

ALLAN GRAY

STATEMENT ON
RESPONSIBLE INVESTING



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This document outlines how we, at Allan Gray, exercise our ownership responsibilities. This includes our approach to environmental, social and governance issues and shareholder voting.

The Principles for Responsible Investment (PRI) initiative is the world's leading proponent of responsible investment, and works to understand the investment implications of environmental, social and governance (ESG) factors. It is supported by the United Nations and is governed by six leading principles that aim to develop and maintain a more sustainable global financial system.

Allan Gray Australia supports the United Nations-supported Principles for Responsible Investment (UNPRI). We are also members of ESG Research Australia, a not-for-profit industry organisation that is committed to raising the profile of ESG issues in broker research in the Australian investment industry.

As an investment manager, we have designed our investment process to optimise the chances of us successfully implementing our fundamental, long-term and contrarian investment philosophy to generate long-term returns in the funds we manage for our clients.

You can find out more about the Principles for Responsible Investment initiative at www.unpri.org/

For any further information about our approach to responsible investing, please call our Client Services team on 1300 606 606.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ISSUES

As part of our bottom-up investment research process, our analysts consider a range of factors that might affect a company's intrinsic value. We are long-term investors and any company in which we invest must therefore be sustainable. We believe that a company that acts in a way that is morally or socially irresponsible or acts in a way that damages the environment will eventually undermine its own earnings and profitability. This will affect investment performance, which is why sustainability is an inherent part of our analysis. Similarly, we consider governance issues such as excessive or poorly structured executive remuneration to be a critical part of our assessment of a company's intrinsic value.

Just as there is scope for different views on the sustainability of a company's competitive advantage, there is scope for investors and individual analysts to have diverse views about ESG matters. We believe that by performing rigorous, fact-based research, we may from time to time form a divergent view from the consensus, which may alert us to the opportunity to buy a security at a discount to its intrinsic value.

We have formalised our approach to ESG by introducing an ESG section in analyst research reports that peers review before we invest in a company. We also keep an ESG Register to monitor and track ESG issues that we engage on.

GOVERNANCE

Corporate governance issues are particularly important to us. Understanding how a company is structured and governed allows us to properly value it and determine how much it is worth. To really understand how a company is managed, we believe in communicating with the company's senior management and/or Board.

We encourage alignment with shareholders' interests

Our aim is to encourage senior management and Boards to make decisions that are in line with shareholders' interests. Where we feel that the Board's/senior management's views are not aligned with those of the company's shareholders, we will voice our concern to ensure that shareholders' interests are not marginalised or disregarded.

Based on this principle, when we research a company and engage with senior management, we pay attention to their skills, conduct, management remuneration and whether they are owners or have a personal investment in the company. We recognise that every company is different and that there may be a range of corporate governance issues that play a role in different circumstances. Examples include whether the presence of independent directors would be beneficial; or whether the company has appropriate employee relations.

We engage actively

We conduct thorough research on the company and its practices, which includes engaging with the company's senior management/Board to discuss issues that include the company's:

- structure
- prospects (including strategic and sustainability concerns)
- performance and financial health, and
- remuneration and corporate governance policies and frameworks.

In conjunction with the above, we review the company's financial statements, broker/analyst research reports and other public data or information (for example, the use of quantitative modeling).

When evaluating any concerns this research raises, we will take into account any widely accepted guidelines that are considered relevant at the time, including current and proposed laws and regulations. Ultimately, we will use our judgment and discretion about what we believe is in our clients' best interests at the time.

We comply with the law

We are conscious that our active engagement with companies may result in us:

- Engaging with the company's institutional or majority shareholders. When we do this, we will always act independently from these shareholders.
- Coming into possession of materially price-sensitive information. If this happens, we will ensure strict compliance with Australia's insider trading and market manipulation laws.

SHAREHOLDER VOTING

Our guiding principle in voting is that we will strive to act in what we believe are the best long term economic interests of our investments in the funds and their investors. We will consider all aspects of proposals being put to the vote. This includes broader social and political ramifications but in the context of their impact on the long term value of the companies in which the funds are invested in. We vote on all resolutions that we consider important however we do not have a prescriptive set of rules for proxy voting as we believe this would limit our flexibility to maximise the interests of our clients.

Our voting approach is based on the principle of considered investigation and transparency and can be broken up into the following three stages:



Investigate and communicate

We thoroughly consider all proposed resolutions prior to submitting our voting instructions. Our instructions could be in the form of supporting, opposing or abstaining from voting on resolutions. As such, we cast our vote based on what we consider to be justifiable and reasonable, given the present facts and circumstances surrounding the resolution, and what is in the interest of our clients, as a whole. We do not analyse how our voting decision may be preferred by or will provide a benefit to any client.

We do not 'blindly' follow the company's Board or proxy adviser's voting recommendations. Our approach may mean supporting or opposing a resolution, even if it is contrary to the company's Board recommendation. Where we are inclined to vote against the Board's recommendation, we may contact the company's management to advise them of the proposed view and engage in a discussion about why we are proposing to vote in a particular way. If our view remains unchanged after such a discussion, we may then elect to attend the shareholder meeting to share our view.



Submit votes

We support the principle of 'one share, one vote' and are reluctant to engage in 'borrowing' stock to increase our voting rights and power regarding any proposed resolution. We also actively engage with the external voting service providers to ensure that we meet the custodial cut-off voting timelines.



Report to clients

We are happy to provide a voting summary including our rationale of how we have voted on particular resolutions to our clients upon request.



Allan Gray Australia Pty Ltd

ABN 48 112 316 168, AFSL No. 298487

Level 2, Challis House, 4 Martin Place
Sydney NSW 2000, Australia

Tel +61 2 8224 8600

www.allangray.com.au