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Old Mutual Group - Climate Change 2018

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Old Mutual plc is a holding company for several financial services companies. In March 2016, it announced a new strategy of managed separation entailing the separation of its underlying businesses into independently-listed, standalone entities.

BrightSphere Investment Group, a US-based institutional asset manager, which rebranded from Old Mutual Asset Management in March 2018, is now independent from Old Mutual. The remaining underlying businesses are:

Old Mutual Limited (which includes Old Mutual Emerging Markets): Old Mutual Limited has an ambition to become a premium financial services group in sub-Saharan Africa and offers a broad spectrum of financial solutions to retail and corporate customers across key market segments in 17 countries.

Nedbank: Nedbank ranks as a top 5 bank by capital on the African continent and Ecobank, in which Nedbank maintains a 21.2% shareholding, ranks within the top 10 banks by assets on the African continent.

Quilter: Quilter (formerly Old Mutual Wealth) is a leader in the UK and in selected offshore markets in wealth management, providing advice-led investment solutions and investment platforms to over 900,000 customers, principally in the affluent market segment.

For the year ended 31 December 2017, Old Mutual reported an adjusted operating profit before tax of £2.0 billion. For further information on Old Mutual plc and the underlying businesses, please visit the corporate website at www.oldmutualplc.com.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2017	December 31 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

China, Hong Kong Special Administrative Region
Colombia
Ireland
Isle of Man
Kenya
Malawi
Mexico
Namibia
Nigeria
Rwanda
Singapore
South Africa
South Sudan
Swaziland

Uganda
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Zimbabwe

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

GBP

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Financial control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board Chair	In 2017, the Board Chairman has overall responsibility for climate change for Old Mutual plc. The Decision-Making Framework (DMF) identifies matters specifically reserved for Board decision and was adopted to support the managed separation strategy (MS). One of its objectives was to protect the interests of Old Mutual's various stakeholders, including how the businesses manage their approach to the environment. As we move towards the conclusion of the MS we are implementing a transition strategy to transfer directorial and operational responsibility for climate change to named individuals in each of the new businesses (i.e. Quilter, Old Mutual Limited and Nedbank). The businesses will set their own targets but until then the environment taskforces in the businesses continue to work on implementing Old Mutual plc's strategy and meet our emissions target to reduce emissions by 20% by 2020 (from the 2010 baseline).
Other C-Suite Officer	In 2017, the Group Chief of Staff is Old Mutual plc's Executive Committee member with responsibility for reviewing the progress and status of our climate change strategy. He is also responsible for ensuring the transition of climate change plans and management into the businesses as part of our strategy of managed separation. In 2017, management of the plans and delivery of transition responsibility sits operationally with the Head of Responsible Business for Old Mutual plc.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and	The Board's role is to exercise stewardship of the Company within a framework of effective controls that enables risk to be assessed and managed. The Board is kept informed about major developments affecting the Group through the Group Chief Executive's and Group Finance Director's regular reports and also through reports from the Director of Managed Separation and the Group Chief Risk Officer. The Decision-Making Framework (DMF) identifies matters that are specifically reserved for Board decision. It was adopted to support the managed separation (MS) strategy and one of its objectives was to protect the interests of Old Mutual's various stakeholders in all of the countries in which we operate. This includes how the businesses will manage their approach to the environment. The Board met 11 times in 2017 and participated in regular, informal calls in between. The Board spent 5% of their time on Responsible Business. The Board has a number of standing committees to which various matters are delegated, as well as special-purpose committees established as required to deal with particular strategic projects. The activities of one such committee – the Communications, Brand and Stakeholder (CBS) Forum – include the businesses' approach to responsible business and the environment. In 2017, in line with Old Mutual's Positive Futures Plan, we remain focused on our purpose of helping our customers thrive by enabling them to achieve their lifetime financial goals, while investing

	performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	their funds in ways which create a positive future for them, their families, their communities and the world at large. As such, responsible business practices remain core components of how we operate as a business and of the Company's risk management strategy. We maintain a network of people who manage and monitor the Board's responsible business approach. Each business has named a senior executive with overall responsibility for these issues. After our adoption of the MS strategy, the role played by the Company in developing the responsible business vision and management of non-financial matters was transferred to the underlying businesses. Each of them is developing its own approach, guided by our Positive Futures Plan and plc's Head of Responsible Business, who uses the CBS Forum to ensure that we meet our commitment to remaining a responsible business throughout the MS.
Scheduled – some meetings	Reviewing and guiding risk management policies Monitoring and overseeing progress against goals and targets for addressing climate-related issues	In 2017, Old Mutual operated an integrated company and asset level risk and opportunity identification process. At the company level, Old Mutual plc Head of Responsible Business identifies Group climate change risks and reports them to the Board. Risk appetites and exposure levels are reviewed regularly. The Responsible Business Policy (RBP), states how each business should manage climate change risks/opportunities and is overseen by the Old Mutual plc CBS Forum which includes representatives from each business. Responsible business reports are sent quarterly to the plc Board with ad hoc matters being raised as needed.

C1.2

(C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (Group Chief of Staff)	Both assessing and managing climate-related risks and opportunities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

The Group Chief of Staff is the Executive Committee member with responsibility for reviewing the progress and status of our climate change strategy. He is also responsible for ensuring the transition of climate change plans and management into the businesses as part of our strategy of managed separation. Management of the plans and delivery of transition sits operationally with the Head of Responsible Business for Old Mutual plc.

At the company level, Old Mutual plc Head of Responsible Business identifies Group climate change risks and reports them to the Board. Risk appetites and exposure levels are reviewed regularly. The Responsible Business Policy (RBP) states how each business should manage climate change risks/opportunities – this is overseen by the Old Mutual plc CBS Forum which includes representatives from each business. Climate change risk/opportunity reports are sent quarterly to the plc Board with ad hoc matters being raised as needed.

As we move towards the conclusion of the MS we are implementing a transition strategy to transfer directorial and operational responsibility for climate change to named individuals in each of the new businesses.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?

Corporate executive team

Types of incentives

Monetary reward

Activity incentivized

Behavior change related indicator

Comment

For the Group Chief of Staff, transition of responsibility and protection of the Old Mutual plc reputation whilst we remain listed are stated objectives.

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction project

Comment
The Group Head of Responsible Business has monetary incentives linked to the continuing management of climate change initiatives and their successful transition. Within the businesses targets are set across a range of areas including internal climate change awareness, environmental management plans and monitoring of Key Performance Indicators including GHG emissions reduction targets.

Who is entitled to benefit from these incentives?
Facilities manager

Types of incentives
Monetary reward

Activity incentivized
Energy reduction target

Comment
Building and facilities managers have energy management and reduction targets within their individual performance targets.

Who is entitled to benefit from these incentives?
Other, please specify (Nedbank Corporate executive team)

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
Nedbank has annual reduction targets and longer term reduction targets. If these targets are met then the corporate executive team, and their subordinates, are eligible for monetary rewards as part of their balances scorecard that was applicable for the 2017 reporting year.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	2	
Medium-term	2	6	
Long-term	6	20	

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	The identification of climate change risk and opportunities is incorporated into risk processes across the Group.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for

identifying and assessing climate-related risks.

How risks/opportunities are assessed at a company level:

In March 2016 we announced a planned managed separation (MS) of the Group into four independent businesses to be materially complete by end of 2018. Since this announcement more responsibility for risks and liability management has been delegated to respective business Boards.

In 2017 Old Mutual operated an integrated company and asset level risk/opportunity identification process:

The Old Mutual plc Head of Responsible Business identifies Group climate change (CC) risks and reports material risks to the Board. Risk appetites and exposure levels are reviewed regularly. The Responsible Business Policy (RBP) (stating how each business should identify and manage CC risks/opportunities) is overseen by the Old Mutual plc Communications, Brand & Stakeholder Forum (CBS) which includes representatives from each business. CC risks/opportunities reports are sent regularly to the plc Board with ad hoc matters being raised as needed.

How risks/opportunities are assessed at an asset level:

Given the MS process the businesses are developing processes supported by plc e.g. defining risk appetite frameworks. In 2017 plc still oversaw the risk identification processes, monitoring it centrally:

Businesses identify material CC, and other types of, risks via their Risk Control Self-Assessment (RCSA) process overseen by Risk Committees. Risks are quantified & assessed in line with risk appetites and assigned owners responsible for regular review of the risk & management action. Significant risks are escalated up the business and to Group if required. Each business has an RBP Owner who oversees RBP implementation. Business CEOs attest compliance biannually which is monitored through Letter of Representation. Evidence of progress is monitored by the plc RB team. Business Practitioners liaise across the business to identify and manage CC related risks/opportunities in relevant areas, flagging these on quarterly calls with the plc RB team. At Nedbank the Equator Principles are used to determine and manage ESG risk.

Definition of 'substantive financial or strategic impact' when identifying or assessing climate-related risks:

The factors considered include:

· The proportion of business units affected.

· The size of the impact on those business units.

· The potential for shareholder or customer concern.

Taking this into account, the overall impact on the bank's balance sheet will determine whether an event is defined as having a 'substantive financial impact.'

The process in place for assessing the potential size and scope of identified risks:

The following applies to 2017:

All business plans and the plc managed separation plan are assessed in line with the Group Operating Model, the Group Risk Framework, and Risk Appetites to prioritise risks/opportunities.

Each business implements a Risk Control Self-Assessment (RCSA) process to prioritise risks identified by Responsible Business (RB) practitioners and Policy Owners, overseen by the Risk Committees of each business. Through the RCSA potential exposures are assessed on an impact and likelihood scale tailored to each business area, taking into account existing controls or mitigation.

The process by which your organization determines the relative significance of climate-related risks in relation to other risks:

Each business has Risk Appetite limits and monitors exposure against these on a six monthly basis. When new opportunities arise, their potential impact in terms of risk on a gross and net basis (including non-financial) and effect on capital are assessed. Following this, Climate Change (CC) risks & opportunities that emerge as priorities are escalated to plc Head of Responsible Business and, where appropriate, raised to the Old Mutual plc CBS Forum.

At Group level, CC risks/opportunities are identified, assessed and prioritised against any raised from business level by the CBS. Following assessment the top prioritised risks, issues and opportunities to the plc are escalated to Board level via the Group Executive Committee.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Businesses identify material risks caused by current climate-related regulation via their Risk Control Self-Assessment (RCSA) process overseen by Risk Committees. Risks are quantified and assessed in line with risk appetites and assigned owners responsible for regular review of the risk and management action. Significant risks are escalated up the business and to Group if required. Following assessment of the top prioritised risks, issues and opportunities to the plc are escalated to Board level via the Group Executive Committee. For example, following a significant allowance surplus and a subsequent price drop as a result of the economic crisis, there has been extensive debate on the need for, and nature of, EU ETS reform. In February 2017, member states agreed to reform. Whilst changes to the EU ETS do not affect our direct operational activities in the EU, our investment teams must maintain an awareness of the possible business implications of the legislation to the companies we invest in and the knock on effect this may have on our investment decisions and the return we are able to offer to our clients.
Emerging regulation	Relevant, always included	Businesses identify material risks caused by emerging climate-related regulation via their Risk Control Self-Assessment (RCSA) process overseen by Risk Committees. Risks are quantified and assessed in line with risk appetites and assigned owners responsible for regular review of the risk and management action. Significant risks are escalated up the business and to Group if required. Following assessment the top prioritised risks, issues and opportunities to the plc are escalated to Board level via the Group Executive Committee. For example, the Carbon Tax Bill in South Africa tax will be implemented from 1 January 2019 and presents a risk to our South African direct operations, our investment property portfolio and our general investments in South Africa.
Technology	Relevant, sometimes included	Businesses identify material risks caused by technology relating to climate change via their Risk Control Self-Assessment (RCSA) process overseen by Risk Committees. Risks are quantified and assessed in line with risk appetites and assigned owners responsible for regular review of the risk and management action. Significant risks are escalated up the business and to Group if required. Following assessment the top prioritised risks, issues and opportunities to the plc are escalated to Board level via the Group Executive Committee. One example is the potential of carbon capture and sequestration (CCS) technology as part of South Africa's greenhouse gas mitigation plans. Nedbank could be asked to fund a CCS initiative, hence it is

		crucial for Nedbank to keep abreast of technological developments and to ensure that the risk of these technologies are assessed correctly as part of the risk assessment process.
Legal	Relevant, always included	Businesses identify material risks caused by climate-related litigation claims via their Risk Control Self-Assessment (RCSA) process overseen by Risk Committees. Risks are quantified and assessed in line with risk appetites and assigned owners responsible for regular review of the risk and management action. Significant risks are escalated up the business and to Group if required. Following assessment the top prioritised risks, issues and opportunities to the plc are escalated to Board level via the Group Executive Committee. Historically Nedbank funded coal mines, coal fired power stations and progressively started to fund renewable energy projects to a greater extent. It is crucial for Nedbank to continuously access, as an example, the legal risks associated with funding of coal mines and the use of thermal coal regarding any potential climate-related litigation claims.
Market	Relevant, always included	Businesses identify material risks caused by climate-related market shifts in supply and demand for certain commodities, products, and services via their Risk Control Self-Assessment (RCSA) process overseen by Risk Committees. Risks are quantified and assessed in line with risk appetites and assigned owners responsible for regular review of the risk and management action. Significant risks are escalated up the business and to Group if required. Following assessment the top prioritised risks, issues and opportunities to the plc are escalated to Board level via the Group Executive Committee. For example, Nedbank is a full suite bank and offers products from the retail banking side to capital and investment banking. The result is that all market shifts in supply and demand for certain commodities, products, and services have a direct impact on Nedbank. South Africa is a global steel producer for instance, but the steel products have got a relatively high carbon footprint per tonne steel product due to the South African thermal coal based electricity grid. It is imperative for Nedbank to assess as part of the risk assessment process the potential shift in supply and demand for products like steel.
Reputation	Relevant, always included	Businesses identify material risks caused by reputational changes via their Risk Control Self-Assessment (RCSA) process overseen by Risk Committees. Reputational changes are defined as changing customer or community perceptions of an organization’s contribution to or detraction from the transition to a lower-carbon economy, be taken into account so that Old Mutual can maintain its market position as a leader in responsible investment. Risks are quantified and assessed in line with risk appetites and assigned owners responsible for regular review of the risk and management action. Significant risks are escalated up the business and to Group if required. Following assessment the top prioritised risks, issues and opportunities to the plc are escalated to Board level via the Group Executive Committee. Nedbank is the first carbon neutral bank in Africa. It achieved this milestone in 2010 and has been able to maintain its carbon neutral status since then. Nedbank’s reputation within the ‘green’ or sustainability field is well known and it is crucial to manage all reputational risks as to ensure the credibility of the bank and its carbon neutral status. All risks tied to changing customer or community perceptions of Nedbank’s contribution to or detraction from the transition to a lower-carbon economy is carefully monitored as indicated with the carbon neutrality initiative.
Acute physical	Relevant, always included	Businesses identify material risks caused by climate-related acute physical factors via their Risk Control Self-Assessment (RCSA) process overseen by Risk Committees. Risks are quantified and assessed in line with risk appetites and assigned owners responsible for regular review of the risk and management action. Significant risks are escalated up the business and to Group if required. Following assessment the top prioritised risks, issues and opportunities to the plc are escalated to Board level via the Group Executive Committee. Nedbank and OMEM are primarily based in South Africa, which is defined as a semi-arid country. The predominant acute physical risk is a drought period followed by flooding. Any severe weather conditions attributed to climate change, e.g. unseasonal hail or drought, poses a risk to buildings and locations and thus business operations. Damage to branch infrastructure and utilities can impact ability to serve customers, access to branches, service delivery and employee morale. This would affect all of our business. Severe weather condi-

		tions may also increase personal risks to employees in the workplace, which would further affect operations.
Chronic physical	Relevant, always included	Businesses identify material risks caused by climate-related chronic physical factors via their Risk Control Self-Assessment (RCSA) process overseen by Risk Committees. Risks are quantified and assessed in line with risk appetites and assigned owners responsible for regular review of the risk and management action. Significant risks are escalated up the business and to Group if required. Following assessment the top prioritised risks, issues and opportunities to the plc are escalated to Board level via the Group Executive Committee. Nedbank and OMEM are based in South Africa, which is defined as a semi-arid country. Most long-term climate models are in agreement that the western half of the country will progressively become dryer whereas the eastern seaboard could experience more extreme flooding. The Western cape province is experiencing a severe drought and, as indicated above, the consensus from longer-term climate models is that this part of the country will receive less rain as the impacts of climate change become more visible. Old Mutual continuously evaluates the risks associated with this chronic physical change, which impacts lending decisions and shifts business focus. One example of a shift will be the potential for seawater desalination in the west coast of South Africa.
Upstream	Relevant, always included	Businesses identify material risks caused by climate-related factors upstream in the value chain via their Risk Control Self-Assessment (RCSA) process overseen by Risk Committees. Risks are quantified and assessed in line with risk appetites and assigned owners responsible for regular review of the risk and management action. Significant risks are escalated up the business and to Group if required. Following assessment the top prioritised risks, issues and opportunities to the plc are escalated to Board level via the Group Executive Committee. One example is a change in regulation – the proposed South African Domestic Carbon Tax, which will result in a potential increased tax liability for Old Mutual clients as a result of this emerging regulation which will tax a liable entity based on its greenhouse gas emissions. This emerging regulation is assessed, keeping track of developments and the risk is quantified as part of the risk assessment process.
Downstream	Relevant, always included	Businesses identify material risks caused by climate-related factors downstream in the value chain via their Risk Control Self-Assessment (RCSA) process overseen by Risk Committees. Risks are quantified and assessed in line with risk appetites and assigned owners responsible for regular review of the risk and management action. Significant risks are escalated up the business and to Group if required. Following assessment the top prioritised risks, issues and opportunities to the plc are escalated to Board level via the Group Executive Committee. One example is a development in technology – the potential of carbon capture and sequestration (CCS) as part of South Africa's greenhouse gas mitigation plans. Nedbank could be asked to fund a CCS initiative, hence it is crucial for Nedbank to keep abreast of technological developments and to ensure that the risk of these technologies are assessed correctly as part of the risk assessment process.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

In March 2016 Old Mutual announced a planned managed separation (MS) of the Group into four independent businesses to be materially complete by end of 2018. Since the announcement, more responsibility for risks and liability management has been delegated to respective business Boards.

In 2017, management of climate-related risks and opportunities was overseen by Old Mutual plc. At the business level, climate change risks and opportunities that emerge as priorities are escalated to plc Head of Responsible Business and, where appropriate, raised to the Old Mutual plc CBS Forum.

