

# Shareholder Activism (Proxy Voting and Class Actions)

## Policy

Longview Partners (“Longview”) has developed adequate and effective strategies for determining when and how any voting rights are to be exercised, to the benefit of its clients. This policy is designed to:

- Describe the approach taken to ensure that the voting rights of our clients are exercised appropriately and responsibly.
- Ensure that Longview votes client securities in the clients’ best interests and address the manner in which Longview will resolve material conflicts of interest that can arise during the proxy voting process; and
- Disclose to clients how they may obtain information about how Longview voted with respect to their securities.

Longview believes that companies should be managed in the interests of shareholders and that companies with good corporate governance are more likely to deliver long-term value. As a steward of client assets, we are committed to seeking high standards of corporate governance from the companies in which we invest and ensuring that our clients’ voting rights are used responsibly.

Within our research process, governance is a key component of a company’s Quality rating and encompasses, amongst other things, governance structures, remuneration and management’s framework for capital allocation. We expect governance structures to ensure high standards of management oversight and to protect the interests of minority shareholders. We expect remuneration to be proportionate and fair, and for management incentives to be well-aligned with shareholders and focused on the long-term health of the business. We expect management to give due consideration to all capital allocation options with a view to maximising long-term shareholder value.

Governance forms a significant part of our regular interactions with companies through a combination of management and board level discussions, proxy voting and, where necessary, escalation through private correspondence, calls and meetings. Stewardship is embedded within our investment process because we believe it is the right approach to investment and our responsibility as a fiduciary on behalf of our clients and their beneficiaries.

As a signatory, Longview fully supports and is committed to the UK Stewardship Code 2020, published by the Financial Reporting Council (FRC). For further information on how Environmental, Social and Governance (ESG) considerations are embedded within the Quality assessment of our investment process, please refer to our Responsible Investment and Engagement Policy and UK Stewardship Code 2020 Report, both of which are maintained on our website [here](#).

\*This policy is directly applicable to Longview Partners LLP. Where Longview Partners (Guernsey) Limited delegates the activity of investment management to Longview Partners LLP, Longview Partners (Guernsey) Limited is responsible for the oversight of this policy.

### ***Proxy Voting Provider – Glass Lewis***

Longview carries out proxy voting for all institutional clients who request that Longview take responsibility for the implementation of their voting rights. In order to effectively meet these requirements, Longview engages Glass, Lewis & Co. (“Glass Lewis”), an external provider of proxy voting research and advice. Glass Lewis fulfils two functions. Firstly, as a purely operational process, they ensure the voting instructions provided by Longview are implemented across client accounts. Secondly, Glass Lewis uses publicly available sources of information such as stock exchanges, regulators, and company filings to provide research and analysis and make voting recommendations. Glass Lewis’ research team also engages extensively with public companies, investors, regulators, and other industry stakeholders to gain relevant context into the realities surrounding companies, sectors, and the market in general. Glass Lewis has partnered with Sustainalytics, an external provider of ESG information and ratings, to provide additional ESG-specific information in their proxy voting analysis. We believe that Glass Lewis’ expert and independent analysis complements Longview’s stock selection process.

All voting recommendations are made on a case-by-case basis by Glass Lewis’s specialist research analysts, in line with their detailed regional policies, which are approved by Longview on an annual basis. Glass Lewis provides structured reports which detail their research and recommendations on each resolution to be voted on. Longview’s Research Team uses the Glass Lewis research in its decision-making process.

Longview is willing to challenge management to protect and enhance the interests of clients and will exercise the right to vote against management, where appropriate. Where the decision has been taken to vote against management, we contact the company to engage with them when possible. As part of our escalation process, if after discussions, we believe that management is failing to act in shareholders’ interests, we may reduce our Quality rating to Q3 and sell our holding in order to minimise the risk of loss of shareholder value and protect clients’ interests.

We share the details of significant votes made as per the Shareholders Right Directive II (SRD II) regulation within our Implementation of Engagement Policy disclosure which is made available on our website [here](#). Longview defines a significant vote as any of the following:

1. One where we have voted against management.
2. Where >15% of total votes have been cast against management.
3. Where we have voted against our proxy adviser’s recommendation.

If appropriate, Longview’s decision may be to vote against Glass Lewis’s recommendations. All votes contrary to Glass Lewis’s recommendations are input by Longview’s lead research analyst, reviewed, and approved by the Head of Research or CIO, and reconciled and released by the Longview Operations Team.

### ***Sources of research and systems used***

Glass Lewis uses publicly available sources of information to inform research and intentionally avoids most non-public contact with issuers regarding agenda items.

