



GOVERNMENT INSTITUTIONS PENSION FUND

Responsible Investment and Active Ownership Policy

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Responsible Department: Investments





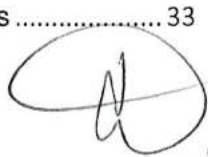


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1. DEFINITIONS

1.1. Responsible Investment (“RI”): Responsible Investment is an investment approach that incorporates Environmental, Social and corporate Governance (“ESG”) considerations into all investment decisions as well as standard financial considerations. It also covers responsible stewardship of capital through Active Ownership. The Trustees use Responsible Investment with the aim of better managing risks, and to assist in the discovery of opportunities that produce sustainable long-term investment returns.

1.2. Active Ownership: the voting of company shares and/or the engaging of corporate managers and boards of directors in dialogue on ESG issues as well as on business strategy issues in an effort to reduce risk and enhance long-term investment returns.

1.3. Asset Owner Engagement: the practice of monitoring corporate behaviour and seeking changes where appropriate through dialogue with companies or through the use of share ownership rights, such as filing shareholder resolutions in an attempt to improve a company’s performance on ESG issues.

1.4. Proxy voting: the delegation of voting rights from entitled voters who do not attend shareholders’ meetings to delegates who vote on their behalf. Proxy voting allows shareholders to exercise their right to vote without committing the time involved in attending meetings.

1.5. Proxy Voting Agent/s: Are persons appointed and authorized by GIPF, to represent GIPF and to vote at general meetings or special meetings or investor meetings or to do stewardship services on behalf of GIPF.

1.6. CRISA: Code for Responsible Investing in South Africa

1.7. GIPF: the Government Institutions Pension Fund

1.8. ESG: Environmental, Social and corporate Governance

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1.9.Environmental (E): Issues relating to the quality and functioning of the natural environment and natural systems. These include biodiversity loss; greenhouse gas (GHG) emissions, climate change, renewable energy, energy efficiency, air, water or resource depletion or pollution, waste management, stratospheric ozone depletion, changes in land use, ocean acidification and changes to the nitrogen and phosphorus cycles.

1.10. Social (S): Issues relating to the rights, well-being and interests of people and communities. These include human rights, labour standards in the supply chain, child, slave and bonded labour, workplace health and safety, freedom of association and freedom of expression, human capital management and employee relations; diversity; relations with local communities, activities in conflict zones, health and access to medicine, HIV/AIDS, consumer protection; and controversial weapons.

1.11. Governance: Issues relating to the governance of companies and other investee entities. In the listed equity context these include board structure, size, diversity, skills and independence, executive pay, shareholder rights, stakeholder interaction, disclosure of information, business ethics, bribery and corruption, internal controls and risk management, and, in general, issues dealing with the relationship between a company's management, its board, its shareholders and its other stakeholders. This category may also include matters of business strategy, encompassing both the implications of business strategy for environmental and social issues, and how the strategy is to be implemented. In the unlisted asset classes governance issues also include matters of fund governance, such as the powers of Advisory Committees, valuation issues, fee structures, etc.

1.12. UN: United Nations

1.13. PRI: Principles for Responsible Investment

1.14. RI: The PRI defines responsible investment as a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership.

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2. INTRODUCTION

2.1. This policy was developed by the Board of Trustees (the “Trustees”) of the Government Institutions Pension Fund (“GIPF” or the “Fund”). The Fund is the 1,000th voluntary signatory to the UN Principles for Responsible Investment (“UN PRI” or “PRI”). The UN PRI embodies an internationally accepted framework for investors to manage ESG issues in a manner consistent with improving long-term investment returns.

Therefore, the Trustees aim to implement the following six principles (the “Principles”) of the UN PRI where practical to do so:

2.1.1. We will incorporate ESG issues into investment analysis and decision-making processes.

2.1.2. We will be active owners and incorporate ESG issues into our ownership policies and practices.

2.1.3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.

2.1.4. We will promote acceptance and implementation of the principles within the investment industry.

2.1.5. We will work together to enhance our effectiveness in implementing the principles.

2.1.6. We will report on our activities and progress towards implementing the principles.

2.2. As an institutional investor, the Trustees acknowledge their duty to act in the best long-term interests of their beneficiaries. In this fiduciary role, the Trustees believe that ESG issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, and asset classes and through time). The Trustees also recognise that applying these Principles may better align

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investors with broader objectives of society, and that alignment with the PRI may be in the personal interests and, at times indirectly, in the financial interests of our beneficiaries as members of that broader society.

The Trustees therefore adopt this Responsible Investment and Active Ownership Policy ("RI Policy") that will facilitate the integration and implementation of ESG considerations into all aspects of the Fund's investment activities, as governed by the GIPF Investment Policy. In this regard the RI Policy will supplement the provisions of the Investment Policy of the GIPF and will also make provision for the Fund's requirements on Proxy Voting Guidelines and Asset Owner Engagement Guidelines.

2.3. The Trustees are aware that they have an obligation to manage and administer the Fund in a manner consistent with:

- a) Best-practice portfolio management.
- b) Maximising returns without undue risk to the Fund as a whole; and
- c) Avoiding prejudice to Namibia's reputation as a responsible member of the African and Global investing community at large.

2.4. This policy is in tandem with the above obligations and is consistent with best practice portfolio management, and with avoiding prejudice to Namibia's reputation as a responsible member of the African and Global community at large.

2.5. To the extent that it does not conflict with their obligations above, the Trustees, at their discretion, may consider other issues arising from the Fund's investments. In doing so, the Trustees may take into account factors including whether the issue is contrary to Namibian laws, Namibia's international agreements or if the issue is inconsistent with Government policies.

2.6. A secondary objective for the Trustees is to support the development of the asset management industry in Namibia through allocations to newer fund managers. As such the Trustees acknowledge that responsible investment capabilities in some areas may be at the early stages of development, but they aim to support the improvement of responsible investment practices where necessary.

