

CARBON DISCLOSURE SUBMISSION 2008

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1. RISKS AND OPPORTUNITIES

1.1 Risks

i Regulatory Risks: How is your company exposed to regulatory risks related to climate change?

Operating in the financial services sector, Old Mutual is not currently subject to any emissions trading schemes.

However various pieces of environmental legislation have an indirect impact on the Group:

The Climate Change Levy - effects the cost of electricity procured in the UK, although supply to Old Mutual Place and the Registry is from renewable sources and therefore levy exempt.

The Planning and Building Regulations - A consultation document for building regulations was issued in March 2008 with the objective of creating a baseline regulatory standard for building performance which enforces compliance in areas including energy efficiency. This currently targets new builds and buildings undergoing works but the potential exists for this to be rolled out to cover all buildings. This is the focus of the Energy Performance of Buildings Directive - which comes into force 1 October 2008 and requires public buildings to display "Display Energy Certificates" and be in possession of an Energy Assessment report, issued by a qualified Energy Assessor.

Private organisations are not required to comply but the guide notes that "they may elect to do so on a voluntary basis"

The proposed Carbon Reduction Commitment (CRC) will have minimal impact on our business. The scheme is still in consultation but 2008 is identified as the qualification year with first permits purchased Q4 2009. In its current format the CRC it will apply to emissions from electricity purchased and only be applicable to UK operations. Tracking these figures will not add any additional operational burden as facilities currently track electricity consumption.

In financial terms we estimate that approx 8,500 tonnes CO₂ will be declared at a forecast rate of £8 / tonne. Thus permits costing approx £68,000 will need to be purchased. These will then be held for a year before being surrendered in line with actual measured consumption and the purchase price refunded with a 10% uplift for the best performers and a 10% cut for the worst. The worst case scenario for Old Mutual is therefore a cost of approx £7,000 over 1 year.

However, as we "go to press" we understand that the whole structure is being reconsidered. Although not strictly "climate change" legislation, our South Africa operations are subject to a government directive to reduce electricity consumption by 15% by 2008. ("National response to South Africa's Electricity Shortage") though to be clear there is no penalty for non-compliance.

Direct and non-direct climate change legislation is likely to proliferate over the coming years and we intend to remain abreast of these changes by being involved in the consultation process wherever possible.

ii **Physical Risks:** How is your company exposed to physical risks from climate change?

As an industry, financial services are neither carbon intensive nor climate sensitive, never the less there are a number of physical risks associated with climate change which could be considered.

In terms of risks to physical assets our property is located in a variety of geographic locations and will be potentially subject to flood, storm activity or drought and each building is considered on a case by case basis.

For example our London headquarters is situated alongside the Thames in central London. The Thames barrier protects central London from flooding and was constructed to 1 in 1000 year event basis. The worst case scenario effect of global warming will be to decrease this to a 1 in 500 year event by 2015.

We will maintain a rolling assessment programme to ensure that the buildings within which we operate have an acceptable risk profile.

In case of any other major incident, business continuity plans are in place to relocate operations to an alternative unaffected office with minimal disruption and financial impact.

Small increases in average temperatures have the potential to impact on costs through higher energy consumption for internal climate control, though the forecast effect of this is negligible.

Shifting disease vectors will have an impact on mortality rates with knock on effects for actuarial tables and the life assurance business and we will remain sensitive to the changes in trend lines which climate change may create.

iii **General Risks:** How is your company exposed to general risks as a result of climate change?

Attempting to predict the effects of unpredictable changes to the climate is hugely complex and our most effective response is to regularly review our risks in line with the latest scenarios and models available. A dynamic review process is the most effective way to ensure that identified risks are rapidly transformed into business opportunities.

Corporate banking

Banks must ensure they have the means to assess and mitigate the increased future default risks inherent in lending to those customers who find their products have limited prospects in a low carbon economy

Campaign groups, NGO's and ratings agencies are increasingly scrutinising Banks' loan portfolios to identify those with particularly strong support for, or high exposure to, carbon intensive industries.

Life assurance

The impacts of climate change will have both direct and indirect effects on human health. Insurers must allow for these risks in pricing and capital allocation models although quantitative assessment of the risks will be extremely complex.

General insurance

Increased weather related catastrophes will have a profound impact on the general insurance industry both in pricing structures and regulation. As with life assurance, pricing models rely heavily on historical data. Where variables are changing rapidly the credibility of this historical data is compromised and importance of developing alternative judgment based models highlighted.

