



# Responsible investment

## Policy on engagement

### Our engagement approach

We are in a privileged position to be a fiduciary for our clients and stakeholders. Responsible investing forms part of our core beliefs, and sustainable and responsible investment practices are material factors underpinning our long-term success.

We believe in active ownership as one of the important levers to successfully integrate responsible investment practices into our investment processes. Therefore, we use our market presence to contribute towards creating a well-balanced economy for our investors, by actively engaging with companies and investment managers. This policy is designed to ensure that our engagement actions are conducted in an appropriate manner, consistent with our clients' best interests, and other relevant policies.

This engagement policy is therefore inherent to Momentum Investments' process of risk management. We use these engagements (including participating and voting at annual general meetings) to influence and encourage companies to improve their management of environmental, social and governance (ESG) factors, together with all other business and commercial aspects. This will lead to sustainable financial performance for the investor in the long term.

Our Responsible Investment Policy, Climate Change Policy, as well as Proxy Voting Policy guide our managers when they engage with companies or other fund managers.

### The scope and review of the policy

<b>This policy applies to the following Momentum Investments regulated financial services providers:</b>	
Momentum Asset Management (Pty) Ltd	Momentum Investment Consulting (Pty) Ltd
Momentum Global Investment Management Ltd	Momentum Alternate Investments (Pty) Ltd
Momentum Outcome-based Solutions (Pty) Ltd	Momentum Collective Investments (RF) (Pty) Ltd

This policy is approved by our Outcome-based Investments Committee and practically implemented and maintained by the relevant business areas.

The Outcome-based Investments Committee will review this policy at such time as it sees fit.

### Our different portfolio and business offerings result in various levels of engagement:

- For direct investments and where we have investment management agreements in place with underlying investments managers, we are able to direct strict compliance with the principles.
- Where we outsource to external investment managers, we consider their approach to ESG as an important part of our assessment of their capabilities, focusing on an active engagement approach, advocating and mandating alignment where practical and monitoring progress.

### Examples of engagement opportunities

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There are frequent opportunities to engage with management of companies, and investment managers of third-party funds and mandates, which include:

- Resolutions for upcoming board meetings of investee companies that are contrary to our policies
- Before shareholder meetings of investee companies to discuss the relevant resolutions
- Concerning news regarding an investee company or a third-party fund manager in the media
- Assisting investee companies and our third-party investment managers to improve their corporate governance
- Engaging regarding ESG considerations of the investee company

### Engagement methods

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We aim to have an understanding of the unique characteristics and circumstances of a company and the materiality of the issues before engagement and would typically, among others, use the following methods:

- Obtain as much publicly available data on the issue
- Hold private meeting(s) with company management
- Hold virtual meeting(s) (with agenda items communicated before the meeting)
- Address concerns via a formal letter

### Escalation

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Companies that do not respond to our engagement attempts will be subject to the following escalation process:

- Proxy vote, withhold support
- Concerns addressed at the shareholder meeting
- Completion of a shareholder resolution
- Issue of media statements
- Formal complaint to the regulator where required
- Divest

### Evaluating outcomes

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It is important to keep track of the progress of companies after engagement. All engagement activities are recorded in our engagement register. There are five key outcomes we assess following engagements, which are aligned to the guidance of the PRI Clearinghouse:

- Management awareness (companies become aware of concerns)
- Acknowledgement (companies are open to discuss concerns with shareholders)
- Policy and strategy (companies develop a strategy, policy and targets to address issues)
- Implementation (companies implement policy or strategy)
- Disclosure (companies publicly acknowledge the issue and disclose relevant policies)

## Conclusion

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All the above are guidelines we follow in evaluating resolutions put before shareholders by management. They are guidelines, which do not supersede common sense and business principles. They are designed to promote ethical and honest behaviour of company leadership, irrespective of the size or influence of

the company. Good corporate governance with its characteristics of transparency and accountability will force boards of directors to concentrate on their main function, which is to promote shareholder value and good corporate citizenship.

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