

RATHBONES

Incorporating
Investec Wealth &
Investment (UK)

Voting & Engagement Summary

Q4 2024



Proxy voting at Investec Wealth & Investment (UK)

In 2023, the Financial Conduct Authority approved the combination of IW&I (UK) with Rathbones Group, taking our combined funds under management and administration (FUMA) to about £100 billion.

We've joined a business with a very similar culture and aspirations for responsible investment. Our enlarged size also brings us new opportunities and greater market presence and influence. This reaches much further as we strive to persuade global businesses and policymakers to work towards more sustainable outcomes. Put simply, as a larger investment management company, our voice is louder.

IW&I (UK)'s focus remains on delivering exceptional service to our clients, seeking to create long-term value for all our stakeholders and contributing meaningfully to our communities and planet.

Stewardship activities are built into our processes, so all our research analysts have responsibility for them. As these analysts each look at particular sectors and asset classes, we have a good understanding of industry best practice in each area. This allows us to tailor our activities.

We have a formal structure to oversee the implementation of our voting and engagement policies, to report on our activities, and to review our policies and their effectiveness. This structure includes research analysts and our stewardship team. They report to the relevant committees. The Investment Committee ultimately supervises this activity.

Our proxy voting is informed by our custom voting policy, which ISS, a company we use for advice on proxy voting, uses to generate custom reports ahead of each company meeting e.g. an annual general meeting (AGM) or an emergency general meeting (EGM).

Our stewardship and research analysts use the recommendations generated, combined with their engagement experience, to arrive at a voting recommendation, in collaboration with our investment professionals.



We believe it's important to engage with companies we invest in. We also think it's important to use the voting rights of shares we hold on our clients' behalf. This report looks at our voting in the final quarter of 2024.

Votes against management

BHP Group Limited

Environmental: net zero

Approve Climate Transition Action Plan (Outcome: 8% opposition against management)

Climate Transition Plans outline how companies will cut carbon emissions. We voted against BHP's plan, to signal to the board that we thought it could be more ambitious. We thought its Scope 1 emissions reduction targets were not ambitious enough and its long-term Scope 1 and 2 goals relied heavily on the use of offsets. These involve companies investing in projects outside their own business that reduce carbon emissions or remove them from the atmosphere. We also thought the plan showed a lack of ambition by not updating the previous plan's goal for 2030 of a 30% reduction in emissions. The vast majority of BHP's carbon footprint is from Scope 3 emissions. BHP has a 2050 goal to achieve net zero Scope 3 emissions by 2050 but it hasn't set any interim milestones against which progress towards this goal can be measured.

The Scopes are categories used to measure the different types of carbon emissions of companies. Scope 1 emissions are generated directly by the business (e.g. its facilities and vehicles). Scope 2 covers emissions caused by something a company uses, such as electricity. Scope 3 is notoriously hard to measure but covers other emissions for which a company is responsible, such as emissions generated when its products are used.

Finally, BHP's own 1.5°C scenario analysis – its assessment of the cuts in global carbon emissions necessary to limit the global temperature increase to that level – isn't aligned with widely recognised 1.5°C scenarios produced by organisations such as the International Energy Agency.

Microsoft Corporation

Social: human rights, artificial intelligence (AI) and weapons development

Report on Risks of Weapons Development (Outcome: 15% opposition against management)

Report on Risks of Operating in Countries with Significant Human Rights Concerns (Outcome: 32% opposition against management)

Report on Risks of Using Artificial Intelligence (AI) and Machine Learning Tools for Oil and Gas Development and Production (Outcome: 10% opposition against management)

Report on Risks Related to AI Generated Misinformation and Disinformation (Outcome: 19% opposition against management)

Report on AI Data Sourcing Accountability (Outcome: 36% opposition against management)

We generally support shareholder resolutions making reasonable requests for increased transparency in ESG matters. Looking at these resolutions specifically, we supported them as they requested adequate information from the company on its product principles, due diligence and oversight. Due diligence refers to the care a business is expected to take before entering a contract. The resolutions included requests to disclose information on dealings with governments. Some of these interactions could have reputational repercussions for the company.

We also supported two shareholder proposals about AI, an area of rapid technological development that presents both opportunities and risks for companies, investors and wider society. We believe that more information on how companies' AI models work, and this risks they create, would help shareholders detect any financially significant risks.

