

RESPONSIBLE
INVESTMENT



**POSITIVE
FUTURES**

OLD MUTUAL INVESTMENT GROUP CRISA DISCLOSURE

FEBRUARY 2016



DO GREAT THINGS



OLD MUTUAL
INVESTMENT GROUP

This report provides disclosure on the Old Mutual Investment Group's application of the Code for Responsible Investing in South Africa (CRISA) for the period of 1 January 2015 to 31 December 2015. In line with the requirements of CRISA, the scope is limited to the investment and ownership activities of Old Mutual Investment Group's listed-equity investment capabilities, which are managed by the following investment boutiques: Old Mutual Equities, MacroSolutions, Global Emerging Markets and Customised Solutions.

For details of our full Responsible Investment Programme across all asset classes, please refer to the responsible investment section on the Old Mutual Investment Group website, www.oldmutualinvest.com, as well as the Old Mutual plc Annual Report, available on www.oldmutual.com.

Our disclosure is structured to address the following CRISA requirements:

- the disclosure of responsible investment policies;
- the disclosure of responsible ownership practices; and
- the comprehensive disclosure of the implementation of CRISA's five key principles.

Additionally, we have provided feedback on progress related to the targets we set for 2015, and an outline of our future goals.

RESPONSIBLE INVESTMENT POLICIES

Old Mutual Investment Group's responsible investment activities are guided by a suite of policies and guidelines that are publically available on www.oldmutualinvest.com, namely:

- Responsible Investment Guidelines
- Responsible Ownership Guidelines
- Listed-Equity Proxy Voting Policy
- Conflict of Interest Management Policy

Our guidelines and policies are living documents, and are reviewed and updated annually or as required, with the most recent review being in January 2016.

RESPONSIBLE OWNERSHIP PRACTICES

Old Mutual Investment Group's responsible ownership practices are guided by our Responsible Ownership Guidelines and our Listed-Equity Proxy Voting Policy. Our approach to responsible ownership for the period under review comprises the following:

- a publically available proxy voting policy;
- the voting of proxies;
- disclosure of proxy vote results directly to the public;
- engagement with investee company management on a range of issues, including issues that are of an environmental, social and/or governance (ESG) nature; and
- collaboration on governance and industry related issues.

Old Mutual Investment Group's approach to engagement is detailed in our Responsible Ownership Guidelines. A defining feature of our approach is our commitment to engage constructively with company Boards and management teams in a non-public manner in order to achieve positive change.

Details concerning our listed-equity responsible ownership practises for the period under review are detailed in the section below.

CRISA IMPLEMENTATION

Old Mutual Investment Group gives effect to its responsible investment commitments through its Responsible Investment Team, which comprises five members: the Head of Responsible Investment, an ESG Analyst/RI Programme Manager, an ESG Engagement Manager, an ESG Research and Systems Analyst, and a Marketing and Communications Specialist. The Team is also responsible for delivering the Old Mutual Group's Responsible Investment Programme and interacts with business units based in the United States, the United Kingdom and across various African countries. The Team meets monthly and reports into Old Mutual Investment Group Executive Committee.

THE CRISA PRINCIPLES

We give effect to each of CRISA's principles as follows:

Principle 1: ESG incorporation

Old Mutual Investment Group's approach to the incorporation of ESG factors in the investment decision-making process is built on an understanding of the potential for these issues to influence long-term business performance.

Each of our investment boutiques has the freedom to apply its understanding of ESG risks and opportunities in a manner that is consistent with its investment process and philosophy. These approaches are formally described on each boutiques' website.

Our Responsible Investment Team is the focal point for ESG research, and sources ESG ratings, data and thematic research from a range of third-party providers, including brokers, NGO's and think tanks. Additionally, we generate proprietary ESG research across a range of companies and themes.

