




Recommended by Policy Owner

I hereby acknowledge that we have reviewed this policy is not duplicated or in conflict with any other policies.

Role	Designation	Approval Signature	Date
Policy Owner	Chief Investment Officer		29/8/2019

Final Approval

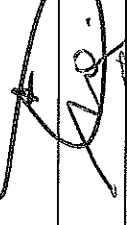




Role	Designation	Approval Signature	Date
Policy Sponsor	Chief Executive		29/8/2019
Strategic Investment Committee	Chairman of the Strategic Investment Committee		11/11/19
Board of Fund	Chairman of the Board of Fund		6.11.19

Eskom Pension and Provident Fund

Proxy Voting Policy

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Key Stakeholders in implementing and monitoring this policy

Stakeholder	Designation	Approval Signature	Date
Executive Management	Chief Executive		29/8/2019
Investment Management Unit	Chief Investment Officer		29/8/2019
Finance	Chief Financial Officer		13/9/2019
Risk and Compliance	Head: Risk and Compliance Officer		21/10/17
Legal and Corporate Secretariat	Head: Legal and Corporate Secretariat		13/09/2019

Summary of Version Control

Version Number	Effective Date	Reason for Change	Summary of Changes
Version 1.0	1 June 2016	Policy review cycle.	Significant updates.
Version 1.1	1 Jun 2019	Expiry of version 1.0 and update to version 1.1	No material changes

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1. INTRODUCTION

1.1. Philosophy

- 1.1.1.** As a long-term investor EPPF strives to manage assets and risks in a prudent, timely and cost-effective manner within its investment objectives in the interests of its members and beneficiaries. The responsible investing policy seeks to protect and enhance the investment returns of EPPF assets by effectively voting its proxies and responsibly participating in associated corporate governance activities. EPPF is a long-term investor in the South African and international equity markets and, as a fiduciary, exercises its shareholder rights solely in the economic interests of the Fund's members and beneficiaries.
- 1.1.2.** Major corporate governance failures, such as Abil, MTN, Enron, and the 2008 financial crisis have reflected on the impact of poor corporate governance. EPPF's position is in line with leading corporate governance research proving that effective corporate governance can foster a culture of corporate integrity, financial accountability, leadership and long-term strategic goals of growth and profitability. Good corporate governance can significantly contribute to the long-term financial performance of a company. This Policy is intended to reflect this belief and to serve as a basis for guiding EPPF proxy voting and supporting its corporate engagement strategies.

1.2. Shareholder Voting Rights

- 1.2.1.** Investors who purchase company shares enjoy a number of rights pertaining to their ownership. One of these rights is the voting rights on issues that affect the corporation as a whole. Unlike in a partnership, where the owners of businesses are also the primary managers of the businesses, owners of a corporation generally do not run the company. Shareholders in a corporation are shielded from personal liability for the debts and obligations of the corporation. However, shareholders can lose their investments should the company fail. The EPPF Board has made a conscious commitment to manage its ownership rights by managing these key corporate governance and fiduciary risks. Ownership rights are assets that have a financial bearing and should be managed with the requisite care and diligence. This Policy Guideline is about managing the rights the EPPF has as a result of its ownership of South African and internationally listed companies.

1.3. Responsible Investor & Shareowner

- 1.3.1.** EPPF is one of the largest pension funds in South Africa and a significant holder of South African securities. The Board of Fund has concluded that being a responsible investor is consistent with its fiduciary duty and environmental, corporate governance and social ("ESG") factors lead to improved long-term performance. The EPPF also strongly believes that responsible investing requires the attention and dedication not only of a company's officers and directors, but also its owners. The EPPF is not simply a passive holder of shares but regards itself as a "shareowner," and therefore takes seriously the responsibility that comes with company ownership.

1.3.2. The EPPF also regards itself as a good corporate citizen. As such, and especially in light of transformation and developments in South Africa, the EPPF believes that its role as an active shareowner is important in order to:

1.3.2.1. Enhance corporate governance and thus performance of companies it owns.

1.3.2.2. Play a role in the corporate restructuring and growth of the South African economy.

1.3.2.3. Play a role in enhancing transformation and Black Economic Empowerment (BEE) in South Africa as a prudent fiduciary.

1.3.2.4. Enhance sustainability of the companies it owns.

2. PURPOSE

2.1. The Policy provides the fiduciary framework, philosophy, objectives, and strategies regarding corporate governance and sustainability, as well as monitoring and reporting related activities within both internally and externally managed investments. The guidelines are intended to guide EPPF fiduciaries and its external proxy voting service provider on proxy voting directions.

2.2. The objective of EPPF's corporate engagement program is to enhance the long-term value of EPPF's investments by:

2.2.1. Supporting and promoting activities that ensure management and boards of directors are acting in the best interest of EPPF and in ways that protect EPPF's assets.

2.2.2. Supporting and promoting corporate accountability, financial transparency and responsibility in the companies that EPPF has ownership.

2.2.3. Supporting and promoting general/industry corporate governance developments that are in the best interest of the EPPF assets and for improving South Africa's corporate environment.

2.2.4. Support and promote activities seeking to strengthen laws, regulations and voluntary initiatives that enhance corporate governance and accountability, and contribute to healthy and sustainable corporate South Africa.

2.2.5. Support and promote transformation of corporate South Africa.

2.3. EPPF will actively vote against activities that are not in line with the above objectives.

3. DEFINITION

- 3.1. In this Policy document the following terms and abbreviations shall have the meanings assigned to them below and any reference to the male gender shall also refer to the female gender and reference to the singular shall include the plural, or vice versa, unless the context dictates otherwise:

Term	Definition
Audit committee	A group of board directors charged with overseeing the company's financial reporting process, internal accounting and audit matters, and the selection and monitoring of external auditors.
Auditor	A company authorised to examine and verify an organisation's accounts.
Authorised (shares)	The number of shares that the company is permitted to issue, as outlined by its articles of association or approved by shareholders.
Board of Directors	A group of persons entrusted with the overall direction of a corporate.
CEO	Chief Executive Officer; executive with the chief decision-making authority in an organisation or business.
Chair or Chairman	The member of a board of directors who presides over its meetings and guides the conduct of directors during meetings.
Change in Control	A transaction that alters the ownership of a company. Mergers and consolidations, stock sales, and asset sales are types of transactions that may result in a change in control.
Common/Ordinary shares	The units of ownership of a public company where owners typically are entitled to vote on the selection of directors and other important matters as well as to receive dividends on their holdings. In the event that a company is liquidated, the claims of creditors and owners of bonds and preferred shares take precedence over the claims of those who own ordinary shares.
Compensation committee	A group of board directors charged with establishing compensation schemes for the executive officers and administering the company's incentive compensation plans.
Controlling interest	Ownership of a sufficient number of shares of company shares to heavily influence company policy.
Corporate governance	The system in which a corporation is directed and controlled by its stakeholders.
Corporate governance committee	A group of board directors charged with overseeing the company's corporate governance issues, such as the size, composition, performance and compensation of the board.
Concessionary	The granting of a benefit at a cost lower than that available to others.
Conflict of interest	A situation where the personal interests and the official responsibilities of an individual in a position of trust clash or differ.
Control block	A significant number of shares owned by a shareholder, who may be able to sway or influence the outcome of a vote.
Custodian	A bank or other financial institution that keeps custody of share certificates and other assets of a mutual fund, individual or corporate client.

