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Collective investment schemes are generally medium to long-term investments. With Unit Trusts and ETFs the investor essentially owns a "proportionate share" (in proportion to the participatory interest held in the fund) of the underlying investments held by the fund. With Unit Trusts, the investor holds participatory units issued by the fund while in the case of an ETF, the participatory interest, while issued by the fund, comprises a listed security traded on the stock exchange. ETFs are index tracking funds, registered as a Collective Investment and can be traded by any stockbroker on the stock exchange or via Investment Plans and online trading platforms. ETFs may incur additional costs due to it being listed on the JSE. Past performance is not necessarily a guide to future performance and the value of investments / units may go up or down. A schedule of fees and charges, and maximum commissions are available on the Minimum Disclosure Document or upon request from the Manager. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Should the respective portfolio engage in scrip lending, the utility percentage and related counterparties can be viewed on the ETF Minimum Disclosure Document. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The index, the applicable tracking error and the portfolio performance relative to the index can be viewed on the ETF Minimum Disclosure Document and or on the Satrix website.

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Sustainable Investments and Impact Report 2022

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Sustainable Investments and Impact Report 2022

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Foreword
by Nersan Naidoo, Chief Executive of Sanlam Investments

Several years ago, we embarked on our journey to becoming a more purpose-led business, with sustainable and impact investing deeply embedded at our core. By fully embracing this investing tenet, we have been working to create a future where people live in thriving communities filled with opportunity and hope; that outcome, we believe, will impart a legacy of wealth.

It therefore gives me great pleasure to present the Sanlam Investments Sustainable Investments and Impact Report for 2022. This report highlights the considerable strides that we've made over the past year in our relentless efforts to achieve our sustainable investing and impact goals and objectives.

The heart of our purpose continues to be firmly rooted in creating positive outcomes and limiting negative ones for our people, our communities and our planet. We see ourselves as agents of change, and everything we do is anchored in this greater purpose. Our report gives tangible, evidence-based testimony to this vision, as it measures our achievements by the case studies we've documented, to show the positive impact we've made on communities and the environment in which we live.

Referencing the Financial Times' recent article on how ESG investing may have come to a moment of reckoning (June 2022), we give pause for serious reflection. ESG critics are debating whether ESG investing may soon outlive its usefulness, due largely to its ambiguity as well as the negative associations with 'greenwashing', and the fact that some asset managers are making misleading claims about their environmental activities. Further afield, European governments are adapting their environmental goals by turning to fossil fuels to mitigate their dependence on Russian gas. So, the Russia-Ukrainian war may now pose a very real tipping point for ESG investing.

At Sanlam Investments, despite the general ambiguity and challenges at large, we believe that investing for good will continue to evolve over the foreseeable future. We will continue to pursue our ESG investing activities with zest, and put in place robust metrics and measurables to dispel any claims of greenwashing. Our Sustainable Investments and Impact Report is an irrefutable testament to our endeavours in this space.

In the aftermath of the Covid-19 pandemic, the world is more attuned to risk, and lessons can be drawn upon to strengthen our responses to today's challenges, of which a just transition is one of many.

Sanlam Investments, as part of the greater Sanlam Group, contributes to a conscious sustainable investing and impact-focused agenda. Our staff are incredibly important to us and we have consistently prioritised job-security and psychological safety as we emerge from the Covid-19 pandemic. We champion progressive people practices, placing high emphasis on a diverse and inclusive culture, and continue to invest in our employees' skills development and education.

Our risk and governance frameworks remain strong and we are proud that our practices have earned us consistent inclusion in the FTSE/JSE Responsible Investment Index basket for some years. As a black-owned (Level One Contributor) asset manager, we embrace our role in helping transform the asset management industry. We believe that the advancement of broad-based black economic empowerment is a vital component of what makes up a

"WE EMBRACE ACTIVE OWNERSHIP AND ENGAGEMENT TO HELP BRING ABOUT THE CHANGE NEEDED TO SAFEGUARD AND EVEN INCREASE THE VALUE OF THE INVESTMENTS FOR WHICH WE ARE RESPONSIBLE... "

holistic contribution toward a more equitable and sustainable (stable) society. It speaks directly to the need for addressing income inequalities, societal fractures and widening wealth disparities in our country.

In our National Development Plan, it states that we have inherited a mixed legacy of inequalities in South Africa. It is clear that in navigating a new world to create positive outcomes and mitigate the negative ones, asset managers need to work together with the public sector and each other to change the narrative and alter the course of history, as 2050 and net zero rapidly approaches.

For us to build a more inclusive and sustainable tomorrow, it is important that we grasp how our actions today are vital to building a sustainable future for tomorrow. At Sanlam Investments, we are proud to be part of a community that cares about its people, its communities and its environment. We are who we are because of who we have been, the path we have travelled, and what we want to become. We will continue to make it happen, together. We will steer capital towards a shared greater purpose of a more sustainable South Africa, together.

Our journey

Sanlam Investments is committed to playing an all-encompassing role in securing a sustainable future for South Africa and all those who live in it, as well as those beyond our borders.

We believe that safeguarding economic, environmental and social assets is the foundation for a healthy economy that generates sustainable returns for the future. Accordingly, we promote the incorporation of environmental, social and governance factors into investment frameworks in order to make better, more informed decisions about our investments.

Sanlam Investments subscribes to global Principles for Responsible Investment which are supported by the United Nations and we have adopted the Code for Responsible Investing in South Africa 2.

As part of our commitment to this agenda, we will report on our progress each year.

Sustainable investing is the foundation of our vision, mission and values – it is what makes us who we are. The world has changed. To navigate an uncertain world, we need to change with it. As a global phenomenon and trend, sustainable and impact approaches to investing have grown significantly. Business leaders and investors are faced with an entirely new set of questions. Can we still rely on old business models? Will investor preferences change? How can we determine the risks of climate change on the businesses we invest in?

At Sanlam Investments, our ultimate aim is to be more than just an asset manager; we want to be agents of change. We want to help bring financial independence to all South Africans by boosting financial literacy, investing in job creation, reducing our carbon footprint and helping clients retire with dignity. We are looking out for the next generation in a way that goes beyond wealth creation.

WE ACKNOWLEDGE THE NEED FOR AND IMPORTANCE OF THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS AND OUR COUNTRY'S NATIONAL DEVELOPMENT PLAN.

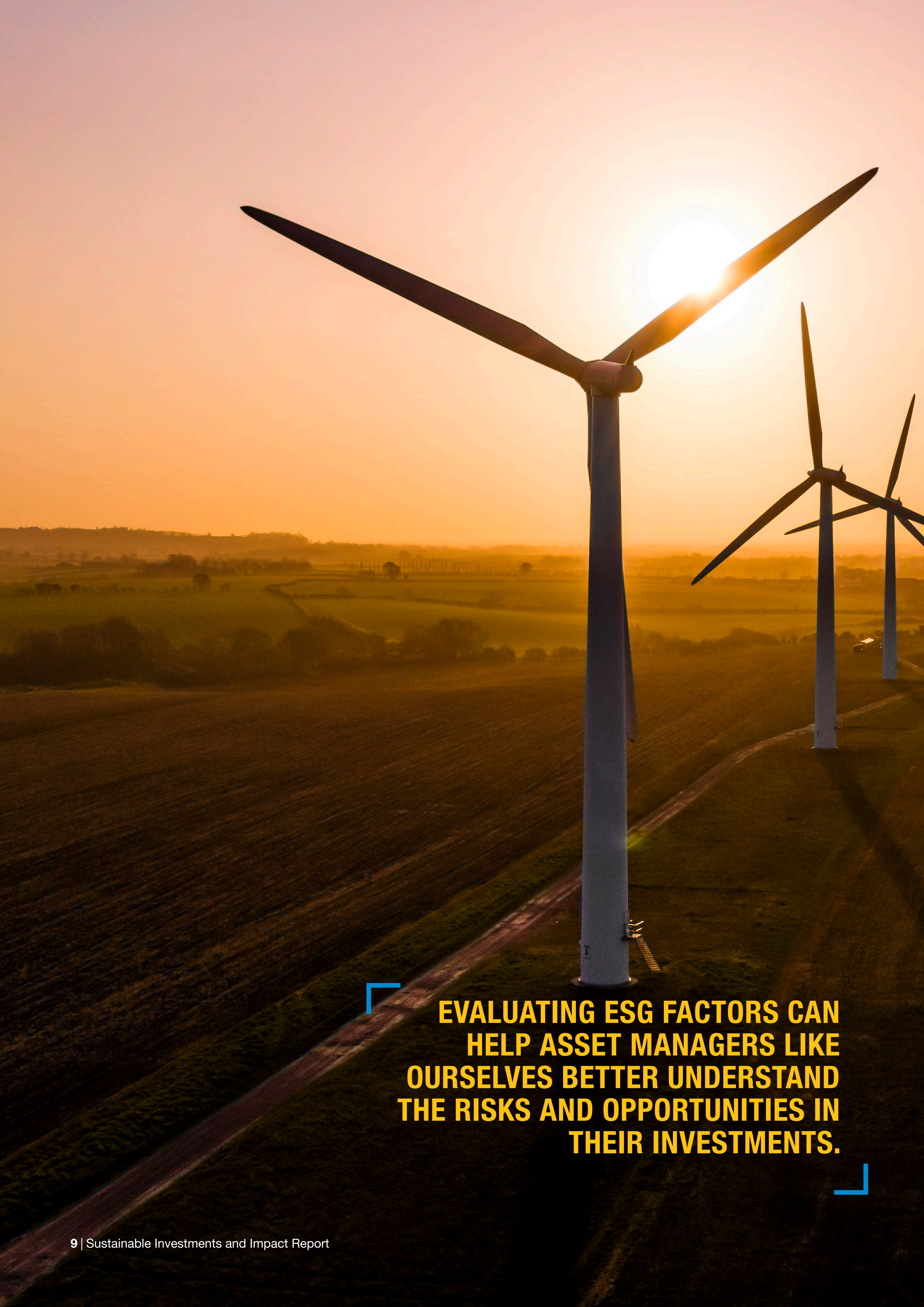
Our purpose
Empowering generations to be financially confident, secure and prosperous.

Our vision
To distinguish ourselves as the leading sustainability-driven asset manager on the African continent.

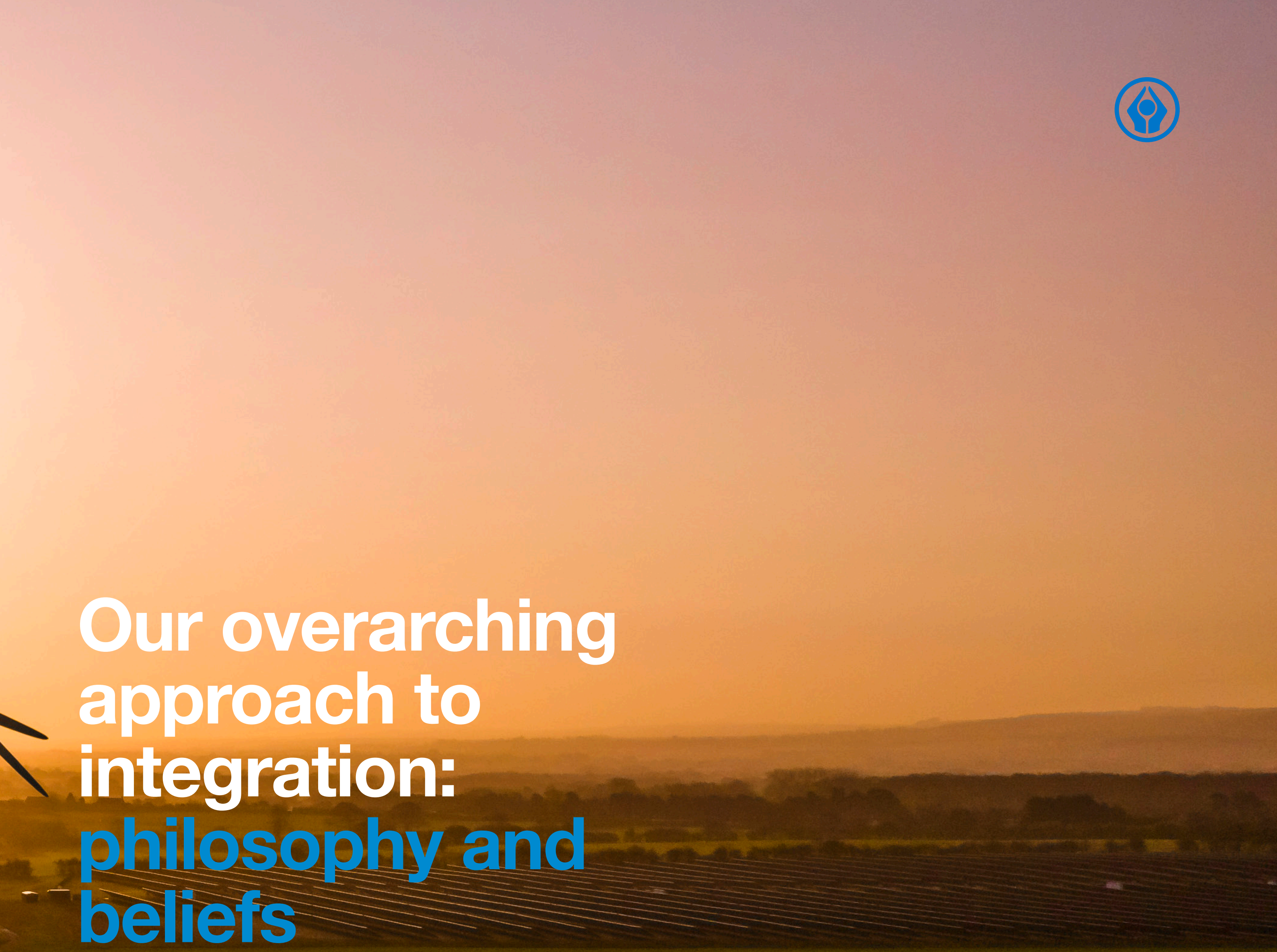
Our mission
We are aligned with the United Nations' Sustainable Development Goals and sustainable investing frameworks are anchored into our investment processes. We measure our success by the positive impact we have on people, communities and the planet.

Our values
Growing stakeholder value through innovation and superior performance.

- Collaboration
- Care
- Innovation
- Integrity



EVALUATING ESG FACTORS CAN HELP ASSET MANAGERS LIKE OURSELVES BETTER UNDERSTAND THE RISKS AND OPPORTUNITIES IN THEIR INVESTMENTS.



Our overarching approach to integration: philosophy and beliefs

Sustainable investing is the foundation of our vision, mission and values. The heart of our purpose is rooted in our journey towards long-term sustainability and, as agents of change, everything we do is anchored in a greater purpose. Our desire is to help our clients benefit from favourable returns and bring about the change that positively impacts our people and planet too.

As a global phenomenon and trend, sustainable and impact-led approaches to investing have grown significantly. Business leaders and investors are faced with an entirely new set of questions that include considering environmental, social and governance (ESG) factors as well as the impact of their investments and decision-making.

We hold companies that we invest in accountable and encourage them to conduct their operations in a way that meets the interests of their stakeholders toward better outcomes, without compromising the needs of future generations.

We believe that:

- The focus on sustainable investing has become mainstream in investment markets and will increasingly be a key driver of structural change in countries, companies and the markets in which we operate, as a result of the requirement for improvements in governance, positive social and environmental real-world impacts. An investee entity's attention (or lack thereof) to ESG factors can impact the value, performance and reputation of the investments made on behalf of clients. Therefore, ESG considerations that are financially material must be included in our investment process and decision-making.
- As a large investor in local markets, we hold an above-average ability to influence investee entities and hence have a responsibility to include active ownership with investee entities as part of our ESG strategy.
- Our efforts, including engagement with investee entities, should focus on more than just ESG considerations that are financially material. We believe that our influence can generate socio-economic benefits in addition to sustainable and competitive financial returns.

In this report, we provide a detailed record of robust initiatives across several fronts – and across all our businesses – to give evidence-based testament to our vision, philosophy and beliefs during 2022.

Overseeing our **sustainable investment** objectives

In 2021, Sanlam Investments established an oversight and governance committee, the Sustainable Investments Committee, to drive our sustainable investment initiatives and monitor and evaluate the implementation and progress of the agreed priorities. This committee is made up of some of the most senior individuals within our business and reports into the executive committee and, ultimately, the board of directors.

Key elements of the committee's mandate include:

- Driving our vision on sustainable investing and impact;
- Setting the overarching sustainable investment approach, priorities and targets for Sanlam Investments;
- Establishing and enhancing sustainable investing related policies, guidelines and positioning statements; and
- Monitoring and evaluating the implementation of agreed priorities, outcomes, targets, policies and impact measurements.

ESG HAS BECOME INGRAINED IN OUR INVESTMENT PROCESSES, DECISION-MAKING AND OWNERSHIP PRACTICES.

