

# Statement on Compliance with the UK Stewardship Code

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Cohen & Steers UK Limited, an institutional investor, and its affiliated investment advisors (collectively, “Cohen & Steers,” “we” or “us”) regard careful and responsible stewardship of its clients’ interests as central to its approach to serving its clients. This value is shared among all of its affiliates, is espoused at all levels of its management, and is reflected in its practice and policy. This statement describes how we uphold the principles of the UK Stewardship Code.

## Principle 1

*Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.*

Cohen & Steers dedicates a portion of its website to responsible investing, which includes information about how we discharge our stewardship responsibilities. Included are our:

- Statement on Compliance with the UK Stewardship Code
- Environmental, Social and Governance (ESG) Policy
- Global Proxy Voting Policy and Proxy Voting Record
- Statement on the Principles for Responsible Investment (PRI) and Annual PRI Assessment Report

This information is available at the following link:

<https://www.cohenandsteers.com/page/responsible-investing>

Stewardship is integral to our long-term approach to investing. Our stewardship activities include monitoring and engagement with investee company boards and management on governance and investment issues. We engage with investee companies through meetings with management and written communications to management and boards when we believe they can improve corporate governance. We acknowledge that market pressures may encourage management to devote more attention to the interests of short-term shareholders and quarterly earnings, and this often conflicts with delivering sustainable growth and returns over the long term. Engagement is an important tool in our investment process that we utilize to ensure that investee company management is focused on creating long-term value for shareholders.

Specifically, we believe engagement with investee companies helps us:

- clarify previously disclosed information

- assess the quality of management and governance structure
- develop trust with management, which increases the likelihood that our concerns will be addressed
- determine how to vote proxies

We also use engagement with investee companies to identify, understand and debate:

- a company's strategic vision
- methods of responding to risks
- capital allocation decisions
- capital structure

We believe discussion of these topics directly with investee companies is essential to helping our portfolio managers represent our clients' best interests and protect the value of their investments.

With respect to proxy voting, our intention is to vote all equity securities for which clients have given us voting authority in accordance with our Global Proxy Voting Policy. Our proxy voting guidelines are regularly reviewed by our multi-disciplinary proxy committee, which is comprised of members of our investment and legal and compliance departments.

We have engaged a third-party proxy advisory firm to provide research on our investee companies. This research highlights areas where investee company proposals diverge from our proxy voting guidelines, including, but not limited to, where boards are not appropriately independent and where executive compensation is not tied to the long-term performance of the company. We carefully consider any explanations provided by investee companies about their departures from our proxy voting guidelines, attaching particular weight to specific examples or evidence provided. However, we generally do not vote in-line with management when a proposal diverges from our proxy voting guidelines.

When we do not intend to vote in-line with management, we will consider contacting an investee company in advance, giving it the opportunity to engage in a dialogue prior to voting. In some cases, this dialogue results in changes to our vote and/or to the company's behaviour in the future.

In addition to our proxy committee, we have an ESG committee that is responsible for overseeing all ESG initiatives at the firm and ensuring they are appropriately integrated into the firm's practices. The ESG committee is comprised of a steering committee, which oversees three sub-committees: investment integration, product strategy/development and corporate considerations. The committee includes senior leaders from various departments within the firm. The investment integration sub-committee is responsible for coordinating and implementing ESG research across the firm's investment teams as well as assessing and reviewing the firm's ESG effort, and it includes portfolio managers and research analysts from various investment teams.

We utilize ESG data from several third-party providers to further enhance our ability to incorporate ESG factors into our valuations and investment process. This data provides an ESG

assessment for each investee company and is used to supplement our investment teams' proprietary research.

## **Principle 2**

*Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.*

We maintain policies and procedures designed to identify and mitigate actual and potential conflicts of interest that may arise in the conduct of our business. With respect to our stewardship activities, we believe conflicts of interest are most likely to arise in the context of proxy voting. Our proxy committee and proxy voting guidelines are designed to ensure that our clients' interests drive our voting decisions.

Cohen & Steers UK Limited is a wholly-owned subsidiary of Cohen & Steers, Inc., a New York Stock Exchange-listed company. In terms of conflicts of interest related to investment in shares of its parent company or any of its affiliated listed investment funds, Cohen & Steers UK Limited manages such conflicts by not investing client portfolios in shares of its parent company or any of its affiliated listed investment funds.

