



LEA 02	Disclosures Monetary	Reason for Interaction	Principle PRI 1,2,3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p>	
Collaborative engagements	<p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p>	<p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p>	
Service provider engagements	<p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in service providers</p>	<p><input type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in service providers</p>	

RI TRANSPARENCY REPORT

2014/15

Allan Gray Group Proprietary Limited

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Private							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Private	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	🔒	n/a	✓						
LEI 07	Processes to ensure screening is based on robust analysis	🔒	n/a	✓						
LEI 08	Processes to ensure fund criteria are not breached	🔒	n/a	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Private		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	🔒	n/a		✓					
LEA 06	Objectives for engagement activities	🔒	n/a		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Private		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Private		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Private		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Allan Gray Group Proprietary Limited

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

South Africa

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

933

OO 02.4 Additional information. [Optional]

We are associated with the Orbis Group. We share the same founder, investment approach, commitment to long-term wealth creation and ethos. Orbis is a global asset manager based in Bermuda with offices in ten countries around the world. In partnership with Orbis, we offer African investors a coherent global investment product range.

OO 03	Mandatory	Descriptive	General
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OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04

Mandatory

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

31/12/2014

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		460	549	000	000
Currency	ZAR				
Assets in USD		42	892	330	544

OO 04.5

Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06

Mandatory

Descriptive

General

OO 06.1

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown
- Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	>50%	10-50%
Fixed income – corporate	<10%	<10%
Fixed income – government	<10%	0
Fixed income – other	0	0
Private debt	0	0

Private equity	0	0
Property	<10%	<10%
Infrastructure	0	0
Commodities	<10%	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	10-50%	<10%
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 09	Voluntary	Descriptive	General
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OO 09.1	Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.
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Established in South Africa and investing on behalf of clients since 1974, Allan Gray has grown to become Africa's largest privately owned investment management company.

Our purpose is to help our investors build wealth over the long term. We seek to earn the trust of our clients by providing superior long-term investment performance, outstanding client service and holding ourselves to the highest ethical standards.

Allan Gray's investment philosophy is value-based, which means that our in-house fundamental research is focused on identifying good quality assets that are priced below intrinsic value.

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- None of the above

OO 10.3

Additional information. [Optional]

We do not make use of multiple external managers. We place the international exposure (outside of Africa) of our clients' investments, over which we have discretion, in funds managed by our Bermuda-based partner, Orbis.

The Orbis funds are the only external manager funds that Allan Gray invests in on behalf of our clients. As such there is no external manager vetting process through which multiple third party managers are evaluated.

OO 11

Mandatory

Gateway

General

OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- Property
- Commodities
- Cash
- None of the above

OO 11.2

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- Fixed income – corporate
- Property
- Cash
- None of the above

OO 12

Mandatory

Gateway

General

OO 12.1

The modules and sections that you will be required to complete are listed below.

This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Fixed Income

- Fixed Income - Corporate
- Fixed Income - Government

Direct - Other asset classes with dedicated modules

- Property

Closing module

- Closing module

Allan Gray Group Proprietary Limited

Reported Information

Public version

Overarching Approach

PRI disclaimer

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1	Indicate if you have a responsible investment policy.
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- Yes
 No

OA 01.2	Indicate if you have other guidance documents or more specific policies related to responsible investment.
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- Yes
 No

OA 01.3	Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]
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We seek to earn the trust of our clients by providing superior long-term investment performance and outstanding client service, and by holding ourselves to the highest ethical standards. When we make investment decisions we always have our clients' best interests at heart. Similarly, when we encourage clients to exercise their rights as shareholders, or when we do so on their behalf, our priority is to protect and enhance the value of their investments.

Allan Gray supports the principles espoused by the Code for Responsible Investing in South Africa (CRISA).

