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Investing for a  
world of change

# Sustainability Policy

# Contents

# Purpose and scope

**The Ninety One Sustainability Policy (the ‘policy’) describes Ninety One’s approach to sustainability. It covers the full sustainability framework at Ninety One, which comprises three core components: Invest, Advocate and Inhabit.**

This policy applies to all Ninety One entities and all investment products across asset classes, unless otherwise indicated. While the principles and approach described here apply to all assets in which Ninety One invests, the policy may be applied differently according to the environment in which the company operates. Ninety One recognises that governance and corporate culture differ worldwide, and takes these differences into account in its engagements with boards and company management teams. This policy looks to comply with a wide range regulatory obligations<sup>1</sup>.

The policy should be read in conjunction with our ‘Stewardship policy and proxy voting guidelines’, which detail our approach to encouraging broader long-term shareholder value through our engagements and proxy voting.

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1. Under the FCA’s Conduct of Business Sourcebook rules, firms managing investments for non-natural professional clients must disclose the nature of their commitment to the Financial Reporting Council’s (FRC’s) UK Stewardship Code. This policy, in coordination with Ninety One’s Annual Sustainability Report, serves to meet the commitment made by Ninety One UK Ltd as a signatory to the FRC’s UK Stewardship Code. Further, Ninety One UK Ltd, Ninety One Fund Managers UK Ltd and Ninety One Luxembourg S.A. have obligations under the amended Shareholders Rights Directive (SRD II) to publicly disclose an engagement policy. These obligations are met by a combination of this policy and the ‘How We Engage’ document.

# Policy

## Our commitment to sustainability with substance

A strategic priority for Ninety One is to place sustainability at the core of the business. We do this by building a better firm, striving to invest better over time and contributing towards a better world. After all, our stated purpose is to invest for a better tomorrow.

We focus on implementing 'sustainability with substance', which means that our actions should be evidence-based and purposeful. We consider the material sustainability issues for each strategy and ultimately each investment case, taking into account different client preferences.

As stewards of our clients' capital, achieving long-term investment excellence is our primary goal. To this end, we are committed to being active and responsible investors.

Our aim is to contribute to real-world change by actively contributing to the conversation on sustainability with our stakeholders, including the wider society. We believe change starts at home and are also committed to running our business responsibly and sustainably. These commitments are reflected in the components of our sustainability framework:

- Invest
- Advocate
- Inhabit

# Ninety One's sustainability principles

Ninety One signed the Principles of Responsible Investment (PRI) in 2008 and is committed to a number of global stewardship codes<sup>2</sup>. Having carefully considered all of the relevant global standards and principles, we have established six core principles to guide our approach to sustainability, as follows. Ninety One will:

1. Endeavour to identify, understand and integrate material sustainability risks and opportunities within the investment process.
2. Fulfill stewardship<sup>3</sup> and fiduciary duties to stakeholders, including exercising ownership rights responsibly.
3. Develop investment solutions that focus on addressing sustainability challenges and the energy transition.
4. Play our part in accelerating the transition to a more sustainable future by contributing to the global policy agenda and development of industry standards.
5. Look to act sustainably and run our business responsibly.
6. Disclose how we discharge our sustainability responsibilities through publicly available policies and reporting.

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2. UK Stewardship Code, CRISA Code, Singapore Stewardship Principles, Hong Kong Principles of Responsible Ownership, Japanese Stewardship Code, Korea Stewardship Code and ISG US Stewardship Principles.

3. See Ninety One's Stewardship and Proxy voting policy.



Invest

# Invest

As long-term investors of client capital, we need to consider all relevant risks, including the risk that the future cash flows we purchase through our investments are sustainable. We invest client capital and work to the mandate our clients give us.

Our definition of responsible investment aligns with our approach to integrate environmental, social and governance (ESG) factors within our investment processes to deepen our understanding of externalities and improve our assessment of the risks they present. In line with client mandates, we reduce these risks by driving real-world change through active ownership. In addition to this, Ninety One serves a growing client base seeking to allocate to sustainable strategies that invest in companies doing the most to increase their positive influence on the world.

## Ninety One's position on sustainability issues

Ninety One supports a sustainable just transition. We consider a number of different sustainability issues when we assess investment cases. These include, but are not limited to, climate change and net zero, biodiversity loss, the need for a just transition, human rights violations, and diversity, equity and inclusion.

