

RATHBONES

Voting Policy

2026



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01 Introduction

At Rathbones, we take our ownership responsibilities seriously and recognise that proxy voting is a fundamental fiduciary duty. Under UK and US¹ 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. This requires 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 sustainability 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.

In many regions, shareholders are given the opportunity to vote on important sustainability issues, such as a company's strategy for transitioning its business in the face of climate change, the level of disclosure a company provides to the public about its gender pay gap, or a change in the ownership threshold required to call a general meeting.

As shareholders in companies that 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 sustainability 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.²

Voting is a vital feedback mechanism between a company and its shareholders and a vehicle through which shareholders can 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 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 sustainability 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.³

”

2. Ferri & Maber, *Say on Pay Votes and CEO Compensation: Evidence from the UK*. P5

3. Monks & Minow, *Corporate Governance*. P24

Voting framework

Our policy has been developed with due reference to relevant codes, standards, reflecting our global universe with a strong exposure to the UK market. Our policy has been developed with the following key standards in mind:

- 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 (2023)
- the ICGN Global Governance Principles.

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



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.
- Where the proposal falls materially short of best-practice guidelines.
- Where the Board has failed to provide sufficient information for a vote in favour of management to be warranted.



Abstain*

- Where the proposal is not regarded as sufficiently material to warrant a vote against management, but we wish to express our concerns.
- Where we did not get a response to our letter/email sent to the company on a particular issue at the previous AGM.



Refer

- Where the proposal in question requires further debate between the Stewardship Team and internal stakeholders with an interest in the company, such as a topic that is not covered in the voting policy.

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**.



Director election

Director election in this voting policy is inferred to also include instances of director 're-election'.

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 overlay of sustainability information to inform our voting. This research better informs the Stewardship Team when voting, particularly on holdings not directly covered by our equity or collectives analysts.

Escalation staircase

Across all our holdings, we prefer a pragmatic ‘engagement first approach’, particularly when contacting 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](#).



02 Voting section

In the following section, we provide a breakdown of sustainability themes we frequently come across when voting at a company's AGM, and the stance we will usually take at Rathbones Group. Given the ever-changing landscape of company law and best practice in governance, 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 consider it 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 believe 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 combining 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 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	<p>For US listed companies, we will usually 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.</p> <p>For UK listed companies, we will usually vote against the election of the director holding the combined roles of CEO/Chair unless there is an extenuating circumstance, and the company has provided an appropriate explanation for the combining of the roles.</p> <p><i>NB. Director election in this voting policy is inferred to also include instances of director 're-election'.</i></p>
Former CEO	<p>Across all regions, we will consider voting against the election of a Chair who has served as CEO of the same company within the last ten years, although we may take a more lenient position if the director is supported by a fully independent deputy chair and/or a SID/LID.</p>
Executive Chair	<p>Across all regions, 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.</p>
Tenure	<p>For FTSE All-Share companies, we will consider voting against the 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.</p> <p>For our non-UK holdings, we will consider targeting the election of the Chair when the Chair tenure has exceeded nine years, and the company has not produced a policy on director tenure policy.</p>
Failure to respond to shareholder dissent	<p>For UK listed companies, we will consider voting against the election of the Chair when more than 20% of votes were cast against a resolution at the previous AGM or a company proposal is withdrawn and either:</p> <ul style="list-style-type: none"> 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.
Sustainability failing	<p>Across all regions, we will consider targeting the election of the Chair when a company has suffered a material sustainability failing and there is evidence of poor risk management.</p> <p>We will also target the election of the Chair in the first instance if a company is linked with a material sustainability controversy and/or has been implicated in a public inquiry for a sustainability failing and is under investigation.</p>

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 and independence. A Board should also balance executive and non-executive members. There is a growing body of evidence that more heterogeneous 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 mature stage operating companies we invest in to create separate Audit, Remuneration (sometimes known as Compensation) 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 established best practice to create a standalone sustainability committee or to

appoint directors to the Board with sufficient experience of sustainability 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 or for AIM-listed companies. 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. Clear deviations from best practice may lead us to target the election of directors:

