

## Liontrust Investment Partners LLP (“Liontrust”)

### Corporate Governance and Proxy Voting Policy

#### Liontrust’s proxy voting

Liontrust investment teams will vote their proxies wherever it is applicable and fits into a team’s investment process and / or where permitted to do so by clients. Liontrust investment teams will vote in the best interest of clients / investors and in a timely manner, as permitted and facilitated by ISS, Liontrust’s proxy voting research provider and platform.

#### Proxy voting service provider

Liontrust utilises the services of ISS in voting its proxies. Where appropriate, the group’s investment teams receive proxy voting related information concerning meeting dates and cut offs for voting, research on votes, and recommendations on how to vote. Liontrust investment teams may choose to vote in line with or against Liontrust custom voting policy or ISS’ proxy voting recommendations. Rationales for all contentious proxy voting decisions are recorded.

#### Voting is a right and a privilege of ownership

Liontrust sees voting its proxies as an important way in which the group’s investment teams carry out their stewardship obligations. Liontrust’s investment teams exercise voting rights where feasible and where desired by the investment team(s), as these are central to the rights of share ownership.

#### Proxy voting decisions made by investment teams

Liontrust does not have a Chief Investment Officer (CIO) nor a corporate view on how its investment teams should vote proxies. Rather, each investment team has jurisdiction over its investment process and its own proxy voting decisions. Proxy voting guidelines followed by Liontrust investment teams can be found on the Liontrust website ([www.liontrust.co.uk](http://www.liontrust.co.uk)):

Investment Team	Voting Guidelines adopted
Sustainable Investment	Liontrust Custom Voting guidelines
Global Innovations	Liontrust Custom Voting guidelines
Cashflow Solutions	Liontrust Custom Voting guidelines
Economic Advantage	ISS recommended guidelines
Global Fundamental	ISS recommended guidelines

Where the Group has a significant holding in a company, or there is a controversial issue and the guidance is to vote against the management, then the Responsible Capitalism team will engage with the relevant fund manager, providing them further details of the recommended vote and rationale. Should they wish to vote differently to the custom policy recommendation, then a rationale is required.

#### Commonality of proxy voting beliefs across investment teams

There are some common elements across the group’s voting practices. These include (but are not limited to) the fact that each team bases its proxy voting decisions on or considers the following when making proxy voting decisions:

- the team's own Investment process
- The UK Corporate Governance Code or other regional codes (depending on the jurisdiction of the asset)
- ISS' research and/or recommendations on individual resolutions
- Best practice with regard to board structure, tenure, remuneration, the environment and/or carbon emissions, and/or a range of proxy voting topics
- Any engagement with the company on the issue

### **The UK Corporate Governance Code & other regional codes**

The UK Corporate Governance Code and other regional codes set out a wide range of guidelines / best practice for the efficient operation of boards and the companies they oversee; high levels of transparency; and the relationship between companies and their investors. The UK Corporate Governance Codes and other, regional guidelines are used for reference in our guidelines for best practice in the management of companies and the operation of a board of directors.

### **Votes regarding global warming and the environment**

Liontrust investment teams will vote their proxies in line with their investment processes. Liontrust supports the Net Zero Asset Managers' Initiative and aims to attain net zero across its funds by 2050. As such, each investment team will, in the context of its investment process, vote as it sees fit regarding proxy votes on an investee company's net zero plans or strategy or any other climate-related issue. Where Liontrust deem corporate disclosures and/or management actions on climate change to be insufficient or the company fails to be proactive in communicating their strategy for reducing carbon emissions, Liontrust investment team(s) may withhold support from the re-election of directors or other related proposals, if this falls in line with the team(s) investment process.

### **Votes regarding diversity and inclusion**

Liontrust's investment teams will vote their proxies in line with their investment processes. The investment teams may examine the exposure that investee companies have with regard to diversity across their respective workforces, their ability to attract and retain talent, and/or the degree of inclusivity an investee company reflects across its business. Investment teams may take this into account, as they see fit, when voting proxies.

### **Publication of proxy voting record**

Liontrust publishes the proxy voting record of its investment teams on the Liontrust website on a quarterly basis, one quarter in arrears.

