

STAKEHOLDER ENGAGEMENT

APPROACH TO STAKEHOLDER ENGAGEMENT

The firm's stakeholders are our clients, our people, our shareholders, our communities, regulators and partners with an interest or concern in our purpose and strategy. Our aim is to maintain an open and transparent approach to stakeholder engagement based on building constructive relationships with our key stakeholders and ensure there is a two-way dialogue.

Across the firm, there are many examples of stakeholder engagement influencing both day-to-day actions and strategic initiatives. The key strategic developments set out [here](#) illustrate some of our significant stakeholder considerations which informed the board's decision-making during the year and this approach is designed to be consistent with our section 172 statement. Details of the framework through which this is governed are set out [here](#).

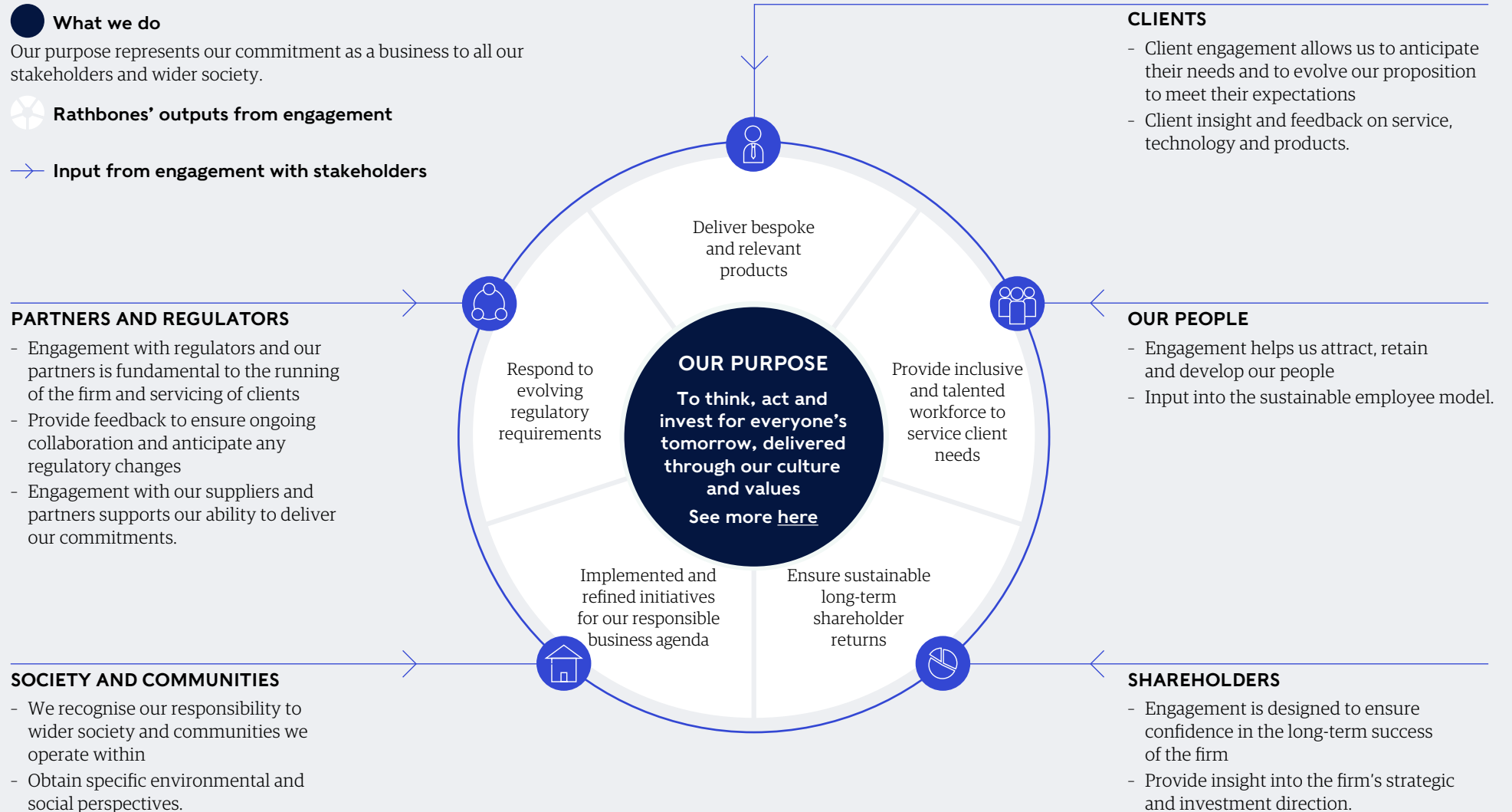
OUR STAKEHOLDER RELATIONSHIPS

The firm has identified the following key stakeholder groups and by considering their perspectives, insights and opinions, the board seeks to ensure outcomes of operational, investment or business decisions that are more robust and sustainable. In doing so our board has regard (amongst other matters) to the:

- likely consequences of any decisions in the long term
- interests of our people
- need to foster the company's business relationships with suppliers, customers and other key stakeholders
- impact of the company's operations on communities and the environment
- desirability of the company maintaining a reputation for high standards of business conduct
- need to act fairly as between members of the company.

STAKEHOLDER ENGAGEMENT CONTINUED

STAKEHOLDER FRAMEWORK



STAKEHOLDER ENGAGEMENT CONTINUED

CLIENTS

HOW THE FIRM ENGAGED

We engaged with our clients through a variety of different methods including:

- our brand sentiment survey
- participation in the AON 2022 client experience benchmark survey
- regular meetings held between investment managers and financial planners
- continued use of video technology to enable virtual engagement with clients
- user experience testing of our digital solutions and propositions
- virtual and in-person conferences held for private clients, intermediaries and IFAs
- regular CEO letter and research notes issued to clients to update them on the firm and our investment proposition.

WHAT WERE THE KEY TOPICS RAISED

Clients told us that they wanted:

- practical help on how to achieve their financial goals, and invest in line with 'responsible' or ESG values
- help to navigate challenging times: inflation, cost of living crisis and market volatility
- frameworks and guidance to help make the best financial decisions and ultimately achieve good outcomes.

