmental, social and governance (ESG) issues.

This report was approved by the group responsible business committee on 25 April 2024.

PAUL STOCKTON
Chief Executive Officer, Rathbones Group

[1] The total number of signatories is now 277 as of 30 August 2023, with £44.6 trillion in assets under management, according to the FRC.

Combination with Investec Wealth & Investment UK

2023 was an important year for Rathbones Group Plc. At the very beginning of this reporting period (4 April 2023) we announced our combination with Investec Wealth & Investment UK (IW&I). The transaction received formal regulatory approval in September 2023. Since that time Rathbones and IW&I have continued to work collaboratively on integration planning. IW&I forms a significant part of the enlarged Rathbones group. Our future focus has moved to integration and delivering benefits to clients, employees and shareholders. However, since the transaction was only completed halfway through the reporting period for the Stewardship Code statement as designated by the FRC, Rathbones Group and IW&I have been advised to submit two separate reports for the period April 2023 to March 2024. We expect future submissions to be from the enlarged Rathbones Group, comprising the pre-transaction Rathbones Group and IW&I.

The data in this report therefore excludes IW&I. We will work to integrate our approach and data throughout 2024.

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 for everyone's tomorrow. This not only shapes what we do but also 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 group chief executive officer and the managing director of Rathbones Investment Management (RIM), provides high-level direction and oversight for our group policy relating to responsible investment and direct operational risks.

Our responsible investment policy was created to guide the development and enhancement of our investment process and stewardship approach. Refreshed and renewed in 2023, it explains our four responsible investment principles, which we consider fundamental to enabling effective stewardship:

1. ESG INTEGRATION

We consider ESG factors in the evaluation of investments to help identify opportunities and risks.

2. ENGAGEMENT WITH CONSEQUENCES

We prioritise engagement where we can help make a difference in addressing systemic ESG challenges. We are prepared to escalate our engagement activity or reduce our holdings in companies that continue to present an ongoing ESG risk.

3. VOTING WITH PURPOSE

We actively vote in a manner that allows us to focus our resources where we believe we can make the most difference. This may involve voting against management to help drive positive change.

4. TRANSPARENCY

We are committed to being transparent about our approach to responsible investment. We will actively report on the progress of our responsible investment activities to our clients, shareholders and other stakeholders.

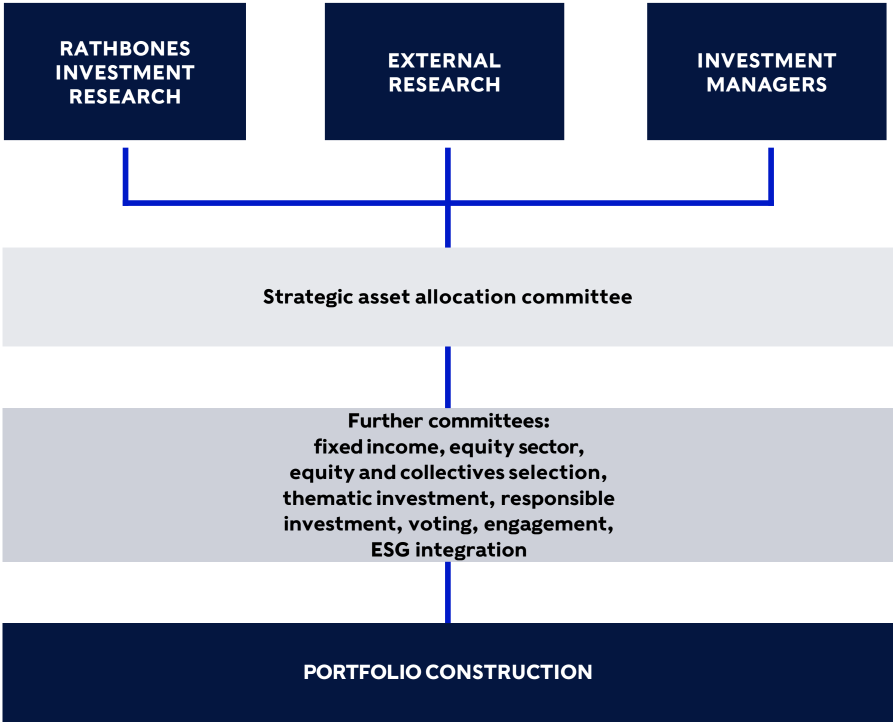
We have continued to invest in our responsible investment proposition across all business areas and have expanded our stewardship approach to further incorporate ESG integration, deepening our analysis of direct equities, direct fixed income and fund holdings. The overarching responsible investment principles 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 2023 – March 2024 we can point to several key developments as evidence of this ongoing commitment:

- Refreshed and updated the group responsible investment and engagement policies. This provides more clarity for our clients on when and where we will choose to use the tools available to us in our engagement work
- Published a fossil fuels statement including policy elements relating to exposure to high-carbon assets. This also provides clarity regarding how we are aligning our approach to the expectations of the Science Based Targets initiative (SBTi).
- Undertook sampling surveys of our client base to garner information on our clients' priorities (see below), specifically asking about their views on 'pass-through voting'
- Set up and formalised an ESG integration committee as part of our responsible investment governance framework

Within the RIM business (which accounts for the majority of our funds under management and administration, or FUMA) 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.

The graphic below summarises the RIM investment process.



Rathbone Greenbank Investments

A unit within Rathbones Investment Management has created bespoke ethical, sustainable and impact portfolios for clients since 1997. Since 2004 it has traded as Rathbones Greenbank Investments (Greenbank). 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.

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 expertise caters to clients who aim to go the extra mile in the consideration of ESG and sustainability factors. Greenbank implements broader exclusions across its investment universe, providing a wider range of impact and sustainable investment solutions across asset classes.

Rathbones Asset Management

Rathbones Asset Management (RAM, formerly Rathbone Unit Trust Management) encourages its managers to think as individuals. This business area utilises specialist research from MSCI and Sustainalytics to ensure it has access to a deep pool of ESG risk information. RAM has 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 RAM chief executive officer (CEO) at regular challenge meetings, where the rationale for investments with adverse ESG factors is reviewed. ESG risk data is reviewed monthly by RAM's 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 Asset Management's behalf by Rathbones Group's stewardship team, our fund managers regularly meet with company executives of businesses which RAM invests in to discuss ESG issues and opportunities directly.

As a default, RAM votes in line with the sustainability voting policy of Institutional Shareholder Services (ISS). RAM's fund managers and distribution team take on board feedback from our investees where appropriate. Ultimately, it is the responsibility of its fund managers to vote on behalf of and in the best interest of the unitholders of the fund.

How we have served the best interests of clients

Effective and appropriate stewardship means recognising clients' interests and taking an active approach to the ownership of investments. Implementing effective stewardship is integral to our investment process, to protect and enhance 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 their 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 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.

We have made good progress in integrating ESG considerations into investment decisions. However, we observe that data coverage from external sources may have gaps. 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. Following work in 2022 with our participation in the UK CX Benchmark, this year we sponsored a bespoke survey of High Net Worth individuals. 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 approached the right ESG issues, which matter to most people. Some also showed interest in becoming more involved in setting priorities and being involved in the voting decisions that matter most to them (see Principle 6 for more detail). This will inform our work in the future.

PRINCIPLE 2

Signatories’ governance, resources and incentives support stewardship.

The governance structure of our group responsible investment committee has evolved, with enhancements approved and implemented in 2023. 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), representatives from Greenbank, Charities and RAM and the stewardship director, as well as other representatives from across the business. Since January 2023 it has been chaired by the RIM co-CIO. The RAM and Greenbank responsible investment committees report regularly to the group responsible investment committee.

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 and engagement committees. The voting committee is focused on proxy voting at investee companies in RIM and RAM 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. The ESG integration committee updates the group responsible investment committee on the coverage and management of ESG factors across our investment universe and the results of periodic screening against specified standards.

Resources

We have a 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. 21 of our 36-strong research team had earned the CFA Certificate in ESG Investing in the reporting period.

This aids our understanding of how to incorporate ESG into our research and investment process as we enhance our current processes and prepare to broaden our coverage. At group level the stewardship director is head of a team entirely focused on our shareholder rights and influence, delivering proxy voting and ESG engagement. Aside from the stewardship director, this team currently includes four other people. During the reporting period we continued to invest to support the further evolution of our responsible investment and integration activities: we appointed a new ESG integration lead and an ESG integration analyst. All specialist ESG and stewardship roles operate in support of and in collaboration with the investment teams, including research, investment committees, investment managers and Greenbank.

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

GROUP RESPONSIBLE BUSINESS

Paul Stockton[1] Group chief executive officer, co-chair of responsible business committee

Ivo Darnley[1] Managing director of RIM, co-chair of responsible business committee

Helen Wilson[1] Responsible business manager

RATHBONES INVESTMENT MANAGEMENT

CIO AND RESEARCH

Elizabeth Savage[1] Co-chief investment officer, chair of group responsible investment committee

Ed Smith[1] Co-chief investment officer

ESG INTEGRATION, POLICY AND DATA

Francesca Cherubini Stoughton[1] Head of investment process implementation

Venessa Parekh ESG policy analyst

Agnes McAfee ESG integration lead

Liberty Godfrey ESG integration analyst

Jamie Mill[1] Research management analyst

Fred Evans[1] Research data analyst

RATHBONES ASSET MANAGEMENT

FUND MANAGERS OF ETHICAL AND SUSTAINABLE FUNDS

David Coombs[1] Head of multi-asset investments

Will McIntosh-Whyte[1] Fund manager

Bryn Jones[1] Head of fixed income, fund manager

Stuart Chilvers[1] Fund manager

Christie Goncalves[1] Fund manager

David Harrison Fund manager

SUSTAINABLE INVESTMENT AND ESG SPECIALISTS

Rahab Paracha Sustainable multi-asset investment specialist

Neil Smith Sustainable investment specialist

Darren Wallace Regulatory ESG implementation analyst

STEWARDSHIP

Tilia Astell Junior ESG and stewardship analyst

Philippa Bliss ESG and stewardship analyst

Matt Crossman Stewardship director

Archie Pearson ESG and stewardship analyst – voting lead

Kazuki Shaw ESG and stewardship analyst

GREENBANK

John David Head of Greenbank

ETHICAL, SUSTAINABLE AND IMPACT RESEARCH

Kate Elliot Head of ethical, sustainable and impact research

Perry Rudd Ethical, sustainable and impact adviser

Sophie Lawrence Stewardship and engagement lead

Emma Williams Senior ethical, sustainable and impact researcher

Kai Johns Senior ethical, sustainable and impact researcher

Charlie Young Ethical, sustainable and impact researcher

GREENBANK INVESTMENT RESEARCH

David Cox Head of Greenbank Investments

Saleem Shivji Senior investment analyst

Kate Murphy Investment analyst

Cameron Rangel Investment analyst

Will Findlay-Wilson Investment analyst

1 Don't spend 100% of their time on responsible investment

Incentives to integrate stewardship into investment decision-making

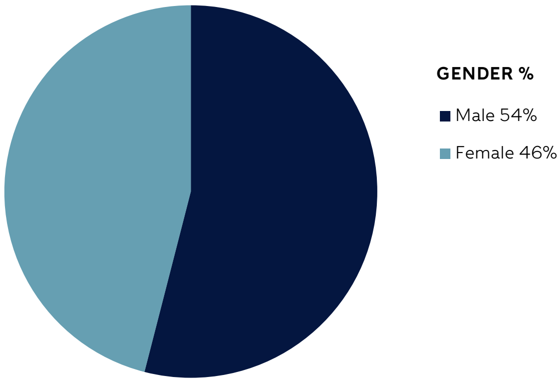
Rathbones creates an open and transparent working environment. We want our colleagues to feel empowered to make decisions that are in the best interests of our clients and other stakeholders and the world around us. All colleagues are required to act responsibly. This value is explicitly incorporated into the performance appraisal process applicable to all colleagues. Driving forward our responsible investment strategy is incorporated into the objectives of several executive and senior-level roles[2]. 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.