Another way we seek to manage conflicts of interest is by limiting membership on our proxy committee to individuals whose job responsibilities do not include client relationship management, marketing or sales. In addition, we believe any votes that are cast in accordance with our proxy voting guidelines are unlikely to pose any conflicts of interest. Proxy votes that are cast contrary to our proxy voting guidelines may result in a conflict of interest if the investee company is also a significant business partner, trading counterparty, supplier or client of the firm. Therefore, we require that investment personnel document their rationale for any votes cast that are contrary to our proxy voting guidelines and that such votes must be approved by two members of the proxy committee, one of whom must be non-investment personnel.

When a potential conflict is identified, our proxy committee evaluates the facts and circumstances and determines whether an actual conflict of interest exists. If the proxy committee determines that a conflict does exist, the proxy committee will make a recommendation about how Cohen & Steers should vote the proxy.

With respect to engagement, our policy is to engage with an investee company regardless of our relationship to the company and whether such relationship may pose a conflict of interest.

## **Principle 3**

*Institutional investors should monitor their investee companies.*

Monitoring investee companies is an integral part of our research and investment process. Our investment teams have developed monitoring systems that keep them abreast on a daily basis of stock performance, valuation, comparability to peers and other metrics for each company they cover. In order to understand key aspects of companies in the universe and to assess how the

business fundamentals may affect share price performance, analysts engage with management teams and industry contacts and aggregate inputs from multiple sources to stay current on industry trends and data. This information is used to formulate an expectation about how an investee company should perform.

Specifically, our research analysts prepare valuations for each company they cover, which includes an evaluation of, and discount rate adjustment for, ESG factors. Investee companies are evaluated on ESG factors as outlined below:

Corporate governance: Analysts review board, pay, ownership and accounting practices along with regulatory and legal risks when relevant. They evaluate the board's independence, executive pay practices, ownership structure and corporate transparency and compare to industry standards and peers. In addition, they look for alignment between the interests of all stakeholders and management.

Environmental: Analysts review environmental policies, strategies and opportunities as well as incorporate a green assessment (energy efficiency, emissions etc.) when relevant; varies greatly by industry.

Social: Analysts review human and natural capital, product liability, and social opportunities; varies greatly by industry.

The results of these reviews and engagements are included in the analysts' written research and are incorporated into proprietary financial models and valuations. For the real estate securities and global listed infrastructure universe, analysts generate an ESG score for each company they cover, which is incorporated into the company's valuation.

Under certain circumstances, Cohen & Steers is willing to become a temporary insider of an investee company, and generally in the context of capital raising, we will receive material non-public information from an investee company. When Cohen & Steers does receive such information, we act in accordance with the policies and procedures set forth in our compliance manual, which include, but are not limited to, restrictions on trading in client and personal accounts while in possession of material non-public information. We carefully weigh the decision to receive such information to ensure that the restriction on trading that is temporarily imposed while the information is non-public will not negatively impact our clients.

For more information on our policies for becoming a temporary insider, please refer to the contact information at the end of this statement.

## **Principle 4**

*Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.*

Decisions to initiate or escalate engagement with our investee companies are led by members of our investment department. Escalation generally begins with a research analyst who remains actively engaged with management at all times. Engagements are typically escalated to our portfolio managers and, when appropriate, senior members of our investment department are informed.

Escalation may occur when:

- capital raising efforts are not structured efficiently
- we have governance concerns, including when boards are not appropriately independent
- compensation does not align management and shareholder interests
- we have issues with the strategic vision articulated by the company

Escalation generally consists of arranging a meeting with management to discuss our concerns or writing formal letters to management or the board detailing our concerns and advocating for our recommended solutions.

We prefer to engage privately with our investee companies as we believe it better serves the long-term interests of our clients to establish relationships, and a reputation, with companies that enhances rather than hinders dialogue. However, in certain situations, we believe that it may be appropriate to publicly disclose our communications with a company's management and board.

Reasons for continuing engagement include our assessment that shareholders' interest continues to be at risk as a result of a governance concern.

## Principle 5

*Institutional investors should be willing to act collectively with other investors where appropriate.*

While we prefer to engage in our own dialogue with investee companies, we may consider collaborating with other institutional investors when it is deemed appropriate and is permitted by applicable law and regulation. If we determine that collaboration is in the best interests of our clients, taking into account any actual or potential conflicts of interest that may arise, we may share insights and work collaboratively with other investors. Decisions about whether to collaborate are made on a case-by-case basis. In the past, we have collaborated with other investors when we have had concerns about shareholder rights in the capital structure and when we believed that security terms disadvantaged certain holders.

We are an active member of various formal groups and initiatives such as the Global Real Estate Sustainability Benchmark (GRESB), the European Public Real Estate Association (EPRA), the National Association of Real Estate Investment Trusts (NAREIT), and the Global Listed Infrastructure Organization (GLIO). We are also a member of the European Investment Advisory Committee, which is comprised of leading real estate investors and is a forum to discuss corporate governance practices with the goal of improving the listed real estate sector. These groups foster

collaboration and allow us to discuss governance and social, ethical, and environmental matters with our peers.

