



OLD MUTUAL SUPERFUND DEFINED BENEFIT PENSION AND PROVIDENT FUNDS

INVESTMENT POLICY STATEMENT

DATE REVIEWED: March 2023

VERSION CONTROL SECTION

30.03.2023 – ANNUAL REVIEW & UPDATE WITH REGULATION 28 REPORTING CHANGES

NOTE TO THE READER: RECENT CHANGES TO THE IPS

This Investment Policy Statement (IPS) was approved by the Management Board of the Old Mutual SuperFund Defined Benefit Pension and Provident Funds on 27 March 2023.

The IPS sets out the investment objectives and strategy of the Funds. The Management Board reviews the IPS annually, or more frequently as required. Regular review is necessary within the ever-changing economic and regulatory environment within which the Funds operate. It enables us to ensure that the investment strategy remains relevant and up-to-date.

The following changes have been made to the IPS since the previous approved version dated March 2022:

- 1. Section 2.2.2 (Investment Markets, Asset allocation and Risk Management) was expanded to describe some of the unique investment-related characteristics applicable to a defined benefit fund.*
- 2. Section 2.2.4 (Investment Philosophy) was expanded to reference infrastructure investment and the valuable diversification this brings.*
- 3. Section 2.2.5 (Investment Objectives) was expanded to more clearly reference the incorporation of Broad Based Black Economic Empowerment factors as one of the Funds' investment objectives; and to reference volatility management and a volatility range that may be set by the employer and the actuary.*
- 4. Section 3.2 was amended to acknowledge the changes to Regulation 28 gazetted on 1 July 2022, and that Investment Providers will be required to provide additional information from 2023 onwards.*
- 5. Sections 5.2 and 6.2 were expanded to reference the consideration of long-term actuarial return assumptions.*
- 6. Section 7.3 was updated to provide more detail regarding default investments for Preserver (paid-up) members and Deferred Retirees.*
- 7. Changes were made throughout the IPS to simplify wording and improve clarity.*

Table of Contents

1	INTRODUCTION	3
2	STRATEGIC AND GOVERNANCE CONSIDERATIONS	4
3	REGULATION 28 GOVERNANCE AND COMPLIANCE	11
4	INVESTMENT STRATEGY	14
5	MONITORING AND REPORTING	16
6	TECHNICAL MATTERS	18
7	DEFAULT REGULATIONS	22
8	RESPONSIBLE INVESTING & SUSTAINABLE INVESTMENT POLICY	26
9	BROAD-BASED BLACK ECONOMIC EMPOWERMENT	34
10	ROLES AND RESPONSIBILITIES	36
11	SIGNATORIES	38

1 INTRODUCTION

1.1 CONTEXT

Old Mutual Life Assurance Company (South Africa) Limited (“Old Mutual”) provides a range of retirement fund solutions to Participating Employers and their Eligible Employees. The Funds (the Old Mutual SuperFund Defined Benefit Pension and Provident Funds) are defined benefit umbrella arrangements. Old Mutual is the Administrator and Sponsor of the Funds.

1.2 INTRODUCTION TO THE SUPERFUND DEFINED BENEFIT IPS

The Investment Policy Statement (“IPS”) sets out the investment strategy of the Funds and, subject to the Rules of the Funds and any consultation required with the Sponsor, provides for any matters that the Management Board deems appropriate in relation to the investments of the Funds. The IPS responds to the requirements of Regulation 28, Regulation 37, Regulation 38 and Section 36 of the Pension Funds Act and any other legal requirements such as but not limited to Circular PF No 130 and Guidance Note 1/2019.

The Rules of the Funds set out the general powers of the Management Board in relation to investments. These powers include the selection of Investment Portfolios which will be made available for the investment of the balances in the various accounts at Fund and Sub-Fund level, monitoring of their performance, and review of these Investment Portfolios. The Management Board has the power in terms of the Rules to add new Investment Portfolios, close existing ones to new investment, or remove Investment Portfolios.

2 STRATEGIC AND GOVERNANCE CONSIDERATIONS

2.1 OBJECT OF THE FUNDS

The object of the Funds as set out in the Master Rules is primarily:

- to provide benefits to Members on retirement or withdrawal;
- to provide benefits to the Dependants and nominees of Members in the event of death of such a Member;
- to provide a benefit in the event of the Disablement of a Member, where applicable; and
- to provide for the payment of benefits in respect of Pensioners or any Beneficiaries, where applicable.

The Funds are therefore aimed foremost at meeting the financial needs of the Members and their Dependants. They seek to be transparent in respect of fees and expenses, competitive in the benefits they provide, and characterised by good governance, integrity, responsibility and accountability.

The Funds are defined benefit in nature, and are registered under section 4 of the Pension Funds Act and approved under the Second Schedule to the Income Tax Act.

2.2 INVESTMENT BELIEFS, PHILOSOPHY AND OBJECTIVES

2.2.1 Investment Beliefs with regards to Investment Governance

The Management Board is guided by the following beliefs regarding investment governance:

- Investment strategy and decisions should give precedence to the fiduciary duty owed to Members, the Funds, but should also consider the interests of other stakeholders such as the employers, society and environment in which the Fund and its investments operate.
- Managing money on behalf of other people requires high standards of openness and transparency. The Funds take this responsibility seriously and seek to meet best practice standards while being at the forefront of disclosure within our industry.
- The Management Board, administrators, investment managers and all other fiduciaries are accountable for their actions, and must transparently perform their duties to the highest ethical standards.
- The Funds should seek to achieve alignment of interests between the Funds, our beneficiaries and those acting on our behalf.
- Good governance, including the allocation of appropriate resources to investment governance, is in the best interests of Members. It is appropriate for the Funds to invest

resources in respect of stewardship and the integration of good practice regarding sustainable investment.

2.2.2 Investment Markets, Asset allocation and Risk Management

The Management Board is guided by the following beliefs regarding investment markets, asset allocation and risk management:

The long term nature of defined benefit obligations can be a source of advantage, because it enables a long-term investment strategy.

Risk and return are strongly related. There are various investment risks that carry advantages. Illiquidity risk is one such advantage which, as long-horizon investors, the Fund can benefit from in respect of certain investment approaches.

Diversification is a key tool for risk reduction, which improves the risk-adjusted returns of Fund investments.

Risk is multi-faceted and not fully quantifiable. Investment Managers should avoid or seek to manage risks that are uncompensated.

For defined benefit funds, sharp drawdowns can create an underfunded position, where liabilities exceed assets, which may require additional funding by the employer. As market values are reported annually in financial statements of the employer, annual volatility management at times are known to take precedence in determining underlying investment strategies. The resulting risk from excluding volatile assets in turn may lead to portfolios which are not sufficiently exposed to higher return/reward assets, thereby not achieving the required inflation beating return.

It is therefore important to manage volatility in an appropriate way that balances the long-term investment horizon of the Fund with the reality that Members are able to withdraw their benefits on termination of employment (e.g. due to retrenchment or resigning) combined with careful consideration for underfunded positions.

The use of smoothing (via smoothed bonus Investment Portfolios) is a valuable way to manage volatility without sacrificing long-term investment returns.

Active management and/or active tactical asset allocation can add value, after accounting for costs. Nonetheless, a low-cost index-tracking approach can also form an important component of investment strategies.

