

## Summary of responsible investing policies for managers on the Umbrella Retirement Fund Investment Portfolio List

At Allan Gray, we support the principles promoted by the Code for Responsible Investing in South Africa (CRISA). The code is designed to guide investment managers on factors they should take into account as part of their investment analysis and other investment activities. CRISA aims to encourage better awareness of environmental, social and governance (ESG) matters. We believe, if neglected, these issues may impact a company's long-term economic success. This is because, over time, irresponsible and unsustainable conduct will weigh down on a company's earnings and therefore its valuation.

The paragraphs below summarise how each manager approaches responsible investing, with a link to their website for more detail. All of the Umbrella Retirement Fund managers support either CRISA or the United Nations Principles for Responsible Investment (UNPRI).

### Allan Gray

Sustainability is embedded in how we invest on behalf of our clients. We have always considered ESG factors as part of our investment philosophy and process as we believe that this improves investment returns, better manages risk and assists our clients to act as responsible owners.

Our ESG research is conducted in-house and integrated into our investment analysis. We always aim to do what we believe is right. This does not mean taking a binary view on whether investments are "good" or "bad" and making related portfolio exclusions or inclusions. Instead, we undertake fact-based, in-depth, and holistic research to inform our investment decisions. ESG risks are factored into company valuations and we continue to monitor ESG factors once we are invested. Where we are invested, we encourage a focus on minimising harm and holding management and boards to account.

We believe that good stewardship of our clients' capital requires truly active ownership. We engage frequently and meaningfully with company boards and management teams and think critically about how we vote on behalf of our clients at company meetings. In addition, we actively partake in initiatives that promote sound corporate governance and sustainable business practices.

Our firm-wide ESG policy is captured in the following two reports:

[Sustainability considerations in the Allan Gray investment process](#) and [Policy on ownership responsibilities](#)

### Allan Gray Multi-Manager

The Allan Gray Multi-Manager ensures that the fund managers to whom we delegate portfolio management are responsible investors and incorporate sustainability factors when making investment decisions.

Even though we are not involved in the underlying fund managers' investment processes, we are responsible for ensuring that each manager that we appoint adopts investment practices that align with our responsible investment policy.

As part of the qualitative research and fund manager due diligence process, the underlying fund managers need to demonstrate that they incorporate sustainability and ESG principles into their investment process. We continuously monitor the fund managers for evidence that responsible investing is not just implemented by following a tick-box approach.

### 27four

27four was among the early adopters of responsible investment in South Africa. As a leading independent provider of pooled multi-manager and customised fiduciary management solutions, we recognise our critical role as a steward of long-term assets and the need to counter the short-termism that has contributed to multiple sustainability challenges. 27four is a signatory to the UN-backed Principles for Responsible Investment (PRI).

The objective of our Responsible Investment Policy is to improve sustainable long-term investment returns for our clients through ESG implementation and active stewardship, including proxy voting and engagement.

Our approach to ESG implementation is informed by our fiduciary duty to act in our clients' best long-term interests. We believe this includes improving ESG performance and enhancing real-world impact, in addition to managing risk and driving returns. 27four prioritises the following approach to ESG implementation:

- **ESG integration** - systematically and explicitly incorporating ESG considerations into investment decisions, including security analysis and asset allocation.
- **Active stewardship** - influencing the behaviour of investee companies through proxy voting and engagement, including collaborative engagement.
- **Impact investment** - investing with the intention of generating measurable beneficial social and environmental impact together with investment returns. For example, investments that facilitate economic growth, support job creation, develop infrastructure and enhance access to affordable basic services.

This policy, which is reviewed on an annual basis, was approved by the board of 27four Investment Managers who is also responsible for the implementation of this policy.

For more information on 27four's approach to ESG, please visit: [www.27four.com/esg/](http://www.27four.com/esg/)

## Camissa

We believe in our fiduciary duty to act in the best long-term interests of our clients. Environmental, social and governance issues can affect the performance of investment portfolios to varying degrees across companies, sectors, regions, asset classes and through time. We support the principles as stated by the Code for Responsible Investing in South Africa (CRISA), and are committed to identifying ways to incorporate responsible investing principles in our investment process and portfolio management functions.

ESG considerations are an important part of our overall investment process. ESG integration into the investment process includes quantitative analysis of material ESG factors and inclusion of those in the valuation process. Incorporating ESG is a dynamic process that often requires a different approach for each company. We therefore spend a lot of time understanding the specific ESG issues a company faces and how we can best incorporate it into our investment thesis.

Once we own a company, we become active owners by voting responsibly and engaging with companies on material ESG risk factors that impact valuation where we can have the most impact for our clients. We typically do this in three phases:

### Research

- We conduct detailed fundamental research with a strong focus on cash flows and risks related to those cash flows, and we would incorporate ESG risks in that process.
- We evaluate material ESG risks through in house designed ESG scorecards and our management scorecards.

### Activism

- Once we hold a company on behalf of our clients, we become active shareholders by voting on our proxies and actively engaging on material ESG issues, we leverage off our expertise and where we can deliver the most value for our clients.

### Portfolio construction

- ESG considerations is one of several factors that we consider during portfolio construction. Under portfolio construction we manage specific risks through limiting our ownership in each company and we diversify across key drivers, sectors and companies.

We are a signatory to the United Nations Principles for Responsible Investment (PRI), because of our commitment to act in the best long-term interests of our investors. We have incorporated the principles for responsible investing into our investment decision-making process to the benefit of our investors.

