

Responsible investment policy

Ashburton Investments, as prudent stewards of capital, consider a wide range of factors that may affect the risk and return profile of the investments we make, now and in the future. Ashburton Investments incorporates all material factors that the investment team believes could affect an investment. Environmental, social and governance (ESG) factors form a part of this process. This report encapsulates at a high level the progress Ashburton Investments is making on its journey of responsible investing during 1 July 2017 to 30 June 2018. Our Responsible Investment Committee continues to introduce ESG data, ratings and other forms of research to the investment teams. The source data is gathered from external brokers, non-profit organisations, Bloomberg and the internet. Ashburton Investments has recently included a scoring mechanism for ESG factors and has also introduced an ad hoc "ESG update" meeting to keep all investment professionals up-to-date and aware of global ESG news, articles and events that may affect current or future investees.

Collaboration and leadership role

Regarding collaboration and the leadership role that Ashburton Investments plays within responsible investing: During the period, Ashburton Investments employees were involved in the following positions:

- Chairperson of the Association for Savings and Investment South Africa (ASISA) Responsible Investing Committee;
- Member of ASISA Infrastructure Investment Workgroup;
- Member of the Code for Responsible Investing in South Africa committee;
- Member of the Social Impact Investing National Task Force (an initiative of the Global Social Impact Investing Steering Group, previously the Social Impact Investment Taskforce, established by the GB to engage in a series of initiatives that advocate for a series of public and private sector strategies in order to support the growth of the market) and
- Chairperson of the South African chapter of ANDE.

Employees at Ashburton Investments play an active role in forwarding these initiatives.

Ashburton Investments hosted several learning workshops for ANDE members on impact investing fundamentals. These workshops were aimed at developing practical knowledge for investment and finance professionals across a wide variety of organisations. We have also been part of the ANDE working group to map impact measurement and management practices in South Africa. This work is due to be launched in 2019.

Finally, employees lectured a range of post graduate students on innovative finance solutions and impact investing strategies at the University of Cape Town and University of Pretoria. Ashburton Investments remains willing to collaborate with industry initiatives or co-investors on any material issues that will drive change in the important areas of responsible investing.

Engagement

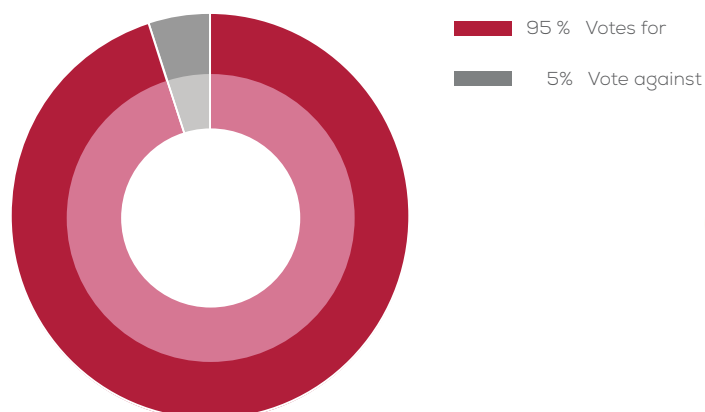
During the period, there were many engagements with company management across the various asset classes. Going forward we will keep an exact record of engagements that involve material ESG issues. To date, most intense engagements involve governance issues.

In addition, Ashburton Investments will continue to engage with the broker community as well as the credit agency community regarding ESG research.

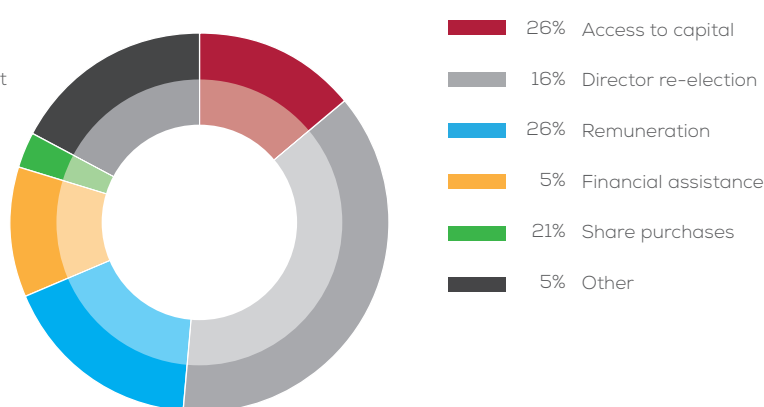
Responsible ownership

During the period, we voted at 35 listed equity meetings. The voting is not automated, with each vote receiving individual attention guided by the Ashburton Proxy Voting Policy. Our detailed quarterly voting activity is published on our website and the summary of the voting activity for the period was as follows:

Voting activity for meetings held from 1 July 2017 to 30 June 2018



Reasons for voting against management for meetings held from 1 July 2016 to 30 June 2018



Responsible lending

During the period, all lender rights were exercised after careful consideration as to what action would have the optimal results for clients. We participated in 157 lender decisions involving over 100 companies. We voted with management on 97% of lender decisions and against management on 3% of lender decisions. We continued to improve our legal documentation with regards to covenants and in some cases, have included clauses that allow us to measure the impact of our funding.

Conflict of interest

The conflict of interest policy has been reviewed and the latest policy documents is available on the website under the responsible investing tab. We will continually to proactively manage conflicts of interest in the period ahead.

Disclosure

During the period, there were many engagements with company management across the various asset classes. Engagements varied from light to intense. Going forward we will keep an exact record of engagements that involve material ESG issues. To date most intense engagements involve governance issues.

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