

Engagement policy

Scope of this policy

This policy applies to all our investment strategies where engagement with companies forms a key part of the investment process. The exception is our quantitative based investment strategies which use SmartGARP®, Artemis' in-house proprietary, quantitative model. This analyses company-specific including environmental, social and governance (ESG) and macroeconomic factors, to construct a portfolio of stocks. Meeting managements does not form part of this process, although these strategies do vote.

WHY WE ENGAGE

Our aim is to grow the value of our clients' investments over the long term. Engagement with companies, is an integral part of our investment approach and is one of the means by which we develop our understanding of companies, raise issues with management and monitor subsequent developments. Engagement forms a key part of the investment process and while we do make use of external research and data resources, our meetings with management and non-executive directors have consistently formed an important source of information on which to base investment decisions.

In our view, much of engagement is about relationship building and a better understanding of the rationale of management regarding business risks, opportunities and strategy. Our engagements will cover a wide range of topics including operational performance, governance issues, transparency and disclosure, industry-specific considerations and environmental and social factors. Engagement can also provide insight into board capabilities and dynamics. While a single engagement event is unlikely to lead to an investment decision, a series of meetings in combination with internal analysis will be the principal influence on investment decisions. In any engagement it is important that there is a proper dialogue and our engagement activity is primarily via face-to-face meetings or calls with senior management, investor relations and/or members of the board.

WHEN DO WE ENGAGE

Artemis rarely attends general meetings. We prefer to talk privately with management as we believe this is a much more effective way to engage with companies. Engagement may be triggered by a number of factors such as financial results, a new executive or non-executive team or a change in strategy. We do not necessarily engage separately on material ESG issues as we expect companies to integrate these factors into their strategy, governance and risk assessments. We also engage with companies where we may not hold a position currently, for example competitors to investee companies and their supply chain to provide a more holistic view of a company's prospects, and often with companies as prospective investments. Where a position is significant in the portfolio and/or where we hold a significant proportion of the share capital, it is likely to be prioritised over smaller holdings. Given the above criteria we can plan for ongoing activities which tie in with scheduled publication of, for example, financial results or other announcements. Other engagement may be reactive such as changes to the board and decisions on capital allocation. Pro-active engagement may also take place if there are concerns regarding performance, either operational, financial or about other topics such as governance. If such change has been identified, such meetings will attempt to address these issues at an early stage. To that end, we take seriously our duty to support and improve the corporate governance of the companies whose shares we own and to keep abreast of best practice. When companies fall short of guidelines such as the UK Corporate Governance Code we consider their explanations carefully. In some cases, we look for evidence that they have acknowledged the problem and are moving towards best practice. In others, the size,

complexity or nature of their business will explain why they take a different approach – say to the structure of the board and its committees.

Fund managers and analysts have specific areas of expertise across a range of subjects: country, industry, company, corporate governance, finance, economics, business and so on. Their experience helps each investment team to decide what is appropriate in terms of monitoring and engagement. The approach will reflect our view of the current and future prospects of the company, whether there are specific issues to address and the stock's current and likely future position in a portfolio. No team at Artemis works in isolation. Often, members from different strategies attend meetings together – depending on interest, knowledge of the company and expertise in the issues to be discussed. Fund managers and analysts record the details of any engagement in a database which allows information to be shared. Alongside external research, this is our main resource for monitoring actual and potential investments.

As investors, we may not wish to be made 'insiders' – that would stop us being able to buy or sell the relevant shares. So we ask investee companies to make sure they get our agreement before giving us privileged information.

ESCALATING OUR ACTIVITIES

Where we feel a message needs reinforcing, in serious situations or when time is tight we may use a combination of methods. The approach will depend on what is most effective for a particular issue.

- talk to the board and management;
- write to the companies in which we invest to explain our expectations as owners;
- collaborate with other shareholders to bring pressure to bear on a board;
- abstain or vote against management's resolutions;
- submit resolutions at shareholders' meetings.

Generally, operational and financial matters, and execution of strategy, are likely to involve meeting the executive team. Concerns about board oversight, governance and risk tend to be discussed with non-executives. And in certain circumstances it may be appropriate to speak to the chairman or senior independent director. This does not stop us selling a holding if that is the most effective response.

COLLABORATIVE ENGAGEMENT

Our approach emphasises meeting and talking to company directors. However we will consider collaborating with other large shareholders if collective action could be more effective and our objectives (including the need for confidentiality) are the same. It may also involve us contacting individual shareholders directly or through industry groups or initiatives addressing specific issues. We consider each case carefully, on its own merits. Issues on which we have acted collectively include corporate strategy and its implementation, capital allocation, directors' pay and more recently ESG issues.

Institutional investors interested in collective engagement

should contact: stewardship@artemisfunds.com

EVALUATING ENGAGEMENT

We do not set specific milestones or targets for our engagement activities. We value engagement as a mechanism to enhance understanding between us as investors and the company's directors. Success is based on a qualitative assessment on whether our understanding has been enhanced and if we have more insight into the various aspects of the business and/or our views have been transmitted and our concerns acknowledged. Ultimately our success (or otherwise) is measured in long-term movements in a company's share price. Engagement is not an end in itself, nor should it be seen in isolation but considered as one of a number of mechanisms used by our fund managers which contributes to delivering returns to clients.

REPORTING ON OUR ENGAGEMENT ACTIVITIES

We regularly report on our significant engagement activities in standard fund manager commentaries to our clients whether this is in annual fund reports, other client reporting (often monthly or quarterly) which is available on our website or mailed to our clients directly. Our annual stewardship report provides case studies across our range of strategies. Please see the [Stewardship and ESG](#) page of our website for more information or visit specific investment strategy pages via the Funds & Prices menu.

FURTHER INFORMATION

Our website provides more information on our approach to Stewardship including engagement, voting and ESG integration.

Website <https://www.artemisfunds.com/en/about-artemis/stewardship-and-esg>

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