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3. SCOPE AND OBJECTIVES

3.1. Scope

3.1.1. The RI Policy applies to all the Fund's assets under management. It covers the areas of strategic asset allocation, investment due diligence, fund/asset selection, appointment, and monitoring of external fund managers, as well as the exercise of voting rights and engagements with external fund managers and to use the Funds' ESG practices as a guide for responsible investments and to align to best practices. It is acknowledged that the operational practices of the Trustees may vary across these assets, depending on the nature and geographic locations of investments.

3.1.2. In implementing the RI Policy, the Trustees are aware that maximising returns without undue risk implies investing across a wide range of asset classes and regions. Whilst the Trustees decide on the strategic asset allocation and policy formulation, most of the day to day buying and selling of securities are done by external investment managers. The Trustees' RI Policy applies to securities held directly by the Fund and to the funds managed by external investment managers.

3.2. Objectives

3.2.1. The objective of the RI Policy is to facilitate the integration of ESG considerations into the Fund's investment processes and also to facilitate the incorporation of RI principles into the mandates that the Fund awards to external investment managers. This policy may therefore require that existing mandates of investment managers be amended to reflect the Trustees' prevailing RI Policy objectives. Within those mandates, reporting requirements will be incorporated that will ensure that there is adequate accountability with regards to the implementation of the RI Policy.

3.2.2. In developing and maintaining the RI Policy, the Trustees are conscious of the boundaries of responsibility, and the degrees of influence, that exist

between owners of capital and companies. As good stewards of capital, the Trustees believe in being active and responsible owners through engagements with companies to raise ESG standards (whether directly or through its investment managers), while being aware of the limitations of its influence, particularly in the case where it is one of many stakeholders.

4. POLICY STATEMENTS

- 4.1. The Fund aims to implement the UN Principles for Responsible Investment and aims to encourage investee companies and/or its investment managers to meet internationally agreed standards for responsible corporate behaviour.
- 4.2. Integrating ESG criteria into investment processes helps the Fund create financial value over the long term and protects the Fund from the reputational, financial, and operational risks involved in investing in companies with poor environmental, social or corporate governance practices.
- 4.3. If companies in which the Fund holds securities are found to have corporate practices that breach the Responsible Investment standards, the Fund (in case of direct holding) or the investment manager will consider engaging with the company, either directly, or in conjunction with other investors, and taking shareholder action as appropriate.
- 4.4. There may be occasional circumstances where the Fund (in case of direct holding) or the investment manager may consider excluding a particular investment or divesting the Fund's holding due to corporate practices that breaches the Responsible Investment standards. The Fund's actions (in case of direct holding) actions will be guided by the considerations outlined in section 5 of this document.
- 4.5. In practice, a material portion of the Fund's assets is managed by third-party investment managers. Where this is the case, responsibility for undertaking engagement is delegated to the third-party investment managers. Therefore, the investment manager's actions will be guided by its investment agreement/mandate and its ESG policies which should, as far as its practicable, be aligned with the

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Fund's Responsible Investment Standards set out in this policy. Each asset manager is expected to exercise judgement in choosing appropriate investments, given that manager's interpretation of the investment objectives, constraints, and preferences noted in the Fund's Investment Policy as well as the manager's specific mandate. The Trustees however retain ultimate responsibility and will regularly monitor their investment managers' engagement practices and encourage improvement where appropriate to do so. Failure by a manager to engage effectively or improve practices may result in the termination of the mandate.

5. POLICY IMPLEMENTATION PROCEDURES

5.1. The Fund will ensure that it incorporates procedures into its Responsible Investment framework, in particular:

5.1.1. Adopting a RI Policy.

5.1.2. Set the relevant responsible investment standards, which stipulate the ESG considerations most important and relevant to GIPF's strategic business objectives.

5.1.3. Maintaining a system for monitoring portfolio holdings against relevant responsible investment standards, either directly or through their respective investment managers where possible to do so and where accurate data can be obtained.

5.1.4. Developing and implementing a stakeholder engagement programme to encourage improvements in responsible corporate behaviour.

5.1.5. Encouraging disclosure by companies (either directly or through its investment managers), and consideration by investors, of material ESG information to better understand the impact of these issues on long-term asset owner value.

5.1.6. Exercising votes at shareholder meetings through proxy voting agents or investment managers, including votes on responsible investment resolutions.

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5.1.7. Utilising exclusion or divestment as may be appropriate.

5.2. Selection of Asset Managers

A portion of the Fund's assets is managed by appointed asset managers who have been selected and appointed under the Fund's Investment Policy.

5.2.1. For purposes of ESG considerations, the Fund's manager selection process follows the guidelines set out by UN PRI to ensure that the Fund is adhering to industry best practice. Each stage in the selection process seeks to ensure this adherence and addresses responsible investment/ and ESG topics in a manner appropriate to achieving the Fund's objectives:

5.2.1.1. Stage 1: customised proposal documents allow the Fund to a) describe the key elements of its RI Policy to asset managers, b) state minimum requirements that managers must meet in order to be considered for selection, and c) ask specific, relevant questions for each manager regarding both their compliance with the Fund's RI Policy and the extent to which they meet the minimum requirements.

5.2.1.2. Stage 2: the initial screening process allows the Fund to assess each manager's credibility on ESG issues and determine whether they are eligible of further consideration. Screening would capture a) the manager's responses to questions asked, and b) quantitative analysis of each manager's portfolio to determine ESG scores against the benchmark. For example, a manager that is not yet a signatory to the PRI and whose portfolio scores poorly on ESG metrics could be excluded, unless the manager demonstrates determination to align to best practices.

5.2.1.3. Stage 3: qualitative evaluation requires meeting(s) with key individuals, such that the Fund will be able to assess the manager's ESG capability alongside other aspects of their proposal. Through this dialogue, the Fund will seek to understand, *inter alia*: the beliefs of both the portfolio manager(s) and the wider asset management firm regarding

ESG; the extent to which ESG considerations feature in and directly impact the investment process; the level of active Asset Owner engagement undertaken by the investment team and firm-wide commitment to collective engagement across the industry. Using a disciplined scoring framework, the Fund will be able to assess and score the manager's ESG capability alongside other considerations.