[2] Rathbones Group Plc - Annual Report and Accounts 2022_1.pdf

Diversity

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 the research and stewardship teams are made up of individuals across a range of backgrounds, experience, academic disciplines and career history. Group gender breakdown data is provided below.

Summary of Rathbones Group gender breakdown December 2023 (based on 100% data in the system, excludes IW&I)



Rathbones has been collecting demographic data in its HR system. We launched a new HR system in October 2023 and during 2024 will reiterate our request that all employees check and update their data where they have voluntarily provided this to us. We collect data on:

- Service in the armed forces
- Caring responsibilities
- Disability
- Ethnicity
- Gender identity
- Religion or faith
- Sexual orientation
- Socio-economic background

The completion rate of data varies across the demographic questions. We have 63% of ethnicity data and close to this for caring responsibilities, disability, sexual orientation and religion, with the other demographic questions being added more recently. Rathbones maintains the complete confidentiality of this data and no one will be identified by their demographics. When reported, all data will be aggregated and anonymised, with group of less than 10 not being reported on. Rathbones intends to be more transparent about what our demographic profile is – in short, who we are. We recognise the importance of this data to our clients, stakeholders, regulators and prospective talent whom we wish to attract. This data will also inform our diversity, equality and inclusion (DE&I) strategy, going forward, as well as other areas that impact the employee experience: the wellbeing benefits that we provide, the learning and development programmes we create and our ability to respond to employee needs.

Our workforce is approximately 50% female and 50% male. However, we have a higher proportion of men than women in senior roles and more women than men in mid-level and junior roles. We are making progress in reducing our gender pay gap. Its downward trend in recent years (40.1% in 2020, 37.1% in 2021, 36.4% in 2022) reflects the impact of our ongoing efforts to create a more balanced Rathbones.

We continue to take action to grow the talent of the future. For example, we are members of Future Asset, a Scottish organisation encouraging girls in high school to consider the world of investments as a career choice.

We are signatories to the Women in Finance Charter, a commitment to HM Treasury by signatory firms to work together to build a more balanced and fair industry, with gender balance at all levels. As part of this, we committed to women holding 25% of senior management roles by September 2023. As of the end of this reporting period we had exceeded this target, reaching 33%.

Following the combination of Rathbones and IW&I in late 2023, we are working on combining our diversity and inclusion programming. We have combined and elevated our inclusion networks sponsorship by aligning members of our group executive committee to each of the networks. We are developing our ability to be much more data-led in our approach to the DE&I strategy, clear about accountability, targeted in tracking progress and better at understanding the impact DE&I has on our organisation.

Support for stewardship processes

We utilise data and professional services to support our stewardship approach. We employ a third-party proxy voting consultant, ISS, to help us build and execute our bespoke voting policy. 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. It also includes our vote disclosure website. We have recently subscribed to the services of an engagement activity tracking tool, which should enhance the efficiency of our engagement tracking process.

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. 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 group responsible investment committee 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:

- Updated and revised all terms of reference for all committees and sub-committees in the field of responsible investment, including formalising the ESG integration committee as a formal sub-committee of the responsible investment committee
- Established more robust and regular reporting of engagement tracking data, to better drive accountability with stated engagement aims
- Progressed work on assessing 'sustainability alignment'. Through this, we aim to identify investments which may have a direct, positive, sometimes measurable impact on society and/or the environment, alongside providing a financial return
- Reviewed our approach to voting rights across the firm

We submitted responses to various policy consultations in the reporting period, including our views on the work of the International Sustainability Standards Board's (ISSB's) Sustainability Standards, revisions to the code of corporate governance for the UK and the Financial Conduct Authority's (FCA's) anti-greenwashing rule. In all these submissions we are advocating for a level playing field, which enhances the quality of stewardship and engagement work across the financial services industry.

PRINCIPLE 3

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

All employees are covered by our general group conflicts of interest policy (last updated in March 2024).

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

Stewardship conflicts of interest policy – Rathbones Group plc

1. THE STEWARDSHIP PROCESS

1.1 Policies and process

Effective and appropriate stewardship is integral to our investment process, as a means of protecting and enhancing value for our clients. 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. Our Engagement Policy provides greater detail on this process.

In addition, we exercise the right to vote at investee companies' shareholder meetings on behalf of our clients, engaging in “proxy voting”. We have adopted a sustainability-integrated bespoke voting policy which guides our use of proxy voting powers as a means of escalation in relation to ESG topics and climate change.

Every year, we review and update our Engagement Action Plan which sets out our annual strategic priorities and goals. Through materiality analysis, we identify and prioritise ESG issues most relevant to our existing investments. This annual exercise enables us to scan the horizon for upcoming issues and themes, determine relevant areas of focus and establish targets for the upcoming year, covering a broad range of environmental, social and governance -related topics.

1.2 Governance of stewardship activities

The stewardship team coordinates and integrates all voting and engagement activity with investment committees and investment managers. An Engagement Committee manages the multiyear 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. Our Voting committee is focused on proxy voting at investee companies in RIM and RAM and responsible for the development and maintenance of our bespoke Group Voting Policy. A Group Responsible Investment Committee has been established to provide direction to and oversee the output of both Committees.

2. IDENTIFYING CONFLICTS OF INTEREST

We take reasonable steps to identify conflicts of interest with regard to direct engagement on ESG issues with companies and the oversight of voting of shares in those companies.

2.1 Proxy voting

For proxy voting, it is our preference to amalgamate all votes on a particular issue into a unified stance. However, our policy allows for the splitting of votes where appropriate to deliver on the best interests of clients.

a. Members of our Voting Committee have an opportunity to shape our voting stance. This could lead to a potential conflict, should the interests of shareholders diverge from those of committee members. For example, an Investment Manager may hold significant shares in an investment trust which has poor gender diversity at board level, and so their views on the gender diversity stance in our custom policy will carry a conflict to be managed.

2.2 Client conflicts

a. 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.

b. 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.

2.3 Group structure

Rathbones Group is organised into two main operating divisions: Investment Management, the principal trading company of which is Rathbones Investment Management Limited (“RIM”), and Rathbones Asset Management Limited (“RAM”).

a. RIM and RAM may hold securities of the same company on behalf of its clients or within funds respectively. A potential conflict-of-interest could arise if the votes held by RIM on behalf of clients were influenced by RAM in a manner that would benefit the fund performance. Internal pressure may prejudice the voting process, resulting in outcomes that suit Rathbone Funds better than the client.

2.4 Employees

a. Rathbones' employees may serve as non-executive directors on boards of companies or investment companies: A conflict may arise when a Voting 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.

3. MANAGING CONFLICTS OF INTEREST

We have established internal controls to mitigate conflicts of interest in the stewardship process.

3.1 Declarations

Rathbones has adopted the use of a software application that gathers information in relation to staff compliance in accordance with Group policies within individual profiles. All Rathbones staff must use this platform for:

- Personal account dealing pre-clearance requests
- Personal account dealing contract notes
- Gifts and hospitality/entertainment requests
- Conflicts of interest disclosures
- Outside business activity disclosures, especially any roles on listed company boards which are covered by our voting and engagement activities.

In addition, committee members must declare conflicts of interest before contributing to discussions on engagement and voting decisions.

3.2 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 so that interested parties can assess our voting in line with our stated policy and note any divergence.

3.3 Client register of interests

Relating to the declarations of outside business interests referenced above, 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, and are gradually including this information within a data platform. 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)

3.4 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.

3.5 Firewalls/structure

The approach to voting is designed to keep it free from undue external interest.

To address conflicts of interest which may arise between the different businesses within Rathbones, a process has been developed to separate voting decision-making between RIM and RAM. RIM and RAM use different custodians and the voting execution is separated. The Stewardship team will endeavour towards a joined-up Group approach to voting should the holdings be held in both RIM and RAM nominees. However, it is entirely appropriate for the votes for different parts of the business to differ on occasion, as the demands of underlying holders demand.

PRINCIPLE 4

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

How we identify and respond to systemic risks

The identification of systematic risks falls within our central research process. Our asset allocation committee schedules meetings every quarter as a matter of course. It routinely and systematically assesses market-wide and systemic risks. These include developed and emerging market macroeconomic, liquidity, financial stress, portfolio and contagion risks.

To support this process, 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 maintain our own forward-looking measures of the global economic cycle and of recession risk, grounded in statistical evidence, which are designed to provide warning of turning points in the economic cycle. To help identify significant interest rate risks, we monitor forward-looking indicators of components of inflation (food, energy, goods, services) across the largest advanced economies, as well as measures of underlying trends in inflation and proprietary dashboards on the health of labour markets. In terms of climate risk, our long-term asset return projections methodology specifically includes adjustments to valuations based on the impact of environmental factors on returns.

We also 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. Learning from the experience of the invasion of Ukraine, in 2023 we implemented a new systematic framework to help us identify, monitor and respond to major geopolitical shocks (such as a China-Taiwan crisis, direct military conflict between Israel and Iran or a significant escalation of the war in Ukraine) in much greater depth than previously. This framework will be refreshed annually.

Our starting point for identifying the most significant geopolitical risks is the Preventive Priorities Survey (based on the evidence of hundreds of academics, foreign policy experts and policymakers) conducted by the US Council on Foreign Relations. Having identified key risks, we work with external geopolitical experts from the consultancy BCA to help us monitor key ‘red flag’ events that could be precursors to these shocks or would signal that the chance of them being realised had greatly increased. Finally, we have prepared plans to adjust our portfolios should any of the most significant risks be realised, based both on quantitative analysis of historical shocks and the specific features of the individual risks.

How we have worked with other stakeholders to promote continued improvement of the functioning of financial markets

We consider the active integration of ESG issues 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 order to help shape the UK financial industry's responses to these issues, we have contributed our time to two important industry organisations:

- Rathbones has been a member of the UK Investment Association's sustainability committee (NB our lead internally was rotated off this committee in December 2023, having served a full 5-year term. We remain active in the group, but no longer serve in the capacity of committee member)
- Rathbones serves on the ESG advisory committee of the International Regulatory Strategy Group (IRSG), 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 in the UK financial system.

Recent examples include:

- IRSG/TCUK letter in response to the green finance strategy (May 2023)
- IRSG Response to the HM Treasury's consultation on ESG ratings (June 2023)
- Working with the ISSB's global regulatory coherence committee and responding to ISSB request for information on its agenda priorities (August 2023). The ISSB is looking to provide consistency in global sustainability disclosures, which is something all investors need The IRSG has been encouraged to work closely with the ISSB's new technical advisory committee (TAC) and policy implementation committee (PIC), established to assess the ISSB Standards

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.

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

1. CLIMATE CHANGE

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.[3]

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 (IIGCC). We play a significant role in the IIGCC's corporate programme. Within Climate Action 100+ (CA100+), a sister initiative to the IIGCC, we are lead investor in engaging with one of the UK's biggest carbon emitters, SSE. During the reporting period we also served on the CA100+ group for National Grid and transitioned to become a lead investor for CA100+ on Glencore. We commit significant staff time to these initiatives and believe our work is highly valued. This is illustrated 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. We maintained our rating of B in 2023.

[3] Rathbones Group Plc — Annual Report and Accounts 2022_1.pdf, p.79

2. MODERN SLAVERY

Modern Slavery is a pervasive risk to society and supply chains, affecting millions of people. The International Labour Organisation (ILO) estimates that forced labour and human trafficking is worth US$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 firm calling for the inclusion of transparency in supply chains reporting in the Act. For example, 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 a company did not comply. By the end of 2020, 20 out of the 22 target companies were compliant.

