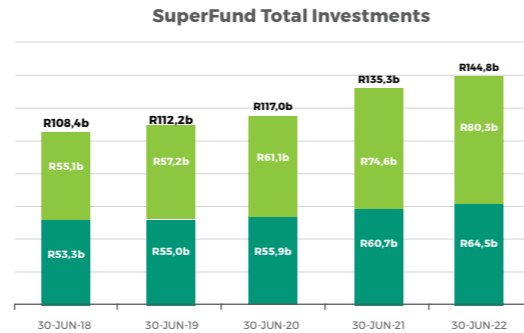


1 WHY ARE SUSTAINABILITY AND STEWARDSHIP IMPORTANT?

“Sustainability” and “stewardship” are complex, nuanced concepts. It is much easier to talk about these concepts than to do them. However, both are key to retirement savings:

- ▶ We need our savings to be sustainable and focused on the long view, so that the wealth we are building can be depended on in our far distant future, in a future world worth living in.
- ▶ We need our savings to be well-stewarded, both in a financial sense and in a broader sense. Our money needs to be at work to build a better future for us and our children.

Old Mutual SuperFund plays a key role in enabling members to achieve their future hopes and dreams, providing a stable anchor amid instability. To do this, stewardship and sustainability must be key pillars of our investment approach.



Note: The chart above reflects the total value of the Funds' investments over the past 5 years, excluding accruals and cash at bank. It will therefore differ slightly from the total value of assets reflected in the financial statements and recent integrated reports.

WHAT DO THESE TERMS MEAN?

RESPONSIBLE INVESTMENT

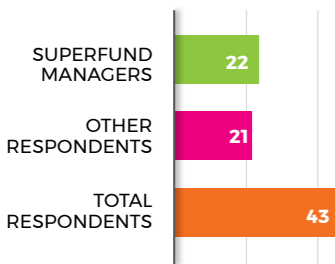
Responsible investment “aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns”¹.

SUSTAINABILITY

Sustainability is about conducting business in a way that “primarily meets existing needs without compromising the ability of future generations to meet their needs.”²

STEWARDSHIP

Stewardship means “managing investment arrangements and activities towards the creation of long-term value for the economy, the environment and society as part of the delivery of superior risk-adjusted returns.”³



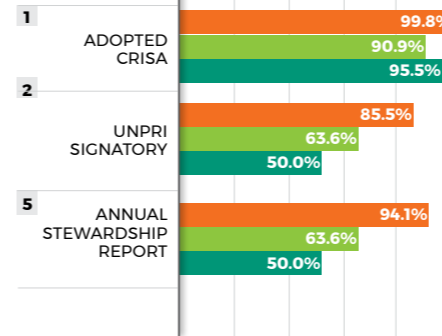
R139.8 BILLION
TOTAL SUPERFUND ASSETS INCLUDED IN THE SURVEY

2 WHAT DID WE DO DURING 2021/22?

- ▶ We checked that all the investment portfolios on offer in SuperFund continue to be high quality, competitive in the market, and appropriate for member needs.
- ▶ We analysed the investment managers used by SuperFund, to make sure they continue to have strong teams and excellent processes. We checked that they are sticking to their mandates from SuperFund.
- ▶ We checked investment fees, to make sure that fees are appropriate and competitive.
- ▶ We communicated our responsible investment priorities to the investment managers used by SuperFund.
- ▶ We developed a comprehensive Guide Book for clients in SuperFund Customised, to ensure continued high standards of investment governance. Additional criteria are included for those clients with directly-held assets in their investment strategy.
- ▶ We paid additional attention to the sustainability and stewardship of assets held in smoothed bonus investments, since these make up the largest proportion of SuperFund's total assets.
- ▶ We analysed the responsible investment practices of our investment managers in detail. This included a detailed survey of 43 investment managers (22 investment managers utilised by SuperFund, and 21 other South African investment managers).

RESPONSIBLE INVESTMENT PRACTICES

Responsible investment practices Superfund managers



2022 - Weighted by AUM
2022 - Unweighted
2021 - Unweighted

SUPERFUND MANAGERS: HOW ARE WE DOING?

AREAS OF SUCCESS

99.8%

of the Funds' assets are managed by investment providers which have adopted the CRISA (Code for Responsible Investing in South Africa) principles

85.5%

of the Funds' assets are managed by UNPRI (United Nations Principles of Responsible Investing) signatories.

