RATHBONES

VOTING POLICY 2025

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INTRODUCTION

At Rathbones, we take our ownership responsibilities seriously and recognise that proxy voting is a fundamental fiduciary duty. Under UK and US[1] regulation, we are required to adopt and implement policies designed to ensure that we vote proxies in the best interest of our clients. This responsibility is at the core of our stewardship obligations and reflects our commitment to protecting and enhancing the long-term value of our clients' investments.

In our **Responsible Investment Policy**, we define responsible investment as:

> *"The purposeful integration of environmental, social and corporate governance (ESG) considerations into investment management processes and ownership practices in the belief that these factors can have an impact on financial performance".*

Proxy voting is a critical mechanism through which we exercise our stewardship responsibilities, and 'voting with purpose' is one of four foundational pillars making up our approach to responsible investment, requiring us to:

— Act in our clients' best interests when voting proxies.

— Ensure votes are cast in a manner consistent with our fiduciary obligations.

— Disclose our voting policies and procedures to clients.

This document outlines our bespoke approach to voting across a range of different ESG issues, based on our comprehensive understanding of what constitutes good governance and management of all kinds of material risks. While we adhere to the guidelines set forth in this policy in most cases, we recognise that each voting decision is unique. Therefore, our Stewardship Team and fund managers retain discretion to deviate from this policy where a strong conviction exists that doing so better serves our clients' interests.

We maintain comprehensive records of all proxy voting activities to ensure transparency, accountability, and compliance with our fiduciary duties, for the relevant period required of us under regulation.

This voting policy applies across Rathbones Group Plc (the "Group"), encompassing all business segments with the exception of Rathbones Asset Management (RAM). For more information on voting at RAM, please see the Group's Engagement Policy. This policy accounts for the majority of our Group AUM.

[1] In accordance with Rule 206(4)-6 of the Advisers Act and Rule 204-2.

WHAT IS VOTING?

When you purchase common stock in a listed company, you are entitled to vote on a range of issues relevant to the governance of that company (depending on where that company is based). These issues can include governance items such as which directors sit on the Board, how executives are remunerated, and a number of other matters that are directly relevant to your ownership of the stock, such as the dividend the company pays out.

Increasingly, shareholders are also being given the opportunity to vote on important environmental and social issues, such as a company's strategy for transitioning its business in the face of climate change, or the level of disclosure a company provides to the public about its gender pay gap.

As shareholders in companies we invest in on behalf of clients, we have the right to vote on how companies are run – and by whom. We act as a proxy, voting on behalf of our clients, who entrust us with the duty to vote in line with their best interests.

WHY IS VOTING IMPORTANT?

Voting is one of the most powerful tools we have available to us as shareholders.

It enables us to hold companies to account by ensuring that the Board is taking robust action to effectively monitor and manage the financial and ESG risks that are most material to them.

Studies show that companies do, in many cases, make meaningful changes to their practices in direct response to shareholder votes. For example, in a study of 'Say on Pay' votes in the UK, which give shareholders the opportunity to cast an advisory vote on a company's executive pay proposals, it was found that where shareholder dissent exceeded 20%, Boards implemented 75%-80% of shareholder requests to remove specific provisions.[1]

Voting is a vital feedback mechanism between a company and its shareholders and a vehicle through which shareholders are able to shape the corporate landscape for the better.

WHY CORPORATE GOVERNANCE MATTERS?

In 1991, the Cadbury Committee was established in the UK by the Financial Reporting Council, the London Stock Exchange and the accounting industry in the wake of corporate scandals at Caparo and Polly Peck, which hurt the savings of pension fund beneficiaries and damaged trust in public companies. The Committee was tasked with investigating the causes of the spate of corporate failures that were occurring at the time and issuing recommendations for how they could be avoided in the future.

This culminated in the publication of the world's first Corporate Governance Code, in the form of the Cadbury Code. The Cadbury Code introduced a set of 'comply or explain' principles around corporate governance best practice that listed companies in the UK have been strongly encouraged to adhere to ever since. Good corporate governance is now a global concern, with similar codes present in most developed markets where we have holdings.

We have always challenged the companies we invest in to implement the most robust standards in corporate governance, arguing that the UK Corporate Governance Code remains the flagship standard of best practice we believe all companies should strive to meet. We do this, fundamentally, with the view that it is in our clients' best interests that portfolio companies adopt good practice in managing ESG risks and in corporate governance. We believe this is key to protecting the returns of the investments we manage on behalf of our clients.

In the words of the renowned American author and shareholder activist, Robert A. G. Monks.

> *"Corporate governance is the structure that is intended (1) to make sure that the right questions get asked and (2) that checks and balances are in place to make sure that the answers reflect what is best for the creation of long-term, sustainable, renewable value. When that structure gets subverted, it becomes too easy to succumb to the temptation to engage in self-dealing."*[2]

[1] Ferri & Maber, Say on Pay Votes and CEO Compensation: Evidence from the UK. P5
[2] Monks & Minow, Corporate Governance. P24

VOTING FRAMEWORK

Our policy has been developed with due reference to relevant codes and standards, reflecting our global universe with a strong exposure to the UK market, including:

— The UK Corporate Governance Code (2024 revision)

— The UK Stewardship Code 2020

— The Association of Investment Companies (AIC) Corporate Governance Code for Investment Companies (2024)

— The QCA Corporate Governance Code (2024)

— The ICGN Global Governance Principles

Below we list the different types of voting recommendations generated by our voting policy and explain what might trigger such recommendations.

FOR

Where the proposal is judged to be in the interests of Rathbones' clients and meets best practice guidelines.

AGAINST

Where the proposal:

— is judged not to be in the interests of Rathbones' clients

— falls materially short of best-practice

— the Board has failed to provide sufficient information for a vote FOR to be warranted

ABSTAIN*

Where the proposal:

— Is not regarded as sufficiently material to warrant a vote AGAINST

— Where an AGAINST vote could have a detrimental impact on corporate structures

— Where we did not get a response to our letter/email sent to the company at the previous AGM

REFER

Where the item/s in question require further debate between the Stewardship Team and internal stakeholders with an interest in the company.

Refer is not a voting instruction. It is a notification built into our voting policy that directs our Stewardship Team to engage with internal stakeholders on the voting item in question.

