INVESTING WITH SIGNIFICANCE

OLD MUTUAL ALTERNATIVE INVESTMENTS SUSTAINABILITY REPORT 2019

Old Mutual Alternative Investments is one of the largest private alternative investment managers in Africa, with ZAR 52.4 billion (USD 3.7billion)* under management in infrastructure assets, private equity and impact funding.

*as at 31 December 2019

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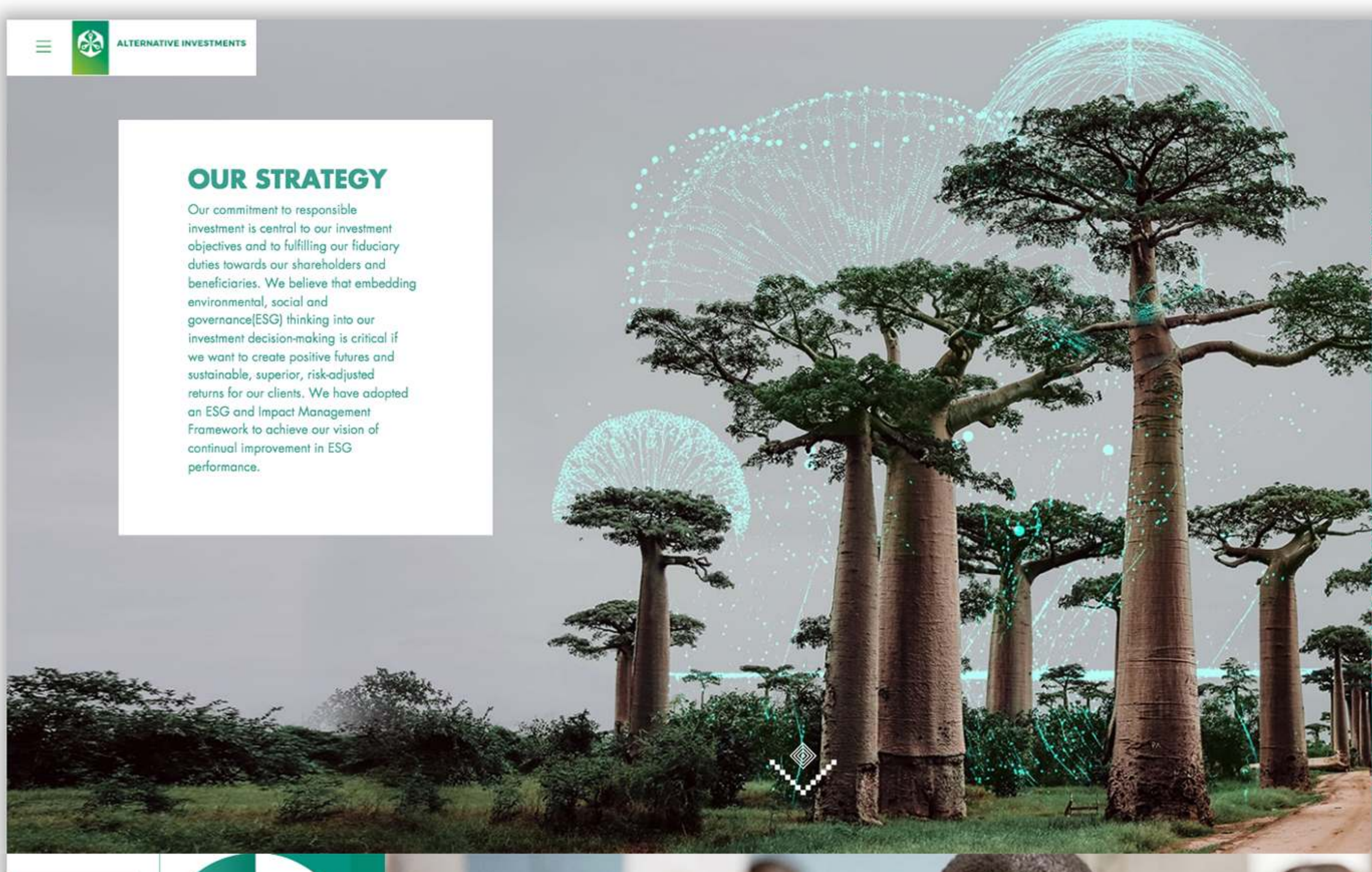
ALTERNATIVE INVESTMENTS



OUR STRATEGY

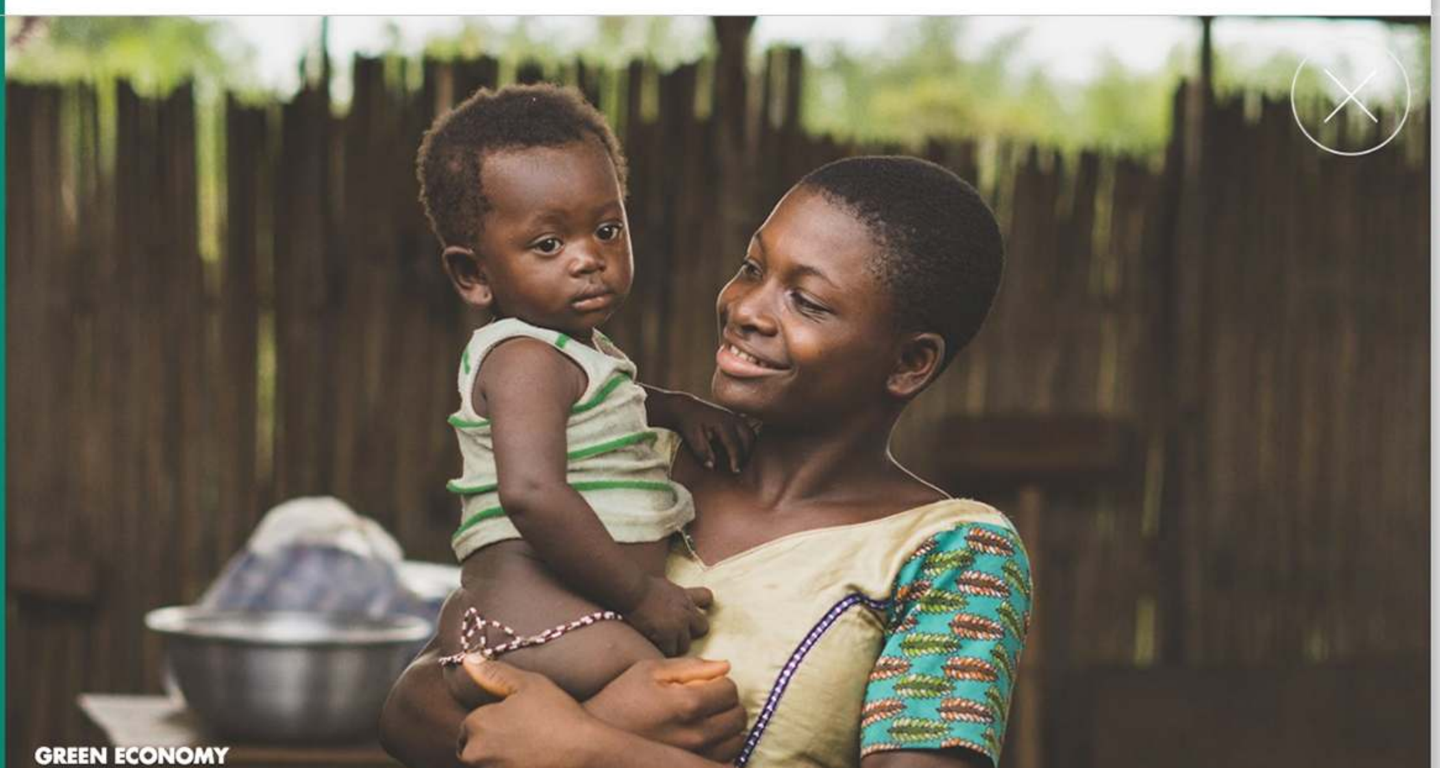
Our commitment to responsible investment is central to our investment objectives and to fulfilling our fiduciary duties towards our shareholders and beneficiaries. We believe that embedding environmental, social and governance(ESG) thinking into our investment decision-making is critical if we want to create positive futures and sustainable, superior, risk-adjusted returns for our clients. We have adopted an ESG and Impact Management Framework to achieve our vision of continual improvement in ESG performance.

CREATION OF POSITIVE FUTURES

We want to create positive futures for those affected by our investments, resulting in improved living standards, education, housing, employment opportunities and stewardship of ecosystems in which we operate. To achieve this, we must move beyond a narrow focus on commercial/financial returns and proactively seek investment opportunities that create value through positive sustainability outcomes.

SUSTAINABLE, RISK-ADJUSTED RETURNS

We undertake a holistic risk management approach by integrating ESG into our investment process. We strive for sustainable returns – returns that are achievable over the longer term; and we calibrate risk-adjusted returns – returns that have predicted and built in the cost of managing ESG risk and delivering improved ESG performance.



GREEN ECONOMY

'Green economic growth' refers to an economic growth path that is profit-driven but also socially inclusive, resource efficient and low carbon. The term has been adopted globally as a counter-concept to traditional industrial economic growth, which focuses on increasing GDP above all other goals. We actively support investments into this Green Economy.

STANDARDS AND GUIDELINES

We are committed to implementing best international ESG practices. As part of the Old Mutual Group, we are a signatory to the United Nations Principles for Responsible Investment and implements the Old Mutual Investment Group Responsible Investment Guidelines

Other standards and guidelines which we adhere to include:

- **Equator Principles III;**
- **IFC Performance Standards for Environmental and Social Sustainability;**
- **IFC Environmental, Health and Safety (EHS) Guidelines;**
- **International Labor Organization; United Nations Sustainable Development Goals; and**
- **Global Impact Investing Network IRIS+**

OMAI is committed to applying these principles, standards and guidelines in our investments and ownership practices.

NEGATIVE vs POSITIVE
IMPACT MANAGEMENT

Management of negative and positive potential impacts is equally important. Management of potential negative impacts from our investments is undertaken through our ESG risk management practices. Management of potential positive impacts is undertaken through our ESG value creation and positive impact practices. Both are managed throughout the investment lifecycle, with risk management ('do no harm') being the foundation of every investment. Each of our capabilities has a fit-for-purpose environmental and social management system (ESMS). The ESMS is the system that drives the management of ESG risk and optimisation of positive impact. Impact measurement and management falls under the processes of the ESMS.

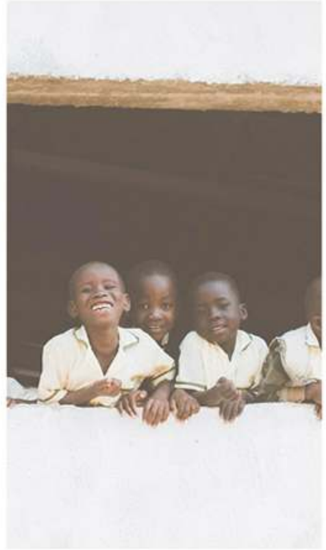
APPROACH TO IMPACT MEASUREMENT

The adage of 'you cannot manage what you don't measure' also holds true in the ESG and impact investing practice. Investments that claim to result in positive outcomes require credible, robust measurement to evidence such impact.

The IFC has identified three dominant frameworks adopted for impact 'measurement' frameworks which they refer to as archetypes. These include:

1. **Impact target archetype (actual measurement of defined metrics against a target/goal)**
2. **Impact rating archetype (a qualitative assessment of the significance of the impact)**
3. **Impact monetisation archetype (a quantitative calculation of the degree of impact)**

It is critical to identify that there is a difference between 'measurement' and 'rating', and also that these are not mutually exclusive archetypes.Our primary approach is the impact target archetype. Measurement of relevant metrics is undertaken to assess progress or lack thereof.We now investigate applying an impact rating archetype approach in addition to the impact target archetype.



UN SDGs - THE TOP-LINE GOALS TO DRIVE TOWARD AND REPORT AGAINST

The United Nations Sustainable Development Goals (SDGs) is a set of 17 goals which act as a successor to the Millennium Development Goals. These goals were adopted at the Sustainable Development Summit on 25-27 September 2015 in New York, and are now considered the primary global benchmark for institutions seeking to achieve sustainable development in their business, activities and investments. Most of the targets specific to each SDG are set at national or governmental level. From a portfolio company perspective, ESG metrics and information can be mapped to the broad goals of an SDG. The official SDG goals and icons are shown below:

We have assessed the 17 SDGs in the context of our current and likely future set of portfolio assets. We have then selected those SDGs which we believe we are most likely able to influence in terms of outcomes across our broad portfolio and those that are also relevant within our context. Our guiding philosophy here has been to focus on where we can practically make a difference and consequently target our efforts in these areas. Within each of the SDG categories selected, we have chosen specific metrics that we believe can best guide our efforts in these areas.

We look at the full spectrum of ESG risk through our due diligence process, but have focused on certain key ESG themes to allow us to track and drive toward meaningful, positive impact outcomes for OMAI, our investors and our broader stakeholders.

Our investments are particularly aligned with the following SDGs, which we have chosen to focus on:

- INDIRECTLY, OMAI ALSO CONTRIBUTES TO SDG: 01 NO POVERTY
- SDG 04: QUALITY EDUCATION
- SDG 05: GENDER EQUALITY
- SDG 06: CLEAN WATER & SANITATION
- SDG 08: DECENT WORK & ECONOMIC GROWTH
- SDG 09: INDUSTRY, INNOVATION & INFRASTRUCTURE
- SDG 10: REDUCED INEQUALITIES (TRANSFORMATION IN THE SOUTH AFRICAN CONTEXT)
- SDG 12: RESPONSIBLE CONSUMPTION & PRODUCTION
- SDG 13: CLIMATE ACTION
- SDG 16: PEACE, JUSTICE & STRONG INSTITUTIONS (GOVERNANCE)

AIIM ALSO FOCUSSES ON:

- SDG 07: AFFORDABLE & CLEAN ENERGY

IMPACT FUNDS ALSO FOCUS ON:

- SDG 11: SUSTAINABLE CITIES & COMMUNITIES

OMPE will specifically focus on SDG 5, 8, 9, 10, 12 and 16 in the above list.

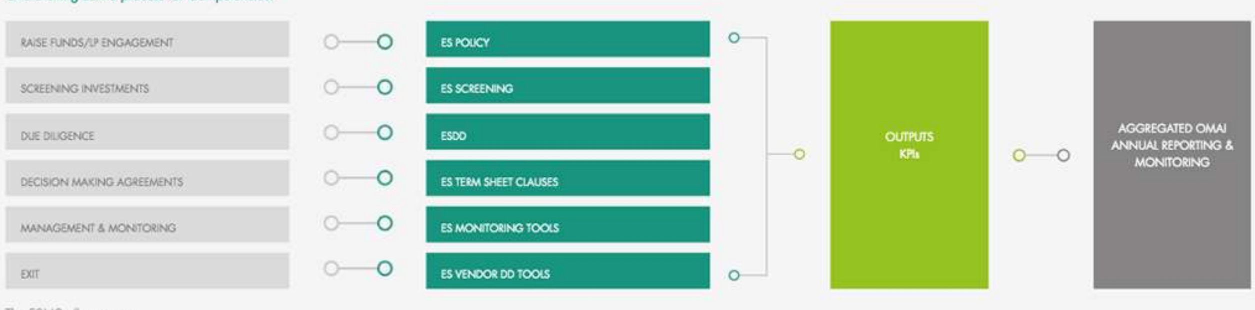
Using the UN SDGs as the topline goals, OMAI has identified more specific OMAI level goals that it drives.

OUR ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)

We have developed and implemented an integrated ESMS as a robust and embedded approach to addressing environmental and social management requirements across our fund portfolios and a framework for more efficient and transparent ESG reporting to our stakeholders.

The ESMS is fit-for-purpose for each of our four capabilities; it is made up of a set of policies, procedures, tools and reporting guidance customised for the capability funds to help them identify, assess, manage and report on ESG risks associated with their assets and portfolio companies, and identify opportunities for positive impact. The ESMS is designed to fully integrate ESG into our investment lifecycle.

Overarching ESMS process for Competencies:



The ESMS allows us to:

- Integrate ESG issues directly into the investment decision-making processes;
- Set clear requirements for its portfolio companies to develop and implement ESG systems to ensure they can meet our ESG standards;
- Provide a framework for reporting and disclosure on ESG aspects to OMAI by our portfolio companies; and
- Work in partnership with our portfolio companies to help them identify and implement ESG opportunities and create sustainable value-add to enhance their overall financial performance.

OUR JOURNEY

We are committed to investing responsibly and has been on a steady and focused responsible investment journey. As allocators of capital we believe that incorporating the consideration of environmental, social and governance (ESG) factors into our investment and ownership decisions makes good investment sense. We firmly believe that, as the custodian of our shareholders' and beneficiaries' long-term futures, it is the right thing to do.

1970 - 1998

Unlisted instruments managed on Old Mutual's balance sheet.

1999

IDEAS Managed Fund established with an explicit social development mandate, focusing on economic, social and renewable energy infrastructure.

2000

African Infrastructure Investment Managers (AIIM) established in a joint venture with Macquarie and appointed to manage the South Africa Infrastructure Fund (SAIF).

2003

Financial Sector Charter (FSC) signed, a voluntary transformation charter by South Africa's largest financial sector participants and the catalyst for the creation of the Impact Funds.

2004

Old Mutual Private Equity (OMPE) Fund I and the AIIM African Infrastructure Investment Fund (AIIF) launched. Old Mutual Alternative Investments begins to scale.

2006

AIIM Infrastructure Empowerment Fund (IEF) established, enabling black economic empowerment in infrastructure investments, addressing past inequalities.

2007

Impact Investing established with a plan to commit R3.4 billion in development finance for the creation of some 60,000 housing units over a five to 10-year period.

2008

International Private Equity Fund of Funds established.

2009

International Fund of Funds I launched.

2010

Impact Investing Housing Impact Fund South Africa (HIFSA) launched, with a social development mandate of investing into affordable housing.

2011

Impact Investing Schools and Education Impact Investment Fund South Africa (Schools Investment Fund) launched with a focus on affordable private schooling in South Africa. AIIM Lagos office opened allowing for in-region presence in West Africa, coinciding with the launch of the AIIF2 Fund which had the first environmental and social management system specified in the fund agreement.

2012

AIIM Apollo and IDEAS Renewable Energy Sub-Fund launched.

2013

AIIM becomes a first mover and leading equity investor in renewable power plants in South Africa, with construction of the Cookhouse Wind Farm, the first wind farm in South Africa, followed by the Umoya Wind Farm and the REISA Solar Farm. AIIM Nairobi office opened, furthering the in-region presence in East Africa. The Africa Fund of Funds launched.

2015

Old Mutual Retirement Accommodation Fund (OMRAF) launched, with a focus on investment in retirement accommodation aimed at the middle- to upper-income market. OMAI acquires 100% of AIIM. AIIM appoints first full-time internal ESG Advisor. OMPE Fund IV reached final close.

2016

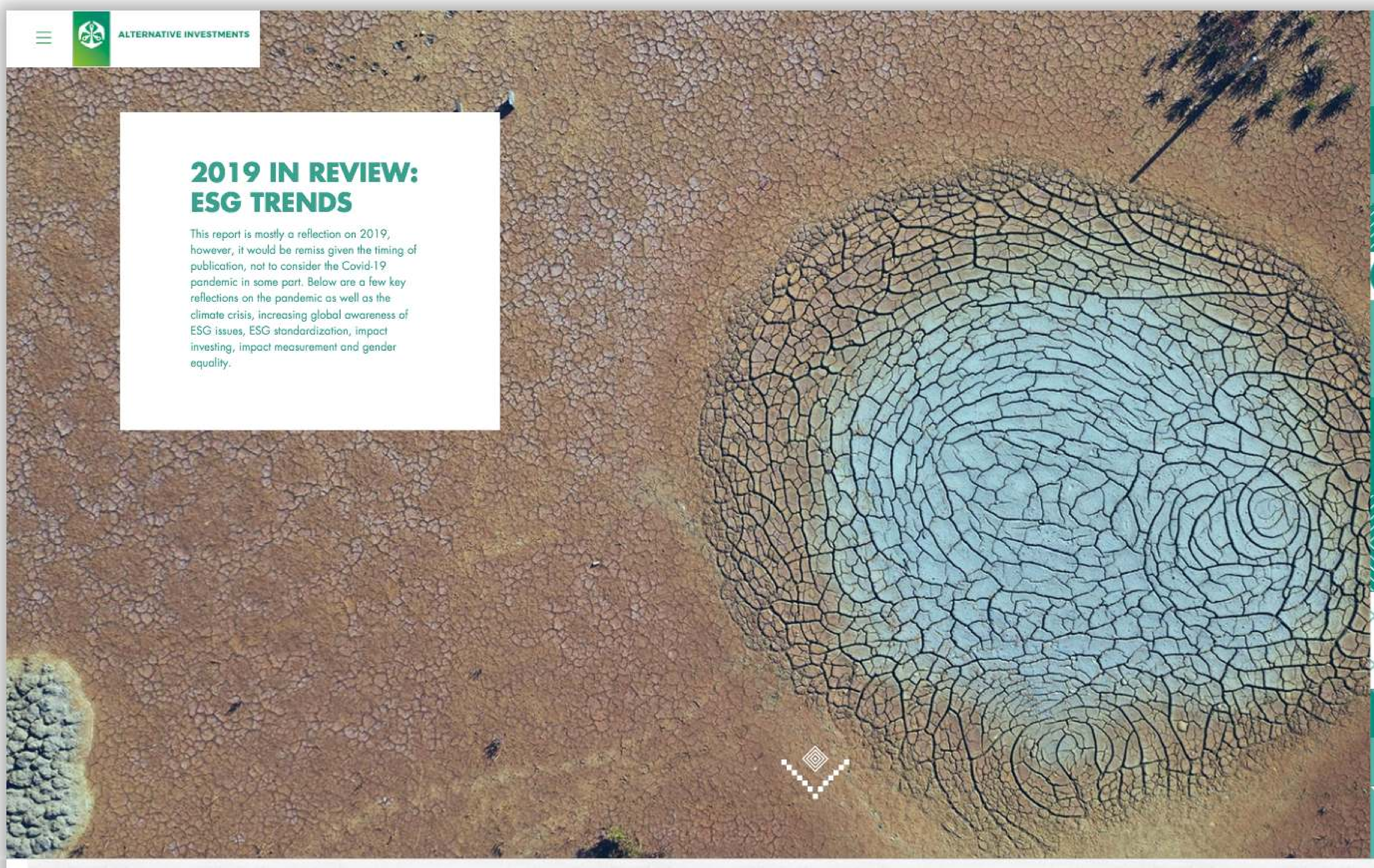
AIIM appoints second ESG Advisor. OMAI embarks on the development and implementation of fit-for-purpose ESMSs for each of the capabilities. An ESMS benchmarking exercise undertaken to consider the best ESMSs globally within private market fund managers. From this benchmark, new fit-for-purpose ESMSs developed and implemented.

