

## Liontrust Investment Partners (LLP) - Engagement Policy

### Scope

This Engagement policy covers those Liontrust equity funds as well as Liontrust fixed income funds for which the investment teams that utilise engagement as a way of communicating with and feeding back to holdings in their respective funds.

This policy sets out

- the actions Liontrust seeks to govern around engagement
- some of the information around the engagement work that Liontrust's investment teams undertake or the Responsible Capitalism ("RC") team undertakes on behalf of the investment teams

### Policy

Those Liontrust's investment teams which undertake engagement either directly or via Liontrust's Responsible Capitalism team, **will continue to do so**. For some funds, engagement may be either more difficult to undertake (e.g. fixed income portfolios) or the teams / managers themselves may choose not to engage. For the funds / managers that do undertake engagement (with equities, corporate bond issuer parent companies, or other assets) **engagement will be**

- **Linked** to and/or driven by the teams' investment processes
- **Recorded** using Liontrust's internal systems, for the purpose of audit and reporting
- **Focused** on any aspect of investment (operational, balance sheet, governance, environmental, social) that managers would like to address to understand the group and/or the underlying investment's exposure to a range of risks and opportunities that it might be facing

### Purpose of engagement

For the Liontrust investment teams which undertake engagement with their holdings, engagement plays an important part of stewardship. Engagement may

- enable investment teams / fund managers to improve understanding or clarify information regarding their holdings
- provide a mechanism for investment teams / managers to feed back to their holdings on a range of issues, including those concerning risk, strategy, capital allocation, governance structure, remuneration, transparency, annual reporting, re-electing directors, environmental and emissions strategies, diversity and inclusion, etc.
- help inform Liontrust's investment teams proxy voting decisions
- enable investment teams that choose to do so to feed back to holdings on how the investment team(s) voted and why
- where appropriate and/or material, focus on a holding's carbon and related exposures and/or its energy transition plans

### Net Zero / Paris Alignment

Liontrust is committed to attaining net zero across its investments and its operations by 2050. As signatories to the Net Zero Asset Managers' initiative, Liontrust is interested in the carbon plans of its investments. Liontrust's investment teams, as per their individual investment processes, may engage their holdings on carbon exposures and/or on the carbon strategies held by their

investments. This engagement may include discussion on how aligned individual holdings are with the Paris Agreement in terms of achieving a 1.5 degree transition. Liontrust's Responsible Capitalism team may also undertake engagement on carbon and/or carbon strategies on behalf of Liontrust's investment teams, as approved and required by the investment teams.

### **Types of engagement**

This policy covers all engagements undertaken by Liontrust investment teams, including, but not limited to:

- face to face engagements and/or those undertaken virtually
- engagements undertaken via email
- engagements that happen during one on one meetings and/or within group meetings (consisting of other investors or third parties)
- questionnaires from the investment team for fund of fund managers (for the Multi-Asset investment team)
- collaborative engagements

At Liontrust, the only engagement that is undertaken on behalf of Liontrust's investment teams is done by either the investment team itself or the RC team, on behalf of the investment team(s).

### **Political engagements**

From time to time, engagements may be undertaken with political and/or governmental bodies on matters pertaining to the investments the Group makes on behalf of its clients. In these, Liontrust's political engagements are aligned with its commitments to the PRI.

### **Prioritising engagement topics with holdings**

For those investment teams at Liontrust that undertake engagement, the teams' investment processes determine the topics of engagement with holdings. The materiality, topic, and/or immediacy of any given issue will also help determine:

- who undertakes the engagement on behalf of Liontrust (whether it is the investment team or the RC team on behalf of the investment teams, or both)
- how immediately and/or frequently engagement is undertaken with the holding

Assessment of issues and the companies to which they pertain is done on a case by case basis.

Liontrust's Sustainable investing team may also prioritise engagements based on input from its Advisory Committee.

### **Frequency of engagement**

The timings and frequency of engagement with holdings will be determined by the investment teams' investment processes and the materiality and/or urgency of the issues. Investment teams may meet with their holdings regularly, helping to keep managers abreast of exposures or issues their holdings may face.

### **Reporting on engagements**

Liontrust publishes information on an annual basis on the engagements that its investment teams undertake and the extent to which, if at all, these engagements impact the teams' investment decisions.

## Escalating issues with companies

The escalation of issues with companies will be **determined and/or driven by the investment teams' investment processes**. In the instance where an investment team (or the RC team on behalf of an investment team) escalates engagement with a holding, this may be because

- the holding, for any number of reasons, did not provide satisfactory information during previous engagement(s) on the particular issue or topic
- the exposure of a holding to a particular issue for which engagement has been undertaken has increased, posing potentially greater concern to the investability of the holding during the investable time horizon of the fund
- the team considers shareholder value to be threatened or at risk for a particular reason or due to a particular issue

## What escalation looks like

Normal level: discussion with senior management and/or executives of holdings on matters of importance to the team holding the asset, as determined by the team's investment process

Escalation (step 2): focused dialogue on a particular issue with executives (including the Chair of the Board and/or the SID, where appropriate) of a holding; the investment team will state its preference or feedback on the management of the issue / how a situation may be resolved

Escalation (step 3): In the instance that a desirable outcome is not achieved through escalation, then Liontrust's investment teams may choose a stronger stance, with continued engagement with the executives of the holding. Some issues may take a number of years to resolve; where a team decides to remain invested, the investment team may choose to reduce the weighting. In any event, the investment team will monitor the issue with the holding.

## Collaborative / collective engagement

From time to time, Liontrust may undertake collective engagement on specific topics. This comes largely from Liontrust's association with groups such as CDP (the Climate Disclosure Project) and WDI (the Workforce Disclosure Initiative). In these cases, Liontrust's Responsible Capitalism (RC) team may engage on behalf of the investment teams with targeted companies to understand specifically how a group is managing its carbon related risks, for example, or other ESG related exposures and the management of these. The RC team relates the summary of these engagements to the investment teams that hold the position; the investment team(s) may take this information into consideration as part of their process, should they choose to do so.

## Oversight of policy

The RC team oversees this policy in connection with Liontrust's investment teams and compliance team. This policy is reviewed and updated, as needed, on an annual basis. Liontrust's Sustainable Investment team have their own engagement policy which is part of the team's investment process and can be found at [\(link\)](#). The Sustainable Investment's engagement policy is overseen by the investment team and reviewed and updated as required by the investment team.

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