

Stewardship report

What we did in 2025



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Cover image: a core mining sample of copper ore

Stewardship activity and outcomes

Highlights of the year

858

Engagements with companies, governments and trade bodies

45+

Issues we engaged on

639

Votes against management

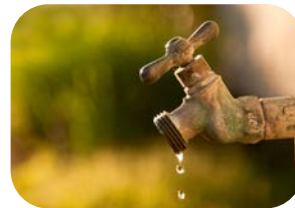
168

Members of Votes Against Slavery, an investor coalition led by Rathbones

£2.96 trillion

Combined assets under management of Votes Against Slavery members

Examples of how we use stewardship to protect clients' long-term interests



Veolia
From dialogue to divestment
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Mining companies
Setting a high bar
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Stewardship at the centre

Over the past year, we've completed the heavy lifting of bringing together the best of Rathbones and Investec Wealth & Investment UK (IW&I UK). That integration has strengthened our platform, broadened our capabilities and, most importantly, enhanced how we serve clients.

As we look ahead, our opportunity now is to take advantage of our core strengths to grow the business organically over time. We have fantastic people, strong client relationships, and the scale to invest in our capabilities. Our focus remains on serving our clients exceptionally well.

Stewardship sits at the centre of that ambition. By 'stewardship', we mean how we use our influence as owners on behalf of our clients to protect and enhance long-term value, while recognising the wider economic, environmental, and social context in which that value is created.

Within Rathbones, we describe our approach through four principles: integrating material environmental, social, and governance (ESG) factors into investment decisions; engaging with consequences where change is needed; voting with purpose; and being transparent about what we do and what we achieve. These principles are shared across our businesses and tailored to client needs, so that stewardship insight informs decisions consistently and pragmatically.

This report shows our progress. You'll see in it where we've challenged companies on governance, climate, and other systemic risks; where we've supported credible transition plans; and where we've been prepared to escalate when dialogue alone did not deliver. You'll also see how we've invested in our stewardship capability, data, and processes so that our influence is led by the evidence – and that we're accountable for the decisions we take about how to influence companies.

There's lively debate about what 'sustainability' should mean. We welcome constructive challenge. For us, the test is practical: does stewardship improve decision-making and outcomes for clients over time? When it does, we will commit more energy to it. When it doesn't, we will course-correct.

We're grateful to our clients for their trust, to our company management counterparts for their engagement, and to our colleagues across the Group for their professionalism and resolve. Together, we want to protect people's long-term investment returns. Stewardship is crucial to that.

Jonathan Sorrell
Group Chief Executive Officer



Introduction: results, relationships, responsibility

Rathbones is one of the UK's leading providers of investment and wealth management services, for private clients, charities, trustees, and professional partners. Our purpose is simple: "To help more people invest their money well. So they can live well." This purpose reflects the company's commitment to empowering individuals and institutions to achieve financial security and prosperity through thoughtful and responsible investment strategies.

Investing well is not just about financial returns. It encompasses three core brand promises that define the client experience: delivering good results, building deep and meaningful relationships, and demonstrating responsible behaviour. These promises are not aspirational statements but principles that have guided the company's actions over time and continue to shape its future. Rathbones believes these values are essential to creating trust and long-term value for clients and stakeholders alike.

The company offers a comprehensive suite of services designed to meet diverse client needs. Wealth Management forms the cornerstone of this offering. This means providing actively managed discretionary services tailored to individual goals and risk tolerances.

These services are complemented by financial planning, which can be delivered as a one-off consultation or as part of an ongoing relationship. Clients have the flexibility to choose financial planning as a standalone service or combine it with investment management for a comprehensive approach.

Additionally, Rathbones Asset Management delivers a broad range of investment capabilities across multiple asset classes, including equities, fixed income, developed and emerging markets, and multi-asset solutions. This breadth ensures that clients can access strategies suited to their objectives, whether they seek growth, income or diversification.

Sustainability and success

Underlying Rathbones' investment approach is a set of beliefs that recognise the interconnectedness of environmental, social, and financial stability. The firm acknowledges its fiduciary responsibility to clients. That means investing with their long-term goals in mind while striving to deliver strong financial outcomes. At the same time, Rathbones aims to make a positive contribution to society as a steward of its clients' wealth. This dual concentration on financial performance and positive impact on society reflects the company's conviction that sustainable practices are integral to long-term success.

Central to this philosophy is the belief that companies and securities in which Rathbones invests should adopt sound practices for managing ESG risks. Doing so not only protects clients' interests; it also supports the resilience of the financial system and broader economy.

To embed these principles, Rathbones developed a responsible business framework that serves as a blueprint for creating sustainable value for all stakeholders. In 2025, the Responsible Business Committee oversaw this framework; it was co-chaired by the Group Chief Executive Officer and the Managing Director of Rathbones Investment Management. This committee ensured that policies relating to responsible investment and operational risks were aligned with the firm's long-term objectives.

The responsible investment policy is fundamental to Rathbones' approach, guiding the evolution of its investment processes and stewardship activities. It's built around four key principles that enable effective stewardship.

The first principle, ESG integration, ensures that ESG factors are considered in evaluating investments, to identify both opportunities and risks.

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The second principle, engagement with consequences, prioritises active engagement with companies to address systemic ESG challenges. Where necessary, Rathbones is prepared to escalate its engagement or reduce holdings in companies that fail to manage ongoing ESG risks.

The third principle, voting with purpose, commits the firm to using its voting rights strategically to drive positive change, even if that means voting against management.

Finally, transparency underpins the entire approach, with Rathbones pledging to report openly on its responsible investment activities to clients, shareholders, and other stakeholders. By ‘responsible investment’, we mean the considered integration of environmental, social and corporate governance considerations into investment management processes and ownership practices.

These principles are applied across the business, though they’re tailored to fit specific investment services and mandates. Investment managers and fund managers are accountable for interpreting ESG and stewardship information in the context of client objectives. Rathbones has invested significantly in strengthening its responsible investment capability, deepening ESG analysis across direct equities, fixed income, and fund holdings. Collaboration and data-sharing between business areas enhance the effectiveness of engagement activities. This ensures that resources are used efficiently to achieve real change.

Critical component

Stewardship is another critical component of Rathbones’ strategy. The firm’s approach to stewardship is shaped by its business model and commitment to responsible investment. We devote our

resources to issues that could make a difference to the long-term, sustainable performance of investments, whether managed by Rathbones Investment Management or Rathbones Asset Management. For example, in 2025 we opposed the pay award of up to \$1tn to Tesla CEO Elon Musk (see page 21) because we felt it wasn’t in the long-term financial interests of shareholders.

Active stewardship and engagement complement investment analysis. They enable the firm to create, promote, and preserve long-term value for clients while fulfilling its fiduciary duty. Our Wealth business is the biggest by assets under management, and the investment services it delivers are largely bespoke: our investment managers are able to consider the wide range of views and priorities of their clients. We need to reflect this diversity. Our stewardship activities therefore concentrate on topics that matter most to the full range of our clients.

Systematic risks

Rathbones has a long history of engaging on issues that pose systemic risks and are financially material over the long term. By ‘systemic’, we mean risks that could impact the financial system, the macroeconomy, and diversified portfolios. These include climate change, biodiversity, and human rights issues, including modern slavery. These are areas where the firm believes it can make a significant difference.

Engagement is not an abstract concept but a practical tool for creating value. By exchanging information with companies and funds, Rathbones gains insights into how they manage critical issues. That informs our investment decisions. This dialogue also benefits companies, which can use the perspectives of investors to refine their strategies and address stakeholder concerns.

Stewardship policy and context report

For more detail on Rathbones’ stewardship governance, investment beliefs and responsible investment framework, please see our *Stewardship policy and context report*. This document outlines the structures, policies and processes that support our stewardship activities and responsible investment approach across the group.



When Rathbones identifies opportunities to improve business practices for the benefit of clients, it uses its rights and influence to encourage change. The firm engages in various ways: directly with companies and funds, together with other investors, and with policymakers and data providers. As for the last two groups, public policy and reliable data play a vital role in driving progress toward sustainable development. Rathbones recognises the importance of contributing to these broader efforts.

All stewardship activities are conducted within a framework of long-term ownership, clear objectives, and ongoing dialogue. This approach reflects Rathbones’ belief that responsible investment and active engagement are essential to delivering sustainable value for clients and society.

Our strategy isn’t static. It evolves continually to address emerging challenges and opportunities, ensuring that the firm remains aligned with its purpose: helping more people invest their money well so they can live well.

Performance summary

01. Signatories integrate stewardship and investment to deliver long-term sustainable value for their clients and beneficiaries

We recognise that the environment, society, and companies' financial performance are intertwined and may have an impact on our clients' long-term wealth. For this reason, the consideration and integration of ESG factors is a core principle of our [Responsible investment policy](#). We've enhanced our investment process by adding this additional ESG lens to our financial analysis.