Term	Definition
Dilution	A decrease in the relative ownership interest that occurs when a company increases the number of outstanding shares.
Dividend	An individual share in the distribution of profits to stockholders.
Dual Class Share	Dual share issued for a single company with varying classes indicating different voting rights and dividend payments.
EPPF/ The Fund	Eskom Pension and Provident Fund.
Fiduciary obligation (EPPF Board of Fund)	The legal responsibility of the Board of Fund to safeguard and advance the interests of the pension fund for its members and their beneficiaries.
Indemnification	Protection against damage or loss; insurance.
IMU	Investment Management Unit of the Fund
Management	The collective body of those who manage or direct a corporate.
Options repricing	Lowering the exercise price of options that are underwater (i.e. the option's exercise price exceeds the underlying stock's current fair market value).
Outstanding (shares)	Shares owned by investors.
Preferred/Preference shares	A class of shares that pays dividends at a specified rate; this class of shares usually does not have voting rights and takes precedence over ordinary shares in the payment of dividends and liquidation of assets.
Private placement	The sale of a new issue of shares to one or a small group of institutional investors.
Proprietary	Exclusively owned; private.
Pro-rata	The process by which shareholders would receive their proportional amount of any new shares.
Proxy	The written power of attorney given by shareholders of a corporation, authorising a specific vote on their behalf at corporate meetings.
Proxy Contest	A strategy which often accompanies a hostile takeover; occurs when the acquiring company attempts to convince shareholders to use their proxy votes to install new management that is open to the takeover.
Proxy circular (or proxy statement)	A document that provides information on the agenda and issues to be voted at a company's shareholder meeting.
Quorum	The number of shares required to be present, in person or by proxy, so that business can be carried out at a meeting.
Record date (or date of record)	A predetermined date on which investors owning voting stock may vote at a company's upcoming shareholder meeting.
Resolution	A formal statement of opinion or intent / proposal.
RI	Responsible Investing
Shareholder	One that owns a share of corporate stock.
Shareholder resolution (or proposal)	A proposal submitted to the company to be voted at a shareholder meeting.
Shares Outstanding	Stock currently held by investors, including restricted shares owned by the company's officers and insiders, as well as those

Term	Definition
	held by the public. Shares that have been repurchased by the company are not considered outstanding stock.
SIC	The Strategic Investment Committee of the Fund
Takeover	The act of assuming control and possession of a corporation.
Tender	To accept an offer, such as a takeover bid.
Tenure	Holding a position for a long period of time, in some instances without the right of dismissal.
Vesting	The earning of ownership rights over a given time period.

4. SCOPE

4.1. This Proxy Voting Policy ("Policy") applies to the corporate governance and related activities within the listed asset classes of the EPPF. It seeks to address key corporate governance issues such as board of directors, remuneration of directors, shareholder rights, audit issues and sustainability (economic and social). These policy Guidelines have taken into account the following laws governing companies:

- 4.1.1.** JSE Listings Requirements;
- 4.1.2.** Companies Act (2008);
- 4.1.3.** King IV Code of Corporate Governance; and
- 4.1.4.** And any other relevant legislation.

5. POLICY STATEMENT

5.1. Background

5.1.1. Proxy Voting Process

5.1.1.1. Proxy voting is the key aspect of the governance processes that guide annual, general and special meetings of corporations, where shareholders vote on critical issues. Therefore the Proxy Voting Process is critical to the implementation of EPPF's corporate engagement program.

5.1.1.2. The Fund's custodians are critical in the Proxy Voting process. Custodians gather the proxy information and notify shareholders of the opportunity to vote. After reviewing the resolutions of a particular meeting, the Shareholder will send its voting instruction to the custodian who is then responsible for executing the instruction. Depending on the jurisdiction, execution means registering for the meeting, physically attending the meeting, sending proxy forms or appointing a third party to act as a proxy for the client. EPPF has appointed a single custodian and has mandated the Proxy Voting Agent to manage the proxy voting process on the custodian platform.

5.1.2. Proxy Voting Framework

5.1.2.1. Proxy issues can be divided into two distinct areas within the overall voting framework:

5.1.2.1.1. Issues a company is obligated to place before shareholders annually, or intermittently with the purpose of obtaining shareholder approval to meet the requirements of either the Companies Act (2008) or the JSE Listings Requirements

5.1.2.1.2. Issues that are not placed before shareholders specifically, but are of governance significance. The proxy voting policy presents two recourses with respect to these issues, if engagement with the company does not meet with an adequate response.

5.1.2.2. They include:

5.1.2.2.1. Strategic voting against the company's proposals on either related or unrelated resolutions that require shareholder support or approval. For example, this may involve voting against the financial statements, the re-election of directors or the granting of permission for the directors to exercise control over the capital of the company.

5.1.2.2.2. Proposing resolutions, or supporting resolutions proposed by other investors that relate to these specific areas.

5.1.2.3. The second group of issues is broader than the first and requires a higher degree of professional judgment on risk that may or may not result in losses in shareholder value. The current research on many of these governance issues indicates that there is a strong correlation between good practice and lower instances of corporate failure.

5.1.2.4. The inclusion of these issues, particularly those relating to leadership, ethical, social and environmental accountability into governance codes and the law further supports shareholder concern. Thus, not only is there a business case, but disclosure and proactive management of these issues is becoming a governance requirement, and thus a duty associated with holding representative office in a company.

5.1.2.5. Relevance and materiality, however, remain essential to engagement and voting with respect to all of these issues.

5.1.3. Corporate Engagement & Fiduciary Responsibilities

5.1.3.1. Corporate Engagement may best be described as the prudent exercise of ownership rights, toward the goal of increased share value.

5.1.3.2. Fundamentally, the corporate engagement movement or shareholder activism is simply an endeavour to revive and reassert the rights and duties of ownership.

