



October – December 2024



Brewin  
Dolphin

# Quarterly Stewardship Update Q4

The last quarter of 2024 was a busy one for our stewardship team, as we wrapped up engagements for the year and prioritised our ambitions for 2025. In December, voting activity picked up, with an increase in meetings compared to earlier in the quarter. The time of year also marked the peak of our scheduled proactive monitoring work, resulting in numerous conversations with fund managers.

## Activity snapshot

This quarter, we have:

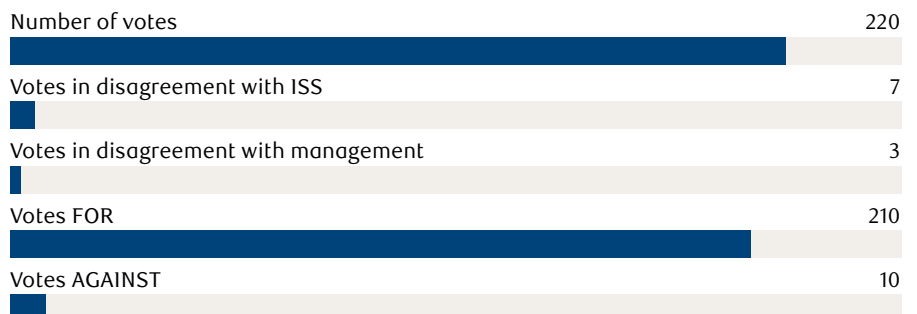
- Wrapped up our proactive engagement work
- Engaged on allegations of bribery
- Voted on shareholder proposals at Microsoft

## Our voting statistics

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

Votes for the quarter 01/10/24 – 31/12/24

<b>19</b>	<b>18</b>	<b>1</b>	<b>0</b>	<b>6</b>
meetings	with management	against	abstentions	against ISS



Signatory of:



## Proactive engagement

Our stewardship work is a balance between reactive, targeted engagement based on a specific issue or controversy, and proactive campaigns of engagement with larger groups of funds, investment trusts and listed companies. Our proactive work tends to cluster around the end of the year as we seek to monitor our holdings based on their activities over the year.

Climate change, one of our top stewardship priorities, is monitored consistently for our direct holdings as part of our environmental, social, and governance (ESG) integration. Furthermore, our climate and nature watchlist identifies the highest risk holdings from a climate perspective. We've reached out to those companies that represent 59% of our financed emissions from direct holdings, and expect this dialogue to continue into 2025. The objective of our watchlist is for those companies within it to have in place a climate transition plan that not only covers how they intend to decarbonise, but how nature, its protection and restoration, plays a part.

We also monitor our fund managers via our annual climate engagement programme, using the [Transition Pathway Initiative](#). This year, once again, we identified those companies flagged as misaligned with the goals of the Paris Agreement and reached out to the funds that hold them on our behalf. For our 2024 engagement, we reached out to 49 fund houses, covering 135 funds and 79 underlying companies. The objective remains consistent with previous years: to understand how funds are addressing climate misalignment and how their stewardship policies and climate commitments inform their approach.

Voting is another pillar of stewardship and a crucial mechanism for signalling (dis)satisfaction with company approaches or progress made. We maintain transparency in our voting decisions, making them available online, along with rationales for significant votes in our updates. Clients also have the option to vote their own shares if they choose to. In turn, we expect the same level of transparency from our fund managers, and requested voting rationales from 25 of these managers for meetings we deemed significant or controversial over 2024. We've received responses including vote rationales and details on any related engagements. This feedback will now be analysed to ensure alignment with our own voting activity.

We hold passive funds for our clients, which for a low cost, work to track rather than outperform a particular index. Due to their tracking nature, these funds cannot divest and therefore we believe that their stewardship efforts are a key differentiator. We spoke to 11 of our largest passive providers for our annual stewardship meetings, discussing topics such as their commitment to

collaboration, stewardship resourcing, climate approach and specific company controversies and votes.

For all these initiatives, we will be analysing the results over the coming weeks. The results will contribute to the recommendations made by our research team and will also be fed back to fund managers, likely leading to further meetings in 2025.

## Adani Green controversy

Adani Green is one of the largest suppliers of renewable energy in India and is the subject of a U.S. legal challenge.

