Our stewardship statement

Ninety One exists to manage clients’ assets in such a way that we deliver on their mandate. Although these mandates are often quite specialised, we aim to preserve and grow the real purchasing power of the assets entrusted to us by our clients over the long term. In fulfilling this purpose, we assume a stewardship role over the assets of our clients, including the effective exercising of their ownership rights. We monitor, evaluate, and, if necessary, actively engage or withdraw capital to preserve or add value to our clients’ portfolios.

Ninety One embraces the concept of responsible ownership. As a global asset manager, we recognise the responsibility that comes with being long-term stewards of our clients’ assets. Key to this responsibility is continually ensuring that corporate governance and business integrity are a fundamental part of how we operate.

We support the Korea Stewardship Code and Korea Stewardship Code Council’s efforts to encourage investors to fulfill their ownership duties. The purpose of this statement is to describe how Ninety One applies the seven principles of the Code to protect and enhance the value that accrues to the ultimate beneficiary and disclose the information required by the Code.

Compliance with the Korea Stewardship Code

The code sets out the following principles:

1. Institutional investors, as a steward of assets entrusted by their clients, beneficiaries, etc. to take care of and manage, should formulate and publicly disclose a clear policy to faithfully implement their responsibilities.

2. Institutional investors should formulate and publicly disclose an effective and clear policy as to how to resolve actual or potential problems arising from conflicts of interest in the course of their stewardship activities.

3. Institutional investors should regularly monitor investee companies in order to enhance investee companies’ mid- to long-term value and thereby protect and raise their investment value.

4. While institutional investors should aim to form a consensus with investee companies, where necessary, they should formulate internal guidelines on the timeline, procedures, and methods for stewardship activities.

5. Institutional investors should formulate and publicly disclose a voting policy that includes guidelines, procedures, and detailed standards for exercising votes in a faithful manner, and publicly disclose voting records and the reasons for each vote so as to allow the verification of the appropriateness of their voting activities.

6. Institutional investors should regularly report their voting and stewardship activities to their clients or beneficiaries.

7. Institutional investors should have the capabilities and expertise required to implement stewardship responsibilities in an active and effective manner.
Our approach to these principles and how we comply with them are set out below:

1. Institutional investors, as a steward of assets entrusted by their clients, beneficiaries, etc, to take care of and manage, should formulate and publicly disclose a clear policy to faithfully implement their responsibilities.

Stewardship policy

Ownership and proxy voting guidelines

— Ninety One embraces the concept of active stewardship. We aim to preserve and grow the real purchasing power of the assets entrusted to us by our clients over the long term. In fulfilling this goal we assume a stewardship role, including the effective exercising of our clients’ ownership rights. We monitor, evaluate, and if necessary, actively engage or withdraw investments with the aim of preserving or adding value to our clients’ portfolios.

— Our primary objective is to ensure that we allocate our clients’ capital as efficiently as possible, to preserve and grow their wealth over the long term. We therefore take an active and transparent approach to stewardship including engagement with the investee companies in our portfolios. We believe this benefits our clients and improves the broader environmental and social context in which we invest.

— As a firm we seek to play a meaningful role in helping to develop the framework for investment and ownership within the various jurisdictions in which we invest. Where appropriate, we will seek to influence the development of policy, regulation and laws, aiming to facilitate the deployment of efficient capital markets and the development of favourable environments for shareholder rights and interests.

— In representing our clients’ interest in relation to the investments made on their behalf, we recognise the responsibilities that go with ownership, and the related rights within an approach that is aware of the broad environmental, social and systemic context in which we function. Because the majority of our investment activity takes place in public markets, we publicly disclose our stewardship policy and our voting record.
2. Institutional investors should formulate and publicly disclose an effective and clear policy as to how to resolve actual or potential problems arising from conflicts of interest in the course of their stewardship activities.

Ninety One is committed to its clients, being their fiduciary. We will always seek to manage any conflicts that may occur through its business activities, in order to prevent material risk of damage to clients. Ninety One Investment Governance Committee (IGC), in cooperation with the Global Conflicts Committee, deals with any conflict of interests that arise. We follow the relevant regulatory guidelines for the jurisdictions we operate in. We treat all clients equally should a conflict of interest rise.