We take a long-term view when considering an investment at Allan Gray, as our purpose is to help our clients build long-term wealth. This means that sustainability is important to us in our overall investment appraisal. Our investment philosophy recognises that, in the long-run, a company cannot achieve sustained economic success while neglecting its environmental and social responsibilities. Over time, irresponsible social and environmental conduct will weigh down on a company's valuation and, consequently, its investment performance.

Our assessment of a company's management and its governance structure is also an essential part of the investment process. Responsible Investing considerations in the form of Environmental, Social and Governance factors are therefore always taken into account.

Once our clients are invested, we will support, on their behalf, anything that we think makes the business a better long-term financial prospect. This typically means that we are supportive of measures that improve sustainability, but tend to look at these through an 'economic' lens. We favour an unconstrained investment approach that is not unnecessarily prescriptive in terms of capital allocation decisions. At all times our primary goal remains the creation of long-term wealth on behalf of our clients. As public shareholders, we are supportive of good disclosure as it improves the quality of information available. We are happy to apply pressure where necessary to achieve this outcome.

Please refer to the following policy documents, available at <http://www.allangray.co.za/AboutUs.aspx#responsible-investing>, for more detailed information on our approach to Responsible Investing:

1. Statement on CRISA
2. Policy on the incorporation of sustainability considerations
3. Policy on ownership responsibilities
4. Policy on conflicts of interest

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1 Indicate if your responsible investment policy is publicly available.

Yes

OA 02.2 Provide a URL to your responsible investment policy.

URL

<http://www.allangray.co.za/AboutUs.aspx#responsible-investing>

No

OA 02.3 Indicate if your other policies or guidance documents related to responsible investment are publicly available.

Yes

Yes, all

Yes, some

OA 02.4 List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Statement on CRISA	http://www.allangray.co.za/AboutUs.aspx#responsible-investing
Incorporation of sustainability considerations policy	http://www.allangray.co.za/AboutUs.aspx#responsible-investing
Policy on ownership responsibilities	http://www.allangray.co.za/AboutUs.aspx#responsible-investing
Policy on conflicts of interest	http://www.allangray.co.za/AboutUs.aspx#responsible-investing

No

OA 02.5 Additional information. [Optional]

We have additional internal policies, such as the 'Allan Gray personal investment policy', that are not published on our website, but which are available on request.

OA 03

Mandatory

Core Assessed

PRI 1,2

OA 03.1

Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 03.2

Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

We do not believe in using a tick box approach when investigating Environmental, Social and Governance (ESG) issues, i.e. there are no specific guidelines. We rather apply our minds to each situation, especially when considering contentious and material issues, to ensure that we protect and enhance the value of our clients' investments as best we can. We believe that using a standardised template for every situation, or outsourcing or separating the task from the investment process, will not produce optimal results.

For that reason, the responsibility of incorporating ESG considerations lies with the analyst responsible for researching a particular company, as the analyst is best placed to consider the impact of any ESG factors. Analysts consider sustainability issues as part of our investment process for every company on a bottom-up basis. Where relevant to the investment case and long-term prospects of the business, such matters will be explicitly mentioned in research reports and discussed by members of the investment team. All fundamental research reports produced by our analysts include a section on ESG matters.

When investment decisions are made, we believe that it is preferable to impose the responsibility of incorporating these ESG issues on the portfolio manager primarily responsible for the share, as opposed to delegating it to a compliance department, as the portfolio manager will have a thorough knowledge of the company concerned, and the portfolio manager is aligned with our clients in seeking the maximum long-term value from our clients' investments. Furthermore, we believe that this reinforces the individual accountability of our portfolio managers for the performance of the funds under their management.

ESG issues are also considered on an ongoing basis as part of the monitoring of a stock after its purchase.

OA 04

Mandatory

Core Assessed

General

OA 04.1

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

OA 04.2

Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

Please follow the 'Policy on conflicts of interest' link on our website at <http://www.allangray.co.za/AboutUs.aspx#responsible-investing>.

