



RIVER AND MERCANTILE

VOTING & COMPANY ENGAGEMENT REPORT

2022 Quarter 2

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INTRODUCTION

River and Mercantile Asset Management LLP (RAMAM) is UK based, long-only active equities manager specialising in the management of Global, European and UK equity portfolios on behalf of clients.

As an active equity manager, we believe that we are not only the stewards of the assets entrusted to us by our clients, but that we also have a fiduciary responsibility to improve the management of companies for all stakeholders, whilst not compromising our objective of achieving strong financial returns. We further believe the best process for improving the management of companies is through engagement and investor peer group pressure. Where we are amongst the largest shareholders in a company, we can exert more influence through engagement with the company's management, otherwise voting at annual and extraordinary general meetings is our most effective way of encouraging change.

We regard voting at company general meetings as an important aspect in improving the stewardship of a company in the interests of all stakeholders. We view voting as a core underpin of engagement and it is a keyway we act as an active owner. The fundamental principles of our voting policy are included in the River & Mercantile Asset Management LLP Corporate Governance Voting & Engagement Policy, available on our website. We use a third party, Institutional Shareholder Services (ISS), to implement our voting policy, overriding their recommended action when it differs from our view on the standards for good corporate governance and management of environmental and social issues.

Engagements are two-way conversations addressing a sustainability, environmental, social, governance or innovation topic. The purpose of engagement is to change behaviour and incentivise management to deliver sustainability. We believe by engaging with companies where we identify issues that could be at risk to the investors' long-term interest and potential for improvement, that this is the best process to improve management attitudes and ensuring positive behaviour within the companies in which we invest, rather than any form of screening or exclusion. We have four main goals that we aim to achieve through our engagements; 1) Disclosure of ESG metrics; 2) Inclusion of ESG KPIs in executive remuneration; 3) Companies to set Net Zero targets; 4) Increase female representation in senior management, although we address many other material topics during our engagements.

In addition to our PVT engagement activity, River and Mercantile Group are involved with a number of collaborative engagement initiatives. **Collaborative engagements, in which a group of investors come together to engage in dialogue with companies on ESG issues, can help effectively communicate concerns to companies by speaking in a unified voice and develop a clear plan for addressing these and we believe this enhances our impact on the companies we invest in.** Some of the bodies that we collaborate with include **Climate Action 100+** through the Institutional investors Group on Climate Change (IIGCC) and the UN Principle for Responsible Investment (UNPRI), **Sustainalytics Global Standards Engagement, ShareAction and FAIRR initiative.**

In this Voting and Engagement Report we outline our voting and engagement activity during Quarter 2 2022 across all equity strategies. The information contained covers all company meetings, including annual general meetings and extraordinary general meetings that we voted at globally and those companies which we engaged with on topics related to governance, environmental or social issues. The voting activity summary on page 6 covers the respective sub-funds of the ES River & Mercantile ICVC Funds managed by RAMAM. This is also representative of how we voted on behalf of our segregated clients that follow the same UK, European and Global equity strategies.

SUMMARY

Voting Activity 2022 Q2

Total number of meetings voted – **664**

Agenda items where voted against management recommendations – **18%**

Percentage of votes cast differently to ISS recommendation – **12%**

Number of meetings with at least one vote against management recommendation – **81%**

Engagement Activity 2022 Q2

PVT Engagements – **37**

Collaborative Engagements – **6**

Total Engagements – 43

Bulk Campaigns - **2**

VOTING ACTIVITY

In Quarter 2 2022 we voted at **664** company general meetings, voting against management recommendations on **18%** of the resolutions, with at least one vote not supporting management recommendations at **81%** of the meetings. We voted on **281** shareholder resolutions, **62%** of votes were against management recommendations. The graphs below illustrate where such votes were exercised by region and resolution category, as well details of votes against management recommendations by our fund managers. Full details of our votes can be found [here](#).