Maximising net returns is more important than fees in their own right. The Funds should be fee conscious and aim to capture benefits from scale to achieve fee reductions over time. It is appropriate to pursue "value for money" in respect of investment management fees, bearing in mind market comparatives.

Disciplined and rigorous manager selection is a source of value. Building partnerships with managers can be a source of value.

2.2.3 Responsible and Sustainable Investment

The Management Board is guided by the following beliefs regarding responsible and sustainable investment:

Environmental, social and governance (ESG) factors and sustainability considerations are important within the context of optimising net long-term risk-adjusted returns.

In the South African context, ESG factors include, but are not limited to, the manner in which transformation and Broad-Based Black Economic Empowerment are advanced.

Investees and the long-term returns they generate are more likely to be sustainable when the investee is well governed, meets customers' needs, treats employees equitably, pays fair taxes and respects their environment and community. This applies across all asset classes.

Investment risks associated with climate change and the related economic transition will materially impact the value of the Funds' investments in future. It is appropriate to pursue a just transition, which seeks to ensure that the substantial benefits of a green economy transition are shared widely, while also supporting those who stand to lose economically, including industries, communities, workers and consumers.

2.2.4 Investment Philosophy

The Fund's investment philosophy, as defined by the Rules and the Management Board in consultation with the Sponsor, can be summarised as follows:

The Fund shall permit Sub-Fund Management Committees to select Investment Portfolios that must address the nature of the particular Participating Employer's liabilities and the overall impact on the Sub-Fund funding level. Each Sub-Fund must have a Sub-Fund Investment Policy Statement which sets out the investment strategy and Investment Portfolios utilised by that Sub-Fund. The Sub-Fund Investment Policy Statement must address the context of the Employer's ability to meet the funding requirements.

The range of Investment Portfolios made available may include:

- A range of different risk profiles;
- A range of different investment styles and philosophies;
- Both active management and index tracking options
- Both market linked and smoothed products

The Fund shall offer access to both Old Mutual and non-Old Mutual Investment Portfolios. In recognition of the Governance Agreement, the Fund will favour the use of Old Mutual Investment Portfolios as default options if they are suitable for the needs of the membership.

The Fund shall utilise only pooled unitised daily-priced Investment Portfolios (either constituted as collective investment schemes or policies of insurance) with appropriate levels of liquidity which allow daily switching. The rationale for this approach is as follows:

- The Fund requires daily priced unitised portfolios, high levels of liquidity, the option of daily switching, and detailed investment fact sheets. Pooled portfolios offer these features.
- The Fund spans a range of Participating Employers and Members, and therefore needs to address a range of investment needs and preferences. Utilising pooled portfolios enables the Fund to offer Investment Portfolios spanning a range of investment styles and risk-return profiles.
- The overall cost of offering a range of pooled portfolios is expected to be lower than it would be if a similar range of segregated portfolios were used (taking into account all costs, including the expertise, oversight and governance required).
- Utilising pooled portfolios from well-recognised and reputable investment managers increases the marketability of the Fund, enabling increased Membership and therefore driving down overall costs per Member.
- Utilising pooled portfolios enables the Fund to access illiquid asset classes such as alternatives, direct property and infrastructure which provide valuable diversification, as well as achieving positive targeted investment outcomes.

Every Investment Portfolio offered must comply individually with the requirements and asset limits set out in Regulation 28 of the Pension Funds Act.

The Fund supports the use of smoothing (i.e. smoothed bonus Investment Portfolios) as a way to manage volatility without sacrificing long-term investment returns.

Wherever possible, the Fund shall seek to utilise Investment Providers which prioritise Broad Based Black Economic Empowerment and Responsible Investing. The Fund shall regularly and actively engage with Investment Providers to ensure sustainability of assets.

Recognising that diversification is an effective method of risk mitigation, the Fund shall invest in a blend of asset classes, investment styles and investment managers where applicable.

2.2.5 Investment Objectives

The Fund's investment objectives can be summarised as follows:

- To achieve sustainable and optimal risk-adjusted returns in excess of inflation over periods appropriate to each Investment Portfolio, and appropriate to the liabilities which are primarily defined benefit in nature. This is the Fund's primary investment objective.
- To incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns.
- To incorporate Broad Based Black Economic Empowerment (BBBEE) factors into investment decisions, to promote diversity and inclusion across the investment industry
- To utilise default Investment Portfolios which are appropriate for the categories of Members invested in such defaults (where applicable).

- To ensure that the investment structure and the range of Investment Portfolios offered are appropriate for the liabilities.
- To ensure appropriate investment management costs which are lower than a typical Member would pay if they had to make provision for retirement in their personal capacity.
- To ensure that the volatility of the investments is well managed within the agreed range as set by the employer and the actuary
- To ensure that all investments are overseen and directed by a Management Board that acts in the best interest of the Members.

2.3 GOVERNANCE OF THE INVESTMENT PROCESS

Each Sub-Fund has a Management Committee to whom the Management Board has delegated the determination and implementation of an investment policy which takes into account the characteristics of that Sub-Fund and the Employer's ability to meet the funding requirements. The investment policy statement of each sub-fund is subject to final approval by the Management Board. Each Sub-Fund is assisted by its own Investment Consultant, who assists the Sub-Fund to draft its own Sub-Fund investment policy statement. The Investment Portfolios selected by the Sub-Fund's Investment Consultant must previously have been approved by the Management Board.

Once the Management Committee signs off the Sub-Fund investment policy statement, this is passed to the Management Board for its approval.

Any change to a Sub-Fund's investment policy statement requires approval by the Management Board.

The Fund's Investment Consultant monitors the performance of all the Investment Portfolios used in its Sub-Funds.

If the Management Board becomes aware of persistent non-performance by an Investment Portfolio used by the Sub-Fund Management Committee, or breaches of mandate, or changes in personnel which indicate a possible deterioration in performance, or changes which may affect the suitability for the liability profile, this will be drawn to the attention of the relevant Management Committee, who will be requested to take action. (Such action could be representations to the Management Board as to why the occurrence is expected to be temporary.)

The Management Board shall also:

1. Determine one or more appropriate benchmarks of performance for each Investment Portfolio which remains relevant for the assessment of its performance.

2. Measure the performance of each Investment Portfolio in terms of these benchmark(s) over periods as described in the IPS.
3. Review the appropriateness of the benchmarks.
4. Review the appropriateness of the Investment Portfolios with reference to their stated objectives in light of their performance, new product offerings and continued compliance with the criteria as set down in the IPS.
5. Ensure that provision is made for one or more default Investment Portfolios as per Regulation 37(1) in respect of any defined contribution categories of Members.
6. For every Investment Provider and in respect of each Investment Portfolio, ensure that the Fund enters into an investment agreement.