Categories	Voting stance
Independence on Audit and Remuneration Committees	<p>For all our UK holdings, we expect these committees to be filled with independent directors, in line with recognised best practice. We will consider voting against the election of the non-independent director that causes the committee to no longer have an independent majority.</p> <p>For non-UK 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.</p>
Audit and Remuneration Committee Chair Experience	<p>In the case of the Audit and 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. In the event a director takes on the role of Chair sooner than this 12-month period, we expect the Board to clearly explain why this is in the best interests of shareholders.</p> <p>For all non-UK holdings, we will consider targeting the election of the new Audit and Remuneration Committee Chairs if we believe they have not spent enough time on the Board (and respective committees) at the company before taking on the respective role.</p>
Director Attendance	<p>Across all our holdings, we will consider voting against the election of a director where they have attended less than 100% of meetings and no adequate explanation for the absences has been provided by the Board.</p>
Overboarding	<p>We use ISS' analysis of director roles at quoted companies as a starting point and conduct additional research if we believe the director in question may be over stretched. We will consider voting against the election of the director in question, if we do not feel they can sufficiently discharge their duties.</p>

Table continued on next page

Non-independent criteria	<p>We will review the independence of a director on a case-by-case basis.</p> <p>A Non-Executive Director (NED) may be considered non-independent if they:</p> <ul style="list-style-type: none"> • 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	<p>We will consider voting against the 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:</p> <ul style="list-style-type: none"> • 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	<p>Across all our holdings, we expect the annual election of all Board directors; however, we will follow the corporate governance requirements for the respective country. Where directors are required to be put forward for annual election, but this has not been done, we will consider targeting the election of the Chair of the Board, whom we deem ultimately responsible for setting the governance arrangements at the company.</p> <p>For companies that have adopted a staggered Board structure, we will encourage the company to change its structure to provide shareholders with an annual vote on each director.</p>
Multi-class share structure	<p>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 the majority of shareholders. Multi-class shareholders are more at risk of the interests of management and shareholders becoming misaligned.</p> <p>Across all our holdings, we will consider voting against the election of 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.</p>
Supermajority vote requirement / Entrenched Board	<p>A supermajority vote requirement could lock in provisions that may not be in shareholders' best interests, such as an entrenched Board structure (which prevents shareholders from holding directors accountable on an annual basis and can entrench management), and may deter takeovers and proxy contents, thereby preventing future shareholders from effecting change.</p> <p>Across all our holdings, Rathbones will consider voting against the election of governance committee members, when the company adopts a supermajority vote requirement, Rathbones will consider voting against the election of governance committee members.</p>
Sustainability failing	<p>Across all our holdings, we will consider targeting the election of a director that was on the Board of a company linked with a significant sustainability controversy and/or has been implicated in a public inquiry for a sustainability failing and is under investigation.</p> <p>We note in certain markets, sustainability risk management can be overseen by a Board level sustainability committee. Where this is the case, we will consider targeting the election of the Chair of this committee.</p>

Diversity

Although expectations on gender and ethnic diversity are fluid in many jurisdictions, the evidence suggests that high levels of demographic diversity help ensure the right levels of cognitive diversity, which are linked to many benefits in company management and leadership.

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-ticking 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	<p>For FTSE 350 companies, we will consider voting against the election of the Nomination Committee Chair (or Chair of the Board when no such position exists) where a Board has failed to meet one or more of the following ‘comply or explain’ targets and failed to provide a sufficient explanation:</p> <ul style="list-style-type: none"> 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). <p>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. We will consider voting against the election of the Nomination Committee Chair (or Chair of the Board if no such position exists) when an AIM company has failed to meet the Hampton-Alexander Review and/or Parker Review.</p> <p>For all UK holdings, we will vote against the 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, unless the Board has put in place a timeline to improve Board diversity or provided a sufficient explanation for the arrangement.</p> <p><i>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.</i></p> <p><i>We will also have further discussions on the Stewardship Team where opposing the 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.</i></p>
International	<p>For non-UK 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 in line with the UK Hampton Alexander Review target, which we deem an appropriate first step as we press companies to move towards gender equality on the Board.</p> <p>We will vote against the 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, unless the Board has put in place a timeline to improve Board diversity or provided a sufficient explanation for the arrangement.</p> <p>We will consider targeting the 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.</p>

AIM-listed companies

As a UK based wealth manager, we have a significant exposure to early-stage companies on AIM and have developed detailed standards specific to these 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 articulate that strong corporate governance can promote and protect better performance. Conversely, poor sustainability 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 in the market.