2015 goals

In respect of ESG integration we made the following progress in 2015:

- We conducted regular portfolio-wide assessments of ESG risks as the basis for focusing in on sectors in which we have material holdings and that have poor ESG practices.
- We initiated a programme of quantitative-based research to better understand the manner in which our ESG ratings data can be best leveraged across our investment processes.
- We conducted a Carbon Footprint analysis of the carbon intensity of our SA listed-equity holdings, and made disclosure on this in line with our commitment to the Montreal Pledge.
- We progressed with the launch of our Global ESG Index capability through the Customised Solutions investment boutique, and initiated research on the development of a South African ESG index product.

We will continue to build on our understanding of material ESG factors in 2016, with a focus on ESG product development, thematic research on relevant ESG issues in the listed space, and leveraging our research knowledge and expertise into our company engagements and proxy voting.

Principle 2: Responsible ownership

Key highlights of our responsible ownership practices for 2015 include:

- We voted 100% of our listed equity across Old Mutual Investment Group.
- We prepared our second JSE Top 100 Governance Scorecard for listed shares, and identified trends as the basis for refining or proxy voting and engagement activities.
- We strengthened our engagement strategy and pro-actively engaged with a number of investee companies to further our clients' interests by reducing ESG risk.
- We developed an automated quarterly proxy vote results report for our segregated clients.

Details concerning the main aspects of our responsible ownership practices are presented below.

Proxy voting

At Old Mutual Investment Group, all proxy voting on behalf of clients is conducted through a sophisticated and robust process that takes into account governance best practice. The ESG Engagement Manager oversees the entire proxy voting process for both local and international companies. As the majority of our clients' assets are local listed shares, the voting process for these companies includes the application of our Listed-Equity Proxy Voting Policy, discussions with the various portfolio managers, and the consideration of both our proprietary research and external research provider recommendations before each vote is cast.

As the process is centralised, each boutique's local holdings are aggregated for the purposes of voting, in this way Old Mutual Investment Group carries more firepower and speaks with one voice in the market.

For our international companies where our holdings are typically smaller, the voting process is automated through our online platform where each vote is cast in accordance with the Proxy Voting Policy. For certain of our clients' international holdings, Russell Investments Limited,

a UK based Multi-Manager that we have contracted to manage these international listed-equity portfolios, ensures all proxy voting takes place in terms of their own process and in accordance with their bespoke proxy voting policy, which we have reviewed to ensure alignment with our own policy.

In 2015, we voted all of our clients' listed-equity holdings at various company meetings across the globe. The following graphs provide some details in respect of our local proxy voting activities during the year.

Figure 1:
Breakdown of the 15 482 international votes cast in 2015
 (voting conducted by Russell Investments Limited)

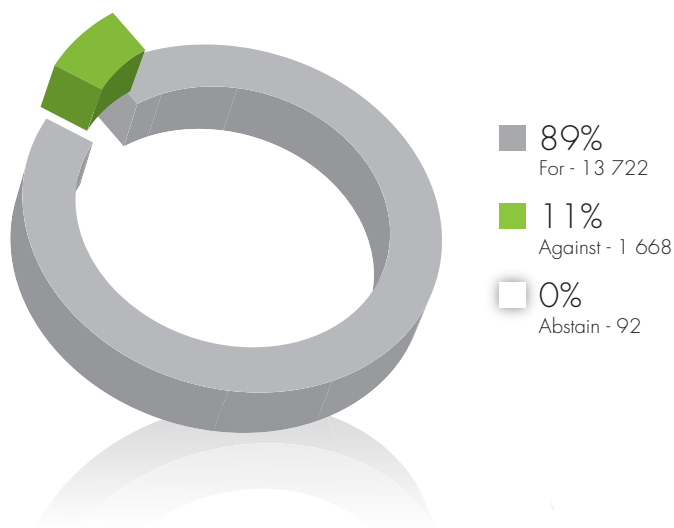
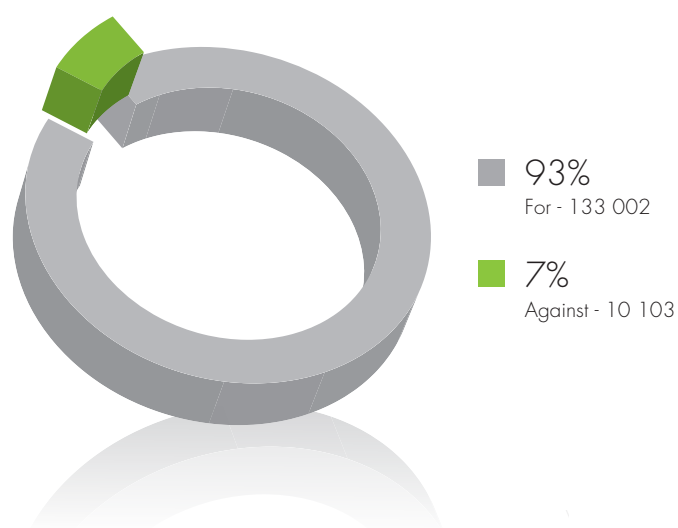