- Ninety One has a fiduciary duty to clients and always seek firstly to avoid, and secondly to manage any possible conflicts that may occur through its normal business activities so that there is no risk of damage to clients or possible reputational risk to the firm.

- All staff members are responsible for, and have a duty to, identify and escalate to line management and Ninety One Compliance any potential or actual conflicts of interest that they become aware of. This requirement applies to any conflict which may arise or potentially arise between the firm and a client, and which may possibly result in damage or potential damage to the client(s) or to the reputation of Ninety One. In addition, any such new actual or potential conflict may be escalated by line management or Ninety One Compliance to the Global Conflicts Committee for discussion as to the related risk, possible remediation measures, and any other actions required to mitigate or manage away the conflict.

- All employees must be alert to their responsibilities under the relevant conflicts of interest laws and requirements in the markets in which they operate. If they become aware of a possible or actual conflict of interest, they should report it to line management and to Ninety One Compliance immediately.

- Typically, regulators require that if a firm cannot prevent or reasonably manage away a conflict of interest which could lead to a risk of damage to a client’s interests, then the firm must clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking business for the client. Disclosure should be used as a last resort and is secondary to preventing the conflict. We will make disclosure if necessary in a durable medium, containing sufficient detail, to enable our client to take an informed decision as to whether to continue to carry out business with the firm.

- Ninety One operates in several jurisdictions which have requirements regarding the management of conflicts of interest. Ninety One aims to apply best practice from across those jurisdictions.
Proxy voting conflicts of interest could arise in a number of areas, some examples are as follows:

- **Election of directors**: We always seek to elect independent directors with no relationship to Ninety One through employment or otherwise. However, if the candidate(s) is affiliated to Ninety One, we ensure that they are not presented with any conflict of interests that may affect their ability to fulfil their responsibilities as a director.

- **Engagement**: We engage with companies to ensure that our clients’ long-term interests are protected. If there is a relationship with a company through other channels, we have a governance structure that is overseen by the Investment Governance Committee (IGC) to ensure that these situations are appropriately identified and managed.

- **Corporate actions**: It is possible that Ninety One and its clients could be party to both sides of a corporate transaction. In such cases, we seek to ensure that all appropriate aspects are considered prior to any voting decision being made and, if necessary, engage directly with our clients to determine an appropriate course of action.

- **Voting at parent company meetings**: Ninety One has decided not to submit a vote at our parent company meetings due to the conflict of interest. However, we provide all our clients with the opportunity to submit their own vote if they are a shareholder.

- The IGC receives a report on proxy voting conflicts of interest that have arisen in the previous quarter. If a proxy voting conflict of interest requires timely intervention outside of the quarterly cycle, it will be circulated to all members of the IGC for discussion and resolution as soon as possible.
3. Institutional investors should regularly monitor investee companies in order to enhance investee companies’ mid- to long-term value and thereby protect and raise their investment value.

Ninety One monitors and, where appropriate, engages with investee companies. This may include an assessment of the strategic governance of the companies in which we invest and includes a clear audit trail of voting where applicable.

The integration of material ESG factors into our investment process and decision making is an important element of preserving and growing our client capital over the long-term. Ninety One recognises that in taking a long-term perspective there are legitimate reasons why material issues of an environmental, social and a governance point of view should form part of fundamental investment analysis. We believe that the consideration of material ESG risks and opportunities allows us to understand risks better and identify companies that are better placed to create long-term shareholder value.

The ESG team develops frameworks to help guide analysts and portfolio managers to identify and integrate material ESG risks and opportunities into their investment analysis. The effectively incorporating ESG may be achieved by means of screening, fundamental analysis or any other method deemed appropriate, including the seeking of external advice, by the managers of the particular strategy and investment process.

