

The image is a vertical composition. On the left side, there is a photograph of the St. Paul Cathedral in London, showing its iconic dome and classical architectural details. To the right of the cathedral is a modern glass skyscraper, likely the Leadenhall Building, with its facade reflecting the sky and the cathedral. A thin vertical gold bar runs along the right edge of the photograph. At the top of this bar, there is a yellow rectangular box with a thin black border containing the text 'RIVER AND MERCANTILE'.

RIVER AND MERCANTILE

VOTING & COMPANY ENGAGEMENT REPORT

2022 Quarter 4

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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 Asset Management 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 4 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 Q4

Total number of meetings voted – **111**

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

Percentage of votes cast differently to ISS recommendation – **9%**

Number of meetings with at least one vote against management recommendation –**42%**

Engagement Activity 2022 Q4

PVT Engagements – **28**

Collaborative Engagements – **7**

Total Engagements – 35

Bulk Campaigns - **9**

VOTING ACTIVITY

In Quarter 4 2022 we voted at **111** company general meetings, voting against management recommendations on **11%** of the resolutions, with at least one vote not supporting management recommendations at **42%** of the meetings. We voted on **20** shareholder resolutions, **50%** 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)

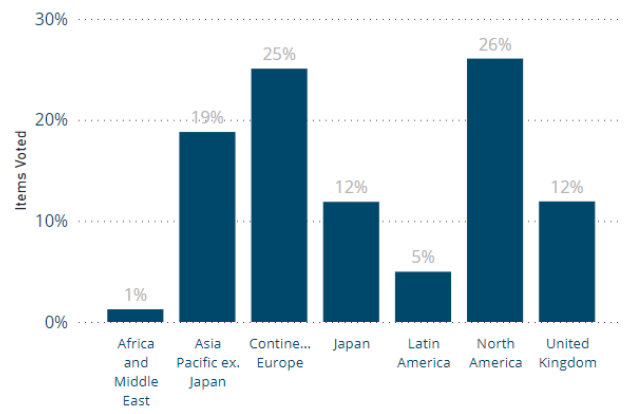
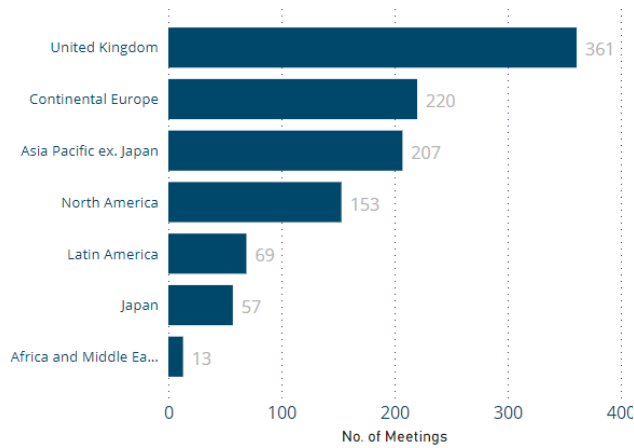
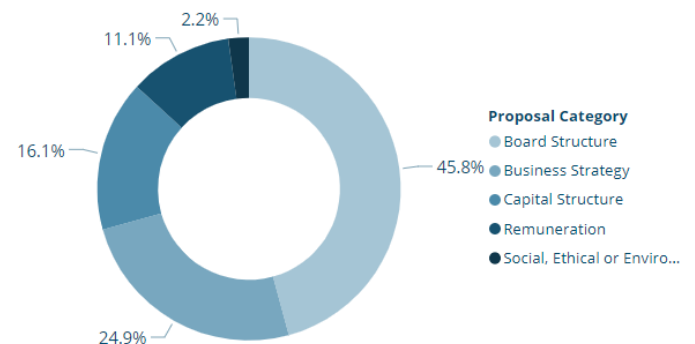
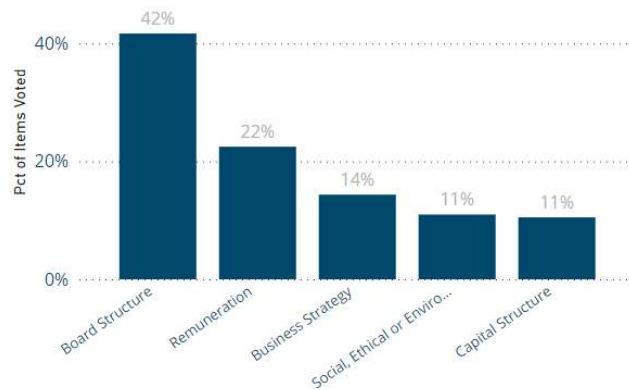