Figure 1 - Meetings Voted (by Region)

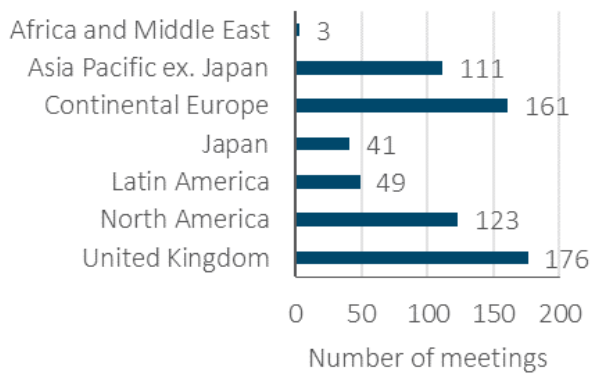


Figure 3 - Eligible Votes Exercised that were AGAINST Management (by Region)

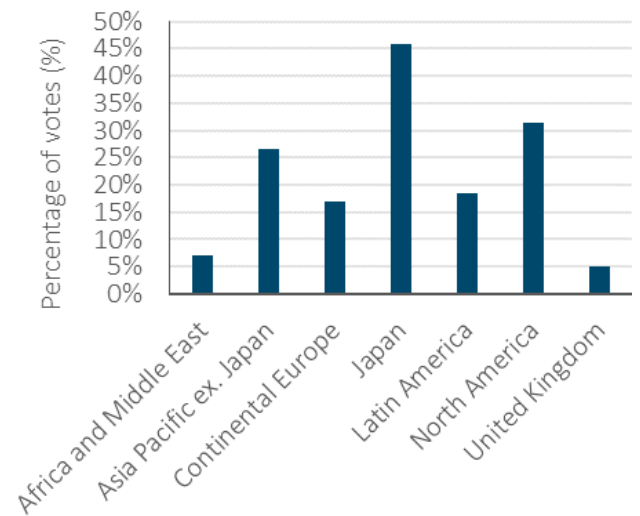


Figure 2 - Eligible Votes Exercised that were AGAINST management (by Resolution Category)

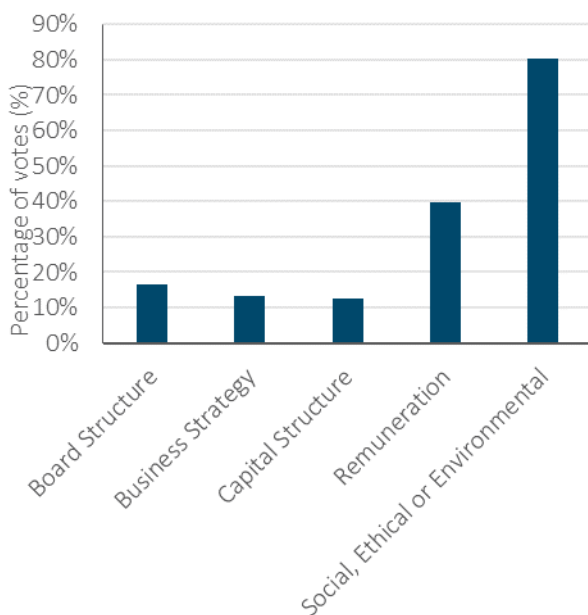
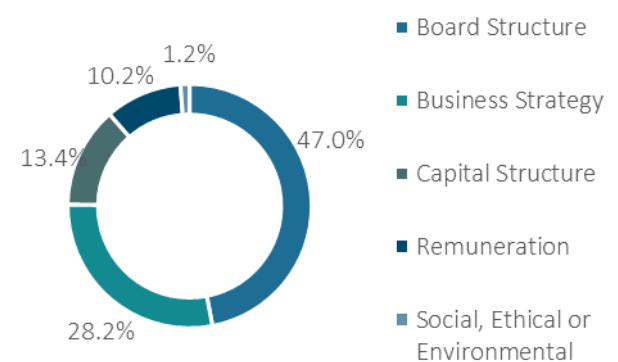


Figure 4 - Eligible Votes Exercised by Resolution Category



Source: River and Mercantile, ISS

FUND VOTING ACTIVITY

Below is a summary of our voting activity in 2022 Q2 by fund.

