

Implementation Statement

Engagement Policy Implementation Statement ("EPIS")

Nampak Staff Pension Plan (the "Plan")

Plan Year End – 5 April 2023

The purpose of the EPIS is for us, the Trustees of the Nampak Staff Pension Plan, to explain what we have done during the year ending 5 April 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles ("SIP"). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Plan's investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the 'most significant' votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Plan's material investment managers were able to disclose good evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

Where appropriate, we expect the investment managers to engage with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of Environmental, Social and Governance ("ESG") issues in their businesses.

How voting and engagement policies have been followed

The Plan is invested entirely in pooled funds (other than for its Liability Driven Investment ("LDI") portfolio), and so the responsibility for voting and engagement is delegated to the Plan's investment managers, which is in line with our policy. We reviewed the stewardship activity of the material investment managers carried out over the Plan year and in our view, most of the investment managers were able to disclose good evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Plan's investment managers can be found in the following sections of this report.

We received an ESG monitoring report from our investment advisers and undertook a review of the ESG practices, voting activities and engagement activities of the Plan's investment managers at our meeting on 7 September 2022. No serious concerns with the ESG and stewardship activities of the Plan's investment managers were concluded from the ESG monitoring report.

Annually, we receive and review information on the voting behaviour and engagement of the investment managers from both the investment managers themselves and the Plan's investment advisers. We review this information to ensure alignment with our own policies as set out in the Plan's SIP.

The Plan's stewardship policy can be found in the SIP: Statement of Investment Principles ([firstcircle.group](https://www.firstcircle.group))

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights. Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Plan's investments is an important factor in deciding whether a manager remains the right choice for the Plan.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Plan's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

Investment managers typically collate voting information on a quarterly basis. The table below shows the voting statistics for the Plan's material fund with voting rights for the year to 31 March 2023 matches the Plan year.

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Schroders Diversified Growth Fund	15,662	95.0%	10.0%	0.0%

Source: Schroders

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Plan's manager uses proxy voting advisers.

	Description of use of proxy voting adviser (in the manager's own words)
Schroders	Institutional Shareholder Services ("ISS") act as our one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with our own bespoke guidelines. In addition, we receive ISS's Benchmark research. This is complemented with analysis by our in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

Source: Schroders

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Plan's equity-owning investment manager to provide a selection of what it considers to be the most significant votes in relation to the Plan's Fund. An example of one of these significant votes can be found in the appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Plan's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Plan.

Funds	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
Schroders - Diversified Growth Fund	1,193	>2,800	Environment - Climate change, Natural resource use/impact (e.g. water, biodiversity), Pollution, Waste. Social - Human and labour rights (e.g. supply chain rights, community relations), Human capital management (e.g. inclusion & diversity, employee terms, safety) Governance - Board effectiveness – Diversity, Independence or Oversight, and others. Strategy, Financial and Reporting - Capital allocation, Reporting (e.g. audit, accounting, sustainability reporting), Financial performance, Strategy/purpose and others
Apollo - Total Return Fund	36	Not provided	Environmental – Climate change, Zero Emissions and others Social - Labour and human rights, Diversity and Inclusion and others Governance - Corporate governance, Executive Management and others Strategy, Financial, and Reporting - Reporting (e.g. audit, accounting, sustainability reporting)
RLAM - Enhanced Buy & Maintain Credit Fund	169	608	Environment – Climate-Transition risk, Climate-Physical risk Social – Health-Community, Mental Health, Labour and human rights, Social & Financial inclusion, Social bonds Governance – Corporate governance, Remuneration, Board Strategy, Financial and Reporting – Cybersecurity, Strategy, Succession Planning Other – Just transition, Russia
CVC - European Credit Opportunities Fund			Not provided

Source: Managers.

Data limitations

At the time of writing, the following manager did not provide all the information we requested:

- CVC did not provide data as per the ISWCG template as it believes that the questionnaire is less applicable to investments in credit opportunities.

This report does not include commentary on the LDI, gilts or cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Examples

In the table below is an example of a significant vote provided by the Plan's equity-owning investment manager. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, one of which is outlined in the example below.

Schröders - Diversified Growth Fund	Company name	Mitsubishi Corp.
	Date of vote	24 June 2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	Not provided
	Summary of the resolution	Amend Articles to Disclose Evaluation concerning Consistency between Capital Expenditures and Net Zero Greenhouse Gas Emissions by 2050 Commitment
	How you voted	For
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	We may tell the company of our intention to vote against the recommendations of the board before voting, in particular if we are large shareholders or if we have an active engagement on the issue. We always inform companies after voting against any of the board's recommendations.
	Rationale for the voting decision	We believe our vote for this item will maximise the value to our clients. The company is asked to disclose information on how a net zero by 2050 pathway would impact assumptions based on which investments in the LNG business are being planned, but proprietary information will be omitted from the disclosure. We therefore support this proposal.
	Outcome of the vote	Fail
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	We monitor voting outcomes particularly if we are large shareholders or if we have an active engagement on the issue. If we think that the company is not sufficiently responsive to a vote or our other engagement work, we may escalate our concerns by starting, continuing or intensifying an engagement. As part of this activity we may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.
	On which criteria have you assessed this vote to be "most significant"?	Governance Proposals, Votes against management

Source: Schröders