ESG integration across Rathbones Group is based on common foundations and overseen by the Responsible Investment Committee. But the practical integration of ESG factors within investment decision-making is tailored to fit the relevant investment service or mandate.

ESG integration: Rathbones Investment Management

Rathbones Investment Management provides investment management, and financial planning and advice. We've 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. We regularly review our recommended holdings.

Under the overall guidance of the Responsible Investment Committee, the Rathbones Investment Management ESG Integration Committee oversees methodologies and frameworks to facilitate ESG integration. It includes people from the ESG Integration and Stewardship teams, from Greenbank, our specialist Responsible Investment team, and our asset class research teams. It also draws on the expertise of other specialists. The ESG Integration Committee updates the Group Responsible Investment Committee quarterly on the coverage and management of ESG factors across the sectors we invest in, as well as the results of periodic screening of companies' ESG performance against specified standards.

It's important to note that Rathbones Investment Management is in the business of bespoke investment management. Investment managers have the freedom to invest as they think best, albeit guided by

internal process. Our investment managers work to understand each client's situation and objectives. When constructing client portfolios, they draw on recommendations and guidance from our investment committees. In these committees, we pool the insights and expertise of a hybrid team. This incorporates financial analysts and investment managers. It also includes stewardship and engagement specialists, and ESG integration and data analysts.

This means we can't point to specific investment management decisions as guided entirely by stewardship concerns – this isn't part of Rathbones Investment Management's business model. However, we regard our investment managers' ability to make up their own minds as a strength rather than a weakness.

Through our ESG integration activities, we understand that different sectors present different ESG risks and opportunities. For this reason, we've begun establishing ESG standards of performance for investments within the same sector. These standards provide insight into what companies ought to be doing to manage ESG risks and opportunities. We set out by first identifying which are the most material issues to this sector. We then established key indicators of a company's commitment to managing these issues. These standards help inform both our investment analysis and our engagement efforts. At the end of 2025 we had completed six sectors, and in 2026 will commence strategic engagement based on insights from these standards.

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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 United Nations Sustainable Development Goals, forms the basis for Greenbank’s sustainable investment approach. Minimum thresholds of sustainability performance must be met before adding any investment to portfolios managed by Greenbank. ESG and sustainability considerations are integrated across all stages of the investment process. Greenbank has developed alignment frameworks for each of its sustainable development themes, reflecting both what a company does and how it operates.

ESG integration: Rathbones Asset Management

Rathbones Asset Management uses data from external providers to check that each strategy is aligned with [Rathbones Group targets](#) for moving towards net zero carbon emissions. This is when the amount of greenhouse gases released into the atmosphere is balanced by absorbing or avoiding an equivalent amount. Consideration of ESG factors is 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’ve enhanced our Responsible Investment Committee structure to ensure input from a wider range of fund management teams, as well as from the Compliance and Risk teams. Rathbones Asset Management has its own engagement specialist, who applies Rathbones Asset Management’s engagement strategy.

Communicating to our third-party managers

For listed equities, just over half of our assets are in externally managed funds. That makes it highly



important for us to communicate our voting policy and engagement priorities to the companies managing assets on our behalf. We do this every year. In 2025 we wrote to 24 asset managers with many billions of client assets in their funds, sharing our engagement priorities and views on key voting issues. We received formal responses from 18 managers, and held detailed meetings with four of them.

Integration: oil and gas

In 2025, Rathbones Investment Management’s ESG Integration team pioneered work on sectoral sustainability standards, starting with the oil and gas sector.

Produced through a partnership of teams from across the business, the standards summarise the main, financially material sustainability risks that can affect companies in the sector, and how we expect these issues to be managed. These standards showed gaps in performance and reporting, which provided insights for our engagement with these companies over the year. The standards work in conjunction with our own qualitative and quantitative models, which played a key part in our financial review of the sector. As a result of this wider thinking about expectations on companies in the sector, we escalated our voting stance at several oil and gas holdings to oppose boards that didn’t have targets for reducing carbon emissions at the pace and scale that the scientific consensus tells us is necessary for a world where average global temperatures don’t rise above 1.5°C. These are commonly known as ‘science-based targets’.

We also attended the annual general meeting (AGM) of UK oil major BP to complain about the company’s decision to walk back from its climate commitments and not bring its revised plan to a shareholder vote (see page 19 for more details).

Integration: investment trusts

The most notable improvement in our stewardship approach in 2025 was for our biggest investment trust holdings. When the incorporation of IW&I UK assets into Rathbones Group was completed in the first half of the year, we owned significant proportions of many listed investment trusts.

Recognising the strategic risk of these holdings – and the opportunity – we created an internal taskforce to manage them. This brought together financial and stewardship analysts, who looked at the financial performance and management of ESG risk. The

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group covered 86 names with £10bn in assets under management (AUM). The average holding was high, at 8%.

In 2025, the Stewardship team escalated to this taskforce a key vote at a Special Meeting of Gore Street Energy Storage Fund. With a 9.9% shareholding, Rathbones was Gore Street’s largest shareholder. A shareholder with 6% of the shares, RM Funds, proposed replacing the Chair and Senior Independent Director. It cited governance concerns, including a lack of transparency in the fees the Fund paid to its investment manager and the long tenure of these two and other Board members. Long tenure creates the risk that directors lose their independence of thought in challenging management.

Ahead of the vote, the Stewardship and Collectives teams met both Gore Street and the investor filing the resolutions at the Special Meeting. The Stewardship team then contacted the taskforce for comments and voting instructions on the situation.

Our taskforce agreed that RM had raised legitimate points – but that the board had already recognised and responded to these issues. Its decision to restructure fees, its ongoing succession planning to refresh its Board, and its ‘strategic action plan’ showed that it was far from complacent.

Because of this, the taskforce agreed unanimously to oppose the activist shareholder proposals and to continue engaging with the company.

How information from stewardship activities has shaped the investment process

Our approach is highly collaborative. In our voting activity, the Stewardship team communicates with the

analysts for every security covered by the research process, bringing important context and background on governance and sustainability factors. Where the Stewardship team has engaged on a particular stock, it brings its insights on this to investment committees. Engagement insights also inform Rathbones analysts’ views on particular stocks, as well as regular sectoral reviews.

Veolia: from dialogue to divestment

At Rathbones Asset Management, engagement is fully integrated into the investment process. Fund managers meet company executives regularly and discuss ESG issues when they have a bearing on their investment thesis. When third-party ESG ratings are downgraded or controversies arise, the Engagement and Risk teams raise these issues with fund managers, to consider alongside the rest of their analysis. Where concerns are significant, Rathbones may escalate its ESG engagement through further dialogue or, if unresolved, by considering divestment.

An example of this is French waste and water company Veolia. We engaged with the company, held in one of our sustainable funds, following allegations that it was discharging untreated liquid pollutants from landfill into protected wetlands. Veolia rejected the allegations, including the authenticity of the evidence. It also confirmed that the discharge of untreated leachate into the protected wetlands was strictly prohibited. Veolia’s response to the allegations didn’t reassure the fund managers enough for them to continue investing, so they sold their shareholding. We explained to Veolia why it failed our screening criteria as things currently stood, but said we would continue to monitor the situation.

Focus on focus

For our specialist sustainable funds, stewardship is also embedded through meeting the Sustainability Disclosure Requirements (SDR). This is a package of measures introduced by the Financial Conduct Authority (FCA), to improve the trustworthiness and transparency of sustainable investment products and reduce greenwashing.

Under the SDR, fund managers use their judgement to assess whether each fund’s portfolio is currently sustainable enough to reach the ‘Sustainability Focus’ threshold set by the FCA. The threshold is that at least 70% of the assets are invested in the securities of businesses that are already – and based on robust evidence – environmentally or socially sustainable.

Reviewing the energy sector

Since 2022, Rathbones has engaged with policy makers on the UK government’s plan to reach net zero by 2050. We’ve built up a strong degree of expertise in the policy and practical implications of the UK’s net zero stance. In 2025, for example, we engaged with the National Energy System Operator, a nationalised corporation responsible for managing the electricity and gas market and balancing supply and demand. This included a visit to its control room.

Our equity analysts regularly review different sectors. For the scheduled review of the global utilities sector, we worked closely with the lead analysts in developing a sector review that integrated ESG issues. This concentrated on material sustainability issues and policy options, all building a more complete picture of the risks and opportunities in the sector.

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

The identification of systemic risks falls within our central research process. Our Asset Allocation Committee schedules meetings every quarter. It routinely and systematically assesses market-wide and systemic risks. These include macroeconomic, liquidity, financial stress, portfolio, and contagion risks.

Our Research department provides top-down analysis of these risks through its quantitative indicators and those from third parties. For example, we monitor credit-to-GDP ‘gaps’, looking for evidence that the private sector (excluding financial institutions) is building up excessive debt, relative to the size of an economy. That’s 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. These are designed to provide warning of turning points in the economic cycle. From late 2025, we extended our monitoring of private markets (such as fundraising and valuations), whose rapid growth has made them a more important potential source of financial risks.