Figure 2:
Breakdown of the 143 105 local votes cast in 2015



Local trends

During the course of the year we identified both governance category and sector-specific trends that emerged from the 2015 proxy season, which are summarised in figures 3 and 4. These trends continue to inform our approach to proxy voting and engagement, and the issues that arose have been used in our engagements with investee companies and highlighted to industry bodies in order to drive industry change.

In our view, the most important governance category, and which has been a focal point for our proxy voting and engagements, is remuneration. Figure 5 highlights some of the key examples of our voting activities in respect of each sub-category of remuneration.

Figure 3:
Governance category with breakdown of total votes cast

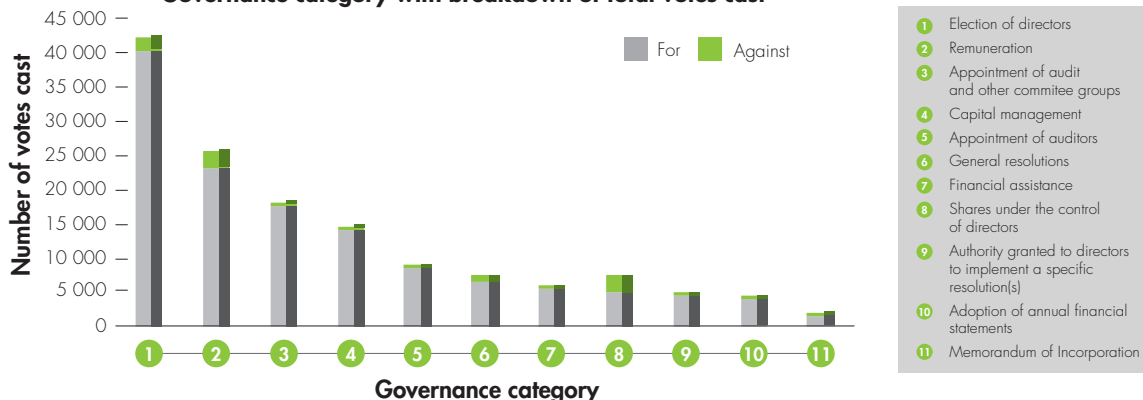


Figure 4:
Percentage split of the 10 103 against votes cast per sector

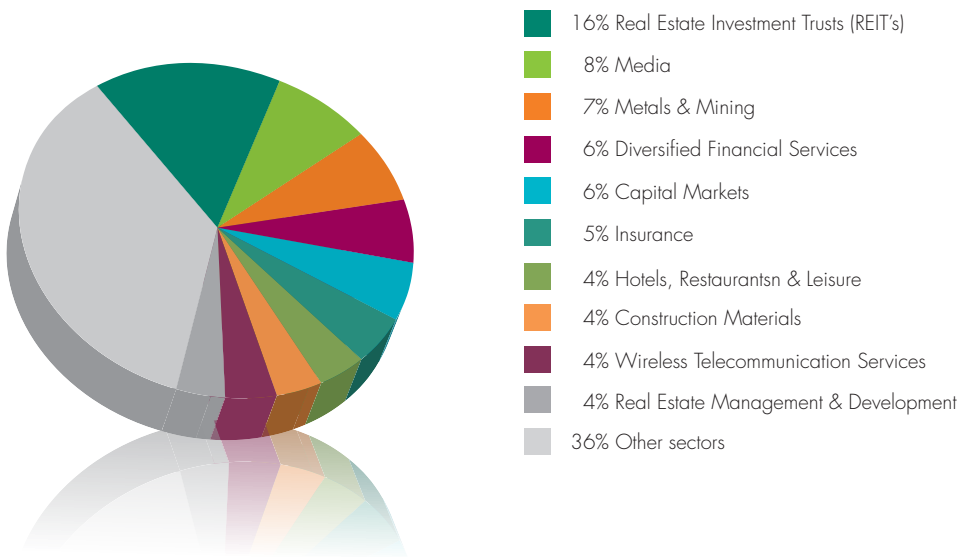


Figure 5:
Remuneration sub-category breakdown with percentage split of the 2 749 against votes cast

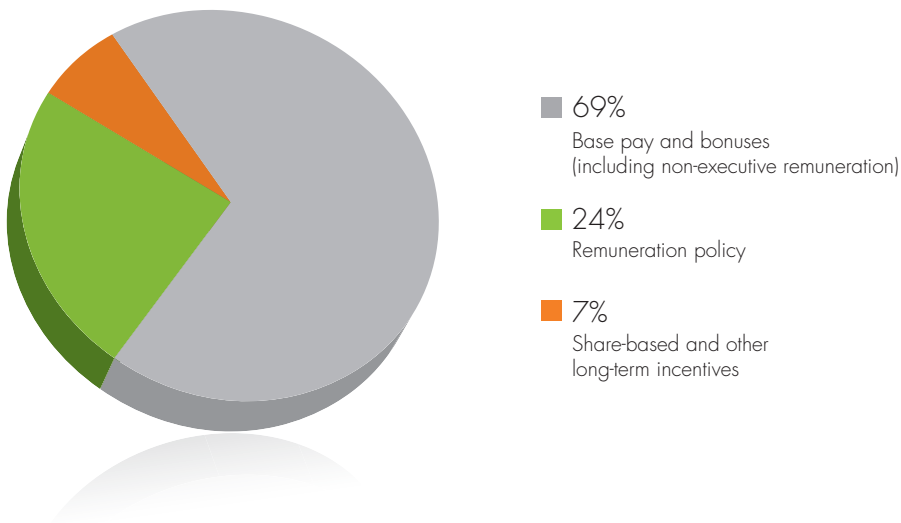
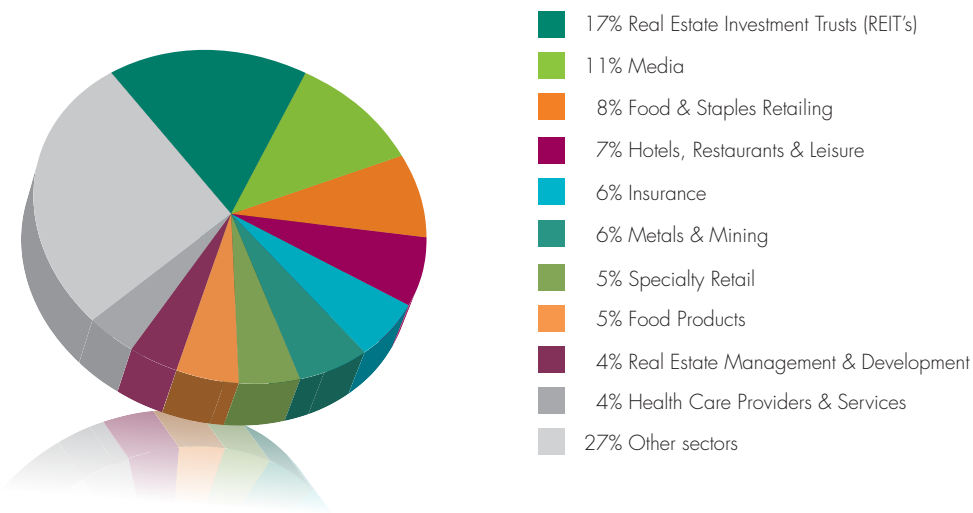


Figure 6 shows which sectors have had issues as to the alignment of the reward and retention of management with shareholder interests, and indicates where we determined misalignment of interests and thus voted against proposed remuneration.