* In the US market, a WITHHOLD voting recommendation will be generated in lieu of an AGAINST or ABSTAIN recommendation in instances where a company uses the plurality voting standard for that particular proposal. Where the plurality voting standard is employed by the Board, only binary instructions of FOR and WITHHOLD may be issued by shareholders. A WITHHOLD is equivalent to an ABSTAIN, but can also be interpreted as a non-binding AGAINST.

POWER OF ATTORNEY

The following group of countries require a Power of Attorney to vote, which Rathbones Investment Management is not legally able to have in place. Although we are unable to vote at the AGMs of companies listed in the countries below, we retain the right to participate in engagements of both an individual and a collaborative nature:

- Belgium
- Brazil
- Denmark
- Egypt
- Hungary
- Latvia
- Norway
- Peru
- Poland
- Sweden
- Switzerland
- Tunisia

PROXY VOTING CONSULTANT

While all voting is conducted in house and the Group is led by this voting policy, we also make use of a third-party proxy voting consultant to supplement our own internal research when voting at a company meeting. We have paid for access to the consultant's sustainability policy to provide an additional ESG overlay to our voting. This research better informs the Stewardship Team when voting, particularly on holdings not directly covered by our equity analysts.

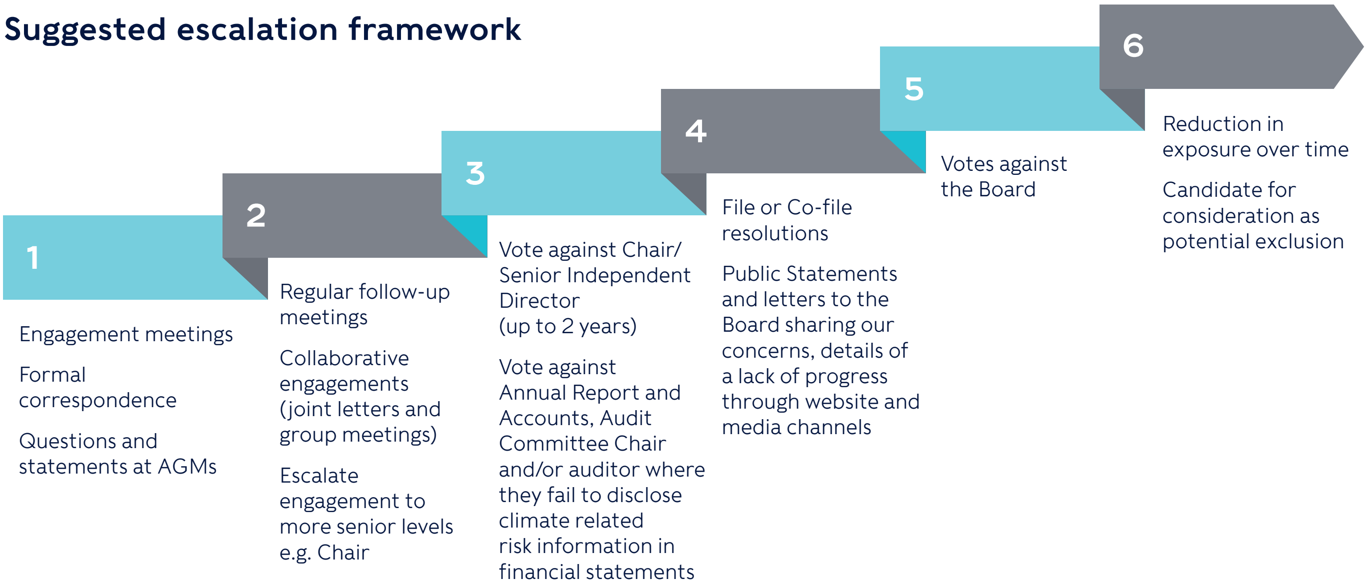
ESCALATION STAIRCASE

We prefer a pragmatic 'engagement first approach', particularly when making contact with a company for the first time. However, 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 against companies and issuers, we act with sensitivity, steadiness, and an eye towards our goal of achieving better

outcomes for our clients as long-term investors, as well as wider stakeholders.

Escalation tactics are embedded throughout this policy, often seeing votes progress from cautious support to opposing management.

Suggested escalation framework



Voting activity is more 'business as usual' and is driven by our exposures. However, each year we review our strategic engagement priorities to determine where to target our broader engagement activity beyond that driven by the AGM voting process. We aim to prioritise issues that are material to long-term value, with targeted objectives and outcomes in mind. Many of our engagements will span several years of activity and our priorities often include continuing with existing activity to address issues that are more complex or have longer-term objectives.

For more information, please see the **responsible investment section of our website.**

VOTING SECTION

In the following section, we provide a breakdown of environmental, social and governance (ESG) themes we frequently come across when voting at issuers' AGMs, and the stance we will usually take at Rathbones Group. Given the ever-changing landscape of ESG, this is not a finite list, and the Stewardship Team reviews this policy at least annually.

THE CHAIR

In line with widely recognised best practice and in the spirit of the International Corporate Governance Network Global Governance Principles, the role of the Chair is to provide independent oversight of senior management, to provide a balance of power between the Board and CEO and to represent the company's shareholders. As such, we believe it is vital that the Chair of a company be free to act independently of management, unencumbered by any potential conflicts of interest, and to be ultimately accountable to shareholders. We consider this to be the hallmark of good corporate governance and. For this reason, we generally prefer the Chair to be independent. This is in contrast with the role of the CEO, who is responsible for setting Group strategy and ensuring delivery.

We recognise, however, that certain jurisdictions allow for combing the roles of CEO and Chair, particularly in markets such as France and the US. It is often common practice in these markets to see the role of Chair held by an Executive Director or by a former CEO. Where such roles are combined or the role of Chair is held by a non-independent director, we expect the Board to appoint a Lead Independent Director (LID) or Senior Independent Director (SID), which is likely to lead us to take a more supportive position. This individual will serve as an intermediary between the Chair and the Board, often fulfilling many of the typical responsibilities of a Chair. This ultimately ensures there is a lead independent voice on the Board.

We also hold the Chair responsible for material failures and/or poor ESG risk management. We will target the re-election of the Chair in the first instance if a company is involved in a serious ESG controversy that could represent a material risk to our investment.

