

LIONTRUST ASSET MANAGEMENT PLC

# Sustainability Committee Terms of Reference

May 2024



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## 1. Introduction

- 1.1 The Sustainability Committee (hereinafter the “**Committee**”) of Liontrust Asset Management Plc (the “**Company**”), is established by the board of directors of the Company (the “**Board**”) as a committee of the Board with the authority, powers and duties set out in these Terms of Reference. Amendment to these Terms of Reference requires the approval of the Board.
- 1.2 The Committee's remit is to consider and review those matters related to Responsible Capitalism which include environmental, social and governance (collectively referred to as “**ESG**”) and sustainability matters relating to the Company. This shall include the Company's impact on the natural environment and the environment's impact on the Company, including climate change impacts, the direct impact of the Company's activities such as greenhouse gas emissions, and energy consumption, biodiversity and targets and disclosures. The Committee is also responsible for the oversight of certain interactions with stakeholders, including the workforce and wider society through our charitable giving and community involvement. The Committee's remit also includes the oversight of sustainability reporting and disclosures relating to the Company and ensuring that the Company's Responsible Capitalism platform is aligned with its overall strategy.

## 2. Membership and Attendance

- 2.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chair of the Committee. The Committee shall comprise of at least 3 members, all of whom are independent non-executive directors. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent. The designated non-executive director responsible for workforce engagement shall be a member.
- 2.2 Only members of the Committee have the right to attend Committee meetings. Other individuals such as the Chair of the Board, the Chief Executive Officer, the Chief Operating Officer, Chief Financial Officer, other Directors, the Chief Risk Officer, the Head of Responsible Capitalism and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 2.3 The Board shall appoint the Committee Chair who shall be an independent non-executive director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chair of the Board shall not be Chair of the Committee.
- 2.4 Members should have the appropriate knowledge, skills and expertise to understand sustainability related strategy, targets and implementation, and shall undertake appropriate development of their skills as necessary.
- 2.5 Meetings of the Committee may be conducted when the members are physically present or in the form of either video or audio conferences, provided that all members participating in the meeting are able to speak to and hear each other.

## 3. Secretary

- 3.1 The Company Secretary or their nominee shall act as the secretary of the Committee (the “**Secretary**”). The Secretary will ensure the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

## 4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be 2 members. A duly convened meeting of the Committee at which a quorum is present has the authority to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## 5. Meetings

- 5.1 The Committee shall meet at least three times a year and at such other times as the Chair of the Committee shall require.

## 6. Notice of meetings

- 6.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be sent to each member of the Committee, any other person required to attend and all other non-executive directors, no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

## 7. Minutes of meetings

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 7.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once approved, shall be circulated to all other members of the Board and the Company Secretary, unless it would be inappropriate to do so.

## 8. Annual General Meeting and Engagement with Shareholders and Stakeholders

- 8.1 The Chair of the Committee shall attend the Annual General Meeting to respond to any shareholder questions on the Committee's activities. In addition, where appropriate, the Chair should also seek engagement with shareholders on significant matters related to the Committee's areas of responsibility. In addition, the Committee chair should seek engagement with shareholders, and other stakeholders where relevant, on significant matters related to the committee's areas of responsibility

## 9. Duties of the Committee

- 9.1 The Committee should carry out the duties detailed below for the Company, major subsidiary undertakings and the group as a whole, as appropriate.

The Committee shall:

- i) Oversee the development of, advise the Board regarding, and recommend for approval by the Board, the company's Responsible Capitalism strategy. Ensure that this strategy is effective, aligned with prevailing regulations and good practice, and integrated with the company's business plan, values and objectives, in order to support the company's long-term sustainable success;

- ii) Oversee the execution of the Responsible Capitalism strategy and approve implementation projects developed in response to the strategy. Review the effectiveness of the teams, governance and processes in place to ensure the outcomes of the Responsible Capitalism strategy are delivered. Advise on the risks and opportunities for the company's operations and reputation in relation to the execution of its Responsible Capitalism strategy;
- iii) Advise on, and recommend for approval by the Board, appropriate ESG strategic goals, short- and long-term science-based targets, and key ESG metrics. Monitor annual and long-term progress against previously set Responsible Capitalism objectives, including compliance with public commitments on Responsible Capitalism issues. Oversee the ongoing measurement and reporting of performance against key ESG metrics;
- iv) Review the content, integrity and completeness of external statements and disclosures about Responsible Capitalism activity, targets and progress. Review ESG-related reporting prior to Board approval, including the annual sustainability report (Responsible Capitalism Report), information to be included in the annual report, and mandatory or voluntary disclosures in line with recommended practice and regulatory requirements. Evaluate the extent and effectiveness of external reporting on ESG performance and participation in external benchmarking indices;
- v) Monitor the establishment of appropriate Responsible Capitalism related policies which relate to the activities of the Company and review their adequacy and ongoing relevance and effectiveness;
- vi) Oversee the company's interactions with and responsibilities towards its stakeholders in relation to Responsible Capitalism issues, most notably its employees, customers, suppliers, and the communities in which it operates. Support the Board in monitoring the culture of the company, the safety and wellbeing of its workforce, and the adequacy of its supply chain controls in relation to modern slavery and human rights risk;
- vii) Advise the Board on the company's appetite and tolerance with respect to environmental and social risk. Identify material ESG-related risks and ensure that these are appropriately captured in the company's risk profile and risk management framework;
- viii) Work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly;
- ix) Work in conjunction with the Audit and Risk Committee to advise the Board on the company's appetite and tolerance with respect to environmental and social risk, to identify material ESG-related risks and to ensure these are appropriately captured in the company's risk profile and risk management framework;
- x) Advise the Remuneration Committee on proposed appropriate ESG strategic goals both short- and long-term and any other key ESG metrics that should be considered when establishing and implementing the metrics of the Directors Remuneration Policy.

## 10. Reporting Responsibilities

- i) The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, in line with the requirements of the UK Corporate Governance Code.
- ii) The Committee shall make these Terms of Reference available to shareholders by placing them on the Company's website and provide a description of its work in the annual report in line with the requirements of the UK Corporate Governance Code.
- iii) The Committee shall ensure that a report on its activities is included in the Company's annual report.

## 11. Other Matters

The Committee shall:

- i) have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- ii) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

- iii) give due consideration to all relevant laws and regulations, the provisions of the Code and published guidelines or recommendations regarding the remuneration of the Company directors and the formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, and any other applicable rules, as appropriate;
- iv) oversee any investigation of activities which are within its terms of reference and act as a court of the last resort;
- v) at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- vi) consider such other matters as the Board may from time-to-time refer to it; and
- vii) work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

## 12. Authority

The Committee is authorised:

- i) to seek any information it requires from any employee of the Company or member of a Group LLP in order to perform its duties;
- ii) to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- iii) to call any employee or LLP Partners to attend or be questioned at a meeting of the Committee as and when required.

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**Liontrust Asset Management Plc**

*Review Date: May 2024*

*Next review date: May 2025*

Important information

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