After successful 2021 and 2022 campaigns, 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 trillion 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.

In 2024 Votes Against Slavery is undertaking two strands of work:

- It will continue to assess compliance within the FTSE 350, which consists of the 350 most valuable companies on the London Stock Exchange
- Following a test phase conducted by Rathbones in 2023, Votes Against Slavery will also engage with non-compliant businesses on the AIM market of smaller listed companies: 125 across a range of sectors

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. CORPORATE HUMAN RIGHTS

We believe investors should care deeply about the interaction between business and human rights as this directly impacts the long-term sustainability and reputation of the companies they invest in. Companies committed to human rights are more likely to maintain positive relationships with stakeholders, reducing the potential for legal disputes, regulatory challenges and reputational damage.

Human rights is a pervasive issue - most businesses have the capacity and opportunity to have an impact on a wide range of human rights. Finding the right target therefore requires careful thought. In December 2022, Rathbones decided to join the PRI Advance Human Rights engagement. Advance describes itself as "a collaborative stewardship initiative where institutional investors work together to take action on human rights and social issues. Investors use their collective influence with companies and other decision makers to drive positive outcomes for workers, communities and society."

During the reporting period we initially played our part in engaging directly with one of the 39 target companies. We are now 'endorsers' of the engagement. There are some 265 endorsers with US$35 trillion in AUM.

There is a clear link to systemic risk – as per the investor statement linked to the Advance Human rights project:

"Human rights encompass a range of social issues which are both urgent and systemic in nature. These issues, from inequality and discrimination to labour rights violations, undermine not just individual rights but also the societal infrastructure which the global economy relies on for delivering sustainable long-term growth. Prioritising common goals– that is, systemic sustainability issues – in our stewardship activities to advance human rights is not only our responsibility as set out in international standards, but it is also of primary importance to safeguard the common societal assets on which returns rely."

World Benchmarking Alliance

This is a non-profit organisation, working with investors and other stakeholders, which holds 2,000 of the world's most influential companies accountable for helping the world achieve the United Nations Sustainable Development Goals.[4] We joined in 2022. In 2023 we worked with the WBA to identified a target list of 12 companies covered by their Corporate Human Rights Benchmark with which to start engaging, in 2024, on human rights in their operations and supply chains. We are also exploring joining their Collective Impact Coalition on nature and biodiversity.

[4] The UN SDGs encompass 17 goals. For further information, please visit http://www.un.org/sustainabledevelopment/sustainable-development-goals

4. NATURE AND BIODIVERSITY

We set biodiversity as a key engagement theme for the first time in 2022 and continued with this theme in 2023. 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 that 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 could 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.

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 identified these priority companies through our own model, which combines ESG data from different external providers with our own scoring system. The stewardship team selected 28 top-priority companies - those with the most impact on land ecosystems — and 24 secondary-priority businesses. We engaged with all 52 companies to encourage them to identify, mitigate and reverse negative impacts on nature and biodiversity - and therefore on ecosystem services. We also discussed 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, including in the area of policymaking. We provide two examples where we have aligned with others' work to support engagement on market-wide, systemic ESG risks.

— How auditors treat climate issues in the financial results of companies is important to investors. We need to know that the reported figures are accurate and that the effects on the financial models applied are reliable. That is why since December 2021 we have been involved in a collaborative engagement led by the investment manager 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 the UK we were among a number of investors writing to the secretary of state for energy security and net zero to express our support for an amendment of the Energy Bill, which sought to include a specific net zero and carbon budget objective as part of Ofgem's mandate. We believe that amending Ofgem's mandate in this way is necessary to fulfil the government's ambitions for net zero.

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, and an assessment of progress against last year's goals is public in our engagement action plan. This assessment looks at various factors, including 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 9, 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, since the advancement of human rights is a massive undertaking involving every aspect of society – and one that is hard to measure.

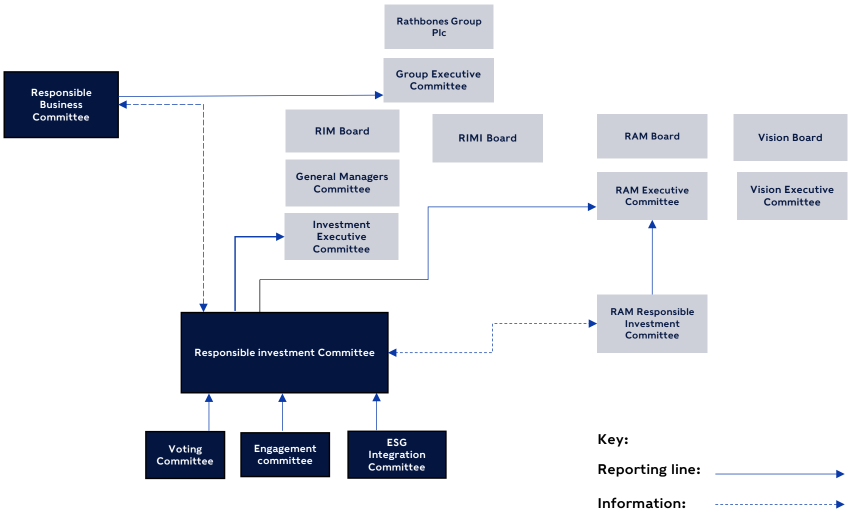
PRINCIPLE 5

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

Policy review

Our stewardship process and its outcomes are overseen by the responsible investment committee. This reports formally into the RIM investment executive and the RAM executive committee.

REPSONSIBLE INVESTMENT – GOVERNANCE



A rolling agenda item is to review and assess our suite of responsible investment and stewardship policies. In the reporting year we issued one new policy, [Our approach to investment in fossil fuels, including thermal coal], and revised and re-issued our responsible investment policy and engagement policy.

Assurance

Operating a multi-layered reporting structure provides assurance through high levels of accountability and senior management review of our activities. Whilst we do not pursue formal external assurance of our stewardship arrangements, in previous reports we have disclosed the detailed, consultant-driven projects undertaken to arrive at our current level of governance of responsible investment and stewardship.

We report to the PRI and FRC on the detail behind our stewardship activities and have transparency as one of our responsible investment principles. Understanding our approach relative to peers in wealth management through seeking external benchmarking helps us identify areas for future work.

We do not pursue group-level external assurance of our stewardship approach as we consider our business model too complex for an assurer to be able to capture adequately. The large proportion of our assets in discretionary portfolios and the operation of our non-prescriptive process tend not to be understood.

Assessing the effectiveness of our activities

If stewardship is to be understood as the use of rights and influence towards better outcomes for clients and society – in line with the FRC's definition – then the work of our voting and engagement committees is important in delivering an assessment and ongoing critique of the effectiveness of our stewardship activities.

Both committees are constituted by investment professionals and specialist ESG and stewardship employees from across the group.

The engagement committee meets monthly to discuss engagement activities across the group, consider new opportunities and provide updates on current activity. A detailed management information pack is sent round to the engagement and responsible investment committees, covering both our voting activity and our performance in making progress on our stated thematic ESG engagement projects for the year. This provides accountability and assurance by rating project status and reporting progress towards agreed milestones and targets. Furthermore, the stewardship team now holds its own quarterly engagement review meetings, at which each project is assessed for progress against its agreed milestones.

The voting committee meets three times a year and assures the effectiveness of our proxy voting activity. Firstly, it sets out our bespoke voting policy, based on feedback from companies, analysts, clients and investment managers. Secondly, it reviews voting activity, and makes recommendations regarding the voting process at both RIM and RAM. The voting and engagement committees both have their activities assessed by the responsible investment committee. In this way we operate multi-layered accountability to provide an adequate framework within which the effectiveness of our stewardship activities is assessed.

We provide high-level summary responsible investment reports that cover the most important issues and interventions, supplemented by more bespoke reporting embedded in our client meeting packs and portfolio reviews. Our production of responsible investment material is overseen by the work of our responsible investment comms and advisory group. As of 2023, each publication is subject to a thorough 'Green Claims Code' review to try and ensure that stewardship and responsible investment brochures and materials are 'fair, balanced and reasonable', in the words of the Code, or 'clear, fair and not misleading' in the words of the FCA handbook. The author must submit and substantiate every claim made about the sustainability feature mentioned in the document.

Within our Rathbones Asset Management 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.

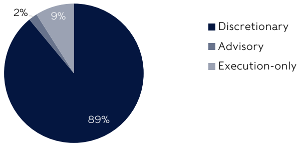
PRINCIPLE 6

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

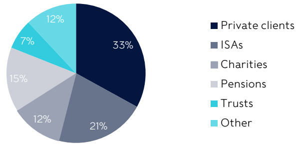
INVESTEMENT MANAGEMENT CLIENT BASE

Analysis of funds under management[1]

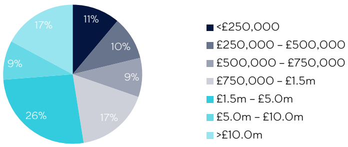
Service level by FUM



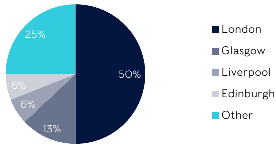
Fund type by FUM



Size of client relationship by FUM



FUM by location



[1] As a percentage of total funds under management at 31 December 2023

Rathbones provides individual investment and wealth management services for private clients, charities, trustees and professional partners. Although the September 2023 regulatory approval of our combination with IW&I saw our assets rise to over £100 billion, we are only able to report figures below for the legacy Rathbones group.

As at 31 December 2023, funds under management and administration at Rathbones ex IW&I were £60.2bn.

Rathbones Investment Management

Rathbones Investment Management (RIM) 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.

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 chart shows, some 89% of assets are discretionary. The remaining 11% are either execution-only or advisory.

Rathbones Asset Management

Rathbones Asset Management (RAM) 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 Rathbones Asset Management fund, whenever it is possible for us to vote.

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. For existing private clients, information is updated via periodic reviews. More institutional mandates such as pension funds and charities often have investment policy statements (IPSs) 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 responsible investment). A combination of conversations, formal IPSs 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 responsible investment, 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 and investment risk process. The quality control and investment risk process 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 these teams suspect a portfolio is outside of its mandate, investment managers are required to explain why and, as appropriate, 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, investment managers 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 investment managers 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.

Since 2021, all investment managers 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 Greenbank 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.

For the majority of our client base, all investment needs are covered in our standard service arrangements. This was confirmed in a major firm-wide project in 2022, where the majority of clients had the benefit of an ESG-themed conversation.

However, we appreciate that there is a need for ongoing sampling of views of our client and potential client base, so that we can ensure our stewardship programme covers the issues and activities which most people agree with. We commissioned a survey of a representative sample of our target client base, and the results are being used to steer our stewardship approach. This survey showed that our thematic engagement work was well-aligned with our client base, with strong correlation between our detailed work on net zero and modern slavery and client interest in climate change and human rights. We also asked this sample group how much involvement they would need in the stewardship process. The results were interesting: most respondents signalled their contentment with the Rathbones process but many indicated the desire to have direct input on occasion. Whilst we have ways to act on direct voting instructions, for example, we are exploring ways in which we can make this process easier.

How we seek our clients' views: RAM

RAM 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 clearly express the views of our large number of fund holders.

How the firm engaged with clients in the reporting period

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

- Personal contact with our investment teams, which is a feature of our service. We don't employ relationships managers. Regular meetings are held between clients on the one side and their investment managers and financial planners on the other
- 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 agreed that Rathbones' actions support our purpose statement of thinking, acting and investing responsibly. The headline figures suggested that the vast majority of clients were 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, good investment performance remains core to all client expectations.

When asked to rank which of our four responsible business principles we should prioritise, ESG integration came out top.

Communication with clients

As stated above, given the bespoke nature of our core service, our group-level responsible investment and 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 RAM 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 Greenbank

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 to all clients regarding a portfolio's ESG characteristics. 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.