94.1%

of the Funds' assets are managed by managers which produce an annual stewardship report.

ROOM FOR IMPROVEMENT

ONLY 13 of the Funds' 22 managers

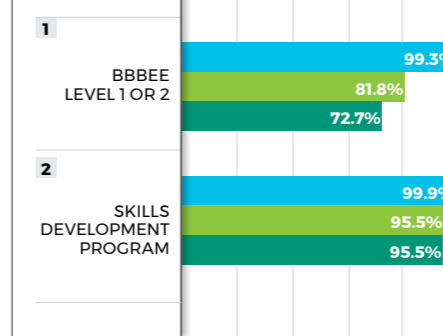
utilise a tool to assess ESG risks, employ dedicated responsible investment professionals or prioritise responsible investment in performance contracts



The Funds have engaged with certain managers regarding the focus and detail in their responsible investment policies.

TRANSFORMATION PRACTICES

Transformation Superfund managers



2022 - Weighted by AUM
2022 - Unweighted
2021 - Unweighted

SUPERFUND MANAGERS: HOW ARE WE DOING?

AREAS OF SUCCESS

99.3%

of the Funds' assets are managed by asset managers which are Level 1 or Level 2 B-BBEE contributors.

99.9%

of the Funds' assets are managed by asset managers with skills development programmes in place.

ROOM FOR IMPROVEMENT

ONLY 13 of the Funds' managers

(representing only 20.0% of the Funds' assets) have embedded BBBEE considerations into their stock selection process. However, it should be noted that some of the Funds' asset managers prefer to actively engage regarding transformation with the companies that they invest in (i.e. rather than applying a blanket approach during the stock-selection process).

ONLY 6 of the Funds' managers

(representing only 5.3% of Fund assets) are more than 50% Black-owned. Several of the Funds' key managers are on track to improve this within the next two years.

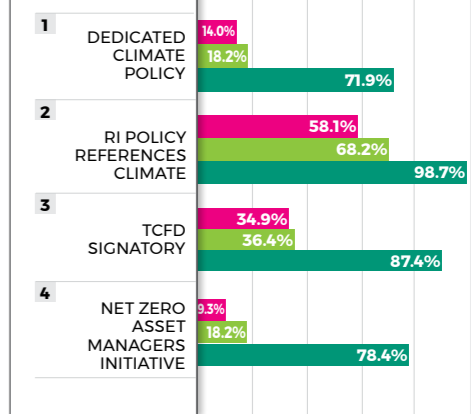
MARKET TRENDS: WHAT DID WE FIND?

There has been a strong improvement in B-BBEE levels over a five-year period. Our 2018 survey showed 64% of managers were Level 1 or Level 2 BBBEE contributors, **which improved to 88% in the 2022 survey.**

For the 2022 survey, 53% of respondents were more than **50% Black-owned**, and 16% of respondents were more than **30% Black-women-owned.**

CLIMATE RISK PRACTICES

Climate Risk Superfund vs all respondents



2022 - All Respondents (Unweighted)
2022 - SuperFund Managers (Unweighted)
2022 - SuperFund Managers (Weighted by AUM)

SUPERFUND MANAGERS: HOW ARE WE DOING?

AREAS OF SUCCESS

72%

SuperFund: While only four of the Funds' managers (18%) have dedicated climate policies in place, these 4 firms manage nearly 72% of the Funds' assets. 15 of the Funds' managers (managing 98.7% of the Funds' assets) address climate issues in their responsible investment policies.

87%

SuperFund: Eight SuperFund managers managing 87% of the Funds' assets are signatories to the Task Force on Climate-Related Financial Disclosures (TCFD).

78%

SuperFund: Only four SuperFund managers have joined the Net Zero Asset Manager or Net Zero Asset Owner initiative, but these four firms manage 78% of the Funds' assets.

INDUSTRY TRENDS: There has been a general improvement from 2021 in respect of climate focus by the rest of the industry.

ROOM FOR IMPROVEMENT

SuperFund: Although a high proportion of SuperFund's assets are managed by firms with a strong focus on climate risk, many of the smaller managers utilised by SuperFund have significant work to do in their approach to managing climate risk.

INDUSTRY TRENDS: Responses from the rest of the industry show that the majority of managers do not yet have a strong focus on climate risk.