No

Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
 - Biannually
 - Annually
 - Every two years or less
 - It is not reviewed
- No

OA 05.4

Additional information. [Optional]

We continuously assess performance and analyse the mistakes we have made in the assessment of intrinsic values, including the effects of ESG matters.

Governance and human resources

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- External managers or service providers
- Other role, specify
- Other role, specify

OA 08.2

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

21

OA 08.3

Additional information. [Optional]

Our investment team has 21 members, of which 7 are portfolio managers, 3 are associate portfolio managers, 8 are equity analysts and 3 are trainee analysts.

Our analysts are responsible for explicitly incorporating ESG considerations into their research and the extent to which these impact investment decisions depends on the decisions made by the individual portfolio managers, as we have no 'house view', nor do we rely on any outsourced research. We believe that it is preferable to impose this responsibility on the portfolio managers as they will have a thorough knowledge of the companies concerned and are individually accountable for the performance of their portfolios. The portfolio manager is aligned with our clients in seeking the maximum long-term value from our clients' investments. Please refer to Question OA 09 for more information.

Our portfolio managers report to the CIO, who in turn reports to the Board. The CIO is ultimately responsible for ensuring that Responsible Investing is properly implemented.

Promoting responsible investment

OA 10.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Code for Responsible Investing in South Africa ('CRISA')

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

The Code for Responsible Investing in South Africa ('CRISA') was introduced in 2011 as an industry-wide initiative. Allan Gray supports and adheres to the principles espoused by the Code.

- Other collaborative organisation/initiative, specify
Association for Savings and Investment South Africa (ASISA)

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

ASISA represents the unified industry goal of ensuring that the South African savings and investment industry remains relevant and sustainable into the future in the interest not only of ASISA and its members, but also the country and its citizens. Allan Gray is a founding member of ASISA, with representation on the ASISA Board, as well as the Executive, Audit, Remunerations and Nominations Committees of the association.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

OA 11	Mandatory	Core Assessed	PRI 4
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OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

Allan Gray Group Proprietary Limited

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

ESG incorporation in actively managed listed equities

Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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LEI 03.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.
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ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	<table border="1" style="margin: auto;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%; text-align: center;">%</td> <td style="width: 80%;"></td> </tr> <tr> <td style="text-align: center;">100</td> <td></td> <td></td> </tr> </table>		%		100		
	%						
100							

- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

	Total actively managed listed equities
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100%

LEI 03.2	Describe your primary reasons for choosing a particular ESG incorporation strategy.
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Integrated analysis or ESG integration for active stock-picking has always been part of Allan Gray's investment thesis. This strategy is most compatible with our bottom-up investment approach and we believe that it is also most aligned with our commitment to doing what is best for our clients, as it is not as restrictive as the alternatives and does not encourage a 'tick-box' mentality. Integration analysis allows for the proper consideration of the unique challenges and ESG issues that different companies are facing.

(C) Implementation: Integration of ESG issues

LEI 11	Mandatory	Core Assessed	PRI 1
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LEI 11.1

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

Communication

LEI 18

Mandatory

Core Assessed

PRI 2,6

LEI 18.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

We disclose it publicly

Provide URL

<http://www.allangray.co.za/AboutUs.aspx#responsible-investing>

Provide URL

<http://www.allangray.co.za/news/#>

LEI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

LEI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

LEI 18.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify

We have a consistent overall approach that does not change over time. We may discuss ESG issues in our monthly, quarterly or annual bulletins.

- No
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries

LEI 18.7

Additional information. [Optional]

Please refer to our 'Policy on the incorporation of sustainability considerations', available at <http://www.allangray.co.za/AboutUs.aspx#responsible-investing>, as well as our Quarterly Commentary, monthly newsletter (Gray Issue) and Annual Report available at <http://www.allangray.co.za/news/#>.

