

RBC Brewin Dolphin

Stewardship Policy



Brewin
Dolphin

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Introduction

RBC Brewin Dolphin is one of the UK's leading providers of discretionary wealth management.

We offer award-winning personalised wealth management services to a variety of clients with varied investment needs - individuals, companies, trusts, charities, and pension funds, as well as the clients of intermediaries. Underpinning their differing strategies and investment objectives is our philosophy that companies with sustainable business practices have a competitive advantage and are more successful in the long term.

We are committed to the highest standards of client service, with long-term thinking and an absolute focus on our clients' needs. We specialise in helping clients protect and grow their wealth by creating financial plans and investment portfolios that meet personal and professional needs and objectives.

Our values are deeply integrated in our responsible investment approach and our Stewardship Policy.

- Client first: we will always earn the right to be our clients' first choice
- Collaboration: we win as One RBC
- Accountability: we take ownership for personal and collective high performance
- Diversity & inclusion: we embrace diversity for innovation and growth
- Integrity: we hold ourselves to the highest standards to build trust

We view stewardship as a crucial element of our Responsible and sustainable Investment approach. This long-term commitment to good stewardship means our clients can feel confident that their assets are being managed to produce the best possible long-term results.

This Stewardship Policy outlines the processes and guidelines we follow when putting these responsibilities into practice. It covers assets managed on a discretionary basis, and those that are part of our centrally managed investment solutions.

This stewardship policy applies to assets held by RBC Brewin Dolphin and RBC Wealth Management International.

For more information

If asset managers, industry bodies or any other stakeholders wish to approach us to discuss corporate governance or stewardship issues, they should initially contact our Press Team on **0203 918 7818** (UK only) or **+44 2032013900** (International), or by email at pressteam@brewin.co.uk

Our commitment to stewardship

“Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.”

Financial Reporting Council’s definition of stewardship

Our commitment to responsible stewardship is demonstrated by our signatory status to the UN supported Principles for Responsible Investment and the UK Stewardship Code 2020. We are committed to aligning our work with their respective principles of responsible investment and ownership. With such foundations, as long-term investors, we can take decisions that may lead to benefits for not only our clients and the economy but also the environment and society as a whole.

Global plans to drastically reduce greenhouse gas emissions to net zero by 2050 require the largest change to our economies in our lifetime, a change that RBC Brewin Dolphin is committed to supporting.

We see stewardship as a crucial tool. By engaging with investee companies and funds and encouraging them to consider issues such as climate disclosure and emissions reductions, we are part of a larger system driving economy-wide changes which will benefit all stakeholders, including clients.

Our stewardship work allows our advisers to talk to their clients about our activities and the change it can influence.

This Stewardship Policy, which includes our Engagement Policy and Voting Policy, complies with the requirements of Shareholder Rights Directive II (SRD II). Our reporting on stewardship activities through the Annual Stewardship Report fulfils our transparency obligations under SRD II on stewardship. This Policy also reflects our commitment to fulfilling the principles of the UK Stewardship Code 2020.

The Stewardship Policy is updated annually or more frequently as required. Policy updates reflect changes in processes or guidelines, which result from regular reviews of the effectiveness of our stewardship approach. All changes to this policy are approved by the Stewardship Committee and Wealth Governance Committee.

Signatory of:



Stewardship governance

Our culture, governance arrangements and policies promote effective stewardship and good client outcomes.

Responsibility for executing and implementing our stewardship efforts is spread across several key teams. A responsible and sustainable investment framework, defined responsibilities and reporting and collaboration ensure our stewardship activities are integrated throughout the investment process.

- Our Stewardship Committee was established in 2014 to coordinate stewardship matters from a company-wide perspective. It has the authority to approve policies and set practical guidelines for the implementation of our stewardship strategy and works closely with our Research, Corporate Actions and Compliance teams. Committee members represent all aspects of our business, including our Stewardship practitioners, client-facing investment managers, research analysts and representatives from our Risk and Compliance Department, and legal team. This group brings significant knowledge and experience and ensures that our work considers all aspects of stewardship across the business.
- The responsibility for implementing our responsible investment strategy including stewardship sits with the Investment Governance Committee. The Chair of the Investment Governance Committee is a member of the Sustainable Investment Committee and is ultimately accountable for our responsible investment approach.
- Portfolio managers and investment research analysts are responsible for the consideration of environmental, social and governance (ESG) factors in investment decisions. The Research team has developed ESG integration tools that add value to their own investment processes.
- The Sustainable Investment Committee is responsible for driving our responsible investment and stewardship agenda. They work closely with our Stewardship Committee to ensure stewardship remains a core part of our strategy.
- The final layer of responsibility for Stewardship lies with the RBC WME Executive Committee. The direct reporting lines from both the Stewardship and Sustainable Investment committees into the Executive Committee ensure that our senior management are kept informed of developments and that their decisions support good stewardship.