2017

AIIM Abidjan Office opened, allowing greater in-region presence in West and Francophone Africa. AIIM appoints third ESG Advisor.

2019

AIIM AIIF3 Fund launched. ESG practice across OMAI established with four dedicated ESG specialists. OMAI's ESG and Impact Management Framework further built out and implemented. AIIM reaches 28 renewable power plants under management, Impact Funds 36 affordable schools and 17,110 affordable housing units transferred. OMAI funds shortlisted for five global awards for ESG, with AIIM winning SuperReturn Africa ESG Manager of the Year award and Investment Week Best Ethical Alternative Asset Fund award.



2019 IN REVIEW: ESG TRENDS

This report is mostly a reflection on 2019, however, it would be remiss given the timing of publication, not to consider the Covid-19 pandemic in some part. Below are a few key reflections on the pandemic as well as the climate crisis, increasing global awareness of ESG issues, ESG standardization, impact investing, impact measurement and gender equality.

Covid-19 and ESG

This report is mostly a reflection on 2019, however, it would be remiss given the timing of publication, not to consider the Covid-19 pandemic in some part. There has been a plethora of material published on the virus that brought most of the globe to a standstill. Rather than re-framing this material, below are a few key reflections we think are important. At this stage, it is impossible to know exactly how Covid-19 will change the world and ESG.

- Overall change in perceptions to ESG - there have been essentially two schools of thought. One school says that the pandemic will increase the adoption of ESG practice and drive more climate action. The other says that businesses will decrease the focus on ESG outcomes as they focus on the economic challenges caused by the pandemic and focus on the financial bottom line. Most media reports stress the former will play out.
- Realization that ESG materiality in a business may not in fact be static, but dynamic. Regular analysis of the ecosystem within which the business finds itself is important.
- The increased awareness and prioritization of 'S' factors such as employee health and well-being, labour practices, supply chain management and competitive behavior.
- Prioritization of the climate crisis – it appears that while short-term climate-action related initiatives may have been delayed by global governance institutions, the awareness of the climate crisis significance should increase, leading to more support and funding for climate action in the medium and long-term.
- Long-term the material ESG aspects to a business remain, and therefore even with inevitable disruptions, a continued focus on good ESG practice is critical.
- Businesses may begin to look beyond just economic efficiency, and rather to resilience.

Climate crisis currently a runaway train

2019 saw the IPCC publish the Special Report on Global Warming of 1.5°C. The report has been based on around 6,000 peer-reviewed publications, most of these published in the last few years. The report confirms that climate change is already affecting people, ecosystems and livelihoods. According to the IPCC limiting warming to 1.5°C is possible, but would require unprecedented transitions in all aspects of society. Overall the report shows there are clear benefits to keeping warming to 1.5°C, rather than the previously thought safe limit of 2°C.

The report shows that recent trends in emissions and the level of international ambition indicated by nationally determined contributions under the Paris Agreement, deviate from a trajectory that would limit warming to well below 2°C. 'Without increased and urgent mitigation ambition in the coming years, leading to a sharp decline in greenhouse gas emissions by 2030, global warming will surpass 1.5°C in the following decades, leading to irreversible loss of the most fragile ecosystems, and crisis after crisis for the most vulnerable people and societies'. We are at a crisis point.

Limiting warming to 1.5°C compared to 2°C is projected to result in smaller net reductions in yields of maize, rice, wheat, and potentially other cereal crops, particularly in sub-Saharan Africa, in the CO2-dependent nutritional quality of rice and wheat (high confidence). Reductions in projected food availability are larger at 2°C than at 1.5°C of global warming in the Sahel, Southern Africa. Livestock is projected to be adversely affected with rising temperatures, depending on the extent of changes in feed quality, spread of diseases, and water resource availability (high confidence).

IPCC projections show the western Sahel region will experience the strongest drying, with a significant increase in the maximum length of dry spells. Central Africa is set to see a decrease in the length of wet spells, with slight increase in heavy rainfall. West Africa has been identified as a high-risk region for change, with likely decreasing crop yields and production impacting food security. The western part of Southern Africa is set to become drier, with increases in drought frequency and heat waves. From a precipitation perspective, at 1.5°C, less rain would fall over the Limpopo basin, parts of the Western Cape in South Africa and areas of the Zambezi basin in Zambia.

But at 2°C, Southern Africa is set to have a decrease in precipitation of about 20% and increases in consecutive dry days in Namibia, Botswana, northern Zimbabwe and southern Zambia, resulting in precipitation reductions in the Zambezi basin projected at 5% to 10%.

At 2°C of global warming, significant changes in the occurrence and intensity of temperature extremes in all sub-Saharan regions is set to occur. West and Central Africa are forecast to have particularly large increases in the number of hot days at both 1.5°C and 2°C. Temperatures are expected to rise faster at 2°C for Southern Africa, and areas of the southwestern region, especially in South Africa and parts of Namibia and Botswana, are expected to experience the greatest increases in temperature.

Climate risks from higher temperatures, drought, flooding, food security and extreme weather events pose a high risk for the people of Africa.

For 2017 and 2018, the global insurance industry paid out a staggering USD 219 billion in claims from weather-related events, this being the highest recorded payout over a two-year period. However, USD 280 billion of weather-related natural catastrophe losses were not insured and were required to be covered by governments, business and households. The protection gap for insurance in Africa is significant. For Cyclone Idai in 2019, Swiss Re Institute reported that the overall economic loss for Mozambique, Malawi and Zimbabwe was about USD 2 billion, of which only 7% was subject to insurance, highlighting a 93% protection gap. Only six African countries have insurance penetration premiums higher than 1% of GDP.

From a business perspective climate risks can be broadly considered as transition or physical risks. Transition risk results from a move to a lower-carbon economy entailing extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements. Businesses may face varying levels of financial and/or reputational risk through this transition. Physical climate risks can be from event driven (acute) or longer-term shifts (chronic) in climate patterns.

Financial implications from physical risks may include direct damage to assets and indirect impacts from supply chain disruption. Financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes affecting premises, operations, supply chain, transport needs, and employee safety.

OMAI has climate action as one of its four key themes. The others are decent job creation, gender equality and reducing inequalities through transformation. OMAI wants to be part of the solution for a 1.5°C world. The Task Force on Climate-related Financial Disclosures (TCFD) framework for disclosing climate change risks and liabilities has continued to gain traction globally. In February 2019, the UNPRI announced that as a signatory, TCFD-based climate indicators will become mandatory for at least private reporting to the UNPRI. Late in 2019, OMAI initiated a review of the TCFD framework and how this can be implemented. This included a review of climate risk considerations in the investment lifecycle, as asset managers of existing portfolios and from a governance perspective within OMAI, which will be implemented in 2020.

We look to measure the carbon footprint of our portfolios, and the carbon offset generated by our renewable energy investments, and drive a transition to a sustainable, 1.5°C world energy mix. This means aligning our investments with a practical energy mix across Africa that promotes development but remains within the carbon budget of a 1.5°C world. Within this energy mix the two MVPs (most valuable players) are renewables and gas. We support and promote as far as possible, a just transition of employees currently located in unsustainable industries into the sustainable industries of the future.

Requirement for quality ESG data

Linked to the standardization of ESG metrics, is the growing need to report on accurate, timely ESG data to shareholders and stakeholders. This is not a growing expectation but an existing one. Businesses are expected to know what is material to them, accurately track that data and report in a timely manner. Not doing so in 2020 puts you squarely in the laggard bucket.

Impact measurement

Much was published in 2019 about impact measurement as businesses and investors continue to grapple with demonstrating positive impact. Like the standardization of ESG metrics, there is likely to be a consolidation of methodologies on this, allowing investors to apply a degree of comparability between portfolios and individual investments. OMAI has adopted an approach for impact measurement which is explained in Our Strategy. 2019 saw the launch of the IFC Operating Principles for Impact Management and a useful document titled Creating Impact—The Promise of Impact Investing, which provides a useful taxonomy of the three main types of impact measurement being employed. The Impact Management Project also gained further traction and adoption as a rating system.

Rise of impact investing continues

The impact investing market has continued to grow through 2019. The Global Impact Investing Network's (GIIN) in 2019 published market information stated that an estimated 1,340 organizations currently manage USD 502 billion in impact investing assets worldwide as at the end of 2018. The impact investing market also continues to be diverse, with a median investor AUM of USD 29 million and an average USD 452 million, indicating that while most organizations are relatively small, several investors manage large impact investing portfolios.

Asset managers in this space, accounting for about 50% of the estimated impact investing AUM, include those investing in venture capital, private equity, fixed income, real assets and public equities. Development Finance Institutions account for just over a quarter of total AUM, with banks, pension funds, insurance companies, foundations and family offices making up the balance. We see the impact investing market continuing to grow not just in market share but also in diversity of investment product offering. To date much of impact investing has been focused on climate action and social impact. Over the next few years the relatively untapped aspect of biodiversity impact investing will be interesting to watch, with some global biodiversity organizations already making moves into this space.

Gender equality/Diversity

2019 saw a continued drive for gender equality globally, in large corporates and through the financial services industry. Perhaps a good departure point is for us to recognize that gender equality is not just board representation and percentage of a workforce. It is not simply a numbers game. It is far broader, with nuanced, complex facets, and ultimately relates to real people. It includes aspects of human rights, female abuse, female violence, female genital mutilation, female discrimination, and political and economic participation.

What can we directly influence as investment professionals? While some of the aspects of gender equality are more challenging for us as individuals to directly address in our professional capacity, we can as professionals drive the empowerment of women in our own business and in our portfolio companies. We need to have the gender discussions at board and subcommittees and push our portfolio companies to do better. At less than 25% representation, any minority including women are effectively not represented.

Four key outcomes that OMAI drives include:
1. Gender equality at the board
2. Gender equality in overall employee representation
3. Equal pay
4. Implementation of gender related polices such as anti-sexual harassment

While the world has achieved progress towards gender equality and women's empowerment, women and girls continue to suffer discrimination and violence in every part of the world. 'While some indicators of gender equality are progressing, such as a significant decline in the prevalence of female genital mutilation and early marriage, the overall numbers continue to be high. Moreover, insufficient progress on structural issues at the root of gender inequality, such as legal discrimination, unfair social norms and attitudes, decision-making on sexual and reproductive issues and low levels of political participation, are undermining the ability to achieve Sustainable Development Goal 5.' – United Nations, Progress on SDG 5 2019.

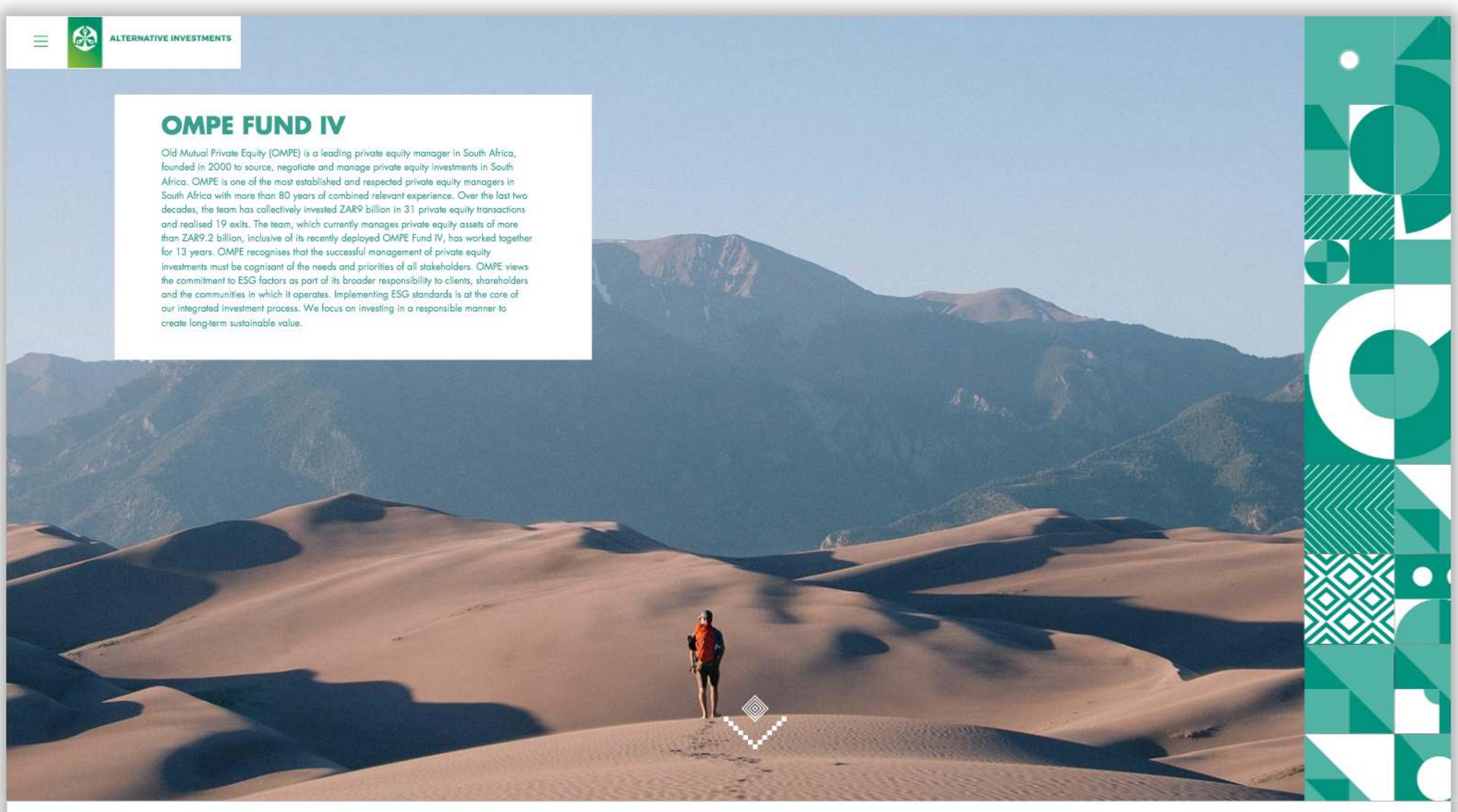
UN Secretary-General, Mr. António Guterres, states that gender equality and empowering women and girls is 'the unfinished business of our time'.

Gender equality is a fundamental human right. Gender equality is a necessary foundation for a peaceful, prosperous and sustainable world. While there is much talk of gender equality, we all need to start delivering on the rhetoric.

'Providing women and girls with equal access to education, health care, decent work, and representation in political and economic decision-making processes will fuel sustainable economies and benefit societies and humanity at large. Implementing new legal frameworks regarding female equality in the workplace and the eradication of harmful practices targeted at women is crucial to ending the gender-based discrimination prevalent in many countries around the world.' – United Nations, 2019

Some statistics to ponder on:

- Globally, 750 million women and girls were married before the age of 18 and at least 200 million women and girls in 30 countries have undergone FGM (female genital mutilation).
- The rate of girls between 15-19 years who are subjected to FGM in the 30 countries where the practice is concentrated was 1 in 3 girls in 2017.
- In 18 countries, husbands can legally prevent their wives from working; in 39 countries, daughters and sons do not have equal inheritance rights; and 49 countries lack laws protecting women from domestic violence.
- One in five women and girls, including 19% of women and girls aged 15 to 49, have experienced physical and/or sexual violence by an intimate partner with the last 12 months. Yet, 49 countries have no laws that specifically protect women from such violence.
- Only 52% of women married or in a union freely make their own decisions about sexual relations, contraceptive use and health care.
- Globally, women are just 13% of agricultural land holders.
- Women in Northern Africa hold less than one in five paid jobs in the non-agricultural sector. The proportion of women in paid employment outside the agriculture sector has increased from 35% in 1990 to 41 percent in 2015. (United Nations, 2019)
- A girl in South Sudan is more likely to die in childbirth than to finish primary school.
- Fewer than 2% of girls in Somalia attend secondary school.
- By grade 5 only half as many girls as boys attend school in Uganda and Kenya.
- Only one disabled woman is educated for every five disabled men in East Africa.
- Fewer than 12% of teachers in Uganda are female, and only 3% in Somalia.



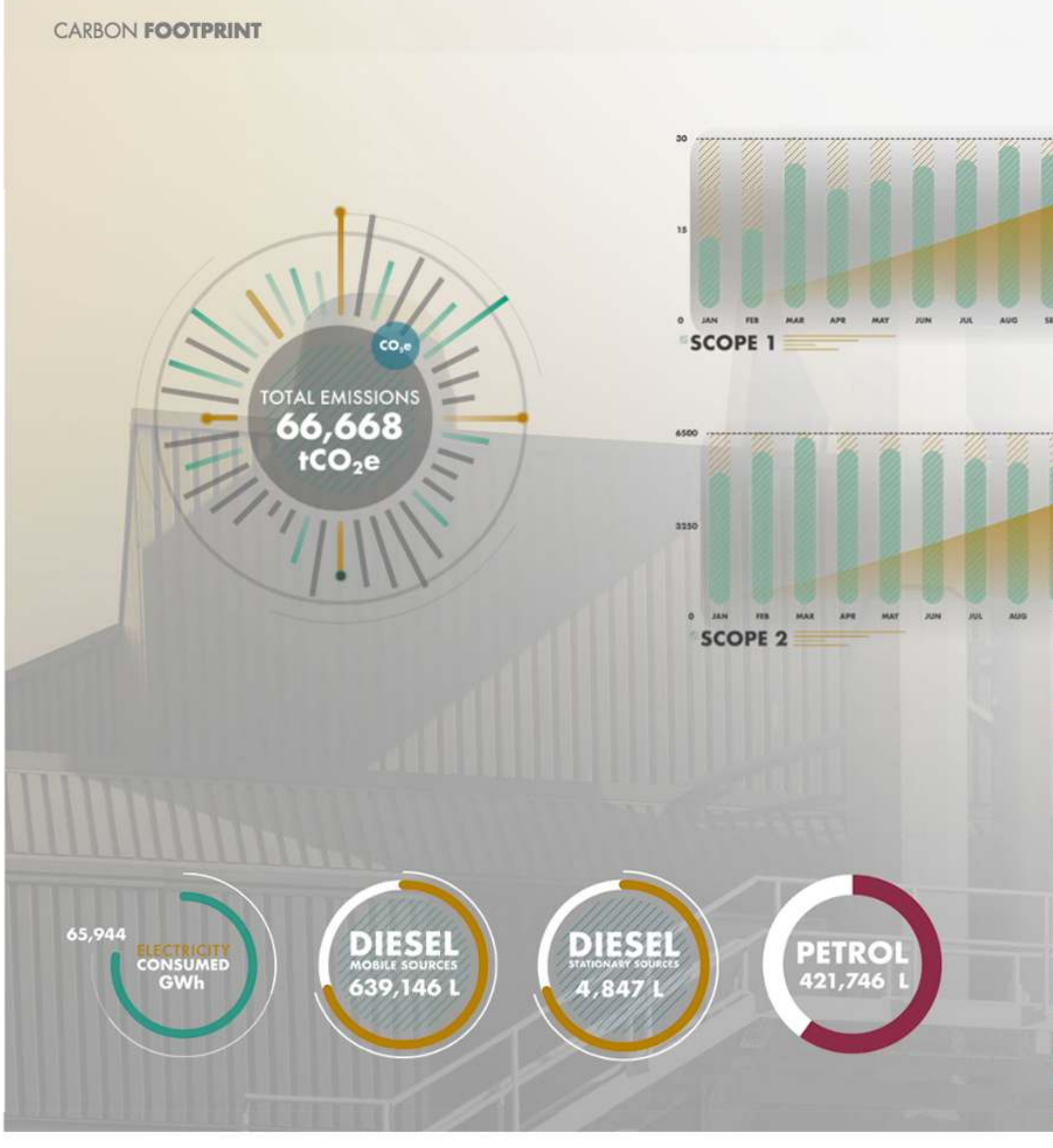
OMPE FUND IV

Old Mutual Private Equity (OMPE) is a leading private equity manager in South Africa. Founded in 2000 to source, negotiate and manage private equity investments in South Africa, OMPE is one of the most established and respected private equity managers in South Africa with more than 80 years of combined relevant experience. Over the last two decades, the team has collectively invested ZAR9 billion in 31 private equity transactions and realised 19 exits. The team, which currently manages private equity assets of more than ZAR9.5 billion, inclusive of its recently deployed OMPE Fund IV, has worked together for 12 years. OMPE recognises that the successful management of private equity investments must be cognisant of the needs and priorities of all stakeholders. OMPE views the commitment to ESG factors as part of its broader responsibility to clients, shareholders and the communities in which it operates. Implementing ESG standards is at the core of our integrated investment process. We focus on investing in a responsible manner to create long-term sustainable value.