5.2.1.4. Stage 4: as part of its final decision-making process, the Fund will seek copies of ESG-related materials alongside other documents, e.g., operations manual, compliance manual, financial statements. Where possible, the Fund may seek to conduct an on-site visit prior to selection, which allows for closer assessment of corporate culture.

5.3.Appointment

5.3.1. When an external investment manager has been selected, the Fund will assess the documentation and aim for ESG clauses to be incorporated to the mandate, as appropriate.

5.4.Monitoring of investments

The monitoring process is the obligation of Management to ensure compliance to the RI Policy. It is critical that this process is adhered to and that it is integrated into the reporting that is carried out and presented to the Trustees.

A material portion of the GIPF's investments is managed by third party investment managers. Where this is the case, day-to-day monitoring is delegated to the investment managers. However, adherence to the processes set out in this document will be regularly reviewed.

5.4.1. Equities and debt

5.4.1.1. The Fund should have service level agreements in place to monitor the Fund's equity and debt holdings against their responsible investment standards. However, these arrangements will not cover all holdings due to practical constraints (e.g., the wide breadth of holdings, the availability

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of reliable data, the fact that some equities are unlisted or the pooled nature of some securities), and hence the Fund will take into account other relevant sources of information.

5.4.1.2. The Fund also acknowledges that the potential for engagement in its role as an owner of debt is more limited than as an owner of equity. However, the Trustees believe that it is best practice for owners of debt to engage as far as practical with their counterparties and monitor compliance with the Fund's responsible investment standards.

5.4.1.3. The Fund may receive from external parties or through their own research, other valid reports of breaches of responsible investment standards by companies invested by the Fund and will consider those on a case-by-case basis as outlined in section 3.1.2.

5.4.2. Sovereign Securities

5.4.2.1. The Fund should receive regular reports from its investment consultant, and from time-to-time other external advisors, on resolutions or sanctions imposed on an issuer of sovereign securities, or other breaches of the responsible investment standards. On a six-month basis, the Fund will submit a list of countries to its investment consultant to screen against their responsible investment standards.

5.4.2.2. Where a breach of responsible investment standards on sovereign securities is identified and no immediate remedial measure is instituted, the Fund may elect to divest from the sovereign securities of that country.

5.4.3. Other Assets

5.4.3.1. The Fund invests in private equity market assets that include infrastructure, property, and private equity investments. Responsible Investment considerations are also included in the Trustees' decision-making on potential investments in private equity market entities. As best practices in responsible investment frameworks develop and more detailed and reliable data becomes available, the Trustees will aim to

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refine their responsible investment standards and procedures to specifically encompass criteria for other asset classes.

5.5. Analysis of the monitoring reports

The Fund may undertake further analysis on key issues, or breaches of RI standards in order to assess the most appropriate asset owner response. This analysis is coordinated by the Fund's internal investment department, which may seek assistance, when necessary, from external experts. The Fund will assess investments against its RI standards using the guidelines in this policy.

5.5.1. The Fund's analysis of responsible investment issues may include:

- a) the nature of involvement in sensitive/controversial business areas by a company.
- b) the materiality of the issue or breach of RI standards.
- c) the regulatory environment, including international conventions and Namibian laws.
- d) the effectiveness of asset owner actions; or
- e) the impact on the Fund's portfolio.

5.5.2. The Fund is aware that firms operate in different legal, cultural, and geographical contexts. The Fund endeavours to understand individual circumstances if breaches of standards occur.

5.6. Engagement of investee companies

5.6.1. The Fund will utilise the RI monitoring and analysis process to prioritise its engagement activities. The Fund may engage unilaterally with companies in which it invests solely or together with other investors. In most cases, engagement will involve encouraging companies to address significant breaches of standards and/or improve their policies and practices. The Fund may also take a more general approach to engagement in order to raise awareness of relevant standards amongst business and investors.

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Engagement with a company is often most effective through developing dialogue with the boards or senior management of companies. Establishing such a dialogue requires a degree of confidentiality and detailed or premature disclosure of discussions may be counter-productive to progress. However, within these constraints, the Fund is committed to reporting on its engagement activities. The Fund will adopt Asset Owner Engagement Guidelines which it will use to engage the companies in which it has invested directly.

5.6.2. The majority of the Fund's investments are managed by third party investment managers. Where this is the case, engagement with the underlying companies is delegated to the investment managers. In this instance, the Fund will require its investment managers to have engagement policies or guidelines in place and require them to engage with companies on ESG matters.

5.7. Board Representation at Investee Companies

- 5.7.1 As an active owner, it is the Fund's condition to be represented on the boards of investee companies that are of strategic importance to the Fund, therefore:
- a. Where the size of the Fund's investment is less than 20% of the investee company's issued share capital or of the investee company's total debt, the Fund will negotiate for board representation.
 - b. Where the size of the Fund's investment is not less than 20% of the investee company's issued share capital or of the investee company's total debt, the Fund will only invest if it is granted board representation.
- 5.7.2 The conditions referred to in clause 5.7.1 may be conducted by the fund's proxy voting agents or by the asset manager where an investment is held via an asset manager.
- 5.7.3 The selection and appointment of the Fund's representative to a Board of an investee company as referred to under 5.3.1 will be done in accordance with the Nominee Board and Committee Members Policy.

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5.8. Exclusion and Divestment

5.8.1. The Fund may decide to exclude investment in, or divest from, certain securities. Any exclusion or divestment decisions made in accordance with this policy must be taken by the GIPF Trustees on the recommendation of management. When a decision is made to exclude or divest from a company, that decision applies to any security issued by that company. The Fund must inform its investment managers of any decisions to exclude or divest securities from the Fund's portfolios. The security is then placed on an exclusion list which is monitored by the Fund and its custodian.

