redwheel

Redwheel Stewardship Policy Statement

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redwheel.com

Version Control

Version	Date:	Author:	Approved by:	Detail of Change
v.01	19 Jan 22	Chris Anker	Sustainability Committee	Creation, replacing the prior published RWC Proxy Voting Policy
v.02	14 Feb 22	Chris Anker	Sustainability Committee	Insertion of additional RWC entities in base policy
v.03	30 Apr 23	Chris Anker	Sustainability Committee	Clarification regarding stocklending. Insertion of reference to 'good governance' assessment (SFDR). Reframe application to Redwheel entities that manage money in base policy
v.04	17 Feb 25	Chris Anker	Sustainability Committee	Clarifying purpose and objective of engagement, roles and responsibilities for identifying and managing conflicts in practice, and adjusting position on stock lending.

1. Application

1.1 Redwheel is a registered trademark of RWC Partners Limited. The Redwheel Stewardship Policy defines the approach to be followed by Redwheel and its investment teams in relation to stewardship. It applies to all investments held in pooled and segregated mandates managed by Redwheel entities (collectively referred to as 'the Firm', 'Redwheel' or 'we') in respect of which authority to undertake stewardship activity has been delegated to, or otherwise rests with, Redwheel. At the time of writing, the Redwheel authorised entities which manage money comprise:

- RWC Asset Management LLP
- RWC Asset Advisors (US) LLC
- RWC Singapore (Pte) Limited

1.2 The policy also applies in respect of stewardship that is not specific to investments, such as our participation in market initiatives.

1.3 The scope of the policy is to define our views on the stewardship activities generally applicable to Redwheel and its investment teams at the time of writing. It does not seek to define comprehensively our views on how stewardship should be conducted across all investment types, issues, asset classes etc.

1.4 The policy also does not seek to define how stewardship should be conducted by managers acting for Redwheel on a sub-advisory basis, although we would expect their approaches to be aligned with the principles set out within this policy statement.

2. Rationale

2.1 At Redwheel, we and our investment teams strongly believe that the consideration of both material financial and material sustainability factors within a fully integrated investment process can help to enhance assessments of risk and return.

2.2 Within our work, we consider active stewardship to be vital to protecting and enhancing the long-term interests of our clients. Again, a fully integrated approach is applied, by which we mean that our investment teams do not separate financial and sustainability stewardship. As such, individual stewardship activities can and do encompass the full breadth of investment considerations i.e. risk and opportunity factors relevant for investment that are reflected in financial statements, as well as those that are not.

2.3 For instance, the quality of a company's approach to strategy, capital allocation, capital structure, and transparency have a significant bearing on the financial case for investment. At the same time, unethical or neglectful behaviour by a company in relation to the management of environmental, social or governance risks can harm the environment or society in which a company is located and by doing so may also damage the interests of those providing capital.

2.4 It is for these reasons that we place such importance on having an integrated approach to stewardship in our investment processes, on the one hand as part of risk discovery and risk mitigation, whilst on the other to support the implementation of good practice, reducing the adverse environmental and social impacts of operations, as well as to encourage focus on areas of future growth.

3. Policy Approach

3.1 In developing this Stewardship Policy, we have drawn heavily on the framework that underpins the UK Stewardship Code and the terms and definitions that are used within it. As a global investor regulated in the UK, we believe that this is a pragmatic approach to describing how we aim to be a good steward of the capital that clients entrust to us, given the Code's global standing, and how our work supports the delivery of positive outcomes for them.

3.2 For us, stewardship as a concept represents the collective efforts of the owners and consumers of capital and their agents to ensure that the interactions taking place between them lead to constructive outcomes over the long-term. Specific stewardship activities are objective-focussed; their purpose can and does vary, taking account of contextually relevant factors, not least who is undertaking the activity.

3.3 Redwheel is an asset manager and as such is an intermediary in the investment chain. We therefore see the purpose of our stewardship as being to foster alignment of the interests of clients (as the providers of capital) and issuers (as the consumers of capital), having due regard for both short and long-term interests, as well as factors that may affect how those interests come to be expressed in future.