CLIMATE ACTION

13 CLIMATE ACTION

The 2019 carbon footprint for the fund is primarily driven and dominated by Scope 2 emissions (electricity usage from the South African grid). Scope 1 emissions make up a much smaller percentage of the total carbon footprint (driven by the consumption of diesel and petrol). This is expected, given the nature of the portfolio companies in the fund. This carbon footprint will be used as a baseline against which future emissions will be tracked.



SOCIAL - EMPLOYMENT

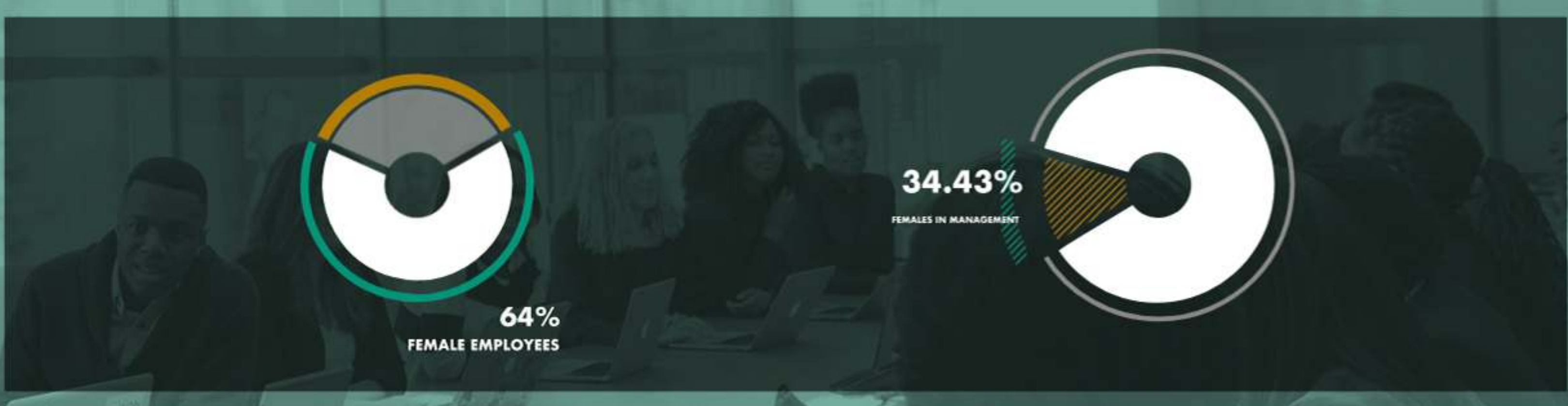
8 DECENT WORK AND ECONOMIC GROWTH

All portfolio companies in the fund are significant employers, resulting in 19,984 jobs as at December 2019. Portfolio companies with the highest employment levels, driven by the nature of the businesses, include Tiger Automotive, In2Food and Sterkinekor, with In2Food contributing more than double compared to other portfolio companies. We see job creation as one of the key positive impacts generated, and OMPE is proud to support these businesses in creating these opportunities.

SOCIAL GENDER

5 GENDER EQUALITY

OMPE investment professionals are active in driving gender equality in the workplace. While the 64% overall female employee representation as at December 2019 is a good outcome for the fund, there is room for improvement and more work to be done on the female representation at management level. Seven out of the eight portfolio companies have implemented anti-sexual harassment policies, and we continue to work on having all our portfolio companies implement best practice.



SOCIAL - TRANSFORMATION

10 REDUCED INEQUALITIES

Transformation in the South African context is one way of reducing inequalities. Transformation includes the active redressing of past discrimination through the demographic representation of the workforce to mirror that of the country's demographic make-up. As at December 2019, 74% of all employees were historically disadvantaged South Africans (HDSAs) which indicates good progress. However, only 14% of men and women in management were HDSAs. Therefore, this is an area of focus and improvement going forward.

HDSA FEMALES IN TOP MANAGEMENT/EXECUTIVES	7
HDSA FEMALES IN SENIOR MANAGEMENT POSITIONS	23
HDSA MALES IN TOP MANAGEMENT/EXECUTIVES	11
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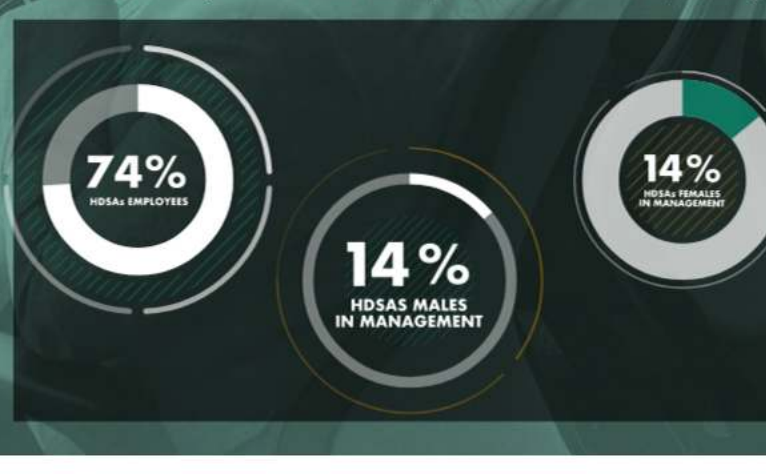


HEALTH & SAFETY

3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH

The number of lost time injuries (LTIs) and near misses are to be expected given the nature of the portfolio companies in the Fund. Given the nature of the businesses, Tiger Automotive and In2Food are the relatively higher risk companies from a health and safety perspective, with Primedia and Ster kinekor generating a low health and safety risk. A review of the occupational health and safety training hours and the number of LTIs indicates that when the number of LTIs increases, this is followed by an increase in OHS training. The OHS training tends to dip until there is another increase in LTIs at which point the OHS training increases again. This may point to an optimum level of OHS training being maintained to keep LTIs as low as possible.

WATER

6 CLEAN WATER AND SANITATION

Water use is only a material issue for two portfolio companies in the fund, namely In2Food and Morecorp. Both companies track their water use, with Morecorp being the company that undertakes recycling of water. Therefore, at a fund level only 0.07% of material water use is recycled and used again. These water use and water recycling data will form the baseline from which future usage and recycling will be tracked and improvements sought.

GOVERNANCE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

OMPE investment professionals play an active role on the boards of their portfolio companies. At the end of 2019 there were 17 director positions represented by OMPE investment professionals. Noticeably the female representation at board level is too low, and is a focus area for improvement.

ALTERNATIVE INVESTMENTS

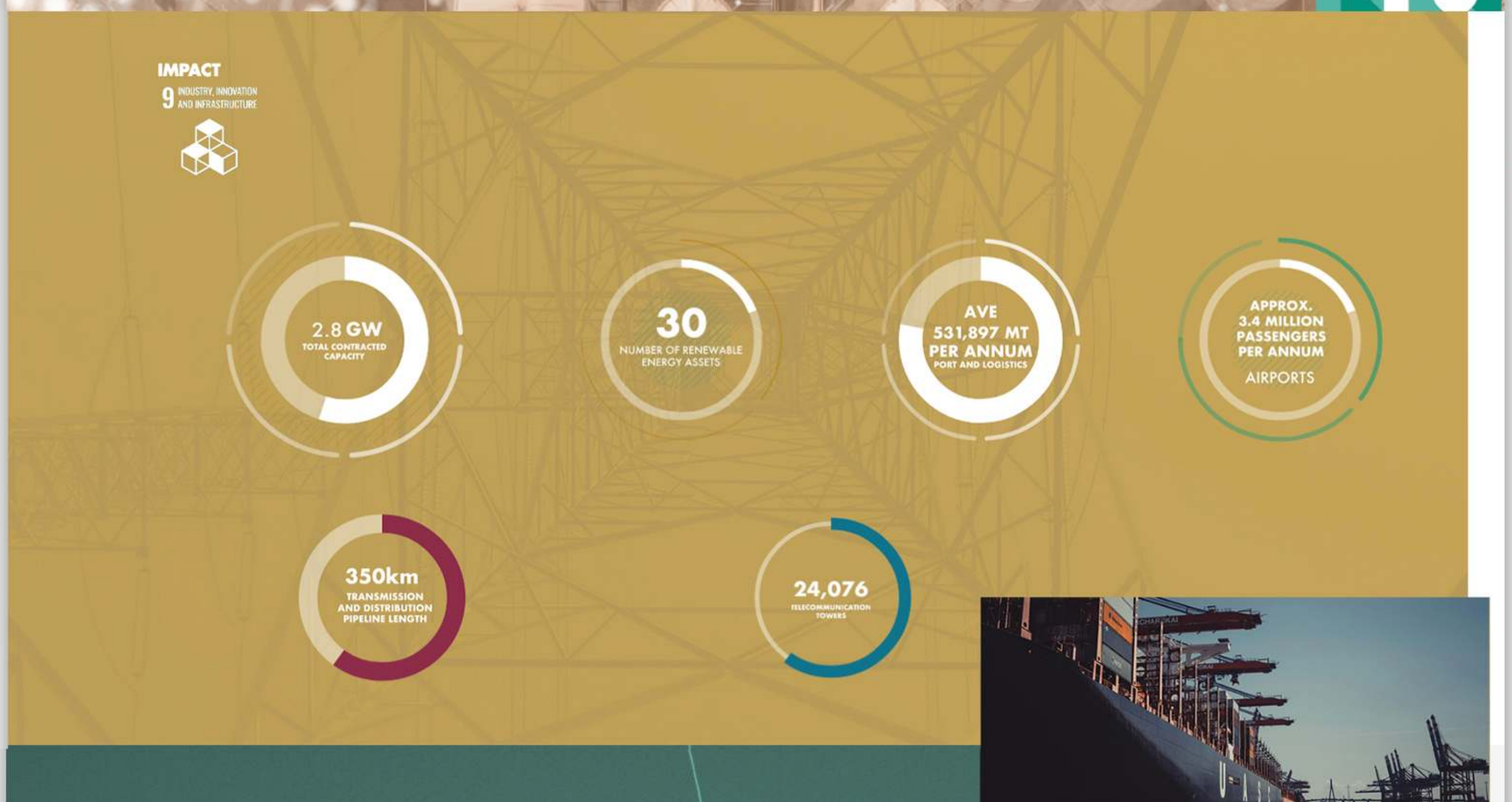
AIIM

African Infrastructure Investment Managers (AIIM) has 19 years of unmatchedinfrastructure investment experience across the African continent with investments throughout sub-Saharan Africa and USD1.9 billion AUM. AIIM's 41-member strong investment team are based out of five locally-staffed offices across the continent, providing local experience and expertise. The track record extends across seven funds with more than 60 investments across the transport, renewable energy, power generation and communication infrastructure sectors in 19 countries.. AIIM's objective is to target investments with potential to produce strong long-term returns and simultaneously result in positive social and environmental impact. Our commitment to responsible investment is central to AIIM's investment objectives and to fulfilling our fiduciary duties towards our shareholders andbeneficiaries. We believe that embedding environmental, social and governance thinking into our investment decision making is critical and is followed closely by seeking to unlock positive impacts for the project stakeholders and communities.

AIIM INFRASTRUCTURE | IDEAS MANAGED | AIIF 3 | AIIF 2

IMPACT

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



POWER

7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH

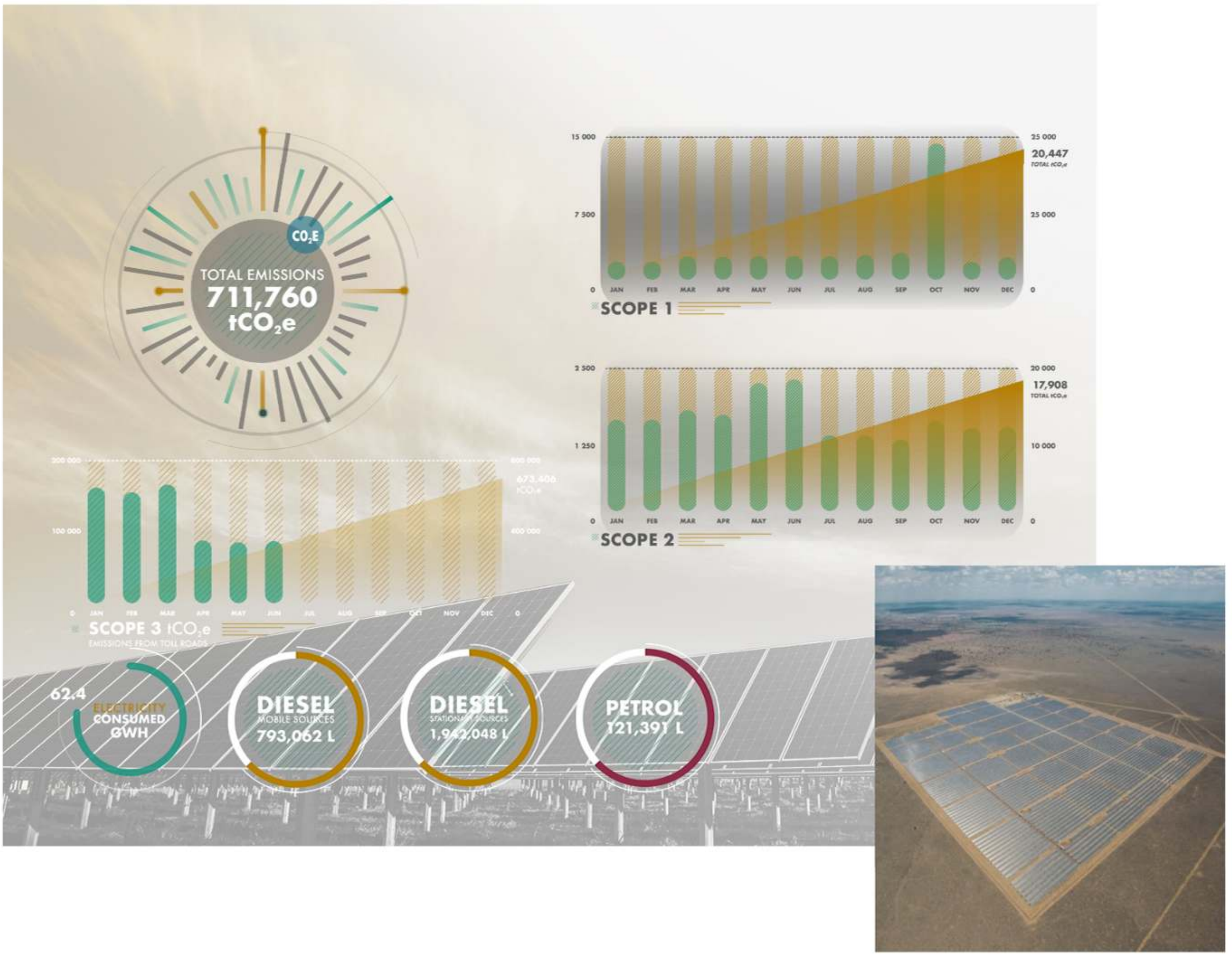
AIIM is currently building out the data collection frameworks to be able to track carbon footprint data across the portfolio. Scope 1 emissions reflect that of the power station and Scope 2 emissions reflect data from three assets currently providing regular reporting. This carbon footprint and data collection status will be used as a baseline against which information will be tracked.

CLIMATE ACTION

13 CLIMATE ACTION

The 2019 carbon footprint for AIIM funds is almost equally contributed to by Scope 1 (direct emissions) and Scope 2 (electricity usage). This carbon footprint will be used as a baseline against which future emissions will be tracked. Where possible in infrastructure investments we will look to reduce the relative carbon footprint.

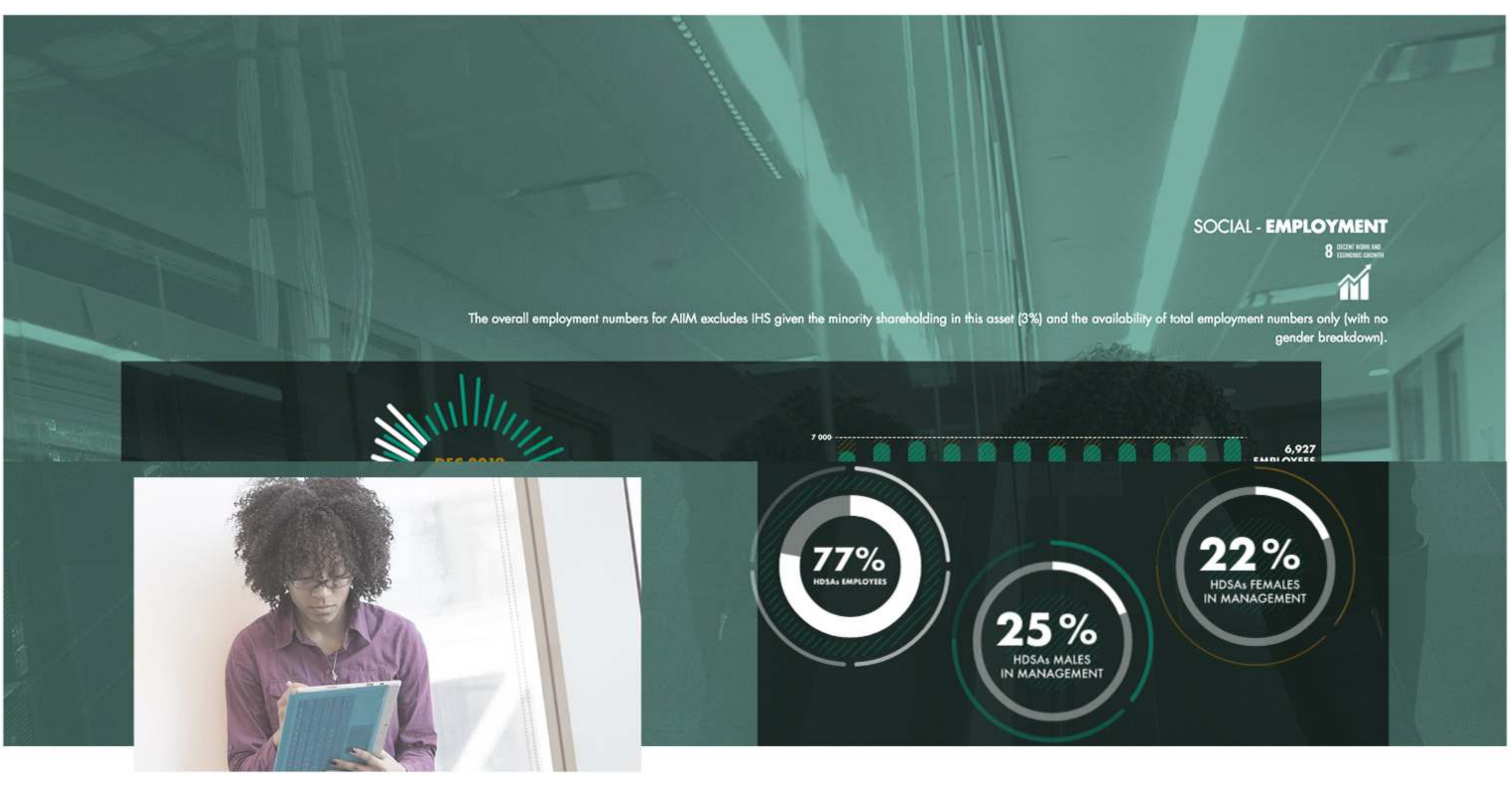
CARBON FOOTPRINT



SOCIAL - EMPLOYMENT

8 DECENT WORK AND ECONOMIC GROWTH

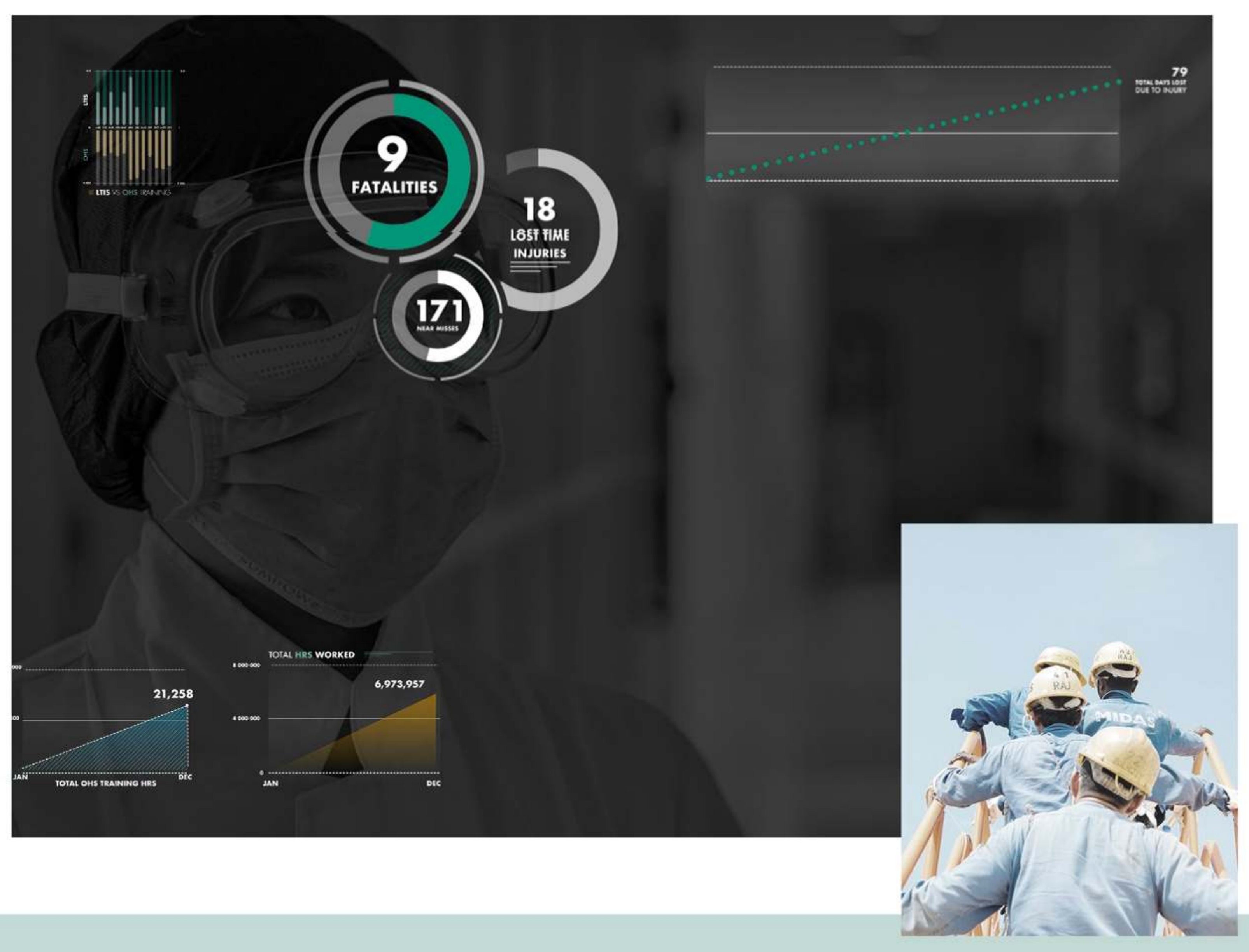
The overall employment numbers for AIIM excludes IHS given the minority shareholding in this asset (3%) and the availability of total employment numbers only (with no gender breakdown).