At the Group level, climate change risks and opportunities are identified, assessed and prioritised against any raised from business level by the CBS Forum. Following assessment the top prioritised risks, issues and opportunities to the plc are escalated to Board level via the Group Executive Committee.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

In December 2017, the Second Draft Carbon Tax Bill in South Africa was published for introduction in Parliament, as well as public comment. Parliament is currently considering the draft Carbon Tax Bill, which will assist South Africa to meet its climate change commitments to reduce our carbon emissions. The tax will be implemented from 1 January 2019. As with greenhouse emissions, the polluter-must-pay-principle must also apply to other activities which harm the environment, like the dumping of plastics into our oceans and threatening of marine life. The carbon tax applies to all sectors and activities except the agricultural, forestry and other land use sectors; and the waste sectors, which will be exempt during the first phase (which runs from 2017 – 2020). As South Africa represents 94% of the Group footprint the South African Carbon Tax will affect our South African operations in three ways. First through our direct operations, and extensive branch network, second through our investment property portfolio and third through the effect the tax will have on our holdings and general investments within South Africa. On a broader level the tax will affect our customers who will also receive an increase in electricity costs as a result of the tax passed on to consumers by Eskom.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Potential financial impact

13521

Explanation of financial impact

Our South African operations comprised 54% of our total scope 1 emissions in 2017. The proposed rate of R120 per tonne of CO2e would amount to approximately £13,521 (R234,240) in additional cost, increasing at 10% per annum.

Management method

In operations, we continue to record our carbon emissions on a site-level basis allowing us to set site-specific reduction targets. Following the managed separation, the underlying businesses may set targets going forward. Old Mutual Property (OMP) continued to engage with Eskom in its demand-side reduction initiatives and continues to monitor the impact the carbon tax will have on the business and our tenants. In 2017, OMP spent £1.4m on carbon reduction initiatives including upgrading lighting facilities to LED lighting in our Group property portfolio, using solar power to supply water pumps and installation solar PV to Mutual Park. The installation of solar will result in 1,700 tCO2e saving per annum across 25 years. Following the completion of the managed separation, OMEM will be focused on strengthening it's commitment to responsible investing and the green economy. OMEM is the largest infrastructure funder in South Africa and has committed close to R102 billion to projects that support South

Africa's National Development Plan. Nedbank have implemented active downward management of fossil fuel based liquid fuel use. This down changes the maintenance routine of the generators from a passive maintenance regime to proactive maintenance, aiming to increase generator efficiency and decrease liquid fuel use. At the end of 2017, its various investment capabilities had cumulatively committed R22.1 billion of customers' money into renewable energy projects in South Africa.

Cost of management

0

Comment

Costs associated with the carbon tax do not exceed our current costs for monitoring legislation and operating as a business. Old Mutual Property invested approximately £1.4m into carbon reduction initiatives in 2017.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

Following a significant allowance surplus and a subsequent price drop as a result of the economic crisis, there has been extensive debate on the need for, and nature of, EU ETS reform. In February 2017, member states agreed to reform. Under the proposed directive - now due for deliberation by the European parliament - the number of allowances can be gradually reduced, to push up their costs and provide an incentive for industries to adopt cleaner technologies. In October 2014, European leaders adopted a 43% GHG emissions reduction target from 2005 levels for EU ETS sectors by 2030 and agreed to stabilise the EU ETS in line with the European Commission's proposal to establish a Market Stability Reserve (MSR). The MSR will come into effect in January 2019. The MSR is proposed to address the current oversupply of allowances and strengthens the ETS' resilience to external shocks and make it more robust and effective in promoting low-carbon investment at least cost to society. It will operate entirely according to pre-defined rules which would leave no discretion to the Commission or Member States in its implementation. As part of the ETS revision, the overall number of allowances is proposed to reduce by 2.2% each year until at least 2024. With the UK's Brexit decision, the UK's Committee on Climate Change has stated that the accounting rules for carbon budgets could change for the UK if it leaves the EU ETS as well as the EU. Whilst changes to the EU ETS does not affect our direct operational activities in the EU, our investment teams are aware of the possible business implications of the legislation to the companies we invest in and the knock on effect this may have on our investment decisions and the return we are able to offer to our clients.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
High

Potential financial impact

Explanation of financial impact
Old Mutual Wealth 2017 AOP is £363m in the UK and Europe which could be affected by changes to the cap and trade scheme.

Management method
Our asset diversification policy and in-house Risk Exposure Aggregation System ensures that we do not have a concentration of investment in a particular sector or investment type. Under the management separation we have built these capacities in the underlying businesses. We also include environmental factors in our investment decisions as part of our ESG assessment of companies, which goes towards helping to reduce and manage the exposure we have to carbon intensive investments. The modifications of the EU ETS will be factored into our economic models that accompanies this environmental assessment. One of the greatest climate change risks to our business is through the investments we hold and the policies we underwrite. In 2017, we continued our programme to estimate total carbon exposure, and used this to support our investment decisions. Responsible investment is an important element our commitment to operating responsibly and will continue to be an area of focus for our four underlying businesses under the managed separation. Each year we track compliance against our Responsible Investment Standard and across the Group this was 40% in 2017.

Cost of management
0

Comment
The development of remedial action plans to mitigate this risk is part of the RB risk management strategy and, as such, the financial costs for climate change specific activities do not represent a material additional cost and are not measured separately to Old Mutual's wider risk management costs.

Identifier

Risk 3

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact driver
Policy and legal: Increased costs and/or reduced demand for products and services resulting from fines and judgments

Company- specific description
The COP23 in Bonn was the second “conference of the parties” since the Paris Agreement, seeing countries continue to negotiate the finer details of how the agreement will work from 2020 onwards. However, it was also the first set of negotiations since the US, under the presidency of Donald Trump, announced its intention earlier this year to withdraw from the Paris deal. A major event at the COP was the launch of the “Powering Past Coal Alliance”, led by the UK and Canada. More than 20 countries and other sub-national actors joined the alliance, including Denmark, Finland, Italy, New Zealand, Ethiopia, Mexico and the Marshall Islands; as well as the US states of Washington and Oregon. It aims to top 50 members by this time next year. While the alliance notes in its declaration that “analysis shows that coal phase-out is needed no later than by 2030 in the OECD and EU28, and no later than by 2050 in the rest of the world” to meet the Paris Agreement, it does not commit signatories to any particular phase-out date. It also does not commit the signatories to ending the financing of unabated coal power stations, rather just “restricting” it. The US did not sign onto the pledge and several other big coal countries were notable by their absence, including Germany, Poland, Australia, China and India. Another talking point throughout the talks was the extent to which the US’s withdrawal from its climate leadership role seen under Barack Obama has emboldened China to take the role on itself. One concrete way China has begun to play such a role is in the Ministerial on Climate Action (MOCA) coalition, a joint group consisting of the EU, China and Canada, conceived during last year’s COP after the US election result came in.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
High

Potential financial impact

Explanation of financial impact
Old Mutual has funds under management globally and as this is a global proceeding, our funds across the globe will potentially be influenced by changes in climate change regulation at an international level. Voluntary organisations will potentially decrease the demand for highly carbon polluting businesses, like coal mining, and so the risk is that we don't recognise the programmes and switch investments to lower carbon funds in time.

Management method
Following the ratification of the Paris Agreement, Brexit, and President Trump's climate policy, we maintain a close watching brief on the potential impact of national legislation on our business. We continue to understand and shape the local implementation of the Agreement through participation in sector and geographic trade associations. In 2016, Old Mutual Wealth joined the Institutional Investors Group on Climate Change (IIGCC). IIGCC is widely recognised as the leading investor voice on climate change and has established itself as the point of reference for significant stakeholders. We also continue to be signatories to the UNPRI. RI is central to our commitment to operate responsibly. Having rolled out our RI Standard in 2013, in 2017 we recorded 100% compliance across the Group. Since announcing our intention to execute a managed separation of the Group into four strong standalone entities, we are focused on ensuring our commitment to operating as a responsible business remains strong and transitions to the standalone businesses. Placing an emphasis on ESG assessment of companies alongside our asset diversification policy helps to reduce and manage the exposure we have to carbon intensive investments.

Cost of management

Comment
Management of this risk falls under existing operational remit supported by corresponding structures at Business Unit level, and therefore does not represent an additional material cost. Once the managed separation is complete, this will fall under the corresponding teams within the businesses.

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact driver
Policy and legal: Increased costs and/or reduced demand for products and services resulting from fines and judgments

Company- specific description

In 2014 the EU adopted a directive (Directive 2014/95/EU) that will require disclosure of ESG information by certain large companies. This new legislation was incorporated into national law of member states by 6 December 2016 and requires large listed companies in the EU to report on their environmental and social impacts, including human rights, anti-corruption and bribery issues, and diversity of board of directors. The legislation is designed to increase European companies' transparency and performance on environmental and social matters to contribute effectively to long-term economic growth and employment. More transparency will help companies to better manage the opportunities and non-financial risks. This directive is indicative of a mandated move towards fully integrated reporting of financial and non-financial data. As early as February 2017, there was a positive response from the London Stock Exchange Group which issued guidance for good practice in ESG reporting. As a listed company that employs over 500 people, Old Mutual Wealth will be affected by the new legislation. Equally, as an international business the likely creation of similar obligations across the world is a potential risk to Old Mutual. Stock exchanges, particularly in emerging markets, have also implemented initiatives requiring increased disclosure of ESG-related performance. The Shenzhen and Shanghai Stock Exchanges and the Johannesburg Stock Exchange have issued guidelines and listing requirements to enhance disclosure of ESG information. Old Mutual is currently listed on the JSE and LSE, so will be obliged to follow guidance on ESG reporting. Similarly, as we complete our managed separation, the standalone business will continue to be listed on stock exchanges requiring ESG disclosure.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

High

Potential financial impact

Explanation of financial impact

Old Mutual already collect and report all non-financial data. The software used for managing our vast data resources costs approximately £50,000 per annum. Failure to comply could put part of our global AOP of £2.0bn at risk.

Management method

Old Mutual has reported emissions data voluntarily since 2009 so is prepared for a transition to mandatory reporting. For direct carbon impact, our Group Climate Change Strategy helps focus on reducing it. Each business unit has set their own targets for reducing carbon emissions, some of which will be Science Based Targets. Our Carbon teams help change employee behaviour to reduce energy usage. In 2017, carbon emissions per employee were 3.47 tonnes (14% higher than the previous year due to sale of the US business). Our Southampton office work to an Environmental Management System, whilst promoting behaviour changes like car sharing and cycling helps cut scope 3 emissions, as does consolidating deliveries. When we go out to tender for new suppliers, data on environmental performance is requested. A climate change risk to Old Mutual is through investments held and policies underwritten. Responsible investment is central to our Positive Futures Plan, and is founded on an understanding of the sustainability megatrend, and in our role as custodian of our shareholders' and beneficiaries' long-term futures. In 2017 we continued to track compliance against our RI Standard in the businesses, scoring 40% compliance across the Group. Additionally 10% of OMEM FUM are committed to the green economy and infrastructure investment at scale. Since 2012 we have been a signatory to the UNPRI as an asset owner.

Cost of management

0

Comment

Management of this risk falls under existing operational remit and therefore does not represent an additional material cost. The cost of managing our non-financial data harvesting software is approximately £50,000 per annum.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact driver

Policy and legal: Increased costs and/or reduced demand for products and services resulting from fines and judgments

Company- specific description

The '2030 climate and energy framework' contains a binding target to cut emissions in EU territory by at least 40% below 1990 levels by 2030. This target will ensure that the EU is on the cost-effective track towards meeting its objective of cutting emissions by at least 80% by 2050, but also will allow the EU to make a fair and ambitious contribution to the new international climate agreement, which came from COP21, to take effect in 2020. To achieve the at least 40% target, EU emissions trading system (ETS) sectors would have to cut emissions by 43% (compared to 2005) – to this end, the ETS is being reformed and strengthened. The non-ETS sectors will also need to cut emissions by 30% (compared to 2005) – this will be translated into individual binding targets for Member States. Emissions targets at a European level will result in domestic policy that will affect our operations across the region. For example, medium-level emitters (non-ETS) in the UK mostly report emissions according to CRC and ESOS requirements. These 'tier 2' emitters could be captured by any government policies to encourage them to become more efficient. Already, in the UK the Climate Change Act has established a system of five-yearly carbon budgets, to serve as stepping stones on the way to ensuring the UK meets its emissions reduction targets. Although Brexit means a certain level of uncertainty will ensue, the Climate Change Act, enshrined in British Law, means that the UK's commitment to reducing its emissions will continue.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
Medium-low

Potential financial impact

Explanation of financial impact
Old Mutual Wealth AOP is £363m in the UK and Europe which could be affected by changes to the target to cut emissions in EU territory by at least 40% below 1990 levels by 2030.

Management method
We monitor legislative developments in response to the EU 40% by 2030 target and in response to the Brexit negotiations. In March 2016 Old Mutual announced a managed separation of the Group into four standalone entities. This will impact how much Old Mutual is captured through government emissions policies. However we are committed to reducing our impact. Our Southampton offices work to their Environmental Management System, whilst promoting behaviour changes like car sharing and cycling helps cut scope 1 emissions, as does consolidating deliveries. When we go out to tender for new suppliers, data on environmental performance is requested. In 2017, carbon emissions per employee across the Group were 3.47 tonnes (14% higher than the previous year due to sale of the US business). In 2016, Old Mutual Wealth joined the Institutional Investors Group on Climate Change (IIGCC). IIGCC is widely recognised as the leading investor voice on climate change and has established itself as the point of reference for significant stakeholders. We also take action to reduce emissions in our supply chain, through including RB issues as part of the screening process of selecting and prioritising suppliers. In 2017, we continued to help suppliers with developing in areas like environmental management, quality management and process improvement.

Cost of management
0

Comment
The development of remedial action plans to mitigate this risk are covered under the businesses risk management frameworks and as such, the financial costs for climate change specific activities do not represent a material additional cost and are not mea-

sured separately to Old Mutual's wider risk management costs.

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

Based in the UK, Old Mutual plc and Wealth UK are affected by UK Government CRC Energy Efficiency Scheme and are required to purchase allowances to cover their emissions resulting from their electricity and fossil fuel consumption. In 2016, the UK chancellor announced that the government had decided to close CRC following the 2018-2019 compliance year. Companies will be obliged to continue reporting until that time. In 2017-2018 CRC compliance sale price was set at £17.70. The risk posed to Old Mutual is through increased operational costs through increased emissions charges as well as through non-compliance with the scheme in its current form. Old Mutual will maintain a close watching brief on increasing price of permits.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Medium

Potential financial impact

Explanation of financial impact

Old Mutual Wealth AOP is £363m in the UK and Europe which could be affected by the rise in permit price. There is also a cost (in the range of thousands of pounds, depending on the severity of the breach) of non-compliance with the CRC Energy Efficiency Scheme.

Management method

We outsource reporting to an agency to maintain our evidence log in a compliant manner. The CRC working group has quarterly meetings to review progress. In March 2016, Old Mutual announced our intention to execute a managed separation of the Group into four strong standalone entities. We expect this to be materially complete by the end of 2018. At this point, Old Mutual plc will no longer be an entity to report to CRC and Old Mutual Wealth will most likely fall below the CRC threshold rendering this threat obsolete.

Cost of management

10000

Comment

The cost of compliance is covered under the amount paid to the expert agency for their services. This amounts to approximately £10,000 per annum.

Identifier

Risk 7

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

The Treasury's carbon tax (The Climate Change Levy) has propelled UK into the top 10 of a global low-carbon electricity league table faster than any other country, igniting calls from the clean energy industry for the upcoming budget to keep the support in place. UK has climbed from a 2012 ranking of 20th out of 33 industrialised countries to 7th on the low-carbon electricity league table. The Climate Change Levy, a tax on energy use paid by businesses was rolled out with the removal of the renewables exception removed. It was announced in 2016 that the levy will increase from 2019 to make up from the loss in revenue resulting from the abolition of the CRC. This effectively means a rise in the carbon tax for carbon-free renewable energy. The risk to Old Mutual is that they will have to pay more for carbon use.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-high

Potential financial impact

Explanation of financial impact
Old Mutual Wealth AOP is £363m in the UK and Europe which could be affected by the price of renewable energy.

Management method
Our approach to responsible investment is founded on an understanding that sustainability is a growing megatrend. As traditional energy resources become more finite we need to help economies transition to a mixed energy future. In our role as custodian of our shareholders' and beneficiaries' long-term futures, the global trend to move to renewable energy means that Old Mutual will continue to consider the relevant material environmental, social and governance factors throughout the investment decision-making process. Responsible investment is an important element of our commitment to operating responsibly and will continue to be so under the managed separation into four strong standalone businesses. This year we continued to track compliance against our RI Standard across the Group, in 2017 we recorded 40% compliance. In terms of the small risk these carbon tax changes may place on in-house operations, the managed separation may result in our UK and European business' direct operational footprints being reduced and combat that risk. Following the managed separation, risk is managed at the business level rather than at a Group level, and so the risk teams within each business unit will need to consider this in their own risk assessments.

Cost of management
0

Comment
The development of remedial action plans to mitigate this risk are covered under the businesses' risk management frameworks and as such, the financial costs for climate change specific activities do not represent a material additional cost and are not measured separately to Old Mutual's wider risk management costs.

Identifier
Risk 8

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Physical risk

Primary climate-related risk driver
Acute: Other

Type of financial impact driver
Reduced revenue from decreased production capacity (e.g., transport difficulties, supply chain interruptions)

Company- specific description

Any severe weather conditions attributed to climate change, e.g. unseasonal hail or drought, poses a risk to buildings and locations and thus business operations. Damage to branch infrastructure and utilities can impact ability to serve customers, access to branches, service delivery and employee morale. This would affect all of our business. Severe weather conditions may also increase personal risks to employees in the workplace, which would further affect operations. California's wild extremes of drought and floods are becoming more volatile as the climate warms, and Cape Town is entering the same cycle of droughts and floods. The last four years have been the warmest in the European record which will exacerbate soil droughts.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

High

Potential financial impact

Explanation of financial impact

The AOP of Old Mutual Group is £2.0bn (as at 31/12/17). Inability to carry out business operations would put AOP at risk.

Management method

Business Continuity and Disaster Recovery Plans (BC and DR plans) are in place for Old Mutual at both plc and business. We consider BC and DR threats over a 1-3 year timeframe. The Group assesses BCPs for the businesses but under the managed separation assessment this will be led by the businesses themselves. Group-wide, key employees are provided with remote access so that they can work at home in adverse weather. We work to improve efficiency of our operations to increase resilience to disruptions in utility supplies due to severe weather. OMEM identified the Western Cape Water Crisis as a key risk in early May 2017 and set up a Water Crisis Steerco supported by a water crisis incident management team, which commenced meetings to ensure that planned actions were effectively implemented. Leading up to "Day Zero" in April 2018, OMEM designed mitigating actions around three key phases. Phase One covering the period 1 Jan 2018 until Day Zero, Phase Two from Day Zero until a Government approved water filtration plant at OM Park is in operation, and Phase Three covering the period post this while Day Zero continues. Actions to mitigate risk across these three phases include: building a water filtration plant to filter all OM Park existing waste water for re-use as drinking water, building an additional 400k litre water reservoir has been built at Mutual Park and providing "grey" water to toilet facilities in Old Mutual Park.

