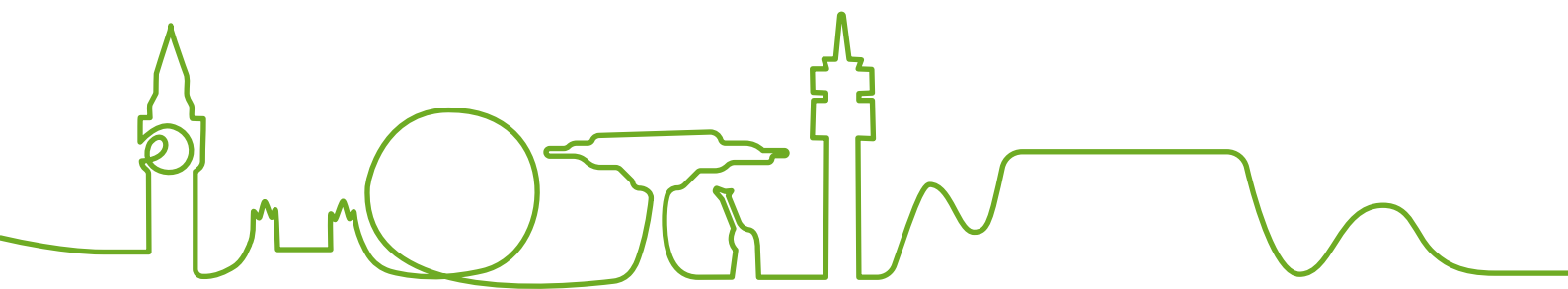


# Old Mutual plc

United Nations  
Global Compact  
Communication on Progress  
2017

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# Our story

**Old Mutual plc is an international investment, savings, insurance, and banking group. Old Mutual began in Cape Town in 1845 as South Africa's first mutual life insurance company, offering financial security in uncertain times.**

In March 2016, we announced a new strategy for Old Mutual plc, called 'managed separation' which will result in four strong independent businesses. The strategy aims to unlock and create significant long-term value for our shareholders by separating the businesses into standalone entities. OM Asset Management is now an independent business. Our remaining three businesses are Old Mutual Emerging Markets, Nedbank and Old Mutual Wealth.

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### Find out more about Old Mutual:

#### Corporate website

[www.oldmutualplc.com](http://www.oldmutualplc.com)

#### Annual Report and Accounts 2017

[www.oldmutualplc.com/reportingcentre](http://www.oldmutualplc.com/reportingcentre)

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#### Contact and feedback

If you would like to find out more information, have any questions, or would like to provide any additional feedback on this Communication on Progress please contact your local business.

## Welcome to our United Nations Global Compact Communication on Progress

In 2015 we set out our commitment to being a responsible business through our Positive Futures Plan. 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.

### 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, called 'managed separation' which will result in four strong independent businesses. The strategy aims to unlock and create significant long-term value for our shareholders by separating the businesses into standalone entities. OM Asset Management is now an independent business. Our remaining three businesses are Old Mutual Emerging Markets, Nedbank and Old Mutual Wealth.

When we unveiled the managed separation strategy in March 2016, we said that we aimed for it to be materially complete by the end of 2018. Subject to addressing the remaining issues, we are on track to deliver the managed separation as planned.

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## Our three focus areas

Since announcing the managed separation strategy in March 2016, Old Mutual plc has had three fundamental areas of focus:

1

Executing a number of transactions

2

Winding down the plc Head Office



3

Ensuring the businesses are ready for independent future

We are now running Old Mutual plc as an active portfolio manager of the underlying businesses.

# Key performance indicators (KPIs)

## Continued momentum across the businesses

### Financial Education (number of people reached)

2017	630,806
2016	850,846

Old Mutual plc

### Community investment (£m) (including education funding)

2017	20.1
2016	15.2

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### Group proxy votes cast (%)

2017	66
2016	62

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### Policy compliance (%)

2017	40
2016	40

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### Dividends (£m)

Paid to ordinary Old Mutual plc Shareholders and ordinary OMEM, Nedbank and OMAM minority shareholders

2017	517
2016	575

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### Total tax paid (including corporation tax, VAT and tax paid on behalf of employees) (£bn)

2017	2.4
2016	2.1

Old Mutual plc

## Our commitment



**Patrick O'Sullivan**  
Chairman

We are pleased to share our progress in 2017, 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, the Taskforce for Climate Related Financial Disclosure (TCFD) Recommendations and last year signed the World Economic Forum Compact for Responsive and Responsible Leadership.

