The world is a community. We aim to preserve and grow the assets entrusted to us whilst being conscious of our responsibility to strive towards improved sustainability for our communities and our planet.

Hendrik du Toit
Chief Executive Officer, Ninety One
Stewardship aims to promote the long term success of companies in such a way that the ultimate providers of capital also prosper. Effective stewardship benefits companies, investors and the economy as a whole. (The UK Stewardship Code 2012).

Ninety One embraces the concept of active stewardship.

The aim of our work is 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 will assume a stewardship role, including the effective exercising of our clients’ ownership rights. We will monitor, evaluate and if necessary, actively engage or withdraw investments with the aim of preserving or adding value to our clients’ portfolios.
Our stewardship statement

Ninety One exists for one single purpose: to manage ‘other people’s money’ (third-party assets) in such a way that we deliver on their mandate.

Although these mandates are often quite specialised, the essential purpose of our work is 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 will assume a stewardship role over the assets of our clients, including the effective exercising of their ownership rights. We will monitor, evaluate, and, if necessary, actively engage or withdraw capital to preserve or add value to our clients’ portfolios.

As a firm we will 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 cognisant of the broad environmental, social and systemic context in which we function. By virtue of the fact that the majority of our investment activity takes place in the public markets, we will publicly disclose our stewardship policy and our voting record.

Ninety One embraces the concept of active stewardship
The Ninety One approach

Once investment has taken place in a company, Ninety One assumes a stewardship role in representing the client’s ownership rights.

A company, in whatever sphere it operates, brings together various parties (capital, expertise and labour) for the purpose of producing an outcome, be it a product or a service, for the maximum benefit of all parties. A large portion of these relationships are regulated through the law of contract, and other stakeholder protection laws. The company has to meet its obligations to contractual and regulatory claimants before meeting its promise of returns to shareholders. This makes the shareholder effectively a residual claimant. Shareholders, however, maintain the unique right to elect directors and to the fiduciary obligation of care and diligence from both directors and management to protect their interests through acting in the best interests of the company. This is the cornerstone of corporate governance and shareholder rights and power.

In investing in companies, investors need to be assured that the company will enhance value through the continuous creation of a surplus beyond its obligations to other stakeholders. The assurance of this commitment from the company will attract investors. If this commitment is absent, outside financing whether through debt or equity will become more costly, and the ability to engender the co-operation of stakeholders will become more difficult, putting the company at substantial risk of failure. Good governance is a method of mitigating this commitment problem, and assures the suppliers of capital that they are able to get a return on their investment.

Governance is also about balancing the interests of multiple stakeholders (i.e. management and employees, the entity, shareholders, creditors, and other stakeholders, including the broad community) and addressing the conflicts of interests that evolve among them.

Short-term investment philosophies, coupled with possible conflict of interests of service providers, has resulted in the governance hierarchy breaking down in many instances. The board is the apex of the governance system. Consistent with its motivation to continuously enhance the value of client assets, and as a representative of clients’ ownership rights, Ninety One sees the governance of companies and hence the board as an extension of ownership. Ninety One sees owners as the source of board authority over management. Even in a highly regulated environment where there are strong governance codes, the agency costs in this situation have a high chance of increasing. It is thus vital to have strong owners who are motivated by the company’s ability to create sustainable value, who can reinforce the board’s

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1Monks & Minow (2007)
2Erik Berglof & Stijn Claessens in Milstein, Bajpai, Berglof & Claessens, “Enforcement and Corporate Governance: Three Views”, Global Corporate Governance Forum, Focus Paper 3, 2005, p 31- the commitment problem highlighted above is commonly referred to as “shirking” in the legal interpretations of agency theory
3bid p 33
mandate and ensure its quality and accountability, and provide input when changes need to take place. The reliance of the owner on the fiduciary strength of the board is central to the protection and enhancement of shareholder value.

The governance of a company is not a higher level of management; it is a separate function in its own right, which sets the framework within which the company can be managed. Good governance entails the board looking at every issue with which it has to deal and, devising a policy and framework that can be implemented by management. The board also has the function of curbing the excesses of management, ensuring that risks are managed and ensuring that management’s interests remain aligned to the strategic direction of the company.