Figure 4 - Eligible Votes Exercised by Resolution Category

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



Source: River and Mercantile, ISS

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

FUND VOTING ACTIVITY

Below is a summary of our voting activity in 2022 Q4 by fund.

UK Equity Funds

UK Dynamic

Total number of meetings* voted – **8**

Agenda items where voted against management – **0%**

Percentage of votes cast differently to ISS recommendation – **0%**

UK Alpha

Total number of meetings* voted – **38**

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

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

UK Income

Total number of meetings* voted – **6**

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

Percentage of votes cast differently to ISS recommendation – **3%**

UK Recovery

Total number of meetings* voted – **42**

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

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

UK Listed Smaller Companies

Total number of meetings* voted – **13**

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

Percentage of votes cast differently to ISS recommendation – **3%**

European Equity Fund

European Change for Better

Total number of meetings* voted – 2

Agenda items where voted against management – 0%

Percentage of votes cast differently to ISS recommendation – 0%

European Fund

Total number of meetings* voted – 2

Agenda items where voted against management – 0%

Percentage of votes cast differently to ISS recommendation – 0%

Global Equity Funds

Global Sustainable Opportunities

Total number of meetings* voted – 5

Agenda items where voted against management – 15%

Percentage of votes cast differently to ISS recommendation – 13%

Global Alpha Fund

Total number of meetings* voted – 19

Agenda items where voted against management – 29%

Percentage of votes cast differently to ISS recommendation – 18%

Global Recovery Fund

Total number of meetings* voted – 36

Agenda items where voted against management – 25%

Percentage of votes cast differently to ISS recommendation – 12%

River and Mercantile UK Micro-Cap Investment Company Limited

UK Micro-Cap

Total number of meetings* voted – 9

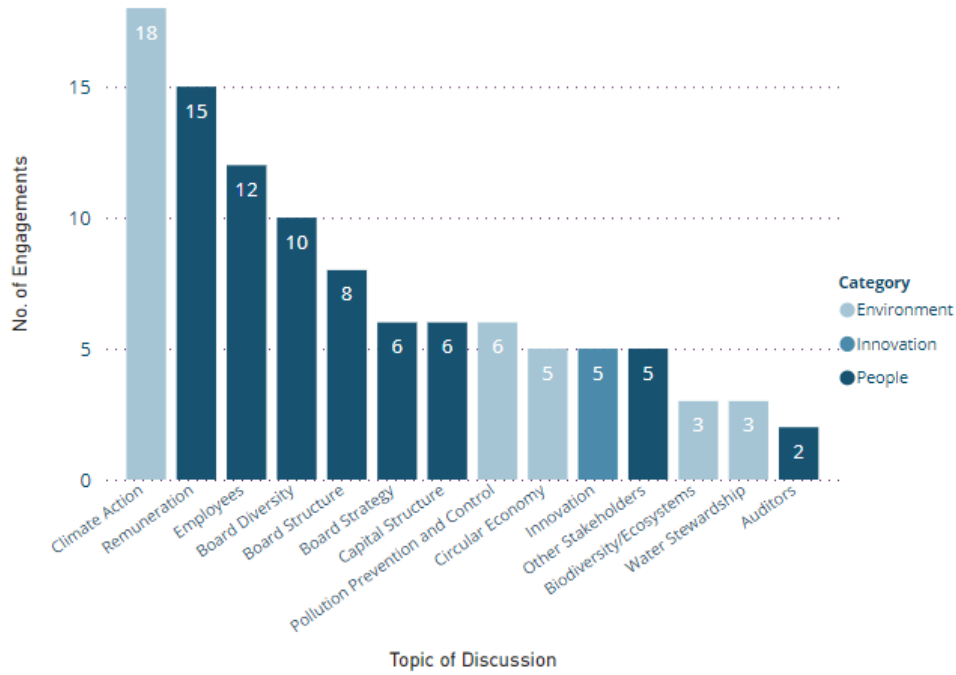
Agenda items where voted against management – 0%

