STEWARDSHIP REPORT

H2 2019

PRUDENTIAL
INVESTMENT MANAGERS

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Introduction

Welcome to our third Stewardship report in which we share information on how we approach being stewards of our clients' assets.

Whilst this report is for the period of H2 2019, its publication has been delayed so that we might provide information on the recent COVID-19 pandemic as a social consideration in H1 of this year, and how we are approaching it. We will also illustrate our approach to thematic engagements and provide a number of case studies that are illustrative of our engagements.

Engagements to facilitate change typically result in slow and incremental change.

Occasionally, though, engagements can have swift and positive results. On this note we are quite pleased to report that we were able, through direct engagement with the JSE, to get clarification guidelines issued to listed companies regarding the disclosure of executive and non-executive director remuneration. This is covered briefly on page 16. This has been a big win for shareholder activism and one that we believe, while largely going unnoticed, will have a positive impact for shareholder value.

Information around integration of ESG into our investment process, as detailed in the prior report, can be found in our recently updated Responsible Investment policy which can be found on our website (in the same link as incorporated below.)

We view Stewardship and this report as relating to the role played with regard to our client assets and not our own corporate social initiatives. We have therefore not included details on our BEE scorecard or corporate social investments. Should these be of interest, they are available from your client representatives, or these social initiatives can be found separately on our website at:

prudential.co.za/institutional-investor/about-us/corporate-responsibility

COVID 19: Business as usual for Prudential

Ordinarily we would not comment on our own company ESG and CSI initiatives. However, given the scale of the pandemic and the potential impact, we thought it apt to provide clients with some level of comfort.

DISASTER RECOVERY PLANS WERE ACTIVATED

We have had disaster recovery plans in place for well over a decade. This enables us to have a spare office, to which we have exclusive access, from which to operate. This was equipped with spare computers, such as laptops, for staff to simply collect in order to work from home. In addition it meant, given that we test remote access at least annually, staff were able to shift to working remotely from home relatively easily and swiftly to access primary systems. In addition, practice runs with staff had been practiced before the lockdown. This helped enable individual teams to trouble shoot any difficulties they might experience.

We still have a small number of staff working in our main office from time to time, though slightly less than 10% of our compliment.

It should be noted that we are deemed an essential service, and more staff could operate from the office. In the interests of safety of staff and their loved ones, we are, at time of writing, continuing to encourage staff to work remotely where possible.

OUR TEAMS HAVE BEEN FULLY FUNCTIONING

Most critically for our clients, all our teams are operating as before. Our investment teams continue to meet, debate and engage each other and listed entities, albeit it remotely. Our administration teams continue to process investments and withdrawals, and assist clients with their reporting needs. The client services team remains available and engaged with clients.

WE HAD NO MATERIAL ADDITIONAL ERRORS OR DELAYS

Moving to remote working has resulted in two errors, but neither were material.

WHAT HAS THIS MEANT FOR OUR UNDERSTANDING OF ESG UNDER SUCH CIRCUMSTANCES?

Preparing for disasters and running through an emergency plan year after year does set the channels in place for an event such as a pandemic. In practice, as could be expected, it had some challenges in the beginning, with our IT staff working extraordinary shifts of many hours to trouble shoot aspects such as remote access to complex systems from home internet, to assisting staff install drivers for home printers.

Strong governance systems, transparent and meaningful flow of information, healthy reserves and a lack of financial leverage has meant we are weathering the impact well. These are the same characteristics which we look for in the entities into which we invest on behalf of our clients.

COVID-19 and ESG?

Whilst this report primarily focuses on engagements in H2 of 2019, this report has been delayed so that we might address the impact of Covid-19 on the markets, our operations and our engagements.

Before we do, we should touch briefly on ESG and Covid.

The outbreak is, on a humanitarian level, simply awful. Incomplete information and, at time of writing, a lack of a vaccine, results in extremely complex decisions needing to be made on personal, governmental and organizational levels.

It does, however, starkly remind us that ESG, more than ever before, can impact globally, rapidly and materially.

There is a temptation to believe ESG events are small offences that either cascade into larger issues, such as climate change, or something small in impact and yet unpleasant – such as the extinction of a relatively unknown species, or prickly financial considerations such as determining an appropriate premium where governance is flaunted on an individual or a wide scale.

