

OLDMUTUAL

Old Mutual Limited

# MONTREAL PLEDGE CARBON DISCLOSURE



DO GREAT THINGS EVERY DAY

<b>Company Name:</b> Old Mutual Limited	<b>Holdings:</b> South African Local Listed-Equity Holdings, Old Mutual Limited
<b>Holdings:</b> Financial Services	<b>Value of Assessed Holdings:</b> R55.73 Billion
<b>Region:</b> International	<b>Manager:</b> Old Mutual Investment Group
<b>Total Funds Under Management:</b> R1 043.7 Billion	<b>Benchmark:</b> FTSE/JSE Shareholder Weighted All Share Index (SWIX)
<b>Business Owner:</b> Jon Duncan, Head of Responsible Investment	<b>Service Provider:</b> MSCI ESG Research Inc.

As at 31 December 2018

## ABOUT US

Old Mutual Group was established in Cape Town in 1845 as South Africa's first mutual life insurance company, offering financial security in uncertain times.

Our purpose is to help our customers thrive by enabling them to achieve their lifetime financial goals, while investing their funds in ways that will create a positive future for them, their families, their communities and broader society.

In this way, we significantly contribute to improving the lives of our customers and their communities while ensuring a sustainable future for our business.

We provide financial solutions to individuals, small and medium-sized businesses, corporates and institutions across several market segments and geographies in South Africa, the Rest of Africa and certain other emerging markets.





## RESPONSIBLE INVESTMENT

The Old Mutual became signatory to the Principles for Responsible Investment in 2012 as an asset owner and, in September 2015, signed the Montreal Pledge.

We view responsible investment as a cross-cutting approach to investment that integrates the consideration of material Environmental, Social and Governance (ESG) factors into investment and ownership practices and as a basis for making the transition to a low-carbon, socially inclusive economy.

Our approach to responsible investment is founded on an understanding of the growing sustainability megatrend and its potential to impact the competitive landscape across all sectors.

Consequently, as a provider of investment, savings, insurance and banking services, we believe that considering relevant material ESG factors in our investment and ownership decisions is consistent with the pursuit of superior risk-adjusted returns for our beneficiaries and customers. It not only makes sound business sense, but in our role as custodian of our shareholders' and beneficiaries' long-term futures, we believe that it is the right thing to do. As such, responsible investment is an important aspect of our Responsible Business Philosophy.

### WHY ARE WE DISCLOSING OUR CARBON FOOTPRINT?

The World Economic Forum's Global Risks Report 2016 shows that climate change and related events rank in the top 10 risks list – both in terms of likelihood and impact. In 2015, Old Mutual released its Climate Change Position Statement recognising the scientific work undertaken by the Intergovernmental Panel on Climate Change (IPCC) in its Fifth Assessment Report ([www.ipcc.org](http://www.ipcc.org)) and the long-term implications of the continued burning of fossil fuels. In December 2015, at the 21<sup>st</sup> Conference of the Parties, the cause of a warming climate was almost universally acknowledged to be caused by human activity.

Old Mutual's position on climate change recognises our role as long-term investor in supporting a transition to a mixed energy, resource-efficient and socially inclusive economy.

Read our Climate Change Position Statement [here](#), and find out more about our Positive Futures Plan and commitment to transitioning to a mixed- energy future [here](#).

Consequently, we have embarked on a process of measuring and disclosing the carbon intensity of our largest internally managed, listed-equity portfolio as a basis for understanding the potential carbon risks and opportunities in the portfolio

### CARBON DISCLOSURE OF OLD MUTUAL'S SOUTH AFRICAN LISTED-EQUITY HOLDINGS

This analysis is as at 31 December 2018 and is a portion of the South African (SA) listed-equity holdings that is managed by Old Mutual Investment Group, thus excluding any third party managers.

These holdings represent 5.3% of Old Mutual's total funds under management (R1 043.7 billion) and are benchmarked against the FTSE/JSE Shareholder Weighted All Share Index (SWIX).

At the time of measurement, the carbon intensity of the portfolio was 2.6% more than the SWIX. This translates in an intensity measure for the holdings of 414.3 tonnes of carbon dioxide equivalents (tCO<sub>2</sub>e)/US\$ million versus the SWIX's 403.7 tCO<sub>2</sub>e/US\$ million. Additionally, the Old Mutual Equities portfolio is 3.9% underweight relative to the SWIX in companies that own Fossil Fuel Reserves.

The carbon intensity i.e. carbon efficiency of a company expressed as total carbon emissions normalised by total sales of the SWIX is 3% more than the EM Index. Emerging market (EM) indices are typically more carbon intensive than developed market indices, this reflects the fossil fuel intensive nature of many emerging market economies.

In respect of our SA listed-equity holdings, our carbon footprint work has allowed us to identify the biggest carbon contributors as a basis for further engagement and analysis. We will continue to track and disclose the carbon intensity of these holdings with the aim of better understanding the opportunities to reduce the carbon intensity over time, without impacting the risk-adjusted investment performance.

## APPROACH TO CARBON FOOTPRINT CALCULATION

### WHAT IS A CARBON FOOTPRINT?

In 2008, the UK Carbon Trust defined a carbon footprint as: the total set of Green House Gas (GHG) emissions caused directly and indirectly by an individual, organisation, event or product.

There are seven primary GHGs, each of which has a different Global Warming Potential (GWP), which basically means that different GHGs warm the atmosphere at different intensities. In order to simplify reporting, all GHG's are converted using their unique GWP, and the resulting Carbon Footprint is reported in carbon dioxide equivalents (CO<sub>2</sub>e).

In the case of a listed-equity portfolio, it quantifies the GHG emissions to which the portfolio is exposed through the shares it holds, based on the GHG emissions of individual investee companies, as well as the carbon efficiency of their supply chains.

### OUR SERVICE PROVIDER AND METHODOLOGY

We selected MSCI ESG Research Inc. to support our carbon footprint exercise. MSCI ESG Research defines portfolio carbon footprint as the carbon emissions of a portfolio per US\$ million invested. Portfolio carbon intensity measures the carbon efficiency of a portfolio and is defined as the total carbon emissions of the portfolio per US\$ million of portfolio sales. Weighted average carbon intensity is a measure of a portfolio's exposure to carbon related potential market and regulatory risks and is computed as the sum product of the portfolio companies' carbon intensities and weights.





Contact your Old Mutual Financial Adviser or your Broker.  
[oldmutual.com](https://www.oldmutual.com)

