

MAJEDIE INVESTMENTS PLC

CORPORATE GOVERNANCE

The Company

The Company has a long history of self-management which also includes the Company being a self-managed AIF under the AIFMD. In complying with the more detailed aspects of best corporate governance practice, the Board takes into account that the Company is a listed investment trust and the Barlow family as a whole owns approximately 53% of the shares in issue.

Although the family shareholding in total is significant, there are a number of individual family members and trusts represented by many separate shareholdings.

The principal objective of the Board of directors continues to be to maximise total shareholder return for all shareholders.

Board and Directors

The Company's Board of directors is responsible for the overall stewardship of the Company, including corporate strategy, corporate governance, risk management and compliance with regulations (including its responsibilities as AIFM under the AIFMD), overall investment policy, asset allocation and gearing.

The Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role, and that all Directors receive accurate, timely and clear information. Its composition satisfies the requirements of the AIC Code and is composed of an independent Chairman, four non-executive Directors and Mr JWM Barlow who is the CEO.

Biographical details of the Directors are shown in the latest Annual Report.

Messrs RDC Henderson, CD Getley, RW Killingbeck, AMJ Little and Ms JM Lewis are considered to be independent as defined by the AIC Code as, in the opinion of the Board, each is independent in character and judgement and there are no relationships or circumstances relating to the Company that are likely to affect their judgement. However the Board considers that all Directors exercise their judgements in an independent manner. The Chairman's other commitments are determined in his biography in the latest Annual Report.

The Board meets at least five times in each calendar year and its principal focus is the strategic development of the Company, investment policy and the control of the business. Key matters relating to these areas, including the monitoring of financial performance, any changes to the asset allocation, cash or gearing limits and the buying back of shares and/or the repayment of long-term borrowings are reserved for the Board and set out in a formal statement.

The Board has undertaken a formal and rigorous evaluation of its own performance and of its Committees through the circulation of a comprehensive questionnaire. Having discussed the results it concluded that the Board and its Committees continue to function effectively and that the Chairman's and Directors' other commitments are such that all Directors are capable of devoting sufficient time to the Company.

The Board has agreed and established a procedure for directors in furtherance of their duties to take independent professional advice, if necessary, at the Company's expense.

The Board recognises the need for new Directors to receive an appropriate induction. Existing Directors receive regular updates on regulatory and governance matters, and development and training needs were discussed as part of the Board evaluation process.

The Board has established the following Committees:

- **The Audit Committee** comprises: Mr AMJ Little (Chairman) and all of the non-executive Directors. Mr JWM Barlow and representatives of the Auditors are invited to attend meetings of the Committee. It is considered that Mr AMJ Little, who is a Chartered Accountant, has recent relevant financial experience. The Board has agreed the terms of reference for the Audit Committee which meets at least twice a year.

Further details on the work of the Audit Committee are detailed in the latest Annual Report.

- **The Nomination Committee** comprises Mr RDC Henderson (Chairman) and all of the non-executive Directors. Mr JMW Barlow attends meetings at the request of the Committee. The policy of the Committee is to consider appointments to the Board of Directors in the context of the requirements of the business, its need to have a balanced and effective Board and succession planning. As part of this policy, gender and diversity are carefully considered by the Committee and are taken into account when evaluating the skills, knowledge and experience desirable to fill each vacancy but all appointments to the Board are made on merit. The Committee has not set any measurable objectives in respect of this policy.

The Company's Articles of Association require a Director appointed during the year to retire and seek appointment by shareholders at the next AGM and all Directors must seek re-election at least every three years. However, the Board have agreed it is good practice that all Directors be re-appointed annually. A Director's appointment may be terminated by the Company or the Director by providing one month's notice. The Articles of Association can be amended by shareholders at a General Meeting. Towards the end of each fixed term the Nomination Committee and the Board will consider whether to renew a particular appointment.

Directors' terms and conditions for appointment are set out in letters of appointment which are available for inspection at the registered office of the Company. Details of the CEOs employment contract can be found in the Report on Directors' Remuneration in the latest Annual Report.

The Nomination Committee meets annually to consider the re-appointment of Directors at the Company's AGM. Based on the outcome of the Board performance evaluation process and on the basis that they continued to make valuable contributions and to exercise judgement and express opinions in an independent manner, the Committee has decided to recommend the re-appointment of all Directors.

