

OLD MUTUAL

ASSET OWNER RESPONSIBLE INVESTMENT POLICY

SEPTEMBER 2022



DO GREAT THINGS EVERY DAY

PURPOSE AND SCOPE

Old Mutual's purpose is to champion mutually positive futures every day. We work to sustain, grow, and protect the prosperity of all our stakeholders, including our clients, shareholders and the communities in which we operate. One of the ways we do this is through Responsible Investment.

Our Responsible Investment practices recognise, evaluate and incorporate material Environmental, Social and Governance (ESG) risks and opportunities into investment and ownership decisions. This complements our pursuit for long-term risk-adjusted returns for our customers, while aligning with the broader interests of society and the environment.

The aim of this policy is to outline Old Mutual's principles for Responsible Investment (RI).

This policy applies to all South African with-profit policyholder and shareholder assets held by Old Mutual Life Assurance Company South Africa (OMLACSA) as an asset owner¹.

The policy draws on the following principles, regulations and legislation relevant for our jurisdiction:

- The Code for Responsible Investing in South Africa (CRISA)²
- The King IV Report on Corporate Governance^{TM3} (King IV). King IV includes principles (Principle 17) on responsible investment as well as a sector supplement, inclusive of asset owners as custodians of assets, who have a fiduciary duty to their customers.
- Regulation 28 of the Pension Funds Act 24 of 1956, which requires the consideration

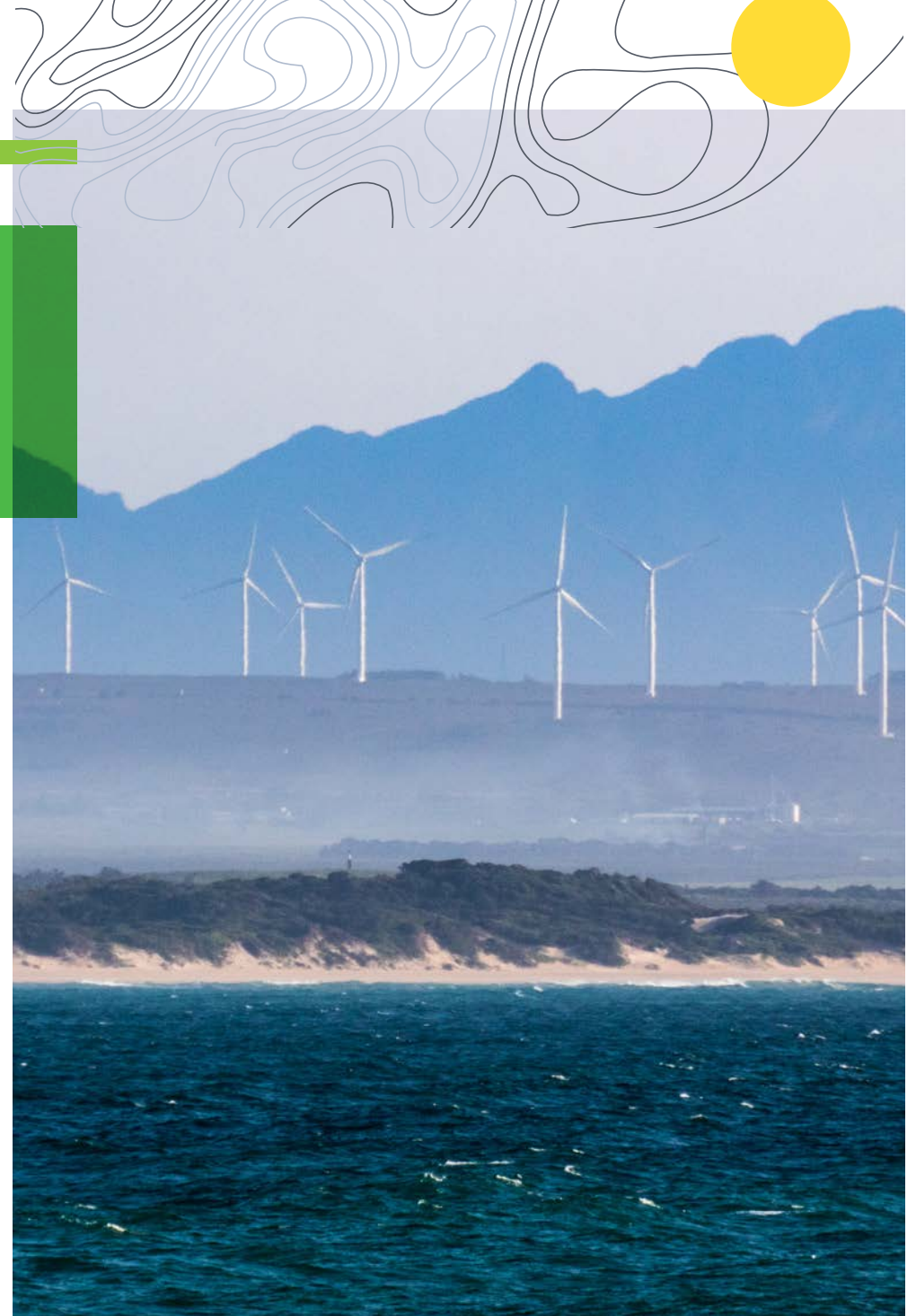
of ESG factors (affecting the long-term sustainable performance of a fund's assets) as an integral part of the fiduciary duties of the governing body of a fund.