5.8.2. Where the Fund invests in pooled funds alongside investors, its ability to exclude certain securities is limited. If a situation arises where the Fund is exposed to a security that is on its exclusion list, and engagement with the investment manager on this topic is unsuccessful, then the Fund will consider divestment from the pooled fund.

5.9. Voting Rights

5.9.1. The Fund believes that good corporate governance should maintain the appropriate balance between the rights of shareholders, and the needs of the company, corporate board, and management, to effectively manage the company's affairs.

5.9.2. Voting rights are important to the Fund for maintaining shareholder oversight of directors and company policies. The Fund aims to use its voting rights to promote corporate best practice in the long-term interests of the Fund. Where voting rights are delegated to third party investment managers, the Fund will regularly review the practices of the investment managers and encourage improvement where appropriate.

5.9.3. Exercising voting rights

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5.9.3.1. The Fund is committed to exercising its voting rights through its appointed proxy voting agents or investment managers across the Fund's portfolio.

5.9.3.2. The Fund retains the ultimate right to exercise any voting rights attached to a security held by the Fund except where assets are invested in a pooled fund alongside other investors. When doing so, the Fund may seek the advice of its investment managers or consultant. However, the Fund retains the right to override any voting recommendations made by their investment manager or consultant.

a) Appointment and duties of proxy voting agents

- (i) For purposes of exercising the right to vote, the Fund may appoint its investment managers or proxy voting agents (which may include an independent proxy service provider) as a proxy voting agent to cast votes in accordance with the guidelines to be agreed upon with the Fund. All proxy voting agents must revert to the Fund's direction where necessary and must vote as directed.
- (ii) In executing their duties, the proxy voting agents should be guided by the Proxy Voting and Corporate Governance Guidelines agreed upon with the Fund.

b) Other duties of proxy voting agents

The proxy voting agents are responsible for:

- (i) Implementing the corporate engagement program in compliance with the RI Policy.
- (ii) Proposing changes to the RI Policy as appropriate.
- (iii) Researching all proxies and providing background to each vote.
- (iv) Proposing corporate engagement activities to promote.
- (v) Monitoring and reporting corporate engagement activities to the Fund as appropriate.

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- (vi) Handling the day-to-day administration of the corporate engagement program.
 - (vii) Monitoring the corporate governance activities to ensure they are within the responsible investing strategy, and overall investment guidelines, and reporting on compliance with the RI Policy.
 - (viii) Ensuring that corporate engagement activities comply with all aspects of the Policy.
- c) Reporting on proxy voting
 - (i) The investment managers and proxy voting agents must, on a quarterly basis, or whenever requested by the Fund, provide a proxy voting report to the Fund on shareholder resolutions and other corporate governance activities, including exceptions to the Policy, new or high-profile issues and missed or non-conforming votes.

5.9.4. International Equities and Debt

5.9.4.1. In general, the investment manager will be appointed as a proxy voting agent of the Fund and be delegated full responsibility to exercise voting rights for international equities, in accordance with its own proxy voting policy or guidelines which should be agreed upon with the Fund. In this case, there must be a service level agreement which sets out the monitoring and the reporting requirements in relation to corporate governance and voting activity.

5.9.4.2. With respect to the corporate entities resident in South Africa, the proxy voting agent will also be guided by the following instruments:

- a) the South African Companies Act, 2008 (Act No. 71 of 2008).
- b) the King IV Code.
- c) the JSE Securities Exchange Listing Rules (where applicable);
and

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- d) any other applicable legislation, codes, or best practice guidelines such as CRISA.

5.9.4.3. With respect to corporate entities that are not resident in South Africa nor listed on the JSE Securities Exchange, the proxy voting agent will also be guided by the International Corporate Governance Network Principles, the OECD Corporate Governance Principles and the Commonwealth Association for Corporate Governance principles in conjunction with corporate laws and/or corporate governance codes applicable within such jurisdiction.

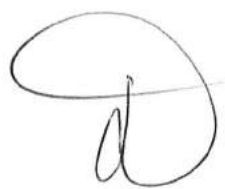
5.9.5. Namibian Equities and Debt

5.9.5.1. For Namibian equities and debt held via investment managers, the Fund will exercise the voting rights through its investment managers or internal staff members that are appointed as proxy voting agents and will generally vote as outlined in its Proxy Voting Guidelines or in accordance with the investment manager's policy or guidelines, which should be agreed upon with the Fund. The proxy voting agents may request the appointed investment managers to provide voting recommendations and highlight issues that are likely to attract widespread publicity, be contentious, or create a conflict of interest for the manager.

5.9.5.2. For Namibia equities or debt invested in special purpose vehicles, the Fund will exercise the voting rights through its internal staff members that are appointed as proxy voting agents and will generally vote in accordance with the Fund's Proxy Voting Guidelines.

5.9.5.3. It is accepted that the Proxy Voting Guidelines will not cover all eventualities, and some resolutions will need to be considered on a case-by-case basis. Where the issue is very contentious and likely to attract widespread publicity, the Fund may request a report outlining:

- a) the issue.
- b) the recommendations of the investment manager(s).

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- c) whether the Fund or the investment manager(s), have engaged with the company; and
- d) whether any further external advice on the issue has been sought by management.

5.9.5.4. The Fund will consider the recommendations of its managers and investment consultants, in exercising the vote.

5.9.5.5. The Fund and its investment managers will also be guided by the following instruments:

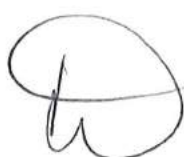
- a) the Namibian Companies Act, 2004 (Act No. 28 of 2004).
- b) the NamCode;
- c) the Namibian Stock Exchange Listing Rules (where applicable); and
- d) any other applicable legislation, code or best practice guideline.

5.10. Responsibilities

5.10.1. The Fund's Trustees are ultimately accountable for, and maintain oversight of, the Fund's RI Policy. The Trustees oversee the development of the RI Policy and monitor its implementation. The Trustees must ensure that responsible investment is included in the due diligence procedures for selection of new managers and investment mandates.