HEALTH & SAFETY

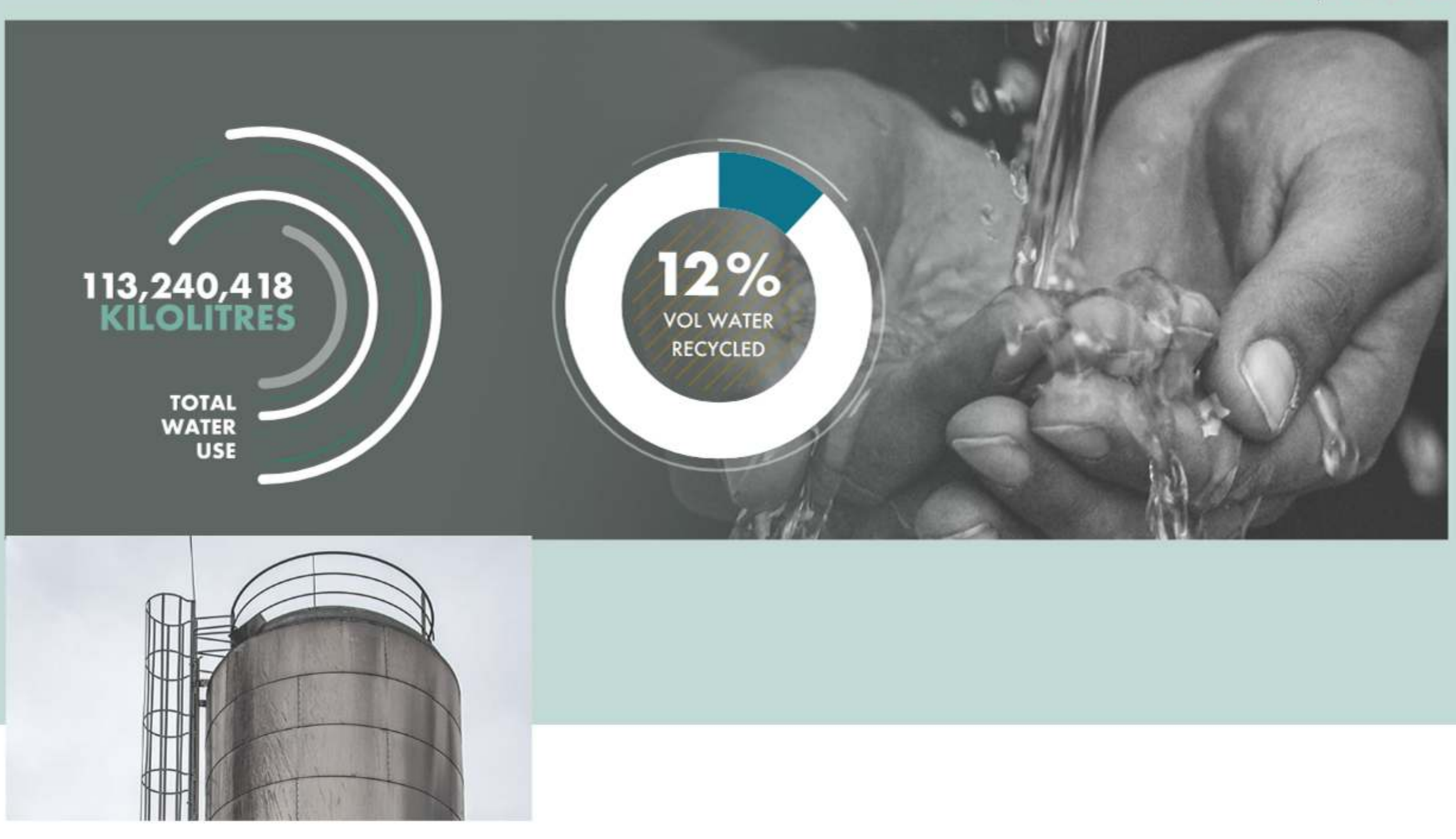
3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH

The AIIF2 fund recorded eight fatalities in 2019 as a result of road traffic and security-related accidents experienced at IHS and IDEAS Managed Fund one road accident fatality as part of the Kangas Wind Farm construction. Each incident was subject to an in-depth investigation and root cause analysis. Management teams have taken on the learnings to help prevent similar incidents in the future.



WATER

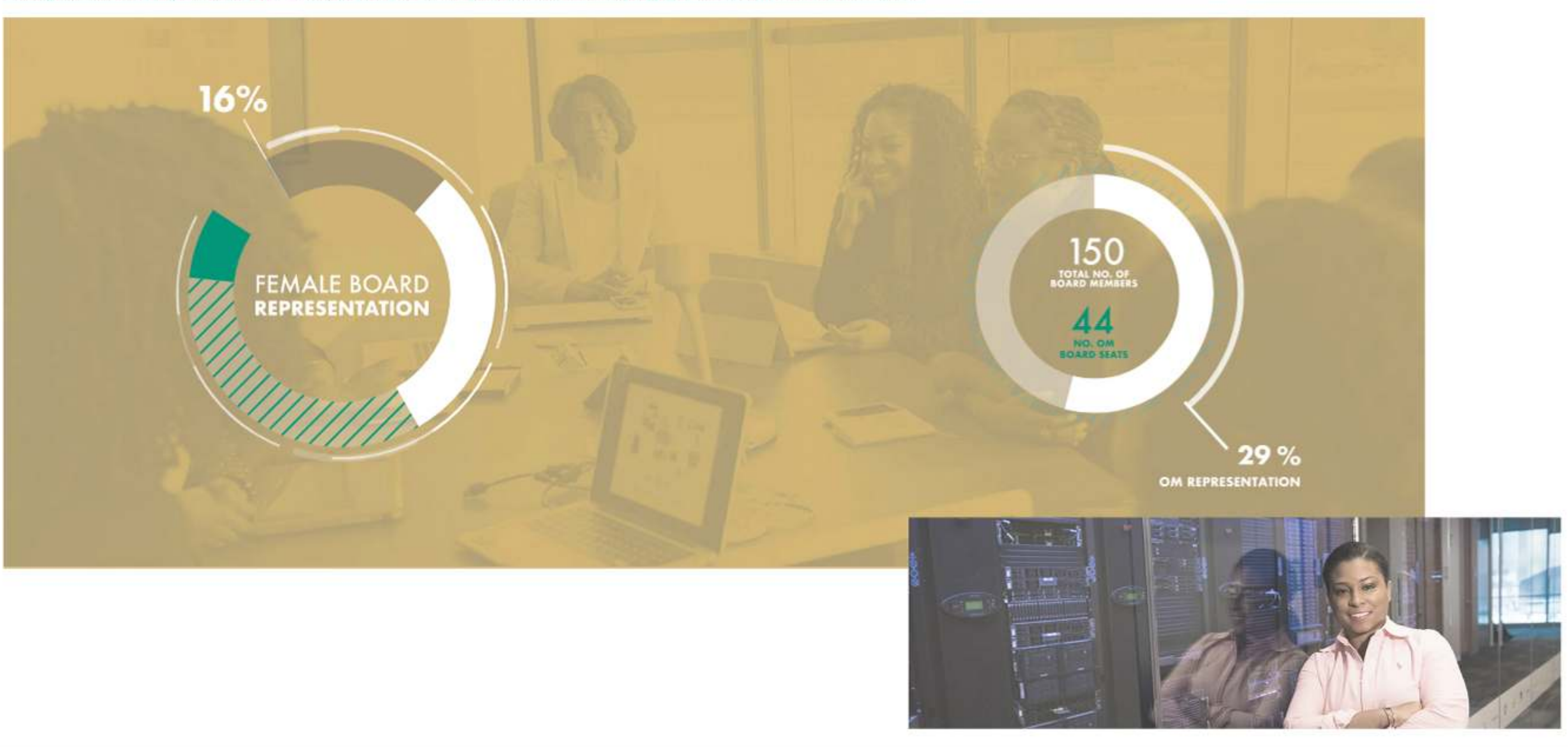
AIIM recognises that water stress is a key issue facing Sub-Saharan Africa. This data will be the baseline against which future water use will be tracked. Where possible AIIM will endeavour to reduce water use and increase the amount of recycled water used in operations.



GOVERNANCE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Good governance is a key theme for AIIM. Pan-Africa, AIIM investment professionals are active/engaged on all boards and sub-committees.

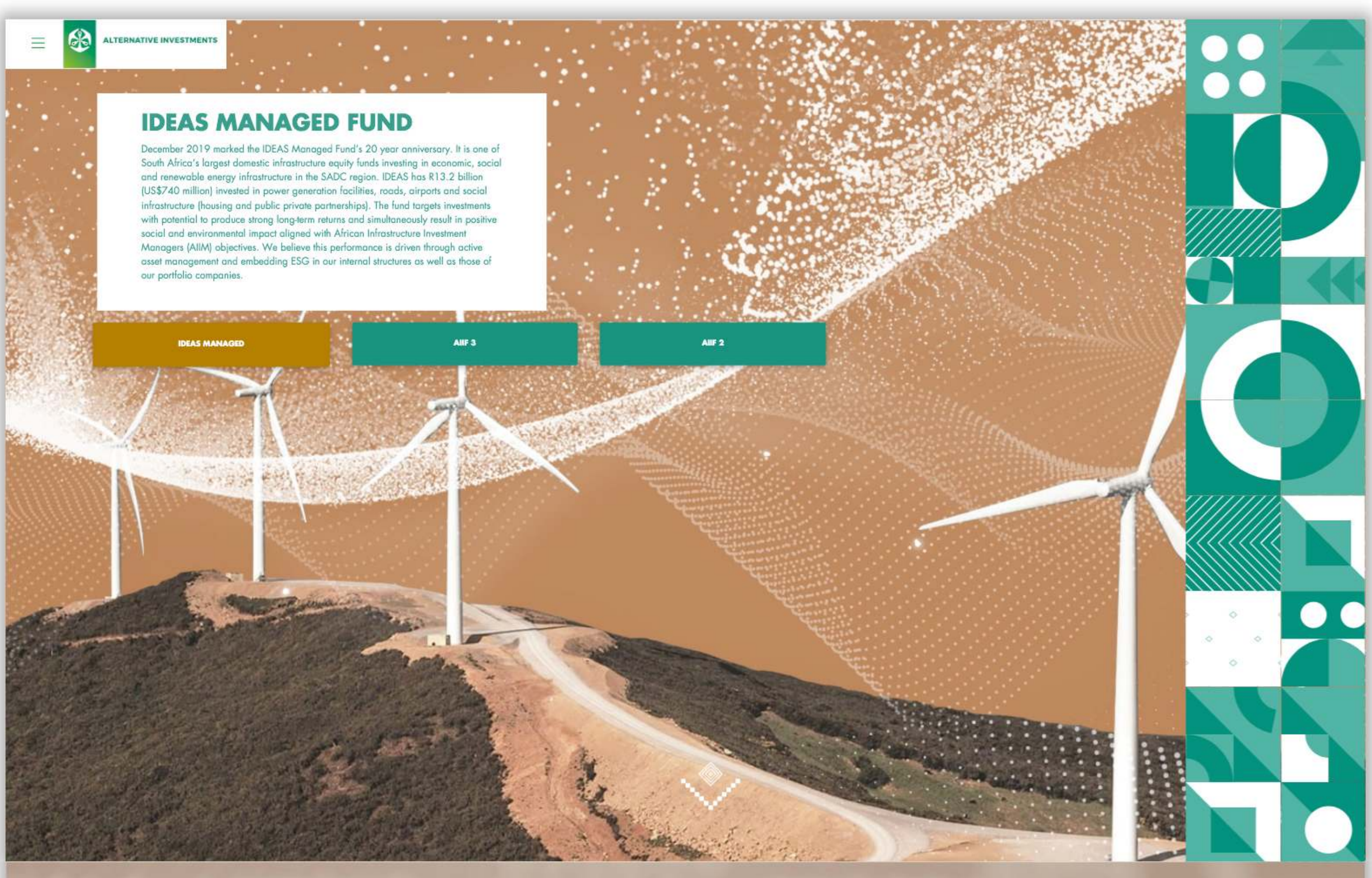


ALTERNATIVE INVESTMENTS

IDEAS MANAGED FUND

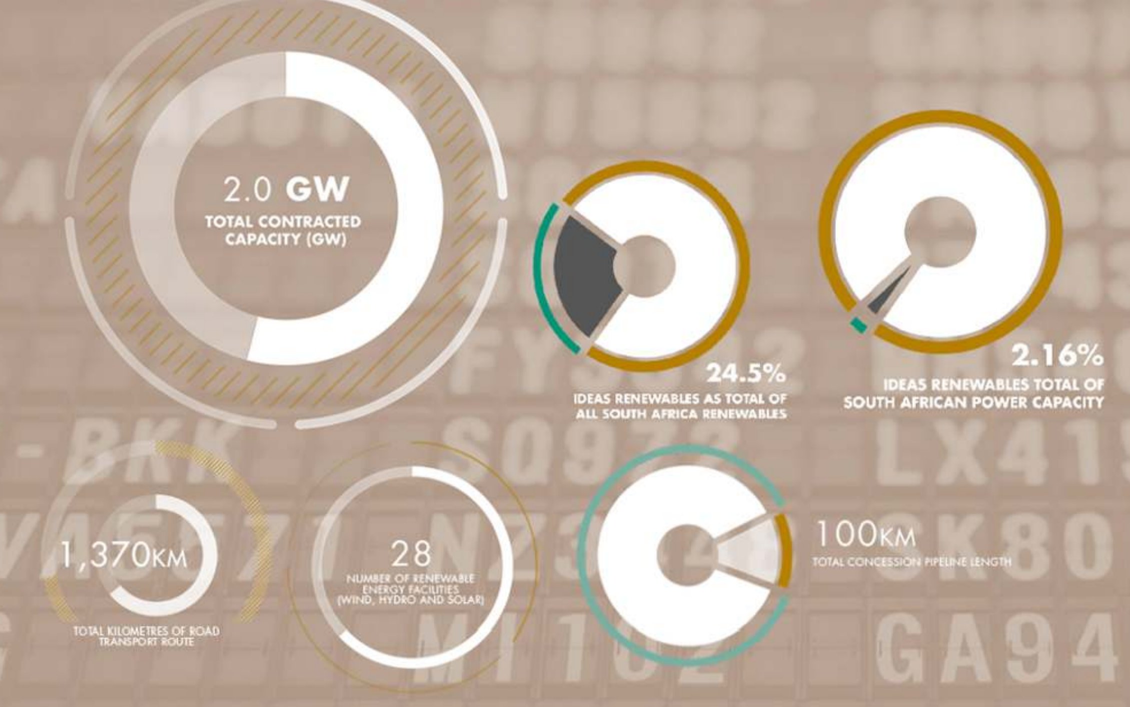
December 2019 marked the IDEAS Managed Fund's 20 year anniversary. It is one of South Africa's largest domestic infrastructure equity funds investing in economic, social and renewable energy infrastructure in the SADC region. IDEAS has R13.2 billion (US$740 million) invested in power generation facilities, roads, airports and social infrastructure (housing and public private partnerships). The fund targets investments with potential to produce strong long-term returns and simultaneously result in positive social and environmental impact aligned with African Infrastructure Investment Managers (AIIM) objectives. We believe this performance is driven through active asset management and embedding ESG in our internal structures as well as those of our portfolio companies.

IDEAS MANAGED | AIIF 3 | AIIF 2



INFRASTRUCTURE

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



CLIMATE ACTION

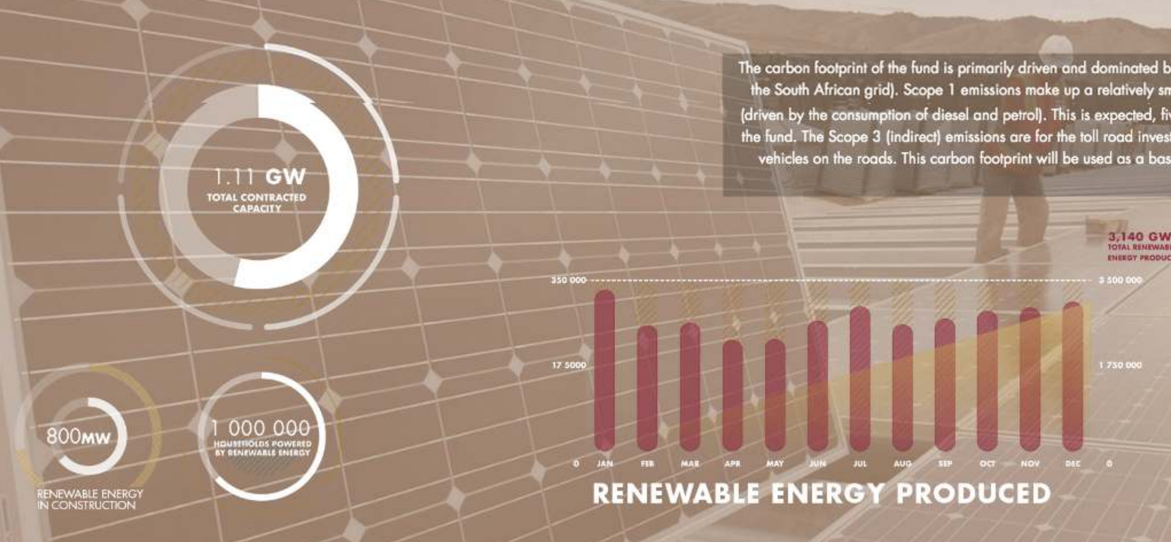
13 CLIMATE ACTION

The fund is the largest private equity investor in renewable energy in South Africa. It is committed to tackling the climate crisis, having invested in 28 renewable energy facilities including 10 wind farms, 15 solar PV farms, one hydropower station and two solar off-grid companies. The fund has achieved an installed capacity of 1.11 GW and produced 3,141GWh of renewable energy in 2019. This clean energy production created a carbon offset of 3.14 million tons of CO2 equivalent.

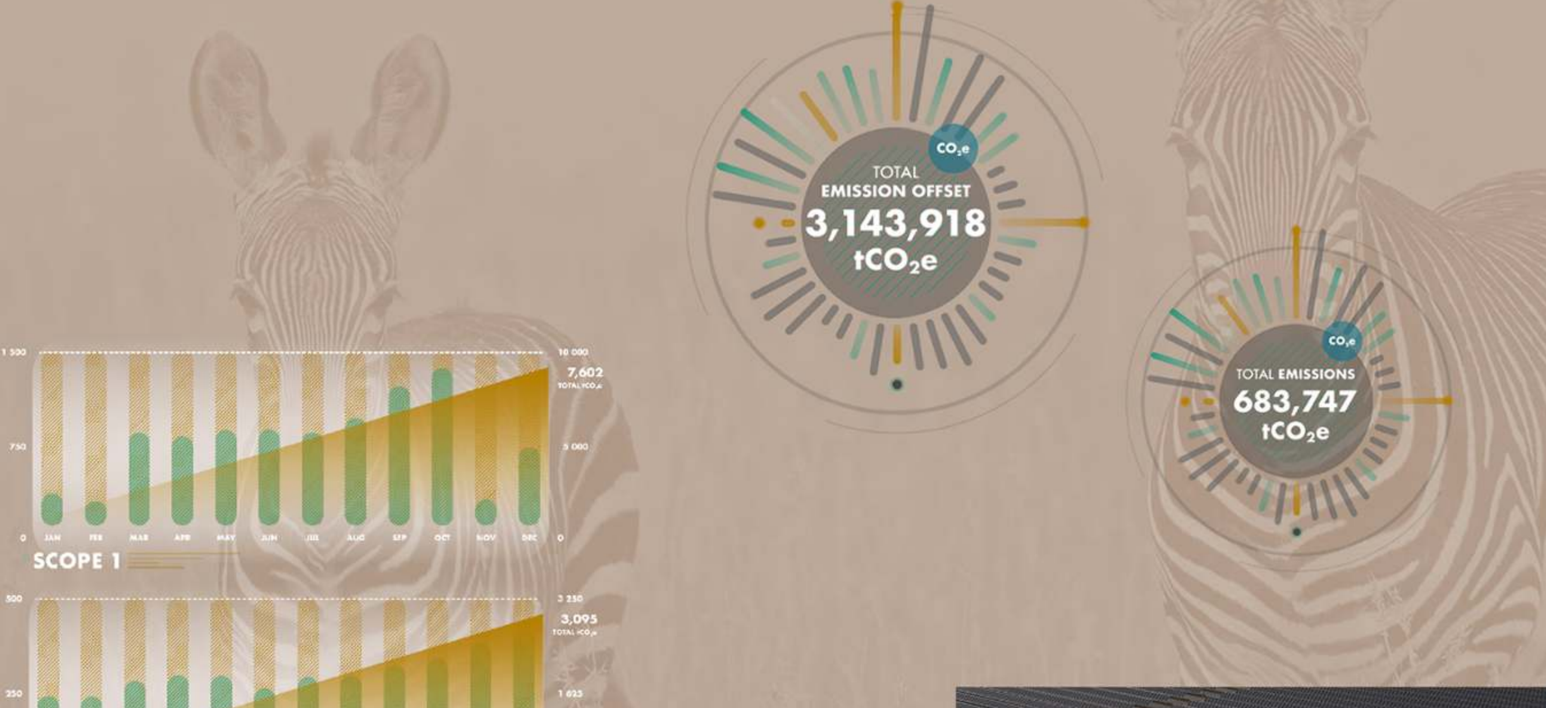
ENERGY

7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH

The carbon footprint of the fund is primarily driven and dominated by Scope 2 emissions (electricity usage from the South African grid). Scope 1 emissions make up a relatively small percentage of the total carbon footprint (driven by the consumption of diesel and petrol). This is expected, fiven the nature of the portfolio companies in the fund. The Scope 3 (indirect) emissions are for the toll road investments only, tracking the carbon footprint of vehicles on the roads. This carbon footprint will be used as a baseline against which future emissions will be tracked.