5.1.3.3. A central tenet is that shareholders must act like owners and take an active interest in the performance of their share portfolio.

- 5.1.3.4. The Board of Fund's commitment to corporate governance merges its rights as a long-term shareholder with the duties of a fiduciary. The Board of Fund has to prudently balance the requirement for strong investment performance with the imperative to take account of the socio-economic realities and the transformational demands of our country.
- 5.1.3.5. South Africa is increasingly showing signs that shareholder passivity is coming to a close. Increasing shareholder activism is leading to the emerging of a new model of the "governed corporation". Under this model, a corporation is governed rather than managed, by its three critical constituencies -- managers, directors and shareholders.
- 5.1.3.6. The result is improved decision making, healthier corporate governance, and enhanced Stakeholder satisfaction.
- 5.1.3.7. King IV has placed more emphasis on a stakeholder rather than a pure shareholder value approach. Using this approach, stakeholders other than shareholders, for example, employees, customers, the community and the environment have to be considered in decision making as well.
- 5.1.3.8. King IV has also increased the workload and responsibility of audit committees. On certain issues the audit committees opinion and decisions will prevail over those of the rest of the board. King IV makes several recommendations, including: the audit committee should disclose its views on audit quality with reference to audit quality indicators, disclosure on whether the audit committee is satisfied that the auditor is independent of the organisation, and also must disclose significant matters that the audit committee has considered in relation to the annual financial statements and how these were addressed by the committee
- 5.1.3.9. King IV acknowledges the rapid advances in technology and its potential to result in significant disruption, opportunity and risks. King IV recommends practices to assist the governing body with technology governance.
- 5.1.3.10. King IV replaces King III in its entirety. King IV builds on its predecessors' positioning of sound corporate governance as an essential element of good corporate citizenship.
- 5.1.3.11. The main difference, however, is 'King IV's Apply and explain' regime as opposed to the 'apply or explain' regime in King III. An explanation was only required by King III where a principle was not applied.
- 5.1.3.12. The key areas highlighted by King III
 - 5.1.3.12.1. Good governance is essentially about effective leadership. Leaders should rise to the challenges of modern governance. Such leadership is characterized by the ethical values of responsibility, accountability, fairness and transparency based on moral duties that find expression in the concept of Ubuntu. Responsible leaders direct company strategies and operations

with a view to achieving sustainable economic, social and environmental performance.

- 5.1.3.12.2. Sustainability is the primary moral and economic imperative of the 21st century. It is one of the most important sources of both opportunities and risks for business. Nature, society, and business are interconnected in complex ways that should be understood by decision-makers. Most importantly current incremental changes towards sustainability are not sufficient-there needs to be a fundamental shift in the way that companies and directors organize themselves.
- 5.1.3.12.3. The concept of corporate citizenship which flows from the fact that the company is a person and should operate in a sustainable manner. Sustainability considerations are rooted in the South African Constitution which is the basic social contract that South Africans have entered into. The Constitution imposes responsibilities upon individuals and juristic persons for the realisation of the most fundamental rights.
- 5.1.3.12.4. While the above seems ordinary, the implications and implementation are quite onerous. It requires not only a new mindset, a way of looking at the world beyond the short term numbers, but also requires new structures and policies which need to be added to the workload of boards and their committees.
- 5.1.3.12.5. The job description and responsibility of especially the audit committee are substantially expanded if companies are to fully adhere to King III. Some commentators have voiced the opinion that the responsibilities and powers of the audit committee have expanded so much that one is in practice almost looking at a two tier board structure.
- 5.1.3.12.6. New or enhanced features in King IV include:

Fair, responsible and transparent organisation-wide remuneration; Responsible and transparent tax strategy and policy; Balanced composition of governing bodies and independence of members of the governing body; Delegation to management; Delegation to committees; Corporate governance services to the governing body; Performance evaluations of the governing body; Audit committee disclosures; Risk governance; The combined assurance model; Social and ethics committees; Performance evaluations; Responsible institutional investors; Technology & Innovation

5.2. Corporate Engagement Principles

- 5.2.1. The principles define the key areas of performance that EPPF expects from the companies that it invests in. These are as follows:

- 5.2.1.1. Communication and disclosure
- 5.2.1.2. Financial and economic performance
- 5.2.1.3. Effective leadership
- 5.2.1.4. Respect for shareholders' rights
- 5.2.1.5. Meeting stakeholder obligations
- 5.2.1.6. Embracing the challenges of the business environment in which they operate

These policy principles embody and establish a framework of what EPPF expects from Companies, and are complemented by the detailed EPPF Proxy Voting Guidelines, which in turn establish the manner in which these principles are enacted through voting our share holdings.

5.2.2. The First Principle: Communication and Disclosure

- 5.2.2.1. Communication should be directed at owners and other stakeholders rather than short-term Investors and should be timeous, consistent, balanced, relevant, honest and open.
- 5.2.2.2. Companies should ensure that relevant information, relating to past, present and future Company activities, is communicated in an accessible manner to both shareholders and identified stakeholders.
- 5.2.2.3. The information presented should be balanced, honest and open in a manner that enables the users of the information to assess the risks and opportunities associated with the company's current and future activities. No stakeholder or shareholder should be able to use his privileged access to any information to the detriment of any other.
- 5.2.2.4. Accurate and reliable information is essential to enable investors to make the correct long- term investment decisions. This ultimately ensures that the market can provide an efficient source of capital for the company. Long-term shareholder support is based on accurate information that they can trust. Such information should be both retrospective and forward- looking and should display a balance between information about company successes and strategies with information on areas requiring remedy and attention Management should also clearly communicate how their strategies will deliver shareholder value over the long- term.

5.2.3. The Second Principle: Financial and economic performance

- 5.2.3.1. Companies should strive to maximise shareholder value over the long-term on a sustainable basis.
- 5.2.3.2. Fundamental to this principle are the following:
 - 5.2.3.2.1. Companies should understand what contributes most to enhancing shareholder value. This involves having sufficient knowledge to make decisions to ensure the efficient long-term use of capital. Most efficient companies are acutely aware of

the cost of capital (i.e. the cost of both debt and equity) when it comes to decision- making.