5.10.2. The Fund's Management:

- a) is responsible for internal oversight of RI Policy. Specifically, the Investment Department:
 - (i) must be accountable to implement the RI Policy and keep abreast of good practice standards in this area.
 - (ii) report regularly to the Trustees on responsible investment activities; and
 - (iii) produce discussion papers on specific issues.

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- b) must ensure that the Fund's investment managers have requirements in their mandates to comply with directions given by the Trustees relating to responsible investment issues, where possible.
- c) must ensure that investment managers are formally informed of any exclusion or divestment decisions by the Trustees.
- d) must ensure that the RI Policy project initiatives are reviewed at least annually and signed off by the Trustees.
- e) specifically, the Stakeholders Engagement and Marketing Department is responsible for integrating responsible investment practices into the Trustees' Communications Strategy as well as the Integrated Report.

6. TRANSPARENCY AND REPORTING

The Trustees recognise that the Namibian public has a legitimate interest in the Fund. There is a direct link for public enquiries and feedback on the Fund's website. The Trustees will publish its RI Policy and, to the extent possible, communicate regularly to the public on its RI activities. The Trustees will assess progress against the RI goals on an on-going basis. The Fund's voting record may be availed to stakeholders through the Fund's annual stakeholder forum or the annual report or integrated report.

7. OVERSIGHT

The RI Policy will be administered by the Funds' Investments Department. The department consists of investments specialists who are responsible for:

- 7.1. Formulating and implementing a comprehensive ESG strategy and the programmes pertaining to the management of the ESG function.
- 7.2. Formulating and implementing all the policies that govern the ESG function.
- 7.3. Managing and implementing all the projects related to the ESG function.
- 7.4. Ensuring that the ESG principles are effectively integrated into listed and unlisted investments and provide the relevant reports as required.

The investment department will as far as possible set goals and objectives in collaboration with cross-functional departments and other industry professionals who

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will ensure monitoring, reporting and progress update as well as internal, National and International Policy & Legislative changes.

8. GOVERNANCE OF THIS POLICY

The Board of Trustees of the GIPF will remain accountable to oversee the implementation and compliance with this Policy.

The investment department will be the custodian of this Policy and will be assisted by the Risk; Governance, Legal and Compliance divisions within the Office of the CEO in executing the provisions of this policy.

This policy shall be reviewed every three years or whenever necessary.

9. SUBORDINATE MEASURES

GIPF may establish subordinate measures such as procedures, guidelines and manuals on matters related to the objects of this policy.

10. AMENDED OR REPEALED POLICIES

This policy repeals the Responsible Investment and Active Ownership Policy signed by the Chairperson on 12 December 2017.

11. EFFECTIVE DATE

This policy shall become effective on 01 May 2022.

12. DOCUMENT CONTROL

Document Control				
Responsible Officer: CEO	Approval Date: 05/12/2014	Review Date: 02/01/2016	Version: 1.0	Authority for Exceptions to Policy: CEO
Responsible Officer: CEO	Approval Date: 04/02/2016	Review Date: 05/05/2020	Version: 2.0	Authority for Exceptions to Policy: M. Uupindi
Responsible Officer: CEO	Approval Date: 01/05/2022	Review Date: 05/05/2025	Version: 3.0	Authority for Exceptions to

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				Policy: M. Uupindi
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ANNEXURE: ENVIRONMENT, SOCIAL AND CORPORATE GOVERNANCE
STANDARDS & METRIC



GIPF

To guard, and to grow.



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1. Introduction

As an institutional investor and asset owner, the GIPF has a duty to act in the best long-term interest of our stakeholders and beneficiaries. In this fiduciary role, we believe that Environmental, Social and Corporate Governance “ESG” issues are financially relevant, and that considerations of these factors can improve the risk-adjusted performance of investment portfolios. We also recognise that applying these principles may better align investors with broader objectives of society.

Therefore, where consistent with our fiduciary responsibilities, we aim to follow the UN PRI 6 (six) principles as outlined in the Responsible Investment and Ownership Policy (2022). These ESG principles and standards are augmented by United Nations Sustainable Development Goals (SDGs), the International Finance Corporation (IFC)’s Environmental and Social Performance Standards for and adopted to the financial sector for implementation in the investment process.

The pressing threat of global warming and a number of environmental disasters in the recent years have further highlighted the need for pension funds to ensure that we become active participants in the fight to ensure future generations have access to the resources we enjoy today. International treaties such as the Kyoto protocol or Paris Accord on Climate Change have helped to stimulate the change towards a systems thinking approach. Persisting poverty issues and widening wealth gap have also emphasized the importance of investment into social initiatives.

2. Purpose of this document

The aim of this document is to detail the thematic areas that GIPF will strive towards attaining and can be construed as the core investment beliefs of the GIPF. Our investment beliefs are underscored by our Responsible Investment Policy objectives and by the recognition of the Fund’s role in society and recognizing the importance of ESG factors related to investments.

Partly to being a UN PRI Signatory has encouraged us to showcase our interest to investing responsibly and putting our strategic values forward. This required reviewing and creating an industry sound Responsible Investment and Active Ownership Policy, committing to practical and actionable goals with respect to the six principles,

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establishing ESG standards and metrics to encourage standardized monitoring and reporting requirements, as illustrated below in *figure 1*. This document should be read in conjunction with the Responsible Investment and Active Ownership Policy, approved on 01 May 2022.

