

## Active Ownership Policy



At William Blair, we are passionate about the profession of investment management. We are an independent, 100% active employee-owned firm with no distractions from our sole priority: creating strong, risk-adjusted returns for our clients.

This policy seeks to provide an explanation as to how William Blair as a group takes an active interest in the decisions made by the companies in which we invest and demonstrates William Blair International's compliance with the Shareholder Rights Directive (SRD II) Engagement Policy requirements.

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# ESG Integration and Active Ownership

Environmental, social, and corporate governance (ESG) factors are inextricably linked with our fundamental assessment of the quality of corporate management and sustainable value creation potential. We holistically integrate ESG analysis in our investment process by considering these factors alongside others that we believe can impact returns.

In 2011, William Blair signed the United Nations-supported Principles for Responsible Investment (PRI) given the natural alignment of those principles with our quality-focused approach to investing. As a PRI signatory, we strive to uphold Principle 2, which states

that “we will be active owners and incorporate ESG issues into our ownership policies and practices.”

Active ownership at William Blair is primarily pursued through company engagement and proxy voting.

Our commitment to active ownership is demonstrated by our support of global corporate governance initiatives. As a member of the Investor Stewardship Group, William Blair endorses the Framework for U.S. Stewardship and Governance. We are also members of the International Corporate Governance Network, the Japan Stewardship Code, and the Korea Stewardship Code.

## Engagement

As shareholders and fiduciaries, we seek transparency and disclosure of material, decision-useful information from investee companies as a matter of course. To that end, we engage with companies to better understand key value drivers and growth opportunities; to monitor each company’s progress in achieving its strategic, operational, and financial objectives; and to encourage them to be transparent and proactive in the management of material risks.

Our research analysts routinely meet with the management of companies as part of our investment process and raise ESG-related concerns that may be of interest to investors, including company-specific or more systemic risks, such as climate change, which can be material to financial performance. Engagement dialogue is informed by our

industry-focused ESG materiality framework, and may include governance topics (such as improving shareholder rights and board structure), social issues (such as data privacy and human capital management), or environmental factors (such as pollution and waste control). While research analysts are primarily responsible for engaging with companies, portfolio managers and members of the firm’s ESG leadership team may also participate.

Our preference is to engage privately and pursue a constructive dialogue with companies over time. Companies with scope for improvement on material ESG issues are identified through a combination of proprietary and third-party research, including screening tools to systematically identify companies exposed to controversial industries or products, or which have potentially violated global norms.

## ESG Materiality Framework

Our fundamental equity and fixed income investment teams integrate ESG risks and opportunities into their company analysis using William Blair's materiality framework, which highlights industry-relevant sustainability issues and key governance attributes that inform our initial investment thesis and ongoing due diligence.

The following graphic illustrates the ESG topic structure for our materiality framework.



We expect companies to have a clear governance structure around assessing and reporting on material environmental and social issues. We also expect that companies will incorporate material ESG issues into their long-term strategic planning.

### **Active Fundamental Research Focus**

William Blair has a long history of investing across the market-capitalization spectrum, with significant expertise in researching small- and midcap companies. We have similarly cast a wide net with respect to geographic diversification, uncovering opportunities across developed and emerging markets for more than two decades. Our experience in these market segments, where ESG practices and disclosures are generally less developed, helps us identify potential value-enhancing opportunities for improvement among our investee companies.

### **Proprietary Online Research Platform**

The systematic integration of ESG research in our investment process is reflected in Summit, William Blair's proprietary online research and communication platform. Summit enables analysts to seamlessly access ESG-focused resources for industries and companies by clicking on embedded hyperlinks to the William Blair Materiality Framework and additional third-party ESG research.

Summit also facilitates timely and efficient communication of company meetings and the documentation of any ESG-focused engagements across investment teams. Analysts can quickly reference industry-specific sustainability topics and sample questions for management as they prepare for company meetings. Upon completion of a meeting, analysts are expected to summarize key observations and provide any updates to the original investment thesis. This commentary is archived in Summit for each company to facilitate ongoing monitoring and follow-up on key ESG issues.