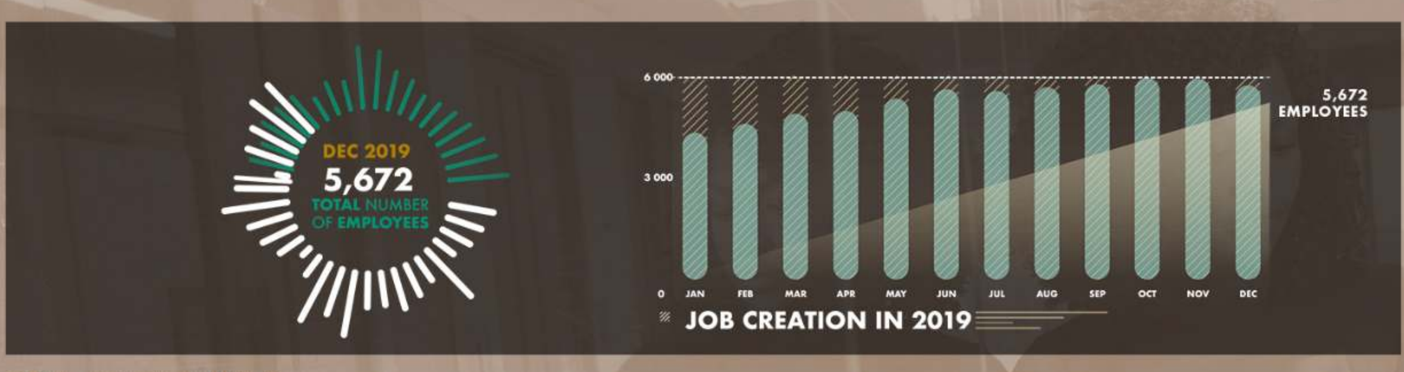


CARBON - FOOTPRINT



SOCIAL - EMPLOYMENT

8 DECENT WORK AND ECONOMIC GROWTH

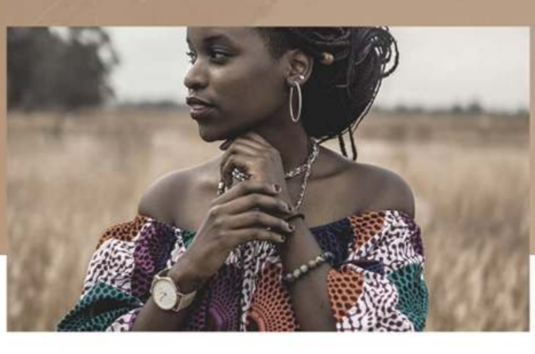


SOCIAL - GENDER EQUALITY

5 GENDER EQUALITY

SOCIAL - TRANSFORMATION

10 REDUCED INEQUALITIES



HEALTH & SAFETY

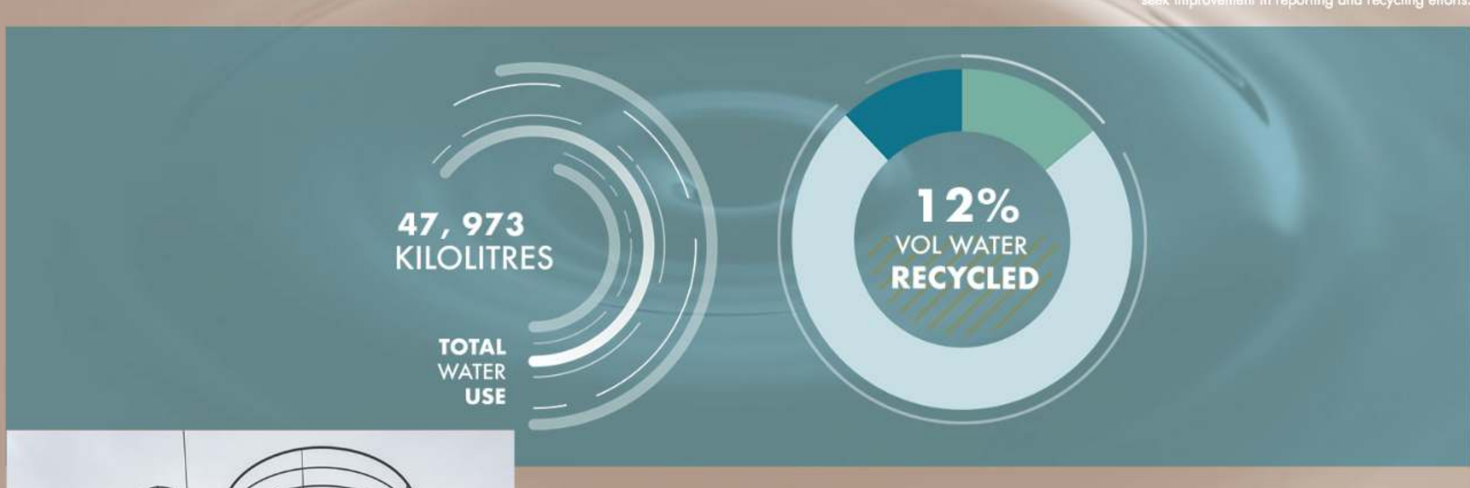
3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH

The health and safety risks posed by the portfolio companies in the fund during operation are generally well understood and well managed. This is illustrated by 81% of assets reporting no lost time injuries. However, potential health and safety risks increase significantly during construction activities with facilities in construction phase totaling nine. One of our assets under construction reported a fatal road accident. The asset manager and ESG advisor had regular engagements with the portfolio company to ensure adequate support was provided to the family. A detailed cause analysis was done to ensure that appropriate corrective actions were implemented to avoid a recurrence of similar incidents.

WATER

5 GENDER EQUALITY 6 CLEAN WATER AND SANITATION

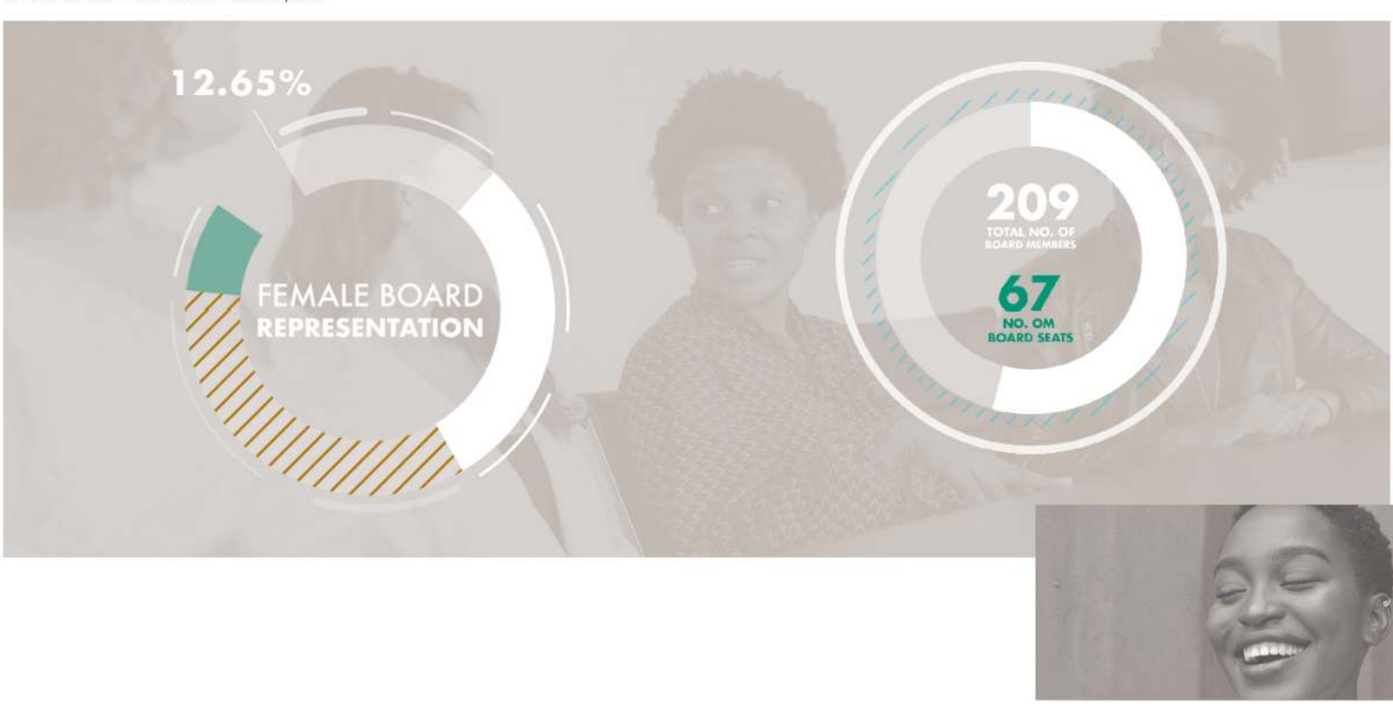
Water is not a material issue for the portfolio companies reporting on their water usage and recycling efforts. The data provided here will form the baseline from which to seek improvement in reporting and recycling efforts.



GOVERNANCE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Asset managers play an active role at board and subcommittee level. Although the female board representation is higher than other portfolios, there is still more improvement required to further empower women at board level. This is the baseline from which we will look to improve.



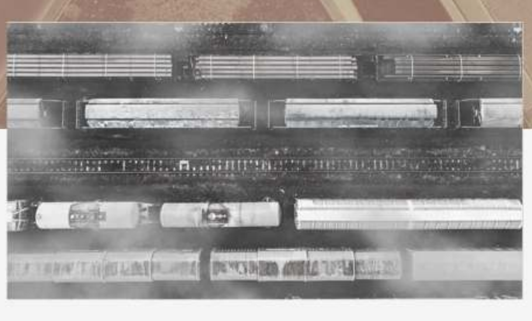
AIIF2

The African Infrastructure Investment Fund 2 (AIIF2) closed in September 2011 with afocus on generating attractive risk-adjusted returns through infrastructure investment inAfrica. The USD562 million fund has infrastructure assets in seven African countries(Cameroon, Cote d'Ivoire, Ghana, Nigeria, Rwanda, South Africa and Zambia). These include a toll road, thermal power station, two renewable energy facilities and telecommunication infrastructure. The fund is reaching maturity with exits of three assets in 2018 and two more finalised in the first quarter of 2020.

IDEAS MANAGED | AIIF 3 | AIIF 2

INFRASTRUCTURE

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



CLIMATE ACTION

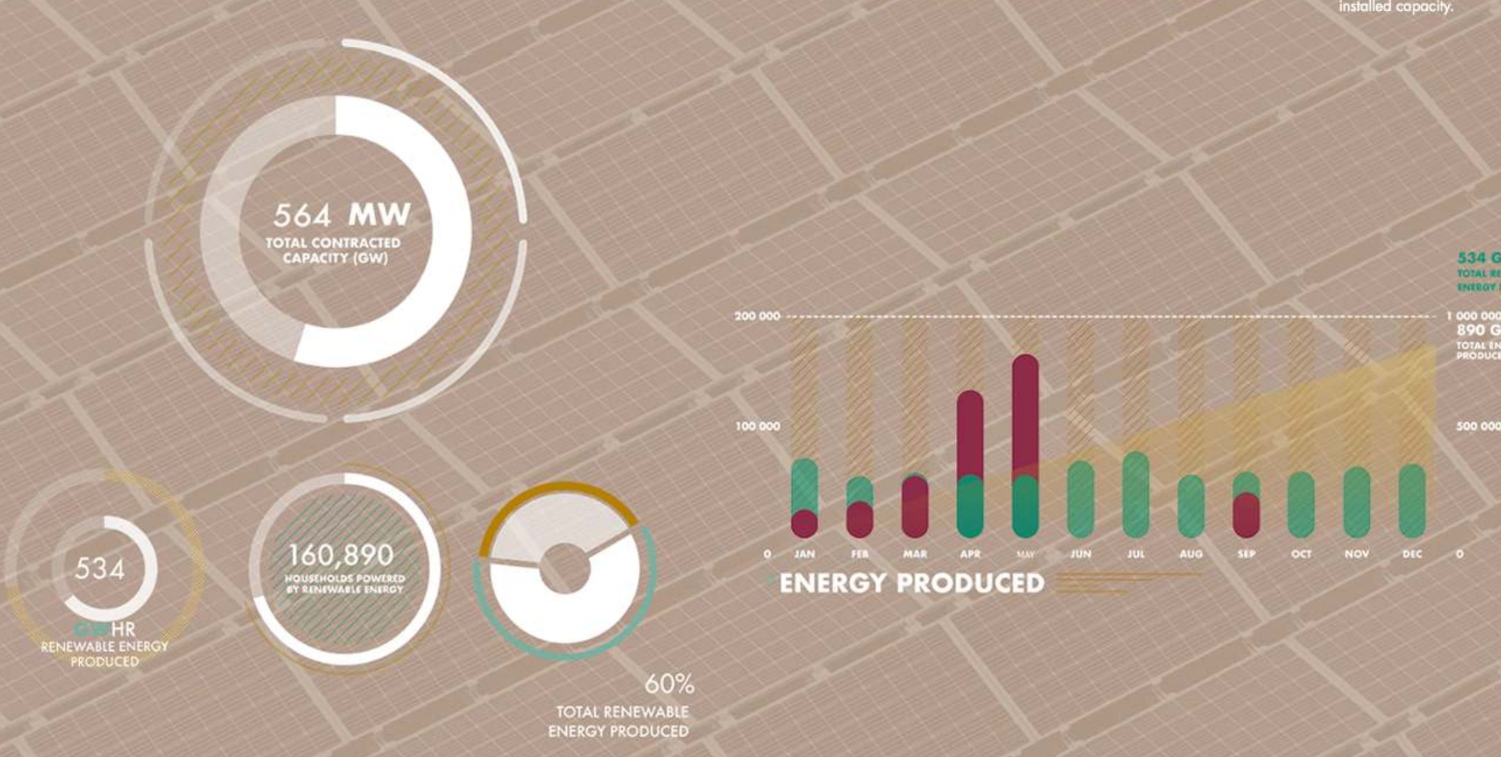
13 CLIMATE ACTION

AIIM is currently building out the data collection frameworks to be able to track carbon footprint data across the portfolio. Scope 1 emissions reflect that of the power station and Scope 2 emissions reflect data from three assets currently providing regular reporting. This carbon footprint and data collection status will be used as a baseline against which information will be tracked and rolled out across the full portfolio.

ENERGY

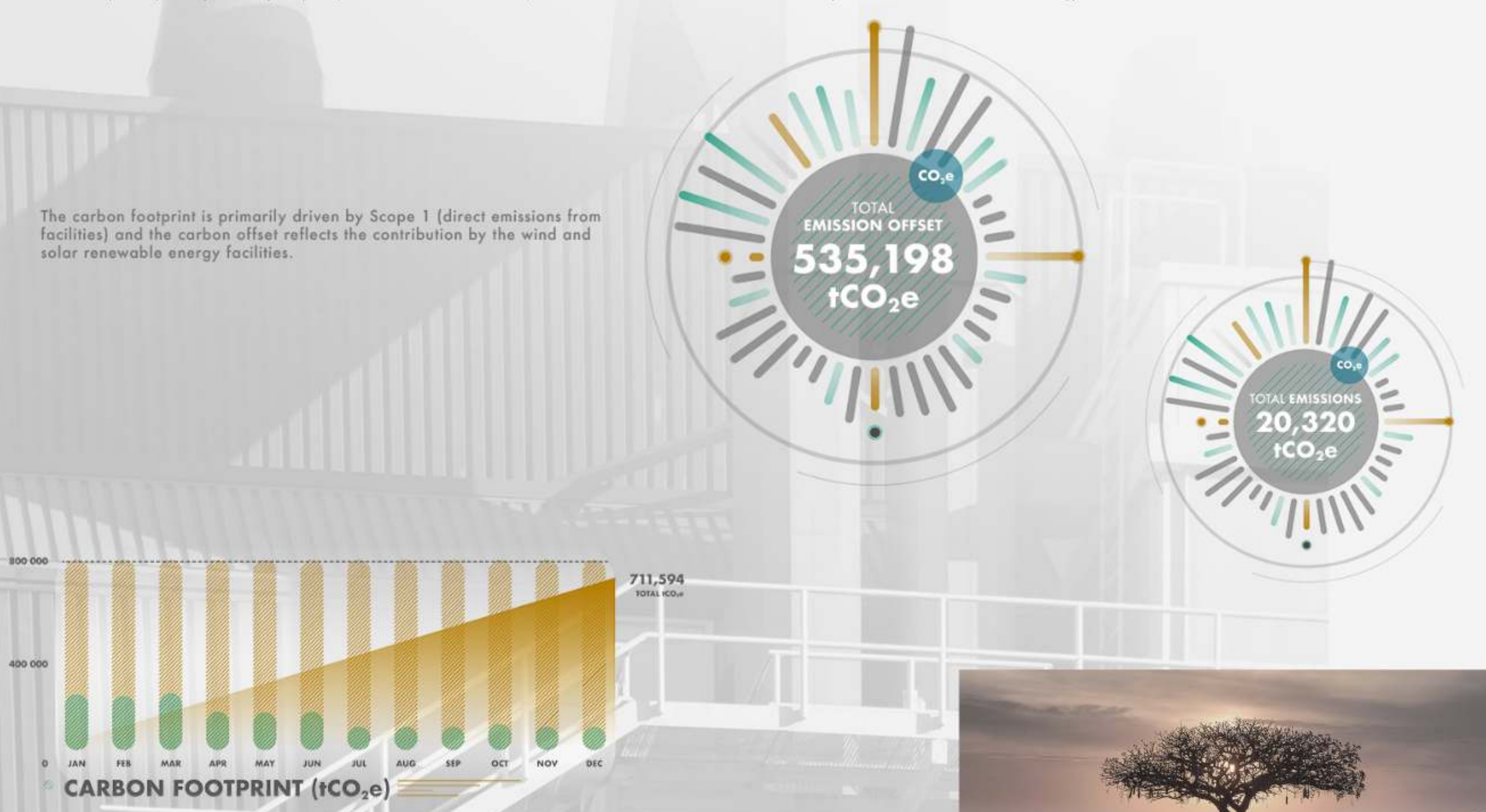
7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH

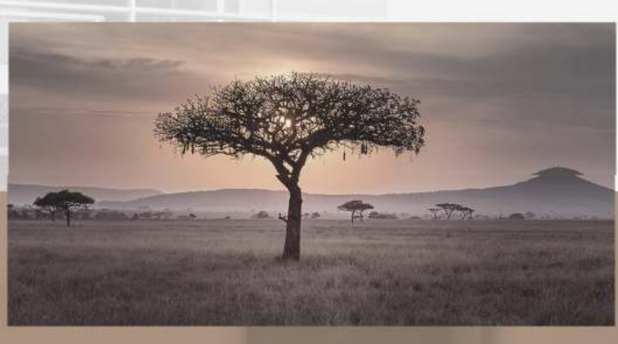
The renewable energy facilities in the fund were both successfully bid in the first round of South Africa's Renewable Energy Independent Power Producer Procurement Programme and have been producing renewable energy since 2014. The fund's combined cycle gas turbine plant achieved commercial operation in 2019 and is one of Ghana's largest Independent Power Producers and will account for approximately 10% of the country's installed capacity.



CARBON - FOOTPRINT

The carbon footprint is primarily driven by Scope 1 (direct emissions from facilities) and the carbon offset reflects the contribution by the wind and solar renewable energy facilities.

