



LIBERTY
In it with you

**Liberty responsible
investment policy.**



Imagine it's possible.



Act with **humanity.**



Do what matters.

This policy establishes and addresses the governing principles accountabilities and responsibilities for Liberty Group Limited's (LGL) current and future responsible investment activities.

Policy level	Level 2 (In support of the investment management policy)
Policy owner	Divisional executive: Liberty investment portfolio solutions
Approving committee	Group customer experience and fairness committee
Noting committee	Group control and risk oversight committee and group risk committee
Date	May 2022

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Confidentiality

The contents of this document are confidential and commercially sensitive to LGL, and should not be disclosed to unauthorised person.

Glossary of abbreviations and definitions

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

Term	Description
CFCC	Client funds control committee.
CRISA	The Code for Responsible Investing in South Africa (2011) was developed by the Institute of Directors' Committee on Responsible Investing by Institutional Investors in South Africa and is aligned with the international United Nations Principles for Responsible Investment (PRI). CRISA promotes the inclusion of environmental, social and governance issues into investment decisions.
ESG	Environmental, social and governance.
Financial Sector Charter	The Financial Sector Charter (2004) is a transformation policy based on the terms of the Broad-based Black Economic Empowerment (BBBEE) Act (53 of 2003). The charter is a voluntary agreement by all National Economic Development and Labour Council (NEDLAC) members to promote social and economic integration and access to the financial services sector. NEDLAC is a multilateral social dialogue forum on social, economic and labour policy.
GCROC	Group control and risk oversight committee.
GCxFC	Group customer experience and fairness committee.
GRC	Group risk committee.
King IV™ Code of Corporate Governance	The King IV Report on Corporate Governance for South Africa 2016 (King IV™) is a set of guidelines for the governance structures and operation of companies in South Africa. It is issued by the King Committee on Corporate Governance. King IV™ defines corporate governance as "the exercise of ethical and effective leadership by the governing body" and sets out what ethical and effective leadership is.
Proxy voting	The term proxy voting refers to a ballot cast by a single person or firm on behalf of a corporation's shareholder who may not be able to attend the shareholder meeting, or may prefer a representative to vote on their behalf. Shareholders receive a proxy ballot along with an information booklet called a proxy statement, describing the issues to be voted on during the meeting. Shareholders vote on a variety of issues including the election of board members, merger or acquisition approvals, approving a stock compensation plan and other ESG-related matters.
PRI Transparency Report	PRI signatories are required to report publicly on their responsible investment activities each year. The PRI Transparency Report is an export of the individual signatory organisation's response to the PRI during the annual reporting cycle. It includes an organisation's responses to mandatory ESG indicators, as well as responses to voluntary ESG indicators the signatory has agreed to make public.
Regulation 28 of the Pension Funds Act	Regulation 28 is issued under the Pension Fund Act (2021). It limits the extent to which retirement funds may invest in particular assets or in particular asset classes. The main purpose is to protect members' retirement provisions from the effects of poorly diversified investment portfolios. This is done by limiting the maximum exposure to riskier asset classes, ensuring that no unnecessary risks are taken with retirement money. The regulation explicitly states that prudent investing should take into account all factors that could materially affect an investment, "including factors of an environmental, social and governance (ESG) character".

Term	Description
SEE	Liberty's sustainability strategy is referred to as our social, economic, and environmental (SEE) strategy. The strategy strives to maximise Liberty's positive SEE impacts while mitigating and managing potential negative impacts.
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.
UN PRI	The United Nations Principles for Responsible Investment is an international organisation promoting the incorporation of ESG factors into investment decision-making. The PRI was launched in April 2006 with support from the UN. Institutions participate by becoming signatories to the PRI's six key principles and filing regular reports on their progress.
UN SDGs	The UN Sustainable Development Goals (SDGs) are a collection of 17 interlinked global goals designed to help businesses and governments contribute to a better and more sustainable future for all. The SDGs were set in 2015 by the UN General Assembly with the intent of achieving the goals by the year 2030.

Note

The terms "LGL", "Liberty", and "the group" refer to Liberty Group Limited in this policy and are used interchangeably in the document. Business unit (BU) is a term that refers to the current structure of the operating model and represents units responsible for Profit & Loss (P&L) and functional/ support units.