Asset management

Changes to established climatic patterns are likely to impact on businesses in a wide variety of ways both direct (e.g. agriculture) and indirect (e.g. regulation on energy suppliers) Asset managers need to ensure that investment decision making processes include these factors.

iv **Risk Management:** Has your company taken or planned action to manage the general and regulatory risks and/or adapt to the physical risks you have identified?

We are engaged with like-minded companies and organisations on the issue of climate change and during 2007 we worked with the FORGE group of UK financial services companies to produce a working paper "Managing Climate change in financial services" The principle objective of this paper was to provide practical advice on managing climate change risks within financial services organisations.

The action points developed through this process are now being incorporated into the work streams of the relevant business units.

v **Financial and Business Implications:** How do you assess the current and/or future financial effects of the risks you have identified and how those risks might affect your business?

No financial cost has been allocated to the risk analysis undertaken.

1.2 Opportunities

i **Regulatory Opportunities:** How do current or anticipated regulatory requirements on climate change offer opportunities for your company?

A major impact of the regulations identified in 1a is in promoting energy efficiency.

This is manifest in the revised Building Regulations and Energy Performance of Buildings Directive, and the South Africa government directive to reduce electricity consumption by 15% by 2008. There is a clear opportunity here to reduce business costs by driving energy efficiency measures through.

This is similarly mirrored in the UK with the forthcoming climate change bill and the carbon reduction commitment. There are opportunities here to be a forward mover ensuring that our performance is seen to be in the top half of the performers and therefore in line for financial refund. This will again help us to drive the response and actions through the organisation as the legislation is seen to be a driver for positive change.

ii **Physical Opportunities:** How do current or anticipated physical changes resulting from climate change present opportunities for your company?

See below

iii **General Opportunities:** How does climate change present general opportunities for your company?

The shift to a low carbon economy will require enormous investment, presenting a unique opportunity for corporate finance to develop new work with new clients and develop new lending models.

Consumer demand in retail banking for goods and services that genuinely contribute towards climate change solutions offers an opportunity to develop new, climate change differentiated products which increase market share.

In insurance new products will be needed for individuals and organisations seeking reduce their exposure to liability claims.

Through the asset management business there are opportunities for new products that address the issues around efficiency and carbon trading.

iv **Maximizing Opportunities:** Do you invest in, or have plans to invest in products and services that are designed to minimize or adapt to the effects of climate change?

We believe that product development is best left to the separate business units who develop products in response to the needs and issues faced by their varying audiences.

Nedbank are dealing with efficiency that brings about credits and savings. Their advertising billboard concept which incorporated solar panels to provide a local school with electricity is being investigated as a solution for other potential beneficiaries.

v **Financial and Business Implications:** How do you assess the current and/or future financial effects of the opportunities you have identified and how those opportunities might affect your business?

We believe that this is best left to the separate business units who develop products in response to the needs of their varying audiences. We feel that this helps us to have “a product for all”.

2. (GHG) EMISSIONS ACCOUNTING

2.1 Accounting parameters

2.1.1 Reporting boundary

Companies in which an equity share is held.

2.1.2 Reporting year

Calendar year 2007

2.1.3 Methodology

Green House Gas protocol

2.2 Direct and Indirect Emissions – Scope 1 and 2 of the GHG Protocol

Scope 1 Direct GHG Emissions

- a. Total global Scope 1 activity in metric tonnes CO₂-e emitted.
167,467

- b. **Total Scope 1 activity in metric tonnes CO2-e emitted for Annex B countries.**
5,009

Scope 2 Indirect GHG Emissions

- c. Total global Scope 2 activity in metric tonnes CO2-e emitted.
860,396

- d. **Total Scope 2 activity in metric tonnes CO2-e emitted for Annex B countries.**
18,291

Electricity consumption

- e. Total global MWh of purchased electricity.
1,002,535

- f. **Total MWh of purchased electricity for Annex B countries.**
31,094

- g. **Total global MWh of purchased electricity from renewable sources.**
11,560

- h. **Total MWh of purchased electricity from renewable sources for Annex B countries.**
11,560

2.3 Other Emissions – Scope 3 of GHG Protocol

The most significant source of scope 3 emissions is in our employees business travel. For this CDP6 submission we have included business flights only but we are considering extending this to cover their modes of business transport (car, bus, train etc.).

2.4 External Verification

We do not plan to have this data externally audited.

2.5 Data Accuracy

Our GHG reporting infrastructure is evolving and we anticipate that each iteration of the calculation process will provide improved accuracy.

Our 2007 audit is a significant improvement on the 2006 audit, but problems remain with accurate data retrieval from our sub-Saharan offices for a variety of reasons; Zimbabwe in particular this year has been problematic and much data has had to be estimated. Likewise control of emissions data from our new operations in China is challenging. While our Indian partners, Kotak Mahindra, have been extremely cooperative in supplying data, some concerns have been raised as to the accuracy, particularly in respect of quantity of refrigerants used in the air-conditioners.

