

**RATHBONES**

Incorporating  
Investec Wealth &  
Investment (UK)

# Voting & Engagement Summary

**Q3 2024**



# Stewardship at Investec Wealth & Investment UK

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

We've joined a business that has 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 Stewardship Policy, 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 committees that look at specific asset classes and to our Responsible Investment Committee. The Investment Committee ultimately supervises all of this.

Our stewardship is informed by the work of Institutional Shareholder Services (ISS), which supplements our relevant investment analysts' qualitative research. ISS is a specialist company that advises shareholders. It provides us with analysis of proposed annual general meeting (AGM) and extraordinary general meeting (EGM) resolutions for listed investments (including investment trusts). ISS highlights where it thinks proposals don't match best practice, or where it disagrees with a resolution tabled by a company. Our relevant analyst will use this information, combined with their engagement experience, to arrive at a voting recommendation. The analyst then makes their recommendation to the respective governance committee, which decides how to vote.

The analyst will also use the information from specialist companies such as ISS, and sustainability information providers MorningStar Sustainalytics and ClarityAI, to challenge companies on how they are confronting risks, the quality of their solutions, and how responsive they are compared with peers.



**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 activity in the third quarter of 2024.**

# Votes Against Management

## Nike Inc

### *Environmental: Environmental Targets*

#### **Report on Environmental Targets (Vote Outcome: 27% dissent against management)**

We supported a shareholder proposal asking Nike to review its sustainability strategy, as the company had missed many of its 2020 targets and then revised or 'restated' them to be less ambitious. This wasn't followed by adequate discussion or disclosure about what the company was going to do next, to minimise its environmental impact. For example, whether new targets were going to be set or a new strategy was going to be put in place. This is important because companies that don't take strong action to reduce their emissions are contributing to climate change, which is likely to hit the revenue and harm the assets of various companies in our clients' portfolios.

### *Social: Human Rights in the Supply Chain and Gender/Racial Pay Gaps*

#### **Report on Effectiveness of Supply Chain Management on Equity Goals and Human Rights Commitments (Vote Outcome: 13% dissent against management)**

#### **Report on the Impact of Work-Driven Responsibility Principles and Supporting Binding Agreements in Sourcing from High-Risk Countries (Vote Outcome: 12% dissent against management)**

Addressing human rights risks in supply chains and operations isn't just a moral imperative. It also makes financial sense because it helps preserve the well-functioning supply chains that in turn enable well-functioning companies. Therefore, we also supported two shareholder proposals requesting reports about human rights in Nike's supply chain. This followed a collaborative engagement with Nike last year, when investors with total assets of \$4.5 trillion wrote to the company to express concern about the treatment of workers in their supply chain in Thailand and Cambodia. The investors asked Nike to implement better sourcing practices and give these workers access to remedy. The company did not respond to the letter despite the engagement group's many attempts at making contact. These votes against management were therefore an escalation in our approach to engaging on this matter.

#### **Report on Median Gender/Racial Pay Gaps (Vote Outcome: 26% dissent against management)**

We voted against management by supporting a report on the pay gap between men and women and between different racial groups, as measured by the average (median) worker. We supported a similar shareholder proposal last year and hope to encourage the board to publish these statistics – typically the first step towards reducing such gaps. The proposal received significant support in 2023 and 2024. We plan to continue voting for such proposals until the company improves its disclosure.

### *Governance: Capital Structure and Audit Practices*

#### **Elect Director John Rogers, Jr. (Vote Outcome: 40% dissent against management)**

#### **Elect Director Robert Swan (Vote Outcome: 3% dissent against management)**

We withheld support for the election of two directors on the Board. Mr. Rogers was the only Governance Committee member up for re-election and so we voted against his election because Nike has a multi-class capital structure, in which different share classes come with unequal voting rights, and these share classes aren't due to be phased out. This structure means shareholders are more at risk of management's interests become misaligned from their own. We voted against the re-election of Mr. Swan, who is the Chair of the Audit Committee, as Nike's external audit firm has worked for the firm for more than twenty years and no explanation has been given about when the audit will next be put out to tenure. We believe that all companies can benefit from refreshing audit firms, as newer auditors are more likely to be free from potential conflicts of interest and can therefore perform their duties with more rigour.

## Worldwide Healthcare Trust PLC

### *Governance: Board Independence & Oversight*

#### **Re-elect Doug McCutcheon as Director (Vote Outcome: 25% dissent against management)**

#### **Re-elect Sven Borho as Director (Vote Outcome: 27% dissent against management)**

We voted against Mr. Borho's re-election, as he is the Fund Manager and so should not sit on the Board. The Board's responsibility is to hold the Fund Manager accountable and protect the interests of shareholders. It is therefore not appropriate for Mr. Borho to sit on the Board, and we believe this would significantly impair the Board's ability to effectively and independently hold him to account on the performance of the trust. We have voted against Mr. Borho's election in the past and engaged with the Board a number of times, to no avail. We therefore escalated our approach by also voting against the Chair, this year.