We recognise that the environment, society, and financial stability are intertwined and may have an impact on our client's long-term wealth. For this reason, the consideration and integration of such factors, known as ESG integration, is a core principle of our responsible investment policy. We have enhanced our investment process by adding an additional ESG lens to our financial analysis.

While ESG integration across Rathbones group is based on common foundations and is overseen by the responsible investment committee, the practical integration of ESG factors within investment decision-making is tailored to fit the relevant investment service or mandate.

ESG integration: RIM

We have developed our own models to analyse third party data alongside insights from our specialist financial, ESG integration and stewardship analysts. This enables us to compare investments across sectors and to determine the degree of a company's effect on the environment and society. Our models and process are designed to consider the following:

- International frameworks, and relevant UK and EU legislation
- Market-led initiatives and Rathbones responsible business commitments
- Materiality, sectoral and thematic issues
- Quantitative ESG data from third-party providers
- Qualitative insights from our stewardship, ESG integration and financial analysts

In 2023, we refined our investment process to include analysis of sustainability alignment - broadly, how a company's intentions translate into real outcomes - in our investment research.

Insights from our ESG models are made available to our research analysts to support their analysis of a company for investment purposes. Investment research recommendations include ESG drivers as part of the summary and investment case, providing research analysts with the opportunity to summarise their findings by explaining how material ESG issues may impact the investment thesis. This is made available to investment committees and investment managers.

Our core approach to ESG integration applies across equities, fixed income and collectives. In addition, for collectives, ESG questions are integrated throughout the due diligence questionnaire. In conjunction with a review of the response, collectives analysts verify answers with the fund's prospectus where possible. This part of our due diligence process encompasses the following considerations:

- An assessment of the valuation policy
- Governance
- Execution
- Safeguarding of client assets
- External service providers
- Conflicts of interest
- Business continuity
- Liquidity analysis

Our recommended holdings are regularly reviewed.

Governance
In 2023, the RIM ESG integration committee was formalised. This monthly committee oversees methodologies and frameworks to facilitate ESG integration. Membership of the ESG integration committee comprises representatives from the ESG integration and stewardship teams, Greenbank and our asset class research teams. It also draws from the expertise of other specialists. The ESG integration committee provides quarterly updates to the group responsible investment committee on the coverage and management of ESG factors across our investment universe as well as the results of periodic screening against specified standards.

Greenbank
Greenbank's investment philosophy is driven by a dual mandate to deliver both sustainability and good financial outcomes for its clients. A framework of eight sustainable development themes, closely aligned to the UN-backed Sustainable Development Goals, forms the basis for Greenbank's sustainable investment approach.[5] Minimum thresholds of sustainability performance must be met before adding any investment to Greenbank's investment universe. It has developed alignment frameworks for each of its sustainable development themes, which guide researcher decision-making.

[5] The UN SDGs encompass 17 goals. For further information, please visit http://www.un.org/sustainabledevelopment/sustainable-development-goals

ESG integration: RAM

Rathbones Asset Management has made significant progress in ESG integration. We use data from external providers and track each strategy's trajectory with regards to SBTi commitments and variance vis-à-vis group-level targets. Consideration of ESG factors is implicitly incorporated into our bespoke research process, which is specific to each strategy, and across all relevant asset classes, drawing on a close collaboration with Greenbank. We have added to our suite of sustainability-focused strategies with the launch of the Rathbone Greenbank Global Sustainable Bond Fund. We have also enhanced our responsible investment committee structure to ensure input from all fund manager teams, as well as from the compliance and risk teams.

Group approach to investing in thermal coal

Rathbones Group has committed to net zero carbon emissions by 2050. In 2022, the SBTi validated our near-term targets. These include a reduction of Scope 1 and 2 emissions by 42% by 2030. They also include a target for 35% of our in-scope assets to have committed to, or have set their own, SBTi-aligned target by 2025.

As part of this commitment, Rathbones is expected to limit its exposure to thermal coal, aiming for a phase-out by 2030. To achieve this, we have established thresholds against which we assess companies' exposures to thermal coal and analyse their commitments to reducing this. We regularly monitor our investments' exposure to thermal coal as part of our ESG integration process and may exclude investments based on set revenue-based thresholds.

Proposed actions are first discussed with our ESG integration committee and, upon receiving its agreement, a recommendation is submitted to the responsible investment committee.

Outcomes: how information gathered has affected acquisition, monitoring and exit decisions

We list below examples of how our approach to ESG and stewardship integration has been implemented within our non-prescriptive process. The central research process supports our investment professionals in implementing investment decisions in the context of specific client mandates and objectives. Because of this bespoke approach, it does not produce top-down centralised guidance outside the operation of our group exclusions policy.

Managing climate risk: understanding companies' long-term exposure to thermal coal

While screening our holdings against internal thermal coal thresholds, our data and ESG integration analysts discovered that a Hong Kong conglomerate might be in breach of our threshold. Our equities analyst reviewed the data and publicly available company information but concluded that he was unable to validate this conclusion. In discussion with our ESG integration and responsible investment committees, it was agreed that further investigation was necessary.

Members of our equity research and stewardship teams arranged a phone call with the company. Upon questioning, it was determined that the company had a 'just transition' plan and minimal exposure to thermal coal, which would not breach our thresholds. The company's group structure had made it difficult to ascertain the degree of exposure to thermal coal. The company agreed to publish more detailed disclosures in due course.

In this context, it was decided not to embargo future purchases of the company's stock. Whilst we are committed to ending financial support for thermal coal, we recognise that companies on a journey to net zero emissions should be supported.

ESG opportunities: green technology leads to revenue growth

Through our ESG integration activities, we hope to identify investment opportunities in businesses transforming to support, or in response to, climate change mitigation.

Our equities analyst has followed the gradual transformation of a multinational technology conglomerate over the past decade, from a concentration on heavy industrial machinery such as gas turbines and oil and gas processing equipment to a focus on the electrification and digitalisation of industrial processes and infrastructure.

The wide range of products and services offered by the company to enable customers to drive energy efficiency and lower carbon emissions suggests an alignment with global climate goals. The analyst observed that the company's revenue growth and profitability over the last few years indicate the focus on greener technologies has been highly beneficial to it. The stock has been recommended to investment managers.

Asset allocation: accounting for industry-level climate risk

We account for alignment with net zero goals in our long-term capital market assumptions. We use MSCI's Implied Temperature Rise (ITR) scores to inform our 10-year equity return forecasts for each sector in each major region. The scores, measured in degrees Celsius, are designed to show companies' alignment with global temperature goals, based on current emissions and a forward-looking analysis of their emissions reduction plans. Our approach is motivated by the idea that, over our forecast horizon, the most polluting companies and sectors are at greater risk of policy-induced changes to their business models than the least polluting ones.

This approach leads us to penalise returns from the energy and basic materials sectors. Conversely, sectors such as health care and technology generally benefit. This quantitative approach provides a starting point, which we supplement with systematic qualitative judgments.

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 rigour that we do for all commercial contracts. Our main service providers are:

- MSCI
- Sustainalytics
- SASB
- Bloomberg
- ISS
- Verity RMS

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

In 2023 we assessed the performance of our third-party engagement tracking provider against other options in the market. We considered that the product was not the best available. We investigated a new system that would better prepare our team for growth, bringing a great deal more efficiency into the tracking of engagement activity and its effectiveness, and enhancing our ability to provide bespoke reports to clients. We therefore switched provider.

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 is to monitor the provision of advice against our in-house proxy voting policy. A team member is tracks ISS' voting recommendations against our policy every week, submitting regular feedback where our policy is not followed. We review the timely provision of bespoke advice on a monthly basis. In 2023/24 we found fewer than five 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 regular meeting of the voting committee. As a discipline, 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.

Early in the 2023 proxy season, we reached out to our main proxy voting service provider on the provision of voting advice. Our bespoke policy clearly states our position to refer our voting decision for further discussion on the approval of the financial statements where an AIM-listed company has failed to provide shareholders with a Say on Pay vote. We noted that our provider had failed to flag this for referral, instead recommending that we support management on all items. Our monitoring process flagged this issue well in advance of the AGM, and the advice was changed.

Monitoring collective investments

We list several features of our fund research team's work, which seek to ensure that clients' long-term best interests are being prioritised:

- **We use quantitative tools rather than models.** These tools are very helpful but are only one of many inputs into our decision-making process. We use proprietary screens to identify, monitor, and enhance our understanding of a fund's risk and return profile, and any style characteristics of the underlying securities held in the portfolio. The objective is to identify funds that have consistently outperformed or met their objectives with the most efficient use of their risk budget
- **We do not performance chase.** But we do prioritise identifying funds with a long track record of consistently delivering strong risk-adjusted returns. We will source detailed performance attribution across the funds' history to understand how/why funds have under/outperformed, lessons learnt, and how the past has helped inform the investment process going forward
- **We complement quantitative analysis with our qualitative assessment.** This entails a deep-dive approach to understanding whether we feel the investment process, and the infrastructure surrounding it, is robust enough to support the investment proposal
- **We ask each fund to complete our detailed proprietary request for proposal (RFP).** In conjunction with a review of the response, we verify answers with the fund's prospectus where possible. This part of our due diligence process encompasses an assessment of the valuation policy, governance; execution, safeguarding of client assets, external service providers, conflicts of interest, business continuity and liquidity analysis
- **Regular meetings are conducted with the investment managers of all funds and products on the list of recommended investments.** A review meeting will include analysis of the underlying portfolio characteristics to ascertain our expectations for performance in different scenarios over the shorter term. This will also encompass the manager's macro views and portfolio activity
- It is important that we monitor excessive positive performance as well as negative performance versus the benchmark and our expectations, as it can indicate a change in risk-taking

Moving onto the issue of ownership activities and the use of our influence and shareholder rights, the starting point for engaging with our collectives managers is listed investment trusts. 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.

Since 2022, we have expanded our governance and oversight of the stewardship approach taken by the managers of our most widely held collectives investments and open-ended funds in particular. For example, in January 2024 we identified 20 of our largest collectives vehicles and providers of open-ended investment companies. We wrote to their managers to encourage high standards of investor stewardship and internal corporate governance. We also have a watching brief to address any new governance issues that may arise across our holdings universe and to address these as appropriate via the investment process resilience committee. This may include an engagement escalation where appropriate.

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 (renewed and refreshed in 2023):

Our 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". As previously mentioned, we conduct all engagement directly or through recognised coalitions. We do not contract out any engagement services beyond those of our voting research provider in the normal course of their research process. This approach is based on our corporate culture and purpose, as explained below.

Our core principle on engagement states:

We prioritise engagement where we can help make a difference in addressing systemic ESG challenges.

We are prepared to escalate our engagement activity or reduce our holdings in companies that continue to present an ongoing ESG risk.

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 through the potential for better disclosure of ESG risks. We also note academic evidence[6] 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 that may affect those assets.

As a manager with over £100 billion in more than 100,000 portfolios we have to make choices about the application of our engagement activities, given that we do not have infinite resources. More detail is available in our engagement policy, but in summary we are more likely to engage after considering the following principles:

1. **Exposure:** we are more likely to engage directly where we hold a material stake in the company

[6] shareholder-engagement-and-its-effects-on-target-comp.pdf (hermes-investment.com)

2. **Severity:** we are more likely to engage on issues that present an immediate or severe threat to the best interests of our clients, are material to our holdings or present ESG issues of a pressing and severe nature
3. **Location:** we are more likely to engage directly with those companies where we have a deeper understanding of the local legal framework
4. **Expertise:** we are more likely to engage where we have deeper experience of the issue at hand.

Given our large exposure to listed equity, most of our engagement efforts focus on this asset class, though fixed income and open-ended funds are also covered by our engagement work.

