

# Old Mutual plc

## Positive Futures Plan

### 2016



INVESTMENT | SAVINGS | INSURANCE | BANKING



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**Nedbank Responsible investment**

# Welcome to our Positive Futures Plan 2016

As we look towards our managed separation we remain focused on our purpose to help our customers thrive by enabling them to achieve their lifetime financial goals, while investing their funds in ways which will create a positive future for them, their families, their communities and the world at large.

## Our values

We are committed to being a responsible business with a view to the long-term and will focus on areas where our businesses can make a material impact and create meaningful change. Our businesses will continue to be guided by strong values.

## Our strategy for a successful managed separation

In March 2016, we announced a new strategy for Old Mutual plc that seeks to unlock and create significant long-term value for our shareholders. This will be achieved through the separation of the four underlying businesses – Old Mutual Emerging Markets (OMEM), Old Mutual Wealth (OMW), Nedbank and OM Asset Management (OMAM) – from each other. Implementation of the managed separation will require a balance between value, cost, time and risk and we intend for it to be materially complete by the end of 2018.

Since announcing the strategy, Old Mutual plc has had three fundamental areas of focus: ensuring the businesses are ready for independent futures; executing a number of transactions; and winding down the plc Head Office. Consequently, we are now running Old Mutual plc in the manner of an active portfolio manager and not running it as a Group as in previous years.



Photographer Helen Manson

**Old Mutual Emerging Markets: Financial education**



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# Our business at a glance

Old Mutual began in Cape Town in 1845 as South Africa's first mutual life insurance company, offering financial security in uncertain times. Today, 172 years on, the Group is made up of four strong businesses operating successfully in their respective markets and enabling positive futures for their stakeholders.



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## OUR BUSINESSES

### Old Mutual Emerging Markets

An African financial service champion with strong, differentiated franchises in selected emerging markets

AOP  
**£619m**  
(+1%)

Customers  
**10.9m**  
(+2%)

FUM  
**£59.5bn**  
(+37%)

Employees  
**28,565**  
(+4%)

### Nedbank

Africa's most admired financial services provider by our staff, clients, shareholders, regulators and communities

AOP  
**£799m**  
(+6%)

Customers  
**7.7m**  
(+4%)

FUM  
**£17.2bn**  
(+45%)

Employees  
**34,875**  
(+10%)

### Old Mutual Wealth

A unique advice-led, investment and wealth manager blending peer-lending capabilities to build solutions that deliver better customer outcomes

AOP  
**£260m**  
(-15%)

Customers  
**0.8m**

FUM  
**£123.5bn**  
(+18%)

Employees  
**3,649**  
(+6%)

### OM Asset Management

A leading multi-boutique institutional asset management business

AOP  
**£143m**  
(-5%)

Affiliates  
**8**

FUM  
**£194.7bn**  
(+35%)

Employees  
**1,157**  
(-1%)

## OUR GROUP

### Where we operate



**AOP**  
**£1,667m**  
(pre-tax and NCI)

**FUM**  
**£394.9bn**  
(funds under management)

**Customers**  
**19.4**  
million

**Employees**  
**68,527**

# Our Positive Futures Plan

Helping customers to achieve their lifetime financial goals

## FOCUS AREAS

### Financial wellbeing

### Responsible investment

## GOALS



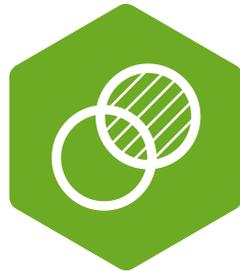
#### Education at scale:

We will scale up our educational reach with our financial education programmes



#### Drive societal value products:

We aim to increase the number of people reached with products that drive positive societal value (micro-finance and micro-insurance)



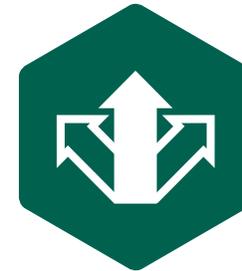
#### A commitment to transparency:

We will publish an independent research report and findings into the benefits our customers get from our offerings



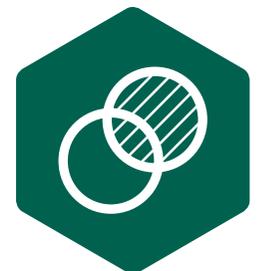
#### Investment at scale:

We will make a substantial investment of our funds under management into the green economy and infrastructure



#### An investment approach that drives societal value:

Complete compliance to our responsible investment standards and proxy votes cast where possible



#### A commitment to transparency:

Funds offered are publicly ESG rated



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# Our progress against the Plan



**Patrick O'Sullivan**  
Chairman

We are pleased to share our progress in 2016, which we have achieved alongside our transition programmes.

## Chairman's message

We recognise the role that corporates have as agents of transformation, and are conscious that our long-term success depends on operating in sustainable societies. We have previously expressed our support for the Sustainable Development Goals (a UN initiative) and have signed the World Economic Forum Compact for Responsive and Responsible Leadership. I am focused on ensuring that, during and after the managed separation, our commitment to operating as a responsible business remains strong. This year, our Positive Futures Plan requires our four businesses to embed programmes dealing with stakeholders and to position themselves as responsible business leaders in their regions. I am proud of the progress we have made to date and we will update you as we complete managed separation.

“

**In 2015 we set up group-wide goals for the Plan, however, in light of the managed separation we are now working with the businesses to ensure their goals meet the expectations of the markets in which they operate. We fully expect that the plans of our four businesses will be embedded when we separate.**

”



**Bruce Hemphill**  
Group Chief Executive

## Strong foundations

To deliver our Plan we need to have strong foundations in place on which to build. As an international business we continue to take our core responsibilities related to our people, our communities and the environment seriously. In 2016, we continued to invest in the communities where we operate, investing £15.2million (2015: £16.7million) from our businesses. This has been invested in projects that support the businesses' strategic direction, community and skills development programmes and through employee matching programmes we give to those causes close to our employees' hearts. We also give time and skills to projects through employee volunteering, and mentoring programmes sharing our employees' skills and experience with those to whom it will add value.

Our business relies on the commitment, talent and diversity of our employees. In order to understand and meet the needs of customers better, we strive to have an employee population that is representative of the markets we serve. To attract and retain appropriately skilled employees, managers and executives, we maintain effective HR practices. Each business is required to develop an environment that promotes the benefits of equal opportunities and diversity. Recruitment, promotion, selection for training and other aspects of employee management are free from discrimination – including on grounds of gender, race, disability, age, marital status, sexual orientation and religious belief. For our businesses in South Africa, these imperatives have to be balanced against their Broad-Based Black Economic Empowerment (B-BBEE) requirements.

We recognise that difference in its broadest sense is critical to our success and, while focus varies by country, increasing gender diversity is a priority for all of our businesses. We continue to exceed our diversity target of at least three female members of the Board, with female membership of our Board at 38% (five out of 13) for most of the year. Also, two of our six-member plc ExCo are women. We also welcomed Sir John Parker's review into the ethnic diversity of UK boards, and we were pleased to be in fifth place in the list of FTSE 100 companies by number of ethnic minority directors.

Our environmental programmes continue to focus on reducing our direct impact and in 2016 we managed to reduce our carbon footprint by 2.5% (502,728 tonnes CO<sub>2</sub>e in 2015 to 489,949 tonnes CO<sub>2</sub>e in 2016). Our carbon intensity for 2016 was 1.2 tonnes CO<sub>2</sub>e/£m FUM (2015: 1.5 tonnes CO<sub>2</sub>e/£m FUM). For a financial service business it is likely that the biggest environmental impact is through the investments we hold. We recognise this and the relevant parts of our business are looking to understand the exposure they have in their portfolios. We look forward to the output of the FSB Climate Taskforce research to help guide on our climate-related financial risk disclosures.

