

OLDMUTUAL

OLD MUTUAL SUPERFUND INVESTMENT SUSTAINABILITY DISCLOSURE REPORT

Old Mutual SuperFund Pension Fund and Old Mutual SuperFund Provident Fund

1 July 2021 – 30 June 2022

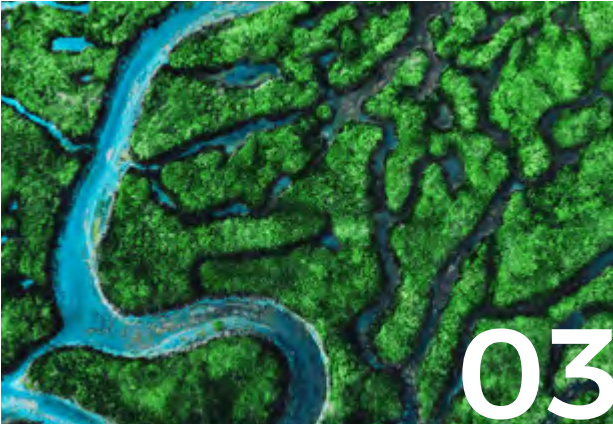


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Old Mutual SuperFund is an umbrella retirement fund made up of pension and provident fund offerings, as well as preservation and deferred retirement solutions. Unless stated otherwise, the use of the term Old Mutual SuperFund in this report refers to both the Old Mutual SuperFund Pension Fund and the Old Mutual SuperFund Provident Fund.



INTRODUCTION AND MESSAGE FROM THE MANAGEMENT BOARD



“Sustainability” and “stewardship” are complex, nuanced concepts. It is much easier to talk about these concepts than to *implement* 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.

SuperFund is keenly aware of the duty to steward our members’ investments to have more than just a financial impact. We have a fiduciary duty to act in the best interest of our members, whose benefits depend on the responsible management of Fund assets. We need 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.

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 (ESG) character. This concept applies across all assets and categories of assets. It should promote the interests of the Funds in a stable and transparent environment.

We affirm that responsible and sustainable investment requires a collaborative approach. We are committed to working jointly with other stakeholders to promote acceptance and implementation of responsible investment, sustainability and sound governance.

This Investment Sustainability Disclosure Report has been prepared as a supplement to the SuperFund Integrated Annual Report. It provides additional detail regarding the Funds’ stewardship activities and sustainability focus. It sets out the Funds’ responses during the review period to the requirements of Regulation 28 and Guidance Note 1/2019, and summarises recent changes to the Funds’ Investment Policy Statement. This report should be read in conjunction with the SuperFund Responsible and Sustainable Investment Policy ([Section 7 of the Investment Policy Statement](#)).



Bertie van Wyk
Chairman: Old Mutual SuperFund
Management Board



Gary Hartwig
Chair of the Investment &
Actuarial Sub-Committee

WHY DO WE PRIORITISE SUSTAINABILITY, STEWARDSHIP & RESPONSIBLE INVESTMENT?

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

1 Incorporating environmental, social and governance factors into investment decisions should enable better management of risk and generate superior sustainable, long-term investment returns.

2 We have a fiduciary duty towards both the Funds and the membership, and must exercise our 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 imperative to consider environmental, social and governance factors (including specific factors such as climate risk and transformation) in the Funds’ investment approach.

3 The Funds represent a very wide range of members and participating employers 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 the Funds operate. Good stewardship can work towards positive outcomes which address South Africa’s unique environmental and social challenges, including poverty, inequality, unemployment and transformation, while also pursuing appropriate risk-adjusted returns.

4 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.

WHAT DO THESE TERMS MEAN?

RESPONSIBLE INVESTMENT



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”.¹

ESG FACTORS



ESG factors refer to “the environmental, social and governance issues that investors are considering in the context of corporate behaviour”.²

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.

SUSTAINABILITY



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.”³

STEWARDSHIP



“Diligent and effective 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 to clients and beneficiaries”.⁴

Stewardship includes “investment decision-making, monitoring assets and service providers, engaging with issuers and holding them to account on material issues, collaborating with others, and exercising rights and responsibilities.”⁵

¹ Definition from UN Principles of Responsible Investing (UNPRI)

² Definition from the Responsible Investment and Ownership Guide

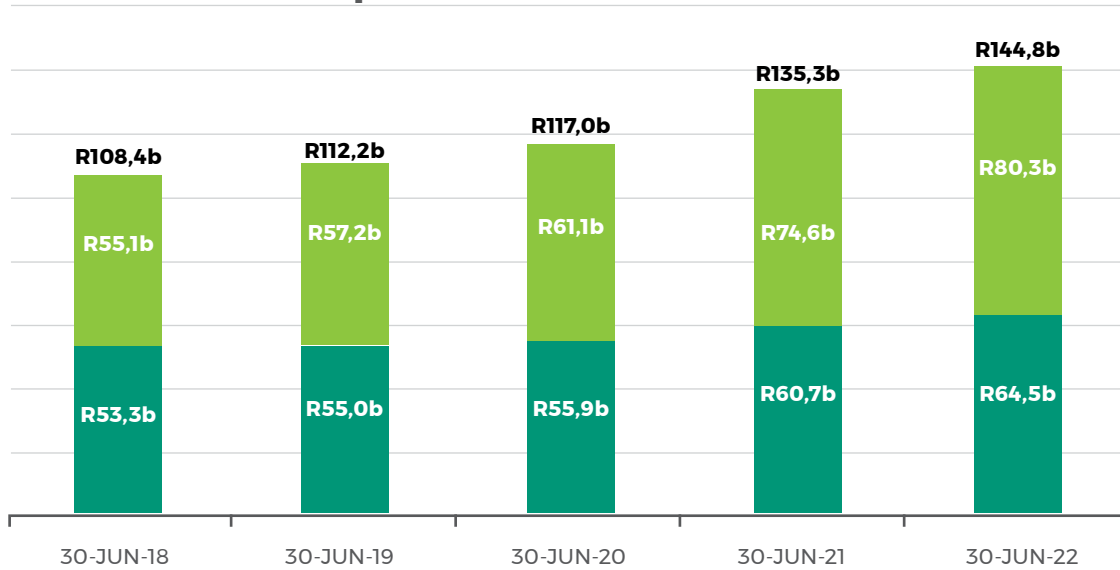
³ Definition from Guidance Note 1 of 2019 issued by the FSCA

⁴ Definition from the Code for Responsible Investing in South Africa 2.0 (CRISA 2.0).