# Voting

We believe that exercising our voting rights is integral to our active ownership responsibilities. As a registered investment adviser, William Blair has a fiduciary duty to act solely in the best interests of its clients without regard to the interests of William Blair. William Blair recognizes that this duty requires it to vote client securities' proxies in a timely manner and make voting decisions that are in the best interests of its clients. William Blair has engaged Institutional Shareholder Services (ISS) as its proxy administrator specialist. The independent analysis from ISS draws on best practice from around the world. William Blair has adopted the voting guidelines of ISS, which are designed to address matters typically arising in proxy votes. Pursuant to our policies, William Blair votes in accordance with ISS recommendations unless our investment professionals determine the ISS recommendation is not consistent with our clients' best interests.

In such cases, the investment professional's recommendation is reviewed by William Blair's proxy committee, which determines whether to accept or reject the recommendation. The voting process and decisions made are ultimately under William Blair's control.

For issues not covered by our voting guidelines or to be voted on a case-by-case basis, the proxy administrator will consult the proxy committee. The committee will review the issues and will vote each proxy based on information from the company, our internal analysts, and third-party research sources, in the best interests of the clients in their capacity as shareholders of a company. The proxy committee consists of representatives from the investment management teams, including senior management, portfolio managers, analysts, and operations personnel, as well as a representative of the compliance department.

As environmental and social issues are becoming more prominent areas of focus for our clients and shareholders more broadly, we believe it is important to periodically review our proxy voting policy to ensure that it remains well aligned with our clients' objectives, along with our assessment of corporate risk and opportunities. In October 2018, William Blair worked in tandem with ISS to adopt proxy voting guidelines that are focused on financial returns and consistent with the objectives of sustainability-minded

investors. Sustainability-minded investors are concerned with economic returns and also with ESG principles that could materially affect future financial outcomes.

## Transparency and Reporting

It is our policy to retain: 1) the proxy voting policy statement and procedures; 2) all proxy statements received regarding client securities; 3) records of all votes cast on behalf of clients; 4) records of client requests for proxy voting information; and 5) any documents prepared by William Blair that are material to making a decision regarding how to vote, or that memorialize the basis for the decision.

Upon a client's request to the proxy administrator, William Blair will make available to its clients a report on proxy votes cast on their behalf. These proxy-voting reports will demonstrate William Blair's compliance with its responsibilities and will facilitate clients' monitoring of how their securities were voted. The proxy voting policy statement and procedures will be provided with each advisory contract and will also be described and provided with the Form ADV, Part 2A. Pursuant to U.S. regulatory requirements, mutual fund voting activity is also filed with the Securities and Exchange Commission (SEC) via the Form N-PX, which is publicly available on the SEC's EDGAR database.

Clients invested in the William Blair Funds and the William Blair SICAV funds can access the Proxy Voting Policy Statement and Procedures on the respective fund websites.

## Governance and Oversight

As previously described, company engagements are integrated in the work of our investment professionals, primarily our research analysts and portfolio managers. William Blair's director of sustainable investing provides leadership in ESG initiatives and directs the firmwide integration of ESG factors into investment processes. The director of sustainable investing leads the firm's ESG leadership team, which is responsible for the drafting and implementation of the firm's ESG-related policies and procedures, including the active ownership policy. This group consists of senior investment professionals from different asset class teams, and is overseen by the global head of investment management.

As previously noted, William Blair's proxy committee comprises individuals from the compliance, operations, and investment teams, including portfolio manager(s) and analyst(s). The proxy committee reviews the proxy voting policy and procedures annually and revises its guidelines as events warrant.

## Conflicts of Interest Management

As a fiduciary, William Blair seeks to place the interests of clients first and avoid conflicts of interest, including those that arise from voting or engagement issues. William Blair has implemented and maintains comprehensive policies, which are designed to mitigate conflicts or potential conflicts that may arise. These policies are designed to ensure that the management of any conflict is carried out in such a manner that clients are not disadvantaged as a result.

In addition, ISS also aims to operate its business to the highest ethical standards and publishes its ethics policy, engagement policy, and conflict of interests policy on its public website.

### **About William Blair**

William Blair Investment Management is committed to building enduring relationships with our clients and providing expertise and solutions to meet their evolving needs. We work closely with private and public pension funds, insurance companies, endowments, foundations, and sovereign wealth funds, as well as financial advisors. Our investment teams are solely focused on active management and employ disciplined, analytical research processes across a wide range of strategies, including U.S. equity, non-U.S. equity, fixed income and multi-asset.

William Blair Investment Management utilizes resources and personnel of its participating affiliate, William Blair International Ltd (“William Blair International”). William Blair International is an asset manager located in London and is registered with the UK Financial Conduct Authority.

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