



Smoothed Bonus Portfolios Responsible Investment Report

Financial Planning | Retirement | Insurance | Health | Investments | Wealth | Credit

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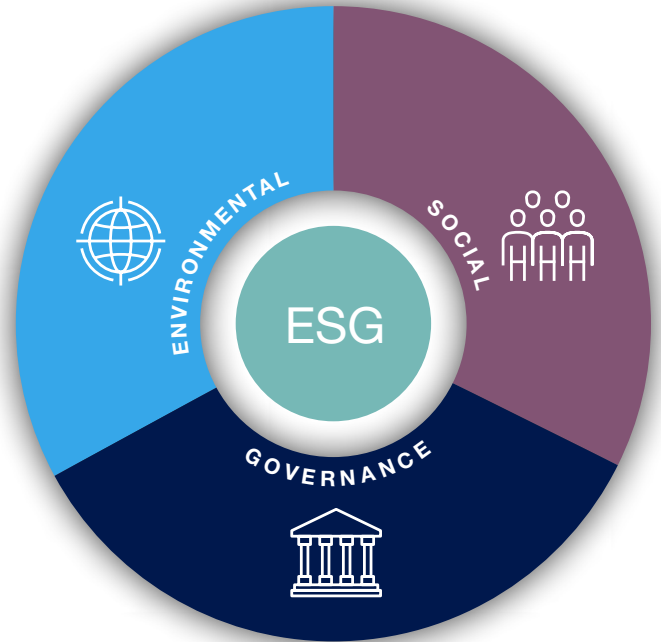


Executive Summary

Responsible investing (RI) advances the business case for incorporating environmental, social and governance (ESG) issues as an investor’s fiduciary duty. By considering ESG factors, investors can potentially reduce the risk of unexpected events or issues that could negatively impact the performance of these portfolios while optimizing the return and real-world impact of the companies and assets they invest in.

Smoothed bonus portfolios are designed to provide stable, predictable returns. RI ensures that they are also financially sound and socially and environmentally responsible, which attracts a wider range of investors who are increasingly concerned about sustainability and social responsibility.

This document is intended to provide insights into how Sanlam Corporate Investments integrates RI into its Smoothed Bonus portfolios. The report is for all our stakeholders, including investors, trustees, asset consultants and our current and potential clients. This document forms part of



our annual disclosure and governance report that provides information on the product features, bonus philosophy, investment management and governance of our Smoothed Bonus portfolios, which can be found on our [website](#).

Please see below the 2022 Sanlam Sustainability Report and the 2022 Sanlam Investments and Sustainable Investments and Impact Report.



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Our Commitment to RI

Sanlam is committed to ensuring long-term sustainability for current and future generations through RI practices. The integration of RI into our investment processes ensures that we live up to our values, demonstrates good corporate citizenship, and when applied consistently over the long term, will enable sustainable, risk-adjusted returns for our clients.

RI integrates material ESG risks and opportunities into the investment process across business units, investment styles and asset classes to enhance investment returns, identify opportunities and mitigate downside risk.

Sanlam Life cannot ignore the challenges and risks to the sustainability of our business posed by climate change. We believe that any action to reduce greenhouse gas (GHG) emissions and mitigate the impacts of climate change must be aligned with the “Just Transition” principles, especially in the developing world and support the communities that rely on these sectors for their sustained livelihoods. Just Transition refers to management of the socio-economic impact of divesting suddenly from fossil fuels while committing to moving determinedly but responsibly towards a low-carbon economy because our earth and our future depend on it.

As we explore the complexities of climate change mitigation and adaptation in a just way (i.e. aligning with Just Transition principles), we take a systematic approach by considering and protecting human rights in business decisions. Sanlam finances

adaptation opportunities by investing in climate-related innovation and solutions, such as clean and renewable energy sources. The Sanlam Sustainable Infrastructure Fund (SIF) represents one of the ways to finance projects and companies that produce renewable energy from natural resources that are constantly replenished such as wind, solar and hydro power.

Sanlam believes in a balanced approach when directing capital for a lower carbon future. We do this by reducing our investment exposure to carbon risks (climate mitigation), aligning portfolios to chosen climate glidepaths (portfolio transition) and increasing investments in climate-related innovation and solutions (portfolio adaptation).

The Sanlam Group, through its Sanlam Investments subsidiary, has developed RI policies and procedures to demonstrate its commitment to RI and to highlight the measures taken to integrate sustainability into the daily, ongoing investment process for the benefit of all stakeholders.

Sanlam has been a thought leader in many tough conversations dealing with social cohesion and environmental stewardship and will continue to lead by objectively reflecting on our actions and being transparent about who we are and what we aspire to become in society.

In 2023, we launched the Sanlam ESG Barometer, which will measure how South African listed companies are implementing and embedding ESG in their effort to create a socially and environmentally positive impact. We also published the second Sanlam Gauge Report, which measures B-BBEE transformation in multiple South African economic sectors. We believe in the principles of economic transformation and equality, especially for previously disadvantaged population groups.