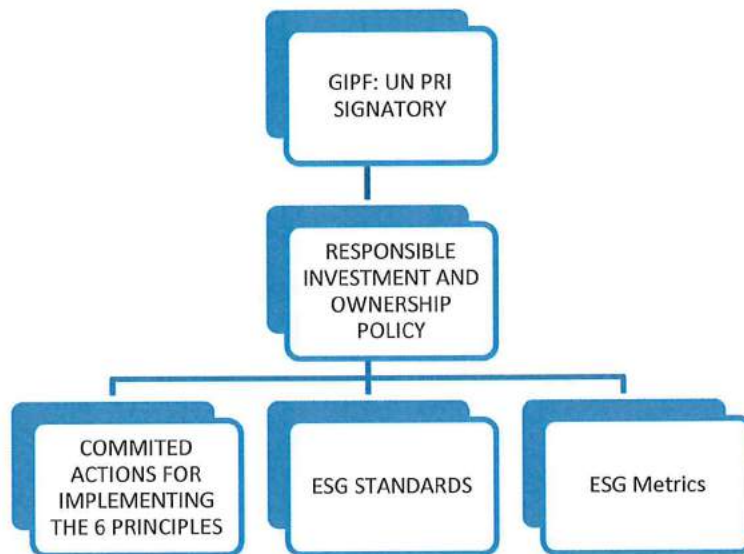


Figure 1 UN PRI and ESG committable Policy and activities thereof

GIPF has been a UN PRI signatory since the 29th of September 2012 and fully supports the PRI six principles. GIPF has outlined actionable commitment areas with regards to the six principles in *Table 2 GIPF UN PRI six principles commitment areas*. Thus, indicating the extent of external involvement as well as the practical actions to which GIPF will as far as possible commit to against the guidelines. The actions are well in line with our commitment to integrating ESG issues in our entire investment processes.

3. Objectives of the ESG Standards and Metrics

The objectives of GIPF's standards and metrics thematic areas are;

- 3.1. To enhance the long-term value of its investments by actively supporting and promoting ESG integration. The ESG standards therefore outlines the necessary guidance to the Trustees on matters which are of material importance to GIPF's mission of ensuring sustainable investments.
- 3.2. To ensure effective and consistent monitoring & reporting on our attempts to integrate the Responsible Investing Policy and in broader terms the UN PRI

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Principles. The ESG Metrics is a summary of these standards and will assist in tracking our implementation.

- 3.3. The ESG Standards and Metrics is comprehensively detailed and attempts to guide and address ESG issues which are topical in the industries that we have exposure towards. However, a key objective is to, as best as possible, be in the know-how of the rapid industry changes.

4. Specific Engagement and Expectations on ESG Standards

- 4.1. GIPF's ESG Standards are identifiably based on three pillars of concern: Environment, Social and Governance. These ESG Standards embody the principles and establish a framework of GIPF's expectations from asset managers, investee companies and are complimented by the Corporate Governance Principles and Proxy Voting Guidelines, which in turn establish the manner in which these principles are enacted through GIPF's interaction. There are 10 standards in totality, herewith referred to as the "GIPF 10 ESG Standards" in Table 1: GIPF 10 ESG Standards. Notwithstanding, these standards might change as new ESG issues arises within the industry. These standards will be the basis of a monitoring and reporting guideline requirement from asset managers and investee companies. These 10 standards matter to the GIPF and have a global approach to ESG requirements.

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The GIPF 10 ESG Standards	
Environmental	Energy Resource Efficiency
	Biodiversity Conservation, Environmental compliance, and Sustainable Management of Natural Resources
Social	Occupational Health and Safety
	Community Health, Safety and Security
	Land Acquisition and Involuntary Resettlement
	Labor and Working Conditions
	Indigenous Peoples
	Customer and community outreach
Governance	Corporate Governance including Risk Management

Table 1: GIPF ESG Standards

5. Specific Engagement and Expectations on ESG Metrics

- 5.1. The GIPF 10 ESG Standards are not stand alone and are further guided by the objectives and focal areas in *Table 3 - Environmental Social and Corporate Governance reporting metrics*, although not limited to the areas outlined.
- 5.2. The ESG metrics is built on the backbone of the ESG Standards and is our reporting tool. The ESG metrics will be reviewed as we further align to industry issues and become a more sophisticated investor and asset owner. Due to the lack of such reporting tools for asset owners, GIPF will augment the initial draft as we further extend our knowledge in the field of ESG.

6. ESG Standards and Metrics Reporting

The reporting requirements for the ESG metrics will be on a quarterly basis. The data derived from the metrics will inform a dashboard and a compliance scoring system which will form part of the reporting that the Investment Department will provide both to internal and external stakeholders.

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7. ESG Standards and Metrics Revision

The ESG Standards and metrics will be reviewed regularly to align the GIPF to best practice. The basis of review will be based on peer reviews and industry research on ESG Standards and other requirements.

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Table 2: GIPF UN PRI SIX Principles Commitment Areas

UN PRI Six Principles	Possible actions suggested by the UN PRI to implement the six Principles	Actions the GIPF will aim towards where practical to implement the Six Principles
Principle 1 We will incorporate ESG issues into investment analysis and decision-making processes.	Address ESG issues in investment policy statements.	A dedicated ESG analyst focused on integrating ESG issues, be appointed.
	Support development of ESG-related tools, metrics, and analyses.	Develop reporting templates to initially gather data.
	Assess the capabilities of internal investment managers to incorporate ESG issues.	Investment Support Services Manager and ESG analyst to collaborate with equity and credit analysts to identify the key ESG risks and opportunities.
	Assess the capabilities of external investment managers to incorporate ESG issues.	Standardize reporting Requirements for listed and Unlisted Asset Managers.
	Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis.	Multi-sector and multi-region thematic research on key ESG trends to educate investors.
	Advocate ESG training for investment professionals.	Encourage ESG training & awareness sessions for the Board of Trustees, Asset Managers and internal direct stakeholders

	Encourage academic and other research on this theme.	Encourage discourse with Universities and Bursary opportunities is our Asset Managers.
Principle 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.	Develop and disclose an active ownership policy consistent with the principles.	The Responsible Investment Policy (2019) currently under review.
	Exercise voting rights or monitor compliance with voting policy (if outsourced).	Encourage transparency over voting decisions.
	Develop an engagement capability (either directly or through outsourcing).	Encourage ESG topics to be discussed on already existing investments stakeholder platforms.
	Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights).	Development of the RI to outline standards for Governance guidelines.
	Participate in collaborative engagement initiatives.	Join and encourage collaborative ESG Forums.
	Ask investment managers to undertake and report on ESG-related engagement.	To be included in external reporting requirements as well as internal Portfolio reporting.
	File shareholder resolutions consistent with long-term ESG considerations.	To be filed within the ESGMS.
	Engage with companies on ESG issues.	Include ESG topics on already existing Investment forums and internal forums.
	Ask for standardized reporting on ESG issues (using tools such as the Global Reporting Initiative).	Active engagement with companies to encourage greater transparency.