- 5.2.3.2.2. The EPPF wishes to encourage investment and growth that is sustainable over the long-term. Companies need to ensure effective financial, workplace, social, ethical and environmental risk management. We do not want to encourage companies to pursue growth policies that are premised on passing costs on to other companies or to the taxpayer and as such are environmentally, socially or ethically unacceptable. Companies should not be creating other costs that the beneficial owners and society will have to pay for over the long-term.
- 5.2.3.2.3. Companies should seek to maximise opportunities for growth within their core competencies. As shareholders, we expect companies to exploit their competitive advantages and to look for opportunities to grow in these areas, provided this generates a return in excess of the cost of capital. Expansion involves risk and appropriate risk assessment should be performed.
- 5.2.3.2.4. Efficient allocation of capital. Companies should seek an appropriate balance of debt and equity depending on their specific circumstances. Balance sheet gearing should be examined by the board in the context of an appropriate mix to maximise shareholder value over the long-term without adding significant financial risk. The maintenance of efficient capital structures is important.

5.2.4. The Third Principle: Effective Leadership

- 5.2.4.1. The company should be run in a manner that is consistent with the long-term goal of maximising shareholder value. The board of directors is appointed by shareholders to ensure that this takes place. The stewardship role that directors play should ensure that there is a balance between entrepreneurship and controls. This should ensure that the actions of the company do not compromise its license to operate and its ability to enhance long-term shareholder value.
- 5.2.4.2. Fundamental to this principle are the following:
 - 5.2.4.2.1. The independence, experience, capacity, balance, diversity and effective functioning of the board. The board is at the apex of corporate governance. In order to fulfil the functions of oversight, stewardship, integrity, strategic guidance, prudence and entrepreneurship, the board needs to be balanced and able to incorporate a diverse range of experience and skills. Crucial to the oversight role of the board are high calibre independent people. The board should be led in a manner that ensures that the capabilities of all its members contribute to long-term shareholder value.

- 5.2.4.2.2. The existence of effective internal control and risk management systems. As operational entities, companies are subject to a wide range of financial, nonfinancial and market risks. While some risks can be managed, the understanding of exogenous risks will frequently determine the success or failure of the company. Companies should be able to show their understanding of external risks and be able to demonstrate their ability to implement mitigating measures.
- 5.2.4.2.3. Companies should also be able to demonstrate how systems, checks and balances have been established to manage internal risks.
- 5.2.4.2.4. The alignment of interests between management and shareholders through a transparent and well-motivated system for executive remuneration. Such systems should aim to retain skills and incentivise management to increase long-term shareholder value.
- 5.2.4.3. Remuneration should not be determined by solely short-term performance measurements, be subject to manipulation by management, or be determined by factors outside management control and not by exogenous variables. It should also be cost effective to both the company and the employee. The reward system envisaged should be devised by a remuneration committee made up of non-executive directors, all of whom should be independent. It should then be submitted to shareholders for approval. The board should take shareholder views with respect to remuneration seriously.

5.2.5. The Fourth Principle: Respect for shareholders' rights

- 5.2.5.1. Companies should respect the rights of all shareholders in a consistent manner. This requires that companies do not treat any particular shareholder, or class of shareholder in a manner that confers them with more rights or privileged access to information than the general body of shareholders.
- 5.2.5.2. Communication to shareholders should be both clear and consistent, and shareholders should be given the opportunity to respond with their concerns to management.
- 5.2.5.3. Conflicts of interest should be clearly stated upfront, and, where such conflicts exist on an issue that is being placed before shareholders for approval, minority rights should be protected. Companies should at all times adhere to the law and the JSE Listings Requirements and the Companies Act (2008), as may be amended from time to time.

5.2.6. The Fifth Principle: Meeting stakeholder obligations

- 5.2.6.1. Companies should seek to understand the relationship that they have with stakeholder groups. Boards that strive for active dialogue and co-operation with stakeholders are most likely to have an enhanced

understanding of the impacts in relation to society and the physical environment.

5.2.6.2. Poor stakeholder relations represent intangible liabilities that could lead to loss of value to shareholders over the long-term. Poor management of environmental and social impacts transfers costs to future generations of shareholders and stakeholders in the interest of short-term profit taking.

5.2.6.3. While stakeholder groupings are different from company to company, and the responses will differ according to size, sector and geographic location, EPPF requires companies to:

5.2.6.3.1. Identify stakeholder groupings.

5.2.6.3.2. Establish communication channels with such groupings to ensure that the company is aware of their views.

5.2.6.3.3. Understand the impact of its operations through both internal and external processes.

5.2.6.3.4. Establish a set of ethics and core values for the company and principles of business practices that will support these values. These values and principles should be communicated to stakeholders, and the company should constantly monitor how these principles are applied.

5.2.6.3.5. Seek to address the impact of its operations at both a strategic and operational level, and communicate its strategies and programmes to both stakeholders and shareholders.

5.2.6.3.6. Monitor progress with respect to such programmes and communicate this to both stakeholders and shareholders in a manner that engenders their trust.

5.2.6.3.7. Participate in broader initiatives that contribute to lowering the overall impact on business and to the development of a more equitable society.

5.2.6.4. It should be noted that the later that these issues are addressed, the more costly it becomes to rectify them as remedial costs invariably far outweigh the costs of prevention.

5.2.7. The Sixth Principle: Embracing the challenges of the business environment in which they operate

5.2.7.1. Fundamental to long-term business success is the company's ability to understand the environment in which it operates and its ability to innovate in order to keep abreast with changes in that environment is it local, continental or global.

5.2.7.2. Transformation is an imperative in the South African environment, not only from a perspective of redress of the past, but also to enhance and build future potential. While there may be short-term costs for shareholders, these are insignificant when compared with the benefits

associated with political stability, and an open and productive economy that offers opportunities to all South Africans. In this regard, EPPF supports and encourages companies to, as a minimum:

- 5.2.7.2.1. Transform from within through embracing diversity at a leadership level and through employment equity, while ensuring that capacity is continuously improved through innovation and investment in training and mentorship.
- 5.2.7.2.2. Contribute to the transformation of the economy through effective procurement strategies that contribute to the long-term growth and stability of their suppliers, particularly those disadvantaged in the past.
- 5.2.7.2.3. Transform from a narrow ownership and control base to one that is more representative of the diverse South African population.
- 5.2.7.3. Companies doing business in Africa should apply the same levels of social, ethical, environmental and governance standards that apply in South Africa. Companies should ensure that their associates and suppliers adhere to such standards.
- 5.2.7.4. Similarly, such standards should be adhered to with respect to global operations.