- The Principles for Responsible Investment⁴ (PRI). As a signatory to the PRI, we are committed to the adoption and implementation of the PRI's six principles for responsible investment.
- We are a member of the UN-convened Net-Zero Asset Owner Alliance⁵, continue to disclose greenhouse gas (GHG) emissions to the CDP⁶ and support the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures⁷ (TCFD).

We are also directed by global good practice such as the United Nations' Sustainable Development Goals⁸ (SDGs) and are a signatory to the United Nations Global Compact⁹ (UNGC).

1. Collectively, these assets are referred to as our proprietary investment portfolios. Segregated mandates and third-party funds are excluded from the scope of this policy.
2. <https://www.iodsa.co.za/page/crisaresourcecentr#:~:text=The%20first%20Code%20for%20Responsible,issues%20into%20their%20investment%20decisions.>

3. <https://www.iodsa.co.za/page/king-iv>
4. <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>
5. <https://www.uneepi.org/net-zero-alliance/>
6. <https://www.cdp.net/en>
7. <https://www.fsb-tcfd.org/>
8. <https://sdgs.un.org/goals>
9. <https://www.unglobalcompact.org/>



OUR APPROACH AND COMMITMENT

Our approach to Responsible Investment is founded on an understanding of the investment and systemic risks posed by sustainability issues.

As a long-term investor, we believe that it is in the interests of all participants in the financial ecosystem to play a proactive role in creating long-term sustainable outcomes for all stakeholders. Alignment on these matters is expected to create a virtuous cycle that connects the aspirations of our clients with the long-term sustainability strategies of the firms in which we invest.



ACTIVITIES

Consideration of Responsible Investment practices in investment and ownership decisions, responsible stewardship, supporting industry Responsible Investment initiatives and contributing to Responsible Investment thought leadership and public disclosure



