



LIBERTY

In it with you



Group Sustainability Policy.

This policy establishes and addresses the governing principles, accountabilities and responsibilities for Liberty Holdings Limited's (LHL) current and future sustainability activities.

| | |
|---------------------|--|
| Level | Level 2 (In support of the Strategic and Business Risk Policy) |
| Policy owner | Divisional Executive: Corporate Citizenship |
| Approving committee | Social, Ethics and Transformation (SET) committee |
| Noting committee | Board |
| Date | May 2021 |

Table of Contents.

| | |
|---|---|
| Glossary of abbreviations and definitions. | 1 |
| 1 Introduction. | 2 |
| 2 Purpose. | 2 |
| 3 Scope of this policy. | 2 |
| 4 Policy statement. | 2 |
| 4.1 Policy statement 1: as a responsible corporate citizen, embed ESG thinking in decision making | 2 |
| 4.2 Policy statement 2: responsible investing | 2 |
| 4.3 Policy statement 3: enhance stakeholder relationships | 2 |
| 4.4 Policy statement 4: responsible resource use and environmental protection | 2 |
| 4.5 Policy statement 5: commitment to best practice building standards | 2 |
| 5 Responsibilities. | 4 |
| 5.1 Social, Ethics and Transformation (SET) committee | 4 |
| 5.2 People, Social, Ethics and Transformation (PSET) committee | 4 |
| 5.3 Business unit management | 4 |
| 5.4 Corporate Citizenship management: Group Sustainability | 4 |
| 5.5 Group Real Estate Services (GRES) management | 4 |
| 6 Approval of this policy. | 5 |
| 7 Related information. | 5 |
| 8 Policy administration. | 5 |
| 9 Addendum. | 6 |

Glossary of abbreviations and definitions.

The table below lists the terms and/or acronyms used within this document.

| Term | Description |
|--------------------------|---|
| ESG | Environmental, social and governance (also referred to as sustainability). |
| GRES | Group Real Estate Services, which manages the workplace environment |
| Montreal Protocol | An international treaty designed to protect the ozone layer by phasing out the production of numerous substances that are responsible for ozone depletion. |
| OECD | The Organisation for Economic Co-operation and Development (OECD) is an intergovernmental economic organisation focused on stimulating economic progress and world trade. |
| Paris Agreement | An agreement within the United Nations Framework Convention on Climate Change (UNFCCC), dealing with the mitigation of greenhouse gas (GHG) emissions, adaptation and finance, signed in 2016. The aim is to strengthen the global response to the threat of climate change by keeping global temperature increases in this century below 2 degrees Celsius (above pre-industrial levels), and to pursue efforts to limit the temperature increase even further to 1,5 degrees Celsius. The recognition of the 1,5-degree target is of central importance to South Africa and the rest of Africa, as developing countries that are highly vulnerable to climate change. |
| PSET committee | People, Social, Ethics and Transformation sub-committee of the executive committee. |
| SDGs | The Sustainable Development Goals (SDGs) are a collection of 17 interlinked global goals designed help businesses and governments contribute to a better and more sustainable future for all. The SDGs were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030. |
| SET committee | Social, Ethics and Transformation sub-committee of the board of directors. |
| Sustainability | A company's ability to achieve its business goals and increase long-term shareholder value by integrating ESG principles into its business strategies and enterprise risk management. |

Note

The terms 'LHL', 'Liberty', and 'the group' refer to Liberty Holdings Limited and all its subsidiaries and are used interchangeably in the document.

Business unit is a term that refers to the current structure of the operating model and represents both units responsible for Profit & Loss (P&L) and functional/support units.

1 Introduction.

Liberty aims to create societal value and preserve the natural capital our business depends on. We understand that our success is linked to the prosperity and wellbeing of our societies. Therefore, we focus on creating value for society by living our purpose of improving people's lives by making their financial freedom possible.

We believe in doing our part to contribute to a better future for all. To achieve this, we have aligned our social, economic and environmental (SEE) strategy to the United Nations Sustainable Development Goals (SDGs), which strive to create prosperity for both people and the planet.

Liberty is committed to creating and maintaining adequate sustainability management capabilities aligned to business growth. This will ensure prudent business and standardised environmental, social and governance (ESG) risk management processes, and increase long-term value creation.

2 Purpose.

The purpose of this policy is to establish the management principles and accountabilities for current and future sustainability activities across Liberty Holdings Limited (LHL). The policy aims to ensure that:

- The reputation and brand of LHL, which is critical to the sustainability of our performance, are safeguarded
- Related sustainability risks and opportunities are addressed in a consistent manner through clear identification, measurement, management, reporting and ongoing monitoring across LHL
- Sustainability-related interventions are measurable and impactful
- Principles of good corporate governance are applied, and
- There is compliance with relevant legislation and adoption of best practice voluntary standards.

3 Scope of this policy.

This policy governs Liberty's sustainability activities and responsible investing criteria and applies to all persons within LHL and all of its subsidiaries. Any deviation from the conditions of this policy requires approval from the appropriate governance structures. The level of detail in which the principles within this policy are implemented should be appropriate to the nature, scale, complexity of the business, and risk concerned. Business units are required to ensure compliance with this policy. Where in-country stricter laws are required at international locations, prescription policies should adhere accordingly.