Percentage of votes cast differently to ISS recommendation – 4%

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 4 2022, we directly engaged with the following **28** companies on stewardship related issues.

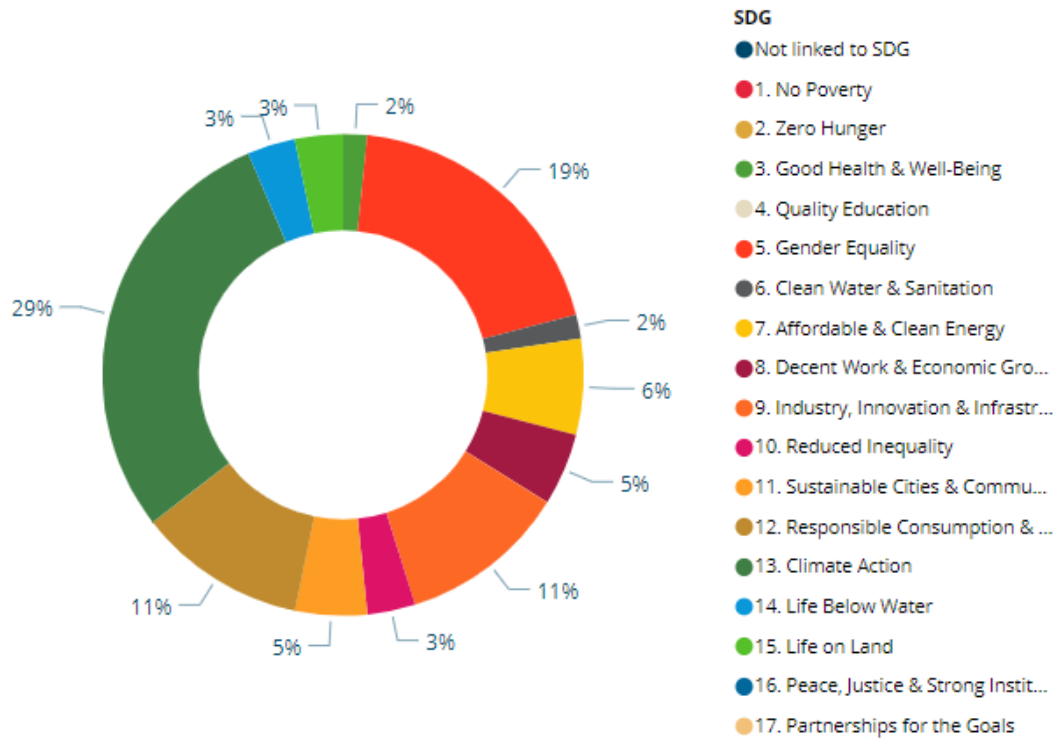
Figure 5 - Issue Discussed by Category



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

Source: River and Mercantile

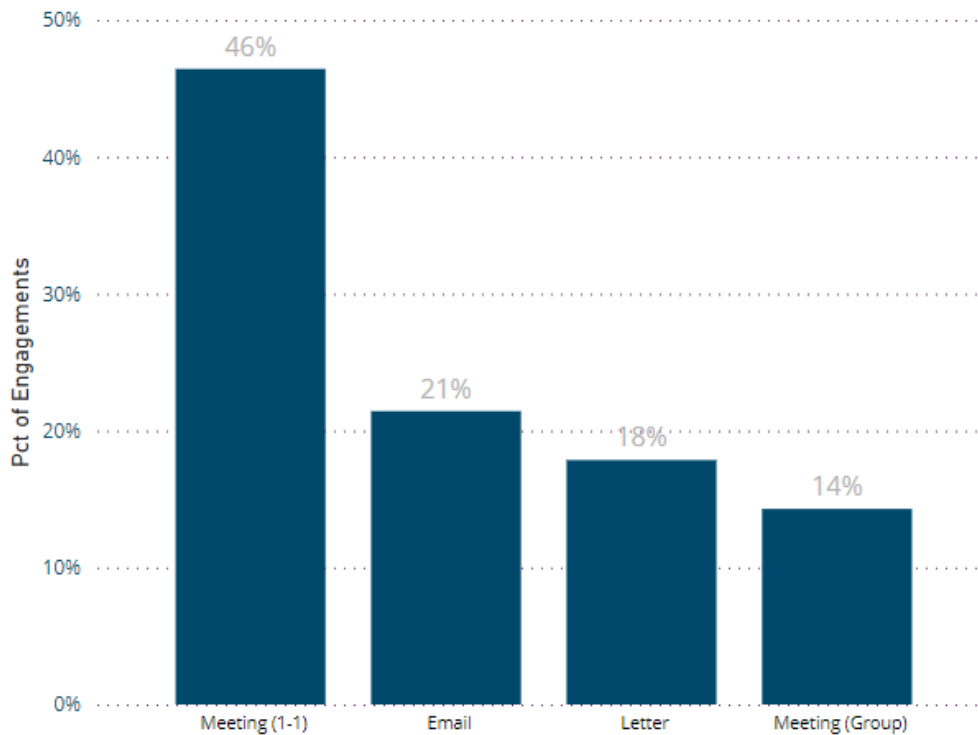
Figure 6 - Issue Discussed by UN Sustainable Development Goal