Escalation

We are shareholders and not campaigners, so it makes sense to prioritise engagement efforts through our rights as shareholders and the opportunity this gives us to have a dialogue with companies. 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 to the board. For more on our approach to escalation, please see Principle 11.

Rathbones has experience in co-filing shareholder resolutions in the European market – work pioneered by Greenbank. This started in 2006 with one of the first ESG shareholder resolutions, with Shell. We also participated in 2016 filings with Shell and BP. In January 2024 we were listed as official co-filers of resolutions at Shell and Barclays.

We provide more detail on escalation under Principle 12.

How we track engagement

After formally tracking engagement for many years, in 2024 we moved our engagement tracking database onto a web-based data storage platform. This platform has enabled us to streamline further our tracking workflows, allowing us to incorporate custom milestones when we create an engagement, and input flags recording progress against these milestones. We are also now better able to record engagement success and failures. Subscription to the platform has also enabled members of the stewardship team more effectively to monitor progress related to each engagement they are responsible for leading.

We set clear goals where we consider them to be helpful and meaningful in making progress on a stewardship priority. 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. In this we specify objectives for each thematic engagement. In the following year's report we make public an assessment of our progress against last year's goals.

Engagement activity in 2023/24

We carried out 739 engagements with 621 companies. We had responses in 77% of these engagements.

451 of these engagements were concerning AGM voting or other ESG concerns that required reactive engagement

288 engagements were thematic, relating to our commitments set out in our Engagement Action Plan. These thematic engagements covered topics such as compliance with the QCA code, ESG integration at collective holdings, net zero, human rights and modern slavery.

Engagement stressing the importance of compliance with the QCA corporate governance code for those that follow its principles - 42/44 companies have responded

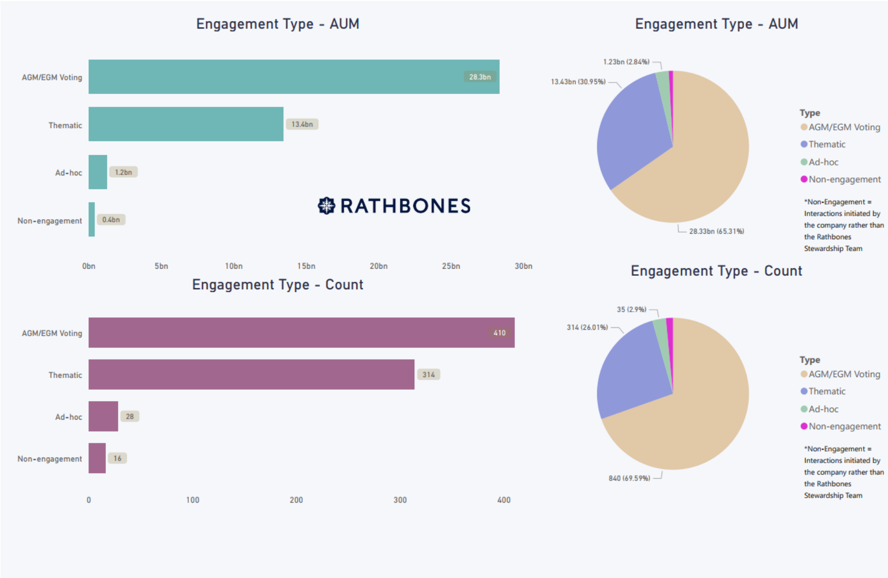
ESG integration at fund houses - 21/26 have responded

Net zero - 15/48 companies have responded

Engagement on the assessment carried out by the Corporate Human Rights Benchmark (CHRB) - 5/12 companies have responded

Votes Against Slavery - 19/32 companies have responded

VOTES AGAINST SLAVERY ENGAGEMENT TARGETED AT AIM LISTED COMPANIES – 100/126 COMPANIES HAVE RESPONDED



Engagement in practice 2023/2024 — outcomes

We publish the full list of engagements on our **website**. We also provide summaries below of our flagship ESG-themed engagements in the reporting period.

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 our underlying holdings set climate targets validated by the SBTi by 2030. Failing that, we want them to have committed to this. Our net zero engagement strategy and voting policy reflect the need for escalation with companies not yet aiming for their own net zero future.

In 2023/24 we wrote to 40 companies outlining our expectations around the management of climate risk and the features of a sound climate transition plan. We had an 85% response rate to our letters and were successful in meeting directly with 19 of the target companies.

By year-end 2023 the percentage of portfolio companies (by FUMA) that had set an SBTi-aligned net zero target or committed to doing so had risen to 30% from 17% in 2021, according to our calculations. A further 16.6% had set other targets.

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 2024 we re-ran our list, selecting the 40 companies that were the biggest sources of our financed emissions - over 90% of our them.

By March 2024, 15 companies had responded to our engagement and we had held 4 meetings.

Outcome: Barclays

The International Energy Agency has said that there is no need for the approval of any new oil and gas projects if the world is to reach net zero by 2050. However, many energy companies are continuing to develop new fields. To do this, they need bank funding because of the huge up-front costs.

The UK bank Barclays has, over a number of years, taken steps to reduce its fossil fuel financing. For example, it has set 2025 and 2030 targets for lending to this sector and strengthened elements of its energy policy.

However, research by responsible investment NGO ShareAction found that even this revised policy would leave the bank well out of kilter with the Paris Agreement's target to limit global warming to only 1.5°C. The bank did not exclude financing for new oil and gas production projects. Moreover, it did not require clients in sectors with high emissions to have climate transition plans, which outline how companies will cut emissions.

In the autumn of 2023 we began discussing, with ShareAction and other investors, filing a shareholder resolution for 2024 calling on the bank to stop funding new projects that would increase oil and gas production.

In late November, Rathbones joined with a group of 18 other investors in co-filing a resolution intended for the 2024 AGM. The company signalised its willingness to negotiate with the co-filers, and representatives of the co-filing group entered into discussions with senior management at the company. Having shared its terms with the co-filing group beforehand, in February 2024 Barclays published a new energy policy. This committed the company to stop financing new oil and gas projects and related infrastructure. At the level of entire companies rather than particular projects, it said it would not provide financing to new energy company clients if more than 10% of their total planned oil and gas capital expenditure was used to expand production. The co-filers agreed to withdraw their resolution because of these significant concessions from the company.

In common with our fellow co-filers, we share a number of concerns over the fine print in Barclays' new policy, with ShareAction concluding that "the bank retains significant discretion over its continued support of oil & gas expansion activities that are incompatible with 1.5C scenarios". We have told Barclays that we'll closely monitor the way it implements the new policy. We have made it clear that we are prepared, along with the rest of the investor group, to escalate our engagement if the bank does not close some of these loopholes.

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 are financially material. 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.

In 2023 we commenced targeted engagement with priority companies. We identified these through our own model, combining ESG vendor data with our own scoring system, to identify those with the most impact on nature and biodiversity; this created a list of 52 priority companies. We engaged with the companies to understand their approach to nature-related issues, encouraging them to identify, mitigate and reverse negative impacts on nature and biodiversity.

42 companies responded to our engagement letter and we also held 12 direct meetings.

In November 2023, we joined Nature Action 100, a global investor engagement initiative which we believe establishes a common high-level agenda for corporate ambition and action. We have joined the lead engagement groups for four companies as part of this initiative.

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 are less harmful. We are also requesting greater transparency, including disclosure of all hazardous chemicals produced.

We renewed our commitment to the IIHC for the second year running in 2023.

SOCIAL:

Modern slavery

Modern slavery is a pervasive risk to society and supply chains, affecting millions of people globally, as discussed under Principle 4. In this section we describe the outcomes of our 2023 modern slavery engagement programme.

Rathbones launched the fourth version of Votes against Slavery in 2023, convening a collaboration of 132 investors with £8.2 trillion in assets under management to challenge 29 FTSE 350 companies that had failed to meet the reporting requirements of s54. By year-end, all 29 companies that were non-compliant at the beginning of the year had responded. By the end of the year 27 had become compliant or explained that no statement was required. We did not meet our target of holding an engagement meeting with all targeted FTSE 350 companies. However, we made significant progress compared with previous years, meeting management at 19 companies. Members of the coalition also reported to us cases where they decided to vote against management because of company non-compliance with the Act's s54 reporting requirements.

In 2023, Rathbones also pledged to engage directly with AIM companies required to comply with the Modern Slavery Act because they met the revenue threshold (£36 million in annual turnover). By the year-end, 54 out of 59 had responded. Forty-two had become compliant and six had committed to make changes.

During the months of 2024 included in this reporting period, we assessed the FTSE 350 once again. We agreed a target list of 23 FTSE companies, spanning 21 operating companies and 2 investment companies. Furthermore, following Rathbones' 2023 engagement with AIM companies, Votes Against Slavery will also engage with non-compliant businesses on AIM: 126 across a range of sectors. At the time of writing, the coalition was made up of 154 investors with £3.1 trillion in FUMA.

The success of the engagement has highlighted many areas of good practice, and provided increased confidence in these investments from a stewardship perspective.

Outcome: Airtel Africa
We wrote to the company to notify them that the company's modern slavery statement was outdated and not on the homepage of the website. Following several months of engagement, we wrote to the company again, threatening to vote against the approval of the financial statements at the AGM. This led the company secretary to respond, committing to update the statement and ensure that it would be uploaded to the homepage of the website. Full compliance took longer than originally planned. However, by October, the company had a fully compliant modern slavery statement on the homepage of the website, and offered us a meeting to discuss its content. Our engagement with the company also led to it progressing from Tier 5 to Tier 4 on CCLA's FTSE 100 Modern Slavery Benchmark: https://www.ccla.co.uk/documents/ccla-modern-slavery-uk-benchmark-2023/download?inline=true

GOVERNANCE:

Remuneration
Executive pay came back into the spotlight in 2023, especially in the UK, as and a 'cost of living crisis' became front and centre of the public imagination, propelled there by the harsh realities of inflation and higher interest rates. Remuneration is a crucial issue for us to engage on. If executives' incentives are not aligned with the best interests of shareholders, this could jeopardise the prospect of sustainable long-term earnings growth. If a company's executive pay is regarded as unfair by wider society, this could put at risk a company's reputation.

In the 2023 proxy voting season, we engaged with companies on remuneration 144 times, amounting to 10.9% of all our engagement activity. This makes engagement on pay our single biggest area of engagement in that year.

Outcome: Unilever
Along with the majority of shareholders - 58% - we voted against executive pay at Unilever, the British consumer goods company. It is rare for a FTSE 100 company to see opposition above 50% on this issue. In particular, we disliked the fact that the incoming CEO, Hein Schumacher, would receive a base salary significantly higher both than his predecessor's and his current salary at the company he is joining from, Royal Friesland Campina. We did not think this was justified: this will be their first top role at a truly large firm, they have little background in various sectors crucial for Unilever and ordinary people are in the throes of a cost-of-living crisis. We thought it would be better to phase in the pay increase. Though the vote was not legally binding, Unilever announced in October 2023 that it would freeze the CEO's pay for two years[7].

[7] Unilever to freeze chief executive's pay after shareholder backlash (telegraph.co.uk)

The specific securities identified and described are for informational purposes only and do not represent recommendations. Holdings subject to change.

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 always 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 once again used the platform to gain new signatories to our ‘Votes Against Slavery’ initiative and support for our policy work on modern slavery.

PRI Advance
The PRI has begun to establish its own, targeted global investor collaborations on key issues, supported by its staff team. One such effort is PRI ‘Advance’, launched in December 2022. Its objective is to advance human rights and positive outcomes for people through investor stewardship.

At a high level, investors set three key expectations for companies engaged through the initiative:

- Full implementation of the United Nations Guiding Principles on Business and Human Rights - the guardrail of corporate conduct on human rights
- Alignment of their political engagement with their responsibility to respect human rights
- Deepening of progress on the most severe human rights issues in their operations and across their value chains

Engagement is underway with 35+ companies in the metals & mining and renewables sectors. Rathbones worked directly with one company in the year but has since stepped back from lead work to supporting the collaboration more generally.