There is also a tendency to ignore the 'S' in the ESG trio. Environmental issues have always been easier to champion, they have bigger emotional pull, and with climate change we can point to a global crisis coming. Governance failures can be easier to spot, especially with hindsight, and do not always result in financial losses. In addition governance can be somewhat rapidly addressed through changes in board and organizational structures. Mitigation of further damage often appears to be within easy reach.

Social issues are more complex. They involve weighing of priorities which most would prefer to avoid. Covid-19 reveals that the truth is social issues can be just as devastating, and frequently the impact is broad. Most of all, social impacts are often more sudden and unexpected. The world was not prepared for Spanish flu after the First World War.

To make them more complex, they are not only more surprising, they are often less frequent in terms of the sheer broad impact. The last epidemic of this scale started over 100 years ago. To call it a black swan would be clichéd and inaccurate; we have seen global pandemics before, and we have always known the risk is there. We know it can happen, we just can't recall when last it happened.

Covid-19 is a social issue, and it is part of ESG. It is a stark reminder that ESG issues can have massive and sudden impact, and cannot easily be found in numbers in advance, or foretold.

COVID Engagements

Engagements have been held through the first and second quarters with almost every one of the underlying entities into which we invest.

This has included understanding how their staff are managing, and what measures were in place to protect staff, especially where they fulfil essential services and are required to continue to operate during level 1. These engagements continue as many more entities have now returned to operating in an environment where the virus has not yet 'peaked'. It should be noted that most entities have been impressively swift to adapt to the changing regulations, and to engage us on their circumstances.

From a financial aspect, our engagements have focused on operational capacity, demand from clients, and importantly, balance sheets, cash reserves and liquidity.

In addition, some entities have debt that needs refinancing, or further debt may need to be raised. Understanding where the entities are in this process and how these discussions or negotiations are proceeding is an important part of these engagements.

Finally, the ability of those entities which are going to be hard-pressed to manage costs is an important consideration, and companies with a high proportion of fixed costs are more at risk.

Whilst these will be elaborated upon in more detail in the next report, a few examples for interest include:

Mining / Oil and Gas

We have engaged on worker safety, operational capacity, mining of existing reserves awaiting processing, and accelerating maintenance plans and projects. We have also engaged to confirm our understanding of cash reserves, liquidity, and where debt covenants might be breached.

Banks

Our engagements with banks have been on adequate capitalization, monitoring of bad debt levels, loan books, collections, sector exposures, impact of LCR and Capital Reprieves from the Reserve Bank, pricing of loans, credit risk profile changes etc.

Loans to property companies have also been of focus in engagements, with many large property companies struggling to receive rentals from retail and commercial tenants.

Other Financial Stocks

On the life insurers we have focused on the potential impact of morbidity rates, and the impact of insurance sales which have been curtailed by 'lockdown' measures. Much of the latter occurs in the form of 'face to face' interactions, and sales teams who sell in certain sectors of the economy may struggle to adapt to more remote interaction.

On stocks with ownership of short-term insurers, this turns around understanding if they have received requests for cancellations or lapses in payments, and the impact of this upon margins and growth in this sector.

Industrial Stocks

Interactions here have focused on liquidity, debt and balance sheets, but also the nature of the industry. British American Tobacco (BTI) is an interesting example. The ban on cigarettes in the South African market has been fairly unique, and in other markets border closures are expected to help dampen illicit trade in these markets. Many factories in other markets are operating at full utilization to compensate for factories in other markets that may have to close. In short BTI might almost become a beneficiary of the effects of the virus.

Datatec is another interesting example which can see mixed impacts from Covid, with aspects of its business being hampered, but demand for some of its products increasing. It also has varying levels of debt in different countries, and we have had to confirm our understanding of how those debt levels and costs are managed across regions.

Retailers

Retail companies have been some of the hardest hit during the initial phases of the lockdown, and are likely to continue to see suppressed revenues from hard-hit consumers.

Engagements have focused on cash burn rates during the period, liquidity, debt levels and rental negotiations with landlords.

Property

SA Homeloans is a good example of an issuer with exposure to the property market. Engagements were conducted early in the crisis given their risk levels, and included engagements on how many of their 140 000 clients have had special arrangements/accommodations on their home loans to date, how many have requested such arrangements, what resources they have to assess these requests, and whether debt collections had met expectations. Structurally engagements have turned on cashflow reserves, excess spread, arrears reserves, and committed liquidity facilities from their banks.

Thematic engagements in H2

Thematic engagements allow our engagements to be broader in application, pro-active, and, where possible, eliminate singling out individual companies when the matter is preferably addressed on an industry-wide basis.