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



Engagement Milestones

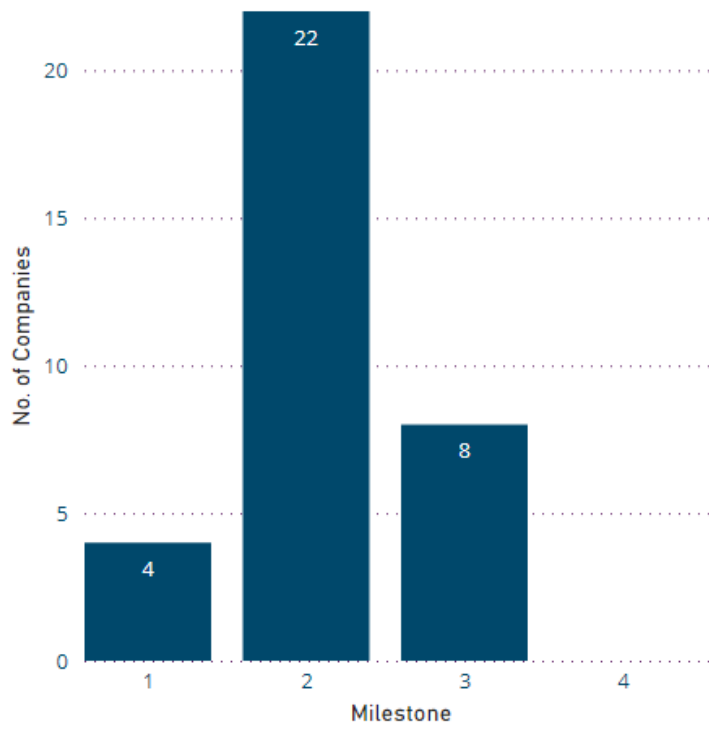
Engagement success is ultimately reflected through the S-PVT ratings which encapsulate the sustainability risk and opportunities of a company. When a company demonstrates it is making progress and/or addressing issues raised through engagements, then this is typically reflected in an upgrade in the S-PVT score to S2 and S1.

