



Responsible investing

Momentum Investments' responsible investment policy

Purpose

Momentum Investments' purpose is to enhance the lifetime Financial Wellness of people, their communities and their business.

Responsibility and accountability

The Momentum Investments responsible investment policy is aligned and integrated with the company's purpose and is

practically implemented and maintained by Momentum Investments.

Position on responsible investment

Momentum Investments acknowledges that it is in a privileged position to act as fiduciary to its clients and stakeholders. The company strives to promote Financial Wellness for its clients and its values will always remain its foundation pillars. These values are accountability, diversity, excellence, innovation, integrity and teamwork. Responsible investing is part of Momentum Investments' core beliefs and sustainable and responsible investment practices are material factors underpinning the company's long-term success.

Momentum Investments considers the environmental, social and governance (ESG) risks of its investments to be relevant

to the performance of the overall objective – across all asset classes, sectors, markets and through time.

The company endorses and, where practical, practices the definition of responsible investment, adopted from the Fiduciary Duty in the 21st Century¹ report.

This is an approach to investment management that explicitly acknowledges the relevance to the investor of ESG factors and of the long-term health and stability of the market as a whole. It recognises that the generation of long-term sustainable returns is dependent on stable, well-functioning and well-governed social, environmental and economic systems.

Fiduciary duty to stakeholders

Momentum Investments works to incorporate ESG factors into its investment considerations and ensures sustainability forms a cornerstone of its business principles as well as in its business dealings and undertakings. Through its responsible investment approach, it aims, as fiduciaries of client's

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 ensure it remains true to its philosophy, portfolio construction and robust investment processes.

1. Supported by United Nations Global Compact; United Nations Environment Programme Finance Initiative; Principles for Responsible Investment Initiative; Inquiry into the Design of a Sustainable Financial System initiated by the United Nations Environment Programme

In the preamble of Regulation 28, issued by the Minister of Finance under section 36 of the Pension Funds Act of 1956, it outlines the fiduciary's duty to "give appropriate consideration to any factor which may materially affect the sustainable

long-term performance of a fund's assets, including factors of an environmental, social and governance character.

This concept applies across all assets and categories of assets and should promote the interests of a fund in a stable and transparent environment".

Long-term interests

Momentum Investments' investment philosophy is an outcome-based investing approach, which is to be aware of managing the clients' experience and journey to achieve a defined investment goal over a determined time period.

Momentum Investments realises ESG risk factors affect the sustainability of companies and, therefore, it is especially relevant to its investment decision-making process.

Implications for investment approach

Momentum Investments has set goal posts to help build on its responsible investment approach. Under each goal post is a list of actions the company implements and annually reviews to strengthen the responsible investment approach.

These goal posts are:

- ESG integration
- Active owners
- Seek disclosure
- Regulation and codes
- Advocacy
- Report progress

Momentum Investments believes its approach should preferably be pro-active by investigating directly or through its

appointed service providers ESG risks before these escalate to be material events that may affect clients or stakeholders. Should they occur, an assertive process is adopted to manage the effect. It is Momentum Investments' fiduciary duty to follow up on material ESG concerns and engage appropriately.

Momentum Investments encourages better transparency and disclosure of responsible investment practices across the investment industry. Therefore, the company promotes integration of this information in investment decision making to internal and external investment professionals, service providers and consultants.

Collaboration with the investment industry

Collaboration on responsible investment initiatives and encouragement of sharing ESG information within the investment industry is important to Momentum Investments. The company will support and participate in appropriate networks and platforms and seek to collectively address relevant emerging issues.

Through Momentum Investments' involvement on the working committees of the United Nations-backed Principles for Responsible Investment (UN PRI)², supporting the Code for Responsible Investing in South Africa (CRISA)³ and being a member of the Carbon Disclosure Project (CDP)⁴, it strives to encourage other investment managers, service providers, asset consultants and asset owners to do the same.

United Nations-backed Principles for Responsible Investment (UN PRI)

Momentum Investments' is a signatory to the UN PRI, which is an international network of investors working together to put the six Principles for Responsible Investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision making and ownership practices.

The six principles are as follows:

- We will incorporate ESG issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.

2. <http://www.unpri.org/>

3. <http://www.iodsa.co.za/>

4. <https://www.cdp.net/>

- We will promote acceptance and implementation of the Principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the Principles.
- We will each report on our activities and progress towards implementing the Principles.

Reporting on progress

Momentum Investments undertakes to:

- Update members on responsible investment initiatives in an annual report
- Participate in relevant industry surveys
- Participate in the reporting requirements of the UN PRI.

Policy review

Momentum Investments will review this policy annually or at such time as the board sees fit to revise its ESG policies and procedures.