I remain focussed on ensuring that during the remainder of my tenure with Old Mutual, we continue to operate as a responsible business and that once independent, the underlying businesses are well set to maintain this going forwards.

I am pleased with the progress we have made to date and following managed separation the businesses will continue to keep stakeholders updated.



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about](http://www.oldmutualplc.com/about)



**Bruce Hemphill**  
Group Chief Executive

### CEO statement

Our business is changing in fundamental ways, as we near completion of the managed separation of our four underlying businesses from each other into four strong independent businesses. Nonetheless, our purpose remains unchanged. We look 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.

During this period, our work with organisations including the UNGC has helped us remain focused on delivering this purpose. While this is the last consolidated report on our progress towards the principles of UNGC as Old Mutual plc, in the future it is for the individual businesses to maintain their commitment to and support for these principles, and we have and will continue to work closely with them to continue the progress that we have made.

As I look back at what we have delivered over the last year I am proud of what we have achieved and confident in what each business can do in their continued support for UNGC and the principles that sit behind it.

We have made a commitment to gender diversity across the business, but particularly at the more senior levels of our business. Women comprise over one third of members of the Old Mutual plc board despite a reduction in Board members in 2017, and our businesses will continue this commitment. For example, Old Mutual Wealth aims to have women in 40% of senior management roles by the end of 2020.

In 2018 we completed the transition of our human rights programmes and risk assessment from the head office into the UK business, and will publish our second Modern Slavery Act statement.

In 2010, we set a clear target of reducing direct carbon emissions from our property portfolio

“

**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.**

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and employee-occupied properties by 20% by 2020 (from a 2010 baseline) – a commitment we are on track to meet. During 2017, with this target in mind, we started work with the businesses to identify appropriate targets for them after managed separation is complete, and that reflect the long-term commitments to carbon reduction that we have made – a process we will complete in 2018.

In 2017, building on our knowledge and management of our own environmental impacts across our businesses, we continued to support and input to the aims and recommendations of the Taskforce for Climate Related Financial Disclosures, recognising the role that we, as an investment manager and asset owner, can play in influencing the reduction of carbon emissions in the businesses we invest in. We also continued to invest in solutions that contribute to the UN Sustainable Development Goals delivering financial returns and supporting the generation of positive social and environmental impacts (as at Dec 2017, Old Mutual Investment Group collectively had R116 bn of its clients' capital at work in the green economy). This investment approach to the UNSDGs has been backed by our application of our skills, expertise and financial support (£9.8m in 2017) to education programmes across the regions where we operate that have reached 630,806 people in 2017.

As our businesses continue to embed the principles of UNGC into their future plans as standalone businesses, we hope all our collective stakeholders will continue to engage and support them on their new journey.

# Our progress

## 1. Human rights

### UN Global Compact Principle 1

**Businesses should support and respect the protection of internationally proclaimed human rights.**

### UN Global Compact Principle 2

**Businesses should make sure that they are not complicit in human rights abuses.**

#### Old Mutual's position

Across our business we are fully committed to raising awareness of human rights, labour standards, and their impact, and ensuring they are respected in all our activities and across all locations in which we operate.

We have a public statement on our approach to human rights, which details our principles and the governance structure we have in place across our businesses. As part of the managed separation each business is now looking to publish its approach in more detail ready for independence.

#### Process

Throughout our various operations, we have a range of channels for reporting any suspected breach of, or concern regarding, human rights. These include our Human Resources, Responsible Business and Risk functions in each business, who report such incidences to the Risk and Audit Committees that are in place.

In each area of the business, owners of all Old Mutual plc policies, with support from business representatives, are tasked to review implementation and compliance. Through their role, they escalate relevant instances of non-compliance with the Group Governance function as part of the twice yearly Letter of Representation process.

The active portfolio manager governance model and our Code of Conduct help us to ensure that material responsible business risks are understood and management action plans are in place across our operations and in each of our businesses.

The Group Code of Conduct contains explicit statements that address the two principles relating to human rights in the Global Compact. Our employees confirm their compliance to the Code through an annual disclosure.

In addition, in our Responsible Business Policy, we specifically reference human rights and the responsibilities all our employees have towards others. This includes but is not limited to actions relating to the Modern Slavery Act (2015).

As part of managed separation the businesses have updated their responsible business policies. Each one continues to actively encourage engagement with our communities, including our suppliers. This offer the businesses the flexibility to focus on the issues that are most material to them.

For the past three years, our Annual Report has included a specific statement regarding our position on human rights (see page 95 of our 2017 Report).