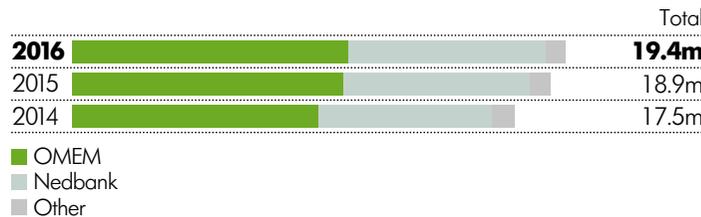
# Our Key Performance Indicators

We continue to measure and manage our non-financial KPIs whilst transitioning the Plan into the businesses.

## OLD MUTUAL PLC NON-FINANCIAL KEY PERFORMANCE INDICATORS (KPIs)

### Our customers

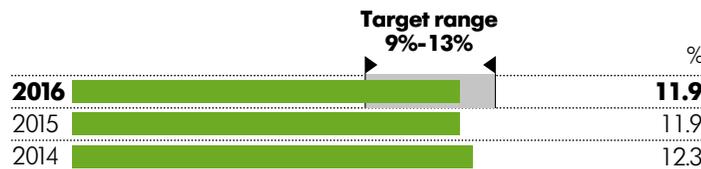
Customer numbers



Customer numbers are an indication of the scale of our business. Growth indicates that we have an attractive proposition for new customers, and are meeting the needs of our existing customers.

### Our employees

Cultural entropy



We maintained a positive entropy across the Group. Each business has ownership for ensuring a healthy culture is sustained during the managed separation.



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## PROGRESS AGAINST PLAN GOALS

### Financial wellbeing

Our performance 2016

**Programmes for education at scale** **851,000**  
people reached

**Products that drive societal value** **18,172**  
people reached

**Loan to customers** **£43.1bn**

### Responsible investment

Our performance 2016

**Green economy & infrastructure investment at scale** **3%**  
FUM<sup>1</sup> committed

**A responsible investment (RI) approach that drives societal value** **40%**  
RI standard compliance

**Proxy votes cast** **62%**  
of possible proxy votes cast

<sup>1</sup> Funds under management.

# The Plan going forwards

Each business will implement the Plan in a way that is most appropriate to them. We therefore see different focus areas emerging in local strategies which will demonstrate our continued commitment to the Plan.

## Our continued commitment to the plan

As part of the managed separation we've asked each business to articulate the way in which it will continue its commitment to operating responsibly and we hope that the Plan will act as a useful guide.

Nedbank and Old Mutual Asset Management, who are listed, have well established and articulated responses to responsible business which are part of their existing customer and employee offerings.

For Old Mutual Emerging Markets and Old Mutual Wealth this is their opportunity to redefine their responsible business strategy and identify their role in adding value to society.

We are pleased with the progress that the businesses have made in identifying their focus areas and look forward to seeing them deliver on their plans going forward.



**Iain Williamson**  
Interim Chief Executive Officer



**Our business strategy is rooted in our vision and brand promise of Enabling Positive Futures.**



## Old Mutual Emerging Markets

Our purpose is to help our customers thrive by enabling them to achieve their lifetime financial goals, while investing their funds in ways that will create a positive future for them, their families, their communities and broader society. In this way, we significantly contribute to improving the lives of our customers and broader society while ensuring a sustainable future for our business.

Building on from the plan our key areas of focus are outlined below:

### Focus areas

- Financial wellbeing
- Responsible investment



**Mike Brown**  
Chief Executive Officer



**We recognise that we have a responsibility not only to be good with money, but more importantly to do good with it.**



## Nedbank

Our core purpose as a bank is therefore to use our vast financial expertise and leverage our lending capabilities to do good for individuals, businesses and greater society across our South Africa, continent and, indeed, anywhere in the world where we can deliver a positive impact.

By seeing money differently in this way, we are confident that we will achieve our vision to be Africa's most admired financial services provider.

### Focus areas

- Delivering innovative market leading client experiences.
- Growing our transactional banking franchise faster than the market
- Being operationally excellent in all we do
- Managing scarce resources to optimise economic outcomes
- Providing our clients with access to the best financial services network in Africa



**The Plan  
going forwards**  
continued



**Paul Feeney**  
Chief Executive Officer

“

**We are committed to being a  
purpose-led responsible business.**

”

**Old Mutual Wealth**

Our core purpose is to help create prosperity for the generations of today and tomorrow. We achieve this by creating wealth for our clients, enabling them to attain their life goals, and through our broader contribution to the industry and the society in which we operate.

Building on from the plan our key areas of focus are outlined below:

**Focus areas**

- Good customer outcomes
- Responsible investment
- People and culture
- Stakeholder engagement



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**Peter Bain**  
Chief Executive Officer

“

**Our approach emphasises that our  
clients are at the heart of our business.**

”

**OM Asset Management**

Our commitment to leadership in responsible business stems from our Affiliates' focus on performing their duties to their clients, which is to ensure that they provide their clients with the consistent execution of their stated investment strategies and the highest level of client service. Our approach is based on a five-pillar framework:

**Focus areas**

- Clients
- Investment
- Employees
- Communities
- Environment



# The world in which we operate

## External frameworks

We are mindful of operating within international and local frameworks and following internationally recognised standards to ensure we are contributing to coordinated efforts to address the world's biggest social, economic and environmental issues.

Ongoing support for these frameworks will be determined by the strategy of each business.

## Old Mutual's support

for these frameworks, partnerships and memberships will not stop because of managed separation. Each business will assess which relationships are most relevant to them thereby ensuring continued commitment to the creation of sustainable societies.

## 1

### Sustainable Development Goals (SDGs)

We view the SDGs as an opportunity for us to collaborate with others in order to scale up and innovate around existing initiatives that contribute towards achieving the goals. Over the coming year, we will continue to explore the best way we can align our Plan with specific goals and demonstrate Old Mutual's active commitment to the sustainable development agenda of ending poverty, protecting the planet and ensuring prosperity for all. We will work with the businesses to ensure that as part of the transition process they identify the goals that they feel align most closely to their strategies and therefore, would look to report on going forward.

## 2

### Compact for Responsive and Responsible Leadership

The Compact is sponsored by the International Business Council of the World Economic Forum and by signing we have committed that Old Mutual and our board of directors will create a corporate governance framework which focuses on the long-term sustainability of corporations and the long-term goals of society. This fits closely with the aims of the Plan and given that the Compact suggests that the framework of the SDGs be used as a good guide our previous commitment to these will also help us deliver on our commitments. We are part of a growing community of businesses that recognise the importance of responsive and responsible leadership as a way to build trust with our stakeholders.

## 3

### United Nations Global Compact

Since 2010, we have reported our progress in aligning our strategies and operations with the 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption. We view these as foundations to our approach to responsible business and continue to develop this as national legislations change and we increase transparency in our activities.

## 4

### United Nations-supported Principles for Responsible Investment (PRI)

In 2012, Old Mutual became a signatory to the PRI as an asset owner. In the same year, we completed a review of our responsible investment practices using the reporting framework. We continue to report our progress using this framework on an annual basis as we believe transparency demonstrates our commitment to good governance and to responding appropriately to social and environmental issues.

## 5

### South African National Development Plan (NDP) 2030

The South African Government has set ambitious goals for poverty reduction, economic growth, economic transformation and job creation. Through our focus areas of financial education and responsible investment in the green economy and socio-economic infrastructure, we are aligned with the 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.

## OUR AFFILIATIONS AND PARTNERSHIPS



FTSE4Good



**The world  
in which  
we operate**  
continued

## Transformation to a digitised economy

In many countries, technology provides more people with access to products and services which opens up new markets and generates increased economic benefits. However, access to technology may also exacerbate income differences within some countries with those adapting quickly benefiting from technology-driven economic growth.

With increased reliance on technology, there is an increase of cyber risks such as mismanagement of personal data, critical system failures and cyber attacks.



Positive Futures Plan 2016

Businesses are responding with resources committed to technology and digital safety for employees and customers. As the growth of the digital economy continues to accelerate it is vital that everyone is given the opportunity to participate and that we are all protected to ensure we get the most from it.

### Inclusive growth

The OECD defines inclusive growth as the economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society.