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 (the “Code”), a Code widely adopted by AIM-listed companies. We expect companies choosing to follow the Code 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
QCA Corporate Governance Code	<p>Where companies have fallen short of meeting the provisions of the Code and have failed to provide an adequate explanation, we will consider voting against the approval of the annual report and may escalate to the election of the Chair of the Board, whom we deem ultimately accountable for setting the governance arrangements at the company.</p> <p>We will pay special attention to the following requirements covered in the Code:</p> <ul style="list-style-type: none">• Directors are subject to annual election• Board provides shareholders with an annual say-on-pay vote (via a remuneration policy, remuneration report or share plan approval)• 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)• Board considers the appointment of a Senior Independent Director <p><i>NB. We will discuss each AIM-listed vote with a Specialist Tax Portfolio Service team member to provide additional context.</i></p>

Executive remuneration

Our position is that 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 approving 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 (known as the Remuneration or Compensation Committee) 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 increases 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 (base salary, pensions and benefits). We tend to oppose salary increases that have been undertaken solely following a benchmarking exercise, which is a common method for increasing executive salaries. We believe this 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. We prefer to see salary increases only granted for reasons such as a significant uplift in responsibilities and a director taking on a more challenging role. Fixed pay is in place to remunerate senior management for day-to-day responsibilities; variable pay is in place to reward executives for performance above and beyond that delivered in the normal course of business.

We will likely be supportive of remuneration proposals designed to reward executives proportionally, particularly where our analysis concludes that business outperformance can be strongly attributed to the quality of a company's incumbent management team. We are also mindful of the importance of retention and competition for talent, particularly for UK or European listed companies with a greater exposure to the US. We note in some cases this may lead UK Boards to introduce a hybrid scheme for variable pay, that includes a combination of time-based pay and performance-based pay. We will review this on a case-by-case basis. We will however oppose those 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.

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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.⁴

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

As covered above, across all our holdings, we expect the Remuneration (Compensation) Committee 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 ongoing 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 may oppose the election of the Remuneration Committee Chair. In line with Rathbones' escalation strategy, we will consider targeting the election of all incumbent directors on the Remuneration (Compensation) Committee where the company has suffered two successive years of shareholder revolts against the company's pay arrangements and the committee has failed to address shareholder concerns.

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 Statement of 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% 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 consider voting against management if the authority represents more than 14.99% of the issued share capital (the maximum that can be purchased under the UK 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 will consider 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 election of Audit Committee members, the re-appointment of the external auditor, or the approval of audit fees.

We consider it beneficial for all companies to regularly refresh audit firms, 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. However, the rules around auditor rotation 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	<p>For UK and EU-listed companies, we will vote against the election of the Audit Committee Chair and the appointment of the company's external auditor, 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.</p> <p>For all our non-UK holdings, we will consider voting against the election of the Audit Committee Chair and the election of the company's external auditor, 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.</p> <p>For our US holdings, we may take a more lenient position when a company rotates the Lead Audit Partner every five years.</p>
Non-audit fees immateriality	<p>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</p>
Audit quality	<p>Across all our holdings, we will consider voting against the 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</p>
Audit Committee members	<p>Across all our holdings, we will consider voting against the election of a director who served on the Audit Committee of a 3rd party company or organisation linked with a significant auditing controversy and/or has been implicated in a public inquiry for accounting errors and is under investigation by the relevant authority.</p> <p><i>NB. In line with the Group's escalation strategy, we will consider targeting the election of all Audit Committee directors should we have ongoing concerns with the company's audit.</i></p>



Other governance items

There are items put forward at a company's AGM which we deem routine business. Despite their often-routine nature, we 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)	<p>We will generally vote for a resolution to authorise political donations and expenditure, unless:</p> <ul style="list-style-type: none"> 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	<p>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.</p> <p>We will consider voting 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.</p> <p>We note however the changing attitude to virtual-only meetings in certain markets, for instance in Germany. We will review this on a case-by-case basis, paying particular attention as to how shareholder rights are protected, and whether investors are treated equally.</p>
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. All OECD jurisdictions 'have either provisions or recommendations for minority shareholders' right to request the addition of agenda items.⁵ The rules and scope of these resolutions vary by region. Whilst the majority of proposals that we vote on are proposed by management, meaning they are put on the AGM agenda by the Board, 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 sustainability issues. The majority of shareholder proposals filed are seen in the US, which has historically had less onerous restrictions to filing a proposal than other countries.