Figure 6:
Percentage split of the 2 749 against votes cast per sector



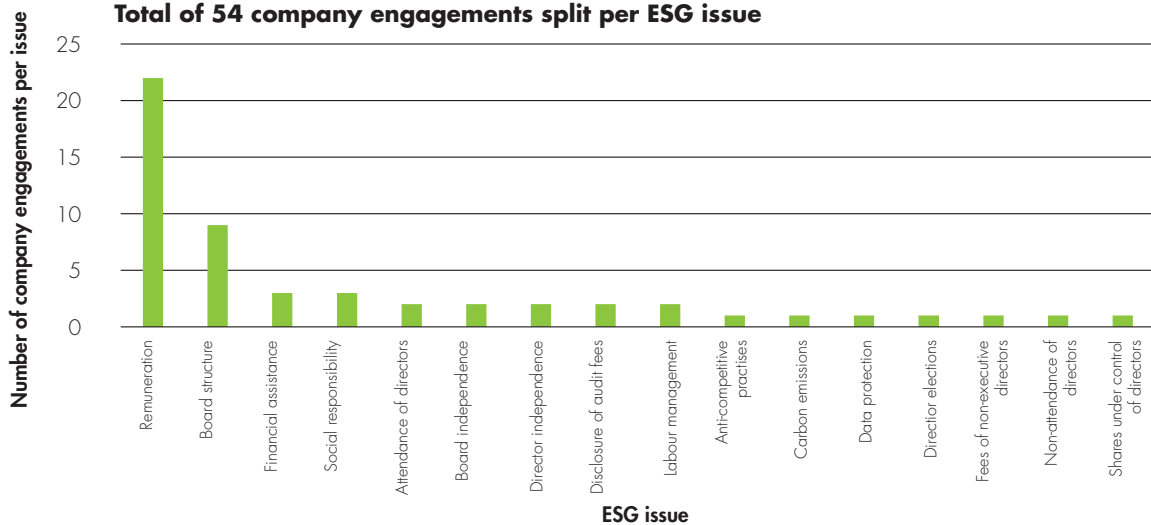
By voting our clients' shares in this manner and in accordance with best practice, our aim is to drive change in the governance practices of companies in which we have material holdings, and to improve transparency and disclosure in company reporting to stakeholders.