5.3. SUSTAINABILITY ISSUES

- 5.3.1. As a large long-term institutional investor, EPPF is mindful of fiduciary obligation to fund members and their beneficiaries and ensuring that the Fund's assets are invested responsibly to generate a long term rate of return that is sustainable. The Fund's fiduciaries are mindful of the duty to fulfill the pension fund promise many decades into the future and exercise proxy voting rights in a way that will maintain social, economic and environmental structures upon which long-term investment returns are enhanced in a sustainable manner.
- 5.3.2. Sustainability issues are often not tabled for shareholders to vote on as resolutions are mainly driven by management. The onus is on shareholders to engage companies on these issues and where possible draft proposals in line with company by laws. Sustainability issues are very vast and differ from sector to sector and from industry to industry. EPPF will consider Social Economic and Environmental (SEE) issues on a case by case basis in line with global conventions like International Labour Organisation (ILO), United Nations Global Compact, UNPRI and CRISA on relevant SEE issues.
- 5.3.3. EPPF, in line with its Responsible Investing Statement will elevate pivotal SEE issues that are currently relevant to its members and general South Africa. EPPF's members are well integrated into the whole of South Africa and issues that affect the country will be key and relevant to them. South Africa faces immediate SEE challenges resulting from its long exclusion of the black majority from the economy.

EPPF will also seek to be forward looking in supporting SEE issues elevating futuristic SEE targets as detected by changes and research of SEE trends.

5.3.4. South African Social Economic and Environmental Challenges

5.3.4.1. EPPF will leverage its proxy power to engage on the following key SEE South African issues:

5.3.4.1.1. Broad Based Black Economic Empowerment Transformation

5.3.4.1.2. Housing & Infrastructure Education & Skills shortage
HIV/AIDS

5.3.4.1.3. Poverty

5.3.4.1.4. Energy & Power

5.3.4.1.5. Corruption & Business Ethics

5.3.4.2. The Fund will review its focus list on an annual basis and evaluate progress in the previous year's target list.

5.3.5. Code/King III Guideline

5.3.5.1. Sustainability (and ESG) issues transparency, disclosure

5.3.5.2. The King Reports have seen a gradual development from a checkbox approach to corporate governance to the emphasis on transparency and disclosure on sustainability and stakeholder issues.

5.3.5.3. To quote from King III:

5.3.5.3.1. Transparency and effective communication with stakeholders is essential for building and maintaining their trust and confidence (Section 8.5)

5.3.5.3.2. The Board should ensure the integrity of the company's integrated report (Section 9.1) Sustainability reporting and disclosure should be integrated with the company's financial reporting (Section 9.2)

5.3.5.3.3. Sustainability reporting and disclosure should be independently assured. (Section 9.3)

5.3.5.4. As quoted in King III "The Reform of United Kingdom Company Law" stated that the intention of corporate law reform in the United Kingdom was to, in this area:

5.3.5.4.1. Encourage companies to take an appropriate long term perspective

5.3.5.4.2. Develop productive relationships with employees and those in the supply chain to take seriously their ethical, social and environmental responsibilities

5.3.5.5. King III also states that integrated reporting is an assessment that considers the value of matters not accounted for, such as future earnings, brand goodwill, quality of its board and management, reputation, strategy and other sustainability aspects. The informed investor assesses the quality of the company's risk management and whether it has considered the sustainability issues pertinent to its business.

5.3.6. Communication and disclosure

5.3.6.1. Where the EPPF has perceived material risks relating to financial, economic social, environmental and ethical issues, the Fund will engage with companies as follows:

5.3.6.1.1. By requesting information regarding the relevant issue so as to obtain assurance regarding risk management.

5.3.6.1.2. By recommending that the company review activities in the context of best practice.

5.3.6.1.3. By making direct recommendations to adopt practice as set out in the EPPF's engagement principles.

- 5.3.6.1.4. By requesting that companies disclose these risks and the policies that have been adopted, and measures which the company is taking to reduce them. Where the EPPF engages with companies and continuously encounters unreasonable resistance from both members of management and directors, and the company continues to desist from providing adequate assurance that risks are effectively managed, the Fund should use its voting rights
- 5.3.6.2. The EPPF should not support the re-election of any director responsible for or participating in the SEE (Social, Environmental and Ethical) Sub Committee, or any other board sub- committee covering this mandate. Where no specific SEE portfolio has been designated, this will apply to the Risk Management Committee or the Audit Committee.
- 5.3.6.3. The EPPF should vote against the financial statements if issues that it deems, on a case-by- case basis, to have a material impact on the company are not disclosed following repeated requests for disclosure.
- 5.3.6.4. The EPPF should also support and participate in the raising of resolutions requiring companies to disclose information on material risk areas.
- 5.3.6.5. The EPPF supports companies enhancing their disclosure in the following areas:

5.3.7. Code of Ethics

- 5.3.7.1. The core values of a company
- 5.3.7.2. The principles of ethical practice that support such values Means of communicating these to stakeholders

5.3.8. Financial Disclosure

- 5.3.8.1. Segmental reporting Geographical analysis Contribution to return analysis Consistency of reporting
- 5.3.8.2. Disclosure required in other sections (Remuneration) Reporting with respect to related party transactions Full reporting on provisions and contingent liabilities

5.3.9. Environmental Disclosure

- 5.3.9.1. Disclosure of environmental policies and management systems
- 5.3.9.2. Disclosure of provisions for environmental rehabilitation including mitigation, legal compliance and the implementation of Environmental Management Systems ("EMS").
- 5.3.9.3. Disclosure on any instances of legal non-compliance and the measures taken to rectify the situation
- 5.3.9.4. Disclosure on resource usage, with particular focus on electricity and Water
- 5.3.9.5. Disclosure on environmental impact, waste and emissions management

5.3.10. Disclosure on Social & Economic issues Labour Force

- 5.3.10.1. Labour turnover: Minimum wages
- 5.3.10.2. Training and use of the training levy: HIV/AIDS
- 5.3.10.3. Occupational health
- 5.3.10.4. Pension fund obligations
- 5.3.10.5. Workplace deaths/injuries

5.3.11. Customers

- 5.3.11.1. Labelling Practices
- 5.3.11.2. Predatory practices and “red-lining”

5.3.12. Suppliers

- 5.3.12.1. Procurement practices: Payment practices
- 5.3.12.2. Ethical Trade

5.3.13. Human Rights

- 5.3.13.1. Operations in other countries, particularly countries whose governments have been cited by Amnesty International and the International Labour Organisation as having poor human rights records, or who are lenient with respect to child labour.
- 5.3.13.2. Procurement from suppliers that have operations or procure from countries that may have poor human rights records, or who are lenient with respect to child labour.
- 5.3.13.3. Adherence to international treaties

5.3.14. Society and community

- 5.3.14.1. Corporate Social Investment
- 5.3.14.2. Adverse and contentious practices

5.3.15. Government

- 5.3.15.1. Political donations
- 5.3.15.2. Disclosure relating to the payment of royalties
- 5.3.15.3. Tax compliance

5.3.16. Social Issues

- 5.3.16.1. **Issues relating to Broad Based Black Economic Empowerment (“BBBEE”) and Transformation**
- 5.3.16.2. Transformation is a fundamental business imperative for all South African companies. Any company that fails to acknowledge and apply appropriate strategies is likely to experience long-term difficulties. Thus, any company that is operating in South Africa that does not have a coherent and practicable transformation strategy is not operating in the long-term interests of shareholders. In this respect it is a corporate

governance oversight, and thus an area where the EPPF should consider voting against the Chairman and other non-executive directors.

