

Stewardship Policy

Investec Wealth & Investment UK
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Investec's purpose is to create enduring worth, living in, not off, society. We deliver exceptional service to our clients, striving to create long-term value for all of our stakeholders and contributing meaningfully to our people, communities and planet.

Stewardship activities are built into our processes, meaning each of our investment analysts have responsibility for stewardship issues. As these analysts are sector and asset class focused, we therefore have a good understanding of industry best practice in each area, and so can tailor our activities appropriately.

As an asset manager bound by the Shareholder Rights Directive (SRD II), it is our duty to promote effective stewardship and long-term investment decision making. We therefore have a formal structure to oversee the implementation of our Stewardship Policy, to report on our activities to relevant interested parties, and to review the policies and their effectiveness. This structure includes Research Analysts and our Stewardship Team, who execute Stewardship activity and report into asset-class specific Committees; top-level oversight is provided by the Investment Committee. More detail on this structure can be found in our latest Stewardship Code Submission.



Our Voting Policy

IW&I UK employs ISS as a third-party proxy advisory company to provide detailed governance analysis on several hundred of our key holdings. Each Research Analyst and/or the Stewardship Team reads ISS' analysis and makes a recommendation to the relevant committee, e.g. the Listed Equities or Collectives Committee, on how to vote¹. The central Stewardship Team has oversight over all meetings and ballot items, through access to the ISS platform. They ensure consistency across all votes and manage voting activity in line with deadlines. We then use the output of this forensic analysis of ballot papers to shape, but not dictate, our engagement activity around AGMs.

Voting Principles

The below sets out some of our beliefs relating to Responsible Investment, that we will seek to promote within our investee companies, using our voting rights as shareholders. Our team uses these as guiding principles to ensure consistency in our voting, across teams and meetings. While we approach each ballot item with the nuance required, our general stance on key topics is set out below. The below principles will be applied as appropriate to the asset class in question; Environmental and Social factors will be more directly applied to equities and real estate and infrastructure investment trusts. For other investments, such as equity and fixed income investment trusts, while we seek to encourage ESG integration in their investment processes, some of the environment and social factors below will not be as material. With these funds, we will instead focus on voting to promote the good practices that are most relevant and material in this space: those related to their Boards (asterisked* below).

Environmental Factors

Where IW&I feel it is in stakeholders² best interests, IW&I will seek to vote in favour of resolutions relating to companies:

- Lowering their GHG emissions and devising science-based transition plans
- Responsible use and treatment of natural capital
- Preserving biodiversity

Social Factors

Where IW&I feel it is in stakeholders² best interests, IW&I will seek to vote in favour of resolutions relating to companies:

- Ensuring Board diversity*, in line with the:
 - Hampton-Alexander review, which focuses on women in leadership roles across the FTSE350 and raises the target to 33%
 - BEIS Select Committee Report, which proposes that half of new senior executive appointments in FTSE 350 companies should be women from May 2020
 - Parker Review of ethnic diversity, which suggests that there should be at least one director of colour on FTSE250 boards by 2024 and that nomination committees should insist on the identification of people of colour for the purpose of vacancy shortlists
- Ensuring workforce diversity
- Other human capital considerations, including permitting employee freedom of association and collective bargaining

Governance Factors

Where IW&I feel it is in stakeholders² best interests, IW&I will seek to vote in favour of resolutions relating to:

- Board effectiveness*, for example:
 - Independent Board Chair
 - Sufficient tenure
 - Avoidance of overloading
- Non-egregious remuneration*, for example:
 - Incentivisation structures in place for management, such that they prioritise long term value generation, including consideration of ESG factors
 - In line with performance and industry norms
 - Comprehensive remuneration policies
- Disclosure* on E, S factors above e.g. race and equity audits and pay gaps

¹ N.B. our AIM Team follow the same process, but take their voting decisions through a separate governance structure.

² Stakeholders are defined as shareholders and broader parties that can affect or be affected by a business or trust's operations and performance. These include a company's employees and the environment in which the business or trust operates. Considering these parties is in line with our corporate purpose to create enduring worth, living in, and not off, society.