## 1. Human rights

### 2016 highlights on progress

#### Enhancing governance around Responsible Business

Responsible Business continues to be represented at Old Mutual plc Executive Committee Level through Rex Tomlinson, Old Mutual plc Chief of Staff highlighting the importance we are placing on the topic. Rex chairs our Communications Brand and Stakeholder Forum, which meets to discuss issues and progress surrounding matters including responsible business.

Our progress regarding governance this year included:

- We continued to work with Old Mutual Wealth on plans around the Modern Slavery Act
- We continued to be part of the UN Global Compact UK Modern Slavery Act Working Group to support companies approach to the Act
- We transitioned our human rights programmes and risk assessment into the UK business to prepare them for the managed separation. We will publish our second Modern Slavery Act statement in 2018.

#### Continuing focus on responsible investment

We believe responsible investment will help our businesses better understand long-term investment risk, support innovation around new product development and strengthen trust with existing and new customers. Being a responsible investor ties closely with supporting and respecting the protection of human rights.

During 2017:

- Old Mutual Emerging Markets committed to invest R22.1bn in renewable energy projects across Africa
- Nedbank through the use of the social and environmental management system (SEMS), 632 deals were screened (2016:435)
- Submitted our fourth annual report to the United Nations-supported Principles for Responsible Investment, covering our progress on embedding the Principles across our businesses
- Emphasised our desire to be an active shareholder by voting 66% of our proxy votes across the Group.

#### Providing sustainable, tailored support for local communities

Our responsibility to support the local communities in the markets in which we operate forms part of our commitment to the promotion of human rights. Our focus on financial wellbeing helps to create economically viable communities and helps enhance people's livelihoods and dignity. In 2017 we invested £20.1m in the communities in which we operate, reflecting our aim to enable positive futures.

Highlights include:

- 630,806 people reached by financial education programmes in 2017
- It is estimated that Nedbank volunteerism support can be valued at R5.6m
- Old Mutual Wealth has transitioned modern slavery risk management into the third party risk management function to support its embedding into the central assessment process
- We invested £9.8m in education funding.

## 2. Labour

### UN Global Compact Principle 3

**Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.**

### UN Global Compact Principle 4

**Business should uphold the elimination of all forms of forced and compulsory labour.**

### UN Global Compact Principle 5

**Businesses should uphold the effective abolition of child labour.**

### UN Global Compact Principle 6

**Businesses should uphold the elimination of discrimination in respect of employment and occupation.**

#### Old Mutual's position

All our businesses uphold the principle of freedom of association as well as the effective recognition of the right to collective bargaining, where permitted by local law.

Old Mutual does not, under any circumstances, tolerate forced labour or child labour.

We remain committed to increasing diversity throughout our businesses and our businesses have a number of targets in place to promote this. With over 65,000 employees, we recognise the different backgrounds, perspectives and experiences of our employees are one of our largest assets.

Our range of policies at both plc and business level ensure no employee receives less favourable treatment based on any matter unrelated to the requirements of their position. In South Africa, we further address our commitment to employment equality through our approach to B-BBEE (Broad-Based Black Economic Empowerment), where Old Mutual Emerging Markets reported at level-3 (see the Old Mutual plc Annual Report p 34) and Nedbank at Level 2. To read more on their approach please see their Integrated Report.

#### Process

At an Old Mutual plc level, we have a Human Resource Risk Management Policy in place that relates to the management of labour standards regarding all our employees. This policy, applicable to all businesses, covers a range of areas, including employee relations and employment, diversity, recruitment, remuneration, performance management and employee welfare.

Twice a year CEOs from all our businesses are required to sign a Letter of Representation to attest both they and their employees have complied with the Policy over the previous six months and provide detail on if and where any issues have arisen. Regular internal audit checks support this process, covering this and other Group policies.

Ensuring our suppliers operate within our values we recognise that training is an important factor relating to labour standards, we therefore strengthened our Responsible Business Policy to include a section on responsible procurement. This includes but is not limited to a commitment to operate in line with the Modern Slavery Act (2015). As part of the managed separation we are working with the businesses to ensure that they are embedding the aims of the policy and contacting material suppliers regularly. We provide ongoing training to our employees to ensure all people responsible for procurement are aware of the relevant requirements and our expectations. Our 2017 focus continued to be the Modern Slavery Act (2015).

## 2. Labour

### 2017 highlights on progress

#### Encouraging mutually beneficial working conditions.

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.