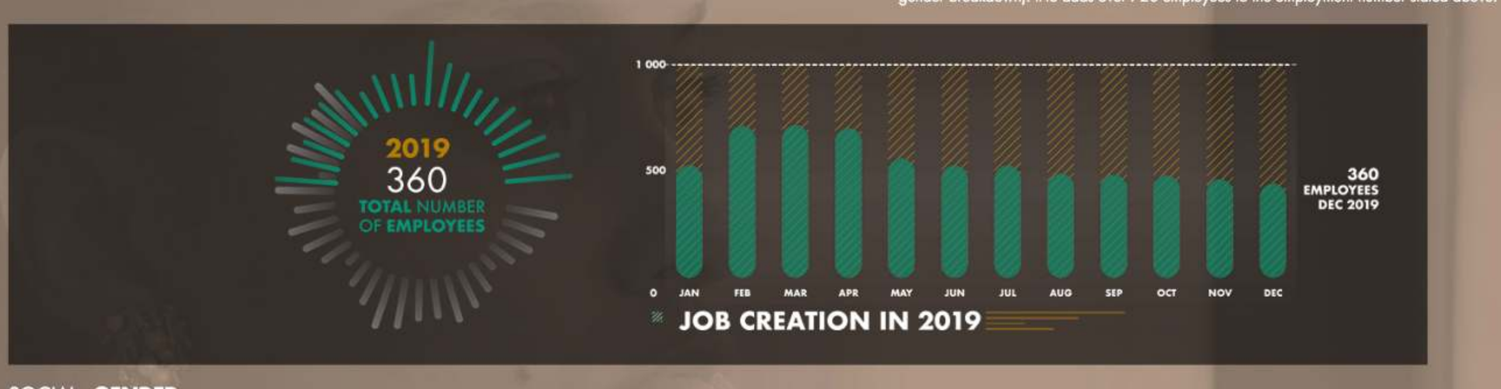




SOCIAL - EMPLOYMENT

8 DECENT WORK AND ECONOMIC GROWTH

The overall employment numbers for the fund excludes IHS given the minority shareholding in this asset (3%) and the availability of total employment numbers only(with no gender breakdown). IHS adds over 720 employees to the employment number stated above.



SOCIAL - GENDER

5 GENDER EQUALITY

SOCIAL - TRANSFORMATION

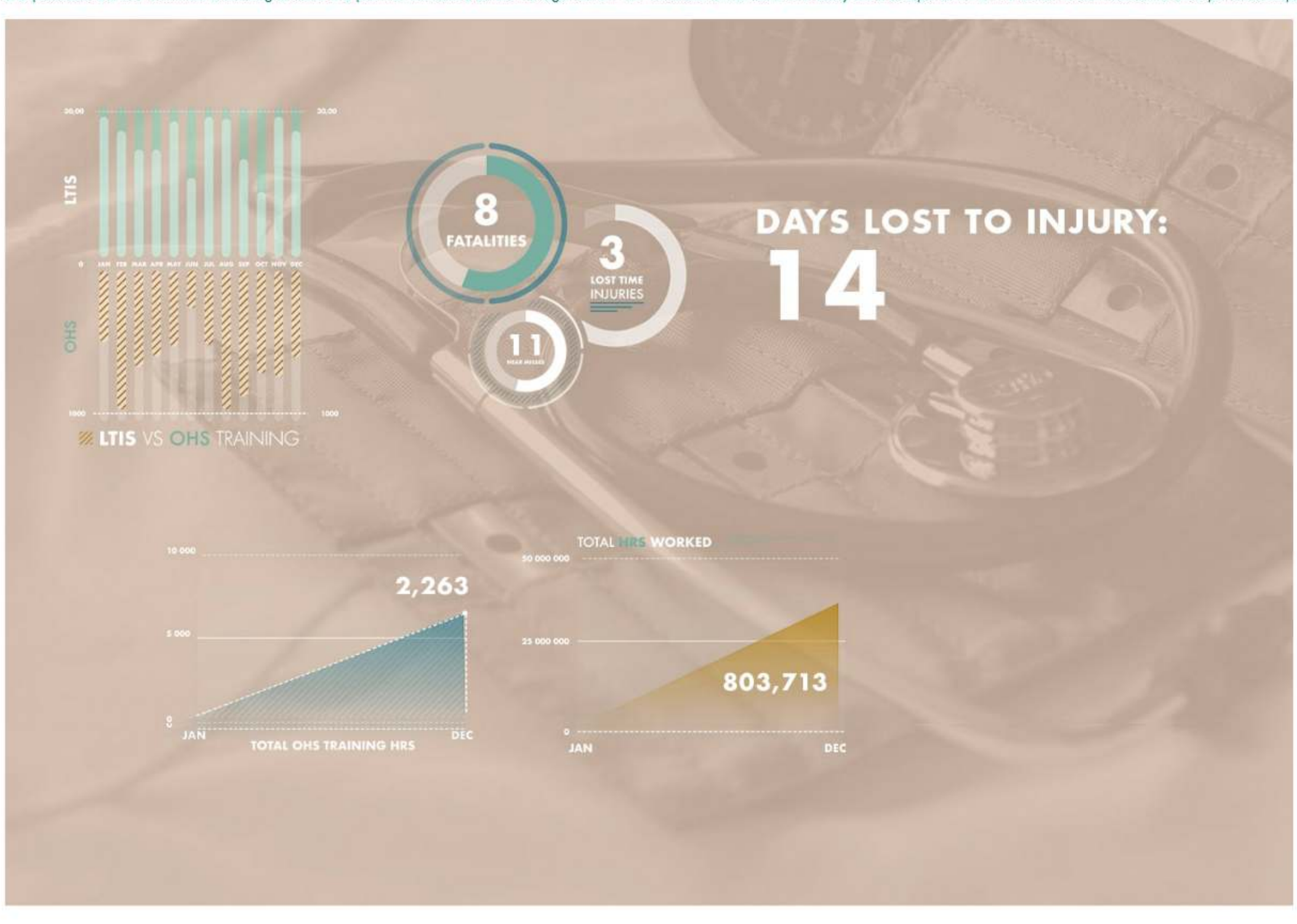
10 REDUCED INEQUALITIES

Transformation employment data captured as the number of Historically Disadvantaged South Africans (HDSAs) is only reported for the assets in South Africa.

HEALTH & SAFETY

3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH

The fund recorded eight fatalities in 2019 as a result of road traffic and security-related accidents experienced at IHS. Each incident was subject to an in-depth investigation which was referred to a senior review panel to examine the root cause and ensure appropriate corrective actions were recommended for implementation to avoid serious incidents in future. In addition, the portfolio company has prioritised the review and improvement of HSE standards and processes and has committed to building a robust and positive HSE culture across the organisation. The remainder of the health and safety statistics reported on in this section reflect those of the other portfolio companies only.



WATER

6 CLEAN WATER AND SANITATION

The thermal power generation sector generally entails significant water use, this is an area of specific focus. The statistics below for Cenpower will be used as the baseline measurement for future water use performance and efficiency gains.Water is not currently recycled, but will be a focus area for improvement going forward.

GOVERNANCE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

ALTERNATIVE INVESTMENTS

AIIF3

African Infrastructure Investment Fund 3 (AIIF3) is AIIM's flagship Pan-African infrastructure fund continuing the mandate and strategy executed for the AIIF2 fund.The USD320 million fund targets core and core-plus infrastructure investments in the power, transport, digital infrastructure and midstream energy sectors across sub-Saharan Africa. AIIM's strategy is to apply investment experience to countries and sectors where the gap between infrastructure supply and demand provides strong, long-term risk adjusted returns for investors, while simultaneously resulting in positive social and environmental outcomes for stakeholders and communities in which it invests. AIIM's locally staffed teams provide active asset management for portfolio companies to deliver on its investment thesis.

IDEAS MANAGED | AIIF 3 | AIIF 2

IMPACT

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Power generation in 2019 has been delivered by the Albatros Energy thermal power plant (Mali), BBoXX off-grid solar (Rwanda, DRC, Kenya) and StarSight a distributed efficiency business combining solar photovoltaic and diesel power generation (Nigeria). Direct power generation investments still in the construction and development phase include Amandi Energy (192MW CCGT power plant, Ghana), Proton (150MW CCGT power plant, Nigeria), Zina Solaire (20MW solar PV plant, Burkino Faso), AIIM Hydroneo (mini-mid Pan-Africa hydropower platform). The Uquo Integrated Gas Project (Uquo), Nigeria, processes and delivers gas to Nigerian independent power producers. In 2019 African Ports and Corridor Holdings having dry bulk terminals in Tanzania and Zambia, delivered 531,897 tons of product throughput. The Fund's investments into SEGAP airports in Cote d'Ivoire and Republic of Congo provided for 39,899 flights, carrying 3.38 million passengers in 2019.

39,899 AIRPORT NUMBER OF FLIGHTS

3,380,091 NUMBER OF PASSENGERS

531,897 tons PRODUCT THROUGHPUT

ENERGY

7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH

303 MW TOTAL CONTRACTED CAPACITY

25 000 | 12 500 | 0
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
130 000 | 65 000 | 0
128 GWh TOTAL ENERGY PRODUCED
6 GWh TOTAL RENEWABLE ENERGY PRODUCED

ENERGY PRODUCED

128 GWh TOTAL ENERGY PRODUCED

38,500 HOUSEHOLDS POWERED

4% TOTAL RENEWABLE ENERGY PRODUCED

Excludes BBoXX which provides 1,301,769 people with access to clean energy using solar home systems

CARBON - FOOTPRINT

The carbon footprint is primarily driven by Scope 1 (direct emissions from facilities). At this stage only 4% of energy produced is from renewable energy and therefore there is no carbon offset.

TOTAL EMISSIONS **10,697** tCO_2e

SCOPE 1

SCOPE 2

SOCIAL - EMPLOYMENT

DEC 2019 **2,311** TOTAL NUMBER OF EMPLOYEES

2,311 EMPLOYEES

JOB CREATION IN 2019

SOCIAL - GENDER

19% FEMALE EMPLOYEES

27% FEMALES IN MANAGEMENT

HEALTH & SAFETY

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH

The highest risk health and safety operational businesses in AIIF3 include African Ports and Corridor Holdings and Albatros Energy, while the highest health and safety risk business in construction has been Amandi Energy. AIIM endeavours to have best practice health and safety applied at all portfolio companies.

0 FATALITIES

8 LOST TIME INJURIES

108

DAYS LOST TO INJURY: **43**

805 TOTAL OHS TRAINING HRS
JAN | DEC

TOTAL MAN HOURS WORKED **2,169,190**
JAN | DEC

WATER

142,466 KILOLITRES TOTAL WATER USE

0% VOL WATER RECYCLED

GOVERNANCE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

14.7% FEMALE BOARD REPRESENTATION

44 TOTAL NO. OF BOARD MEMBERS

14 NO. OM BOARD SEATS

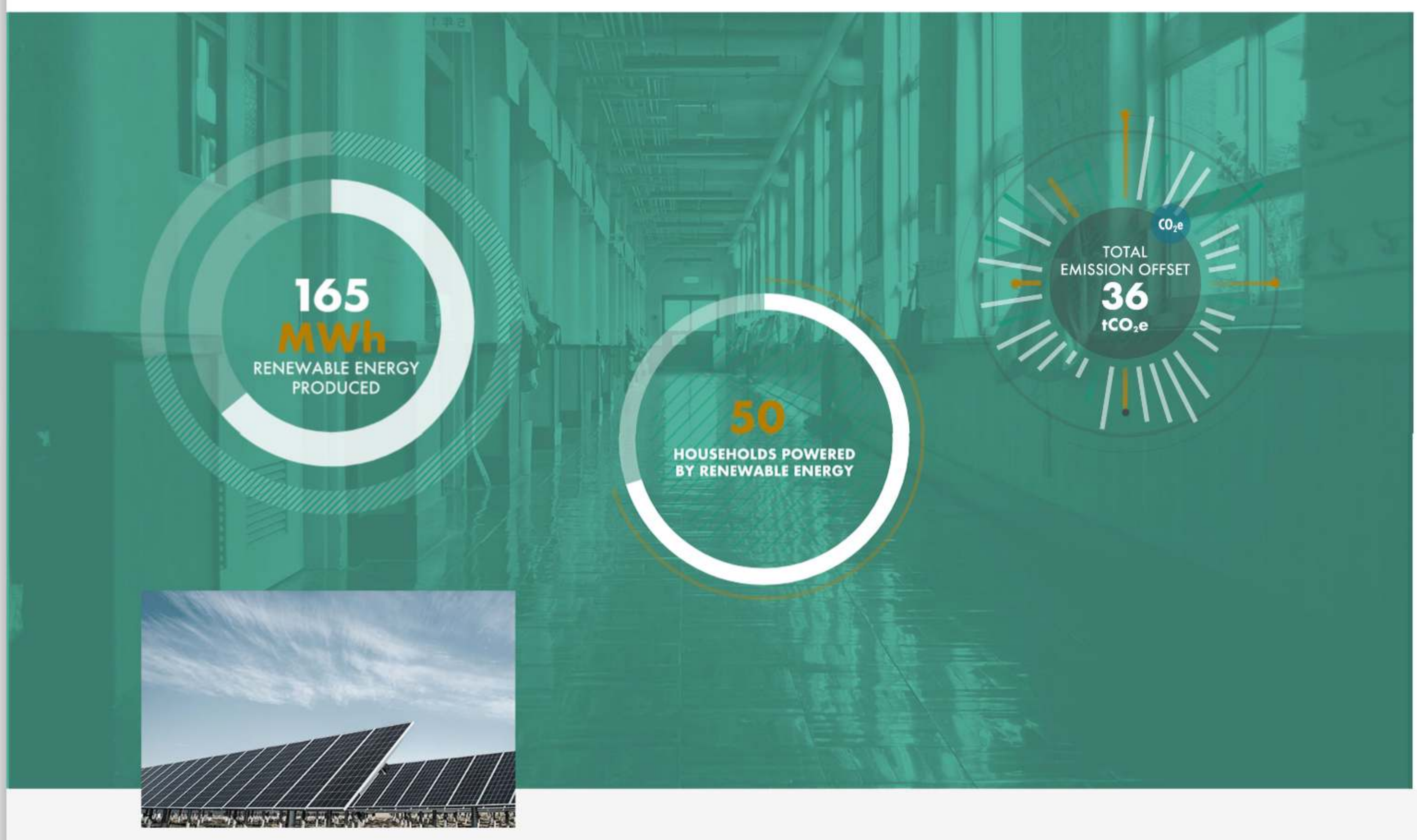
IMPACT INVESTING

The Impact Investing division has been a leader in generating positive social and environmental impact alongside financial returns since 2007, identifying assets and regions where gaps or backlogs in social infrastructure have been identified. We seek to create commercially sustainable investments that provide large scale positive impact which benefit mainly lower to middle income communities, particularly in affordable housing and quality education. Our 25 person strong team manages in excess of ZAR8.6 billion (USD619 million)* across a range of funds. We are committed to ensuring that all investment decision-making is grounded in our commitment to responsible investing. Environmental, social and governance (ESG) factors are at the forefront of our investments decisions. This is especially evident in our housing and schools portfolio where green building certification system EDGE (Excellence in Design for Greater Efficiencies) plays an important role in water conservation and efficient use of energy in our housing units and school buildings.*as at 31 December 2019

CLIMATE ACTION

13 CLIMATE ACTION

Almost the entire carbon footprint across Impact Investing has been driven by electricity usage (Scope 2), with very little being attributed to direct emissions from an investment (Scope 1). This is expected given that investments are operational buildings. These provide the carbon footprint baselines for the funds against which future carbon footprints will be compared. The renewable energy production across the portfolio has been driven through a retirement estate in the Old Mutual Retirement Accommodation Fund, as well as a school in the Schools and Education Investment Impact Fund of South Africa, generating a carbon offset the equivalent of 50 middle-income homes with clean energy.



CARBON FOOTPRINT

SOCIAL - EMPLOYMENT

8 DECENT WORK AND ECONOMIC GROWTH

Creating meaningful and lasting employment through our investments remains an important focus, alongside implementation of best labour practices.

SOCIAL - GENDER

5 GENDER EQUALITY

Female employees comprise 44% of the total in the Impact Investing funds. This relatively high number is due to the Schools and Education Investment Impact Fund of South Africa's teacher employment, as traditionally more teachers are female. An area for targeted improvement is the female representation at management level across the funds.

SOCIAL - TRANSFORMATION

10 REDUCED INEQUALITIES

Transformation is the adoption of corrective measures that facilitate access to economic opportunities for previously disadvantaged individuals in South Africa. It is used to drive holistic and meaningful change in the economy and society. Impact Investing has established and implemented transformation strategies and actions across its housing and schools funds. These include transformation on various levels such as employment, procurement and ownership.

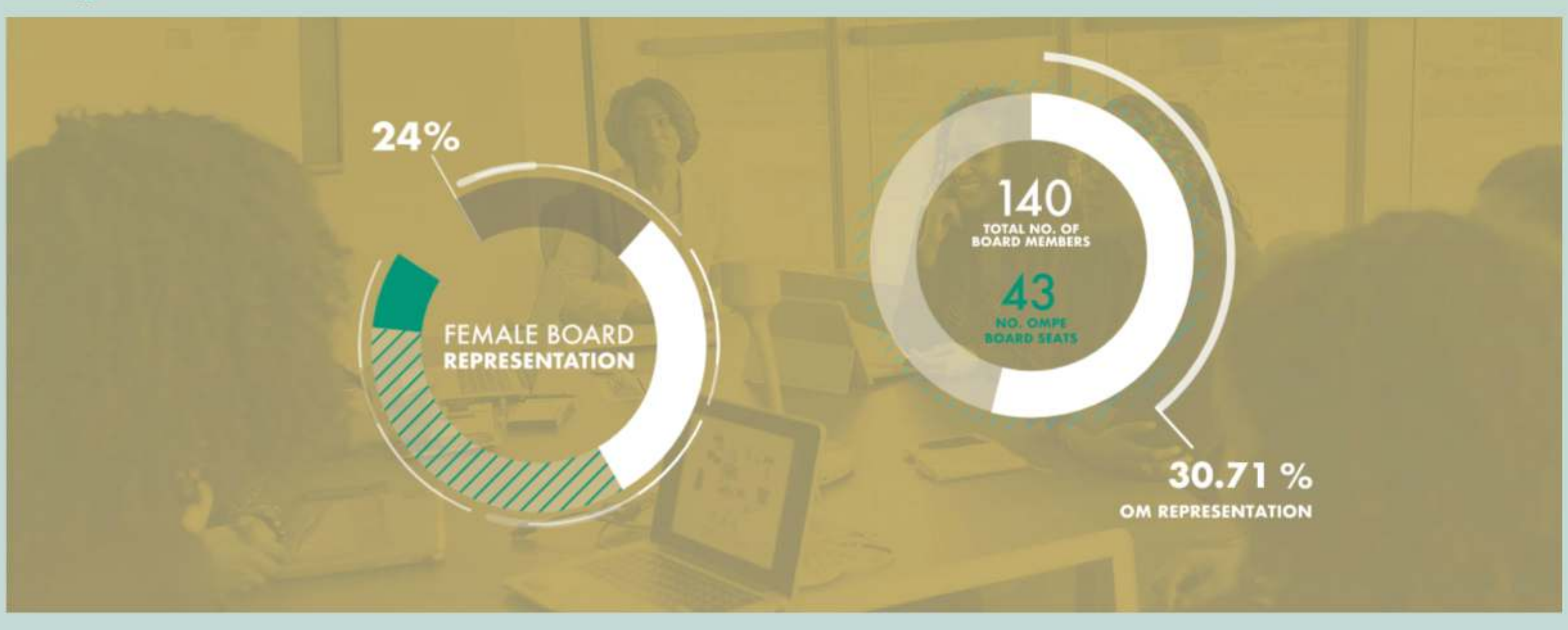
WATER

6 CLEAN WATER AND SANITATION

The below water use will be the baseline from which future water use will be tracked. Although recycled water is currently tracked as 0%, a number of our investments use borehole water and rain water tanks, especially for irrigation of school fields. We are in the process of quantifying these volumes.

GOVERNANCE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



ALTERNATIVE INVESTMENTS

SCHOOLS INVESTMENT FUND

The focus of the Schools and Education Investment Impact Fund of South Africa (Schools Fund) is providing quality education by creating access to affordable independent schools. The Fund finances infrastructure and education-related requirements of schools, delivering quality education and a commercial return. The Fund also invests in other areas of education such as early childhood development, skills/vocational training and education materials/services.

Launched at the end of 2011, it is the first and largest education impact fund in South Africa. The Fund has fully allocated its R1.4bn and its term will end in 2031.

OMAI has raised a new education impact fund, EduFund, which achieved its first close of R300m in December 2019.

IMPACT

4 QUALITY EDUCATION

The Fund's aim is to make substantive impact in the education sector of South Africa, by focusing on investments that improve the quality of education across market segments, as well as meeting other socially responsible investment objectives such as transformation, employment creation and environmental sustainability.
The Fund experienced year-on-year growth in learners of 12.8% in 2018, 12.2% in 2019 and 9% in 2020.

20,882
TOTAL
LEARNERS
ENROLLED

39
NUMBER OF
SCHOOLS

- Achieved an average pass rate of 92%, exceeding the national average of 81.3% by 10.7%.
- All but one school exceeded its respective district, provincial and the national average pass rate.
- Average bachelor pass rate of the Schools Fund was 48%, exceeding the national average of 36.9% by 11.1%.
- 1 075 learners passed the matric exam in 2019 representing an 8.1% increase in the number of learners passing matric compared to 2018 (994).

Further detail of the Schools Investment Fund impact is demonstrated by the BASA Educational Trust and Royal Schools case studies.

Double-click for full height

25.1%
MALE TEACHERS

TEACHERS

74.90%
FEMALE TEACHERS

50.42%
MALE LEARNERS ENROLLED

LEARNERS

49.58%
FEMALE LEARNERS ENROLLED

DEC 2019
962
TOTAL OVERALL TEACHERS

52.29%
OVERALL HDSA PERCENTAGE OF TEACHERS

40%
PERCENTAGE HDSA FEMALE TEACHERS

12.27%
PERCENTAGE HDSA MALE TEACHERS

LITERACY

52.7%
GRADE 03 LITERACY LEVEL

52,5%
GRADE 06 LITERACY LEVEL

72.8%
GRADE 09 LITERACY LEVEL

NUMERACY

45.3%
GRADE 03 NUMERACY LEVEL

47.3%
GRADE 06 NUMERACY LEVEL

24.7%
GRADE 09 NUMERACY LEVEL

The numeracy and literacy results are obtained by performing independent systemic tests against set targets for each school on an annual basis. The tests are an assessment of learners' conceptual knowledge and fundamental comprehension of literacy and numeracy. It enables development of intervention strategies for use by school management to assist with growth of teachers and learners. Test results have improved by further breaking down performance across Content Areas and Cognitive Levels to identify specific areas that schools could address. There was an improvement from 2018 to 2019 in all the test results, except for Grade 6 and 9 numeracy, which is where the challenge lies. Grade 9 English marked an 8.3% improvement year-on-year.