⁵ Definition from the Financial Reporting Council: The UK Stewardship Code 2020



SuperFund Total Investments



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.



WE AFFIRM THAT RESPONSIBLE AND SUSTAINABLE INVESTMENT REQUIRES A COLLABORATIVE APPROACH. **WE ARE COMMITTED TO WORKING JOINTLY WITH OTHER STAKEHOLDERS TO PROMOTE ACCEPTANCE AND IMPLEMENTATION OF RESPONSIBLE INVESTMENT, SUSTAINABILITY AND SOUND GOVERNANCE.**



SUPERFUND'S STEWARDSHIP AND SUSTAINABILITY WORK DURING 2021/22



HOW DOES SUPERFUND “DO” STEWARDSHIP AND SUSTAINABILITY?

SuperFund has a long-established practice of primarily utilising pooled investment portfolios, which are either constituted as collective investment schemes or policies of insurance. We do not directly own the underlying assets in respect of these pooled investment portfolios⁶, and so we experience some limitations in the exercise of active ownership practices. We have therefore adopted a tailor-made approach to stewardship, sustainability and responsible investing for these assets. This includes the following:⁷

- ▶ We clearly communicate our views and requirements about responsible and sustainable investment and active ownership, to ensure our investment providers understand our priorities.
- ▶ Our investment providers must adopt the CRISA⁸ principles and practices, and/or be signatories to the UN Principles for Responsible Investment (UNPRI).
- ▶ Our investment providers must provide us with detailed information about their responsible investment policies and practices and active ownership approach, and how these are implemented. They must report about the potential impact of ESG risks and ESG factors on the assets. They must report about their approach to climate risk, and how this is accounted for in managing the investment portfolio. The relevant investment mandates are expected to incorporate these details.
- ▶ Our investment providers are expected to implement active ownership practices in respect of all asset classes. They are expected to provide the Funds with their voting policies and annual stewardship reports, including details about how votes have been exercised.
- ▶ The Funds analyse in detail how our investment providers consider and apply responsible and sustainable investing policies and active ownership. We consider this as a key factor when selecting and reviewing managers.
- ▶ The SuperFund Investment Sub-Committee engages actively with investment providers where concerns are identified regarding their responsible and sustainable investment approach or their active ownership approach.

⁶ SuperFund owns units in the collective investment scheme or the policy of insurance. The pooled collective investment scheme or life insurer in turn owns the assets.

⁷ The full approach is set out in Section 7 of the SuperFund Investment Policy Statement

⁸ The Code for Responsible Investing in South Africa 2.0 (CRISA 2.0) was published in September 2022, with the expectation that reporting will commence from February 2023. For the financial year under review, the original (2011) CRISA code applied.

1. Annual Investment Review

Every year, the Funds conduct a detailed review of all investment portfolios utilised by SuperFund, with the assistance of our investment consultant. The 2022 review⁹ included:

- ▶ Analysis of the suitability of the default investment portfolios for the applicable Member categories.
- ▶ Analysis of all investment portfolios available to members. This considered:



Qualitative factors such as investment philosophy and approach, systems, research, ownership structures, remuneration, team dynamics, stewardship and transformation.



Quantitative factors such as historic risk-adjusted performance over rolling periods, using appropriate peer and benchmark comparisons.

- ▶ Analysis to ensure that all investment portfolios continue to comply with the due diligence requirements and responsible investment requirements set out in our Investment Policy Statement (IPS).
- ▶ Analysis of investment management fees.
- ▶ Confirmation that investment providers have complied with the investment mandates of each investment portfolio.

⁹ The review referred to here as the “2022 review” is based primarily on qualitative data received from investment providers in March/April 2022, and quantitative data as at 31 December 2021. Additional qualitative data collected in Q4 of 2021 is included where appropriate.





2. Focus on Responsible Investment, Climate Risk, Infrastructure & Transformation by SuperFund’s asset managers

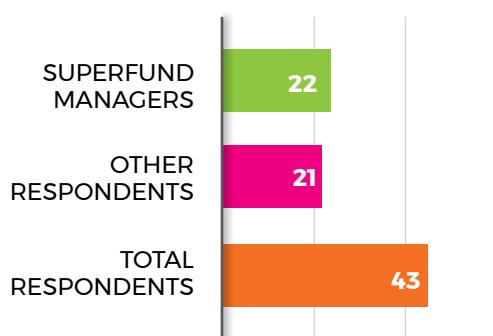
The annual investment review includes a detailed survey of how each investment manager approaches responsible investing and sustainability, as well as transformation and Broad-Based Black Economic Empowerment. This survey informs the Fund’s engagement with investment managers regarding areas for development and continuous improvement.

The 2022 survey was further expanded to enable us to track progress by investment managers from year to year in respect of key metrics. These metrics measure each manager’s approach to responsible investing, climate risk, infrastructure investment and transformation.

R139.8 BILLION

TOTAL SUPERFUND ASSETS
INCLUDED IN THE SURVEY

Survey Respondents (2022)