Cost of management

Comment

The development of remedial action plans to mitigate this risk is part of the RB risk management strategy and, as such, the financial costs for climate change specific activities do not represent a material additional cost and are not measured separately to Old Mutual's wider risk management costs.

Identifier
Risk 9

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Physical risk

Primary climate-related risk driver
Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact driver
Reduced revenue from decreased production capacity (e.g., transport difficulties, supply chain interruptions)

Company- specific description
Extreme weather could cost our insurance business heavily through increased claims, for example against building and crop insurance policies. Our property and casualty insurance arm, Old Mutual Insurance, sees large increases in claims on their crop insurance policies following dramatic changes in weather conditions. In 2017 Cape Town had a one in a 100 year drought, which affected both our own operational costs and operational costs to clients, and now the city is experiencing flash floods. Where historically one in eight years weather conditions were poor for agriculture, now one in six years have poor farming weather conditions in South Africa meaning our agriculture customers make an increased number of claims. For drought, 10% of our crop insurance business covers this risk. More frequent extreme changes in weather patterns could have an effect on our insurance business resulting in increased frequency of pay-outs with an effect on our actuary tables. Most current climate change models are in agreement that the western part of South Africa will progressively get dryer. Receiving progressively less rain and precipitation is a physical chronic risk that adversely impacts agricultural businesses/endeavours. Nedbank is a credit provider to agricultural endeavours in the drought stricken Western Cape of South Africa and hence this is an indirect risk to Nedbank, but a direct risk to Nedbank's cutomers.

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
High

Potential financial impact
8700000

Explanation of financial impact
OMEM had £71.6bn of funds under management (as at 31/12/17) and part of this is invested in crop insurance. 2017 aggregate income after costs in the agriculture sector in the Western Cape has declined by up to £52m (R5,900,000,000). This is due to the lower output as a result of the drought. If Nedbank has about 20% of the market and did not obtain an estimated 13% on this market segment then the loss to the bank could amount to £8.7m (R150,000,000).

Management method
The Risk Committees work with product development teams to manage this risk. Old Mutual Insure uses a conservative reinsurance and underwriting structure, in line with risk appetites, to cater for volatility of crop insurance, ensuring exposures do not exceed limits set per area & crop. We ensure farmers use the right techniques, look at history and set individual rates and underwriting terms thus reducing our exposure to risk of claims. Our product diversification policy ensures we are not exposed to risk in asset classes. High-risk crops are excluded from cover completely. In 2017 Old Mutual Insure retained its membership of AGBIZ, helping create an environment in which agribusinesses of all sizes can thrive. Old Mutual therefore understands what makes a successful agri-business. Risks are monitored by historical focused actuarial models - discussions continue around transitioning this method to a more horizons focused approach. Old Mutual Insure remained on the board of the South African Insurance Association where we engage on innovative ways of mitigating climate change risks. Nedbank Group follows a policy of enterprise wide risk management (ERM) integrating risk, finance and balance sheet management across the Group's risk universe. Using risk as an enabler resulted in Nedbank taking a proactive stance to fund initiatives that will enhance the resilience of the Western Cape to weather droughts.

Cost of management

Comment
The identification and monitoring of this risk is a core part of the risk management strategy and, as such, the financial costs for climate change specific activities do not represent a material additional cost and are not measured separately to Old Mutual's wider risk management costs.

Identifier
Risk 10

Where in the value chain does the risk driver occur?
Supply chain

Risk type
Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact driver

Reduced revenue from decreased production capacity (e.g., transport difficulties, supply chain interruptions)

Company- specific description

Changes to the availability and distribution of natural resources caused by climate change could negatively impact the supply chains of our investments and therefore seriously affect our investment returns. The changes caused by climate change could also could lead to an increased risk in violent conflict in these areas. This will primarily impact our Asset Management businesses but may also affect investment holdings in our emerging markets businesses.

Time horizon

Current

Likelihood

Virtually certain

Magnitude of impact

High

Potential financial impact

Explanation of financial impact

Old Mutual has funds under management internationally - these funds will potentially be influenced by the effects of climate change on natural resource availability.

Management method

One of Old Mutual's strategic priorities was to be recognised as the financial services leader in responsible business and following the announcement of the managed separation in March 2016, we are focused on ensuring that our commitment to operating as a responsible business remains strong. Our purpose is to enable customers to thrive by investing their funds in ways that will secure a positive future for themselves, their families, communities and the world at large. Responsible investment is therefore a focus area for the business and will continue to be so following the managed separation. RI is key to enabling our long-term growth, as a large climate change risk to us is through our investments and policies we underwrite. We define RI as 'a cross-cutting approach to investment that integrates the consideration of material environmental, social and governance factors into investment and ownership practices'. In 2013 we rolled out an RI Standard to track and manage investments from an ESG perspective. In 2017 we recorded 40% compliance across the Group. Placing emphasis on ESG assessment alongside our asset diversification policy reduces our exposure to carbon intensive investments. The policy, and particularly at OMEM, the in-house Risk Exposure Aggregation System ensures investment isn't concentrated in one sector or investment type mitigating the risk of local 'trauma'. We also share knowledge and best practice through memberships to like-minded organisations.

Cost of management
0

Comment
The development of remedial action plans to mitigate this risk are covered under the businesses risk management frameworks and as such, the financial costs for climate change specific activities do not represent a material additional cost and are not measured separately to Old Mutual's wider risk management costs. The tracking and management of investments against our Responsible Investment Standards comes within the business budgets.

Identifier
Risk 11

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Physical risk

Primary climate-related risk driver
Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact driver
Increased capital costs (e.g., damage to facilities)

Company- specific description
Climate change and environmental degradation pose threats to the global economy and to the wellbeing of citizens in every country. These interacting processes have the potential to undermine development investments and recent gains in poverty alleviation, food and water, security and human health, particularly in the most vulnerable developing countries. Though the poorest countries historically have been least responsible for climate change and ecosystem degradation, they face the most severe consequences of its effects (ranging from altered rainfall, reduced crop yields and increased weather-related disasters, to rising sea levels and exacerbated disease).

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
High

Potential financial impact

Explanation of financial impact
In 2017, Old Mutual Emerging Markets had an FUM of £71.6bn and 12 million cus-

tomers in Africa. Therefore a significant proportion of Old Mutual's FUM could be affected by climate change impacts on the environment and economy in Africa.

Management method

Our purpose is to help customers achieve financial goals by investing funds in ways that create a positive future for them, therefore operating responsibly is a priority. In 2017, OMEM invested R69m in community and skills development, and 408,000 people attended our financial education workshops across Africa. The Blue Marble partnership launched its first pilot venture; a crop insurance product called 'Ruzhowa' which protects small-scale maize farmers against the risk of drought. In 2017, they committed R22.1bn of our customers' money into renewable energy projects across South Africa. To date funds have been committed to the value of R15.1bn in affordable housing and R61.4bn in other infrastructure projects. In 2016 we worked with the International Finance Corporation on using the EDGE system for affordable and green housing with the aim of increasing the integration of social and environmental sustainability imperatives into housing projects. At Nedbank, we have funded 23 renewable energy projects to date, committed R25 billion and won 10 awards in the Renewable Energy Independent Power Producer Programme (REIPP). In doing so, Nedbank is helping the country's transition to a mixed-energy, resource efficient and socially inclusive economy. We will keep evaluating risk posed by climate change on our investments through ESG screening under the RI standard and will continue to work closely with environmental bodies such as UNEPFI, and share knowledge and best practice.

Cost of management

0

Comment

The associated cost for this risk is absorbed in normal business practices – it is part of our commitment to helping people plan for the long term and how we are proud to contribute to the communities in which we operate. The tracking and management of investments against our Responsible Investment Standards comes within the business budgets.

Identifier

Risk 12

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Other

Type of financial impact driver

Reputation: Reduced revenue from negative impacts on workforce mangement and planning (e.g., employee attraction and retention)

Company- specific description
There is increasing evidence that climate change could increase the risk of infectious diseases - the recent outbreak of zika virus, which has caused disruption across the globe, could spread to Europe as summers get warmer. The WHO states that a recent global increase in infectious diseases seems to correspond with rising global temperatures. According to the 2013 IFPRI report, "poor communities suffer the most from climate change impacts." This risk could affect Old Mutual in several ways. It could affect our direct operations as well as staff morale. It could affect our investments and thus returns on investments for our clients and other stakeholders.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
High

Potential financial impact

Explanation of financial impact
If our business was unable to operate as normal, there could be an impact on AOP of up to 5% through decreased productivity.

Management method
Risk identification and management is a core part of our strategy at business level. Ongoing reviews are performed of risk identification, exposure levels and remedial action plans at a business level to make sure that all risks are identified and assessed. Old Mutual plc is currently involved in assessing BCP plans for the businesses as part of the managed separation but under the new managed separation assessment of BCP plans will be done by the businesses themselves. Remote access so employees can work at home in adverse weather conditions is provide in our businesses. We consider our BCP and DR risks over a 1-3 year timeframe. All our businesses have crisis management and business continuity plans in place. Any material risks that arise are reported at a central level, to the Group.

Cost of management
0

Comment
There is no additional cost to managing these risks and they do not represent a material cost to the business. Disaster Recovery and Business Continuity Plans are reviewed regularly as part of our general risk management practices.

Identifier
Risk 13

Where in the value chain does the risk driver occur?

Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Reputation: Shifts in consumer preferences

Type of financial impact driver
Reputation: Reduced revenue from decreased demand for goods/services

Company- specific description
Climate change is widely recognised as the greatest environmental challenge facing the world today and we recognise that our business needs to go significantly beyond compliance to meet the increasing expectations from stakeholders that we will deal with these challenges. Our reputation improves our ability to attract customers, employees and investment, to motivate employees and suppliers, and to differentiate us from our competitors. In particular at Nedbank we are considered to be a thought leader in the climate change space e.g. Nedbank was the first carbon neutral bank in South Africa and won the African Banker 'Socially Responsible Bank of the Year' in 2014. At its worst, failure to effectively manage climate change represents a potential threat to our licence to operate. As more brands make commitments to meet emissions targets and operate responsibly, there will be increased expectation that all brands follow suit. Though Old Mutual is already a leader in the climate change space, we will continue to engage with policy makers on climate change issues.

Time horizon
Long-term

Likelihood
More likely than not

Magnitude of impact
Medium-high

Potential financial impact

Explanation of financial impact
If Old Mutual's reputation was called into disrepute, it could reduce demand for our good/services by our 20.8m customers. Old Mutual's funds under management, which are international, could be adversely affected.

Management method
Responsible investment continues to be an important focus for the business. In 2017 there was 40% compliance across Old Mutual with the RI Standard. We also use external guidelines & frameworks to inform our approach e.g. The FTSE4Good Index. One of the ways in which Nedbank manages its reputation is by only sourcing carbon offsets from reputable projects and to disclose to the public which offset projects it supports. To date the ERM process has resulted in no reputational risk due to Nedbank's carbon

neutrality and the supported projects. In 2017 OMEM invested approximately R1.9bn into projects in developing communities with investment directed at BBBEE ownership, community and skills investment and education. OMEM is maintaining two focus areas of the Positive Futures Plan: financial wellbeing and responsible investment. At year end 2017, the Old Mutual Money Account, launched to help customers to save as they spend, had nearly 320,000 accounts. We ensure our products and services can reach those even in the most remote parts. In 2017, our financial education programmes had reached 630,806 people across Africa. OMEM is the largest infrastructure funder in South Africa, and has committed R22.1 billion into renewable energy projects. We continue to support the Montreal Pledge which we signed in 2015 and we continue to partner with climate change-focused organisations e.g. Nedbank and WWF-SA partnership.

Cost of management

Comment
The costs of these actions differ from year to year and are part of our business as usual practices. Internal management of Responsible Business has a specified annual budget. In addition to this budget should be added the spend for communicating this to stakeholders both internal and external.

Identifier
Risk 14

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact driver
Reputation: Reduced revenue from decreased demand for goods/services

Company- specific description
Poor or unstable economic and social situations caused by severe climate change impacts could reduce the ability or demand of potential customers to take advantage of our products. For example in South Africa, commercial crop insurance risks vary from year to year, be it because of hail, drought, wet weather or cold, and farmers' purchase of products varies accordingly. Another example of a different kind of change in demand for our products is in the UK where there is an increasing expectation for companies to provide ethical and environmentally friendly products, a trend that is gathering pace worldwide.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium-high

Potential financial impact

Explanation of financial impact
A change in demand for our good/services by our 20.8m customers could adversely affect our FUM internationally.

Management method
Old Mutual offers products to suit different customer needs even in challenging market conditions e.g. those caused by climate change. For crop insurance products we assess and identify risk for customers individually and ensure exposures do not exceed limits set per crop area. In 2016, the Blue Marble partnership launched its first pilot venture, Ruzhowa. The product insures small-scale maize farmers against the risk of drought in planting season. At launch, 335 farmers in Zimbabwe were signed up. We are diversified across territories and product lines minimising impact of changes in specific sectors/territories. As an investment, banking, insurance and savings business we help people plan ahead & provide for unforeseen expenses/circumstances. In 2017 OMEM had invested approx. R1.9bn into projects developing communities with investment directed at BBBEE ownership, community and skills investment and education. Responsible Investment remains a central pillar of Old Mutual's approach to responsible business. In 2016 OMIG launched the first responsible investment equity index fund in South Africa which invests in companies that have high sustainability measures. At OMEM, 10% of FUM is committed in green economy and infrastructure investment at scale in the markets in which we operate. Recognising the shortage of financial advisers, OMW acquired the Financial Advisor School in 2016. At the end of the 2017 114 students had enrolled.

Cost of management
0

Comment
There is no additional cost to managing these risks and they do not represent a material cost to the business. Our product development teams across the business integrate climate change products into their general business practices.

Identifier
Risk 15

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Technology: Other

Type of financial impact driver
Technology: Costs to adopt/deploy new practices and processes

Company- specific description
While power outages are no longer considered a high level risk, the energy situation in South Africa means that energy uncertainty remains a concern as a potential business risk. Any load shedding or power outages would affect business as normal in our largest market by causing disruption in our OMEM branches, as well as increased claims on insurance policies that we have underwritten.

Time horizon
Current

Likelihood
More likely than not

Magnitude of impact
Medium-high

Potential financial impact

Explanation of financial impact
Increased operational costs would affect our South African AOP of £1.74bn.

Management method
Disruptions to energy provisions caused by climate changes events can cause an inability to service business processes. To counteract this, in 2015 UPS backup generators were installed in 142 P1 branches. E&Y conducted workshops to assess the impact of an Eskom grid failure and appropriateness of OMSA plans. Gaps were identified in the assessment of the shutdown and restart, and have been remediated as part of an updated plan. Given lack of blackouts since 2015, we have reduced this risk exposure. As traditional energy resources are finite Old Mutual will help economies transition to using mixed energy. In our role as custodian of our shareholders' and beneficiaries' long-term futures, the global trend to move to renewable energy means we will continue to consider the relevant material ESG factors in the investment decision-making process. In 2017, OMEM had committed investment of R22.1bn, supporting the Integrated Resource Plan which has investments across renewable energy projects including wind farms, solar, hydro and biomass. 70% of these are already operational and the clean energy generated by Old Mutual's contribution will be enough to power around 1.3 million average households. In 2017, 2,08% (2016: 1,81%) of our total group lending and finance commitments related to renewable energy generation. This compares favourably with the 0,56% (2016: 0,58%) of total funding of coal- and fossil-fuel based energy generation (including our direct facilities to Eskom).

Cost of management
0

Comment

The development of remedial action plans to mitigate this risk is a core part of the Group's risk management strategy and, as such, the financial costs for climate change specific activities do not represent a material additional cost and are not measured separately to Old Mutual's wider risk management costs. The majority of the remedial action necessary to manage this risk was the purchase of back-up generators and the majority of this was carried out in financial year 2014.

Identifier

Risk 16

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

The UK has been a champion for efforts to mitigate and adapt to climate change. However, to date the UK has acted within the UNFCCC as part of a single entity – the EU. Adherence to the Paris Agreement was established by a single decision binding all 28 members, and the EU has presented a common Nationally Determined Contribution (NDC) declaring its ambitions to reduce emissions. After Brexit, the UK will need to establish up its own position within the UNFCCC as an independent member. It will have to ratify the Paris Agreement on its own, and produce its individual NDC. Whilst this is achievable, time, space and resources will be required. The delay could possibly leave the UK behind compared to other international actors. The European Union Emissions Trading System (EU-ETS) had multiple benefits for the UK. It has helped the UK meet its ambitious emissions targets, while allowing heavy emitters to keep operating by purchasing relatively cheap allowances from other European countries. Moreover, London's role as financial hub has made it the largest EU-ETS exchange market, giving the UK a leading role in climate-related financial services. The UK may establish its own national ETS, but there is huge uncertainty over timing, size, shape and effectiveness. This is highly detrimental for UK companies subject to the EU-ETS that will lose access to the system from January 2018, hence facing significant cost increases for their emissions reductions.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact
Medium-high

Potential financial impact

Explanation of financial impact
Old Mutual's funds across the globe will potentially be influenced by changes in climate change regulation at an international level, both from an investment perspective (screening for climate change risks in funds) and an operational one at a global level.

Management method
In 2016, Old Mutual Wealth joined the Institutional Investors Group on Climate Change (IIGCC). IIGCC is widely recognised as the leading investor voice on climate change and has established itself as the point of reference for significant stakeholders. We also continue to be signatories to the UNPRI. RI is central to our commitment to operate responsibly. Having rolled out our RI Standard across the Group in 2013, in 2016 and 2017, we recorded 100% compliance across the group. Since announcing our intention to execute a managed separation of the Group into four strong standalone entities, we are focused on ensuring our commitment to operating as a responsible business remains strong. Placing an emphasis on ESG assessment of companies alongside our asset diversification policy helps to reduce and manage the exposure we have to carbon intensive investments.

