RETIREMENT INVESTMENTS AND SAVINGS FOR EVERYONE

RISE

RETIREMENT INVESTMENTS AND SAVINGS FOR EVERYONE

ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG) POLICY

RISE

RETIREMENT INVESTMENTS AND SAVINGS FOR EVERYONE

TABLE OF CONTENTS

INTRODUCTION

RISE uses 3 Levels to assess the level of ESG focus by underlying managers:

- **Policy Assessment**

  This is the extent to which managers have an ESG policy in place and the robustness of this policy. Does it only have a proxy voting policy or does it also include environmental, social and governance considerations.

- **Process Assessment**

  This is the extent to which the investment process incorporates ESG into the decision making process. It is also includes an assessment of whether positive or negative screening is used.

- **CRISA Adoption and compliance**

  This is an assessment as to whether portfolio managers are required to comply with the principles of CRISA and the extent to which compliance is monitored and reviewed.

POLICY ASSESSMENT

The policy assessment covers the following

- Presence of an ESG policy and the extent to which it covers all 3 ESG areas
- Robustness of proxy voting policy
- Track record of voting

PROCESS ASSESSMENT

RISE will assess the investment process and place assets with asset managers that allocate portfolio assets via any of the following methods:

- **Positive selection**

  Actively selecting the companies in which to invest in by following a defined set of ESG criteria or by selecting within a subset of high performing ESG compliant companies.

- **Negative screening**

  The removal of certain sectors or companies from consideration for investment, based on ESG specific criteria.

- **Integration**

  The inclusion of ESG factors, risks and opportunities into the analysis process that determines equity value.

- **Shareholder Activism**

  Strategic voting by shareholders in support of a particular issue, or to bring about change in the governance of the company.

- **Positive Engagement**

  Leading constructive shareholder engagement dialogues with each company to manage strategic risks and ensure progress towards ESG compliance.

RISE will engage with managers about their processes and policies regarding investment into specific stocks or bonds. The following factors will be considered when making investments:

- **Environment** - Companies that look at the long term sustainability of depletable resources, practise sound environmental management policies, limit their carbon footprint and proactively manage any negative impact that their operations have on the environment.

- **Social** - Companies that look at social justice and place emphasis on making a positive social impact to the community and the broader society in which they operate.

- **Governance -** Companies that have sound governance structures and internal procedures and controls that minimize fraud and are based on strong ethical foundations.

CRISA PRINCIPLES

RISE will assess whether a manager has adopted the Code for Responsible Investing in South Africa ('CRISA') and the extent of this adoption.

CRISA Principle	Implementation
Principle 1 An institutional investor should incorporate sustainability considerations, including ESG, into its investment analysis and investment activities as part of the delivery of superior risk-adjusted returns to the ultimate beneficiaries	The Investment Committee should ensure that the appointed investment managers have adopted an ESG policy into their investment analysis and activities. Such policy should include: a. the sum of tangible and intangible assets of a company; b. the quality of the company's integrated reporting dealing with the long-term sustainability of the company's strategy and operations. If integrated reporting has not been applied, due enquiry should be made on the reasons for this; c. the manner in which the business of the company is being conducted based on, for example, alignment with targeted investment strategies of the institutional investor and the code of conduct and supply chain code of conduct of the company.

Principle 2 An institutional investor should demonstrate its acceptance of ownership responsibilities in its investment arrangements and investment activities.	The ESG policy of the underlying investment managers should include: a. guidelines to be applied (e.g., King IV) for the identification of sustainability concerns, including ESG, at a company. b. mechanisms of intervention and engagement with the company when concerns have been identified and the means of escalation of activities as a shareholder if these concerns cannot be resolved. c. voting at shareholder meetings, including the criteria that are used to reach voting decisions and for public disclosure of full voting records
Principle 3 Where appropriate, institutional investors should consider a collaborative approach to promote acceptance and implementation of the principles of CRISA and other codes and standards applicable to institutional investors.	The Investment Committee and its stakeholders will promote acceptance and implementation of CRISA and sound governance.
Principle 4 An institutional investor should recognise the circumstances and relationships that hold a potential for conflicts of interest and should pro-actively manage these when they occur.	Relationships that could potentially lead to conflict of interest should be identified by the Investment Committee. In this regard all stakeholders must disclose their interests.
Principle 5 Institutional investors should be transparent about the content of their policies, how the policies are implemented and how CRISA is applied to enable stakeholders to make informed assessments.	The adoption and level of compliance to ESG factors by the investment managers should form part of the communication strategy to the Investment Committee.