In our long-term country-level forecasts for inflation and GDP growth, we account for climate risk through the [Network for Greening the Financial System’s Phase V modelling](#). This captures the estimated impact of physical and transition risk under a range of assumptions about climate policy. This is the risk that a company may be harmed by the global economy’s transition to net zero greenhouse gas emissions.

We also monitor geopolitical events and respond to them as necessary. 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 full-scale invasion of Ukraine, in 2023 we implemented a new systematic framework to help us identify, monitor, and respond to major geopolitical shocks in much greater depth than previously. In developing this framework, we considered a China-Taiwan crisis, direct military conflict between Israel and Iran, and a significant escalation of the war in Ukraine. This framework is refreshed annually.

Our starting point for identifying the most significant geopolitical risks is the Preventive Priorities Survey, based on the evidence of experts and policymakers, conducted by the US Council on Foreign Relations. Having identified key risks, we work with 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.

Systemic risk in stewardship

A major evolution in our approach is our decision to consider more medium-term goals in our stewardship

Types of systemic risk

These risks show how financial instability can develop and spread through markets:

- Liquidity risk: the risk that multiple institutions, or a major borrower such as a sovereign state, cannot access funding when needed.
- Financial stress risk: the risk that instability becomes widespread enough to disrupt the provision of financial services to the wider economy.
- Contagion risk: the risk that problems affecting one institution, market or asset class spread to others.

planning. We’ve adopted, as priorities, broader three-year Systemic Risks and Sustainability Trends. This contrasts to our previous approach, based on two or three year-long projects across a spectrum of ESG issues.

In our stewardship, we endorse the explanation of systemic risk in a recent report from the UK Sustainable Investment and Finance Association:

“Systemic risks are un-diversifiable risks that can impact entire markets or economic systems through complex interconnections, potentially triggering chain reactions across multiple sectors and disrupting overall market growth.

Such risks include climate change, nature and biodiversity loss, income inequality, artificial intelligence (AI), geopolitics and trade wars.

Systemic risks matter because:

- For diversified institutional investors with long time horizons, overall market growth (beta) is the primary driver of investment returns.
- Markets may misprice or not price systemic risks.
- A complete interpretation of fiduciary duties includes responsibility for maintaining a well-functioning market.

How we’ve selected systemic risks to focus on

Our ability to influence and shape effective responses to systemic risks is limited by our legal powers and role in society. We select areas that:

- Deserve particular attention
- We have significant exposure to
- Give us the scope to play a useful role, in light of the Stewardship team’s background and expertise

These criteria lay behind our four systemic risk areas for 2025.

By definition, systemic risks can’t be addressed by a single investment company. That’s why we work with partners on many sources of systemic non-financial risk.

For more information, please see our [Engagement plan](#).

How we’ve 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’ve formally articulated this firm belief since we first publicly stated our support for the Principles for Responsible Investment in 2009.

How we engaged with issuers on systemic risks in 2025

Climate change	Nature	Human rights	Governance
Group targeted engagement on net zero with 34 companies	Lead engager for two companies under Nature Action 100	Led Votes against Slavery Greenbank – part of Collective Impact Coalition for Ethical Artificial Intelligence Development of Consolidated Mining Standards Initiative (CMSI) standards in the mining industry	AIC (Association of Investment Companies) Code Compliance Fund houses
Engagement with policymakers and data providers			
Participants in, for example, Members of International Regulatory Strategy Group ESG Group, Pimfa Sustainable Finance Working Group, FCA ESG Ratings roundtable			

In order to help shape the UK financial industry’s responses to these issues, we’ve contributed to various collective engagements. This includes giving time to three important industry organisations:

- Rathbones serves on the ESG Advisory Committee of the International Regulatory Strategy Group (IRSG), co-sponsored by TheCityUK and the City of London Corporation.
- In December 2024, we joined the Personal Investment Management & Financial Advice Association (Pimfa) Sustainable Finance Working Group. We lead the group’s response to the Stewardship Consultation initiated by the Financial Reporting Council (FRC), a regulator.
- The Institutional Investors Group on Climate Change’s UK Policy working group. We hosted one meeting 2025, and shaped work throughout the

year on the UK energy system and International Sustainability Standards Board reporting standards.

In 2025, we contributed to a number of important interventions in the UK and European financial system.

Recent examples include:

- Detailed submissions to the FRC consultations on the development of its new Stewardship Code, both directly and through Pimfa
- Work with Sarasin, an investment management company, to lobby Norway’s Financial Supervisory Authority on greenwashing in financial statements
- Signature on an investor statement supporting the EU Methane Emissions Reduction Regulation
- Investor statement on mandatory healthy sales reporting

- Investor statement on the backlash against diversity, equity and inclusion

It's important to escalate engagement when it isn't working. We're committed to this process in our [Engagement policy](#).

By 'escalation', we mean ratcheting our response up a level if the current engagement isn't working. That might mean, for example, moving beyond dialogue to voting against the re-election of directors or a company's report and accounts.

Votes against Slavery is a good example of continued escalation on a major systemic risk: human trafficking and modern slavery in supply chains. Persistent across value chains, forced labour means over \$150bn a year lost to the formal economy, according to the International Labour Organization. Members of Votes Against Slavery, a coalition of investors, consider voting against the report and accounts of companies failing to report in line with the rules set out in the UK Modern Slavery Act. In 2025, we expanded the scope of the initiative to more target companies than ever and grew the coalition to 168 investors with £2.96tn in AUM. We also used the coalition of investors (over 150-strong) to co-ordinate letters supporting mandatory human rights due diligence legislation in the UK in December 2025 – letters supported by over £1.8tn in AUM. We decided it was important to progress from engagements with companies to engagement with policymakers, as we sought the biggest impact.

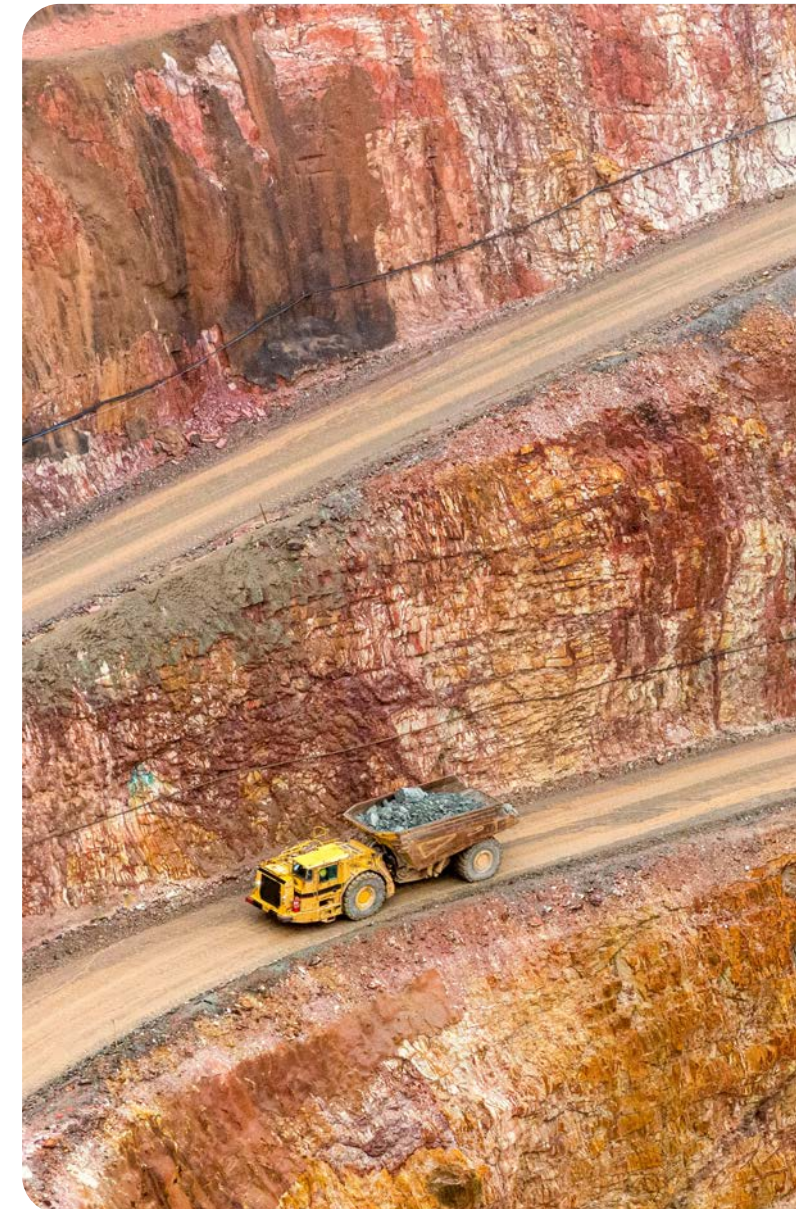
Minding the miners

The list of ESG challenges confronting the mining sector is long. It includes climate risk, environmental degradation, the impact of mining on local communities, and governance failures.