Cost of management
0

Comment
Management of this risk falls under existing operational remit supported by corresponding structures at Business Unit level, and therefore does not represent an additional material cost. Once the managed separation is complete, this will fall under the corresponding teams within the businesses. Risk management for investments is covered through the responsbile investment policy.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of lower-emission sources of energy

Type of financial impact driver
Reduced operational costs (e.g., through use of lowest cost abatement)

Company- specific description
Mandatory GHG reporting is gaining traction across our markets. In South Africa, entities that engage in activities that emit greenhouse gases will be liable for the carbon tax and will need to submit their tax returns based on their own assessment of their emissions. In December 2017, the Second Draft Carbon Tax Bill was published for introduction in Parliament, as well as public comment. Date of implementation will be announced during 2018, or at the Budget 2019, taking into account the state of the economy. By making efficiency savings we have an opportunity to reduce operational costs, which could be magnified if Eskom's carbon tax costs are passed onto consumers through higher electricity costs. Our experience of carbon taxes in other markets, such as the UK CRC, is that it prompts greater visibility of our energy supply chain and highlights where savings can be made or, potentially, where overbilling has occurred.

Time horizon
Long-term

Likelihood
Virtually certain

Magnitude of impact
High

Potential financial impact

Explanation of financial impact
Electricity is by far the biggest energy source for our South African operations with around 92% of our total grid supplied electricity coming from South Africa. If we can reduce our emissions, this would represent an opportunity to reduce our operational costs significantly and have a positive impact on our OMEM and Nedbank AOP as a result which, combined, stood at £1.7bn.

Strategy to realize opportunity
Such regulatory pressures improve the business case for investing in emissions reduction initiatives. With a property portfolio valued at R16bn in 2017, with around 1288 tenants, investing in emissions reductions initiatives will cut down our emissions and costs long-term. Within each business, responsible business data enterers and approvers monitor, track and report our carbon data. By closely monitoring and tracking our carbon consumption on a quarterly basis we are able to monitor overbilling, recoup any costs owed and expose opportunities where savings could be made. Our carbon teams across the businesses are responsible for helping reduce our carbon impact. The teams run employee facing campaigns to encourage stewardship at work with regards to saving electricity, heat, cooling, waste and paper. Raising awareness of environmental impacts is part of their remit also. In Zimbabwe, we have established tree nurseries in drought prone areas and celebrated world tree planting day by having 100km walkathons. Our focus this year is to manage the separation strategy up until the separation and once the businesses are standalone we will remain committed during this transition to operating as a responsible business with a view to the long-term.

Cost to realize opportunity
50000

Comment
Our data management system which will highlight where opportunities for reducing carbon arise, costs the Group approx. £50,000 a year. Under the managed separation, the standalone businesses will assess the best data management systems for their needs.

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Development of new products or services through R&D and innovation

Type of financial impact driver
Increased revenue through demand for lower emissions products and services

Company- specific description
With the rise in carbon taxes it is predicted that the demand for renewable energy will increase, as will self-generation and the need for businesses to become less carbon intensive - the '2030 climate and energy framework' contains a binding target to cut emissions in EU territory by at least 40% below 1990 levels by 2030. To achieve the at least 40% target, EU emissions trading system (ETS) sectors would have to cut emissions by 43% (compared to 2005) – to this end, the ETS is being reformed and

strengthened. The non-ETS sectors will also need to cut emissions by 30% (compared to 2005) – this will be translated into individual binding targets for Member States. The Market Stability Reserve is proposed to address the current oversupply of allowances and strengthens the ETS' resilience to external shocks and make it more robust and effective in promoting low-carbon investment at least cost to society. This higher resilience may encourage more low-carbon investment within the European market. In South Africa, the proposed carbon tax presents several opportunities to Old Mutual. The changes to carbon taxes and cap and trade schemes, as in Europe and South Africa give us the opportunity to: play an active role in their development, and increase our investments in the renewable energy sector and companies that are responsibly managing their carbon risks and low carbon business. In this climate, it is possible that we will see an increase in these investment returns as clients and investors start to look to see how businesses are responding to the transition to a low carbon economy. There is an opportunity for us to sell offsets, to invest in green energy products, in infrastructure to help transfer South Africa into a green economy and the potential to provide products to a client base with an increased appetite for carbon efficient financial products. Currently, Old Mutual is a leading investor in renewable energy so this presents a big opportunity for Old Mutual.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium-high

Potential financial impact

Explanation of financial impact
In 2017 Old Mutual Emerging Markets had £71.6bn FUM. By the end of 2017 OMEM had committed investments of £1.32bn in renewable energy projects. This investment in renewable energy markets stands to grow in light of this opportunity.

Strategy to realize opportunity
Our investment teams are aware of the opportunity carbon taxes presents to create carbon efficient products for customers & integrate development of these into usual practice. In 2016, OMIG launched the first responsible investment equity index fund, for institutional investors, in South Africa which invests in companies that have high sustainability measures. Old Mutual is committed to investing responsibly and has been on a steady and focused responsible investment journey. Under the managed separation, the underlying businesses will continue to focus on responsible Investment as this is where we believe we can make a significant positive difference. Having rolled out an RI standard across the Group in 2013, in 2017 we recorded 40% compliance. By end of 2017 OMEM had committed close to R102bn to projects that support South Africa's National Development Plan, investing in financial education, the green economy and social-economic infrastructure. At Mutual Park, one of the largest con-

sumers of electricity in the Western Cape, OMEM has invested in a 1.2 MW solar installation. The solar photovoltaic system reduces Mutual Park's electricity consumption by 2 170 605 annually, saving R5.5m per year. Nedbank's Fair Share 2030 programme provides energy-efficient and renewable-energy funding, supporting the diversification of Africa's energy supply.

Cost to realize opportunity

0

Comment

There is no additional associated cost of managing this opportunity. All costs are covered by the teams and departments who would benefit from the opportunity crystallising.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resilience

Primary climate-related opportunity driver

Participation in renewable energy programs and adoption of energy-efficiency measures

Type of financial impact driver

Increased revenue through new products and services related to ensuring resiliency

Company- specific description

The UN 2015 Sustainable Development Goals (SDGs) seek to provide a holistic and integrated approach to ending global poverty and hunger by the end of 2030. In order to realistically achieve these goals the global community needs to interrogate and address some deeply structural issues such as common but differentiated responsibilities; non-inclusive growth and poverty; poor governance; unsustainable patterns of consumption and production; unmaintainable population growth; and the management of the natural resource base for future social development. This also requires the acceptance that global goals, of whatever type, are only likely to gain support if they address existing political-economic objectives at the country level. The SDGs and their specific targets provide vehicles with which to align national contributions to sustainable development priorities and to catalyse the transition from business-as-usual pathways to climate-resilient, resource-efficient, low-carbon and inclusive development. We view SDGs as an opportunity for us to collaborate with others in order to scale up and innovate around existing initiatives that contribute to progress towards achieving the goals, particularly in our African market.

Time horizon

Medium-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Potential financial impact

Explanation of financial impact
Old Mutual Emerging Markets has an FUM of £71.6bn. The proportion of this invested in funds to help grow initiatives such as financial education schemes could grow. £5.5m went into funding education across Africa by OMEM, including financial education.

Strategy to realize opportunity
Old Mutual businesses continued to explore how to align the Positive Futures Plan with specific SDGs and demonstrate our active commitment to the sustainable development agenda. At Nedbank, we believe that our long-term Goals, under our Fair Share 2030 strategic plan, are compatible with the SDGs, and represent a useful subset to which we, as a financial services provider, can deliver a winning strategic response. Nedbank's Green Savings Bond allows investors to support renewable energy projects. Since its inception, R17.5bn has been invested. By the end of 2017 OMEM had invested R15.1bn into affordable housing projects, R61.4bn into other infrastructure and R22.1bn into renewable energy projects across Africa. The Blue Marble Micro-insurance partnership launched a crop index insurance product called 'Ruzhowa' launched in Zimbabwe providing protection to small-scale maize farmers against the risk of drought in planting season. In 2017 OMEM invested R164m into community programmes, including R74m in education and R21m financial education across Africa. In 2017, Nedbank retained its Broad-Based Black Economic Empowerment level 2 status for the 9th consecutive year. Key affiliations include being on the Board of the UN PRI and a signatory to UN Global Compact, and being aligned with the South African National Development Plan 2030, Equator Principles, CRISA, FTSE4Good, and CDP.

Cost to realize opportunity
0

Comment
There is no additional associated cost of managing this opportunity as development of our responsible business plan is already absorbed in other responsible business budgets.

Identifier
Opp4

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of lower-emission sources of energy

Type of financial impact driver
Returns on investment in low-emission technology

Company- specific description
Controlling carbon emissions requires a global effort and this has resulted in varying proposals around a global cap and trade system, where the developing world would come to the fore. The EU has proposed a new market mechanism to be implemented in both developed and developing countries. By covering whole economic sectors (not only projects as the Clean Development Mechanism does) such a mechanism would go beyond the pure offsetting of emissions and could form a stepping stone towards a system of globally linked economy-wide CAT systems. The new mechanism would help developing countries scale up efforts to reduce GHG emissions in a cost-effective way. This goal was given momentum by the decision of the 2011 UN climate conference in Durban to set up a new market mechanism under the UNFCCC, although the vast majority of carbon trading still occurs within domestic markets, such as within the European Union, New Zealand and South Korea. However, the Paris Agreement, which recognises that countries can use markets to achieve their emissions goals, could promote more international trading. International markets are already being put in place, such as through joint trading between California and Quebec, which began a year ago. There is also bilateral cooperation between the EU and China, and the EU and South Korea. China struggled to honour its promise to establish a nationwide emissions cap and trade system by 2017, with the scheme delayed by technical problems. The country has instead settled for a scaled-back scheme involving only the power sector, launched in December 2017. Before international trading can take off, new global rules need to be developed by UN climate negotiators to complement December 2015's high-level Agreement. At the moment, countries have pledged to achieve very different goals under the Agreement, and their pledges were also framed by wildly different parameters. UN climate negotiators began the process of trying to establish rules for international trading under the Paris Agreement during meetings in Germany in May 2016 and in Morocco in November 2016. Any increase in trading of financial instruments is an opportunity, as Old Mutual could facilitate as a broker or provide a trading platform. The extension of cap and trade schemes globally may also motivate the selling of green funds.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium-high

Potential financial impact

Explanation of financial impact

Old Mutual has funds under management internationally and, as this is an international proceeding, our funds across the business will potentially be influenced by changes in cap and trade schemes operating at this level.

Strategy to realize opportunity

Old Mutual will monitor how the extension of CAT schemes globally affects opportunities for investment e.g. motivating the selling of green funds. In 2017 Old Mutual Wealth continued its engagements with the Institutional Investors Group on Climate Change (IIGCC). The IIGCC provides investors with a collaborative platform to encourage policies and solutions that ensure an orderly and efficient move to a low carbon economy, as well as measures for adaptation. ESG issues are central to our commitment to operating responsibly, a commitment that will continue once the Old Mutual businesses standalone. With the advent of ESG ratings it is now possible to build investment products that leverage ESG information; in 2016 OMEM launched the first MSCI equity ESG index fund in South Africa. An increase in CAT schemes globally may present low risk, stable revenue investment opportunities in green infrastructure, transportation and clean energy, which we already have funds focused on: from OMEM, 10% of FUM was committed into the green economy and infrastructure investment at scale. We are placing the business and our customers in a position to benefit from a share in this growth by focusing on these areas.

Cost to realize opportunity

Comment

The businesses' after managed separation will have their own RI funds and so will manage this opportunity independently.

Identifier

Opp5

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Other

Type of financial impact driver

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company- specific description

If you're a UK business that pays income or corporation tax, you'll be able to claim 100% first year capital allowance on a product if it's on the Energy Technology List (ETL) at the time of purchase. The ETL is a government-managed list of energy-efficient plant and machinery. It is part of the Enhanced Capital Allowance (ECA) tax scheme for businesses. If the product has been taken off the list, or is added at a later date, the business will not be able to claim capital allowance on it. In 2016's budget a number of changes to the technologies supported under the ETL were made. This presents an opportunity to Old Mutual, which invests in energy efficient equipment where possible to reduce direct operational impacts and costs. By investing in the products on the ETL, Old Mutual could reduce scope 1 emissions in its UK premises in a cost-effective way.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium-high

Potential financial impact

Explanation of financial impact
In 2017, the AOP for Old Mutual Wealth was £363mn. This may stand to increase in the long-term, following investment in energy efficient equipment and operational strategies.

Strategy to realize opportunity
We have reported emissions data voluntarily since 2009 and, even under the managed separation into four strong stand-alone businesses, we are committed to continuing to operate responsibly. In terms of our direct carbon impact, our Group Climate Change Strategy helps us to focus on reducing and improving our energy efficiency. Each business will adapt this to their needs under the managed separation. All businesses continue to drive down our impact on the environment: in 2014, our Southampton offices achieved ISO 14001 accreditation through establishment of a dedicated Environmental Management System which involved investing in more energy efficient equipment, e.g. printers. In 2016, LED lighting was rolled out to three more Quilter Cheviot sites, converting fluorescent tubes to LEDs. This will result in an estimated annual tCO_2e saving of 0.12. We have also been in discussions with a company to attend OMH and put a cost proposal in for replacing the existing lighting with LEDs, which will include options on sensor control. In the Salisbury office the air-conditioning system was replaced with an "R32" system that has a reported energy consumption of 10% less than "R410A" that was in the original system. In addition the GWP of "R32" is reported to be 30% less than R410A". There is sub metering equipment in place in the Southampton and other offices of Quilter Cheviot, so we will monitor the energy use of equipment and act accordingly to reduce emissions.

Cost to realize opportunity
0

Comment

There is no additional associated cost of managing this opportunity because awareness of enhanced capital allowances is built into continuing professional development and training for our procurement teams.

Identifier
Opp6

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Other

Type of financial impact driver
Other, please specify (Investment opportunities)

Company- specific description
A growing recognition of the finiteness of fossil fuels, together with increased awareness of the impacts of climate change and political and energy price changes, has fuelled investment in 'clean energy' across the globe. Worldwide spending on wind, solar and other renewable sources climbed 3% to $333.5bn (£242.4bn), the second-highest level on record. China is leading the global charge, with investment jumping by nearly a quarter to $132.6bn (£98.8bn), a new high. The amount of solar installed in China increased by more than three-quarters on the year before as costs fell. Worldwide, solar took the lion’s share of spending on renewables, at $160.8bn, followed by windfarms. Investment increased by 1% to $56.9bn in the US, the second-biggest market for clean technologies, despite the Trump administration’s efforts to favour coal and nuclear power. However, this investment in wind, solar and other renewable sources slumped by 56% to $10.3bn (£7.5bn) in the UK, because of government policy changes. Spending also fell in Germany, Japan, India, Norway, Turkey and Taiwan. The fall of 56% in the UK was the steepest decline, far out-stripping the decrease of 26% for Europe as a whole. The International Energy Outlook 2016, looks at world energy consumption outlooks and over the projection period (2012-2040) renewables are the world's fastest-growing energy source, increasing by an average of 2.6%/year between 2012 and 2040. The growing demand for renewable energy represents an investment opportunity for Old Mutual businesses over the long-term.

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium

Potential financial impact

Explanation of financial impact

In 2017 Old Mutual has a portion of FUM committed in the green economy and infrastructure investment. OMEM, through its various investment capabilities had cumulatively committed £1.32bn of its customers' money (as at end 2017) into renewable energy projects across South Africa. This investment in renewable energy markets stands to grow in light of this opportunity.

Strategy to realize opportunity

Finiteness of fossil fuels means there is growing interest in the green economy, presenting an opportunity for us. Responsible Investment is an important element of our commitment to operating responsibly and will continue to be so under the managed separation into four strong standalone businesses. This year we continued to track compliance against our RI Standard in all businesses, recording 40% compliance. OMEM is the largest infrastructure funder in South Africa and has invested R22.1bn into renewable energy projects across South Africa. These projects include windfarms, solar, hydro and biomass plants and 70% of these are already operational. The clean energy generated from Old Mutual's contribution will be enough to power around 1.3 million average households. Nedbank's Fair Share 2030 strategy includes reducing our finance for fossil fuels and enabling the provision of modern energy services. In 2016, OMW joined the Institutional Investors Group on Climate Change, the leading investor voice on climate change as a demonstration of our commitment to responsible business.

Cost to realize opportunity

0

Comment

There is no additional associated cost of managing this opportunity as the business budgets for this where the opportunity cost would be seen.

Identifier

Opp7

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of climate adaptation and insurance risk solutions

Type of financial impact driver

Increased revenue through demand for lower emissions products and services

Company- specific description

Extreme weather events are a major consequence of climate change, and are becoming more frequent, powerful and erratic. Every continent has been affected, from storms hitting the Philippines to extreme droughts in central Africa, Brazil and Australia and a series of floods in Pakistan and the UK. Cape Town is entering the same cycle of droughts and floods. The last four years have been the warmest in the European record which will exacerbate soil droughts. These often have other related impacts such as damage to infrastructure, disruption of utility services, damage to property and customer assets as well as disruption of supply chains. There are two strands of action needed here, which provide opportunities for Old Mutual to invest in. The first is helping people mitigate these changes in the short term whilst, secondly, increasing investment in areas that will help the world adapt in the long-term - such as investing in responsible carbon management offerings.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium-high

Potential financial impact

Explanation of financial impact
In 2017 OMEM committed £1.32bn to renewable energy. This investment in renewable energy markets stands to grow in light of this opportunity. The AOP of OMEM, which was £777m could also expand as a result.

Strategy to realize opportunity
We develop products that help customers mitigate and adapt to effects of climate change. The Blue Marble consortium, of which Old Mutual is a founding member, launched it's first pilot venture with Old Mutual Zimbabwe, 'Ruzhowa' which protects small-scale maize farmers against the risk of drought. At launch, 335 Zimbabwean farmers were signed up. Following the 100 year drought in SA, Nedbank renewed it's commitment to supporting the Water Balance Programme over the next three years, building on the R9m, already invested over the last five. OMEM is the largest infrastructure funder in South Africa, and has committed close to R102bn of their clients money to projects that support South Africa's National Development Plan e.g. it committed R15.1bn to affordable housing. We continue to be an active part of partnerships and memberships such as UNPRI and the Global Compact as part of our continued commitment to the creation of sustainable societies. As part of the managed separation, each business will assess which relationships are most relevant to them ensuring the continuation of this commitment. OMEM have a management plan in place which will enable the infrastructure which it funds to be better prepared for water crisis, meaning therefore that clients' money will be better secured with OMEM.

Cost to realize opportunity
0

Comment
There is no additional associated cost of managing this opportunity as the business budgets for this where the opportunity cost would be seen.

Identifier
Opp8

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

Type of financial impact driver
Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company- specific description
Our reputation improves our ability to attract customers, employees and investment, to motivate employees and suppliers, and to differentiate us from our competitors. Climate change is widely recognised as the greatest environmental challenge facing the world today. We recognise the opportunities available to the business in going significantly beyond compliance to meet our stakeholder expectations in dealing with climate change.