In particular, we focus on the following key categories when it comes to reviewing the position of Chair of the Board:

CATEGORIES	VOTING STANCE
Combined CEO and Chair roles	For US listed companies, we will support management but engage if the CEO/Chair is supported by a fully independent deputy chair and/or a SID/LID. We will escalate our approach if the Board has failed to appoint a SID or LID. For a UK listed company, we will vote AGAINST the re-election of the director holding the combined roles of CEO/Chair unless the company has provided an appropriate explanation for the combined roles, such as a temporary joining of the roles when a Chair has stepped down.
Former CEO	For all our holdings, we will consider voting against the election of a Chair who has served as CEO of the same company within the last 10 years.
Executive Chair	For all our holdings, we will consider voting against the election of an Executive Chair, although we may take a more lenient position if the director is supported by a fully independent deputy chair and/or a SID/LID.

Tenure	For FTSE All-Share companies, we will consider voting against the re-election of a director (including the Chair) when they have served on the Board for nine years or more and failed to provide an explanation as to when the director (including Chair) will be replaced. Rathbones may make exceptions to the nine–year rule when the Chair was an existing Non-Executive Director (NED) on appointment. Rathbones will also consider if the Board has failed to communicate an adequate succession planning strategy. For an investment company, we will target the re-election of the Chair where the company has failed to adopt a policy for Board tenure, or the Chair has exceeded the tenure limit of the policy without a sufficient explanation. For our international holdings, we will engage with the company when a Chair tenure has exceeded nine years, and the company has not produced a policy on director tenure.
Failure to respond to shareholder dissent	For UK listed companies, we will target the re-election of the Chair when more than 20% of votes are cast against a resolution at the previous AGM or a company proposal is withdrawn and either: — no explanation of what action the Board intends to take to consult with shareholders has been provided; — an update was not published within six months of the vote; and/or; — no final summary was included in the annual report noting the impact of shareholder feedback on actions taken.

NON-EXECUTIVE DIRECTORS

It is important that the Chair is supported by a Board that has a combination of long-serving directors, with sufficient expertise and experience of the business, with newer directors, bringing new perspectives. There is a growing body of evidence that more heterogenous Boards can bring different experiences and perspectives into decision-making, creating the potential for better outcomes. Board composition at our investee companies is, therefore, a key area of focus.

We expect all operating companies we invest in to create separate Audit, Remuneration and Nomination Committees. If a Remuneration Committee has not been created, we expect companies to clearly disclose how senior management are not privy to critical conversations on financial reporting and executive remuneration. We are supportive of the growing movement in companies to create a standalone sustainability committee or to appoint directors to the Board with sufficient experience of ESG issues.

We believe the key committees of Remuneration and Audit should be filled entirely with independent directors to ensure that key decisions on remuneration and financial reporting are made by directors with a reduced risk of conflicts of interest. We recognise that in certain markets there is only a requirement to have an independent majority rather than a fully independent committee, for instance in some Scandinavian markets. However, we will continue to engage with companies, encouraging them to move towards a fully independent committee regardless of the requirements in their particular market.

The following categories are of particular importance when it comes to reviewing Board composition at our investee companies and clear deviations from best practice may lead us to target the re-election of directors:

CATEGORIES	VOTING STANCE
Independence on Audit and Remuneration Committees	For FTSE All-Share companies, we expect these committees to be filled with independent directors, in line with recognised best practice. We will target the non-independent directors up for re-election. For smaller to medium sized companies on the UK's AIM market, we expect these committees to have an independent majority. We will target the re-election of the non-independent director that causes the committee to no longer have an independent majority. For international holdings, we will follow the guidelines of the respective country. However, we will continue to push for an independent majority on these committees, in line with widely recognised best practice.
Director experience	For all our holdings, we will target the election of the Audit and Remuneration Committee Chairs if we believe they have not spent enough time at the respective company before taking on the respective role. In the case of the Remuneration Committee Chair for an FTSE-All Share company, before appointment as Chair, we expect the appointee to have served on the Board for at least 12 months.
Attendance	For all our holdings, we will target the re-election of a director where they have attended less than 100% of meetings and no adequate explanation has been provided by the Board.
Overboarding	We use ISS' analysis of director roles at quoted companies as a guide for determining whether a director is overboarded. We will first look to engage with the Chair to understand whether the director in question has sufficient time to dedicate to their role, and will then consider voting against the (re-) election of the director in question, if we do not feel they can sufficiently discharge their duties.
Non-independent criteria	For all our holdings, we will consider voting against the re-election of a non-independent director if they hold positions on a company's Audit and/or Remuneration Committees. We will review this on a case-by-case basis. A NED may be considered non-independent if they: — have been an employee of the company or Group within the last five years — (for a former executive, if there was no break between the director being an executive director and becoming a NED, then this remains an independence issue even if more than five years have passed) — have a material business relationship with the company or have had one within the last three years — have a relationship with the company either directly or as a partner, — shareholder, director or senior employee of a body that has such a relationship with the company — have received or receive additional remuneration from the company — apart from a director's fee, participate in the company's share option or performance-related pay scheme, or are a member of the company's pension scheme

	— represent a significant shareholder in the company — hold cross-directorships or have significant links with other directors — through involvement in other companies or bodies — have close family ties with any of the company's advisers, directors or — senior employees — have long tenure (not applicable to investment companies) — have a substantial shareholding of greater than or equal to 1% — have previously served as Board Chair — hold share options that we consider material — have served on the Board for more than nine years from the date of their first appointment.
Stakeholder relations	We will target the re-election of the Nomination Committee Chair where a FTSE 350 company has failed to explain in the annual report how its directors engage with the workforce through one, or a combination of: — a director appointed from the workforce — a formal workforce advisory panel — a designated NED — other arrangements that meet the circumstances of the company and provide effective engagement.
Annual re-election of directors	We expect all Board directors to put themselves forward for annual re-election; however, we will follow the corporate governance requirements for the respective country. Where directors are required to be put forward for annual re-election but this has not been done, we will target the Chair of the Board, whom we deem ultimately responsible for setting the governance arrangements at the company.
Multi-class share structure	Rathbones supports a one share-one vote capital structure. Although we recognise that multi-class share structures are a more common governance arrangement in the US, particularly at companies in the technology sector, a single class of common stock with equal voting rights is the best way to ensure that the directors remain accountable to a majority of shareholders. Multi-class shareholders are more at risk of the interests of management and shareholders becoming misaligned. We will target the re-election of incumbent governance committee members, whom we deem responsible for the governance structure at a company, should this dual-class structure not be subject to a time-based sunset provision.

