

## Retirement Fund Trustee Development in Organised Labour: Active Ownership Project Overview

### EXECUTIVE SUMMARY

The purpose of this document is to provide a brief overview and progress update of the *Active Ownership in Labour pilot project (run between 2014 and 2016)* and the resulting *Retirement Fund Trustee Development in Organised Labour programme* initiated in 2017. It further includes a proposed year plan for 2019 Investment Fundamentals and Master Class Workshops

### Highlights from the project activities to date include:

- **Sustainable infrastructure and resources successfully developed** for South African retirement fund trustee development initiatives for the benefit of Labour trustees and senior labour representatives. These resources enable Labour trustees and shop stewards to ultimately benefit retirement fund members by upskilling their financial literacy levels as retirement fund trustees, and to confidently and competently exercise their fiduciary duties in representing ordinary worker retirement interests.
- **223 senior labour representatives have benefited from the project** by having participated in structured workshops held over a 3-year period. Due to the success of the pilot workshops and the demand for ongoing training workshops by Labour, the workshops continue to be offered to Labour trustees in a sustainable manner. This is due to the relatively constant demand for such workshops which benefit Labour trustees. In addition, Labour trustees who have benefited from having participated at a workshop are quick to request that additional workshops be offered to address other topics of relevance and importance to Labour trustees. The project Steering Committee has requested that the project focus on increasing its geographic scope to all provinces and as such 2019 planned workshops now include workshops in Mpumalanga and Eastern Cape provinces.
- **Continued demand for strong practical application examples of the course content and theory** is a key thrust of the emerging programme for 2019. This will ensure that all training, infrastructure and research commissioned by the project continues to benefit Labour trustees through improved real-life application examples of how trustees are in a position to engage their fund managers, advisers and investee companies on material ESG issues and by increasing the variety of training materials on additional topics of relevance available to Labour trustees through the project.





Quick Facts about the projects achievements up to 31 December 2018 are summarised in the below table:

Infrastructure developed		Resources developed
<ol style="list-style-type: none"> <li>Steering Committee and Working Group comprising major Labour Federations (COSATU, NACTU, FEDUSA), Batseta, ASISA (ASISA Foundation and ASISA Academy), AP Foundation, WWF and Six Capitals.<sup>1</sup></li> <li>Network of actively engaged stakeholders (ASISA Academy, Batseta and Today's Trustee).</li> <li>Committed project funders include AP Foundation, ASISA Foundation, Global Reporting Initiative (GRI) and WWF SA (WWF-Sanlam Partnership).</li> <li>International stakeholder network developed including: Harvard Kennedy School, SHARE, CtW Investment Group, AFL-CIO<sup>2</sup>, PRI</li> </ol>		<ol style="list-style-type: none"> <li>Analysis of what Labour retirement funds own in the JSE<sup>3</sup> Top 100 (updated 2018).</li> <li>ESG performance analysis toolkit with analysis of Top 100 companies (annually expanded).</li> <li>Fundamentals in Active Ownership and Investment Fundamentals training course &amp; supporting materials.</li> <li>Master Class in Active Ownership and Investment Fundamentals training course &amp; supporting materials.</li> <li>Engagement Toolkit for Labour.</li> <li>Online Learning Platform</li> </ol>
Knowledge Transferred <sup>4</sup>		Real life outcomes (Incl. Engagements)
<b>Workshops held to date:</b>	Fundamentals: 7 workshops (2 days) Masterclass: 4 workshops (2 days)	<b>Requested further empowerment from Labour:</b> <ol style="list-style-type: none"> <li>Today's Trustee Online Trustee Education platform</li> <li>ISCOR RF Trustee training requested</li> <li>Need expressed by current delegates to continue with workshops on alternative topics, such as retirement fund governance &amp; ethics etc.</li> </ol> <b>Engagements:</b> <ol style="list-style-type: none"> <li>1<sup>st</sup> campaign designed.</li> <li>Initial contact made with Sasol and Impala Platinum in 2018 as potential companies for engagement on Environmental issues</li> <li>Sun International engaged for engagement on Environmental issues in 2019 (best practice)</li> <li>Initial contact made in 2019 with Allan Gray Investments &amp; Orbis Investment Management on Social issues as related to XPO Logistics (USA)</li> <li>First company engagements planned for first half of 2019</li> </ol>
<b>Who attended?<sup>5</sup></b>	<b>2016:</b> <ul style="list-style-type: none"> <li>Fundamentals pilot and workshops: 46 labour representatives</li> <li>Masterclass pilot and workshop: 25 labour representatives (<i>99% African, 1% White, 33% female and 65% male</i>)</li> </ul> <b>2017:</b> <ul style="list-style-type: none"> <li>Fundamentals workshops: 35 labour representatives</li> <li>Masterclass workshop: 29 labour representatives (<i>100% African, 33% female and 65% male</i>)</li> </ul> <b>2018:</b> <ul style="list-style-type: none"> <li>Fundamentals workshops: 49 labour representatives</li> <li>Masterclass workshop: 39 labour representatives (<i>100% African, 53% female and 47% male</i>)</li> </ul>	

<sup>1</sup> Congress of South African Trade Unions, National Council of Trade Unions, Federation of Unions of South Africa, Batseta Council of Retirement Funds for South Africa, Association for Savings and Investment South Africa, Alternative Prosperity (AP) Foundation NCP, World Wide Fund for Nature.

<sup>2</sup> American Federation of Labour and Congress of Industrial Organizations.

<sup>3</sup> Johannesburg Stock Exchange.

<sup>4</sup> All 2018 data as at 30 November 2018.

<sup>5</sup> More than 99% of delegates are black as defined in the B-BBEE legislation.



<b>Content Presented</b>	<ul style="list-style-type: none"> <li>• Investment fundamentals</li> <li>• The economy and financial system</li> <li>• Responsible Investment theory</li> <li>• JSE listed company ownership and ESG analysis</li> <li>• Active Ownership campaign planning and mock engagements</li> </ul>	6. Funding for two more engagements secured.
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**PROPOSED YEAR PLAN: 2019**

Proposed Dates	Project Workshop	Proposed Location	Number of delegates to be sourced <sup>6</sup>	Status
16 – 17 May 2019	Investment Fundamentals	Emalahleni, Mpumalanga	25	Workshop dates and location confirmed with labour
21 – 22 May 2019	Investment Fundamentals	Port Elizabeth, Eastern Cape	25	Workshop dates and location confirmed with labour
June/July 2019	Investment Fundamentals	Johannesburg	25	Workshop dates still to be confirmed at next steering committee meeting 04/19
August 2019	Master Class	Emalahleni, Mpumalanga	25	Workshop dates still to be confirmed at next steering committee meeting 04/19
August 2019	Master Class	Port Elizabeth, Eastern Cape	25	Workshop dates still to be confirmed Q2 2019
September 2019	Master Class	Johannesburg	25	Workshop dates still to be confirmed Q2 2019

**Provision has been made for three company engagements to take place during 2019 addressing environmental, social and governance issues respectively.**

**Project Governance and Project Management**

The project is **governed by a Steering Committee** comprising senior Labour representatives and project funder representatives. The Steering Committee meets at least quarterly to track project progress and provide guidance in terms of achieving project objectives.

**Project Management**

The project is **project managed by Six Capitals ESG Advisory**, a division of Alternative Prosperity Advisory and Products (Pty) Ltd.

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<sup>6</sup> Member elected trustees from COSATU, NACTU and FEDUSA