
NEDGROUP INVESTMENTS RESPONSIBLE INVESTMENT GUIDELINES

Introduction

At Nedbank, our purpose is “to use our financial expertise to do good for individuals, families, businesses and society.” Nedgroup Investments as a part of Nedbank Group Limited believes that the sustainability lens provides important insight into emerging environmental, social and governance (ESG) risks and opportunities that should be considered by asset owners (pension funds; medical schemes, insurers) and managers. Nedgroup Investments is fully committed to the process and sits on the Nedbank Wealth Responsible Investment Committee (RIC), which meets quarterly to address issues of development, implementation and maintenance of the cluster responsible investment (RI) policy in a consistent manner across the cluster.

This document presents guidelines for RI and ownership practices at Nedgroup Investments. The content of the document derives from the approach agreed by the Nedbank Wealth RIC. The guidelines recognise:

- The investment principles that govern each of our investment teams;
- The diversity of asset classes managed by the various appointed Best of breed™ managers;
- The unique value proposition of each manager and the independent nature of their investment styles;
- The mandated responsibility of managers to pursue superior risk-adjusted returns on behalf of our clients.

The remainder of this document describes our understanding of RI and the manner in which the guidelines will be given effect within the scope of our investment and ownership practices. Nedgroup Investments’ Responsible Investing policy applies to our actively managed Best of breed™, fund of funds, cash solutions and internally managed products.

Nedgroup Investments’ understanding of responsible investment

The Nedgroup Investments RI Guidelines draw on the key elements of the United Nations-backed Principles of Responsible Investment (UN PRI), the requirements of Regulation 28 of the Pension Funds Act (Reg. 28), the King Code, the Code for Responsible Investing in South Africa (CRISA), and any other applicable responsible investing code. The guidelines also build on Nedbank Group’s existing group Sustainability Governance Structures and Policies Framework, which recognises that in leading by example we accept responsibility for managing and limiting the direct impact that our operations have on the environment and society.

The foundation of the RI guidelines is an acknowledgement of the sustainability imperative that we believe is fundamentally changing the competitive landscape of every industry. Nedgroup Investments believes that companies that are able to respond to this trend and innovate early will



reap the benefits of stronger growth prospects, enhanced operating efficiencies, stronger social licence to operate, enhanced staff retention, lower cost of capital and, ultimately, stronger and longer competitive advantage. Consequently, as a long-term investor, Nedgroup Investments believes that incorporating environmental, social and governance (ESG) factors into its investment and ownership decisions will support the pursuit of superior risk-adjusted returns for its clients. Not only does this make sound business sense, but as the custodian of our shareholders' and beneficiaries' long-term future it is also the right thing to do.

On the basis of the above the Nedgroup Investments approach to RI is guided by the following core aims:

The appropriate consideration of environmental, social and governance factors through the investment manager selection and monitoring process

At Nedgroup Investments we look to identify investment managers with specific traits that we believe will enable them to deliver superior results over the long term. Stewardship is at the heart of everything that we do and we pay just as much attention to qualitative factors, such as a manager's approach to ESG factors in decision-making, as we do to the quantitative factors.

We work alongside leading third-party data providers to build as complete a picture as possible of ESG risks embedded in the shares in our portfolios. Our appointed managers are periodically engaged on their evolving ESG approaches and internal documentation is kept updated with what we learn.

To act as a responsible steward and custodian of assets

Nedgroup Investments takes its responsibility towards client assets seriously; as a result, we aim to ensure that management is ultimately accountable for company performance and conduct.

We view constructive engagement with our appointed managers combined with consistent proxy voting as the best means to produce positive outcomes. Our policy is to disclose manager vote records to clients upon request. Further to this, we will manage potential conflicts of interests through our existing conflict of interest management policies and processes.

To provide thought leadership and collaborate with our peers

We are mindful of our role within the broader investment community and the fact that collaboration with peers is paramount to our commitment to expand and improve RI practices. Our efforts range from addressing ESG issues in our portfolios, enhancing ESG disclosure on our funds, providing research and analysis to advance industry best practices in the field of RI, and collaborating with peers in terms of expanding our knowledge in the field of RI where appropriate.

Disclosure

In order to ensure that all stakeholders are able to make informed decisions, we will report annually on our progress and performance regarding RI activities across the business.



We will review and, if necessary, update this guideline document on an annual basis. The Nedgroup Investments guideline on RI provides an overarching framework for integrating ESG issues into investment manager selection and ownership decision-making processes across the business. At the core of these RI guidelines is the consideration of material ESG risks and opportunities — this approach differs from ethical, targeted or SRI, which aims to align the investment universe with the investors' desired ethical or social outcomes.

Responsible Investing Governance structures

The Nedgroup Investments Responsible Investment Guidelines are given effect through the Nedgroup Wealth Responsible Investment Committee (RIC), which is responsible for driving the overall policy approach to RI across the cluster.

The RIC includes members from our investment teams, and is chaired by the Head of Investments. On a day-to-day basis, the Nedgroup Investments approach to RI is driven through our nominated representatives on the Nedgroup Wealth RIC, supplemented by consultation with the group's RI/ESG specialist.

The nominated representatives have responsibility for driving the overall approach to RI across Nedgroup Investments, ensuring the guidelines are implemented, as well as providing annual feedback on their progress towards implementation.