Note that we often discuss ESG issues during presentations to our clients. We would provide a detailed explanation of how we incorporate ESG considerations into our investment process and discuss examples should this be of interest to or specifically requested by the client. Our portfolio managers and institutional presenters did 592 presentations to clients and their consultants during the reporting year.

Allan Gray Group Proprietary Limited

Reported Information

Public version

Direct - Listed Equity Active Ownership

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Engagement

Overview

LEA 02	Mandatory	Gateway	PRI 1,2,3
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LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.
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Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input checked="" type="checkbox"/> Other, specify Refer to Question LEA 01.1. <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input checked="" type="checkbox"/> Other, specify We would participate in collaborative engagements if we believe that it would be beneficial for our clients. <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
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LEA 03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

Yes

LEA 03.2

Describe how you identify and prioritise engagements.

As explained under Question LEA 01.1, our portfolio managers are responsible for identifying strategic, sustainability or governance concerns with companies held in the portfolios under their management. Allan Gray's prominence in the South African asset management industry ensures that company directors and executives are mostly eager to engage with our analysts and portfolio managers.

Engagements are prioritised based on the extent to which such engagement will further the best interests of our clients. Before embarking on any one of the more forceful forms of engagement, we will consider whether:

- our clients have a reasonable prospect for success;
- the proposed action may impede our ability to further effectively manage our clients' investment in the company concerned;
- there are potential conflicts of interest between any of our clients or between our clients and Allan Gray in the matter;
- the time and effort required to pursue the forceful action is commensurate with the potential benefit for our clients if we succeed; and
- the nature of the planned action is appropriate in the circumstances.

No

LEA 04**Mandatory****Core Assessed****PRI 2****LEA 04.1**

Indicate if you define specific objectives for your engagement activities.

Yes

- Yes, for all engagement activities
- Yes, for the majority of engagement activities
- Yes, for a minority of engagement activities

No

LEA 04.2

Indicate if you monitor the actions that companies take following your engagements.

Yes

- Yes, in all cases
- Yes, in the majority of cases
- Yes, in the minority of cases

LEA 04.3

Describe how you monitor and evaluate the progress of your engagement activities.

The analyst or portfolio manager responsible for a particular company is required to monitor the actions undertaken by management and to determine how these impact the fair value of the share in question. If our concerns regarding a company's strategy, sustainability or governance are not addressed following constructive engagement, we may engage more forcefully, or sell the shares if our estimate of the company's intrinsic value is reduced as a result. The progress made on particular issues that have been the subject of engagement in the past is discussed with company directors in subsequent meetings. All meeting and contact notes are stored in a database.

No

General processes for all three groups of engagers**LEA 10****Mandatory****Gateway/Core Assessed****PRI 2****LEA 10.1**

Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

Communication**LEA 15****Mandatory****Core Assessed****PRI 2,6****LEA 15.1**

Indicate whether your organisation proactively discloses information on its engagements.

- We disclose it publicly
- We disclose it to clients and/or beneficiaries only

LEA 15.5

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries.

Engagement information disclosed

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

LEA 15.6 Indicate how frequently you typically report engagements information

- Disclosed continuously (prior and post engagements)
- Disclosed quarterly
- Disclosed annually
- Disclosed every two years or less
- Other, specify

We disclose information on engagements if requested and have also discussed engagements at client meetings and roadshows.

- We do not proactively disclose it to the public and/or clients/beneficiaries.

LEA 15.8 Additional information. [Optional]

We updated our internal systems to track all ESG engagements and will proactively disclose examples of engagements.

Note that our **approach** to engagement (as this question is described on the Assessment Report) is fully disclosed and available to the public at <http://www.allangray.co.za/AboutUs.aspx#responsible-investing>.

(Proxy) voting and shareholder resolutions

Process

LEA 17	Mandatory	Descriptive	PRI 2
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LEA 17.1 Indicate how you typically make your (proxy) voting decisions and what this approach is based on.

