



April - June 2024



Brewin
Dolphin

Quarterly Stewardship Update

This past quarter has seen us vote at more meetings than any other quarter over the year, in what is known in the industry as ‘proxy season.’

This high concentration of meetings can lead to more company news hitting the headlines, and there are likely to be issues listed in our table of significant votes that RBC Brewin Dolphin clients have read about in the media. We have also seen meaningful engagements with companies and funds around both Annual General Meeting (AGM) details and controversies.

Activity snapshot

This quarter we have:

- Exercised our voting rights in a thoughtful way across our busiest quarter
- Engaged with Reckitt Benckiser over a baby milk related controversy
- Welcomed the arrival of the FCA’s anti-greenwashing guidance

Our voting statistics

This quarter we voted at a total of 66 company meetings.

Votes for the quarter 01/04/24 to 30/06/24

66	54	12	0
meetings	with management	against	abstentions

Over the past three months, we voted at 66 meetings. At the majority of meetings, we voted with management on all resolutions. In twelve meetings we voted against management on at least one resolution and there were no abstentions. While we appreciate the insights lent to our analysis by Institutional Shareholder Services (ISS), our proxy voting provider, we continue to take a more nuanced approach to voting informed by our engagement with companies. For this quarter, this means that in 15 meetings, we decided not to follow ISS recommendations for at least one resolution.



Signatory of:



Reckitt Benckiser – baby milk controversy

Towards the end of March, a US court awarded \$60m in compensation to the mother of a baby who died of necrotizing enterocolitis (NEC) after being fed Enfamil baby formula, produced by Reckitt Benckiser subsidiary Mead Johnson. This is one of many lawsuits in the US against Mead Johnson and another manufacturer of baby formula, Abbott Laboratories.

Given the size of the compensation, and the subsequent drop in share price of as much as 20%, not to mention the safety of infants, we engaged with the fund managers who hold Reckitt Benckiser on our behalf. We wanted to understand their views on the issue, if they had engaged with the company and any impact this situation might have on the investment case.

We were satisfied with the quality of responses and noted that several fund managers had engaged with the company and/or medical experts. What we took away is that while there is a risk to the reputation of Reckitt Benckiser, the scientific evidence does not necessarily back up the outcome of the court case and that Reckitt Benckiser will appeal the verdict. For the time being, most fund managers continue to have conviction in the stock, and one has sold.

Furthermore, we engaged directly with the chair of the company via the Investor Forum, alongside a group of other investors. Whilst being limited in what he could say due to the ongoing nature of the situation, the chair assured us that their products are backed by the medical community and that the board is committed to achieving the best outcome at the end of this process. We will continue to monitor the situation and engage again if necessary.

Shell – climate transition plan falls short of expectations

Climate is one of our stewardship priorities, and the recent Shell AGM gave us plenty to research and discuss. This year we were once again given the opportunity to vote on the company's climate transition plan, albeit a new one based on an amended strategy that merited additional consideration, as well as a shareholder proposal similar to last year, requesting targets for reducing scope 3 emissions (those emissions outside of the immediate control of the company).

In the run-up to the AGM, we engaged with the company several times. We discussed issues including their alignment with the Paris Agreement, the lack of accredited methodology, how they target subjects such as climate transition within remuneration policies, interactions with policymakers on climate, and other factors.

Regarding our voting at Shell's AGM, we deeply considered the climate-related proposals on the agenda, and the rationales for our significant votes are provided in the table at the end of this report. We voted against the transition plan, in part due to the overreliance on liquefied natural gas as part of the transition, and the unsubstantiated evidence that the plan aligns with the goals of the Paris Agreement. However, we also voted against the shareholder proposal on the agenda, acknowledging the challenges with setting targets on emissions outside of a company's control. It is important to note that while we felt we could not support the proposal this does not mean that we are satisfied with the direction and progress being made, as evidenced by our vote against Shell's transition plan. We acknowledge that oil and gas companies such as Shell are crucial in the transition to a low carbon economy and will continue to engage and escalate as necessary.

Anti-greenwashing guidance

The FCA's anti-greenwashing rules, the first step on the journey to the Sustainability Disclosure Requirements (SDR), came into effect on 31 May. We welcome these rules that make clear to everyone in the industry what is appropriate and acceptable language to use when discussing issues such as sustainability, responsible investment and environmental, social and governance (ESG) issues. RBC Brewin Dolphin fully abides by all relevant regulations, and we hope that these rules will create a more level playing field which is clearer and fairer for clients and end users.

