



Investec Wealth & Investment (IW&I) Engagement Policy

The Shareholders Rights Directive II (SRD II) aims to promote effective stewardship and long-term investment decision-making by enhancing the transparency of asset managers' investment strategies. As an investment firm that provides portfolio management services to investors, Investec Wealth & Investment (IW&I) is considered an SRD asset manager. This document sets out IW&I's engagement policy in line with the requirements under SRD II.

The Financial Reporting Council (FRC) issued the UK Stewardship Code ('the Code') in 2010, with revision anticipated in late 2019. The Financial Conduct Authority (FCA) requires firms with professional clients to produce a statement of commitment to the Stewardship Code or explain why it is not appropriate. The extent to which IW&I complies with the Stewardship Code is documented [here](#).

1. Integration of shareholder engagement within IW&I's investment strategy

We regularly engage directly with company boards outside of the traditional AGM cycle on matters ranging from remuneration to mandate change.

Separate Equity and Collective Corporate Governance Committees oversee the execution of our governance responsibilities.

2. Monitoring investee companies on relevant matters, including:

- a) **strategy;**
- b) **financial and non-financial performance and risk;**
- c) **capital structure; and**
- d) **social and environmental impact and corporate governance.**

IW&I has a dedicated Research team that monitors all the investments that it actively covers. News flow is followed closely and, when deemed appropriate, conclusions are communicated to Investment Managers. When we make purchases on behalf of our clients, our aim is to make investments that can be held for the long-term and as such we pay regard to fundamental factors including how the company is managed, its market position, balance sheet leverage, capital allocation policy and its returns on capital. We make use of third party services to augment our view from a social and environmental perspective.

3. Conducting dialogues with investee companies

Engagement with investee companies will most likely be through direct dialogue with the management team or through exercising voting rights at General Meetings. If we think a company is not being managed in the interests of our clients, we will decide how best to engage with the company to address this.

IW&I regularly engages directly with management to discuss any issues as they arise, both through in-house meetings (affording Investment Managers an opportunity to raise their own points) and through contact at presentations and conferences.

Where we wish to escalate matters, we can exercise any voting rights over which we have discretion. Going further, we can put forward shareholder resolutions and discuss matters with the company's advisers, its non-executive directors or the Chairman. We are prepared to combine forces with other shareholders to increase pressure on management where we feel such action is in the interests of our shareholders.

From time to time, where our holdings are insufficient to apply appropriate pressure to the company or we feel our concerns have not been adequately addressed, we may consider disinvestment.

4. Exercising voting rights and other rights attached to shares

We employ a third party proxy advisory company to provide detailed governance analysis on several hundred of our key holdings. We then use the output of this forensic analysis of ballot papers to shape, but not dictate, our engagement activity around AGMs. We will not routinely vote in every meeting, particularly if there is nothing contentious or our holding size renders our vote to all practical extents insignificant, but we will vote where we deem either the issue in question or our holding significant.

5. Cooperating with other shareholders

IW&I is willing to act with like-minded shareholders where appropriate and where it is in the interests of our clients, so long as in doing so we are able to comply with all appropriate regulatory rules.

6. Communicating with relevant stakeholders of the investee companies

At present IW&I aims to report to interested clients where we have voted against management or voted to encourage management to adopt a resolution that could lead to a change in how they operate. Disclosure would be limited to those shares held by each of those clients, rather than a report on all activity carried out by IW&I. We will provide a summary report of all our voting activity for discretionary accounts. In addition, where it does not breach any confidentiality, we may share examples of where we have engaged with management. A central record of voting activity is maintained.

7. Managing actual and potential conflicts of interests in relation to the firm's engagement

IW&I has a company policy on Conflicts of Interest. All employees are required to declare any conflicts of interest, including those which may arise as a result of engagement, and we have in place arrangements to prevent or manage any conflicts identified. A summary of our conflicts policy is available to all our clients in our Terms and Conditions, and can also be obtained upon request from the Head of Compliance by other interested parties.

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Exeter 01392 204404
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