2.4 REVIEW OF THE IPS

The Management Board must review the IPS at least once a year, as stipulated by Regulation 28 of the Pension Funds Act. However, the IPS may need to be reviewed more frequently if any of the following changes occur:

1. Major change of Member profile: e.g. a change of 20% or more in the Membership of the Fund;
2. Major change in Fund benefit structure;
3. Change in legislation affecting the Fund or investment conditions: e.g. a change in tax structure, or a relaxation of exchange control;
4. Change in economic factors affecting investment conditions: e.g. a significant change in inflation, or a major market correction, which alters asset values by more than 20% over one month;
5. Major change in asset structure: e.g. introduction of new investment channels if applicable;
6. Major change in the Management Board – so as to ensure continuity of information.
7. Major change in the underlying funding levels or abilities of employer to meet underfunded obligations as they fall due

3 REGULATION 28 GOVERNANCE AND COMPLIANCE

3.1 GOVERNANCE IN TERMS OF REGULATION 28

Section 2(c) of Regulation 28 requires the Fund and the Management Board to comply with the set of principles listed in that section. The Management Board has incorporated these principles into its governance processes and investment strategy. The Management Board shall¹:

(i)	promote the education of the Management Board with respect to pension fund investment, governance and other related matters;
(ii)	monitor compliance with Regulation 28 by the Funds' advisors and service providers;
(iii)	in contracting services to the Funds or the Management Board, consider the need to promote Broad-Based Black Economic Empowerment of those providing services, as described in Section 9 to this IPS;
(iv)	ensure that the Fund's Investment Portfolios are appropriate for its liabilities;
(v)	before making a contractual commitment to invest in an Investment Portfolio or making an Investment Portfolio available to Members, perform reasonable due diligence taking into account risks relevant to the investment including, but not limited to, credit, market and liquidity risks, as well as operational risk for assets not listed on an exchange, as described in Section 6 (<i>Technical Matters</i>) of this IPS;
(vi)	in addition to (v), before making a contractual commitment to invest in a third party managed foreign asset or investing in a foreign asset, perform reasonable due diligence taking into account risks relevant to a foreign asset including but not limited to currency and country risks, as described in Section 6 (<i>Technical Matters</i>) of this IPS;
(vii)	in performing a due diligence exercise, the Management Board may take credit ratings into account, but such credit ratings shall not be relied on in isolation for risk assessment or analysis of an asset, shall not be to the exclusion of the Funds' own due diligence, and the use of such credit ratings shall in no way relieve the Management Board of its obligation to comply with all the principles set out here;
(viii)	in selecting Investment Portfolios to make available, understand the changing risk profile of assets of the Funds over time, taking into account comprehensive risk analysis, including but not limited to credit, market, liquidity and operational risk, and currency, geographic and sovereign risk of foreign assets; and

¹ Numbering follows that of Regulation 28(2)(c)

(ix)	consider any factor which may materially affect the sustainable long-term performance of an asset including, but not limited to, those of an environmental, social and governance character, as described in Section 8 (<i>Responsible Investing</i>).
------	--

3.2 REGULATION 28 ASSET LIMITS AND REPORTING

Regulation 28 of the Pension Funds Act highlights that a retirement fund has a fiduciary duty to act in the best interest of its Members whose benefits depend on the responsible management of fund assets. It sets out a schedule of assets in which a retirement fund may invest, with limits defining the maximum allocations permitted to different asset classes.

The Management Board has determined that every Investment Portfolio selected in terms of the Investment Policy Statement must be Regulation 28 compliant. The Management Board requires that every Investment Portfolio must comply in its own capacity with all of the asset limits and aggregate exposures set out in Regulation 28(3).

The primary responsibility for compliance with much of the detail of Regulation 28 asset limits will rest with the Investment Provider who manages each Investment Portfolio. Nonetheless, the Management Board recognises that it retains an overarching responsibility to uphold the requirements and principles of Regulation 28.

The Funds only invest into Regulation 28 compliant pooled products. These mandates require each Investment Provider to:

- operate the Investment Portfolios in accordance with Regulation 28 limits;
- have systems in place to monitor such compliance on a daily basis;
- have procedures in place to address any breaches of compliance;
- report breaches (which are not as a result of a change in the fair value of assets) to SuperFund on a monthly basis;
- provide Regulation 28 Quarterly Reporting for pension funds as required, including the required details for infrastructure as set out in the Prudential Standard once finalised.

The Funds are only required to report non-compliance for purposes of Regulation 28 on a quarterly basis and where such breach is not as a result of a change in the fair value of assets unless such breach has been unresolved for 12 months from date of breach. This will be verified and monitored by quarterly reporting provided by the various asset managers.

- In respect of market movement breaches, if a breach is picked up, the details of the breach will be put on file and the Management Board notified by the Fund's Administrator. The Investment Portfolio will be tracked to confirm if the breach has been corrected.

- A quarterly summary will be provided to the Management Board which details any breaches as well as the remaining months left for those who need to correct the non-compliance. The affected asset managers will be monitored monthly to confirm if everything is still on track to resolve the breach.

The FSCA has issued a Draft Prudential Standard of 2022 which requires all Funds to report on compliance and non-compliance with Regulation 28 on a quarterly basis. Subject to final clarity being received the Funds' annual audit process must include a review that such quarterly Regulation 28 look-through reports are received from each of the issuing entities

4 INVESTMENT STRATEGY

4.1 SUB-FUND INVESTMENT STRATEGIES

The investment approach utilised by each Sub-Fund should have the following features:

- Members will have no choice of Investment Portfolio in respect of any defined benefit liability. The Management Committee of each Sub-Fund will determine the Investment Portfolio(s) to be utilised by the Sub-Fund, based on an assessment of the nature of the liabilities of the Sub-Fund.
- The Management Board shall make a range of Investment Portfolios available for selection for each Sub-Fund. The Sub-Fund's Investment Consultant must analyse the nature of the Sub-Fund's liabilities and assist the Management Committee to select appropriate Investment Portfolio(s) for the needs of that Sub-Fund.
- The Sub-Fund's Investment Consultant must prepare an investment policy statement for the Sub-Fund, which must be reviewed and approved by the Management Committee and then submitted to the Management Board for review and approval.
- Where a Sub-Fund includes an option for Members to make additional voluntary contributions, or includes any component which is defined contribution in nature, the investment policy statement of the Sub-Fund must set out any option(s) available to Members.

4.2 PRESERVER MEMBERS AND DEFERRED RETIREES

The Management Board considers that it is preferable for the default investment option applicable to a Preserver Member or a Deferred Retiree to provide for low volatility and capital protection (particularly in the stage as a Member nears the estimated retirement date) while offering high long-term expected real growth throughout the Member's saving lifetime. The Management Board therefore considers that a smoothed bonus option with a capital guarantee is the most appropriate default Investment Portfolio for paid-up Members and Deferred Retirees.

The Management Board is of the view that it is necessary to transfer all paid-up Members to the Preserver section of the Fund and into a default Investment Portfolio that satisfies the Management Board's deliberate strategy for paid-ups once they have had an appropriate opportunity to complete exit documentation. Once defaulted into Preserver, the default Investment Portfolio of the Preserver section will be applied to these paid-up Members.

Where there exists at sub-fund level a defined contribution category, the Management Board is of the view that it is necessary for those paid-up Members to remain invested in the Investment Portfolio(s) that were applicable at the date of termination of service.

5 MONITORING AND REPORTING

5.1 PERFORMANCE MONITORING

The Management Board will, with the assistance of the Fund's Investment Consultant, monitor the performance of the Investment Portfolios against benchmarks; and confirm, at least once each year, that the Investment Provider of that Investment Portfolio has complied with the investment mandate of that Investment Portfolio across the period since its inclusion or the last review, whichever is the later.