Significant votes

Starting with last quarter's update, we are pleased to provide a table showing the rationale of all significant votes, which we define as those where we voted against the recommendations of management or our proxy research provider, ISS. As mentioned previously, this part quarter is the most concentrated when it comes to the number of meetings, and therefore the number of significant votes.

Some key votes to note include Amazon, who has been in the news recently due to their alleged anti-union stance. A shareholder proposal, which we supported, requested a third-party assessment of the company's commitment to Freedom of Association and collective bargaining. We believe that as shareholders we would benefit from increased transparency on how the company is managing such human rights-related risks, especially with news stories alleging that they do not always do this well.

Significant votes for Q2

Company	Proposal	Disagree with management or ISS	Vote Instruction	Rationale
Alcon Inc	Approve Remuneration Report (Non-Binding)	ISS	For	We supported the remuneration report, against ISS's recommendation. We felt that it aligns management and shareholder incentives and targets innovation, where there has been historical underinvestment. We also felt that changes made since last year were positive and promote long term performance across the company.
Alcon Inc	Elect Keith Grossman as Director	ISS	For	ISS recommended a vote against the Chair of the nomination committee due to a lack of sufficient gender diversity. We felt comfortable with the level of diversity currently on the board and were happy to re-elect the director in question.
Berkshire Hathaway	Elect Director Warren E. Buffett	ISS	For	We voted in favour of Chairman/CEO Warren Buffett, against the recommendation of ISS. We believe that the non-election of Mr Buffet would be negative for shareholders, and that any conflicts he might bring by fulfilling both CEO and Chair roles are mitigated by the existence of a lead independent non-executive director.
Berkshire Hathaway	Elect Director Susan L. Decker	Management	Against	ISS recommended withholding votes for the chair of the audit committee (Ms Decker) due to non-alignment with net zero 2050 targets. Our decision to withhold our support is based on the lack of TCFD aligned reporting by the company, and a lack of shareholder engagement following the support for enhanced GHG disclosure at last years' AGM.
Berkshire Hathaway	Elect Director Stephen B. Burke	ISS	For	ISS recommended withholding votes for the reelection of members of the governance committee (Burke, Chenault, Guyman, Murphy) due to multi class share structure with disparate voting rights. Furthermore, ISS recommended withholding votes for the compensation committee (Burke, Chenault, Guyman, Murphy) due to issues regarding executive pay and disclosures. We voted in favour of these directors, as we have been aware of and comfortable with the structure since before we initiated the position. We are also comfortable with the remuneration structure due to high long term share ownership among management, a good long term track record and long tenure and finally good culture, all of which align the interests of the directors with shareholders.
Berkshire Hathaway	Elect Director Kenneth I. Chenault	ISS	For	
Berkshire Hathaway	Elect Director Charlotte Guyman	ISS	For	
Berkshire Hathaway	Elect Director Thomas S. Murphy, Jr.	ISS	For	

Company	Proposal	Disagree with management or ISS	Vote Instruction	Rationale
Berkshire Hathaway	Report on Efforts to Measure, Disclose and Reduce GHG Emissions Associated with Underwriting, Insuring, and Investing	Management	Against	We voted against this shareholder resolution, in line with management and against the recommendation of ISS. The proposal was asking the company to issue a report addressing how it intends to measure, disclose, and reduce the GHG emissions associated with its underwriting, insuring, and investment activities in alignment with the Paris Agreement's 1.5°C goal. Similar to last year's AGM when the same proposal was submitted, we felt that climate risk at the insurance operations is already dealt with adequately through the company's current risk management framework.
Berkshire Hathaway	Disclose BHE's Emissions and Progress Towards Goal in Consolidated Report	ISS	Against	We voted against this shareholder resolution, in line with management and against the recommendation of ISS. The proposal was asking the company to disclose GHG emissions data by scope, as well as progress towards its net-zero decarbonization goal specifically for Berkshire Hathaway Energy. In our view, the company's disclosures on climate should be aligned with TCFD recommendations at whole group level and, therefore, we have already expressed our concerns over this lack of alignment by withholding support for the re-election of the audit committee chair. We note that the audit committee has responsibility for oversight of climate risk and related disclosure at the company.
Berkshire Hathaway	Report on Effectiveness of Diversity, Equity, and Inclusion Efforts	Management	For	We voted in favour of a shareholder proposal asking the company to report on the effectiveness of its diversity, equity, and inclusion efforts, similar to last year's AGM. We agreed with ISS that enhanced disclosures at group level would allow shareholders to better assess the company's diversity-related efforts and management of related risks across all subsidiaries.
Amphenol Corp	Elect Director Anne Clarke Wolff	Management	Against	We voted against the re-election of Anne Clarke Wolf, in agreement with ISS, due to her lack of independence. It is our view that more independence should be maintained on the nomination committee.
Amphenol Corp	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Management	For	We voted in favour of a shareholder resolution that calls for a reduced threshold for shareholders to be able to call a special meeting. We believe that reducing ownership threshold will give shareholders increased rights with little additional risk of abusing said rights.