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Glass Lewis directly source annual and special meeting information from a variety of sources including stock exchanges or regulators; the companies via direct mailings and company websites; custodians and transfer agents; and other forms of direct procurement. They have partnered with third-party providers for the provision of ESG data and cyber security ratings.

#### ***Voting at all meetings and handling impediments***

Glass Lewis votes all meetings as requested by their clients. However, in markets where impediments such as share-blocking or re-registration exist, Longview will set the client ballots to “Take No Action” to prevent any impact on the normal client trading activities which have precedence.

#### ***Ensuring receipt of and voting proxies and accurate policy implementation***

The Glass Lewis “ViewPoint” voting system employs a rigorous ballot reconciliation process to ensure that all ballots which a client is entitled to vote are indeed voted. Reconciliation is a rigorous audit process performed on a daily basis. This process compares a comprehensive list of meeting notices and agendas for shareholder meetings against the holdings data delivered to Glass Lewis by the client, custodian, or client representative. This reconciliation process enables Glass Lewis to determine if ballots are missing.

For policy implementation, Glass Lewis performs a regular audit post-proxy season to determine whether any irregularities arose in applying vote recommendations. In addition, on an annual basis Longview’s Operations team conducts an annual check on a random sample of agenda items to ensure Glass Lewis’ stated policy has been implemented per the pre-advised market guidelines.

#### ***Reporting & Oversight***

Longview’s Operations Team receives a quarterly report for each participating client account from Glass Lewis, detailing all items on the agenda and votes cast for each company where there was a meeting that quarter. Reports can be accessed on a more regular basis if required.

Additionally, the Operations Team has regular service level calls with Glass Lewis and conducts due diligence on an annual basis to ensure Glass Lewis’s policy and procedures are up to date and functioning as expected.

In its assessment of the services provided by Glass Lewis, the Operations Team will consider the following points:

- the adequacy and quality of Glass Lewis’s staffing and personnel.
- whether Glass Lewis continues to have robust policies and procedures (1) so that its proxy voting recommendations are based on current and accurate information, and (2) Glass Lewis identifies and addresses conflicts of interest relating to its voting recommendations.
- Glass Lewis’ ability to fulfil its mandate and the likelihood of changes in its business and conflicts policies arising over time; and
- a sample of proxy votes to ensure compliance with this policy, including within that sample proxy votes relating to certain proposals that may require more analysis.

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### ***Class Actions***

Longview maintains a policy of not participating in class actions, unless specifically instructed to do so by a client. However, we do reserve the right to participate in specific cases.

### ***Conflicts of Interest***

Longview seeks to act always in the best interests of our clients and where possible avoid conflicts, including those which may arise through voting or engagement. Occasions may arise where a conflict or perceived conflict of interest exists. In such instances, all reasonable steps are taken to ensure that we put the interests of our clients first, as outlined in our Conflicts of Interest Policy which is made available on our website [here](#).

If Longview manages assets for a company pension plan or related entity, Longview will respect client restrictions but beyond that will vote proxies in that company in the best interest of our clients and consistent with our voting policy.

### ***Disclosures to Clients and Investors***

Proxy voting reports are provided on a quarterly basis to all clients on whose behalf we vote. These reports detail all votes cast during the period and also highlights any differences between Glass Lewis' and the company management's recommendations.

On an annual basis, Longview discloses how our engagement policies have been implemented as well as how votes have been cast. This is included in the Shareholder Rights Directive II (SRD II) Implementation of Engagement Policy Disclosure, which is made available on our website [here](#). This description includes a general description of voting behaviour, an explanation of significant votes and the use of the service of our proxy voting provider.

Longview includes a description of its policies and procedures regarding Shareholder Activism in Part 2 of Form ADV, along with a statement that clients and investors can contact Longview Client Services to obtain a copy of these policies and procedures and information about how Longview voted with respect to the client's securities.

Any request for information regarding proxy voting or class actions should be promptly forwarded to Longview Client Services ([clientservices@longview-partners.com](mailto:clientservices@longview-partners.com)), who will respond to any such requests.

### ***Record Keeping***

Paragraph (c)(ii) of Rule 204-2 made under the Investment Advisers Act of 1940 requires Longview to maintain certain books and records associated with its proxy voting policies and procedures. Longview's Compliance Team ensures that Longview complies with all applicable recordkeeping requirements associated with proxy voting.

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### *Other considerations*

Any attempt to influence the proxy voting process by Issuers or others not identified in these policies and procedures should be promptly reported to Compliance. Similarly, any client's attempt to influence proxy voting with respect to other clients' securities should be promptly reported to Compliance.

### **Disclaimer**

When analysing the quality of the companies in which Longview invests, ESG considerations are not Longview's sole focus and the impact of ESG factors on performance is not separately measured.

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