



Quarterly Stewardship Update

Our stewardship activity has been steadily picking up over the quarter as meeting season begins. We have seen success with some of our collaborative engagements and noted a growing number of ESG (environmental, social, governance) related shareholder resolutions coming for a vote.

Activity snapshot

This quarter we have:

- Supported resolutions pushing for greater transparency
- Engaged on the subject of board diversity
- Voted against remuneration policies that did not align shareholder and management interests
- Endorsed a Living Wage Roadmap and signed a call for a UN Global Treaty on plastic pollution

Our voting statistics

This quarter we voted at a total of 19 company meetings.

Votes for the quarter 01/01/22 – 31/03/22



Of the 19 meetings at which we voted this quarter, at 15 we voted with management on all resolutions. In four meetings, we voted against management at least once and there were no abstentions this part quarter. We also disagreed with ISS, our proxy voting provider, at least once in nine meetings.

Shareholder resolutions

Through a combination of changing regulation, more press coverage and increased active ownership amongst shareholders, we have seen a high number of shareholder resolutions this quarter. In the US, any shareholder owning more than \$2,000 or 1% of a company can put forward a shareholder proposal. If such a proposal complies with necessary criteria, a company must then submit it to all shareholders for a vote. While these votes are usually non-binding, if passed companies often take on board the recommendations or face criticism from shareholders and the public.

At the recent **Disney** AGM, five shareholder resolutions were put to a vote. These recommended the company reduce the threshold for shareholders to call special meetings, and produce reports on lobbying, human rights due diligence, gender/racial pay gaps and workplace discrimination. We were in favour of the first four. Our decisions aligned with recommendations from ISS, our proxy voting provider, but went against the recommendation of the board. We felt that the increased transparency would reduce risk, drive discussion, and push for change on topical issues such as diversity and human rights.

We decided to vote against the report on workplace non-discrimination, which was also the view of ISS. It was a very specific proposal, requesting an audit of non-discriminatory training materials. We felt it was unnecessary given the amount of information already provided by the company, which are sufficient for shareholders to assess the impact of such training.

The proposal on gender/racial pay gap reporting was the only one of the five to receive majority support. Although the other proposals did not receive the same support, the hope with such defeats is that a message is still sent to management on how expectations are evolving.

Similarly, the **Apple** AGM put six shareholder resolutions to a vote. Again, many were requesting reports on subjects like forced labour, gender/racial pay gap, civil rights audit and “concealment clauses”. They also called for a revision of Transparency Reports (regarding apps) and an amendment to the company’s articles to become a Social Purpose Corporation.

We were in agreement with ISS that increased transparency regarding the apps removed by governments seeking to limit access to information would be beneficial and reduce risks, as would additional reporting on forced labour in the supply chain, and concealment clauses in the case of harassment or discrimination, and voted in favour of these three proposals.

We chose to vote against two proposals, one requesting high-level information on median gender/racial pay gaps and another seeking a broad civil rights audit. We felt the risks from the former issue were already addressed by the existing detailed disclosures, and the particular metric requested was unlikely to be helpful. The latter proposal was a rather unfocused request of which we believe the associated risks were already covered within existing frameworks. The proposal on a civil rights audit was the only one to achieve majority support. Whilst we appreciate the importance of this issue and are in favour of transparency and progress in this area in general, we did not think this proposal reduced risk to shareholders and perceived a duplication of effort with existing disclosures.

Finally, we voted against becoming a Social Purpose Corporation. We do not believe that amending the articles of the company is the only way in which they can be responsible and sustainable, and believe good progress is being made in this area.

Supporting diversity

Blackrock Throgmorton, an investment trust, was flagged by ISS for a lack of board diversity, and as such a vote against the Chair was recommended. We believe board diversity is crucial to business success, but are also acutely aware of the challenges faced in achieving the right balance. We therefore engaged with Throgmorton on this issue before deciding on how to vote. We were pleased to learn of their robust recruitment process for non-executive directors,

which includes using external head-hunters to identify diverse candidates. They confirmed that plans are being made to ensure the board is compliant with its diversity obligations before the 2024 deadline set for FTSE350 Companies. As such, we were comfortable to vote for the director in question as we believe he brings value to the board, and will continue to monitor progress in this important area.

