



LEA 02	Disclosures Monetary	Reason Gateway	Principle PRI 1,2,3
<p><b>Type of engagement</b> Individual/ internal staff engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input checked="" type="checkbox"/> To engage internal ESG advisors</li> <li><input checked="" type="checkbox"/> To engage internal staff</li> <li><input checked="" type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input checked="" type="checkbox"/> To engage internal ESG advisors</li> <li><input checked="" type="checkbox"/> To engage internal staff</li> <li><input checked="" type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage</li> </ul>	
<p><b>Type of engagement</b> Collaborative engagements</p>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input checked="" type="checkbox"/> To engage internal ESG advisors</li> <li><input checked="" type="checkbox"/> To engage internal staff</li> <li><input checked="" type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input checked="" type="checkbox"/> To engage internal ESG advisors</li> <li><input checked="" type="checkbox"/> To engage internal staff</li> <li><input checked="" type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage</li> </ul>	
<p><b>Type of engagement</b> Service provider engagements</p>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input checked="" type="checkbox"/> To engage internal ESG advisors</li> <li><input checked="" type="checkbox"/> To engage internal staff</li> <li><input checked="" type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in a company's material ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input checked="" type="checkbox"/> To engage internal ESG advisors</li> <li><input checked="" type="checkbox"/> To engage internal staff</li> <li><input checked="" type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage</li> </ul>	

# RI TRANSPARENCY REPORT

## 2014/15

### Cadiz Holdings

## 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	🔒	n/a							✓
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	-	n/a							✓
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	🔒	n/a							✓
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	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	✓	Public	✓						
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	-	n/a	✓						
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	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
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	-	n/a		✓					
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		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	✓	Private	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Private	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
FI 09	Types of sustainability thematic funds/mandates	✓	Private	✓						
FI 10	Description of ESG integration	✓	Private	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	🔒	n/a	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
FI 19	Engagement with corporate issuers	✓	Private		✓					
FI 20	Engagement with government issuers	🔒	n/a		✓					

Direct - Inclusive Finance				Principle							General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	7	
IFD 01	Mission and investment objective	✓	Private								✓
IFD 02	Governance, management structures and processes	✓	Private								✓
IFD 03	Social targets	✓	Private								✓
IFD 04	Percentage in equity, debt and guarantees	✓	Private								✓
IFD 05	Percentage in microfinance and/or SME finance	✓	Private								✓
IFD 06	Geographical spread of microfinance investments	✓	Private								✓
IFD 07	Tracking microfinance investees portfolio	✓	Public	✓							
IFD 08	Support financial services beyond credit, compulsory savings and/or compulsory insurance	✓	Public	✓							
IFD 09	Support the introduction of services tailored to the 'poor', 'very poor' and 'low income'	✓	Private	✓							
IFD 10	Technical assistance to investees	✓	Private	✓							
IFD 11	Public endorsement of the Client Protection Principles	✓	Public		✓						
IFD 12	Provide training and assistance for investees implementing the Client Protection Principles	✓	Private		✓						
IFD 13	Include the Client Protection Principles in investment policies	✓	Public		✓						
IFD 14	Investment in local currency	✓	Public			✓					
IFD 15	Average maturity of debt investments	✓	Public			✓					
IFD 16	Average holding period of equity investments	🔒	n/a			✓					
IFD 17	Terms and conditions	✓	Public			✓					
IFD 18	Tools for social performance reporting	✓	Public				✓				
IFD 19	Retail institutions have independent financial/social rating and/or social audit	✓	Public				✓				
IFD 20	Due diligence on and monitoring and reporting of corporate governance among investees	✓	Public				✓				
IFD 21	Training or assistance for investees on corporate governance	✓	Private				✓				
IFD 22	Percentage of investees where board seats are held	🔒	n/a				✓				
IFD 23	Procedure to integrate environmental issues in investment decision processes	✓	Public				✓				
IFD 24	Anti-corruption and whistle-blowing policies	✓	Private				✓				
IFD 25	How mission and investment objectives are communicated to stakeholders	✓	Private					✓			
IFD 26	Investors and/or the public provided with information aligned with industry standards	✓	Public					✓			
IFD 27	Transparency of pricing, terms and conditions among investees	✓	Public					✓			
IFD 28	How social performance of investees affects decision making and portfolio	✓	Public						✓		



	management												
IFD 29	Staff incentives linked to social performance measures	✓	Private							✓			
IFD 30	Collecting data regarding social outcomes of investees work	✓	Private							✓			
IFD 31	Incentivise investees to track social performance	✓	Private							✓			
IFD 32	Collaborative initiatives your organisation has supported or participated in	✓	Public								✓		
IFD 33	Encouraging investees to participate in collaborative initiatives	✓	Private								✓		
IFD 34	Encouraging your investees to participate in initiatives which contribute to the development of industry benchmarks	✓	Private								✓		

# Cadiz Holdings

## 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
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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

77

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
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**OO 04.1** Indicate the year end date for your reporting year.