3.4 As part of fulfilling our fiduciary duties to clients, our investment teams are expected to engage in stewardship activities as part of the management of client assets; it is expected that stewardship should focus primarily on factors that are reasonably likely to be of investment significance within the manager's time horizon. Given that client time horizons often exceed those of their appointed managers, to reinforce the alignment of manager and client interests, managers should however also reflect on the need for stewardship activities to relate to sustainability issues considered by clients as likely to be of significance over the longer term.

3.5 Where stewardship involves engagement, discussion and dialogue is expected; where it involves proxy voting, the principled application of rights arising as a result of the ownership of securities is expected.

3.6 We also engage in stewardship when delivering broader aspects of our client proposition, consistent with the policies and values we have articulated as a business. From a corporate perspective, this may include for example contributing to the development of policy applicable to our industry, and engaging constructively with the managers of the buildings in which our operations are based as part of managing our own operational footprint.

3.7 As well as drawing on the concepts that inform the UK Stewardship Code, our approach aligns with the definition advanced currently by the UN Principles for Responsible Investment, alongside the CFA Institute and the Global Sustainable Investment Alliance,[1] that stewardship should be considered as:

> *"the use of investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social and environmental assets on which their interests depend"*

3.8 Consistent with our view as a business that our role as an investor is to invest with conviction for current and future generations and the world in which we all live, our stewardship policy and approach is underpinned by the following beliefs as to what good practice at the issuer level should comprise:

- Over the long run, issuers can deliver investment return while managing risk by focussing on financial and non-financial factors;
- Issuers should have a primary focus on creating and maintaining value over the long-term and incentivising this appropriately. They should also implement governance frameworks that maintain the interests of investors and management in appropriate alignment;
- Where a third party exerts significant control over a company in which we are invested, the Board should ensure that the rights of minority investors are respected and protected;
- Boards should in aggregate have appropriate expertise, represent a diverse range of backgrounds and interests, and ensure appropriate balance in the representation of independent and non-independent members. Individually, shareholder representatives should have and should continue to invest in appropriate skills and knowledge, enabling them to offer constructive challenge to executives in relation to risk management in practice, as well as the pursuit of new areas of opportunity;
- Issuers should develop and implement policies relevant to their current and anticipated operations. They should also be transparent about their commitments so that progress towards achievement of end goals can be assessed.

[1] https://www.gsi-alliance.org/members-resources/definitions-for-responsible-investment-approaches/

3.9 Where issuers are not able to evidence such practices, our investment teams commit to promote these beliefs within their stewardship activity.

3.10 Consistent with the above, and until such time as a formal regulatory definition is made available, we shall interpret the 'good governance' requirement arising under the EU Sustainable Finance Disclosure Regulation through reference to the check-list shown below. For a given issuer, we will consider that 'good governance' is followed if we are satisfied that reasons for concern exist in relation to no more than 2 of the 5 factors shown. Where concerns exist in relation to three or more factors, stewardship will be undertaken in pursuit of ameliorating these concerns; where this is the case, teams will be required to present to the Redwheel Sustainability Committee regularly to justify how the company's response to engagement gives confidence that 'good governance' is being followed in practice notwithstanding the fact that concerns have been identified. Within quantitative assessments, data will be obtained from expert third party sustainability research houses.

"Good governance" criteria (EU SFDR Article 8)

Within the assessment of the extent to which companies follow 'good governance', issuers will be assessed to ensure that they comply with the majority of the following five criteria:

- Interests of shareholders and management considered to be well aligned
- Not considered to be in breach of the UN Global Compact
- Not considered to be in breach of OECD Guidelines for Multinationals
- No recent history of significant controversies relating to employee relations
- No recent history of significant controversies relating to tax

Issuers will be assessed on a regular basis. Alignment to the "good governance" criteria will be assessed in the first instance through reference to third party data; where this is not available, analysts will assess issuers' credentials in relation to at least the following factors:

- management structures
- employee relations
- remuneration of staff and
- tax compliance.