ENVIRONMENTAL

Climate:

Concern

This is a prominent topic at present, and with very good reason. It is important that companies recognise the threat and act appropriately to not only protect themselves from regulatory penalties and litigation, but also to be responsible global citizens. Given the broadness of the issue, we have singled out areas in broad industry sectors and begun to address its constituents.

> Engagements: Banks

Environmental engagements with banks typically occur in the first and to some extent second quarters of the calendar year prior to many of their AGMs. More reporting will likely be following in the next stewardship report on this topic. An exception to this was an engagement with Investec in H2 of 2019 on their development of climate change reports and policy.

In the interim we do wish to highlight that we understand further progress has been made by banking associations in terms of a framework around climate and carbon disclosure. In addition, this is a topic in a recent National Treasury technical paper that has been issued for comment and consideration. We are in favour of self-regulation in this area and have supported shareholder resolutions where they provide scope for self-regulation. Nonetheless this is also an area where we apply further pressure on the regulators should such development of frameworks and reporting stagnate.

> Engagements: Oil and Gas

SASOL

Sasol has been one of the companies on which we have focused. Sasol's operations, in terms of the nature of the production process and the age of the processing plants, means it is a high emitter of carbon and sulphur by-products which can be harmful to the natural environment and to humans. Additionally, the levying of a carbon tax on Sasol impacts its earnings and its long-term sustainability.

We began engaging Sasol in late 2018 through to June 2019 seeking better disclosure on their emissions and the main sources and causes of these emissions. Our very early engagements were not very successful. We were fortunate that around this time several other asset managers had also engaged Sasol independently of our efforts. This has all culminated in Sasol undertaking to produce a succinct and easily digestible (and focused) environmental report. This was somewhat delayed due to a series of events at their US ethane cracker plant, but was produced in October.

Following this release, we were able to engage Sasol more clearly on their Secunda operations and the obstacles they faced in changing the feedstock into that plant and alternative energy generation. Sasol have also begun more proactively engaging with shareholders and other stakeholders around environmental concerns and the steps they are taking.

It should be noted we elected not to join the collaboration later in the year as we felt Sasol were now keenly aware of the prevailing investor sentiment, and short of government collaboration or a response of gas pipelines for feedstock, or permission for alternative energy generation, their hands are somewhat tied.

Following the Covid-19 crisis and the subsequent fall in the oil price, we are concerned that Sasol will need significant capital to effect major reductions, and they may face regulatory and bureaucratic challenges to move to cleaner energy.

Anglo American Platinum (Amplats)

There have been a few entities that stand out in terms of environmental stewardship. One of these has been Anglo American Platinum

Amplats have also set strong yet reasonable targets in energy savings and are reporting transparently against these. They have steadily decreased their energy and GHG intensities in recent years and are on track to meet their 2020 targets.

Amplats has other initiatives on the go, and have announced their intentions to develop a fuel cell solution for heavy-duty haul trucks. Amplats' estimates are for an overall carbon reduction of 30% to 50% for the processing facility Mogalakwena (and 100% in the truck). Covid-19 has delayed this slightly, but testing of subsystems is, according to our information, imminent, and the hope is to have these trucks in 'first motion' in early 2021.

Amplats are also confident of achieving their target of zero waste to landfill for all their managed operations by the end of 2020. Amplats have implemented a bioremediation centre at their Mogalakwena plant which is able to treat soil contaminated by hydrocarbons, which, given its success, is being rolled out to their other plants. The treatment on site also saves the cost of transport, saving emissions.

Water:

Concern

South Africa's population continues to grow and climate change is likely to cause unpredictable drought and flood cycles; businesses need to be conscious of the impact this can have on their long-term sustainability and their obligations as responsible citizens. In addition there is a need to understand the measures taken by those entities whose actions or the nature of their industry could put existing and increasingly scarce water resources at risk.

> Engagements: Mining

The environmental impact of mining on water resources is one of our biggest concerns, particularly in the case of precious metals where the by-product can be exceptionally toxic.

As mentioned in the prior report, we have begun meeting with single-commodity miners in gold and platinum to engage them on their management of waste water and tailings dams.

Engagements with individual miners have been broadly positive. In our last report we mentioned we have seen some entities such as Goldfields proactively engaging shareholders to allay concerns over ESG considerations. Amplats remain a good example in this area as well, and have set ambitious goals in water use reduction, both in an absolute sense, and in terms of water intensity. Reporting indicates they have exceeded these targets during 2019.