It is important that sustainability issues, where material, are carefully considered from both a risk and opportunity perspective as an integrated part of the fundamental research process. We understand that sometimes in order to have a positive impact we need to accept some sustainability risk, but we will look to manage the risk and engage as appropriate.

# Climate change and net zero

We consider climate change as the biggest challenge confronting humanity in the current century. We therefore aim to put sustainability, with a focus on climate risk and transition, at the core of our business strategy.

In our pursuit of net-zero global emissions to address climate change, we recognise that a range of critical ecological and human-related sustainability challenges require urgent action, and that participants in capital markets have an important role to play in addressing them.

We wholeheartedly support the objectives of the Paris Agreement and investing that is aligned with the goal of net-zero emissions by 2050 or sooner. As a signatory to the Net Zero Asset Managers Initiative, we intend to decarbonise our operations (Scope 1, 2 & 3) over time and align our investment strategies with our pledge to net zero. We have sought to design net-zero targets for our investment teams aimed at driving real-world carbon reduction and allowing emerging markets to transition in a fair and inclusive manner.

## We have set the following targets for our investments:

- At least 50% of the financed emissions for corporate assets under management at Ninety One will be generated by companies with Paris-aligned science-based transition pathways by 2030, including science-based targets.
- The proportion of our corporate AUM covered by Paris-aligned, science-based targets to exceed the SBTi verification standards for Ninety One. We calculate this requirement to be 56% of our corporate assets under management with transition pathways, including science-based targets, by 2030.
- We will also aim to undertake direct engagement with companies responsible for at least 80% of our financed emissions, prioritising engagements with our highest emitting companies<sup>4</sup> to maximise the proportion of our corporate AUM and financed emissions with science-based transition pathways.

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4. Companies that comprise the top 50% of Ninety One's financed emissions from our corporate investments.



## In general, as an asset manager we will:

1. Develop ways to assess and measure the carbon exposure of companies in our portfolios.
2. Consider the impact of climate change when assessing companies through ESG integration strategies.
3. Engage with the largest corporate contributors to Ninety One's financed emissions to encourage them to address climate change by measuring, managing and reducing their real-world carbon footprints.

## Integration

We look to ensure high-quality ESG integration processes and frameworks across all of our investment strategies. These include equity, fixed income, multi-asset and alternative strategies. Our commitment to incorporate ESG issues into investment analysis is 'investment-led', which means that each of our investment teams integrates and prioritises ESG issues in line with its investment philosophies and processes, while ensuring compliance with the policy.

Our aim is to ensure that robust integration processes highlight material sustainability risks and opportunities, spanning environment, social and governance, and prompt our investment teams to analyse and address them as part of their fundamental research. Our approach is based on the belief that, over time, the market will increasingly price externalities into the value of securities, and that investment outcomes can be improved by a deep understanding of material ESG-related risks and opportunities and their potential to affect value.

# Active ownership

Ninety One is committed to being a responsible steward of the assets it manages on behalf of its clients, which includes a focus on active ownership. The manner in which we play an active ownership role centres on engagement and proxy voting.

Ninety One's 'Stewardship policy and proxy voting guidelines' establish our voting and engagement policy and guidelines, as well as how we manage potential conflicts of interest. The following is a brief summary:

## Engagement

Engagements take place as an integral part of the investment process across equity and debt, with the investment teams initiating engagements relevant to ESG concerns, based on their investment priorities as identified through their fundamental research. The extent of their engagement activities will vary depending on the materiality of any adverse impacts, the ability to exert influence, and the nature and severity of the potential issue. We have three engagement categories:

### Strategic

A critical opportunity to create or preserve value where it believes it can have influence.

### General

Communication to gain comfort that the company has identified the relevant risks and that these are being managed appropriately.

### Advocacy

Firmwide engagements, usually involving collaboration and targeting a specific top-down issue.

We recognise the importance of collaborative action and may take part in collaborative<sup>5</sup> engagements where we deem them appropriate. Where objectives are not achieved, we may change our engagement strategy or consider enacting our shareholder rights. Our escalation process will vary according to the specific circumstances.

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5. This policy must be read in conjunction with Ninety One's Competition policy.