Integrating sustainability into our business DNA

Sustainable investment strategies

Sanlam Investments' solution-specific capabilities adopt a number of explicit sustainable investment strategies that are appropriate for their respective investment assets and clients' needs. There are four key types of strategies that are adopted, which can be described as follows:

Sustainable investment strategy	Description
Financial integration	This strategy involves the systematic inclusion and analysis of ESG criteria as part of a portfolio’s investment decision-making process. This is based on the view that ESG factors can considerably impact future risk/return profile security in the same way traditional fundamental financial factors can.
Screening	**Negative screening:** This approach excludes entire sectors or industries from the investable universe. Examples could include tobacco, alcoholic beverages, armaments or gambling. Negative screening could also be employed geographically, if investors feel that a political change is required against oppressive or hostile regimes. **Norms-based screening:** This approach incorporates minimum standards of business practice based on international norms as benchmarks for investing (International Labour Organisation or the UN Global Compact).
Impact investing	This is a strategy where funds target positive measurable social and/or environmental outcomes as well as financial returns. Our impact investing approach is linked to our impact objectives, which are aligned to the South African National Development Plan 2030 (NDP) and the United Nations Sustainable Development Goals (affordable housing, job creation, affordable healthcare, affordable and clean energy as well as climate change, to name a few) while still achieving favourable financial returns for our clients.
Active ownership	Active ownership is the use of the rights and position of ownership to influence the activities or behaviour of investee entities. Active ownership can be applied differently in each asset class. For example, for listed equities it would include engagement and voting activities.

Our sustainable investment policy framework

Sanlam Investments' sustainable investment policy framework is constantly evolving and details asset class-specific strategies. These include public equity, fixed income, private equity, indexation and private debt sustainable investment frameworks.

	ESG integration techniques adopted			Active ownership	
Asset class	**Financial integration**	**Impact/ Thematic**	**Exclusions**	**Engagement**	**Voting**
Public Equity	✔			✔	✔
Fixed Income	✔			✔	
Private Equity	✔	✔	✔	✔	✔
Indexation				✔	✔
Private Debt	✔	✔		✔	

SANLAM INVESTMENTS' SUSTAINABLE INVESTMENT POLICY FRAMEWORK IS CONSTANTLY EVOLVING

Public Equity

The equity sustainable investment framework primarily adopts a "financial integration" approach by integrating financially material factors into the investment valuation process. This is done by leveraging niche third-party research as well as performing our own internal research to develop a materiality framework on a sectoral basis. The issues are discussed on an investment analyst level and consequently integrated into valuation models and the broader investment process. ESG issues therefore impact our investment decision-making through the impact they have on valuations and the margin of safety required for the perceived ESG risk inherent in the investment. This will typically initiate an engagement dialogue with the company concerned.

Case study: Glencore – a case to invest for good?

Sanlam Investments, as an investment business, believes that incorporating ESG into the investment process not only leads to better investment outcomes, but also recognises that as an asset manager we have a fiduciary duty to ensure a sustainable future for the planet and its people.

Our equity team has therefore developed its ESG capabilities to improve how we analyse companies, focusing on how ESG factors should be integrated into the investment process.

ESG factors also serve as a risk management tool for asset managers as they assess the potential risks a portfolio holding is exposed to. As such, the team used this tool on one of their investments – Glencore – a business that recently made headlines after admitting to corruption charges in Africa and Latin America, and had to pay approximately US$1.1 billion to regulators in Brazil, the UK and the United States.

For the equity team, it was important to look at Glencore's investment case holistically and not only from a financial perspective, because ESG has become embedded in the way the market determines a company's fair value.

Despite its governance issues and exposure to "dirty assets" that are responsible for emitting large amounts of CO_2, there is still a compelling case as to why investors should allocate capital towards the company. Below are the team's findings.

Central to the investment thesis is that Glencore has the unique capability to supply 'sustainable commodities of the future'. The company has argued that instead of being excluded from client portfolios due to environmental reasons, ESG is indeed one of the reasons to own their stock.

We agree with Glencore's view that "transition metals" like copper, cobalt, nickel, zinc and vanadium are all required to achieve net zero emissions. Moreover, following the recent acquisition of Rio Tinto's coal assets, the company has reiterated that their intention is to responsibly run down these operations and effectively re-invest coal cash flows into the production of transition metals. They further emphasise that the transition will be non-linear, and that coal will still be required for years to come. Analysing where and how cash flows from coal assets are invested will become a focal point for ESG-conscious investors wanting to hold management accountable.

Glencore's commodity mix is also well-positioned to take advantage of the move towards cleaner energy.

ACTIVE OWNERSHIP IS THE BACKBONE OF OUR SUSTAINABILITY INTEGRATION EFFORTS AS IT ALLOWS US TO ADDRESS THEMATIC AND MORE QUALITATIVE MATTERS SUCH AS REMUNERATION PRACTICES, BOARD STRENGTH AND DIVERSITY, CLIMATE RISKS AND OPPORTUNITIES, AND OTHER SOCIAL MATTERS.

Public Equity (cont.)

As demand for fossil fuels decreases at an increasing pace over the next few decades, Glencore will be able to profit from this as they have a large market share in the metals used in the production and storage of green energy. For example, Glencore already supplies a third of the world's cobalt market. Cobalt's many uses range from health and nutrition to manufacturing and industry. Cobalt is also an integral part of vitamin B12 and therefore essential for the functioning of human cells.

It is also worth mentioning that the business has been increasing their recycling ability and footprint, as the future global copper supply will likely not be able to meet the demand required.

One of the company's most material risks has been the investigations into price manipulations and corrupt dealings, which was partially quantified when Glencore pleaded guilty to charges and paid the resultant fine issued by regulators.

The company has since undergone an overhaul of their top management structure, with the appointment of a new CEO and numerous other management board members. The new management team has gone to extreme lengths to reassure investors that it is not the company it was when the unacceptable practices behind their misconduct occurred.

Glencore has also been phasing out its intermediaries for the past five years. These were the agents and dealmakers who once played the role of middleman for bribe payments between the company and government officials. Glencore has further implemented an ethics and compliance programme and said that it would disclose its marketing sales and purchase agents. There are numerous other measures and policies the company has put in place. However, there can be no assurance that such policies, standards, procedures and controls will adequately protect the business against fraud, bribery, corruption and other unlawful activities - diligent engagement by investors will therefore remain critical.

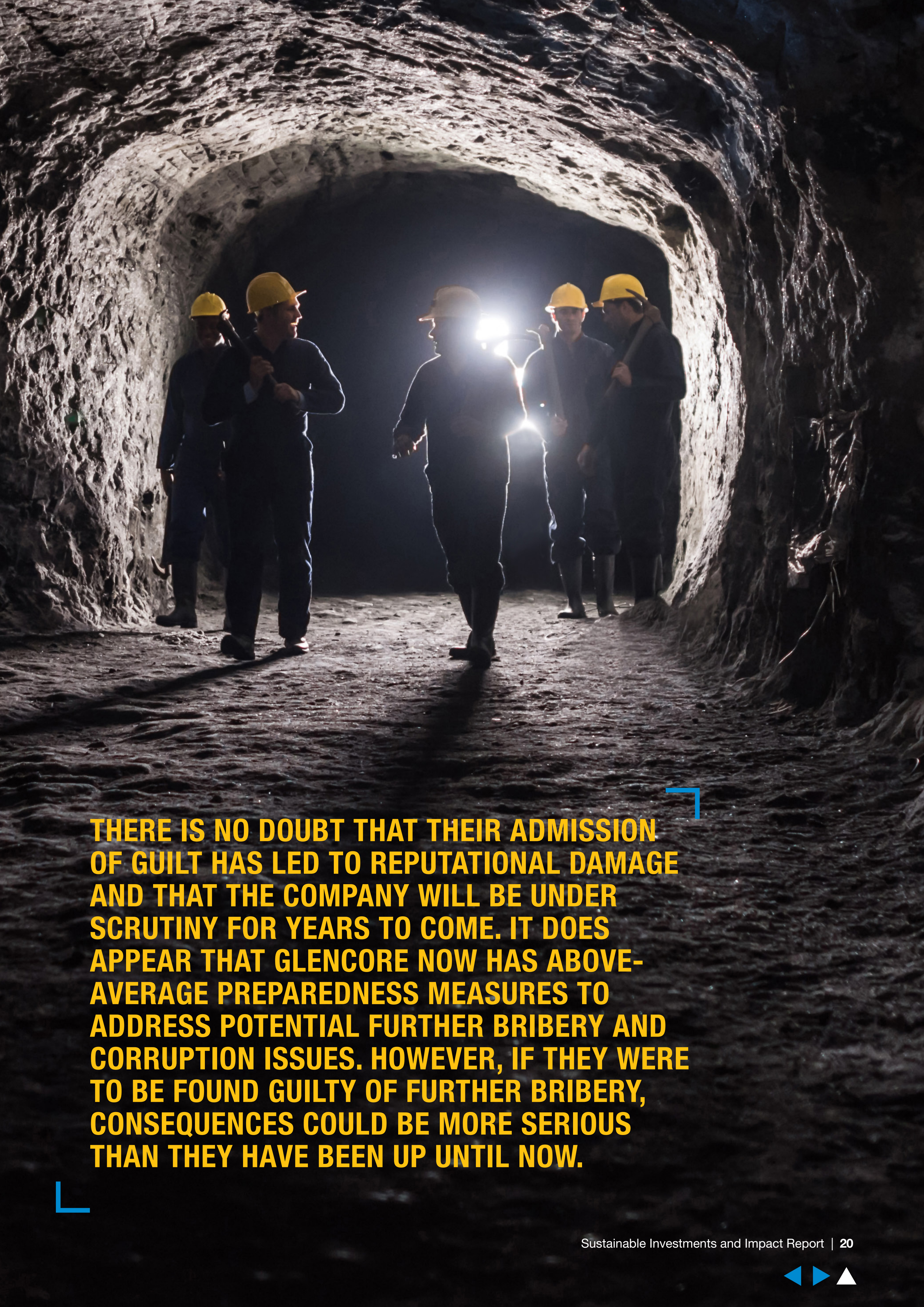
Concluding thoughts

In summary, it is up to each investor to decide whether the risks, which will hopefully be adequately mitigated, still outweigh the potential upside in the stock and whether management's strategy to be a producer of transition metals will reap successes in the future. From our team's analysis, it seems that while it may take some time for a market applied "governance discount" to be fully removed, the risks of similar bribery and market manipulation incidents re-occurring are now significantly diminished. On this basis, the potential value upside far outweighs the risks the company faces – even after taking ESG factors into account.

Key takeaways:

- ESG has become an important risk management tool that asset managers use to incorporate into their investment process. Sanlam Investments' equity team applied this tool to their investment in Glencore.
- Although Glencore has pleaded guilty to bribery and market manipulation charges, our team believes they have done enough to effectively address potential further misdealings.
- As we move to a circular economy and the demand for transition metals increases, Glencore will play an increasingly important role in supplying these metals.
- Glencore is one of the world's largest recyclers of end-of-life electronics, batteries and battery metals and is targeting significant growth in this area.
- This, together with the discount to intrinsic value Glencore is trading at, gives investors enough basis to allocate capital towards the company.

Author: Johan Griesel, ESG Analyst, Equity team at Sanlam Investments.



THERE IS NO DOUBT THAT THEIR ADMISSION OF GUILT HAS LED TO REPUTATIONAL DAMAGE AND THAT THE COMPANY WILL BE UNDER SCRUTINY FOR YEARS TO COME. IT DOES APPEAR THAT GLENCORE NOW HAS ABOVE-AVERAGE PREPAREDNESS MEASURES TO ADDRESS POTENTIAL FURTHER BRIBERY AND CORRUPTION ISSUES. HOWEVER, IF THEY WERE TO BE FOUND GUILTY OF FURTHER BRIBERY, CONSEQUENCES COULD BE MORE SERIOUS THAN THEY HAVE BEEN UP UNTIL NOW.

Fixed Income

The fixed income sustainable investment framework adopts a financial integration approach by incorporating financially material ESG factors into the overall investment process. Currently, we leverage the research of third-party providers to identify material ESG factors.

Other techniques are also adopted for specific mandates like screening techniques and thematics, such as job preservation and creation.

Active ownership, particularly company engagement, is also used to address ESG issues with investee companies.

Case study: The impact of stakeholder relationships on investment decisions

Sanlam Investments saw an opportunity to roll over or renew an existing exposure to property company, Premium Properties Ltd, a subsidiary of Octodec Investments Ltd. The company operates in six different sectors, but has the most significant residential portfolio of any real estate investment trust (REIT) on the Johannesburg Stock Exchange. Its properties are mostly situated in the Johannesburg and Tshwane central business districts.

We considered two factors - social and inclusive growth, as well as stakeholder relationships = when evaluating this investment opportunity.

Social and inclusive growth

High unemployment levels and difficult economic conditions are having a devastating impact on the company’s target market, which is mostly small businesses and lower income residential tenants. Apartheid’s legacy of spatial planning also means that many people live far from their place of employment.

Stakeholder relationships

South Africa's July 2021 civil unrest emphasised the importance of strong stakeholder relationships, which includes both tenants and the surrounding community where the company operates. During unexpected events such as these, protecting physical infrastructure and ensuring the tenants' safety are of utmost importance. Poor management of these two factors could potentially lead to high vacancies and financial losses.

Having been an investor in this company for many years, we were aware of how sensitive this entity is to disruptions of its target market. However, we did not have first-hand experience of how these risks were managed. On a site visit during early 2022, we witnessed the following:

- Extensive security measures at residential properties were in place, specifically 24-hour CCTV surveillance and controlled access, while still providing housing at affordable prices.
- Thriving urban and inner-city environments had been developed, creating a community-like atmosphere.
- Quality accommodation near places of work had been established.
- Strong relationships between management and stakeholders existed.
- Opportunities for SMMEs were provided by creating designated spaces for emerging entrepreneurs.
- The company identifies selected individuals to participate in their comprehensive enterprise and supplier development initiative, which assists entrepreneurs with building systems and processes to scale and grow their businesses.

Concluding thoughts

The company has identified a niche market where they can participate in urban regeneration. By identifying the potential social risks and actively participating in solutions to some of these problems, the company has managed to mitigate some of the risks.

While we did not adjust our internal rating, we did develop a better understanding of the risks and their potential impact on the company. While not specifically labelled as 'social' bonds, we are of the opinion that this company has a noticeable positive impact on the community that it serves. We decided not only to roll over our existing exposure, but to increase our overall holding.

Author: Chantelle Pretorius, Credit Portfolio Manager at Sanlam Investments.

Alternative Investments: Private Markets

While the term 'impact investing' was first coined as long ago as 2007, impact investing as an investment strategy is still in its development stages globally. But it has proven to be the key to elevating investing for purpose, given its intention to measure targeted positive outcomes of investments made.

Different to ESG investing, impact investing targets investments that create positive outcomes such as employment creation or improved infrastructure. ESG investing focuses more on compliance and avoiding harm in investment strategies.

Alternative investments in private markets like private equity and private debt are core to driving impact investing as an investment strategy.

Private Equity

Our private equity business consists of assets that are managed purely with commercial investment objectives in mind, as well as our recently launched fund, the Sanlam Private Equity Mid-Market Fund I (part of our Investors' Legacy range). This fund adopts an ESG and impact strategy to enhance portfolio company performance and contribute towards key national and international development impact objectives. To drive ESG integration the fund uses a comprehensive ESG Management System containing its ESG framework and commitments. The system seeks to fully integrate ESG considerations into each stage of the investment process from deal origination, through to pre-investment screening, all the way to post-investment monitoring and final exit. The private equity team adopts an extensive exclusion list for the fund that outlines the types of investments that it will not finance. The list of prohibited activities, which are based on the IFC Exclusion List and are updated and adapted for the fund from time to time, will be applied to future investments made by the private equity team beyond this fund.

The private equity team has developed an impact framework to guide the fund's intended path for delivering on its impact objectives and assessing its contribution to positive impact outcomes. The framework is applied pre-investment to understand an investment's potential contribution to the fund's impact objectives, and to support decision-making processes during the life of the investment in the pursuit of these objectives.

Private Debt

Our private debt business consists of assets that are managed with commercial investment objectives in mind, as well as funds that adopt explicit impact strategies to contribute towards key national and international development impact objectives, such as the United Nations Sustainable Development Goals and South Africa's National Development Plan. It includes the following funds:

THE PRIVATE DEBT TEAM HAS ESTABLISHED AN IMPACT FRAMEWORK TO GUIDE EACH IMPACT FUND'S INTENDED PATH TO DELIVER ON ITS IMPACT OBJECTIVES AND ASSESS ITS CONTRIBUTION TO POSITIVE IMPACT OUTCOMES.

Fund	Objectives
GenX Credit Opportunities Fund	Commercial fund
Sanlam Resilient Investment (SRI) Fund	Fund with a broad impact mandate
Investors' Legacy SME Debt Fund	Fund with a mandate focused on job creation
South African SME Debt Fund	Fund with a mandate focused on job creation through financing predominantly black-owned businesses, across sectors but prioritising manufacturing and agro-processing

The framework is applied pre-investment to understand an investment's potential contribution to the fund's impact objectives, and to support decision-making processes during the life of the investment in the pursuit of these objectives.

Impact funds

The introduction of impact funds has allowed our Alternative Investments business to address South Africa's most pressing economic issues.