DATA AND METHODOLOGY UNDERPINNING THIS ANALYSIS

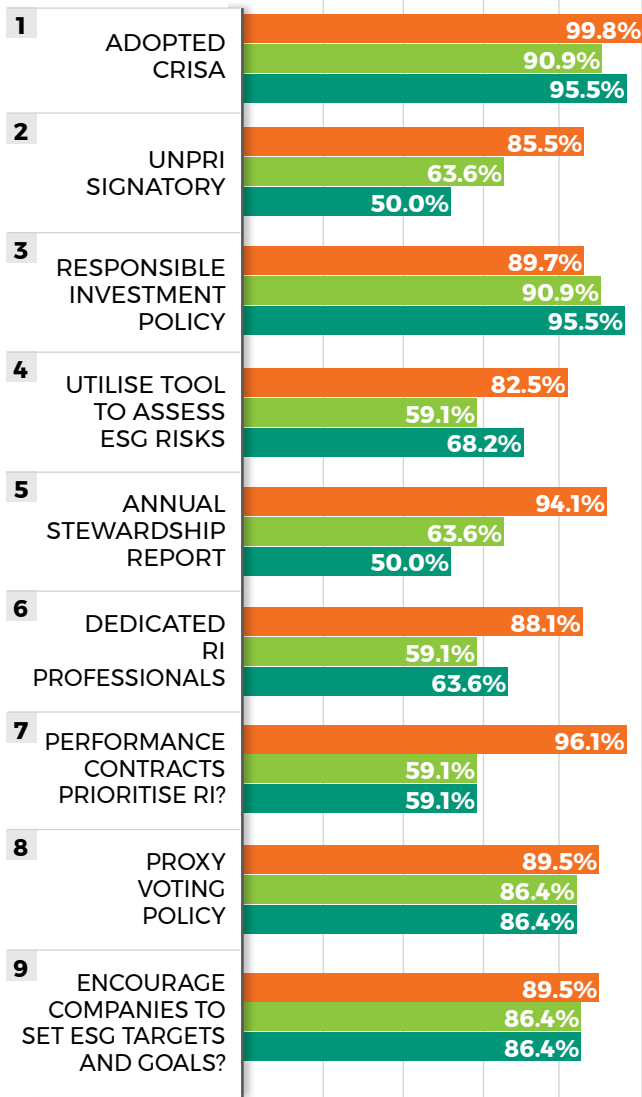
The analysis set out here summarises responses to some of the key questions posed to investment providers. The data was sourced using the following approach:

- ▶ A carefully structured set of survey questions was sent to all investment managers in South Africa which met relevant IPS criteria and which offered Regulation 28-compliant pooled investment portfolios with institutional pricing which are appropriate for the needs of the Funds. The survey addressed both qualitative and quantitative factors. Managers were required to provide supporting documentation to support their responses.
- ▶ The “2022 review” is based primarily on qualitative data received from investment providers in March/April 2022, and quantitative data as at 31 December 2021. Additional qualitative data collected in Q4 of 2021 is included where appropriate.
- ▶ For the 2022 review, there were 43 respondents (2021: 48). Graphs in this report headed “All Respondents” therefore provide an industry-wide perspective.
- ▶ The 2022 review included responses from 22 of the Funds’ investment managers (2021: 22), responsible for managing R139.8 billion (98.0%) of SuperFund assets. Graphs labelled “SuperFund Managers” provide a perspective of these 22 investment managers utilised by the Funds. Eight investment managers (2021: 8) managing R2.9 billion (2.0%) of the Funds’ assets were not included in the survey, as they are primarily internationally domiciled. The responses included investment managers utilised in SuperFund Easy, SuperFund Choice and SuperFund Customised. For the managers utilised by SuperFund, a weighted response (weighted by proportion that they make up of total SuperFund assets under management) is included.
- ▶ SuperFund utilises investment portfolios from three different Old Mutual investment providers (Old Mutual Investment Group, Old Mutual Life Assurance Company (South Africa) and Old Mutual Multi-Managers). Each business unit has unique characteristics, and so their survey responses are treated as three separate investment managers in the data. Futuregrowth Asset Management is also treated as a separate investment manager



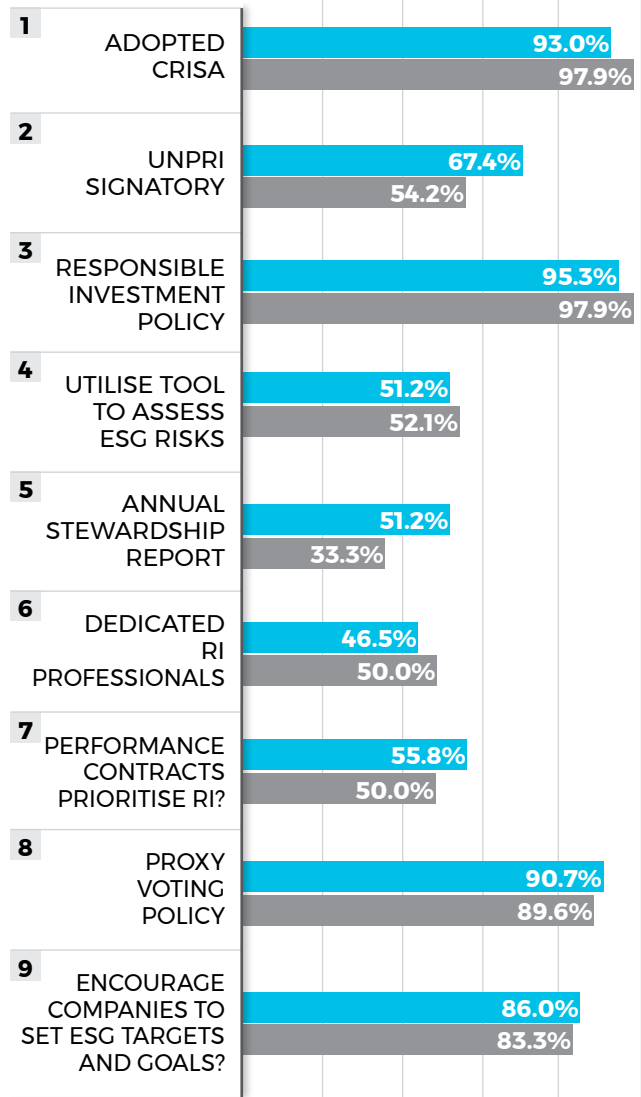
RESPONSIBLE INVESTMENT PRACTICES

Responsible investment practices Superfund managers



■ 2022 - Weighted by AUM
■ 2022 - Unweighted
■ 2021 - Unweighted

Responsible investment practices All respondents



■ 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.

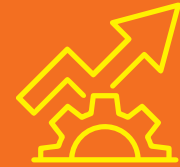
85.5%

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

94.1%

of the Funds' assets are managed by asset 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.



MARKET TRENDS: WHAT DID WE FIND?

While compliance to CRISA involves a once off statement, becoming a signatory to the UNPRI is more onerous. To become a signatory to the UNPRI there is an annual cost involved, based on asset size in pounds, and an extensive annual submission. Some small asset managers therefore cite the cost and time involved as reasons not to become a UNPRI signatory. Nonetheless, 67.4% of respondents indicated that they are signatories to the UNPRI for the 2022 review, up from 54.2% in the 2021 review.

67.4%

of respondents are signatories to the UNPRI

There has been a significant increase in the number of managers producing stewardship reports, up from 33.3% of respondents in 2021 to 51.2% in 2022.