UK Equity Funds

UK Dynamic

Total number of meetings* voted – **37**

Agenda items where voted against management – **4%**

Percentage of votes cast differently to ISS recommendation – **4%**

UK High Alpha

Total number of meetings* voted – **153**

Agenda items where voted against management – **5%**

Percentage of votes cast differently to ISS recommendation – **6%**

UK Income

Total number of meetings* voted – **43**

Agenda items where voted against management – **4%**

Percentage of votes cast differently to ISS recommendation – **5%**

UK Recovery

Total number of meetings* voted – **196**

Agenda items where voted against management – **7%**

Percentage of votes cast differently to ISS recommendation – **7%**

UK Smaller Companies

Total number of meetings* voted – **44**

Agenda items where voted against management – **3%**

Percentage of votes cast differently to ISS recommendation – **7%**

European Equity Fund

European Fund

Total number of meetings* voted – **33**

Agenda items where voted against management – **11%**

Percentage of votes cast differently to ISS recommendation – **8%**

Global Equity Funds

Global High Alpha Fund

Total number of meetings* voted – **151**

Agenda items where voted against management – **18%**

Percentage of votes cast differently to ISS recommendation – **12%**

Global Recovery Fund

Total number of meetings* voted – **398**

Agenda items where voted against management – **22%**

Percentage of votes cast differently to ISS recommendation – **14%**

River and Mercantile UK Micro-Cap Investment Company Limited

UK Micro-Cap

Total number of meetings* voted – **23**

Agenda items where voted against management – **2%**

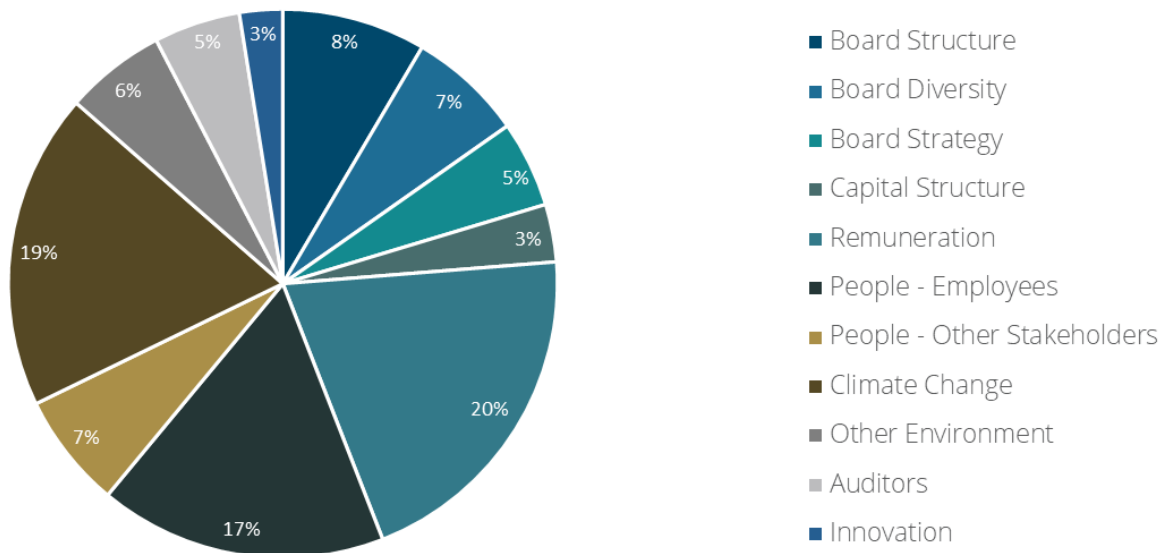
Percentage of votes cast differently to ISS recommendation – **14%**

PVT ENGAGEMENT ACTIVITY

Our engagement with companies focuses on developing and testing our investment case for buying or holding a stock, improving an understanding of the business and strategy, and/or raising sustainability issues.

During Quarter 2 2022, we engaged with the following **36** companies on stewardship related issues.