Failure to manage ESG risks actively in mining operations has a direct impact on the profitability of mining companies. For example, it might trigger protests and strikes, which could force shutdowns. Poor management of operations also increases the regulatory burden on companies and could jeopardise their ability to win government tenders for mining concessions.

To help address these problems, in 2025, Rathbones added to the growing investor pressure for companies to adopt high-quality standards that require independent verification, site by site. One is the standard created by the Initiative for Responsible Mining Assurance (Irma). It's a way of assessing individual mines, developed in co-operation with non-governmental organisations (NGOs) and host communities. Another, the Consolidated Mining Standard Initiative (CMSI), is more industry-led. In 2025, we took part in consultations on Version 2.0 of Irma's standard and the second consultation on the CMSI standard. Greenbank also contributed to a joint report with Unesco highlighting the risks of extractives companies operating in and adjacent to natural World Heritage Sites. The report also set out recommendations for companies and investors on good practice. The ultimate aim of these standards is to promote well-functioning markets.

In deciding how to respond to these consultations, we engaged directly with our biggest mining holdings. We wanted them to set a high bar for responsible mining, while enabling adoption at scale. Our feedback was therefore based on encouraging standards that were accessible, yet ambitious – and underpinned by rigorous definitions and governance structures. We'll keep working on these issues, through our continuing contribution to the development of the Irma and CSMI standards.



03. Signatories engage to maintain or enhance the value of assets

Taking an active approach to stewardship and engagement is a core part of our service at Rathbones Group. It complements our investment analysis as we aim to fulfil our fiduciary duty to create, promote and preserve long-term value for our clients. At Rathbones, we have a long track record of engaging on a wide range of issues that are financially material and present enduring systemic risk.

In 2025, we tracked 858 engagement interactions with companies. This compared with 743 in 2024.

Full detail on how we engage and why can be found in our [Engagement policy](#) and group [Engagement plan](#). In summary:

Why do we engage?

Engagement is a key pillar of the Rathbones Group Responsible Investment Policy:

“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.”

We believe that engagement, when targeted appropriately, can create value for our clients. This is because it can cover a broad range of financially material ESG issues that could affect the long-term value of an investment.

We engaged on a wide range of issues in 2025

Some governance issues recur time and again – the six most common areas we engaged on all related to governance. Others arise less frequently but can be highly important for specific companies.

Remuneration – 290	Emissions – 6
Board diversity – 248	Succession planning – 6
Governance structure – 245	Board or management behaviour – 5
Independence of directors and committees – 218	Plastics – 5
Director overboarding† – 215	Capitalisation‡ – 4
Audit – 102	Climate lobbying – 4
Net zero – 102	Directors’ meeting attendance – 4
Modern slavery – 95	Local communities – 4
Combined chair/CEO – 80	Corporate social responsibility – 3
Shareholder rights – 78	Experience of directors or management – 3
Biodiversity – 49	Labour and management relations – 3
Climate risk – 44	Say on Climate – 3
Customer health and safety – 42	Waste – 3
Pollution – 40	Environmental compliance – 2
ESG controversies – 21	Tax – 2
Human rights – 19	Anti-competitive behaviour – 1
Water – 16	Forced or compulsory labour – 1
Lobbying activities and political contributions – 15	Freedom of association and collective bargaining – 1
Disclosure and transparency – 14	Just transition – 1
AI or cybersecurity risks – 8	M&A – 1
Strategy – 8	Rights of indigenous people – 1
Economic performance – 7	Routine business – 1
Diversity and equal opportunity – 6	Other – 18

† When directors sit on too many boards, making them potentially less effective.

‡ Includes capital-raising and empowering the rights of minority shareholders.



At Rathbones, we have a long track record of engaging on a wide range of issues that are financially material and present enduring systemic risk



Our focus areas are climate change, nature, human rights, and governance

Theme	Climate change	Nature	Human rights	Governance
Purpose	To support the Rathbones Group target of being a net zero business by 2050. To support Greenbank's target of becoming net zero by 2040.	To encourage portfolio companies to mitigate their nature-related risks and to reduce or reverse their negative impacts on nature.	To communicate to portfolio companies the importance we place on human rights. To encourage them to adopt the best practice, as set out in the UN Guiding Principles on Human Rights.	To promote high standards of corporate governance, the adoption of best practice, and clear reporting at portfolio companies, as well as strong governance of their use of AI.
Why have we selected this?	To support us in managing our climate-related financial risks and opportunities: physical, transition and systemic. This is in line with our commitment to address risks and opportunities deriving from climate change and nature.	To support us in managing our nature-related financial risks and opportunities: physical, transition and systemic. This is in line with our commitment to address risks and opportunities arising from climate change and nature.	To support our commitment to respect human rights, as guided by the UN Declaration of Human Rights and other internationally recognised human rights frameworks. To address human rights-related risks in our investments.	Corporate governance is the way in which companies turn strategy into reality. Strong governance protects capital and enhances long-term value. It ensures accountability, transparency, and alignment between management and shareholders. This reduces the risk of mismanagement and value destruction.
Examples of engagement focus	<ul style="list-style-type: none"> • Net zero alignment • Climate resilience and adaptation • Methane emissions 	<ul style="list-style-type: none"> • Deforestation • Water • Circular economy 	<ul style="list-style-type: none"> • Modern slavery • Human rights due diligence in supply chains 	<ul style="list-style-type: none"> • Shareholder rights • Board independence • Digital governance

We seek opportunities to engage with policymakers and data providers, both on these focus areas and on other issues.

Purpose: to create an enabling environment for companies to address ESG risks and opportunities.

Examples of engagement focus: modern slavery regulation, Investor Coalition on Food Policy, regulation related to sustainability disclosure.

The exchange of information with the companies and funds in which we invest can improve our understanding of how they address topics. It can add another perspective to our investment analysis, including our understanding of how an investment may fare in different scenarios. Investment companies and funds can also derive insight from understanding the perspectives of investors and other key stakeholders. This helps inform investment strategies.

Where we see an opportunity to improve business practices for the benefit of clients, we'll use our rights and position to influence a company we've invested in to make changes. In some cases, we engage with a company or fund to help it mitigate 'systemic risks'. These are risks that could affect the financial system, the macroeconomy, and the portfolios of large, diversified investors such as Rathbones.

We engage directly with companies and funds we invest in. We also engage alongside other investors, mainly on specific sectors and themes. We may seek dialogue, as well, with policymakers and data providers. Public policy and data can play a powerful role in shaping and incentivising progress towards sustainable development.

Our activity is set in the context of long-term ownership, clear objectives, and ongoing dialogue.

Selecting engagement priorities

Our thematic engagement priorities address sustainability and governance risks and opportunities that often require our commitment over many years to achieve the desired objectives.