52.2%

of managers producing stewardship reports,

Of the 28 small managers, 11 (39%) have dedicated Responsible Investment (RI) specialists, in comparison to nine (60%) of the 15 large managers. Similarly, 13 (46%) of the small managers specifically included RI in the investment team's performance contracts, whereas 8 (53%) large managers have done so. However, four of these large managers did not include RI in all investment professional performance contracts, whereas 10 of the small managers implemented this across the entire investment team.



SUPERFUND BEST PRACTICE: CRISA AND UNPRI

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 seek to utilise investment providers which operate responsibly and sustainably, and which have fully integrated sustainability and criteria for responsible investment practices into their investment decisions

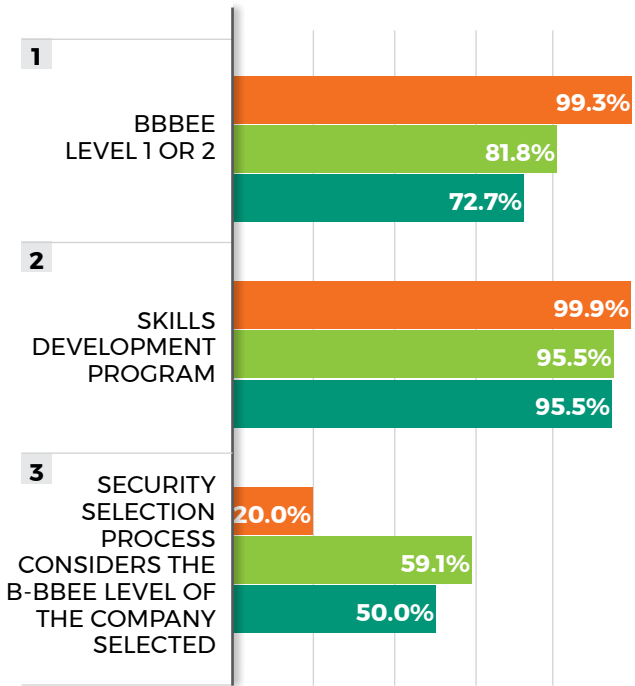
SUPERFUND BEST PRACTICE: RESPONSIBLE INVESTMENT POLICIES

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 conduct their annual investment review.



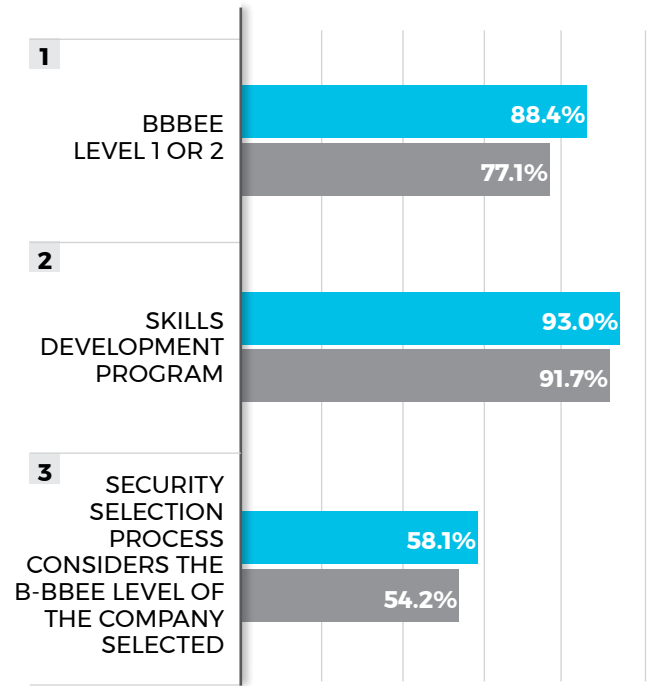
TRANSFORMATION PRACTICES

Transformation Superfund managers



■ 2022 - Weighted by AUM
■ 2022 - Unweighted
■ 2021 - Unweighted

Transformation All respondents



■ 2022 - Unweighted
■ 2021 - Unweighted





SUPERFUND MANAGERS: HOW ARE WE DOING?

AREAS OF SUCCESS



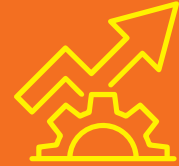
99.3%

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

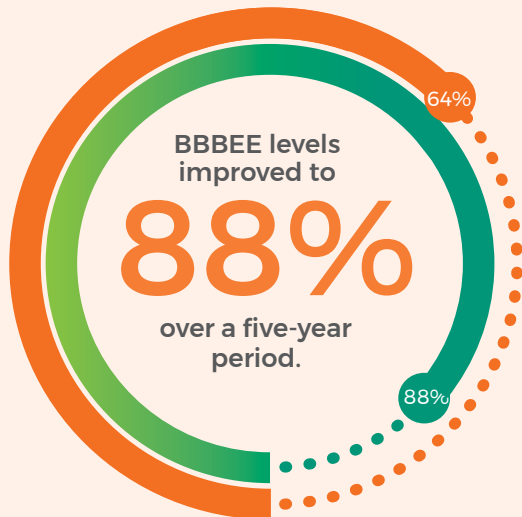
 OF THE FUNDS' MANAGERS

REPRESENTING ONLY **5.3%** OF THE FUNDS' ASSETS

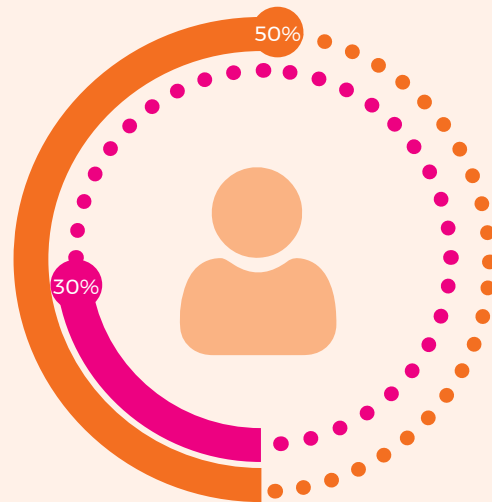
are more than 50% Black-owned. Several of the Funds' key managers are on track to improve this within the next 2 years.



MARKET TRENDS: WHAT DID WE FIND?



There has been a strong improvement in BBBEE 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.

