



MMI HOLDINGS

## RESPONSIBLE INVESTMENT POLICY

momentum



METROPOLITAN

GUARDRISK 

*multiply*

## 1. PURPOSE

MMI's purpose is to enhance the lifetime financial wellness of people, their communities and their business.

## 2. RESPONSIBILITY AND ACCOUNTABILITY

The MMI responsible investment policy is aligned and integrated with the company's purpose and is approved and practically implemented and maintained by the Momentum Investments Exco.

## 3. POSITION ON RESPONSIBLE INVESTMENT

MMI acknowledges that we are in a privileged position to act as fiduciary to our clients and stakeholders. We strive to promote financial wellness for our clients and our values will always remain our foundation pillars. These values are accountability, diversity, excellence, innovation, integrity and teamwork. Responsible investing is part of our core belief and sustainable and responsible investment practices are a material factor underpinning our long term success.

MMI considers the environmental, social and governance risk of assets in which we invest to be relevant to the performance of the overall objective – across all asset classes, sectors, markets and through time.

MMI endorses and where practicable practices the definition of Responsible Investment, adopted from the report Fiduciary Duty in the 21<sup>st</sup> Century<sup>1</sup>

This is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance (ESG) factors and of the long-term health and stability of the market as a whole. It recognises that the generation of long-term sustainable returns is dependent on stable, well-functioning and well governed social, environmental and economic systems.

## 4. FIDUCIARY DUTY TO STAKEHOLDERS

MMI works to incorporate ESG factors into our investment considerations and ensuring that sustainability forms a cornerstone of our business principles and in our business dealings and undertakings. Through our responsible investment approach we aim as fiduciaries of client's assets to invest in a manner that is fair and driven by the intention to generate long-term, sustainable investment returns while at the same time ensuring that the company remains true to its philosophy, portfolio construction and robust investment processes.

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<sup>1</sup> Supported by United Nations Global Compact; United Nations Environment Programme Finance Initiative; Principles for Responsible Investment Initiative; Inquiry into the Design of a Sustainable Financial System initiated by the United Nations Environment Programme

In the preamble of regulation 28, issued by the Minister of Finance under section 36 of the Pension Funds Act of 1956, outlines the fiduciary's duty to "give appropriate consideration to any factor which may materially affect the sustainable long-term performance of a fund's assets, including factors of an environmental, social and governance character. This concept applies across all assets and categories of assets and should promote the interests of a fund in a stable and transparent environment".

## 5. LONG-TERM INTERESTS

MMI's investment philosophy is an outcome-based investment approach, which is cognisant of managing the clients' experience and journey to achieve a defined investment goal over the determined time period. We realise that ESG risk factors affect the sustainability of companies and therefore it is especially relevant to our investment decision-making process.

## 6. IMPLICATIONS FOR INVESTMENT APPROACH

MMI has set goal posts to help us build on our responsible investment approach. Under each goal post is a list of actions that we implement and annually review to strengthen the responsible investment approach. Our goal posts are: ESG integration, Active Owners, Seek Disclosure, Regulation and Codes, Advocacy and Report Progress.

We believe that our approach should preferably be pro-active and investigating directly or through our appointed service providers ESG risks before these escalate to be material events that may affect our clients or stakeholders. Should they occur, an assertive process is adopted to manage the effect. It is our fiduciary duty to follow up on material ESG concerns and engage on the matter appropriately.

MMI encourages better transparency and disclosure of responsible investment practices across the investment industry. Therefore we promote integration of this information in investment decision-making to internal and external investment professionals, service providers and consultants.

## 7. COLLABORATION WITH THE INVESTMENT INDUSTRY

Collaboration on responsible investment initiatives and encouragement of sharing ESG information within the investment industry is important to MMI. We will support/participate in appropriate networks and platforms and seek to collectively address relevant emerging issues.

Through our involvement on the working committees of the United Nations backed Principles for Responsible Investment (UN PRI)<sup>2</sup>, supporting the Code for Responsible Investing in South Africa (CRISA)<sup>3</sup> and being a member of the Carbon Disclosure Project (CDP)<sup>4</sup> we strive to encourage other investment managers, service

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<sup>2</sup> <http://www.unpri.org/>

<sup>3</sup> <http://www.iodsa.co.za/>

<sup>4</sup> <https://www.cdp.net/>

providers, asset consultants and asset owners to do the same.

## 8. UNITED NATIONS BACKED PRINCIPLES FOR RESPONSIBLE INVESTMENT (UNPRI)

MMI's solutions and asset management businesses are signatories to the UNPRI; an international network of investors working together to put the six Principles for Responsible Investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision making and ownership practices.

*The six principles are as follows:*

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

## 9. REPORTING ON PROGRESS

*MMI undertakes to:*

- Update members on responsible investment initiatives in an annual report
- Participate in relevant industry surveys
- Participate in the reporting requirements of the United Nations Principles for Responsible Investment.

## 10. POLICY REVIEW

MMI will review this policy annually or at such time as the board sees fit to revise its ESG policies and procedures.