

# RESPONSIBLE INVESTMENT POLICY



**NEW  
ROAD  
CAPITAL**  
INVESTMENT MANAGEMENT

**NEW ROAD CAPITAL (PTY) LTD**  
V1.1 12 February 2024

## 1. Introduction

This Responsible Investment Policy (the Policy) outlines the commitment of New Road Capital to integrating Environmental, Social, and Governance (ESG) considerations into our investment strategy. Given our position in utilising primarily the fund of funds investment vehicle, we recognise the importance of influencing responsible investment practices not only within our firm but also across the broader investment chain. This framework serves as a comprehensive guide for incorporating ESG issues into all aspects of our investment process, from fund selection to engagement with underlying fund managers.

By adopting the Policy, we aim to contribute positively to sustainable development while striving to achieve superior long-term investment returns for our clients. Through the Policy, we commit to being active proponents of responsible investment within the investment industry, enhancing our effectiveness in implementing accepted ESG standards, and fostering a more sustainable and equitable global financial system.

## 2. Purpose

New Road Capital sees responsible investing as the act of incorporating into an investment process the required research and procedures to ensure that short-term returns are not favoured above long-term sustainable growth. Being responsible stewards of capital requires the evaluation of an investment's overall contribution to the well-being of stakeholders and the environment they find themselves in.

The purpose of the Policy is to articulate New Road Capital's commitment to responsible investing, with a framework based on the CRISA 2 principles. By integrating ESG issues into our investment analysis and decision-making, we aim to enhance long-term value for our clients while contributing positively to the broader society and environment. The Policy reflects our belief that responsible investment supports our fiduciary duty to act in the best long-term interests of our beneficiaries.

## 3. Scope

The Policy applies to all investment mandates as sustainability factors are considered holistically as a house view. While we may not directly own the securities within our underlying funds, we commit to exercising influence through our fund selection criteria, engaging with fund managers on ESG issues, and encouraging them to adopt responsible investment practices where we deem necessary.

## 4. Legal and Regulatory

Our responsible investment approach is guided by applicable legal and regulatory requirements, as well as our fiduciary responsibilities to our clients. The South African regulatory landscape as it relates to ESG issues may be lagging some developed economies; however, we voluntarily commit to the principles of CRISA 2<sup>1</sup> as the pillar of the South African responsible investing framework.

## 5. Responsibilities

We believe that accountability for the integration of sustainability and responsibility in our investment process can be considered through the long-term performance of our strategies. Sustainable processes should inherently be able to endure the test of time, which is the view that we have for our clients' investments. We believe that to be responsible with the assets we have been entrusted with, a long-term view must be taken at all times—as part of this, all risk factors, including ESG, should be considered.

The responsibility for implementing and adhering to this policy lies with our Investment Committee, who is also responsible for ESG considerations and integration. This group is accountable for ensuring that ESG factors are considered throughout the investment process, from fund selection to ongoing monitoring, as well as for engaging with underlying fund managers on responsible investment practices.

---

<sup>1</sup> See Appendix 1.

## **6. Implementation**

To fulfil our commitments, we will:

- Integrate ESG considerations into our fund selection and monitoring processes.
- Evaluate the responsible investment policies and processes of those funds chosen and under consideration for use in our portfolios.
- All else being equal, invest in funds that demonstrate a commitment to ESG issues, given that these funds exhibit the desired characteristics for inclusion.

## **7. Engagement**

Our engagement strategy involves:

- Conducting dialogues with underlying fund managers about their ESG integration practices and outcomes.
- Encouraging fund managers to engage with the entities they invest in to improve long-term performance through responsible practises.

## **8. Review**

This policy will be reviewed annually to ensure its continued relevance and effectiveness in guiding our responsible investment practices. Adjustments will be made as necessary to reflect changes in legal and regulatory requirements, industry best practices, and our own learning and experience in implementing responsible investment practices.

## Appendix 1: Code for Responsible Investment South Africa

As an investment firm with a commitment to being a responsible member of the investment industry, New Road Capital is an endorser of the Code for Responsible Investing South Africa (CRISA), as well as the revised CRISA 2 of 2022. CRISA provides a standardised reference framework on which to base the inclusion of environmental, social and governance (ESG) issues in the investment decisions of institutional investors and service providers and is endorsed by the FSCA and ASISA.

The following summarises CRISA 2:

**ESG Integration:** *Investment arrangements and activities should reflect a systematic approach to integrating material environmental, social and governance (ESG) factors.*

**Stewardship:** *Investment arrangements and activities should demonstrate the acceptance of ownership rights and responsibilities diligently enabling effective stewardship.*

**Capacity Building & Collaboration:** *Acceptance and implementation of the principles of CRISA 2 and other applicable codes and standards should be promoted through collaborative approaches (as appropriate) and targeted capacity building throughout the investment industry.*

**Governance:** *Sound governance structures and processes should be in place (including at all levels of the organisation) to enable investment arrangements and activities that reflect and promote effective stewardship and responsible investment, including proactively managing conflicts of interest.*

**Transparency:** *Investment organisations should ensure that disclosures are meaningful, timely and accessible to enable stakeholders to make informed assessments of progress towards the achievement of positive outcomes.*