Company	Proposal	Disagree with management or ISS	Vote Instruction	Rationale
Ferguson Plc	Provide Right to Call a Special Meeting	Management	Against	We voted against a management proposal to raise the threshold for shareholders to be able to call a special meeting, in line with ISS, as we felt it was unclear how a higher ownership threshold would be beneficial for shareholders.
Ferguson Plc	Authorize New Class of Preferred Stock	Management	Against	We voted against a management proposal to issue a new class of preferred stock, in line with ISS, as the purpose and benefit to shareholders is not clear.
Intercontinental Exchange	Require Independent Board Chair	ISS	Against	We voted against a shareholder proposal requesting an independent Chair. Our view is that the current leadership structure functions well and is conducive to better value creation for shareholders. Furthermore, as a founder-led organisation, we believe the culture and bold approach is better preserved with the current management structure, given the knowledge and experience of the Chair. Moreover, the other nine board members are independent, which we feel is enough to promote a well balanced and functioning board.
Shell Plc	Re-elect Sir Andrew Mackenzie as Director	ISS	For	We voted for the re-election of the Chair, against ISS and in line with management, as we feel that Shell is managing overall ESG risk adequately. There are however areas of weakness which we intend to follow up on with Shell.
Shell Plc	Approve the Shell Energy Transition Strategy	Both	Against	We voted against the transition plan, against the recommendations of ISS and management, largely due to the inclusion of an LNG (liquefied natural gas) ramp-up as a solution to the various climate-related risks facing the company. This approach represents a fundamental disconnect from the nature of a transition plan and we did not feel that we could support it. Furthermore, approving the new plan would mean accepting that it would only be brought to shareholders every three years, instead of annually. We will engage further with the company on this issue.
Shell Plc	Advise Shell to Align its Medium-Term Emissions Reduction Targets Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement	ISS	Against	We voted against this shareholder resolution, in line with management and against the recommendation of ISS. The resolution asks the company to align its existing mid-term reduction aims covering the greenhouse gas emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement. Whilst we support the Paris Climate Agreement and its goals, our vote is in acknowledgement of the challenges associated with setting such targets. Additionally, the binding nature of the proposal made it difficult to justify a vote in favour. We will continue our engagement with Shell on this matter.