Adani Green has several sister companies operating under the Adani umbrella, covering sectors such as ports, infrastructure, and mining. At the centre of the controversy are Guatam Adani, the group's chairman, and his nephew, who are facing court charges for bribes paid to officials related to renewables contracts, and for misleading investors about these practices.

We're seeing ripple effects already, with a bond offering from Adani Green Energy cancelled and statements from lenders who are reviewing their exposure.

Three funds on our recommended lists have exposure to Adani entities through fixed income assets, and we reached out to understand how they feel this issue will impact their investment case. Overall, we have exposure to many different parts of the Adani business, which is considered investment grade (high quality debt) with good asset coverage.

The outlook for Adani Green specifically, despite this court case, is positive. It operates in the fast-growing renewables sector in a fast-growing economy. We and our fund managers will continue to monitor this situation. Should developments with the U.S. court case require a review we will not hesitate to contact our fund managers again.

## Reaffirming our priorities for 2025

Our stewardship priorities help us to allocate our finite resources in the most efficient and effective way possible. To that end, in 2023 we introduced our four stewardship priorities: climate, nature, human rights and governance.

Our priorities were determined based on three key factors:

- **Risk:** The potential risk that these topics pose to companies and investments.
- **Engage-ability:** The level of interest and relevance they hold for our clients.
- **Manager insights:** The views of our investment managers, who have a deep understanding of our clients' needs and goals.

Following a successful first year in which we have engaged on topics from climate change and nature loss to modern slavery and supply chains, these priorities will remain in place for 2025. Our stewardship

activities will be reported in full against these priorities in our Annual Stewardship Report, which will be published in the spring.

## Significant votes

Company	Proposal	Voted	Voted against	Voting rationale
AVI Global Trust	Re-elect Calum Thomson as director	For	ISS	We engaged with the chair to better understand their plans regarding improving ethnic diversity on the board. As a result of their response, we were happy to vote in favour and will monitor the situation.
The Diverse Income Trust	Re-elect Michelle McGrade as director	For	ISS	We engaged with the chair to gain a deeper understanding of their plans to enhance ethnic diversity on the board. Following their response, we were pleased to vote in favour and will monitor the situation.
Brown Advisory US Smaller	Re-elect Stephen White as director	For	ISS	We've engaged with the chair and whilst their response regarding ethnic diversity remains somewhat lacking, we decided to vote in favour for this year and will continue to engage with and monitor the situation.
European Smaller Co Trust	Re-elect Simona Heidempergher as director	For	ISS	We noted the tenure for the named director had reached 10 years, beyond what we would consider good governance. We voted in favour because the board has agreed on a retirement timeline and engaged recruitment consultants to find a replacement.
Seraphim Space Investment Trusts	Re-elect Sue Inglis as director	For	ISS	We felt the board had addressed diversity sufficiently in their annual report, and following engagement, are satisfied with their commitment to improve. We'll monitor this situation carefully.
Microsoft Corporation	Report on Risks of Weapons Development	Against	ISS	We don't see this as material to Microsoft. The company sells products to governments which includes defence branches, as well as enterprise. They aren't directly involved in weapons development.
Microsoft Corporation	Report on Risks of Operating in Countries with Significant Human Rights Concerns	For	Management	As at previous meetings we have voted in favour of this report. There are reputational and financial risks involved with operating in countries where human rights issues are documented. Accordingly, this should be explored by the company and a report made available to shareholders to inform them of potential risks that they may find unacceptable.
Microsoft Corporation	Report on Risks of Using Artificial Intelligence and Machine Learning Tools for Oil and Gas Development and Production	Against	ISS	The oil and gas industry is not an individually significant end market for Microsoft. Additionally, Microsoft don't directly engage in oil and gas production activities and it's our view that this report is superfluous. The risks of the use of artificial intelligence (AI) and machine learning tools should instead be put forward to energy companies themselves.
Microsoft Corporation	Report on Risks Related to AI Generated Misinformation and Disinformation	For	Management	This could be a material future risk for Microsoft given their rising presence in consumer facing products such as search, which is increasingly augmented with generative AI. This report would therefore be useful to shareholders.
Microsoft Corporation	Report on AI Data Sourcing Accountability	For	Management	Given the emerging technologies and controversies surrounding training of AI models in ways that have used data without appropriate permissions, a report to help shareholders understand this area would be helpful.



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