

## Cantillon Capital Management Annual Statement on Cantillon's Shareholder Engagement Policy

Cantillon Capital Management LLP is an asset management firm, established in 2003. Together with our US affiliate, Cantillon Capital Management LLC (collectively referred to as 'Cantillon'), we manage assets of approximately \$18.2<sup>1</sup> billion, on behalf of charities and endowments, pension funds, family offices and other institutional investors. We manage a single investment strategy – Cantillon Global Equity – which seeks to achieve long-term capital appreciation by investing in a diversified portfolio of global equities.

This Annual Statement fulfils the requirements of the Shareholder Rights Directive II (SRD II) in setting out our voting activity during the calendar year 2021. Other information required to be reported by SRD II, is already contained in our comprehensive quarterly investment reports and other investor material.

### Voting Activity

During the course of the year we have voted proxies for our two pooled vehicles - the Cantillon Global Equity Fund (Irish-registered UCITS) and Cantillon Global Equity LP (US registered LP) - and for some of our separately managed accounts (SMAs). Some of our SMA clients chose to do their own voting.

Our policy is to vote proxies on a given issue in the same way for all of our clients.

We do not carry out securities lending for our two pooled fund vehicles. Some of our clients with SMAs have authorised their custodian bank to implement their own securities lending program and in those cases, we co-operate with the client's custodian to assist in the implementation of that program. Note that we do not recall stocks for voting purposes.

We take our voting responsibilities seriously and fully review every vote. We expect our investment professionals to be aware of the corporate structure, governance, and key strategic and operational considerations of our holdings. For example, excessive compensation schemes, significant changes to board structure or compliance functions, and mergers and acquisitions are all issues that need to be monitored carefully. We believe it is important for our investment professionals to review every item on every proxy, ensuring that we are aware of all the issues arising in ballots, and helping us use the influence we have to impact the direction of the companies held in the portfolios. Our investment professionals, as opposed to a proxy voting department or other operational group, are also best placed to judge whether proposals are in the best interests of shareholders.

We subscribe to research and proxy-related services provided by Institutional Shareholder Services (ISS) to assist us with the mechanics of voting. We also have access to ISS's research, and we review their voting recommendations and rationale for proxies relevant to us. ISS uses a shareholder maximisation philosophy for most of their clients (including Cantillon), which means they recommend the vote most likely to create value for equity holders in the long term. They also analyse the corporate governance implications of each proxy vote. While we find ISS's broad-based data resources and analytical frameworks to be useful, we do not outsource the final voting of proxies to them. The role of proxy advisers is controversial, particularly with corporate issuers, some of whom object to the outsized influence wielded by proxy advisers and also argue that they have conflicts of interest. In 2020, the U.S. Securities and Exchange Commission announced stricter regulations for proxy advisers, including requirements to provide issuers with timely access to their recommendations, as well as an opportunity to provide written responses which are distributed to clients. These new rules are scheduled to take effect for the 2022 proxy season.

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<sup>1</sup> At January 31, 2022.

Cantillon's view is that our own investment professionals are best positioned to make the sometimes subjective judgements regarding what is in the best interests of shareholders. In cases where ISS recommends a vote against management, we typically engage with the company directly to better understand their position on the issue. After considering the various arguments and conducting our own analysis, we make the final decision and record our voting rationale, if it differs from that of ISS.

We abstain from voting if we are in the process of selling the stock during the period between the record date and the AGM/EGM meeting date.

During 2021 we voted as follows:

	Number
Proxies received	58
Proxies voted	57
Total issues for all proxies received	810
Issues voted against management recommendation	39
Abstentions/withheld votes	8

The vast majority of the votes cast are for routine matters associated with companies' Annual General Meetings, e.g., appointing auditors, electing/re-electing Directors, adopting financial statements, approving remuneration reports, approving dividends and authorising equity issuance. In most cases, these votes are not significant.

For the purposes of this report, we have reviewed all votes cast during 2021 to determine if any should be classed as significant, and therefore reported in this Statement. We used the following criteria to establish significance:

- 1) votes where the company scores very poorly (10) on ISS's Governance Quality Score<sup>2</sup> and ISS has recommended voting against a management proposal; and
- 2) which, in the view of Cantillon's investment team, are significant.

Using these criteria, there were two votes in 2021 that we deemed significant:

#### **Alphabet: June 2, 2021**

ISS recommended voting against the approval of the omnibus stock plan and against certain directors for "poor stewardship of the company's pay programs as evidenced by recurring and significant executive compensation concerns." We agreed with ISS and voted against the proposal.

#### **Meta Platforms: May 26, 2021**

ISS recommended voting against the amendment of non-employee director compensation policy as it would provide services such as personal security to the NEDs without imposing any limits and the proposal contained no estimate of the potential costs. ISS noted that the company has "historically provided sizable security related perquisites to the CEO and NEOs, at a magnitude which is considered extraordinary, including for the year in review." We agreed with ISS and voted against the proposal.

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Please contact the Cantillon Client Service team if you would like any further information.

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<sup>2</sup> ISS's Governance QualityScore is derived from publicly disclosed data and reporting on company governance disclosure, risk and performance. Scores indicate decile risk among relative index and region. Scores are calculated at each pillar by summing the factor scores in that pillar. Not all factors and not all subcategories have equal weight. For more information on ISS QualityScore, visit [www.issgovernance.com/solutions/qualityscore](http://www.issgovernance.com/solutions/qualityscore).