If the Management Board becomes aware of persistent non-performance by an Investment Portfolio used by the Sub-Fund Management Committee or breaches of mandate or any change which indicates a possible deterioration in performance, this will be drawn to the attention of the relevant Management Committee, who will be invited to take action. Such action could be representations to the Management Board as to why the occurrence is expected to be temporary or remedial steps being taken by the Management Committee such as close monitoring or review of the investment strategy.

5.2 REPORTING AND DISCLOSURE

The Funds will make the following investment communication and reporting material available to Members and other stakeholders upon request:

- Monthly performance summaries (without benchmarks).
- Quarterly performance summaries (with benchmark and inflation target comparisons and risk measures).
- Performance against the long term actuarial return assumptions per sub-fund
- Investment fact sheets for each Investment Portfolio on offer.
- Investment management fee summaries for each Investment Portfolio on offer.
- A copy of the Investment Policy Statement (or an abbreviated version thereof) will be available to all Members, Participating Employers, intermediaries and representative unions. On an annual basis, the Funds will publish a summary of material amendments to the IPS.
- The Funds' Responsible Investing Policy includes details regarding the Management Board's approach to issues including Broad-Based Black Economic Empowerment and sustainability of investments and assets.

The Funds shall include details as set out in Guidance Note 1 of 2019 in its annual financial statements regarding the approach to the sustainability of investments and assets and how this is addressed in the IPS.

6 TECHNICAL MATTERS

6.1 INVESTMENT PORTFOLIOS TO BE USED FOR RESERVE ACCOUNTS

Where administrative constraints allow, monies held to back the Reserve Accounts of the Fund, other than transactional Reserve Accounts, will be invested in the CoreGrowth 100 Investment Portfolio, unless otherwise approved by the Management Board and the Administrator. This Investment Portfolio provides both a capital guarantee and a reasonable chance of real returns.

Where administrative constraints do not allow this to be implemented, an appropriate Bank Account or similar Investment Portfolio of the Administrator's choosing will be utilised.

6.2 PROCESS FOR CHANGING INVESTMENT PORTFOLIOS

6.2.1 Process where an Investment Portfolio is closed or replaced

The Management Board may decide to close or replace an Investment Portfolio from time to time, in accordance with the Rules. Wherever possible, any Management Committees affected by the change will be engaged. Where an Investment Portfolio is closed or replaced, the Management Board will consider the following factors when identifying a replacement Investment Portfolio:

1. An Investment Portfolio which preserves capital (in nominal terms); or
2. An Investment Portfolio, which the Management Board considers a good match for the Investment Portfolio to be closed.

The Management Board will consider the following factors when identifying an Investment Portfolio which provides a good match:

- the investment approach of the Investment Provider of the Investment Portfolio to be closed (looking at issues such as style and process);
- categorisation of the Investment Portfolio;
- expected long-term investment returns;
- expected long-term actuarial return assumptions
- volatility;
- downside protection;
- reward for risk; and
- total investment cost.

The Management Board is open to considering motivations from an Investment Provider to replace an existing Investment Portfolio with another Investment Portfolio managed by the

same Investment Provider, provided the proposed Investment Portfolio is a good match to the existing Investment Portfolio using the criteria set out in this section.

The existing assets will be switched from the old Investment Portfolio to the new Investment Portfolio using a strategy considered by the Management Board to be appropriate in terms of market conditions at the time, and which complies with the terms of the contract with the Investment Provider of the old Investment Portfolio.

6.2.2 Other changes or switches

The Management Board shall have the right to implement any Investment Portfolio change or switch or disinvestment that it considers necessary or appropriate.

The Management Board shall have the right to alter the underlying investments or change the underlying mandate of an Investment Portfolio as it considers appropriate. Such alteration may include moving any investment from one Investment Portfolio to another Investment Portfolio. Any such alteration shall be subject to the Rules, and take into account any contracts in place in respect of the affected Investment Portfolio(s), and any specific written agreements in place with affected parties (e.g. a Sub-Fund or Management Committee).

Such change or switch or disinvestment or alteration may be required for the following reasons (but is not limited to these reasons):

- to effect a transfer of any sort;
- to effect a transition of any sort;
- to effect an in-specie transaction of any sort; or
- to protect the interests of a group or category of Members (without prejudicing any other group or category of Members).

The change or switch or disinvestment or alteration shall be conducted using a strategy considered by the Management Board to be appropriate in terms of Member and/or Sub-Fund circumstances and market conditions and the structure and complexity of the relevant Investment Portfolios, and which complies with the terms of any applicable contracts.

The Management Board shall have the right to use a transition portfolio and to appoint a transition manager in order to effect a change or switch or disinvestment or alteration, if this is deemed appropriate.

The Management Board shall have the right to allocate costs related to the change or switch or disinvestment or alteration in the manner which they consider equitable and pragmatic.

6.3 UNITISATION OF INVESTMENTS

Each Investment Portfolio available, other than an Investment Portfolio that is a Smooth Bonus Product, will be unitised on the basis described here.

- Any amount invested in a Unitised Investment, purchases a number of units at the purchase price per unit, as determined by the Investment Provider, coincident with or next following the date of the investment; provided that an amount which is invested in a Unitised Investment at a date other than at the date of investment shall accrue bank interest as earned on the Fund's bank account less any expenses from date of receipt by the Fund to the date on which units are purchased.
- The value, at any time, of the portion of an account invested in a Unitised Investment is the number of units held by the account in that Unitised Investment multiplied by the sale price per unit, as determined by the Investment Provider.
- When an amount is to be disinvested from a Unitised Investment, the number of units sold must be the amount to be disinvested divided by the sale price per unit as determined by the Investment Provider.
- The sale price in respect of a unit in a Unitised Investment must be determined by the Investment Provider as the fair value of all the assets held in that Unitised Investment on the date on which the sale of units is fixed by the Investment Provider in terms of the Fund's instruction to dispose of those units (before any disinvestments of units), less any expenses payable (including the expenses involved in the sale of any underlying investments in order to make the payment in respect of any units to be disinvested, any provision for tax where tax is levied on the investments managed by the Investment Provider and the fees to which the Investment Provider is entitled), and thereafter divided by the number of units in issue, including the number to be disinvested at that date.
- For the purposes of this unitisation process, where the last day of the month is different from the last working day of that month, any reference to the last day of the month means the last business day of the month (i.e. any day other than a Saturday, Sunday or public holiday).
- A certificate issued by the Investment Provider of the value of a unit in a Unitised Investment on any date constitutes prima facie proof of the market value of such unit on that date.
- The unitised return as determined by the Investment Provider will be allocated directly to the Member Accounts invested in Unitised Investments, less investment charges and any other expenses determined by the Investment Provider and/or the Management Board, as the case may be for each Investment Portfolio.
- Where the Investment Portfolio, in which the Member Account is invested, is a Unitised Investment, the value of a Member Account is based on the proceeds that are due when the units in each Investment Portfolio comprising that Member Account is realised or switched.

6.4 INVESTMENT PORTFOLIOS TO BE USED DURING THE PERIOD FROM DISINVESTMENT TO BENEFIT PAYMENT

Period from disinvestment to payment of a benefit:

The Administrator will retain the relevant monies in a Bank Account or equivalent Investment Portfolio where the monies will earn the corresponding call rate as determined by the Administrator, adjusted in respect of any tax applicable to retirement funds as determined by the Administrator.