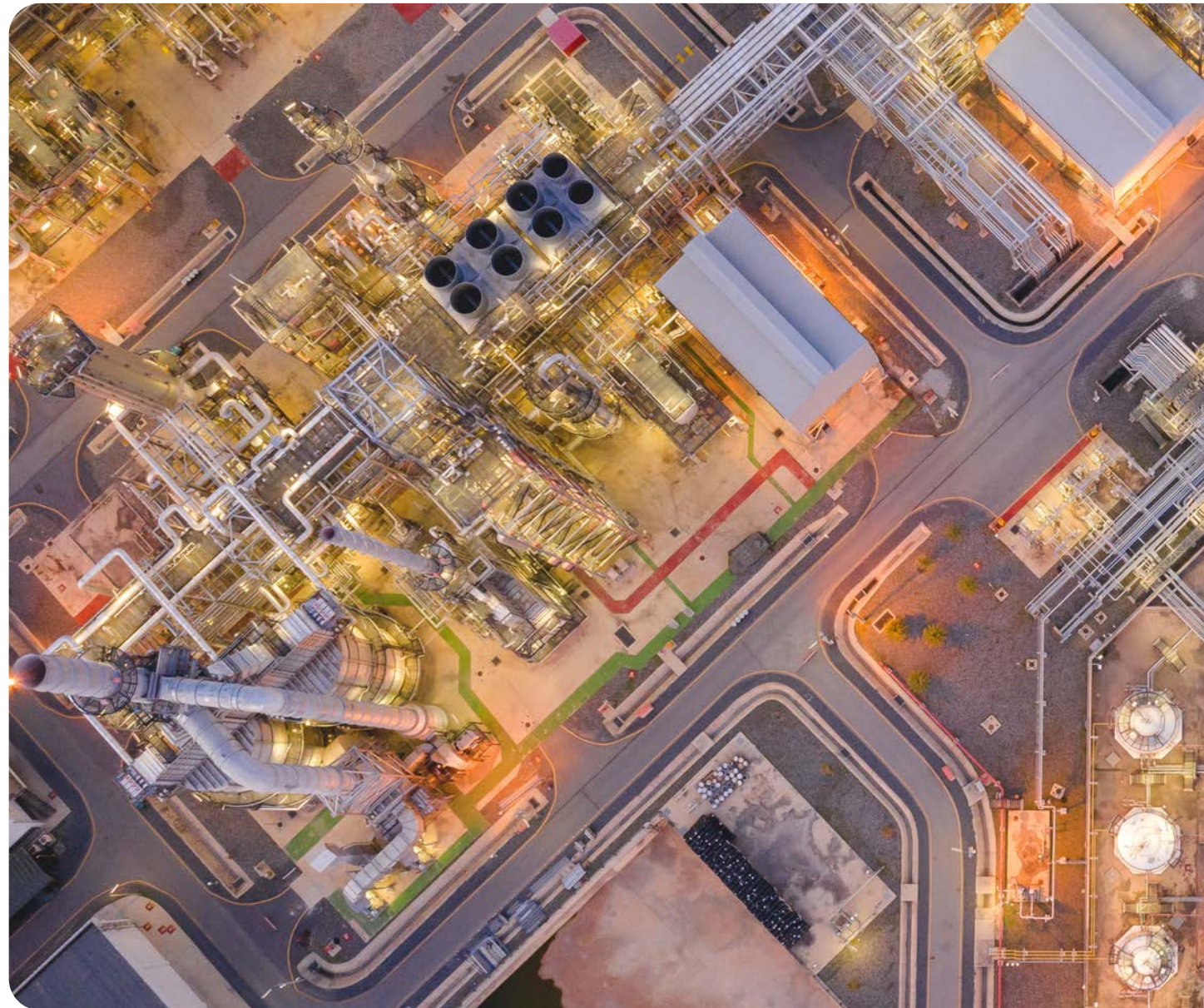
We don't believe in engagement for its own sake. The priorities we choose must present a clear strategy for achieving positive outcomes. We consider them in the light of factors such as:

- Our level of exposure across our holdings and the extent to which individual issues are important to clients.
- The financial materiality of the issue to the companies or funds we invest in – could it affect their financial performance?
- Opportunities to address systemic risks that impact our investments and the wider economy.

As part of our ongoing research and monitoring activity, if we identify any new risks or opportunities to unlock value for investors, we'll often use engagement to do so.

Key themes for stewardship activities

In the final months of each year, the different teams work through a formal process to identify the most important sustainability and systemic risk themes for us to engage on in the following calendar year. At the end of 2025, we established a set of Group-wide priorities to begin in 2026, dealing with systemic risks. This overarching plan will stand until 2029.



How do we engage?

Generating the best outcomes for our clients requires us to be both strategic and adaptable, depending on the issues at hand. To guide our work and influence change, we have an engagement toolbox and an escalation framework. (Please see our [Engagement policy](#) for more details.)

We recognise the power of collective engagement and partnerships. So, where appropriate, we may work with other responsible investors and NGOs to increase the reach and impact of our engagement activities.

Different asset classes, different approaches

Our asset allocation is strongly tilted to listed equities – both direct holdings of company shares and collective vehicles. We're shareholders, not campaigners. That means we engage mainly by exercising our rights as shareholders, which gives us the opportunity for dialogue with companies. The mainstay of our

engagement is formal correspondence with the Board of a company in the portfolio, 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.

Outside listed equities, we seek to influence those acting on our behalf towards the discharge of their rights and responsibilities. For listed investment trusts, our voting policy states that we'll vote against the report and accounts of a listed investment trust where there's no ESG policy in place, for example. We try and meet with the Chair of recommended and large holdings at least once a year.

Our fixed income teams incorporate ESG factors in the selection of fixed income assets for recommendation. They engage with Boards and company management teams where relevant.

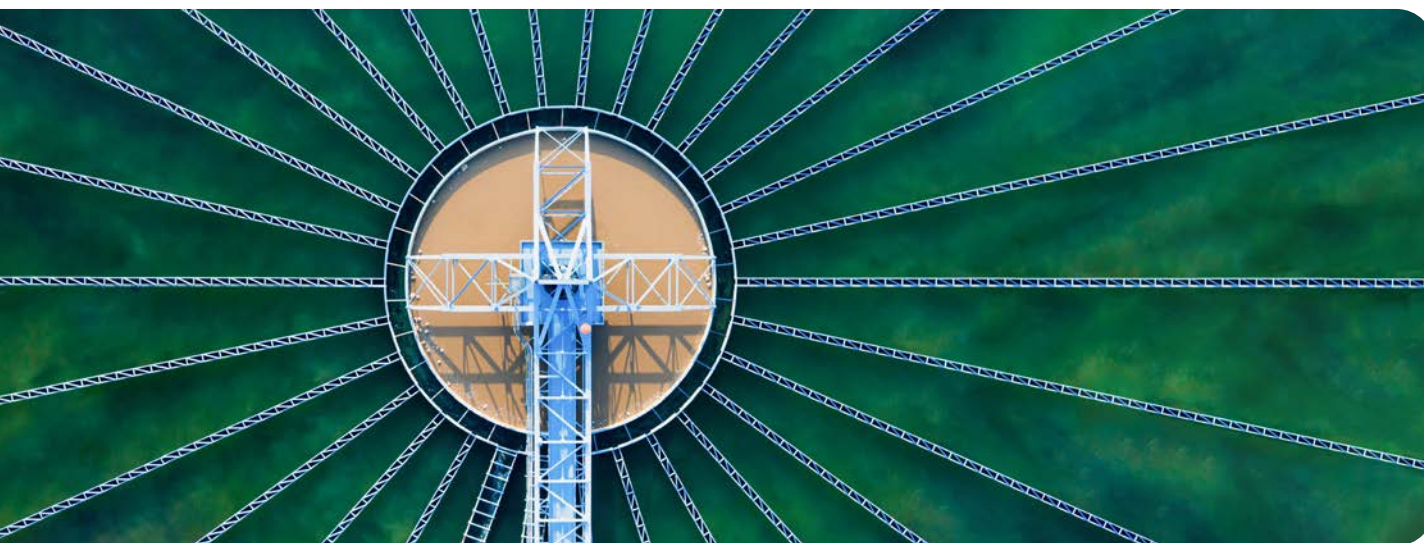
Different countries, different approaches

We're invested mainly in listed assets in the UK, Europe and US, so our engagement approach, founded on our right as shareholders to vote, works well in most cases and countries. However, we know that in certain states Rathbones Investment Management can't vote (though Rathbones Asset Management can), such as Denmark and Switzerland. This is because of conflicts between our terms of business and the legal requirements of the host state. In 2025, we elevated our approach to engaging with companies in these countries, by bringing them into our formal voting system, assessing their governance and sustainability performance, and coming up with voting recommendations. We then formally communicated to the Board what our voting stance would be, if we were able to vote.

We recognise that different host countries require different negotiation styles, and this has informed our engagement. We had struggled to engage a listed mining company headquartered in Switzerland. However, in-person attendance at AGMs was more highly valued in this country, so we attended the AGM and asked a question. This kick-started a useful dialogue.

Measuring progress

It's important to measure the effectiveness of our stewardship and engagement. At the start of each engagement, we define its objectives. We then track milestones on a regular basis. We also monitor whether we have had to escalate the engagement. We track, too, when the engagement has reached a natural end, and whether this final outcome is successful or unsuccessful. We annually report the progress of our engagement activities. We include our 2025 progress report for Rathbones Investment Management – progress reports for other parts of the business are also available.



**Progress against 2025 aims:
Rathbones Investment Management**

Climate change: net zero

Partially successful

We met over 30 companies in our top 40 for financed emissions – the portfolio holdings that contribute the most emissions, when we measure the carbon footprint of our investments. Two of these companies improved their ranking on the Net Zero Investment Framework, which measures individual companies’ progress towards net zero.

Water

Partially successful

We joined the engagement focus groups for at least two companies and attended at least one engagement meeting with each, as part of the [Valuing Water Finance Initiative](#). This is an investor-led effort to engage companies with a large water footprint to consider water as a financial risk and make the necessary changes to protect freshwater water resources and build business resilience.

In our direct work, we wrote to all target companies and met half of them. We sent letters to 10 companies in the data centre and semiconductor industries. We received responses to our points from Adobe, Amphenol, and ASML, plus a holding response from Microsoft. We chased PB Fintech for further responses.

We held meetings with ASML’s Investor Relations and Sustainability teams. Kai Johns, researcher at Greenbank, joined the call to increase alignment and coordination between Greenbank and the wider Rathbones Investment Management business on the topic.

Nature and biodiversity

Partially successful

We maintained an active role in the Nature Action 100 engagement teams we’re a member of. We held at least two meetings with each company covered by these teams. Nature Action 100 is a global investor-led engagement initiative that supports greater corporate ambition and action to reverse nature and biodiversity loss.