Our Alternative Investments business has committed to addressing the following three impact objectives (reduced inequality, job creation and climate action) through its impact investments:

Reduced inequality

According to a World Bank report released in March 2022, South Africa is the most unequal country in the world. While the government plays a key role in reducing economic inequality through redistribution of the country's resources, private capital has a unique yet different role to play in aiding this process. Private capital has an ability to channel funding to segments of society that are most in need.

We believe South Africa can make the biggest difference to addressing poverty and inequality through impact investing. Our three SME debt impact funds are dedicated to reducing inequality.

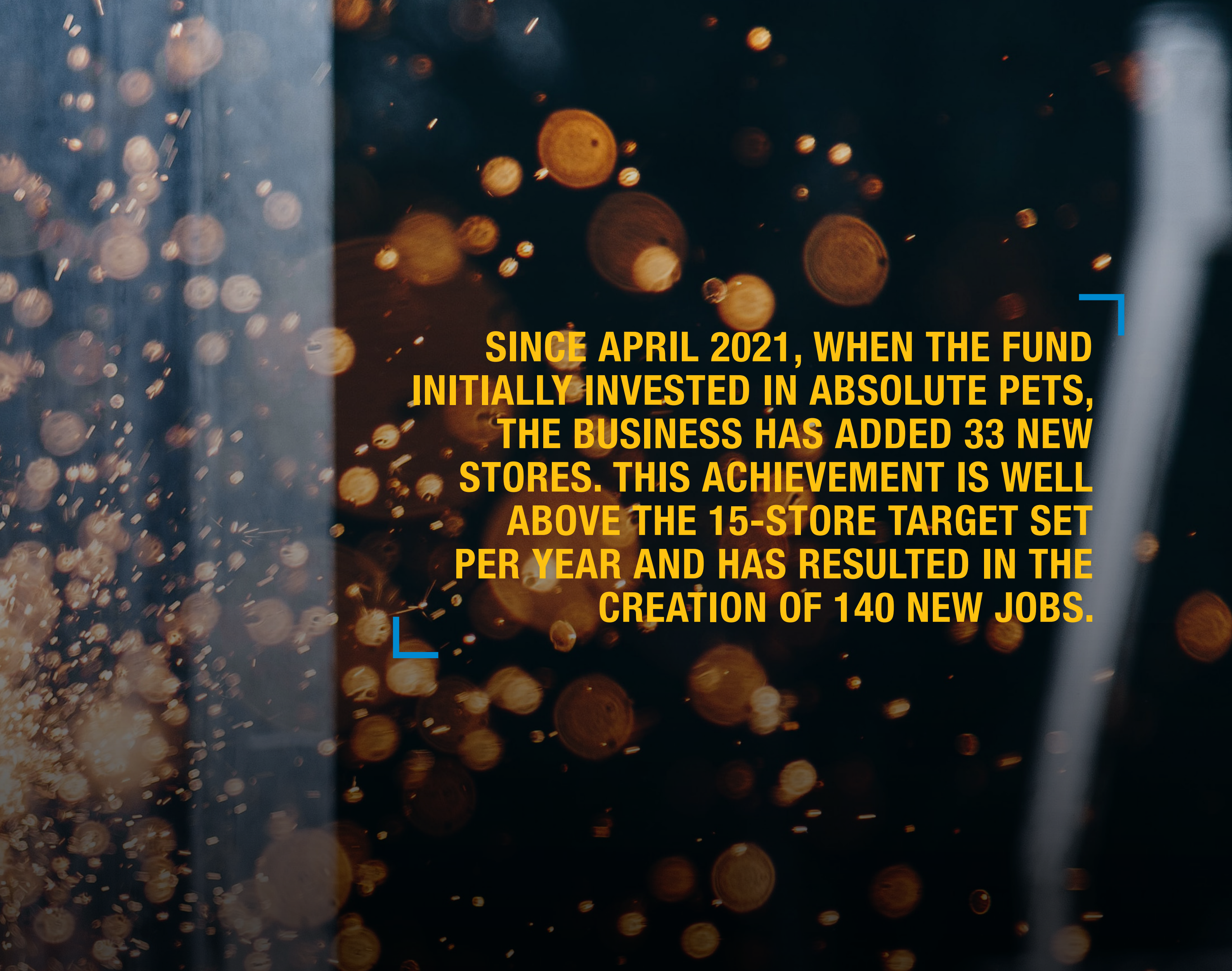
Case study: Investors' Legacy SME Debt Fund - Devland Affordable Housing

The state of South African cities report (2021) found that one in five people in South Africa's biggest cities live in informal housing.

In July 2021, our Investors' Legacy SME Debt Fund invested in a social housing project located in Devland, Soweto. The project consists of 26 three-storey buildings consisting of 870 one, - two - and three-bedroom rental apartments.

This part of the rental market is largely vulnerable and underserved. Despite decades of government-subsidised housing delivery, South Africa continues to encounter major issues in providing suitable and affordable housing for many of the low-income population.

Devland Gardens is 'green certified' (environmentally responsible building practices were used through its entire building lifecycle from construction, operation to maintenance) through EDGE certification - Excellence in Design for Greater Efficiencies' - and is expected to offer lower water and electricity costs for tenants. Each unit is energy-efficient and uses energy-saving lighting, a heat pump for hot water generation, as well as low-flow showerheads and faucets. The green measures taken will result in over 20% saving in the embodied energy in the buildings and over 20% saving for water and electricity consumption per unit.



SINCE APRIL 2021, WHEN THE FUND INITIALLY INVESTED IN ABSOLUTE PETS, THE BUSINESS HAS ADDED 33 NEW STORES. THIS ACHIEVEMENT IS WELL ABOVE THE 15-STORE TARGET SET PER YEAR AND HAS RESULTED IN THE CREATION OF 140 NEW JOBS.

Job creation

According to the National Income Dynamics Study — Coronavirus Rapid Mobile Survey 2020/2021 — the lockdown period resulted in a loss of about 2.9 million jobs in South Africa of which just under two million (or two-thirds) were occupied by women. South Africa's official unemployment rate currently stands at 33,9% for the second quarter of 2022. At Sanlam Investments, we are working towards helping to build a country with significantly improved employment levels.

Case study: Absolute Pets – Sanlam Private Equity Mid Market Fund I

In April 2021, the Sanlam Private Equity Mid Market Fund I, which forms part of the Investors' Legacy range, concluded an investment in Absolute Pets, South Africa's largest retailer of specialised pet food and supplies. Prior to the fund's acquisition of a majority stake in the group, Absolute Pets operated in 92 locations and employed 370 full-time staff members.

Prior to the investment in Absolute Pets, the fund's investment team carried out a due diligence process to assess the business, the social impact of the investment, and whether it was aligned with the fund's impact objectives.

Over the next four years, Absolute Pets plans to grow by at least 15 new stores per year. Much of this growth will be into new regions, including Nelspruit, the Eastern Cape, and the Garden Route as the group expands its national presence. Each new Absolute Pets store is expected to create at least three to four new jobs, excluding those jobs created by suppliers or corporate office employees.

Absolute Pets' employee diversity and inclusion statistics indicate that the anticipated employment growth will benefit groups that are most severely impacted by unemployment in South Africa.

Author: Teboho Makhabane, ESG & Impact Implementation Specialist at Sanlam Investments.

Impact funds (cont.)

Climate action

Extreme weather patterns resulting in droughts, flooding and heatwaves are evidence of climate change. It is not just a global phenomenon, it's happening locally too.

In South Africa, the most recent were the Kwa-Zulu Natal floods, an indicator of what life beyond 2022 could look like if we do not take climate issues seriously and continue business as usual.

Through funds such as Climate Investor One and Climate Investor Two (managed by Climate Fund Managers, the joint venture between Sanlam Infraworks and FMO) as well as our local Sustainable Infrastructure Fund, we are working to mitigate the impacts of climate change and help to build a more sustainable environment for our people and planet.

Case study: Sanlam Investments Sustainable Infrastructure Fund

A significant step towards renewable energy

The Bokpoort Concentrated Solar Power (CSP) plant is one of the first concentrated solar power projects awarded under South Africa's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). This public-private partnership promotes buy-in from independent energy producers for the development of utility-scale renewable energy projects. Bokpoort was commissioned in March 2016 and is located in the Northern Cape Province to maximise the country's enviable solar resources. In line with the South African government's intention to support the local economy, approximately 40% of the components at Bokpoort Concentrated Solar Power (CSP) were produced in South Africa.

Bokpoort has built a concentrated solar power plant with a gross capacity of 55 megawatts (MW) and 50 MW net, which uses 241,920 pivoting concave mirrors to focus solar radiation onto a tube containing heat transfer fluid. The fluid is then used to generate electricity by driving the plant's steam turbine, or exchanges its heat into a thermal energy storage system. The storage system comprises 38,100 tonnes of environmentally friendly molten salt, which can store energy for up to 9.3 hours and then produce electricity on-demand, day or night.

More recently, it set a record for maximum daily production at 1,077 MWh, recorded on 30 November 2020 at a daily load factor of 89.8%.

The plant's continued operation provides permanent employment to 61 people. While not explicit at the time of entering the transaction, the impact objectives of creating jobs, social upliftment, and economic transformation are all in line with our Sustainable Infrastructure Fund.

Case study: Containerised Ballast Water Treatment in Pan-Africa

Climate Investor Two's Damen project addresses the treatment of ballast water, which is taken on in great quantities by marine vessels to offset unloaded cargo or waste, before being discharged at the ships' next port of call. This discharge typically contains a multitude of viruses, bacteria, and other biological materials, including plants and animals. The inadvertent release of these non-native and nuisance species in ballast water has already triggered extensive ecological damage, with a knock-on effect on the economy and human health.

The issue has been pushed into the spotlight by the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM), which came into force in 2017 with the goal of ending the spread of invasive aquatic organisms. Recently, 87 out of 217 countries signed the higher standards and procedures for the management of ships' ballast water, representing more than 80% of the worlds merchant shipping tonnage.

The Damen containerised ballast water treatment system offers a port-based solution to ships ill-equipped to treat their ballast water or wishing to supplement their existing treatment capabilities to meet higher standards. In addition, the system is currently the only one to be certified by the International Maritime Organisation, who are responsible for the implementation of the BWM convention.

Climate Fund Managers is a joint venture with Sanlam Infraworks, an investment and development company targeting infrastructure and climate related projects, which acquired a 50% interest in it. Climate Fund Managers manage Climate Investor One, which provides capital for the development of renewable energy projects in emerging markets, and Climate Investor Two, which focuses on water, oceans and sanitation (including waste and waste water) and the protection of coastal ecosystems.

Climate Fund Managers estimates that the project represents an opportunity of US$ 3.4 million to the Climate Investor 2 Development Fund, and that upon conclusion of the development phase, the project will present a further opportunity of US$ 25.9 million to the Climate Investor 2 Construction Equity Fund. In addition, during the commercial phase, it is estimated that the systems will treat up to 36,000 m^3 of ballast water per day.

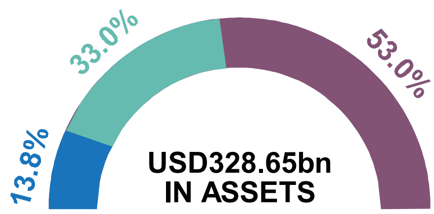
This volume of water is equivalent to processing the contents of over 14 Olympic swimming pools daily, in the process creating 240 new jobs and helping to preserve and protect valuable marine ecosystems.

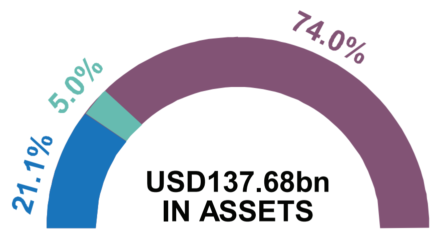
CLIMATE FUND MANAGERS IS ONE OF THE LARGEST CLIMATE FUNDS IN THE WORLD AT US$850 MILLION AT CLOSE AND AIMS TO RAISE MORE THAN A BILLION US DOLLARS.

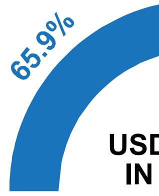
Impact measurement and why it is important

At Sanlam Investments, we believe that impact measurement is key to driving positive change. This is an important exercise for all our impact funds. Understanding the impact of our investments helps our team to make decisions about the fund's investments that can significantly enhance their impact.

The AIFIB report showcases how investing for impact strategies are applied in Southern, West and East Africa. Sanlam Investments tops leader ratings, which is a significant achievement given that the report surveyed 2640 funds from 382 fund managers in sub-Saharan Africa.







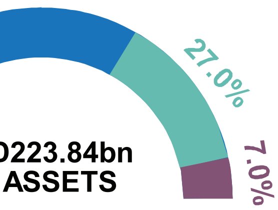
	ESG Integration				Investor Engagement				Sc	
	AM	Barometer score	PE/VC	Barometer score	AM	Barometer score	PE/VC	Barometer score	AM	Barome score
Leaders	Fund Manager 2	High	Fund Manager 1	High	Fund Manager 3	High	Fund Manager 6	High	Fund Manager 3	High
Leaders	Sanlam Investments	High	Fund Manager 4	High	Fund Manager 2	High	Fund Manager 7	High	Sanlam Investments	High
Leaders	Fund Manager 3	High	Fund Manager 5	High	Sanlam Investments	High	Fund Manager 8	High	Fund Manager 9	High

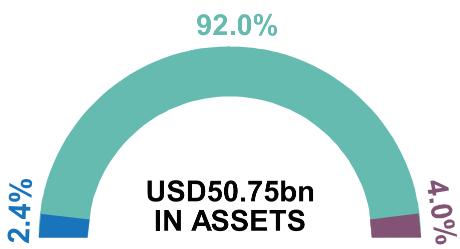
Source: African Investing for Impact Barometer (AIFIB)

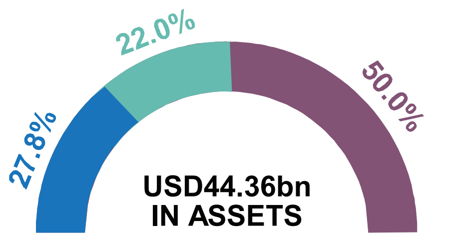
Barometer scoring results

ACCORDING TO THE AFRICAN INVESTING FOR IMPACT BAROMETER (AIFIB) REPORT, SANLAM INVESTMENTS IS RATED AS A LEADER ACROSS THE FIVE 'INVESTING FOR IMPACT' STRATEGIES. IMPLEMENTATION OF ESG INTEGRATION, INVESTOR ENGAGEMENT, SCREENING, SUSTAINABILITY-THEMED INVESTMENT, AND IMPACT INVESTING STRATEGIES.

reening			Sustainability-themed Investment				Impact Investment			







eter	PE/VC	Barometer score	AM	Barometer score	PE/VC	Barometer score	AM	Barometer score	PE/VC	Barometer score
	Fund Manager 1	High	Fund Manager 11	High	Fund Manager 4	High	Fund Manager 13	High	Fund Manager 16	High
	Fund Manager 10	High	Fund Manager 2	High	Fund Manager 6	High	Fund Manager 14	High	Sanlam Investments	High
	Fund Manager 7	High	Sanlam Investments	High	Fund Manager 12	High	Fund Manager 15	High	Fund Manager 17	High

Low Medium High

Indexation solutions by Satrix

Satrix, the indexation business of Sanlam Investments, is the leading provider of index-tracking solutions in South Africa, with over R150 billion in assets under management, invested across a wide range of offerings. Our indexation incorporation framework consists largely of active ownership strategies to address material long-term systemic issues in the markets that we are invested in. We can, however, also incorporate a variety of ESG techniques within specific ESG-themed strategies or the design of our bespoke strategies.

How ESG is transforming indexation investing

The global coronavirus pandemic served, among other things, to accelerate many trends. One of the bright lights was the positive momentum behind acknowledgement of the risks of climate change and the move to sustainable investing. Now, there is a renewed urgency for the world to work together to reverse climate change damage and move towards a net zero economy (which is supportive of keeping the average global temperature increase below 2ºC).

Sustainability has become a catch-all phrase for 'doing good' and investing responsibly. Under this umbrella sits ESG, which specifically focuses on how the areas of environmental, social and governance impact on a company's operational efficiency and future strategic direction.

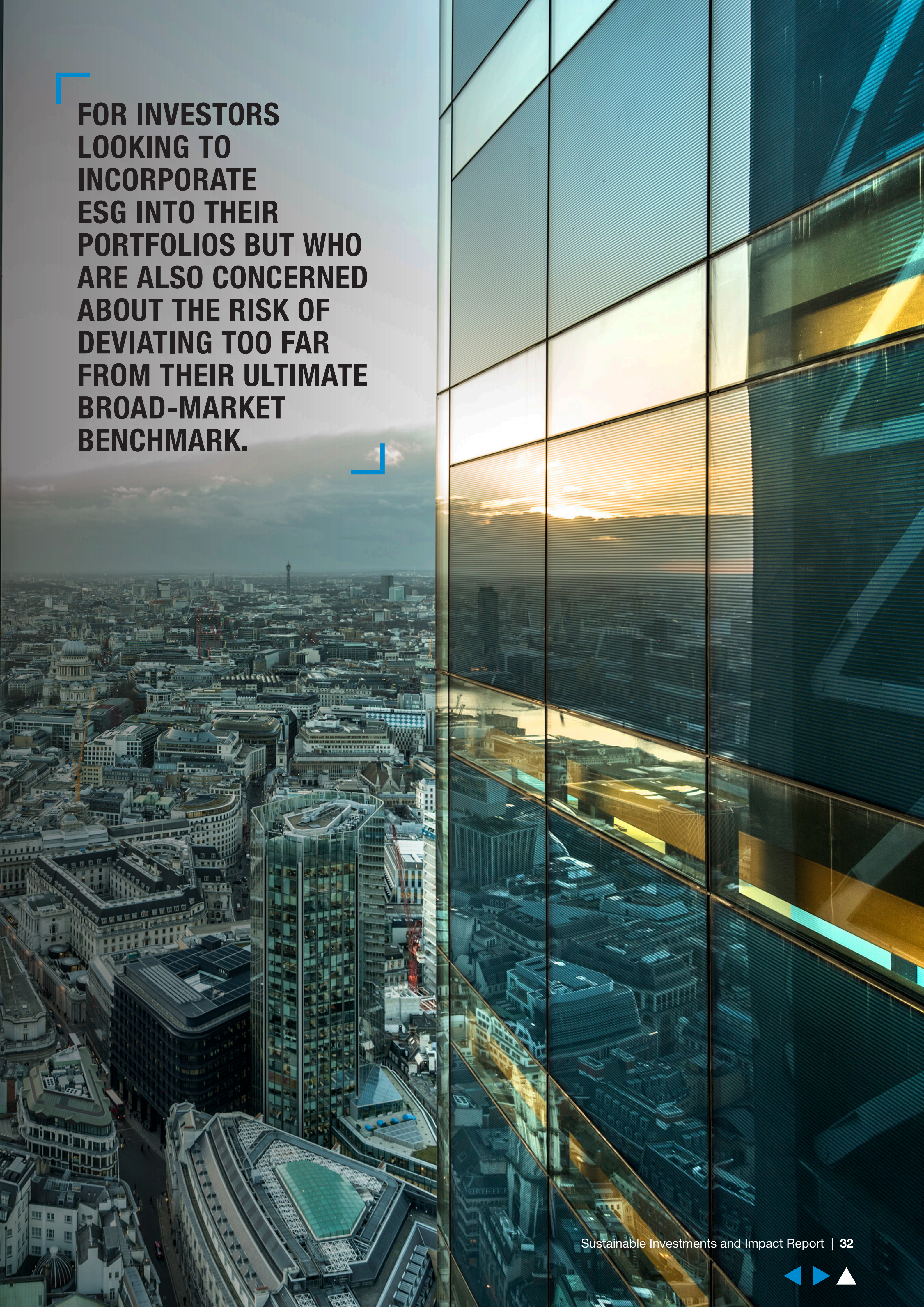
Why would you invest in ESG index strategies?

Recent innovations in the ESG index construction process take explicit cognisance of the parent index from a risk perspective and aim to maximise exposure to higher-rated ESG companies within a tracking error risk budget such as the MSCI World ESG Enhanced Focus CTB Index at 0.75% and 1% for the MSCI Emerging Markets ESG Enhanced Focus CTB Index.

Both indices are designed to maximise their exposure to positive ESG metrics while also explicitly reducing exposure to carbon dioxide (CO_2) and other greenhouse gases (GHG) as well as their exposure to potential emissions' risk of fossil fuel reserves by at least 30%. The indices hold no weapons or tobacco companies or companies involved in severe controversies. These indices also ensure they exceed the minimum technical requirements of the EU Climate Transition Benchmarks (CTB).

There are numerous ESG indices available, each with different approaches to portfolio construction and what its objectives from an ESG and sustainability perspective are.

Index investing in the ESG space is helping to educate and guide investors to predetermined outcomes with a greater sense of transparency and certainty. The audited methodologies and finite rules, at this stage, may give investors more comfort in the (perceived and real) risks they may be taking while they gain confidence in the ESG space.



FOR INVESTORS LOOKING TO INCORPORATE ESG INTO THEIR PORTFOLIOS BUT WHO ARE ALSO CONCERNED ABOUT THE RISK OF DEVIATING TOO FAR FROM THEIR ULTIMATE BROAD-MARKET BENCHMARK.

Indexation solutions by Satrix (cont.)

Satrix ESG-led capabilities

Satrix pioneered the very first exchange traded funds (ETFs) in South Africa by launching the flagship Satrix 40 ETF as the first locally-listed ETF in November 2000.

As ESG investing in the asset management industry grows in importance, Satrix recognises that investors have a very diverse approach to ESG requirements and how they integrate into investors' broader investment portfolios. This is why Satrix has launched funds that speak to different themes under the ESG umbrella, making for a more compelling investment case.

As the people's brand, we want to help facilitate change and drive greater inclusion and diversity across South African companies. Satrix's one-of-a-kind Inclusion and Diversity ETF is ideal for like-minded investors who value companies with high levels of inclusion, diversity and people development, and low levels of controversy. It provides an opportunity to select companies with a greater chance at innovation and long-term growth. The ETF gives investors exposure to the top 30 JSE-listed companies that best demonstrate and promote the values of inclusion and diversity in the workplace. The ETF uses key metrics such as gender, race, physical ability and background to make up the four categories that form the pillars of inclusion and diversity.

How the Satrix Inclusion and Diversity ETF works

The ETF tracks the Refinitiv Satrix South Africa Inclusion & Diversity Index, which only comprises stocks listed on the Johannesburg Stock Exchange. The index identifies JSE companies that meet a specific set of economic, social and governance criteria. The index then measures those companies against four pillars: diversity; inclusion; people development; and news and controversies.

Together the pillars incorporate 25 factors that each support a diverse and inclusive environment. Each company is assigned a score for each of the four pillars. Companies with a positive score on all four pillars are assigned an overall score, which is simply the average of the pillar scores. They are then ranked, based on their overall score in descending order, and the top 30 are included in the index. The 30 resultant companies are subsequently weighted according to their free float market capitalisation and adjusted for liquidity. Following this, they are capped at 10%. A sectoral cap of 30% is also applied.

THE ETF INVESTS IN A BROAD RANGE OF COMPANIES INVOLVED IN HEALTHCARE INNOVATION GLOBALLY, AND IS ADDITIONALLY SCREENED TO MEET MINIMUM ESG CRITERIA.

ESG-Enhanced ETFs

Satrix also provides ESG offerings with global exposure, in both developed and emerging markets. In September 2020, Satrix launched two ESG-enhanced ETFs, the Satrix MSCI Emerging Markets ESG Enhanced Feeder ETF and the Satrix MSCI World ESG Enhanced Feeder ETF. These two ETFs provide the investor with similar returns to those if you tracked the MSCI World and MSCI Emerging markets index, but in addition, the ETFs reduce the carbon intensity of the basket of shares they hold by at least 30%.

The Satrix Healthcare Innovation Feeder ETF

Most recently, Satrix has focused on providing investors with exposure to global megatrends that are said to change the global economy's trajectory by driving innovation and redefining business models. Of the five megatrends identified by Blackrock, which are changes in the global economic landscape that will impact the companies we invest in for the next decade, Satrix launched the Satrix Healthcare Innovation Feeder ETF.

As a market leader in indexation, Satrix offers products that put ESG and sustainability criteria at the forefront. Satrix promotes sustainability of the industry through its active ownership and stewardship activities, in conjunction with Sanlam Investments. We combine our scale and being long-term holders of the investable universe, with that of the broader Sanlam Investments Group, to demand more from the underlying companies by voting actively and engaging with them.

Satrix CEO, Fikile Mbhokota.

SATRIX
OWN THE MARKET

SOLVING THE BIG CONUNDRUM FOR ESG INVESTORS

HOW DO YOU INCORPORATE AN ESG STRATEGY WITHOUT INTRODUCING EXCESS TRACKING ERROR RISK INTO YOUR PORTFOLIO RELATIVE TO THE BENCHMARK?

HOW?

SATRIX EMPLOYS A **'BEST-IN-CLASS'** STRATEGY THROUGH THEIR **TWO NEW ESG-ENHANCED ETFS:**

These ETFs track MSCI ESG Enhanced Focus Indexes, with these key features:

- Maximises ESG exposure, while reducing carbon emissions by at least 30%
- Indices are optimized within a tracking error budget (relative to the parent indices)
- Excludes exposure to controversial business activities, using exclusion screens
- Explicitly manages ESG performance risk by tracking the MSCI ESG Enhanced indices to replicate their strategy.

We achieve what we set out to do: Maximise ESG exposure AND reduce carbon emissions!

WHY CHOOSE MSCI ESG INDEXES?

MSCI ESG Indexes support common approaches to ESG investing and help institutional investors benchmark effectively for optimal ESG investment performance. They also manage, measure and report on ESG mandates, and have exposure to both equity and fixed income asset classes.

1
INTERGRATION
Of broad ESG focus areas and themes,
e.g: low carbon footprint

2
VALUES
Broad framework of ESG, SRI & social values & themes
e.g: excluding weapons, tobacco, fossil fuels, etc

3
IMPACT
- **Global environment**
- **Sustainable impact**
- **Women's leadership**

GREEN BONDS

Indexation solutions by Satrix (cont.)

which tracks the STOXX Global Breakthrough Healthcare Index which falls under the Demographics and Social changes megatrend.

The index takes ESG considerations into account and excludes companies that violate global treaties and principles. Companies involved in controversial weapons and chemical weapons, companies involved in the production of tobacco, fossil fuels, nuclear power and firearms, and companies that have had significant involvement in incidents with severe negative ESG implications are also excluded. Once companies have passed through these 30 individual ESG screenings, using their market cap, the index weights the constituents using an adjusted equal weighting scheme.

Satrix Smart City Infrastructure Feeder ETF

Satrix recently launched the Satrix Smart City Infrastructure Feeder ETF, which falls under the Rapid Urbanisation theme. The growth in urban populations combined with the requirements for future cities to adapt and keep up with these trends makes for a compelling investment case.

The benefits have been estimated to have the potential to reach $20trillion*, with governments across the globe saving billions annually due to better productivity and more efficient services.

Smart cities use information and technologies to increase operational efficiency, aimed at improving the quality of their services and the welfare of their residents. The fund covers many subsectors, and it also provides exposure to subthemes like semiconductor making companies, cybersecurity companies and companies that provide waste management and recycling, which are likely to prosper going forward.

The index that the ETF tracks is rebalanced once a year in June, holds at least 80 constituents which are weighted using an adjusted equal weighting scheme that equally weights all the stocks, but caps each stock at five times its Free Float market cap, to create less concentration in the fund. The constituents also go through the same ESG exclusion criteria as the Healthcare ETF.

Alignment with the UN Sustainable Development Goals (SDGs)

The fund also offers the advantage of being aligned with the UN Sustainable Development Goals (SDGs) and feeds into a Sustainable Finance Disclosure Regulation (SFDR) Article 9 fund, which makes for an impactful and sustainable investments case. Out of the 17 SDGs from the United Nations, companies held in the fund contribute to SDG 6: Clean Water and Sanitation; SDG 7: Affordable and Clean Energy; SDG 9: Industry, Innovation and Infrastructure; SDG 11: Sustainable Cities and Communities; and SDG 12: Responsible Consumption and Production.

Investing in change

As part of owning the market, this is an opportunity to drive further change. By supporting companies that are more inclusive and diverse, we encourage other companies to pursue more inclusive and diverse strategies, policies and practices. Now more than ever, a greater spectrum of strong voices can contribute to the greater good, catalysing unprecedented success. By choosing to invest in companies based on a combination of inclusion and diversity, we are able to drive the change we wish to see in the world.

STEP 1
JSE universe

STEP 2
Refinitiv ESG criteria

STEP 3
Index weighting

- COMPANIES WEIGHTED BY **FREE FLOAT MARKET CAPITALISATION**
- COMPANIES ADJUSTED FOR **LIQUIDITY**
- COMPANY ALLOCATION CAPPED AT **10%**
- SECTORAL ALLOCATION CAPPED AT **30%**

STEP 4
Index's inclusion and diversity criteria applied

- COMPANIES ASSIGNED **FOUR PILLAR SCORES**
- COMPANIES RANKED ON **SCORE AVERAGE**
- 30 COMPANIES WITH HIGHEST **INCLUSION AND DIVERSITY** SCORES SELECTED FOR INDEX.

Multi-asset investing

Our multi-asset portfolios (such as our Balanced Fund) primarily use a blend of individual asset classes (such as equities, fixed interest and property, etc.) in their portfolio construction process. At times, we also include some tailor-made asset selection and use internal and external foreign solutions. The sustainability frameworks of the multi-asset solutions focus on:

- Understanding, influencing and monitoring the ESG strategies of the unitised solutions we invest in.
- Engaging with all stakeholders, including underlying investments, clients, consultants and others, to consider/advance initiatives that would enhance the sustainability of investments, such as potential mandate revisions that will better define the ESG aspirations of clients and/or enable a higher degree of impact investing.
- Working with external service providers such as Robeco and Bloomberg to define additional ways to enhance the ESG impact of multi-asset solutions over and above the sum of the impact of the underlying solutions included in our portfolios.
- Contributing to the integrity and integration of ESG data used across asset classes and underlying solutions.
- Developing ways to report on ESG progress at a multi-asset level, in a way that enables meaningful interpretation and is relevant to our clients.

THE SMART CITY ETF TRACKS THE STOXX GLOBAL SMART CITY INFRASTRUCTURE INDEX THAT PROVIDES EXPOSURE TO COMPANIES OFFERING A DIVERSE RANGE OF INFRASTRUCTURE SERVICES TO SMART CITIES. EVEN THOUGH SMART CITY INITIATIVES ENTAIL LONG-TERM INVESTMENT, THE ECONOMIC BENEFITS ARE CLEARLY ENCOURAGING A DEVELOPMENT PUSH.

Multi-managed solutions

An ambition to make a positive change on people and planet

SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

Good work foundation
bursaries and funding

6 CLEAN WATER AND SANITATION

14 million people provided with safe drinking water

4 million people provided with sanitation

7 AFFORDABLE AND CLEAN ENERGY

13 million people provided with access to renewable energy

4 million people provided with sanitation

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

Cerin Maduray, Finance Sector Specialist at WWF.
"WWF is a leading global conservation organisation partnering with a leading African asset manager, Sanlam Investments, to work on the Living Planet Fund. Together we are combining the environmental science and social impact knowledge of WWF with the asset management expertise of Sanlam Investments. The Living Planet Fund offers investors the opportunity to invest alongside the WWF as we aim to reduce the negative environmental and social impact of our savings while investing in assets and businesses that will shape the sustainable future we all want to live in. The Living Planet Fund has a long track record and in this new era with Sanlam Investments we want to take our impact to the next level and build a market leading mainstream investment fund with sustainability at its core."

WE ARE PROUD TO BE ASSOCIATED WITH WWF SA, WHICH HAS RECENTLY PARTNERED WITH SANLAM INVESTMENTS' MULTI-MANAGEMENT BUSINESS, TO CONTINUE ITS SUPPORT FOR AN ENVIRONMENTALLY SUSTAINABLE INVESTMENT SOLUTION THROUGH THE SANLAM LIVING PLANET FUND.

Sanlam Investments' multi-management business structures solutions according to clients' unique objectives, requirements and mandates. As solutions architects, our foundation resides in building client-led solutions, using different investment strategies and understanding the unique circumstances of each investor. Our approach to ESG investing is flexible and changes based on each client's unique requirements, and is categorised according to our sustainable investment strategies.

However, we always include ESG integration and corporate engagement as well as shareholder action in our approach. Our default and minimum ESG practices for any mandate include:

- **ESG integration**: the systematic and explicit inclusion of environmental, social and governance factors into financial analysis and decisions; and, where possible,
- **Engagement (and shareholder action)**: the use of shareholder power to influence corporate behaviour, including direct engagement such as communicating with board members, filing shareholder proposals, and proxy voting that is guided by comprehensive ESG guidelines.

It is important to note that:

- As a multi-manager, in almost all cases, we are not directly analysing underlying securities or directly making investment decisions on underlying securities ourselves, but rather selecting independent fund managers to carry out these functions on our behalf; and
- Our multi-manager's portfolio construction process aims to achieve the required return outcome with the most appropriate risk. In terms of risk, which is usually concerned with volatility, drawdown risk or other such similar risk measures, we envisage including ESG risk as an added dimension of risk in the optimisation process, and would use ESG risk ratings as a risk input into the portfolio construction optimisation process.

Case study: Sanlam Living Planet Fund

In our multi-manager business we pride ourselves on our established manager research and selection process, robust investment processes and effective portfolio implementation and risk management. Incorporated into our manager research process is a strong focus on integration of environmental, social and governance (ESG) aspects when evaluating asset managers. We are proud to be building on our ESG framework and have developed a sustainable and responsible investing policy based on the King IV and CRISA principles.

The World Wildlife Fund South Africa (WWF SA) developed the model of an environmentally sustainable investment solution and established the Living Planet Fund in May 2012.

Multi-managed solutions (cont.)

The fund aims to deliver sustainable long-term capital growth for its investors while maintaining a high level of environmental integrity (aligned with WWF principles) in its investment portfolio. The portfolio follows an investment strategy that aims to integrate greater environmental and social information into the investment decision-making process, building a portfolio of investments that meets sustainable long-term capital growth objectives. The portfolio is managed according to the WWF's guiding principles to ensure its environmental integrity.

Testament to its investment strategy, the fund was recently awarded the best aggressive allocation fund in the annual Morningstar South Africa Fund Awards for 2020, which recognises funds that add the most value for investors within their relevant peer group.

Working with our multi-managers, WWF SA is, and will remain, integrally involved in the positioning of this portfolio with the primary objective of ensuring the delivery of the fund's environmental sustainability objectives.

We aim to support our investors by providing superior investment returns and solutions to reach not only their financial objectives but also their sustainability goals. We believe partnering with WWF – and now additionally having the Living Planet Fund as part of our offering – speaks of our dedication to our investors as well as our commitment to identifying sustainable investment opportunities.
https://www.sanlam.com/productcatalog/SanlamFundFactSheets/SanlamFundFactSheets/SI_Sanlam%20Living%20Planet%20Fund.pdf

Organisational-level exclusions policy

As South African investors, we are faced with both a limited investment universe and concentrated investment options per sector or sub-sector. Blanket exclusions from client portfolios would even further limit the opportunity set. It would also reduce our ability to exert influence through active ownership. Therefore in our view it would not be in our clients' best interests to apply blanket sectoral or thematic exclusions at an organisational level. Having said that, this may well be possible if mandated by clients or if it is part of the fundamental product design.

Building internal capacity

Training and capacity building are integral to effectively embedding sustainability strategies, policies, commitments and management systems into the relevant capabilities. Training and capacity building will be specifically targeted at building a sustainability culture and creating awareness around these issues, as well as developing and enhancing key competencies to support the effective implementation of sustainability policies, guidelines and systems developed internally, at a capability level.

Alignment with best practice

In addition to national requirements, Sanlam Investments' approach is guided by current best practice with regards to sustainable investing and ESG matters. This includes, but is not limited to:

- The UNPRI, CRISA and UN SDGs;
- The International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability (dated January 2012);
- The International Finance Corporation (IFC) Interpretation Note on Financial Intermediaries (dated November 2018);
- The King IV Report on Corporate Governance (dated November 2016); and
- The IFC Operating Principles for Impact Management.

These principles, frameworks and standards are considered and applied where relevant, or adapted to accommodate the realities and priorities of the local context we operate in, based on the strategy, capacity and priorities of the capability in question. Furthermore, the specific capabilities may refer to other international standards and/or guidelines as deemed appropriate.

Sanlam Investments recognises that the application of the UNPRI may better align investors with the broader objectives of society. Therefore, where consistent with Sanlam Investments' fiduciary responsibilities, we commit to the following:

1. Incorporating ESG issues into investment analysis and decision-making processes.
2. Being active owners and incorporating ESG issues into ownership policies and practices.
3. Seeking appropriate disclosure on ESG issues by the entities in which we invest.
4. Promoting acceptance and implementation of the principles within the investment industry.
5. Working together* to enhance effectiveness in implementing the principles.
6. Reporting on activities and progress towards implementing the principles.

**Working together may be defined as collectively addressing relevant emerging issues through collaborative initiatives or platforms with the PRI.*

Marthinus van der Nest, Head of Amplify Investment Partners.
"At Amplify, we remain committed to helping safeguard the country's rhino population and will continue to support and fund these initiatives alongside the private sector and NGOs in order to combat wildlife crime."

Preserving our wildlife heritage and uplifting communities

Amplify Investment Partners continue to make a deep, long-lasting impact on the environment through their various social and environmental initiatives. To achieve this, they subscribe to the UN's sustainable development goals (SDGs) which aim to transform our world by addressing gender, social, economic and environmental issues.

They focus on four goals in particular to create the greatest impact:
SDG 1 – No poverty; SDG 4 – Quality education; SDG 5 – Gender equality; SDG 8 – Decent work and economic growth.

Reducing rhino poaching incidents in South Africa in 2022

Their primary focus remains the protection of rhinos and uplifting the communities around the Kruger National Park through education initiatives driven by the Good Work Foundation. Decimated by poaching and near extinction, the rhino is a symbol of the urgent and important need for wildlife conservation. This is why the team provides financial support to SANParks' Environmental Crime Intelligence Services (ECI) unit to actively monitor, protect and secure this population. In 2022, Amplify made financial contributions to the ECI to help collect forensic evidence on rhino poachers, leading to arrests, prosecutions and prevention of poaching.

In 2021 and 2022, there have been notable decreases in rhino poaching compared to previous years, primarily due to anti-poaching activities in the Kruger National Park, which Amplify supports and funds. Over the last year, both conservation and anti-poaching efforts have intensified countrywide as a joint effort is made by state-owned conservation areas, government and private landowners to reduce the poaching of rhino in South Africa.

Giving life and hope by de-horning rhinos

In 2022, Amplify added to their initiatives by contributing funding for the de-horning of rhinos to protect them from poachers and prevent their needless slaughter. It is an ongoing process, as the horn regrows in the 18 months following removal – necessitating ongoing funding. It is essential that the public understand the importance of rhino de-horning, and help spread awareness about this conservation approach. De-horning extends the animals' lifespans, giving rhinos the chance to breed and regrow their population. Another measure Amplify funded was the installation of security cameras strategically positioned around the Kruger National Park. They also bought additional de-horning equipment to support de-horning initiatives in other SANParks areas.

Community upliftment, grants and funding through the Good Work Foundation

Amplify partners directly with the Good Work Foundation, contributing to its education initiatives that aim to deliver 21st-century digital learning opportunities. These create access, opportunity and employability for rural and marginalised communities. This year the Amplify team once again contributed substantial funding to the Good Work Foundation which will be used for skills development and grants for the Hospitality Academy and IT Academy. To date they've provided thirteen grants, with an additional six in 2022.

- Hundreds of rhinos saved
- 13 grants to date
- An additional 6 in 2022

Stewardship and governance

Our approach

Value of stewardship

As long-term investors, we consider our stewardship activities to be the backbone of our approach to environmental, social and governance factors. Stewardship is a core driver of change. Through our engagement and proxy voting activities, we address systemic issues for both our active and passive investors and ultimately improve the quality of returns and the market we invest in — all with the intent of helping to build a more sustainable world.

Engaging to drive and influence change

When engaging with investee entities, our purpose is to either seek additional understanding or, where necessary, seek change that will protect and enhance the value of the investments we are responsible for. Sanlam Investments systematically tracks and records the progress of engagements and takes both an active approach to engagement and responds to key issues relating to sustainability and governance matters that have a material impact on long-term financial performance. We commit to making both our proxy voting and engagement activities publicly available on our governance website: https://www.sanlaminvestments.com/about/sustainableinvesting/Pages/default.aspx#sustainabilityReports

Multi-asset approach to engagements

Engagements are not restricted to listed equity, and we will look to engage with bond and debt issuers as well as unlisted investment counterparties where appropriate. We will also communicate any specific concerns we may have with respect to ESG practices.

Developing a constructive dialogue with investee companies

Through our partnership with Robeco, our global sustainability partner, we can scale engagement efforts and focus on strategic themes to seek change and improve practices through a value-enhanced engagement programme.

Engagement activities are not limited to equity investments but also include engagement activities directed towards our fixed income exposure. For fixed income investments, we would typically engage with management on material matters. However, we also use collaborative platforms to address targeted issues, such as Climate Action 100+.

Author: Tinyiko Mabunda, ESG Analyst at Sanlam Investments.

OUR SANLAM INVESTMENTS APPROACH TO ACTIVE ENGAGEMENT INVOLVES A COMBINATION OF PROACTIVE AND RESPONSIVE ENGAGEMENTS BY CREATING A CONSTRUCTIVE DIALOGUE WITH COMPANY BOARDS AND MANAGEMENT. WE DO THIS DIRECTLY OR IN COLLABORATION WITH OTHER INVESTORS.

Stewardship and governance (cont.)

Our engagement priorities for South Africa

	Desired change we seek	Relevant SDG
1. Board quality and strength	• Limit on director tenure (12 years). • Gender, race and skills diversity for board oversight. • Strong lead independent Non-Executive Directorships (NED) where the board lacks independent representation.	**SDG 16 & SDG 5**
2. Diversity, equity and inclusion	• Disclosure of organisational diversity and transformation policy with targets. • Explicit B-BBEE targets and roadmaps.	**SDG 5**
3. Climate action – a just transition	• Disclosure of climate roadmaps and decarbonisation efforts over time. • Alignment with the TCFD reporting framework (governance, risk management, strategy, metrics and targets). TCFD refers to the Task Force on Climate-Related Financial Disclosures. • Commitment to releasing metrics and targets.	**SDG 13**
4. Shareholder alignment through remuneration	• Prospective disclosure of long-term executive Key Performance Indicators (KPIs). • Retrospective disclosure of both long-term and short-term incentives in agreed performance metrics. • Dialogue with the remuneration committee chairpersons where remuneration policies deviate significantly from proxy voting guidelines and where Sanlam Investments has historically voted against any particular remuneration policy in two consecutive years.	**SDG 16**

Monitoring and evaluation

All engagements are carefully monitored and tracked with specific objectives in mind: to pursue targeted positive outcomes. All engagements can be classified as either a positive, neutral or negative outcome. The duration of engagements may differ; proxy voting or AGM related engagements might last up to six months while deeper thematic and value-based engagements could take up to three years.

Escalation process

Where engagements have not been receptive to, or do not lead to, the targeted results, Sanlam Investments may cast votes against a board or management at their AGMs. Escalations may also contribute to a decision to decrease or exit a holding in critical situations. In severe cases, we will pursue a legal route to resolve issues with boards, where required.

Proxy voting

Sanlam Investments advocates responsible investment policies and practices, and we are proclaimed active owners. We encourage good governance and sustainable corporate practices, which contribute to long-term shareholder value creation. Proxy Guidelines have been developed and designed to ensure that we vote proxies in the best interests of our clients and in a consistent manner.

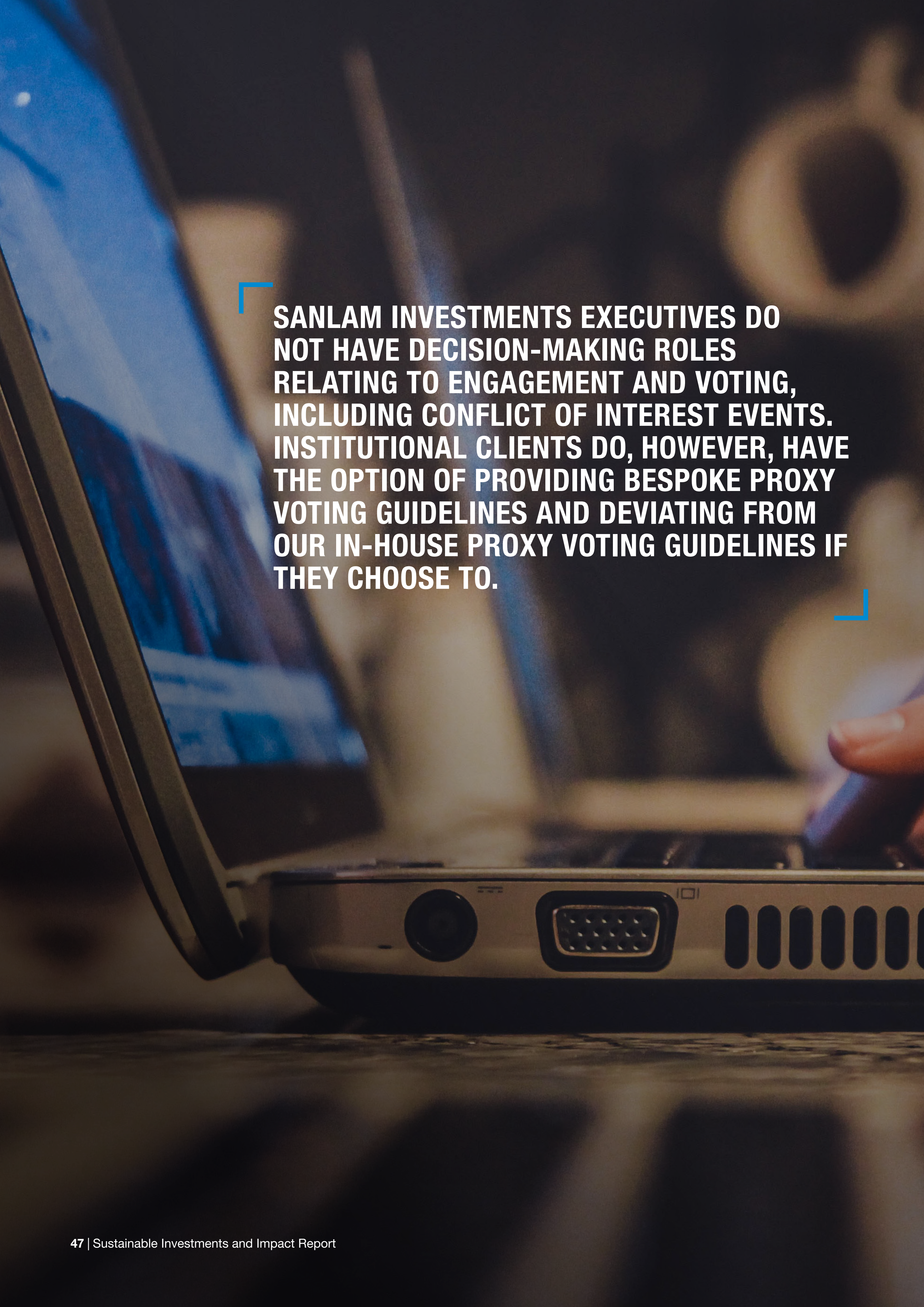
These guidelines are based on the Companies Act of 2008, and the JSE Listings Requirements, which incorporate the recommendations made in the King Report on Corporate Governance for South Africa (King IV).

Sanlam Investments will vote on all material shareholdings held on behalf of Sanlam, third parties and collective investment schemes. Where requested or appropriate, we will consult clients prior to voting. Sanlam Investments considers resolutions in line with our proxy voting guidelines and only supports these resolutions if they are congruent with market practice and governance standards.

Transparency and disclosure

Sanlam Investments will report to clients on the outcome of voting activities on their behalf. Because Sanlam Investments mostly votes by proxy, companies will be informed of reasons for declining resolutions on behalf of our clients. In certain instances, we may also signal our intention to decline resolutions in future, should requested changes not be implemented. Sanlam Investments reports to the public via its official website: https://www.sanlaminvestments.comabout/sustainableinvesting/Pages/default.aspx#sustainabilityReports

If Sanlam Investments votes against a resolution at a shareholder meeting, this decision will be communicated by email to the company secretary of the company concerned, and this communication will be stored on Sanlam Investments' internal network. We are transparent to clients about our governance policy and implementation. We advise clients of all resolutions voted against on their behalf (including the reasoning behind this), in our quarterly published documents.



SANLAM INVESTMENTS EXECUTIVES DO NOT HAVE DECISION-MAKING ROLES RELATING TO ENGAGEMENT AND VOTING, INCLUDING CONFLICT OF INTEREST EVENTS. INSTITUTIONAL CLIENTS DO, HOWEVER, HAVE THE OPTION OF PROVIDING BESPOKE PROXY VOTING GUIDELINES AND DEVIATING FROM OUR IN-HOUSE PROXY VOTING GUIDELINES IF THEY CHOOSE TO.

Active Ownership: Conflicts of interest policy

Our policy

Conflicts of interest may arise when carrying out active ownership activities, which consist primarily of engagement and voting activities. Sanlam Investments has developed a protocol to identify and manage situations where there is potential for conflicts of interests. In conjunction with the Code of Ethical Conduct, this policy aims to promote transparency and fairness in the interests of our clients, our employees, providers and Sanlam Investments itself.

Examples of conflict (or perceived conflict) include (but are not necessarily limited to) the following:

- Engaging with or voting on a company related to one of our current or prospective clients.
- Engaging with or voting on a company related to our parent company or related subsidiaries.
- Engaging with or voting on a company where a senior representative of our parent company is a board member or executive.

In a conflict of interest event, our compliance department will play a critical role in ensuring that we have acted in line with our standards, guidelines and policies. These governance documents are publicly available, and our full conflicts of interest policy is available for download on: https://www.sanlaminvestments.com/SISharedDocuments/Conflict%20of%20Interest%20Policy.pdf

WE HAVE OBSERVED THAT COMPANIES INCREASINGLY CONSIDER RISK AN IMPORTANT PART OF THEIR EXECUTIVE REMUNERATION POLICIES. THIS HAPPENS, FOR EXAMPLE, BY LIMITING PAY-OUTS ABOVE SPECIFIC RETURN THRESHOLDS, OR BY REQUIRING CERTAIN SOLVENCY REQUIREMENTS AS A REQUIREMENT FOR VARIABLE PAY TO BEGIN WITH.

Collaborative findings with our sustainability partners, Robeco

Culture and risk governance in the banking sector

Since the global financial crisis, many banks have been forced to redesign their approach to risk management, compliance and incentive structures. Even after the crisis, many banks continued to be faced with governance-related issues, such as sanctions violations, money laundering issues, and other financial crimes.

In Robeco's engagement project, they aim to address these issues by firstly analysing the quality of governance on a set of issues, and secondly (where possible) seeking improvements. Four topics were made a priority: incentives for risk-taking personnel; remuneration policies for executives; processes around non-financial crimes; and the quality of risk governance.

Incentive structures: towards a balanced approach that serves all stakeholders

Incentives have remained a focus area for many financial institutions in recent years. One example where incentives went wrong was the mis-selling schemes uncovered at Wells Fargo a few years ago. Employees across the firm had structurally opened accounts for customers without their consent. A key driver of these mishaps was the bank's incentive structure. Employees were encouraged to focus on selling as many products (cross-selling) as possible for individual clients. And, it was not only Wells Fargo that experienced unintended consequences from its incentive structures – it was common at other banks as well.

As a result, many banks have now moved their incentive structures away from meeting sales targets towards a more balanced approach. In recent years, performance evaluation schemes and key performance indicators (KPIs) for variable pay structures have changed. Many banks have incorporated so-called performance scorecards that evaluate employees' performance on a set of metrics including client care, risk management, teamwork and other key performance areas, rather than only looking at sales targets. In some cases, banks stripped variable pay structures altogether, or drastically lowered the bonus amounts paid to avoid so-called perverse incentives.

Executive remuneration structures: how to appropriately account for risk

Another aspect closely related to employee incentives is executive management's behaviour. Therefore, we also closely looked at whether the risk appetite of top management was appropriately aligned with prudent risk management and investor interests. We carefully evaluated several banks' remuneration practices and processes they had set up for key risk-takers, including executives. Option structures built into executives' remuneration packages are clear red flags, as these can trigger excessive risk-taking behaviour, such has manipulating the movement of a share price, up or down.

We also observed that pay practices differ widely between markets, with many European banks taking a more conservative approach to variable pay structure for their executives compared to their American counterparts.

Non-financial risks are as material as ever

Non-financial risks are those that do not directly relate to financial developments such as interest rate rises or falls, or economic environment changes. They deal with risks linked to regulation, operational incidents, and a wide range of risks stemming from employee behaviour. Risks linked to financial crimes have come to the fore in recent years. Several banks were fined heavily for having insufficient anti-money laundering controls in place. Many banks have subsequently allocated an increasing part of their resources to detect money laundering by implementing Know Your Client (KYC) procedures and by improving the monitoring of suspicious transactions. However, the issue remains difficult to solve, as criminals involved in money laundering use multiple banks for these activities, while monitoring at individual banks can at best capture just one piece of the puzzle. Therefore, initiatives are being developed in several regions for banks to share practices and information with one another.

Risk governance – is it process or culture?

Our final objective relates to risk oversight. Even though it may sound straightforward, this is probably the most difficult metric to measure as an outsider to any financial institution. Some of our expectations dealt with observable qualities, such as whether the board of directors had sufficient risk expertise, whether the bank had an adequate risk appetite framework, and whether the risk and compliance functions were set up so that they could operate independently. However, a binary 'yes or no' answer to these questions only provides a partial picture of a more complex oversight system. Even if some of these best practices are met, it is no guarantee that oversight is being performed adequately on a holistic level.

During our engagement, we saw banks that had met such best practices but still faced regulatory requirement problems. The reality is that large banks run a variety of financial services across many different jurisdictions, with a variety of different regulations that are continuously changing.

Collaborative findings with our sustainability partners, Robeco (cont.)

Therefore, all banks will have at least some degree of regulatory and compliance challenges. The relevant question is how banks can quickly address emerging issues, put new processes in place, and escalate threats appropriately.

Banks that ran into severe issues often told us that in the end there was no culture of escalation, or that risk reporting was not sufficient to address the problem at hand. These issues can only partially be explained by looking at existing governance structures and procedures and their effectiveness. The other relevant part is of a cultural and behavioural nature. Are boards digging deep enough into the quality of their risk and compliance procedures to uncover the risks?

Is management creating a culture that addresses risk instead of ignoring it? Discussing these questions with board members or management has frequently given us the best insights into risk management priorities and the most urgent challenges.

Reflecting on our engagement activities: wins and losses

Looking back at the past four years of engagement in the financial sector, Robeco noted progress made on some of their key objectives, outlined below:

Risk management practices and governance structures remain opaque

For most banks, Robeco still struggles to gain absolute conviction on the quality of their risk management practices and can only find external (read 'unenforced') incentives within the corporate culture. Therefore, we have not been able to satisfactorily close our engagement activities and scrutiny on risk management. This was due to the fact that full disclosure had not been built into executives' performance assessment metrics for the peer group we engaged with.

This resulted in improved risk management behaviours and encouraged a cautious, vigilant approach towards risk. For many European banks, we were able to get a better understanding of how key risk takers within the firm were rewarded, and what type of incentives applied for sales forces. In many instances, we were also able to verify that banks lived up to basic expectations on risk governance, including centralising risk and compliance reporting, escalating procedures and the level of risk expertise on the supervisory board.

Operational risk management and money laundering

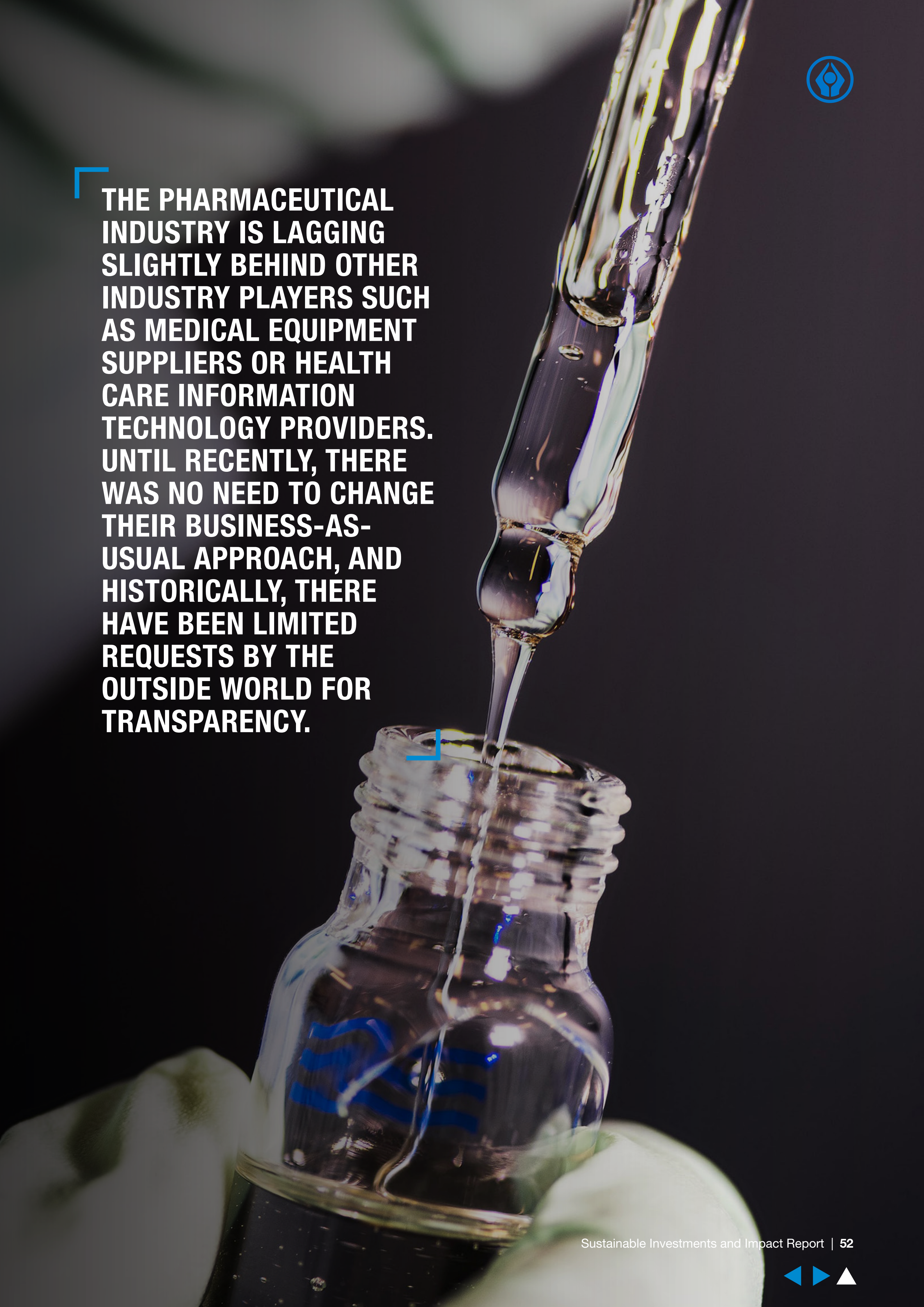
The most difficult objective proved to be operational risk management and understanding the quality of approaches to counteract money laundering. Even though many banks seem to follow the same processes, it was difficult to get a better understanding of the actual implementation of these processes. Even where banks are making steady progress on improving risk management towards trending risks such as financial crimes, new challenges and regulation have placed the financial sector in a dynamic where new enhancements need to be made continuously. *Research credited to Robeco, 2021 – 2022.*

Case study: Digital revolution in the global healthcare sector

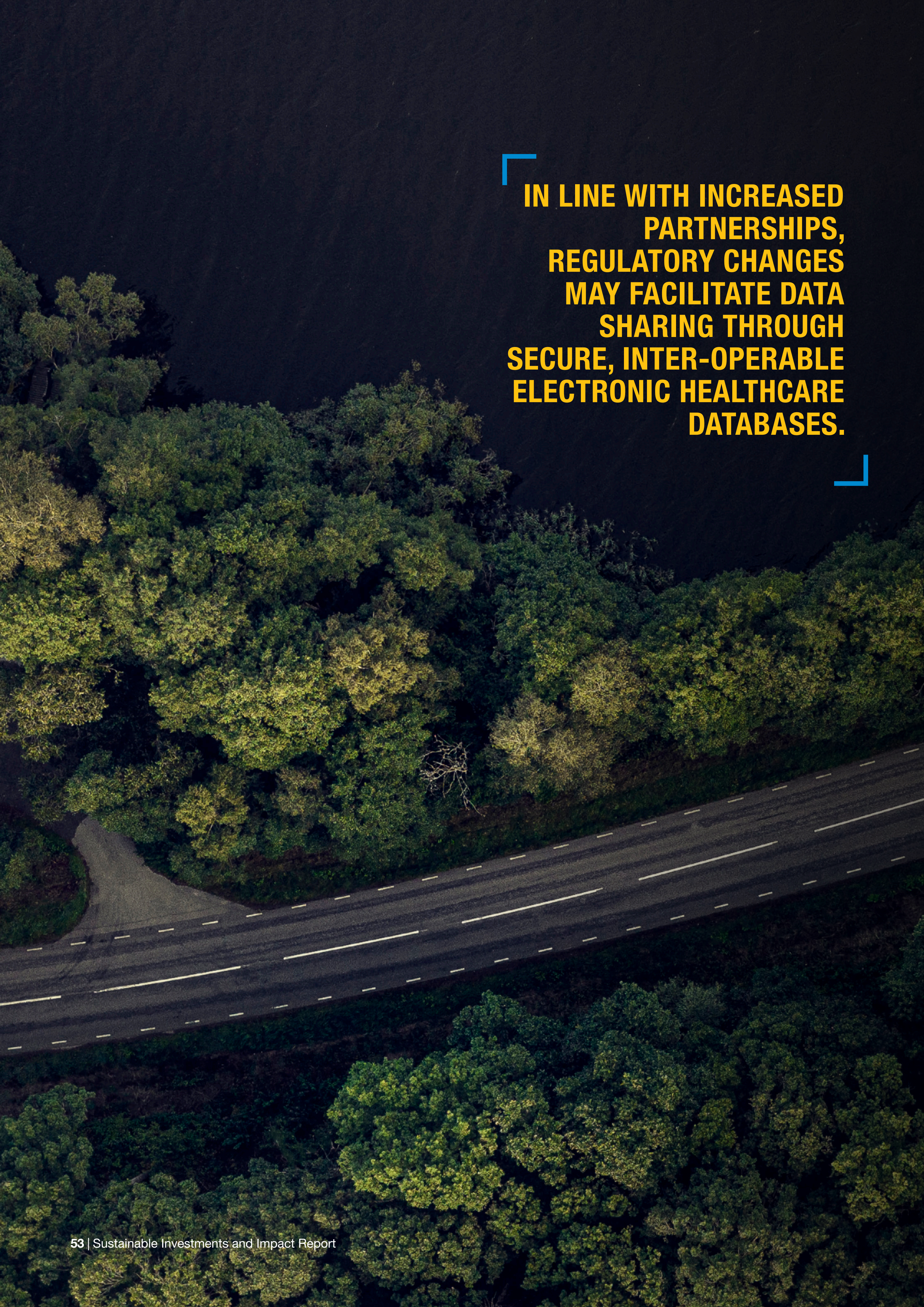
The digital transformation globally in healthcare over recent decades is now accelerating on a wider scale. The Covid-19 pandemic not only fast-tracked the adoption of digital technologies in this sector, but also forced companies to overcome their non-technological barriers to adapt to the new dynamic and remain competitive in a post-pandemic era. This was supported by findings from our global sustainability partner, Robeco, in their various engagements in this field.

At the close of Robeco's engagement programme within the global healthcare sector, they reflected on some of the key trends, opportunities and challenges that the digital transformation had brought about globally.

According to Accenture's research, 81% of healthcare executives say the pace of digital transformation at their organisation is accelerating.



THE PHARMACEUTICAL INDUSTRY IS LAGGING SLIGHTLY BEHIND OTHER INDUSTRY PLAYERS SUCH AS MEDICAL EQUIPMENT SUPPLIERS OR HEALTH CARE INFORMATION TECHNOLOGY PROVIDERS. UNTIL RECENTLY, THERE WAS NO NEED TO CHANGE THEIR BUSINESS-AS-USUAL APPROACH, AND HISTORICALLY, THERE HAVE BEEN LIMITED REQUESTS BY THE OUTSIDE WORLD FOR TRANSPARENCY.



IN LINE WITH INCREASED PARTNERSHIPS, REGULATORY CHANGES MAY FACILITATE DATA SHARING THROUGH SECURE, INTER-OPERABLE ELECTRONIC HEALTHCARE DATABASES.

Collaborative findings with our sustainability partners, Robeco (cont.)

To be successful, the healthcare C-suite must adopt a digital-first, people-centric approach across all areas of their organisation. Many firms under engagement wrote their first vision statements and set targets on using digital innovation.

For most companies in the healthcare sector, innovations in products or services provide the principal source of competitive advantage, and represents the engine of an enterprise's future growth. The key to the success of digital innovation lies in having an integrated approach that allows solutions to be communicated across stakeholders, and which ultimately delivers more efficient, better-integrated care to patients. Through our engagement activities, we learned that companies are increasingly working towards outcome-based care models that focus on working to find the best solutions for patients. *Research credited to Robeco, 2021 – 2022.*

Opportunities and challenges

While business partnerships are not new, Robeco's research revealed the adoption of multi-party systems that use shared data platforms to create a resilient, adaptable and trustworthy foundation for existing and future partnerships. The global pandemic appears to have intensified active collaboration between public and private partners, where knowledge-sharing and data exchange is used to serve the broader healthcare system. According to recent research by McKinsey, the number of partnerships is predicted to increase; this may be seen as a reflection of the uptick in digital integration, as well as answering the subsequent patient privacy concerns.

There have been some bottlenecks when it comes to the overall adoption of digital solutions in the healthcare sector, however. In light of the pandemic, the research revealed that healthcare centres have tightened their budgets and now have increasingly limited resources to invest in high-tech solutions.

Another challenge that companies flagged is that customers expect digital services to be free and are therefore not willing to pay for these. Pharmaceutical companies have also experienced an increase in the demand for digital clinical trials, yet the economic benefits of these remain to be seen. There are also certain trials that cannot be fully digitalised as there is significant value from physical contact between patients and doctors.

Cybersecurity is paramount

Threats to cybersecurity remains one of the biggest challenges that healthcare systems have faced amid rapid digitalisation in the last few years. It is imperative that cybersecurity and privacy practices are fully integrated by design in the piloting and deployment of new digital healthcare services and solutions. Industry players are beholden to responsibly embrace the drivers of change and the challenges to come, so they can not only deliver on the promise of the future of health but also ensure a safe and secure tomorrow for their consumers.

In Robeco's engagements, they observed an increased recognition of the importance of sound cybersecurity practices, either voluntarily – or sometimes involuntarily – through learning their lessons following impactful cybersecurity breaches over recent years. In addition to working with industry stakeholders – such as public research centres to mitigate risks – companies are increasingly training their supervisory boards and employees to be aware of these risks. They are gradually integrating cybersecurity by design and are taking active steps to mitigate third-party risks.

Modernising sales and marketing

Sales and marketing spending accounts for up to half of all the costs of pharmaceutical and biotechnology companies, which means there is potential for digital solutions to make the process more cost efficient. Healthcare sales have historically been a face-to-face process, with representatives going door-to-door, aiming to build long-term relationships to achieve a sale. Both the Covid-19 pandemic and the widespread adoption of digital communication in healthcare have made the traditional sales approach socially challenging and financially unsustainable.

Collaborative findings with our sustainability partners, Robeco (cont.)

Several companies interviewed in Robeco's engagement activities aimed to enhance their existing marketing and distribution infrastructures through digital tools. Developing a strong digital marketing function will depend on how companies can embed it in their customer journeys, build internal capabilities, and use data and analytics to personalise communications to meet individual healthcare professionals' needs. They recognise that one of the largest barriers to success is the digital knowledge gap, which makes it difficult for organisations to find the right people to support their digital transformation.

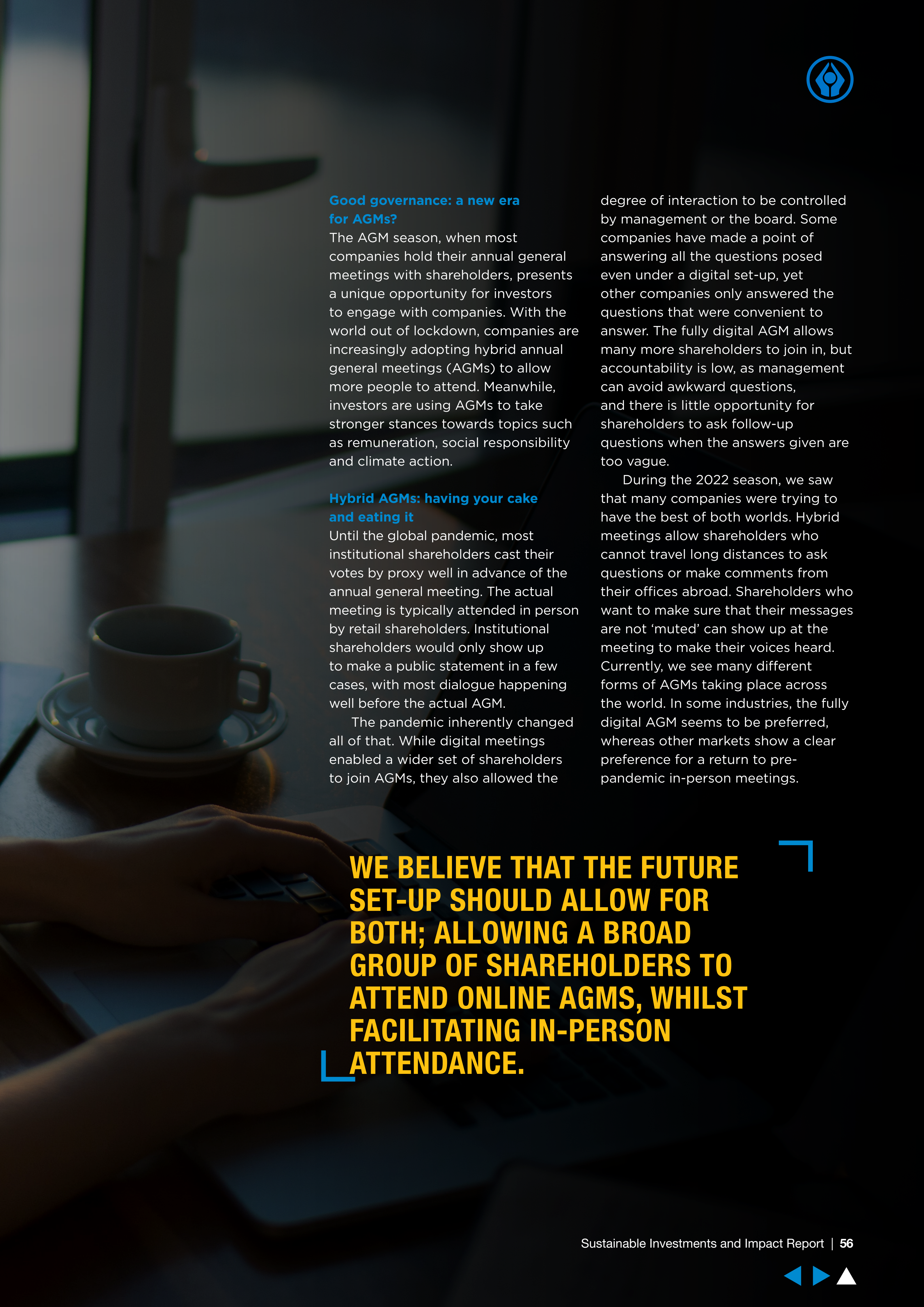
Closure of engagement themes

In May 2022, Robeco concluded their engagement programme with the healthcare sector and closed two-thirds of their engagement cases successfully. Most companies that took part in their engagement activities had defined a comprehensive digital strategy and supported it by integrating newer digital technologies within their innovation processes.

Limited progress, however, was achieved in their engagement objectives, specifically regarding 'cybersecurity' and 'sales and marketing strategies', where only 54% and 23% of these respectively were closed successfully. When it comes to cybersecurity, despite having robust policies in place, many companies remain reluctant to share detailed information on external attacks and internal policy adherence failures, due to commercial sensitivity issues and reputational risk.

Case study: Data Privacy Risks

Managed care companies face material data privacy risks given the volume of personal information collected and the number of contact points with patients. The US health company Anthem is working on an initiative to enhance the data privacy component of their patient data. The company creates synthetic data where they register a patient's health representative data, but in a way in which it can be completely delinked from the actual person that the data represents. Synthetic data can be used to share valuable primary care information for artificial intelligence modelling, without compromising patients' rights to privacy and protection of their personal information. *Research findings credited to Robeco Engagement Report Q2 2022.*



Good governance: a new era for AGMs?

The AGM season, when most companies hold their annual general meetings with shareholders, presents a unique opportunity for investors to engage with companies. With the world out of lockdown, companies are increasingly adopting hybrid annual general meetings (AGMs) to allow more people to attend. Meanwhile, investors are using AGMs to take stronger stances towards topics such as remuneration, social responsibility and climate action.

Hybrid AGMs: having your cake and eating it

Until the global pandemic, most institutional shareholders cast their votes by proxy well in advance of the annual general meeting. The actual meeting is typically attended in person by retail shareholders. Institutional shareholders would only show up to make a public statement in a few cases, with most dialogue happening well before the actual AGM.

The pandemic inherently changed all of that. While digital meetings enabled a wider set of shareholders to join AGMs, they also allowed the degree of interaction to be controlled by management or the board. Some companies have made a point of answering all the questions posed even under a digital set-up, yet other companies only answered the questions that were convenient to answer. The fully digital AGM allows many more shareholders to join in, but accountability is low, as management can avoid awkward questions, and there is little opportunity for shareholders to ask follow-up questions when the answers given are too vague.

During the 2022 season, we saw that many companies were trying to have the best of both worlds. Hybrid meetings allow shareholders who cannot travel long distances to ask questions or make comments from their offices abroad. Shareholders who want to make sure that their messages are not 'muted' can show up at the meeting to make their voices heard. Currently, we see many different forms of AGMs taking place across the world. In some industries, the fully digital AGM seems to be preferred, whereas other markets show a clear preference for a return to pre-pandemic in-person meetings.

WE BELIEVE THAT THE FUTURE SET-UP SHOULD ALLOW FOR BOTH; ALLOWING A BROAD GROUP OF SHAREHOLDERS TO ATTEND ONLINE AGMS, WHILST FACILITATING IN-PERSON ATTENDANCE.

Collaborative findings with our sustainability partners, Robeco (cont.)

In the Netherlands, several companies have already made this hybrid model work. For example, our attendance at the annual general meeting of DSM (a Dutch multinational corporation active in the fields of health, nutrition and materials) showed us that meetings can be efficiently held with both shareholders calling into the meeting and asking questions from their location.

Obviously, there are also downsides to the in-person component of hybrid AGMs, such as when special interest groups join meetings as shareholders, claim a podium for themselves, and disrupt the flow of the meeting. An example of this was when several participants of the AGM of Shell, formally known as Royal Dutch Shell, glued themselves to their seats and caused the meeting to be delayed for several hours.

Remuneration practices: measuring with diverging standards

The time when shareholders viewed remuneration practices to be the only instrument they could use to align management with creating shareholder returns is officially over. An increasing number of remuneration reports and policies were subject to shareholder dissent in recent years. Regulations such as the amended Shareholder Rights Directive (SRD2) in Europe gives shareholders more tools to express their disapproval of remuneration practices. Additionally, the Covid-19 pandemic has changed the general perspective on remuneration, both in the eyes of society and in what shareholders consider to be acceptable remuneration practices.

The supervisory board claimed that supply chain challenges were simply external issues, and that the lagging performance could not be attributed to management. Even if this were true, shareholders seem to be uncomfortable allowing remuneration committees to adjust the financial outcome for management if this cannot also be applied to the company's other stakeholders. Phillips' shareholders

ONE EXAMPLE OF A SHAREHOLDER REVOLT WAS SEEN AT PHILIPS, WHERE 80% OF SHAREHOLDERS VOTED AGAINST THE COMPANY'S BONUS SCHEME BECAUSE OF RE-ADJUSTMENTS OF PERFORMANCE TARGETS.
(SOURCE: ACTIVE OWNERSHIP REPORT, ROBECO I 01.04.2022 - 30.06.2022)

suffered a 40% loss of capital due to the supply problems, while its customers were delivered faulty medical equipment and did not receive any compensation.

While in Europe shareholders consider a EUR1.5 million bonus unacceptable in the light of a poor stakeholder experience, in the US, CEO pay levels are rising to new records, with Apple's CEO paid USD98 million for his performance in 2022. His performance - based on a long-term incentive plan with a grant date fair value of almost USD45 million – is based on a three-year performance against one sole metric, with a sizeable portion of the award still vesting in the event of below-median performance. Even though his pay package attracted a 'vote against' advisory from proxy voting advisor ISS, most shareholders (64%) approved his remuneration anyway.

In our engagement activities with companies, we urge remuneration committees to use pay packages to align incentives with long-term value creation considering both financial returns and sustainability. This also means that we expect companies to apply moderation in their pay awards for CEOs. The concept of accountability for pay for many investors is shifting from a purely shareholder approach to one embracing all stakeholders.

Climate proposals are gaining support

Shareholders are increasingly using their voting rights to push companies to take responsibility for environmental and social ('E&S') issues. At the recent AGMs of Exxon Mobil, most shareholders supported a request for more disclosures on how the company could be affected by the International Energy Agency's net zero 2050 models. More than one-third of Exxon shareholders also supported a shareholder proposal asking for a report about the company's efforts to reduce its contribution to the use of single-use plastics. Some 39% of shareholders voted for a full accounting of the company's climate risks.

Social topics are also gaining support. For example, US technology companies are often asked to report on risks associated with privacy issues, or how their products are used in countries that are associated with human rights violations. Shareholder proposals remain unlikely to gain a majority support in technology companies owing to these firms' dual-share classes allowing management to control a significant portion of the vote.

Although shareholder proposals are a good way to flag some shareholders' views that companies should make progress on E&S issues, such resolutions are not filed consistently across markets. In the US, shareholder resolutions are much more common and are often used as a starting point for engagement. In Europe on the other hand, constructive dialogue is often the preferred tool to influence management, but this often lacks the teeth of a vote.

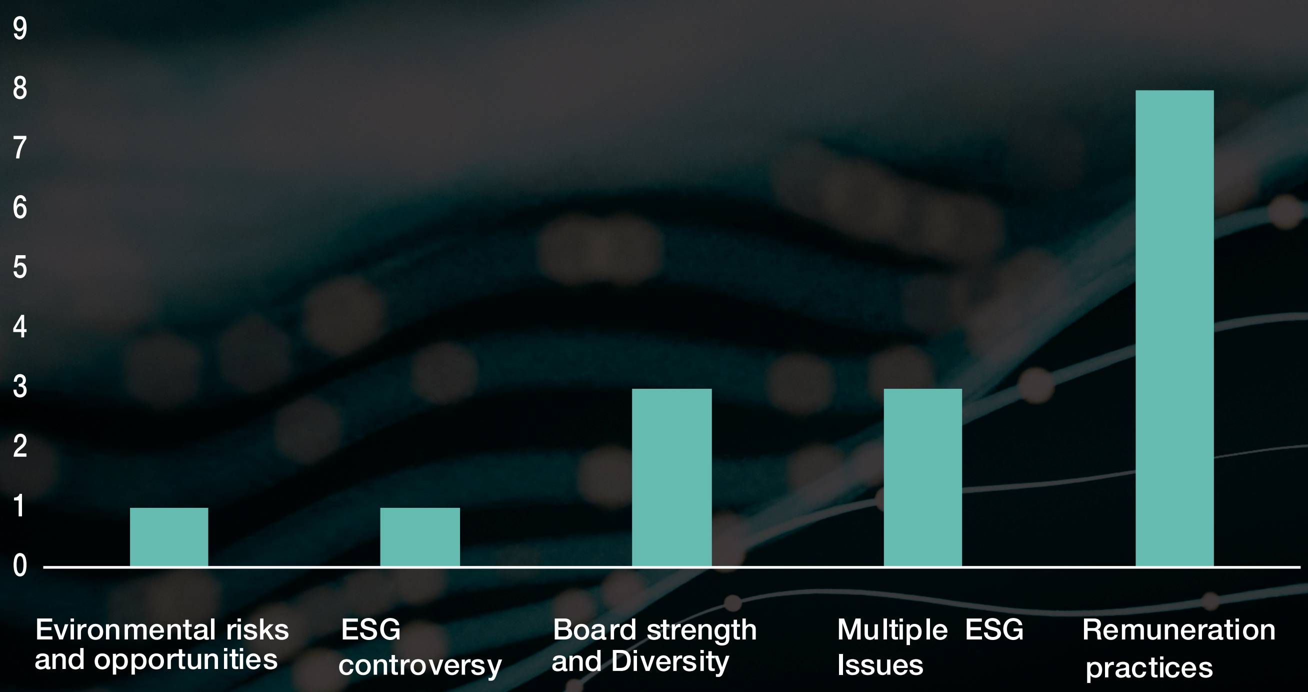
Therefore, we push companies to introduce additional mechanisms for accountability on E&S performance. For example, by submitting their climate transition plans to a vote (the so-called Say on Climate), or by improving their risk reporting on sustainability issues.