- **The Remuneration Committee** comprises: Ms JM Lewis (Chairman) and all the non-executive Directors.. Mr JWM Barlow is invited to attend and participate as appropriate. Further details on the work of the Remuneration Committee are included in the Report on Directors' Remuneration in the latest Annual Report.
- **The Management Engagement Committee** comprises: Mr RDC Henderson (Chairman) and all the non-executive Directors. Mr JWM Barlow attends meetings at the request of the Committee. The Board has agreed terms of reference of the Committee which meets at least once a year to consider the performance of the Investment Manager, the terms of the Investment Manager's engagement and to consider the continued appointment of the Investment Manger. The Committee met on 19 October 2017 and recommended that MAM be retained as Investment Manager. In determining their recommendation, the Management Engagement Committee concluded that MAM have an excellent track record and offer a broad range of products to meet the Company's investment policy.

Following the recommendation from The Management Engagement Committee, the Board has concluded that it is in the best interests of shareholders that MAM should continue to be the Investment Manager of the Company under its existing terms.

In addition to the Investment Management role, the Board has delegated to external third parties the depositary and custodial services, company secretarial services, share administration and registration services. The Management Engagement Committee annually reviews their performance and their contracts.

The terms of reference of the Company's Committees are available on request of from the Company's website.

Conflicts of Interest

The Directors have declared any conflicts or potential conflict of interest to the Board of Directors which has the authority to approve such situations. The Company Secretary maintains the Register of Directors' Conflicts of Interests which is reviewed quarterly by the Board and when changes are notified. The Directors advise the Company Secretary and Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest do not take part in discussions which relate to any of their conflicts.

It is the responsibility of each individual Director to avoid an unauthorised conflict situation arising. He must request authorisation from the Board as soon as he becomes aware of the possibility of a situational conflict arising.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include whether the situational conflict could prevent the Director from properly performing his duties, whether it has, or could have, any impact on the Company and whether it could be regarded as likely to affect the judgement and/or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

The directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

Relations with Shareholders

Members of the Board hold meetings with the Company's principal shareholders and prospective investors to develop an understanding of the views of shareholders and to discuss the Company's strategy, financial and investment performance. Any issues raised by the shareholders are reported to the full Board. Shareholders are encouraged to attend the AGM and to participate in the proceedings. Shareholders wishing to contact the Directors to raise specific issues can do so directly at the AGM or by writing to the Company Secretary.

In the Annual Report each year the Directors seek to provide shareholders with information in sufficient detail to allow them to obtain a reasonable understanding of recent developments affecting the business and the prospects for the Company in the year ahead. The various sections of the Strategic Report in the latest Annual Report provide further information.

The Company has some investor savings schemes which provide shareholders with cost effective and convenient ways of investing. Communication of up-to-date information is provided through the website at www.majedieinvestments.com.

Voting policy

The exercise of voting rights attached to the Company's investment portfolio has been delegated to MAM in the absence of explicit instructions from the Board. MAM subscribes to the NAPF Voting Issues Service (ISS) which forms part of their voting process. MAM provides a quarterly report detailing the voting activity on the Company's investment portfolio which includes details of the votes made as well as the reasons explaining the rationale for the voting decision.

MAM are required to include on their website a disclosure about the nature of their commitment to the FRC's Stewardship Code and details may be found at www.majedie.com.

Internal Control Review

The Directors acknowledge that they are responsible for the systems of internal control relating to the Company and for reviewing the effectiveness of those systems. An ongoing process has been in existence for the year under review to identify, evaluate and manage risks faced by the Company. This has been refined further following the introduction of the AIFMD and the in-sourcing of the fund administration activities, which requires the Board, as AIFM, to implement effective risk management policies and procedures. Key procedures are also in place to provide effective financial control over the Company's operations. Additionally, the Depositary provides an additional check over the Company's operations as required under the AIFMD.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

A review of internal control and risk management systems are undertaken by the Board or the Audit Committee in the context of the Company's overall investment objective. The review covers business strategy, investment management, operational, compliance and financial risks facing the Company. In arriving at its judgement of the nature of the risks facing the Company, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable to bear within the overall business objective;
- the likelihood of such risks becoming a reality; and
- the Investment Manager's ability to reduce the incidence and impact of risk on performance and the relevant controls.

Further details relating to risk management, risk assessments and internal controls are contained the Report of the Audit Committee in the latest Annual Report.

In accordance with the AIC and the UK Corporate Governance Code, the Directors' have carried out a review of the effectiveness of the system of internal controls as it has operated over the year and up to the date of approval of the latest Annual Report.