Approach

- We use our own research or voting team and make our own voting decisions without the use of service providers.

Based primarily on

- our own voting policy
 - our clients requests or policy
 - other, explain
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) which make voting decisions on our behalf.

LEA 17.2

Additional information.[Optional]

Companies' annual general meetings (AGMs) typically require shareholders to vote on three matters of substance in addition to the usual "house-keeping" resolutions. These matters are:

- Appointment or re-election of directors;
- Remuneration policy;
- Permission for the issue or repurchase of the company's shares.

We consider these matters on a company by company basis taking into account the special circumstances which may be affecting a company at the time. In forming our view on the appropriate voting recommendation, we typically consider the following factors:

Appointment or re-election of directors

If we have concerns that the election of an individual director may not be in the best interests of all shareholders, we may recommend abstaining from voting on that director's election or voting against the election of that director. We are not privy to what happens in company boardrooms, which makes it very difficult for us to determine whether an individual director is making a positive, negligible or negative contribution. Thus, we do not require conclusive evidence to recommend voting against a director. If we believe on a balance of probabilities that shareholders could be better served by another director, then we may recommend voting against the re-election of the incumbent director. In forming these assessments we may consider the director's performance on other company's boards and the overall performance and composition of the board of the company in question. If the overall performance of a company's board is disappointing, or we believe that there are too many directors on a company's board, we may recommend voting against one or a number of directors.

Remuneration Policy

Companies are now putting forward non-binding resolutions on their remuneration policy at their AGMs. We view this as a positive development. While the shareholders' vote on remuneration policy is not binding on the company, it does present opportunities for engagement with the company's remuneration committee.

Remuneration practices and policies are evolving. Many of today's remuneration schemes are vast improvements on the simple share option schemes which were common a decade ago. We expect that they will continue to evolve and improve as companies compete for the best executives, and as the matter receives more attention from shareholders.

We believe that we can play a constructive role in the continued improvement of companies' remuneration policies by recommending voting against remuneration policies which have fallen materially behind current best practice. A vote against a company's remuneration policy normally leads to discussions with the company's remuneration committee as to how we believe the current policy could be improved. By recommending a vote against a company's remuneration policy we are not necessarily suggesting that we lack confidence in the company's executive directors.

We believe that a company's remuneration policy should aim to attract and retain competent executives, reward these executives fairly in a way that is consistent with their performance, and align the incentives for these executives with the best interests of shareholders. This is easy to say, but can be difficult to implement in practice. The perfect remuneration policy probably does not exist. We remain mindful of this when considering our voting recommendations on remuneration policies. We also remain mindful that the value which key executives can add (or subtract) for a company can dwarf their remuneration, and that companies compete to employ competent executives.

The key criteria we consider when evaluating a company's remuneration policy include scale, linkage, median-performance reward and alignment. We may recommend voting in favour of a company's remuneration policy if

it is sufficiently close to current best practice, even if it does not conform in every respect with our views on the criteria below.

Scale

The base pay for an executive should not materially exceed the median base pay for comparable roles in comparable companies. The potential performance-based pay for an executive should not materially exceed that offered to executives in comparable roles in comparable companies. Potential performance-based pay should be capped unless the executive is willing to bear unlimited downside risk to match unlimited upside potential. We remain mindful of the risk of executive pay spiralling upwards as listed companies continuously upgrade pay packages to match those of their peers.

Linkage

There should be a clear link between performance-based pay and the actual performance of the executive. The measurement of the executive's performance may include a range of factors, but the most significant should be long-term total shareholder return. The performance metrics should be compared against appropriate benchmarks, so that as far as possible, the executive is rewarded for performance in areas which are under the executive's control. Performance-based pay should, as far as possible, not be affected by exogenous factors outside the executive's control. Exogenous factors should be provided for by, for example, comparing the total shareholder return of the company to that of other comparable companies, which are affected by similar exogenous factors. An executive should not receive performance-based pay purely on the basis of a cyclical upswing in an industry. Similarly, an executive who performs much better than his peers in a struggling industry should be rewarded for his performance. We recognize that there will probably always be some element of chance in share-based or performance-based remuneration. Companies should attempt to control for this element of chance as far as is reasonably possible in an elegant manner.