Benefits payable in the event of a Member's death:

After a Member's death has been advised to the Administrator, and in other cases where the Administrator decides that it is likely that there will be an extended period between notification of the event and payment of the proceeds to the Member's beneficiaries, all monies will be disinvested from the Investment Portfolios selected on behalf of the Member and invested in a Bank Account or similar Investment Portfolio.

Benefits payable to former spouses

Benefits payable to former spouses in terms of the Rules (regardless of the option selected by the Member) will be invested in the CoreGrowth 100 Investment Portfolio until a spouse has exercised an investment choice or provided instruction regarding the treatment of the benefit. This Investment Portfolio provides both a capital guarantee and a reasonable chance of real returns.

As at the date this policy was signed, there has not been a need to open the CoreGrowth 100 Investment Portfolio for the Fund. Once required, there may be set-up processes involved in opening the account. Until such time as these processes are complete, the monies will be held in a Bank Account or money market Investment Portfolio and will earn the interest paid in such a Bank Account or Investment Portfolio less any tax applicable to retirement funds and expenses, as determined by the Administrator.

7 DEFAULT REGULATIONS

7.1 DEFAULT INVESTMENT PORTFOLIO

Regulation 37 of the Pension Funds Act requires the Fund's IPS to include provision of one or more default Investment Portfolios. A "*default Investment Portfolio*" is defined as:

"an Investment Portfolio(s) in which the retirement funding contributions of a Member must be invested unless the fund has been instructed by the Member in writing to invest them in another Investment Portfolio provided in terms of the investment policy statement of the fund or options available to Members of the fund, and which portfolio(s):

a) complies with the requirements set out in Regulation 37;

b) may differ in composition from Member to Member depending on:

(i) the age or likely date of retirement from service of each Member;

(ii) the value of the retirement savings of the Member in that fund,

(iii) the actual or expected retirement funding contributions of the Member; or

(iv) any other factor reasonably considered by the Management Committee to be appropriate in respect of that Member; and

c) complies with any conditions that may be prescribed."

7.2 DEFAULTS OFFERED WITHIN THE FUND

Section 37(1) states that the board of a fund with a defined contribution category, to which Members belong as a condition of employment, must include in its investment policy statement the provision of one or more default Investment Portfolios.

The Funds are defined benefit funds without Member choice. Where Sub-Funds allows for additional voluntary contributions these are treated as a defined contribution category. Compliance towards this Regulation must be covered in the relevant Sub-Fund IPS.

The Funds also permit members who leave the service of their employer to become paid-up members (Preserver Members) with a defined contribution type structure. This is addressed in the following section.

7.3 DEFAULT INVESTMENT FOR DEFERRED RETIREES AND PRESERVER MEMBERS

Deferred Retirees are members who became entitled to a retirement benefit and elected to defer the payment of such retirement benefit.

Preserver Members are Members who cease to be an eligible employee, but continue their membership in the Fund without becoming a deferred pensioner, as a paid-up Member.

Such a Preserver or Deferred Retiree benefit is converted to a defined contribution category.

The Management Board is of the view that it is necessary to transfer all paid-up Members to the Preserver section of the Fund and into a default Investment Portfolio that satisfies the Management Board's deliberate strategy for paid-ups once they have had an appropriate opportunity to complete exit documentation. Once defaulted into Preserver, the default Investment Portfolio of the Preserver section will be applied to these paid-up Members.

The Management Board considers that it is appropriate for the default investment option(s) applicable to paid-up Members to provide for low volatility and capital protection (particularly in the stage as a Member nears the estimated retirement date from the Fund) while offering high long-term expected real growth throughout the Member's saving lifetime. The Management Board therefore considers that a smoothed bonus option with a capital guarantee is the most appropriate default portfolio for paid-up Members. The Old Mutual CoreGrowth 100 portfolio has been selected by the Management Board as the appropriate portfolio in order to preserve the capital. The compliance of this default Investment Portfolio for Preserver members is addressed in the sub-section which follows.

Where there exists at sub-fund level a defined contribution category, the Management Board is of the view that it is necessary for those paid-up Members to remain invested in the Investment Portfolio(s) that were applicable at the date of termination of service.

7.3.1 Preserver: Structure and Compliance

"37.(2) The board must ensure, and be able to demonstrate to the Registrar on request, that - Default Investment Portfolio(s) are appropriate for the Members who will automatically enrolled into them

(a) The design of the default Investment Portfolio, including its

- I. Objective;*
- II. Underlying asset allocation;*
- III. Fees and charges; and*
- IV. The expected risks and returns to which it exposes Members whose retirement savings in that fund are or will be invested in the default Investment Portfolio,*

Is appropriate to that category of Members whose retirement funding contribution and retirement savings are or will be invested in the default Investment Portfolio(s);"

Comment: The selected CoreGrowth 100 portfolio provides a high level of guarantee (100%) and was selected due to the low tolerance for volatility, a need for high liquidity and offering a

reasonable chance of outperforming inflation with a primary objective to ensure capital preservation.

“The composition of assets and performance of the default Investment Portfolio are adequately communicated to Members

(b) The composition of assets and performance of the default Investment Portfolio(s), and fund returns are communicated to Members on a frequency and format which may be prescribed;”

Comment: The returns and asset allocations are reflected on the fund fact sheet and available upon request.

“Default Investment Portfolios are reasonably priced and competitive

(c) The fees and charges in respect of the default Investment Portfolio(s) or the assets held in respect of the default Investment Portfolio(s) are reasonable and competitive, taking account of the size, asset allocation and other characteristics of the fund;”

Comment: The investment fees and charges are set by the Investment Providers and priced according to the large pool of assets in respect of Old Mutual SuperFund and would be more competitive than what would be paid if negotiated separately.

The Management Board must continue to review the fees and charges on a regular basis to ensure continued compliance to the above.

“All fees and charges are disclosed

(d) All fees and charges, whether borne directly or indirectly by the fund, implicit or explicit, are disclosed on a regular basis to boards and the relevant information is appropriately disclosed to Members, in a clear and understandable language, and in formats which may be prescribed;”

Comment: Fees and charges are disclosed to the Management Board on an ongoing basis and reviewed annually.

“Both passive and active investment must be considered as investment options

(e) It considers both passive and active investment strategies as part of the default Investment Portfolio;”

Comment: As part of its local equity mandate passive investment strategies are included.

“No loyalty bonuses or other complex fee structures

(f) No fees or charges deducted from or amounts credited to Members’ retirement savings or retirement funding contributions or otherwise paid to Members by any service provider in respect of the default Investment Portfolio may depend on the length of time that an individual has been a Member of the fund, the number of contributions made by the Member or any similar measure;”

Comment: There are no loyalty bonuses associated with this default Investment Portfolio.

“Members are not locked into the default Investment Portfolio

(g) Where Member investment choice is provided in the rules, Members may, at least once every twelve months, instruct the fund to transfer their retirement savings from the default Investment Portfolio into any other Investment Portfolios offered in terms of the investment policy statement, in respect of which transfer the fund may deduct reasonable administration costs;”

Comment: Member investment choice is not permitted in terms of the rules of the Fund. Certain Sub-Funds does allow for additional voluntary contributions and the compliance of these to this Regulation is required to be fully documented in the relevant Sub-Fund IPS’s.

Members are not locked-in in terms of the deferred retirement option nor for the relevant Sub-Funds as mentioned.