Related research notes will be made available to the Redwheel Sustainability Committee for inspection.

4. Reference frameworks

4.1 As part of investment research, our investment teams undertake detailed evaluation of issuers' performance as regards the management of financial and non-financial factors, and their ability to harness opportunity. Within the assessment of environmental, social, and governance considerations, the following external reference frameworks are viewed as fundamental because of the broad support that they have:

UN Global Compact[2]	A set of 10 principles defining at a high level operational best practice with respect to human rights, labour rights, bribery & corruption, and environmental protections
ILO Core Labour Standards[3]	A set of good practices relating to forced labour, child labour, discrimination and unionisation
UN Guiding Principles on Business and Human Rights[4]	A set of principles establishing business responsibility to protect and respect human rights and to provide access to remedy where violation is identified
OECD Guidelines for Multinationals[5]	Recommendations on responsible business conduct, including in relation to product safety and taxation
SASB[6]	Recommendations on the sustainability factors most material within sectors

4.2 As mentioned above, our approach to stewardship is in large part framed with reference to the UK Stewardship Code. Mirroring our focus within investment research, stewardship may focus on financial as well as non-financial factors. Where stewardship is undertaken relating to sustainability factors, it is typical that the issues flagged as material within the frameworks identified above, and companies' disclosures and performance in respect of these, will be key areas of focus.

[2] https://www.unglobalcompact.org/what-is-gc/mission/principles
[3] https://www.ilo.org/global/standards/lang--en/index.htm
[4] https://www.ohchr.org/en/issues/business/pages/businessindex.aspx
[5] http://mneguidelines.oecd.org/guidelines/
[6] https://www.sasb.org/

4.3 Investment teams may also take into account other frameworks where these aid analysis of company specific factors, including relevant thematic/sector/national/global standards (such as the development of science-based targets to support emissions reductions objectives aligned to the delivery of the Paris Agreement), as well as:

- Issues yet to be reflected within frameworks seeking to define operational best practice;
- Recommendations and insight provided by organisations of which Redwheel is a corporate member (for example, the ClimateAction100+, CDP, and NatureAction);
- Our own distinct views on companies' disclosure and performance;
- Extent to which we consider companies to be meeting effectively other standards considered relevant in context.

5. Proxy Voting

5.1 Proxy voting plays a key role within our stewardship activity. As an investor in global equity and fixed income markets, we recognise clearly as a steward of client capital the importance of participating in shareholder meetings and making use of the rights that arise through ownership and our fiduciary responsibilities. We also recognise the importance of participating in bondholder meetings and making use of the rights we have as a creditor. Throughout the remainder of this document, the term "shareholder meeting" is used to denote both shareholder and bondholder meetings.

5.2 Within our decisions around proxy voting, we strive to ensure that we cast votes in a manner consistent with the delivery of our clients' best interests which we generally consider to be to maximise a company's potential to generate enduring shareholder returns over the long run. Specific vote decisions may also reflect the incremental escalation of the stewardship strategy applied to an investment.

5.3 The options available for investors to communicate what are often complex considerations tend to be highly constrained within proxy voting. In particular, where voting intentions reflect numerous interlocking factors, it can be helpful for investors to let companies know the rationale for the votes cast in order that they might both understand investors' approaches and also their expectations going forwards. Across all investment teams, our voting approach is grounded in pragmatism, recognising the constraints that exist in practice.

5.4 To support decision making, our default position is to vote in a manner consistent with the delivery of those governance standards which we consider to be most relevant to the investee company given its market of listing and operational footprint.