Mining

Partially successful

We promoted sector-wide sustainability initiatives and organisations with mining companies in which we held shares. These initiatives and organisations were Mining 2030 – an investor initiative to achieve a socially and environmentally responsible mining sector by 2030 – the International Council on Mining and Metals, Irma, and the CMSI. We received detailed responses from our mining sector holdings to Irma and CMSI draft standards.

Investment company governance

Highly successful

We secured commitments from all companies that they would comply with the requirements of the Association of Investment Companies’ new Corporate Governance Code, as we asked for in our letters to them.

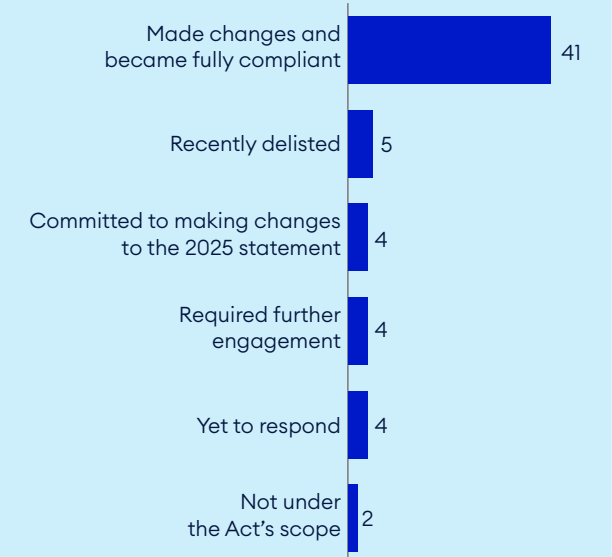
- 126 responded in full.
- Eight provided holding responses.
- One said it had delisted.
- 77 companies had complied or committed to complying.
- 60 companies had noted our concerns and/or required further engagement.

Modern slavery

Partially successful

Of the 26 companies listed on the FTSE 350 that we contacted, 25 made changes and became fully compliant with the UK Modern Slavery Act 2015. One was not under its scope.

We contacted 60 companies listed on Aim about their anti-slavery policies. We’ll continue trying to engage with non-compliant companies in 2026.





Engagement examples in detail

Dialogue

Checking in with the chairs: corporate governance and investment trusts

As a large investor in investment companies, we wrote to 131 in which we have significant holdings, to stress the importance of complying with the new AIC Code – the framework of best practice for governance at investment trusts. We also encouraged these trusts to go even further, beyond what the Code sets out, in establishing good governance on issues such as board diversity, director tenure, director fees and overboarding. We followed up our letter with a further 41 meetings with Chairs of FTSE 350 investment companies to discuss the contents of our letter. Our engagement was well-received, with Chairs welcoming our insights on how to strengthen the governance at the company and what structures and mechanisms were working at other investment companies. We responded to the AIC’s request for us to write up our findings and share these with all members of the AIC.

Thought for food: Investor Coalition on Food Policy

In 2021, the UK-commissioned National Food Strategy launched a comprehensive “farm to fork” review of England’s food system, creating an opportunity for Greenbank to work with other investors on healthier, more sustainable and more affordable food systems. This collaboration led Greenbank and the Food Foundation to establish the Investor Coalition on Food Policy, which by 2025 had grown to 35 investors representing more than £6tn in assets, supported by wider civil society.

The Coalition set two priorities for 2025. One was to strengthen transparency and accountability for food businesses. The other was to help investors identify

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emerging risks and opportunities, particularly in areas such as plant-based alternative proteins and ultra-processed foods.

Greenbank played an active leadership role throughout 2025, remaining on the Coalition’s advisory group and co-chairing the Policy Working Group. The team concentrated on making the investor case for mandatory food data reporting. It continued engaging with the Food Data Transparency Partnership to push for more robust disclosures. Greenbank also contributed evidence to the House of Commons Health and Social Care Committee inquiry into food and weight management. By doing this, it supported scrutiny of why past policies had failed and how government, industry, and investors could drive more effective action.

These efforts helped achieve a world first: the UK government announced plans for mandatory reporting of healthy food sales for all large food companies by the end of the current Parliament. This included mandatory targets – implemented flexibly by companies – for improving the healthiness of food they sold. The Coalition’s work was explicitly acknowledged when these plans were unveiled.

Alongside the charities ShareAction and the Food Foundation, the Coalition also called for stronger metrics, broader scope and clearer enforcement; their joint statement was signed by 23 investors managing \$1.33tn.

Building on this momentum, the Coalition scheduled a roundtable with officials from the Department for Business and Trade and HM Treasury for February 2026.

By 2025, the Coalition included 35 investors with more than £6tn in combined assets, supported by civil society organisations. This included Rathbones Group, which signed up in that year.

Escalation

AGM attendance: climate action

As the pace of the energy transition accelerates, and political consensus over climate action fractures, it’s more important than ever that large companies which have set science-based emissions reduction targets have a very clear and costed plan for achieving those goals. Regulators around the world are starting to set clear standards for such plans. Indeed, Rathbones has, for many years, included ‘red lines’ criteria for such plans in its bespoke voting policy. It’s best practice for companies to share these plans, once developed, with shareholders for approval at the AGM every three years.

When companies make changes to their stated ambitions, or there are significant changes in their operating models, these plans need updating. If they were approved by a previous AGM, common sense suggests any changes should go to that forum. In 2025, two companies in which we have large shareholdings fell into this category. BP made changes in its medium-term targets to allow for increased short-term oil and gas production. At Anglo-Swiss mining company Glencore, an acquisition that increased its exposure to coal triggered shareholder debate about its climate transition plan.

In both cases traditional behind-the-scenes engagement proved of limited value. Using our escalation framework, we decided to attend both companies’ AGMs, so we could publicly challenge the Board on its decision not to consult shareholders through the AGM on its changed policy. Our attendance in person improved our access to management and the transparency with which we were able to discuss the issue with the companies. We shared our qualms about the changes to the plans with senior management, who assured us that subsequent transition plans would reflect those concerns.



When companies make changes to their stated ambitions, or there are significant changes in their operating models, these plans need updating



04. Signatories actively exercise their rights and responsibilities

Voting is a vital component of our stewardship approach. A stewardship function can be more than voting, but it cannot be less than it.

At Rathbones Investment Management (which accounts for the large majority of Rathbones’ AUM), we vote on our top holdings by value, as we have a very large pool of securities in clients’ portfolios. In Rathbones Asset Management, where funds’ portfolios are narrower, we vote on all held companies.

At Rathbones Investment Management, the proportion of companies whose meetings we didn’t vote at looks high. However, in practice these are often small holdings – sometimes even held by a single client. We have explored the option of voting for all stocks, but we concluded that the extremely high cost of doing so would not be the best use of stewardship resource.

We report our voting record in real time on our Rathbones Investment Management and Rathbones Asset Management websites:

[Voting disclosure | Rathbones](#)

[Voting disclosure for UK financial and professional advisers | Rathbones](#)

How we voted

We’re guided by our public, in-house voting policy, available on our [website](#). This sums up how we think companies can and should be run for the benefit of all stakeholders. The template is not a ‘one-size-fits-all’. Instead, it’s a helpful central resource for understanding what we think about the importance of good governance and the strong management of sustainability risks.

We apply the policy through the lens of professional fiduciaries looking to make the best decisions for our clients. Governance frameworks work best when we acknowledge necessary nuances because of local conditions – we don’t always follow our policy to the letter, but we’re transparent when we don’t. Companies operate best in a ‘comply or explain’ environment – maximising the downside protection that aligning with rules gives whilst allowing companies freedom to diverge where it’s in the best interests of all stakeholders. In 2025, we voted differently to our policy on 6.3% of resolutions.

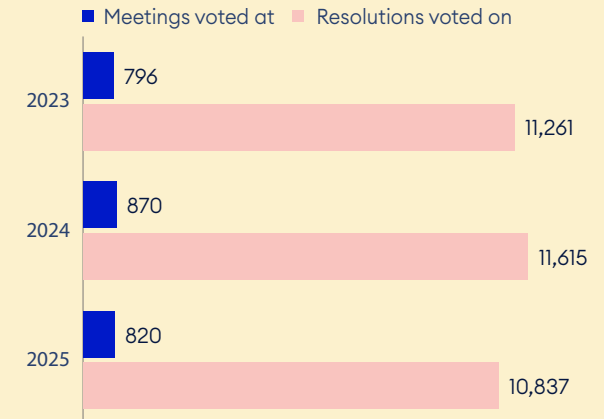
For every vote against management, we report a rationale through our vote disclosure website.