In many countries, people have not seen their incomes rise for years. The gap between rich and poor has widened, with those at the top capturing the 'lion's share' of growth. Rising inequality in earnings and in wealth is a major concern, but money is just one aspect of people's wellbeing. In just about every area, whether education, life expectancy, or employment prospects, success is determined by socio-economic status, wealth and assets, sex, age or the places where people live.

### Job creation

Discussions about the employment impact of disruptive change have often been polarised between those who foresee limitless opportunities in newly emerging job categories and prospects that improve workers' productivity and liberate them from routine work, and those that foresee massive labour substitution and displacement of jobs. While forecasts vary by industry and region, momentous change is under way and it is our actions today that will determine whether that change mainly results in massive displacement of workers or the emergence of new opportunities. Action is needed to manage the near-term transition and build a workforce with futureproof skills, governments will have to cope with ever-growing unemployment and inequality, and businesses with a shrinking consumer base. The biggest expected drivers of employment creation are demographic and socio-economic in nature; in particular, the opportunities offered by young demographics and rising middle classes in emerging markets and the rising economic power and aspirations of women. Conversely, increasing geopolitical volatility risks being the biggest threat to employment and job creation at the global level.



## Growing population and urban living

There is increased pressure on agricultural production, natural resources, housing and other infrastructure which are struggling to cope with growing populations. More investment and support are needed to provide for an ageing population, particularly regarding health and financial management. A growing middle class, with high consumer demands but low savings and insurance cover highlights the need for long-term financial support.

As infrastructure is being built, there is a profound need for urban solutions that adapt and respond to change; efficient sanitation systems, water delivery, waste management and transportation systems all need to be able to accommodate increasing numbers of people and industry while being resilient to climate change and natural disasters.

# x3

Africa's urban  
population is expected  
to triple by 2025<sup>1</sup>

# £3.5bn

Amount invested by Old Mutual in  
infrastructure<sup>2</sup>

<sup>1</sup> "The Global Risks Report 2016", World Economic Forum.

<sup>2</sup> Committed investment to date on behalf of our clients (excludes Nedbank).



**The world in which we operate continued**

**Extreme weather events and changing climate**

Changes to our climate are leading to increased environmental risks, impacting on food and water security and increasing uncertainty for current and planned infrastructure. In the extreme these changes could lead to ecosystem collapse, the need for large-scale migration and amplify social security problems. Growing competition for resources, particularly water will be exacerbated by climate change.

The cluster of interconnected environment-related risks – including extreme weather events, climate change and water crises, has consistently featured among the top global risks for the past seven years. As we can see from the 2016 results they continue to rank highly for the World Economic Forum stakeholders.

**TOP FIVE TRENDS THAT DETERMINE GLOBAL DEVELOPMENTS<sup>1</sup>**

- 1** Rising income and wealth disparity
- 2** Changing climate
- 3** Increasing polarisation of societies
- 4** Rising cyber dependency
- 5** Ageing population

<sup>1</sup> Top five trends that determine global developments as rated by World Economic Forum survey respondents.

**Youth unemployment**

Unemployment affects business in many ways from slowing economic growth to threatening social stability. Unemployment amongst youth is a particular concern, as they leave the education system inadequately skilled or prepared for the demands of current jobs markets. Sub-Saharan Africa (SSA) is growing faster than any other region. This scale of growth undermines efforts to reduce poverty or to create jobs. The ability of nations in SSA to create sustainable safety nets will require both political will and economic activity sufficient to develop the necessary resources.

**54%**

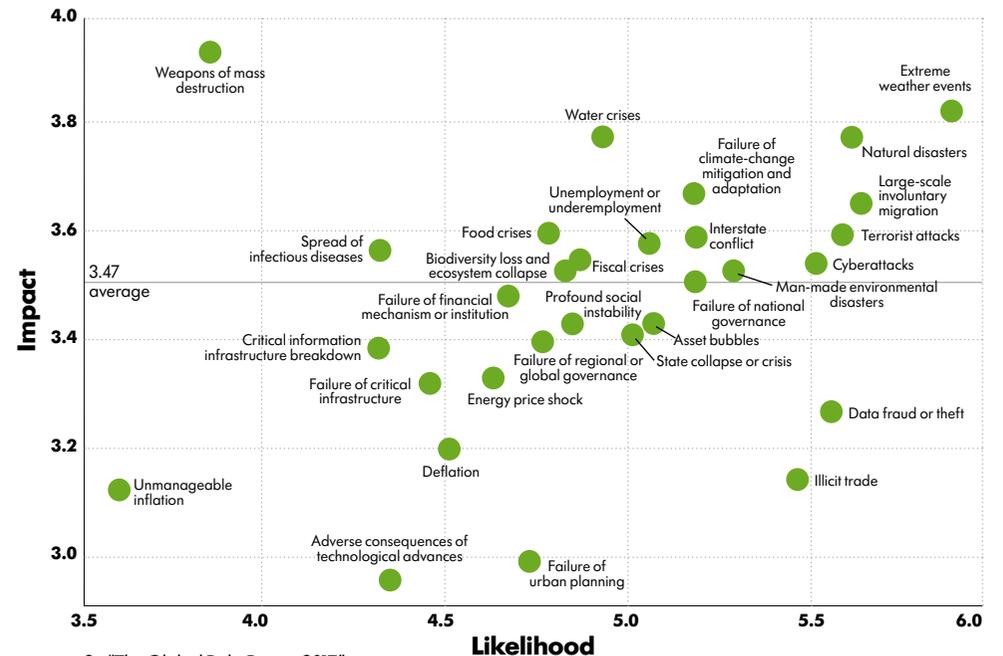
Youth unemployment in South Africa



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**THE GLOBAL RISKS LANDSCAPE<sup>2</sup>**



<sup>2</sup> "The Global Risks Report 2017", World Economic Forum.

# The impact we are making

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Photographer  
Helen Manson

# The impact we are making Old Mutual Emerging Markets



**Iain Williamson**  
Interim Chief Executive Officer

“

**As a responsible business we must be open to the new realities that business and society faces and incorporate these into our thinking to help build a better, safer and more cohesive world.**

”

## **Our commitment to the Plan**

At Old Mutual Emerging Markets (OMEM) our purpose is to help our customers thrive by enabling them to achieve their lifetime financial goals, while investing their funds in ways which will create a positive future for them, their families, their communities and the world at large.

Our customers are at the heart of what we do and our vision is to be their most trusted partner, but as a company, we do so much more than provide them with advice and financial products.

## **Our Plan priorities**

We build our customers' financial wellbeing and prosperity, while investing their funds in ways that will boost socio-economic development in South Africa and beyond.

We are maintaining the two focus areas of the existing Positive Futures Plan:

- Financial wellbeing (including financial inclusion and financial education)
- Responsible investment.

In everything we do, we continually strive to operate as a responsible business with the right governances, processes and initiatives in place to manage and monitor the impact we make. In an uncertain and volatile world, we cannot achieve our growth vision without also increasing our positive social impact and reducing our environmental footprint.

## **Our ambition for the Plan**

OMEM's approach to being a responsible business goes beyond compliance with national requirements. Operating responsibly is ingrained in our core corporate culture where meaningful sustainable impact and transformation is deep rooted and measured, in our values, our people and our strategic objectives. Our Positive Futures Plan is our guide to really doing great things responsibly.

## **Our operating environment**

We are operating in a volatile and challenging environment and it is imperative that we keep abreast of national and global issues that affect our customers, our citizens and our business, to ensure a healthy future for all.

As a financial services company with diverse product offerings to a large cross-section of society, our commercial success depends on our societies prospering. The challenges for a prospering society are increasing. The scale and connectedness of current social and environmental challenges, both globally and in South Africa, require a step-change in the private sector's contribution to a sustainable society.

We believe that OMEM has the scale, resources and brand to be a significantly more positive impactful agent of social and economic transformation.

We seek innovative and new forms of collaboration with others in the private sector and beyond to help achieve this role.