Institutional Investors Group on Climate Change/Climate Action 100+

We have been full members of the Institutional Investors Group on Climate Change (IIGCC) since 2019. Rathbones leads engagement with a UK utility company, SSE, and as of June 2023, the mining company Glencore. 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 colleague time to IIGCC projects.

Progress in CA100+ engagements is measured against issuers' achievements relative to a common benchmark. In 2023, 77% of participating companies committed to net zero by 2050 or sooner across at least their direct emissions; 93% reported board committee oversight of climate change, and over 90% of focus companies explicitly committed to aligning their disclosures with the TCFD recommendations.

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. 11 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.

Nature Action 100

We joined Nature Action 100 in November 2023. Nature Action 100 is a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss. We are nominated co-leads on four priority companies.

Global Commission on Mining 2030

In May 2023, we joined The Global Investor Commission, a collaborative ,investor-led initiative. It recognises the mining industry's important role in the transition to a low-carbon economy, and considers key systemic issues faced by the mining sector that currently challenge or could challenge existing good practice and the sector's social licence to operate.

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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". 12 Rathbones was one of 532 global investors, with $39 trillion in AUM, to sign the statement. The full list of policy recommendations can be found in the statement.

UK energy policy

Rathbones signed a letter drafted by Sarasin & Partners to Grant Shapps, commending the government for its decision to include a specific net zero and carbon budget objective as part of Ofgem's mandate via the Energy Bill. The letter called on Ofem to incentivise investment in a net zero future to deliver on its mandate and address the interlocking challenges of the climate emergency, cost of living and energy security.

Human rights/supply chains policy engagement

We have a strong track record of engagement with policymakers on human rights in supply chains, especially in targeting modern slavery (see last year's statement for more detail).

In August 2023 this year, we co-signed a letter to the Rt Hon Thérèse Coffey MP, secretary of state for environment, food and rural affairs, providing feedback in response to the publication of the 'Independent Review into Labour Shortages in the Food Supply Chain.' CCLA is the engagement co-ordinator.

The letter makes several suggested recommendations:

1. Encourage the government to go further in applying the 'employer pays principle' – workers should not be paying recruitment fees or incurring significant travel expenses to come to work in the UK.
2. Encourage the government to align the new UK migrant worker scheme with best practice around the world, e.g. the US temporary agricultural program.
3. Government should consolidate the number of source countries for the migrant worker scheme and develop bilateral agreements with countries outside the scheme.

4. Support the recommendation for a robust enforcement system to monitor for the possible exploitation of seasonal workers.
5. Support the recommendation for a workforce data strategy, which would produce clearer data for investors on subcontracted and supply chain workforces.

GOVERNANCE:

FRC Corporate Governance Code Update

In September 2023 we were one of many parties encouraged to submit responses to a consultation on proposed changes to the UK Corporate Governance Code. The FRC launched a public consultation where it proposed limited revisions to the Code to enhance its effectiveness in promoting good corporate governance. The consultation covered the following areas which we wrote to affirm our support for, having worked through our industry associations to agree on core requests:

– The annual report should describe how environmental and social matters are taken into account in the delivery of strategy, including its climate ambitions and transition planning (provision 1)

– The role of the audit committee has been expanded to monitor the integrity of narrative reporting, including sustainability matters, and to review any significant reporting judgements (provision 26)

– Where commissioned by the board the annual report must describe the work of the audit committee with regard to the assurance of environmental, social and governance metrics and other sustainability matters (provision 27)

– The board's monitoring of the risk management and internal control systems should cover all material controls including operational, reporting and compliance controls and the board must make a declaration in the annual report as to whether it can reasonably conclude that the systems have been effective throughout the year (provision 30)

– Remuneration outcomes should be clearly aligned to the successful delivery of the company's long-term strategy including environmental, social and governance objectives (principle P) and the annual report should include an explanation of how the strategic rationale for executive directors' remuneration policies, structures and any performance metrics supports company strategy and environmental, social and governance objectives (provision 43)

In releasing the new Code in January 2024, only a small number of changes were made. For example Provision 29 now asks boards to make a declaration in relation to the effectiveness of their material internal controls. A new Principle has been included to encourage companies to report on outcomes and activities. A number of provisions have been removed related to Audit Committees as these provisions are now within the Audit Committees and the External Audit: Minimum Standard. However, we were disappointed that more references to ESG matters as described above were not included in the resulting revised code.

IFRS standards update

We submitted a response to the IFRS Foundation, which had requested feedback on its priorities for its next two-year work plan.

PRINCIPLE 11

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

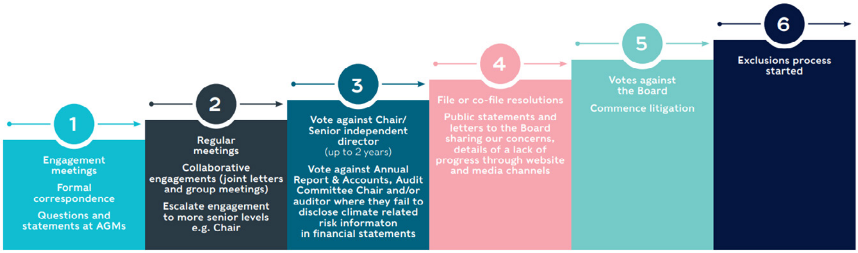
Under our engagement policy we are committed to engagement with consequences – an explicit endorsement of the necessity for escalation. Our stewardship team, together with our engagement and responsible investment committees, determines the process and tools to communicate openly with investee companies, understand the issues and raise concerns. We consider our engagement activities as successful when we see positive change. This policy mainly applies to our approach to engaging with listed equities and collectives, since these account for the majority of our AUM.

However, we recognise that ESG issues are complex and may progress over a longer time horizon. We retain flexibility in our response to engagements that are not progressing in line with expectations, recognising that no one-size-fits-all escalation template is suitable for all issuers, sectors, or asset classes. When escalating our engagement with companies and issuers, we act with sensitivity, steadiness, and an eye towards our goal of achieving better outcomes, as long-term investors, for our clients, society, and the planet.

Where systemic risks are material and the risks to our investee companies are well-defined, such as with climate change, a consistent approach to engagement and escalation is required. In these areas, we push investee companies to make commitments within specific time frames and escalate our engagement in a manner that provides accountability to those commitments. To drive our escalation on these issues, we are developing more detailed internal frameworks specific to these priority issues, which will establish parameters and targets.

We are guided by our responsible investment principles to pursue 'engagement with consequences'. If we determine that our engagement on a particular issue or company is yielding an inadequate response or insufficient progress, we may employ a combination of the methods described in our engagement policy to escalate our concerns. Escalation may take the form of joining collaborative initiatives to apply greater pressure on companies, filing shareholder resolutions that, even if not passed, can provide a strong signal to company management if sufficient support is garnered from other shareholders, and voting against management on the matter. If, following sustained engagement and the setting of measurable targets for the company, we fail to achieve adequate progress, we will deploy our resources elsewhere. In such cases, we will recommend that the company be considered for divestment through an established governance process.

A POSSIBLE ESCALATION STAIRCASE



Escalation examples, 2023/24

Shell

We became concerned about the status of the group's climate targets and the commitment of senior leadership to those targets in the light of higher oil prices. This led us to vote against the re-election of the company's chair at the 2023 AGM for our charity clients (an example of tailoring our stewardship approach to client need). Later in the year we became part of a group of 27 investors co-filing a resolution calling for the company to set robust scope three targets in line with the demands of the Paris agreement.

ConocoPhillips

In 2022 we determined to vote against the combined chair & CEO and the lead independent director over our perception that under their leadership they had failed to manage the risks of climate change adequately. In 2023 we saw no material progress, and so determined to vote against the entire slate of directors given our recent history of engagement with the company and the lack of progress over climate change.

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 2023 we intended to co-file on a number of resolutions at US companies but were unable to meet all the administrative requirements under our terms of business. Despite our best efforts, we are not aware of any changes we could make that would allow us to satisfy SEC holdings periods for co-filing in the US.

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Our 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.

PRINCIPLE 12

Signatories actively exercise
their rights and responsibilities.

How we exercise our rights and responsibilities

As investors we have rights – either voting rights as shareholders, or legal rights as owners of fixed income instruments. We also have a capacity to encourage issuers of these securities to achieve positive outcomes in the form of influence or soft power. A robust stewardship programme looks to make use of both aspects. Beyond rights we have clear fiduciary responsibilities or 'duties'. At Rathbones we support a wider view of what this fiduciary duty means, beyond purely focussing on short-term returns. A wider attention to ESG factors is in fact a way to ensure that fiduciary duty is executed, since these can affect long-term returns.[8]

Since a significant portion of our investment exposure, both within Rathbones Investment Management and Rathbones Asset Management, is listed equities and investment trusts, the main way we actively exercise our stewardship responsibilities is through active voting. Our engagement programme described above then seeks to use our capacity and power to influence.

Outside of listed equities, we seek to influence those acting on our behalf towards the discharge of their rights and responsibilities (see Principle 8).

For fixed income assets, our fixed income teams incorporate ESG factors in the selection of fixed income assets for recommendation and engage with boards and company management teams where relevant.

INVESTOR RIGHTS – VOTING

Our voting activity

We instruct all votes through the ISS platform for RIM and RAM. No third party votes directly on our behalf (outside of our investments in collective vehicles). Our corporate actions team monitors on a daily basis which voting rights we have, providing the voting list to ISS. In addition, they receive all paper AGM and EGM notices, which are circulated daily to investment management teams. Our full voting record for the last three years can be found at:

RIM: Vote Disclosure | Rathbones

RAM: Voting Disclosure | Rathbones (rathbonesam.com)

[8] https://www.unpri.org/download?ac=9792

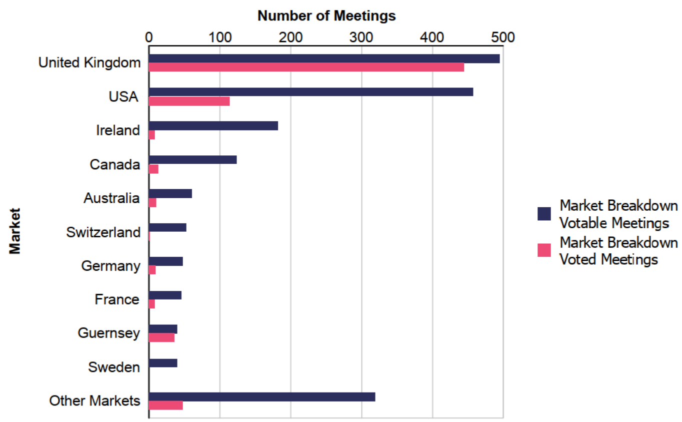
RIM

As a discretionary fund manager managing assets directly for clients, we hold shares in thousands of companies. However, around 95% of assets by value are held in around 600-700 of these companies. It is not considered the best use of our resources to vote on all stocks we hold, since many are small holdings, are not listed and/or are limited to a single client. Instead, within RIM we commit to voting on over 90% of our votable assets by value each year.

Between April 2023 and March 2024 we voted at 691 of a possible 1,866 company meetings, or 37%. We voted at 444 of a possible 495 meetings in the UK.

We note that some practical operational and legal challenges exist as a hurdle to voting holdings in some markets such as Switzerland and Norway. This brings down the total percentage of meetings voted at.