The Procter and Gamble Company

Governance: auditor tenure

Elect Director Christine M. McCarthy (Outcome: 3% opposition against management)

The company has had the same auditor for 134 years. Companies can benefit from refreshing audit tenure regularly, as newer auditors are more likely to be free from potential conflicts of interest. This may reduce the impediments to producing accurate, fair, and transparent information to shareholders. We'd engaged with the company on this topic before, but it hadn't taken any action, so we voted against the re-election of the Chair of the Audit Committee.

Social: gender and racial pay gaps

Report on Median Gender/Racial Pay Gap (Outcome: 30% opposition against management)

We generally support shareholder resolutions making reasonable requests for increased transparency on ESG matters. We supported this shareholder proposal, as median pay gap statistics across race and gender would allow shareholders to compare and measure the progress of the company's diversity and inclusion initiatives.

Appendix – Voting Detail

Direct equity

Company Name	Meeting Type	Votes For Management	Votes Against Management	Abstentions
Aptiv Plc	Court	1	-	-
Aptiv Plc	Extraordinary Shareholders	2	-	-
Associated British Foods Plc	AGM	20	-	-
Balanced Commercial Property Trust Ltd	Special	1	-	-
Balanced Commercial Property Trust Ltd	Court	1	-	-
Bioventix	AGM	10	-	-
BHP Group Limited	AGM	10	1	1
Cisco Systems Inc	AGM	11	-	-
Close Brothers Group Plc	AGM	21	-	1
Craneware	AGM	15	-	-
DotDigital	AGM	12	-	1
Ferguson Enterprises Inc	AGM	14	-	-
Fonix	AGM	15	-	-
Hargreaves Lansdown Plc	Special	17	-	-
Hargreaves Lansdown Plc	Court	1	-	-
Hargreaves Lansdown Plc	AGM	1	-	-
Hays plc	AGM	19	-	-
ITM Power Plc	AGM	9	-	-
James Halstead	AGM	11	-	-
Kerry Group Plc	Special	4	-	-
Medtronic Plc	AGM	14	1	-
Microsoft Corporation	AGM	15	5	-
Netcall	AGM	12	-	1
Palo Alto Networks Inc	AGM	5	3	-
Pernod Ricard SA	AGM	16	1	-
Renishaw Plc	AGM	17	-	-
Sysco Corporation	AGM	14	1	-
Target Healthcare REIT Plc	AGM	15	-	-
The Estee Lauder Companies	AGM	3	4	-
The Procter and Gamble Company	AGM	13	2	2
Tristel	AGM	13	-	1
Volution Group Plc	AGM	17	-	-
Wolters Kluwer NV	Extraordinary Shareholders	1	-	-
YouGov	AGM	17	-	1
	26	367	18	8

Collective investments

Company Name	Meeting Type	Votes For Management	Votes Against Management	Abstentions
abrdn Diversified Income and Growth plc	Special	2	-	-
Abrdn UK Smaller Companies Growth Trust plc	AGM	15	-	-
AVI Japan Opportunity Trust PLC	AGM	1	-	-
Baillie Gifford Japan Trust PLC	AGM	14	-	-
BlackRock Greater Europe Investment Trust PLC	AGM	16	-	-
Caledonia Investments PLC	Special	2	-	-
Fidelity Special Values PLC	AGM	12	-	-
JP Morgan Emerging Markets Investment Trust PLC	AGM	14	-	-
JPMorgan Global Emerging Markets Income Trust PLC	AGM	14	-	-
JPMORGAN GLOBAL GROWTH AND INCOME PLC	AGM	14	-	-
JPMorgan UK Small Cap Growth and Income plc	AGM	14	-	-
Pacific Horizon Investment Trust PLC	AGM	13	-	-
Ruffer Investment Company Limited	AGM	15	-	-
Schroder Japan Trust PLC	AGM	16	-	-
Schroder Oriental Income Fund	AGM	11	-	-
The City of London Investment Trust PLC	AGM	19	-	-
The Diverse Income Trust PLC	AGM	14	1	-
The European Smaller Companies Trust PLC	AGM	13	-	-
	18	219	1	

Opinions, interpretations and conclusions represent our judgement as of this date and are subject to change. The Company and its related Companies, directors, employees and clients may have positions or engage in transactions in any of the securities mentioned. The value of shares, and the income derived from them, may fall as well as rise. The information contained in this publication does not constitute a personal recommendation and the investments referred to may not be suitable for all investors.

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