4 Policy statement.

4.1 Policy statement 1: as a responsible corporate citizen, embed ESG thinking in decision making

Liberty is committed to integrating ESG into our core business model. This will enable Liberty to create sustainable value and manage risk and financial challenges. In this regard Liberty will:

- Consider ESG factors (for example, climate change and social inequalities) in product development, and integration of non-financial issues in risk management processes
- Comply with applicable existing and emerging legislation and regulation in all our markets
- Demonstrate transparency and accountability in our conduct, and
- Proactively and responsibly engage and partner with relevant stakeholders to achieve our sustainability goals.

4.2 Policy statement 2: responsible investing

Liberty acknowledges that our greatest environmental impact is where we choose to invest. Our clients have entrusted us with their wealth and savings to deliver long-term returns through the protection and growth of their capital. We find value in incorporating formal ESG assessments into our investment decision processes and believe this enables us to better identify investments that will provide sustainable and superior risk-adjusted returns. As active asset owners we can influence corporates and entities that we invest in to incorporate ESG factors, thereby promoting sustainable businesses.

Our investment teams are led by our six ESG guiding principles for responsible investment (listed in the addendum) and are tasked with developing detailed qualitative and quantitative assessments to comprehensively integrate the principles into their investment types. Through STANLIB Asset Management we comply with the United Nations Principles for Responsible Investment. We demonstrate our commitment annually by responding to the Transparency Report and endorsing the Principles of the Code for Responsible Investing in South Africa.

4.3 Policy statement 3: enhance stakeholder relationships

Liberty is committed to demonstrating that it is a responsible corporate citizen by doing business in a socially and ethically responsible manner. In this regard Liberty will:

- Continue to engage regularly with relevant stakeholders, such as governments, regulators, investors, shareholders and communities, in order to contribute positively and proactively in addressing ESG challenges and opportunities in the business, and
- Promote a culture of sustainability within the organisation as well as with our customers and the public, through training and awareness campaigns.

4.4 Policy statement 4: responsible resource use and environmental protection

Liberty recognises that the long-term future of our group operations depends on our sustainable use of shared natural resources, and the protection of the external environment we operate in. We are committed to responsible environmental management and support the Paris Agreement. In this regard Liberty will:

- Comply with all relevant environmental legislation and standards relating to our organisation
- Measure and report our environmental performance through carbon, energy, water and waste monitoring programmes, and set absolute environmental targets against set baselines
- Assess and manage Liberty's impact, risks and opportunities related to climate change
- Publicly disclose our environmental impact, annually, in relevant reports
- Invest in energy efficiency, renewable energy, and water-saving technologies
- Redirect waste from landfill to reduce our impact on the environment, and
- Promote awareness and a sense of responsibility among employees through environmental campaigns, internal communication, training, and consultation on environmental matters.

4.5 Policy statement 5: commitment to best practice building standards

Liberty recognises that designing, constructing and operating sustainable buildings and spaces is an opportunity to use resources more efficiently, and mitigate and respond to climate change, while creating healthier and more productive working environments for employees. In this regard Liberty will:

- Continue to improve on its property and building design and management according to green building principles and standards, and
- Develop policies and set environmental targets that commit new and existing building operations to a reduced environmental impact and healthy work conditions.

5 Responsibilities

The responsibilities for this policy are described in this section.

5.1 Social, Ethics and Transformation (SET) committee

- Approves the sustainability policy framework
- Reports instances of material non-compliance with this policy to the LHL board, which is responsible for Liberty's continued sustainable performance
- Provides a sustainability mandate to Group Sustainability, that will function to coordinate sustainability initiatives, and communicate sustainability concerns and progress to the SET committee, and
- Reviews sustainability performance in line with LHL's material matters.

5.2 People, Social, Ethics and Transformation (PSET) committee

- Approves all sustainability-related strategies, plans, processes and recommend policy updates to the SET committee
- Reports instances of material non-compliance with this policy to the SET committee
- Provides input and guidance to Group Sustainability with regards to sustainability initiatives, sustainability concerns and progress, and
- Reviews sustainability performance in line with LHL's material matters.

5.3 Business unit management

- Ensure implementation of the applicable requirements of the policy by integrating the ESG principles into management processes, and
- Escalate incidents of non-compliance to the business unit executive to report to Group Sustainability.

5.4 Corporate Citizenship management: Group Sustainability

- Own this policy and ensure that it remains relevant
- Implement approved strategy interventions in the LHL sustainability function
- Report sustainability progress, initiatives and incidents of non-compliance to the PSET and SET committees
- Investigate and report the potential impacts, risks and opportunities of ESG-related business issues, and consider the impact on other stakeholders, including the environment
- Collect and consolidate non-financial key performance data for external assurance and reporting purposes
- Compile Liberty's sustainability/ESG/climate-related disclosures in line with applicable standards and best practices
- Monitor Liberty's performance on the FTSE/JSE Responsible Investment index
- Develop environmental targets based on the set base year for both mid-term and long-term targets, and
- Promote awareness of this policy through sustainability practices and procedures, and engagement with relevant business units.