“The default Investment Portfolio is reviewed

(h) It reviews the default Investment Portfolio(s) on a regular basis to ensure that it continues to comply with this regulation;”

Comment: The Management Board reviews the IPS on an annual basis.

8 RESPONSIBLE INVESTING & SUSTAINABLE INVESTMENT POLICY

This Responsible and Sustainable Investment Policy summarises the Funds' strong commitment to a responsible and sustainable investment approach. It should be read in conjunction with the Funds' investment governance approach, beliefs and objectives (as set out in Section 2.2 of the Investment Policy Statement) for additional context.

Definitions and explanations of key concepts considered in this Responsible and Sustainable Investment Policy are detailed in the text box below.

<p>Responsible investment² is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long term returns. Responsible investing approaches are typically a combination of two overarching areas:</p>				
<p>CONSIDERING ESG ISSUES WHEN BUILDING A PORTFOLIO (known as ESG incorporation)</p>			<p>IMPROVING INVESTEEES' ESG PERFORMANCE (known as active ownership or stewardship)</p>	
<p>ESG issues can be incorporated into existing investment practices using a combination of three approaches: integration, screening and thematic.</p>			<p>Investors can encourage the companies they are already invested in to improve their ESG risk management or develop more sustainable business practices</p>	
<p><u>Integration</u></p>	<p><u>Screening</u></p>	<p><u>Thematic</u></p>	<p><u>Engagement</u></p>	<p><u>Proxy voting</u></p>
<p>Explicitly and systematically including ESG issues in investment analysis and decisions, to better manage risks and improve returns.</p>	<p>Applying filters to lists of potential investments to rule companies in or out of contention for investment, based on an investor's preferences, values or ethics</p>	<p>Seeking to combine attractive risk return profiles with an intention to contribute to a specific environmental or social outcome. Includes impact investing.</p>	<p>Discussing ESG issues with companies to improve their handling, including disclosure, of such issues. Can be done individually, or in collaboration with other investors.</p>	<p>Formally expressing approval or disapproval through voting on resolutions and proposing shareholder resolutions on specific ESG issues.</p>
<p>ESG factors³ refers to the environmental, social and corporate governance issues that investors are considering in the context of corporate behaviour. No definitive list of ESG issues exists, but they typically display one or more of the following characteristics:</p> <ul style="list-style-type: none"> • Issues that have traditionally been considered non-financial or not material 				

² Definition from [UN Principles of Responsible Investing \(UNPRI\)](#)

³ Definition from the [Responsible Investment and Ownership Guide](#)

- A medium or long-term time horizon
- Qualitative objectives that are not readily quantifiable in monetary terms
- Externalities (costs borne by other firms or by society at large) not well captured by market mechanisms
- A changing regulatory or policy framework
- Patterns arising throughout a company's supply chain (and therefore susceptible to unknown risks)
- A public-concern focus

In defining ESG factors, Guidance Note 1 of 2019 highlights that in the South African context, and specifically in respect of assets located in South Africa, these factors include, but are not limited to, the manner in which Broad Based Black Economic Empowerment is advanced.

Sustainability⁴ refers to the ability of an entity to conduct its business in a manner that primarily meets existing needs without compromising the ability of future generations to meet their needs. Conducting business sustainably includes managing the interaction of the business with the environment, the society and the economy in which it operates towards a better long-term outcome. Evaluating the sustainability of the business of an entity includes the consideration of economic factors and ESG factors. The 'sustainability of an asset' implies the sustainability of the entity giving rise to the underlying value of the asset.

Sustainable finance⁵ encompasses financial models, services, products, markets and ethical practices to deliver resilience and long-term value in each of the economic, environmental and social aspects and thereby contributing to the delivery of the sustainable development goals and climate resilience. This is achieved when the financial sector:

- Evaluates portfolio as well as transaction-level environmental and social risk exposure and opportunities, using science based methodologies and best practice norms;
- links these to products, activities and capital allocations;
- maximises opportunities to mitigate risk and achieve benefits in each of the social and environmental and economic aspects; and
- contributes to the delivery of the Sustainable Development Goals

Sustainable investing⁶ is an investment discipline that considers environmental, social and corporate governance (ESG) criteria to generate long-term competitive financial returns and positive societal impact.

⁴ Definition from Guidance Note 1 of 2019 issued by the [FSCA](#)

⁵ Definition from National Treasury's Draft [Technical Paper on Financing a Sustainable Economy](#), May 2020.

⁶ Definition from the [US Forum for Sustainable and Responsible Investment](#)

Active ownership⁷ means the prudent fulfilment of responsibilities relating to the ownership of, or an interest in, an asset. These responsibilities include, but are not limited to:

- guidelines to be applied for the identification of sustainability concerns in that asset;
- mechanisms of intervention and engagement with the responsible persons in respect of the asset when concerns have been identified and the means of escalation of activities as a holder or owner of that asset if these concerns cannot be resolved; and
- voting at meetings of shareholders, owners or holders of an asset, including the criteria that are used to reach voting decisions and the methodology for recording voting.

8.1 SUPERFUND STRONGLY SUPPORTS RESPONSIBLE INVESTMENT

The Management Board strongly supports the position reflected in Regulation 28, that the Funds have a fiduciary duty to act in the best interest of their Members, whose benefits depend on the responsible management of Fund Assets. This fiduciary duty supports the adoption of a sustainable and responsible investment approach to deploying capital into markets that will earn adequate risk adjusted returns suitable for the Funds' specific member profile, liquidity needs and liabilities.

The Management Board affirms that prudent investing should give appropriate consideration to any factor which may materially affect the sustainable long-term performance of the Funds' assets, including factors of an environmental, social and governance character. This concept applies across all assets and categories of assets and should promote the interests of the Funds in a stable and transparent environment.

The Management Board has sought to address the sustainability issues highlighted in Regulation 28 and Guidance Note 1 of 2019 in this Responsible Investment Policy (which is a subsection of the Funds' Investment Policy Statement). The Funds' specific approach to Broad-Based Black Economic Empowerment and Transformation (which is an important component of ESG factors in the South African context) is addressed in Section 9 because it is a key issue in and of itself.

The Management Board supports a responsible investment approach which prioritises the sustainability of assets for the following reasons:

- Incorporating ESG factors into investment decisions is expected to enable better management of risk and generate sustainable, long-term investment returns.
- The Management Board has a fiduciary duty towards both the Funds and the Members, and must exercise its powers in the best long-term interests of the Funds. Investment decisions must be taken with due regard for both short- and long-term risks. It is therefore

⁷ Definition from Guidance Note 1 of 2019 issued by the [FSCA](#)

imperative to consider environmental, social and governance factors (including specific factors such as climate risk and transformation) in the Funds' investment approach.

- The Funds represent a range of Members across South Africa and beyond. It is therefore appropriate to pursue a positive impact on environmental, societal and governance-related matters in the context in which it operates.
- Old Mutual as Sponsor places a high emphasis on responsible investment, recognising that it has a responsibility to constructively contribute to creating a sustainable and inclusive future for all, without sacrificing return outcomes for its clients.

The Management Board affirms that responsible and sustainable investment requires a collaborative approach and is committed to working jointly with other stakeholders including Old Mutual as the Funds' Sponsor and other service providers, regulators, investment managers and ultimately the Funds' members and beneficiaries to promote acceptance and implementation of responsible investment, sustainability and sound governance.