CLIMATE ACTION

13 CLIMATE ACTION

Climate change is one of the most critical challenges facing our world. We have engaged with our school operators on incorporating climate change education into the curriculum and how they plan to mitigate the risks schools are facing due to climate change.

11.6
tCO_2e
EMISSION REDUCTION

CO_2e
TOTAL EMISSIONS
2653.84
tCO_2e

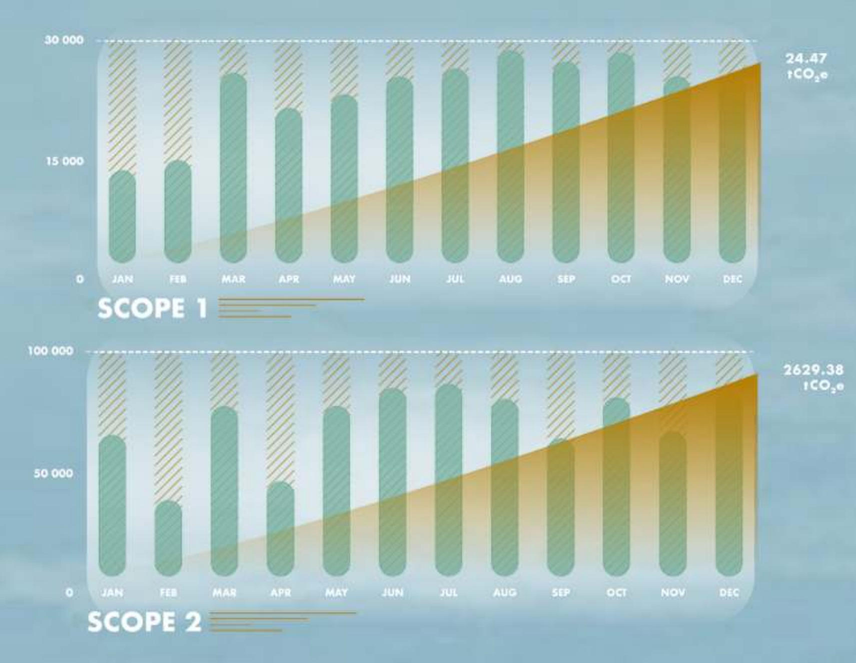
- The usage of water and electricity in our schools remain a substantial part of operational costs.
- More than 60% of our schools use borehole water to irrigate their sports fields.
- St Christophers Kidds Beach School in the Eastern Cape is 100% off the electricity grid via a solar PV solution and 50% off the municipal water grid through a borehole system and rainwater tanks. The school produced 11404 kWh of renewable energy in 2019.
- BASA Combined School in Soweto is 100% off the water grid through a borehole system.

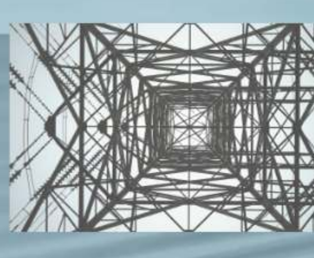
CARBON FOOTPRINT

13 CLIMATE ACTION

SCOPE 1
24.47
tCO_2e

SCOPE 2
2629.38
tCO_2e





WATER

6 CLEAN WATER AND SANITATION

182,943
KILOLITRES

TOTAL
WATER
USE

SOCIAL - EMPLOYMENT

8 DECENT WORK AND ECONOMIC GROWTH

Our schools offer a positive and rewarding working environment for teachers and other staff. The vision, mission and ecosystem of schools is driven by strong core values of accountability, trust, integrity and innovation which is critical for the sustainable functioning of our schools. Our schools have regular training and workshops to equip teachers with expertise sharing and collaboration within phases. Investment in teachers' well-being, growth and development remain a priority as they are the central figures in facilitating and shaping our learners' development as well as being role models.

DEC 2019
1,359
TOTAL NUMBER
OF EMPLOYEES

SOCIAL - GENDER

8 DECENT WORK AND ECONOMIC GROWTH

40%
FEMALES IN MANAGEMENT

72%
FEMALE EMPLOYEES

SOCIAL - TRANSFORMATION

10 REDUCED INEQUALITIES

Transformation and empowerment are business and social imperatives to achieve the main objectives of realizing commercial returns and improving access to quality school education in South Africa. The Schools Fund has an established presence in the education sector, which can be used to drive holistic and meaningful change in the economy and society. Transformation scorecards were included in the school transactions and are being tracked against set outcomes. The scorecard elements include management and staff, learners and procurement spent. Currently three out of seven school operators are 100% black owned.

65.6%
HDSAs
EMPLOYEES

40%
HDSAs FEMALES
IN MANAGEMENT

LEARNERS

Our schools aim to develop learners holistically – intellectually, emotionally, socially, physically as well as spiritually. Most of our schools provides emotional and learning support to learners.

SOME EXAMPLES OF HOW OUR SCHOOLS SUPPORT LEARNERS:

o Dedicated onsite psycho-social support and learner support to assist learners who require academic intervention.

o Ethics classes which include a reflective circle where learners are encouraged to share their experiences, learning to identify and express their emotions.

o Divinity studies are integrated into curriculums of some schools catering to different faiths.

o Emotional Intelligence (EQ) teaching included in the curriculum consisting of threepillars, teaching learners to 1) discover themselves, 2) express themselves and 3) to manage emotions, attitudes and stress. Teachers are also taught EQ on a different platform to ensure they are role models for learners.

o Pastoral and spiritual care for all learners, staff and parents.

o Most school operators have dedicated social workers who are qualified councillors working across their schools, and if required will use outsourced assistance.

o Remedial classes and extra classes for learning support.

GOVERNANCE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

OMAI ensures on-going monitoring of governance through active board participation on the investee and operating entities.

55%
FEMALE BOARD
REPRESENTATION

58
TOTAL NO. OF BOARD MEMBERS
27
NO. OM BOARD SEATS


ALTERNATIVE INVESTMENTS

HIFSA

The Housing Impact Fund South Africa (HIFSA) was established in 2010 with the aim to make commercially-viable investments into the affordable housing sector to achieve large-scale housing impact. The focus was on investments in all forms of affordable housing, including physical development, ownership of rental stock and end-user finance. Rental stock also includes specialised student accommodation. It allowed investors to achieve targeted investment points as defined in the Financial Sector Charter.

The Greenfields portfolio consists of 26 projects containing 47 000 potential housing opportunities and one retirement village. There are 13 rental portfolios and one end-user finance investment.

The R9.15 billion Fund was established with a 15-year tenure and will end in 2025.

IMPACT

11 SUSTAINABLE CITIES AND COMMUNITIES

HIFSA's mandate is that at least 60% of housing opportunities delivered or loans originated should be affordable to the Financial Sector Charter (FSC) target market. The FSC target market is defined as individuals and/or households earning a gross monthly income of R24 300 per month or less (2019).

17,110
HOUSING OPPORTUNITIES
CREATED & TRANSFERRED

THE **NUMBER OF LOANS PROVIDED** SINCE INCEPTION :

70% FSC — **78 000** HOME IMPROVEMENT LOANS

85% FSC — **2000** MORTGAGE LOANS

81%
FSC AVERAGE

• CERTIFIED EDGE UNITS IN PORTFOLIO	688
• STUDENT BEDS	7,648
• FSC STUDENT BEDS	6239
• FSC% STUDENT BEDS (MOSTLY NSFAS STUDENTS)	82%
• FSC GREENFIELDS UNITS	13208
• FSC% GREENFIELDS	77%
• RENTAL UNITS IN THE PORTFOLIO	6610
• FSC RENTAL UNITS	5535
• FSC% RENTAL	84%

CLIMATE ACTION

13 CLIMATE ACTION

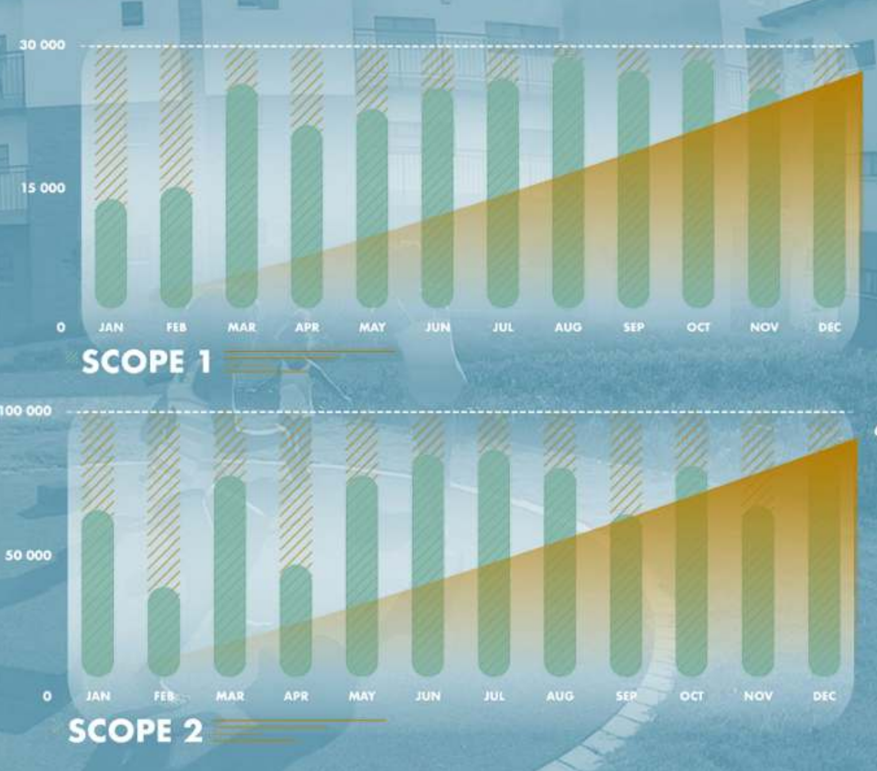
Green building design principles are considered in all our developments. Since 2017 we have pursued EDGE certification where feasible. Excellence in Design for Greater Efficiencies (EDGE) is a green building certification system for emerging markets, an innovation of the International Finance Corporation, a member of the World Bank Group. To qualify for certification, a building must achieve 20% reduction in energy, water and embodied energy in building materials used respectively, over and above the regulated building standards in South Africa, the SANS 10400. EDGE certification is administered and issued by the Green Building Council of South Africa. Rating tools such as EDGE provide a fundamental platform to measure and reduce the environmental impact of buildings and contribute to counter the effects of climate change. In 2019 we achieved certification of 561 rental housing units, which translates into carbon emission savings of 1,018 tCO2e per annum. A further 457 units have been confirmed as EDGE compliant, although not formally certified.

CO_2e
TOTAL **EMISSIONS**
6,821 tCO_2e

CARBON FOOTPRINT

SCOPE 1
0.54 tCO_2e

SCOPE 2
6820.92 tCO_2e



WATER

6 CLEAN WATER AND SANITATION

One of HIFSA's rental operators, who manages a portfolio of some 17 inner-city buildings consisting of 2 960 units, embarked upon a water-saving initiative in six of the buildings during 2019. They installed individual water meters in all the units, resulting in tenants being billed for their real water usage instead of paying a fixed amount with their monthly rent. Tenants had no incentive to use water sparingly before. Interestingly, some tenants changed their consumption behavior, while others blamed the manager for their high water bill – and eventually most of those tenants chose to evacuate the buildings. This led to higher vacancies in the buildings. Subsequently, the vacant units were filled with more responsible tenants who appreciated the benefits of being in charge of their own water bill. The result is that water consumption decreased significantly, in some cases 30% to 40%.

353,795
KILOLITRES

TOTAL
WATER
USE

GOVERNANCE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

HIFSA as a Trust is governed by a Governing Board of Trustees. All investment decisions are presented to the Investment Committee who recommends approvals to the Governing Board. All major investors in HIFSA are represented on the Governing Board and Investment Committee. OMAI, as fund manager has board representation on all the portfolio companies.

17%
FEMALE BOARD
REPRESENTATION

64
TOTAL NO. OF BOARD MEMBERS

40
NO. OM BOARD SEATS

SOCIAL - EMPLOYMENT

8 DECENT WORK AND ECONOMIC GROWTH

Employment mostly relates to construction jobs on the developments and to building management in the rental portfolio. The Impact Fund is proud to support the increase in decent work opportunities.

DEC 2019
2,291
TOTAL NUMBER
OF EMPLOYEES

SOCIAL - GENDER

5 GENDER EQUALITY

Gender equality remains a focus for HIFSA, with the construction industry being a particular challenge in addressing female representation. The low overall female representation of 16% is an indication of this. Further improvement is also required at management level, with only 19% female representation.

19%
FEMALES IN MANAGEMENT

16%
FEMALE EMPLOYEES

SOCIAL - TRANSFORMATION

10 REDUCED INEQUALITIES

Transformation is a top priority for HIFSA and is a mechanism to create far-reaching economic opportunities to those previously disadvantaged. Through proper transformation, meaningful change can be driven in the economy and the societies we operate in.

– In 2019, HIFSA instituted a process of standardisation and formalising of the tracking of procurement spend across all projects. Procurement policies implemented require that preference is given to BBBEE-compliant suppliers.

– All developers are rated Level 3 and above, with most of the Level 3 developers having a black ownership position of 51% and more.

– 67% of our rental managers are rated Level 4 and above with 68% of the portfolio managed by companies more than 51% black owned.

– Between 60% and 100% of capital expenditure spent on our developments are through level 4 BEE and/or above 51% black-owned service providers.

– The fund manager (OMAI) team of investment professionals who manages the HIFSA portfolios are 65% transformed.

91%
HDSAs
EMPLOYEES

19%
HDSAs FEMALES IN MANAGEMENT

OMRAF

The Old Mutual Retirement Accommodation Fund (OMRAF) aims to address the unique accommodation needs in the South African retirement market by investing in retirement accommodation development and acquisition transactions. OMRAF is the only Impact Investing fund not aimed at the affordable market; it aims to increase retirement accommodation capacity in the middle- to upper-income market. The R2 billion fund, launched in 2015, invests in various products including life-rights, sectional title, freehold, rental and associated retirement services. The fund focuses on delivering commercially-attractive returns, providing a positive societal benefit and building a long-term asset base. As at December 2019, the Fund had seven approved transactions comprising ZAR850 million of committed funds.

IMPACT

3 GOOD HEALTH AND WELL-BEING
11 SUSTAINABLE CITIES AND COMMUNITIES

Older people have specific social and medical needs which are often not adequately met by families, the informal healthcare sector or government. The older person's environment is considered to be a vulnerable sector. Retirement villages provide an important societal service to the elderly population. OMRAF stimulates the development of the elderly care sector by providing sustainable developments, care services and retirement infrastructure and amenities. Specialised healthcare in the villages includes assisted living, frail care, palliative care and more.

306 TOTAL NUMBER OF UNITS

77 FRAIL CARE BEDS

1,027 LIFE-RIGHT UNITS

CLIMATE ACTION

13 CLIMATE ACTION

OMRAF aims to address climate change by pursuing EDGE compliance and certification of its retirement developments. Through EDGE, a green building certification system, savings of 20% must be achieved in each of the categories water, energy and embodied energy in materials used, contributing to a reduction of carbon emissions over the life of the development. Three developments aim to be EDGE certified at the end of the development period. EDGE requirements are included in the legal agreements.

CO_2e TOTAL EMISSIONS 771 tCO_2e

154 MWh RENEWABLE ENERGY PRODUCED

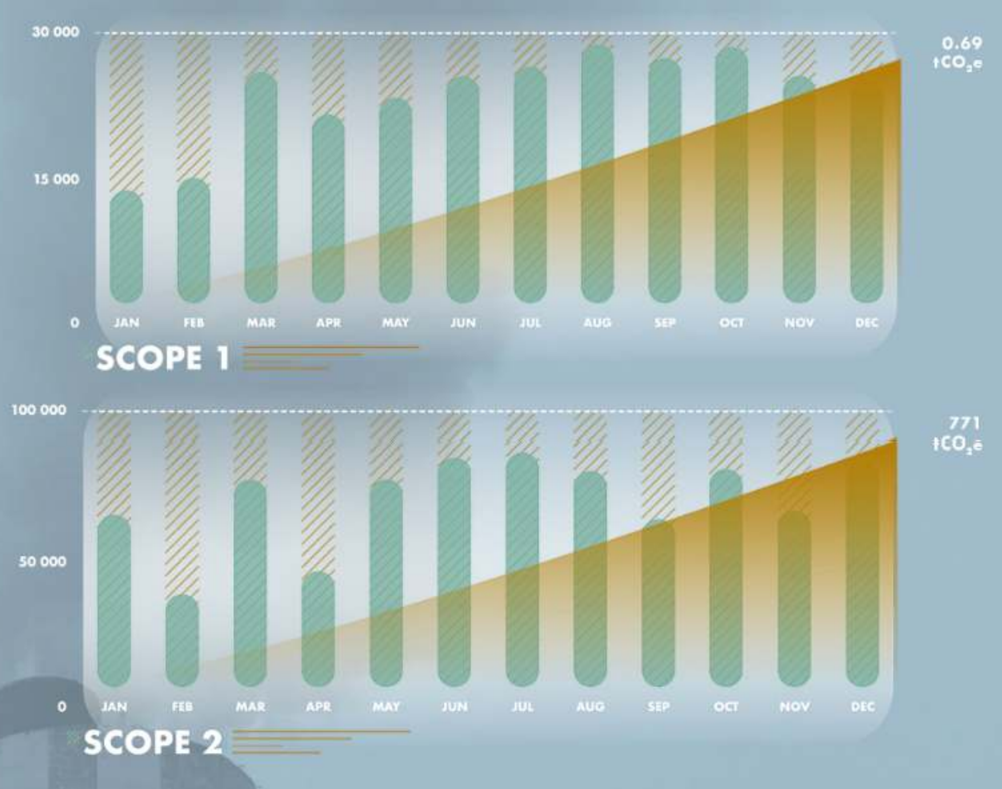
46 HOUSEHOLDS POWERED BY RENEWABLE ENERGY

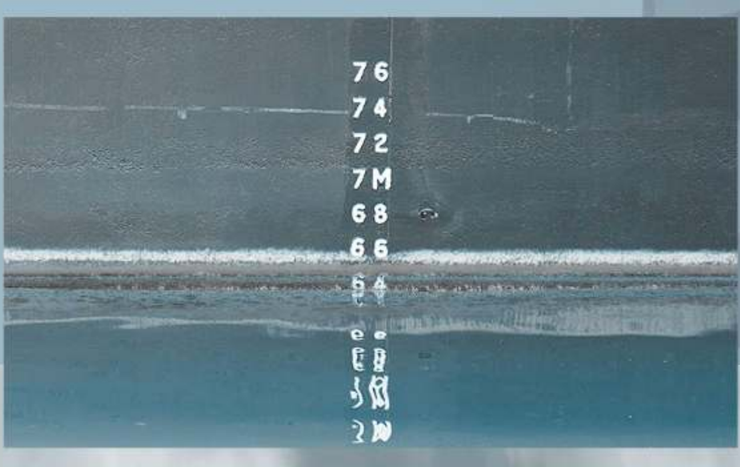
31.27 EMISSIONS OFFSET (tCO_2e)

CARBON FOOTPRINT

SCOPE 1 0.69 tCO_2e

SCOPE 2 771 tCO_2e





WATER

6 CLEAN WATER AND SANITATION

10,587 KILOLITRES TOTAL WATER USE

GOVERNANCE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

OMRAF is set up as a private company and has an Investment Committee and Board of Directors as its primary governance structures. The Investment Committee includes two independent members. OMRAF has board representation on all its investee companies' boards, thus being able to participate in governance, risk management and strategic decision making regarding the investments. Detailed requirements to ensure good governance and reporting are set out in the legal agreements of the transactions to ensure that the business complies with all relevant industry regulations pertaining to retirement homes and care facilities. Environmental and Social Management Systems are put in place to monitor Health, Safety, Security, Pollution Prevention, Resource Use, Employees and Labour. Female board representation will be a focus area going forward.

0% FEMALE BOARD REPRESENTATION

18 TOTAL NO. OF BOARD MEMBERS

12 NO. OM BOARD SEATS

SOCIAL EMPLOYMENT

8 DECENT WORK AND ECONOMIC GROWTH
5 GENDER EQUALITY

New retirement developments are labour intensive and create meaningful direct employment during construction; thereafter the ongoing operation of the retirement villages and healthcare facilities will create ongoing direct employment. The employment number is a combination of construction and operational jobs.

Sub-contractors and labour force in the developments are mobilised from the local labour supply during construction, and procurement spent is mostly with contractors who are BEE level 4 or above. The overall female representation of 42% indicates good progress. Gender equality will remain a focus for OMRAF from an overall representation perspective and representation at management level going forward.