During Q3 we engaged a number of more general miners, including Anglo American, South32, and Glencore, concerning media reports of water contamination from their mines. The article referenced a study that alleges it found "gross violations and water pollution by the operators". Engagement with the miners indicated that some had not had sight of the study referenced in the media reports, nor had an opportunity to review it for accuracy. As a result they were unable to respond. It was additionally noted that the study referenced the miners' own submissions of water samples to regulators. The study referenced has been removed from the digital library of the issuers.

Sasol

During the fourth quarter we discussed water contamination at Sasol's Secunda fertilizer operations following a report of issues at one the dams at this plant. We are still awaiting feedback from Sasol on this aspect.

SOCIAL

Safety:

Concern

Safety within the mining industry will always be an area of ongoing focus. In terms of financial costs this can impact through lost production and jeopardise mining licenses from government. Of greater concern is the human impact on staff and mining communities. Whilst mining carries inherent dangers, these should be absolutely minimised.

> Engagements: Mining

An area of past and current engagement with mining houses has been the push for mining companies to introduce more relevant and meaningful safety measures into the remuneration calculations of executives. This is a complex area and one does not wish to place any form of value on human life, or trivialise injury. It nonetheless remains important that executives face financial penalties where safety is not being given adequate attention.

We are pleased to note we have seen a number of miners introduce either larger measures to account for safety, or a better measurement of safety in the workplace with a greater impact on executive pay.

Anglo American Platinum, Impala Platinum Holdings, Sibanye Stillwater, Royal Bafokeng Platinum

We have had meetings with the CEOs, CFO and/or head of IR of these entities. Discussions with these entities included those on matters of wages, labour relations, mining communities, and where relevant, the impact of potential or actual acquisitions on employees and employment. We also discussed with Implats the effect of lease restructuring at their Rustenburg operations, and on Sibanye we had discussions on the developments around restructure on the Lonmin acquisition.

In many of the cases it was pleasing to hear that relationships between the unions and management have strengthened.

Omnia

We sent a letter to Chairman of the Board and Chairman of the Remuneration Committee requesting, amongst other aspects, further information on the cost impact and implications of winding down the current BEE structure. This led to further discussions.

Sasol

During the period Sasol engaged us on initiatives in communities in the vicinity of their main plants to reduce dependence on fossil fuels for heating.

Independence of directors:

Concern

Independent directors play a vital role in protecting shareholder interests and bringing independent perspectives and outside experience to boards. As they are not, or should not be, incentivised by short-term profits, they are also well-suited to guide the company in achieving long-term sustainability.

> Tenure

In respect of length of tenure, we are not immediately averse to long tenures for independent directors, but we do need to receive comfort that this has not compromised their substantive independence and that the director has near-unique expertise and skill to warrant remaining in the independent director position. We do, however, have an internal policy with a maximum period and it will need a very good rationale for us to deviate from this.

Alternatively we do not object to non-executive directors remaining in positions beyond normal tenure, provided they are not categorised as 'independent' for purposes of board composition, nor placed on committees where independence is required.

An area of concern for us is where we have seen a number of companies classifying directors as independent, but where it can be argued that the classification is more technical than substantive, given previous roles at the company and their consequential long tenure.

Of particular concern is a practice where a director's years of service "resets" on moving from Director to Chair. We are now actively opposing many of these examples.

> Balance of Independent and Non-Independent

We have continued our engagements around a lack of independence of board members on listed equity companies and have begun actively engaging on the number of independent directors and their individual skill, expertise and capacity. This last issue of capacity has been a specific focus and we will not support appointments where, for example, one director, by a conservative estimation during the period, would need to attend no less than 99 board and related committee meetings a year.

> Shortage of Independent Directors

We have lobbied in a number of companies for appointments of additional independent directors.

In one case, we started the process of calling for a shareholder-initiated EGM to facilitate these appointments. Fortunately, it was not necessary for the process to continue as the company acquiesced and appointed additional independent directors.

Examples

In collaboration with other asset managers we wrote to ENX asking for another non-executive director to be appointed to strengthen the board and provide additional experience.

We had discussions with management representatives of Multichoice on the CEO appointment, lead independent directors, chairman, new directors, and succession planning and remuneration aspects. We queried and engaged on the independence of some of the appointments from its former parent.

GOVERNANCE

State Owned Enterprises (SOEs):

Concern

Slipping governance standards, irregular expenditure, mismanagement and allegations of corruption had continued with increasing frequency at SOEs under the previous presidency and cabinet, and with the launch of the Zondo Commission many fears and concerns are appearing to have been well founded.