1. Preamble

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

Liberty Group Limited (LGL) is the largest member of LHL and is the focus of this policy. STANLIB is guided by their own internal responsible investment policy that is aligned to this policy. Other subsidiaries of LHL, including those operating in the rest of Africa, will be incorporated into this policy in time or will form their own responsible investment policies depending on their governance structures, the maturity of the markets in which they operate and the materiality of their investment operations.

2. Introduction

Liberty acknowledges that we have an impact on society and the environment through our investments. Clients entrust us with their wealth and savings to deliver long-term returns through the protection and growth of their capital. Liberty finds value in incorporating relevant and material ESG issues that can meaningfully affect investment performance in our research, decision-making, reporting and ongoing monitoring processes, and we believe this enables us to better identify investments that will provide sustainable and superior risk-adjusted returns. As an active asset owner, we can influence corporates and entities to incorporate ESG factors, thereby promoting sustainable businesses.

Liberty's investment teams, both internal and third-party asset managers, review and analyse relevant environmental, social and governance (ESG) data to build as complete a picture as possible of ESG risks embedded in the shares of our portfolios. We are led by our six ESG guiding principles for responsible investment (refer to page 3) and continue to develop detailed qualitative and quantitative assessments to comprehensively integrate the principles into our investment processes. Our investment teams are periodically engaged on their evolving ESG approaches and report to our group client experience and fairness committee (GCxFC) on progress made. Where we invest through third-party asset managers, we apply the principles of this policy through mandates and consequent monitoring and reporting requirements.

This policy is aligned to applicable governing legislation and industry best practice. Liberty is guided by industry standards as defined by the United Nations Principles for Responsible Investment (UN PRI) and we demonstrate our commitment annually by responding to the PRI Transparency Report. This policy complies with the Principles of the Code for Responsible Investing in South Africa (CRISA) and other responsible investment-focused policies and legislation in South Africa (including Regulation 28 of the Pension Funds Act, the Financial Sector Charter (FSC) and the King IV Report on Corporate Governance for South Africa (King IV™) (principle 17)).

3. Purpose

The responsible investment policy forms part of the overall risk management framework, and specifies a set of principles employed across investment activities within LGL to ensure that all relevant stakeholder interests are protected.

The purpose of this policy is to set out the management principles and accountabilities for current and future ESG investment activities across LGL. The policy aims to ensure:

- There is integration of material ESG criteria into investment decisions with the objective of improving the long-term sustainable financial outcomes of our clients' portfolios

- The consideration of ESG criteria is integrated across all our active portfolios (in both public and private markets) and seeks to enhance risk-adjusted returns
- Related material ESG investment risks and opportunities are addressed in a consistent manner through clear identification, measurement, management, reporting and ongoing monitoring across LGL investment management processes
- Principles of good corporate governance are applied in the investment decision-making process
- There is compliance with relevant legislation and adoption of best practice voluntary standards, where relevant
- Ethical investing allowing for the exclusion of certain stocks or industries, in line with Liberty's defined code of ethics
- Sustainable and impactful investing through comprehensive assessment and valuation of companies or industries, which incorporates ESG risks and opportunities, where applicable, and
- Promotion of ESG management practices within companies through active engagement, where feasible.

4. Scope of this policy

This policy governs Liberty's investment activities and criteria and applies to all persons within LGL. Any deviation from the conditions of this policy requires approval from the appropriate governance structures. The level of detail in which the principles in this policy are implemented should be appropriate to the nature, scale and complexity of the business, and risk concerned. Business units (BUs) are required to ensure compliance with this policy. Where stricter laws are required in-country at international locations, prescription policies should adhere accordingly. These policy statements apply to all investment activities within LGL, including policyholder, shareholder and third-party funds, and LGL assets mandated to third-party asset managers.

5. Policy statements

Liberty believes that ESG is a material investment consideration and 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 in our investment decisions is essential to value creation and capital protection.

5.1. Policy statement 1: Liberty promotes integration of ESG factors into the investment process

Active ownership entails careful consideration of ESG factors in the investment process across all our investment capabilities, ensuring that we understand the related ESG risks associated with investment opportunities. Prior to appointing third-party asset managers, Liberty will consider how responsible investing is embedded in the managers' ownership and investment practices. Where third-party managers are appointed, Liberty will monitor the extent to which the manager has executed on its responsible investment policy and the degree of active ownership, by requesting periodic examples.