5.3.16.3. BBEE is a political, social and economic process of facilitating access by black South Africans into the South African economy.

5.3.16.4. The aim of BBEE "is to redress the imbalances of the past by seeking to substantially and equitably transfer and confer the ownership of the country's financial and economic resources to the majority of its citizens" (Black Economic Empowerment Commission Report, 2001).

5.3.17. Corporate Board diversity and performance

5.3.17.1. It is the responsibility of the Board of Directors to ensure that it is transformed in terms of racial and gender equity. The Board must develop and implement a measurable transformation plan in this respect through its nominations committee.

5.3.17.2. The scope and the ability of black directors to inform transformation processes is an important corporate governance matter. Transformation should extend to important board subcommittees, notably the Audit Committee, Remuneration and Nomination Committees and, where appropriate the Risk Committees and Transformation Committees.

5.3.17.2.1. The EPPF is cognisant that there may be a limited number of black candidates who have significant board experience, and this result in certain candidates becoming over committed, and thus not giving sufficient attention to all of their board responsibilities. While not an optimal situation, the Fund should support the election and appointment of alternate directors by such candidates in specific instances where this practice ensures that board diversity and director participation and attendance is improved.

5.3.17.2.2. Should the company have established a Transformation Committee, the EPPF should recommend that the committee chairman makes him/her available to answer questions at shareholder meetings.

5.3.17.2.3. The EPPF should support the election of black candidates nominated to the Board who have come from subsidiary companies despite them not being independent. The Fund should encourage companies to allow black executive directors and senior staff members the opportunity to hold non-executive directorships in so far as they continue to meet their responsibilities

- 5.3.17.2.4. The EPPF should encourage companies to allow directors to seek independent guidance with respect to governance, financial, transformation and risk management issues to ensure that they are fully equipped to meet the stewardship responsibilities that are required of them.

5.3.18. Employment equity and training

- 5.3.18.1. Employment equity is fundamental to the internal transformation of any company. It is possibly the most important component of long-term transformation.

- 5.3.18.2. The following issues should be considered:

- 5.3.18.2.1. Companies should disclose full employment equity reports on an annual basis, which should include employment equity targets, when the targets have to be attained, the current status and the movement over the period.

- 5.3.18.2.2. Companies should disclose strategies (employment equity plan) that are being employed to attain these targets. These should include the following:

5.3.18.2.2.1. Training programmes

5.3.18.2.2.2. Succession planning

5.3.18.2.2.3. Recruitment

5.3.18.2.2.4. Retention strategies

5.3.18.2.2.5. Career development programmes

5.3.18.2.2.6. Involvement in industry based skills initiatives

- 5.3.18.2.3. Companies should disclose in the value added statement or the relevant sections of the financial statements the amount that they are paying in skills levies, and whether this is greater than the refunds that they receive for internal and SETA training programmes.

- 5.3.18.3. Following engagement with the company on these issues, the EPPF should consider voting against the company's financial statements in cases of insufficient disclosure on employment equity, or alternatively against the reappointment of operational directors where the company has persistently failed to perform in this regard.

5.3.19. Joint ventures, affirmative procurement, supplier development and treatment

- 5.3.19.1. The company should report on and be able to answer questions with regard to the impact that the company has, and what measures are being taken to increase its impact, on broader economic transformation.

- 5.3.19.2. Details should thus be provided on how transformation has been effected through the creation, support and development of small and medium size suppliers through procurement policies, joint ventures, business support initiatives and corporate social investment.

5.3.20. Risk management

- 5.3.20.1. King IV highlights the role and duty of the board in risk management. This function is delegated either to a risk committee or the audit committee.

5.3.21. Risk management relating to ethical, workplace, social and environmental issues

- 5.3.21.1. Considerations should include:

- 5.3.21.1.1. The company should demonstrate that the board is taking responsibility regarding ethical, workplace, social and environmental risks seriously insofar as they impact on the company.
- 5.3.21.1.2. Risk management systems for ethical, workplace, social and environmental risks should be considered on a case-by-case basis.
- 5.3.21.1.3. Should systems be deemed inadequate, and there be no leadership from the board with respect to these areas, the EPPF should consider voting against directors who are members of the Audit and Risk Committees or the Sustainability or SHE committees in so far as they exist.
- 5.3.21.1.4. Disclosure on these risks is covered in Section C (3), and should be considered on a case-by-case basis.
- 5.3.21.1.5. The EPPF requires that companies address risk management issues across all operations in all of the geographical areas that it operates. While it is not always practical to disclose these issues, the board should be prepared to answer shareholders questions and concerns with respect to specific risk areas.

5.3.22. Human Rights-Employees-contractors-sourcing networks

- 5.3.22.1. Companies have different attitudes towards their workforce. In some countries companies do not allow trade union activity. South Africa has adopted very labour friendly labour legislation since 1994 reflecting the crucial role played by trade unions during the liberation struggle.

5.3.23. Labour law issues

- 5.3.23.1. While most human right issues in South Africa generally arises at small company level there are occasionally issues that may occur even at listed company level where external scrutiny is much more prevalent.
- 5.3.23.2. Outsourcing services may be very positive or negative depending on the reasons for outsourcing. If outsourcing is done and a reputable company employed to perform the outsourced services it may increase productivity in the company outsourcing non-core services. If however, outsourcing is a way to bypass labour legislation then it is not a practice that the EPPF will support.
- 5.3.23.3. To establish what the case is in each of the companies evaluated by the EPPF it is necessary, by a process of corporate engagement, which includes engagement with both management and trade unions, to establish the outsourcing practices of each company.
- 5.3.23.4. The following should be noted:
 - 5.3.23.4.1. When moving beyond study of annual reports and newspaper clippings (or the electronic or internet equivalent) the process of engagement to monitor the outsourcing practices of a company is focused, time consuming and resource intensive.
 - 5.3.23.4.2. The process will be as follows:
 - 5.3.23.4.2.1. Study of the annual report with specific reference to the report submitted by the Social & Ethics Committee
 - 5.3.23.4.2.2. Study of newspaper clippings
 - 5.3.23.4.2.3. Obtaining a list of the company's outsourced services from management and trade unions
 - 5.3.23.4.2.4. Obtaining information from the contractors by questionnaires, visits and industry references.
 - 5.3.23.4.3. A priority list will at all times be used to establish which companies are to be scrutinized for abusing the use of contractors to engage in anti-labour law practices.