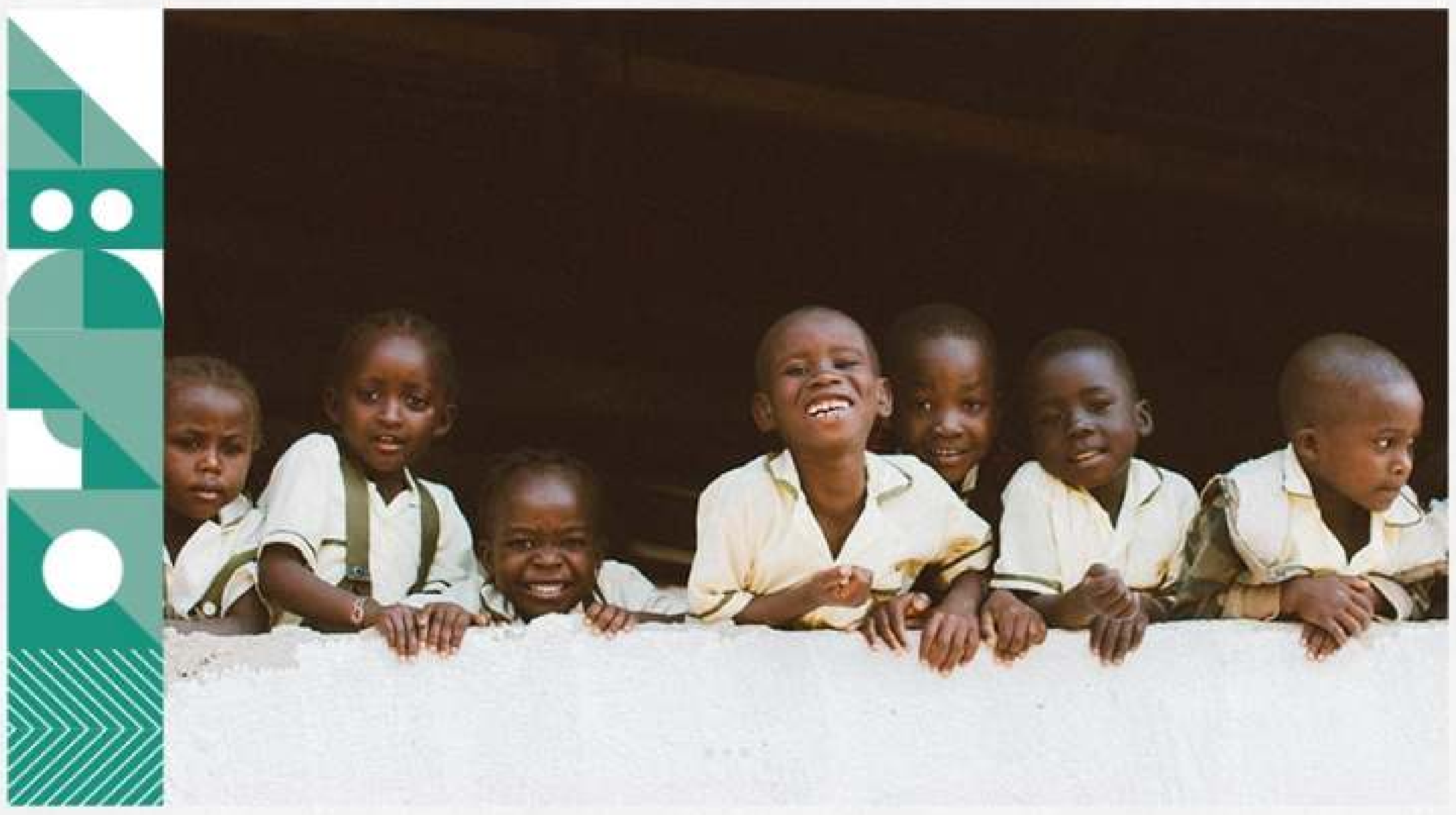
DEC 2019 **266** TOTAL NUMBER OF EMPLOYEES

42% PERCENTAGE OF FEMALE EMPLOYEES

THOUGHT LEADERSHIP

– THE FUTURE OF ALTERNATIVE INVESTMENT –

MON, JULY 20 2020



Narrow Definitions Risk Limiting The Investment Pool For Positive Social Gains

Dean Alborough & Scott Nadler | IMPACT INVESTMENT, SUSTAINABILITY | 18|03|2020

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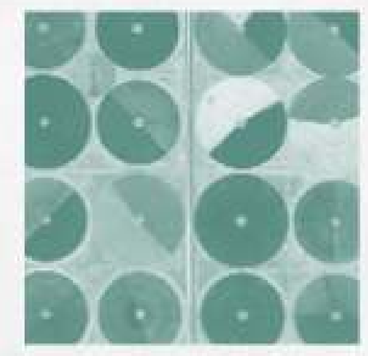
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LAUNCH

Impact investments are on the rise. Research in 2018 by management consultants McKinsey found they are growing in popularity. McKinsey expects impact investments to reach more than USD300 billion in total assets under management by 2020. The sums are large but not enormous. To put this in context, USD300 billion is but a small fraction of the estimated USD2.9 trillion that private-equity firms will manage globally over the same period. But what are impact investments? There is no universal definition. Part of the problem of definition is their long genesis. Over time, they have picked up a myriad of conceptual narratives. The Global Impact Investing Network (GIIN), arguably the leading impact investing organisation, acknowledges the challenge in its recent publication Roadmap for the Future of Impact Investing: Reshaping Financial Markets.

For non-specialists trying to get to grips with this, GIIN admits: 'This universe [of impact investors] lacks a commonly accepted or understood segmentation, creating confusion and opacity that constrains the deployment of investment capital.' We think GIIN has identified two valid definitional needs: the need to clarify impact investing's identity and the need to develop investable impact products. The relationship between these two needs – the 'what' and the 'how' – helps us view and understand impact investing. While difficult to define precisely, professional investors commonly apply useful broad terms to impact investments. First, they can be considered a derived product such as a listed vehicle in capital markets where positive impacts are hard coded into the vehicle's mandate. Second, they are also defined by the nature of the investment where specific sectors typically prevail, such as renewable energy. Third is how the investment is undertaken, where any positive outcome is sought, not limited by specific product, mandate or sectors. While none of the above are mutually exclusive, as investors we need to reflect on how we are undertaking investments and whether we are applying the narrower view of impact investing as a product or as a subclass, or if we are applying it in far broader terms. However narrow or broad the definition, one thing is clear: impact investors expect to generate financial returns on their investments while supporting positive environmental and/or social outcomes. This is not the same as environmental or social philanthropy.

A continuous process of reflecting and gaining clarity Impact investing lies within the wider concept of sustainability/sustainable development and environmental, social and governance (ESG) practice. As a term, ESG is now well-established in the financial sector, synonymous with sustainability and sustainable development, which the respected Brundtland Report defines as "... development that meets the needs of the present without compromising the ability of future generations to meet their own needs ".

Good ESG practice is strategic and should be considered a core part of an investment business, and even more so if impact investing is included. But we must be careful if we advocate the use of the term 'definition' as it seems too hard-coded, given the complexity of the world. Instead we prefer to refer to 'interpretations' of impact investing, these being more flexible and accommodating. Consider, for example, comparing a wind farm versus a gas thermal power plant investment.

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At the heart of this argument is that the most important, dearly-held human values are often the hardest to measure. Energy and environmental issues are essentially about physical conditions in the real world, and thus susceptible to quantification. Human rights issues are hard to quantify and compare: we know what a degree of temperature is (and it is uniform globally), but what is a degree of human freedom or choice? The world is complex. We are not referring to the world as being 'complicated', but as made up of countless complex systems. Imagine developing a hard-coded definition as drawing the boundary lines of a box. One then places this box within these countless complex systems. First, this action is wholly anthropocentric and we have presumed to understand these complex systems (we are likely wrong); secondly, the hard-coded boundary lines of the box have created exclusion of everything not in the domain of the box. As we are unlikely to have fully understood the complexity we are working in, much of this exclusion will be unintentional and likely unhelpful. Simply put, many investors who could have had really practical, positive outcomes may be left out of the 'Impact Investing' capital resource pool.

Critically, each investor must reflect and gain clarity of how they undertake and understand (interpret) sustainable development and/or impact investing, how this should inform their strategy, and how this can be clearly articulated to their stakeholders. This allows for alignment on strategy and alignment of expectations with stakeholders. Our real world example highlights how impact investing and sustainable development can be complex and messy. Clarity is the issue here. What is key is how your specific offering, your way of thinking and reporting, and ultimately your ESG and impact investing strategies are articulated clearly with your stakeholders. In considering this, investors should first reflect on the full landscape of sustainable development, and the full toolbox of ESG and how this can be applied to all investments rather than defaulting to a potentially narrow view of impact investing too quickly. A key consideration is understanding your budget to support a determined strategy. Again, one is not arguing that one strategy is better than another, but that rigor is necessary in understanding, distinguishing, choosing among and executing any of these strategies that result from the interpretation(s) of impact investing you wish to adopt.

Another consideration is where international ESG standards, guidelines and reporting frameworks find themselves in one's view and interpretation of impact investing? How will you operationalise these frameworks to ensure that the broad foundation of good ESG practice underpins your investment strategy? What we should avoid is a narrow focus on impact investing that is to the detriment of good ESG practice and sustainable development across the private equity market, where positive environmental and social outcomes can be delivered to more communities while investors make agreed returns on their capital.

Dean Alborough is Head of ESG at Old Mutual Alternative Investments and Scott Nadler is Principal and Founder of Nadler Strategy and a non-executive director of Ibis ESG Consulting.

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– THE FUTURE OF ALTERNATIVE INVESTMENT –

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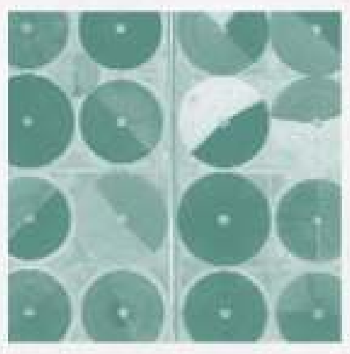

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At the heart of sustainable businesses is effective corporate governance. It is good governance that ensures businesses deliver for all stakeholders, including shareholders, lenders, employees, suppliers and the communities in which we invest.

As a responsible investor, Old Mutual Alternative Investments (OMAI) maintains focus on governance aspects in all our investment decision-making and active stewardship of assets. We also apply best governance practices in our portfolio companies. This includes across various African jurisdictions, adhering to local governance related laws and using the King IV Report on good corporate governance as a key reference framework. We also provide hands-on advice and support at board and subcommittee level in portfolio companies.

Board diversity has been a topical point for many years now. The Harvard Business Review notes that their own 2018 Annual Corporate Directors Survey shows that nearly 95% of directors agree that diversity brings unique perspectives to the boardroom, while 84% believe it enhances board performance.

Despite the advantages of diverse boards and corporate cultures, making this happen has remained frustratingly slow, and collectively we all need to improve our performance. One look at some recent statistics gives a clear picture of the current state of progress, or rather the lack of it. In the United States according to the Equilar Index, only 17.7% of Russell 3000 board seats are held by women, and only 15% of board seats at the top 200 companies in the S&P 500 are held by racial minorities.

are held by racial minorities. This being said, some recent actions show legislators are beginning to demand more than good intentions. For example, the state of California last year mandated that every publicly-traded company headquartered in the state must have at least one woman on its board by the end of 2019. Companies with at least five directors will be required to have two or three women, depending on the board's size, by 2021. Norway, Iceland, Spain and France now require boards to be 40% female. But if left to their own devices boards are not diversifying.

One of our key questions is how are we establishing and supporting non-homogenous boards and subcommittees in our portfolio companies.

In the last year we have undertaken a focused effort on supporting board diversity across our portfolio. Some solid advances have been made but of course it is work in progress.

STEPS IN A JOURNEY OF DIVERSIFICATION

Four aspects of diversity within governance structures are race, culture, gender and knowledge/skillset. One of African Infrastructure Investment Managers' (AIIM), the infrastructure investment business of OMAI, flagship Pan-Africa funds, Africa Infrastructure Investment Fund 3 (AIIF3), is actively driving diversity against these aspects.

AIIF3 has appointed a number of non-executive directors (NEDs) on the boards and subcommittees of its investee companies to actively promote diversity and effective leadership. These include regional and industry specialists, or operating partners. Regional specialists include two Francophone Africa and two East Africa senior advisors, both are women. Our operating partners have operational and technical expertise in the following sectors: thermal power, renewable energy, midstream energy, ports and logistics and airports.

From a gender perspective AIIF3 currently has four women NEDs in four of the portfolio companies, including a chairperson role.

We are also working with The Boardroom Africa, which promotes talented women to boards across the African continent, to further improve gender diversity and actively recruit women for investee company boards. It also connects peer-endorsed, board-ready women with CEOs and board executives for access to board and investment committee services.

Six women NEDs in our portfolio companies have since joined The Boardroom Africa to help support gender diversification across other businesses outside of AIIM. While not sufficient, it is a move in the right direction and the positive experience of gender diversification across these boards only motivates us to do more.

Linking with partners such as The Boardroom Africa has helped us on this journey.

Tamsin Jones, Co-Founder and Executive Director of The Boardroom Africa, commented: "We are thrilled to partner with African Infrastructure Investment Managers, not only is it Africa's largest and most experienced infrastructure-focused private equity fund manager, but also a true champion for diversity in corporate governance.

"Most recently, we were pleased to collaborate on the successful search for diverse candidates for BBOXX Rwanda, an AIIM investee company. We will continue to support AIIM through the endorsement of women within AIIM's network, active placement of women on AIIM boards as well as knowledge-sharing of new data and research on the benefits of diversity on board and investment committees. AIIM's leadership should signal to the broader investment community that championing diversity yields real benefits."

EXPERIENCE AT SUBCOMMITTEE LEVEL

Through AIIM's earlier flagship Pan-Africa fund, the Africa Infrastructure Investment Fund 2 (AIIF2), I have the pleasure of sitting on a board and subcommittee of a solar PV farm located in South Africa.

It has been an interesting exercise to consider the diversity of the Social and Ethics Subcommittee of the board. The subcommittee is made up of eleven individuals, six of whom are women and six non-white; most from varying backgrounds. One individual hails from the region where the solar PV farm is located and understands intrinsically the culture and context of the business. Overall there are at least five different cultural backgrounds represented on the subcommittee. From a technical perspective there are two environmental, social and governance (ESG) specialists, two current solar PV plant CEOs, a human resources advisor, two financial professionals, two community operations professionals, a technical operations manager and a company secretary.

Given the broad spectrum of sustainability that the subcommittees need to oversee, I think it is critical that subcommittees are suitably diverse. As a subcommittee member I've personally seen the business face highly varied issues. On reflection every single members' background and skillset has been called upon to support the business in its decision making. Issues have ranged from internal employee aspects, community aspects, operational health and safety, security, water quality, managing electrical installations at an industrial scale, financial cash flows and management to beneficiaries of the business and its governance.

It is not always comfortable assembling fully diversified boards or subcommittees, especially if dealing with established legacy boards or subcommittees. However, what has proven incredibly valuable in the above example and across the AIIF3 fund is to consider the nature of the business, the context in which the business finds itself and the function that the board or specific subcommittee needs to fulfil, and then actively work to establish a group of individuals that are collectively best placed to deliver leadership.

In every circumstance, team performance in life and business is improved through the addition of unique skills sets and enhanced by team diversity, whereby specific strengths of individuals with different cultural backgrounds are combined to make a stronger whole. AIIM strongly believes diverse teams are critical to success, better teamwork and a much reduced risk of 'groupthink'.

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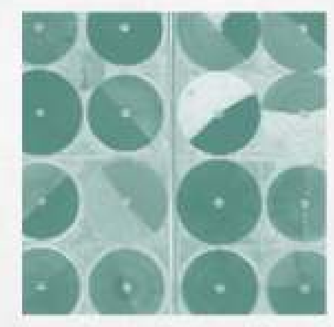

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LAUNCH

Private markets are seen as fertile ground to more directly achieve positive impact, given an investors engagement at boards and subcommittees. With the speed at which impact investing is evolving, it is prudent to self-reflect on one's own impact management practices and test the integrity of your approach. Who would have thought that the investment profession would become one of the leading actors of global sustainability? Many now hold the view that managers of capital have a moral duty, given their role, to drive forward the sustainability agenda. Ten years ago, as a consultant I certainly would not have predicted the role asset management now plays in the drive for global sustainability. Yet here we are, with impact investing showing signs of only gaining further momentum.

And so, demonstrating your impact (positive contribution) is more and more a requirement to do business. Old Mutual Alternative Investments (OMAI) is one of the largest alternative investment managers in Africa, with over R58 billion (US$4 billion)* under management in infrastructure assets, private equity and impact funding. Our commitment to responsible investment is central to OMAI's investment objectives and to fulfilling our fiduciary duties towards our shareholders and beneficiaries. We believe that embedding environmental, social and governance (ESG) thinking into our investment decision-making is critical if we want to create positive futures and sustainable, superior, risk-adjusted returns for our clients. Framework to achieve its vision of continual improvement in ESG performance and unlocking positive impact outcomes.

WHAT IS IMPACT INVESTING?

OMAI has therefore adopted an ESG and Impact Management Impact investing can be viewed as a subset of good ESG practice. The International Finance Corporation (IFC) recently defined impact investing as 'investments made in companies or organisations with the intent to contribute measurable positive social or environmental impact, alongside a financial return'**. There are four key elements that an impact investment must have, according to commonly adopted definitions –

1. intent,
2. positive impact contribution,
3. measurement thereof and
4. financial return.

ESG (sustainability) practice in the financial services historically focused on negative impacts risk mitigation (focus of 'do no harm'). A growing realisation dawned globally that if we continue to incur negative impacts, even if minimised, a downward trend in environmental and social health inevitably results. In 2015, the United Nations Sustainable Development Goals (SDGs) were established, providing governments and the private sector the opportunity to contribute towards the overall goals, creating not only a focus on the risk management of negative impacts, but an equal focus on the creation of positive impacts and their contribution towards meeting the major challenges facing our world. A global shift led to an idea of "net positive outcome". However, the adage "you cannot manage what you don't measure" holds just as true in the ESG and impact investing practice.

Investments that claim to result in positive outcomes require credible, robust measurement to evidence such impact. Robust positive impact measurement allows for the following:

1. Defensible evidence of your positive impact.
2. A deeper understanding of how positive impacts are being created.
3. An analysis to determine if the positive impact is what you intended.
4. Just as important, an indication if efforts are not resulting in the intended positive impact. In which case management decisions should be made to adjust your activities.

Unfortunately, for good reason, there is a growing concern in the impact investing world called 'impact washing', where investors falsely claim the achievement of positive impacts. To guard against this, investors should adopt a robust defensible impact measurement and management approach.

DIFFERENT APPROACHES TO IMPACT MEASUREMENT

The practice of measuring impact has been around for decades in the environmental and social industry, primarily in impact assessment practices. Much can be gained from analysing these applications. More recently the Global Impact Investing Network (GIIN) has published documents on impact measurement, and the Impact Management Project has provided a framework of the elements that can be considered when measuring impact. In a recent publication, the IFC has identified three dominant approaches adopted for impact 'measurement'. These include:

1. Actual measurement of defined metrics against a target/goal (Impact target archetype)
2. A qualitative assessment of the significance of the impact (Impact rating archetype)
3. A quantitative calculation of the degree of impact (Impact monetisation archetype).

It is critical to identify that there is a difference between 'measurement' and 'rating', and that these are not mutually exclusive. It is possible to undertake impact rating in a very subjective manner with little to no real measurement, highlighting a risk of the rating archetype. Approaches 1 and 3 above require actual measurement of impact.

OMAI'S IMPACT MEASUREMENT APPROACH

OMAI's primary approach is the impact target archetype. This is the identification of goals with associated targets. Measurement of relevant metrics is undertaken to assess progress, or lack thereof, against these targets.

The key reasons why OMAI has adopted this as our primary approach is the following:

1. OMAI has always held the position that any claimed positive impact must be based on credible, defensible evidence.

2. Only by measuring your impact at ground level can you manage it.

3. While an impact rating approach could be overlaid, it needs to be based on actual ground level measurement in any event.

4. The impact monetisation approach, while powerful in result, is an expensive and time consuming methodology.

OMAI utilises this approach in certain ad hoc contexts where it makes sense and is complementary to the primary impact measurement approach.

Impact investors should reflect on why they may choose a certain approach, and implement an impact measurement system.

The SDGs are a set of 17 goals which act as a successor to the Millennium Development Goals. These goals were adopted at the Sustainable Development Summit on 25- 27 September 2015 in New York, and are now considered the primary global benchmark for institutions seeking to achieve sustainable development in their business, activities and investments. OMAI uses the SDGs as topline objectives, identifying those global goals which we believe we are most likely able to influence in terms of outcomes across our broad portfolio and those that are relevant within our context. OMAI implements an environmental and social management system (ESMS) as a robust approach to embedding ESG requirements across its fund portfolios, including a positive impact management framework. The ESMS fully integrates ESG into the OMAI investment lifecycle. ESG and impact metrics are tracked across our portfolios, aligned to our goals and SDGs for both risk management and positive outcomes. Only metrics that are relevant for a given portfolio company are tracked. Where initiatives or activities are intended to generate a positive impact, OMAI uses a Theory of Change methodology which maps the change pathway for the intended positive impact. This allows the identification of the relevant metrics to be tracked. The Theory of Change model is used and recognised by global Development Finance Institutions (DFIs) as a credible approach to measuring positive impact.

BEYOND MEASUREMENT: THE CRITICAL FEEDBACK LOOP

We view the reporting of ESG risk management and positive impact as the by-product rather than the primary focus. The primary focus is driving decision-making and positive change at the portfolio company itself, at ground level. Opportunities identified from measured data analyses are applied through a feedback loop to the portfolio company, and actions driven through the board and subcommittees. Investors should adopt a well-considered system for impact management. Increasingly this will be a requirement to play in the impact investing space, with an emphasis on measurable outcomes of what has been achieved.

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This article was written by Dean Alborough, Head of ESG, Old Mutual Alternative Investments Originally published in Business Times on 14|02|2020

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