5.5 Vote recommendations are provided to us by the specialist corporate governance research organisation, Institutional Shareholder Services (ISS), and take the form of the ISS Climate Voting Policy. This policy builds on ISS' well-established benchmark policy which focuses exclusively on corporate governance matters, but gives greater emphasis to climate risk management considerations within the analysis that supports vote recommendations. In this way, where climate risk management is considered poor, default recommendations will reflect this automatically. Nonetheless, all investment teams retain full discretion in relation to voting; the recommendations they receive from ISS inform but are not determinative of the votes that are cast. Where votes are cast against management or differ from the default vote recommendation received, rationales are recorded as standard.

5.6 Reflecting the autonomy that our teams retain over their investment processes, where companies are held across one or more teams, it is possible that the votes cast will differ; whilst teams are encouraged to align their votes in advance of shareholder meetings, in the instance that differences of opinion cannot be reconciled, the reasons for this will be recorded ahead of votes being cast.

5.7 In reaching vote decisions, Redwheel staff utilise research, information and/or services to assist them in understanding and analysing a specific proxy issue in addition to those outlined above. This may also be supported by the use of watchlists, which are updated from time to time.

5.8 Where it has authority to vote, Redwheel undertakes to vote each proxy in a timely manner and for the exclusive purpose of providing benefits to its clients. Whilst votes will typically be cast by proxy, by exception Redwheel may also attend shareholder meetings to vote in person.

5.9 Proxy voting activity is subject to ongoing monitoring by the Head of Stewardship. Related activity reports are provided periodically to Redwheel's Funds' Boards in its capacity as an oversight function, as well as the Redwheel Sustainability Committee. The Redwheel Enterprise Risk function provides oversight of the sufficiency of controls relating to proxy voting.

5.10 On the issue of shareblocking, market by market approaches apply. Whilst it is our general ambition to vote all proxies where we have authority to do so, if shareblocking arrangements would put at risk our ability to act in our clients' best interests, we reserve the right not to cast votes.

5.11 Redwheel aims to enable its teams to vote all holdings in full and so, as a matter of course, prefers not to support securities lending which can impact participation in shareholder meetings. For our more liquid funds, securities lending is not typically allowed although may be permitted in exceptional circumstances, in the expectation that securities will always be recalled ahead of relevant shareholder meetings. For funds investing in less liquid securities, arrangements with Prime Brokers (where they exist) may allow for positions to be used as collateral in order to support credit needs, which reduces the impact of fund cashflows on portfolio management. Where such arrangements exist, we retain the right to substitute collateral to facilitate voting.

5.12 Consistent with our use of the UK Stewardship Code as a key reference for the Redwheel Stewardship Policy, our approach to the assessment of corporate governance and proxy voting is strongly informed by the principles of the UK Corporate Governance Code. We consider the Code's principles to be generally sound in terms of defining good governance and as such could be applied globally, whilst simultaneously recognising that issuers may prefer to focus their ambitions on aligning with local market standards and expectations, and that the Code in only directly applicable to UK listed companies.

5.13 A high-level summary of our core Proxy Voting Principles is described overleaf.

SUMMARY of PROXY VOTING PRINCIPLES

Director-related
Boards should be able to demonstrate appropriate:
- expertise
- independence
- accountability
- responsiveness
- climate governance

Where our investment teams have concerns about a company's Board, they may vote against the election/re-election of relevant individuals including the Chair.

Where teams have concerns over an individual director's performance or attendance record, they may vote against their re-election. Where they have concerns over the decisions made by a Board committee, they may vote against the Chair of that committee and/or other members.

Where CEO / Chairman roles are combined, we would expect to see an effective challenge mechanism e.g. the appointment of a Lead Independent Director to represent minority shareholder interests.

Remuneration
Remuneration policies should ideally:
- Be simple and straightforward to understand with good disclosure of targets and performance
- Align management incentives with shareholders' long-term interests
- Promote long term strategic decision-making
- Encourage significant equity ownership by management
- Give the board discretion to adjust awards as appropriate (both negatively and positively)
- Only change significantly where there has been meaningful consultation with shareholders

Whilst recognising that all companies are heterogeneous, we nonetheless expect that over time relevant aspects of best practices should be recognised and adopted within remuneration approaches.
Where our investment teams have concerns over remuneration policies and practices, votes may also be cast against members of the remuneration committee.

