

ROBERT LEWENSON
Head of ESG
Engagement



2018 – A DEFINING YEAR FOR OUR LISTED EQUITY STEWARDSHIP



Old Mutual Investment Group’s Responsible Investment team worked in tandem with our listed equity analysts and portfolio managers throughout the year to highlight the key ESG risks and opportunities with companies and across sectors. The focal point of our work in this regard was the themes identified in our letter to the CEOs of the JSE’s Top 100 companies - namely transformation, long-term sustainability strategy and ethical leadership.

On reflection, 2018 was a watershed year for listed equity stewardship (here we mean primarily proxy voting at company meetings and engagement on ESG issues with company management). This was not only as a result of the various corporate controversies which plagued the South African market, but also an evolving sense of urgency to rectify gaps in corporate governance reporting, with changes being proposed to both the Companies Act (for the first time since enactment) and the JSE Listing Requirements.

We also saw a significant increase in the number of institutional investors taking their stewardship obligations more seriously, with collaborative engagements among institutional investors to address ESG concerns becoming ever more prevalent. On a market level we saw a revitalised Code of Responsible Investing in South Africa (CRISA) committee undertake significant action to push the investment value chain to adopt standardised reporting practices on responsible investment, including stewardship.



THE STRENGTH OF OUR RESPONSIBLE OWNERSHIP APPROACH

For our clients it’s essential that we build trust as the stewards of their long-term capital by showing the strength and conviction of our approach to the ESG issues which affect the long-term value of the assets we manage on their behalf.

In this year’s report we show how we expect our investee companies to engage appropriately with the abovementioned ESG themes by sharing some of the experiences our listed equity investment teams had during the year. We ask our MacroSolutions portfolio managers how they responded to the tragic listeriosis outbreak at the operations of Tiger Brands Limited. Our Old Mutual Equities portfolio managers reflect on some of the progress

made regarding remuneration practices but also highlight where more work is still required. Lastly, our retail sector analyst will describe how research into the retail sector’s previous poor performance on transformation led to engagements with key companies in the sector.

With the strengthening of our responsible investment research and valuable lessons learnt about the necessity of robust stewardship practices with our investee companies over the years, we’ve entered 2019 excited about the opportunity to continue working for our clients by engaging the market in a meaningful manner. Expanding our role in providing listed equity stewardship services to a broader client base will be an important part of this journey. 🌱