31/10/2014

**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		25	054	803	339
Currency	ZAR				
Assets in USD		2	333	430	116

**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	10-50%	0
Fixed income – corporate	10-50%	0
Fixed income – government	10-50%	0
Fixed income – other	0	0
Private debt	0	0
Private equity	<10%	0
Property	0	0
Infrastructure	0	0
Commodities	0	0

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

'Other (1)' specified

Structured products - 12.3%

○ 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.

As a long-term investment manager, our valuation-based investment philosophy underpins all of our investment decisions and processes.

- We believe that the market is inefficient over the short term due to the way asset prices rise or fall in relation to:

- cyclical movements in liquidity (as reflected by interest rates),
- economic activity, and
- investor sentiment.

- We believe in mean reversion. This means that both high and low asset prices (relative to their long-term underlying true or intrinsic value) are temporary and will tend to 'normalise' or revert to their long-term intrinsic value. These short-term market inefficiencies create investment opportunities.

- By applying our valuation-based investment philosophy and process consistently over time together with the concept of 'a margin of safety', we find these opportunities both within and across asset classes to deliver long-term investment returns for our clients.

**We apply our investment process with patience, diligence and focus**

**We identify opportunities through bottom-up fundamental analysis**

The team analyses the value of an investment using bottom-up fundamental analysis. We compare current prices and valuations (based on an in-depth analysis of the investment) with long-term historical trends, rather than trying to forecast the future.

**Long-term macroeconomic themes also play a key role in our process**

We combine our bottom-up analysis with a top-down view on the economy. We specifically focus on normalised interest rates and inflation. Interest rates directly influence sustainable economic growth rates and inform the risk-free rate of return. Inflation affects real returns.

**We consider and combine opportunities both within and across asset classes**

We recognise the need to be expert at identifying and assessing opportunities both within asset classes and at an asset class level. This includes comparing different asset class behaviours and returns and, most importantly, relative to the returns that investors would receive from investing in cash.

**We only invest if there is a margin of safety**

All investments carry some degree of risk but, even within our high equity products, we only invest if there is an adequate margin of safety built into our valuations. We calculate a current fair market value based on the long-term historical relationships between economic and market variables; and we carefully measure the extent to which investors may be compensated for any inherent risks.

**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
- None of the above

**OO 10.3** Additional information. [Optional]

ESG considerations are an integral part of our investment process. We engage both directly and indirectly with investee companies.

OO 11	Mandatory	Gateway	General
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**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
- Private equity
- Inclusive finance
- Cash
- Other (1)
- None of the above

'Other (1)' [as defined in OO 05]

Structured products - 12.3%

**OO 11.3** Additional information. [Optional]

ESG issues were a large focus in the corporate debt market.

OO 12	Mandatory	Gateway	General
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*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

#### Direct - Other asset classes with dedicated modules

- Inclusive Finance

### **Closing module**

- Closing module

# Cadiz Holdings

## Reported Information

### Public version

### Overarching Approach

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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.

- Yes  
 No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

- 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]

Cadiz Asset Management is committed to the promotion and support of Responsible Investing in South Africa. We consider the inclusion and integration of Responsible Investing principles to be a strategic underpin in the way we manage our business, interact with our stakeholders, and manage our client mandates.

We are therefore active in all the available forums including:

- The United Nations Principles for Responsible Investment - Cadiz Asset Management is a signatory (2008) and an active participant in working groups
- The South African Impact Investing Network - Cadiz Asset Management is a lead sponsor
- The Carbon Disclosure Project - Cadiz Asset Management is a Gold Member
- The Codes for Responsible Investing South Africa (CRISA) - Cadiz Asset Management supports the introduction of these codes and formed part of the committee responsible for their creation.

### INTENTIONAL, ACTIVE OWNERSHIP AND ENGAGEMENT

We believe that engagement with our investee companies is essential to the extent to which it is necessary to ensure the delivery of preferred outcomes on any issues enhancing their enduring sustainability and valuation in the best interests of our customers. The extent of engagement will vary depending on a number of factors which include: the requirements as specified in customer mandates, issues that arise as part of our due diligence or analytical process with respect to ESG and financial factors, and the extent to which the issues identified have an impact on company valuation and sustainability.

If the achievement of our objective to enhance the sustainability of our investments appears difficult or impossible in isolation, we will actively seek to engage with like minded investors to effect the required change. The extent of this engagement would be determined by the extent to which collaboration is required or possible in each specific circumstance.

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.cadiz.co.za/cadiz-asset-management/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
Proxy voting policy guidelines( International)	<a href="http://www.cadiz.co.za/media/240456/2012_iss_intl_summaryguidelines.pdf">http://www.cadiz.co.za/media/240456/2012_iss_intl_summaryguidelines.pdf</a>
Proxy voting policy guidelines(domestic)	<a href="http://www.cadiz.co.za/media/245101/south_africa_specific_policies_-_updated_feb_2012.pdf">http://www.cadiz.co.za/media/245101/south_africa_specific_policies_-_updated_feb_2012.pdf</a>
Governance policy (guidenlies)	<a href="http://african.ipapercms.dk/IOD/KINGIII/kingiiiireport/">http://african.ipapercms.dk/IOD/KINGIII/kingiiiireport/</a>

No

**OA 02.5** Additional information. [Optional]

We publish other reports that are confidential for specific clients.

