

## Liontrust Asset Management PLC

Public Statement following the voting outcome in relation to the results of the 2022 Annual General Meeting (“September 2022 AGM”) vote:

Resolution 3 - To approve the Directors’ Remuneration Report for the year ended 31st March 2022 (“FY22”), which received the support of 53.43% of the votes cast; and

Resolution 19 – To approve that general meetings (other than any annual general meeting) of the Company may be called on not less than 14 clear days’ notice, which received the support of 73.50% of the votes cast.

### **Resolution 3 - To approve the Directors’ Remuneration Report for the year ended 31 March 2022, which received the support of 53.43% of the votes cast**

The Liontrust Board acknowledges the Company’s entry into the Investment Association Public Register in relation to the 2022 Directors’ Remuneration Report.

The Board recognises that the September 2022 AGM vote was unusual as the 2022 Directors’ Remuneration Report contained information about the remuneration outcome for FY22 as well as further detail on the new Directors’ Remuneration Policy (“**DRP**”) commencing in FY23 and which was approved at the February 2022 General Meeting (“**GM**”), albeit with 46% of the votes against.

Following the GM and further consultation with shareholders, several amendments were made to the new DRP and the operation of variable remuneration arrangements including:

- increasing the threshold performance target of Adjusted Diluted EPS (excluding performance fees) from 7% to 8.5% per annum; and
- revising the calculation of Adjusted Profit before Tax (and therefore also Adjusted Diluted EPS) to include, in particular, share incentivization expenses and depreciation, making the achievement of related measures more difficult to achieve.

The implementation of the new DRP by the Board for FY23 will be the focus of the Directors’ Remuneration Report for 2023 and on which shareholders will vote at the 2023 AGM.

### **Remuneration outcomes of the Executive Directors for FY22 and FY23**

Following the September 2022 AGM, George Yeandle, as Chair of the Remuneration Committee, engaged with many of Liontrust’s larger shareholders to understand their reasons for voting against the 2022 Directors’ Remuneration Report. The Committee notes that the level of support at the GM for the new DRP from our 10 largest shareholders was significantly higher than the overall result might suggest.

From these conversations with George Yeandle, shareholders made it clear that they accept the remuneration arrangements for the Executive Directors needed changing to reflect best practice. The main reasons for shareholders voting against the Report were:

- The uncapped bonus payment for FY22. Although the Remuneration Committee did impose a cap on the FY22 bonus, it should be noted that all future bonus payments will be subject to a hard cap, coupled with the removal of the direct link to and funding from Adjusted Profit before Tax. In addition, more stretching targets have been set for the annual bonus for FY23 and onwards, which could reduce the outcome versus previous financial years: for example, an 80% outcome will no longer trigger payment of the maximum annual bonus. Full transparency of the targets and the outcome will be included in the FY23 Directors' Remuneration Report.
- The salary increases for the Executive Directors for FY23 were significantly in excess of the broader workforce. The Committee notes that while the salary increase for the Executive Directors was a one-off adjustment as part of the restructuring of executive remuneration to make it appropriate to the size and complexity of the business, it is committed to applying future increases at or below that of the workforce.
- There was a small amount of opposition to the type of long-term incentive arrangement; the preference expressed was not to use an LTIP-style structure featuring the award of conditional share awards which vest on the achievement of performance conditions. The Remuneration Committee will review and engage further, but it firmly believes the current arrangement is the most appropriate for the business by focusing management on creating sustainable long-term value for all stakeholders.
- Some shareholders who voted against the new DRP may have a rule whereby they vote, in principle, against all remuneration reports that reflect the implementation of that policy.

The Board would like to thank all our shareholders who took part in our engagement process and values their contribution. We will continue to engage with shareholders and their representative bodies on remuneration and other governance matters.

**Resolution 19 – To approve that general meetings (other than any annual general meeting) of the Company may be called on not less than 14 clear days' notice, which received the support of 73.50% of the votes cast**

The Liontrust Board acknowledges the Company's entry into the Investment Association Public Register in relation to the ability to call general meetings (other than any annual general meeting) of the Company on not less than 14 clear days' notice.

Resolution 19 was a special resolution, requiring a majority of at least 75% of votes cast, and at the September 2022 AGM received 73.50% votes in favour so did not pass. The Board recognised that we used the short notice period to call the February 2022 General Meeting as our extensive shareholder consultation on the new DRP lasted longer than had been planned. In hindsight, our use of the authority was inappropriate. As noted in our 2022 Annual Report, we have committed not to use this authority in a similar manner in future.

ENDS