



## *Responsible Investing Policy*

Centaur Asset Management considers a wide range of factors that may affect the risk and return profile of the investments we make. Our long-term success is not only measured on investment performance, but also on the contribution it makes to society and the environment. We manage these investments responsibly and have therefore formulated this Responsible Investment Policy which underpins our investment decision making process.

### **Responsible Investing Objectives:**

- Incorporating sustainability considerations, including Environmental, Social and Governance (ESG) factors, into our investment process, from research and analysis to engagement and decision making.
- Seeking appropriate disclosure on ESG issues by the entities in which we invest when necessary.
- Collaborating where necessary within both the industry and the public arena on issues of responsible investing.
- Recognising and addressing any areas where conflicts of interests may arise and managing them diligently.

### **Incorporating ESG into the Centaur Investment Process**

We have adopted strategies to ensure sustainability is a key part of our process, including adding processes to our formal research and understanding sustainability themes which may impact on our clients' investments. We have been using the same approach since the inception of the firm in 2000.

We incorporate ESG factors into the rating and valuation of a business, in some instances we require a wider margin of safety but in others we could eliminate an investment in its entirety. The process is not a one size fits all approach.

Centaur views business sustainability and governance as the key investment decision making criteria within the broader ESG framework, although we do consider environmental and social aspects on a case-by-case basis. These are not tick box exercises, but rather encompasses what we do on a day-to-day basis.

### **Environmental**

Centaur realizes the importance of environmental issues from an investing standpoint. Our approach takes into consideration investment factors that negatively or positively impact the environment. We weigh up the associated risks to make more thorough management decisions.

### **Sustainability**

Centaur's philosophy emphasises the selection of investments based on principles of substance and sustainability. When we talk about sustainability, we think of what endures through time and more often ask ourselves what could go wrong vs. what could go right.

Our investment philosophy weighs up quality + growth vs. value. It is the quality + growth area where endurance is captured. The quality of a business is not an exact science and we study many factors ranging from lasting competitive advantages to managements dynamic value creation capabilities. If quality and endurance can be brought together the result will be an investment that sustainably grows years into the future.

**Governance**

Good management and governance has become an ever-increasing aspect in the South African Fund Management landscape. We believe one of our primary methods of addressing these two aspects is through engagement. We engage at multiple levels whether it be via one-on-one management meetings, results presentations, conferences, industry meetings, annual general meetings, proxy voting, etc.

Our investment process places emphasis on many aspects of the management team and their ability to create sustainable value. We have found that good management often deliver positive surprises while weaker management teams are more likely to surprise on the downside.

**ESG process oversight**

Centaur's Chief Investment Officer can veto any analyst or portfolio manager's recommendation based on ESG factors. The CIO will typically make this decision based on an unethical management team or business practises. The Centaur investment team discusses ESG related factors in investment team meetings.