

# Engagement policy

## July 2016

### Background

Rathbone Unit Trust Management strives to adhere to principles and spirit behind the stewardship code, principle 4 of which states:

*"For investors, stewardship is more than just voting. Activities may include monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure, and corporate governance, including culture and remuneration. Engagement is purposeful dialogue with companies on these matters as well as on issues that are the immediate subject of votes at general meetings".*

The following policy applies to our equity holdings. We have investment products focussed on fixed interest and corporate bonds, however these holdings do not give rise to ownership rights in the company.

### Our stance

As owners of the companies in which we invest on behalf of our unit holders, we undertake dialogue with companies on the issues of strategy, performance, risk, capital structure, and corporate governance, including culture and remuneration, from time to time as the situation demands.

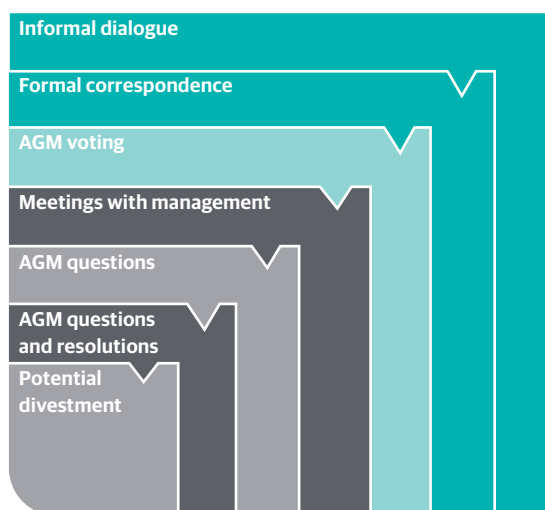
In doing so we recognise that such engagements often present themselves across a spectrum of severity. Further, we are limited by resources in our capability to performance in depth engagements.

In order to maximise the effect of our engagements and deliver on our responsibilities to clients, we must be selective and pragmatic. Whilst the specific approach taken to engagement will be decided on an ad hoc, case by case basis as determined by the manager, the following principles guide the selection of an issue for more active engagement:

1. **Exposure:** Across our portfolios we may hold stakes in smaller companies which, whilst small in terms of value, may be significant in terms of the proportion of voting rights. We are more likely to engage directly where we hold a material stake in the company, defined as holding in excess of 5% of a company's share capital.
2. **Severity:** We are more likely to engage issues are identified which present an immediate or severe threat to the best interests of our clients.
3. **Location:** We are more likely to engage in those companies where we have a deeper understanding of the local legal framework.

### Escalation pyramid

Whilst we reserve the right to respond as appropriate determined by the circumstances, our general approach to engagement is outlined by the graphic below:



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## Collaboration

Where appropriate, in line with our conflicts of interest policy, we will seek to engage on a collaborative basis. We recognise that in some situations our concerns will align directly with those of other shareholders. However, our overarching aim is to act in the best interests of clients, and this takes precedence over collaborative action.

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## Communication

This policy was developed in consultation with fund managers. Further, it is communicated to fund managers on recruitment, and annually as part of individual performance reviews.

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## Contact

The named contacts for collaborative engagements is:

Matt Crossman  
Group Corporate Governance Manager  
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For enquiries relating to collaborative engagements, please contact [engagement@rathbones.com](mailto:engagement@rathbones.com)

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## Review

The board of Rathbone Unit Trust Management will review this policy annually.