Principle 3	Ask for ESG issues to be integrated within annual financial reports.	Participation in collaborative initiatives to improve disclosure standards.
We will seek appropriate disclosure on ESG issues by the entities in which we invest.	Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact).	Collating a gap analysis of Asset Managers who have integrated ESG issues within their operations.
	Support shareholder initiatives and resolutions promoting ESG disclosure.	Through the Proxy Voting Guidelines outlined.
	Include Principles-related requirements in requests for proposals (RFPs).	ESG considerations are included in RFP proposals.
	Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate).	Collaborating with investors to promote and develop ESG principles and practices.
	Communicate ESG expectations to investment service providers. Revisit relationships with service providers that fail to meet ESG expectations.	Sponsorship and support of responsible investment initiatives, including hosting conferences, seminars and workshops.
Principle 4	Support the development of tools for benchmarking ESG integration.	Trustee training and client education events on responsible investment and ESG trends.
	Support regulatory or policy developments that enable implementation of the principles.	By intentionally joining collaborative efforts on local, rest of Africa and international forums.
We will promote acceptance and implementation of the principles within the investment industry.		

<p>Principle 5</p> <p>We will work together to enhance our effectiveness in implementing the principles.</p>	<p>Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning.</p>	<p>Active participation in industry networks and the International Corporate Governance Network. Cooperation a key driver to?????</p>
	<p>Collectively address relevant emerging issues.</p>	<p>Through our standards and Metrics reporting.</p>
<p>Principle 6</p> <p>We will each report on our activities and progress towards implementing the principles.</p>	<p>Develop or support appropriate collaborative initiatives.</p>	<p>With and on local, rest of Africa and international ESG issues and investments related forums.</p>
	<p>Disclose how ESG issues are integrated within investment practices.</p>	<p>Uploading the RI Policy on the GIPF website.</p>
	<p>Disclose what is required from service providers in relation to the principles.</p>	<p>Responsible Investment Activities to be highlighted in a Sustainability report and internal bi-annual report.</p>
	<p>Disclose active ownership activities (voting, engagement, and/or policy dialogue).</p>	<p>ESG issues to be communicated in our Sustainability and Integrated report.</p>
	<p>Communicate with beneficiaries about ESG issues and the principles.</p>	
	<p>Report on progress and/or achievements relating to the principles using a comply-or-explain approach.</p>	
	<p>Seek to determine the impact of the principles.</p>	
	<p>Make use of reporting to raise awareness among a broader group of stakeholders</p>	

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Table 3 – Environmental, Social and Corporate Governance Reporting Metrics

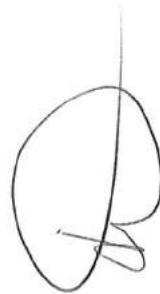
Table 3 – Environmental, Social and Corporate Governance Reporting Metrics					
Standards				Focal Area	Qualitative and Quantitative Reporting
Alignment to Internal Policies (yes/no)	Active investors in this field (yes/no)	Number of interventions with Investee Companies	Intended future interventions (yes/no)		
Environmental	Energy Resource Efficiency			<p>Objectives of Standards</p> <ul style="list-style-type: none"> To avoid or minimize unfavourable impacts on human health and the environment by avoiding or minimizing pollution from project activities. To encourage sustainable use of resources, such as energy and water. To reduce GHG emissions from project-related activities. 	<ul style="list-style-type: none"> Carbon reduction goal. Greenhouse gas (GHG) policy and emissions reporting. Total emissions reductions from conservation programs. Resource Efficiency studies/measures (Energy & Greenhouse Gases). Energy management programs.

<p>Biodiversity Conservation, Environmental compliance, and Sustainable Management of Natural Resources</p>	<ul style="list-style-type: none"> ○ To protect and preserve biodiversity. ○ To preserve the values from ecosystem services. ○ To encourage the sustainable management of living natural resources by adopting practices that integrate conservation needs and developmental significances. ○ To protect and prevent degradation of land through operations. 	<ul style="list-style-type: none"> ○ Corporate environmental policy (if it is not incorporated in the ESG policy). ○ Air Quality program. ○ Waste management program. ○ Resource Efficiency studies/measures (Water Remediation/Reuse/Recycle). ○ Pollution Prevention (Waste, Hazardous Materials Management, Pesticide use and Management). ○ Environmental audit program. ○ Wildlife, conservation of biodiversity and habitat protection. ○ Vegetation management, wetland and waterways mitigation. ○ Rehabilitation & Restoration Plan (RRP) to near the lands
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			<p>original state prior earth moving.</p> <ul style="list-style-type: none"> ○ Rehabilitation & Restoration of Land, Fauna & Flora as agreed in the RRP. ○ Timeous incident reporting to shareholders and relevant authorities. ○ Maintain an incident reporting register of Biodiversity Conservation, Environmental incidences.
Social	Occupational Health and Safety	<ul style="list-style-type: none"> ○ To ensure safe working environment for employees and contractors. ○ To promote early detection and prevention of occupational health & safety and minimization of accidents and incidents. ○ To ensure loss of life is avoided while on duty. 	<ul style="list-style-type: none"> ○ Employee Safety and Occupational Health program. ○ Contractors/visitors on site safety program. ○ PPE wear, training and awareness of hazards, hazardous work, equipment and controls in place thereof). ○ Health and Safety Risk Management and Controls.