Escalation votes

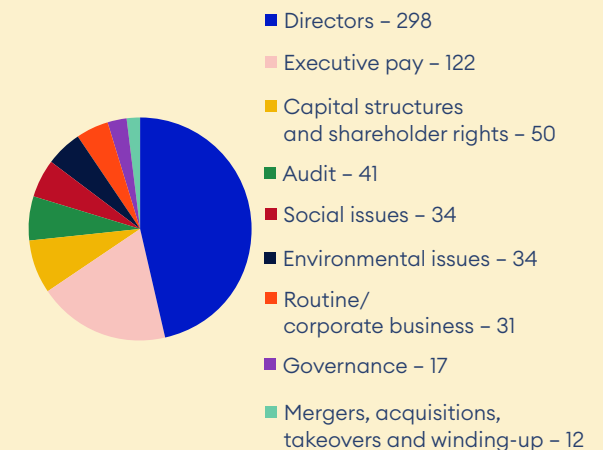
Escalation isn’t a linear or formulaic process, but it’s important to send the signal that we will use every right and measure available to us in the pursuit of long-term value. In 2025, we could point to several examples where we had failed to see sufficient progress and so escalated our voting stance accordingly.

Please see Section Three for examples of where we escalated our engagement through votes against management.

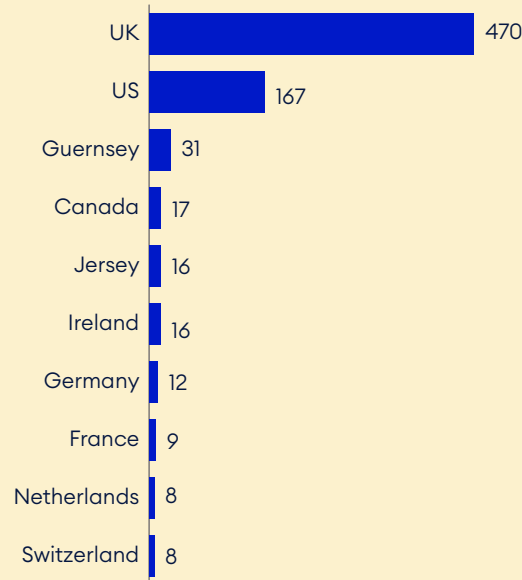
We voted on more than 10,000 resolutions



Reasons for votes against management



Top 10 countries and territories by number of votes against



Conflicts of interest

We cover this in our *Stewardship policy and context report*, but it's important to note the various ways in which we need to manage conflicts of interest in the voting process.

The most significant is where we act for a client in the wealth business who's also a board member of a listed vehicle. We have to balance two things. On the one hand, we need to deliver fiduciary services to the client who may wish their shares in the company they work at to be voted a particular way. On the other

hand, we have to consider the overall best interests of all shareholders we represent. We have a general rule that the voting process is independent, and we seek to split our votes where there are contentious issues, pursuant to a spirit of partnership with companies in our portfolios.

Divergence in voting stance can also occur between Rathbones Investment Management and Rathbones Asset Management for various legitimate reasons. One is that specific Rathbones Asset Management funds have clearer mandates and time horizons which may lead to, for example, a different view on a CEO's pay or a dividend. There's a clear process for debating such issues. The ability to use split votes – voting some of the shares Rathbones holds in one way, and some of the shares another way – ensures independence and the right outcome for different types of client. Our optimal default is to vote the same way for all shares, however.

Non-voting rights

Whilst voting rights are our main activity, we have other rights for other asset classes, notably contractual rights we can enforce as owners of debt-related securities.

In these areas, we exercise our stewardship responsibilities through the technical review of legal documents rather than proxy voting:

- Prospectus review: We check prospectuses and transaction documents to understand covenants and protect against misunderstood risks.
- Impairment rights: Analysts investigate impairment rights during bond analysis, though this primarily impacts the rare occasions when a business enters distress. Impairment rights are the accounting and legal procedures for when a bond's recoverable amount falls below its book value.

- Trust deeds: Although we rarely deal in private placements or asset-backed loans, we do request access to information in trust deeds when involved in such deals, to conduct thorough credit reviews.

The trillion-dollar question: Tesla and executive pay

At the company's 2025 AGM, the Board of US electric vehicle maker Tesla was seeking shareholder approval of the 2025 CEO Performance Award granted to its CEO, Elon Musk. The award, which is worth up to \$1tn, comprises performance-based restricted stock which may 'vest' – pass into Musk's full ownership – in 12 tranches if he achieves various operational and market capitalisation goals over a 10-year period. It's also conditional on his continued service as CEO.

Both Institutional Shareholder Services (ISS), our 'proxy voting adviser' that advises on how to vote at AGMs, and our bespoke Rathbones Investment Management Voting Policy, recommended a vote against the Award. We agreed with this decision:

- Musk's existing, vast personal wealth is already linked to the performance of Tesla stock, questioning how much additional incentive the tranches offer.
- It locks in extraordinarily high pay opportunities over the next 10 years. And it could reduce the Board's ability to meaningfully adjust future pay levels if there are unforeseen events or changes in either the performance or strategic focus of the company over the next decade.
- The high value of each tranche could undermine Musk's desire to achieve all goals, which would create significant value for shareholders. This is because even a partial achievement of his goals would unlock extraordinary wealth for Musk.

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- Certain goals lack precision, and some operational goals overlap with each other.
- There are no explicit requirements to ensure that Musk devotes enough of his time to Tesla.
- There’s the potential for significant dilution for shareholders because of the number of shares being granted. In other words, they’ll own a smaller share of the company.

However, following discussions with top Tesla shareholders in Rathbones Investment Management, we decided to allow all investment managers and fund managers who held Tesla shares to vote individually on the Performance Award, after making up their own minds, although the Group stance was still to vote against. This reflected the complexity of the vote. We followed up with a letter to the Board, explaining our rationale behind our voting decision. The item to approve the Award passed, with 77% support.

It was encouraging to see majority support (53%) for the shareholder proposal calling for the declassification of the Board and the annual re-election of directors. Declassification is when Board directors are up for election at the same time, rather than at different times. We believe that annual elections when all Board posts are up for approval make both directors and the Board as a whole more accountable to shareholders. This vote was advisory rather than binding – but it still carried a moral weight. We’ll continue to engage with the Board on these issues and wait to see if the declassification of the Board takes place.

Chevron

In 2024, we escalated our engagement with the US oil major by voting against the Board Chair and the Chair of the committee overseeing climate risk, following persistent concerns about climate risk, emissions and governance raised during our engagement. With no meaningful improvement by 2025, including inadequate responses to our points, we escalated further by voting in that year against the entire Board.

The company remains a high priority engagement under our thematic net zero engagement. We’ll consider further escalation options ahead of the 2026 AGM. This could entail voting against management on every single item put forward.

Plus500

Plus500 is an online trading platform based in Israel but listed in London. We abstained on the re-election of the Remuneration Committee (RemCo) Chair in 2024 as a warning signal that we wanted reform, after repeated shareholder dissent on pay. Shareholders thought the targets management needed to achieve maximum payouts weren’t stretching enough. They also thought disclosure of the information related to targets wasn’t good enough. When the company still failed to address these issues and recorded a third consecutive year of majority opposition to pay in 2025, we escalated by voting against the RemCo Chair.

At the 2026 AGM, we’ll consider voting against all incumbent directors on the Remuneration Committee if we believe the Board has not done enough to engage with shareholders or to take into consideration concerns raised at previous AGMs regarding the pay practices at the company.



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05. Signatories integrate stewardship considerations into their selection and oversight of external managers

Rathbones invests mainly through primary market listings. We regard the fund managers of listed investment vehicles as service providers, since the assets held on behalf of our clients are managed by third parties. Following the integration of IW&I UK, 58% of our listed equity assets were classified as indirect or collective investments, including investment trusts and funds.

Monitoring collective investments

We list several features of our Fund Research team’s work, in our effort to ensure that clients’ long-term best interests are prioritised and that we oversee capital invested in this area appropriately. This oversight is an important part of stewardship:

- We use our own screening system 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. Our objective is to identify funds that have consistently outperformed or met their objectives with the most efficient use of their ‘risk budget’. This is the amount of risk or volatility a fund is willing to tolerate to achieve its return objective.

- We don’t performance chase. But we do prioritise identifying funds with a long track record of consistently delivering strong risk-adjusted returns. We’ll 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.
- 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 issues such as the valuation policy, governance, safeguarding of client assets, external service providers, and conflicts of interest.
- Regular meetings are conducted with the investment managers of all funds and products on the list of recommended investments.

Moving onto the issue of ownership activities and the use of our influence and shareholder rights, for collectives, we engaged mainly with listed investment trusts. Our voting policy states that we’ll vote against the report and accounts of a listed investment trust where there is no ESG policy in place.

For investment trusts, we try to meet with the Chair of recommended and large holdings at least once a year. In 2025, we met 38 of these Chairs. Through the shareholder voting process, the Rathbones Collectives team is consulted about specific trusts where there are ESG issues.