Remuneration

Remuneration continues to be a strong theme in our voting activity, as all companies require new remuneration policies and reports to be approved by shareholders. In most instances, we vote in favour of these agenda item, assuming the rewards align the interests of management with shareholders. However this is not always the case, and we voted against the remuneration policy for **Compass** in February. We felt the increased awards were not sufficiently supported by appropriate increases to targets for management. We were also uncomfortable with

approving a new remuneration policy so soon after the last one, in 2021.

Likewise, we voted against the remuneration report at the recent **Kone** AGM. We felt that the lack of transparency linked with the performance criteria for certain awards, plus the unusually high flexibility around short term compensation, were not in the best interest of shareholders and agreed with ISS in this instance to reject the report.

Collective engagements

This has been a busy quarter for us in terms of collaborative engagements. We were involved in two separate issues very important to us at Brewin Dolphin.

Back in January, we signed the business call for a UN Treaty on Plastic Pollution. Through this call, spearheaded by the WWF, we joined over 120 other businesses and 1,000 civil society organisations in encouraging the UN Environment Assembly to agree to a legally binding treaty. We were pleased to learn that, in March, the 175 countries at the UN Environment Assembly pledged to develop a legally binding treaty by 2024. This momentous occasion will undoubtedly lead to a reduction in life-threatening plastic pollution worldwide. We are proud to have been a supporter of this cause, and hope that the business call we joined went some way to influence the decision taken by the UN. This success adds to our other work in the area of micro-plastics, in which we co-sponsored a new standard for firms to use to cut plastic pollution across their supply chain.

At the end of last year, Brewin Dolphin was proud to become a Living Wage Employer. While we have long paid our staff

at least the national living wage, to become a certified Living Wage Employer, third party contracted staff must also be paid it too. This took time to assess our contracts and amend them accordingly, but it was time well spent. This quarter, an opportunity arose for us to endorse the launch of the IDH's Living Wage and Living Income Roadmap. As well as being aligned with our values as a responsible company, we believe that paying a living wage decreases risk and increases resilience in supply chains. As long term investors, we want to invest in companies that treat employees fairly.

We joined 44 other investors in encouraging companies to develop their own roadmap to paying a living wage, highlighting the importance of adequate standards of living as a basic human right. We hope that this endorsement, plus the continued importance we place on the issue in our stewardship work, will send the message to companies that being a successful company is about more than profits at any price, and that we expect to see all employees being paid fairly.

Net zero and stewardship

Last year, Brewin Dolphin announced publicly our ambition to become a net zero company by 2050 or sooner. This ambition covers not only our emissions from our day-to-day business activities like travel or heating our offices, but also the emissions from our portfolio, a much greater challenge. As we move through 2022 we are working hard on setting interim targets for 2030. While the most up to date science suggests net zero by 2050 is still our best hope of keeping global temperature rises within a manageable range, we are aware of the need for more urgent action and the trajectory global emissions need to follow to achieve this longer-term goal.

When it comes to the emissions of our investee companies, stewardship will be the biggest tool in our armoury. We will be using our voting power and engagement activities to encourage and support companies to set their own targets and transition to a low carbon future. In time, this may require us taking more assertive measures such as voting against directors who, in our opinion, are not making fast enough progress. Our work in this area will be carefully documented and shared as it progresses.

The value of investments, and any income from them, can fall and you may get back less than you invested. Neither simulated nor actual past performance are reliable indicators of future performance. Information is provided only as an example and is not a recommendation to pursue a particular strategy. We or a connected person may have positions in or options on the securities mentioned herein or may buy, sell or offer to make a purchase or sale of such securities from time to time. In addition we reserve the right to act as principal or agent with regard to the sale or purchase of any security mentioned in this document. For further information, please refer to our conflicts policy which is available on request or can be accessed via our website at www.brewin.co.uk. Information contained in this document is believed to be reliable and accurate, but without further investigation cannot be warranted as to accuracy or completeness. We will only be bound by specific investment restrictions which have been requested by you and agreed by us.