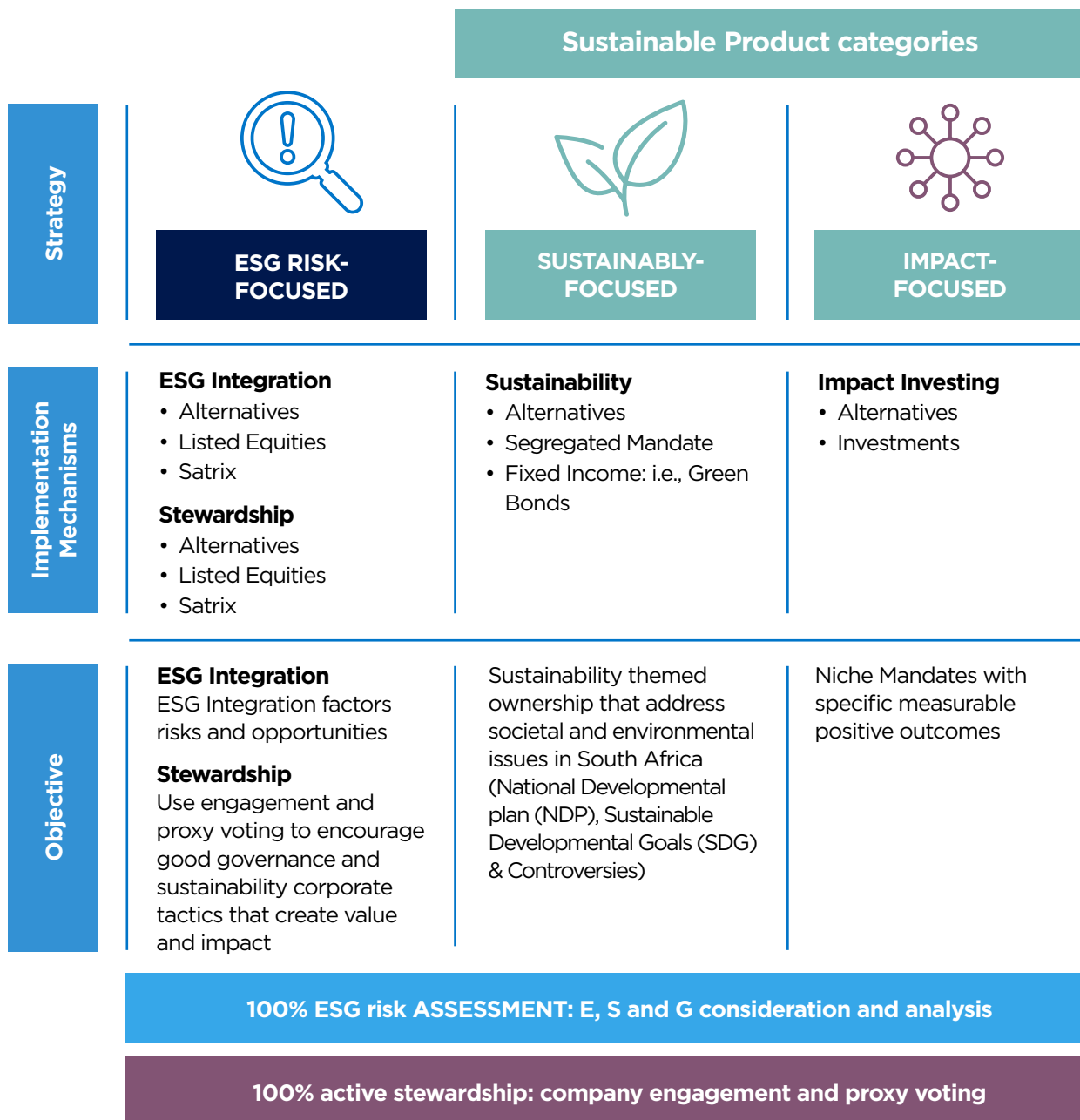


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Our Approach to RI

RI is an essential component of our investment approach at Sanlam Life Insurance Limited (Sanlam Life) and Sanlam Corporate Investments (SCInvest). SCInvest is the entity within Sanlam that serves as the product owner of the Smoothed Bonus portfolios. When it comes to emerging markets, there is a topical debate as to whether investors should pursue a climate change transition plan to a low-carbon economy or a social plan to create jobs and reduce poverty while creating a climate resilient economy. Sanlam has adopted the double-materiality ESG approach.



As demonstrated on the previous page, ESG is integrated into the decision-making process to create positive impact alongside mandated financial returns. We deploy policyholder capital and integrate ESG not only from a risk-based perspective, but also from an opportunities-based perspective to generate a positive impact. We consider material ESG risks and opportunities as part of our investment and ownership decisions. We strive for strong financial performance, which enhances our value proposition of driving financial inclusion and ensuring our clients live with financial confidence.

Sanlam's Smoothed Bonus portfolio's underlying investments are largely managed by Sanlam Investment Group (SIG). The entities within SIG manage the Sanlam assets to reduce financial risks, develop investment products, optimize the balance sheet and pursue investments and financing opportunities in assets, economic sectors, markets and geographies within acceptable risk parameters.

As part of our commitment to prioritizing empowerment as both a business goal and a national economic necessity, Sanlam Corporate Investments has partnered with 27four Investment Managers to launch South Africa's first black-managed smoothed bonus product.

The Progressive Smooth Bonus Fund's assets are allocated to black fund managers through a multi-managed mandate managed by 27four Investment Managers with capital guarantees provided by Sanlam. As South Africa's only smoothed bonus fund managed by black asset managers, the product was created for clients who value the economic empowerment of black asset management firms and seek smoothing and guarantees in investment products.

The Sanlam Investment Sustainability committee is responsible for SIG's sustainability strategy and oversees the integration of ESG issues across