Communicating expectations

Each year, we write to the fund houses that look after the majority of our collective assets by total assets managed. We use these letters to explain our expectations and ‘expressions of wish’ – our general voting preferences – when it comes to voting and engagement on ESG and systemic risk issues. We often follow up these letters with detailed meetings.

In 2025, our biggest stewardship issue for collectives was the phenomenon of US managers publicly stepping back from net zero commitments or from organisations set up for collective engagement on net zero – and sometimes both. We met the main managers that had done this, receiving assurances that despite the public reporting and withdrawal from collective action based on legal advice in the US, they remained committed to engaging with issuers on issues of ‘material’ or significant ESG risk.

In one specific case, the manager told us that although it had withdrawn from collective action, it had added headcount to meet the consistent demand for investor stewardship communicated by clients, including Rathbones.



We regard the fund managers of listed investment vehicles as service providers, since the assets held on behalf of our clients are managed by third parties



06. Signatories monitor and hold to account stewardship service providers

Since we perform all investor engagement directly, our main provider of stewardship services is our proxy voting advice and vote execution provider, ISS. The service includes features supplementary to the standard service levels. This encompasses the implementation of our bespoke voting framework for Rathbones Investment Management and subscription to ISS's sustainability-focussed voting policy recommendations as a sidelight to our own bespoke policy. It also includes ISS's supply of data for our vote disclosure website.

We also employ a third-party engagement activity tracking provider. This company has adapted its off-the-shelf system to meet our specific client reporting needs. This ensures greater accountability to our stated goals – and hence alignment with them. However, they don't carry out any engagement activities on our behalf.

How we monitor the work of our external voting consultant

Our Corporate Actions team executes all our voting decisions, using the ISS voting platform.

Every week, the Stewardship team tracks ISS's voting recommendations against our policy, telling ISS when

our policy isn't followed. We review the timely provision of bespoke advice every month. Each year, we find several occasions where we have reason to challenge the factual accuracy of the voting advice we'd been given. This leads to ISS making changes to our custom policy recommendations. At its regular meetings, our Corporate Governance and Voting Committee reviews the voting advice which ISS gives us.

For instance, in January 2025, ISS flagged that ahead of the AGM at BlackRock American Income Trust, the company had failed to make a commitment that purchases of ordinary shares would only be made in the market for cash at prices below the prevailing net asset value per share. We engaged with the company and received such a commitment. We passed this onto ISS to reflect our updated analysis.

How we monitor the work of our other ESG providers

We hold regular calls with the account manager of our engagement tracking provider, to ensure the system is fit for purpose, in addition to an annual review of the service when contracts are due for renewal.

We also have an annual meeting with ISS and quarterly meetings with our ESG data providers, to review service levels.

Countering the pushback against ESG: ISS

Proxy voting advisers hold great sway in the operations of global capitalism, potentially changing the outcome of votes at thousands of companies.

Every year, our proxy voting adviser ISS reviews its policies – the stance it adopts on different issues, to decide whether to recommend votes for or against management.

We've become concerned about some of ISS's policies, at a time of political ferment and technological breakthrough. For example, because of the anti-ESG pushback led by US President Donald Trump, it no longer has a policy of recommending votes against directors when there's poor board diversity. More broadly, we worry that the more Trump raises his voice against ESG issues, the more ISS and other proxy advisers will recommend support of management on subjects such as climate change, diversity, equity, and inclusion.

In light of this, we signed a joint letter to ISS that responded to its latest annual review – a letter organised by the Investor Forum, a UK non-profit that we're members of. This organisation promotes long-term investment stewardship by fostering dialogue between institutional investors and company boards. The letter also went beyond policy by including comments on ISS's operations.

The Investor Forum interviewed us before writing the letter, which included several of our comments. It encouraged ISS to:

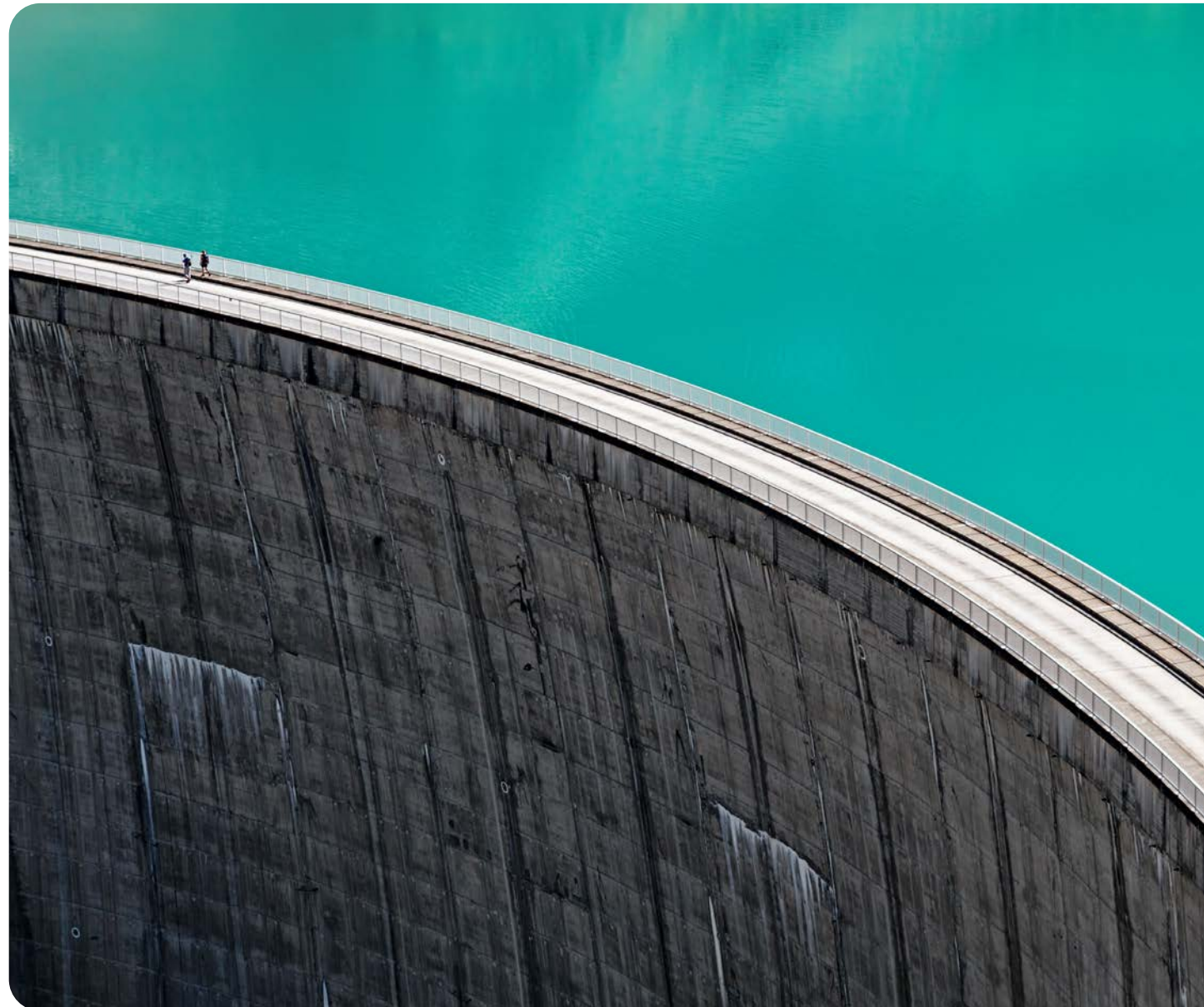
- Further reflect, ahead of its next policy review, on its stance taken on areas where ISS and other organisations were under political pressure, and to consult and communicate better with clients in advance of future changes. This will increase the alignment of ISS's policy with the interests of its shareholder clients across the world.
- Innovate in its systems to avoid complacency and ensure it isn't left behind by its competitors, in the products it offers clients and its quality of service. Rivals have invested in AI, for example, to make the multi-step process of voting more automated.

- Engage in thoughtful internal discussion on the control of data at every stage of the voting process. This will allow clients to understand better where other parties are extracting financial profit by using data on clients' own policies and their actions. We'd also like clients to have the freedom to extract and report their own data at every stage.

“

Since we perform all investor engagement directly, our main provider of stewardship services is our proxy voting advice and vote execution provider, ISS

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Measuring progress

It's important to measure the effectiveness of our stewardship and engagement activities. At the start of each engagement, we define its objectives. We then track progress toward milestones on a regular basis. We also monitor whether we have had to escalate the engagement. We track final outcomes too, and whether or not the engagement was successful. We annually report the progress of our engagement activities.

Find out more

For more information about our approach to stewardship, please visit the [responsible investment](#) section on our website.

Contact us

Rathbones
30 Gresham Street
London EC2V 7QN
+44 (0)20 7399 0000

[rathbones.com](https://www.rathbones.com)

 @RathbonesPlc

 @rathbonesgroup

 Rathbones Group Plc



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