For more information please refer to the below link:

<https://www.camissa-am.com/about-us/responsible-investing>

## Coronation

Coronation's purpose is to deliver superior long-term investment outcomes to our clients as responsible stewards of their capital. Investing in a responsible manner is embedded in our DNA and we have been fulfilling our fiduciary duty to act as responsible stewards of our clients' capital for nearly 30 years.

We believe that responsible corporate behaviour drives long-term success and that companies that manage their ESG exposure effectively are more likely to create sustainable value for stakeholders. Therefore, the integration of ESG factors into our investment process leads to more informed investment decisions and better long-term outcomes.

As active owners, we aim to influence positive change through meaningful engagement on ESG issues. This approach is aligned to our long-term investment philosophy. Our approach extends across all asset classes, including equities and fixed income, and across all geographies in which we invest. Our approach is underpinned by three core pillars of **integration** (integrate potentially material ESG-related risks and opportunities into investment decision-making processes), **engagement** (engage with investee companies through informed dialogue about ESG disclosure and practices, monitoring corporate activities and exercising our ownership rights) and **collaboration** (collaborate with industry bodies and like-minded organisations to advocate for better policies and ESG-related practices).

<https://www.coronation.com/en-za/institutional/stewardship/>

## Foord

As long-term investors, the enduring sustainability of income streams is fundamental to Foord's investment philosophy. Foord considers ESG factors in its formal macro view, economic and earnings forecasts, probability analysis and top-down asset allocation. As ESG factors may have an adverse impact on investee entity income streams, careful consideration of these factors before investment is instrumental in shaping Foord's view of the long-term sustainability and longevity of investee entities. Foord, therefore, integrates sustainability risks into its investment decision-making process for investor mandates in a pragmatic manner.

Foord also owes a fiduciary duty to investors to vote on every ESG-related resolution to improve the long-term ESG outcomes of investee entities. Foord will support resolutions that promote the integration of ESG factors into the investee entity's strategy and those which serve to improve sustainable business practices.

Corporate abuses are more probable in an environment of shareholder apathy. Shareholders must actively participate in protecting the value of their investments against potentially harmful management decisions. Active engagement with company management and boards of directors is a critical component of this endeavour. This principle of stewardship sits at the core of the Foord philosophy. Detailed policy and reporting information is available on the company's website.

<https://foord.co.za/about-foord/sustainable-investing>

## M&G Investments Southern Africa

### **We're committed to being a responsible participant in financial markets and our communities**

At M&G Investments, being a responsible investor means being proactive in considering ESG factors in our investment research, in our engagements with management of listed companies or issuers of debt, as well as using our rights as shareholders to encourage companies to improve ESG issues. We will additionally selectively engage thematically on issues of importance, irrespective of the investment drivers.

We believe that ESG factors can have a material impact on long-term investment outcomes. Our goal is to achieve the best possible risk-adjusted returns for our clients, taking into account all factors that influence investment performance. Consequently, ESG issues are integrated into our investment processes and are incorporated into investment decisions wherever they have a meaningful impact on risk or return. Accountability rests firmly on analysts and portfolio managers for this integration.

Additionally, ESG is considered in analysing risk to our clients' portfolios and reviewed by a self-standing board sub-committee. We apply this integrated approach to ESG analysis across all asset classes and sectors in which we invest. In addition, we believe we have a role to play as a responsible global citizen for a sustainable future.

[View our responsible investing policy](#)

## Nedgroup Investments – Core Range

Our Core Funds follow a rules-based investment strategy which consists of a range of local and global asset classes. The asset classes follow tailored indices to provide prudent, balanced and low-cost exposure to their respective investment universes.

While the assets managed under rules-based strategies are not mandated to exclude shares on the basis of ESG concerns, our appointed managers are able to use proxy voting and engagement with company management to try to make an impact on those concerns.

While we have delegated our proxy voting function to our external managers, we still oversee that function. This is done by ensuring the managers have a proxy voting policy that is reasonably designed to prevent violations of important legislation that governs proxy voting.

Proxy votes for each fund are collected quarterly and monitored to ensure they are consistent with the manager's stated proxy voting policy. If there is a gap in coverage by an investment manager for any listed companies, the Nedbank Wealth Responsible Investment Committee will deploy resources to ensure that the proxy is voted on our clients' behalf.

<https://www.nedgroupinvestments.co.za/content/NGISingleSiteContent/Local/Institutional/responsible-investing-1.html>

## Ninety One

Ninety One embraces the concept of active stewardship. The aim of our work is to preserve and grow the real purchasing power of the assets entrusted to us by our clients over the long term. In fulfilling this purpose, we will assume a stewardship role, including the effective exercising of our clients' ownership rights. We will monitor, evaluate and, if necessary, actively engage or withdraw investments with the aim of preserving or adding value to our clients' portfolios. We are guided by five principles:

- Ninety One will disclose how it discharges its stewardship duties through publicly available policies and reporting.
- Ninety One will address internal governance of effective stewardship including conflicts of interest and potential obstacles.
- Ninety One will support a long-term investment perspective by integrating, engaging, escalating and monitoring material ESG issues.
- Ninety One will exercise its ownership rights responsibly, including engagement and voting rights.
- Ninety One is, where appropriate, willing to act alongside other investors

You will also find our latest RI/Sustainability report here:

<https://ninetyone.com/en/south-africa/how-we-think/investing-for-a-world-of-change/sustainable-investing/invest/sustainability-report>

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