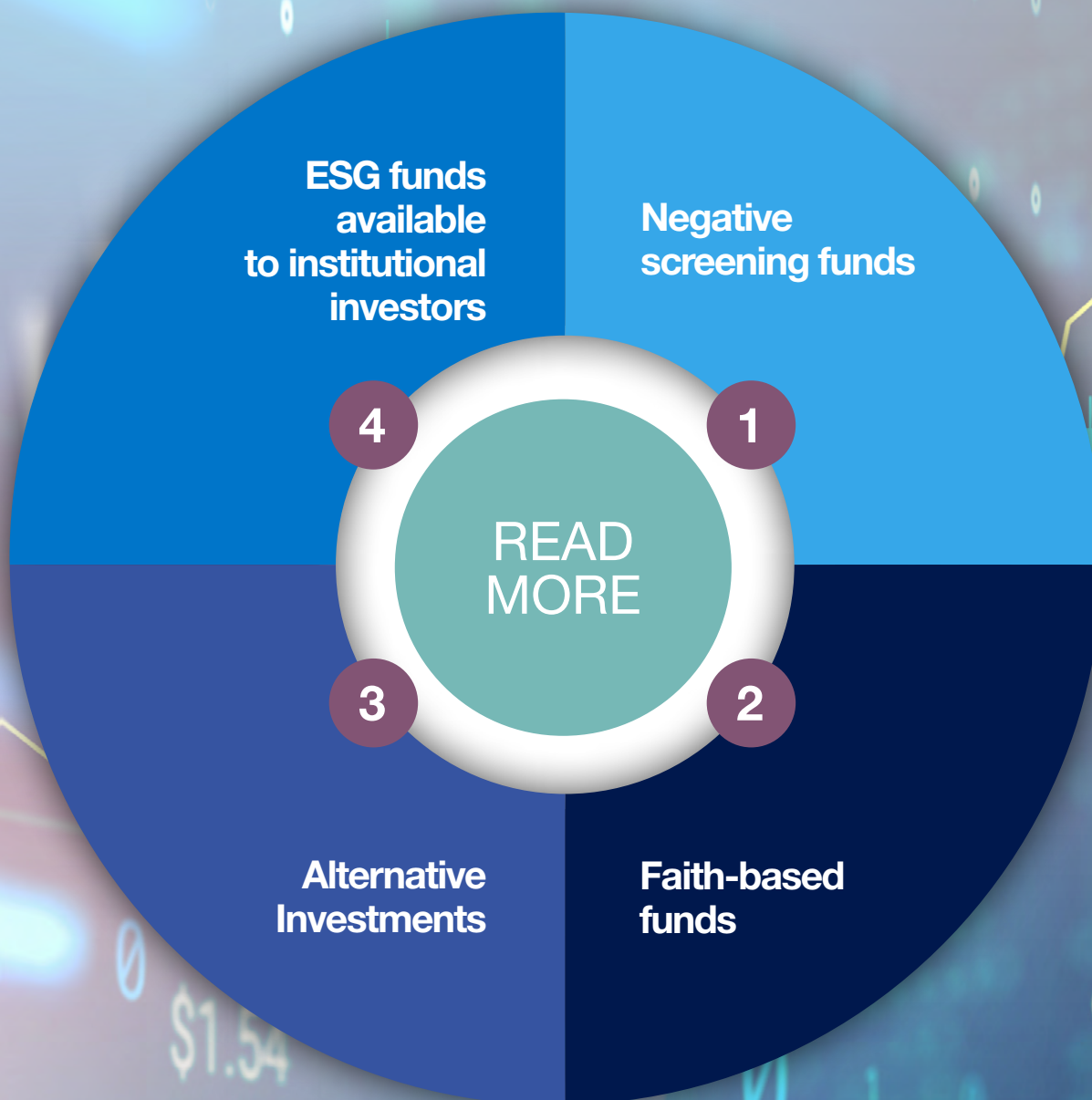


its funds. SIG incorporates several sustainable investment strategies that are appropriate for our respective investment assets and clients' needs. These strategies are applied across our asset classes, including public equity, fixed income, private equity, indexation, and private debt. Our sustainable investment framework is aligned to Sanlam's broader sustainability strategy and is continuously evolving with best practice.

For our passively managed portfolios, our ability to apply ESG criteria to the management of the portfolio is defined by the mandate to track the performance of the index. Despite limitations where non-ESG indices are being tracked, we implement responsible investing principles through active engagement with company boards and by exercising our proxy votes on the positions we hold.

Our integration and stewardship activities form a key component of our framework and are integrated across all our portfolios to differing degrees.

The portfolios below have an explicit mandate according to each category. It is worth noting that these portfolios are examples of other capabilities within the broader Sanlam, and are not necessarily part of the underlying funds within the Smoothed Bonus portfolios.



1 Negative screening funds

SIM Temperance Balanced Fund

This is a flexible balanced fund which aims to provide stable, long-term investment growth through active investments primarily in equities, fixed-interest investments, cash and foreign assets. This fund does not invest in securities where alcohol, tobacco or gambling form the core of the company's business.

Sanlam Living Planet Fund

The Sanlam Living Planet Fund aims to provide long-term investors with acceptable financial returns within a framework that enhances environmental sustainability. It achieves this by redirecting investment flows towards sustainable opportunities and away from unsustainable practices. Its mission is to reduce the degradation of the planet's natural environment and to build a sustainable future in which humans live in harmony with nature. The Fund is well diversified, actively managed and complies with Regulation 28 of the RSA Pension Funds Act. It is managed by utilizing the combined capacity of regulated and authorized investment managers and the World Wildlife Fund (WWF), a leading international environmental organization.

2 Faith-based funds

SMM NUR Balanced Fund

This fund provides stable, long-term investment returns by investing in other Shariah-compliant balanced funds.

3 Alternative Investments

Sanlam SME Debt Fund

This is an SDG-aligned debt fund with a focus on the SME sector. The fund aims to contribute to job preservation, job growth and job access/inclusivity by investing in established companies with proven entrepreneurs and management that operate in growing or mature markets. The impact focus is towards SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities).

Sanlam Mid-Market Private Equity Fund

This is an SDG-aligned private equity fund with an investment focus into well-established, medium-sized businesses, alongside proven entrepreneurs and management. The fund aims to contribute to improved job quality and inclusive growth. The impact focus is towards SDG 3 (Good Health and Well-being), SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities).

Sanlam Resilient Investment Fund

This is an SDG-aligned fund that finances private sector businesses who want to generate returns through investments that address social challenges. The impact focus is towards SDG 1 (No Poverty), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities).

Sanlam Sustainable Infrastructure Fund

This is an SDG-aligned infrastructure fund that invests in a broad spectrum of essential infrastructure assets. The impact focus is towards SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action).

4 ESG funds available to institutional investors



Climate Fund Managers

This is a joint venture between FMO, the Dutch development bank, and Sanlam Infracore. It uses blended finance structuring to invest in high-impact sectors in emerging economies. The different funds provide financing solutions for infrastructure developers in the renewable energy, water sanitation and ocean sectors. Their impact focus is towards SDG 5 (Gender Equality), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry Innovation and Infrastructure), SDG 13 (Climate Action) and SDG 17 (Building Partnerships).

Indexed Funds

ESG Exchange Traded Funds

Satrix as an indexation fund manager within the Sanlam Investments stable incorporates sustainability largely through active ownership strategies to address material long-term systemic issues in the markets that we are invested in. Satrix also incorporate a variety of ESG techniques within specific ESG-themed strategies or the design of our bespoke strategies as demonstrated below:

MSCI 	SATRIX  OWN THE MARKET	STOXX		
EFT	BENCHMARK INDEX	CLASSIFICATION		
Satrix MSCI World ESG Enhanced Feeder ETF	MSCI World ESG Enhanced Feeder Focus Climate Transition Benchmark	<table border="1"> <tr> <td data-bbox="1070 819 1272 913">ESG</td> <td data-bbox="1272 819 1474 913">Climate</td> </tr> </table>	ESG	Climate
ESG	Climate			
Satrix MSCI EM ESG Enhanced Feeder ETF	MSCI EM ESG Enhanced Focus Climate Transition Benchmark	<table border="1"> <tr> <td data-bbox="1070 972 1272 1066">ESG</td> <td data-bbox="1272 972 1474 1066">Climate</td> </tr> </table>	ESG	Climate
ESG	Climate			
Satrix Inclusion and Diversity ETF	Refinitiv Satrix South Africa Inclusion and Diversity	Thematic		
Satrix Smart City Infrastructure Feeder ETF	STOXX Global Smart City Infrastructure	Thematic		
Satrix Healthcare Innovation Feeder ETF	STOXX Global Breakthrough Healthcare	Thematic		

Sanlam Progressive Smoothed Bonus Portfolio

This fund is multi managed by 27Four, one of the early adopters of RI among multi-managers in South Africa and a signatory to the PRI from 2007. They recognize their critical role as a steward of long-term assets and the need to counter the short-termism, which has contributed to multiple sustainability challenges. 27Four has met the criteria set by Sanlam for the selection, appointment and monitoring of underlying managers.



RI affiliations and memberships

Sanlam Investment Management and Sanlam Limited have been signatories of the United Nations Principles for Responsible Investment (UNPRI) since February 2009 and May 2012 respectively. The UNPRI is the world's leading proponent of RI and offers an overarching framework on ESG issues in investment and ownership decision-making.

UNPRI

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Sanlam has adopted the principles of the Code for Responsible Investing in South Africa (CRISA) and fully supports CRISA's five principles that emphasize the importance of stewardship and responsible investment.

CRISA

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Sanlam has been a member of the Carbon Disclosure Project (CDP) since 2007. CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

CDP

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Sanlam is a member of the Global Impact Investing Network (GIIN). This provides impact investing organisations with access to a diverse global network of leading impact investors and industry information, tools and resources that enhance a practitioner's ability to make and manage impact investments.

GIIN

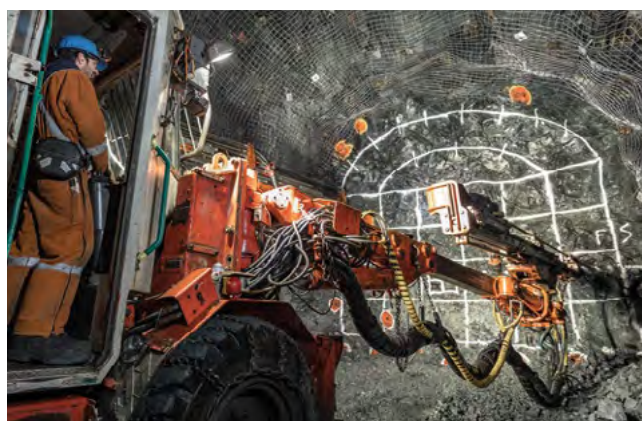
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Through our GIIN membership, we intend to further develop our impact measurement and management strategies, identify deal opportunities and access expert training. Above all, we hope to keep glimmers alive of an inclusive, sustainable future for us all.



ESG Integration Case Studies: Listed Equities

The Sanlam Investments equity team has developed its ESG capabilities to improve how it analyses companies. It focuses on how ESG factors should be integrated into the investment process and used to assess the potential risks a portfolio holding is exposed to.



Glencore

Glencore is one of the world's largest, globally diversified natural resource companies. It 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 United Kingdom and the United States.

The equity team looked at Glencore's investment case holistically and not just 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 emit substantial amounts of CO₂, there was still a compelling case to allocate capital to the company.



Findings

Glencore has a unique capability to supply 'Sustainable commodities of the future'

Glencore argued that instead of being excluded from client portfolios because of environmental reasons, ESG is a reason to own their stock. We agreed with their view that transition metals like copper, cobalt, nickel, zinc and vanadium are all required to achieve net zero emissions. Following the recent acquisition of Rio Tinto's coal assets, the company has reiterated that their intention is to run down these operations responsibly and effectively re-invest coal cash flows into the production of transition metals. They emphasized 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.

Their commodity mix is well-positioned to take advantage of the move to cleaner energy

As demand for fossil fuels decreases at an increasing pace over the next few decades, Glencore stands to profit as they have a large market share in the metals used in the production and storage of green energy.

Glencore already supplies a third of the world's cobalt market, which is used in health, nutrition, manufacturing and industry. Cobalt is also an integral part of vitamin B12 and essential for the functioning of human cells.

They have been increasing their recycling ability and footprint as the future global copper supply will not be able to meet the demand required.

They have overhauled their top management structure

One of the company's most material risks was 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 board members. The new management team has gone to extreme lengths to reassure investors that it has changed for the better.

They have been phasing out intermediaries for the past five years

These agents and dealmakers previously played the role of middlemen for bribe payments between the company and government officials. Glencore has put an ethics and compliance programme in place, will disclose its marketing sales and purchase agents and has implemented numerous other measures and policies to address bribery and corruption. If found guilty of further bribery, the consequences could be more serious than before. There is no doubt that their admission of guilt has resulted in reputational damage and that they will be under scrutiny for years to come.

Concluding Thoughts

Based on our team's analysis, while it may take some time for a market-applied "governance discount" to be fully removed, the risk of similar bribery and market manipulation incidents reoccurring has been significantly diminished. On this basis, the potential value upside far outweighs the risks the company faces, even after considering ESG factors.



Key Takeaways

- ESG has become an important risk management tool, which the Sanlam Investments' equity team applied 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 misdealing.
- As we move to a circular economy and demand for transition metals increases, Glencore will play an increasingly significant role in supplying them.
- 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.
- These takeaways, together with the discount on the intrinsic value that Glencore is trading at, gave investors sufficient basis to allocate capital to the company.



British American Tobacco

British American Tobacco (BAT) is a British, multinational company that manufactures and sells nicotine products, such as cigarettes and tobacco. The key ESG issue is that the company sells products that are harmful to consumers' health.



Findings

BAT is at the forefront of developing risk-reduced products (RRPs) like vaping, tobacco heating and oral consumption products and continues to incentivize consumer conversions from harmful combustible products, like cigarettes, to RRP which have significantly lower risk and reduce exposure to harmful toxicants. Their capex investment in RRP is about GBP2.8 billion to date and their investment case aims to convert tobacco consumers to RRP over the longer term.

BAT is leveraging existing technologies to build a tangible offering in their Beyond Tobacco sphere, which is still in its infancy. The Beyond Tobacco business uses the base material to create nicotine and tobacco-free products, applying these technologies to adjacent products like cannabis and other products like aerosol medicinal applications. The culmination of these initiatives will transform BAT from being a harmful company to a progressive, risk-reduced business with potential wellness and pharmaceutical benefits for society.

Concluding Thoughts

The higher cost and capex profiles will provide a short-term headwind to our valuation while their Beyond Tobacco initiative is loss-making until sufficient scale is established.

In the longer term, we see potential benefits from the transformed business. We continue to track their progress to ensure they follow a positive trajectory and employ a higher margin of safety to invest in the company.

ESG Integration Case Studies: Fixed Income

The fixed income sustainable investment framework adopts a financial integration approach by incorporating financially material ESG factors into the overall investment process. We currently leverage the research of third-party providers to identify material ESG factors. Other techniques are also adopted for specific mandates like screening techniques and thematic, such as job preservation and creation. Active ownership, particularly company engagement, is also used to address ESG issues with investee companies.

Premium Properties Ltd

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 social and inclusive growth and stakeholder relationships when evaluating this investment opportunity.

Social and inclusive growth

High unemployment levels and tough 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 emphasized 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 critical as poor management could 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.

During a site in early 2022, we witnessed the following:

- Extensive security measures were in place at residential properties, specifically 24-hour CCTV surveillance and controlled access, while still providing affordable housing.
- Thriving urban and inner-city environments had been developed, creating a community-like atmosphere.
- Quality accommodation near places of work had been established.
- There were strong relationships between management and stakeholders.
- 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 helps entrepreneurs to build 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 mitigated some risks. While we did not adjust our internal rating, we developed a better understanding of the risks and their potential impact on the company. While not specifically labelled as 'social' bonds, we think 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.



Stewardship: Our Engagement and Active Ownership Approach

We continuously engage with the asset managers in our portfolio who conduct stewardship activities on behalf of Sanlam Corporate Investments' clients and encourage best practices in ESG areas, including governance, environmental management and social responsibility.

Stewardship activities include proxy voting in respect of company resolutions and engaging with portfolio companies on material ESG issues. All asset managers must have a proxy voting policy that aligns with the relevant standards of corporate governance and applicable legislation and is consistent with the King IV Code on Corporate Governance (for both listed and unlisted companies), corporate governance provisions in the Companies Act 71 of 2008 and the JSE listing requirements (for SA listed companies). Their policy document must be reviewed annually or when legislation changes.



Our Specific ESG Requirements for the Various Asset Classes are Listed Below:

Listed Local and International Equity

The asset managers exercise all their voting rights on behalf of Sanlam Corporate Investments and engage with investee companies on material ESG issues in line with their engagement policy.

Private Market/Alternative Asset Classes

The asset manager has a material influence on the portfolio company's strategy and endeavours to ensure that the board of directors is adequately addressing material ESG issues

Multi-Managed Portfolios

The mandated multi-manager endeavours to ensure that RI is incorporated across the investment process. When selecting and monitoring underlying managers, the mandated multi-manager should consider:

- Whether the underlying manager has RI policies;
- The extent to which ESG issues are incorporated into the investment process;
- The extent of active ownership by voting all proxies and engaging with investee companies on material ESG issue;
- The extent to which the manager discloses and reports on RI activities; and
- Whether the underlying manager is a signatory to the UNPRI and CRISA.

Engagement and Active Ownership: Listed Equity

Sanlam Investments regularly engages with company boards on material ESG matters. Engagement sessions are conducted either directly or in collaboration with other investors. Through their partnership with Robeco and their value-enhanced engagement programme, they can scale engagement efforts and focus on strategic themes to seek change and improve practices. All engagements are carefully monitored and tracked with specific objectives in mind to pursue targeted positive outcomes. Engagements are classified as a positive, neutral or negative outcome.