SUPERFUND BEST PRACTICE: TRANSFORMATION

The overall empowerment rating of the investment manager provides a good proxy measure of the firm's overarching commitment to transformation and BBBEE. The Funds consider the trend in respect of the empowerment rating over a period of five years, to identify progress in respect of transformation over time.

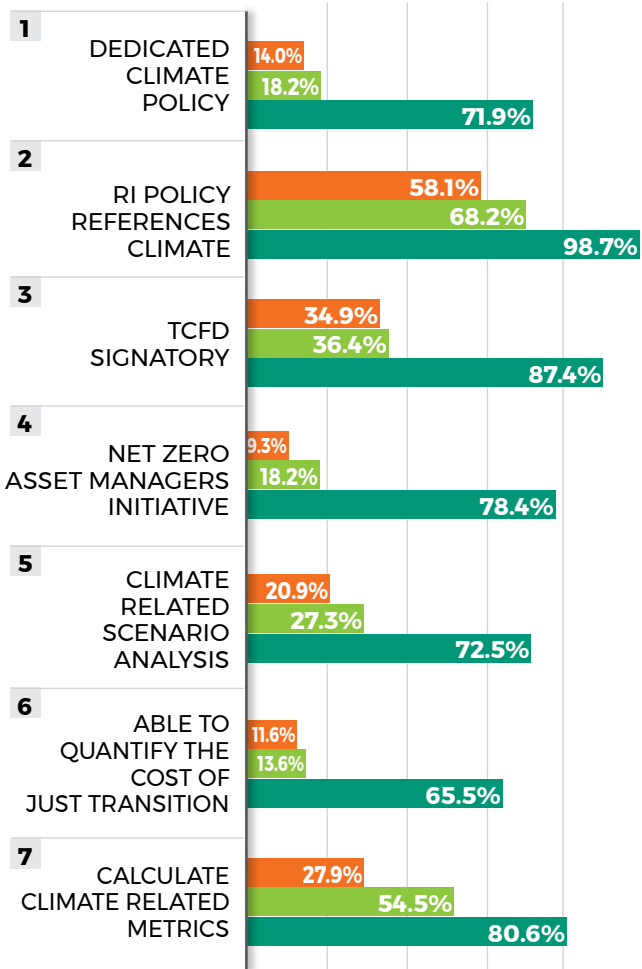
The Funds also consider a number of factors to understand the investment manager's transformation approach in more detail. The Funds consider the diversity of the investment team, and the ownership make-up of the firm. Attention is paid to the skills development programmes that are in place, what progress in respect of these programmes is made over time, and whether the firm has measurable, time specific goals to increase these levels.





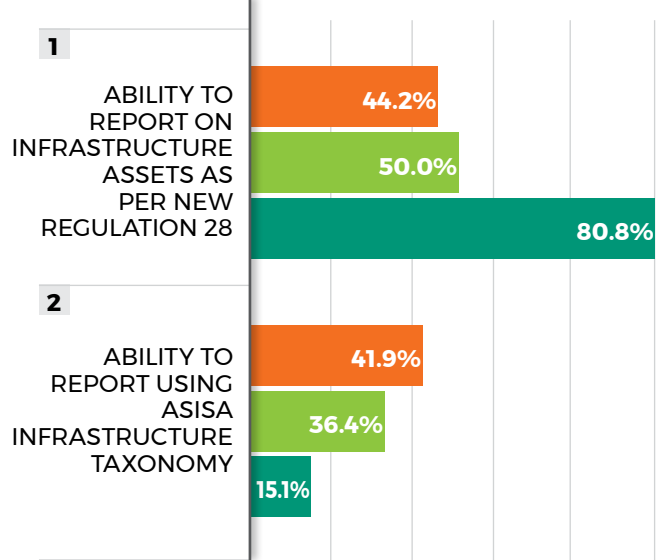
CLIMATE RISK AND INFRASTRUCTURE INVESTMENT PRACTICES

Climate Risk Superfund vs all respondents

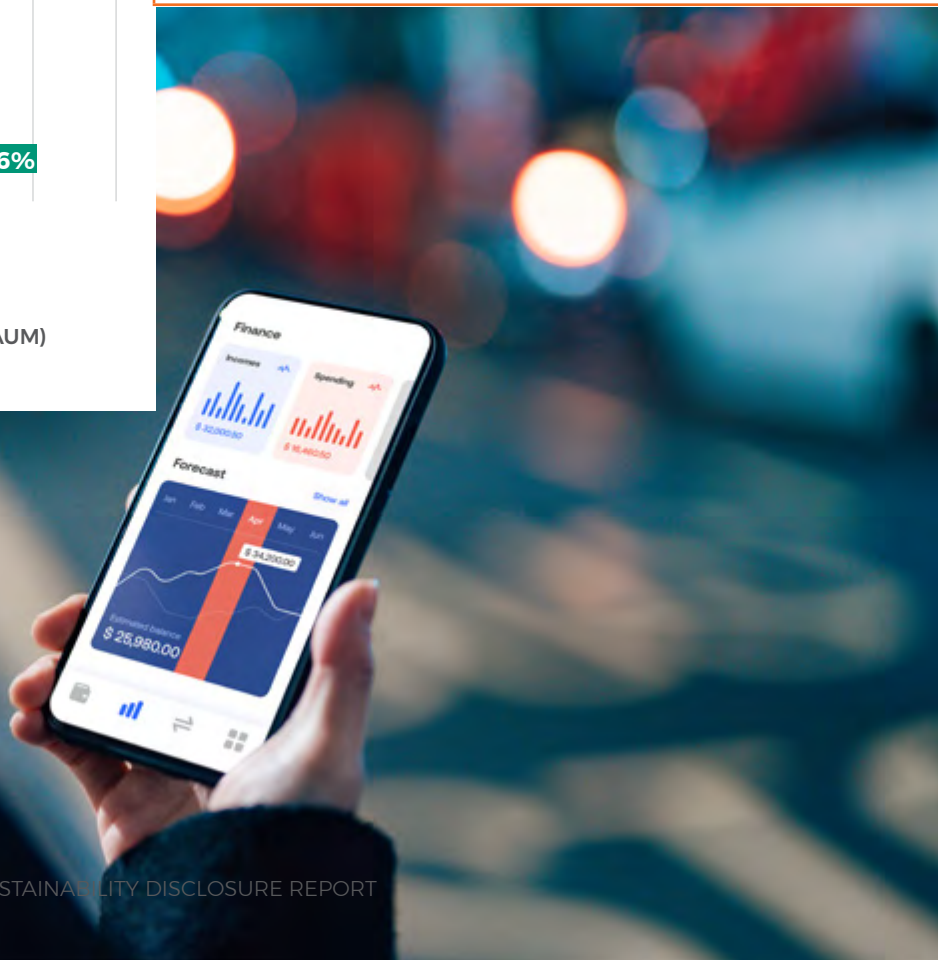


- 2022 - All Respondents (Unweighted)
- 2022 - SuperFund Managers (Unweighted)
- 2022 - SuperFund Managers (Weighted by AUM)

Infrastructure 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



4 icons → **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.