5.3.24. BBBEE contractors

- 5.3.24.1. Contractors performing services to companies should report the BEE status of the companies who they outsource services to.
- 5.3.24.2. This is part of the ongoing evaluation of social issues monitored by the EPPF. Legislation in this regard has to be followed and monitored.

5.3.25. Employees-workforce issues

- 5.3.25.1. Employees have certain rights and obligations. It is accepted practice that in terms of both the legislation and company regulations that are intended to regulate this relationship.
- 5.3.25.2. Main issues to be addressed are:

- 5.3.25.2.1. Remuneration issues
- 5.3.25.2.2. Workplace Health issues
- 5.3.25.2.3. Workplace Safety issues (especially important in industrial and mining companies)
- 5.3.25.2.4. Workplace accommodation and physical arrangements
- 5.3.25.2.5. Handling of labour disputes
- 5.3.25.3. The handling of labour disputes is often an indication of the maturity of both labour and management. Whenever these issues surface the EPPF will monitor the situation closely, especially if the company forms a very important portion of the EPPF internal portfolio.
- 5.3.25.4. The following should be noted:
 - 5.3.25.4.1. When moving beyond study of annual reports and newspaper clippings (or the electronic or internet equivalent) the process of engagement to monitor the practices of the company is intensive, time consuming and resource intensive.
 - 5.3.25.4.2. The process will be as follows:
 - 5.3.25.4.2.1. Study of the annual report with specific reference to the report submitted by the Social & Ethics Committee
 - 5.3.25.4.2.2. Study of newspaper clippings
 - 5.3.25.4.2.3. Information on problem areas to be obtained from both company management and unions.
- 5.3.25.5. South Africa is experiencing a skills crisis. The educational system is not producing workers with the required skills for a modern 21st century economy. South African companies, in contrast to many companies in both the developed and emerging economies are not known for the skills training that they provide. They would rather use predatory methods to poach skilled staff from other companies.
- 5.3.25.6. While bursary schemes and other such associated assistance are to be lauded they must be regarded as the bottom line. Relevant training should be provided to upskill workforces. This is one of the issues to be noted in sustainability reports.
- 5.3.25.7. The EPPF will not necessarily disinvest from companies who indulge in poor labour practices but will also drive to make management change its views through a coordinated corporate engagement strategy.

5.3.26. Issues with corporations-general and product

- 5.3.26.1. Product safety and liability issues have made the headlines with Toyota having to recall millions of cars worldwide following crashes in the USA which claimed more than 80 lives over a period of years. With a humiliating appearance in the US Congress after a period denial Toyota suffered huge reputational loss of face.
- 5.3.26.2. Reputation is as fragile as it is precious in the market place and as easy to destroy as it is hard to restore. Reputational damage, especially with regard to product, can be felt in the bottom line and that is why a company's reputation is a crucial commodity.
- 5.3.26.3. The EPPF will incorporate reputational issues into its evaluation of the suitability to invest in a particular company. If damage to a company's reputation does occur, the EPPF will evaluate how the company reacts to it.
- 5.3.26.4. The EPPF will also ramp up its corporate engagement activities in cases such as these when company management endangers the long term sustainability of the company.

5.3.27. Accountability Issues

- 5.3.27.1. Accountability is integral to the above discussions. It is important to assess how management react when they have been exposed as not only cheating on their shareholders but engaging in practices which negatively impacts on the company's dealings with other stakeholders.
- 5.3.27.2. The EPPF will engage management to account at shareholder meetings if the need arises.

5.3.28. Corporate Impacts on Environment

- 5.3.28.1. South Africa is unfortunately becoming a very good example of companies with no regard for the externalities caused by their activities to the communities and the country at large.
- 5.3.28.2. Examples are:
 - 5.3.28.2.1. The high levels of pollution caused by indiscriminate and sometimes illegal coal mining. There has even been coal mining in world heritage sites situated in South Africa destroying these areas.
 - 5.3.28.2.2. The issue of acid water rising to the surface in areas of Gauteng. These have been caused by decades of mining, but the clean-up costs will now be borne by present owners and then South African taxpayer.
 - 5.3.28.2.3. The ongoing air pollution caused by the coal fired power stations used in South Africa.
- 5.3.28.3. King IV has highlighted that companies must develop sustainable reports to not only shareholders but also to all stakeholders.

- 5.3.28.4. Companies are also now encouraged to produce estimates of their carbon footprints. Even banks have now started doing this. This practice must be encouraged in all companies and must form part of their sustainability report.
- 5.3.28.5. Most of what constitutes socially responsible investment in the developed world focuses on their internal environmental issues. These relate to alternative energy sources and creating sustainable products such as "green" cars.
- 5.3.28.6. South Africa, as other developing countries, has hitherto not placed much emphasis on environmental issues. But this is changing.
- 5.3.28.7. But as the electricity shortages facing the country have demonstrated emergency development of more coal fired power stations is adding to an already strongly polluted Highveld. Alternative energy sources such as solar and wind power will take a decade or two to become economical. Nuclear energy requires skilled engineers. It is therefore impossible to make sweeping statements on these complex problems. And yet, they have to be included into evaluations of companies' sustainability and be included in sustainability reports to shareholders.

5.3.29. Product and Services Stewardship

- 5.3.29.1. Companies have to be in control of the results of their products and services. A company cannot engage in environmentally destructive practices and claim ignorance of the effects thereof. Service companies cannot remain agnostic about the effect that their services might have on the socio-economic fabric of the country and the communities with which they deal as customers.
- 5.3.29.2. The first link to analysing these issues is in newspaper reports and annual reports. Notes to the annual report stating the number of court cases that the company is involved in may also be of assistance. Monitoring of compliance to the Consumer Protection Act (2008) by the board of directors should also be analysed.

5.3.30. General issues and concerns relevant area of focus

- 5.3.30.1. The attitude of company management as encapsulated in their corporate engagement record, environmental and social practices form a totality which defines company management and the responsibility of shareholders. Gone also are the days that shareholders can just blame management for all mistakes while shareholders have not themselves gone to the trouble of managing their ownership of companies.
- 5.3.30.2. Class action suits could follow and the limited liability of pension funds as shareholders could be tested in areas different from the limited liability sphere with regard to bankruptcy within which the ordinary shareholder currently operates. If voting is a fiduciary duty, then not investigating the credentials of management who manages the investment on behalf of shareowners constitutes a dereliction of fiduciary duty.