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[www.oldmutual.co.za](http://www.oldmutual.co.za)

## Financial wellbeing: Financial education

At least once in the last year, 57% of South Africans found that their income did not cover their living expenses. A key cause of this issue is low levels of basic money management skills. Our financial education programmes aim to address this issue.

**350m**

Adults in Sub-Saharan Africa

**57%**

of South Africans found that their income did not cover their living expenses



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### Why it matters

We facilitate inclusion by improving access to financial services and education, as well as investing in the communities in which we live and work through a range of financial educational programmes.

### What we're doing

We are working to ensure that our 10.9 million customers and 28,565 employees in Africa have access to the best financial education available – equipped to make responsible and appropriate financial decisions for themselves and their families. We are providing a range of trusted financial education programmes for those markets which currently are largely excluded.

### The impact we've made

In 2016 our financial education programmes have supported over 155,000 people across Africa through a range of workshops and media programmes. Through our many programmes, ranging from our Financial Wellbeing Programme run by our Corporate Division to our investments both through funds managed by Old Mutual Investment Group (OMIG) and the many Trusts and community programmes, we are pleased with the progress we are making supporting financial education in the markets in which we operate.

### DELIVERY METHOD FOR FINANCIAL EDUCATION

**155,000**

Number of people reached by financial education programmes



Photographer Helen Manson



Old Mutual South Africa

Saving for education

The number one concern for many parents across South Africa is the cost of educating their children. This is becoming more concerning when one considers the sharp increases in education inflation, a figure that is expected to be as high as 9.5% in 2017. This means that a parent whose child starts grade R in 2017 can expect to pay between R1,332,112 and R3,011,415 for public or private education respectively. Our 'On the Money' financial education program on Facebook and Twitter provides an innovative digital platform that allows access to financial educational workshops for communities and employees wherever they want and when ever they need it.

## Financial wellbeing: Financial inclusion

There are 350 million adults in Sub-Saharan Africa. More than half have no ready access to financial services. Financial knowledge could be improved across all our markets and we have the skills and resources to contribute to this challenge.

### Why it matters

Education is only part of the solution. People need access to suitable products and accessible distribution channels. With 50% of people excluded from financial services in many of our markets, helping people access our service is a business opportunity as well as contributing to a thriving economy and financially inclusive society.

### What we're doing

We recognise that we can have a more significant impact through partnerships. Across Africa we are searching for partners who have existing solutions which with our support could be scaled up. Our partnerships with both mobile and technology companies help to improve access for our customers.

### The impact we've made

At year end 2016 the Old Mutual Money Account, which was launched in 2015 and helps our customers to save as they spend, had nearly 215,000 accounts and continues to grow. We made progress digitally enabling our business to ensure that our products and services can reach even those in the most remote parts which are usually excluded. For example the Blue Marble partnership launched its first pilot in November 2016 in Zimbabwe.

# 50%

of people are excluded from  
financial services in many  
of our markets



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“  
**Insuring smallholder  
farmers in Zimbabwe  
helps protect their  
livelihoods against  
lack of rain. This type  
of protection will  
have a huge effect on  
Zimbabwe's economy  
in the future.**  
”

**Jonas Mushosho**  
CEO Rest of Africa

 **Blue Marble Farmers,  
Zimbabwe**

**Blue Marble launched in November**

Blue Marble launched its first pilot venture, a crop index insurance product called 'Ruzhowa' in Zimbabwe in November 2016. The Ruzhowa product protects small-scale maize farmers against the risk of drought in the 2016-2017 planting season. A robust and customisable rainfall index has been designed that can be used for crop insurance against drought throughout Africa using satellite data. At launch, 335 small-scale farmers in three locations in Zimbabwe with a total planted area of 397 hectares were signed up through our partner Northern Farming, a local contract-farming company.

## Responsible investment

Old Mutual is committed to investing responsibly and has been on a steady and focused responsible investment journey.

### Why it matters

Responsible investment (RI) means allocating and stewarding our customers' capital in a manner that factors in environmental, social and governance (ESG) issues as well as drives low carbon, socially inclusive and resource efficient growth. This is central to achieving appropriate risk adjusted returns, while at the same time building resilience in the economies in which we operate. Our challenge is to go beyond RI and find ways to get capital to productively work in those parts of the economy that need it most.

### What we're doing

To support our drive for best practice in responsible investment, we constantly monitor our compliance with our Responsible Investment Standard. We aim to be an active, engaged investor: our South African asset manager has met our target of casting 100% of proxy votes, and we are making good progress across the rest of the Group. A proxy vote is where we vote on a Company resolution at the Annual General Meeting (AGM) on behalf of the people who have delegated that responsibility to us.

### Making it transparent

We want to make it easy for customers to know where their savings are being invested. We are currently working with key stakeholders on how best to use the industry's emerging system of fund ratings for responsible investment.

### Spreading the word

We actively contribute to the debate on responsible investment through our involvement in initiatives such as the Code for Responsible Investment in South Africa. We have played an active part in the drafting of South Africa's King IV Code on Corporate Governance, and have supported the development of the Africa Directors Programme in conjunction with the University of Stellenbosch Business School and INSEAD.

**100%**  
of proxy votes cast



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[www.oldmutual.co.za](http://www.oldmutual.co.za)

**+** International

**Investing for a positive future**

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

As an extension of our philosophy, the financial education team along with OMIG hosted a series of breakfast sessions with trustees of pension funds, HR Executives members and Union Officials to raise awareness of sound principles of responsible investment and highlight the value of financial education.



**+** South Africa

**First MSCI equity ESG index fund in South Africa**

In April 2016 Old Mutual Investment Group launched the first responsible investment equity index fund, for institutional investors, in South Africa, the Old Mutual Responsible Investment Equity Index Fund. The Fund invests in companies that have high sustainability measures. This approach offers a fully integrated RI offering which seeks to avoid companies that may have long-term hidden risks and ESG costs. The Fund makes use of the MSCI research methodology and a best-in-class approach to target sector weights.

## Responsible investment: The green economy and infrastructure

Old Mutual Emerging Markets is the largest infrastructure funder in South Africa, and has committed close to R30 billion to projects that support South Africa's National Development Plan (NDP).

### The impact we've made

Through our Positive Futures Plan and because of our expertise in key sectors, we have a strong position in the green economic arena primarily through investments in renewable energy and infrastructure projects. Contributing to renewable energy sources reduces localised pollution of air and water and contributes to Sub-Saharan Africa's energy security.

Our various investment capabilities had cumulatively committed R20.1 billion of our customers' money (as at end 2016) into renewable energy projects across South Africa which forms an integral part of the Government's Integrated Resource Plan (IRP) 2010. The Renewable Energy Independent Power Producer Procurement Programme has significant investments across renewable energy projects which include windfarms, solar, hydro and biomass plants, of these 70% are already operational. They have socio-economic development requirements such as job creation, local ownership and enterprise development intended to benefit surrounding communities.

The clean energy generated initially will be about 3,922.32MW, of which Old Mutual will contribute 59%, enough to power around 1.3 million average households.

To date we have also committed R58.7 billion in infrastructure projects and another R21.0 billion in affordable housing on behalf of our clients.

In 2016 we have worked with the International Finance Corporation on using the EDGE system for affordable and green housing. EDGE encourages resource-efficient building growth by proving the business case for building green. Our aim is to increase the integration of social and environmental sustainability imperatives into housing projects, thereby providing access to better quality homes with lower running costs for lower middle income groups.



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**South Africa**

### Solar at Mutual Park

The largest corporate solar carport in South Africa covers 565 parking bays – about 3,600 solar panels/14,500m<sup>2</sup>. 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 R4.5 million per year. The campus is one of the largest consumers of electricity in the Western Cape.

**Africa**

### Responsible investment in Africa

As a long-term investor and responsible steward of the assets it manages on behalf of its customers, Old Mutual Africa is on course to becoming the leading responsible investor on the continent, where it has offices in Kenya, Malawi, Zimbabwe and Namibia. Old Mutual Africa's Responsible Business Committee spearheads this initiative, ensuring that we continue to incorporate environmental, social and governance (ESG) considerations in the assets in which we invest. As a leading African business and asset manager, if we are to harness and leverage the potential capital flows into the African continent, Old Mutual Africa needs to epitomise responsible investment, thereby boosting our influence on Africa's corporate governance frameworks and our impact on our society as a whole.