We monitor the progress of targeted engagements in a more granular manner by tracking engagement milestones as set out below:

- Milestone 1 – Engagement identified
- Milestone 2 – Engagement dialogue ongoing, company open/commits to addressing issues
- Milestone 3 - Company demonstrates progress made to address issues
- Milestone 4 – Issues resolved

This was the first quarter we introduced this process.

Figure 8 - Count of Companies at each Milestone



Companies (PVT) Engaged with During the Quarter

<u>Company</u>	<u>Country</u>	<u>Engagement Method</u>	<u>Engaged With</u>	<u>Soft or Targeted</u>	<u>Milestone After Engagement</u>	<u>E,S,G</u>
Anglo American	UK	Email	IR	Targeted	Milestone 2	S
Anglo American	UK	Meeting (1-1)	IR	Soft		E, S
Base	Japan	Meeting (1-1)	IR & Finance Team	Targeted	Milestone 2	E, S, G
Booking Holdings	USA	Meeting (1-1)	IR	Targeted	Milestone 3	E, S
BP	UK	Meeting (1-1)	IR	Soft		E, S
Danieli	Italy	Meeting (1-1)	Management	Targeted	Milestone 1	E, G
DBS	Singapore	Letter	IR	Targeted	Milestone 2	G
Filtronic	UK	Meeting (1-1)	Board & Management	Targeted	Milestone 1	E, S, G
Genting Berhad	Malaysia	Email	IR	Targeted	Milestone 2	S
GetBusy	UK	Meeting (1-1)	Board	Targeted	Milestone 2	G
Harley Davidson	USA	Email	IR	Soft		E
Harley Davidson	USA	Letter	IR	Targeted	Milestone 2	G
HSBC	UK	Meeting (Group)	Sustainability Team & IR	Soft		E, S
Hyundai Glovis	South Korea	Letter	IR	Soft		E, G
Hyundai Mobis	South Korea	Meeting (1-1)	IR	Soft		E, G
Lloyds Banking	UK	Meeting (1-1)	Sustainability Team & IR	Soft		E, S
Lloyds Banking	UK	Meeting (Group)	Board	Soft		E, S, G
On The Beach	UK	Meeting (1-1)	Board	Targeted	Milestone 2	E, S, G
Restaurant Group	UK	Email	Board	Soft		G
T Hasegawa	Japan	Letter	Board & Management	Targeted	Milestone 2	E, G
T Hasegawa	Japan	Letter	IR	Targeted	Milestone 2	E, S, G
T Hasegawa	Japan	Meeting (1-1)	Management	Targeted	Milestone 2	S, G
Talgo	Spain	Meeting (1-1)	IR	Targeted	Milestone 3	E, S, G
UPM-KYMMENE	Finland	Email	Sustainability Team	Soft		E
Veolia Environment	France	Meeting (Group)	CEO & CFO	Soft		E
Vicat	France	Meeting (1-1)	Management & IR	Targeted	Milestone 2	E, G
Whitbread	UK	Email	IR	Soft		G
Whitbread	UK	Meeting (Group)	Board	Soft		E, S, G

BULK ENGAGEMENT ACTIVITY

Sexual Harassment in Mining Companies

Following the final 'Enough is Enough'¹ report of Western Australia's inquiry into sexual harassment of women in the mining industry, we wrote to **Anglo American** (S2²), **Rio Tinto** (S3²) and **South32** (S3²), to understand the actions taken across their global operations to address these issues. We probed into the individual companies' practices and the KPIs the companies are using to monitor progress. Additionally, we suggested that these three companies **undertake an annual survey** to obtain details of the percentage of women employees affected by these issues and the percentage of women who reported sexual harassment incidents. We were pleased that all three companies were taking continued action to mitigate sexual harassment and take on our feedback. We will continue to monitor progress of these companies through our engagement programs.

