momentum
investments

Policy on engagement

Our engagement approach

We are in a privileged position to be a fiduciary for our clients and stakeholders. Responsible investing forms part of our core beliefs, and sustainable and responsible investment practices are material factors underpinning our long-term success. Engagement activities are therefore undertaken with a clear focus on protecting and enhancing long-term investment value for clients.

We believe in active ownership as one of the important levers to successfully integrate responsible investment practices into our investment processes. Therefore, we use our market presence to contribute towards creating a well- balanced economy for our investors, by actively engaging with companies and investment managers. This policy is designed to ensure that our engagement actions are conducted in an appropriate manner, consistent with our clients' best interests and other relevant policies.

This engagement policy is therefore inherent to Momentum Group's responsible investing approach. We use these engagements (including participating and voting at annual general meetings) to influence and encourage companies to improve their management of environmental, social and governance (ESG) factors, together with all other business and commercial aspects. This will lead to sustainable financial performance for the investor in the long term. Successful engagement is evidenced by observable changes in company behaviour, improved governance practices, or measurable progress on identified ESG or business concerns.

The scope and review of the policy

This policy describes Momentum Group's overarching engagement policy and applies to the on-balance sheet discretionary assets of the company and all its subsidiaries[1].

Our diverse portfolios and business offerings result in various levels of engagement:

- Where we outsource to external investment managers, we consider their approach to ESG as an important part of our assessment of their capabilities, focusing on an active engagement approach, advocating and mandating alignment where practical and monitoring progress.
- For direct investments and where we have investment management agreements in place with underlying investment managers, we are able to direct strict compliance with the principles.

This policy is approved by the Momentum Group executive committee and practically implemented and maintained by the relevant business areas. The executive committee will review this policy at such time as it deems appropriate to revise it.

[1] We are one of South Africa's largest insurance-based financial services companies listed on the JSE, A2X and the Namibian Stock Exchange. Momentum Metropolitan Africa operates in selected African countries. Outside Africa, we have operations in the United Kingdom.

Examples of engagement opportunities

There are frequent opportunities to engage with the management of companies, and investment managers of third-party funds and mandates, which include:

- Resolutions for upcoming board meetings of investee companies that are contrary to our policies
- Before shareholder meetings of investee companies to discuss the relevant resolutions
- Concerning news regarding an investee company or a third-party fund manager in the media
- Assisting investee companies and our third-party investment managers to improve their corporate governance
- Engaging regarding ESG considerations of the investee company
- Taking a systematic approach in addressing specific ESG themes
- Engagement activities are prioritised based on the materiality of issues, engagement themes for the relevant period, potential impact on long-term value, and exposure of client portfolios

Engagement methods

We aim to have an understanding of the unique characteristics and circumstances of a company and the materiality of the issues before engagement and would typically, among others, use the following methods:

- Obtain as much publicly available data on the issue
- Hold private meeting(s) with company management
- Hold virtual meeting(s) (with agenda items communicated before the meeting)
- Address concerns via a formal letter
- Where appropriate, we may also participate in collaborative engagement initiatives with other investors to enhance engagement effectiveness

Escalation

Escalation actions are informed by engagement outcomes and companies' responsiveness to identified concerns.

Companies that do not respond to our engagement attempts will be subject to the following escalation processes:

- Proxy vote, withhold support
- Concerns addressed at the shareholder meeting
- Completion of a shareholder resolution
- Issue of media statements
- Formal complaint to the regulator where required
- Divest

Escalation decisions are made on a case-by-case basis, taking into account the severity of concerns, company responsiveness, and progress over time.

Evaluating outcomes

It is important to track companies' progress after engagement. All engagement activities are recorded in our engagement register. There are five key outcomes we assess following engagements:

- Management awareness (companies become aware of concerns)
- Acknowledgement (companies are open to discuss concerns with shareholders)
- Policy and strategy (companies develop a strategy, policy and targets to address issues)
- Implementation (companies implement policy or strategy)
- Disclosure (companies disclose relevant policies)

Conclusion

All the above are guidelines we follow in evaluating resolutions put before shareholders by management. They are guidelines which do not supersede common sense and business principles. They are designed to promote ethical and honest behaviour of company leadership, irrespective of the size or influence of the company. Good corporate governance, with its characteristics of transparency and accountability, will force boards of directors to concentrate on their main function, which is to promote shareholder value and good corporate citizenship.

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