## Proxy voting

For listed-equity investments, we regard proxy voting as an important shareholder right and a means to bring about change. We vote at shareholder meetings throughout the world as a matter of policy and principle. We strive to cast a voting decision on all holdings, where legally and practically possible.

## Conflicts of interest

As a fiduciary to its clients, Ninety One will always seek to manage any conflicts that may occur through its normal business activities so that there is no material risk of damage to clients.

## Exclusions and divestment

Ninety One invests according to the mandates set by our clients. We make investments that meet our long-term risk-adjusted return hurdles as demanded by specific mandates. At a firmwide level, we do not look to impose our ethical views on the portfolios we manage on behalf of clients. We use exclusion lists where clients prescribe these or in line with relevant legal requirements. We will not invest in companies that are directly involved in the manufacture and production of whole weapon systems and intended-use components of cluster munitions, antipersonnel landmines, and biological and chemical weapons.

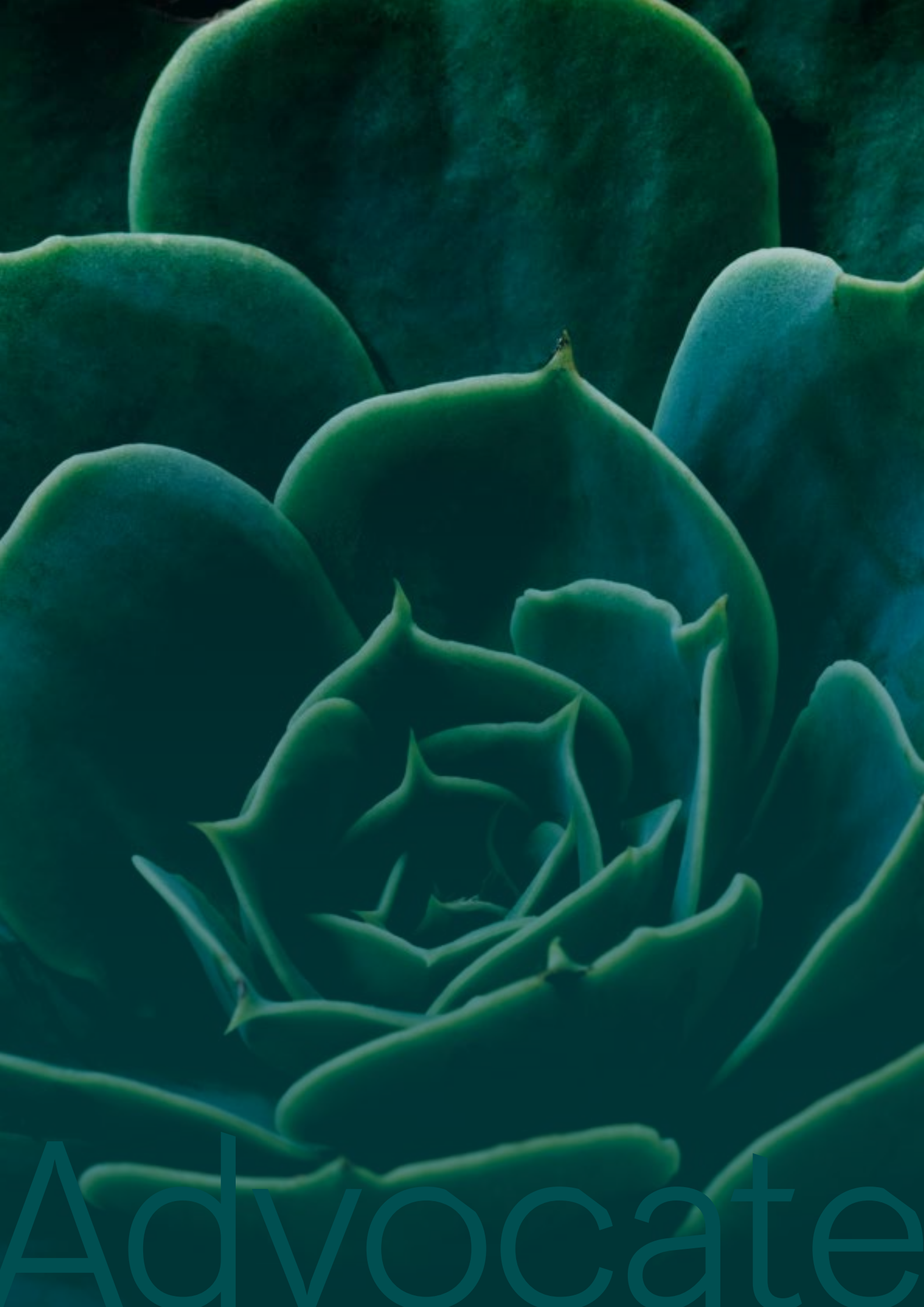
We manage a number of dedicated sustainability strategies that have varying exclusion guidelines, which are based on a research-based appraisal of negative externalities. These exclusions may include companies in the tobacco, coal and fossil-fuel industries, among others. These strategies also require all companies to pass a UN Global Compact compliance test, as determined by the respective investment team.