Equities

We will vote for discretionary holdings of centrally researched stocks (including those listed overseas) when:

- We hold more than £10m worth – we will vote on all ballot items, if necessary, registering a vote against management where we identify any contentious items.
- We hold less than £10m worth but more than 1% of the shares – we will vote on all ballot items, if necessary, registering a vote against management where we identify any contentious items.
- Positions of less than £10m when the analyst identifies a recommendation against management – we will vote on the contentious issue as appropriate.
- For holdings within our AIM inheritance tax plan, we vote on all of our discretionary holdings.

Investment Trusts

We will vote for discretionary holdings of the following:

- All centrally researched investment trusts
- Investment trusts which are not centrally researched but we hold over £10mn and/or over 2% of the share capital

Notes:

- The firm's discretionary equity holdings are assessed at the end of the calendar year. The values and proportions of companies held at that point will inform our voting intentions for the subsequent year. In addition, investment trusts which are not centrally researched are monitored as part of an ongoing process and will be included if appropriate. In order to mitigate empty voting (where stock is bought or sold between a record date and an AGM), we will vote if, at the date the decision was made to vote on the stock, the stock was held on IW&I's books. To minimise the risk of empty voting we will keep to a minimum the time between lodging a vote and the record date, and prior to lodging will reconcile all positions held. We would not normally buy a stock simply in order to exercise a right to vote.
- Whilst IW&I uses the services of ISS, a proxy voting adviser, for advice on AGM and EGM ballots, we execute all votes ourselves.
- Where clients know of a voting decision they can override house policy but in general IW&I assumes full discretion for all its decisions. Votes will only be withheld if IW&I is aware of a potential client conflict with the intended vote or if the client explicitly directs us to an alternative vote.
- IW&I maybe unable to vote on stocks listed in Belgium, Denmark, Sweden and Switzerland, as power of attorney is required to enable proxy voting in these jurisdictions.
- IW&I does not engage in stock lending.



Our Engagement Policy

The Shareholders Rights Directive II (SRD II) aims to promote effective stewardship and long-term investment decision-making by enhancing the transparency of asset managers' investment strategies. As an investment firm that provides portfolio management services to investors, Investec Wealth & Investment (IW&I) is considered an SRD asset manager. This document sets out IW&I's engagement policy in line with the requirements under SRD II.

1. Integration of shareholder engagement within IW&I's investment strategy

We regularly engage directly with company boards outside of the traditional AGM cycle on matters ranging from remuneration to mandate change. Separate Listed Equity, Real Assets and Collectives Committees oversee the execution of our governance responsibilities.

2. Monitors investee companies on relevant matters, including:

- a) strategy;
- b) financial and non-financial performance and risk;
- c) capital structure; and
- d) social and environmental impact and corporate governance.

IW&I has a dedicated Research team that monitors all the investments that it actively covers. News flow is followed closely and, when deemed appropriate, conclusions are communicated to Investment Managers. When we make purchases on behalf of our clients, our aim is to make investments that can be held for the long-term and as such we pay regard to fundamental factors including how the company is managed, its market position, balance sheet leverage, capital allocation policy and its returns on capital. We make use of third-party data providers, such as Sustainalytics, ISS and CDP, services to augment our view from a social and environmental perspective.

3. Conducts dialogues with investee companies and funds

Engagement with investee companies will most likely be through direct dialogue with the management team or through exercising voting rights at General Meetings. If we think a company is not being managed in the interests of our clients, we will decide how best to engage with the company to address this.

IW&I regularly engages directly with management to discuss any issues as they arise, both through in-house meetings (affording Investment Managers an opportunity to raise their own points) and through contact at presentations and conferences.

4. Cooperates with other shareholders

IW&I is willing to act with like-minded shareholders where appropriate and where it is in the interests of our clients, so long as in doing so we are able to comply with all appropriate regulatory rules. IW&I is a signatory of the UN Principles of Responsible Investment and a member of the Investor Forum and Institutional Investors Group on Climate Change. We actively look out for opportunities that these bodies offer to engage collaboratively with companies.