 Aligned with **enriching the client and adviser proposition and experience** strategic priority

HOW THE FIRM RESPONDED

- Financial awareness courses for all generations held in person and virtually
- Development of new products and services to meet current and future client needs including ESG proposition
- Continued development of MyRathbones with over 50% take up by clients
- Increased electronic delivery of client reporting and implemented encrypted email technology
- Continued to develop our ability to deliver our proposition digitally
- Additional financial planning capability to support client needs in conjunction with investment management services.

OUR SURVEY RESULTS

In the face of significant political and economic challenges in the UK leading to a market downturn, our client experience scores have declined compared to 2020.

Whilst older clients and those with us over ten years remain broadly positive, there are some emerging segments that are expressing dissatisfaction (e.g. younger, newer clients and with lower assets). It is important to ensure that we engage with all clients and they feel that we support them in achieving their financial goals and objectives. We selected not to participate in 2021 allowing more time to implement changes which may impact our results in the future.

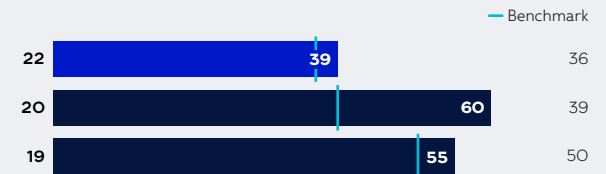
FURTHER LINKS TO:

[Stakeholder interests and engagement](#)

[Enriching our proposition](#)

NET PROMOTER SCORE¹

Client likelihood to recommend Rathbones (-100% to 100%)



OVERALL SATISFACTION¹

Overall satisfaction with Rathbones (0 to 10)



SATISFACTION WITH THEIR INVESTMENT MANAGER

Overall satisfaction with their primary investment manager (0 to 10)



1. AON 2022 client experience survey: in the face of significant political and economic challenges in the UK leading to a market downturn, the overall AON benchmark has dropped and across many core KPIs. Rathbones client experience scores are modestly above competitor benchmark firms on 7 out of 8 core KPIs including NPS (likelihood to recommend)

STAKEHOLDER ENGAGEMENT CONTINUED



PEOPLE

HOW THE FIRM ENGAGED

We engaged with our people through the following activities:

- day-to-day interaction through our management structures
- regular colleague opinion surveys to measure engagement, wellbeing and opinions
- ongoing and regular virtual management briefings
- webcast, internal magazine and management blogs
- virtual presentations by the executive team to discuss performance and the firm's progress on the strategic plan
- peer recognition scheme to identify colleagues who demonstrated outstanding behaviours and conduct aligned to our values
- workforce engagement sessions held with the non-executive directors
- held the firm's first senior leaders conference.