Climate action is a strategic priority, and they engage directly with companies both proactively and reactively on climate matters, focusing specifically on their designated priority outcomes. Sanlam Investments is a signatory to Climate Action 100+, which is an investor-led, collaborative engagement initiative. Climate Action 100+ exists to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

The table below highlights their engagement themes and priority issues:

In House Themes	Change We Seek	Relevant SDG
Board quality and strength	<ul style="list-style-type: none"> • Limit on director tenure (12 years) • Gender, race and skills diversity for broad oversight • Lead Independent Non-executive Directorships (NED) where the board lacks independent representation 	SDG 16 & SDG 5
Diversity, equity and inclusion	<ul style="list-style-type: none"> • Disclosure or organisational diversity and transformation policy with targets • Explicit B-BBEE targets and roadmaps 	SDG 5
Climate Action: A Just Transition	<ul style="list-style-type: none"> • Disclosure or climate roadmaps and de-carbonisation efforts over time • Alignment with the Task Force on Climate-Related Financial Disclosures (TCFD) reporting framework (governance, risk management, strategy, metrics and targets) • Commitment to releasing metrics and targets 	SDG 13
Shareholder alignment through remuneration	<ul style="list-style-type: none"> • 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



Significant votes and resolutions

STADIO
— HOLDINGS —

Stadio Holdings Ltd

Date: 18 October 2022

Engagement Dialogue: Remuneration-specific consultation

Engagement Dialogue: Multiple ESG issues

Summary: Concerns were raised regarding non-disclosure and appropriateness of performance metrics.

Progress:
Positive

WHL

Woolworths Holdings Ltd (“WHL”)

Date: 05 December 2022

Engagement Dialogue: ESG Strategy

Engagement Dialogue: Multiple ESG issues

Summary: WHL’s ESG commitments and goals are available online.

WHL’s energy roadmap plans to reach net zero carbon emissions by 2040

All their operations will function using renewable energy by 2023.

More than 80% of WHLS’s debt is linked to ESG.

Progress:
Positive

NORTHAM
PLATINUM HOLDINGS LIMITED

Northam Platinum Holdings (“NPH”)

Date: 04 October 2022

Engagement Dialogue: Remuneration-specific consultation

Engagement Dialogue: Remuneration practices

Summary: The NPH Remuneration Committee (“Remco”) incorporates the following into the LTI scheme:

- Management cost line, increment of mining production and safety of workers.

Remco will consider disclosing the previous year’s performance scales for their targets.

There is currently no gender pay gap at executive, senior and junior level within the group.

Other: The board retirement age has been increased from 60 to 65.

Board fees are positioned below the 25th percentile.

Board directors receive a base fee irrespective of the number of meetings they attend.

Progress:
Positive

Analysis of Votes per Resolution Type

Sanlam Progressive Smoothed Bonus portfolio

Companies	Total number of holders	Board members	Remuneration of non-executive directors	Auditors	Share issue	Share buy back	Financial Assistance
PSG Group Limited	1	67%	100%	100%		100%	100%
Impala Platinum Limited	6	90%	80%	100%	67%	100%	
Northam Platinum Limited	4	92%	50%	100%		75%	50%
South 32 Limited	3	67%					
Murray & Roberts Holdings	1	100%	100%	100%			100%
Truworhs International Limited	4	56%	73%	75%	75%	100%	75%
Rand Merchant Investment Holdings Limited	2	100%	50%	50%	100%	50%	75%
Shoprite Holdings Limited	5	93%	78%	80%	60%	80%	60%
AVI Limited	4	50%	58%	100%		100%	50%
BHP Group Plc	7	95%					
BID Corporation Limited	5	85%	79%	100%	60%	100%	60%
Itatile Limited	1	100%	100%	100%	100%	100%	100%
Emira Property Fund Limited	2	67%	54%	100%	50%	100%	100%
Woolworths Holdings Limited	4	94%	50%	100%		100%	50%
Hyprop Investments Limited	1	100%	67%	100%	100%	100%	100%
Sasol Limited	6	97%		83%	67%	100%	67%
MAS Real Estate	2	92%	50%	100%	50%	100%	
Life Healthcare Limited	3	100%	100%	100%		100%	67%
Clicks Group Limited	4	100%	75%	75%			50%

■ Majority of Votes against
 ■ No Resolution of this Type
 ■ Majority of Votes in Favour

Sustainable Investing Case Studies: Direct Property



Sanlam Property

Durbanville Village Square

Durbanville Village Square is the flagship asset for the Sanlam Investments Direct Property Fund. It is a neighbourhood centre that serves the community of Durbanville and surrounds, measuring 13 210 square meters.

Durbanville Village Square has 2060 solar panels, which were installed in December 2018. Since installation,

the solar plant has produced 5 053 386 kWh at a rate of 0.85kg/CO₂ emissions, which is equivalent to 4 295 tons of carbon emissions. This is equivalent to removing 2 600 average-sized, petrol-fuelled vehicles off the road for a year or not having to charge roughly 522 500 000 smart phones.

Despite load shedding, the solar plant has been performing 17.9% better than expected and will have paid for itself in 5 years by the end of December 2023.