## Impact

Ninety One has a growing range of dedicated sustainable investment strategies. These invest in companies whose businesses drive positive sustainability-related outcomes and impact. Investments within these strategies meet specific requirements in terms of investing and reporting on outcomes.

We continue to build measurement frameworks to quantify and evidence positive impact and contribution, where possible, emphasising transparency on underlying holdings.

We apply regional regulatory frameworks where relevant.



Advocate

# Advocate

Achieving a sustainable just transition requires governments and industry to take action. We seek to contribute meaningfully to the conversation on sustainability and to encourage a deeper focus on sustainability-related issues in all of the jurisdictions where we invest.

We will advocate:

- Where aligned with our sustainability priorities.
- Where negative externalities can be addressed and reduced.
- Where real-world outcomes can be achieved.
- Where it makes financial sense to do so.

We carefully consider the available channels of influence and believe that our advocacy should be purposeful and substance-oriented.

As long-term stewards of client capital, we are committed to identifying and responding to market-wide and systemic risks to promote a well-functioning financial system. Where appropriate, we will seek to influence the development of policy, regulation and laws, aiming to facilitate efficient capital markets and favourable environments for shareholder rights and interests. We are also committed to engaging in research and education with our stakeholders.

Our membership of regional and global organisations<sup>6</sup> enables us to collaborate and engage on a variety of advocacy and systemic-risk matters.

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6. Please refer to our [Sustainability and Stewardship Report](#) for a list of our memberships.



Inhabit

# Inhabit

We believe change starts at home. We try to inhabit our own ecosystem in a manner that ensures a sustainable future for all. We work to improve the sustainability of our operations globally, and to support charities and community projects that are important to the team at Ninety One.

## Work with communities

We believe that doing the right thing for global and local communities is our collective and individual responsibility. Our overarching approach is to work with communities to create a lasting positive impact in the societies in which we live and work. This is primarily through the course of our normal business operations. This boils down to good citizenship wherever we operate. In addition, we have a dedicated Corporate Social Investments (CSI) initiative.

The depth and breadth of the challenges society faces are such that we have to take a pragmatic approach when choosing the initiatives to support. Hence, we typically review and select initiatives based on: relative needs in the regions where we have a presence, what our staff feel passionate about, and where the team can be actively involved.

Staff are encouraged to initiate and drive activities, with the support of the business. Support can be provided in many ways, including amplifying staff donations through a charity matching programme, a charity leave day allowance, and not least through providing a platform that creates awareness of the organisation or cause.

We take regional nuances into account by operating within the framework of local legislative and social imperatives, where applicable.

## Managing our energy consumption

We are working to decouple our company's growth from our environmental impact by expanding our corporate sustainability strategy and finding new ways to reduce our direct carbon impact. Our aim is to reduce, neutralise and eventually eliminate our carbon emissions on a Scope 1 & 2 basis. Our carbon footprint is calculated in accordance with the international GHG Protocol's Corporate Accounting and Reporting Standard (revised edition).

Ninety One Green, a grassroots initiative of champions within the business, drives our efforts to be more sustainable and ensures our actions are aligned with our mission to exceed our clients' expectations in everything we do.

## People and talent development

We are committed to providing our employees with a safe and stimulating place to work and to supporting them in achieving their full potential. We want our people to be proud of Ninety One, enjoy the work that they do, and have the freedom to be themselves within a team-oriented culture.