During 2016, we stepped up our efforts to increase awareness of responsible investment across all the African business units, and we have launched proxy voting policies for Malawi, Kenya and Zimbabwe. The Responsible Investment committee will also be responsible for embedding ESG issues in the valuation models for analysts and in ensuring that all Old Mutual Africa countries speak with the same voice when it comes to responsible investment.

# Value creation in Old Mutual Emerging Markets

Africa is our home. We've been partnering to do great things for over 170 years and will continue to do so for many more.

**Dave Macready**  
Chief Executive Officer  
Old Mutual South Africa

All figures refer to Old Mutual Emerging Markets as at December 2016. All figures quoted in South African Rand.

1 Invested by Old Mutual as custodians of our customers' money.

2 Committed investment by the end of 2016.

3 Net value created from Black Economic Empowerment transactions between 2005 and 2015.

## INVESTING IN INFRASTRUCTURE<sup>1</sup>

Affordable housing  
**R21.0bn<sup>2</sup>**

Other infrastructure  
**R58.7bn<sup>2</sup>**

Renewable energy  
**R20.1bn<sup>2</sup>**



## DEVELOPING COMMUNITIES

Broad-Based Black Economic Empowerment ownership  
**R16.1bn<sup>3</sup>**

Community and skills investment  
**R39m**

Education (including financial education)  
**R103m**



# The impact we are making Nedbank



**Mike Brown**  
Chief Executive Officer



**Fair Share 2030 is Nedbank's strategy to integrate sustainability across the breadth of its business activity. It is an enabler of Nedbank's purpose to use its financial expertise to do good for individuals, families, businesses and society.**



## Fair Share 2030 and our impact priorities

We use our financial expertise to contribute positively towards meeting the future growth and development needs of individuals, businesses and society.

As a financial institution, we are leveraging the power of our bank to build a more successful society. Our approach aims to balance socio-economic and environmental risks and opportunities through the use of our products and services, collaboration and partnerships and by managing our own impact.

## How this links to the Positive Futures Plan

The intended outcomes of Fair Share 2030 align with the aims of the Positive Futures Plan, both delivering financial education to enhance financial wellbeing and inclusion and providing products, services and investments which address environmental challenges and help transform societal issues. We remain committed to sharing our progress and challenges in addressing and integrating sustainability issues while ensuring positive commercial returns.

## Our ambition for the Plan

At Nedbank, we will continue to help shape the socio-economic environment in which we operate in order to create a vibrant, flourishing South Africa by 2030. As with the Positive Futures Plan, we focus our efforts in addressing issues relevant to the sustainability and success of our business and the societies we serve.

## Our operating environment

With our core business in South Africa and operations across Sub-Saharan Africa, we are operating in an often volatile and uncertain socio-economic environment. Increased competition, changing relationships between business, Government and society and changes in regulation all create uncertainty and the need to be flexible and responsive.

Specifically, South Africa has a need to accelerate economic inclusion which includes addressing issues such as the required energy transformation as well as water and food security. This will see us working with our clients to address these issues, using finance as one of the solutions.

## TOTAL CORPORATE SOCIAL INVESTMENT



1. Education **51.3%**
2. Community development **6.2%**
3. Skills development **3.2%**
4. Health **7.5%**
5. Affinities programme **27.9%**
6. Volunteerism **3.9%**



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[www.nedbank.co.za](http://www.nedbank.co.za)

## The impact we are making

### Nedbank

## Financial inclusion

Financial inclusion represents an important means towards developmental ends. This is particularly so in South Africa where financial inclusion helps people expand businesses, invest in education and participate in building the national economy rather than operate on the fringes.

### Why it matters

In essence, financial inclusion means the wide-spread and effective use of all types of accounts and financial services including mobile money, savings and borrowing accounts. We continue to make banking more accessible across Sub-Saharan Africa and to assist in building a culture of saving and financial health.

### What we're doing

During 2016 we launched the 'interactive teller' that provides clients with extended teller functionality over video link. A new client relationship management capability was introduced in 2016, further enhancing the contact centre experience as we strive to maintain the Top Contact Centre accolade, awarded to our contact centre in 2015. Our contact centre volumes, including voice- and non-voice-based interactions have increased by 8% year on year, as clients' preference for alternative communication methods increases.

These innovations are complementary to our in-branch network of 342 internet and 144 video banking stations. The video banking solution includes servicing options for clients in five official languages, as well as advice on global trade. We have a clearly articulated strategy to develop self-service banking enablement across our mobile and digital channels, which will create further capacity to manage our increasing client base.

In 2016, 45 branches and outlets were reformatted, resulting in 44% of our physical footprint in the new design as at 31 December 2016. Investment in new distribution continues in high growth micro-markets with an additional six branches and four in-retailer outlets being built in 2016. Smaller, cost effective formats are being explored in remote towns through distribution agreements with Hinterland and Boxer. Our distribution investment was offset by 22 branch closures and a reduction of 5 000 square metres, as we continue to optimise our distribution network through reduced floor space.

### The impact we've made

The Nedbank Entry Level Banking (ELB) client base has grown at 71% per annum since 2012. The majority of these clients take up a transactional product such as a savings or current account as the first step in their formal banking relationship. In its efforts to bridge the gap between the formal and informal economy, 19% of the ELB client acquisition comes from rural areas in South Africa. Further to that, 12% of those who have joined Nedbank from rural areas have also taken up a personal loan to help them meet some of their needs and aspirations.

Video ATM,  
Johannesburg

### Innovating for inclusion

As part of our digital and self-service strategy, a total of 219 video banking stations and 342 internet stations have been rolled out across the country. Video banking stations enable customers to interact with our customer service consultants through video-calls at ATMs; internet stations are physical centres within branches that allow customers to manage their online banking transactions. These stations offer services in five official languages and also provide financial planning tools.



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## The impact we are making

## Nedbank

# Empowerment Finance

We partner with black businesses, minority-owned enterprises and invest in transformational projects, to help individuals become productive and successful participants in the economic and social development of South Africa.

### Why it matters

The future of Nedbank is inextricably linked to the success of the countries and communities in which we operate. To enable financial wellbeing for more people and equitable access to socio-economic resources, we have long recognised the responsibility we have to partner with clients and provide financing for growth.

### What we're doing

Our empowerment financing ranges from the provision of funding for transformational infrastructure projects and financing affordable housing, to investing in small and medium enterprises through financial services, skill sharing and timely interventions. Since 2009, we have invested R64.4 billion in empowerment financing, including R14.1 billion in 2016.

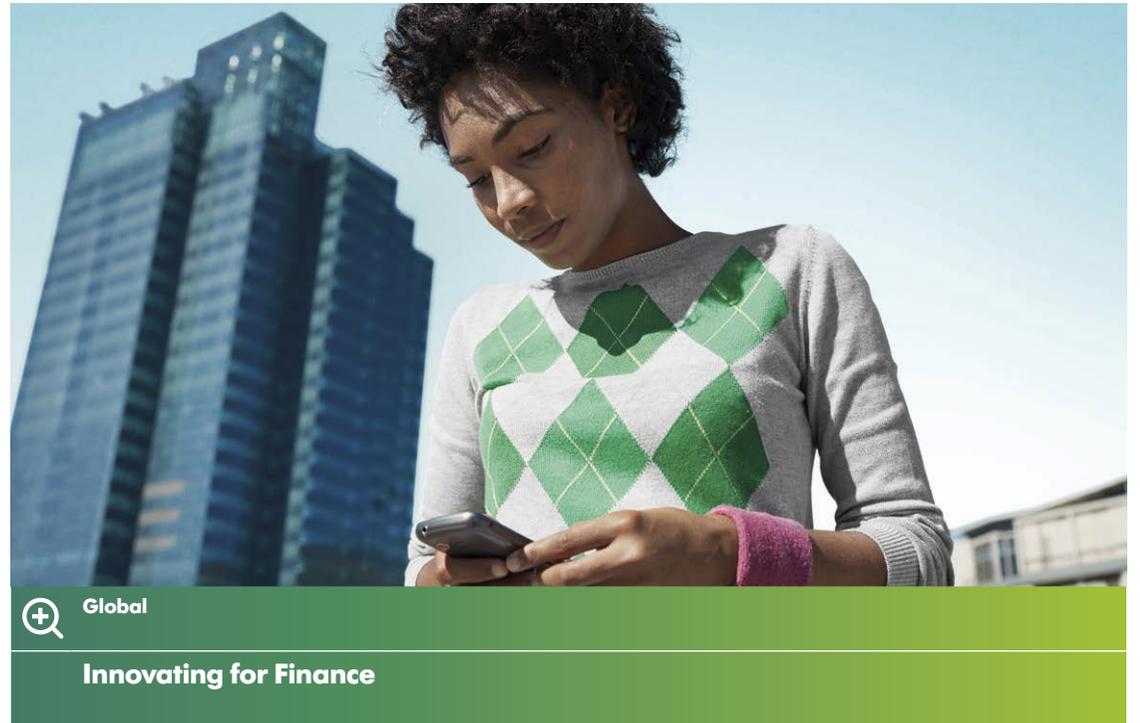
### The impact we've made

In 2016, we contributed to the building of 2,000 new quality, affordable housing units.

Following the establishment of an agreement with the Development Bank of Southern Africa Green Fund, we disbursed R120 million in 2016 towards 500-1,000 affordable energy- and water-efficient housing units. Many of these have now been built. In 2017, we will monitor the environmental and financial benefits to help inform future decisions in green affordable housing.



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Global

### Innovating for Finance

We are being recognised for our market-leading digital innovations such as Gap Access (cash advance off the back of the merchant's turnover through a point-of-sale device), CIPC online (an integrated business registration and account opening service available through [nedbank.co.za](http://nedbank.co.za)), Nedbank MasterPass (a mobile payment technology), MyPocket (a savings product able to be linked to a client's transactional account, allowing clients to manage spending and saving activities more easily) and NetBank Business mobile enhancements, with Nedbank being the only local bank offering a business application on both tablet and smartphone devices. Digital client experience was enhanced through introducing Contracts for Difference (CFDs) on the online stockbroking platform. Nedgroup Investments launched a new online 'Invest with us' tool which allows investors to follow a simple six-step process to open a new account at their convenience.

Other digital enhancements include allowing existing investors to update personal details, open accounts, transact, perform switches and facilitate withdrawals via their secure online profiles. Nedbank Insurance's QuoteMe functionality was introduced for funeral and personal accident solutions on both the web and mobile channels.

## Responsible investment

Key to our business growth is to be recognised as an environmentally and socially responsible company, investing in activities which align with these sustainability principles.

### Why it matters

Our most significant social and environmental impacts are indirect and result from our lending and investment activities. These include responsible funding of renewable energy, infrastructure projects as well as high impact industries such as mining, oil and gas.

If we uphold the principles of sustainability and responsible investment, we attract investment from investors and asset managers seeking the same aims; unlocking long-term risk adjusted returns for Nedbank and our clients.

### What we're doing

Our responsible investment approach has begun to mature and provides an increasingly entrenched framework against which our investment decisions are assessed. 95% of our assets under management consider environmental, social and governance (ESG) criteria.

### The impact we've made

In the 2016 financial year all Investment Banking and Client Coverage credit risk reviews and new applications included the screening of high-risk clients in accordance with our Social and Environmental Management System (SEMS).

Approximately 435 deals were assessed in 2016, of which 194 were SEMS applicable. This is a drop in the number of transactions (512) screened in 2015, most significantly attributed to the internal merger process between Nedbank Capital and Nedbank Corporate, now known as Nedbank Corporate and Investment Banking (CIB).

For our clients who have experienced or are experiencing financial distress, we employ various rehabilitation strategies. One such positive impact is evidenced by the fact that, in the past five years and against a backdrop of global financial turmoil, we have helped more than 28,600 of our clients experiencing financial challenges to keep their homes as a result of loan restructuring. This includes 2,300 Nedbank Retail clients who were assisted in avoiding home repossession in 2016.

Responsible finance also involves ensuring the security and fair treatment of our valued clients who entrust their money to us. As such we adhere to a large number of regulations and protocols that see us aligning our treatment of clients against the proposed Treating Our Customers Fairly regulation, protecting their information in compliance with the Protection of Personal Information Act and using 'state of the art' technology to protect them against cybercrime.



South Africa

### Collaborating to protect SA's economy

Nedbank is mindful that businesses in South Africa are required to do whatever they can to be a part of the inclusive economic growth solutions our country needs. This requires a commitment by the private sector and other concerned parties to help and to invest in the future growth of the country. Nedbank Chief Executive Officer (CEO) Mike Brown and our Chief Operating Officer (COO) Mfundo Nkuhlu have been actively involved in the work of the CEO Initiative working group that started early in 2016 with the main objective of ensuring South Africa does not receive subinvestment grade status from ratings agencies. The initiative sees government, business and labour coming together to help bring about economic stability in the country. One of the key outcomes of the CEO Initiative in 2016 was the creation of the R1.5bn SA SME Fund that has a vision to stimulate and support much-needed growth in SA's small-and-medium-enterprise sector, which is so central to sustainable economic development and employment creation. Nedbank has invested R20million in this fund. In addition a key outcome of the work done by the CEO Initiative was the maintenance of SA's investment-grade rating, a vital foundation.

South Africa

### Equator Principles

As one of the leading providers of project finance in SA, Nedbank reviews potential project finance transactions, for environmental and social compliance with the Equator Principles, IFC Performance Standards and legislation. We take an integrated and risk-based approach to managing environmental and social risk relating to our various products. Key to this approach is compliance with the Equator Principles, an international voluntary framework aimed at ensuring a consistent approach to managing environmental and social risks in project financing.

## The impact we are making

### Nedbank

## Green economy

Given South Africa's energy challenges, the development of a viable and efficient renewable-energy sector is a fundamental cornerstone of a thriving economy. Preserving water sources and helping secure clean water have become vital in order to sustain numerous industries and parts of our society.



South Africa

### Mall of Africa

In 2016, we provided R62 million of funding required by Attaq to install solar panels in one of their significant shopping malls; The Mall of Africa which is located between Johannesburg and Pretoria, South Africa. The aim of the project to meet their own energy requirements, and those of their tenants, by means of renewable energy rather than reliance on the national grid. The instalments will significantly reduce the overall carbon footprint and reduce exposure to future electricity price increases.

### Why it matters

South Africa has committed to the Paris Agreement on climate change to reduce reliance on fossil fuels and help create a climate secure future. All parts of society, including businesses and financial institutions, are expected to work in partnership with the Government to meet this commitment.

Recent all-time high temperatures and low rainfall have led to many parts of South Africa suffering from severe drought conditions. These have impacted the country's agriculture sector resulting in rising food costs for consumers.

### What we're doing

We are committed to directing a significant portion of our lending to accelerate decarbonisation of the South African economy. Our Fair Share 2030 strategy includes mitigation and adaptation activities; reducing our finance for fossil fuels and water intensive projects, and increasing the flow of lending to sustainable development finance to enable the provision of modern energy services.

We continue with our strategy of supporting the diversification of Africa's electricity supply. Currently, 1.81% (2015: 2.25%) of our total Nedbank Group lending and finance commitments relate to renewable-energy generation. This compares very favourably with the 0.58% (2015: 0.66%) of total funding that is going to coal- and fossil-fuel-based energy generation (including our direct facilities to Eskom).

### The impact we've made

We fully support the Government's Renewable Energy Independent Power Producer Procurement (REIPPP) Programme committing R13 billion in 2016 for 18 projects.

