

# Responsible investment

## Responsible investment policy

### Our purpose and vision

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Our purpose is to ensure due care and diligence is taken when making responsible investment decisions. The intent of this policy is to address the importance of taking concerns such as environmental, social and

governance (ESG) risk factors into consideration that may affect the sustainable nature of an investment. The end result of Financial Wellness remains at the core of what we do.

### Our responsibility and policy review

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This policy is approved by the Momentum Metropolitan Holdings executive committee and practically implemented and maintained by the relevant

business areas. The executive committee will review this policy at such time as it sees fit to revise the policy.

### Our position on responsible investment

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We acknowledge 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 beliefs and sustainable and responsible investment practices are material factors underpinning our long-term success.

We consider the ESG risks of our investments to be relevant to the performance of the overall objective

– across all asset classes, sectors, markets and through time.

We endorse and, where practical, practice the definition of responsible investment, adopted from the Fiduciary Duty in the 21st Century<sup>1</sup> report.

This is an approach to investment management that explicitly acknowledges the relevance to the investor of 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.

## Our fiduciary duty to stakeholders

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We work to incorporate ESG factors into our investment considerations and ensure sustainability forms a cornerstone of our business principles as well as in our business dealings and undertakings. Through our responsible investment approach, we aim, as fiduciaries of clients' investments, 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 ensure we remain true to our philosophy, portfolio construction and robust investment processes.

In the preamble of Regulation 28, issued by the Minister of Finance under section 36 of the Pension Funds Act of 1956, it 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."

## Long-term interests

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Our investment philosophy is an outcome-based investing approach, which is to be aware of managing the clients' experience and journey to achieve a defined investment goal over a determined time period.

We realise ESG risk factors affect the sustainability of companies and, therefore, it is especially relevant to our investment decision-making process.

## Implications for our investment approach

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We have set goal posts to help build on our responsible investment approach. Under each goal post is a list of actions we implement and annually review to strengthen our responsible investment approach.

These goal posts are:

- ESG integration
- Active owners
- Seek disclosure
- Regulation and codes
- Advocacy
- Report progress

We believe our approach should preferably be pro-active by investigating directly or through our appointed service providers ESG risks before these escalate to be material events that may affect 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 appropriately.

We encourage 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.

## Collaboration with the investment industry

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Collaboration on responsible investment initiatives and encouragement of sharing ESG information within the investment industry is important to our company. We will support and participate in appropriate networks and platforms and seek to collectively address relevant emerging issues. Through our involvement with the United Nations-supported 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 International Corporate Governance Network (ICGN)<sup>4</sup>, we strive to encourage other investment managers, service providers, asset consultants and asset owners to do the same.

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

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

4. <https://www.icgn.org>

## United Nations-supported Principles for Responsible Investment (UN PRI)

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As signatory to the UN PRI, which is an international network of investors working together to put the six Principles for Responsible Investment into practice, our 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.

## Reporting on progress

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We undertake to:

- Update members on responsible investment initiatives in our annual integrated report
- Disclose our proxy voting results on our website
- Participate in the reporting requirements of the UN PRI