Median-performance reward

Median or average performance should earn minimal performance-based pay. Base pay should not be disguised as performance-based pay. It should not be possible for all executives in an industry to be simultaneously receiving performance-based pay. If they are all being rewarded for performance above the mean, whose performance was below average?

Alignment

Performance-based pay should be weighted towards long-term (3 - 5 years) performance and rewards. Executives benefitting from share-based performance rewards should be required to build a minimum shareholding in the company over a defined period.

Permission for the issue or repurchase of the company's shares

The value of the shares held by our clients derives from their scarcity. We typically recommend voting against resolutions which grant the company's directors general authority to issue new shares (even if only in limited quantities), because such a general authority diminishes the scarcity value of the shares held by our clients. Even if the resolution is restricted to the issuance of new shares required for employee incentive schemes, we prefer to recommend voting against such resolutions. Unless there are regulatory or tax considerations which complicate matters, we prefer companies to repurchase the shares which are required to fulfil their obligations under employee incentive schemes. This generally makes the cost of such schemes more explicit.

If the directors wish to issue new shares for the purpose of an acquisition or some other form of corporate transaction, we prefer to consider their proposal on its merits and, if we agree, to recommend to our clients voting for a resolution which grants them a specific authority to issue the shares required just prior to the finalisation of the transaction. We believe that this approach reduces the risk of the value of our clients' shares being diluted by an ill-advised issue of new shares by the company's directors.

Provided that our estimate of a company's intrinsic value is accurate, then our clients' portfolios should be invested predominantly in shares which are trading at a discount to their intrinsic value. By repurchasing its own shares at a discount to their intrinsic value, a company increases the intrinsic value of each remaining share. We believe that this is in our clients' best interests. Thus, we typically recommend supporting a resolution which grants a company a general authority to repurchase its own shares. In unusual circumstances where a share in our clients' portfolios is trading at a premium to our estimate of its intrinsic value, we believe that it is still in our clients' best interest to recommend supporting such a resolution, as the company's buying will increase market demand for the share, and improve the probability of us being able to exit our clients' holding at a premium to its intrinsic value.

LEA 21

Mandatory

Core Assessed

PRI 2

LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
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- Yes, in most cases
- Sometimes, in the following cases:
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
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LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- We do track or collect this information
- We do not track or collect this information

LEA 22.3	Additional information. [Optional]
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We recommend to clients how we believe they should vote their shares at shareholder meetings of all companies in which either:

- the value of our clients' aggregated holding exceeds 1% of the total value of South African equities under our management at the time; or
- our clients' aggregated holding exceeds 4% of that company's shares in issue at the time.

We may make recommendations for shareholder meetings of companies which fall below these thresholds if we believe that special circumstances warrant such action.

This policy is applied consistently.

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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LEA 26.1	Indicate if your organisation proactively discloses information on your voting activities.
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- We disclose it publicly

	provide URL
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<http://www.allangray.co.za/AboutUs.aspx#responsible-investing>

LEA 26.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes
- No

LEA 26.3

Indicate the voting information your organisation proactively discloses to the public.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

LEA 26.4

Indicate how frequently you typically report voting information to the public.

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify

LEA 26.5

Indicate the voting information your organisation proactively discloses to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

LEA 26.6

Indicate how frequently you typically report voting information to clients/beneficiaries.

- Continuously (primarily before meetings)
 - Continuously (soon after votes are cast)
 - Quarterly or more frequently
 - Between quarterly and annually
 - Less frequently than annually
 - Other, specify
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries