OML RESPONSIBLE INVESTMENT POLICY

Sponsor

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Contact

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Version/Date

Version 1/Approved April 2019

Effective Date

This Policy is effective from 1 May 2019.

Group Governance Requirements

This Policy must be read in conjunction with the requirements of the OML Group Responsible Business Policy.

Policy Waiver Process

The prescribed waiver process must be followed where a subsidiary can demonstrate justification for specific alternative arrangements to meeting the Policy requirements.

OLD MUTUAL

1. What is the purpose of this policy?

The OML Responsible Investment Policy is subordinate to the Old Mutual Limited (OML) Level 2 Responsible Business Risk policy, which forms part of the OML Group Governance Framework (GGF). Its objective is to publically set out the OML Group-wide principles for Responsible Investment, and in so doing, to give effect to the applicable national legislation and industry codes of best practice – see Annex A.

We acknowledge that the world in which we invest is changing rapidly in terms of technological changes, regulatory changes and societal expectations. As a consequence we undertake to update and review this policy on an annual basis.

2. What is the link to the Old Mutual Responsible Business Policy?

OML approach to Responsible Business is informed by understanding the expectations society has of our business, to meet the governance and regulations of the regions we operate in, awareness of growing environmental and social crises and driven by the business imperative to grow our business whilst creating a positive societal impact.

OML values guide our actions and behaviors in the manner in which we lead our people and deal with our stakeholders. These are defined as our customers, our employees, the Government, our regulators, the communities we operate in and our suppliers our shareholders. We strive to provide our customers with products and services that make a positive impact in their lives, we invest in wellbeing of our employees, we abide and comply by the governing regulatory framework, we play a positive role in the communities we operate in, we form credible partnerships with our suppliers and create growth for our shareholders in a responsible manner.

OML is a signatory to the United National Global Compact and the Sustainable Development Goals (SDGs). Our Responsible Business approach takes into consideration our quest to respond to the SDGs that are aligned to our business. These include: poverty alleviation, addressing inequality, quality education, infrastructure, energy, human rights and climate change.

As such, our Responsible Business framework guides our ability to track and evidence our business and societal impact. It enables us to disclose and report on our commitments as per signed agreements with the UN Global Compact (UNGC) and the Sustainable Development Goals (SDGs).

Responsible Investment (RI) in the context of the OML Responsible Business Policy requires the recognition, evaluation and incorporation of material environmental, social and governance (ESG) risks and opportunities into investment and ownership decisions by subsidiaries across the business.

Given the broad scope of RI across Old Mutual, this supplementary RI policy provides supporting detail concerning our approach to RI and sets out our basic minimum standards.

3. Old Mutual's Approach to Responsible Investment

Old Mutual's approach to RI is founded on an understanding of the investment and systemic risks posed by sustainability issues such as resource depletion, climate change and social inequality (to name a few). As a long-term investor, we believe that it is in the interests of all participants in the financial ecosystem to play a proactive role in creating long-term sustainable outcomes for all stakeholders. Fundamental alignment on these issues creates a virtuous circle that connects the aspirations of African savers with the long-term sustainability strategies of the firms in which we invest. Our approach to RI is further informed by the long-term nature of many of our investments, as well as, Old Mutual's size and therefore ability to influence RI ESG practices in the financial services industry.

Our RI approach draws on the principles of the Code for Responsible Investing in South Africa (CRISA) and other RI focused policies and legislation both in South Africa (including Regulation 28 of the Pension Funds Act, the Financial Sector Charter (FSC) and the King IV Code of Corporate Governance (Principle 17), and globally in terms of the United Nations backed Principles for Responsible Investment (UNPRI). It is also guided by best practice principles globally such as the OECD Corporate Governance Principles (2015); the ICGN Global Governance Principles (2014); and the Association of British Insurers Guidelines.

RI is therefore essential to Old Mutual's goal of pursuing long-term risk adjusted returns for its customers, while aligning with the broader interests of society. The core elements of our approach to RI are:

1. Consideration of RI practices, including material environmental, social and governance (ESG) issues when making investment and ownership decisions, including when acting as an asset consultant and or when selecting and appointing investment service providers;
2. Responsible stewardship of customers' money by engaging with:
   a. Appointed asset managers on their RI practices;
   b. Investee companies on their ESG practices and voting at company meetings;
3. Supporting industry RI initiatives and contributing to RI thought leadership across the financial services sector; and
4. Public disclosure on our RI policies and practices.

The principles outlined in this RI policy applies to all investments where Old Mutual has a fiduciary responsibility to its customers, either in its role as asset owner, or where it acts in an advisory capacity. This policy applies to all business units with investment management capabilities.

We recognize that the practical considerations of these RI principles will have different implications depending on:

- The nature of our obligations, whether contractual or based on clients' expectations;
- The practical application based on a number of factors specific to asset classes and investment styles; and
- The service providers used to manage our assets, where we will actively engage on our RI intentions.

Where gaps exist between our service providers' RI practices and our own RI expectations we will work with the appointed service provider over time to support them in strengthening their RI practice. Our RI approach applies in addition to, but is distinctive from, Old Mutual investment strategies that are mandated to:

- Exclude investments based on specific criteria;
- Target investments that aim to positively impact areas such as affordable housing, education or agriculture;
- Capture opportunities in the green economy such as renewable energy and social infrastructure.

4. What is the Tracking and Reporting Framework?

Our Responsible Investment framework guides our ability to track and evidence our business conduct, performance and societal impact. It enables us to disclose and report on our commitments as per signed agreements with the UN Global Compact (UNGC) and the Sustainable Development Goals (SDGs) and UNPRI as well as industry best practice standards and indices.