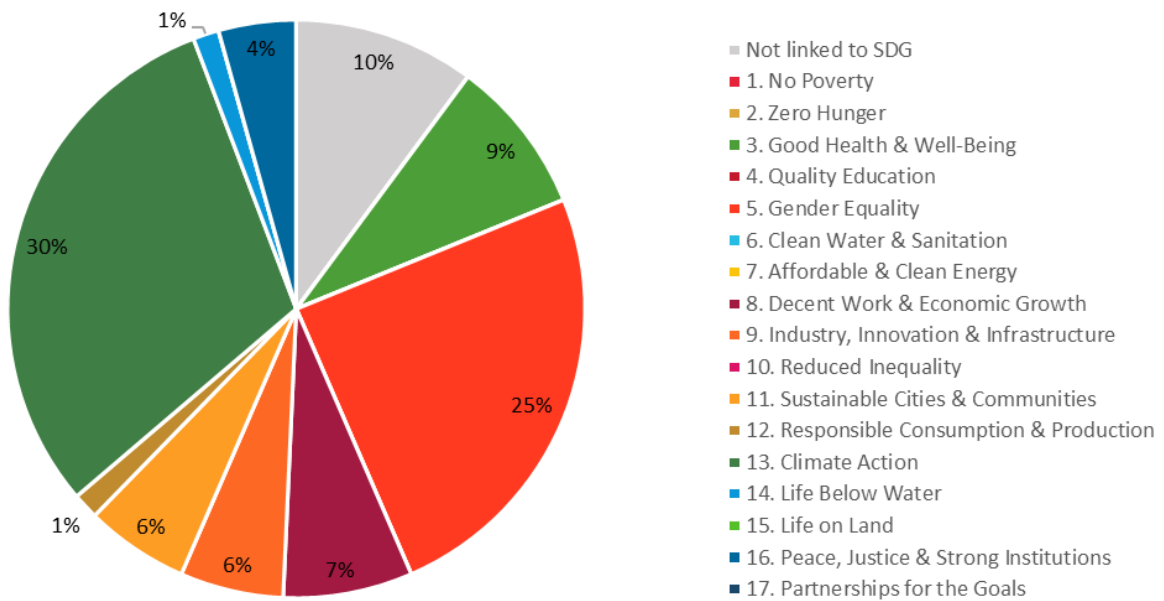
Figure 5 - Issue Discussed by Category



Note: More than one issue may have been discussed with a company

Source: River and Mercantile

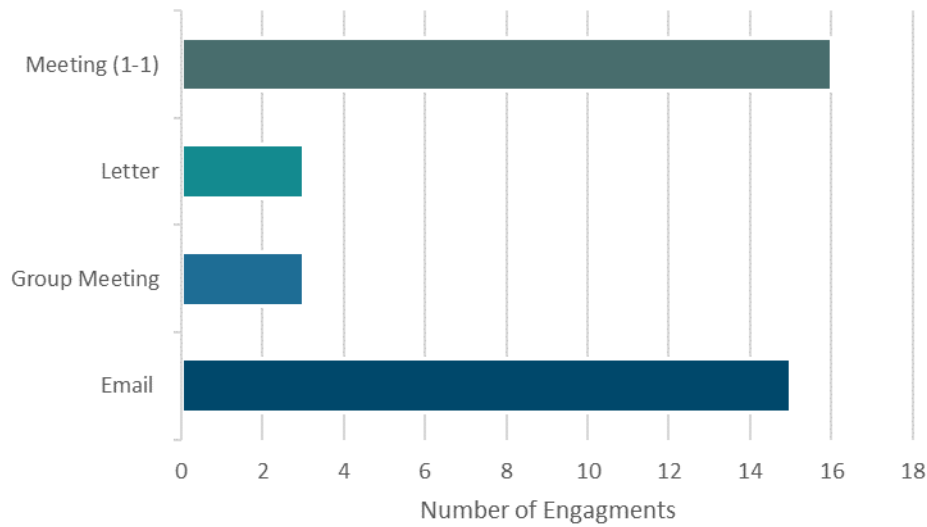
Figure 6 - Issue Discussed by UN Sustainable Development Goal



Note: More than one issue may have been discussed with a company and not all engagements align to the UN SDGs.