Managing conflicts

RBC Brewin Dolphin is committed to ethical conduct and the responsible management of conflicts of interest for its clients. As part of this commitment we identify, monitor, prevent or manage conflicts where they arise in our business.

Due to the nature of our business, while undertaking stewardship activities conflicts of interest may arise. However we aim to prevent, minimise and manage such conflicts through appropriate employee training, policies and procedures.

We undertake our stewardship activities based on what we determine is in our clients' best interests. To mitigate risk in relation to conflicts, independence is maintained between those most involved in our stewardship work and those directly involved in making investment portfolio management decisions on behalf of our clients. Our policy also prohibits any undue influence being exerted on our stewardship activities from RBC or any other issuer that might have a relationship with RBC or any of its affiliates.

For more detail on how we prevent or manage conflicts of interest please see our publicly available statement: www.brewin.co.uk/conflicts

Below are some examples where potential conflicts of interest may arise in the context of our stewardship obligations, along with the steps that we would take (and have taken, where applicable) to resolve them.

- Where the director or major shareholder of an investee company is a client: our votes are exercised in the interest of our broader client base and all decisions are made by non-client facing staff in our Research team.
- Where RBC Brewin Dolphin is engaged with an investee company in the context of a potential corporate transaction or strategic alliance, or our stewardship activities may conflict with other relationships the investee company has with RBC Brewin Dolphin: In the unlikely event that our Research team is aware of the engagement, our Stewardship Committee would take responsibility for the vote. They would ensure there is no overlap between the Stewardship Committee membership and decision making (in respect of the corporate matter). If it were not possible to manage the conflict in this way, we would not vote.
- Where an officer of RBC Brewin Dolphin also serves as an officer of an investee company. In these circumstances, our Research team would be made aware of the conflict and would abstain in voting for their (re) election.
- Where we are exposed to price sensitive information relating to a third party: We believe that acting in our clients' best interests involves us retaining the freedom to make independent investment decisions on their behalf. In the unlikely event that one of our employees receives price sensitive information, we follow company policy regarding insider dealing and market abuse to ensure that we comply with our legal and regulatory obligations. Mechanisms such as information barriers can be put in place to ensure this information does not influence investment decisions. All colleagues undergo annual training on market conduct.
- Where the stewardship preferences of our clients differ: Our clients are free to vote their own shares if they have a particular view via our Vote Your Shares platform. Therefore, clients can have different views and still exercise their votes accordingly as their vote will only affect the shares they hold.
- Where any RBC securities (including listed subsidiaries) become part of our voting process: we currently have no significant holdings in the bank or any of its other listed subsidiaries. In the unlikely event that these become part of our voting process, our Research team would not exercise our votes.

Our Stewardship Committee conducts an annual review of potential conflicts in this area, identifying those that may require additional monitoring or management. The Stewardship Committee also works closely with the Research team to carry out this work effectively.

Monitoring

Effective monitoring of our investee companies and funds is an essential component of RBC Brewin Dolphin's responsible investment approach.

Our Stewardship Committee periodically reviews our approach, detailed below, to ensure it is appropriate and effective. There are certain holdings that are not covered by this process. For instance, where the decision to invest is driven by our clients rather than our investment managers.

Direct company monitoring

Our Research team monitors a universe of large, liquid, international companies. Individual team members specialise in particular industries, allowing them to develop a detailed knowledge.

Our monitoring is carried out through our Research team processes and use of third-party providers such as Sustainalytics, Moody's ESG Solutions, MSCI and ISS.

We use ISS's default and sustainability research services to inform our voting process, but our Research team always makes the final decision and exercises the vote. Our processes highlight a series of red flags which could undermine our investment case and may cause us to exercise our vote in a particular way.

To address these red flags, our monitoring process particularly focuses on:

- Financial performance;
- Developments, both internal and external to the company, that drive the value and risks of a company, including ESG risks;
- Effective leadership;
- Adherence to the spirit of the UK Corporate Governance Code or other applicable best practice guidelines;
- Quality of reporting.

Assessment of company management is a crucial part of our investment process. We believe the role of company management is to allocate capital in a way which fosters sustainable long-term profitability. They should surround themselves by an expert management team and invite scrutiny by a strong board and robust challenge from non-executives.

Any issues that are identified via our monitoring process (for example, those that may result in a loss in investment value) are discussed within the Research team and a decision is reached in respect of whether they need to be raised with the company.