**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 checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" 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 type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

OA 04.2	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]
---------	--

The employment contracts for our staff have a code of ethics that is based on CFA standards.

The employee code of conduct is contained in the Human Resource policies and cover, inter alia:

- Integrity and Professional Conduct;
- Bribery, Inducements, Commissions, Acceptance of Gifts/Entertainment;
- Access and Disclosure of information;
- Trading and Dealing activities;
- Personal Account Trading;
- Insider Trading;
- Privacy and Security of client information

As an example, we have an internal PA Trading policy (based on CFA code of ethics, FSB and ASISA guidance) that governs this. Employees are to have any personal account trades pre-approved by 3 people; their team leader, an appointed approver (being risk officer or company secretary), and a member of the dealing team, and are prohibited from trading in securities on the restricted list as maintained by the dealers and investment team. Exceptions can only be approved by the CEO of Cadiz Asset Management.

No

OA 04.3	Additional information. [Optional]
---------	------------------------------------

Our polices are are audited by both internal and external auditors annually.

## 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]

Performance is reviewed quarterly in line with product reviews as well as key performance objectives for analysts and portfolio managers.

## 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
- 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
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- 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

3

**OA 08.3** Additional information. [Optional]

The whole team plays a role in responsible investment.

Promoting responsible investment

**OA 10**

**Mandatory**

**Core Assessed**

**PRI 4,5**

**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

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

Through an industry association. We are working with the government on a project that will see private investment into student university housing in a sustainable manner. Up to now, only the state and very few other investors have been able to do this.

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

**OA 10.2** Additional information. [Optional]

We are focused on promoting the sharing of information, knowledge and creating enabling legislation that promote responsible investment.

**OA 11**

**Mandatory**

**Core Assessed**

**PRI 4**

**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

**OA 11.3** Additional information. [Optional]

We actively seek platforms to promote responsible investment. This is via newspaper and magazine articles as well as facilitating training for pension fund trustees on responsible investment.

# Cadiz Holdings

## Reported Information

### Public version

### Direct - Listed Equity Incorporation

## PRI disclaimer

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## ESG incorporation in actively managed listed equities


### Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
--------	-----------	-----------------------	-------

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.
----------	--

#### 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)
- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined

Percentage of actively managed listed equities to which each strategy or combination of strategies is applied - you may (estimate +/- 10%)	 100
--	---

- No incorporation strategies applied

Total actively managed listed equities
--

100%

LEI 03.2	Describe your primary reasons for choosing a particular ESG incorporation strategy.
----------	---

ESG is fully integrated into the decision making process. The Gordon Growth Model, as used in our process, has sustainable metrics (ROE, k& g) at its core. The impact of management's strategic decisions with respect to ESG impacts on the company's ROE, k and g will directly impact the valuation of the company and therefore the investment decision with respect to that company.

LEI 03.3

Where assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

Screening and thematic strategies are used to identify possible opportunities and risks while integration methodologies is used to quantify and evaluate the impact on company valuations. Opportunities are ranked according to degree of attractiveness whereas risk arising from poor ESG practices is further analysed and quantifies where possible. The elevated level of risk is factored in to the valuation through the cost of capital. By directly influencing the valuation of an investment, the process captures the benefits and detractors created by sound or poor ESG policies, respectively.

(A) Implementation: Screening

LEI 06

Mandatory

Descriptive

PRI 1

LEI 06.1

Indicate and describe the type of screening you apply to your internally managed active listed equities.

Type of screening

- Negative/exclusionary screening
- Positive/best-in-class screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

Screening of the investment universe is vital in our investment process as it feeds idea generation. We actively search for opportunities trading at deep discounts to intrinsic value coupled with high dividend yields and strong balance sheets. Such opportunities typically emerge when share prices overreact to negative newsflow about a company's near term prospects. A thorough fundamental evaluation, including the impact of the ESG Analyser, is performed on each opportunity; the results of which are presented to and debated within the investment team. This helps to filter the "value opportunities" from the "value traps". We stress that ESG is fully integrated into the decision making process. As mentioned earlier in the survey, the Gordon Growth Model, as used in our process, has sustainable metrics (ROE, k& g) at its core. Management's strategic decisions with respect to ESG impact on the company's ROE, k and g. In so doing this will directly impact the valuation of the company and therefore the investment decision with respect to that company. Companies which rank poorly on ESG will already have had their valuations knocked down by our process. Conversely, exemplary companies will have experienced a positive impact on their valuations. Due to this integrated approach, there is no need to apply further punitive or beneficial constraints to the investee company.

- Norms-based screening

LEI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

We used 36 standardised screening criteria which are considered global best practice. Our criteria are based on reliable, readily available and standardised information. This is to ensure that we compare apples with apples enabling comparatives across and within industries on a global basis.