### **Definition of "significant vote"**

Under the EU Shareholder Rights Directive II ('SRD II') Liontrust are required to define a "significant vote." Liontrust investment teams define a significant vote:

- By the size of holding: where Liontrust funds hold more than 5% of a company's market capitalisation; and
- Where there is a contentious vote: defined as when management's and ISS' voting recommendations are different; this could concern remuneration, board composition, director elections etc; or
- Where there is a vote at a special meeting about a merger or acquisition; or
- Where the vote is a shareholder proposal

### **Shareholder proposals**

Liontrust's investment teams recognise that shareholder resolutions may encompass a wide range of issues. When deciding whether or not to support a resolution, Liontrust's investment teams assess shareholder proposals in light of their own investment processes, the degree to which a resolution supports shareholders (our clients), the materiality and relevance of the resolution to the underlying holding, and any related investment concerns. The group's investment teams will consider supporting a non-binding shareholder resolution where the broad purpose of the shareholder proposal is aligned with Liontrust's proxy voting guidelines and/or where the resolution addresses potential improvements that will benefit shareholders. For binding resolutions, Liontrust's investment teams will consider supporting these where a proposal supports shareholder interests, is focused on improving a company's operations and/or practices, and/or is aligned with Liontrust's proxy voting guidelines. Where a shareholder proposal relates to an environmental and/or social issue, the investment team(s) will consider the robustness of the underlying company's existing disclosures and their own understanding of the degree to which the company is managing the issue / area being addressed by the resolution.

### **Conflicts of interest in proxy voting**

Fund managers will disclose any potential conflicts of interest relating to a proxy vote related to shares in their funds.

Liontrust will maintain appropriate arrangements to identify, manage and mitigate potential and existing conflicts of interest regarding proxy voting so that shareholders and clients are not adversely affected. Perceived, potential, or existing conflicts of interest with regard to proxy voting may include situations where the fund manager(s) intention to vote in line with the investment process and in the best interest of underlying clients is compromised.

Such situations may include (but would not be limited to):

- Liontrust (corporate) clients and/or significant Liontrust shareholders may be issuers of securities which may be held by Liontrust funds and/or other fiduciary accounts managed by Liontrust
- Liontrust (corporate) clients and or business partners may be proponents of shareholder resolutions which Liontrust funds may not support
- Liontrust employees may sit on the boards of public companies held in funds and/or other fiduciary account(s) managed by Liontrust
- Liontrust Asset Management plc shares may be held in funds and/or other fiduciary accounts managed by Liontrust
- The shares of companies in which Liontrust board members serve as senior executives are also held in Liontrust funds and/or other fiduciary accounts managed by Liontrust

Liontrust mitigates the risk of such conflicts of interest in proxy voting taking place by:

- Maintaining a detailed conflicts of interest record with details of any and all conflicts of interest with regard to proxy voting
- Publishing Liontrust's Conflicts of Interest policy at <http://www.liontrust.co.uk>
- Periodically providing Liontrust employees with conflict of interest training, which includes details more specifically on conflicts of interest within proxy voting
- If Liontrust Asset Management plc shares are held in any fund or portfolio managed by Liontrust then we will abstain on all votes.

**Share / stock lending**

Liontrust operates a share lending programme. Stock lending takes place in instances where clients request to borrow stock and/or Liontrust deems it to be in the best interests of clients. Liontrust aims to recall all stock in a timely manner prior to a meeting deadline and restrict stock being lent out where we are aware of upcoming meetings.

**Share blocking**

In some countries, proxy voting requires 'share blocking'. This means that shareholders wishing to vote via their proxies must deposit their shares shortly before the date of the meeting (usually one week) with a designated depository. During this blocking period, shares that will be voted on at the meeting cannot be sold until the meeting has taken place and the shares are returned to the shareholders' custodian banks. Liontrust considers that the value of exercising this type of vote usually outweighs the restriction of not being able to transact the shares during this period. Accordingly, where share blocking is required, we will aim to vote a prudent proportion of shares unless the investment team have placed an order to sell their shares when no blocking will take place.

**Oversight and review**

This policy is overseen by Liontrust's Responsible Capitalism ("RC") team, which undertakes proxy voting administration for the group's investment teams. The RC team reviews the policy annually and works in consultation with Liontrust's investment teams and compliance team when updating this policy with any changes.

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