However as a service industry over 85% of our emissions are associated with electricity consumption with the largest contribution originating from our property division in South Africa. Data collection relating these activities has every chance of being accurately reported and processes are now in place to ensure increasing levels of accuracy are achieved in activity reporting for 2008. For the 2007 audit we have had to estimate electricity for property in the Guateng & KwaZulu Natal regions of South Africa, estimates which account for 59% of the total electricity use for the Group. While facilities managers are confident of the estimated figures provided, and they align closely with previous years, it is nevertheless an unsatisfactory result.

2.6 Emissions History

CDP 5 –	Total Global emissions	613,188
	Scope 1	946.2
	Scope 1 (Annex B)	<i>no data</i>
	Scope 2	487,185
	Scope 2 (annex B)	714.7
	Scope 3	<i>no data</i>

2.7 Emissions Trading

No emissions trading

2.8 Energy Costs

Data not available

3. PERFORMANCE

A Reduction Plans

i Does your company have a GHG emissions reduction plan in place?

Business units with the group are independently implementing reductions plans. During 2008 it is our intention to draw these together into a group plan.

ii What is the baseline year for the emissions reduction plan?

We will use the 2007 figures as our baseline year and reduction targets will be set.

iii What are the emissions reduction targets and over what period do those targets extend?

No targets have yet been set.

iv What activities are you undertaking to reduce your emissions eg: renewable energy, energy efficiency, process modifications, offsets, sequestration etc? What targets have you set for each and over what timescales do they extend?

Despite the fact that the group reduction strategy is not yet fully articulated there are a number of initiatives currently underway –

The UK offices of Old Mutual operate on electricity from renewable energy sources.

Following a Carbon Trust review the UK London offices introduced PIRs for lighting and altered the air conditioning to increase efficiency. Staff awareness programmes were also entered into and further work is being done to isolate other areas where efficiency can be increased.

At Nedbank there has been a comprehensive review -

- Assessing the lighting throughout buildings ensuring appropriate energy efficient equipment, control systems & sensors are being installed, to minimise excessive power consumption due to usage of lights. (Mid 2008)
- Adjusting the temperature of geysers to 55 degrees. (Done)
- Connecting geysers to the building management systems (BMS) or installing timers to manage peak

- demand.(End February)
- Assessing the viability of solar-powered geysers at Olwazini and selected office buildings.(Mid 2008)
- Reviewing business cases of the installation of variable speed drives on air-conditioning equipment to lower energy consumption.(DSM initiative with ESKOM by end 2008)
- Actively managing and sequencing the chiller start-ups to effectively shift the load during peak times.(DSM initiative with ESKOM by end 2008)
- Considering the usage of gas equipment in the staff restaurants where not standard practice.(End Q1 2008)
Monitor anticipated reduction in heatload due to the new technology procurement policy to only procure flat screen monitors in future.(Ongoing)
- Monitor power consumption and demand and apply internal load shedding through dynamic control of the BMS. (intermittent air-conditioning, switch off 1 lift in bank of 4)(End Q1 2008)

Regional Buildings / Branches / Outlets:

- All new branches / outlets to be equipped with energy efficient lighting solutions.
- A project to be launched to retrofit all existing branches with efficient lighting solutions as well as reviewing potential power reduction of air conditioning equipment.(2008/2009)
Largely dependant on collaboration with landlords to effect energy saving initiatives

Old Mutual South Africa worked with the properties investment portfolio to introduce efficiency measures in its owned property portfolio. Working on the infrastructure and through the relationships with tenants both emissions were reduced and awareness of efficiency was increased.

v What investment has been or will be required to achieve the targets and over what time period?

N/A

vi What emissions reductions and associated costs or savings have been achieved to date as a result of the plan?

B Emissions Intensity

i What is the most appropriate measurement of emissions intensity for your company?

As an office based organisation with a large property portfolio we currently consider emissions intensity with regard to square meters of floor space. This provides a useful means of comparing different business units and identifying those operations which would most benefit from dedicated reduction strategies.

ii Please state your GHG emissions intensity in terms of total tonnes of CO2-e reported under Scope 1 and Scope 2 per US \$m turnover and EBITDA for the reporting year.

0.314 kg / \$ turnover

iii Has your company developed emissions intensity targets? If so:

n/a

C Planning

Do you forecast your company's future emissions and/or energy use? If so:

Not currently

4. GOVERNANCE

A Responsibility

Does a Board Committee or other executive body have overall responsibility for climate change? If not, please state how overall responsibility for climate change is managed. If so:

i Which Board Committee or executive body has overall responsibility for climate change?