OUTCOME

Embedding Responsible Investment within our investment strategy

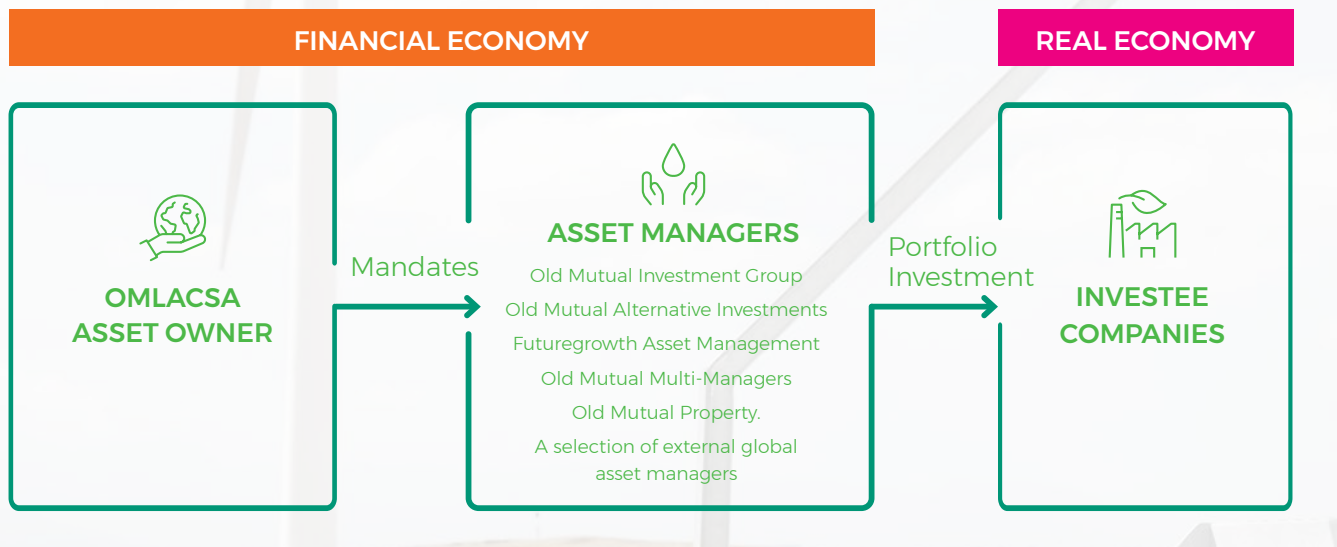


IMPACT

An investment approach that is aligned to the broader interests of society, addressing long-term systemic risk, alongside long-term risk-adjusted returns for our clients

DRIVING REAL WORLD OUTCOMES

We invest in various asset classes to meet investment objectives as determined by our respective strategic asset allocations. These assets are managed by asset managers within the Old Mutual Group and a selection of external global asset managers. Our contribution towards real economic outcomes is therefore continued commitment in driving responsible investments exercised by the investment mandates with our appointed asset managers. Our investment strategy informs the asset managers' investment decisions and choice of investee companies selected which in turn drives real-world outcomes.



THE CORE ELEMENTS OF OUR APPROACH TO RESPONSIBLE INVESTMENT



Consideration of Responsible Investment practices, including material Environmental, Social and Governance (ESG) issues when making investment and ownership decisions.



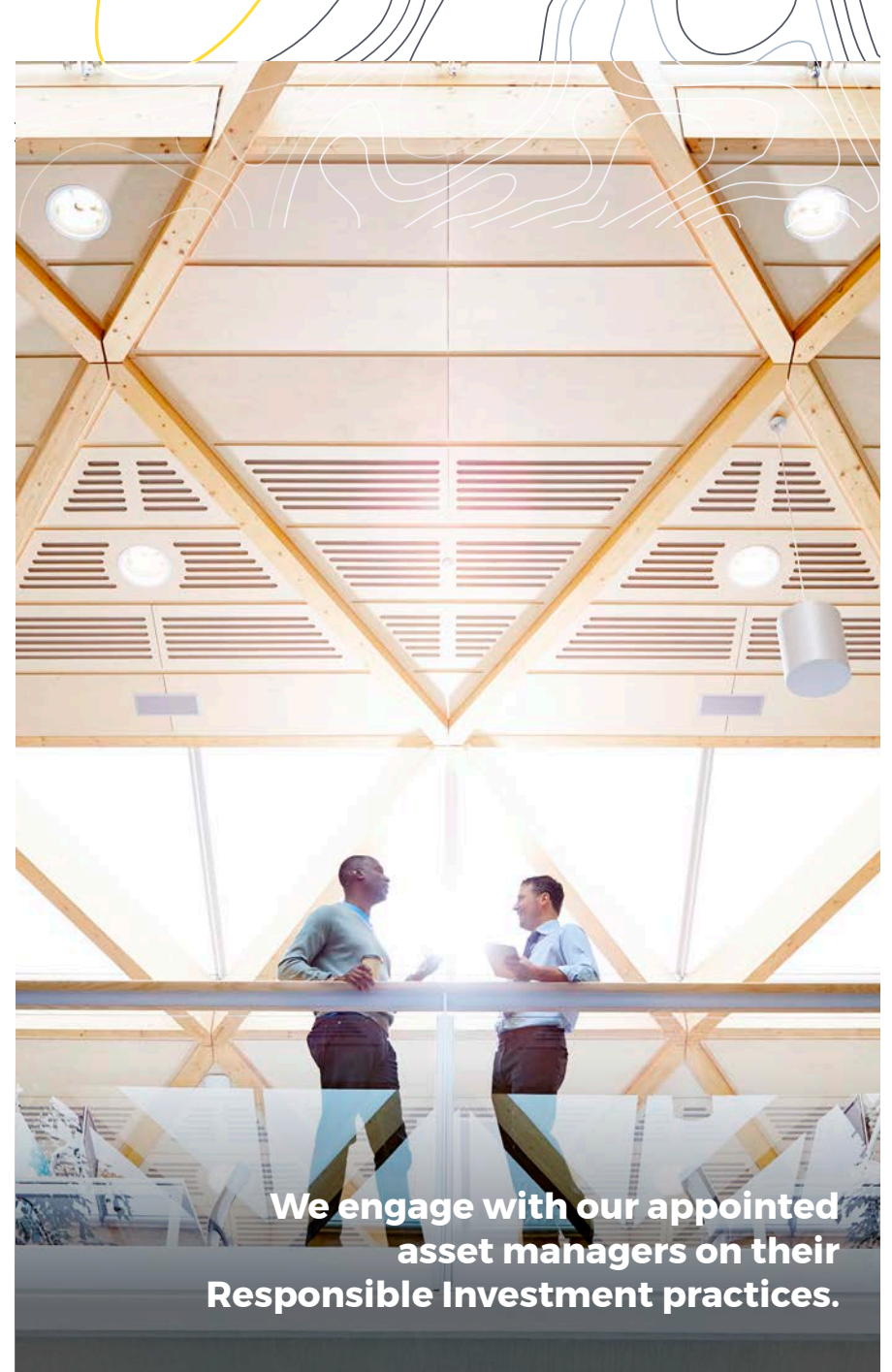
Responsible stewardship on behalf of our customers by engaging with our appointed asset managers on their Responsible Investment practices. This includes proxy voting, company and market engagements, as well as encouraging enhanced ESG disclosure and practices among investee companies.