Ninety One’s approach of linking ownership directly to the board as its extension is a departure from many of the other, more rules-focused ownership approaches. This ownership policy takes into consideration the governance codes in all of the terrains in which it operates and notes their value and integrity in providing guidance to directors of companies, in the relative absence of guidance from their owners. The application of such codes should, however be flexible, with companies adopting the “apply or explain” principle for non-adopted provisions which are specific to the company’s individual circumstances. Ninety One holds that non-application should not be a permanent condition, and companies should continuously seek to improve on their governance performance guided by these standards. In terrains where Ninety One invests and where such codes have not been developed or enacted through effective director training, Ninety One will seek to play a role in ensuring that they gain effect.

Given various financial crises, and management abuse of both shareholder and stakeholder rights, Ninety One is intent on playing a role in ensuring that the boards of the companies in which they invest focus on the preservation and the growth in shareholder value. This approach relies on a high level of interaction between Ninety One and company boards, notably the chairperson, the lead independent directors (LID) and company secretaries to support the ongoing objective of higher levels of accountability. Innovative methods that can facilitate this, such as shareholder committees, will be encouraged and supported. Unfounded resistance from boards and officers of the company to engage with shareholders will be actively discouraged.

A proper chain of accountability guarantees legitimacy. The board is at the top of the chain of accountability within a company and therefore is the ultimate authority. Consequently, the board has the obligation to take command of the company on the shareholder’s behalf. This is a power that cannot be abdicated, and is a power that the board has as a collective. Because of this, it is accountable to owners for its own performance and that of the company. It cannot excuse poor board performance on the chair, or poor company performance on the CEO, or poor financial controls on the audit committee – it has to take the responsibility that poor performance in any specific and general area is an indication of poor performance of the board as a whole.

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There was a time when business success in the interests of shareholders was thought to be in conflict with society’s aspirations for people who work in the company or in the supply chain companies, for the long-term well-being of the community and the protection of the environment. The law is now based on a new approach. Pursuing the interests of shareholders and embracing wider responsibilities are complementary ones.

Margaret Hodge, Minister of State for Industry on the release of the UK Companies Act.

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... societies where there are high levels of trust, loyalty and honesty actually perform better than those where these virtues are absent. Economists are just now beginning to discover how non-economic values actually enhance economic performance.4


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4Monks & Minow (2007)
5Ibid p 33
The board governs on behalf of owners, it alone determines the ends of the enterprise, and its essential purpose. It does so in the light of the expectation of the owners and acting for them. How these ends are achieved is the responsibility of management and involves a choice of means. Means are delegated to management, but within bounds carefully set by the board. Deciding which means are not acceptable is a crucial board responsibility because most of the damage to corporate reputation arises from mistaken means. The clearer the board’s policy guidance, the greater the freedom of the executive to use their ingenuity and skill to deliver agreed results and, the greater their ability to act quickly, without reference back to the board, always provided that action is within bounds.

Sir Adrian Cadbury, Monks & Minow (2007)
Stewardship codes

As a firm we will seek to play a meaningful role in helping to develop and improve 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.

Ninety One has signed the Principles for Responsible Investment and the UK Stewardship Code. In addition, we played an important role in the development of the Code for Responsible Investing in South Africa (CRISA). There are no signatories to CRISA. Ninety One endorses the South African Code.

The Principles for Responsible Investment were launched in 2006, the UK Stewardship Code in 2010 and the Code for Responsible Investing in South Africa in 2011. CRISA and the UK Stewardship Code fit effortlessly within the Principles for Responsible Investment (PRI) framework which requires institutional investors to practice:

- Active ownership or stewardship
- Integrate material sustainability or ESG factors
- Collaborate with other investors when appropriate to do so
- Promote stewardship
- Transparent stewardship policy and reporting

The International Corporate Governance Network (ICGN) has reviewed all Responsible Investment or Stewardship Codes and developed the ICGN Global Stewardship Principles. The ICGN adds two important principles that focus on:

- Addressing internal governance
- Ensuring a long-term investment perspective

Ninety One has carefully considered all global principles and will focus on five core principles to guide our stewardship role in representing your client’s ownership rights.
Our stewardship principles

1. Ninety One will disclose how it discharges its stewardship duties through publically available policies and reporting.

2. Ninety One will address internal governance of effective stewardship including conflicts of interest and potential obstacles.