Once all the REIPPP projects reach commercial operation, we will have enabled renewable energy delivery of 3,462 MW. In 2016, we 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.

We also continue to minimise the carbon footprint of our operations with the aim of eliminating Scope 1 and 2 green house gas emissions from our facilities and work towards our water reduction target. In 2016, we achieved the CDP Climate A list recognising our performance in climate change activity.



Go online

[www.nedbank.co.za](http://www.nedbank.co.za)



South Africa

### Water balance programme

Nedbank has partnered with the World Wide Fund for Nature SA (WWF-SA) since 1990. As part of our water stewardship, in 2016 we renewed our commitment to supporting the Water Balance Programme with a pledge of R3 million over the next three years. This builds on the R9 million already invested over the last five years.

The 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. In addition, over 24,000 work days for people from communities around the projects have been created.

# The impact we are making Old Mutual Wealth



**Paul Feeney**  
Chief Executive Officer

“  
**Our purpose at Old Mutual Wealth is to help create prosperity for the generations of today and tomorrow.**  
”

## Our commitment to the Plan

As we prepare to separate from Old Mutual plc, and seek a listing as an independent entity, we will redouble our focus on being a purpose-led business fully committed to acting responsibly, carrying out the Plan’s focus areas of enabling financial wellbeing and promoting responsible investment.

## Our Plan priorities

Financial wellbeing:

- Ensuring our customers have access to appropriate products and services which best serve their financial needs now, and in the future
- Supporting financial education initiatives that give people the skills and knowledge to thrive and prosper.

Responsible investment:

- Improving our investor stewardship and active ownership of assets to enhance the quality of engagement with the companies that we invest in and add value for our customers
- Further integrating the consideration of ESG factors into our investment and ownership practices, as a basis for making the transition to a low-carbon, socially inclusive economy .

## Our ambition for the Plan

In 2016, as part of our transition to independence, we convened a Responsible Business Forum to develop a three-year strategy to direct and guide our progress on the most material Responsible Business issues. We have identified four areas of focus:

- Good customer outcomes
- Responsible investment
- People and culture
- Stakeholder engagement to help society prosper.

The Positive Futures Plan focuses on financial wellbeing and responsible investment. These remain an important part of what we do, and have been incorporated into our wider plan for Responsible Business. Financial wellbeing is covered within ‘Good customer outcomes’ and ‘Stakeholder engagement to help society prosper’.

## Our operating environment

The financial services landscape is undergoing enormous change, bringing unprecedented pension freedoms and flexibility but also much greater personal responsibility for retirement provision. At the same time, global markets have been volatile over 2016 with investors cautious about the future of the Eurozone and the uncertain outlook for the global economy exacerbated by the Brexit decision as well as the change in administration in the US.

### CUSTOMERS

**0.8m**

(2015: 0.8m)

### FUM

**£123.5bn**

2015: £104.4bn

**524,000**

People reached through financial education programmes



Go online

[www.oldmutualwealth.co.uk](http://www.oldmutualwealth.co.uk)

The impact  
we are making

Old Mutual  
Wealth

## Financial wellbeing

We're helping more people to make informed decisions when using financial services, whether that's through our financial advisers, financial education programmes or by optimising the products and services we offer.



### Why it matters

Financial wellbeing depends on giving everyone access to financial services that meet their current and future needs. This is becoming more important as people have added responsibility for their financial planning and provision for an ever-longer and changing retirement.

### What we're doing

We work to achieve this goal by placing our customers' needs at the heart of what we do and building accessible education into every point of customer contact to help them make informed financial decisions.

Equipping the next generation with the right skills is key. We believe that educating young people in school about personal finance management gives them the knowledge and skills to help them create a positive financial future. Our support of financial education schools' programmes such as 'MyBnk' is one way we do this.

Our MyBnk partnership has exceeded expectations, and reached 2,300 people in the first year alone. The programmes have been extended to vulnerable young people, including those in care and/or moving on to independent living and young carers.

OMW teamed up with Young Enterprise again in 2016 to deliver two support programmes. The Start-Up programme helps 18-24 year old university students develop skills and attributes for a successful career through running their own business during an academic year. We have also sponsored the Your Horizon programme which is designed to support young people in further education or in danger of not being in education, employment or training. Your Horizon provides training that raises awareness of the skills employers value and helps young people to understand the challenges and opportunities they will face.

At Old Mutual Wealth, we fundamentally believe in the power of professional advice to deliver great customer outcomes. It's why we were so heavily involved in the Financial Advice Market Review (FAMR), because we believe in its aim of extending financial advice to more people. Richard Freeman now sits on the Financial Advice Working Group, currently focused on examining new definitions of 'advice' and 'guidance' that truly engage consumers and provide clarity over the services they receive. The Working Group, also acts as a source of ongoing expertise to the Financial Conduct Authority and HM Treasury during implementation of the FAMR recommendations.

## Supporting our customers



UK

### Magical moments

We recognise that our customers are people not just policy numbers and that for us to be a successful business getting to know our customers is essential. This is why we introduced magical moments. Encouraging our customer service agents to have conversations to understand the personal reasons behind calls and really understand what our customers wanted and why.

From there we have empowered our agents to create a magical moment, an unexpected and/or random act of kindness, to bring the customer joy with no expectation of reward or recognition, by sending a small, highly personal, gift to wish them well, accompanied by a handwritten card. Over 300 magical moments have been created to date and the programme has won four awards.

David Morrell,  
Chester

### Enabling positive futures for our clients

OMW's purpose is to create prosperity for the generations of today and tomorrow. We deliver this by creating wealth for our clients, enabling them to achieve their life goals. An important part of this is supporting our customers to take control of their investments and, thereby, their financial future.

Recently, one customer, unhappy with their recent fund performance at one of our peers, sought advice from David Morrell, an OMW Private Client Adviser. He moved the client's assets that were in a previously underperforming fund and decided to house them on the OMW Platform. This gave our client the opportunity to access our award-winning model portfolios in WealthSelect, and it also reduced his charges by around £2,000 per year.

In addition, our customer now has the ongoing support of an adviser who will help him develop a comprehensive financial plan to reach his lifetime financial goals. The client was thrilled: he was getting his assets managed professionally in line with his risk profile while reducing his costs, and he felt that he had control of his future.

“  
**Operating as a  
 responsible business  
 means ensuring  
 our customers have  
 access to appropriate  
 products and services  
 which best serve their  
 financial needs now,  
 and in the future.**  
 ”

## Financial education



### Financial Adviser School

Recognising that there is a shortage of advisers in the UK to support people in making decisions that are key to their financial future. The acquisition of the Financial Adviser School (FAS) by Old Mutual Wealth completed in January 2016. FAS supports aspiring financial advisers to attain both the academic skills to achieve the Level 4 Diploma for Financial Advisers (DipFA®), as well as developing the business, customer service and other personal skills required for a successful career in the industry. At the end of the year, 45 students had enrolled with the first cohort due to graduate in April 2017 having successfully passed their exams. We are pleased that FAS has been awarded 'Trusted Partner Status' by the London Institute of Banking and Finance (formerly the ifs), demonstrating that the programme meets the institute's strict requirements for delivering high-quality learning.



**FAS is a key component of our long-term commitment to face-to-face planning in the UK.**



**Richard Freeman**  
Chief Distribution Officer



Participant in MyBnk workshop, Isle of Man

### Partnership with MyBnk

MyBnk is a specialist financial education charity that delivers innovative workshops to 11-25 year-olds in schools and youth organisations, helping them to take charge of their future by bringing money and enterprise to life. Our three-year partnership with MyBnk will expand their financial education programmes and we are on track to have reached over 3,500 young people by the end of 2018, giving them the knowledge and skills to secure their future financial wellbeing. We also plan to run a financial capability week in the Isle of Man, again in partnership with MyBnk.



**Gaining the skills and confidence to manage finances early in life is critically important. We believe that learning how to use credit effectively, tackle debt or make wise spending decisions will help the students to live more prosperous lives.**



**Paul Feeney**  
CEO, Old Mutual Wealth

## Responsible investment

When customers entrust us with their money we aim to invest it in ways that create positive futures for them, their families and for society more broadly.