DIVERSITY

Having more diverse leadership teams can bring different experiences and perspectives into decision-making, creating the potential for better outcomes. Likewise, companies found to be enhancing diversity across all levels may also strengthen their reputation as fair employers and demonstrate their commitment to diversity to investors, employees, and wider stakeholders. Such companies may also attract a wider talent pool and stand to better represent potential and actual clients and customers.

Companies across the world are under increasing regulatory and public pressure to meet country specific targets on different aspects of diversity. While we push companies to meet these targets, we do not want to see companies adopt a box-tick approach to diversity. Instead, we want to see the most qualified directors appointed to the Boards of our investee companies that will best represent the interests of long-term shareholders. We expect the Board to disclose how it has considered all types of diversity before appointing a director to the Board. We maintain a pragmatic approach to the issue, recognising that certain industries are developing at a slower pace when it comes to female and racial representation at Board and senior management level, as well as in the wider workforce. In all cases, we expect the Board to clearly disclose how it is monitoring the issue of diversity across all levels of the company and how this is factored into succession planning.

More information on our approach to voting on diversity at Board and senior management level can be found below:

CATEGORIES	VOTING STANCE
UK	For FTSE 350 companies, we will target the re-election of the Nomination Committee Chair where a Board has failed to meet one or more of the following 'comply or explain' targets and failed to provide a sufficient explanation: — At least 40% of the Board should be women. — At least one of the senior Board positions (Chair, Chief Executive Officer (CEO), Chief Financial Officer (CFO) or SID should be a woman. — At least one member of the Board should be from an ethnic minority background, excluding white ethnic groups (as set out in categories used by the Office for National Statistics). For AIM listed or smaller UK market cap companies, we will take a more lenient approach but encourage companies to meet the relevant parts of the UK Hampton Alexander Review and the Parker Review. For all UK listed companies, we will vote AGAINST the re-election of the Nominations Committee Chair (or Chair of the Board if no such position exists) where a Board is composed of a single gender. NB we will likely support management where the size of the Board is five or fewer directors. We will also consider taking a more lenient position when the company has provided a timeline for when it will meet the local diversity guidelines. We will also have further discussions on the Stewardship Team where opposing the (re-) election of a director would decrease the diversity of the board (i.e. where the Nomination Committee Chair / Chair is the 'diverse' member of the Board), but will consider doing so if we deem it to be in the best interests of shareholders. Diversity is one of multiple factors we consider when deciding whether to approve the election of a director to the Board.
International	For international holdings, we will follow the respective country's guidelines on diversity; however, we will encourage all companies to have at least 33% female representation on the Board as we deem this an appropriate level as we press companies to move towards gender equality on the Board. We will vote against the re-election of the Nominations Committee Chair (or Chair of the Board when no such position exists) where the Board is composed of a single gender. For international holdings, we will consider targeting the re-election of the Nominations Committee Chair (or Chair of the Board when no such position exists) where the Board has no ethnically diverse directors as defined in local regulation.

AIM-LISTED COMPANIES

Although we recognise that a proportionate approach is needed when engaging with smaller and medium sized companies in the early growth stages of their development, we believe that strong corporate governance can lead to better performing companies. Conversely, poor ESG risk management, no matter the size of the company, can lead to corporate failings and the destruction of value.

We believe a focus on corporate governance is important for these companies as they continue to develop and mature. Furthermore, evolving a more advanced approach to managing governance risks will likely improve the financial prospects of the company and bolster its reputation with markets.

While the wisdom of the 'comply or explain' approach holds true, we consider that aiming for best practice should apply for all companies, including smaller listed companies and those in the early stages.

We review the governance arrangements of smaller and medium sized businesses against the provisions of the QCA Corporate Governance Code. We expect companies to comply with all elements of the Code or to provide a detailed explanation as to why the company has chosen not to align with the Code.

CATEGORIES	VOTING STANCE
AIM-listed companies	Where companies have fallen short of meeting the provisions of the Code and failed to provide an adequate explanation, we will consider targeting the approval of the annual report and may escalate to the Chair of the Board, whom we deem ultimately accountable for setting the governance arrangements at the company. We will pay special attention to the following requirements covered in the Code: — Directors are subject to annual re-election — Provide shareholders with an annual say-on-pay vote (via a remuneration policy, remuneration report or share plan approval) — The Audit and Remuneration Committees have an independent majority. — At least half the Board are independent NEDs (and a minimum of two NEDs who identify as independent). — Consider the appointment of a Senior Independent Director NB We will discuss each AIM-listed vote with the Specialist Tax Portfolio Service team member to provide additional context.

EXECUTIVE REMUNERATION

We believe executive remuneration plans should be treated no differently to any other capital allocation decisions a company makes – with discipline, focus and an eye to the creation of shareholder value.

While we are not opposed to high executive pay, we believe that all elements of executive pay arrangements should be aligned with best practice guidelines, which are intended to ensure that the company delivers long-term outperformance.

Across all our holdings, we expect the committee tasked with setting the pay arrangements at the company to disclose what performance measures have been chosen, how they will be measured and the weightings assigned to each performance measure. This provides investors with a framework that makes it possible to scrutinise management and ensure they are incentivised to act in shareholders' best interests over the long term.

A remuneration committee's reasoning for issuing uplifts to executive pay must also be rigorous and clearly explained. Every unit of currency the executive leadership team is paid means less to allocate to a different area of the business strategy, such as investing in R&D or cash generative assets.

We have a similar view when it comes to fixed pay. We only want to see increases to base salary that are justified and in shareholders' best interests. We believe that benchmarking, which is a common method for increasing executive salaries, tends to lead to inflation of pay levels and it can be difficult to determine what guarantee we, as investors, have that executives will be working harder for us following a salary rise. Variable pay is in place already to reward executives for performance above and beyond that delivered in the normal course of business.