WHAT WERE THE KEY TOPICS RAISED

- How will the firm's people strategy be developed to help our colleagues develop their careers?
- What does the future of working style at Rathbones look like and how will the hybrid working model evolve?
- The importance of diversity equality and inclusion (DE&I)
- How the cost of living crisis is impacting our people.

HOW THE FIRM RESPONDED

- Working with the cross industry network Inclusive Companies to broaden our reach and appeal as part of our commitment to attract, cultivate and retain diverse talent
- Involved all leaders and teams in the cascade of our strategy
- Focusing on developing our people and enabling our culture
- Continued to develop and expand Rathbones' mentoring programme
- Enhanced the office environment to support new flexible working practices
- Launch of a new DE&I strategy across the firm
- Provided a one-off payment for colleagues most impacted by the cost of living crisis, designed to give colleagues some breathing space as they faced rising costs.

FURTHER LINKS TO:

[Responsible business review](#)

[Workforce engagement](#)

[Enabling our people](#)

[Culture](#)

[Gender pay gap report](#)

EMPLOYEE RESPONSE RATE

82%

2021: 84%

OVERALL ENGAGEMENT

8.0/10

2022 BENCHMARK¹: 7.8

2021: 8.1 (BENCHMARK 7.8)

EMPLOYEE NET PROMOTER SCORE

39

2022 BENCHMARK¹: 22

2021: 44 (BENCHMARK 22)

I FEEL WELL COMMUNICATED WITH

7.8/10

2022 BENCHMARK¹: 7.6

2021: 7.8 (BENCHMARK 7.6)

MY MANAGER CARES ABOUT ME AS A PERSON

8.5/10

2022 BENCHMARK¹: 8.6

2021: 8.4 (BENCHMARK 8.6)

1. Benchmarks are set by Peakon and relate to the broader financial service sector clients



Aligned with **inspiring our people** strategic priority

STAKEHOLDER ENGAGEMENT CONTINUED

ENGAGING WITH OUR PEOPLE

DEVELOPING OUR GRADUATES

My experience on the graduate programme was very positive. When I joined Rathbones, we were given a thorough induction process which involved group tasks and workshops and outlined what we were to expect over the next two years.

Over the course of the rotational scheme, I was able to experience working in five different departments including financial planning, investment risk and investment management. This allowed me to connect with a wide variety of people across the business and improve on a range of skills such as portfolio management, teamwork and public speaking. During this time, I have been able to complete a number of exams such as levels of the CFA which has been a rewarding experience.

I also benefited from taking an active position on the graduate development board which is a committee that provides activities and a voice for the 50+ trainee investment managers in the company. Overall, the graduate scheme has been a brilliant opportunity to learn about a fascinating industry; my favourite aspect is the ever-changing variety of the role based on changes in the investment universe.

Since completing the scheme, I have increased my level of responsibility and continue to benefit from new and exciting challenges every day.

Owen Quinn

Part of our 2020 graduate cohort,
now an assistant investment manager

STAKEHOLDER ENGAGEMENT CONTINUED

SHAREHOLDERS

HOW THE FIRM ENGAGED

We engaged with our shareholders through the following activities:

- executives held regular meetings with our investors throughout the year
- continued to expand sell-side analyst research coverage of the company
- we commissioned an independent analyst perception study, to gain insight into our shareholder/investor's opinions. The results were presented to the board
- our AGM provided the opportunity for all shareholders to ask questions of our board.

WHAT WERE THE KEY TOPICS RAISED

- How will the business return to operating margin growth?
- How will the company achieve further organic growth?
- How is the business positioned to manage opportunities and challenges posed by a market downturn?
- How is the integration of Saunderson House progressing?
- What is the progress update on Client Lifecycle Management (CLM) in terms of budget and benefits?