3. Ninety One will support a long-term investment perspective by integrating, engaging, escalating and monitoring material ESG issues.

4. Ninety One will exercise its ownership rights responsibly including engagement and voting rights.

5. Ninety One is, where appropriate, willing to act alongside other investors.
Integration of our stewardship principles into our investment processes

Our principles provide guidance on our position on the key aspects of corporate governance. However, not only do we believe that each company should be looked at on an individual basis but also that the managers of our various strategies have the right to implement these principles in a manner that they believe is consistent with the mandates they have from their clients. Our Investment Governance Committee exists to facilitate this process.

6.1 Participation in governance and proxy voting is not optional

All relevant strategies are required to participate in exercising shareholder rights on companies owned, voting via proxy or in person at all applicable meetings, such voting being conducted in accordance with these guidelines taking into account client interests and market-specific characteristics e.g. share blocking markets.

6.2 Integration of principles into our research processes

Ninety One’s research processes will reflect the relevance of these principles, seeking, where appropriate, to integrate these principles in order to better understand and account for the risks and opportunities inherent in each investment decision. Our capital allocation decision will seek to reflect the role of governance, as this speaks to the inherent risk of a business and is one component that should be reflected in its cost of capital.

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. The effective incorporation of these 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.
6.3 Exercising ownership rights responsibly

The manner in which Ninety One plays an active ownership role will be determined by an assessment of the costs and benefits to our clients as well as the particular nature of the investment strategy. Any strategy of intervention will be subject to portfolio decisions on whether to remain invested in the company, with the protection and enhancement of the value of client portfolios being the central objective.

6.4 How we work with companies

Ninety One will endeavour to communicate 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 whom 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 will address issues to the chairperson of the company. In instances where the chairman 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.

6.5 Communicating voting action

Ninety One will publish votes on its website after the associated meeting has taken place. Where Ninety One’s ownership policy determines that a negative vote is cast, Ninety One will, if it is deemed appropriate and beneficial, communicate why it has opposed a particular resolution. Where Ninety One feels that it is necessary to communicate with the company in relation to its voting decision it will be done in advance of the meeting. This ensures that there is sufficient time for engagement to take place and appropriate amendments to be made to the voting decision.

6.6 Engagement

Ninety One will follow a number of different strategies with respect to its engagement activities. Ninety One’s proxy voting guidelines will be available publically. This establishes Ninety One’s position with respect to a range of issues, and provides an insight into Ninety One’s approach to engagement.

Where engaging is appropriate for a given strategy, Ninety One will make an assessment of the issues to ensure that they are relevant, value accretive and that there are concrete and measurable actions that can be taken. Specific engagement will then take place between the analyst, portfolio manager or engagement team and the chairman, directors or other officers of the company.

In cases where engagement is not succeeding, Ninety One will consider enacting its shareholder rights. These would include using its voting rights, raising resolutions, proposing candidates to the board, calling shareholder meetings, working with other shareholders, and investigating the possibility of legal recourse if required.
6.7 Right to raise resolutions

Should Ninety One believe that there is a pressing matter that should be taken into account by shareholders, it will consider following the relevant processes to raise a resolution. Ninety One will only follow this recourse if all other avenues of engagement have been unsuccessful.

6.8 Support of resolutions raised by other shareholders

Ninety One will consider supporting resolutions raised by other shareholders if they are relevant, applicable, result in improvements in the governance, capital structure and long-term performance of the company, and if they are in the interests of all shareholders.

6.9 Right to nominate directors and oppose incumbent directors

Ninety One holds the view that the board is an extension of shareholders. Ninety One also believes that a board should be appropriately balanced, with a strong participation of capable, diligent and skilled independent directors.

Should Ninety One hold the view that there is a deficiency in this respect and no effective succession plan, it will consider opposing the incumbent directors and/or nominating new directors to the board. Ninety One will at all times seek to propose a candidate through the nomination committee of the company. If this is not successful, Ninety One will consider employing its rights as a shareholder to nominate an appropriately independent candidate at a general meeting of the company, requiring that the company present the candidate in a manner required by the law to shareholder vote.