5. Communicates with relevant stakeholders of the investee companies

IW&I UK discloses voting activity for discretionary AUM, publicly, on a quarterly basis. Engagement case studies are also published in the H1 Voting & Engagement Summary, as well as the annual UK Stewardship Code Report

IW&I aims to report additional detail, upon request, to interested clients where we have voted against management or voted to encourage management to adopt a resolution that could lead to a change in how they operate.

6. Communicates with the organisation to feed into the investment decision making and vice versa

Our Governance structure ensures investment decision making and Stewardship are closely interlinked, as these matters are all discussed in one committee, per asset class.

7. Manages actual and potential conflicts of interests in relation to the firm's engagement

IW&I has a company policy on Conflicts of Interest. All employees are required to declare any conflicts of interest, including those which may arise as a result of engagement, and we have in place arrangements to prevent or manage any conflicts identified. A summary of our conflicts policy is available to all our clients in our Terms and Conditions, and can also be obtained upon request from the Head of Compliance by other interested parties.

Thematic Engagement Priorities

Given our focus on maintaining and creating long term value for our clients and society, we prioritise engagement on topics that are most material to each industry and asset class we invest in. Following this analysis, we have identified the following Thematic Engagement Priorities.

Equities

IW&I use Sustainalytics' data, where available, on material issues, which is in line with SASB standards, to establish which topics are material to each of our holdings. IW&I have prioritized these issues based on the severity of Sustainalytics scores across our centrally researched universe, combined with a consideration of the size of each holding.

Environmental Factors

- Carbon Emissions and Waste Management
- Resource Use and Environmental Impact of Products & Services

Social Factors

- Human Capital (including diversity) and Occupational Health & Safety
- Data Privacy & Security

Governance Factors

- Corporate Governance & Business Ethics
- Product Governance

Real Estate & Infrastructure

IW&I's internal analysis, third party research and relationships with our holdings in this space lead us to believe that environmental factors (see above) are most material for real estate and infrastructure investments. IW&I will also prioritise the above Social factors where appropriate (e.g. with social housing investments) and Governance factors where appropriate (e.g. with investment trusts).

Equity & Fixed Income Funds

IW&I's focus in this space will center around factors deemed most material to these investments:

1. Board diversity
2. ESG disclosures
3. ESG investment analysis
4. Stewardship, with material issues prioritized

Escalation Policy

While we approach each engagement with the nuance required, our general approach to escalating an engagement is set out below.

Methods of Engagement

To pursue our engagement goals with investee companies, we employ one or more of the following methods, as appropriate:

- **1-1 dialogue with management and Boards**
- **Joining a collaborative engagement**, or establish one by raising concerns to one of the industry bodies of which we are a member, e.g. Investor Forum or UN PRI
- **Abstaining or voting against management** at AGMs/EGMs, exercising voting rights for assets over which we have discretion
- **Private, written** correspondence
- **Escalate 1-1 dialogue** by speaking with senior management, the company's advisers, its non-executive directors or the Chairperson
- **Continuing to abstain or vote against management proposals at AGMs and EGMs**
- **Public statement of concern**, either 1-1 or in collaboration with other investors
- **Co-filing a shareholder resolution**, combining forces with other shareholders to increase pressure on management where we feel such action is in the interests of our shareholders
- **Partial or full divestment** may be considered as an extreme and rare measure, where we feel our concerns have not been adequately addressed. However, on the whole we favour retaining investments where we have ESG concerns, as this approach enables us to leverage our shareholder rights to encourage the business to address our concerns.

Methods of Escalation

If the above methods of engagement do not yield a cooperative response from our holdings, we will progress to more acute means, as outlined below. Triggers for progressing to these methods will depend on the nature of the engagement goal, i.e. the materiality and urgency of the matter. Methods include:



Belfast	02890 321002	Cheltenham	01242 514756	Guildford	01483 304 707	Manchester	0161 832 6868
Birmingham	0121 232 0700	Edinburgh	0131 226 5000	Leeds	0113 245 4488	Sheffield	0114 275 5100
Bournemouth	01202 208100	Exeter	01392 204404	Liverpool	0151 227 2030		
Bristol	01172 444860	Glasgow	0141 333 9323	London	020 7597 1234		

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The information in this document is believed to be accurate at the time of publication.

The value of investments and the income derived from them can go down as well as up and you may not get back your initial investment.

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