

Engagement Policy

Scope

This Policy applies to Liontrust Investment Partners LLP
(FRN: 518552)

Summary

Liontrust's Engagement Policy sets out the Group's approach to engagement with Group investments, escalating engagement, voting rights, conflicts of interest with regard to engagement and Responsible Capitalism reporting.

Linked Policies

The following policies should be read in conjunction with this Policy:

- ESG integration policy
- Corporate Governance & Proxy Voting Policy (and related Voting Policies)

Policy Administration

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GOVERNANCE OWNER	
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1. Policy statement

Liontrust's investment teams which undertake engagement either directly or via Liontrust's RC 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

2. Definition of engagement

Regarding its investments, Liontrust sees engagement as an in-person or virtual meeting, or any written correspondence with a potential or current holding for the purposes outlined below. The meeting usually consists of representative(s) from Liontrust's investment team(s) and/or representatives from Liontrust's RC team undertaking the engagement on behalf of investment team(s). Dialogue is usually undertaken with a company's executives, senior managers, and/or board members. Specialists from a company may also be involved in the engagement; examples may include sustainability, operational, and/or departmental experts. Engagement may focus on specific areas in single engagement sessions or be in areas that are discussed over longer periods of time.

3. Purpose of engagement

For Liontrust's investment teams, 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

4. 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, 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 RC team may also undertake engagement on carbon and/or carbon strategies on behalf of the investment teams, as approved and required by the investment teams.

5. 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 their behalf.

6. 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.

7. 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 their behalf, 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.

8. 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.

9. 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.

10. 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

11. 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 continue to monitor the issue with the holding.

12. Collaborative/collective engagement

From time to time, Liontrust may undertake collective engagement on specific topics. This comes largely from its association with groups such as CDP (the Climate Disclosure Project) and WDI (the Workforce Disclosure Initiative). In these cases, Liontrust's 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.

13. Voting Rights

Liontrust's Corporate Governance and Proxy Voting policy, published on the Group's website at <https://www.liontrust.co.uk/about-us/corporate-sustainability/a-responsible-investor>, outlines its

proxy voting-related activities, rights and procedures. It also covers conflicts of interest in proxy voting and how Liontrust manages these.

Significant Votes

Liontrust reports on its proxy voting. Quarterly votes are published on the Group's website, one month in arrears, while annual reporting on proxy voting is contained in the Group's Responsible Capitalism report, which is also published on Liontrust's website. Included in this reporting is information on the Group's significant votes (with examples and rationales).

14. Conflicts of interest

The Group manages conflicts of interest in terms of engagement and other stewardship-related areas through a Conflicts Register which is maintained by Liontrust's Compliance team. The register contains details on the:

- nature of the conflict of interests
- those employees, roles, or external individuals involved or potentially impacted by in the conflict of interest
- date(s) of the existence of the conflict of interest
- ownership or oversight of the specific conflict
- details on how the conflict is managed and audited

Identifying potential conflicts of interest

All Liontrust employees must notify Compliance of a potential conflict of interest within the business. Fund managers are responsible for disclosing any potential conflicts of interest relating to a holding, including that which relates to proxy voting.

Escalating a conflict of interest for the purpose of finding a resolution

Liontrust's Compliance team works with other Group departments to ensure conflicts of interest are logged properly on the register. This is to ensure that any events determined to be conflicts of interest are managed effectively and recorded in the course of day-to-day business, and that an escalation process exists and is used for the purposes of managing conflicts. The escalation process for resolving conflicts of interest is:

- a Liontrust employee (which may be a fund manager) alerts Liontrust's Compliance team to a potential conflict of interest. The Compliance team lists the conflict on the Group's Conflict of Interest register.
- any employee who feels that they need to do so can escalate a conflict of interest to the Head of Compliance.
- the Head of Compliance can, in turn, raise this issue to the Executive Directors or to the Board, depending on the nature of the conflict of interest

Reducing the Group's exposure to conflicts of interest

Liontrust's employees undertake annual training on how to manage conflicts of interest so that the Group continues to act in the best interest of investors in every situation. The training is updated periodically; if a material change in the policy occurs, staff must attest that they understand and will fulfil the requirements of the updated policy.

15. 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.

16. Responsible Capitalism reporting

The Responsible Capitalism report is published each year on the Liontrust website. It contains more information on conflicts of interest management, collective engagement, proxy voting and how each investment team undertakes engagement. Please refer to that document for more information.