Shareholder proposals
Where requests are practical and not readily addressed through other means, we will generally support shareholder proposals requesting greater disclosure of corporate environmental/social policies and practices.

Voting strategy
In applying these principles, investment teams interpret these principles pragmatically. For example, where the strict application of our principles would put at risk the subject company's ability to remain in conformance with other relevant best practice standards, discretion may be applied.

6. Engagement and Interaction

6.1 Engagement with issuers is another key aspect of our approach to Stewardship, reflecting the ongoing dialogue we have on a range of topics over time. Consistent with the definitions applied under the UK Stewardship Code, and the UN Principles for Responsible Investment, the scope of engagement includes:

- The pursuit of an objective, which can involve advising issuers whether or not to take particular actions or make particular changes
- Monitoring issuers against the achievement of the engagement objective

6.2 We strive to ensure that engagement activity supports the achievement of objectives that are aligned to the delivery of client and regulatory expectations. To the extent possible, we also strive to ensure that we approach engagement with a view to achieving distinct outcomes. As such, within our approach we believe it is helpful to conceptualise "an engagement" as a project incorporating one or more specific objectives, whose success is assessed against outcomes, and which is delivered via one or more engagement events that relate to those objectives.

6.3 Protracted engagement efforts may incorporate the use of milestones to help support delivery of long-term objectives.

6.4 The objectives, results and outcomes of an engagement could for instance include:

Objective	**Example Result**	**Associated Outcome**
Encourage change to governance approach	Capacity developed by the Board to more effectively monitor/ audit/deliberate over management's actions and company operations	Informs analysis of the extent of Board oversight and its effectiveness in practice
Encourage improved or additional disclosure	Company makes clear enhancement to the depth/quality/breadth of its disclosures	Enables more informed investment research
Make meaningful contribution to Board discussions (e.g. in relation to strategy)	Company gains greater confidence that Redwheel will remain a supportive shareholder as it looks to harness future opportunities	Builds conviction in the enduring alignment of interests, and supports more informed modelling of future investment returns in areas of specific interest

6.5 The resources required to support engagement with issuers can and do vary, meaning that the pursuit of quantity can compromise the delivery of quality. As active investors, our portfolio management teams naturally prefer to adopt a targeted approach to engagement, accepting that resource intensity may be higher for some projects than it is for others.

6.6 Where it is determined that intervention is required, the specific actions taken will normally take account of factors such as:

- Our engagement/proxy voting history with the company
- % of market cap held, significance of company within portfolio, and expectations of success
- Extent to which concerns are 'acute' (one time) or 'chronic' (persistent)
- Extent to which we see risk to sector view or to specific investment thesis
- Marginal benefit of the engagement outcome in securing continued investment
- Company's pre-existing involvement in stewardship initiatives of relevance
- Extent to which we can leverage corporate memberships

6.7 Engagement is most typically undertaken bilaterally, discreetly and diplomatically, and can involve one or more individual interactions with an issuer. Within our interactions, we seek dialogue and discussion with the most appropriate counterparty in the first instance, whether Board directors (e.g. Chair of Remuneration Committee in relation to remuneration matters) or executives (e.g. Head of Sustainability in relation to emissions management practice).

6.8 As appropriate, engagement may be undertaken in collaboration with other stakeholders. Collaborative engagement is typically considered an alternative option for drawing attention to relevant issues, involving working with others, for example, to increase the weight of assets behind specific requests made of corporates, or to highlight investor concerns to a broader audience. As a matter of preference, we will look to support collaborative engagement initiatives that are co-ordinated by organisations of which we are a member, although we may from time to time work with other groups or organisations as we consider appropriate. Key considerations relevant to involvement in collaborative engagement initiatives include our assessment of the extent to which our distinct views are reflected within the core request, the relevance of the initiative to the specific interests of our clients, as well as the scope for second order impacts and other matters.