HOW THE FIRM RESPONDED

- Provided regular updates on the company's financial and strategic performance
- The progressive dividend policy was maintained throughout the year
- An update was given on the firm's strategic plan and integration of Saunderson House
- Responded to several environmental, social and governance (ESG) related questionnaires during the year and issued our Task Force on Climate-related Financial Disclosures (TCFD) report and responsible business report
- Maintained meaningful dialogue with the sell-side analyst community.

FURTHER LINKS TO:

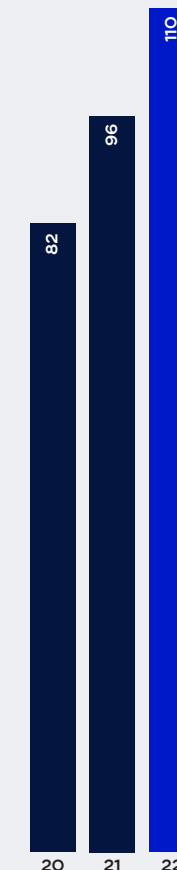
[Stakeholder interests and engagement](#)

[Group chief executive officer's review](#)

[Enriching our proposition](#)

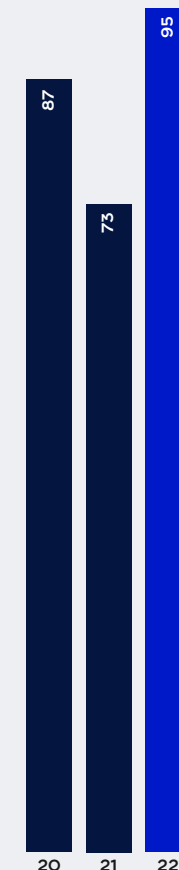
NUMBER OF INVESTOR MEETINGS HELD IN 2022

110



NUMBER OF NEW INVESTORS IN 2022*

95



* number of new investors includes both retail shareholders and institutional investors



Aligned with **supporting and delivering growth** strategic priority

STAKEHOLDER ENGAGEMENT CONTINUED

SOCIETY AND COMMUNITIES

HOW THE FIRM ENGAGED

We engaged with society and the communities in which we operate through the following activities:

- we encouraged high standards of governance as an investment manager and frequently engaged with companies on environmental, societal, and corporate governance concerns
- used our community investment network to support discussion around regional charity projects and employee matching
- worked with industry bodies to understand and respond to the growing stakeholder expectation around management of climate risk and emissions exposure.

WHAT WERE THE KEY TOPICS RAISED

- How has the firm responded to donation appeals across the world?
- How do we consider our climate strategy and the environmental impact of our operations?
- How do we best support the communities in which we operate?

HOW THE FIRM RESPONDED

- We successfully coordinated donation appeals to support the Disasters Emergency Committee's response to the crises in Ukraine and Pakistan
- We supported the communities in which we operate through the Rathbones Group Foundation, corporate donations and employee volunteering. In 2022 we gave over £795,000 (2021: £418,000)
- Transitioned several of our local community investment programmes, supported by our Foundation, to longer-term strategic partnerships
- Expanded our stewardship team to support our engagement activities
- Reviewed our approach to managing climate risk and expanded the data included in our carbon reporting, to cover our supply chain, operational footprint and the impact of our investment portfolios. See our TCFD report for more information
- Published our first standalone responsible business report, where we shared more detail on our responsible business programme and progress made.

FURTHER LINKS TO:

[Responsible business review](#)

[Chair's statement](#)

CDP SCORE

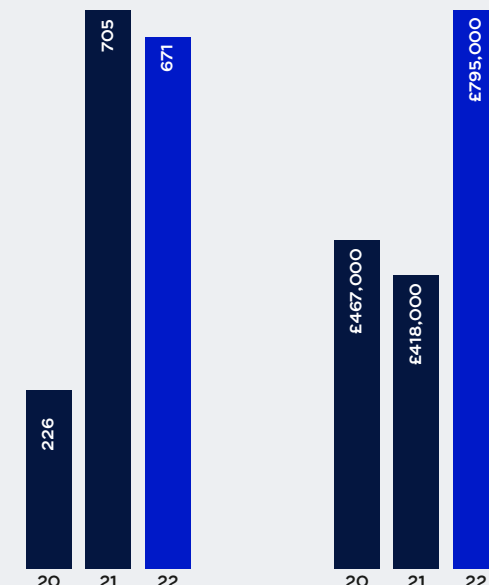
B 2022 **C** 2021 **B** 2020

DIRECT ENGAGEMENT WITH INVESTEE COMPANIES

671

TOTAL AMOUNT DONATED

£795K



 Aligned with **enriching the client and adviser proposition and experience** strategic priority