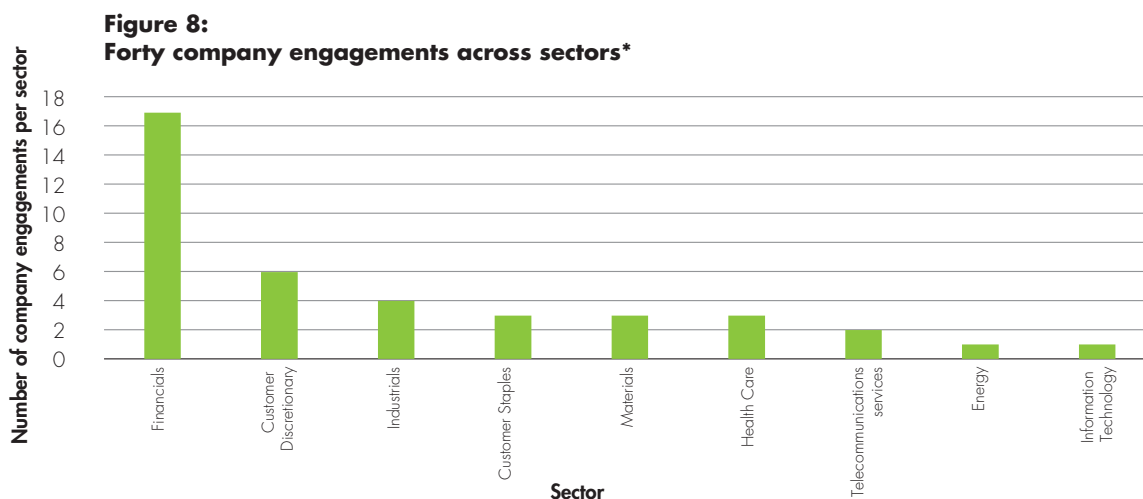
Engagement

Along with proxy voting, Old Mutual Investment Group considers engagement with investee companies as one of the most important aspects of active ownership on behalf of our clients. Our engagements typically take the form of correspondence and, if necessary, one-on-one meetings with company management and the relevant Board members, depending on the nature of the ESG issue raised. Our preference is to conduct these engagements in a non-public manner, as our experience has shown that companies are more willing to discuss issues in depth, and are more amenable to make positive changes in their practices if we engage them in this way.

During 2015 we conducted 54 engagements with local listed investee companies on a broad range of ESG issues, please see figure 7, while figure 8 is a summary of our engagements per sector.

Figure 7:
Total of 54 company engagements split per ESG issue





*Note: the number of engagements here is less than that in figure 7, as you can engage more than one issue with the same company.

Results

We had a number of successful outcomes, with those companies that showed a willingness to hear our concerns moving to change their practices or improve their disclosure on material ESG issues.

Examples of some of these successes include:

- changes made to remuneration policies to ensure better alignment with shareholder interests;
- improvements of governance practices; and
- better disclosure in reporting of carbon footprint, use of renewable energy and waste reduction.

In 2016 we will continue our research into possible ESG risks that may be present in our material holdings, and will focus our responsible ownership practices on proactive engagement with our investee companies on these issues. We will support this with targeted engagement at a sector level where relevant. In addition, we will use our active ownership history and the successful outcomes thereof as the basis for our ongoing activities during 2016 as we drive positive change for our clients' listed-equity investments.

Principle 3: Collaboration and industry leadership

Over the reporting period, Old Mutual Investment Group:

- Hosted our institutional client event, 'What does tomorrow look like?', which brought together thought leaders, our business heads and our clients to showcase our responsible investment activities, and to create a space for the exchange of sustainability ideas.
- Continued in an active role as a founding member of the CRISA Committee.
- Attended many of the working group sessions held by the KING IV Drafting Committee and provided additional feedback to the Committee, on important issues.
- Played an active role in the Principles for Responsible Investment (PRI) South Africa Network, hosted the third quarter event in our Johannesburg offices, and sponsored the launch event of their seminal paper, Fiduciary Duty in the 21st Century in Cape Town. Additionally, our Head of Responsible Investment sat on the PRI Reporting and Assessment Steering Committee, providing input into the PRI's Annual Reporting Framework.
- Played an active role in promoting responsible investment at industry events and at Trustee training sessions.
- Provided support to a range of students undertaking post-graduate research on responsible investment.
- Wrote a number of thought-leadership articles on ESG-related issues.
- Collaborated with the University of Stellenbosch Business School and INSEAD in creating the Africa Directors Programme in order to promote good governance and training across the continent.

In 2016 we will continue to seek out collaborative opportunities to further the responsible investment agenda in Africa.

Principle 4: Conflict of interests

We manage the potential for conflicts of interests through our Conflict of Interest Management Policy. The Policy is implemented through a framework of compliance controls and checks. We will continue to proactively manage conflicts of interest in 2016

Principle 5: Disclosure

During 2015, Old Mutual Investment Group engaged with key stakeholders regarding our Responsible Investment Programme. We have used this feedback to support and enhance our responsible investment practices, in particular with reference to our disclosure of proxy vote results and including ESG content in our client reporting.

Further, we have implemented regular ESG client reporting with bespoke reports on all client portfolios, their ESG profile, and how their shares were voted.

In addition to our annual CRISA disclosure, Old Mutual Investment Group provides further disclosure on its responsible investment practices in the Old Mutual plc Annual Report and through its annual PRI public reporting.

Please visit www.oldmutualinvest.com to access our suite of responsible investment policies and to view our proxy vote results.