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' (advisory), meaning that if they do pass companies are not legally bound to implement the proposal asks. We may consider voting against the 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.

For the first time since 2021, 2025 saw a noticeable decline in shareholder proposals. This is likely attributable to the growing politicisation and backlash towards sustainability consideration in the US, the rise in the number of anti-sustainability proposals filed and the declining investor support from US and EU institutional investors to these proposals. Concerns have also been raised by stakeholders that proposals can often be overly prescriptive and could ultimately end up being harmful to the company's sustainability practices and policies.

5. OECD Corporate Governance Factbook 2025 (EN)

As a Group, we will review each proposal on its merits, taking it on a case-by-case basis. We will consider voting against those proposals which we consider to be overly restrictive on a company or appear to duplicate existing practices and policies at a company.

While we are generally supportive of requests for increased transparency and disclosure regarding sustainability matters, the 2025 AGM season has provided examples of overburdening companies with unnecessary requests for information and significant duplication, which takes up valuable company time and resources. Reasonable requests for disclosure are still supported, but only where gaps in the company's existing suite of reporting exist.

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

UK/International	<ul style="list-style-type: none"> • 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 sustainability externalities e.g. for waste levels, plastic, health and safety performance • link a company specific sustainability measure to executive remuneration • reduce the ownership threshold to call Special Meetings • improve practice on animal welfare and anti-microbial resistance. <p><i>NB. There may be occasions where Rathbones chooses to oppose a shareholder proposal – for instance we may not believe it to be in the best interests of the company and its shareholders – but we may decide to engage privately with the investee company if we believe the topic represents a material risk or opportunity.</i></p>
Proposals deemed harmful to a company's sustainability practices / policies	<p>2025 saw a record number of proposals filed at US companies that have been critical of a company's sustainability policies and initiatives. While these proposal have often been filed by the same groups year on year, we will always review each proposal on its merits, irrespective of the proponent.</p> <p>However, the Group stance will generally be to vote against shareholder proposals which we deem harmful to the sustainability strategy at a company.</p>
Require an Independent Chair	<p>Across all our holdings, we will tend to support shareholders proposals calling for a new independent Chair to be appointed, as we see an independent Chair as the cornerstone of good corporate governance.</p>
Minority shareholder rights	<p>Across all our holdings, we will tend to support shareholder proposals that better empower minority shareholders e.g. providing shareholders with the right to act by written consent or which attempt to change the governance structure from a dual-class share structure to a one-share-one vote approach.</p>



Climate (net zero)

Rathbones observes 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.⁶

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, a trend which is likely to be codified in an increasing number of OECD jurisdictions. 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.

6. www.rathbones.com/sites/rathbones.com/files/imce/climate_change_statement_130521.pdf

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

Director re-elections	<p>Rathbones will consider voting against the 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.</p> <p>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.</p>
Say on Climate votes	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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,⁷ 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 • 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. <p>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.</p>
Shareholder climate proposals	<p>Whilst we judge each request on its merits, we will likely be supportive of shareholder proposals requesting:</p> <ul style="list-style-type: none"> • the reduction of greenhouse gas (GHG) emissions or adoption of GHG goals/targets in products and operations • companies to set a climate ambition and strategy aligned to the Paris Agreement, in particular a 1.5°C temperature rise target • companies to disclose their public policy engagement activities, whether this be individual engagement or collaborative engagement as part of an industry association, including climate-related lobbying disclosure • a report on how a company's direct and indirect lobbying aligns with the Paris Agreement goals.
Auditor reappointment	<p>For companies that are likely to be materially impacted by climate risks, we will consider voting against the reappointment of the company's auditor where they fail to:</p> <ul style="list-style-type: none"> • 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	<p>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.</p> <p>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.</p>
Backtracking on climate commitments	<p>We will consider voting against the election of the Chair of the Board (or Chair of the committee responsible for climate oversight) where we deem the company has taken a material step back on a climate commitment* in the past year.</p> <p><i>NB. This includes anything that constitutes dropping existing climate commitments, including an additional material exception to an oil and gas or coal policy, or a material change to one or more of the company's decarbonisation targets.</i></p>

7. Companies with direct involvement in exploration, extraction, mining and/or production of oil, natural gas, coal or other fossil fuels cannot get their targets validated by the SBTi at present.