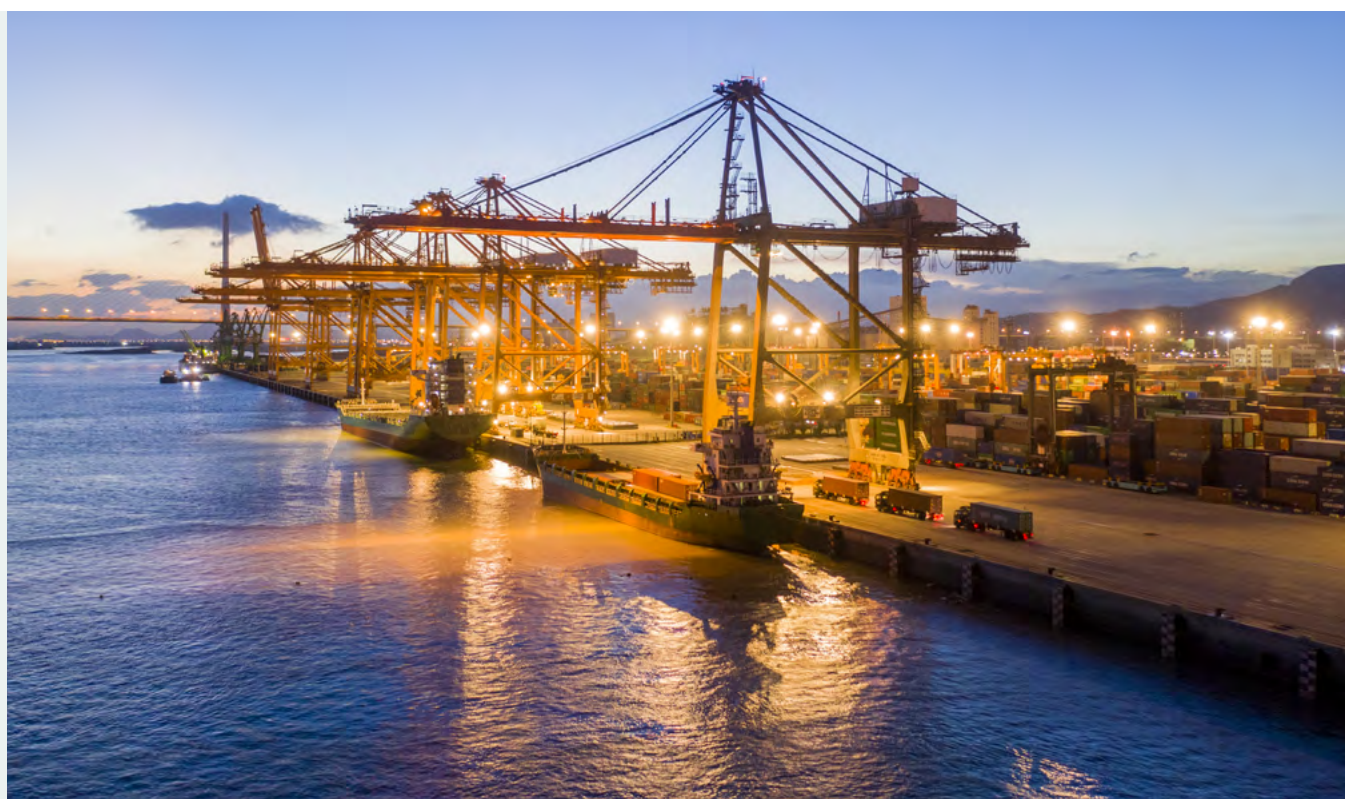
Other initiatives at Durbanville Village Square include:

- A centralised grease trap that has been cleaned to make sure restaurants do not get rid of grease and oil down the sewer line.
- The use of borehole water for the ablution facilities.
- Waste management initiatives, such as a fully functioning recycling/sorting plant.
- Motion sensor lighting in and around the centre to reduce electricity usage, i.e. undercover parking levels, fire escape passages, toilet facilities and storerooms.

- Motion sensors on escalators.
- Some lighting that is on day/night sensors and timers.

The above initiatives have enabled the centre to reduce its carbon emissions by 168 tons, reduce water usage by 1 715 737 litres, save 1 117 trees and further reduce electricity usage by 938 639 kWh since the beginning of 2019.

The Sanlam properties team is committed to looking into renewable energy sources to further reduce the carbon emissions emitted by its assets.



Climate Fund Managers

The Climate Investor Fund (CFM) aspires to respond to the climate crisis by managing a series of dedicated funds, each focused on key thematic areas of climate change mitigation and adaptation. Their vision is to contribute to a more sustainable world and increase resilience to climate change. To date, the CFM has operationalized Climate Investor I and Climate Investor II. CFM bridges geographical divides by matching investors seeking superior returns to emerging markets seeking new sources of infrastructure investment capital.

Sanlam, through its subsidiaries, is both a shareholder and investor in the CFM and its funds. The Climate Investor I Fund was the first such initiative by Climate Fund Managers, Sanlam's joint venture with the Dutch Development Bank, FMO. With the support of broad public and private sector commitment, Climate Investor I mobilized US\$850 million of commercial funds. These have been allocated to renewable energy infrastructure projects including a river run-off hydro project in Uganda, an offshore wind project in India and a near-shore wind project in Vietnam.

Climate Investor II launched in January 2020 and announced a conditional first close at US\$675 million during COP26 in November 2021. The fund focuses on water, sanitation and oceans infrastructure as these are fundamental to human life and economic development and are also the medium through which the effects of climate change will be felt on earth. Climate Investor II provides expertise, technology and financing to projects that help vulnerable societies mitigate and adapt to global climate changes. Initially, the project will oversee a significant expansion of the 133 000 km² Galapagos Marine Reserve, protecting one of the most undisturbed and scientifically significant natural ecosystems on the planet.

The fund's ambition is for:



**5,5 billion litres
of water and
wastewater to be
treated per day**



**14 million people
to be supplied
with safe drinking
water**



**4 million people
to be provided
with sanitation**



**3,5 million tons of
CO² emissions to
be avoided per
annum**



**75 000 hectares
of wetland and
coastal
ecosystems to be
restored over the
next two years**

Climate Investor II will continue raising funds to reach a final close goal of US\$1 billion while simultaneously putting the capital raised to work.





Prescient Clean Energy and Infrastructure Debt Fund

The Prescient Clean Energy and Infrastructure Debt Fund offers investors a socially responsible investment vehicle that actively supports South Africa's broad infrastructure investment efforts. It is also one of the underlying portfolios within the alternative building blocks of the Sanlam Progressive Smoothed Bonus fund. Via the fund, clients can facilitate meaningful infrastructural, environmental and socio-economic development and impact across South Africa, without compromising on risk-adjusted, commercial returns.