At a group level the Chairman, Chris Collins, has responsibility for Corporate Responsibility (CR) including any climate change related interactions that Old Mutual has. Twice a year papers are submitted to Old Mutual's audit committee on corporate responsibility matters, including any projects occurring in the business units in reaction to climate change. The Head of CR for Old Mutual plc, based at the head office, manages day to day matters with support from named individuals at each of the business units.

Nedbank: The Board Transformation and sustainability committee, a sub-committee of the board takes overall responsibility for climate change issues. At an executive level the Group Executive for Enterprise Governance and Compliance, who reports directly to the Chief Executive, takes accountability for climate change issues, as well as other environment and sustainability issues. To see more please see the Nedbank Sustainability Report at http://www.nedbankgroup.co.za/financials/2007_sustainability/index.asp

ii What is the mechanism by which the Board or other executive body reviews the company's progress and status regarding climate change?

The Head of CR has regular meetings with the Chairman to discuss CR matters. In addition the Head of CR reports twice a year to the Audit committee on the Groups situation relating to climate change and wider CR issues. The Exco a board consisting of the business heads is also kept fully apprised of the activities.

Nedbank: Produce an annual sustainability report, which includes details on progress over the course of the last year regarding climate change and other environmental issues. There are also annual presentations to the board, board transformation and sustainability committee and Exco on climate change strategy and progress. Nedbank participated in the CDP as a separate entity.

B Individual Performance

Do you assess or provide incentive mechanisms for individual management of climate change issues including attainment of GHG targets? If so, please provide details.

No targets are currently tied to incentives. Reporting is being built into the quarterly business review feedback at which senior managers have to explain and report on their performance in all areas, soon to include environmental performance as well. This will affect the capital raising capabilities of the business units from the centre.

We do not provide or asses any incentive mechanisms for the individual management of climate change in our UK offices. However in our South African operations we do offer incentives for our facilities managers, in terms of achieving energy efficiency improvements and the resulting carbon emission reductions. In addition we offer incentives to our carbon finance team within the treasury.

Nedbank: Facilities managers are incentivised to achieve energy efficiency improvements and resulting carbon emissions reductions. The carbon finance team within treasury is also incentivised. Climate Change is a shaping force in the strategic planning process and as such is integrated into the strategic framework of the organisation.

C Communications

Please indicate whether you publish information about the risks and opportunities presented to your company by climate change, details of your GHG emissions and plans to reduce emissions through any of the following communications:

i the company's Annual Report or other statutory filings, and/or

We do not currently report specifically on our climate change risks in our annual report, but do have a section (below) regarding our actions that relate to Climate change. However Nedbank do cover these risks in their Sustainability Report.

ii formal communications with shareholders or external parties, and/or

We do talk to regulators and rating agencies on these matters and cover these with employees through many different communication channels. If we are contacted for our opinion on matters relating to climate change we do engage with most discussions.

iii voluntary communications such as Corporate Social Responsibility reporting.

We are looking to use our first detailed carbon study to help us push out our reporting and communication on this issue.

If so, please provide details and a link to the document(s) or a copy of the relevant excerpt.

P.106 <http://financials.oldmutual.com/download/6569/Annual%20Report%202007.pdf>

Climate change is a major issue affecting the Group directly through its offices and indirectly through its business. In 2007 Old Mutual maintained its signatory status to the Carbon Disclosure Project, a global initiative that informs investors on issues of climate change. It used this project to communicate with its business units on the responsibilities involved. A Group wide carbon footprint study will be undertaken during 2008.

Old Mutual plc itself has worked with the FORGE Group, an informal group of UK-based banks and insurance companies, which debates and addresses issues of common interest in the area of corporate responsibility, to produce a guidance framework for managing climate change risk in the financial sector. Issues for both business units and business functions are addressed in this work alongside an engagement framework for employees. The framework has been disseminated around the Group to promote a consistent approach.

The Group also supported the United Nations Climate Negotiations in Bali at the end of 2007, by signing up to the Bali Communiqué. Led by the Prince of Wales's UK and EU Corporate Leaders Group on Climate Change, the communiqué called for a comprehensive, legally-binding United Nations framework to tackle climate change.

D Public Policy

Do you engage with policymakers on possible responses to climate change including taxation, regulation and carbon trading? If so, please provide details.

Yes we do engage with the UK Government on matters such as the Climate Change Bill and carbon trading. The most recent discussions have been around the climate change bill and the carbon reduction commitment and how it would affect business.