8.2 FACTORS LIMITING ACTIVE OWNERSHIP PRACTISES

The Fund has a long-established practice of utilising pooled unitised Investment Portfolios, which are either constituted as collective investment schemes or policies of insurance. As a result, the Fund is limited in its ability to directly implement a responsible investing approach in respect of the pooled Investment Portfolios, because the Fund does not directly own these investments.

Nonetheless, the Management Board considers that the robust responsible investing approach adopted by the Fund despite this limitation is able to achieve the key goal of incorporating ESG factors into investment decisions to enable better management of risk and generate sustainable, long-term investment returns.

The Management Board has carefully considered whether the limitation introduced by utilising pooled Investment Portfolios (i.e. the fact that the Fund is not the direct owner of the assets) is justifiable. The Management Board has concluded that, in light of the approach set out below, the benefits of utilising pooled Investment Portfolios⁸ are sufficiently great to justify the limitations.

⁸ In summary, the key benefits of using pooled portfolios are as follows:

- The Fund requires daily priced unitised portfolios, high levels of liquidity, the option of daily switching, and detailed investment fact sheets. Pooled portfolios offer these features
- The cost of offering a range of pooled portfolios is lower than it would be if segregated portfolios were used.
- Utilising pooled portfolios from well-recognised investment managers increases the marketability of the Fund, enabling increased Membership and therefore driving down overall costs per Member.
- Utilising pooled portfolios enables the Fund to access illiquid asset classes such as alternatives and direct property which provide valuable diversification, as well as achieving positive targeted investment outcomes.

8.3 FUNDS' APPROACH TO RESPONSIBLE AND SUSTAINABLE INVESTMENT AND ACTIVE OWNERSHIP

8.3.1 Responsible and sustainable investment approach

The statements below describe the Funds' responsible and sustainable investment approach in respect of pooled Investment Portfolios and address the implementation of active ownership as delegated to Investment Providers:

Investment Providers appointed by the Funds are required to adopt the principles and practice recommendations set out in CRISA, and/or be signatories to the UNPRI. The Funds seeks to utilise investment providers that operate responsibly and sustainably, and which have fully integrated sustainability and criteria for responsible investment practices in their investment decisions.

Investment Providers are required to provide the Funds' investment consultant with detailed information about their responsible investment policies and practices, and how these are implemented. This information is analysed and included in scoring when a due diligence is conducted to consider the addition of an Investment Portfolio, and on an annual basis when the Funds conducts its annual investment review.

The investment mandate for an Investment Portfolio must specify the Investment Portfolios responsible and sustainable investment approach. Where existing mandates do not include such details, the Investment Provider shall be engaged to incorporate this detail in the mandate, or to provide a satisfactory alternative solution.

Investment Providers must report regarding their approach to climate risk, and how this is accounted for in managing the Investment Portfolio. Investment Providers are encouraged to report in accordance with the Task force on Climate-related Financial Disclosures (TCFD) recommendations.

Investment Providers must report regarding the potential impact of ESG risks and ESG factors on the assets of the Investment Portfolio.

The Management Board shall engage actively with Investment Providers where concerns are identified regarding their responsible and sustainable investment approach (including their prioritisation of transformation).

Non-compliance or matters of concern are tracked by the Funds' investment consultant and reported on to the Management Board.

The Management Board shall engage with Investment Providers regarding areas of concern and remedial actions required.

The Funds shall provide all Investment Providers with details of the Funds' views and requirements regarding responsible and sustainable investment, to ensure they are familiar with the Funds' priorities.

Where possible, the Funds shall seek to collaborate with industry stakeholders to develop, share and promote best practice, and to engage with business and/or policy makers on strategic (macro) issues.

8.3.2 Active ownership approach

As noted in Section 8.2, the Funds primarily invest in pooled Investment Portfolios which are constituted as collective investment schemes or policies of insurance. The “assets” in which the Funds invest are therefore the collective investment schemes or policies of insurance (rather than the underlying equities, bonds and other financial instruments). The Funds’ active ownership approach is therefore focused on ensuring that Investment Providers in turn apply an active ownership approach in respect of these pooled portfolios.

There is significant overlap between the Funds’ approach to responsible and sustainable investment and its active ownership approach. The points below highlight key actions which are specifically related to active ownership, but these must be read in conjunction with the Funds’ overall approach to responsible and sustainable investment.

Guidelines and requirements

1. The Funds shall provide all Investment Providers with guidelines which set out the Funds’ views and requirements regarding active ownership, to ensure they are familiar with the Funds’ priorities.
2. Investment Providers are expected to implement active ownership practices in respect of Investment Portfolios utilised by the Funds, in respect of all asset classes.⁹
3. The investment mandate for an Investment Portfolio must specify the Investment Portfolio’s active ownership approach. Where existing mandates do not include such detail, the Investment Provider shall be engaged to incorporate this detail in the mandate, or to provide a satisfactory alternative solution.

Voting and monitoring of stewardship

4. Investment Providers must provide the Funds with their voting policies and annual stewardship reports as well as additional detail regarding the implementation of responsible and sustainable investment in their Investment Portfolios.
5. Stewardship reports and related reporting must set out details of how active ownership has been applied in respect of the Investment Portfolio, and provide details of how votes have been exercised.

⁹ The expectation that all Investment Providers utilised by the Funds should apply an active ownership approach in respect of all asset classes is aspirational. The Funds note that this is not the current practice in respect of some Investment Providers.

Mechanism of intervention and engagement and means of escalation

6. The Management Board shall engage actively with Investment Providers where concerns are identified regarding their active ownership approach as a result of tracking of these matters of concern by the Funds' investment consultant.

8.3.3 Analysis and monitoring

The Funds analyses and monitors how its Investment Providers consider and apply responsible and sustainable investing policies as a factor when selecting or reviewing managers. As a minimum the Funds, with the assistance of its investment consultant, analyse the following factors when conducting a due diligence and on an annual basis:

- Overarching responsible and sustainable investment aspects at Investment Provider level, such as:
 - Is the Investment Provider a signatory to UNPRI and/or CRISA?
 - For UNPRI signatories: analysis of PRI ratings
 - Any other local and international responsible investment or stewardship codes or principles adopted by the firm
 - Whether the firm has a responsible investment policy, how comprehensive this policy is, and how the Investment Provider is tracking against their stated policies.
 - Whether the firm employs dedicated responsible investment professionals.
 - How employee performance contracts are structured to prioritise responsible investment.
 - Whether the firm has a written proxy voting policy in place, and how comprehensive this policy is.
 - Whether the firm's responsible investment approach encompasses all asset classes, or only a subset.
 - How the firm engages with investees regarding ESG targets and goals.
 - How the firm incorporates responsible investing practices in respect of any index-tracking assets.
- The Investment Provider's approach in respect of climate risk:
 - Whether the Investment Provider supports/implements Task Force on Climate Related Financial Disclosures (TCFD)
 - How the firm integrates climate risk into their investment processes
 - Whether the firm has a climate risk policy in place
 - Whether the firm is able to measure the carbon risk of underlying holdings

- The Investment Provider's approach in respect of infrastructure investment, and whether the firm reports in infrastructure allocations using ASISA's infrastructure taxonomy
- The Investment Provider's approach to transformation and ratings in respect of Broad-Based Black Economic Empowerment (described further in Section 9).
- Portfolio-specific factors, such as whether the investment mandate specifies the Investment Portfolio's responsible and sustainable investment approach and active ownership approach.