At Ninety One, we seek exceptional performance from our employees. A culture of 'freedom to create' is a cornerstone of our approach to professional development. We strive to establish an environment in which people are liberated to perform to their full potential – an environment in which each person and team is given the space and freedom to realise their potential in service of our clients. We expect our employees to drive their individual development within the parameters of our organisational objectives. We encourage them to grow in the areas they are passionate about, and which will also ultimately benefit our clients. All of our permanent employees and long-term contractors are eligible to apply for assistance in their learning and development.

## Wellbeing

Ninety One Wellbeing is focused on developing an inclusive and supportive work environment that encourages growth for the long term by tending to the mental, financial and physical wellbeing of our people.



## Diversity and inclusion

Doing the right thing is part of our cultural identity and underpins everything we do at Ninety One. We know that diversity and inclusion make great business sense. Having diverse views, thoughts and perspectives creates a competitive edge and we also want our company to reflect the communities in which we operate. Diversity and inclusion are about doing the right thing for our clients, shareholders and people, and the communities in which we operate.

## Workplace equality

At the core of our values is respect for the dignity and worth of the individual, which is reflected in our Equality and Dignity at Work policies. Our intention is to attract and retain the best talent by providing a corporate environment where people from varying backgrounds can develop professionally and build a rewarding career. We want everyone to have the opportunity to thrive in a collaborative work environment. At the same time, we want to ensure equal and respectful treatment for all our employees. This includes additional support for disabled employees. In addition, we have established our own set of diversity principles (available on our website) and created a framework for our ongoing journey.

## Workforce engagement and organisation development

Our Organisation Development team is focused on the evaluation, assessment and maintenance of our culture. The team is also responsible for leadership development, team development, coaching, offsites and bespoke interventions. We use various methods to evaluate how engaged and motivated our workforce is. While we periodically engage in staff surveys to assess specific initiatives, the Organisational Development team is methodical and systematic in the mechanisms it uses to assess our culture.

For more information on our initiatives, frameworks and process, please refer to the [Sustainability and Stewardship report](#).

# Roles and responsibilities

Ninety One's leadership team is accountable to the Ninety One Board for implementing our business strategy, which includes placing sustainability at the core of the business. The Sustainability Committee oversees the wider sustainability ecosystem in the business.

Ultimately, the Committee is the custodian of Ninety One's approach to sustainability and stewardship, and is responsible for ensuring that our Stewardship Policy and Proxy Voting guidelines and commitments to Stewardship Codes are adhered to. The Committee reports to the Chief Executive Officer, which in turn reports to the Ninety One Board and the Sustainability, Social and Ethics Committee.

## Reporting

### External reporting

We believe that transparency is important. It is our intention to ensure that clients are kept informed on a timely basis on how their ownership responsibilities are being fulfilled. We therefore regularly publish sustainability content and sustainability-related regulatory disclosures on our website, along with providing client-specific reporting. Our sustainability reporting includes:

- Sustainability and Stewardship Report
- Integrated Annual Report
- Task Force on Climate-Related Financial Disclosures (TCFD) Report
- PRI Transparency and Assessment reports
- Online voting disclosures
- Impact/sustainability reporting for our sustainability strategies

We support the development of reporting standards and frameworks that aim to increase the transparency and comparability of sustainability-related disclosures, such as the TCFD and International Sustainability Standards Board (ISSB) standards.

### Internal reporting

Sustainability progress is reported to the Sustainability Committee and DLC Sustainability, Social and Ethics Committee on a quarterly basis.

### Assurance

We recognise that higher levels of assurance provide greater confidence that reported sustainability information and data is reliable. We are therefore committed to reviewing and improving our assurance and verification processes.

# Review

The policy is reviewed by Ninety One's Sustainability team and Human Capital team every second year and approved by the Sustainability Committee, Global Policies Committee and DLC Board Sustainability, Social and Ethics Committee. This process captures input from the business globally to ensure the policy fully reflects Ninety One's values, priorities and commitments.

## Important information

The information discusses general market activity or industry trends and should not be construed as investment advice. The economic and market forecasts presented herein reflect our judgment as at the date shown and are subject to change without notice. These forecasts will be affected by changes in interest rates, general market conditions and other political, social and economic developments. There can be no assurance that these

forecasts will be achieved.

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