Time horizon
Long-term

Likelihood
Very likely

Magnitude of impact
Medium-high

Potential financial impact

Explanation of financial impact
Our reputation is key to doing business and differentiating us from our competitors. Although difficult to quantify exactly, our brand reputation and brand value figure could stand to increase. In an attempt to quantify the value we could note that, Nedbank, South Africa's Green Bank has a brand value of approximately £696m as of 2017 - as valued by Brand Finance.

Strategy to realize opportunity
Responsible investment is central to our commitment to operate as a responsible business. Having rolled out our RI Standard across the Group in 2013, we have record-

ed a 40% compliance. Since announcing our intention to execute a managed separation of the Group into four strong standalone entities, we are focused on ensuring our commitment to operating as a responsible business remains strong. In 2016, OMIG launched the first responsible investment equity index fund in SA, which invests in companies that have high sustainability measures. In 2017, 10% of OMEM's FUM was committed into the green economy and infrastructure investment at scale. Improving access to financial services is a key focus for OMEM, for which many people in its markets are excluded from financial services. In 2017, 408,000 people across Africa were reached by one of our financial education programmes. Key affiliations include UN PRI, the UN Global Compact and the Montreal Pledge, and aligned with the South African National Development Plan 2030, Equator Principles, CRISA, FTSE4Good, and CDP. We are a firm part of the investment community asking businesses to submit their impacts. We played an active part in the drafting of South Africa's King IV Code on Corporate Governance and supported the development of the Africa Directors Programme in conjunction with the University of Stellenbosch promoting integrated reporting, ethical leadership and stakeholder inclusive approaches.

Cost to realize opportunity

Comment

The costs of these actions differ from year to year and are part of our business as usual practices. Internal management of each business has a specified annual budget. In addition to this budget should be added the spend for communicating this to stakeholders both internal and external.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	With the rise in carbon taxes it is predicted that demand for renewable energy will increase, as will the need for businesses to be less carbon intensive. Our investment teams are aware of the opportunity (Opp2) carbon taxes present to create carbon efficient products for customers and integrate development of these into usual practice. In 2016 for example Old Mutual Investment Group (OMIG) launched the first responsible investment equity index fund for institutional investors in South Africa, which invests in companies that have high sustainability measures. Controlling carbon emissions requires global effort, which has resulted in proposals for a global cap and trade system in which the developing world would come to the fore. Old Mutual will monitor how the extension of CAT schemes globally affects opportunities for investment (Opp4) e.g. motivating selling of green funds. Extreme weather could cost our insurance business heavily through increased claims, for example against building and crop insurance policies (Risk 9). The Risk Committees work with product development teams to manage this risk. Old Mutual Insure uses a conservative reinsurance and underwriting structure, in line with risk appetites, to cater for volatility of crop insurance, ensuring exposures do not exceed limits set per area and crop. Climate change and environmental degradation

		pose threats to the global economy and the wellbeing of citizens in every country. This has the potential to undermine development investments and recent gains in poverty alleviation, food and water etc, particularly in vulnerable developing countries. Since Old Mutual invests funds in ways that create a positive future for our customers and their communities, this is a risk to Old Mutual (Risk 11) and so operating responsibly is a priority. In 2017 Old Mutual Emerging Markets (OMEM) invested R69m in community and skills development and the Blue Marble partnership launched its first pilot venture – a crop insurance product which protects small-scale farmers against the risk of drought. Unstable economic and social situations caused by severe climate change impacts could reduce the ability or demand of potential customers to take advantage of our products (Risk 14). To counter this Old Mutual offers products to suit different customer needs even in challenging market conditions e.g. those caused by climate.
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	Changes to the availability and distribution of natural resources caused by climate change could negatively impact the supply chains of our investments and therefore seriously affect our investment returns (Risk 10). Responsible Investment is therefore a focus area for the business and will continue to be so following the managed separation. Placing emphasis on ESG assessment alongside our asset diversification policy reduces our exposure to carbon intensive investments. The policy and, particularly at OMEM, the in-house Risk Exposure Aggregation System ensures investment isn't concentrated in one sector or investment type, which mitigates the risk of local 'trauma'. We also share knowledge and best practice through memberships to like-minded organisations. While power outages are no longer considered a high level risk, the energy situation in South Africa means that energy uncertainty remains a concern as a potential business risk (Risk 15). Disruptions to energy provisions caused by climate change events can cause an inability to service business processes. To counteract this, in 2015 uninterruptible power supply (UPS) backup generators were installed in 142 priority branches.
Adaptation and mitigation activities	Impacted	Mandatory GHG reporting is gaining traction across our markets. Such regulatory pressures improve the business case for investing in emissions reduction initiatives (Opp1). Our carbon teams across the businesses are responsible for helping reduce our carbon impact. The teams run employee-facing campaigns to encourage stewardship at work with regards to saving electricity, heat, cooling, waste and paper. Raising awareness of environmental impacts is part of their remit also. Extreme weather due to climate change causes damage to infrastructure, disruption of utility services, damage to property and customer assets, and disruption of supply chains. There is an opportunity (Opp7) for Old Mutual to invest in helping people mitigate these changes in the short term e.g. the Blue Marble consortium which protects small-scale maize farmers against the risk of drought, whilst also increasing investment in areas that will help the world adapt in the long-term.
Investment in R&D	Impacted	We view the Sustainable Development Goals (SDGs) as an opportunity (Opp3) for us to collaborate with others to scale up and innovate around existing initiatives that contribute to progress towards achieving the goals, particularly in our African market. Nedbank's Green Savings Bond allows investors to support renewable energy projects and, since its inception, R17.5bn has been invested.
Operations	Impacted	South Africa represents 94% of the Group footprint, the South African Carbon Tax (to be implemented as early as January 1 2019) will affect our South African direct operations, investment property portfolio and general investments in South Africa (Risk 1). To counter this Old Mutual Property engages with Eskom in its demand-side reduction initiatives and monitors the impact the carbon tax will have on the business and our tenants. In addition Old Mutual continues to invest in the green economy. In 2014 the EU adopted a directive that will require disclosure of ESG information by certain large companies (Risk 4). Old Mutual has reported emissions data voluntarily since 2009 so is prepared for a transition to mandatory reporting. The '2030 climate and energy framework' contains a binding target to cut emissions in EU territory by at least 40% below 1990 levels by 2030 (Risk 5). We monitor legislative developments in response to the target which may affect Old Mutual's operations and investments. In March 2016 Old Mutual announced a managed separation of the Group into four standalone entities.

		This will impact how much Old Mutual is captured through government emissions policies, however, we are committed to reducing our impact regardless. Based in the UK, Old Mutual plc and Wealth UK are affected by UK Government CRC Energy Efficiency Scheme and required to purchase allowances to cover their emissions (Risk 6). However, following the managed separation Old Mutual plc will no longer be an entity to report to CRC and Old Mutual Wealth will likely fall below the CRC threshold rendering this threat obsolete. Severe weather conditions attributed to climate change, e.g. unseasonal hail or drought, pose a risk to buildings and thus business operations (Risk 8). Likewise there is evidence that climate change can increase the risk of infectious diseases (Risk 12). Business Continuity and Disaster Recovery Plans (BC and DR plans) are in place for Old Mutual at both plc and the businesses.
Other, please specify	Impacted	Other, please specify: Reputation Investments Following the ratification of the Paris Agreement, Brexit, and President Trump's climate policy, we maintain a close watching brief on the potential impact of national legislation on our businesses (Risk 3). We continue to understand and shape the local implementation of the Paris Agreement through participation in sector and geographic trade associations. UK companies subject to the EU ETS will lose access to the system from January 2018, hence facing significant cost increases for their emissions reductions (Risk 16). After Brexit the UK may establish its own national ETS but there is uncertainty over its timing, size, shape and effectiveness. Whilst changes to the EU ETS do not affect our direct operational activities in the EU, our investment teams are aware of the possible business implications of the legislation to the companies we invest in and the knock on effect this may have on our investment decisions and the return we are able to offer to our clients (Risk 2). In response to these risks, the modifications of the EU ETS will be factored into our economic models and, as a member of the Institutional Investors Group on Climate Change, Old Mutual Wealth UK will closely monitor developments on a UK ETS. It was announced in 2016 that the Climate Change Levy, a tax on energy use paid by businesses, will increase from 2019 to make up from the loss in revenue resulting from the abolition of the CRC. This means a rise in the carbon tax for carbon-free renewable energy (Risk 7). Old Mutual will continue to consider the relevant material environmental, social and governance factors throughout the investment decision-making process to minimise this risk. Finiteness of fossil fuels means there is growing interest in the green economy, presenting an opportunity for us (Opp6). In 2017, 10% of OMEM's FUM was committed to the green economy and infrastructure investment. Finally, stakeholders expect us to combat the challenges climate change presents (Risk 13). Though this is a risk to Old Mutual's reputation, we also see it as an opportunity (Opp8) for the business in going beyond compliance when dealing with climate change. For example Old Mutual played an active part in the drafting of South Africa's King IV Code on Corporate Governance.

C2.6

(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	The below outlines how Old Mutual revenues will be impacted by the risks and opportunities identified in C2.3 & C2.4: Risk 3: Old Mutual has global FUM which may be influenced by changes in climate change regulation at the international level, both from an investment and operational perspective. Risk 5: The target to cut emissions in EU territory by at least 40% below 1990 levels by 2030 could affect Old Mutual Wealth's AOP (£363m in the UK and Europe) through its investments and direct operations. Risk 9: OMEM had £71.6bn of FUM (as at 31/12/17), part of this is invested in crop insurance. 2017 aggregate income after costs in the agriculture

		sector in the Western Cape declined by up to £52m (R5.9bn) due to the lower output as a result of drought. If Nedbank has about 20% of the market and did not obtain an estimated 13% on this market segment then the loss to the bank could amount to £8.7m (R150m). Risk 10: Old Mutual has FUM internationally – this may be influenced by the effects of climate change on natural resource availability negatively impacting supply chains of companies we invest in. Risk 11: In 2017 OMEM had FUM of £71.6bn and 12m customers in Africa. A significant proportion of our FUM could be affected by climate change impacts on the environment and economy in Africa. Risks 13 & 14: Demand for our goods/services by our 20.8m customers could be reduced and Old Mutual's international FUM adversely affected if Old Mutual's reputation was called into disrepute, or climate-related factors caused an unstable socio-economic situation. Opp2: Carbon taxes present an opportunity to create carbon efficient products for customers. By the end of 2017 OMEM had committed investments of £1.32bn to renewable energy projects. Opp3: The proportion of OMEM's FUM of £71.6bn invested in funds to help grow initiatives such as financial education schemes could grow. £5.5m went to funding education across Africa by OMEM in 2017. Opp4: Old Mutual has international FUM which could be influenced by changes in cap and trade schemes operating at this level. Opp6: In 2017 Old Mutual has a portion of FUM committed in the green economy and infrastructure investment. It has also cumulatively committed £1.32bn of its customers' money (as at end 2017) into renewable energy projects in South Africa. This investment in renewable energy markets stands to grow.
Operating costs	Impacted	The below outlines how Old Mutual's operating costs will be impacted by the risks and opportunities identified in C2.3 & C2.4: Risk 7: Old Mutual Wealth AOP is £363m in the UK and Europe which could be affected by the rise in the carbon tax for carbon-free renewable energy. Risk 12: There is evidence that climate change can increase the risk of infectious diseases. If our business was unable to operate as normal, there could be an impact on AOP of up to 5% through decreased productivity. Risk 1: Our South African operations comprised 54% of our total scope 1 emissions in 2017. The proposed carbon tax rate of R120 per tonne of CO2e would amount to approximately £13,521 (R234,240) in additional cost, increasing at 10% per annum. Costs associated with the carbon tax do not exceed our current costs for monitoring legislation and operating as a business. Old Mutual Property invested approximately £1.4m into carbon reduction initiatives in 2017. Risk 2: The impact of changes to legislation on our investments could negatively affect the Old Mutual Wealth 2017 AOP of £363m in the UK and Europe. Risk 4: The software used for managing our vast data resources costs approximately £50,000 per annum. Failure to comply could put part of our global AOP of £2.0bn at risk. Management of this risk falls under our existing operational remit and therefore does not represent an additional material cost. Risk 8: The AOP of Old Mutual Group is £2.0bn (as at 31/12/17). Inability to carry out business operations due to severe weather conditions would put AOP at risk. Risk 15: Increased operational costs due to power outages would affect our South African AOP of £1.74bn. Risk 16: UK companies subject to the EU ETS will lose access to the system from January 2018, which may affect the companies we invest in. This may have a knock-on effect on our investment decisions and the return we are able to offer our clients. Opp1: Electricity is by far the biggest energy source for our South African operations with around 92% of our total grid supplied electricity coming from South Africa. If we can reduce our emissions, using mandatory GHG reporting as a further incentive, this would represent an opportunity to reduce our operational costs significantly and have a positive impact on our OMEM and Nedbank AOP as a result which, combined, stood at £1.7bn.
Capital expenditures / capital allocation	Impacted	The below outlines how Old Mutual's Capital expenditures/capital allocation will be impacted by the risks and opportunities identified in C2.3 and C2.4: Opp3: We view the Sustainable Development Goals (SDGs) as an opportunity for us to collaborate with others to scale up and innovate around existing initiatives that contribute to progress towards achieving the goals, particularly in our African market. OMEM has an FUM of £71.6bn, and the proportion of this invested in funds to help grow initiatives such as financial education schemes could grow. £5.5m went into funding education across Africa by OMEM in 2017, including financial education.

Acquisitions and divestments	Not yet impacted	To date, there are no risks or opportunities that affect our financial planning for acquisitions or divestments.
Access to capital	Not impacted	There are no risks or opportunities that affect our access to capital.
Assets	Impacted	The below outlines how Old Mutual's assets will be impacted by the risks and opportunities identified in C2.3 and C2.4: Opp7: Severe weather conditions attributed to climate change, e.g. unseasonal hail or drought, pose a risk to buildings and thus our property portfolio valued at R16bn in 2017, with around 1,288 tenants. Opp8: Our brand value figure could stand to increase. Nedbank, South Africa's Green Bank, has a brand value of approximately £696m as of 2017 (as valued by Brand Finance).
Liabilities	Not yet impacted	To date, there are no risks or opportunities that affect our financial planning for liabilities.
Other	Not impacted	There are no risks or opportunities that affect any other element of our financial planning.

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, and we do not anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

For 2017 the below stands true:

i. Consideration and evaluation of climate change (CC) risks/opportunities is integrated into existing strategic planning at business level. Strategic decisions are underpinned by analysis of operational data (incl. emissions data), stakeholder research, trend analysis and horizon scanning as well as progress toward key targets. The businesses update their local strategies in response to changing market conditions and review them annually to ensure they will be strong standalone businesses.

ii. Our Responsible Business Policy (RBP) details how we manage environmental responsibilities effectively. In 2010 we set a target to reduce our direct carbon emissions by 20% by 2020 (2010 baseline) in our property portfolio and employee-occupied properties.

As we undertake the MS we are working with the businesses to identify targets that support their move to independence. Until the businesses set their own targets the environment task forces continue working toward the plc strategy and targets.

Our greatest environmental impact comes indirectly from the investments we hold and the policies we underwrite. We are working to understand the carbon emissions of our investments and apply our Responsible Investment (RI) Standard to our investment capabilities.

iii.

Investment:

The effects of CC put pressure on society to switch to renewable energy. We are working to drive our contribution to the development of a socially inclusive, resource efficient and low carbon economy, referred to as a 'green economy'. As at 31 December 2017 10% of funds under management for Old Mutual Emerging Markets (OMEM) are committed to the green economy and infrastructure investment at scale (2016 also 10%).

OMEM's investment capabilities have also cumulatively committed R22.1bn of customers' money (as at end 2017) into renewable energy projects across South Africa which forms an integral part of the Government's Integrated Resource Plan 2010.

CC exacerbates global food insecurity; Old Mutual Investment Group (OMIG) invests in projects to help farmers increase crop yield and land utilisation and reduce food loss, 3 factors with the greatest effect on improving food security says USAID.

Facilities:

CC causes communities to become water-stressed. One of our main direct environmental impacts comes from water consumption. Nedbank has supported the WWF since 1990 and helped form the Water Balance Programme, pledging R9m to it, which works with corporates and freshwater systems in South Africa to increase water yields.

Location:

In African countries transport is often affected by climate-related factors. In 2017 OMEM made progress in digitally enabling the business to ensure our products and services reach even those in remote communities. The Old Mutual Money Account, launched in 2015, allows customer access anywhere, through the Old Mutual app, cellphone banking or online banking. There are 320000 Old Mutual Money Accounts (as at end 2017).

Procurement:

To ensure our suppliers reflect our environmental values, in 2014 we strengthened our RBP to include a section on responsible procurement. As part of the MS, in 2017 we worked with the businesses to ensure they embed aims of the RBP and contact key suppliers regularly.

Research and development (R&D):

The impact of CC on food and water security in 2017 mostly affects people who depend directly on the environment for survival. For Old Mutual the concept of shared value is therefore key in providing a way to unlock business growth, by identifying business opportunities and developing products that make positive contributions to the environments and communities in which we operate.

iv.

Opportunity to develop green business:

In line with Nedbank's Fair Share 2030 strategy, Nedbank is working to decarbonise its lending book in line with the carbon budget. And in 2017 2.08% (2016: 1.81%) of Nedbank's total lending and finance commitments related to renewable energy generation vs 0.56% (2016: 0.58%) of total funding to coal- and fossil-fuel based energy generation.

As at 31 December 2017 10% of OMEM FUM was invested in the green economy and infrastructure and OMEM had cumulatively committed R22.1bn of customers' money into renewable energy projects across South Africa.