Where our analysis concludes that business outperformance can be strongly attributed to the quality of a company's incumbent management team, we will likely be supportive of remuneration proposals designed to reward executives proportionally, and to ensure that companies are able to retain high performing leadership. We will oppose pay proposals that we deem misaligned with our interests as shareholders and are more likely to support variable pay arrangements where the majority of pay is based on meeting clear targets rather than on the passage of time.

In many voting markets, regulation has given investors clear powers to endorse executive pay arrangements.

"Most OECD jurisdictions now give shareholders a say on remuneration policy and pay levels, with 88% having provisions for binding or advisory shareholder votes on remuneration policy. Binding votes on remuneration levels are a requirement in over half of jurisdictions (51%), with another 27% requiring or recommending advisory votes. Besides the distinction between binding and advisory, there are wide variations in "say on pay" mechanisms in the scope of approval."[3]

In the UK, for FTSE 350 companies, we are able to vote on a company's remuneration policy, which is put to a binding shareholders' vote at least once every three years. We also have a vote on a company's remuneration report, which explains how the remuneration policy has been implemented during the reporting period. For smaller listed companies, we expect the Board to provide shareholders with an annual vote on pay (the 'Say on Pay'). In the US, shareholders are able to vote on two items to do with pay: firstly, a vote on the frequency of a Say on Pay vote (annually, biannually or triennially) and then the Say on Pay vote for the respective reporting period.

Across all our holdings, we expect the Remuneration Committees (or Compensation Committees, as they can be called in some markets) to be filled with independent directors with sufficient expertise to set pay arrangements that incentivise the right sorts of behaviours and are aligned with the company's strategy. Where we have concerns with the pay at a company or if the Board has failed to demonstrate adequate responsiveness to shareholders' concerns raised about the company's pay arrangements at the previous AGM, we will oppose the re-election of the Remuneration Committee Chair. In line with Rathbones' escalation strategy, we will consider targeting the re-election of all incumbent directors on the Remuneration Committee where the company has suffered two successive years of shareholder revolts against the company's pay arrangements.

SHARE ISSUANCE AND SHARE BUYBACKS

We generally assess requests for capital raising/share issuance individually on their merits, balancing the interests of shareholders against the needs of the company in question. For instance, Rathbones may support a Group in issuing a substantial amount of equity to acquire another business, which can sometimes come with the disapplication of pre-emptive rights. Alternatively, a company may have disposed of a subsidiary, which may lead to a meaningful repurchase of its own stock. There may be some instances where the structure of a Board may run against the recommendations of local best practice guidelines, but which may be appropriate due to its financial constraints. Smaller companies (often determined as listed businesses that are within the lowest decile by market capitalisation) can differ meaningfully from each other as well as from their larger peers.

Our stance in this area in the UK is guided by the Pre-Emption Group Principles of 2022. The Pre-Emption Group publishes guidance on the disapplication of pre-emption rights and monitors and reports on how this guidance is applied. The PEG's guidance previously imposed a limit of 5% of existing share capital for general disapplication of pre-emption rights, with an additional 5%

[4] From OECD Corporate Governance Book

permitted to finance an acquisition or specified capital investment. In 2020, during the COVID–19 pandemic, the PEG temporarily increased each of these limits to 10%. In November 2022, the new guidance reinstated these increases on a permanent basis and provided added flexibility.

For our international holdings, we will review each share issuance or buyback against the regulatory framework of the respective jurisdiction, taking into consideration the size of the company, the shareholder base, the liquidity of the stock and the track record of the Board.

Other key areas of focus regarding share issuances and buybacks can be found below:

CATEGORIES	VOTING STANCE
Disapply pre-emption rights	For our UK holdings, we will likely vote against management if the authority represents more than 14.99% of the issued share capital (the maximum that can be purchased under the listing rules).
Creeping control/ Rule 9 waivers	Rathbones will consider voting against any change in share capital that may allow a party to control more than 30% of a company's shares in issue, (in line with Rule 9 of the Takeover Panel). However, we may consider taking a more lenient approach if the proposal is connected to an acquisition which Rathbones is supporting.
Duration of authority	For all our holdings, we may consider voting against management if the authority sought is for a duration of greater than 18 months and the Board has failed to provide a sufficient explanation as to how such an arrangement is in the best interests of shareholders.

AUDIT

As long-term shareholders, our ability to make informed investment decisions is reliant on the accuracy of financial reporting. Recent high-profile examples of audit failings demonstrate the material risk to our investments, with auditors being heavily fined and reprimanded by regulators for serious auditing failures.

It is the role of the Audit Committee to assess the independence and objectivity, qualifications and effectiveness of the external auditor on an annual basis as well as to make a recommendation on the reappointment of the auditor to the Board. Where we have concerns with the independence of an external auditor or if we believe there are clear conflicts of interest between the external auditor and the company, we may be compelled to oppose the re-election of Audit Committee members, the re-appointment of the external auditor, or the approval of audit fees.

We believe that all companies can benefit from refreshing audit firms more regularly, as newer auditors are more likely to be free from potential conflicts of interest and may have fewer impediments to producing accurate, fair and transparent information for shareholders. The rules around auditor rotation, however vary by jurisdiction. For example, for UK and EU listed companies, The EU Audit Directive and Regulation states that companies must put their audit out to tender at least every 10 years and change their auditor every 20 years following a tender process. In the US, there is no requirement to rotate the external auditor; the Sarbanes-Oxley Act (SOX) requires rotation of the lead audit partner and concurring partners at least once every five years at publicly listed companies. Other audit partners are subject to rotation after seven years on the engagement and must be off the engagement for two years. We take the different regulatory frameworks into consideration when engaging with companies on auditor tenure.

