

RETIREMENT INVESTMENTS AND SAVINGS FOR EVERYONE

RISE

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RESPONSIBLE INVESTMENT POLICY

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INTRODUCTION

The purpose of the Responsible Investment Policy is to serve as a starting point to discuss the organisation's position on responsible investing issues with external and internal stakeholders. The policy seeks to clarify how RISE as an investor, interprets its fiduciary responsibilities to beneficiaries and clients and serves as a guiding to its appointed external asset managers on how they should handle responsible investing issues.

RISE seeks to take an active part in the development and transformation of the South African society using a responsible investing policy framework. In light of this, the policy was developed using the UNPRI guidelines for responsible investing as well as the 6 Principles from the Codes for Responsible Investing South Africa (CRISA).

The Responsible Investment policy is part of the main investment policy and together with the ESG policy it is key in articulating the company's philosophy towards sustainable, socially responsible investing.

The policy is binding to all the activities of the investment team, and it applies across all the asset classes in which the RISE portfolios invest in. These are namely equities, bonds, cash, property, foreign assets, unlisted debt, private equity and all other investments across the different markets and regions across the world.

The Investment Committee oversees compliance, and any breaches will be flagged on an ongoing basis by the investment team which is lead by the portfolio manager. The Investment Committee is responsible for approving the policy and this policy will be reviewed on an annual basis.

DEFINITION

RISE defines Responsible Investing as the integration of environmental, social and corporate governance (ESG) considerations into investment management processes and ownership practices in the belief that these factors will have an impact on financial performance.

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 ensuring that we remain true to our philosophy, portfolio construction and robust investment processes.

RISE is a multimanager and as such it has appointed specialist underlying managers to select the securities that are to be included in the RISE portfolios. RISE will engage with managers about their processes and policies regarding investment into specific stocks or bonds. The following defines how RISE views the factors that will be considered when making investments:

Environmental - Companies that look at the long-term sustainability of depletable resources and practise sound environmental management policies which limit their carbon footprint and

any negative impact that their operations have on the environment. RISE also assesses the extent to which these companies are in transition towards a net zero carbon economy.

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.

Our goal is to understand the implications of sustainability for investors and support our underlying managers to incorporate these issues into their investment decision making and ownership practices.

The six UN PRI Principles that we subscribe to 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.

Sustainable Development Goals

In line with the UN PRI Sustainable Development Goals (SDGs), we believe that it is through active engagement with companies and our underlying managers, that we have the opportunity to facilitate corporate change to create a positive social or environmental impact while seeking to enhance long-term shareholder returns. This is done by:

- Treating relationships with our underlying managers as constructive partnerships
- Providing our underlying managers with our recommendations and opening up dialogue on ongoing basis
- Measuring progress of our impact through ongoing feedback and reporting.

Code for Responsible Investing in South Africa ('CRISA')

In addition to the above, RISE has adopted the Code for Responsible Investing in South Africa ('CRISA') and has formulated the following implementation strategy.

CRISA Principle	Implementation
<p>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</p>	<p>The Investment Committee will ensure that the appointed investment managers have adopted an ESG policy into their investment analysis and activities. Such policy will include: a. 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 will be made on the reasons for this; b. 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.</p>
<p>Principle 2 An institutional investor should demonstrate its acceptance of ownership responsibilities in its investment arrangements and investment activities.</p>	<p>The ESG policy of the underlying investment managers will include demonstrably: 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</p>
<p>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.</p>	<p>The Investment Committee and its stakeholders will promote acceptance and implementation of CRISA and sound governance. Where practical and within the ambit of the RI policy, the Investment Manager will collaborate with other institutional investors on matters pertaining to responsible stewardship.</p>
<p>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.</p>	<p>Relationships that could potentially lead to conflict of interest will be identified by the Investment Committee. In this regard all stakeholders must disclose their interests.</p>

CRISA Principle	Implementation
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 will form part of the communication strategy to the Investment Committee. Investment Managers will be required to demonstrate application of the RI policy.

RESPONSIBLE INVESTMENT GUIDELINES

The policy will apply the same to both internally and externally managed assets. For internally and externally managed assets, the following key ESG standards apply for investee companies.

RISE will invest in companies that:

Environment

- Exercise prudent resource management and pollution prevention
- Focus on reducing emissions and climate impact
- Provide comprehensive environmental reporting/disclosure and have a plan to migrate to a net zero carbon economy

Social

- Operate a workplace environment that focusses on diversity, health and safety and good labour management relations that uphold human rights
- Has product integrity which means products are safe, are of high quality and they embrace emerging technologies
- Have a positive community impact in terms of fostering good community relations, exercising responsible lending and continually engaging in corporate philanthropy
- Adopt practices that are not akin to modern day slavery

Governance

- Have fair executive compensation practices
- Board accountability
- Uphold shareholder rights
- Provide comprehensive reporting and disclosure

Within the RISE portfolios, the underlying asset managers are assessed according to scores assigned to the underlying shares that they hold in their respective portfolios. Each share is scrutinized under the above Environmental, Social and Governance factors. RISE produces this ESG Scoring report semi-annually and will use it to engage and identify areas of concern and map up ways of improvement.

The above guidelines and procedures for responsible investment practices apply across listed equities, bonds, private equity, real estate and all alternatives. Since listed equity makes up the highest proportion, the policy itself is more suited to this asset class. All external investment

managers are required to have an RI policy in place or adopt the RISE RI policy in instances where there is none in place.

RESPONSIBLE INVESTMENT INSIGHT INCORPORATION PROCEDURES/APPROACHES

RISE seeks to integrate ESG into the processes of their underlying managers. When selecting the underlying managers that manage the portfolio's assets, RISE conducts a thorough Due Diligence process which includes an evaluation of the underlying manager's ESG and Responsible Investment Policy. 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.

ENGAGEMENT AND ACTIVE OWNERSHIP APPROACHES

RISE will employ several ownership activities when carrying out its responsible investment activities. These are:

Voting – This includes AGM participation and proxy voting. RISE will also monitor the proxy voting done by the underlying managers and flag areas of concern and deliberate on what needs to be done.

Company engagements – RISE and the underlying managers will decide on which engagements to conduct, which companies to target, and the success and follow up will be measured on an ongoing basis.

These active ownership activities will be coordinated with the internal underlying managers. The portfolio management team will supervise all the proxy voting activities. The portfolio's external managers will be expected to report on proxy voting activities on a quarterly basis

REPORTING

The portfolio management team will report to the Investment Committee on all responsible investment activities on an ongoing basis. RISE will follow the guidelines provided by the UNPRI reporting framework. The report will focus on the assessment of the external managers' policies and responsible investment practices. In analyzing their policies and reports, RISE will look at the following indicators:

- Stewardship indicators which look at the quality and objectives of engagement and voting instances;
- Monitoring indicators which look at the depth and frequency that we examine external managers' stewardship and responsible investment practices;
- Sustainability indicators which look at the verification processes and the consistency of outcomes from the externally managed investments; and
- Process indicators which look at the escalation processes used to address concerns raised during the external manager monitoring process.

The ESG scoring report will be presented to the Investment Committee on a semi-annual basis. The aim of this is to determine progress in the integration of ESG principles and identify areas of improvement.

REVIEW

The Investment Committee will formally review the Responsible Investment Policy document annually or as and when they are significant circumstances that warrant its review.