Lack of emissions targets

Through our ongoing analysis, we flagged several of our **enablers**³ that had not set emission reduction targets for their own scope 1 and 2 GHG emissions or who were only targeting carbon neutral⁴. Given the nature of these businesses and their own minimal scope 1 and 2 emissions, it is not a significant risk to the sustainability credentials of the business. However, it is still important that these companies manage down the emissions they produce. Consequently, we wrote to **Ebusco** (S1²), **Fluidra** (S2²), **Industrie de Nora** (S1²), **Meyer Burger Tech** (S2²) and **Sensirion** (S1²) to understand the timeline for setting such targets.

We were pleased that **four out of the five companies confirmed that such targets will be disclosed in 2023**. Ebusco is currently working on their first sustainability report for 2022 which will include information on both scope 1 and 2 emissions. Information on scope 3 emissions and emission reduction targets are being worked on but will be disclosed in the second sustainability report at the latest. **Consequently, we moved all five companies' traffic lights to amber** and we will evaluate the credibility of the targets and strategies once disclosed.

¹ Western Australia's inquiry report into sexual harassment against women in the FIFO mining industry released 23 June 2022 '[Enough is Enough](#)' report

² Internal sustainability ratings of the company (S1 – Sustainability leader, S2 – Good sustainability credentials, S3 – Improvement required, S4 – uninvestable)

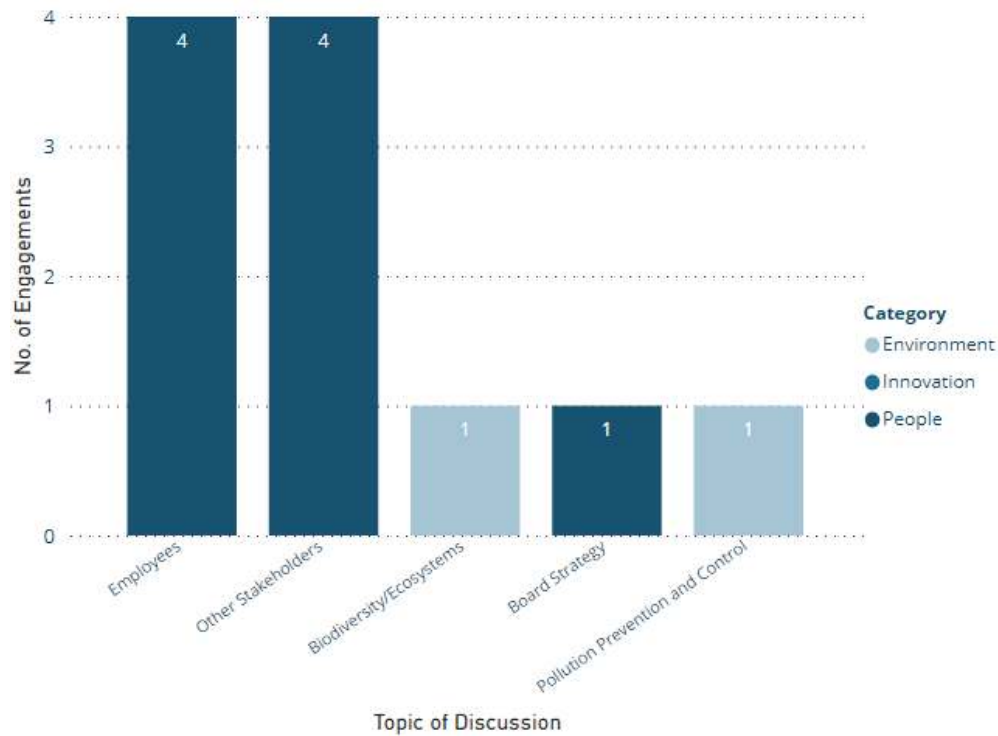
³ Companies that through the company's activities and products/services enable other companies, or entire sectors, to improve their own sustainability credentials (such as decarbonisation goals)

⁴ Carbon neutral means purchasing carbon reduction credits equivalent to emissions released, without the need for emissions reductions to have taken place whereas net zero means reducing emissions in line with the latest climate science and balancing remaining residual emissions through carbon removal credits.