LEI 07

Mandatory

Core Assessed

PRI 1

LEI 07.1

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

### (B) Implementation: Thematic

LEI 09

Mandatory

Descriptive

PRI 1

LEI 09.1

Indicate the type of sustainability thematic funds or mandates that your organisation manages.

- Environmentally themed funds
- Socially themed funds
- Combination of themes

### (C) Implementation: Integration of ESG issues

LEI 11

Mandatory

Core Assessed

PRI 1

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.cadiz.co.za/cadiz-asset-management/responsible-investing/proxy-voting-results-2014/>

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
- 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]

We proactively disclose information in a standardised format to both the public and clients. Where great detail is required, we are quite happy to engage and provide the required information.

# Cadiz Holdings

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

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## Engagement

### Overview

LEA 02	Mandatory	Gateway	PRI 1,2,3
--------	-----------	---------	-----------

LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.
----------	---

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<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 type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<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 type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<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 type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

LEA 02.2	Additional information. [Optional]
----------	------------------------------------

We also engage to ensure that companies within a particular sector (i.e. gold mining) provide detailed reports across a range of similar parameters.

## Process

### Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

**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.

Our analysts research investment opportunities that fall within their respective areas of expertise. As an example, our equity process is opportunities driven. Screening therefore plays a vital role in identifying and prioritising potential opportunities. The screening process is co-ordinated by the Head of Equities. When conducting research, analysts are at liberty to use any information source at their disposal. When presenting research to the investment team, however, analysts follow a "Blueprint" of minimum standards. The Blueprint ensures that all the necessary information is presented in the required format so that investment decisions are made in the same structured format and that we "compare apples with apples". As part of this process, we would then identify and prioritise opportunities for engagement.

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.

We have a system where scores are assigned on each relevant parameter and progress is assessed over time.

No

**LEA 04.4**

Additional information. [Optional]

By monitoring engagements, we are able to determine the effectiveness of our engagement efforts.

## Process for engagements conducted via collaborations



LEA 05	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

**LEA 05.1** | Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

- Yes
- No

**LEA 05.3** | Additional information.[Optional]

We avoid collaboration in most instances.

LEA 06	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

**LEA 06.1** | Indicate if the collaborative engagements in which you are involved have defined objectives.

- Yes
- No

**LEA 06.2** | Indicate if you monitor the actions companies take following your collaborative engagements.

- Yes
- No

### Process for engagements conducted with/on your behalf by service providers

LEA 07	Mandatory	Core Assessed	PRI 2,4
--------	-----------	---------------	---------

**LEA 07.1** | Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

- Yes
- No

LEA 08	Mandatory	Core Assessed	PRI 2,6
--------	-----------	---------------	---------

**LEA 08.1** | Indicate whether you monitor and/or discuss the following information provided to you by your service provider

Please select all that apply

- The subject (or ESG issue(s)) of engagement
- The objectives of the engagement
- The rationale for engagement
- The frequency/intensity of interactions with companies
- Progress towards achieving engagement goals
- Outcomes that have been achieved from the engagement
- Next steps for engagement activity
- Other, specify
- None of the above

### 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
<b>Individual / Internal staff engagements</b>	<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
<b>Collaborative engagements</b>	<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
<b>Service provider engagements</b>	<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 do not proactively disclose it to the public and/or clients/beneficiaries.

**(Proxy) voting and shareholder resolutions**

**Process**

<b>LEA 17</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 2</b>
---------------	------------------	--------------------	--------------

**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]

Our proxy voting policy is currently guided by the ISS International Proxy Voting Guidelines (last update Dec 2011) as well as the ISS SA Specific Guidelines (last update Feb 2012). These guidelines combined with the King III recommendations, the latest version of South Africa's best practise code, as well as the recent changes to the Companies Act 2008, allow Cadiz Asset Management to lead the field of engagement and proxy voting.

<b>LEA 21</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
---------------	------------------	----------------------	--------------

**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.

- 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

**LEA 21.2** Additional information. [Optional]

We do inform companies of the rationale for our votes. We believe this is a much more proactive way of ensuring appropriate engagement and finding solutions with management.

**Outputs and outcomes**

<b>LEA 22</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
---------------	------------------	----------------------	--------------

**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.

- We do track or collect this information

Votes cast (to the nearest 1%)

%

100

Specify the basis on which this percentage is calculated

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

## Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
--------	-----------	---------------	---------

**LEA 26.1** Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly

provide URL

<http://www.cadiz.co.za/cadiz-asset-management/responsible-investing/proxy-voting-results-2014/>

**LEA 26.2** Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

**LEA 26.3** Indicate the voting information your organisation proactively discloses to the public and/or 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 26.4**

Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify
- No
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

# Cadiz Holdings

## Reported Information

### Public version

#### Direct - Fixed Income

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## ESG incorporation in actively managed fixed income

### Fixed Income - Corporate

#### Implementation processes


FI 04	Mandatory	Gateway/Core Assessed	PRI 1
-------	-----------	-----------------------	-------

FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

#### 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)
- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	 <p>100</p>
---	---

- No incorporation strategies applied

Total actively managed fixed income - corporate

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

This fits in with our investment process.