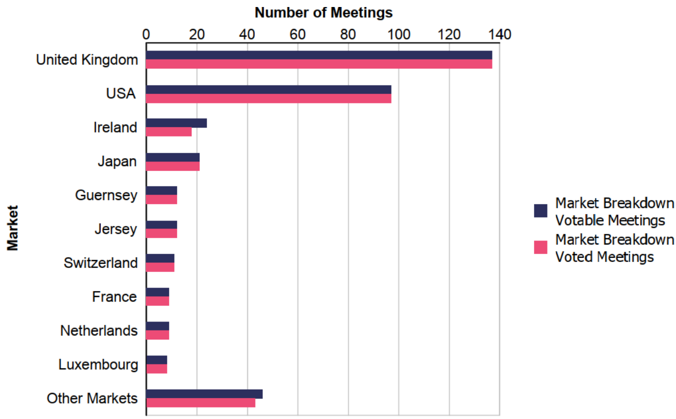
RIM MARKET VOTING STATISTICS, APRIL 2023-MARCH 2024



RAM

For RAM we vote on everything we own where we are legally able to. This means that from April 2023 to March 2024 we voted at 377 of 386 meetings.

RAM MARKET VOTING STATISTICS, APRIL 2023-MARCH 2024



Our voting policy

In voting activity linked to our RIM business, we have developed a bespoke in-house voting policy to guide voting decisions, based on our conception of the priority ESG issues that are most material to clients' long-term best interests. This policy is updated annually and is publicly available on our website:

RIM INF 045 VOTING POLICY - CR1078 - 03-23.pdf (issgovernance.com)

For RIM, the exception is remuneration, where we are strongly aligned with the default benchmark policy of our service provider. Our bespoke policy therefore follows their benchmark on remuneration issues.

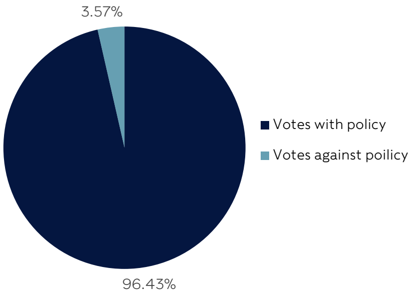
For RAM, we subscribe to the ISS benchmark sustainability policy, as it applies a thorough and more global lens to the assets held in this area of the business than our UK-focused RIM bespoke policy, making it more appropriate.

However, we do not follow either policy blindly. In RIM, voting decisions are made by the stewardship team in conjunction with the relevant investment analyst and the top holders. In RAM, they are made by the stewardship team and the manager of the fund in question.

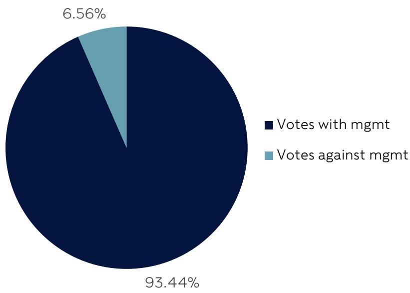
For RIM, we voted against the recommendations of our policy for 3.57% of resolutions in the period under review. For RAM, this was 3.37%.

RIM, APRIL 2023-MARCH 2024

VOTING ALIGNMENT WITH POLICY

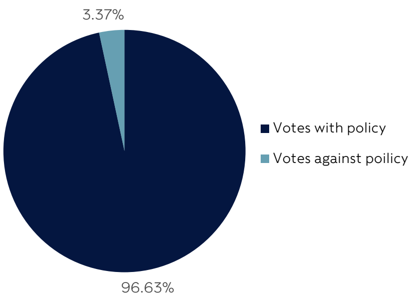


VOTING ALIGNMENT WITH MANAGEMENT

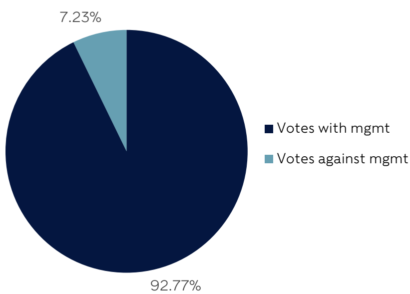


RAM, APRIL 2023-MARCH 2024

VOTING ALIGNMENT WITH POLICY



VOTING ALIGNMENT WITH MANAGEMENT



Flexibility in our process to enable outcomes desired by specific clients

In RIM, we have set out a clear procedure for clients to submit specific voting instructions via their investment manager. In addition, investment managers routinely submit votes that deviate from the house view for specific client holdings based on their understanding of the clients' specific needs or interests. 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 different clients). This applies to clients within our bespoke discretionary wealth management service, including our charity clients.

In RAM we are more limited in our ability to be flexible in response to individual beneficiary needs or interests, since we are restricted from knowing who our retail clients are by the platforms we trade these products on. This is an area we are looking to address. It is therefore very important in the RAM businesses to be clear about how we intend to vote and to be transparent about how we have actually voted, so that there can be accountability. To this end, in both RIM and RAM we disclose our voting record on our websites, updated daily.

Rathbones is not involved in stock lending.

Voting – rationales

One of our core responsible investment principles is transparency. That has inspired us to make our voting rationales clear on our website. This applies to any vote against management.

Under the Stewardship Code, respondents are asked to provide examples of rationales in the following categories:

- There was a vote against the board

The Estée Lauder Companies AGM, November 2023[9]

We voted against the item to approve pay arrangements, as pay and performance were misaligned for the reporting period. Given the noticeable decline in shareholder value during FY2023 - where TSR underperformed the four-digit GICS group on a one-year basis and the S&P 500 on a one, three and five-year basis - we were two concerned about two issues. Firstly, the CEO's base salary remained at $2.1 million; secondly, the CEO's target STI award increased to 275% of base salary. Both of these awards were well above the company's median peer group.

It could be argued that a 13.7% reduction in total pay from $27.4 million to $23.7 million was overly generous, representing a significant misalignment between the experiences of senior management and shareholders. In line with widely recognised best practice, we said we expected any increase in remuneration to be aligned with the delivery of shareholder value, above that delivered in the normal course of business. In connection to the point above, we said we were also concerned that the majority of equity awards were subject to time-based vesting, which is uncommon for an S&P 500 company. We said we found it difficult to approve a system of arrangements that had not been clearly aligned with specific, stretching and challenging performance measures which matched the interests of management and shareholders.

Setting performance conditions for any form of variable pay is a minimum expectation of best practice guidelines, as this ensures that senior management are

[9] The specific securities identified and described are for informational purposes only and do not represent recommendations. Holdings subject to change.

incentivised to achieve beyond what would usually be expected of a senior leader in the normal course of business. We also said we would support a move by the board to end the practice of providing off-cycle awards to senior management, particularly given the size and structure of certain awards, which had resulted in outsized long-term CEO pay. Off-cycle awards are those made outside the usual review period - typically annual. We said such a move would bring the company in line with best practice.

— There were votes against shareholder resolutions

Walgreens Boot Alliance, January 2024 AGM
The National Center for Public Policy Research submitted a proposal requesting that Walgreens report on risks related to omitting “viewpoint” and “ideology” from its equal employment opportunity policy. We opposed this.

— A vote was withheld

Renishaw AGM, November 2023
We chose to abstain on the re-election of Sir David McMurtry and John Deer as directors as we had yet to receive a reply to our previous letters and remained concerned that the chair was unwilling to enter into a relationship agreement as required under the UK Listing Rules.

We noted the reasons given why the chair was unwilling to do so - in particular that the chair remained committed to protecting the interests of the company and shareholders, and that some leniency was necessary due to Renishaw’s unique history and culture. We also acknowledged that considerable shareholder value had been delivered during the chair’s tenure. This led us to abstain our vote on this occasion.

Nevertheless, these items have historically received significant shareholder opposition, demonstrating that the explanation provided, and unwillingness to enter into this agreement, was a key area of concern for a growing body of shareholders. We called on the board to change its approach and comply with the listing rules, as this provided shareholders with the protection required.

— The vote was not in line with voting policy

Telecom Plus AGM, July 2023
Our voting policy suggested recommending a vote against the chair, who had been on the board for more than nine years. We decided to support the chair’s re-election on this occasion due to the company’s explanation for the ongoing tenure of the chair: notably that they continued to bring considerable experience to the role and that the board had improved the balance of non-independent vs independent directors.

Fixed income assets

For fixed income assets, signatories are expected to explain their approach to:

— Seeking amendments to terms and conditions in indentures or contracts

Our fixed income team tend to not have exposure to any private direct issued to client indentures and contracts. Where there are public deals we will review them on a case by case basis, but the majority of our work involves investment grade deals and standard documents.

— Seeking access to information provided in trust deeds

We are rarely involved in asset backed loans or loans in private placements, and so rarely have the need to seek access to information in trust deed. On the isolated occasions where we are involved in asset backed deals, we will be given access to all information before or during any review to credit post issuance. This is explained by our main focus on dealing in highly liquid securities.

— Impairment rights

Our fixed income team would investigate impairment rights when they analyse bonds but once again most of our investments are in investment grade and not high yield, where an understanding of impairment rights is more valid. The fixed income teams do not deal in distressed debt so again impairment rights only impact us in the very rare occasions if a business gets in trouble.

— Reviewing prospectus and transaction documents

This is a core element of our activity. Prospectuses are key for analysis, for finding value and for protecting us from misunderstood risk. Understanding what covenants exist in bonds is helpful for us to understand their behaviour.

Outcome

For listed equity assets, signatories should provide examples of the outcomes of resolutions they have voted on over the past 12 months."

Unilever

Ahead of the 2023 AGM with Unilever, we had concerns about the high base salary of the incoming CEO, Hein Schumacher. It was 18.5% higher than his predecessor's and considerably more than his current salary at Royal FrieslandCampina, a dairy company. We acknowledged the experience he would bring to the role. But we felt the salary increase should have been paid in instalments to spread the sharp hike in pay over a longer period, since this was his first senior leadership role at a truly large firm and his were new to the job. We also noted that over his career he had mainly worked in the food industry, with little background in various sectors crucial to Unilever.

Following detailed conversations with the team and the equity analyst covering the company, we decided to vote against the remuneration report. Ahead of this, we wrote a detailed letter to the Chair of the board, explaining our concerns about the increase in the CEO's base salary. At the AGM, the shareholder revolt against the pay arrangements secured 58.0% of the vote, making this the second largest vote against a remuneration report of the 2023 UK AGM season. As significant shareholders, we were invited for a meeting with the remuneration committee chair to discuss our vote. We passed on the concerns which we'd previously mentioned in our letter to the company. In August 2023, the remuneration committee chair told us that following conversations with shareholders, it had decided to freeze the CEO's base salary for the next two years. The CEO therefore won't be eligible for a base salary increase in 2024 or 2025, with the next review of his salary due in 2026.

Nichols
We were concerned that the company's remuneration committee was not fully independent due to the presence on it of a non-executive director who had been Executive Chair of the company until 2007 and had served on the board for 48 years. At the company's AGM, we chose to abstain on the re-election of the non-independent director to the board and wrote a letter to the company explaining why. Although we commended the board for putting more independent directors on the crucial committees of audit and remuneration, we raised concerns that the company was falling short of the QCA Code. The chair of the board thanked us for our letter and our willingness to engage. Several months later, Nichols told us that the membership of all board committees would now comprise only independent non-executive directors, with non-independent directors only invited to attend board committee meetings at the discretion of the committee chair. We praised the company for making this change and placing a high priority on alignment with the Code.

Airtel Africa
As part of the Group's Votes Against Slavery initiative a Rathbones-led investor coalition engagement with FTSE 350 companies on compliance with the Section 54 reporting requirements of the UK Modern Slavery Act 2015 We wrote to the company to notify them that the company's modern slavery statement was outdated and not on the website's homepage. Following several months of engagement, we wrote to the company again, threatening to vote against the approval of the financial statements at the AGM. This led the company secretary to respond, committing to update the statement and ensure that it would be uploaded to the homepage of the website. Full compliance took longer than originally planned to achieve. However, by October, the company had a fully compliant modern slavery statement on the homepage and offered us a meeting to discuss the content of the new modern slavery statement.