ESG SCORING

The asset managers are assessed according to scores assigned to the underlying shares that they hold in their respective portfolios. Each share is scrutinized under Environmental, Social and Governance factors. The total ESG risk score is the aggregated total score based on the underlying environmental, social and governance score.

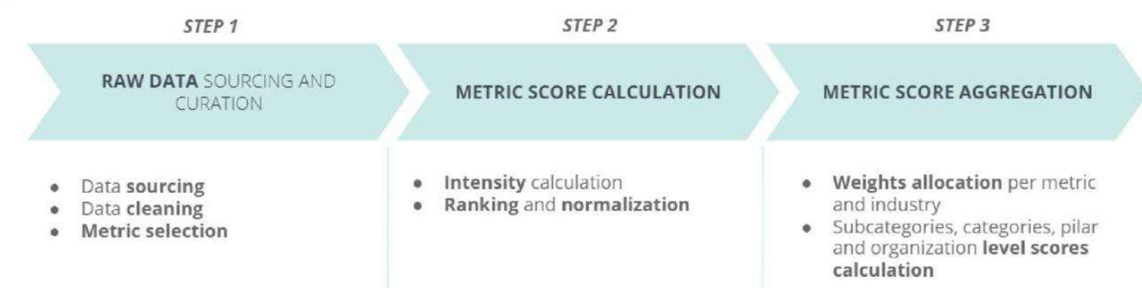
The ESG Risk Scores are powered by Clarity AI, which is a leading provider of the technology and data related to sustainability. Clarity AI focuses on the application of artificial intelligence in the provision of business solutions. RISE is able to access the technology and their comprehensive database using the Infront portal.

The process starts when each asset manager’s portfolio is uploaded, to reveal the shares that it holds and each share receives an ESG score based on the pillars of Environmental, Social and Governance. The Infront ESG scoring platform has identified several key sub-categories and have narrowed down the respective constituents that make up these subcategories.

The scores which are from 1 to 100, are assigned to each of the constituents and using predetermined proportions, these ESG risk scores are assigned at sub-category, category and pillar levels following a weighted methodology.

The scores are aggregated at fund level and the exact same bottom-up approach used for portfolio score calculation is carried-out to aggregate scores at fund-level (for all metrics, sub-categories, categories, pillars and shares that are constituting the fund). Like in the portfolio score calculation, only companies with data relevance over the selected relevance threshold are considered.

Below is a schematic of the process.



Below is a summary of the categories and subcategories used for the scoring.

- **Environmental**
  - Resource Use - Score related to a company's usage of water, energy and impact on land and biodiversity.
  - Emissions - Score related to a company's carbon emissions, waste, and pollution.
  - Suppliers Footprint - Score related to resource use and emissions from the companies supply chain.
  - Product Footprint - Score related to product impact on environment and sustainability related to product development.
  - Environmental Governance & Processes - Score related to a company's sustainability policy, strategy, and process.
- **Social**
  - Employees - Score related to Labor right, diversity, worker health and safety and employee satisfaction.
  - Customers & Products - Score is based on customer feedback, media attention and customer/security incidents.
  - Supply Chain - Score is a measure of health and safety for suppliers and ethical principles of suppliers.
  - Community & Society - Score is based on community involvement, donations and various policies related to human/labor rights.
- **Governance**
  - Corporate Governance - Score is based on board composition, function, voting, committees, and accounting processes
  - Corporate Ethics & Behavior - Score related to risk management, code of conduct and public affairs.
  - CSR & Sustainability - Score related to corporate social responsibility policy & strategy.

- Partnerships, Memberships, Awards & Certifications - Score is based on certifications (ISO) and membership (UN global compact signatory) related to sustainability and quality.

The final ESG scorecard report is compiled using the weighted consideration of the above factors.

ESG COMPLIANCE

The asset managers' ESG Policies will be assessed on an ongoing basis for compliance to the principles set out in the RISE ESG document. If there is deemed to be noncompliance or partial compliance, the Investment Committee will engage with the managers to ensure compliance within an agreed 12-month period.

The underlying asset manager ESG policies will require them to play an active role in ensuring good governance and adherence to sound environmental practices.

The ESG policies will require that asset managers assess the extent to which their investee companies are prepared for the move to a zero-carbon economy and also how these companies are positioning themselves to deal with effects of climate change.

SIGNATURE

Thus adopted and signed by the Investment Committee of RISE

Parktown on this 28 day of February 2022.

Chairperson

Committee Member

Committee Member