6.10 Calling meetings of shareholders

Should Ninety One deem a matter, it wishes all shareholders to consider, of an urgent nature, which means that it cannot wait for the annual general meeting of the company to take place, or that the matter has been specifically left off the agenda at a company meeting, it will use its rights as a shareholder to call a meeting of the company’s members. Ninety One will also consider calling a meeting of shareholders if the company has failed to call a meeting of shareholders within the time period stipulated in the relevant company legislation or listings requirements.

6.11 Right to liaise with other shareholders

Ninety One may work with other shareholders from time to time to promote good governance and to prevent any destruction in value. Discussions that take place will relate to specific voting actions, and will at no stage seek managerial control or control over the assets of the company. Rather, Ninety One will collaborate on a range of different issues such as the introduction of new skills or diversity to a board of directors, the amendment of a governance deficiency, an agency problem, and the prevention of value destruction.

Whether engaging with the board in its own capacity, or in collaboration with other shareholders, Ninety One will seek to resolve an issue rather than escalating it to a level which may be damaging to the company and thus its own holding.
While legislation differs across different terrains, Ninety One holds the view that the frequently used defence by boards and management against collaborating shareholders of a “concert party” action, which necessitates an offer to all shareholders, is unfounded. Ninety One maintains that a “concert party” action has to be transactionally based, and that it is a digression that has little bearing on shareholders working together to address governance concerns in a company. The use of this action to defend an incumbent board or management from owners is an indictment of poor governance and disrespect for owners. Should this result in legal recourse, and be proven to be vexatious in Ninety One’s favour, Ninety One will consider a derivative action on behalf of the company to claim costs from the directors in their personal capacity.

6.12 Actions that are in conflict with regulations

In instances where there has been a clear breach of regulations by a company, or officers of the company, and as a result owners are placed at risk, Ninety One may seek intervention by the relevant regulatory body to address the breach.

Furthermore, Ninety One will consider the other recourses available to it once the issue has been addressed.

6.13 Legal recourse

In severe instances, Ninety One will consider approaching the regulator to intervene in the company’s affairs, or consider derivative action.

Ninety One’s purpose at all times is to protect and enhance its clients’ wealth. If officers of a company in which Ninety One invests act in a manner that is negligent or dishonest and interferes with this purpose, Ninety One will seek recourse with other owners to recover whatever losses its clients have suffered from the relevant party.

6.14 Contributing to change

Subject to the interests of its clients, Ninety One may seek to become involved in professional, national and international initiatives that seek to enhance governance, corporate citizenship and disclosure practices.
Voting processes

7.1 Client proxy policies

Ninety One’s voting policy establishes its voting and engagement guidelines which will apply across all of its holdings. It is well understood that clients may have their own policies, which may differ from Ninety One’s policy. Clients will thus be requested to formally opt out of Ninety One’s policy, and mechanisms will be put in place to ensure that adherence to the clients’ voting guidelines take place.

7.2 Universal rights

Ninety One’s right to vote is founded on the principle of a universal shareholder right, which is applied to all shares in a particular share class. The boards of companies should do their utmost to ensure that these rights are exercised and should oppose any efforts to restrict these rights. The rights accorded to each share should be in direct proportion to the equity capital at risk. Ninety One stands for the equitable treatment of all shareholders, especially minorities. As a matter of principle, the creation of different share classes that confer disproportionate rights and privileges onto certain shareholders, will be questioned by Ninety One. Where such rights exist, these should be clearly disclosed and justified. Companies should keep such structures under regular review, and put their retention up for regular approval by all of the shareholders. If such structures exist, they should be accompanied by commensurate extra protections for minority shareholders, which ensure that the high-voting right holder does not exploit that position to the detriment of minorities. Ninety One holds that rights should be limited to within a share class and where different share classes exist, they should not be permitted to vote with respect to matters affecting the capital of other share classes.

7.3 The presentation of voting issues

The board bears the responsibility to ensure that the information relating to any of the proposals or resolutions given to shareholders is considered, candid and sufficient for the shareholder to make their decision in a diligent manner.

If the information provided by the board in relation to a decision at hand be erroneous or deficient, Ninety One will actively oppose the resolution, and if necessary seek legal recourse to delay the vote to ensure that all shareholders are provided with the information necessary for them to make a considered vote on the matter.

Ninety One requires that there are separate resolutions for substantively different proposals from management.