8 icons → **87%**

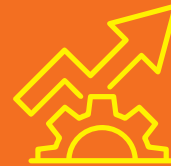
SUPERFUND: Eight SuperFund managers managing 87% of the Funds' assets are signatories to the Task Force on Climate-Related Financial Disclosures (TCFD).

4 icons → **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.

INFRASTRUCTURE

Changes to Regulation 28 introduced in July 2022 will require additional reporting by managers in respect of infrastructure investment, commencing from 2023. Our 2022 survey included questions about asset managers' ability to report on their investments into infrastructure.

As at the date of the survey (March/April 2022), only 44% of all respondents were in a position to report on infrastructure investments (based on the draft Regulation 28 available as at that date). This figure was slightly better for SuperFund managers (50%), spanning 80.8% of the Funds' assets.

We anticipate that all investment managers will be working hard to address the reporting requirements coming into effect in 2023.



2.3 Engagements with investment managers

The Investment Sub-Committee meets with all investment providers utilised in SuperFund Choice over a two- to three-year cycle. For those providers which manage key default investment portfolios, meetings are held up to twice a year. During these engagements, we address issues highlighted by our investment consultant's research, and discuss the Funds' investment objectives and priorities.

During the year under review, the Funds communicated with all relevant investment providers, setting out the views and requirements of the Fund regarding responsible and sustainable investment as well as transformation and B-BBEE in respect of pooled investment portfolios. The goal was to ensure clarity and enable further dialogue on these key issues.

2.4 Support for Management Committees and Investment Consultants

Within SuperFund Customised, Management Committees and their appointed investment consultants play a key role in the investment governance process. During 2022, the Management Board prepared a comprehensive Guide Book for these stakeholders, setting out detailed requirements regarding the governance of sub-fund investment matters.

Representatives from the Management Board have commenced a cycle of meeting with the Management Committees of large sub-funds, to better understand their needs and to strengthen channels of communication.

2.5 Stewardship and sustainability in respect of directly held assets

Two large sub-funds within SuperFund Customised utilise investment strategies which invest in assets directly owned by the Funds, held in segregated portfolios. In such cases, the Management Committee is required to implement an active ownership approach. The approach to responsible investment and sustainability factors must be documented in their Sub-Fund Investment Plan and be approved by the Management Board. It must address the following matters:

- ▶ A written proxy voting policy in respect of such assets;
- ▶ Guidelines to ensure that votes are cast in line with such proxy voting policy; and
- ▶ How such votes are recorded and reported.

The Management Committee and their appointed Investment Consultant are required to provide the Funds' investment consultant with details regarding the exercise of voting rights on a regular basis.

2.6 Responsible Investment and transformation in the Funds' smoothed bonus investment portfolios

The Funds' total allocation to smoothed bonus investment portfolios (Old Mutual Absolute Growth Portfolios and Coregrowth) as at 30 June 2022 was R90.6 billion (63.5% of the Funds' total assets). The Absolute Smooth and Absolute Stable Growth Portfolios are used as the Funds' primary default investment portfolios. As a result, the Management Board places additional emphasis on the responsible investment approach of these portfolios. [The Smoothed Bonus Funds Responsible Investment Report 2022](#) sets out extensive detail regarding the high focus on sustainability and stewardship in respect of these portfolios.



REGULATORY COMPLIANCE



3.1 Regulatory developments

There have been several recent regulatory developments which are expected to impact the investment environment in the near-term.

REGULATORY DEVELOPMENT	IMPLICATIONS FOR SUPERFUND'S INVESTMENTS
<p>With effect from 1 March 2022, the offshore investment limit (i.e. the maximum percentage of assets which may be invested in offshore assets) was increased to 45% (with one combined limit applying to both African and other investments). The previous limit was 30%, plus an additional 10% in African investments.</p>	<p>SuperFund's investment managers are now able to invest up to 45%w offshore. They have reviewed their strategic asset allocations and, where appropriate, updated mandates to reflect changes.</p> <p>No dramatic changes have been made to date, and any changes by managers are being implemented gradually, taking into account the short- to medium-term investment environment.</p>
<p>Amendments to Regulation 28 of the Pension Funds Act were gazetted on 1 July 2022, to take effect from 3 January 2023. These include the following changes:</p> <ul style="list-style-type: none"> a) The amendments introduce a definition of infrastructure, and set a limit of 45% for exposure to infrastructure investment. b) The limit between hedge funds and private equity has been split. There will now be a separate and higher allocation of 15% to private equity assets (up from 10%). c) A limit of 25% has been imposed across all asset classes to limit exposure to any one entity (with the exception of SA government debt). d) Retirement funds continue to be prohibited from investing in crypto assets e) The reporting exclusion on look-through of Collective Investment Schemes and insurance policies has been removed to enable the regulators to collect statistics on underlying exposures. 	<p>SuperFund already has significant exposure to infrastructure investments, particularly via its smoothed bonus investment portfolios. The gazetted changes in respect of infrastructure therefore do not have a significant impact on the Funds.</p> <p>The changes in respect of hedge funds and private equity, concentration limits and cryptocurrency limitations are not expected to impact the Funds' investment strategy.</p> <p>The removal of the reporting exclusion on look-through of Collective Investment Schemes and insurance policies is expected to result in a significant amount of extra audit and financial reporting work and costs for the Funds. The Funds are dependent on guidance notes (yet to be published) to understand the specific changes required.</p>
<p>On 29 July 2022, the 2022 draft Revenue Laws Amendment Bill was published for public comment. It contains significant proposed amendments to the retirement fund environment, dealing with the "two-pot" retirement system. This system would create two separate pots of retirement savings going forward, one which would be accessible before retirement, and the other only accessible at retirement.</p> <p>The proposed implementation date is 1 March 2024.</p>	<p>SuperFund fully supports the aims of the two-pot system. The Management Board is working with the Funds' sponsor, investment consultant, administrator and other stakeholders to address the wide-ranging changes required.</p> <p>The two-pot system will require a sophisticated investment approach which can address the differing characteristics of each "pot". The "savings pot" will need to carefully balance the need for short-term liquidity, capital stability and long-term investment growth. By contrast, the "retirement pot" will focus more on the long-term investment horizon. The "vested pot" (i.e. savings made up until the implementation date) will need to balance both a long-term focus and shorter-term liquidity needs.</p>