## Appendix – Voting Detail

### Direct equity

Company Name	Meeting Type	Votes For Management	Votes Against Management	Abstentions
<b>Ashtead Group Plc</b>	AGM	19	2	-
<b>Assura Plc</b>	AGM	18	2	-
<b>Auto Trader Group Plc</b>	AGM	23	-	-
<b>BT Group Plc</b>	AGM	21	-	-
<b>Burberry Group Plc</b>	AGM	22	-	-
<b>DCC Plc</b>	AGM	19	-	-
<b>Diageo Plc</b>	AGM	20	-	-
<b>Electronic Arts Inc</b>	AGM	10	1	-
<b>Experian Plc</b>	AGM	19	-	-
<b>FedEx Corporation</b>	AGM	21	-	-
<b>GB Group Plc</b>	AGM	16	-	-
<b>Halma Plc</b>	AGM	22	-	-
<b>Industriade Diseno Textil SA</b>	AGM	17	-	-
<b>Intermediate Capital Group Plc</b>	AGM	19	-	-
<b>J Sainsbury Plc</b>	AGM	22	-	-
<b>Johnson Matthey Plc</b>	AGM	21	-	-
<b>Keywords Studios Plc</b>	Court	1	-	-
<b>Keywords Studios Plc</b>	Special	1	-	-
<b>Linde Plc</b>	AGM	13	-	1
<b>Marks &amp; Spencer Group Plc</b>	AGM	20	-	-
<b>National Grid Plc</b>	AGM	23	-	-
<b>NIKE Inc</b>	AGM	4	6	-
<b>Severn Trent Plc</b>	AGM	21	-	-
<b>SSE Plc</b>	AGM	24	-	-
<b>Tate &amp; Lyle Plc</b>	AGM	23	-	-
<b>Vodafone Group Plc</b>	AGM	23	-	-
	<b>26</b>	<b>462</b>	<b>11</b>	<b>1</b>

## Collective Investments

Company Name	Meeting Type	Votes For Management	Votes Against Management	Abstentions
abrdn Diversified Income and Growth plc	Special	3	-	-
abrdn European Logistics Income PLC	Court	2	-	-
Alliance Trust PLC	Special	4	-	-
Caledonia Investments PLC	AGM	22	-	-
Capital Gearing Trust PLC	AGM	13	-	-
Finsbury Growth & Income Trust PLC	AGM	1	-	-
Golden Prospect Precious Metals Limited	AGM	8	-	-
Harbour Vest Global Private Equity Ltd	AGM	10	1	-
HICL Infrastructure PLC	AGM	15	1	-
Hipgnosis Songs Fund Limited	Court	1	-	-
Hipgnosis Songs Fund Limited	Special	1	-	-
JPMorgan European Discovery Trust Plc	AGM	13	-	-
JPMorgan European Discovery Trust Plc	Special	1	-	-
JPMorgan Global Growth & Income Plc	Other	4	-	-
London Metric Property Plc	AGM	19	-	-
MIGO Opportunities Trust plc	AGM	15	-	-
Miton UK MicroCap Trust Plc	AGM	13	-	-
Monks Investment Trust Plc	AGM	14	-	1
NextEnergy Solar Fund Ltd	AGM	14	-	-
Odyssean Investment Trust Plc	AGM	16	-	-
Pacific Assets Trust Plc	AGM	14	-	-
Personal Assets Trust Plc	AGM	16	-	-
Personal Assets Trust Plc	Special	1	-	-
Polar Capital Technology Trust Plc	AGM	14	-	-
Picton Property Income Limited	AGM	15	-	-
Schroder Real Estate Investment Trust Ltd	AGM	18	-	-
Scottish Mortgage Investment Trust Plc	AGM	16	-	-
SDCL Energy Efficiency Income Trust Plc	AGM	13	-	-
Sequoia Economic Infrastructure Income Fund Ltd	AGM	14	-	-
The Edinburgh Investment Trust Plc	AGM	15	-	-
The Global Smaller Companies Trust Plc	AGM	15	-	-
TR Property Investment Trust Plc	AGM	13	-	-
TwentyFour Income Fund Limited	AGM	15	-	-
Warehouse REIT Plc	AGM	16	-	-
Witan Investment Trust Plc	Special	2	-	-
Witan Investment Trust Plc	Special	1	-	-
Witan Investment Trust Plc	Special (Class)	1	-	-
Worldwide Healthcare Trust Plc	AGM	13	2	1
	38	401	4	2

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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