6.9 Whilst all investment approaches provide scope for engagement, some put enhanced emphasis on engagement as a means to unlock value (e.g. those seeking to reorient corporate strategies through a combination of deep engagement and significant ownership). For these strategies, stewardship may in exceptional circumstances also extend to seeking seats on company boards for team members. In this way, relevant portfolio managers - accepting the responsibilities and liabilities that arise as a director - can secure a perspective advantage over ordinary shareholders, through direct oversight of the investee company's management and the implementation of strategy by the Board. For more conventional strategies, portfolio managers would typically not seek to join an investee company's Board, although they may look to support the nomination of minority shareholder representatives.

6.10 As a responsible business, our engagement approach also includes engagement with industry and business stakeholders, in recognition of our responsibility to contribute to the development of an operating environment which is itself sustainable over the long-run. As a business committed to responsible investment, we may from time to time choose to align ourselves with third party organisations focussed on responsible investment issues and whose interests are aligned to our own. Where we do so, we will look to make an active contribution to the development of the work conducted by and within those organisations.

6.11 Interaction with issuers may also be undertaken unallied to the achievement of distinct engagement objectives, for example, attendance at a routine company update (e.g, a capital markets day); whilst this may help in the discovery of new information relevant to an investment thesis, it would not typically be characterised as supporting the achievement of an engagement objective given the very public nature of such a disclosure.

6.12 In terms of tracking and evidencing stewardship activity, all teams are encouraged to view engagements as conceptual projects and engagement events either as "interactions" or as "monitoring events". Interactions are typified by information flowing in two directions within a short period of time and the sharing of views on that information (representing discussion and debate) which may or may not take place in collaboration with other investors e.g.

- Active discussion/debate with company representatives on the need for enhancement to board oversight and governance approaches
- Active discussion/debate with company representatives on the need for enhancement to other internal processes
- Active discussion/debate with company representatives on the need for enhancement to disclosures

Communications inviting a discussion, and setting out the issues for discussion, are considered ex-ante as interactions within records. A first response would typically be integrated within such a record once received.

6.13 Monitoring events meanwhile are typified as the receipt of information from a company with no likelihood of a related discussion taking place in the immediate future. This may include pro-active checking for company updates as part of an engagement, and the general gathering of information on a company for future research purposes (i.e. not aligned to an engagement). Specific examples include:

- A written/oral communication sent to a company, chasing for an update in relation to an outstanding issue
- Receipt of information which evidences that a requested disclosure has been made
  A catch up with a company (in person or virtual; scheduled or ad-hoc), unrelated to an outstanding engagement, to receive latest updates or as part of ongoing relationship management or network building.

6.14 All teams are also encouraged to record an appropriate level of information in relation to the broader attributes of objectives, engagements, engagement events, and the topics discussed, in order to support the generation of relevant statistical analysis for clients.

7. Escalation

7.1 Our general approach to stewardship assumes we are normally a part owner of the businesses in which we invest, sitting alongside a well-diversified group of other part owners. The actions we take in specific circumstances can and do vary though, reflecting not least the objectives of the individual strategies that our investment teams manage, the ownership structure of the company in which are invested, as well as the stewardship options at our disposal at the time.

7.2 Within our stewardship approach, whilst recognising that some outcomes may take time to crystallise to the benefit of our clients, we are mindful also that escalation may from time to time be required in order to increase the likelihood of securing those outcomes. Building on our normal proxy voting process, escalation may include, but is not limited to, taking the following steps:

- Engage bilaterally / collaboratively
- Engage at more senior level
- Write formally to shareholder representatives i.e. non-executive directors
- Make public statement / Attend AGM
- Vote against specific proposal at shareholder meeting
- File shareholder proposal
- Form concert party

7.3 This list offers a sense of the options available for teams to consider as part of escalation. There is no requirement that these steps should be followed sequentially or that escalation should encompass all steps. By exception, escalation may also include discussion of non-public price sensitive information with investee companies, subject to the terms set out within the Redwheel Market Conduct policy.