Source: River and Mercantile, UN Sustainable Development Goals

Figure 7 - Engagement Method



Companies (PVT) Engaged with During the Quarter

Soft Engagements

Targeted Engagements

<u>Company</u>	<u>Country</u>	<u>Soft/Targeted</u>	<u>Engagement Method</u>	<u>E/S/G</u>
1Spatial	UK	Management	Meeting (1-1)	S
APA Corp	USA	IR	Meeting (1-1)	E,S,G
Baidu	Cayman Islands	IR	Meeting (1-1)	E,S,G
Boeing	USA	IR	Email	S
Capital & Countries	UK	Management	Email	G
Carlisle Companies	USS	IR	Meeting (1-1)	E,S
Delta Airlines	USA	IR	Meeting (1-1)	E,S,G
Diversified Energy	UK	Management	Meeting (1-1)	E,G
Fiserv	USA	IR	Email	E
Harbour Energy	UK	IR & Management	Meeting (1-1)	E,S,G
IAG	Spain	IR	Group Meeting	E,S
IAG	Spain	IR	Meeting (1-1)	E,S,G
Jumbo	Greece	IR	Letter	E,S,G
Mattel	USA	IR	Email	S
McKesson	USA	IR & Management	Meeting (1-1)	E,S,G
Meitec Corporation	Japan	IR	Letter	G

Nikon	Japan	IR	Letter	G
NKT	Denmark	IR	Email	E
Raytheon Technologies Corporation	USA	IR	Meeting (1-1)	E,S,G
Serica Energy	UK	Management	Meeting (1-1)	E,S,G
Serica Energy	UK	Management	Email	G
Shell	USA	Management	Group Meeting	E
Shimano	Japan	Management	Meeting (1-1)	E,S,G
Smart Metering Systems	UK	IR	Email	G
Somero Enterprises	USA	IR	Email	G
Spotify	Luxembourg	IR	Email	S,G
Subsea7	Luxembourg	IR	Email	G
Subsea7	Luxembourg	IR	Meeting (1-1)	E,S,G
Talgo	Spain	IR	Meeting (1-1)	E,S,G
Tenaris	Luxembourg	IR	Meeting (1-1)	E,S,G
TinyBuild	USA	IR	Email	G
TopBuild	USA	IR & Management	Meeting (1-1)	E
Treasury Wine Estates	Australia	IR	Email	E
Venture Life	UK	IR	Email	G
Vicat	France	IR	Email	G
Wells Fargo	USA	Management	Group Meeting	E,S,G

BULK ENGAGEMENT ACTIVITY

CDP Annual Disclosure Campaign

In 2022 Q2 we collaborated with the Carbon Disclosure Project (CDP) with their **annual disclosure campaign**. As part of this River and Mercantile co-signed CDP's letters with other investors to request companies to provide a response to the CDP Climate Change Questionnaire. We believe CDP's reporting platform provides a good framework, aligned to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, in a consistent and comparable format allowing asset managers and asset owners to effectively assess their portfolios from an environmental stance.

River and Mercantile co-signed **159** letters to companies held in PVT funds.

PVT Bulk Engagement – Move to Hong Kong Listing

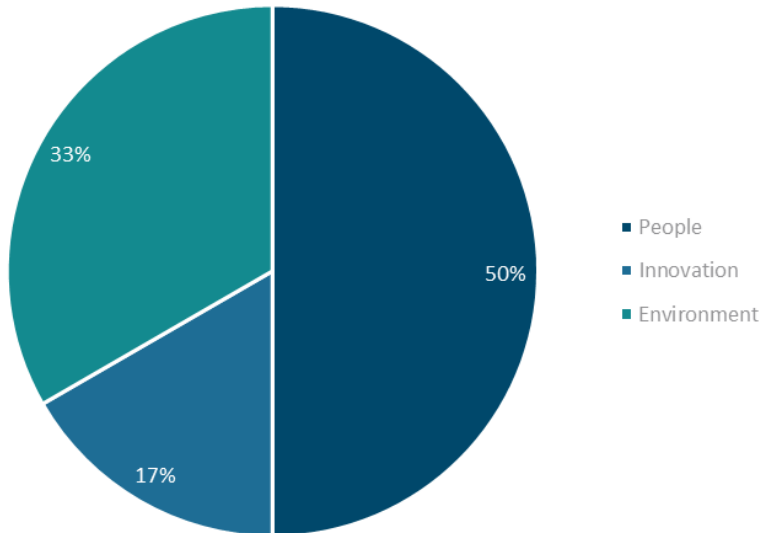
Additionally, we have started a PVT Bulk engagement to propose voluntarily converting secondary issue listing on the Hong Kong Exchange to a primary listing in place of the US listed ADR's current primary status believing this will enhance liquidity in the Hong Kong line of stock, including becoming eligible for Stock Connect, and provide better protection for equity holders from US regulatory risks. In Q2 we sent the first letter to Alibaba Group (Chinese tech company) who responded that the company is exploring options and will revert back then they have more updates.