Our reporting measures are aligned to the requirements of the various indices that Old Mutual subscribes to.

We undertake to report and disclose our progress on application of this policy on an annual basis.

5. Minimum standards

4.1 Where Old Mutual acts as an asset consultant we will actively promote RI as an approach to investments but recognize that the ultimate decisions lie with our client;

4.2 When selecting and appointing asset managers Old Mutual will consider the extent to which RI is embedded in their investment and ownership practices. In respect of this our expectation is that asset managers conduct their RI practices in a manner that is aligned with UNPRI and/or CRISA standards. We will embed our RI expectations in the investment mandate where possible.

4.3 Appointed asset managers are expected to have a publically available responsible investment policy. Such policy should align with the Old Mutual RI policy, failing which the Old Mutual RI policy will apply to the extent possible.

4.4 Appointed asset managers must consider ESG risks and opportunities in investment decisions in respect of the portfolios forming part of the scope of this policy, to the extent that it is aligned with the pursuit of superior risk-adjusted returns. Old Mutual recognizes that the significance of ESG analysis depends on investment styles and philosophy. Investments should not be selected or rejected solely on the basis of ESG factors, but rather that ESG factors should be a feature in the overall investment process, with the aim of delivering long term returns to clients.

4.5 Old Mutual requires its asset managers to be active owners of the assets that they manage, recognizing the varying nature of ownership rights associated with each asset class.

4.6 For appointed managers with listed equity mandates the expectation for responsible ownership is as follows:

- Maintenance of a publically available policy on proxy voting that aligns with relevant standards of corporate governance and applicable legislation. At a minimum, the policies should be consistent with the King IV Code on Corporate Governance, the corporate governance provisions in the Companies Act 71 of 2008 and the JSE listing requirements (if applicable). Proxy polices should be living documents that are reviewed regularly or as dictated by changes in legislation or specific resolutions.
- Voting on shares (either directly or via proxy) at company meeting.
- Engage with boards and management of Investee Company's on material ESG issues as a basis for driving positive client outcomes. Where the asset manager believes it will be in Old Mutual's best interest, and/or where they have exhausted their engagement with management, they should seek out opportunities to collaborate with co-investors on material issues as a means to drive change. Where such collaborative efforts are undertaken, they must ensure that conflicts of interest and issues relating to "acting in concert" are appropriately addressed.
- Public disclosure of annual proxy and engagement outcomes.

4.7 Old Mutual expects appointed asset managers to consider the ethical practices of their investments. Old Mutual will publish a list of excluded investments to be determined by the Old Mutual board of Directors from time to time. In instances where ethical issues arise after an investment decision has been made, then we expect the appointed asset manager engage with the underlying entity and exert a positive influence to the extent possible.

4.8 Old Mutual expects public disclosure of RI Policies, ESG integration and ownership activities by its asset managers. Old Mutual will review such public disclosures as a basis for monitoring and reviewing the progress made by investment managers on RI where necessary.

Appendix A: Current Regulation around Responsible Investment

How Old Mutual intends to endorse the integration of RI considerations into its investment processes draws on the spirit of the following legislation and industry codes. The underlying principles of investing responsibly as a means of enhancing returns is clearly also aligned to the requirement for Old Mutual to observe the utmost good faith and exercise of proper care and diligence when managing client funds, as provided for in terms of the Financial Institutions (Protection of Funds) Act.

Code for Responsible Investing in South Africa (CRISA)

CRISA gives guidance on how South African institutional investors should execute investment analysis and investment activities and exercise rights so as to promote sound governance, composed in a voluntary set of five key principles. The principles are similar to the UNPRI. CRISA is aimed at institutional funds, investors and managers with the view that the principles will be given effect through the relationship they have with investment managers and service providers.

The five key CRISA principles are:

1. To incorporate sustainability considerations, including ESG into investment analysis and investment activities as part of the delivery of superior risk-adjusted returns to the ultimate beneficiaries;
2. To demonstrate acceptance of ownership responsibilities in investment arrangements and investment activities;
3. To consider a collaborative approach to promote acceptance and implementation of the principles of CRISA and other codes and standards applicable to institutional investors;
4. To recognise the circumstances and relationships that hold a potential for conflicts of interest and to proactively manage these when they occur; and
5. To be transparent about the content of policies, how the policies are implemented and how CRISA is applied to enable stakeholders to make informed assessments.

Regulation 28 of the Pension Funds Act

Under the 'Principles' section of Regulation 28 of the Pension Funds Act, section c(ix) considers it part of the fiduciary duty of Trustees to require ESG consideration during investment decision-

making. In particular, the regulation expressly states:
"… before making an investment in and while invested in an asset consider any factor 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."

Financial Sector Charter (FSC)

The FSC is based on a harmonisation of the Generic Codes and the Financial Sector Charter as gazetted under Section 12 of the B-BBEE Act. The Code commits all participants to actively promote a transformed, vibrant and globally competitive financial sector that reflects the demographics of South Africa, and which contributes to the establishment of an equitable society by providing accessible financial services to black people and by directing investment into targeted sectors of the economy.

United Nations Principles for Responsible Investment (UNPRI)
The Preamble to the Principles states:

"As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society."

The six principles are:

1. We will incorporate ESG issues into investment analysis and decision-making processes;
2. We will be active owners and incorporate ESG issues into our ownership policies and practices;
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest;
4. We will promote acceptance and implementation of the Principles within the investment industry;
5. We will work together to enhance our effectiveness in implementing the Principles; and
6. We will each report on our activities and progress towards implementing the Principles.