 Global

### Controversial weapons

The investment industry widely recognises that there is national and international conventions for the prohibition of investment into certain products and sectors. In recognition of this we have decided to introduce a specific policy regarding our position on controversial weapons.

In a move which further strengthens our commitment to responsible business, we have adopted a new policy to avoid direct investments in listed companies involved in the manufacture, development or trade of anti-personnel mines or cluster munitions. These weapons are subject to international and national law and of concern due to the unacceptable harm caused to civilians through their use.

### Why it matters

Addressing environmental, social and governance factors in our investment and ownership decisions makes good business sense. We believe companies that operate responsibly, with good corporate governance, are more likely to deliver positive returns over the long term. This approach will deliver sustainable long-term value to our stakeholders and means that the investment decisions we make today take into account the wellbeing of future generations.

### What we're doing

Through our investment businesses, Old Mutual Global Investors and Quilter Cheviot, we manage customers' money, investing responsibly to protect and enhance long-term returns. This means using our position

as a shareholder in companies to promote strong corporate governance and sustainable business models by voting at AGMs and engaging with the management of companies in which we invest.

This year we have taken steps to significantly enhance our approach to Responsible Investment, and have conducted an internal audit of our stewardship activity. We have also begun to integrate ESG research and data into our investment risk processes within Old Mutual Global Investors and Quilter Cheviot.

Our continued membership of the Principles for Responsible Investment initiative promotes and supports our commitment to responsible investment. More recently, we have also entered into new and exciting collaborations with the Institutional Investors Group on Climate Change and the 30% Club, to address gender diversity across UK businesses.

 International

### Industry engagement

In April, OMW joined the Institutional Investors Group on Climate Change (IIGCC), the leading investor voice on climate change. As a member, we have been deepening our understanding of investment risks from climate change and participating in engagement between policy makers, companies and investors.

We also continued our work with the industry gender diversity investor group the 30% Club, signing its Statement of Intent in October 2016. This cements our commitment to achieving a minimum of 30% women on FTSE350 boards and 30% women at senior management level of FTSE100 companies by 2020. On top of this, we have become a founding member of the Investment Association's Diversity project, which seeks to improve the diversity of the investment industry's workforce.

The Project's vision is for a truly diverse and inclusive UK investment and savings industry with the right talent to deliver the best possible results for our clients and to reflect the society we serve. We aim to achieve diversity across all dimensions, including gender, ethnicity, socio-economic background, LGBTI+, age and disability. Metrics to assess progress will be published following an analysis of the industry's existing position across these dimensions.



# The impact we are making

## OM Asset Management



**Peter Bain**  
Chief Executive Officer



**Our vision is to be a trusted partner-maintaining the trust and confidence of those with whom we deal and the wider community in which we live and work.**



### Our commitment to the Plan

Our strategy is to create enterprise value by growing in markets of greatest opportunity and where we have a strong competitive positioning, while becoming recognized as the asset management leader in responsible business.

### Our Plan priorities

At OM Asset Management (OMAM) we focus on, and embed, Responsible Business in executing each element of our business strategy. We continuously seek to identify and integrate high quality standards for supporting key areas of our business to support long-term growth and shareholder value creation. Our strategy focuses on five areas:

- Our clients
- Responsible investment
- Our employees
- Our community
- Environmental management

### Our ambition for the Plan

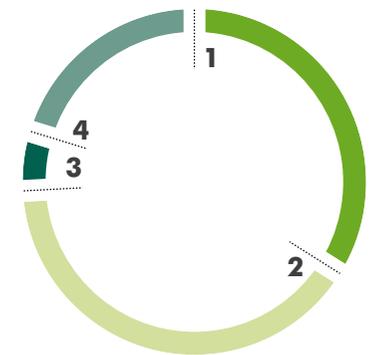
We strive to grow our multi-boutique institutional asset management business through the internal growth of our existing Affiliates, as well as the acquisition of additional Affiliates over time. We partner with Affiliates to help them diversify and expand their businesses through product development and expansion, as well as global distribution opportunities.

### Our operating environment

To consistently implement our strategy and reach our vision to be our clients' most trusted partner means being responsible in all our daily decisions and actions. We have set out what this means to OMAM in our Code of Business Conduct and Ethics Policy and we have strong governance structures in place to make sure we meet the high standards we, and our stakeholders, expect.

For OMAM, effective governance and risk management is about understanding and managing our impact in a clear and consistent way. We have processes in place to monitor and manage our impact and to maximize opportunities when they arise.

**AUM BY STRATEGY**  
(\$BN)



Go online  
[www.omam.com](http://www.omam.com)

1. Total US equity **\$82.0bn**
2. Total global/non-US equities **\$96.4bn**
3. Fixed income **\$13.9bn**
4. Alternatives **\$48.1bn**

**The impact we are making**

**OM Asset Management**

**Responsible investment**

Systematic incorporation of material environmental, social and governance criteria in our investment and ownership decisions.

landscape, we participate, as appropriate, in the industry forums where our involvement can enhance our Affiliates' understanding and integration of ESG into their investment processes, where appropriate, and consistent with the needs of their clients.

**\$1m**  
Community investment spend



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**Campbell Group, California**

**McCloud River Carbon Project**



**Posse Foundation, USA**

**Working with our communities**

**What we do**

OMAM is a global, diversified multi-boutique asset management holding company that combines the investment talent and entrepreneurialism of leading asset management boutiques with the resources and capabilities of a larger firm to seek accelerated growth across our business.

**Why it matters**

OMAM has the following beliefs regarding ESG:

- ESG factors will increasingly become integrated, or blended, into most investment processes.
- ESG itself is a broad term that encompasses, but is not limited to, ethical or exclusion-based investing.
- ESG awareness will follow the global trends in the asset management industry.

**How we do it**

As a multi-boutique holding company, OMAM is neither an asset owner nor an asset manager in a direct manner. As such, our ability to integrate ESG factors directly is constrained. OMAM has instituted a set of Responsible Business principles, however, and has established an ESG Committee as a part of that effort. We therefore pledge that OMAM will continue to monitor the trends in the ESG

Campbell Global, a leader in sustainable timberland and natural resource investment management, is guided by the principle that achieving environmental excellence on the lands we manage is fundamental to realising superior investment performance.

California's McCloud River Carbon Project exemplifies the coexistence between exceptional environmental stewardship and investment performance by monetising the value of carbon stored in the forest. The McCloud Project allows for the sequestering and sale of carbon offsets through voluntary forest management practices. The sale of the carbon stocks, on a vintage year basis, is effectuated in a regulated cap and trade market resulting in enhanced investment performance and improved ecological forest integrity. This project was pioneered by the staff of Campbell Global on behalf of our client and the natural resources entrusted to our management.

Since 2009, OMAM has supported Posse financially, though direct employee engagement, and by hiring Posse Scholars as interns every summer in various areas of the OMAM business.

Founded in 1989, Posse identifies public high school students with extraordinary academic and leadership potential who may be overlooked by traditional college selection processes. Posse extends to these students the opportunity to pursue personal and academic excellence by placing them in supportive, multicultural teams—Posses—of 10 students. Posse partner colleges and universities award Posse Scholars four-year, full-tuition leadership scholarships. Posse's national programme has awarded \$1.1 billion in leadership scholarships to these young people and have seen their success not only as leaders on campus, but in these students' 90 percent persistence and graduation rate. Posse's partners are investing time, energy and resources in the promotion of equity in education and social justice. They believe in the intelligence, talent and dreams of young people who might not always show up on their radar screens, and are giving them a chance to excel. Posse is helping to create a new kind of network of leaders who will sit at the tables where decisions are made and better represent the voices of all Americans.

With support from the programme, Posse Scholars are excelling academically, founding and leading campus organizations, taking on competitive internships and earning prestigious awards. Our equally successful alumni secure competitive jobs and admission to top graduate programmes.

**Old Mutual plc**

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