5.2. Policy statement 2: Liberty favours active engagement in considering ESG factors

Our preferred approach when 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 discussion with the relevant stakeholder does not yield the desired outcome, we are willing to reduce our exposure or disinvest from an investment.

In instances where there is no confidence that management actions will resolve the outstanding ESG issues, Liberty may outright exclude investment in the company. This includes companies undertaking activities deemed illegal. Liberty may also set specific guidelines to ensure a company-wide investment approach where identified ESG topics are considered and debated.

5.3. Policy statement 3: Liberty exercises its ownership rights

Liberty exercises voting rights in the best interests of our clients and ESG standards. Our policy on proxy voting sets out our voting guidelines. Where third-party managers are appointed, Liberty will obtain copies of the managers' proxy voting records for review.

5.4. Policy statement 4: Liberty is prepared to collaborate to drive desired outcomes

We are open to collaboration where we believe the collective efforts of all relevant stakeholders around ESG topics are more likely to result in positive outcomes for our clients. Such instances include engaging with investee companies in which we have a relatively small holding, or joining other shareholders and stakeholders to influence change, where it is practically and legally feasible.

5.5. Policy statement 5: Liberty communicates its responsible investing activities

Liberty communicates its policies and responsible investing activities by publishing policy documents and proxy voting reports and reporting on key engagement activities.

5.6. Policy statement 6: Liberty applies ESG oversight to its investment capabilities

Liberty believes 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:

- Monitoring potential conflicts of interest, as set out in Liberty's conflict of interest policy
- Considering ESG factors (for example, climate change and social inequalities) in product development and integration of non-financial issues in risk management processes
- Continuing to engage regularly with relevant stakeholders, such as governments, regulators, investors, shareholders and communities to contribute positively and proactively in addressing ESG challenges and opportunities in the business, and
- Promoting a culture of sustainability within the organisation as well as with our customers and the public, through training and awareness campaigns.

6. Responsibilities

The responsibilities for this policy are described below, with respect to the maintenance and implementation thereof.

6.1. Group customer experience and fairness committee

The GCxFC is responsible for approving and monitoring the implementation of the responsible investment management policy.

6.2. Client funds control committee

The CFCC is responsible for exercising oversight over how policyholder portfolios are mandated, constructed and delivered against investment objectives. The committee must exercise oversight over the implementation of this policy with respect to LGL’s investments and approve any exceptions made with regards to the implementation of this policy.

6.3. Business units

The BU executive of Liberty investment solutions is responsible for overseeing the implementation of this policy. Each BU responsible for the investment of shareholder, policyholder and/or third-party investments is required to implement policies, standards and controls to ensure that investment activities are undertaken in accordance with the principles set out in this policy.

7. Approval of this policy

Committees: GCxFC, and for noting at the group control and risk oversight committee (GCROC). The executive: Liberty investment solutions will have the authority to make minor changes to the policy as required. The changes will be noted at the GCxFC and GCROC.

8. Related information

This policy must be considered in conjunction with the frameworks and policies listed below:

Type	Name	Description
LHL documents	Code of ethics	Outlines a set of principles defining ethical standards of business conduct according to LHL's core values, and LHL's responsibility and obligations towards its stakeholders.
	Conflicts of interest policy	Establishes a legislative framework to manage risks associated with conflict of interest as required by the Financial Advisory and Intermediary Services Act (37 of 2002) General Code of Conduct.
	Investment management risk policy	Defines the principles for managing risks associated with Investment activities within LHL and its subsidiaries.
	STANLIB ESG guiding principles	A set of broad principles guiding STANLIB's investment decisions through the application of specific ESG criteria in its investment management processes, for the purpose of ensuring responsible investment.
	STANLIB ESG guidelines: investing in coal-based power	Guidelines for investing in coal-based power that 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.
	Sustainability policy	Establishes and addresses the governing principles, accountabilities, and responsibilities for LHL's current and future sustainability activities.

9. Policy administration

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Version information

Version	Date	Description of changes
1	May 2022	New policy

Review

The policy will be reviewed regularly in line with the policy governance standard.