Company	Proposal	Disagree with management or ISS	Vote Instruction	Rationale
The Charles Schwab Corporation	Report on Median Gender/Racial Pay Gaps	Management	For	We voted in favour of this shareholder proposal, as shareholders should benefit from this reporting. It would allow them to better measure the progress of the company's diversity and inclusion efforts, and allow comparisons with other companies.
Amazon.com Plc	Elect Director Jeffrey P. Bezos	ISS	For	We voted in favour of the re-election of Jeffrey Bezos, chair of the board, against the recommendation of ISS, which was on the grounds of his oversight of ESG issues. We believe Mr Bezos, as the founder and a very involved chairman, brings a lot of value to the company and its shareholders.
Amazon.com Plc	Advisory Vote to Ratify Named Executive Officers' Compensation	ISS	For	We voted in favour of the remuneration of executives, against ISS's recommendation. It is our opinion that Amazon's system of low base pay and large equity stakes aligns well with shareholders.
Amazon.com Plc	Establish a Public Policy Committee	ISS	Against	We did not support this shareholder proposal, against the recommendation of ISS. In our view, the ask of the proposal is already adequately provided for by existing board and committee structure.
Amazon.com Plc	Report on Customer Due Diligence	Management	For	We vote in favour of this shareholder proposal, as we think that the increased transparency on how the company is managing human rights-related risks would be a benefit to shareholders.
Amazon.com Plc	Report on Lobbying Payments and Policy	Management	For	We vote in favour of this shareholder proposal, as we think that the increased disclosure on lobbying activities and payments would be a benefit to shareholders.
Amazon.com Plc	Report on Median and Adjusted Gender/Racial Pay Gaps	Management	For	We voted in favour of this shareholder proposal, as shareholders should benefit from this reporting. It would allow them to better measure the progress of the company's diversity and inclusion efforts, and allow comparisons with other companies.
Amazon.com Plc	Report on Impact of Climate Change Strategy Consistent With Just Transition Guidelines	Management	For	We voted in favour of this shareholder proposal, as we think shareholders would benefit from more disclosure on whether and how the company considers the impact on communities and human rights as part of its climate strategy.
Amazon.com Plc	Report on Efforts to Reduce Plastic Use	Management	For	We voted in favour of this shareholder proposal, as additional clarity on efforts to reduce plastic and manage risks relating to plastic waste will be beneficial to shareholders.
Amazon.com Plc	Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining	Management	For	We voted in favour of this shareholder proposal. Additional disclosure on the management of human rights-related risks, specifically relating to freedom of association and collective bargaining rights, will be beneficial to shareholders.

Company	Proposal	Disagree with management or ISS	Vote Instruction	Rationale
Amazon.com Plc	Disclose All Material Scope 3 GHG Emissions	Management	For	We voted for this shareholder proposal as extra information on the management of emissions will be beneficial to the evaluation of company progress towards its net zero ambition. It would also be useful preparation of potential future regulatory requirements.
Amazon.com Plc	Commission Third Party Study and Report on Risks Associated with Use of Rekognition	Management	For	We voted in favour of this shareholder resolution. We believe additional information, particularly around the privacy and human rights-related risks associated with facial recognition software, will be of benefit to shareholders.
Amazon.com Plc	Establish a Board Committee on Artificial Intelligence	ISS	Against	We vote against this shareholder proposal. As AI has been at the core of Amazon since inception, its oversight is already central to the board in general.
Amazon.com Plc	Commission a Third Party Audit on Working Conditions	Management	For	We voted for this shareholder proposal. Given recent media stories surrounding workplace related violations, and the associated reputational risk, we believe the report request is reasonable and may provide shareholders with additional data to help more fully assess workplace safety.
AstraZeneca PLC	Approve Remuneration Policy	Management	Against	We voted against the remuneration policy and performance share plan. Pay quantum are large and ranges have expanded every year. While pay is in-line with European peers, it is significantly ahead of FTSE peers and much of the recovery in the pipeline precedes the current CEO.
AstraZeneca PLC	Amend Performance Share Plan 2020	Management	Against	
LVMH Moet Hennessy Louis Vuitton SE	Approve Auditors' Special Report on Related-Party Transactions	Management	Against	We voted against this report, in line with ISS. As is the case every year, LVMH does not report enough details of its transactions with Agache, an important shareholder. This makes it impossible to determine if the continuation of the agreement is in the best interests of shareholders.
LVMH Moet Hennessy Louis Vuitton SE	Reelect Antoine Arnault as Director	Management	Against	We voted against the re-election of several directors who we do not consider to be independent due to connections with the controlling family. While we are aware of the large family ownership of LVMH, in our view this does not warrant a lack of independence in key decision-making roles across the board such as committee memberships.
LVMH Moet Hennessy Louis Vuitton SE	Elect Alexandre Arnault as Director	Management	Against	
LVMH Moet Hennessy Louis Vuitton SE	Elect Frederic Arnault as Director	Management	Against	