Supporting industry Responsible Investment initiatives and contributing to Responsible Investment thought leadership across the financial services sector.



Public disclosure on our Responsible Investment policies and practices.



We engage with our appointed asset managers on their Responsible Investment practices.



RESPONSIBLE INVESTMENT GUIDELINES

1. When selecting and appointing asset managers, we consider:

- 1.1. The extent to which Responsible Investment is embedded in their investment and ownership practices. This includes their commitment to international standards, industry (association) guidelines, reporting frameworks or initiatives that promote responsible investment practices. Our expectation is that asset managers conduct their Responsible Investment practices in a manner that is aligned with PRI and/or CRISA standards (as appropriate).
- 1.2. Whether there are sufficient oversight and implementation responsibilities for ESG incorporation within the asset managers' organisational structure, including adequate resources and processes to analyse ESG factors.
- 1.3. The extent to which ESG objectives are incorporated into performance reviews and compensation mechanisms within the asset managers' organisation.
- 1.4. The extent to which material ESG factors are incorporated into investment analyses and decisions, and throughout their portfolio construction.
- 1.5. The extent to which they incorporate their own responsible investment policy into their asset allocation decisions.
- 1.6. Whether the asset manager has measures in place to assess and address climate-related risks and opportunities, this includes whether they are a member of the Net-Zero Asset Managers Initiative as well as the extent of their climate-related reporting, including TCFD disclosure.

2. When agreeing mandates with appointed asset managers, we will ensure our Responsible Investment expectations are included. At a minimum, this will include the principles contained in this policy, together with additional considerations specific to the relevant asset class and/or investment strategy.
3. Appointed asset managers are expected to have a publicly available responsible investment policy which aligns with our expectations as contained in this policy. If there is misalignment

4. Appointed asset managers must consider ESG risks and opportunities as part of the investment decisions appropriate to the asset class(es) which they manage. This includes ensuring that any ESG

5. We require our appointed asset managers to be active stewards of the assets that they manage, recognising the varying nature of ownership rights associated with each asset class.