- We rely companies’ systems of governance, including disclosure transparency and sustainability practices to secure and sustain value over the long-term.
- We consider departures from Corporate Governance Codes on a case by case basis. Our assessment considers the overall system of governance, the track record of the company and the opinion of our fund managers and analysts on the company’s culture of building trust.
- Rapid change can lead to new business challenges such as cyber risk. While we monitor governance and promote good sustainability practices, it is not always possible to identify material risks and ensure they are fully mitigated.
- We make use of internal and external research and data to improve our investment analysis.
- We subscribe to services that include impact monitoring and controversy identification to assist in early risk identification. Material events provide insight into the effectiveness of company’s systems of governance.
- Our ESG team works with and supports the fund managers in the monitoring process. This adds to our capacity to monitor and engage with investee companies.
- Meetings with management, directors and sell-side analysts provide information that assists our investee company monitoring.
– We participate in several investor networks to assist with stewardship. The networks add to governance monitoring and can help facilitate collaborative engagements to improve company governance.

– We attend AGMs when we consider it necessary or appropriate to do so.

– Research services, internal services, analysis, company meetings, AGM attendance and network participation assists Ninety One to monitor and identify a variety of issues for possible engagement, including:
  – Systems of governance (including departures from Codes of Governance)
  – Strategy
  – Leadership
  – Capital structures
  – Remuneration
  – Reporting
  – Risk management (including stakeholder risks)
  – Performance

– We are willing to be made insiders. Our decision as to whether we will become an insider, and therefore be unable to trade the company’s shares, is taken on a case-by-case basis. We need to be clear about when the information will be made public and prefer this period to be as short as possible.
4. While institutional investors should aim to form a consensus with investee companies, where necessary, they should formulate internal guidelines on the timeline, procedures, and methods for stewardship activities.

Ninety One endeavours to engage with companies in a constructive and clear manner. Communication should be founded on a mutual understanding of motive and should seek to objectively establish a rationale for change to occur. Ninety One expects the boards and management of companies with which it engages to respect the role that it plays on behalf of its clients. Accordingly, the officers of the company should present their responses to Ninety One’s questions and recommendations in a clear, honest and constructive manner.

— In communicating ownership concerns, Ninety One addresses issues to the chairperson of the company. In instances where the chair is not independent, Ninety One will seek to engage directly with the lead independent director. When appropriate, matters will be addressed through the company secretary to ensure that the board is collectively informed about material issues that are being raised.

— We engage with companies on several topics and issues. Our decision to engage depends on the significance of the issue for the long-term interests of our clients. The topics and issues can include:
  — Board diversity (skills, gender, experience and race)
  — Director independence
  — Company strategy
  — Leadership including culture
  — Succession planning
  — Remuneration
  — Risk Management
  — Stakeholder risks (Social & Environmental)
  — Capital structure
  — Integrated Reporting
  — System of governance (including departures from Codes of Governance)
  — Performance
Our initial discussions take place on a confidential basis. Sometimes engagement, including dialogue with executive management and non-executive directors, does not achieve our objectives. When this takes place, we may change our engagement strategy or consider enacting our shareholder rights in order to achieve our goals and protect client capital. Our escalation process varies according to the specific circumstances. Our engagement tactics can include one or more of the following actions:

- Strategic proxy voting
- Correspondence and meetings with the chairman and key directors, including the Lead Independent Director
- Meetings with company executives
- Meetings with advisors
- Meetings with material stakeholders
- Focused discussion with material shareholders with the purpose of improving the company’s system of governance
- Appropriate collaboration with shareholders
- Attending the AGM and asking focused questions
- Putting forward shareholder resolutions or supporting others who are doing so
- Making a public statement and/or calling an extraordinary general meeting
- Selling the company shares
- Investigating the possibility of legal recourse, if required

Ninety One’s proxy guidelines (https://www.ninetyone.com/united-kingdom/professional-investor/document/pdf/Ownership-Policy-and-Proxy-Guidelines.pdf) provide a comprehensive review of areas where we believe escalation may be necessary. However, as the circumstances and method for this may be different across issues and over time, we adopt a tailored approach.