Company	Proposal	Disagree with management or ISS	Vote Instruction	Rationale
LVMH Moët Hennessy Louis Vuitton SE	Approve Compensation Report of Corporate Officers	Management	Against	We voted against several remuneration related proposals, in line with ISS, because there is not enough disclosure to assess the merits of the compensation.
LVMH Moët Hennessy Louis Vuitton SE	Approve Compensation of Bernard Arnault, Chairman and CEO	Management	Against	
LVMH Moët Hennessy Louis Vuitton SE	Approve Compensation of Antonio Belloni, Vice-CEO	Management	Against	
LVMH Moët Hennessy Louis Vuitton SE	Approve Remuneration Policy of Chairman and CEO	Management	Against	
LVMH Moët Hennessy Louis Vuitton SE	Approve Remuneration Policy of Vice-CEO	Management	Against	
LVMH Moët Hennessy Louis Vuitton SE	Authorize up to 1 Percent of Issued Capital for Use in Restricted Stock Plans	Management	Against	We voted against this proposal, in line with ISS, as we consider the performance conditions too vague, the period undefined and the vesting period not sufficiently long-term orientated.
Nestlé SA	Reelect Pablo Isla as Director	ISS	For	ISS recommended a vote against the incumbent chair of the Nomination Committee due to a lack of sufficient diversity. We felt comfortable with the level of diversity currently on the board and were happy to re-elect the director in question.
Nestlé SA	Reappoint Pablo Isla as Member of the Compensation Committee	ISS	For	ISS recommended a vote against the incumbent chair of the Nomination Committee due to a lack of sufficient diversity, and in this case to object to their reappointment as a member of the Compensation Committee. We felt comfortable with the level of diversity currently on the board and were happy to re-elect the director in question.
Polar Capital Global Financials Trust PLC	Re-elect Simon Cordery as Director	ISS	For	We voted in favour of Simon Cordery, against ISS' recommendation to vote against the Chair due to a lack of ethnic diversity on the board. We consider the rationale provided in the annual report to be sufficient, and this is complemented by engagement we have had over the past year.
ASSA Abloy AB	Reelect Johan Hjertonsson (Chairman), Carl Douglas (Vice Chairman), Erik Ekudden, Sofia Schorling Hogberg, Lena Olving, Victoria Van Camp, Joakim Weidemanis and Susanne Pahlen Aklundh as Directors	ISS	For	We voted in favour of the director elections, against the recommendation of ISS. We are aware of the issues raised by ISS, including overboarding and dual class share structure but are comfortable that they are managed well.

Company	Proposal	Disagree with management or ISS	Vote Instruction	Rationale
ASSA Abloy AB	Approve Performance Share Matching Plan LTI 2024 for Senior Executives and Key Employees	ISS	For	We voted in favour of the share matching plan. Whilst there are issues with the remuneration structure, we believe the modest quantum of pay and the way management is incentivised to remain as long as possible, are reasonably well aligned with shareholders.
Fastenal	Adopt Simple Majority Vote	Management	For	We voted for this shareholder resolution, as strong support for it may motivate management to remove the supermajority voting requirements.
Texas Instruments Incorporated	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Management	For	We voted in favour of a shareholder resolution that calls for a reduced threshold for shareholders to be able to call a special meeting. We believe that reducing ownership threshold will give shareholders increased rights with little additional risk of abusing said rights.
Texas Instruments Incorporated	Report on Due Diligence Efforts to Trace End-User Misuse of Company Products	ISS	Against	We voted against a shareholder resolution, agreeing with the Board's rationale that the use of resources will not provide material benefit in this case. Texas Instruments has >100,000 customers and deals with distribution channels significantly on a global basis, making the cost benefit from the resources devoted likely hard to justify. The company has a dedicated team monitoring and screening orders, they also comply with all export control laws and require distributors and customers to do the same.
International Public Partnerships Limited	Re-elect Sally-Ann David as Director	ISS	For	We were happy to vote in favour of this director's re-election, against the ISS recommendation to vote against due to insufficient diversity. The board has already announced the appointment of Giles Adu, which means the company is now fully compliant with the FCA listing rules on diversity.
Booking Holdings Inc	Amend Clawback Policy	Management	For	We voted in favour of a shareholder resolution calling for amendments to be made to the company's clawback policy, as the existing policy does not provide sufficient clarity.
Booking Holdings Inc	Report on Risks Related to Fulfilling Information Requests for Enforcing Laws Criminalizing Abortion Access	Management	For	We voted in favour of this shareholder resolution as additional disclosure would help shareholders assess how well the company is managing risks relating to the user of customer data to fulfil such requests from law enforcement.
abrdrn european logistic Income	Re-elect Tony Roper as Director	ISS	For	ISS recommended a vote against the incumbent nomination committee chair due to a lack of sufficient diversity. Given that the trust will cease to exist next year, we believe it is in the best interest of shareholders to retain directors who know and understand the company it while assets are sold.



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