		<ul style="list-style-type: none"> o Timeous incident reporting to shareholders and relevant authorities. o Maintain an incident reporting register of Occupational Health and Safety incidences.
<p style="text-align: center;">Community Health, Safety and Security</p>	<ul style="list-style-type: none"> o To anticipate and avoid adverse impacts on the health and safety of the Affected Community during the life cycle of the project, from both routine and non-routine circumstances. o To safeguard personnel and property in accordance with relevant human rights principles and in a manner that avoids or minimizes risks to the Affected Communities. 	<ul style="list-style-type: none"> o Public Safety Program. o Infrastructure and Equipment Design and Safety. o Hazardous Materials Management and Safety. o Community Exposure to Disease. o Emergency Preparedness and Response. o Maintain a community and stakeholders Complaints and Grievance mechanism and report incidents. o Maintain an incident reporting register of Community Health, Safety and Security incidents.




<p>Land Acquisition and Involuntary Resettlement</p>	<ul style="list-style-type: none"> ○ To foresee and avoid or minimize adverse social and economic impacts from land acquisition or restrictions on land use. ○ To improve, or restore, the livelihoods and standards of living of displaced persons. ○ To improve living conditions among physically displaced persons by providing suitable housing with security of tenancy at resettlement sites. ○ To avoid forced eviction. ○ To increase the quality of life, home and land ownership. ○ Affirmative Action considerations 	<ul style="list-style-type: none"> ○ Physical Displacement (Resettlement Action Plan). ○ Economic Displacement (Livelihood Restoration Plan). ○ Number of serviced evens. ○ Number of houses/ units constructed. ○ Number of houses financed.
<p>Labour and Working Conditions</p>		<ul style="list-style-type: none"> ○ Workplace policies (Labour relations and Job Creation-





	<ul style="list-style-type: none"> ○ To encourage fair treatment, non-discrimination, and equal opportunity of workers. ○ To encourage compliance with host countries employment and labour laws and/or industry best practices. ○ To guard workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties, and workers in the client's supply chain. ○ To enhance safe and healthy working conditions, and the health of workers. ○ Affirmative Action considerations 	<p>adherence to Labour Laws and practices).</p> <ul style="list-style-type: none"> ○ Fair labour. ○ Child Labour. ○ Employee wellness program. ○ Employee satisfaction program ○ Professional development and tuition reimbursement (Student financing based on merit). ○ Supply chain consideration. ○ Clear advertisements of Jobs/Vacancies. ○ Training needs analysis/assessment of employees. ○ Employee grievance mechanism in place. ○ Occupational Health and Safety.
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		<ul style="list-style-type: none"> ○ Bursaries/Scholarships provided. ○ Internships/Learnerships provided/Training opportunities provided.
<p>Indigenous Peoples (referred to in Namibia as “Marginalized Groups”)</p>	<ul style="list-style-type: none"> ○ To assure that the project development process adopts full respect for the human rights, dignity, aspirations, culture, beliefs and natural resource-based livelihoods of Indigenous Peoples. ○ To encourage sustainable development benefits and opportunities for Indigenous Peoples in a culturally beneficial manner. ○ To create and uphold an ongoing relationship based on Informed Consultation and Participation (ICP) with the Indigenous Peoples affected 	<ul style="list-style-type: none"> ○ Provide social and economic development opportunities for Indigenous People to partake in and benefit from project-related activities that may help them fulfil their aspirations. ○ Maintain and preserve cultural resources.





	<p>by a project throughout the project's life cycle.</p> <ul style="list-style-type: none"> o To respect and preserve the culture, knowledge, and practices of Indigenous Peoples. 	
<p>Customer and Community Outreach</p>	<ul style="list-style-type: none"> o To ensure positive legacy and feel is maintained within the community the projected is operating in. o To utilize company resources that might benefit and uplift communities o To uphold reputational perception through Corporate Social Responsibility (CSR) Initiatives o Small Medium Enterprises Development. o Affirmative Action considerations. 	<ul style="list-style-type: none"> o Community outreach/CSR initiatives. o Volunteering, community service and corporate giving. o Powerful Partnerships. o Foundation. o Amount spent and/or support provided towards Small Medium Enterprise Development. o Tenancy: Number of tenants in malls, diversity of tenants, diversity of products & services (tenants), research to new products & services.

			<ul style="list-style-type: none"> ○ Consumer education platforms. ○ Product & services: Direct and indirect benefits to immediate community.
Governance	Corporate Governance	<ul style="list-style-type: none"> ○ To practice adherence to healthy business practices to have curbs in place to avoid Bribery and Corruption. ○ To uphold anti-competitive behaviour – adherence to competition laws. ○ Financial disclosures and creative accounting practices in order to ensure that accounting rules are applied. ○ To encourage BEE or other similar empowerment framework (i.e., NEEEF) and transformation. 	<ul style="list-style-type: none"> ○ Board Committee/Composition overview. ○ Adherence to a good corporate governance standard e.g., King codes. ○ Monitoring of ownership structures across investment portfolios for BEE or another similar empowerment framework]. ○ Compliance with Financial Reporting standards and practices ○ Number of employees, secondary employments (sub-contractors).

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	<ul style="list-style-type: none"> ○ To encourage adherence to Affirmative Action considerations ○ To safeguard the rights of shareholders. ○ To encourage a diverse composition of Board of members. ○ To ensure that independent directors are not conflicted. ○ Role of CEO and Chairperson – separation of roles is encouraged. 	<ul style="list-style-type: none"> ○ Diversity in Gender, Race and Age. ○ Engagement on ESG issues/topics ○ Procurement of goods and services from previously disadvantaged persons and communities ○ Proxy Voting.
<p style="text-align: center;">Risk Management</p>	<ul style="list-style-type: none"> ○ To identify, manage and put risk controls in place to ensure business continuity. ○ To keep abreast with new and unidentified global risks in order to put management controls in place e.g., Covid -19 and its impacts. 	<ul style="list-style-type: none"> ○ Risk & Compliance Committee. ○ Cybersecurity Controls. ○ Enterprise risk management and business continuity. ○ ESG risk management. ○ Impact of covid-19 on ESG and investment factors.

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