Need for adaptation:

Energy-saving features built into housing help mitigate CC and also expand access to quality, affordable accommodation that withstands effects of CC. In 2017 Nedbank Corporate & Investment Banking made the first disbursement from an R120m Sustainable Affordable Housing finance facility in South Africa.

v. During 2017 we:

- Continued to support UN Principles for Responsible Investment as an asset owner
- Committed R22.1bn of our customers' money (OMEM as at end 2017) into renewable energy projects across South Africa which will initially provide 3922MW of clean energy, of which OMEM will contribute 59%
- Committed R61.4bn to infrastructure projects and R15.1bn to affordable housing on behalf of our clients to date through OMEM
- Increased efforts to raise awareness of RI across all businesses. In 2017 we worked on understanding the carbon emissions of our investments and applying our RI Standard to our investment capabilities
- Worked with our businesses to embed recommendations of the TCFD as they prepare for listing and operation as standalone entities

vi. One way our long-term strategy is influenced by CC was launching the PFP in 2015, for which RI is a core focus. Due to the MS we are working with the businesses to ensure their goals meet the expectations of the markets in which they operate and identify their version of the PFP as they move to independence. Nedbank for example is known as The Green Bank so it is essential that its leadership position in CC management is maintained going forward; the long-term strategies of our businesses draw directly upon the efficacy of our climate response. Old Mutual's support for various long-term frameworks, partnerships and memberships, such as South African National Development Plan 2030, will not stop due to the MS.

vii. A strong position on CC is a key component in differentiating ourselves as a responsible business. Our focus on RI means allocating and stewarding our customers' capital in a way that factors in ESG issues and drives low carbon, socially inclusive and resource efficient growth. We also offer customers environmentally responsible products, retaining an advantage over competitors as consumer demands evolve, and make it easy for customers to know where their savings are being invested.

viii. South Africa committed to the Paris Agreement. As a business we will work in partnership with the Government to meet this commitment by supporting the diversification of Africa's electricity supply. In 2017 2.08% (2016 1.81%) of Nedbank's total lending and finance commitments related to renewable energy generation vs 0.56% (2016 0.58%) of total funding to coal- and fossil fuel-based energy generation (including direct facilities to Eskom).

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

The managed separation of Old Mutual is expected to be materially complete by the end of 2018, and so the Group is currently in a transitional phase. For this reason, Old Mutual plc has not used climate-related scenario analysis to inform our business strategy in 2017. Following the managed separation, the independent businesses plan to integrate climate-related scenario analysis when making business decisions.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?
Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number
Int 1

Scope
Scope 1+2 (location-based)

% emissions in Scope
55

% reduction from baseline year
20

Metric
Metric tons CO2e per unit FTE employee

Base year
2010

Start year
2010

Normalized baseline year emissions covered by target (metric tons CO2e)
4.17

Target year
2020

Is this a science-based target?
No, and we do not anticipate setting one in the next 2 years

% achieved (emissions)
85

Target status
Underway

Please explain
% achieved: This year Old Mutual decreased its emissions in employee-occupied properties to 3.47 tCO2e per employee representing a decrease of 17% from base year (2010: 4.17 tCO2e per employee). This means our target of 20% reduction in normalized emissions is 85% complete. We believe this is due to improved non-financial data reporting in our businesses and improved environmental performance of the buildings in which our employees operate. We anticipate this trajectory will continue for the four independent businesses after the managed separation, as they continue to improve the environmental performance of their employee-occupied properties. % change anticipated in absolute Scope 1+2 emissions: In 2010 Scope 1+2 emissions were 232,465 tCO2e with 55,730 employees. Old Mutual plc ceased to operate as at 26 June 2018 due to its managed separation strategy and therefore delisting from the LSE, we cannot state an anticipated change in absolute emissions for 2020. However, from the base year to end of 2017, normalised emissions have decreased from 4.17 to 3.47 tCO2 per employee. Given that at the end of 2017 there were 65,395 employees, this equates to an absolute emissions reduction of 5,537 tCO2e (2%) from the base year (i.e. from 232,465 to 226,928 tCO2e). Though we cannot report an anticipated change

in absolute emissions by 2020 for Old Mutual plc as it delisted from the LSE following the managed separation, we anticipate that the SA and UK standalone businesses will report on this independently in their own CDP reports starting from next year.

% change anticipated in absolute Scope 1+2 emissions
0

% change anticipated in absolute Scope 3 emissions
0

Target reference number
Int 2

Scope
Scope 1+2 (location-based)

% emissions in Scope
45

% reduction from baseline year
20

Metric
Metric tons CO2e per square meter*

Base year
2010

Start year
2010

Normalized baseline year emissions covered by target (metric tons CO2e)
0.21

Target year
2020

Is this a science-based target?
No, and we do not anticipate setting one in the next 2 years

% achieved (emissions)
50

Target status
Underway

Please explain
% achieved: Across our property portfolio we decreased our emissions to 0.19 tCO2e per m2 representing a decrease of 10% from our base year 2010 (2010: 0.21 tCO2e per m2 across our property portfolios). This means our target of 20% reduction in normal-

ized emissions is 50% complete. This is due to improved environmental performance of our properties. We anticipate this trajectory will continue as we improve the environmental performance of our buildings. % change anticipated in absolute Scope 1+2 emissions: In 2010, Scope 1+2 emissions were 567,929 tCO2e across a 2,684,430 m2 property portfolio. In 2017, Scope 1+2 emissions were measured across a 1,418,678 m2 of property portfolio. Since Old Mutual plc delisted as at 26 June 2018 due to the managed separation in four standalone businesses, we cannot state an anticipated change in absolute emissions for 2020. However, from the base year to end of 2017, normalised emissions have decreased from 0.21 to 0.19 tCO2e per m2. Given that at the end of 2017 there was 1,418,678 m2 in our property portfolio, this equates to an absolute emissions reduction of 303,579 tCO2e (53%) from the base year (i.e. from 567,929 to 264,350 tCO2e). Though we cannot report an anticipated change in absolute emissions by 2020 for Old Mutual plc, as it is no longer operating as a Group following the managed separation, we anticipate that the SA and UK businesses will report on this independently in their own CDP reports starting from next year.

% change anticipated in absolute Scope 1+2 emissions

0

% change anticipated in absolute Scope 3 emissions

0

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	17	16000
To be implemented*	3	11000
Implementation commenced*	5	6807.91
Implemented*	8	12143.27
Not to be implemented	11	9000

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Activity type
Energy efficiency: Building services

Description of activity
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
386.78

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
207

Investment required (unit currency – as specified in CC0.4)
1628

Payback period
4 - 10 years

Estimated lifetime of the initiative
6-10 years

Comment
99% of Old Mutual's total emissions are Scope 2. Therefore, every year, Old Mutual Property undertakes energy efficiency projects in our properties to reduce emissions. In 2017, OMP undertook lighting retrofit projects in several properties, refitting existing lighting with more efficient LED lights. As a result of these projects, 1,195 tCO2e emis-

sions will be avoided annually over a 10-15 year period.

Activity type
Low-carbon energy installation

Description of activity
Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)
4555.78

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
7578

Investment required (unit currency – as specified in CC0.4)
48706

Payback period
4 - 10 years

Estimated lifetime of the initiative
16-20 years

Comment
In 2017, OMP installed solar power PV at Gateway Theatre of Shopping, Cavendish Square and Mutualpark. Together, these solar projects will save 6,949 tCO2e annually over a period of 20 years.

Activity type
Low-carbon energy installation

Description of activity
Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)
201.87

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

2509

Investment required (unit currency – as specified in CC0.4)
50429

Payback period
4 - 10 years

Estimated lifetime of the initiative
16-20 years

Comment
In 2017, OMP installed solar power PV at Gateway Theatre of Shopping, Cavendish Square and Mutualpark. Together, these solar projects will save 6,949 tCO2e annually over a period of 20 years.

Activity type
Low-carbon energy installation

Description of activity
Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)
2190.92

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
317357

Investment required (unit currency – as specified in CC0.4)
1355498

Payback period
4 - 10 years

Estimated lifetime of the initiative
16-20 years

Comment
In 2017, OMP installed solar power PV at Gateway Theatre of Shopping, Cavendish Square and Mutualpark. Together, these solar projects will save 6,949 tCO2e annually over a period of 20 years.

Activity type
Energy efficiency: Building services

Description of activity
HVAC

Estimated annual CO2e savings (metric tonnes CO2e)
403.95

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
16713

Investment required (unit currency – as specified in CC0.4)
1557381

Payback period
4 - 10 years

Estimated lifetime of the initiative
16-20 years

Comment
In 2017, OMP installed a more energy efficient air conditioning unit, diffuser and floor control upgrades. Together, these air con projects will save 808 tCO2e annually over a period of 20 years.

Activity type
Energy efficiency: Building services

Description of activity
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
403.95

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
16713

Investment required (unit currency – as specified in CC0.4)
230723

Payback period
4 - 10 years

Estimated lifetime of the initiative
6-10 years

Comment
In 2017, OMP undertook lighting retrofit projects in several properties, refitting existing lighting with more efficient LED lights. As a result of these projects, 1,195 tCO2e emissions will be avoided annually over a 10-15 year period.

Activity type
Energy efficiency: Building services

Description of activity
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
403.95

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
16713

Investment required (unit currency – as specified in CC0.4)
259563

Payback period
4 - 10 years

Estimated lifetime of the initiative
6-10 years

Comment
In 2017, OMP undertook lighting retrofit projects in several properties, refitting existing lighting with more efficient LED lights. As a result of these projects, 1,195 tCO2e emissions will be avoided annually over a 10-15 year period.

Activity type
Energy efficiency: Building services

Description of activity
HVAC

Estimated annual CO2e savings (metric tonnes CO2e)

403.95

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
16713

Investment required (unit currency – as specified in CC0.4)
461446

Payback period
4 - 10 years

Estimated lifetime of the initiative
6-10 years

Comment
In 2017, OMP installed a more energy efficient air conditioning unit, diffuser and floor control upgrades. Together, these air con projects will save 808 tCO_2e annually over a period of 20 years.

Activity type
Low-carbon energy installation

Description of activity
Solar PV

Estimated annual CO_2e savings (metric tonnes CO_2e)
220

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
22496

Investment required (unit currency – as specified in CC0.4)
161506

Payback period
4 - 10 years

Estimated lifetime of the initiative
16-20 years

Comment

The intention is to reduce Scope 2 emissions from electricity as this is the biggest contributor to the overall pollution of Nedbank.

Activity type

Energy efficiency: Building services

Description of activity

Motors and drives

Estimated annual CO2e savings (metric tonnes CO2e)

3780

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

144202

Investment required (unit currency – as specified in CC0.4)

69217

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

The intention is to reduce Scope 2 emissions from electricity as this is the biggest contributor to the overall pollution of Nedbank.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	Old Mutual plc governance and risk management procedures ensure that appropriate investments are made to comply with all regulatory requirements, including climate change-related ones.
Employee engagement	Engaging our employees in environmental efforts is an important part of delivering change across our businesses. We promote a culture of efficiency where employees

	are given license to think green and are continually looking for opportunities to reduce resource use. Much of this work has been conducted at individual business level.
Internal incentives/recognition programs	Monetary incentives are linked to climate change-related objectives for employees within the Responsible Business function, with targets set across a range of areas including climate change awareness of employees, environmental management plans and GHG target reductions. Buildings and facilities managers have energy management and reduction targets within their individual performance targets. We also have business and building level carbon reduction targets in each of our businesses.
Dedicated budget for energy efficiency	At Old Mutual, reducing our impact on the environment is a strategic imperative. As such, dedicated budgets are available to realise this imperative. Old Mutual Property uses budget within operational expenditure to choose energy efficient options (e.g. light fittings) whilst ensuring we remain within budget and specification. In addition, at Nedbank self-imposed carbon neutrality results in an increased pressure to reduce electricity consumption for which dedicated budgets are also held aside.
Financial optimization calculations	Upgrades to emissions-reduction activities (e.g. Solar and Water Treatment projects) are submitted to our Executive Committee as a full Business Case where the ROI and IRR projections are scrutinised for consideration.
Dedicated budget for other emissions reduction activities	Having externally communicated climate change targets and reporting performance in our Annual Reports means throughout our business we are under pressure to meet these targets. This in turn is driving internal investment in emissions reduction activities and the setting of targets at the business level for post-managed separation. Old Mutual Property allocates capital expenditure budget to replace all end-of-life assets with sustainable solutions.
Internal price on carbon	Nedbank has obtained and maintained carbon neutral status since 2010. Being carbon neutral implies that a carbon price is set to offset the residual footprint after reduction initiatives were implemented.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

With Blue Marble, the Microfinance Consortium, we are working on a number of projects including: sustainable agriculture, the true value of reporting, and embedding environmental, social and governance practices to help grow our share of investment opportunities in a low carbon economy.

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Impact of investments re Montreal Pledge)

% revenue from low carbon product(s) in the reporting year

Comment
Addressing environmental, social and governance factors in our investment and ownership decisions makes good business sense. This long-term approach adds value to all our stakeholders and means that the investment decisions we make today take into account the wellbeing of future generations. We have funds that are specifically focused on infrastructure, renewable energy and housing. By the end of 2017 OMEM had invested R102bn in infrastructure projects, including sustainable agriculture. In 2017 Nedbank made the first disbursement from an innovative R120m Sustainable Affordable Housing finance facility, put in place through Nedbank's Affordable Housing Development Finance division and South Africa's Green Fund. The buildings are the first social housing projects in South Africa to have applied for EDGE Green Building certification. Furthermore, a total of R22.1bn of OMEM's customers' money had been committed in renewable energy projects as at end of 2017. In 2016, Nedbank established our Embedded Generation business unit to offer further support to the shift towards renewable energy. We will continue to help facilitate the growth of this industry and the creation of jobs. Through Old Mutual Investment Group and Nedbank, we are a leading participant in the South African Government's renewable energy programme.

Level of aggregation
Company-wide

Description of product/Group of products
Old Mutual Property regularly improves the efficiency of its property portfolio as part of its Green Building Strategy. This enables tenants and employees to work in more energy efficient buildings and avoid additional emissions.

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Using DEFRA emissions factors)

% revenue from low carbon product(s) in the reporting year

Comment
Old Mutual Property (OMP) has a property portfolio worth over R16bn with approximately 1,288 tenants. Every year OMP undertakes energy efficiency projects in our

properties to reduce emissions, helping tenants avoid emissions. In 2017, OMP undertook lighting retrofit projects in several properties, including the Gateway Theatre of Shopping, refitting existing lighting with more efficient LED lights. Another project included installing solar PV systems. As a result of these projects, 8,951 tCO2e emissions will be avoided annually over a 10-20 year period. Building greener buildings is part of Old Mutual's commitment to its role in enabling the communities in which we operate to transition to a sustainable-energy future. Our building in Johannesburg follows international best practice and is green 5 star design rated, which is the best of building excellence in the South African market. The site is built on previously developed land and has the following emissions reducing features: 1) LED sensors in building 2) Rainwater harvesting with flush system for use in toilets and irrigation of the precinct 3) Centralised waste collection and separation at source 4) High levels of indoor environmental quality and thermal comfort – high spectrum glass and anti-glare. The site is located opposite Gautrain Station in Johannesburg CBD with excellent transport links and was awarded full points for location and commuting, making it easier for tenants and employees to avoid emissions. The site also has the largest corporate solar carport in South Africa, which covers 565 parking bays – about 3,600 solar panels/14,500m2. With an output of just over 1 megawatt at peak, the solar photovoltaic system produces up to 8% of Mutual Park's electricity consumption, saving approximately R4.5m per year. The campus is one of the largest consumers of electricity in the Western Cape. Similarly, our Cape Town campus has also been assigned a 5-star Green rating by the Green Building Council of South Africa, with its solar car park alone generating 1.32 megawatts at peak, reducing the building's energy consumption by up to 10%.

Level of aggregation
Group of products

Description of product/Group of products
Nedbank's sustainable products, solutions and investments include: 1) Renewable-energy finance 2) Nedbank Insurance Green Property Plan 3) The Nedbank Green Affinity accounts

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Evaluating the carbon-reducing impacts of ICT

% revenue from low carbon product(s) in the reporting year
5

Comment
Nedbank strives to deliver products and services that enable our clients to achieve the outcomes and objectives they desire while at the same time respecting environmental limits. We continue to support the diversification of Africa's electricity supply, with

2.25% of the total group commitments related to renewable-energy generation (0.66% is related to the funding of coal- and fossil-fuel-based energy generation). Nedbank's sustainable products, solutions and investments include: Renewable energy finance: Nedbank CIB supports a large number of participants in the government's Renewable Energy Independent Power Producer Procurement (REIPPP) Programme in the bidding process through innovative finance solutions. Green Savings Bond: This fixed-term investment delivers a competitive rate and guaranteed returns for capital security, allowing regular investors to contribute positively to environmental conditions as the funds they invest are earmarked for the support of renewable energy projects in SA. The Nedbank Affinity Programme: This allows clients to support social or environmental causes close to their hearts simply by banking, investing or insuring using affinity-linked products and services. Every time they transact, we donate to their chosen cause on their behalf at no cost to them. One of the four affinities, The Nedbank Green Affinity, supports conservation, the environment and climate change-related projects through the WWF Nedbank Green Trust.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2010

Base year end

December 31 2010

Base year emissions (metric tons CO2e)

7560

Comment

Scope 2 (location-based)

Base year start

January 1 2010

Base year end

December 31 2010

Base year emissions (metric tons CO2e)
792834

Comment

Scope 2 (market-based)

Base year start
January 1 2010

Base year end
December 31 2010

Base year emissions (metric tons CO2e)
0

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Row 1

Gross global Scope 1 emissions (metric tons CO2e)
3639

End-year of reporting period
<Not Applicable>

Comment

N/A

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure

Comment
N/A

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Row 1

Scope 2, location-based
487639

Scope 2, market-based (if applicable)
<Not Applicable>

End-year of reporting period
<Not Applicable>

Comment
N/A

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your

selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

South African branches

Relevance of Scope 1 emissions from this source

Emissions are relevant but not yet calculated

Relevance of location-based Scope 2 emissions from this source

Emissions are relevant but not yet calculated

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are relevant but not yet calculated

Explain why the source is excluded

The majority of our South African branches are rented, making data collection challenging. We have worked at enhancing our estimate capabilities with increased accuracy of floor space and headcount data. We continue to encounter a number of local reporting and data collection barriers, in many instances due to landlords not passing on data to Old Mutual, but remain confident that we can continue to progress in this area.

Source

Nedbank emissions associated with the operation and service of ATMs, self-service terminals (SSTs) and point-of-sale (POS) devices located away from a branch or office premises and other remote devices.

Relevance of Scope 1 emissions from this source

No emissions from this source

Relevance of location-based Scope 2 emissions from this source

No emissions excluded

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not relevant

Explain why the source is excluded

Emissions associated with the operation and servicing of ATMs, self-service terminals (SSTs) and point-of-sale (POS) devices located away from a branch or office premises, and other remote devices are deemed as not relevant as: 1. These emissions can form part of the person using the device in the same sense that the carbon footprint of the electricity used by a computer bought from a supplier forms part of the carbon footprint of the end user and not part of the carbon footprint of the supplier. 2. The electricity use will be less than 1% of total usage and including this will be irrelevant compared to the bigger users.

Source
Bancassurance and Wealth Financial Advisors.

Relevance of Scope 1 emissions from this source
No emissions from this source

Relevance of location-based Scope 2 emissions from this source
Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)
Emissions are not relevant

Explain why the source is excluded

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
2228

Emissions calculation methodology
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation

The emissions from this section are associated with the purchase and use of paper for printing and other office use. Nedbank engages with paper suppliers so as to guide the paper purchase process.