3.2 Compliance with Regulation 28

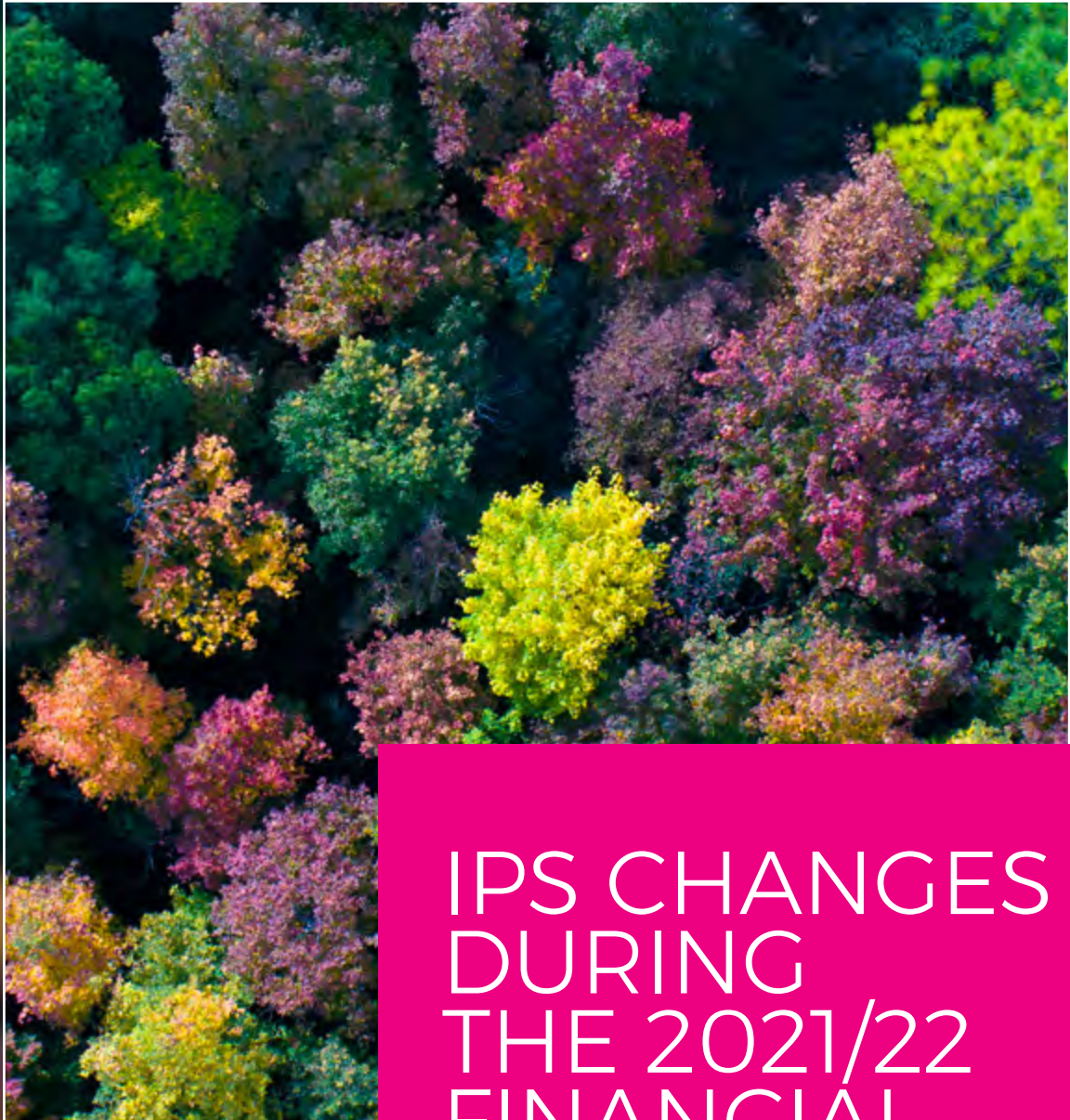
During the reporting period, Old Mutual SuperFund complied with asset limits set out in Regulation 28 of the Pension Funds Act. It complied with principles in Regulation 28(2) as follows:

- ▶ Emphasis was placed on continuous development of the Management Board with respect to fund investment, governance and other related matters.
- ▶ The Management Board regularly monitored compliance by advisors and service providers with Regulation 28 and other applicable legislation.
- ▶ The Funds sought to promote Broad-Based Black Economic Empowerment by service providers.
- ▶ The Management Board ensured that the Funds' assets were appropriate for liabilities.
- ▶ The Management Board conducted appropriate due diligence in respect of all relevant factors for new investment portfolios, and for reviews of existing investment portfolios.
- ▶ The Management Board sought to understand the changing risk profile of assets of the Fund over time, including considering the impact of COVID-19.
- ▶ Before selecting new investment portfolios, and in respect of existing portfolios, the Management Board considered factors which may materially affect the sustainable long-term performance of the asset including, but not limited to, those of an environmental, social and governance character.

3.3 Compliance with Guidance Note 1 of 2019

The Fund's Responsible and Sustainable Investment Policy (a sub-section of the Investment Policy Statement) responds comprehensively to the requirements of the FSCA's Guidance Note 1/2019.