COLLABORATIVE ENGAGEMENT ACTIVITY

Below is a summary of our collaborative engagement activity in 2022 Q4 related to the PVT funds– we participated in **7 collaborative engagements**⁵.

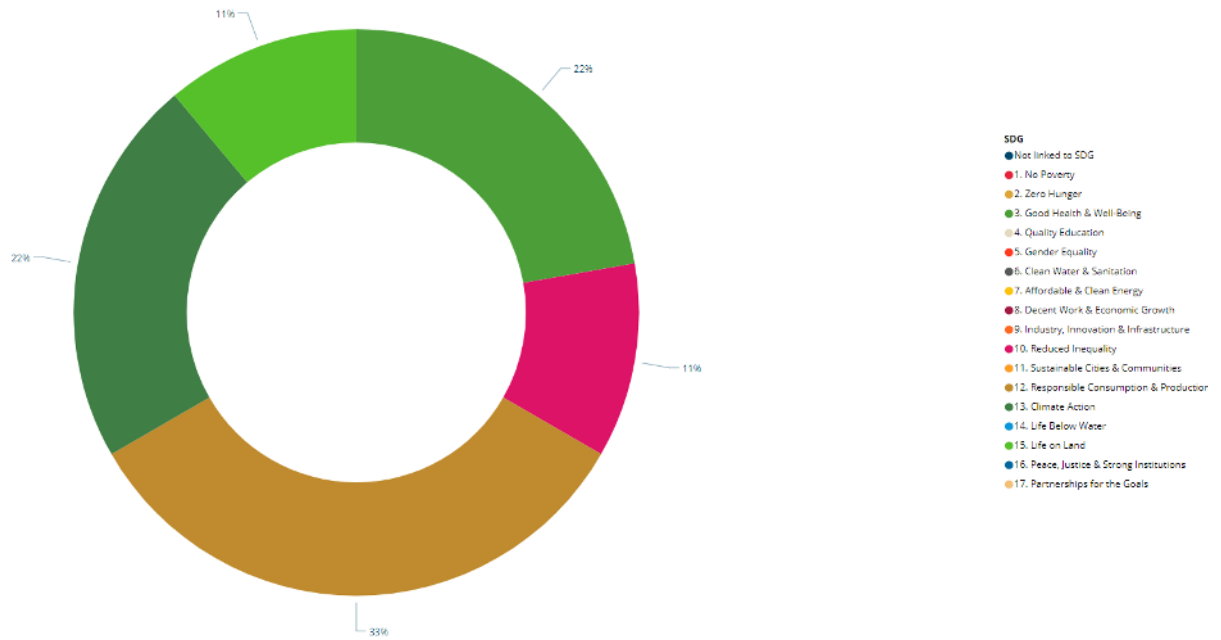
Figure 9 - Issue Discussed by PIE



Source: River and Mercantile

⁵ Note: multiple engagements may have been held with the same company

Figure 10 - Issue Discussed by UN SDG



Source: River and Mercantile, UN Sustainable Development Goals

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>
Baidu	China	Sustainalytics	IR	Email
Bayer	Germany	Sustainalytics	IR	Meeting (Group)
Citigroup	USA	Sustainalytics	IR	Meeting (1-1)
Citigroup	USA	Sustainalytics	IR	Meeting (Group)
Cranswick	UK	FAIRR	CFO & Sustainability Team	Letter
Johnson & Johnson	USA	Sustainalytics	IR & Sustainability Team	Email
McKesson	USA	Sustainalytics	Company Secretary	Email

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