 Aligned with **supporting and delivering growth** strategic priority

STAKEHOLDER ENGAGEMENT CONTINUED



ENGAGING OUR SUPPLIER PARTNERS

WORKING WITH OUR SUPPLIER PARTNERS

As with many financial service organisations our supply chain could be considered low-risk. At Rathbones we see the opportunities of working with our suppliers and engaging them on issues that are material to both parties. One example of this is the work many companies are undertaking to reduce their environmental impact.

Having set our own net zero commitment, we review our supply chain for material exposure. Through our environmental, social and governance (ESG) questionnaire we work with our suppliers to track alignment of their activities with our priority issues. At the end of 2022 we had reviewed 69% of our in scope suppliers for their approach to managing ESG matters.

These reviews identify areas, such as our partners' approach to net zero, and suppliers with whom we then engage. Through the year we have had several conversations with partners who are considering what achieving net zero emissions means for them. For some of our smaller suppliers who understandably are at the start of their net zero journey we have been happy to engage, sharing our experience as they start defining their net zero programme.

Through 2023, we will continue to review and engage. As we consolidate our supplier universe engagement will cover a larger number of our suppliers, supporting us as we look to make progress on our net zero targets and as we prepare for the strengthened Modern Slavery Act requirements.

STAKEHOLDER ENGAGEMENT CONTINUED

OUR PARTNERS AND REGULATORS

HOW THE FIRM ENGAGED

We engaged with regulators and our partners through the following activities:

- we held regular meetings with our regulators during the year and continue to have a proactive and transparent relationship with them
- we ensured our payment terms with all suppliers were fair and in compliance with payment practices
- we engaged our suppliers to understand both their exposure to environmental, social and governance (ESG) risk (including modern slavery risk) and their management of these matters. Our modern slavery statement is updated annually and reviewed by our board
- we maintained ongoing relations with our key suppliers and partners during the year with regular board updates
- engaged with our existing lenders.

WHAT WERE THE KEY TOPICS RAISED

- How do Rathbones ensure open and clear dialogue with regulators with timely response to requests?
- Do you provide fair and transparent terms with all suppliers?

HOW THE FIRM RESPONDED

- Worked in close collaboration with the firm's regulators and responded on a timely basis
- Maintained a constructive relationship with HMRC to help ensure alignment with the relevant regulatory frameworks
- Reviewed our preferred, strategic and critical suppliers for their ESG policies and processes. See more [here](#)
- Interacted with the industry bodies and associations we are affiliated with to ensure we were engaged with issues impacting our industry
- Engaged with our existing lending partner
- Adhered to payment terms with suppliers.

FURTHER LINKS TO:

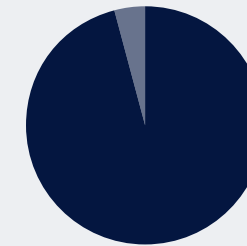
[Stakeholder interests and engagement](#)

[Risk management and control](#)

[Responsible business review](#)

% OF SUPPLIERS PAID WITHIN 30 DAYS

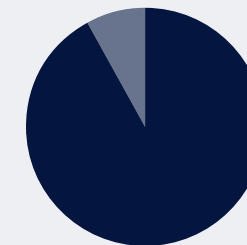
96%



2022	96%
2021	94%
2020	90%
2019	92%

% OF PAYMENTS TO SUPPLIERS MADE IN AGREED TIMEFRAME

92%



2022	92%
2021	70%
2020	63%
2019	65%

ALL RESPONSES TO REGULATORS HAVE BEEN MADE IN LINE WITH THE AGREED DEADLINE.

Aligned with **operating more efficiently** strategic priority