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5 ICGN – In line with the ICGN Ownership Principles
7.4 Time for decisions

While different terrains may differ in terms of record dates and the time given to shareholders to consider company proposals and resolutions, Ninety One is emphatic that such dates should be adhered to and the timeframes should be sufficient for Ninety One to apply a fiduciary standard to the consideration of the decision at hand. The time provided should be sufficient for Ninety One to revert any issues to clients for consideration, to communicate differences with the chairperson and the board of the company, and if necessary communicate with other shareholders. Ninety One recognises that in certain cases, such as the raising of capital in rights issues, companies may be under pressure to elicit shareholder support in comparatively short time periods to meet capital shortfalls and to avoid market manipulation relating to short selling. Ninety One will consider such expedited proposals if it has been supportive of a general authority granted to directors to issue shares, and if there has been sufficient communication from the company for it to make a considered decision. Ninety One will actively oppose any resolutions where there is a clear intention on the part of the company to acquire shareholder consent by default through not allowing adequate time for shareholders to consider matters that are being proposed to them.

7.5 Major decisions

All major decisions that impact on the nature of the company should be presented to all shareholders for approval. Ninety One will consider the full nature of the decision, and is cognisant that many such decisions are softened with short-term incentives that distract from the long-term impact that may deplete value and dilute shareholder rights. Ninety One holds that the market for corporate control is an essential mechanism that gives additional power to its right to withdraw its capital from the company in instances where poor governance is eroding long-term value. It will actively oppose anti-takeover mechanisms such as poison pills that play a role in protecting incumbent management at the cost of shareholders and the company. Other major decisions will be considered on their individual merits. Principally, Ninety One will be in favour of any decisions that create long-term value.

Where the connection between transaction and the creation of long-term value is not clear, an examination of other motivations for the transaction is required. This necessarily requires a high level of disclosure on the part of the company.

7.6 Transparency of the voting process

Ninety One supports mechanisms through which shareholder rights and opinions can be raised. Ninety One views voting by way of a poll as accountable and good governance thus encourages that all matters put before shareholders are voted by way of a poll and that the results of the vote are made publically available.

Ninety One holds the view that a vote by “show of hands” disenfranchises proxy holders and those who are not in attendance at the meeting, and is thus an abrogation of their rights as shareholders.
All issues raised at shareholder meetings should be clearly recorded in detailed minutes and placed on public record. Ninety One supports the introduction of electronic voting in all of the markets in which it operates, and would support the introduction of real-time shareholder meetings, where questions can be publically raised with management and boards through web-based links. Ninety One will support and actively lobby for regulatory changes that can facilitate better communication between companies and their owners.

7.7 Consideration of the vote

Ninety One operates in parallel with a number of service providers in order to effect this policy. Ninety One may outsource all, or a portion of the proxy research or voting action. Its decision on the extent of its internal management of this process will differ according to investment strategies and terrains. In markets where Ninety One is administering its own voting process, the vote will be assessed by the relevant analyst and subjected to the scrutiny and oversight of a senior portfolio manager. Where Ninety One has outsourced the research and voting function, it will bear responsibility for all voting decisions that it makes on behalf of its clients. Ninety One’s relationship with its service providers in this respect will be contractually defined and managed in terms of a clear service level agreement.

7.8 Conflict of interests

Ninety One is committed as a fiduciary to its clients and will always seek to manage any possible conflicts that may occur through its normal business activities in order that there is no material risk of damage to clients. Ninety One’s independent structure and system of governance mitigates possible group conflicts of interest.

As such, conflict of interests can arise in a number of areas but most notably in the following situations:

1. Nominating directors

   Ninety One will endeavour to nominate a candidate that it objectively considers to be independent. Should Ninety One deem it necessary to nominate a candidate that is in any way affiliated to Ninety One or its holding company, Ninety One will ensure that the candidate is not presented with any conflict of interests that may impact their ability to fulfil their responsibilities as a director, or as an employee of Ninety One.

2. Engagement

   In theory, Ninety One may favour some companies in the engagement process where the Group, or Ninety One, has a prior relationship and so would be failing in its duty to treat all its clients equally. Accordingly Ninety One has established a governance structure to ensure that these situations are appropriately identified and managed.