This evaluation results in a responsible investment score for each Investment Provider and Investment Portfolio. This enables the Management Board to engage directly with Investment Providers to address any ESG and active ownership shortcomings and improve their responsible and sustainable investment commitment in this regard.

8.3.4 Exercising of votes

The Management Board must consider all matters where the Funds are offered an opportunity by an entity, in which the Funds holds an interest, to exercise its right to vote on a resolution or other matter and to determine the Funds' response and must exercise the votes attaching to any Units owned by the Funds, where:

- in the case of a collective investment scheme, there is a merger of collective investment schemes or alteration of the nature of those collective investment schemes, or
- such exercise may enhance the value of the investment.

8.4 DISCLOSURE REGARDING RESPONSIBLE INVESTMENT

The Funds shall disclose the approach towards responsible investment and sustainability as follows:

- By making the Funds' Responsible Investment Policy available to all stakeholders on the Funds' website, and regularly informing all stakeholders of this.
- By making the Funds' Investment Policy Statement (or an abbreviated version thereof) available to all stakeholders on the Funds' website, and regularly informing all stakeholders of its availability and material changes thereto.
- By reporting on compliance with Guidance Note 1 of 2019 in the Funds' Annual Financial Statements.

9 BROAD-BASED BLACK ECONOMIC EMPOWERMENT

9.1 THE FUNDS STRONGLY SUPPORT BBBEE

Regulation 28 requires that when contracting services, the Management Board should consider the need to promote Broad-Based Black Economic Empowerment (BBBEE) of those providing services. In defining ESG (environmental, social and governance) factors, Guidance Note 1 of 2019 highlights that *“in the South African context, and specifically in respect of assets located in South Africa, these factors include, but are not limited to, the manner in which broad based black economic empowerment is advanced”*.

The Management Board strongly affirms the importance of promoting and integrating BBBEE into its investment approach. Although it is noted that BBBEE is a component of the ESG factors addressed in the Fund’s Responsible Investment policy, the Fund’s specific approach to BBBEE is addressed separately in this section because it is a key issue in and of itself.

The Funds shall take into account principles of broad-based Black economic empowerment when outsourcing services to service providers, including investment managers. In situations where services are outsourced from parties that do not satisfy BBBEE principles, the Funds will engage with the service provider in question to reach a satisfactory outcome, taking into account the contractual relationship between the Funds and the service provider.

9.2 SUPERFUND’S APPROACH TO BBBEE IN INVESTMENT

The Broad Based Economic Empowerment Act of 2003 provides a legal framework and road map on how empowerment should be constructed. Codes of Good Practices were gazetted that provided further clarity on what BBBEE is how an enterprise contribution should be measured.

The Management Board prioritises BBBEE when appointing and reviewing investment providers as follows:

1. Investment providers are required to provide the Fund’s Investment Consultant with detailed information about their implementation of BBBEE. This information is analysed and included in scoring when a due diligence is conducted to consider the addition of an Investment Portfolio, and on an annual basis when the Fund conducts its annual investment review.
2. The factors that the Funds pays particular attention to include:
 - o Enterprise development
 - o Socio Economic Development

- o Skills Development
 - o Black Ownership
 - o BBBEE Procurement Recognition levels
 - o Demographics of the Asset Managers' Investment Teams
 - o Incorporation of BBBEE into investment decisions, such as:
 - Does the firm encourage companies it invests in, to set BBBEE targets and goals?
 - Does the stock selection process consider the BBBEE level of the company selected?
3. The Funds' annual investment review shall include a section setting out the BBBEE status of each investment manager, addressing the factors described above.
 4. Wherever possible within the Funds' overall range of investment offerings, the Funds shall seek to offer Investment Portfolios managed by black-owned investment managers.
 5. The Management Board shall **engage actively with investment managers where concerns are identified regarding their BBBEE circumstances** (including their prioritisation of transformation). Non-compliance or matters of concern are tracked by the Fund's Investment Consultant and reported on to the Management Board. If the manager does not take appropriate action to address concerns within a reasonable period of time, the relevant Investment Portfolio(s) may be removed from the Funds' offering.
 6. Where possible, the Funds shall seek to collaborate with industry stakeholders to develop, share and promote best practice, and to engage with business and/or policy makers on strategic (macro) issues.

9.3 DISCLOSURE REGARDING BBBEE

The Funds shall disclose their approach towards BBBEE as follows:

- By making the Funds' Responsible Investment Policy and BBBEE policy available to Members, participating employers, representative unions, intermediaries and other stakeholders on the Funds' website, and regularly informing all stakeholders of this.
- By reporting on compliance with Guidance Note 1 of 2019 in the Fund's Annual Financial Statements.

10 ROLES AND RESPONSIBILITIES

Roles and responsibilities of the parties in the drafting and implementation of the investment strategy.

Party	Responsibilities
Management Board	<ul style="list-style-type: none"> • Establish and annually review the IPS, including the establishment of criteria by which proposals submitted by the Sponsor will be evaluated; • Approve the inclusion of Investment Portfolios and Investment Providers in the Fund's investment offering; • Monitor compliance with the IPS; • Contract with Investment Providers ; • Review on a regular basis the Investment Portfolio's (and hence the Investment Provider's) performance against the benchmark; • Ensure compliance with regulatory standards; • Ensure that the IPS and its implementation are focused on meeting the needs of the Fund's Members.
Old Mutual	<ul style="list-style-type: none"> • Market and promote the Funds; • Make available its service centres for use by Members to make queries, submit correspondence to the Fund and obtain general information pertaining to their Membership of the Funds; • Conduct necessary research and development in order to make proposals to the Fund with respect to enhancements and changes to the features, benefits, investments and structure of the Funds; • Propose new investment products in conjunction with the investment consultant to the Management Board, which will include the necessary communication material to be given to Members.
Investment Providers	<ul style="list-style-type: none"> • Investment of the Funds' assets in compliance with legislation, its contract with the Funds and the constraints imposed by this document; • Maintain accurate investment files and records, including custodial services for the asset scrip; • Employ sound audit principles; • Prepare Investment Portfolio and performance reports as directed by the Sub-Funds;

Party	Responsibilities
	<ul style="list-style-type: none"> • Report back to the Management Board and Investment Sub-Committee (if established) upon request. • Provide the necessary Regulation 28 reporting as required
Old Mutual Corporate Consultants (OMCC)	<ul style="list-style-type: none"> • Assist the Management Board with the preparation and review of the IPS; • Assist with the regular performance monitoring of all the Investment Portfolios used by the Sub-Fund's; • Prepare Investment Portfolio reports as directed; • Assist the Management Board with investment related matters. • Annual Investment review of the Investment Portfolios used by the Sub-Fund's
Valuator (OMCC)	<ul style="list-style-type: none"> • Ensure asset allocation is consistent with the liability profile of each Sub-Fund; • Approve the IPS of each Sub-Fund.
Administrator	<ul style="list-style-type: none"> • Implement the investment instruction issued by the investment consultant of the Management Committee concerned.

11 SIGNATORIES

This Investment Policy Statement has been approved by the Management Board at their meeting held in March 2023.

Representing the Fund:

B. van Wyk

G. Hartwig

K. Quinlan

Representing the Sponsor:

F. van der Vyver