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Director of Institutional Business

CONNECTING THE DOTS

"I don't care if I invest in companies that damage the environment, violate human rights and engage in fraudulent business practices."
This is a statement I have never heard from any investor. Ever.

It is a flagrant misconception that investors do not care about sustainability. Most long-term investors, be they pension funds, insurance companies and mutual funds, invest on behalf of long-term savers with a vested interest in long-term value creation, and many have clear sustainability-themed expectations of the companies in which they invest. However, the debate still exists over whether there is a price to pay for investing responsibly: whether the self-imposed environmental, social and governance (ESG) disciplines lead to lower returns. Is it really a case of choosing between your returns and your values?

WHAT THE WORLD NEEDS NOW

Our society is facing some very real, very pressing challenges. South Africa's unemployment rate is hovering at 27% – more specifically at 29.5% for women and 31.1% for the youth. Our education system is under strain, leaving some of our children to struggle in a society with scant opportunities within a long-term, low-growth economic landscape. An inclusive, equitable South Africa is seemingly further from reach.

What all this tells us is that we cannot turn a blind eye to our social issues – our economic prospects and social cohesion are unavoidably linked. And safeguarding our tomorrow unites us all with a common purpose. Such a recognition is evidenced by frameworks like the Sustainable Development Goals (SDGs). These 17 goals work as a to-do list for the global community to protect our planet, reduce poverty and encourage more wide-spread prosperity. Frameworks like the SDGs call on stakeholders, large and small, to align their strategies to help create a sustainable world in which we all can thrive. And there are no exceptions or shortcuts for the investment industry in addressing these challenges too.

OUR SHARED RESPONSIBILITY AND SHARED VALUE

At Old Mutual Investment Group, we are aware of the environmental threats and social challenges in our path. And more so, we recognise that these social and environmental conditions have a direct impact on the business operations of our investee companies and their long-term viability. The fact is that sustainable investments outperform over the long term because they are better at adapting to our changing world. Providing sustainable investing opportunities therefore not only enables investors to capture financial returns for clients, but also to realise intrinsic returns that make a positive difference in the world. As asset owners and allocators, we have a vital stake in how this world turns out.

The future is indeed becoming more complex – growing inequality in our communities, shifts in technologies and the volatility of our economies require us to do things differently.

Responsible investing allows us to adapt to these changes. By shifting to a low-carbon economy, we can have a cleaner environment. By affording our young people quality education, we set them up to meet their full potential. And by fuelling job creation, we provide opportunities for our booming African population.

Responsible investing requires us to realise that economics is about people – where and how they work, their accommodation, their children's future, their lived experience.

From our perspective, our clients' long-term goals and society's urgent needs are not mutually opposed. Which is why we have committed significant assets on behalf of our clients across various sectors, from renewable energy and infrastructure, to affordable housing, education and agriculture. And in this report we provide you with some tangible examples of how we are actively putting capital to work to deliver long-term returns and uplift communities to ultimately move our country, and continent, forward.