

# Responsible Investing

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36ONE Asset Management (Pty) Ltd (“36ONE” or the “Firm”) provides investment services to individual and institutional investors around the world. As part of our fiduciary duty to clients, we strive to act in our clients’ best interests and treat each client fairly. Our reputation for how we conduct our business activities is one of the most important assets and has been instrumental in our business success.

Maintaining a cultural climate that adheres to the highest ethical standards and risk management standards is critical to ensure long-term success.

As we strive to deliver award-winning and sustainable performance for our clients, we are guided by the two fundamental principles that express the organisation’s core values:

### **Our business exists to serve our clients**

We have a responsibility to be the voice of the client. To perform all business activities that serve the clients’ interests.

### **We aim to deliver outstanding investment performance**

Our long-term perspective and disciplined approach to investing puts our focus on long-term sustainable value for our clients.

36ONE has developed this policy document to incorporate our two fundamental principles above and the relevant legal framework as well as established market best practice. This policy details the key principles adopted by 36ONE to apply best practice standards of the UN Principles for Responsible Investment (“UNPRI”), of which 36ONE is a signatory, and the Code for Responsible Investment in South Africa (“CRISA”). Regulation 28 of the Pension Funds Act, The Financial Sector Charter (FSC) and the King III Code of Corporate Governance also form part of the legislation and industry codes upon which our policy is based. The policy covers three separate areas related to responsible investment:

1. Internal Policies and Procedures
2. Investment Process
3. Asset Stewardship

The responsible investment policy is intended as a living document and may be periodically updated in order to ensure that the most current industry best practices, business structures and technology are in place – it does not detail a strict set of rules, but rather provides guidelines to achieve the principles.

### **1. Internal Policies and Procedures**

36ONE is organised in a highly functional flat structure which emphasises collaboration across functions, enhances communication and transparency and leverages the business’s talent to deliver exceptional investment services. 36ONE have formed an internal Sustainable and Responsible Investing (SRI) Committee, comprised of individuals from the investment team, business development as well as the operations and compliance team. This ensures that all other employees and analysts are supported by a team who have a responsibility of coordinating 36ONE’s approach to ESG.

#### **Personal Account Dealing**

All employees must disclose accounts and transactions. All personal trades must be pre-approved by the Head of Compliance and are subject to certain blackout restrictions. Employees are not allowed to acquire or dispose of a security held by the client/fund(s) on a day when that person knows or has reason to know that there is a pending order for a client account.

#### **Conflict of Interest**

36ONE pays due regard to the interests of clients and aims to treat them fairly at all times. The Firm has implemented systems and controls to identify and manage conflicts of interest. 36ONE takes all reasonable steps to identify conflicts of interest that arise, in the course of conducting its regulated activities, between 36ONE, including senior management, staff or any person directly or indirectly linked to the Firm by control, and 36ONE’s clients; and two or more clients of 36ONE.

## Gifts, Benefits and Entertainment

As a regulated entity, 36ONE and its employees are subject to regulations governing the acceptance of gifts and gratuities. 36ONE's policy is that gifts or entertainment, whether given or received, must be logged with the Compliance Officer. Staff are prohibited from giving or receiving any gifts/entertainment with a value in excess of ZAR 1 000.

## 2. Investment Process

36ONE is committed to maintaining a responsible investment approach that incorporates Environmental, Social and Governance (ESG) factors in a comprehensive manner to safeguard the interests of our clients. We are committed to the ongoing and long-term process of integrating ESG factors into our investment process. ESG factors have a material impact on investment outcomes and the integration of these factors into an investment process allows us to deliver exceptional service as well as sustainability and enhancement of the long-term investment value for numerous stakeholders. Our investment professionals are responsible for incorporating all factors that have an impact on the investment process. As such, each investment professional is individually responsible for the integration of ESG into the investment process, rather than outsourcing this responsibility to dedicated ESG analysts.

Each company's business model, product strategy, distribution and operating capabilities are analysed together with the financial statements. We make use of internal and external resources when analysing ESG issues and engage with management should we have any concerns. Below are some of the ESG considerations that our investment professionals include when analysing a company's prospects.

### Environment

Examines how a business performs as a steward of our natural environment, focusing on:

- Greenhouse gas emissions
- Waste and pollution
- Resource depletion
- Deforestation
- Climate change

### Social

Considers how the company treats people, and concentrates on:

- Employee relations and diversity
- Working conditions, including child labour and slavery
- Local communities: seeks explicitly to fund projects or institutions that will serve poor and underserved communities globally
- Health and safety
- Conflict

### Governance

Examines how a corporation is governed, and focuses on:

- Tax strategy
- Executive remuneration
- Donations and political lobbying
- Corruption and bribery
- Board diversity and structure

We follow a two-pronged approach in respect of ESG factors:

### Corporate governance

We place great emphasis on high standards of corporate governance for the companies in which we invest. Where there is a determinable weakness in respect of the governance for a specific company, it often has a negative outcome on our investment decision (i.e. we avoid the potential investment altogether).

## Social and environment issues

In respect of social and environmental issues, we engage with management both publicly and privately where we believe our involvement can drive an improvement at the respective companies. Although there might be areas of overlap (for example, the failure of an organisation to address environmental issues could result in wider social considerations), to address the risks effectively we look at the different components of ESG separately rather than lumping the risks together.

For all of the ESG matters, we support shareholder resolutions aimed at improving standards of corporate responsibility. We engage with management where we believe the current standards are insufficient and also support shareholder resolutions designed to achieve this.

## 3. Asset Stewardship: Proxy Voting and Engagement

### Proxy Voting

The most visible sign of 36ONE's engagement is via our funds' proxy voting at shareholder meetings. We engage with investee companies and use our voting to make an impact on several issues, including shareholder rights, board composition, risk management, remuneration and general business strategy. 36ONE exercises proxy voting rights in respect of all resolutions. Where we find these resolutions not to be in the best interests of stakeholders, we will vote against them.

- 36ONE engages management in either private or public discussions on ESG issues where we believe our involvement can drive an improvement at the respective companies.
- 36ONE supports shareholder resolutions aimed at persuading companies to adopt higher standards of corporate responsibility where we believe the current standards are insufficient.
- 36ONE have developed a policy on Ownership Responsibilities in line with global best practice that includes guidelines specified by the King III Code of Governance, the UNPRI and other ethical and conduct codes. This document describes the processes and procedures for engaging with companies and proxy voting.

To ensure transparency and show our clients that we have discharged our responsibilities as fiduciaries of their wealth, a record of our proxy voting is made available on our website. We believe this allows clients to assess whether we have voted in such a way that protects and grows their wealth over time.

### Engagement

We believe that good stewardship of our clients' capital requires active ownership. Our active ownership practices are integrated into the investment decision process and are not considered as an afterthought. Our investment team routinely engages with company management throughout the year. We find meetings with management are a valuable tool in understanding the company's prospects, strategy, and decision-making process. ESG issues are brought up as part of our normal management discussions. We engage meaningfully with companies on any identified concerns that we may have in order to effect change.