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 2025, the Rathbones-led coalition, known as Votes Against Slavery, represented 168 investors with approximately £3 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 both the [CCLA Global Modern Slavery Database](#) and the [Modern Slavery UK Benchmark](#)

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 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 Global Modern Slavery Benchmark and UK Benchmark and has not committed to make improvements by the time of the AGM, we will consider voting against the election of the Chair of the Board.

Nature

We consider nature-related risks to 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.⁸ 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 review the vote on the approval of financial statements and statutory accounts for companies deemed to be systemically important in nature-related issues, having both significant impacts and dependencies on nature. This will cover companies within the Nature Action 100 (NA100) initiative target list. We will review the companies' progress on meeting the NA100 investor expectations and benchmark performance and will consider abstaining or voting against this item if the company is not taking adequate actions.
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03

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	<p>For FTSE 350 companies, we will consider voting against the election of the Nomination Committee Chair (or Chair of the Board when no such position exists) where a Board has failed to meet one or more of the following ‘comply or explain’ targets and failed to provide a sufficient explanation:</p> <ul style="list-style-type: none"> 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). <p>We consider the Chair of the Audit and Remuneration Committee to be a senior position for an investment company.</p> <p>For smaller UK market cap companies, we will usually take a more lenient approach but encourage companies to meet the targets of the Hampton Alexander Review and the Parker Review.</p> <p>For all UK holdings, we will vote against the 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, unless the Board has put in place a timeline to improve Board diversity or provided a sufficient explanation for the arrangement.</p> <p><i>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.</i></p> <p><i>We will also have further discussions on the Stewardship Team where the election of a director would decrease the diversity of the board (i.e. where the Nomination Committee Chair/Chair adds to the diversity of the Board).</i></p>
Tenure	<p>We will consider targeting the election of the Nomination Committee Chair (or Chair of the Board if no such position exists) if the Board has failed to adopt a policy on director tenure or the Chair has exceeded the tenure limit of the policy without a sufficient explanation. We see a nine-year tenure limit as best practice although we recognised that the AIC Code does not set a limit on director tenure. We will generally vote against the election of a director when they have served on the Board for 10 or more years unless the Board have provided an adequate explanation for the extended tenure beyond nine years.</p> <p>We will also engage with the Board to ascertain succession planning for the longest serving directors and may consider voting against the election of the Nomination Committee Chair, should the Board fail to have a plan in place.</p>
Chair independence	<p>In line with the stance taken in the main Group voting policy, we will consider voting against the election of the Chair of the Board, if they are deemed non-independent.</p> <p><i>NB. We may consider taking a more lenient approach, should the non-independent Chair be supported by a SID</i></p>
Annual re-election of directors	<p>Where directors are required to be put forward for annual election, but this has not been done, we will consider targeting the election of the Chair of the Board, whom we deem ultimately responsible for setting the governance arrangements at the company.</p>
Overboarding	<p>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/the relevant Board member have sufficient time to dedicate to their role, and will consider voting against the election of the director in question, if we do not feel they can sufficiently discharge their duties.</p> <p><i>NB. We may 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</i></p>
Independence on Audit and Remuneration Committees	<p>We expect these committees to be filled with, and to be chaired by, independent directors in line with recognised best practice.</p> <p>We will consider voting against the election of a non-independent director that sits on the Audit and/or Remuneration Committee.</p> <p><i>NB. The criteria we use to review a director’s independence can be found on page (10-11) in the main Group policy. In addition to these criteria, we will consider a director non-independent if they have, or have had within the last three years, a material business relationship with the company or the manager. This could either be directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company or the manager.</i></p>
Escalation	<p>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, we will consider voting against the election of the Remuneration Committee Chair.</p>

Board fees/manager fee

Categories	Voting stance
Board fees	<p>We argue 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.</p> <p>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.</p> <p>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.</p>
Investment manager's fee	<p>We expect to see no performance-related element attached to the investment manager's fee for conventional, historic long only equity investment companies.</p> <p><i>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.</i></p>

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 UK 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 voting against the 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 the election of all directors on the Board or on a particular committee.
Continuation vote	We will review each continuation vote on a case-by-case basis.



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