- 5.3.30.3. In the modern post 2008 economic world the emphasis on sustainable management practices have become ever more paramount. Financial engineering, short term strategic thinking and the abuse of the trust that shareholders and stakeholders have placed in management of companies have placed the free market system as we know it at risk. Even Adam Smith did not call for the unfettered free enterprise. He saw a definite role for economic pursuits to be carried out within a rule based system enforced by law.
- 5.3.30.4. What he could not have foreseen was that companies would grow so vast and complex that ESG factors would have to come to the fore for companies to be a force for good. The role that they are designed for in addition to providing products needed by the community.
- 5.3.30.5. Those forgotten values will be enforced by this EPPF policy. It will produce not only world class companies but also a world class economy.

5.3.31. Conclusion

- 5.3.31.1. The EPPF Board of Fund's commitment to responsible investing through active corporate engagement merges its rights as a long-term shareholder with the duties of a fiduciary. While the bottom line has been, and will continue to be, improved investment / share performance, this imperative need to prudently balance and take account of the socio-economic realities and transformational demands of our country.
- 5.3.31.2. South Africa is increasingly showing signs that shareholder passivity is coming to a close. Increasing shareholder activism is leading to the emerging of a new model of the "governed corporation." Under this model, a corporation is governed rather than managed, by its three critical constituencies - managers, directors and shareholders.
- 5.3.31.3. The result is improved decision making, healthier corporate governance, and enhanced stakeholder satisfaction. The EPPF believes this Policy and its implementation is a critical step in achieving that goal

6. ROLES AND RESPONSIBILITIES

6.1. The following summarises the responsibilities per stakeholder group related to the application and monitoring of compliance to this policy:

Stakeholder	Responsibility
Employees and Contractors	Comply with this policy in relation to the use of and when securing EPPF information.
Management	Ensure that appropriate staff structure and authority has been delegated for the execution of this policy.
Policy Owner	<ul style="list-style-type: none"> • Implement the Policy either via the Proxy Voting agent or through IMU in instances where the Proxy Voting agent is not allowed to vote or speak on behalf of the Fund. • Establish and monitor strategy parameters and goals for corporate governance activities. • Ensure that the policy is kept current through the regular review of the policy. • Ensure that policies are made available/communicated to the relevant stake holders. • Ensure that deviations from this policy are documented and sent to the policy sponsor for approval. <p>The EPPF has retained Inkunzi Fiduciary Solutions, a Proxy Voting and Responsible Investing Advisory Agent to assist the Policy Owner in discharging its responsibilities</p>
Policy Sponsor	<ul style="list-style-type: none"> • Approve deviations from the policy. • Ensure that strategy parameters and goals for corporate engagement activities are established and monitored. • Ensure that a representative of the Fund attends the annual general meetings of the top five owned companies or of any company where the Proxy Voting agent will not be allowed vote or speak on behalf of the Fund
Compliance	Monitor compliance to policy.
Internal Audit	Audit according to the approved policy.
Board of Fund	<p>The Board of Fund is responsible for:</p> <ul style="list-style-type: none"> • Approving the Proxy Voting Policy.
Strategic Investment Committee (SIC)	<p>The SIC is responsible for:</p> <ul style="list-style-type: none"> • Reviewing the Policy for modifications as needed and making recommendations for consideration by the Board. • Reviewing the appropriateness of and approving the strategy parameters and goals for corporate engagement activities

Stakeholder	Responsibility
Proxy Voting / RI Agent	<p>EPPF has retained an external proxy voting service provider to research and vote the majority of its proxies. The voting fiduciary is responsible for:</p> <ul style="list-style-type: none"> • Implementing the corporate engagement programme in compliance with the Policy. • Proposing changes to the Policy as appropriate. • Researching all proxies and providing background to each vote • Proposing corporate engagement activities to promote. • Monitoring and reporting corporate engagement activities to the Committee and Board as appropriate. • Handling the day-to-day administration of the corporate engagement program. • Monitoring the corporate governance activities to assure they are within the responsible investing strategy, and overall investment guidelines, and reporting on compliance with the Policy. • Ensuring that corporate engagement activities comply with all aspects of the Policy. • Scheduling reviews of the Policy with the Strategic Investment Committee, Policy Sponsor and Policy Owner, as appropriate.

7. RELATED INFORMATION AND REFERENCE

7.1. This policy should be read in conjunction with the following supporting guidelines:

7.1.1. Internal Documents:

7.1.1.1.Proxy Voting Guidelines

7.1.2. External Documents:

7.1.2.1.The Companies Act

7.1.2.2.King Report on Governance in South Africa

7.1.2.3.United Nations Principles for Responsible Investment

7.1.2.4.Code For Responsible Investing in South Africa

7.1.3. Regulatory Requirements:

7.1.3.1. The EPPF Board recognizes its fiduciary duty to act with loyalty and care regarding its voting assets. Currently there is no legislation that prescribes the voting of assets , however the Financial Services Board which oversees the operation of Pension Funds under the Pensions Act, indicates in its 2007 Circular PF130: "Voting rights attached to shares of the companies in which funds are invested should be considered an asset to the fund. Accordingly, the board of the fund would be expected to apply the same fiduciary care and consideration to this asset."

- 7.1.3.2. Furthermore, the newly amended Regulation 28 states: "A fund and its agents have a fiduciary duty to act in the full best interests of those for whose assets they are responsible. This duty supports the adoption of a responsible investment approach to deploying capital into markets that will earn them adequate risk adjusted returns. Prudent investing should give appropriate consideration to any factor which may materially affect the sustainable long term performance of their investments, including those of an environmental, social and governance character. This applies across all asset classes and should promote the vested interest the Fund has in a stable and transparent environment"
- 7.1.3.3. It is in this fiduciary framework that the Board and other EPPF fiduciaries have applied this Policy.

8. EXCLUSIONS

- 8.1. There are no exclusions to this Policy.

9. REQUEST TO DEVIATE FROM POLICY

- 9.1. In cases where material and compelling circumstances merit deviation(s) from particular provision(s) of this policy, written submission shall be sent to CE, who shall have full authority to grant such request in whole or in part, or refuse same.

10.COMPLIANCE MONITORING

- 10.1. The implementation of this policy will be subject to the Fund's compliance monitoring principles.

11.NON-COMPLIANCE

- 11.1. Breaches of this policy will be seen in a very serious light. Employees who do not conform to the Policy or Principles and Standards will be subject to disciplinary action in terms of the applicable EPPF disciplinary processes and procedures.