In Q3 we plan to send out more of these letters to appropriate companies to address propose this move.

COLLABORATIVE ENGAGEMENT ACTIVITY

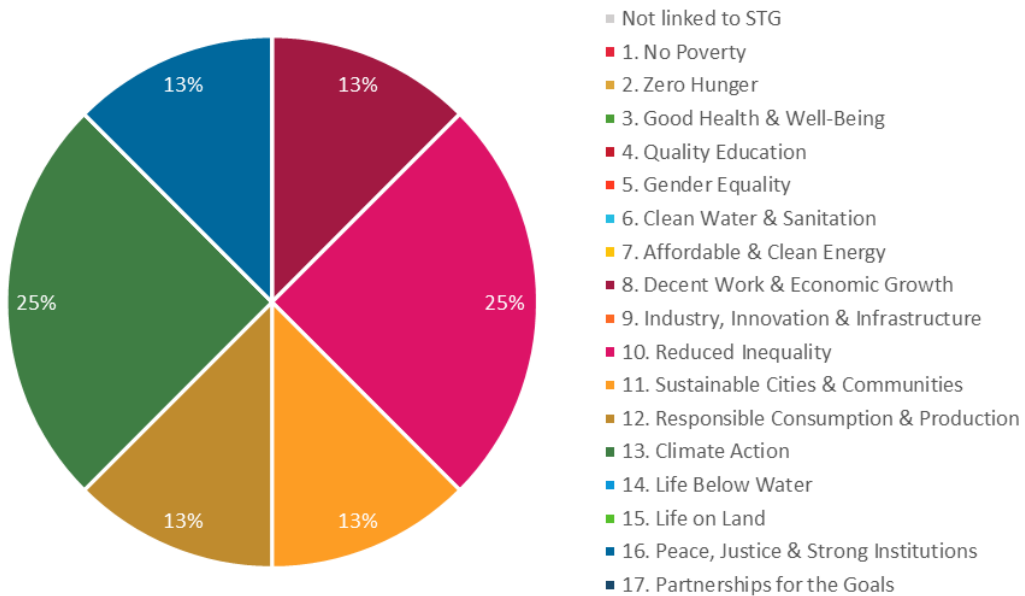
Below is a summary of our collaborative engagement activity in 2022 Q2 related to the PVT funds– we participated in **6 collaborative engagements**¹.

Figure 8 - Issue Discussed by PIE



Source: River and Mercantile

Figure 9 - Issue Discussed by UN SDG



Source: River and Mercantile, UN Sustainable Development Goals

¹ Note: multiple engagements may have been held with the same company

Companies (Collaboratively) Engaged with During the Quarter

Companies relevant to the PVT funds.

<u>Company</u>	<u>Country</u>	<u>Collaboration Initiative</u>	<u>Engaged Party</u>	<u>Engagement Method</u>
Barclays	UK	Sustainalytics	IR	Meeting
Bayer	Germany	CA100+	IR + Sustainability	Meeting
Cranswick	UK	FAIRR	Sustainability	Meeting
Nestle	USA	As You Sow	Packaging dept	Meeting
Saint-Gobain	France	CA100+	Board	Letter
Walmart	USA	Sustainalytics	IR	Meeting

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