APPENDIX I

Collaborative engagements
April 2023 – March 2024

ENGAGEMENT NAME	COMPANY	ISSUES DISCUSSED	STATUS
Anglo American CA100+ Methane Letter	Anglo American Plc	Climate Risk/Net Zero/Emissions	Ongoing
Barclays co-filing	Barclays Plc	Climate Risk/Net Zero/Emissions	Success
Shell co-filing	Shell Plc	Climate Risk/Net Zero/Emissions	Ongoing
NA100	FMC Corp, Freeport-McMoRan Inc, Anglo American PLC, Rio Tinto PLC = direct engagement teams. Represented (through initiative) on remaining 96.	Biodiversity	Ongoing - we signed on in November.
Investor Letter Regarding Hazardous Chemicals	50 companies in the chemicals sector	Hazardous Chemicals	Ongoing - letter sent in November.
Dollar General Shareholder Resolution	Dollar General	Human Rights	Ongoing - we are keen to see changes made before the next AGM.
Amazon Scope 3	Amazon	Net Zero/Emissions	Ongoing - we are keen to see changes made before the next AGM.
International Sustainability Standards Board (ISSB) Request for Information Consultation on Agenda Priorities	ISSB	Audit Related	Resolved
IIGCC collaborative letter to ISS calling on them to further integrate climate concerns	ISS	Climate Change	Ongoing - letter sent at the end of August.

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ENGAGEMENT NAME	COMPANY	ISSUES DISCUSSED	STATUS
Investor letter in response to Independent Review into Labour Shortages in the Food Supply Chain	UK government	Workers' Rights/ Modern Slavery	Ongoing - no updates yet as engagement was only launched several weeks ago.
CDP SBT Campaign	2100 most environmentally impactful companies globally	Climate Change	Ongoing - yet to hear back from campaign co-ordinators on outcomes, as the campaign has only just been launched. Letters yet to be sent.
FRC Corporate Governance Code Consultation	FRC	Governance Structure	Ongoing - yet to hear back from FRC.
Investor Letter Regarding Hazardous Chemicals	Chemicals Sector	Hazardous Chemicals	Ongoing - the engagement was launched several weeks ago so no updates yet. See below for updates from 2022 cycle of the engagement.
Letter to Ofgem	UK government	Climate Change	Ongoing - no updates on progress yet from engagement co-ordinators.
Introduction from new CA100+ / IIGCC Co-lead	Glencore Plc	Climate Change	Ongoing - meeting took place with the company on 23/08.
Global Investor Commission on Mining 2030	Mining Companies	Emissions/Social Liscence to Operate	Ongoing - this is a long-term campaign and not expected to yield any short-term wins.

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APPENDIX II

Voting record – RIM
April 2023 – March 2024

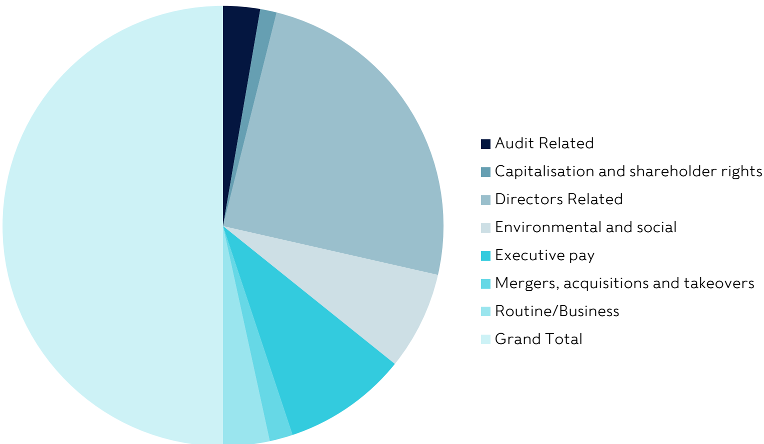
		FOR	ABSTAIN	AGAINST	MEETINGS	RESOLUTIONS
2023	Apr	91.31%	0.93%	6.17%	88	1,508
	May	90.20%	2.15%	5.11%	186	3,113
	Jun	91.92%	2.66%	3.21%	70	903
	Jul	98.06%	0.54%	0.43%	60	929
	Aug	96.58%	1.37%	1.37%	16	146
	Sep	95.83%	2.78%	0.52%	51	576
	Oct	96.06%	1.97%	1.57%	27	254
	Nov	95.50%	1.62%	1.26%	42	555
	Dec	97.57%	0.40%	1.62%	43	494
2023 total		**92.89%**	**1.70%**	**3.64%**	**583**	**8,478**
2024	Jan	94.61%	1.35%	3.50%	31	371
	Feb	95.76%	0.81%	3.43%	41	495
	Mar	98.12%	0.27%	1.34%	39	373
2024 total		**96.13%**	**0.81%**	**2.82%**	**111**	**1,239**
Grand total		**93.30%**	**1.58%**	**3.54%**	**694**	**9,717**

*Do note vote, Withhold, and One Year vote instructions have been removed, so the total for For, Abstain and Against does not sum to 100%

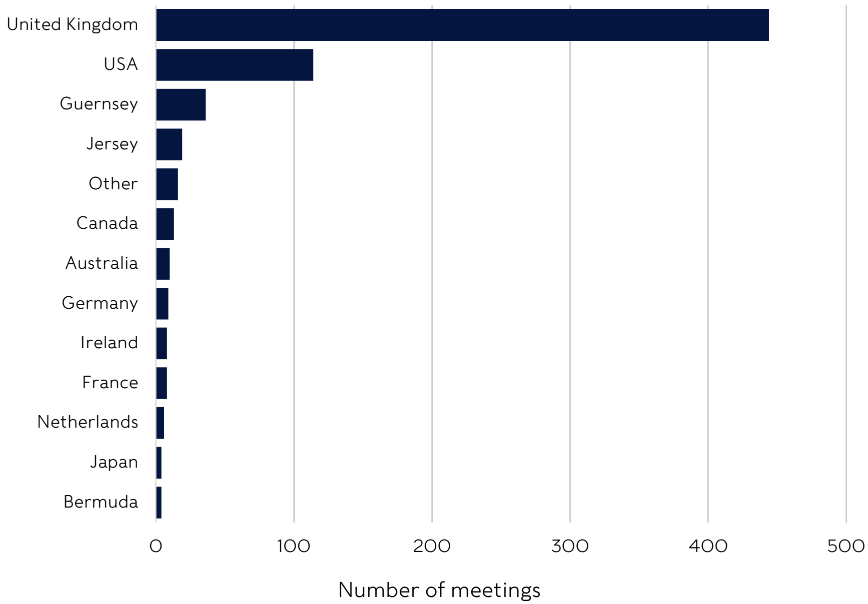
SUM OF NUMBER OF ITEMS VOTED AGAINST MANAGEMENT

PROPOSAL CATEGORY	TOTAL
Audit-Related	27
Capitalisation and shareholder rights	12
Directors-Related	246
Environmental and social	72
Executive pay	91
Mergers, acquisitions and takeovers	17
Routine/Business	34
Grand total	**499**

VOTES AGAINST MANAGEMENT



VOTED MEETINGS



APPENDIX II

Voting record – RAM
April 2023 – March 2024

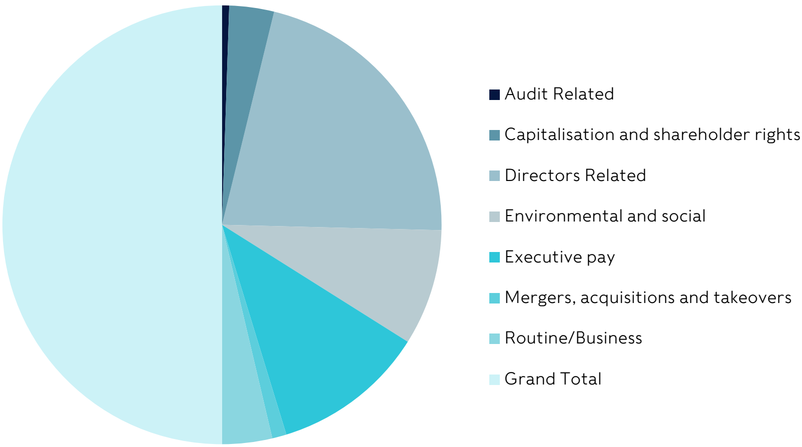
		FOR	ABSTAIN	AGAINST	MEETINGS	RESOLUTIONS
2023	Apr	88.10%	1.31%	6.64%	78	1370
	May	90.59%	0.98%	5.34%	119	2041
	Jun	91.91%	1.70%	3.52%	61	766
	Jul	98.96%	0.21%	0.83%	33	482
	Aug	95.74%	0.00%	2.13%	6	47
	Sep	93.64%	0.42%	1.69%	21	236
	Oct	70.18%	7.02%	7.02%	8	57
	Nov	90.05%	0.00%	1.99%	18	201
	Dec	89.86%	0.00%	8.11%	13	148
2023 Total		**90.82%**	**1.07%**	**4.79%**	**357**	**5348**
2024	Jan	95.53%	0.56%	3.35%	11	179
	Feb	95.19%	0.53%	4.28%	12	187
	Mar	88.19%	3.80%	8.02%	15	237
2024 Total		**92.54%**	**1.82%**	**5.47%**	**38**	**603**
Grand Total		**90.99%**	**1.14%**	**4.86%**	**357**	**5951**

*Do note vote, Withhold, and One Year vote instructions have been removed, so the total for For, Abstain and Against does not sum to 100%

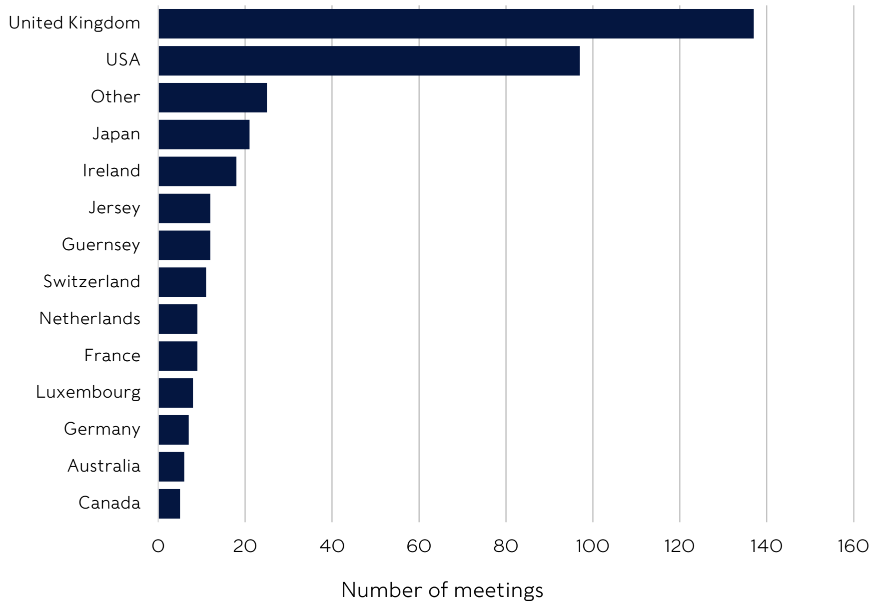
SUM OF NUMBER OF ITEMS VOTED AGAINST MANAGEMENT

PROPOSAL CATEGORY	TOTAL
Audit-Related	4
Capitalisation and shareholder rights	25
Directors-Related	164
Environmental and social	65
Executive pay	86
Mergers, acquisitions and takeovers	8
Routine/Business	28
Grand total	**380**

VOTES AGAINST MANAGEMENT



VOTED MEETINGS



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