Monitoring of third party fund managers

Our stewardship monitoring extends to the managers of funds in which we invest. This is done through a variety of mechanisms, including:

- Our controversy tracking process
- Annual passive provider stewardship meetings
- Vote alignment monitoring
- Ongoing, ad hoc dialogue with managers

By monitoring controversial activities related to companies held within third-party funds, we can in turn monitor the ESG integration and stewardship practices of the fund managers. This process allows us to monitor fund activities as they are happening, which adds to the initial and annual due diligence we undertake with each fund. Furthermore, our vote monitoring work allows us to track how fund managers have voted on resolutions we deemed to be significant, thus allowing us to measure alignment and assess the quality of their rationale and decision making process.

We do not intend to dictate investment or voting decisions, however, ensuring that our fund managers know they are being monitored closely can encourage more responsible ownership.

We hold annual meetings with our large passive fund providers to get a holistic sense of how they conduct stewardship on behalf of their shareholders. For whole market trackers, stewardship is, in our view, a key differentiator between providers and we translate the meeting outcomes into a scorecard which is shared with our Global Manager research team.

Voting

Where we act as discretionary investment manager for clients, we have the right and responsibility to vote on their behalf. These responsibilities form a key part of our stewardship approach.

We maintain a balanced approach to voting and may choose not to vote when it is not in our clients' interests to do so, for example, due to share blocking requirements.

We offer our clients the option to vote their own shares via our Vote Your Shares facility or via their dedicated Investment Manager, whether their assets are managed on a discretionary basis or otherwise. In practice, we find that most of our clients allow our expert analysts to decide how to vote on their behalf, or for execution only clients, may choose not to vote.

We actively vote on the companies that we define as being core holdings: those which make up 75% of our listed equity holdings by AUM; those on our centrally recommended lists; those in our centrally managed models*; and any company where we hold more than 5% of the issued share capital and the value of our holding is over £5m. This equates to around 140 companies and is reassessed monthly. This process captures assets held by both RBC Brewin Dolphin and RBC Wealth Management International.

When we vote for a core holding, we use the following procedure:

- Our Research team will be alerted of a forthcoming meeting by our third-party proxy research service provider, ISS.
- They combine their expert knowledge of the company and sector with research and recommendations from ISS, using the ISS sustainability voting policy.
- Our Research team's decision is final, subject to internal escalation, and we do not necessarily follow ISS's recommendation or automatically follow the investee company's Board.
- From time to time the Head of Stewardship may escalate, or seek additional guidance, from the Head of Research, the Stewardship Committee, or the Investment Governance Committee on a particular vote.

While we do not have set policies that require our analysts to vote in a certain way, there are guidelines and norms that we follow for certain issues or resolution types.

Further information on our voting guidelines can be found [here](#).

If our voting decision is contrary to both the proxy recommendation and the investee company recommendation, then we will look to engage with the company in advance of the vote to explain our assessment on a best-efforts basis.

On occasion we may decide to actively vote on a noncore holding. This may be, for example, prompted by our monitoring or engagement with the company, or by a particular client or investment manager. In such cases our Research team will follow the process laid out for our core holdings.

A record of how we have voted is publicly available to view on our website at <https://vys.brewin.co.uk/>. Our quarterly stewardship updates, available on our website, contain rationales for all votes where we have disagreed with ISS and/or managements' recommendations.

We do not engage in stock lending, and this is made clear to our clients at the outset of our relationship with them via our terms and conditions.

*These include: Core Global, Global Ex UK Sustainable Onshore, Sustainable Offshore, Core & Conviction, World.

Engagement

Direct engagement

We believe that engagement with investee companies on material issues can have a positive impact on investment results and on society. We approach engagement on a case by case basis, focusing on financially material priorities determined by feedback from our investment teams.

We will actively engage with an investee company in which we perceive there to be a material stewardship issue. This may arise through specific stewardship monitoring or our more general investment research.

If our monitoring process identifies a company's departure from the UK Corporate Governance Code or other applicable best practice guidelines, we assess the reasons given through public disclosures and decide whether we deem it to be reasonable. If we determine that the given explanation is not reasonable, we may engage directly with the company. We will apply this same process to all red flags laid out in the Monitoring section of this policy.

During our engagements, we may speak to Investor Relations, members of senior management or the Board. We will seek to understand the cause of the issue identified, how the company is responding or their rationale, and where appropriate, what changes are being made to help ensure issues are addressed.

Our engagements sometimes occur as one-off meetings or a short series of written communications. Others take place over a longer time frame if the issue raised is significant and requires more time to correct.