## Principle 6

*Institutional investors should have a clear policy on voting and disclosure of voting activity.*

We have a well-developed global in-house proxy voting policy and process that is available on our website. The policy describes our approach to conflicts of interest, voting transparency, recordkeeping, and voting procedures. The key principles of our proxy voting policy are outlined below:

- The ability to exercise a voting right with respect to a security is a valuable right and, therefore, must be viewed as part of the asset itself.
- Cohen & Steers will engage in a careful evaluation of issues that may materially affect the rights of shareholders and the value of the security.
- Cohen & Steers will never base a proxy voting decision solely on the opinion of a third party. Rather, decisions will be based on a reasonable and good faith determination as to how best to maximize shareholder value.
- Consistent with general fiduciary duties, the exercise of voting rights will always be conducted with reasonable care, prudence and diligence.
- Cohen & Steers will conduct itself in the same manner as if it was the beneficial owner of the securities.
- To the extent reasonably possible, Cohen & Steers will participate in each shareholder voting opportunity.
- Voting rights will not automatically be exercised in favour of management-supported proposals.
- Cohen & Steers, and its officers and employees, will never accept any item of value as consideration for a favourable proxy vote.

Our proxy voting guidelines are annually reviewed and updated, as necessary by the proxy committee, which includes members of our investment and legal and compliance departments. We believe this group is best positioned to articulate Cohen & Steers' stance on governance-related issues and to identify current and new governance trends.

Our Proxy Committee oversees the proxy voting process while the investment team is responsible for voting all proposals as we believe proxy voting and the investment process are closely aligned and integrated. When evaluating proxy issues and determining how to vote a specific proposal, the investment team may consult investee company management, directors, and interest groups.

Cohen & Steers has retained a third-party proxy advisory firm to assist in the voting of proxies and to provide related research. Portfolio managers and research analysts may also review research reports provided by other vendors, but votes are cast in accordance with the firm's proxy voting guidelines and not any third-party guidelines or recommendations.

Cohen & Steers does not automatically support an investee company's board and management and will engage in advance of general meetings where appropriate. Votes on director nominees are made on a case-by-case basis using a mosaic approach, where all factors are considered, and no single factor is determinative. For example, a nominee's experience and business judgment may be critical to the long-term success of an investee company, notwithstanding the fact that he or she may serve on the boards of more than four public companies. Additional factors considered under this mosaic approach are set forth in our proxy voting guidelines. For significant holdings where we decide not to support the board and/or management, we may inform the company in advance if the issues are material.

Across all markets, we seek to vote all proxies for which we have been given the authority to vote. An exception is in markets where voting would require that we block our clients' shares from trading for a designated period of time. In most cases, we do not vote in share-blocking markets because we believe the potential risk of temporary illiquidity exceeds the potential benefit of the proxy vote.

While we do not enter into securities lending arrangements with our clients or our funds, some clients may have entered into such arrangements with custodians or other third-party agent lenders. Cohen & Steers is not able to vote securities that are on loan. However, under rare circumstances, for voting issues that may have a significant impact on the investment, we may ask clients to recall securities that are on loan if we believe that the benefit of voting outweighs the administrative burden and lost revenue to the client.

Our proxy voting record is available on our website. Also, upon an institutional client's request, we will provide a customized report of the voting record for their portfolios.

## **Principle 7**

*Institutional investors should report periodically on their stewardship and voting activities.*

As stated under Principle 6, our proxy voting record is available on our website. We produce a variety of additional information for our institutional clients about proxy voting, investee company engagement, and ESG issues upon request. In addition, as signatories to the PRI, we complete the annual PRI assessment report, which includes information on responsible investing issues and issuer engagement examples. This information is publicly available on our website as well as on the PRI website at: <https://www.unpri.org/signatories/cohen-and-steers/1057.article> Internally, we record all of our meetings with management of our investee companies. In addition, in our weekly proxy voting newsletter, which is distributed to investment personnel and members of management, we report all upcoming meetings as well votes cast against management with rationales for voting decisions.

The entire proxy voting process, along with other internal processes designed to safeguard client interests and ensure proper stewardship, is subject to periodic audit in accordance with the Independent Statement on Standards for Attestation No. 18 (SSAE 18 audit), the results of which may be made available to clients upon request.

## **For Further Information**

Institutional investors or investee companies that would like to discuss Cohen & Steers' activities under the UK Stewardship Code may contact the following:

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