

Engagement Policy

Since our inception in 1973, Cramer Rosenthal McGlynn (“CRM”) views direct contact and engagement with the companies in which we invest to be an important part of our investment process as active owners. Through engagement, we share our philosophy, corporate governance values, and affect change with portfolio holdings. In addition, direct discussions, and meetings with management of portfolio and prospective portfolio companies serve to augment our research process by providing direct insight into these companies’ management, strategy, operations, competitive positioning, governance structure, among other things. This also may include material environmental, social and governance (ESG) issues.

Engagement frequently occurs through direct communication with senior executives, typically the CEO and CFO. As appropriate, our investment team may also engage with directors, generally either to share our perspective on specific issues, or to escalate our specific concerns regarding the company or its practices. We often interact with management in face-to-face meetings, on conference calls and through written correspondence. These interactions provide an opportunity to signal and define our expectations, seek information that is more detailed, and encourage companies to enhance investor communication, including on ESG matters such as those outlined by Sustainability Accounting Standards Board (SASB), Principles of Responsible Investing (PRI), and Task Force on Climate related Financial Disclosure (TCFD). Our investment team may collaborate on engagements where we believe expressing our views and ideas on certain material financial and non-financial issues may lead to additional value to our investors. We find these practices often assist in building relationships with company management and serve us in meeting our clients’ expectations.

As elaborated below, currently, CRM takes a two-pronged approach to active ownership: 1) Direct engagement with our portfolio holdings as a component of our research/investment process, including ESG related issues; and 2) Engagement selectively through our proxy voting process, including ESG related issues.

Direct Engagement: Direct engagement with our company holdings is part of our investment process, in alignment with our ESG policy. Constructive engagements create a channel to discuss such matters as strategy, business operations, governance, and a wider variety of other topics, such as, but not limited to, ESG issues. As outlined in our ESG Policy, our investment team will often engage with companies around ESG issues, in order to further clarify current disclosures and when material attempt to affect positive change. We believe this approach aligns well with our efforts to create long-term value for our clients.

Proxy Voting: We are shareholder advocates on behalf of our clients and support strong corporate governance structures, shareholder rights, and transparency. We have adopted a proxy voting process that guides our proxy voting decisions and considers material ESG factors. We may engage with companies in advance of their Annual General Meeting or other proxy initiatives. We determine when to engage, both reactively to various proposals and proactively, based on our above-mentioned engagement framework and the materiality of the issue. We also train our investment team on our firm’s obligation to vote proxies in a manner consistent with our fiduciary duty to clients, and in accordance with our Responsible Investing policy.

Updated April 2021