The Cadiz Asset Management (CAM) fixed interest philosophy is focused on maximizing risk-adjusted returns by actively extracting value from various sources within the fixed interest universe. The diversity and strength of the fixed interest team enables us to focus on identifying mis-priced opportunities beyond the traditional modified duration framework.

The domestic fixed-interest market, as all capital markets, is not fully efficient. This, together with the segmented nature of this market creates opportunities for extracting value in all aspects of the fixed market including duration management, yield curve positioning, credit exposure, sector rotation & security selection.

This naturally allows us to combine all three strategies in incorporating ESG into our investment process.



<b>FI 04.3</b>	If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]
----------------	---

Within the fixed interest space, we are primarily concerned with risk. Each of the factors feeding covering ESG issues are factored in our model. We apply both quantitative and qualitative measures to incorporate ESG into our process.

Our entire investment philosophy explicitly recognises the inherent absence of certainty in investment decision-making, and is accordingly astutely attuned to the risks of unanticipated developments. The host of risk metrics to which portfolios are subjected is precisely designed as a protection mechanism to cushion the impact of such events. It is within this context that we assess ESG factors.

## (A) Implementation: Screening

<b>FI 06</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 1</b>
--------------	------------------	--------------------	--------------

<b>FI 06.1</b>	Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.
----------------	---

### Type of screening

- Negative/exclusionary screening
- Positive/best-in-class screening

### Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description
-------------

Our primary goal is to identify the level of risk compensation offered by the asset and measure whether this offers value. This is achieved by measuring the implied risk compensation in the asset against the market's consensus expectations (after testing these for inconsistencies). This is true in terms of stock preferences, as well as duration positions. Cognisance is also taken of limits on credit ratings.

This is accompanied by an ESG that looks at the following factors:

- Accountability - actively monitor changing socio-economic conditions and develop suitable monitoring mechanisms for investees
- Advocacy - participate in the development of policy, regulation, and industry standards
- Disclosure - encourage progressively standardised reporting on ESG issues
- Employment - promote organisations providing employment opportunities for those that live at the bottom of the pyramid
- Engagement - practice active engagement with people, communities, organisations and government

- Equality - promote organisations that address race & gender based inequality in a sustainable manner
- Impact - target investment opportunities that have the potential to deliver the highest blended value return
- Improvement - consistently improve and further the intellectual capacity of the impact investing field
- Risk Management - assess the internal and external risk factors that have a bearing on the organisations we invest in and how this relates to the overall portfolio

Norms-based screening

**FI 06.2**

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

Screening criteria were established as part of the investment process at inception and have not been reviewed since. Both beneficiaries and clients prefer consistency over time as it is easier to do comparisons.

The credit process is a top down process where we initially look at macro drivers that may be affecting credit spreads. The direction that spreads should be moving based on these drivers informs our initial overweight or underweight position in credit. We then drill down further into a particular credit instrument by first looking at the industry a corporate may be operating in and the cash flow drivers for the divisions within the corporate and the industry. The majority of our analysis is aimed at company specific risk; broken into cash flow risk, financial risk, performance risk and qualitative factors. The rating of a corporate is very important and we subscribe to two rating agencies; GCR and Fitch. We also use our own internal rating model which is based on quantitative metrics and qualitative factors which establish a level of governance for the counterparty. Based on this, we try to establish whether the rating is fair and use stress factors to determine whether there is likely to be any rating migration. Our valuation process extends to pricing credit, where we try to determine a fair value spread to the curve based on the assumed rating and fundamental risk factors. We use various tools to analyse and determine fair value spreads, namely breakeven spreads, interpolated benchmark spreads and asset swap spreads.

**FI 07**

**Mandatory**

**Core Assessed**

**PRI 1**

**FI 07.1**

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

FI 07.2

Additional information. [Optional]

Our Fixed interest investment process is fully integrated with the United Nations Principles of Responsible Investment. Further to this, the investment monitoring leverages major international reporting standards such as the Global Reporting Initiative (GRI), the Impact Reporting and Investment Standards (IRIS) and the Microfinance Information Exchange Market (MiXMarket).

This integration allows the research team to comprehensively assess the internal socially responsible practices inherent within an organisation as well as the external socially responsible activities of the organisation - this holistic viewpoint incorporates a plethora of intangible factors that underpin long term performance and risk management.

An independent committee reviews and approves all new investments and assesses the ongoing suitability and exposure to existing investments.

**(C) Implementation: Integration of ESG factors**

FI 11

Mandatory

Core Assessed

PRI 1

FI 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 type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" 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**

FI 18

Mandatory

Core Assessed

PRI 2,6

**FI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

- We disclose it publicly

Provide URL

<http://www.cadiz.co.za/institutional-investments/socially-responsible-investments/>

**FI 18.2**

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

- Yes

**FI 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

**FI 18.4**

Indicate how frequently you typically report this information.