5.5 Group Real Estate Services (GRES) management

- Ensure that key environmental performance data is provided to Group Sustainability and that the environmental data management system is accurate and timely
- Manage the potential impacts of climate change on the group real estate assets with regards to identified direct and indirect risks
- Comply with relevant green building and energy management standards
- Investigate and invest in renewable energy projects with a suitable return on investment as determined on a project-by-project basis, to meet energy targets
- Manage water by designing, constructing and operating buildings to reduce total potable water consumption
- Reduce construction and operational waste streams across the portfolio, and redirect waste from landfill through recycling
- Drive the phasing out of R22 refrigeration gas by 2025 as per South Africa's commitment to the Montreal Protocol, and target a removal of all refrigerants with a global warming potential greater than 10 by 2030
- Protect ecosystem services and ensure that Liberty's operations do not negatively impact areas of sensitive biodiversity
- Conduct assessments for energy, water and waste management, aimed at increasing the operational efficiency of Liberty's owned and leased properties, and
- Allocate budget towards key environmental awareness, skills development for employees, and awareness of the commitments in this policy. This will include the promotion of sustainability within the organisation as well as to tenants and the public through various awareness campaigns.

6 Approval of this policy.

The SET committee approves this policy. The Executive: Group Marketing, Communications and Corporate Citizenship will have the authority to make minor changes to the policy as required from time to time. Such changes will be noted at the SET and Board forums.

7 Related information.

| Type | Name | Description |
|---------------|--|---|
| LHL documents | Code of Ethics | The Liberty Code of Ethics outlines a set of principles that define the ethical standards of business conduct according to Liberty's core values, and Liberty's responsibility and obligations towards its stakeholders. |
| | Group Corporate Social Investment (CSI) strategy | Liberty's CSI strategy is aligned to the company's business strategy and purpose and focuses on social upliftment through education initiatives in financial literacy, Maths, Science and English. |
| | Group Stakeholder Engagement strategy | Liberty's Stakeholder Engagement strategy focuses on the engagement, communication and management of relationships with Liberty's material stakeholders, with the aim of achieving defined outcomes. |
| | Group Workplace Policy (GRES) | The Group Workplace Policy establishes and addresses the governing principles, accountabilities and responsibilities for Liberty's current and future workplace requirements. |
| | Liberty Two Degrees Environmental, Social and Governance Report | The ESG report provides a detailed account of Liberty Two Degrees' performance for the year, covering ESG elements. |
| | STANLIB ESG guidelines: investing in coal-based power | STANLIB's guidelines for investing in coal-based power clearly define the criteria for any new investments made into coal power projects according to the Organisation for Economic Co-operation and Development (OECD) protocols. |
| | STANLIB ESG principles | STANLIB's ESG principles are a set of broad principles that guide the company's investment decisions through the application of specific ESG criteria in its investment management processes, for the purpose of ensuring responsible investment. |

8 Policy administration.

| Policy owner | | |
|-----------------------|--|-------------------------------|
| Name | Tracey Unser, Divisional Executive: Corporate Citizenship | |
| Phone number | 011 408 5670 | |
| E-mail address | Tracey.Unser@liberty.co.za | |
| Policy and standards | | |
| Name | Brandon Urdang, Lead Specialist: Corporate Citizenship - Sustainability and Ethics | |
| Phone number | 011 408 4248 | |
| E-mail address | Brandon.Urdang@liberty.co.za | |
| Version information | | |
| Version | Date | Description of changes |
| 1.0 | May 2021 | New policy |

Review

| Frequency of review | Next review date | Last review date |
|---------------------------------|------------------|------------------|
| Every two years, or as required | March 2023 | May 2021 |

9 Addendum.

STANLIB ESG guiding principles for responsible investment aligned to the United Nations Principles for Responsible Investment

1. We believe that ESG is a material investment consideration: ESG forms a material element in driving risk-adjusted returns for our clients. As stewards of their funds, and to deliver on client financial outcomes we believe that the consideration of sustainability is essential to value creation and capital protection for the long term.
2. We integrate ESG factors into the investment process: active ownership means careful consideration of ESG factors in the investment process across all our investment capabilities. This ensures that we understand the risks associated with investment opportunities.
3. We favour active engagement: our preferred approach to dealing with identified ESG concerns is to actively engage business stakeholders to effect change. We believe engagement with boards of directors, company management, and key stakeholders is a powerful tool to drive optimal outcomes for our clients. However, if engagement and discussions with the relevant stakeholders does not yield the desired outcome, we will reduce our exposure or disinvest.
4. We exercise ownership rights: we exercise voting rights in the best interests of our clients and have developed proxy voting guidelines for consistency across the business.
5. We communicate responsible investing activities: through the publication of policy documents, proxy voting reports, and reporting on key engagement activities.
6. We apply ESG oversight to our investment capabilities: we believe that to ensure the appropriate outcome for clients we need to monitor and challenge investment professionals on ESG issues. Our governance structures ensure accountability, tracking and measurement of ESG-related issues, including potential conflicts of interest.