7.4 In parallel, subject to applicable laws and policies, we may also seek to consult with other relevant stakeholders in private to facilitate the sharing of views in order to help inform the implementation of our stewardship strategy in context.

7.5 Escalation of our engagement approach with a particular company may also involve the deployment of a companion proxy voting strategy designed to support the delivery of specific engagement objectives.

7.6 Only in an extreme situation might we look to divest as part of a strategy to drive change within a company.

8. Prioritisation

8.1 As a global investor operating within a dynamic environment, the fulfilment of stewardship obligations involves constant review and reprioritisation of available resources to balance activities that might be characterised as primarily:

- 'ongoing monitoring' – as part of which we would make known our evolving views and expectations, offer advice, and receive associated updates from the companies in which we invest
- 'active risk management' – as part of which we would seek change to company practice/strategy

8.2 Against this backdrop, we may also conduct stewardship as part of discussions focussed on areas of potential future opportunity, including with respect to distinct sustainability themes or impact frameworks (such as the UN Sustainable Development Goals). Stewardship may also focus on disclosure, encouraging investee companies to meet minimum applicable reporting standards and to improve through time.

8.3 Dependent on the nature of specific concerns, the stewardship strategy we adopt with respect to a particular investment opportunity may on the one hand be proactive (i.e. risk/opportunity driven) or on the other reactive (i.e. event driven). Within proactive engagement, actions may include raising awareness of emerging best practice, encouraging focus on areas of new opportunity, or seeking to address/reduce issues arising through the course of operations. Work is typically company specific, but may from time to time be more thematic in nature. This could for instance be the case where portfolio-level adverse impacts (such as those identified under the Principal Adverse Impact framework established in relation to the EU Sustainable Finance Disclosure Regulation) are monitored, with subsequent engagement undertaken to encourage companies to take related action to reduce those adverse impacts. Proactive engagement may also include contributing to the development of public policy and/or best practice guidance that supports our ability to act in the long-term interests of our clients.

8.4 Within event-driven engagement, actions may include advising boards and management on options for responding effectively to relevant event(s). They may also include as part of subsequent proxy voting consideration of the role of the company and its senior leadership within those events, as well as our views on the adequacy of the response in context.

8.5 Prioritisation will take into account our assessment of the prospects and magnitude of the benefits that may arise, as well as the materiality of the issue within our investment thesis.

9. Resources and oversight

9.1 Individual investment strategies are exposed to a wide range of risk factors. In managing portfolios, as the relative importance of specific issues changes over time, our investment teams will as a matter of course adjust their stewardship priorities and their resource allocation accordingly. In terms of external resources available to support stewardship, members of our investment teams and policy specialists within our core business have access to a wide range of information sources including:

- Financial and non-financial data and research (e.g. Bloomberg, Sustainalytics, ISS)
- Company and industry reports
- Conventional and specialist broker research
- Insight and commentary from organisations of which we are a member
- Mainstream and specialist media sources
- Third party public reports (e.g. academic papers, research from think tanks, NGO accounts)

9.2 Responsibility for overseeing the stewardship activity conducted by teams and for reporting in a related connection to the Redwheel Sustainability Committee rests with the Head of Stewardship.

10. Transparency

10.1 At Redwheel, we believe that transparent reporting provides the foundation for the trusted relationships we have with our clients. To the extent possible, we will be transparent about our stewardship work. Where work is of a sensitive nature (e.g. where we have become an insider on a corporate action, where we are working in partnership with others under an obligation of confidentiality, or where engagement is ongoing), it may not be possible to provide comprehensive disclosure. In such cases, we will nonetheless aim to provide an indication of the breadth of our stewardship activities through reporting.

10.2 Responsibility at the strategy level for stewardship reporting ultimately rests with our investment teams. The content of the reporting provided may vary in order to meet the specific needs of relevant clients.

10.3 Aggregated public reporting will be provided on an annual basis in the form of a Stewardship Report, prepared in line with the expectations set by the UK's Financial Reporting Council in relation to stewardship reporting.

