



Brewin  
Dolphin

# RBC Brewin Dolphin

Stewardship Policy



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# Introduction

RBC Brewin Dolphin is one of the UK and Ireland's leading wealth managers and traces its origins back to 1762. 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 objectives.

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

## Genuine

Heartfelt advice, delivered by people who care

## Ambitious

Making more of life's opportunities

## Expert

Skillfully facilitating important decisions

We view stewardship as one of three pillars of sustainability. The others are responsible investment and responsible business. This long-term commitment to good stewardship and sustainability 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.

### 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 \(UK only\)](tel:02039187818) or [+44 2032013900 \(International\)](tel:+442032013900), or by email at [pressteam@brewin.co.uk](mailto: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.*

”

## FRC definition of stewardship

Our commitment to responsible stewardship is demonstrated by our signatory status to the UN 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 will lead to benefits for not only our clients and the economy but also the environment and society as a whole.

Signatory of:



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 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 advisors to talk to their clients about our activities and the change it can influence. According to our values, we believe in being genuine when reporting to clients on the outcomes of our activities.

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

# 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 sustainability 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 and Sustainability teams. Committee members represent all aspects of our business, including client-facing investment managers, research analysts and representatives from our Risk and Compliance Department, legal and sustainability teams. 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 Wealth Governance Committee. The Chair of the Wealth Governance Committee is a member of the Sustainability Committee and is ultimately accountable for our responsible investment approach.
- Portfolio managers and investment research analysts are responsible for environmental, social and governance (ESG) factors. The Research team has developed ESG integration tools that add value to their own investment processes.
- The Sustainability Committee is responsible for driving our agenda according to our three pillars of sustainability. They work closely with our Stewardship Committee to ensure responsible stewardship remains a core part of our sustainability strategy.
- The final layer of responsibility for Stewardship lies with RBC Brewin Dolphin's Executive Committee. The direct reporting lines from both the Stewardship and Sustainability 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, and as part of this commitment we identify, monitor and 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 minimise and mitigate such conflicts through appropriate employee training, policies and procedures.

In order to mitigate risk in relation to conflicts, independence is maintained between those most involved in our stewardship work – our Research and Sustainability teams – and those directly involved in making investment portfolio management decisions on behalf of our clients. For more detail on how we manage conflicts of interest please see our publicly available statement: [www.brewin.co.uk/conflicts](http://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 of an investee company is a client:** We ensure that our votes are exercised in the interest of our broader client base. We would achieve this by ensuring that the decision is made by non-client facing staff in our Research team.
- **Where a RBC Brewin Dolphin Group entity is engaged with an investee company in the context of a potential corporate transaction or strategic alliance:** 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 respect of a vote concerning that investee company, we would vote abstain.
- **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. Our Disclosure Committee oversees matters concerning price sensitive information. Mechanisms such as Chinese walls can be put in place to ensure this information does not influence investment decisions.
- **Where the stewardship preferences of our clients differ:** Our clients are free to vote their own shares if they have a particular view. If two clients vote in different ways this will be honoured and their votes will only affect the shares they hold.
- **Where any RBC Bank securities (including listed subsidiaries) become part of our voting process:** in this instance, we will not vote.

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 and Sustainability teams 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.

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. We monitor both financial and non-financial performance of 75% of our investee companies (calculated by reference to assets under management).

Our monitoring is carried out through our Research team processes and use of a third-party proxy voting service provider (currently ISS). We use ISS's default and sustainability research services to inform our research and stewardship work. 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;
- 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 long-term profitability in a sustainable way. 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.

Our monitoring extends to the managers of funds in which we invest through our controversy tracking process. 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. 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.



# Voting

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

We are only eligible to vote on companies over which we have a discretionary mandate. Therefore, we also offer our clients to vote on their own shares via our Vote Your Shares facility or via their dedicated Investment Manager. In practice, we find that most of our clients allow our expert analysts to decide how to vote on their behalf.

We actively vote on the companies that we define as being core holdings; those which make up 75% of our listed equity holdings. This equates to around 100 companies and is re-assessed monthly. 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 voting 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 Research may escalate, or seek additional guidance, from the Stewardship Committee, the Head of Sustainability or the Wealth 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 resolution types.

**Diversity of board members:** we vote for or against each director based on the experience and knowledge they bring to the board. Sometimes this may be contrary to the recommendations of ISS, who will recommend a vote against an incoming director or the chair of the selection committee if diversity amongst board members is poor. While we may sometimes follow this recommendation, in most cases we would prefer to engage with the company about their plans to address diversity issues.

**Climate change disclosures:** we are supportive of listed companies doing more to disclose their climate-related risks and opportunities, and their approach to transitioning to a low carbon economy.

**Pre-emption rights:** in the case of investment companies, sacrificing pre-emption rights may enhance investor outcomes rather than diluting them as would often be the case for operating companies. For an investment company they can increase liquidity and allow growth in a cost-effective manner. As such, we will generally vote in favour of this resolution.

**Over-boarding:** we may vote against a director if we are concerned that their external appointments and commitments are too great, and risk impacting their ability to perform their role effectively.

**Sustainability metrics in remuneration:** we are supportive of the inclusion of sustainability or ESG metrics in remuneration policies.

If our voting decision is contrary to both the proxy recommendation and the investee company recommendation, then the relevant Research team analyst will engage with the company in advance of the vote to explain our assessment.

On occasion we may decide to actively vote on a non-core 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://mybrewin.brewin.co.uk/vys/>

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.

# 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 focus on financially material themes determined by our investment teams and our clients.

We will actively engage with any investee company in which we perceive there to be a 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, we assess the reasons given and decide whether it is reasonable. If we determine that 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 ensure issues are not repeated.

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.

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.

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;
- Making a public statement in advance of General Meetings; and
- Submitting resolutions and speaking at General Meetings.

Some of our engagement work is outsourced to Columbia Threadneedle Investments, 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, Climate Action 100+ we have a partnership with Columbia Threadneedle Investments who engage on our behalf in respect of ESG issues. Priorities for these engagements vary, however many are focused on material ESG issues and systematic risks such as climate change, corporate ethics and governance.



THE INVESTOR FORUM



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.

# 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 in extreme cases divestment.

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 and Engagement 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, which include voting rationales and examples of our engagement work. Both reports can be found on our website.

We are always happy to discuss stewardship matters with individual clients on request.