The key areas we review when voting on audit can be found below:

Tenure	For UK and EU listed companies, we will vote AGAINST the re-election of the Audit Committee Chair when an external audit firm has exceeded 20 years tenure. We will ABSTAIN our vote where a company does not have a policy in place requiring the retendering of the external audit contract at least every 10 years. For all our international holdings, we will consider targeting the re-election of the Audit Committee Chair when an external audit firm has exceeded 20 years' tenure, and no explanation has been provided about when the external audit contract will next be put out to tender.
Non-audit fees immateriality	For UK and EU listed companies, we follow the EU Audit Directive, which sets a cap of 70% of the average three-year audit fee for non-audit services. We will consider voting against the item to approve auditor fees where companies exceed this cap, and no sufficient explanation has been provided as to why.
Audit quality	For all our holdings, we will consider targeting the re-election of the company's auditors where the external auditor and/or the named lead partner have been implicated in a public inquiry for accounting errors.
Audit Committee members	For all our holdings, we will consider targeting the re-election/election of a director that was on the audit committee of a company linked with a significant auditing controversy and/or has been implicated in a public inquiry for accounting errors and is under investigation. NB In line with the Group's escalation strategy, we will consider targeting the re-election of all incumbent Audit Committee directors, should we have ongoing concerns with the company's audit.

OTHER GOVERNANCE ITEMS

There are items put forward at a company's AGM which we deem routine business and nearly always gain close to 100% support. We will always review each item on its merits and assess whether approval of such an item is in the best interests of shareholders and the company itself.

CATEGORIES	VOTING STANCE
Dividend vote	Rathbones reviews each dividend request on a case-by-case basis, taking into consideration the quantum of the dividend and whether such a payment is financially viable.
Political donations (UK)	We will generally vote for the resolution to authorise political donations and expenditure, unless: — the company made explicit donations to political parties or election candidates during the year under review — the duration of the authority sought exceeds one year and the company has not clarified that separate authorisation will be sought at the following AGM, should the authority be used — no cap is set on the level of donations.
Virtual AGMs	As a Group, we are supportive of physical and hybrid AGMs. We are opposed to virtual-only AGMs as we believe the structure, whilst allowing wider participation at a superficial level, can prevent meaningful shareholder engagement and allow management to more easily avoid difficult questions.

	We will vote against changes to the articles of association at our investee companies that move to virtual-only meetings without providing an explanation from the Board regarding how they plan to protect the rights of shareholders and ensure that fruitful dialogue will be maintained.
Proposals not covered in the policy	For proposals that are not outlined in Rathbones' policy document but can be regularly seen in specific markets and/or are usual market practice/routine proposals, we will often follow the recommendations of our independent proxy voting consultant.

SHAREHOLDER PROPOSALS

One of the main rights a shareholder has beyond the ability to vote on standard items at the AGM is to join with other investors to formally table issues for discussion at the AGM. The rules and scope of these resolutions vary by region. Whilst the vast majority of proposals that we vote on are proposed by management, meaning they are put on the AGM agenda by the Board of directors, there arise each year many opportunities to vote on proposals that have been put on the AGM agenda by other shareholders. These are called shareholder proposals, and typically cover ESG issues in the US and Europe.

A record number of ESG shareholder proposals have been filed in the US over the last three years (2022-2024). One major reason behind this is that proposals are easier to file in the US, particularly in comparison to other markets, such as the UK.

In the US, shareholder proposals typically require support of greater than 50% of shareholder votes to pass. Unlike in some other markets, such as the UK, shareholder proposals in the US are 'precatory', meaning that if they do pass companies are not legally bound to implement the proposal asks. We may consider voting against the re-election of the Chair, should the Board fail to implement the asks of a majority supported shareholder proposal in the US.

In the UK, shareholder proposals require 75% to pass and they become legally binding for the company, if passed.

As a Group, we will review each proposal on its merits, but the Group stance will be to generally support shareholder proposals making reasonable requests for increased transparency regarding ESG matters.

For all our holdings, we may consider supporting shareholder proposals calling for reasonable corporate action on material ESG topics, including requests to:

UK/International	— set net zero targets that are aligned to the Paris Agreement or approved by the SBTi — carry out racial equity audits /act on appropriate diversity ambitions — conduct reviews into working conditions and efforts to strengthen — human capital management — conduct assessments of human rights due diligence in supply chains — set targets or ambitions for reducing ESG externalities e.g. for waste — levels, plastic, health and safety performance — link an ESG measure to executive remuneration — reduce the ownership threshold to call Special Meetings — improve practice on animal welfare and anti-microbial resistance.
Anti-ESG proposals	The last few years have seen a rise in the volume of proposals filed at US companies that are deemed anti-ESG in nature. While we will review each proposal on its merits, the Group stance will generally be to vote against shareholder proposals which we deem harmful to the ESG strategy at the company.

CLIMATE (NET ZERO)

Rathbones believes that climate risks can be material to the performance and valuation of our investments. As a leading wealth manager, we have a fiduciary duty as stewards and allocators of capital, to understand how climate change can impact our portfolios and allocate assets strategically with the management of climate risks in mind, be they physical or transition risks. We believe that, in the long term, climate risks should be considered on an absolute basis, and that any company that is over-exposed to fossil fuel assets, either directly or indirectly through their Scope 3 emissions, is more likely to be negatively impacted by the transition to a net zero economy should demand for fossil fuels, and therefore the price of them, decrease at some point in the future.[4]

In addition to climate considerations being material enough to feature in the routine resolutions at high carbon impact issuers, companies have also increasingly been bringing elements of their climate strategy to the AGM for formal shareholder approval. We believe it is important for companies to be assessed based on their absolute alignment with the goals of the Paris Agreement (to limit temperature increases to well below 2°C above preindustrial levels and with an aspiration of 1.5°C), rather than relative to their peers. Doing marginally better than a peer who is not aligned with the Paris Agreement does nothing to reduce the overall systemic risk of climate change to our investments.

Alignment with the goal of the Paris Agreement is therefore an important element of our approach to voting on climate-related proposals. Going forward, it will be increasingly difficult to support net zero plans whose short, medium and long-term targets are not assessed to be aligned with the 1.5°C goal according to the Climate Action 100+ company benchmark and/or other well regarded independent sources.