Capital goods

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
0

Emissions calculation methodology
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation
If applicable, all emissions from these sources were captured in other sections.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
43682

Emissions calculation methodology
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation
This value relates to the transmission and distribution losses associated with the electricity consumption across the Group.

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
0

Emissions calculation methodology

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

If applicable, all emissions from these sources were captured in other sections.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1831

Emissions calculation methodology

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

This value includes waste sent to landfill, incineration and recycle.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

22243

Emissions calculation methodology

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

We carefully monitor our business travel and continue to improve our video-conferencing equipment across the Group to reduce the need for travel. This value covers all flights, hire cars, personal vehicles and rail journeys completed for business travel.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

42227

Emissions calculation methodology

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

All data is supplied by the Nedbank employees and incorporated in the GHG Protocol Corporate Accounting and Reporting Standard approach in combination with the applicable emission factors.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

If applicable, all emissions from these sources were captured in other sections.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Given the nature of the business, Old Mutual does not directly transport or distribute goods. Any distribution that does occur is accounted for under Scope 1 emissions. Therefore, there are no emissions arising from 'downstream transportation and distribution'.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Given the nature of the business, Old Mutual does not directly sell any products. Therefore, there are no emissions arising from 'processing in sold products'.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Given the nature of the business, Old Mutual does not directly sell any products. Therefore, there are no emissions arising from 'use of sold products'.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
0

Emissions calculation methodology
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation
Given the nature of the business, Old Mutual does not directly sell any products. Therefore, there are no emissions arising from 'end of life treatment of sold products'.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
0

Emissions calculation methodology
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation
If applicable, all emissions from these sources were captured in other sections.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
0

Emissions calculation methodology
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

There is no franchising within Old Mutual.

Investments

Evaluation status

Relevant, calculated

Metric tonnes CO2e

36511371

Emissions calculation methodology

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We continue to work on our methodology for capturing this data with regards to our investment portfolio in advance of industry publication of guidelines. Whilst we have reviewed an increased number of portfolios for their carbon intensity in 2016/7 we do not yet cover a 100% of our investment portfolio. Given our managed separation, as a business we have worked with the underlying businesses to ensure they have processes in place to track, measure and understand the risk and exposure to carbon they have through their investment portfolios.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

N/A

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

N/A

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e
0

Emissions calculation methodology
N/A

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation
N/A

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.0000474

Metric numerator (Gross global combined Scope 1 and 2 emissions)
491278

Metric denominator
unit total revenue

Metric denominator: Unit total
10356000000

Scope 2 figure used
Location-based

% change from previous year

81

Direction of change
Increased

Reason for change
The intensity metric is based off of IFRS total revenue as reported. As a result of managed separation both Nedbank and Old Mutual Wealth were reclassified as discontinued operations in 2017, hence the large increase year on year. On a like-for-like basis the intensity metric would have decreased 18% with the increase in emissions offset by the significant increase in revenue.

Intensity figure
2.16

Metric numerator (Gross global combined Scope 1 and 2 emissions)
491278

Metric denominator
Other, please specify (Funds under management per £m)

Metric denominator: Unit total
227400

Scope 2 figure used
Location-based

% change from previous year
74

Direction of change
Increased

Reason for change
During 2017 we disposed of OMAM, our institutional asset management business in the USA. OMAM was the largest contributor to the FUM thus the FUM balance was significantly lower in 2017 than in 2016.

Intensity figure
3.47

Metric numerator (Gross global combined Scope 1 and 2 emissions)
226928

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
65395

Scope 2 figure used
Location-based

% change from previous year
14

Direction of change
Increased

Reason for change
The increase is mainly driven by Nedbank whose emissions increased while employee numbers decreased.

Intensity figure
0.19

Metric numerator (Gross global combined Scope 1 and 2 emissions)
264350

Metric denominator
square meter

Metric denominator: Unit total
1418678

Scope 2 figure used
Location-based

% change from previous year
5

Direction of change
Increased

Reason for change
The increase is mainly due to higher tenancy rates in the buildings and no load shedding that has occurred in prior years.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than

carbon dioxide?

No

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Colombia	40
Isle of Man	128
Malawi	112
Mexico	27
Namibia	128
South Africa	1952
Swaziland	11
United Kingdom of Great Britain and Northern Ireland	392
Zimbabwe	851

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Old Mutual Emerging Markets	2165
Nedbank	955
Old Mutual Wealth	442
OMAM	0
Other	78

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Colombia	159	0	856	0
United Arab Emirates	12	0	19	0
China, Hong Kong Special Administrative Region	110	0	139	0
Isle of Man	341	0	970	0
Ireland	13	0	31	0
Kenya	786	0	4664	0
Malawi	76	0	130	0
Mexico	268	0	585	0
Namibia	64	0	4461	0
Nigeria	51	0	122	0
Rwanda	905	0	1745	0
Singapore	27	0	61	0
South Africa	457916	0	430828	0
South Sudan	560	0	1080	0
Swaziland	20	0	35	0
Uganda	99	0	170	0
United Kingdom of Great Britain and Northern Ireland	3819	0	9281	0
United States of America	2800	0	367	0
Zimbabwe	19613	0	12490	0
Uruguay	0	0	7	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Old Mutual Emerg-ing Markets	329095	0
Nedbank	151421	0
Old Mutual Wealth	3048	0
OMAM	2687	0
Other	1387	0

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Remained the same overall

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	2.17	Decreased	0	Actual saving from installation of solar panels at Mutual Park.
Other emissions reduction activities	0	No change	0	No material reduction due to reduction activities.
Divestment	123	Decreased	0	Disposed of Rogge in 2016 and sold OMAM in 2017.

Acquisitions	0	No change	0	No material acquisitions in 2017.
Mergers	0	No change	0	No mergers in 2017.
Change in output	0	No change	0	There have been no changes in output this year.
Change in methodology	0	No change	0	There have been no changes in methodology this year.
Change in boundary	0	No change	0	There have been no changes in boundary this year.
Change in physical operating conditions	0	No change	0	No change in operating conditions.
Unidentified	0	No change	0	N/A
Other	0	No change	0	N/A

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity

Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	22752	22752
Consumption of purchased or acquired electricity	<Not Applicable>	0	467573	467573
Consumption of purchased or acquired heat	<Not Applicable>	0	1257	1257
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	2170	<Not Applicable>	2170
Total energy consumption	<Not Applicable>	2170	491582	493752

C8.2b

(C8.2b) Select the applications of your organization’s consumption of fuel.

	Indicate whether your organization undertakes this

	fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Diesel

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
7186

MWh fuel consumed for the self-generation of electricity
7186

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Fuels (excluding feedstocks)
Petrol

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
15098

MWh fuel consumed for the self-generation of electricity
15098

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Fuels (excluding feedstocks)
Natural Gas

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
467

MWh fuel consumed for the self-generation of electricity
467

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor
2.67193

Unit
kg CO2e per liter

Emission factor source
UK Department for Environment, Food & Rural Affairs (DEFRA) - 2017 version 1.01 (GWP AR5 applied)

Comment
N/A

Natural Gas

Emission factor
2.09672

Unit
kg CO2e per m3

Emission factor source
UK Department for Environment, Food & Rural Affairs (DEFRA) - 2017 version 1.01 (GWP AR5 applied)

Comment
N/A

Petrol

Emission factor
2.30074

Unit
kg CO2e per liter

Emission factor source
UK Department for Environment, Food & Rural Affairs (DEFRA) - 2017 version 1.01 (GWP AR5 applied)

Comment
N/A

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)

	(MWh)			
Electricity	467573	467573	2170	2170
Heat	1257	1257	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope
Scope 1

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Nedbank 2017 Sustainable Development Review.pdf

Page/ section reference
Page 5

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
26

Scope
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Nedbank 2017 Sustainable Development Review.pdf

Page/ section reference
Page 5

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)
31

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope
Scope 3- at least one applicable category

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Attach the statement
Nedbank 2017 Sustainable Development Review.pdf

Page/section reference
Page 5

Relevant standard
ISAE3000

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure	Data verified	Verification	Please explain

module verification relates to		standard	
C5. Emissions performance	Year on year change in emissions (Scope 1 and 2)	ISAE 3000 (Revised)	Any and all claims of Nedbank emission reductions between different years are audited as part of the annual external audit.

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, but we anticipate being regulated in the next three years

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

Old Mutual calculates its carbon footprint and reduces it as much as possible. Nedbank audits it externally on an annual basis and offsets the residual carbon footprint to achieve carbon neutral status. Nedbank is an active participant, through various industry bodies, in developing and commenting on the South African carbon tax developments.

It is anticipated that the South African carbon tax could be introduced as early as January 2019.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase
Credit purchase

Project type
Other, please specify (Suppressed Demand)

Project identification
Lifestraw project: A gravity feed water filter is used to produce clean drinking water. The result is that less biomass (wood) is burnt and the demand for biomass is reduced (suppressed demand). This project has resulted in nearly 900,000 water filtration devices being distributed in the Kakamega Province in Kenya. These filtration devices can last for 10 years and reduce more than 2 million tonnes of carbon dioxide a year. The province wide, door-to-door, free-distribution programme reached about 90% of all homes without access to safe municipal water sources. This was achieved at no cost to local residents, government agencies or donor groups. The Nedbank 2017 investment enabled the distribution of 300,000 water filtration devices.

Verified to which standard
Gold Standard

Number of credits (metric tonnes CO2e)
100000

Number of credits (metric tonnes CO2e): Risk adjusted volume
100000

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?
Yes

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price
Navigate GHG regulations
Stakeholder expectations
Change internal behavior
Drive energy efficiency
Drive low-carbon investment

GHG Scope
Scope 1
Scope 2
Scope 3

Application
Nedbank is operationally carbon neutral. This implies that the carbon footprint of the group is calculated, managed downwards and the remainder of the carbon footprint is offset as to achieve carbon neutral status. The internal carbon price (price of offsetting) includes Scope 1, 2 and 3 emissions and is applied (application) to the entire Nedbank group's operational carbon footprint. This implies that the carbon price influences all operational matters.

Actual price(s) used (Currency /metric ton)
45

Variance of price(s) used
Uniform pricing: A uniform price is applied all throughout Nedbank. Evolutionary pricing: The price is changed annually based on the average price of purchased offsets for the carbon neutral program.

Type of internal carbon price
Offsets

Impact & implication
Nedbank is operationally carbon neutral. This implies that the carbon footprint of the group is calculated, managed downwards and the remainder of the carbon footprint is offset as to achieve carbon neutral status. The internal carbon price (price of offsetting) includes Scope 1, 2 and 3 emissions and is applied (application) to the entire Nedbank group's operational carbon footprint. This implies that the carbon price influences all operational matters. The cost of offsetting must be kept as low as possible. The result is that the impact on greenhouse gas emissions of all Nedbank expansions and retrofit of existing facilities are carefully calculated as to model whether the carbon footprint (and the offsetting cost) will be increased or decreased. The carbon footprint initiative then fulfills its original intent by ensuring that the climate change im-

pact of all Nedbank's operations are taken into consideration.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Compliance & onboarding

Details of engagement
Included climate change in supplier selection / management mechanism
Code of conduct featuring climate change KPIs

% of suppliers by number

% total procurement spend (direct and indirect)

% Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
Old Mutual plc (OM) aims to limit the use of finite resources in all business ventures. In particular, we recognise the importance of our environmental role in responsibly managing buildings and the land we occupy, including effective waste management and careful use of energy and water. We therefore require our preferred and appointed suppliers to ensure that responsible business considerations form an integral part of their daily business activities throughout its supply chain. All service providers are scrutinised in terms of providing their services in a sustainable way, however, depending on our budget and the service being provided, climate-related factors do not prohibit selection of any particular supplier at present. Climate-related factors are mainly considered for material suppliers. There are no set incentives for suppliers at this time. In Cape Town, our Mutual Park campus has been certified as a 5-star Green Build-

ing. As part of this, there are a number of policies that we uphold through our contractors: • Green Leasing – to encourage tenants renting our space to use it in a sustainable way in terms of energy, water and waste. • Green Cleaning Policy – ensuring our cleaning contractor uses only chemicals that are green rated. • An Integrated Waste and Water Management Policy – striving to divert all possible waste streams from landfill and recycling it. The target for 2018 is 50% of waste recycled. • Sustainable energy alternatives and equipment for all capital upgrades of equipment using large amounts of energy, i.e. lighting, air con, lifts, escalators, etc. • Hard surface management policy – implementing sustainable hard surfaces and paving to ensure rain water is not washed away destructively, but can be soaked into the ground properly to recharge the groundwater system. • Landscaping and pest control policy – ensuring the use of local flora and not introducing any alien plants. Sustainable pest control, no harmful chemicals, only using natural means where possible.

Impact of engagement, including measures of success

Every year Old Mutual Property undertakes energy efficiency projects in our properties to reduce emissions, helping tenants avoid emissions. In 2017, OMP undertook lighting retrofit projects in several properties, refitting existing lighting with more efficient LED lights. As a result of these projects, 1,195 tCO2e emissions will be avoided annually over a 10-15 year period. In 2017 OMP also installed solar power PV at Gateway Theatre of Shopping, Cavendish Square and Mutual Park. Together, these solar projects will save 6,949 tCO2e annually over a period of 20 years. As at end of 2017, over 75% of Old Mutual Wealth UK's electricity suppliers are now green tariffs. Our procurement team at Old Mutual Wealth continues to substitute existing electricity suppliers with renewable energy suppliers as contracts come to an end.

Comment

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change
Climate change performance is featured in supplier awards scheme

% of suppliers by number

% total procurement spend (direct and indirect)

% Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

Employee awareness and engagement campaigns must be provided to aid employees in understanding their environmental impacts and their role in minimising them. For example, at Old Mutual Wealth we encourage employees to reduce the number of commuter car journeys by providing bicycle safety courses and promoting the Old Mutual Wealth UK car share scheme. We also hold awareness days such as 'Clean Air Day' and 'Recycling Awareness Day' to encourage behaviour change amongst our employees.

Throughout the business employees are encouraged to use tele and video conferencing rather than travel if it is not fully required.

Impact of engagement, including measures of success

Comment

Type of engagement
Innovation & collaboration (changing markets)

Details of engagement
Run a campaign to encourage innovation to reduce climate impacts on products and services

% of suppliers by number

% total procurement spend (direct and indirect)

% Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
Through Old Mutual's large presence in South Africa, with its ongoing resource supply constraints, we continue to look for innovative ways of contributing positively to the environment and ensuring our business approach reflects best environmental practices, for example in our approach to tackling water scarcity. The World Economic Forum's (WEF) Global Risk Report 2017 lists a global water supply crisis as the third most important global risk. Water scarcity poses serious risks to corporates in numerous ways with regulatory, physical and reputational risks, e.g. supply chain failures, operational crises, increasing costs, brand management and broader corporate social responsibility. Private sector investment in water security therefore contributes towards risk mitigation. Nedbank has supported the WWF since 1990 and helped form the Water Balance Programme. This programme works with corporates and freshwater systems in South Africa to increase water yields. As part of our water stewardship, in 2016 we renewed our commitment to supporting the programme with a pledge of R3m over the next three years. This builds on the R9m already invested over the last five years.

Impact of engagement, including measures of success
The Water Balance programme clears invasive alien vegetation from water catchment areas around the country to ensure as much rainfall as possible remains in the ecosystem for all to use. Nedbank's investment of R9m to fund the removal of alien invasive plant species has released more than 550,000 KL of water per year back into two of South Africa's priority water catchment areas. In addition, over 24,000 work days for people from communities around the projects have been created.

Comment

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement
Run an engagement campaign to educate suppliers about climate change

% of suppliers by number

% total procurement spend (direct and indirect)

% Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
At Old Mutual, we use employee communication and engagement programmes to ensure that our employees understand how they can minimise the environmental impacts of the decisions they make at work. Our main environmental impacts come from our energy and water consumption and waste management. We aim to reduce these in a range of ways, from investing in energy efficient lighting to promoting recycling across our sites. We encourage employee suggestions and feedback to help us reduce our reliance on scarce resources. Likewise, at Old Mutual Wealth for example, we encourage employees to reduce the number of commuter car journeys by providing bicycle safety courses and promoting the Old Mutual Wealth UK car share scheme. We also hold awareness days such as ‘Clean Air Day’ and ‘Recycling Awareness Day’ to encourage behaviour change amongst our employees.

Impact of engagement, including measures of success
In 2017, Old Mutual recycled over 41% of its waste (2016: 30% waste recycled). In total, the carbon emissions due to our waste management was reduced by 47% from 2016 to 2017, or by 673.1 tCO2e in absolute emissions. At Nedbank, our onsite recycling banks have proven very effective in ensuring maximum recycling and good levels of waste sorting at source – in 2017 76% of total waste was recycled. We continue with our rigorous recycling efforts and are constantly looking at increasing our use of recyclable materials. We are currently looking at different recycling streams and hope to reduce the use of virgin material even further. Furthermore, the number of people taking up the car share scheme at Old Mutual Wealth has increased by 4.8 times between 2015 and 2017.

Comment

Type of engagement
Information collection (understanding supplier behavior)

Details of engagement
Collect climate change and carbon information at least annually from suppliers

% of suppliers by number
80

% total procurement spend (direct and indirect)
80

% Scope 3 emissions as reported in C6.5
100

Rationale for the coverage of your engagement
How and why this group of suppliers was chosen for the engagement selected: Nedbank aims to engage with all its key suppliers both during the onboarding process and to continuously gather climate change-related information from the suppliers. The majority of the key suppliers, based on % total procurement spend (direct and indirect), are engaged with on a continuous basis. Nedbank-specific description of engagement, including details on what the engagement activity entails: The engagement activity is normally a number of meetings, telephone calls and emails which result in a service level agreement that fulfils Nedbank's agenda of moving towards a low carbon future. One example of such an engagement is with rental car suppliers where Nedbank purposefully has a preference for lower polluting vehicles.

Impact of engagement, including measures of success
The purpose of the engagement is to produce a service level agreement that fulfils Nedbank's agenda of moving towards a low carbon future. An example of a positive outcome achieved: One example of such an engagement is with rental car suppliers where Nedbank purposefully have a preference for lower polluting vehicles. The result was that a lower rental car pollution target could be set.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Education/information sharing

Details of engagement
Share information about your products and relevant certification schemes (i.e. Energy STAR)

Size of engagement

% Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement
As we look towards our managed separation we remain focused on our purpose of helping our customers thrive by enabling them to achieve their lifetime financial goals, while investing their funds in ways which create a positive future for them, their families, their communities and the world at large. We engage with our clients to under-

stand them, their aspirations, businesses and financial services needs better, whilst engagement also allows us to provide appropriate advice, proactive financial solutions and value-adding services. Specific engagements in 2017 were: The Nedbank consumer financial education programme, which directly benefited more than 200,000 (2016: 180,000) consumers across all nine SA provinces; Interactions through branch outlets, relationship managers, call centres and complaint lines; Client seminars and surveys; Social media, and marketing and advertising activities; and specific client engagements, including focus groups, one-on-one meetings, functions and events. In 2017, Nedbank engaged with clients to inform them about its new range of digital products and services, including the launch of the 'Solar Turtle' branch concept that leverages digital and renewable energy solutions to bring banking to the underbanked while supporting community upliftment.