Many SOEs have relied on implied and explicit government guarantees of their debt. With tax revenue moderating under a slow economy, further potential falls in our international sovereign credit rating have brought into question the continued solvency of the government standing behind these guarantees. Tough action is being called for at foundering SOEs and this brings opportunities for active engagement and reform from investors who invest in our country and its parastatals.

H2 2019 saw further engagements with SOEs.
We remain concerned about some entities' commitments to resolving past allegations of corruption once those alleged to have been involved have left the entity. This remained a subject of ongoing engagement, and in some instances escalation to National Treasury. We remain concerned that where corrupt individuals are simply removed from office without consequence, there is no incentive for a change in the pattern of behaviour or culture within these organisations.

SANRAL
We had further engagement with management and Treasury around the decision (and legalities) of ceasing collection of e-tolls, and the financial ramifications for the entity.

Denel
In Q3 we had discussions with CEO, FD, other management, Treasury representative around board composition, corruption investigations into prior employees, safety, the nature of government guarantees of debt, the nature of clients, product development and production, and potential future clients. In Q4 we had email engagements and follow up discussions around controls in place around sails of armaments and compliance with the Arms Trade Treaty.

IDC
We held discussions around resolutions of conflict of interest between executive of infrastructure financing, and legal action to recover investments that have been tainted by misrepresentation.

DBSA
We had an engagement with senior management at PRASA. This was to understand some of the media allegations concerning DBSA and PRASA and the contracting arrangements, more specifically to determine if DBSA is following its own practices and is in compliance with legislation when contracted to do work for other state organs. This was followed up by email correspondence.

General Discussions:

SASOL:

We had discussions with Sasol's management around SENS announcements on delayed financials, audit concerns and the nature and structure of the dual CEO structure. This was followed by correspondence coinciding with engagements from other shareholders, and we were pleased to note the resulting restructure at the entity.

Criminal Investigations and Allegations around Directors:

Where there are allegations of criminal activity, or criminal proceedings against individuals, we may engage the entity for further information.

To this end we engaged with Investec's Investor Relations in respect of senior regional (Namibia and Africa excl. South Africa) executives who have been the subject of criminal investigations by the Namibian government as part of the 'Fishrot Six'. The nature of the appointments of their senior staff to government positions without due process, and who were related to government ministers, had been known for some time and reported in the press over a number of years. Our engagement centred on concerns that, despite nearly a decade of press concern and coverage around corruption, they continued to retain their positions until a shift in politics finally saw them facing criminal charges. We represent fairly substantial shareholders in Investec, and we remain deeply unsatisfied with Investec's response and handling of this matter.

We also engaged SA Homeloans' management around their relationship with material shareholders. This followed media allegations of some staff and associated members of a major shareholder attempting to secure commissions for facilitating additional credit with a government-related entity. Management of SA Homeloans were able to provide enough comfort around their handling of the matter, which we found to be proficient and professional.

General Governance Initiatives

SA Corporate

We are setting up meetings with the NEDs of entities where we have a material stake in order to discuss issues on corporate governance and to share ideas on challenges facing the entity. We had the first of these in Q4, meeting with SA Corporate Real Estate. We touched on the request for a re-structure at SA Corporate Real Estate in our last stewardship report.

During the period we had called for an EGM to vote on more independent directors to the board. Subsequent discussions with the entity meant we withdrew our request for an EGM. Restructuring has followed at the entity. We are pleased to state that we are now enjoying a productive relationship with the entity. We have had governance meetings to discuss matters such as board composition and structure, accounting and finance, empowerment and stakeholder relations. Other aspects discussed were measurement of board performance, tenure, and level of skills amongst non-executive directors. This proved to be very constructive.

Woolworths

During the period we had meeting with the former Woolworths CEO and senior management. Discussions on ESG aspects focused particularly on governance queries, including the role of the CEO and on succession planning, and staff changes and staff retention.

REMUNERATION

CLARIFICATION LEADS TO TRANSPARENCY

During 2019 we found a number of entities were refusing to disclose targets tied to executive remuneration. This was under guidance from consultants that this amounted to 'earnings forecasts' and claiming a potential breach of the JSE rules. This was justified as being disclosed retrospectively.

This left shareholders with inadequate disclosure as to how executives were being remunerated, yet shareholders were being asked to vote on the policy for the future year.