Given that climate change poses a significant challenge to global businesses and our investments, we have a separate section detailing the Group's approach to voting on climate:

Director re-elections	Rathbones will oppose the re-election of the Chair and LID, when a company has repeatedly failed to address climate change through the setting of targets and/ or appropriate governance and failed to respond to engagement efforts. Rathbones will then escalate to vote against the entire Board (incumbent directors only) after two consecutive years of votes against the Chair and LID on climate grounds.
Say on Climate votes	Whilst we are supportive of companies giving shareholders an opportunity to submit either a binding or an advisory vote on their net zero transition strategies, we will only vote in favour of such strategies after a rigorous assessment of their alignment with credible net zero pathways. We recognise that the decarbonisation challenges each company faces are often unique to their particular business. However, there are several essential features of a transition plan that we look for before deciding to vote in favour. We provide a non-exhaustive list of features, which draw on guidance from the IIGCC's Net Zero Investment Framework, below: — Transition plans should be aligned with the temperature goals of the Paris Agreement, that is, deemed to be aligned with 1.5°C of warming. Our preference is to see companies receive verification of the degree of alignment of their climate strategy with a 1.5°C scenario from the SBTi. However, where a company operates in a sector that is out of scope for assessment by the SBTi , we will rely on independent assessments of transition plans from other well respected corporate responsibility groups. — Plans should set short, medium and long-term targets, covering material Scope 1, 2 and 3 emissions, to enable investors to effectively monitor the progress companies are making against their stated objectives.

[4] https://www.rathbones.com/sites/rathbones.com/files/imce/climate_change_statement_130521.pdf

	— Companies should be transparent about the progress they have made towards delivering on their targets to date. Companies should provide a clear rationale behind any headwinds they face in trying to achieve pre-defined targets. — Plans should clearly disclose, in a way that is easily comprehensible to a trained investor, the level of capital the company plans to allocate, at least in the short to medium-term, towards delivering on its climate transition strategy. Companies should also provide disclosure of proportions of revenues that are 'green', and where relevant, increases in 'green' revenues. — We will not support Say on Climate votes in situations where a company has made significant alterations to its targets, or rebased targets without either offering a compelling rationale for doing so, or first seeking shareholder approval.
Auditor reappointment	For companies that are likely to be materially impacted by climate risks, we will consider targeting the reappointment of the company's auditor where they fail to: — detail how they have considered climate risks as part of the audit process; or — ensure consistency between narrative reporting and financial statements; or — provide commentary on how a 1.5°C pathway has been considered and any material implications for the financial statements to this pathway; or — alert shareholders to potential misrepresentation.
Reporting standards	We will consider supporting shareholder proposals asking companies to commit to the implementation of a reporting programme based on the Sustainability Accounting Standards Board's materiality standards or a similar standard, within a specified time frame. We will also consider supporting proposals asking companies to report in line with guidance of the Taskforce on Climate Related Financial Disclosures (TCFD), including stress-testing business models and assets against various climate policy scenarios.

MODERN SLAVERY/HUMAN RIGHTS

With an estimated 50 million people facing a form of modern slavery and human trafficking globally, including 28 million in forced labour, the risk to society and our investments from this crime has never been greater. We believe that UK businesses have a critical role to play in preventing and addressing modern slavery risk. As long-term investors, we believe it is fundamentally important that companies comply with all provisions of the UK Modern Slavery Act 2015 to demonstrate a strong commitment to fighting modern slavery, given its truly systemic nature. To do so provides investors with increased confidence in the risk-management culture within a company and makes continued investment more attractive.

Rathbones has been engaging with FTSE 350 and AIM listed companies that have failed to meet the Section 54 reporting requirements of the UK Modern Slavery Act 2015. By 2024, the Rathbones-led coalition, known as Votes Against Slavery, represented 154 investors with approximately £2 trillion in assets under management. Rathbones is also on the Steering Committee for CCLA's 'Find it, Fix it, Prevent it', an investor campaign set up to engage with UK-listed companies in the construction and hospitality sector to encourage them to identify cases of slavery within their supply chains, support the victims and put in place more robust processes to prevent this from occurring again. Rathbones is a supporter of the **CCLA FTSE 100 Modern Slavery Database.**

Votes Against Slavery - FTSE 350	Where a FTSE 350 company has failed to comply with the Section 54 reporting requirements of the UK Modern Slavery Act 2015, we will vote against all incumbent directors up for re-election.
Votes Against Slavery - AIM listed	Where an AIM-listed company has failed to meet the reporting requirements of Section 54 of the Modern Slavery Act 2015, we will vote against the approval of the report and accounts for the year in question.
Find it, Fix it, Prevent it	Where a company is in Tier 4 of the CCLA FTSE 100 modern slavery database and has not committed to make improvements by the time of the AGM, we will consider a vote against the re-election of the incumbent Chair.

NATURE

We believe that nature-related risks can be material to the performance and valuation of our investments. For instance, research indicates that 55% of global GDP is highly or moderately dependent upon nature.[6] Companies that set ambitious targets and credible implementation plans in line with reducing negative impacts on nature are likely to become increasingly attractive investment propositions. The ones that fail to do so will find themselves at a competitive disadvantage, exposed to physical and regulatory risks.

The recognition of the importance of protecting and restoring nature is continuing to gain momentum, including acknowledgement of its critical role in climate action and in the Taskforce on Nature-Related Financial Disclosures framework.

Nature-related risks	We will consider abstaining our vote on the approval of financial statements and statutory accounts when a company has failed to address/ put in place policies, processes and reporting mechanisms that protect nature and respond to engagement efforts on the topic.

[6] https://www.pwc.co.uk/issues/esg/now-for-nature.html

COLLECTIVES VOTING POLICY

The section below focuses on issues specific to UK listed investment companies, and builds on best practice guidelines issued by the AIC with regard to the unique governance situations encountered by investment companies. Investment companies differ significantly from normal operating companies in terms of structure. Key differences include the fact that:

- The day-to-day activities of investment companies (such as portfolio management, administration, accounting and company secretarial) are usually outsourced to external service providers. This means that many are governed entirely by a Board of NEDs.
- The manager may be a more important stakeholder than a typical supplier. Where companies do outsource day-to-day activities, proper oversight of these relationships is a crucial factor in ensuring robust corporate governance.
- Investment companies often have no executive directors or employees. Therefore, they have no executive or senior management remuneration packages.

Our voting approach at investment companies draws on the latest guidance provided in the AIC Corporate Governance Code, which was recently updated, with changes coming into effect for accounting periods beginning on or after 1 January 2025.

Many of the issues covered in our main voting policy will be fully applicable to investment companies. However, there are several important areas of distinction to consider from a governance perspective at investment companies compared to traditional operating companies. For instance, the tenure of directors tends to be longer at investment companies than it does at operating companies and the skills required to effectively scrutinise the smooth operation of an investment companies differ from those required to provide oversight of an operating company.

