



## Engagement is key

Engagement is a critical component to our investment process for many of our funds. It helps us understand more clearly what we are investing in and what the group's strengths and weaknesses are. It also helps us understand how the group manages key issues and how resilient it may be to issues that it faces going forward. This understanding impacts directly on our investment decisions, in that it influences our conviction level of a company and, as a result, may impact the weighting of that company in our portfolio(s).

## Our ESG integration process involves engagement

Engagement with investee companies through meetings, phone calls and written communications, plays a key part of our investment process. Our engagement is driven by our assessment of the material issues that a company faces. This assessment is undertaken with both financial and ESG in the same analysis – not separated into separate buckets or columns on a spreadsheet. We want to see the whole picture of a company so that we can understand better its true investment profile. The accuracy of this assessment depends on having the correct measures of likelihood and severity or impact of any given risk or opportunity.

## Our analysis drives our engagement

Our engagement is driven by our assessment of a company's key issues and these will be different for every company we analyse. We will look at anything from strategy and performance to ESG before determining where the key issues lie. Where an issue is prioritised, it requires our time and focus when speaking with a group. Focusing on issues that are not material to the investment case leads to a waste of time and mis-representation to investors on ESG issues and their materiality in the investment process.

## Speaking plainly with companies

We make sure that any request that we make of a company during engagement – in person or through email or over the phone – is specific with regard to what we want the group to do; is set within a specific time frame; is achievable by the company; and is in the best interest of both the company itself and of our clients. We are careful to explain whenever we make a request the reason

- why we are asking for an action to be taken
- when we expect the request to be completed by the company
- which part of the group we would expect to fulfil our request
- what any subsequent steps / phases will most likely be, once the initial request is satisfied

## Escalation of engagement

We expect a company to listen to our comments and requests and to respond to them, or, at least, to explain why action is not taken. Engagement is often focused on changing mind sets or behaviour and this, naturally, takes time, patience, courage, and hard work.

Occasionally, we feel that companies don't take us seriously enough or that they listen but don't hear what we are asking them to do. We escalate engagement with companies as required and do so on a case by case basis and in a manner that is most appropriate for each company. We reiterate why we believe our requests are reasonable, achievable, and valuable for the group. We may break down our requests into multiple, smaller steps if that makes a positive outcome more certain. Similarly, we may shore up support within the company itself by speaking with multiple group

representatives. Escalating engagement takes many forms and we are happy to use different approaches when speaking with companies about improving their business.

## Outcomes

We aim to push for the best outcome from our engagement – that is, we encourage the use of best practice, creativity of thought, and attention to detail when managing an issue. Specific issues may be handled very effectively in lots of different ways. It depends entirely on the issue and the group managing it.

## Our engagement links to our conviction level

Where we can't get a response or a desired action from a company, then this bears on our conviction level in a company. And this, in turn, has a direct impact on the weighting we have in that stock, including the decision of whether we hold it or not.

## Collaboration

Occasionally, we participate in collaborations that have taken place involving our investments. We are members of the Investor Forum and collaborate with other shareholders from time to time in engagements with companies on governance issues.

## Engagement reporting

We report on our engagements, including how we have voted, in our quarterly reports to clients and in our annual Responsible Capitalism report which is published on our website. We try to be as transparent as possible on the link between our engagements and our conviction level on a holding, so that the impact of ESG integration is more clearly evidenced in our investment process.

## Conflicts of Interest

As an asset manager responsible for a number of portfolios, stewardship related conflicts can exist. A separate stewardship conflicts of interest policy is in place and can be found as an appendix within the annual responsible capitalism reports, published on our website.

## Additional Information on our Responsible Capitalism approach

More information can be found on our website at <https://www.majedie.com/the-majedie-difference/responsible-capitalism/responsible-investing/>

## Note

*This engagement policy covers most of our strategies and mandates. It is overseen and updated annually by our investment, stewardship and compliance teams. Remuneration of our investment and stewardship teams is linked to and impacted by our investment process. A separate remuneration policy is in place which details this. We report on an annual basis on our stewardship related activities in our Responsible Capitalism report, which is available on our website.*