Our engagement processes are further detailed in our Stewardship Policy and ‘Our approach to engagement’ document which can be found on our website.
5. Institutional investors should formulate and publicly disclose a voting policy that includes guidelines, procedures, and detailed standards for exercising votes in a faithful manner, and publicly disclose voting records and the reasons for each vote so as to allow the verification of the appropriateness of their voting activities.

The Ninety One stewardship policy and Ninety One proxy guidelines set out our policy on voting. They are published on our website at:

https://www.ninetyone.com/united-kingdom/professional-investor/en-gb/investment-expertise/stewardship/

We aim to vote as many shares as are practical, given local market regulations (e.g. share blocking). Implementing the Ninety One proxy guidelines is facilitated by International Shareholder Services (ISS) which we use as a voting platform.

- We subscribe to a proxy voting advisory service.
- The comprehensive ISS voting service provides our investment team with governance and voting data.
- The ESG team analyses the voting recommendations of our service provider and consults with analysts and portfolio managers to identify resolutions to engage on and voting decisions.
- Where the Portfolio Manager identifies resolutions that require engagement, we engage with the appropriate company executives or nonexecutive directors.
- The decision to vote against lies with the portfolio managers. The IGC makes the final voting decision if the portfolio managers do not agree.
- We inform companies prior to the AGM of our decision to vote against a resolution.
- We make quarterly voting results available to our clients.
- We publish our voting decisions after the AGM on our website.
6. Institutional investors should regularly report their voting and stewardship activities to their clients or beneficiaries.

Ninety One supports clients that take an active interest in fulfilling their ownership responsibilities. Transparency is important and we intend to inform clients on a timely basis of how we are fulfilling their ownership rights.

- We carefully document all our stewardship activity.
- We report annually to our clients through our annual stewardship report. This report includes progress on integration across the investment teams over the year, engagement details, advocacy work, voting data, case studies and market trends. The most recent reports can be found on our website.
- We are an active member of the PRI and disclose our responsible investing practices and progress in the annual assessment to the PRI.
- We disclose all proxy voting decisions on our website at https://www.ninetyone.com/united- kingdom-professional-investor/en-gb/investment-expertise/stewardship/proxy-voting-results/.
- A quarterly summary of all votes and types of resolutions is provided.
- We have an annual external audit of our voting process, conducted using the AAF 01/06 and ISAE 3402 reporting standards.
Environmental / Social / Governance

7. Institutional investors should have the capabilities and expertise required to implement stewardship responsibilities in an active and effective manner.

From the start, Ninety One has been committed to investing for a better tomorrow. Launched in South Africa in 1991, we have seen and experienced the difference ESG issues have on societies and the companies we invest in. Our home market has shown us how economic growth, social inclusion and environment sustainability collide and how important our role is.

– We have a wealth of experience and knowledge in implementing and overseeing our stewardship activities. Our specialists have in-depth knowledge of investee companies, which enables them to focus on financially material ESG issues and engage appropriately.

– The IGC is the custodian of Ninety One’s approach to stewardship. The CEO and Deputy CEOs, Co-CIOs, senior members of the investment teams and key members of our ESG team are part of the IGC. The IGC’s responsibilities include:
  – Reviewing the Ninety One approach to stewardship,
  – Reviewing and updating the Ninety One proxy voting guidelines.
  – Acting as the ultimate authority for any direct engagement undertaken by Ninety One on behalf of its clients.
  – Being the final arbiter of any disputes or differences of opinion with respect to possible votes or engagements; and ensuring policy, processes and procedures are in place to prevent any conflict of interests.
  – Any other activities related to overall philosophy, approach and execution of the stewardship of Ninety One’s clients’ assets.

– The IGC steers Ninety One’s dedicated ESG team. The ESG team has the responsibility of centrally managing and guiding the stewardship and ESG integration efforts. The team is based in both London and Cape Town and represents a diverse set of backgrounds, with academic and professional expertise across a broad range of ESG areas.

– The ESG team is part of the investment team and works closely with it to support the integration process and provide a focus for active ownership. It also facilitates research and training throughout the year to evolve the ongoing development of ESG understanding and insight across a range of topics.

For any further information please contact

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Important information

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