In the tables below, we set out our voting approach on issues relating to: Board composition; Board and management fees; share issuance and purchases; and other miscellaneous items. This is because we believe these issues to be of particular importance when reviewing the governance arrangements at an investment company.

BOARD COMPOSITION

CATEGORIES	VOTING STANCE
Diversity	For FTSE 350 companies, we will consider targeting the re-election of the Nomination Committee Chair where a Board has failed to meet one or more of the following 'comply or explain' targets and failed to provide a sufficient explanation: — At least 40% of the Board should be women — At least one of the senior Board positions (Chair, CEO, CFO or SID should be a woman. — At least one member of the Board should be from an ethnic minority background, excluding white ethnic groups (as set out in categories used by the Office for National Statistics).

	We consider the Chair of the Audit and Remuneration Committee to be a senior position for an investment company. For smaller UK market cap companies, we will usually take a more lenient approach but encourage companies to meet the targets of the **UK Hampton Alexander Review** and the **Parker Review.** For all UK listed companies, we will vote AGAINST the re-election of the Nomination Committee Chair (or Chair of the Board if no such position exists) where a Board is all-male. *NB. We will likely support management where the size of the Board is five or fewer directors. We will also consider taking a more lenient position when the company has provided a timeline for when it will meet the local diversity guidelines.* *We will also have further discussions on the Stewardship Team where the (re-) election of a director would decrease the diversity of the board (i.e. where the Nomination Committee Chair/Chair is the 'diverse' member of the Board).*
Tenure	We will consider targeting the re-election of the Nomination Committee Chair (or Chair of the Board if no such position exists) if the Board has failed to create a policy on director tenure. We will also engage with the Board to ascertain succession planning for the longest serving directors and may consider voting against the re-election of the Nomination Committee Chair, should the Board fail to have a plan in place. We will also consider targeting the re-election of a director that has served on the Board for more than 15 years.
Chair independence	In line with the stance taken in the main Group voting policy, we will likely vote against the Chair of the Board if they are deemed non-independent. *NB. We may consider taking a more lenient approach, should the non-independent Chair be supported by a SID.*
Annual re-election of directors	We will vote against the Nomination Committee Chair if directors are not subject to annual re-election, given the risks posed to shareholders from an entrenched Board.
Overboarding	We use ISS' analysis of director roles at quoted companies as a starting point and conduct additional research to ensure we capture roles at unquoted companies and NGOs. We then score the director's commitments based on how time-consuming they are. If the score is higher than our threshold, we engage with the Chair to understand whether they have sufficient time to dedicate to their role, and will consider voting against the (re-)election of the director in question, if we do not feel they can sufficiently discharge their duties. *NB. We will take a more lenient approach where the external responsibilities are at investment companies, given such roles tend to be less onerous than at a normal operating company.*

Independence on Audit and Remuneration Committees	We use ISS' analysis of director roles at quoted companies as a starting point and conduct additional research to ensure we capture roles at unquoted companies and NGOs. We then score the director's commitments based on how time-consuming they are. If the score is higher than our threshold, we engage with the Chair to understand whether they have sufficient time to dedicate to their role, and will consider voting against the (re-)election of the director in question, if we do not feel they can sufficiently discharge their duties. *NB. We will take a more lenient approach where the external responsibilities are at investment companies, given such roles tend to be less onerous than at a normal operating company.*
Escalation	If the company received a vote in excess of 25% against the remuneration report or remuneration policy in the previous year and the Board has failed to demonstrate adequate responsiveness to shareholders' concerns, Rathbones will usually consider targeting the re-election of the incumbent Remuneration Committee Chair.

BOARD FEES/MANAGER FEE

CATEGORIES	VOTING STANCE
Board fees	We believe that the remuneration of non-executive directors should be based purely on the performance in their role on the Board. We do not support a benchmarking exercise as the sole reason for an increase in Board fees, although we acknowledge that this is commonly a contributing factor that leads to an increase in fees. We are also supportive of non-executive directors building up shareholdings in the company provided this does not reach a level that we deem material, and which could affect their independence. We will consider voting against the remuneration report/remuneration policy (or the report and accounts where such an item is unavailable) where NEDs are entitled to receive additional discretionary payments for their services outside of their usual responsibilities at the company, such as share options, bonuses, pension benefits or other financial or non-financial incentives.
Investment manager's fee	We expect to see no performance-related element attached to the investment manager's fee for conventional, historic long only equity investment companies. *NB. Rathbones expects that some investment companies with absolute return mandates or long only equity investment companies (e.g. funds of hedge funds or hedge-fund like and specialist investment strategies) to have a performance related fee.*

SHARE ISSUES AND PURCHASES - GENERAL AUTHORITIES

CATEGORIES	VOTING STANCE
Share issuance with pre-emption rights	We will generally vote against the authority for share issuance if a company has not confirmed its intention to apply this authority in connection with the guidelines of the **Pre-Emption Group.** However, we will be supportive of share issuances made at a premium to NAV at closed-ended investment companies.
Purchase for cancellation	Rathbones will usually oppose if the authority represents more than 4.99% of the issued share capital (the maximum that can be purchased under the Listing Rules).
Duration of authority	We will review if the authority sought is for a duration of greater than 18 months.
Authorise directors to sell treasury shares for cash	We will review instances where the sale of treasury shares is at a discount to net asset value (NAV).
Creeping control/ rule 9 waivers	Rathbones will consider voting against any change in share capital that may allow a party to control more than 30% of a company's shares in issue (in line with Rule 9 of the Takeover Panel). However, we may consider taking a more lenient approach if the proposal is connected to an acquisition which Rathbones is supporting.

MISCELLANEOUS

CATEGORIES	VOTING STANCE
Escalation - Year one	In line with the Group escalation approach, we will consider targeting the re-election of the Chair when the Board has failed to take meaningful action following a vote of 20% or more against an item proposed by management at a company's AGM.
Escalation - Year two	Following two successive years of large votes against management, we may consider targeting incumbent directors of a committee.
Continuation vote	We will review each continuation vote on a case-by-case basis.

RATHBONES