Impact of engagement, including measures of success
Nedbank's new range of digital products and services has been well received by Nedbank clients, with rapid levels of uptake and positive feedback. For example, in 2017 Nedbank launched its first solar-powered bank branch in the Eastern Cape, in partnership with Solar Turtle. The branch provides banking facilities to a community for which over 69% of people depend on child grants and have never had access to proper banking services, offering them cashless banking facilities and digital payment solutions. This project was a pilot for a potential roll-out strategy into other parts of Africa. Likewise, Nedbank launched the retail Nedbank Money app and the first, fully self-service digital branch, the NZone, at the Gautrain station in Sandton.

Type of engagement
Education/information sharing

Details of engagement
Share information about your products and relevant certification schemes (i.e. Energy STAR)

Size of engagement

% Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement
At Old Mutual, we offer investment and savings products, insurance and banking services. As a result we are able to invest in sustainable technologies and promote to our customers products that allow them to manage and minimise their own environmental impacts.

Impact of engagement, including measures of success
The Nedbank Green Savings Bond was launched in 2012 as the first 'green' bond in South Africa to be available for investment by retail clients. It offers a fixed-term investment of 18 months to five years and a competitive rate and guaranteed returns for capital security. The funds invested are earmarked for the support of renewable energy projects in South Africa. Since inception, more than R25.2bn has been invested in the

Nedbank Green Savings Bond, of which R10.06bn flowed in during 2017 (2016: R9.35bn). At Nedbank, in 2017, 2.08% (2016: 1.81%; 2015: 2.25%) of total group lending and finance commitments relate to renewable energy generation. This compares very favourably with the 0.56% (2016: 0.58%; 2015: 0.66%) of total funding of coal- and fossil fuel-based energy generation (including our direct facilities to Eskom). Likewise, Old Mutual Emerging Markets has invested R22.1bn in renewable energy as at end of 2017.

Type of engagement
Collaboration & innovation

Details of engagement
Run a campaign to encourage innovation to reduce climate change impacts

Size of engagement

% Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement
At Nedbank, we engage with society to partner on common social and environmental issues and collaborate in a way that furthers social, environmental and other common agendas for the greater good. 'Society' refers to citizens of the countries in which we operate, including individual members of society, NGOs and suppliers, as well as the environment on which those citizens depend for their wellbeing. In 2017, we continued working with academic leaders and thought-leaders to encourage change within Nedbank and create awareness of sustainability issues among a broader range of stakeholders. Primary stakeholders in this regard are the Sustainability Institute, Cambridge Institute for Sustainability Leadership, UNEP FI and Network for Business Sustainability (NBS).

Impact of engagement, including measures of success
Since 2011, the Cambridge Institute for Sustainability Leadership (CISL) has worked closely with Nedbank to transform the company's strategy to be fit for purpose in the next economy – that strategy is Fair Share 2030. It comprises a carefully calculated flow of money, starting in 2015 and allocated each year, to invest in future-proofing the environment, society and our business. Since formally launching, Nedbank has been integrating sustainability across the full breadth of our business activities. Fair Share 2030 guided our product development and innovation by ensuring that we focus on identifying and capturing finance opportunities that carry high potential to deliver positive and deliberate economic, social and environmental impact. This success was evidenced by the R5.3bn of lending undertaken from 2015 to 2017, which had provided much needed student accommodation across the country and supported the rollout of additional embedded energy installations. Moving into 2018, Nedbank will focus on the most material SDGs and related targets to guide its sustainable development activities.

Type of engagement
Collaboration & innovation

Details of engagement
Run a campaign to encourage innovation to reduce climate change impacts

Size of engagement

% Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement
At Nedbank, we manage the impact of our lending through a stringent governance process and a social and environmental management system (SEMS). The SEMS assessment tool is supported by our internal sustainability experts, environmental specialists and environmental lawyers, who use their skills to identify the environmental and social risks, requirements and opportunities faced by our clients' businesses or projects. The application of our SEMS continues to be externally assured.

Impact of engagement, including measures of success
In 2017 all new applications and credit risk reviews of high-risk clients in Investment Banking and Client Coverage Divisions were included in the SEMS assessment process. In total 632 deals were assessed in 2017. A further 2,000 business banking clients involved in high-impact industries were assessed. The SEMS is also used in Nedbank's Retail, Business Banking and Wealth Clusters. Due to the number of clients in Retail, a risk-based approach is taken, whereby clients are required to disclose any environmental or negative social impact their activities might have. These disclosures are then assessed through the SEMS process and, where necessary, mitigating actions are taken. The SEMS process is maturing in our Business Banking operations. High-impact industries have been defined and a further 2,000 clients (2016: 2,000) involved in these high-impact sectors were assessed in the 2017 financial year.

Type of engagement
Collaboration & innovation

Details of engagement
Run a campaign to encourage innovation to reduce climate change impacts

Size of engagement

% Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement
The devastating fires that burned through many parts of Knysna, South Africa, and the surrounding areas in 2017 not only destroyed homes and businesses – they also created a risk of long-term financial losses for the area due to the possibility of declining tourism. To mitigate the negative impacts, Nedbank partnered with the local government in the region, NGOs, WWF-SA, the Endangered Wildlife Trust (EWT) and Food and

Trees For Africa (FTFA), as well as several other organisations, to support and promote the rehabilitation of Knysna and its surrounds. Our programme of activities forms part of a much bigger, sustained effort to restore Knysna.

Impact of engagement, including measures of success
As part of the municipality-driven 'Green Friday' initiative in South Africa, Nedbank provided trees to impacted schools and community organisations. This was done in conjunction with FTFA. FTFA facilitated the tree planting, provided environmental education to the children and will monitor these during the first year to protect our investment. We also donated trees to Knysna-based clients who wished to plant them in their gardens or public areas as part of the re-greening efforts. Our rehabilitation investment includes R750,000. This is in addition to the immediate support provided to the area, which included R200,000 and blankets donated through the Nedbank Foundation as well as clothing and groceries donated by staff.

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

To act as responsible stewards of assets, we ensure that the management teams of investee companies are accountable for company performance and conduct. In our Responsible Ownership Report, we emphasise the importance of the outcomes achieved from successfully concluded engagements and show where we have collaborated with other institutional investors to achieve these key benefits:
- Fulfilling fiduciary duties
- Obtaining more in-depth insight into investee companies
- Increased collaboration between the portfolio manager, analyst teams and ESG analysts
- Raising companies' awareness of investors' ESG concerns
- Improved relationships with investee companies
- The transformation of investee companies' corporate behaviour
- Partnerships and collaboration

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Funding research organizations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Climate finance	Support	Old Mutual Investment Group (South Africa) was actively involved in the implementation of the Code for Responsible Investing in South Africa (CRISA) and in 2017 OMIG continued to support the process of implementation within the industry. The Head Responsible Investment at OMIG is a member of the CRISA Committee. He attends committee meetings and participates in ongoing discussions. In 2017, Old Mutual publicly released its CRISA disclosure.	The South African market is predominantly driven by a non-mandatory market-based code of governance for companies (King Report on Governance), as opposed to legislation. It is in this context that CRISA aims to provide the investor community with the guidance needed to implement ESG factors into investment decisions in order to reduce the environmental impact of investments. At Old Mutual, we are committed to responsible investment and we continue to support this agenda through our role on the CRISA Committee.
Climate finance	Support	As a signatory to the Carbon Price Communiqué, Old Mutual continued its work in supporting this network through 2017.	The Carbon Price Communiqué calls for global policies and action to tackle climate change and makes the case for setting a price on carbon emissions as one of the main building blocks of an effective and ambitious climate change policy framework. As a signatory, Old Mutual is an advocate of a global price on carbon emissions.
Climate finance	Support	In 2017, Old Mutual continued its work in supporting the Principles for Responsible Investment (PRI) having become an asset owner signatory in 2012. The Head of Responsible Investment at OMIG is a member of the UNPRI Reporting and Assessment Steering Committee. He attends committee meetings, participates in ongoing discussions and in 2017 Old Mutual attended the PRI in Person conference to continue a collaborative approach to moving to a low-carbon economy.	The PRI provides a recognised framework for the incorporation of environmental, social and governance issues into investment and ownership decision making practices. At Old Mutual 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 clients. It not only makes sound business sense, in our role as custodian of our shareholder and beneficiary's long-term future, it is the right thing to do. As an asset owner signatory to the UNPRI we support this position.
Adaptation or resilience	Support	The Head of Strategic Projects at Old Mutual Property sits on the board of The Green Building Council of South Africa, influencing where possible the transformation of the South African property industry and encouraging the growth of green buildings and sustainable construction. As a result of sustained efforts and collabora-	In South Africa, the regulatory environments have been reactionary rather than leading with regards to the actual regulations. The Green Building Council has played a big role in drawing the green buildings industry into a more formal space. The Green Building Council of South Africa aims to lead the transfor-

		tion, the green building movement has grown exponentially. The work Old Mutual does with the Green Building Council of South Africa informs our environmental property strategy.	mation of the South African property industry to ensure that all buildings are designed, built and operated in an environmentally sustainable way allowing South Africans to work and live in healthy, efficient and productive environments.
Adaptation or resilience	Support	In 2015 we launched our Positive Futures Plan focusing on financial wellbeing and responsible investment. Through these focus areas we are aligned to the South African Government's National Development Plan (NDP) and committed to working with others in civil society and across the private and public sector to building a prosperous and equitable South Africa.	The National Development Plan (NDP) offers a long-term perspective. It defines a desired destination and identifies the role different sectors of society need to play in reaching that goal. The NDP aims to eliminate poverty and reduce inequality by 2030. Old Mutual is proud to be involved in the communities we serve – an ethos which is a cornerstone in each of our businesses. We support the NDP's goals of eliminating poverty and reducing inequality in South Africa.
Climate finance	Support	The Institutional Investors Group on Climate Change (IIGCC) is a forum for investors to collaborate on climate change. IIGCC's mission is to mobilise capital for the low carbon future by amplifying the investor voice and collaborating with business, policymakers and investors. It provides investors with a platform to encourage public policies, investment practices, and corporate behaviour that address long-term risks and opportunities associated with climate change. Members consider it a fiduciary duty to ensure stranded asset risk or other losses from climate change are minimised and that opportunities presented.	As a member of the IIGCC, Old Mutual Global Investors (OMGI) takes a proactive approach to managing risks and opportunities related to climate change. In 2017, in a bid to influence ongoing negotiations about EU energy policy, OMGI joined 135 European investors, who manage more than €18 trillion in assets, in urging the Commission, EU Member States and the European Parliament to set an ambitious framework that includes a bold long-term decarbonisation objective to 2050 aligned with the objectives of the Paris Agreement.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

World Resources Institute (WRI)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The WRI is a global research organization that spans more than 50 countries. WRI works closely with leaders to turn big ideas into action to sustain natural resources – the foundation of economic opportunity and human wellbeing. As part of the Portfolio Carbon Initiative, the WRI conducts research which aims to inform the ongoing debate about how public and private sector banks should assess and report on the climate progress of their portfolios. Through Science Based Targets, WRI and partners help hundreds of the world's largest companies set ambitious climate targets.

How have you, or are you attempting to, influence the position?
Old Mutual Wealth (OMW) is part of the WRI's Science Based Targets advisory group. Through this, OMW contributes towards developing an effective way of assessing financial institutions' climate impact from investing and lending activities.

Trade association
South African Insurance Association (SAIA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The SAIA's position is in favour of supporting and encouraging the insurance industry to take action to reduce the industry's impact on the environment through identifying and analysing environmental and social risks and their potential negative impact. To further this agenda, in 2012, the SAIA established The Environmental and Social Risks Board Committee which oversees strategic initiatives in support of the top ten environmental and social risks the Committee has identified as central to the insurance industry in South Africa.

How have you, or are you attempting to, influence the position?
In 2017, the CEO of Old Mutual Insure continued to support SAIA at the Board and committee level. On Committees Old Mutual Insure works to improve multi-peril insurance and its approach to climate change risks from an insurer's perspective.

Trade association
Green Building Council of South Africa

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
In South Africa, the regulatory environments have been reactionary rather than leading with regards to the actual regulations. The Green Building Council has played a big role

in drawing the green buildings industry into a more formal space. The Green Building Council of South Africa aims to lead the transformation of the South African property industry to ensure that all buildings are designed, built and operated in an environmentally sustainable way allowing South Africans to work and live in healthy, efficient and productive environments.

How have you, or are you attempting to, influence the position?
The Head of Strategic Projects at Old Mutual Property sits on the board of The Green Building Council of South Africa, influencing where possible the transformation of the South African property industry and encouraging the growth of green buildings and sustainable construction. As a result of sustained efforts and collaboration, the green building movement has grown exponentially.

Trade association
National Business Initiative (NBI)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The NBI South Africa believes that the integrity of the country's ecosystem should be protected and that climate change and energy are no longer purely of environmental concern but are becoming an important issue in economics and sustainable business. NBI, therefore, aims to mobilise business as a whole towards the formulation of a business climate change response strategy through: increased awareness, voluntary collective action, policy engagement, mitigation activities, adaptation, and promotion of capacity-building initiatives through partnerships.

How have you, or are you attempting to, influence the position?
The Head of Sustainability at Nedbank sits on the Board of the NBI. In this position Nedbank aims to push and drive the green agenda and to have a positive impact on climate change. Interactions and engagements with the NBI in 2017 focused on impact of operations and banking activities on social development and transformation. The Head of Responsible Investment at Old Mutual Investment Group is also on the NBI Advisory Committee on Environment and Social (ACES). ACES is a forum for NBI member interaction in the context of environmental sustainability. In this position, we gain better understanding of industry trends and Government activity that may influence our strategic needs.

Trade association
South African Property Owners Association (SAPOA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
In 2014, SAPOA took a position on the promotion of good governance and city man-

agement - which includes environmentally sustainable spaces - by signing a Memorandum of Understanding with the South African Cities Network. The partnership aims to establish forums in which the public and private sector can build consensus on a range of issue areas, including climate change. SAPOA encourages participation to promote the sustainable expansion of South Africa's commercial and industrial property sectors.

How have you, or are you attempting to, influence the position?
Old Mutual Property (OMP) is an advocate of sustainable properties and the Managing Director of OMP is President of SAPOA. At this level, Old Mutual seeks to forward the environmental agenda of property management within SAPOA, ensuring that the concerns and opinions of the property industry are heard by the government and other stakeholders.

Trade association
UK Investment Association (IA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The UK Investment Association is the trade body that represents UK investment managers. It shapes the investment landscape to ensure that members are able to deliver the best outcomes for their clients. This includes spearheading initiatives to ensure best practice in the industry, and engaging in the public debate surrounding the industry and its growing importance amid the rising Age of Asset Management. The Sustainable Investments and Capital Markets division helps the industry to support the economy with stable, long-term finance, ensuring investors have access to fair and effective markets and embedding the highest standards of sustainable governance in UK Plc.

How have you, or are you attempting to, influence the position?
The Chief Executive Officer at Old Mutual Wealth sits on the Board of the UK Investment Association. Working collaboratively with other investors can increase the level of influence over companies around environmental, social and governance factors, and it may therefore be desirable to encourage them to address shareholder concerns.

Trade association
United Nations Global Compact Network UK

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Global Compact provides a framework of ten principles in four different categories – human rights, labour standards, the environment and anti-corruption – within which companies are invited to manage their operations. The UK Network serves as a focal

point of coordination and communication for its members and its key goals are: • to provide UK signatories with a facility to consider and advance issues of mutual interest and concern • to provide a mechanism through which performance and reporting on UN Global Compact principles can be improved by mutual support • to enable participants to share and exchange practice and experience • to provide input to the Global Compact on its future development and activity • to promote the Global Compact principles throughout the UK business community • to help promote and support the Global Compact worldwide

How have you, or are you attempting to, influence the position?
As a member of the UN Global Compact Network UK, Old Mutual Wealth embraces, supports and enacts, within its sphere of influence, a set of 10 core principles in the areas of human rights, labour standards, the environment, and anti-corruption. Principles 7, 8 and 9 provide an entry point for business to address the key environmental challenges including: supporting a precautionary approach to environmental challenges; undertaking initiatives to promote greater environmental responsibility; and encouraging the development and diffusion of environmentally friendly technologies.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

In March 2016 we announced a managed separation (MS) of the Old Mutual Group, which we intend to be materially complete by the end of 2018. As part of this, new processes will be put in place at business level. The following stands true for 2017:

Every six months a Letter of Representation is circulated to the businesses for them to confirm that they have received, understood and are implementing the policy suite, including the Responsible Business Policy which covers climate change activities. The

Letter of Representation is reported to the Group Head of Responsible Business who reviews the compliance reports and confirms their alignment to the policy.

This is then signed off by Old Mutual plc and the business CEOs. This systematically ensures that all areas of the business are compliant with the Responsible Business Policy. A further level of assurance is the Communications, Brand and Stakeholder (CBS) Forum who are accountable for ensuring that, through the MS, the businesses continue to operate responsibly.

The Heads of Responsible Business in the Old Mutual Emerging Markets and Wealth businesses (OMEM and OMW) and the Sustainability Team at Nedbank add an additional level of governance within our largest businesses.

Going forward, a clear position on climate change is central to the commitment of our businesses to enabling positive futures and their main objective is to play a significant role in the transition to a sustainable energy future. As part of the MS each business will articulate the way in which it will continue its commitment to operating responsibly.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports

Status
Complete

Attach the document
old-mutual-plc-annual-report-2017.pdf

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures

Emission targets

Publication

In voluntary communications

Status

Complete

Attach the document

Old Mutual Carbon Disclosure Project Submission 2017.pdf

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Publication

In mainstream reports in accordance with the CDSB Framework

Status

Complete

Attach the document

ri-transparency-report-2017.pdf

Content elements

Governance
Strategy
Risks & opportunities

Publication

In voluntary communications

Status

Complete

Attach the document

Old_Mutual_plc_United_Nations_Global_Compact_Communication_on_Progress_2017.pdf

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Other metrics

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Head of Responsible Business	Environment/Sustainability manager