- Quarterly or more frequently
  - Between quarterly and annually
  - Less frequently than annually
  - Other, specify
- No
  - We disclose it to clients/beneficiaries only
  - We do not proactively disclose it to the public and/or clients/beneficiaries

**FI 18.7**

Additional information. [Optional]

We publish a detailed report that is distributed to clients and available to the public every six months.

# Cadiz Holdings

## Reported Information

### Public version

#### Direct - Inclusive Finance

## 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.

## PIIF Principle 1: Range of services

IFD 07

Mandatory

Core Assessed

PIIF 1

### **Possible action:**

*Develop and extend the range of financial services available to low-income populations. Extensions could include savings, loans, insurance, payment services, remittance facilities and pension plans.*

IFD 07.1

Indicate if you track the percentage of your microfinance investees' portfolio that is in microenterprise loans.

Yes, we track

If you aggregate this information at an organisational level, indicate the percentage of your portfolio in microenterprise loans. [Optional]

- <20%
- 20-40%
- 41-60%
- 61-80%
- >80%

No, we do not track

Not applicable (there are no microenterprise loans in the portfolio)

IFD 07.2

Indicate if you track the percentage of your microfinance investees' portfolio that is in loans for immediate household needs (i.e. consumer loans).

Yes, we track

If you aggregate this information at an organisational level, indicate the percentage of your portfolio in loans for immediate household needs. [Optional]:

- <20%
- 20-40%
- 41-60%
- 61-80%
- >80%

No, we do not track

Not applicable (there are no loans for immediate household needs in the portfolio)

IFD 07.3

Indicate if you track the percentage of your investees' portfolio in housing loans.

Yes, we track

If you aggregate this information at an organisational level, indicate the percentage of your portfolio in loans for other categories. [Optional]

- <20%
- 20-40%
- 41-60%
- 61-80%
- >80%

- No, we do not track
- Not applicable (there are no loans for housing in the portfolio)

IFD 08

Mandatory

Core Assessed

PIIF 1

IFD 08.1

In your microfinance portfolio, indicate if you support the provision of financial services beyond credit, compulsory savings and/or compulsory insurance.

- Yes

IFD 08.2

Indicate which of the following services you support:

- Voluntary savings products
- Voluntary insurance products

Provide examples of how and what you support.

We provide funding to an insurance company that provides insurance to HIV positive individuals which then allows them to get housing loans. One of the conditions of the insurance policy is to ensure that they are on a sustainable treatment programme with regular monitoring and reporting to the insurance company.

Indicate if you gather data regarding the percentage of financial service providers in your portfolio that are offering such a service.

- Yes

If you aggregate this information at an organisational level, indicate the percentage of microfinance providers in the MIV or organisational direct portfolio offering such products.

- <20%
- 20-40%
- 41-60%
- 61-80%
- >80%

- No

- Other financial services, specify
- Non-financial services, specify

- No

## PIIF Principle 2: Client protection

IFD 11	Mandatory	Core Assessed	PIIF 2
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### **Possible action:**

*Publicly endorse the Client Protection Principles (CPP).*

IFD 11.1	Indicate if you have publicly endorsed the Client Protection Principles.
----------	--

- Yes
- No

IFD 13	Mandatory	Core Assessed	PIIF 2
--------	-----------	---------------	--------

IFD 13.1	Indicate if you include the Client Protection Principles and/or other client protection measures in your investment policies.
----------	---

- Yes

IFD 13.2	Indicate if this is systematically applied.
----------	---

	During due diligence
--	----------------------

- Yes
- No

	In covenants in loan agreements and/or in financing or shareholder agreements
--	---

- Yes
- No

IFD 13.3	Indicate if you encourage investees to apply for Client Protection Certification. [Optional]
----------	--

- Yes
- No
- No

IFD 13.4	Additional information. [Optional]
----------	------------------------------------

Client protection standards are now legislated. we therefore take an effective interest in the compliance of our investees.

## PIIF Principle 3: Fair treatment

IFD 14	Mandatory	Core Assessed	PIIF 3
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**Possible action:**

*Provide financing in an appropriate currency and tenor.*

**IFD 14.1**

In relation to your direct portfolio in debt, indicate if you provide investment in local currency.

Yes

**IFD 14.2**

Indicate what percentage of your direct portfolio in debt is invested in the investee's local currency.

- <20%
- 20-40%
- 41-60%
- 61-80%
- >80%

No

**IFD 14.3**

Additional information. [Optional]

All our investments are in local currency.

**IFD 15**

**Mandatory**

**Descriptive**

**PIIF 3**

**Possible action:**

*Provide financing in an appropriate currency and tenor.*

*Actively support the building of a diversified funding base.*

**IFD 15.1**

In relation to your direct portfolio in debt, indicate what percentage have a maturity (from the point of investment) of the specified duration:

- 12 months or fewer
- 13 to 24 months
- 25 to 60 months

Indicate percentage

- <20
  - 20-40%
  - 41-60%
  - 61-80%
  - >80%
- Over 60 months

<b>IFD 15.2</b>	Indicate if you have a set limit regarding the maximum fixed income investment exposure of the investees in which you invest. [Optional]
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- Yes
- No

<b>IFD 15.3</b>	Additional information. [Optional]
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As a risk measure, we do not allocate more than 10% of the portfolio to any one entity.

