

Implementation Statement

Nampak Staff Pension Plan

Purpose of the Implementation Statement

This Implementation Statement has been approved by the Trustees of the Nampak Staff Pension Plan (“the Plan”) and sets out the following information over the year to 5 April 2022:

- How the Trustees’ policies on exercising rights (including voting rights) and engagement activities have been followed over the year; and
- A summary of the voting activity undertaken by the Scheme’s investment managers on behalf of the Trustees over the year.

The voting behaviour of the investment managers is not given over the Plan year ending 5 April 2022 because investment managers only report on this data quarterly. This information has therefore been provided over the year to 31 March 2022.

Stewardship policy

The Trustees’ Statement of Investment Principles (“SIP”) in force at August 2022 describes the Trustees’ stewardship policy on the exercise of rights (including voting rights) and engagement activities. It was last reviewed in August 2021 and has been made available online here:

<https://firstcircle.group/oaseboab/2021/08/2021-07-NSPP-SIP.pdf>

The Trustees have delegated the exercise of rights attaching to investments (including voting rights) and the undertaking of engagement activities to the Plan’s investment managers.

How the Trustees’ voting and engagement policies have been followed over the year

The Plan invests entirely in pooled funds (other than for its Liability Driven Investment (“LDI”) portfolio) and, as such, delegates responsibility for carrying out voting and engagement activities to the Plan’s investment managers.

The Trustees received an ESG monitoring report from their investment advisors and undertook a review of the Environmental, Social and Governance (“ESG”) practices, voting activities and engagement activities of the Plan’s investment managers at their meeting on 1 December 2021. Aside from follow-up questions being issued to two of the managers, no remedial action was taken in light of this review.

Annually, the Trustees 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 advisors. The Trustees review this information to ensure alignment with their own policies as set out in the Plan’s Statement of Investment Principles. This exercise was undertaken as part of preparation of the Implementation Statement in respect to the investment managers’ activities over the year to March 2022.

Royal London Asset Management (“RLAM”) were the only investment manager to be invited to a Trustees’ meeting over the year. RLAM’s presentation touched on how the Enhanced Buy and Maintain Credit Fund allows for ESG considerations.

The Plan has disinvested from three funds over the year to 31 March 2022. At the year-end, the Plan no longer had investments with Barings, Fundsmith or Stone Harbor. The Plan only held these funds for a small part of the year, disinvesting in April and June. As such, these funds have not been considered as part of the Implementation Statement.

Summary

Having reviewed the information included within this Implementation Statement in accordance with their policies, the Trustees are comfortable the actions of the investment managers are in alignment with the Plan’s policies as follows:

- Where appropriate, the Trustees 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 ESG issues in their businesses. The relevant managers (excluding CVC, who have stated they believe there is limited scope for engagement within liquid credit) have demonstrated that they have engaged with their investee companies, as outlined in the “fund level engagement” section of this Statement.
- The Trustees delegate the exercise of rights (including voting rights) the investment managers. The relevant managers have voted on behalf of the Plan’s investments over the period considered, as outlined in the “voting data” section of this Statement.

Approved by the Trustees of the Nampak Staff Pension Plan

Voting data

This section provides a summary of the voting activity undertaken by the investment managers within the Plan's equity and diversified growth portfolios on behalf of the Trustees over the year to 31 March 2022. There are not expected to be any voting rights attached to the Plan's credit or LDI portfolios and therefore the underlying funds have been excluded from this section of the Implementation Statement.

Manager name	Schroders	UBS
Fund name	Schroders Life Diversified Growth Fund	UBS Life World Ex-UK Equity Tracker
Structure	Pooled	Pooled
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour	
Number of company meetings the manager was eligible to vote at over the year	1,932	2,201
Number of resolutions the manager was eligible to vote on over the year	22,236	27,103
Percentage of resolutions the manager voted on	97.8%*	96.5%
Percentage of resolutions the manager abstained from	2.2%**	0.5%
Percentage of resolutions voted <i>with</i> management, as a percentage of the total number of resolutions voted on	91.4%	84.3%
Percentage of resolutions voted <i>against</i> management, as a percentage of the total number of resolutions voted on	8.6%	15.2%
Percentage of resolutions voted contrary to the recommendation of the proxy advisor	5.9%	0.3

*Includes votes where the voting instruction was one of: "against", "for" or "one year",

**Includes votes where the voting instruction was one of: "abstain", "do not vote", "withhold" or where data was not provided.

Please note that in the table above, abstentions are not counted within the number of resolutions voted on for Schroders, however the converse is true for UBS.

Source: information provided by the investment managers.

Significant votes

For this Implementation Statement, the Trustees have delegated the decision of defining what a “significant vote” is to the investment managers. Both Schroders and UBS have provided details for a large number of votes that they have deemed significant and, in the interest of concise reporting, a sample of three votes per fund has been included below.

Schroders Life Diversified Growth Fund

Schroders were not able to provide all of the data that would ideally be collated in relation to their voting activities, nor did they select significant votes. As such, the sample of votes below have been selected from the votes where Schroders went against the recommendation of the company’s management.

	Vote 1	Vote 2	Vote 3
Company name	Royal Bafokeng Platinum Ltd.	Carrefour SA	BioDelivery Sciences International, Inc.
Date of vote	9 April 2021	21 May 2021	29 July 2021
Summary of the resolution	Proposal 12: Approve remuneration implementation report	Proposal 9: Re-elect Nicolas Bazire as Director	Proposal 1d: Elect Director Kevin Kotler
How the manager voted	Proposal 12: Against management	Proposal 9: Against management	Proposal 1d: Against management
Rationale for the voting decision	Targets were not considered sufficiently stretching by Schroders.	Nicolas Bazire has been sentenced to five years in prison in relation to the Karachi affair. Therefore, Schroders do not believe it to be suitable for him to retain his position on the board.	Kevin Kotler is Chair of the nominating committee and less than 20% of the board comprises female directors.
Criteria on which the vote is considered “significant”	Schroders voted against management	Schroders voted against management	Schroders voted against management

Source: information provided by Schroders.