European regulations will soon require companies to submit their sustainability reports to the AGM. This seems like a mere technicality but allowing shareholders to have a specific voting item on sustainability can be a starting point for additional impetus for best practices on sustainability. It is also a means for shareholders to add their voice when demanding companies to make further progress on their sustainability performance. *Research credited to Robeco Active Ownership Report, 2022.*

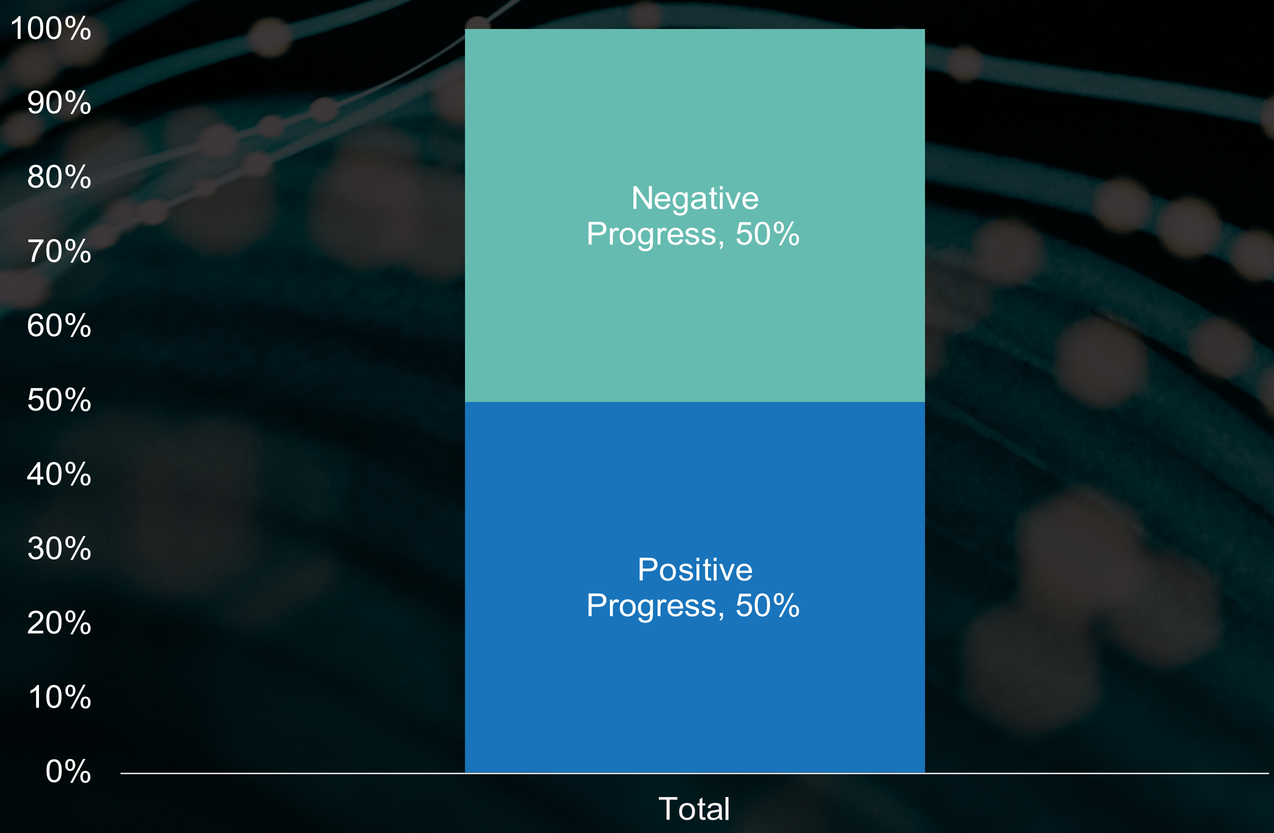
Engagement Analytics

3Q21 – 2Q22

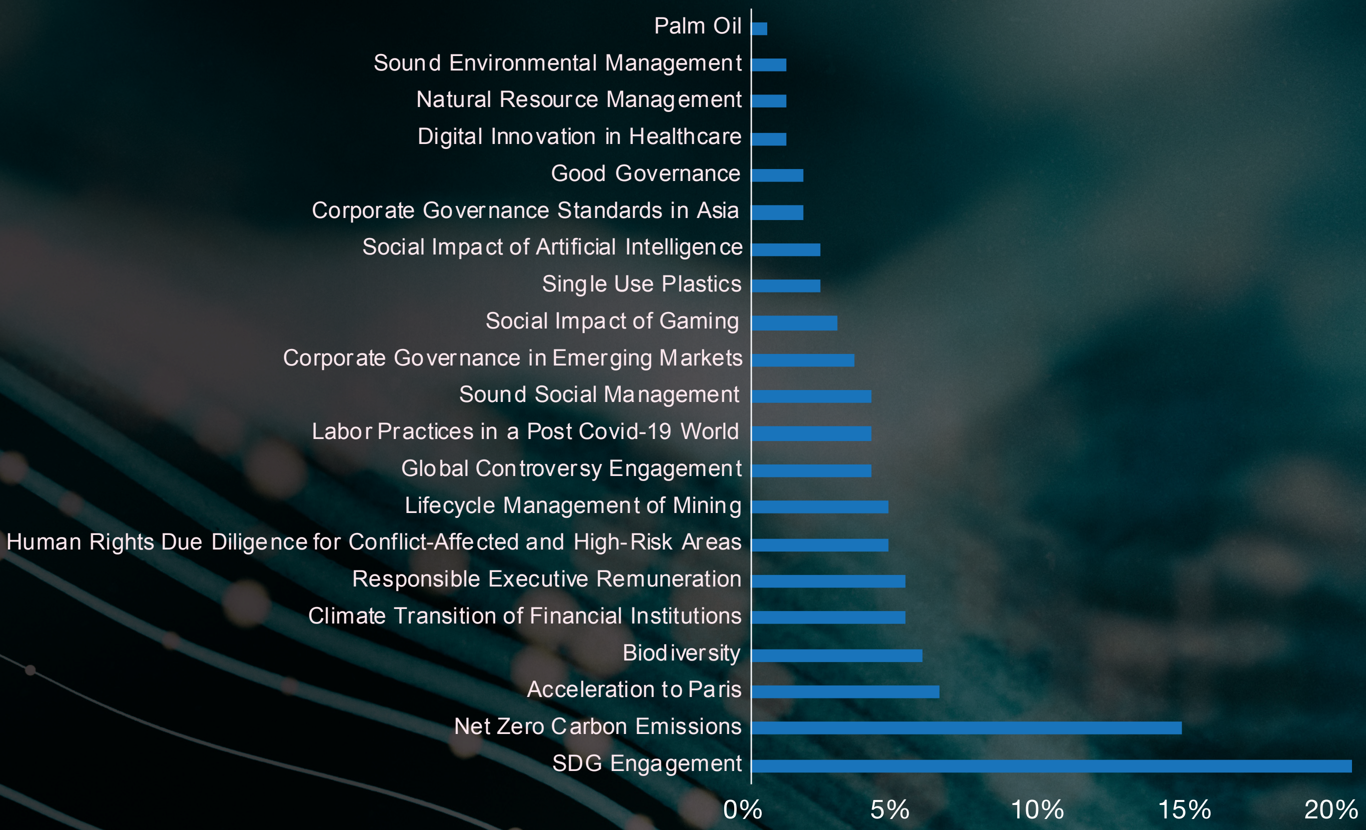
In-house-led engagements (18 engagements)



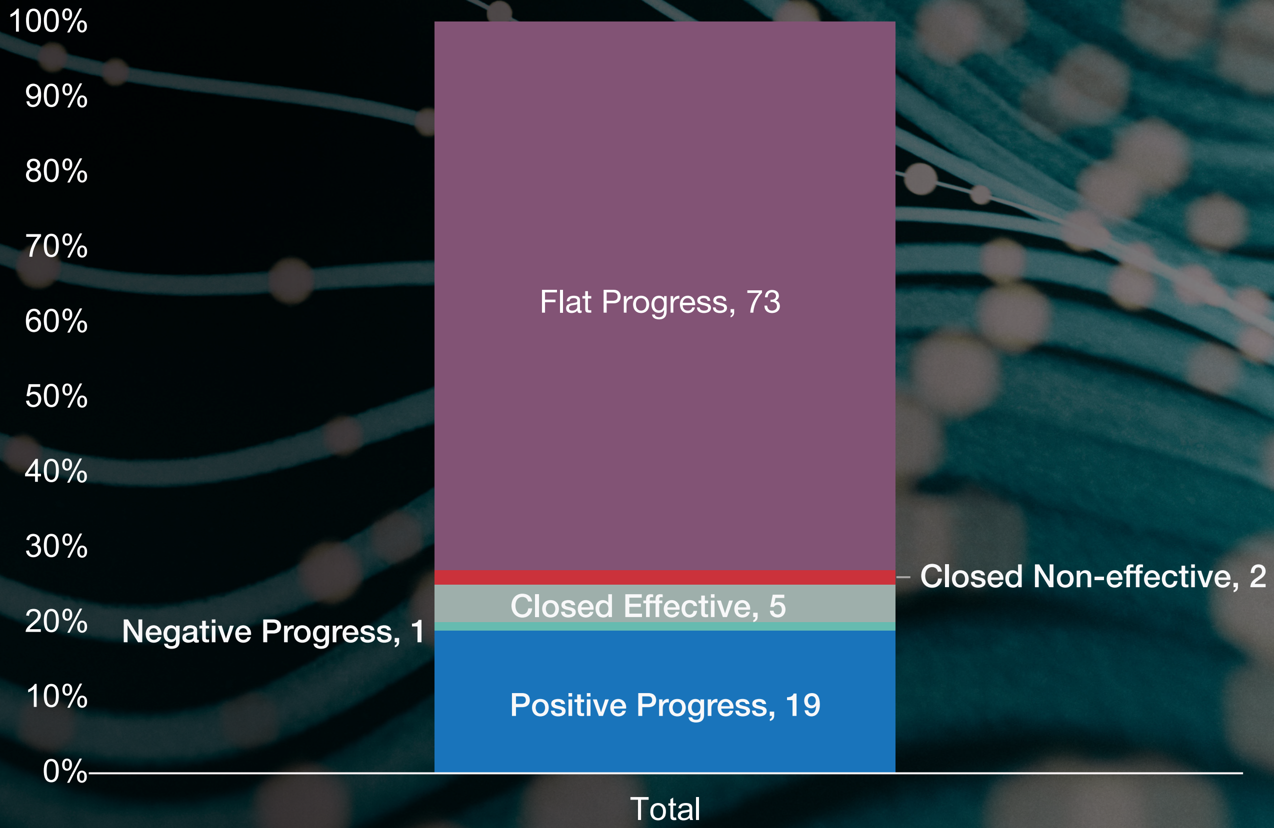
Outcome Analysis : SI In-house engagements



Robeco-led engagements (168 engagements)



Outcome Analysis – Robeco-led engagements



Proxy Voting Data

3Q21 – 2Q22

Number of AGAINST votes with Resolution types

Year:	Total	2021	2021	2022	2022
Quarter:		**3**	**4**	**1**	**2**
Access to Capital	16%	19	13	12	12
Audit	0%	0	0	0	0
Corporate Activity	0%	0	0	0	0
Director re-election/ appointment	33%	26	51	18	20
Other	5%	8	1	2	7
Remuneration	45%	32	52	23	50
Total	346	85	117	55	89

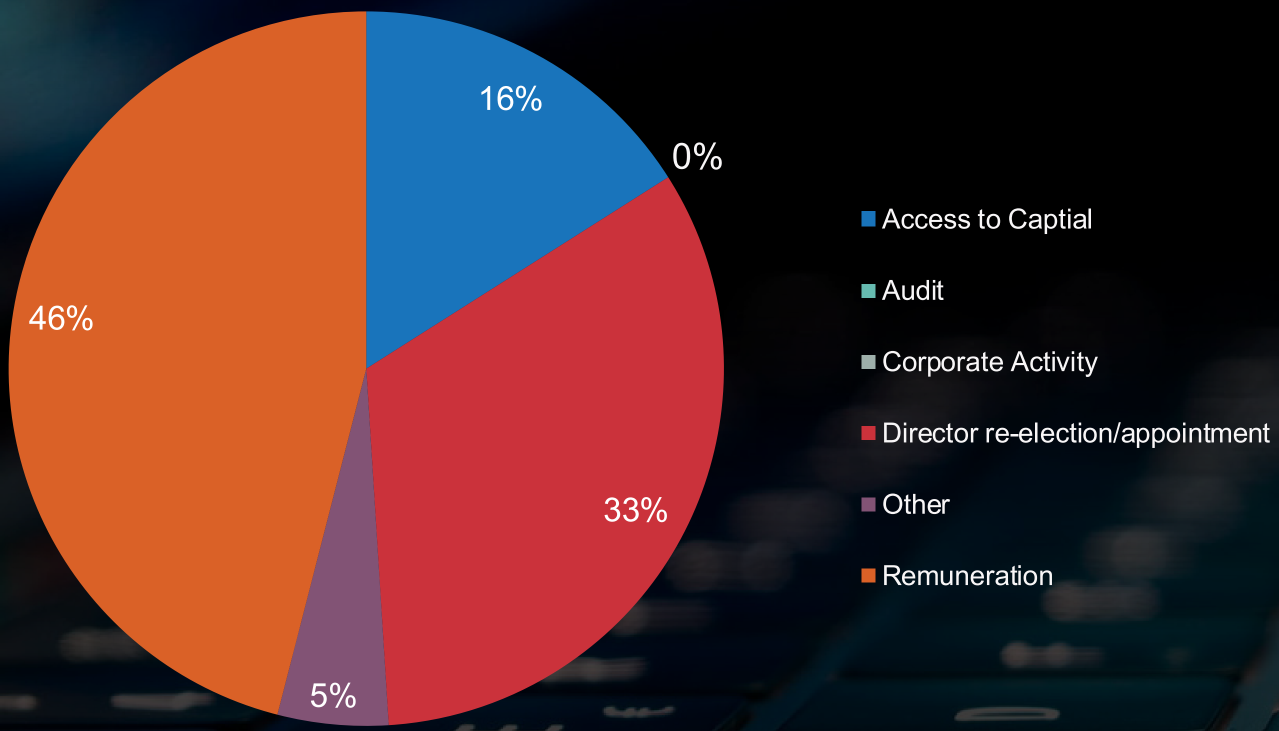
Number of FOR votes with Resolution types					
Year:	**Total**	**2021**	**2021**	**2022**	**2022**
Quarter:		**3**	**4**	**1**	**2**
Access to Capital	590	161	171	86	172
Audit	314	101	81	33	99
Corporate Activity	49	12	1	11	25
Director re-election/ appointment	1280	334	352	181	413
Other	160	51	42	31	36
Remuneration	851	188	296	112	255
Total	3244	847	943	454	1000

Total Resolutions FOR and AGAINST	
Period (Jul-Jun)	2021/2022
For	90%
Against	10%
	3590

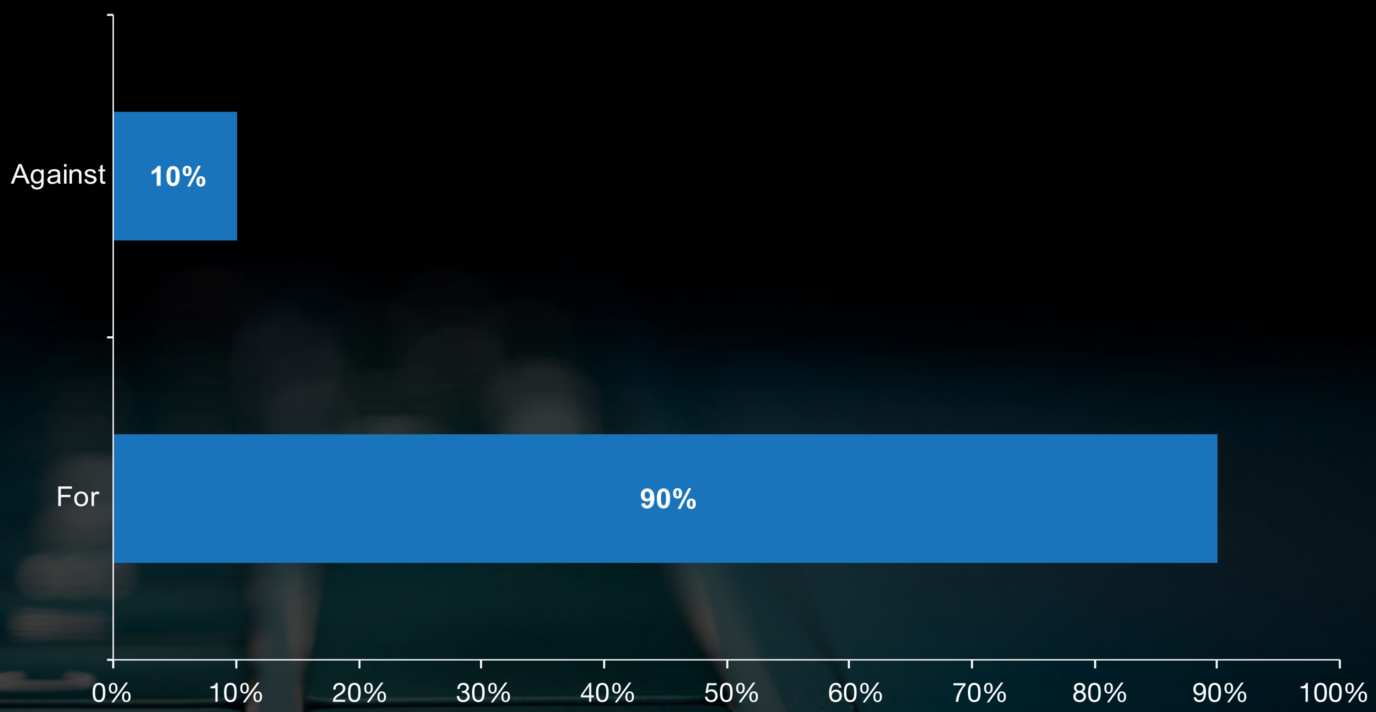
Proxy Voting Data

3Q21 – 2Q22

Reasons for declining resolutions (3Q21-2Q22)



3Q21-2Q22 resolutions voted FOR vs resolutions voted against (3 976 resolutions)



Roadmap for the future

Our roadmap for 2023

At Sanlam Investments, we follow a clear roadmap, with distinct goals and objectives that we can align with and measure ourselves against. We are steadily making progress in advancing these goals, improving ESG incorporation and fostering partnerships with other likeminded organisations such as Robeco and Climate Fund Managers. These partnerships help catalyse and boost our efforts to meet greater sustainability objectives. Together, we focus our efforts on where we can make the greatest impact.

Over the next year we will continue to participate and contribute to select key memberships and partnerships. We remain focused on:

- Identifying outcomes and targets: Mapping existing investments to the SDGs and aligning with other potential regiments.
- Setting policies and positioning statements: Setting relevant ESG-themed and asset class policies, and position statements.
- Ensuring consistency throughout our investment disciplines: Development of robust oversight mechanisms to ensure that risk management of sustainability matters is applied to all investments.
- Improving our reporting at an enterprise-wide and client level to illustrate our aggregated contribution to the United Nations Sustainable Development Goals.
- Monitoring, tracking and measuring the extent of our aggregated contribution over time to the United Nations Sustainable Development Goals, local National Development Programme (NDP) and other goal frameworks.