<b>IFD 17</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PIIF 3</b>
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**Possible action:**

*Negotiate terms and conditions that are transparent, fair and reasonable, including fair break-up clauses.*

<b>IFD 17.1</b>	Indicate if you adopt the following practices:
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- For fixed income investments: Use the Lenders' Guidelines for Setting Covenants in Support of Responsible Microfinance as an example or reference document.

	Indicate if these practices are formalised in written policies and procedures.
--	--

- Yes
- No

- Ensure that the investee understands the terms, covenants and their implications prior to signing loan / shareholder documentation.

	Describe your process.
--	------------------------

In structuring agreements, we spend a considerable amount of time in ensuring that investees understand all the terms. We also avail funding for professional advice.

	Indicate if these practices are formalised in written policies and procedures.
--	--

- Yes
- No

- Foster trust and proactive dialogue with investees through straightforward discussions on issues such as a covenant breach.

	Describe your process.
--	------------------------

We are in monthly contact with investees and also receive their financials monthly. This helps to foster a relationship based on trust and frankness.

Indicate if these practices are formalised in written policies and procedures.

- Yes
- No

In the case of material covenant breach, create/participate in a voluntary workout group where applicable, with the goal to help the investee remain a going concern whenever possible.

Indicate if these practices are formalised in written policies and procedures.

- Yes
- No

For fixed income investments: Train your staff on effective monitoring and covenant waiver negotiations to manage deteriorating conditions, and transition a non-performing loan from loan origination staff to specialised workout staff.

Indicate if these practices are formalised in written policies and procedures.

- Yes
- No

Encourage investee skills-building on financial projections, scenario planning and stress-testing for management, and on financial expertise and governance for Directors.

Indicate if these practices are formalised in written policies and procedures.

- Yes
- No
- Other (explain)
- None of the above

## PIIF Principle 4: Responsible investment

IFD 18

Mandatory

Gateway

PIIF 4

### **Possible action:**

*Negotiate terms and conditions that are transparent, fair and reasonable, including fair break-up clauses.*

IFD 18.1

Indicate if you use the following tools for social performance reporting:

### **Externally developed tools**

During due diligence.

- Yes
- No
- We don't track social performance

For monitoring and reporting purposes.

- Yes
- No
- We don't track social performance

Describe the approaches used and frequency of use.

Our credit process is an integrated approach combining financial risk and return attributes with social prerogatives. Our partner, GGSA has established an innovative process for social impact and institutional due diligence, the application of which has been tested and demonstrated in its South African Social Investment Exchange (SASIX) initiative. This initiative and process has been acknowledged by the United Nations as one of the most innovative in the world. SASIX targets sectors that are underpinned by the UN Millennium Development Goals and applies the same sort of assessment and due diligence consideration to projects as would be applied to financial investments.

This is an on-going process.

#### In-house tools based on externally developed tools

During due diligence.

- Yes
- No
- We don't track social performance

For monitoring and reporting purposes.

- Yes
- No
- We don't track social performance

#### Tools developed solely in-house

During due diligence.

- Yes
- No
- We don't track social performance

For monitoring and reporting purposes.

- Yes
- No
- We don't track social performance

Describe the approaches used and frequency of use.

Our credit process is an integrated approach combining financial risk and return attributes with social prerogatives. Our partner, GGSA has established an innovative process for social impact and institutional due diligence, the application of which has been tested and demonstrated in its South African Social Investment Exchange (SASIX) initiative. This initiative and process has been acknowledged by the United Nations as one of the most innovative in the world. SASIX targets sectors that are underpinned by the UN Millennium Development Goals and applies the same sort of assessment and due diligence consideration to projects as would be applied to financial investments.

This is an on-going process.

IFD 19	Mandatory	Descriptive	PIIF 4
--------	-----------	-------------	--------

**IFD 19.1** Indicate if you require the retail institutions in which you invest to have an independent financial rating.

- Always
- In a majority of cases
- In a minority of cases
- No

**IFD 19.2** Indicate if you require the retail institutions in which you invest to have an independent social rating.

- Always
- In a majority of cases
- In a minority of cases
- No

**IFD 19.3** Indicate if you require the retail institutions in which you invest to have an independent social audit.

- Yes
- No

**IFD 19.4** Additional information. [Optional]

As part of our process, we will assign a financial and social rating to an institution.

IFD 20	Mandatory	Core Assessed	PIIF 4
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**Possible action:**

Assist in developing appropriate references for corporate governance issues.

**IFD 20.1**

In relation to your due diligence on and monitoring and reporting of corporate governance among investees, indicate if you assess:

**Compensation of the Board of Directors and Executive Directors (i.e. its transparency, the use of benchmarking)**

Pre-investment

- Yes
- No
- Not for all of our investments in inclusive finance

Post-investment

- Yes
- No
- Not for all of our investments in inclusive finance

Describe what you look at and, if post-investment, the frequency of assessment. [Optional]

We require investee companies to provide us with their monthly financial statements.