Where we engage directly with investee companies, it is initially on a confidential basis, as we believe this leads to the best outcomes for our clients. Many of these engagements are made public once they have concluded. More details can be found in the reporting section of this policy.

Any concerns uncovered through our engagements are (if necessary) reflected in the recommendations issued by our Research team to the wider RBC Brewin Dolphin.

If it is necessary to escalate matters within the investee company, such as if our initial engagements have failed, we may do so by (for example):

- Expressing concerns through the company's advisers;
- Meeting with the chairman or other Board members to discuss concerns;
- Signalling to the company our intention to vote against a resolution;
- Voting against management to hold them accountable;
- Making a public statement in advance of General Meetings; and
- Submitting resolutions and speaking at General Meetings.

The same values and processes are held by our team responsible for the research of third-party funds. They also conduct meetings with fund managers and Boards as part of their recommendations process, based on both quantitative and qualitative information. These engagements may cover any red flags as previously mentioned, or a controversy relating to an underlying holding within the fund. The team conduct regular meetings with passive fund providers to address their approach to stewardship. Given their nature, passive providers are unable to use other responsible investment approaches and therefore stewardship is of the utmost importance.

Some of our engagement work is outsourced to Columbia Threadneedle Investments reo®, who undertake ESG-specific engagements on our behalf. There is additional detail in the collaborate section.

Engagement *continued*

Collaborative engagement

We believe that partnering with other aligned investors is a powerful way of influencing companies on priority issues. Such action can enhance the possibility of an outcome that will be for the long-term benefit of our clients. Consequently, we are members of the Investor Forum, Nature Action 100, Climate Action 100+ and we have a partnership with Columbia Threadneedle Investments reo® who engage on our behalf in respect of ESG issues. Priorities for these engagements vary, however many are focused on material ESG issues and systemic risks such as climate change, corporate ethics and governance.

Our decision to pursue a collaborative effort will among other things, be a function of:

- The particular nature of the issue
- The materiality of the issue
- The likely benefits of collective against direct engagement
- And the motivation of the other investors

Our collective engagements may take the form of signing pledges or letters to companies or policy makers, joining group meetings or contributing our thoughts to an engagement being undertaken by another organisation, such as the Investor Forum. We also contribute to the above-mentioned initiatives by providing information on our priorities and processes when requested to help shape their work. Whether engaging formally through industry bodies or informally with other interested stakeholders, we ensure that our actions adhere to all applicable laws and regulations.



THE INVESTOR FORUM



**COLUMBIA
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INVESTMENTS



Nature Action 100



Tracking

Our stewardship work does not stop after an AGM or at the end of an engagement. It is as important that we track the outcomes of votes and ensure that any agreements reached during an engagement are fulfilled.

Our tracking process involves understanding if a vote, most often those considered to be contentious, received enough shareholder support to pass. With this result, we may decide to monitor the company or seek to engage with them right away. This work is helpful in analysing trends and ensuring that our investee companies are addressing issues when they say they will.

We also monitor the outcomes of our engagement work and will hold companies and fund managers to account if agreed changes are not implemented. This might require escalation, as discussed previously, or a change to the investment recommendation.

This tracking work feeds into our overall investment and stewardship processes which may influence the recommendations our analysts give to our investment managers.

Reporting

Our stewardship activities are recorded by our Research team and monitored by our Stewardship Committee. Our voting activity is also recorded on our website as explained in the 'Voting' section of this policy.

Transparency is at the heart of our stewardship reporting, whilst reflecting the fact that a proportion of our stewardship work is done on a confidential basis, which we believe is in the best interests of our clients.

We produce an annual Stewardship Report which outlines how we have performed against our Stewardship Policy in the preceding 12-month period. This in-depth report considers the effectiveness of our governance, culture and expertise in promoting good stewardship. It contains detailed information on our approach and shows how it is applied to our work through the use of real-world examples.

We also provide an overview of our stewardship activities on a quarterly basis. These updates include examples of our voting and engagement work, alongside rationales for all significant votes. Both sets of reports can be found on our website.

We deliver voting reports for certain UK pension scheme clients who are required to provide implementation statements of their Investment Principles, by filling in templates such as the one provided by the Pensions and Lifetime Savings Association.

We are always happy to discuss stewardship matters with individual clients on request. Clients should speak to their usual RBC Brewin Dolphin contact.

"This Policy supports compliance with relevant financial services regulations which require a firm to deliver good outcomes for retail clients. This includes: (i) acting in good faith towards clients, (ii) avoiding causing foreseeable harm, and (iii) enabling and supporting clients to pursue their financial objectives. RBC BD Personnel adherence to the requirements of this Policy will support our firm's obligation to deliver good outcomes to our clients across the entire client journey at RBC BD".



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