- ▶ The Investment Policy Statement (IPS) reflects how the Funds' general investment philosophy and objectives seek to ensure the sustainability of assets, including its active ownership policy.
- ▶ The IPS addresses how the Funds deal with factors that limit the application of ESG factors, sustainability criteria or an active ownership policy. As a member investment choice offering, the Funds have a long-established practice of primarily utilising pooled unitised investment portfolios, which are either constituted as collective investment schemes or policies of insurance. The Funds experience some limitations in the exercise of active ownership practices in respect of pooled investment portfolios, because the Funds do not directly own these investments. 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.
- ▶ A truncated version (i.e. excluding annexures) of the Funds' updated IPS was made available during the financial year to all members, participating employers, representative unions and other stakeholders (including the general public) on the Funds' website. Email communication to this effect was sent to all parties for whom the Fund has contact details.
- ▶ The Management Board is not aware of any direct requests during the financial year from members for a copy of the IPS. However, any member who does request the IPS via appropriate channels will be provided with a copy or directed to the Fund's website.
- ▶ A summary of the changes made during the financial year to the IPS (including changes to the Fund's responsible and sustainable investment approach) was published together with the Investment Policy Statement. This summary of changes is also included in this report.
- ▶ The Annual Financial Statements as at 30 June 2022 will include extensive disclosure regarding the Funds' responsible and sustainable investment approach.
- ▶ In the interests of transparency and accountability, the Management Board has prepared this Investment Sustainability Report for the financial year ending 30 June 2022, as a supporting document to the Fund's Annual Integrated Report. This is available to all members, participating employers, representative unions and other stakeholders for whom the Fund has contact details.



IPS CHANGES DURING THE 2021/22 FINANCIAL YEAR



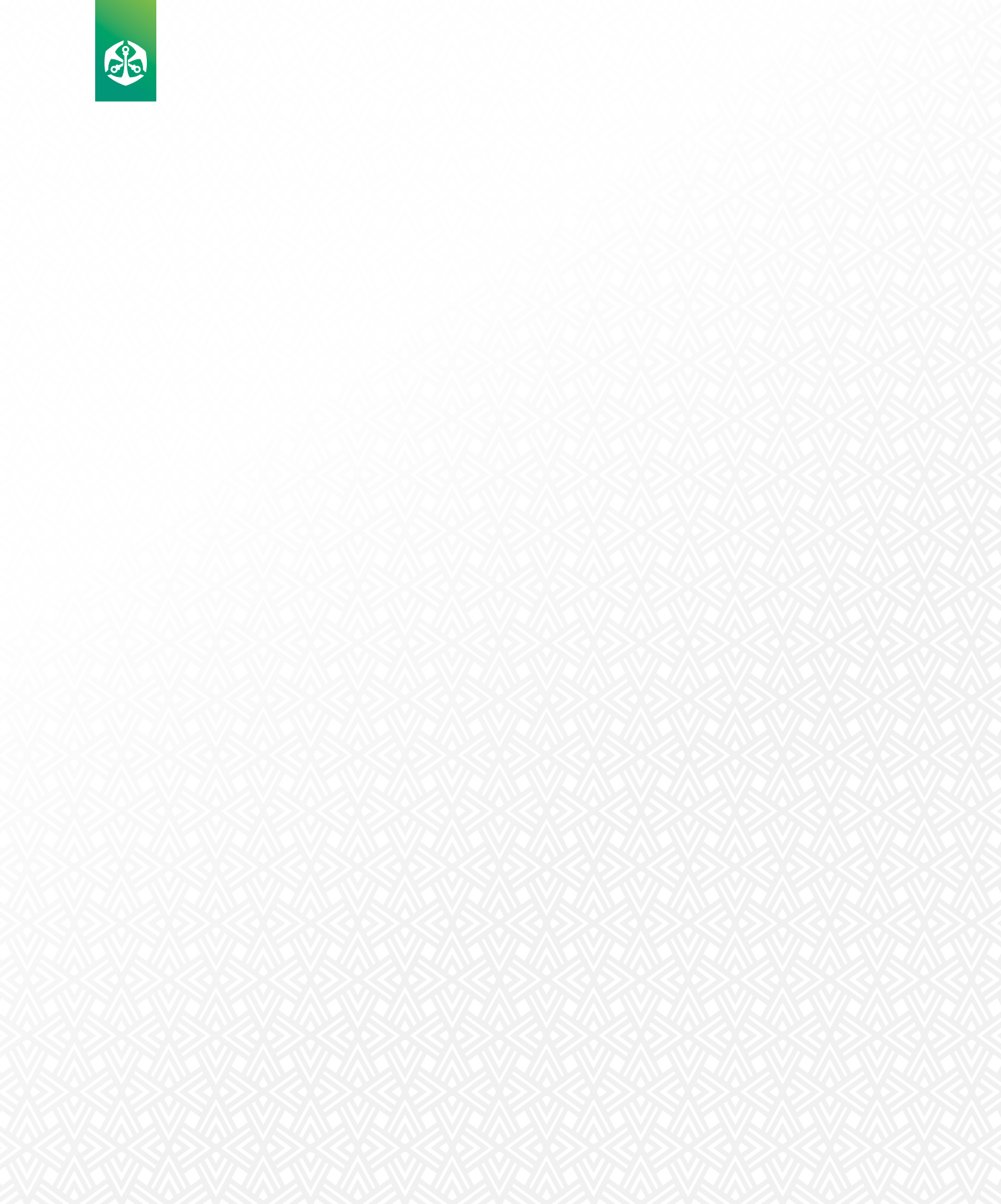
The Investment Policy Statement (IPS) sets out the investment objectives and strategy of Old Mutual SuperFund. The Management Board reviews the IPS at least once a year, or more frequently as required. Regular review is necessary within the ever-changing socio-economic and regulatory environment within which the Funds operate. It enables us to ensure that the SuperFund investment strategy remains relevant and up to date.

During the Financial Year ending 30 June 2022, the Management Board only made amendments to the section addressing the Funds' approach to Transformation and Broad-Based Black Economic Empowerment in Investments. The following changes to the IPS were approved on 14 June 2022:

- ▶ The introduction to Section 8 was amended to highlight that the Funds' approach to transformation and B-BBEE in investments must be considered in the context of the Fund's overarching transformation approach.
- ▶ Section 8.2 (SuperFund approach to B-BBEE in investment) was expanded significantly to include:
 - Detail regarding the regulatory framework of the Broad-Based Economic Empowerment Act and how it applies to retirement funds.
 - Extensive detail regarding the factors that the Funds consider and the analysis methodology used when selecting and reviewing investment providers.
 - Detail regarding the practical challenges that the Funds experience in respect of certain elements of the voluntary retirement fund scorecard.

Additional updates to the IPS were approved in September 2022. The updated IPS is available on the SuperFund website.





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