**Composition of the Board (i.e. breadth and depth of experience, effective client representation, diversity)**

Pre-investment

- Yes
- No
- Not for all of our investments in inclusive finance

Post-investment

- Yes
- No
- Not for all of our investments in inclusive finance

Describe what you look at and, if post-investment, the frequency of assessment. [Optional]

Governance of the companies that we invest in carries a very significant weighting in the initial and on-going assessment.

**Whether the Board receives social performance management-related information from the management team that is analysed and contributes to Board decision making.**

Pre-investment

- Yes
- No
- Not for all of our investments in inclusive finance

Post-investment

- Yes
- No
- Not for all of our investments in inclusive finance

Describe what you look at and, if post-investment, the frequency of assessment. [Optional]

We independently monitor the social performance information and engage companies to understand differences if the reported numbers differ from ours or if we notice significant changes. This is done every 6 months.

IFD 23	Mandatory	Descriptive	PIIF 4
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**Possible action:**  
*Assist in developing appropriate references for environmental issues.*

**IFD 23.1** Indicate if you have a procedure to integrate the consideration of environmental issues in your investment decision processes.

- Yes
  - For all inclusive finance investments
  - For a majority of inclusive finance investments
  - For a minority of inclusive finance investments

**IFD 23.2** Describe how your procedure to integrate the consideration of environmental issues in your investment decisions processes affect decisions pre-investment. [Optional]

Our pre-investment process is an integrated approach combining financial risk and return attributes environmental considerations.

IFD 23.3

Describe how your procedure to integrate the consideration of environmental issues in your investment decisions processes affect decisions post- investment. [Optional]

Post-investment, the environmental issues identified during the pre-investment process are monitored. Any deviations will form the basis of engagement with investees.

No

IFD 23.4

Indicate if you request your investees to comply with an environmental exclusion list.

- Yes, for all investees
- Yes, for a majority of investees
- Yes, for a minority of investees
- No

### PIIF Principle 5: Transparency

IFD 26

Mandatory

Core Assessed

PIIF 5

**Possible action:**

Fully disclose policies, criteria and related conditions of products and services to investees and other relevant stakeholders.

IFD 26.1

Other than the PRI/PIIF, indicate if you provide your investors and/or the public with information aligned with industry standards.

Yes

IFD 26.2

Do you provide information aligned with:

- The MIV Disclosure Guidelines
    - Yes, to our investors only
    - Yes, to the public
  - The Impact Reporting & Investment Standards (IRIS)
    - Yes, to our investors only
    - Yes, to the public
  - Other, specify
- No

IFD 27

Mandatory

Core Assessed

PIIF 5

**Possible action:**

Ensure that investees adequately disclose the pricing, terms and conditions of financial products and services offered, and that the pricing, terms and conditions are understood by clients.



IFD 27.1

Indicate if you encourage the retail institutions in which you invest to ensure that the following are transparent and fully explained to their clients (i.e. those seeking financial services from them) in a form they can understand.

Pricing

Yes

IFD 27.2

Indicate how you ensure this for pricing and provide examples.

As part of our due diligence process, we request that these companies provide us with examples of their contracts terms and prices which we then assess against market norms and the company's structure.

No

Other terms and conditions

Yes

IFD 27.3

Indicate how you ensure this for other terms/conditions and provide examples.

We request and assess the companies each company's terms and conditions against competitors and statutory requirements. As an example, we would assess their marketing initiatives to ensure that they are not misleading.

No

## PIIF Principle 6: Balanced returns

IFD 28

Mandatory

Core Assessed

PIIF 6

### **Possible action:**

*Strive for a balanced long-term social and financial risk-adjusted return that recognises the interests of clients, retail providers and investors.*

IFD 28.1

Indicate if the social performance of investees affects your:

Investment decision making

Yes

IFD 28.2

Explain how social performance of investees affects investment decision making.

We would not typically invest where there is no quantifiable social metrics.

No

Portfolio management

Yes

IFD 28.3

Explain how social performance of investees affects portfolio management.

We have an integrated approach combining financial risk and return attributes with social prerogatives. In the management and constructino of portfolios, social performance is as important as financial performance.

No

PIIF Principle 7: Standards

IFD 32	Mandatory	Core Assessed	PIIF 7
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**Possible action:**

*Participate in networks to share tools, information and resources.*

IFD 32.1

Select which of the following collaborative initiatives your organisation has supported or participated in, and the role you played.

The Principles for Investors in Inclusive Finance

Yes

Basic

Moderate

Advanced

No

The Smart Campaign

Yes

No

Social Performance Task Force

Yes

No

Financial Inclusion Equity Council (formerly CMEF)

Yes

No

European Microfinance Platform (eMFP)

- Yes
- No

Global Impact Investors Network (GIIN)

- Yes
  - Basic
  - Moderate
  - Advanced
- No

Other network, association memberships and/or specific collaboration related to the promotion of inclusive finance, specify

- Yes
- No