RESPONSIBLE INVESTMENT GUIDELINES

6. For appointed managers with **listed equity mandates** our expectation for responsible stewardship is as follows:

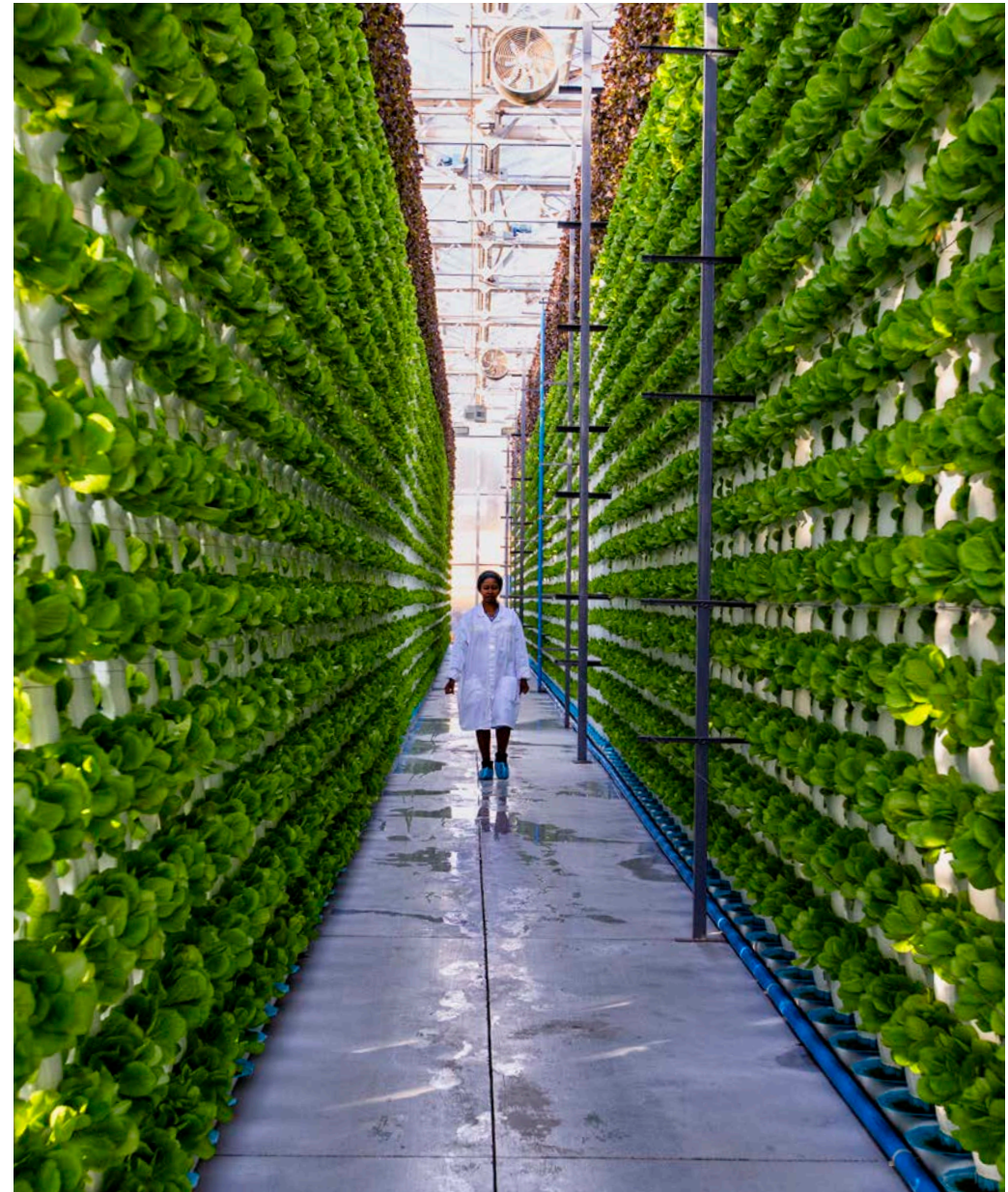
- 6.1. Maintenance of a publicly available proxy voting policy that aligns with relevant standards of corporate governance, applicable legislation and global good practice. At a minimum, within South Africa, the policy must be consistent with King IV, relevant provisions of the Companies Act 71 of 2008 and the JSE listing requirements (to the extent applicable). The same expectations will apply as it relates to applicable legislation, regulation and codes of good practice in other jurisdictions in which our appointed asset managers may operate.
- 6.2. Proxy voting policies should be continually updated and reviewed regularly or as dictated by changes in legislation, specific resolutions as well as the emergence of ESG risk factors, prioritising systemic issues.
- 6.3. Exercising voting on shares (either directly or via proxy) at investee company meetings.
- 6.4. Engaging with boards and management of investee companies on material ESG issues as a basis for driving positive outcomes.

6.5. Seeking opportunities to collaborate with co-investors on material issues to drive change, for example through Climate Action 100+ . Where such collaborative efforts are undertaken, appointed asset managers must ensure that conflicts of interest and issues relating to “acting in concert” are appropriately addressed.

6.6. Public disclosure of annual proxy voting and engagement outcomes.

- 7. We expect our appointed asset managers to consider the ethical practices of their investments in alignment with global good practice guidelines, such as the UNGC. In instances where ethical issues arise after an investment decision has been made, we expect the appointed asset manager to engage with the underlying entity and exert positive influence to the extent possible. Such engagements may also be conducted through collaboration with co-investors (considering relevant guidelines on managing conflicts of interest).
- 8. We expect our appointed asset managers to consider environmental and climate change imperatives in their investment decisions and frameworks, across asset classes as appropriate. For appointed asset managers with listed equity mandates, this includes encouraging investee companies to:

- 8.1. Enhance climate change disclosures and report climate risk exposures according to the TCFD framework.
- 8.2. Commit to short, medium, and long-term science-based carbon emissions reduction targets according to long-term transition strategies.
- 8.3. Align their executive remuneration to the company's climate transition strategy.



10. <https://www.climateaction100.org/>



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Old Mutual Life Assurance Company (SA) Limited is a licensed FSP and Life Insurer.

