

# Code for Responsible Investing in South Africa, 2022

# STANLIB

STANLIB has endorsed the **Code for Responsible Investing in South Africa (CRISA)** since its inception in 2011. We also endorse the updated version (CRISA 2) which was published in 2022 and became effective from February 2023. CRISA provides a framework of voluntary responsible investing principles that entrench the stewardship role of investment managers in considering sustainability issues, including ESG, in their investment processes. CRISA 2 builds on these principles, with the aim of keeping up with domestic and global developments in ESG since CRISA's inception. CRISA 2 is more universally applicable across the investment management value chain on a flexible and proportionate basis, while enhancing recommended ESG disclosures to clients. The following summarises the five CRISA 2 principles and disclosures and explains how STANLIB has applied them in our investment process.

## CRISA 2 PRINCIPLES

### **PRINCIPLE 1: INTEGRATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS**

Investment arrangements and activities should reflect a systematic approach to integrating material environmental, social and governance (ESG) factors.

## STANLIB'S RESPONSIBLE INVESTMENT POLICY ALIGNMENT

### **POLICY STATEMENT 1: STANLIB BELIEVES THAT ESG IS A MATERIAL INVESTMENT CONSIDERATION**

ESG is a material consideration in driving risk-adjusted returns for our clients. As stewards of our clients' funds, and to deliver financial outcomes for them, we believe that sustainability is essential to value creation and capital protection.

### **POLICY STATEMENT 2: STANLIB INTEGRATES ESG FACTORS INTO THE INVESTMENT PROCESS**

Active ownership means careful consideration of ESG factors in the investment process, across all our investment capabilities. This ensures that we understand the risks associated with investment opportunities.

## APPLICATION AND DISCLOSURES

- We disclose our ESG approach and ESG integration across our independent investment teams in the [STANLIB Responsible Investment Policy](#) (Annexure A: Overview of ESG Integration Approach per STANLIB Franchise), which is reviewed every two years.

## CRISA 2 PRINCIPLES

### **PRINCIPLE 2: DILIGENT STEWARDSHIP**

Investment arrangements and activities should demonstrate the acceptance of ownership rights and responsibilities, enabling effective stewardship.

### **PRINCIPLE 3: CAPACITY BUILDING AND COLLABORATION**

Acceptance and implementation of the principles of CRISA 2 and other applicable codes and standards should be promoted through collaborative approaches (as appropriate) and targeted capacity-building throughout the investment industry.

## STANLIB'S RESPONSIBLE INVESTMENT POLICY ALIGNMENT

### **POLICY STATEMENT 3: STANLIB FAVOURS ACTIVE ENGAGEMENT**

Our preferred approach to dealing with identified ESG concerns is to actively engage business stakeholders to effect change. We believe engagement with boards of directors, company management and key stakeholders is a powerful tool to drive optimal outcomes for our clients.

### **POLICY STATEMENT 4: STANLIB EXERCISES ITS OWNERSHIP RIGHTS**

STANLIB exercises voting rights in the best interests of our clients, in line with the guidelines contained in STANLIB's proxy voting policy.

### **POLICY STATEMENT 5: STANLIB IS PREPARED TO COLLABORATE TO DRIVE DESIRED OUTCOMES**

STANLIB believes that active engagement with all industry stakeholders is key to driving positive change. STANLIB actively collaborates with other stakeholders and investors to resolve specific and material ESG concerns to ensure resolution in the best interests of our clients. This may also involve seeking legal protection for clients.

## APPLICATION AND DISCLOSURES

- Our engagement and proxy voting records are maintained in a central repository and summarised in our [annual stewardship reporting](#), with case studies provided on key ESG issues.
- The [STANLIB Proxy Voting Policy](#) is publicly available on our website, together with the [proxy voting records](#) published quarterly.
- We use thought leadership in our annual stewardship report as a tool for investor education and advocacy on important ESG issues.
- STANLIB is represented on various ASISA Committees and plays an integral role in responsible investment initiatives.
- We provided feedback on the CRISA 2 draft process and the STANLIB ESG Committee received training on CRISA 2 from ASISA.
- STANLIB collaborated with Liberty Holdings on the [TCFD Report 2021](#).
- Product development efforts by STANLIB have fostered innovation in the investment sector, enabling investors to access ESG investment opportunities through the Khanyisa Impact Investment Fund, launched in 2021; and the 1Invest MSCI World Socially Responsible Investment Index Feeder ETF, launched in 2022.

## CRISA 2 PRINCIPLES

### **PRINCIPLE 4: SOUND GOVERNANCE**

Sound governance structures and processes should be in place (including at all levels of the organisation) to enable investment arrangements and activities that reflect and promote responsible investment and diligent stewardship, including proactively managing conflicts of interest.

### **PRINCIPLE 5: TRANSPARENCY**

Investment organisations should ensure disclosures are meaningful, timeous and accessible, to enable stakeholders to make informed assessments of progress towards the achievement of positive outcomes.

## STANLIB'S RESPONSIBLE INVESTMENT POLICY ALIGNMENT

### **POLICY STATEMENT 7: STANLIB APPLIES ESG OVERSIGHT TO ITS INVESTMENT CAPABILITIES**

STANLIB believes that, to ensure the appropriate outcome for clients, we need to monitor and challenge investment professionals on ESG issues. Our governance structures ensure accountability, tracking and measurement of ESG-related issues, including potential conflicts of interest.

### **POLICY STATEMENT 6: STANLIB COMMUNICATES ITS RESPONSIBLE INVESTING ACTIVITIES**

STANLIB communicates its policies and responsible investing activities by publishing policy documents, proxy voting reports and reporting on key engagement activities.

## APPLICATION AND DISCLOSURES

- Our ESG governance structure is disclosed in the [STANLIB Responsible Investment Policy](#) (Section 4: Accountabilities and Responsibilities).
- The STANLIB ESG Committee, which is responsible for ESG governance and oversight across STANLIB, last year implemented ESG monitoring processes based on reviewing and interrogating ESG watchlists maintained by our independent investment teams. This builds on the successful implementation of data-driven reporting on engagements and proxy voting from the prior year, facilitating more intense discussion of ESG in the ESG Committee.
- STANLIB's ESG approach, policy and reporting are publicly disclosed at <https://stanlib.com/our-story/#responsible>
- Legal and regulatory documents, including the STANLIB Conflict of Interest Policy, are available at <https://stanlib.com/legal-regulatory/>
- As a signatory of the United Nations-backed Principles of Responsible Investing (PRI), STANLIB's Public Transparency Reports are available on the [PRI website](#).