5 ICGN – In line with the ICGN Ownership Principles
3. Fundamental transactions

From time to time it is possible that Ninety One and its clients are party to both sides of a fundamental transaction. In such cases, Ninety One will seek to ensure that all appropriate aspects are considered prior to any transaction or recommendation taking place, and if necessary engage directly with its clients to determine an appropriate course of action.

The Investment Governance Committee, in cooperation with the Global Conflicts Committee, will deal with these and other such issues. Where a client needs to be treated individually (e.g. where we own shares in our client and they have specified how to deal with engagement) then this will not affect the decision for other clients.

Ninety One has to consider in detail the various areas of possible conflict of interests and this is set out in the Ninety One Conflict of Interests Policy and Code of Ethics.

7.9 Reporting to clients

Ninety One is very supportive of clients that take an active interest in fulfilling their ownership responsibilities. While reporting will be customised to meet specific requirements, it is the intention of Ninety One to ensure that clients are kept well informed on a timely basis on how their ownership responsibilities are being fulfilled.
Ninety One governance structure for effective stewardship

The Ninety One Investment Governance Committee (IGC) is the custodian of Ninety One’s approach to stewardship. The IGC will be constituted by Ninety One’s Chief Executive Officer, The Co-Chief Investment Officers, senior members of the investment teams and key members of Ninety One’s Stewardship and Governance team.

The IGC will be responsible for:

1. The review of the Ninety One approach to stewardship.

2. The review and updating of the Ninety One proxy voting guidelines.

3. Acting as the ultimate authority for any direct engagement undertaken by Ninety One on behalf of its clients.

4. 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.

5. Any other activities related to overall philosophy, approach and execution of the stewardship of Ninety One’s clients’ assets.
Appendix 1:
Global application and respecting differences

Ninety One invests assets across multiple geographies all of which differ to a greater or lesser extent in terms of legal regimes, listings requirements and governance frameworks. While the ‘principles’ and its approach applies to all companies in which Ninety One invests, the manner of application differs according to the particular environment within which the company operates. This requires focus on specific areas of governance and ownership rights. Ninety One may potentially involve itself in advocacy relating to reforming or enhancing of governance practices and the recognition of ownership rights.

Ninety One is cognisant of governance and corporate culture differences in the geographies where it invests, and will take these into account in its engagement with boards and management of companies. Ninety One will strive to have a constructive and progressive approach to dealing with boards and management, which is established in a culture of respect and clear mutual understanding of motivation. Key to this is the understanding of areas of difference, and ensuring that the welfare of Ninety One’s clients is represented at all times.

Important to the understanding of difference is the development of a clear position based on experience, of how the ‘principles’ should be applied in different markets and how to work within varying regulatory and cultural environments. Ninety One understands that in many markets, which may provide substantial benefits to clients in terms of returns, there is less clarity with respect to governance, appreciation of shareholder rights and disclosure. It will thus attempt to advocate a general improvement in these issues through effective engagement with companies, governance bodies and regulators.

In our view, cultural context matters. Experience has led us to believe that positive, culturally sensitive engagement works far better than a confrontational and prescriptive approach.
Appendix 2: Climate change statement

We at Ninety One believe that climate change will not only have a major impact on our current way of life, but will pose an even greater threat to the wellbeing of future generations. With global temperatures accelerating to record highs over the past 30 years, climate change is an issue that we as investors cannot afford to ignore.

Tackling climate change is our collective responsibility. Action now by investors has the potential to slow down the process of global warming. We as asset managers can help asset owners reduce their portfolios’ contribution to climate change by encouraging companies and policymakers to adopt sustainable practices and changing the way we invest our clients’ capital. As a result, we can mobilise capital to finance the transition to a low carbon economy while recognising that conventional energy sources will continue to play a role.

Acting together, we believe investors, companies and policymakers can influence a shift towards a low-carbon economy.

As an asset manager we will endeavour to:

1. Engage with companies to encourage them to address climate change by measuring, managing and reducing their carbon footprint. We will also support initiatives that look to improve disclosure and the quality of carbon data.

2. Develop ways to assess the carbon exposure of companies and our portfolios based on carbon data. We will work with our clients on the best way to measure this exposure.

3. Be aware of the impact of climate change when valuing the assets of the companies in which we invest through ESG integration strategies.

4. Encourage governments and policymakers to develop and implement policies to limit climate change.
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