In instances where the JSE rules require shareholder engagement (where remuneration resolutions were passed with less than 75% approval), we had also encountered some entities arguing that once a collective discussion had been held, then no further engagements were permitted on any topics covered on the call until the issue of the next policy. This resulted in instances where concerns were not adequately addressed, and the remuneration committee would refuse further engagement with shareholders until the next policy was tabled; the precise opposite of forcing adequate engagement following a resolution with a low approval rating.

We corresponded with the JSE on incidents of JSE rules being relied upon for what we perceive as inadequate disclosure, or failure to appropriately engage as directed by JSE rules.

The JSE has addressed our concern by sending a guidance letter to all listed company secretaries and other relevant industry members, clarifying the JSE's rules on disclosure of remuneration targets. During H1 of 2020 we have seen more companies abiding by this interpretation.

Anglo American:
During H2 we met with Chairperson of Remuneration Committee and with the Group Head of Reward to discuss remuneration policy changes, board developments and provide and receive feedback on our views on these. This was an opportunity used to debate and learn more about US and UK practice on remuneration given Ms Anne Steven's background and expertise in this area, and we are grateful for her time and for sharing her perspectives and experience. This is a good example of where shareholders can share in the knowledge of experienced and seasoned board members, and this illustrates what we believe – which is that engagements are very much a constructive two-way process.

Coronation:
It is worth mentioning Coronation Asset Management in remuneration discussions. Coronation has been the subject of some debate, even in the media, around their lack of disclosure on remuneration levels.

Coronation does have the complexity of their investment staff effectively being their 'industrial engine room'. Disclosure of remuneration is akin to a manufacturer disclosing the costing of ingredients of a composite plastic it produces. Coronation is a listed entity, and shareholder activists have counter-argued that disclosure of such a variable component is of interest to shareholders.

In an attempt at compromise we have had in-depth discussions with their senior executives around their remuneration policy and their specific considerations of remuneration for an asset manager and levels of disclosure. Whilst preferring to have greater disclosure, we are sensitive to the vulnerabilities they face in disclosure, and are appreciative that they have not engaged in legal fictions (such as consulting positions for investment staff, or special structures) to avoid any disclosure. Coronation have also been open and frank in their dialogues and discussions, sufficiently to cause us to believe the lack of disclosure does not pose a material risk.

Coronation remains a good example of guidelines around remuneration needing to be flexible enough to balance complex issues pertaining to the company and holistically serve the best interests of the shareholders.

Other notable engagements on remuneration for the period included those with FirstRand, Omnia, Growthpoint, PPC, Datatec, Quilter and Investec.

Our policy is generally that we will approve remuneration reports that have some (non-material) flaws, but continually improve and develop towards best practice. On this basis, where undertakings by companies for specific improvements early last year have not been met are now opposing remuneration policies in 2020. More detail on this will likely follow in the next remuneration report.

Voting

Voting is an important aspect of shareholder activism, and a means of expressing shareholder views on governance aspects such as appointments, remuneration, auditors, etc.

Our full voting records are somewhat extensive. A detailed voting report, listing all resolutions and how we voted, is available to clients quarterly, and is published on our website. For ease of reference though, a summary of our voting activities is shown below.

Proxy Voting summary	1 Jul 2019 - 31 Dec 2019
Number of resolutions	1181
Number of resolutions voted for	1036
Number of resolutions voted against	145
Number of intentional abstentions	1

Conclusion

Prudential South Africa is proud to be active shareholder and steward since our inception 25 years ago. We remain of the firm conviction that correctly understanding and incorporating ESG issues into our investment process, whether this being quantified at the modelling stage, or accounted for in the investment voting or construction processes, has added value for our clients.

For over a decade we have also catered for clients who wish to not only have ESG and shareholder activism embedded into our investment process, but also desire a specific socially conscious overlay or screen on their segregated portfolio.

It is our hope that this report gives some flavour of the nature of our process and our engagements. Given the sensitivity of some engagements, not all engagements have been reflected in this report.

Should you have any questions about the contents of our report or our ESG process, you are invited to engage with your Client Services or Institutional Business Representative.

TIMING OF THIS REPORT

This report is issued biannually. It is issued a number of months in arrears. This allows the analysts to review comments and discussions for purposes of sensitivity, or where the information may reveal our investment case in positions we are still building or exiting in a stock or bond.

This report in particular was delayed as we wished to incorporate some comment on our engagements around Covid 19, and these will be discussed in more detail in our next report.