UBS Life World Ex-UK Equity Tracker

	Vote 1	Vote 2	Vote 3
Company name	Scentre Group	Credit Suisse Group AG	Rio Tinto Limited
Date of vote	8 April 2021	30 April 2021	6 May 2021
Summary of the resolution	Approve remuneration report	Re-elect Andreas Gottschling as Director	Approve remuneration report for Australian law purposes
How the manager voted	Against management	Against management	Against management
If the vote was against management, did the manager communicate their intent to the company ahead of the vote?	No	Yes	No

	Vote 1	Vote 2	Vote 3
Rationale for the voting decision	Executive pay granted/vested during the year is not aligned with performance.	Mr Gottschling is the incumbent Chair of the Risk Committee. UBS feel recent events involving the company can be considered linked to shortcomings in risk management.	UBS do not consider the reduction in quantum of the LTIP to be sufficient in reflecting the gravity of the failures of Juukan Gorge.
Outcome of the vote	Failed	Withdrawn	Failed
Implications of the outcome	The remuneration vote was not carried at the Annual General Meeting. The company has received a 'strike' against the remuneration report following the significant votes cast against by shareholders. UBS will be monitoring the next steps taken by the company before determining future actions.	The nominee has stepped down from the board, and UBS will be monitoring further steps being taken by the company.	UBS have noted that the company have made several board changes following concerns raised by shareholders and have implemented additional clawback measures within the remuneration scheme.
Criteria on which the vote is considered "significant"	Aggregate percentage of votes against management exceeded 50% of votes cast	Relevance of vote following company engagement	Aggregate percentage of votes against management exceeded 60% of votes cast

Source: information provided by UBS.

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The tables below provide a summary of engagement activities undertaken by each manager during the year to 31 March 2022 for the relevant funds.

Engagement activities are limited for the Plan's LDI portfolio due to the nature of the underlying holdings and so these funds have been excluded from this section of the Implementation Statement.

Manager name	Apollo	CVC
Fund name	Apollo Total Return Fund	CVC European Credit Opportunities Fund
Does the manager perform engagement on behalf of the holdings of the Fund?	Yes	No
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	No
Number of engagements undertaken on behalf of the holdings in the Fund in the year	>80	n/a
Number of engagements undertaken at a firm level in the year	Not provided	n/a
Examples of engagements undertaken with holdings in the Fund	<p>In June 2021, Apollo engaged with Adani Ports and Special Economic Zone Limited on steps taken to improve on ESG related issues, such as investment in Myanmar, exposure to coal, governance and the appointment of a new chief Financial Officer.</p> <p>The company has subsequently announced its exit from Myanmar and provided information to Apollo on the trajectory of coal through its ports over the next 10 years.</p> <p>The company also constituted a Corporate Responsibility Committee, comprising Independent Directors to provide assurance for all ESG commitments.</p>	<p>There were no engagements undertaken as CVC believe there is limited scope to engage within the liquid credit space.</p> <p>Whilst CVC engage in ESG screening for the investments they make, they feel they cannot engage on the actions any of the Fund's underlying companies choose to take.</p>

Source: information provided by the investment managers.

Manager name	Schroders	UBS	RLAM
Fund name	Schroders Life Diversified Growth Fund	UBS Life World Ex-UK Equity Tracker	RLAM Enhanced Buy and Maintain Credit Fund*
Does the manager perform engagement on behalf of the holdings of the Fund?	Yes	Yes	Yes
Has the manager engaged with companies to influence them in relation to ESG factors in the year?	Yes	Yes	Yes
Number of engagements undertaken on behalf of the holdings in the Fund in the year	> 1000	351	Not provided
Number of engagements undertaken at a firm level in the year	Not provided	511	142
Examples of engagements undertaken with holdings in the Fund	<p>Schroders engaged with Amazon on the topic of workers' rights.</p> <p>Schroders requested comparable health and safety statistics, beyond Amazon's own safety leadership index.</p> <p>Amazon subsequently increased disclosure on their health and safety statistics. Additionally, the company has introduced a few comparable safety statistics. Schroders would like to see more metrics beyond the safety leadership index to mark this engagement as achieved.</p>	<p>UBS have been engaging with Chubu Electric Power on its climate transition plans for three years. Since then, the Company has made progress on developing targets related to climate change, including a commitment to net zero emissions by 2050.</p> <p>In June 2021, UBS wrote to the board acknowledging the company's progress in setting long-term emissions reduction targets, increasing its exposure to renewable energy and aligning its corporate disclosures with the Taskforce for Climate Related Disclosures ("TCFD") recommendations. UBS also strongly encouraged the company to further consider expanding the scope and time horizons of its emissions reduction targets.</p> <p>The company has announced a target to reduce emissions from power sold to customers by 50% between 2013-30 in addition to its net zero commitment for 2050.</p>	<p>RLAM engaged with the Go-Ahead Group plc in respect of corporate governance shortfalls at the company and planned improvements to controls and oversight.</p> <p>The company is undergoing structural changes to mitigate risk, including a refresh of the board and the implementation of a new operating model which enhances oversight.</p> <p>RLAM feel the company is showing commitment to improving corporate governance. However, they will closely monitor the implementation of the measures outlined by the board members and requested another meeting to discuss their progress.</p>

*The data provided in the table is in relation to RLAM's Fixed Income engagement activities.

Source: information provided by the investment managers.