10.4 Further detail will also be made available as required within reporting produced to meet other specific needs (e.g. regulatory obligations arising under the EU's Sustainable Finance Disclosure Regulation in respect of principal adverse sustainability impacts).

10.5 Disclosure of voting records at shareholder meetings will also be made publicly available. In view of the need to respect client confidentiality, disclosure in this regard will be limited to the constituents of the pooled funds we manage.

11. Management of conflicts of interest

11.1 We recognise that conflicts of interest can and do exist within our business model. Conflicts can arise through, for instance:

- Financial interest in the securities issued by an investee company
- Financial interest in the outcome of a decision taken by an investee company
- Business relationship between Redwheel and an investee company
- Redwheel investment teams investing in the securities of a common issuer
- Redwheel investment teams serving clients with differing stewardship expectations

11.2 The primary mechanisms for managing conflicts within our business are detailed within our separate dedicated Redwheel Conflicts of Interest policy which applies to all our employees, and defines the actions that must be taken in order to manage conflict on a day to day basis. The policy is reviewed annually and updated as required. All potential and actual conflicts are recorded by the Compliance team.

11.3 These mechanisms are supplemented as needed in specific instances. For instance, Redwheel provides reports to Redwheel's Funds' Boards on a quarterly basis to ensure awareness of the voting activity of our investment teams at companies in respect of which a potential conflict of interest has been established. Key within this approach is to maintain a list of companies with whom Redwheel has commercially significant relationships. Our Enterprise Risk team reviews and updates the list of companies on a quarterly basis, which informs the identification of relevant companies within proxy voting records.

11.4 Where clients retain an 'engagement overlay' service provider in respect of the funds we manage on their behalf, we will as a matter of priority seek to understand the objectives of that provider and look to develop relations proactively in order to enhance the extent to which the stewardship undertaken can be reflected within portfolio management in a timely manner. In this way, we hope also to make a constructive contribution to the development of the stewardship approach applied by the third-party provider.

12. Client engagement and review

12.1 Our effectiveness in delivering on our clients' expectations depends on an alignment of interests. Only by developing proper understanding of clients' needs and approaches, including with respect to stewardship, can we hope to earn and retain trust in our ability and willingness to act as good stewards of our clients' assets.

12.2 It is for this reason that, in addition to our investment teams' co-investment alongside our clients to ensure a natural alignment of interests, we make best efforts to monitor pro-actively the evolution of expectations of our clients and other industry participants, including with respect to stewardship. However, we nonetheless encourage all our clients to provide feedback on our approach so that our policies and processes can be developed in a way that continues to reflect central expectations.

12.3 We also make best efforts to support stewardship initiatives that are supported by or brought to our attention by clients. The opportunity to work with clients in this way is where we see greatest alignment of interests. This does not mean we can support all client requests however. Reasons why we might not support specific stewardship initiatives include questions of scope (for instance, requiring us to commit to action unrelated to investment), or instances where involvement would compromise the ability of investment teams to meet the expectations of other clients.

12.4 To the extent that feedback indicates revisions are required, these will be incorporated as appropriate as part of the annual review of the Redwheel Stewardship Policy.

13. Principal variations by asset class

13.1 Different investments give rise to different rights accruing to the investor. As an investor in equities and fixed income markets, the most notable amongst these in the stewardship context is that formal ownership rights arise only for equity investors. By contrast, investors in fixed income have seniority over equity investors in the event of bankruptcy proceedings. However, they do not have the same formal claim over a company's profits or any right to participate in shareholder meetings.

13.2 As such, the breadth, depth and scope of stewardship activity can and does vary across our investment teams where different asset classes are managed. For instance, for teams that invest in equity, there is far more scope for engagement that supports 'active risk management' than there is for teams investing in fixed income; for them, alternative stewardship activities may be more appropriate, such as supporting the development of novel stewardship approaches and so contributing to the development of market best practice.

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