When measuring impact, Prescient looks at four pillars, which focus on actively driving the development of SDG8:



Pillar one
Job creation



Pillar two
Community ownership



Pillar three
Community spend



Pillar four
Local procurement

Job Creation

Against a backdrop of unsustainably high unemployment in South Africa, the Fund is invested in 28 projects, which together have created 1 343 jobs across the country. Admittedly, most (972) of these jobs have been created by the ACWA Redstone CSP Project in the Northern Cape, which is in the middle of construction and is expected to reach commercial operation in March 2024. It is important to highlight that out of these 1 343 jobs, 1 124 (84%) belong to RSA black citizens.

Additionally, the Fund recently invested in six Bid Window 5 projects, which will further increase the number of jobs created once construction begins. Although an estimated 60% of these jobs migrate out after construction because of the highly automated nature of these plants (which is critical in order to be able to offer competitive tariffs), a lot of the better- skilled employees will move on to

ply their trade in other construction or operational plants or where construction and engineering skills are required. The Northern Cape has a natural abundance of solar and wind resources, which has placed them in a favourable position as a preferred renewable energy investment destination. This has seen about 67% of South Africa's investment in the Renewable Independent Power Producer Programme (REIPPP) directed to that province, which is very welcome as the Northern Cape remains one of the most impoverished provinces in South Africa.

Community Ownership

As required by South Africa's Renewable Energy Procurement Program, each project that the Fund invests in carries a mandatory minimum ownership percentage allocated by the local community. This ranges from 2.5% to 40% and allows communities to enjoy an ownership share in the profits of these landmark developments alongside the commercial project owners.





Mulilo De Aar Wind Community Trust

An example of community ownership is the Mulilo De Aar Community Trust, which owns 12.5% of the Mulilo De Aar Wind Farm in the Northern Cape. The Fund was able to offer the Trust competitive funding rates, which have unlocked value for the community and allowed them to drive various economic and social development initiatives, including:

- A Bursary Programme: Since inception, over 50 candidates have graduated through this programme and there are currently 118 tertiary students at various stages of their academic journeys.
- Early Childhood Development Centre (ECDC). Located in De Aar Zone 2, the Mthuthuzeli Day Care centre was previously used as a hostel. In March 2018, it was developed into an ECDC that currently houses 143 children up to age 5. It offers well-trained adult facilitators, well-balanced nutrition and a physically safe and warm environment.
- The Innovo Mobile Medical Health Programme focuses on providing eye, dental and general health assessments to schools and clinics in the Prieska community. It has assisted over 334 learners and helped to ease the pressure on the community's local health system, which has two public clinics and a hospital.

Community Spend

The Renewable Energy Independent Power Producer Procurement Programme (REIPPPP)

mandates that each project must spend a minimum of 2.5% of its annual revenue on Enterprise Development and Social & Economic Development Initiatives within the community and surrounding areas. To date, the Fund has invested in projects totalling more than R1bn. This investment has been channelled into a wide range of initiatives, including bursaries, Early Childhood Development centres, the refurbishments of schools, the construction of sports facilities and the provision of computer labs.

Local Procurement

Another founding tenet of the REIPPPP was to develop local markets. The intention was to procure most of the components and materials used in the construction of these landmarks within South Africa's borders. Unfortunately, this was not always possible because of a lack of capacitation and irregular procurement of renewable energy and explains why only R208m (in contrast to the R1bn mentioned above) has been spent across the projects the Fund is invested in. Prescient believes, however, that this will improve over the next few years under an improving renewable energy-enabling legal framework that includes an uncapped ability of private players to generate their own power and to feed excess power to the national grid, amongst others. All of this was achieved while adding 2.2GW (enough to power 2.7 million average South African households) of clean energy to the national grid on an annual basis.

Impact Strategy Investments: Case Studies

The Sanlam Sustainable Infrastructure Fund's purpose is to finance projects and companies across a broad spectrum of essential infrastructure sectors:



renewable
energy
(wind, solar
and hydro)



conventional
energy
(natural gas)



natural transport
and logistics
(port, road and
rail)



ICT (telecom
and digital)



water and
waste

Strict ESG criteria are applied to support sustainable development.

The Fund currently has nearly R1 billion in new capital to deploy, which is separate to R6 billion that the Sanlam balance sheet expects to deploy to new operational or construction assets over the next two to three years.

Bokpoort Concentrated Solar Power

The Bokpoort Concentrated Solar Power (CSP) plant is one of the first concentrated solar power projects awarded under South Africa's 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 in the Northern Cape Province to maximize the country's enviable solar resources.

In line with the government's intention to support the local economy, approximately 40% of the components at the Bokpoort CSP were produced in South Africa. The CSP has 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 exchanging its heat into a thermal energy storage system. The storage system comprises 38,100 tons of environmentally-friendly molten salt, which can store energy for up to 9.3 hours and then produce electricity on demand, day or night. It set a record for maximum daily production at 1,077 MWh 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 the objectives of the Sanlam Sustainable Infrastructure Fund.

Future Focus Areas

To empower generations to be financially confident, secure and prosperous remains our strategic objective and drives our operational activities. We aspire to be the global leader in shared, value-based financial risk management, financing and investment solutions.

We aim to deliver on our promise of inclusive economic growth and financial confidence and will achieve this through our strong empowerment credentials, scale, diversified investment philosophies and capabilities, and impact-driven investment process.

We will track and demonstrate this according to the following three dimensions:



1 Selection, Allocation and Management as Asset Owners and Investors

- Increase our allocation to sustainable (environmental and social themed) assets, projects and initiatives.

2 Proactive Stewardship / Active Ownership

- Liaise with asset managers and investment consultants to frame a more holistic response to responsible investing.
- Explore more collaborative engagements with other investors and shareholder activists to promote initiatives that are aligned to the Paris Agreement.
- Promote policy and regulations that support governments in meeting the aims and objectives of the Paris Agreement.

3 Impact Management, Measurement and Disclosure

- Disclose how ESG issues are integrated within investment practices and active ownership activities (voting, engagement and/or policy dialogue).



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