- Our wellbeing programmes across our businesses focus not only on professional support, but also physical and mental wellbeing
- Old Mutual Emerging Markets was awarded the accolade of Number 1 Top Employer in South Africa and Ghana, and the industry leader in financial services and insurance for the seventh consecutive year in South Africa. Our businesses in all thirteen countries in which we operate throughout sub-Saharan Africa were also certified as a Top Employer.

#### What is the Company's approach to ensuring diversity?

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.

Despite a reduction in the size of the Board during the year, we continued to exceed our diversity target of at least three female members of the Board, with female membership ranging from 38% (five out of 13) at the start of the year to 42% (five out of 12) during the year, falling back to 36% (four out of 11) following the resignation of Nonkululeko Nyembezi at the year-end. Two of our six-member plc Exco are women.

The Company continues to meet the recommendations of the Parker Review's report into the ethnic diversity of UK boards. Notwithstanding the sale of OMAM, the gender split of key roles within the Group improved slightly during 2017 on account of senior female appointments in OMEM.

We remain committed to improving our diversity. We continue towards the 2018 targets that we set in 2013, and continue to invest significantly in our women's networks and mentoring initiatives. While the Old Mutual plc Board has not formally adopted its own diversity policy, it remains committed to its earlier targets and commitments, notwithstanding the managed separation strategy.

Furthermore, in respect of its UK successor business, Quilter plc, we are pleased that the Board has set a target of 33%, which is in line with the Hampton Alexander Review recommendations and is also considering how it can further improve its broader Board diversity.

- We are working with the businesses as part of the managed separation to continue the commitment and progress made in ensuring our employees reflect the diversity of our customers. In particular the businesses continue to focus on the number of women within the business and developing their proportion in leadership positions
- The progress we have made over recent years in improving the gender diversity the plc Board and Executive Committee now at 42% and 33% respectively sets the tone for our ongoing focus on diversity at senior levels in all our businesses
- Old Mutual Wealth embarked on developing its own local diversity strategy. This was supported by their statement on the Gender Pay Gap disclosure
- Nedbank invested R355m in training in 2017 down from R413m in 2016.



### 3. Environment

#### UN Global Compact Principle 7

**Businesses should support a precautionary approach to environmental challenges.**

#### UN Global Compact Principle 8

**Businesses should undertake initiatives to promote greater environmental responsibility.**

#### UN Global Compact Principle 9

**Businesses should encourage the development and diffusion of environmentally friendly technologies.**

##### Old Mutual's position

Across our businesses, we have a responsibility to ensure we are as environmentally efficient as possible. This covers both our employee-occupied properties and our property portfolio. We encourage our employees to be environmentally conscious both at work and home. Through our large presence in South Africa, with its ongoing resource constraints, this year in particular we continue to look for innovative ways of contributing positively to the environment and ensuring our business approach reflects best environmental practices.

The nature of our businesses who cover investment, savings, insurance and banking, puts us in a unique position where we can invest in sustainable technologies and promote products that allow our customers to have greater environmental responsibility.

##### Process

The approach our businesses take to responsible environmental management lies with efficient facilities and property management, aligned with employee engagement. We monitor, manage and reduce our negative impacts as far as possible.

We track our businesses energy usage, water consumption, waste produced in our buildings and the impact we have through how we travel to our meetings. We welcome employee suggestions and feedback on how we can reduce our reliance on scarce resources.

Our Responsible Business Policy has a specific section on responsible environmental management. In 2010 we set clear targets of reducing Old Mutual's direct carbon emissions by 20% by 2020 (from a 2010 baseline) in our property portfolio and employee-occupied properties. As we undertake managed separation (MS) we continue to work with the businesses to identify targets that support their move to independence and the long-term approach that they have committed to take. We have a number of environment task forces within our businesses who continue to work to implement our strategy and act as a central point in helping to deliver on the targets. We support the work done by the Taskforce for Climate Related Financial Disclosures and are working with the businesses to see how they will respond to the recommendations post MS.

One of the greatest environmental risks to our business is through the investments we hold and the policies we underwrite throughout our businesses. We continue to work to understand our carbon exposure through our investments, and have been working towards our target of applying our Responsible Investment Standard to our investment capabilities. The businesses have a number of socially responsible investment and ethical funds available for our customers to invest in specific environmental projects: however, our aim remains to mainstream environmental, social and governance criteria into all our investment making decisions.

### 3. Environment

#### 2017 highlights on progress

##### Managing our direct environmental footprint

Our targets for carbon emission reduction across the Group help us focus on reducing our negative environmental impacts.

- Old Mutual submitted our annual CDP report but did not appear in the Leadership Index with a score of B in 2017.
- Against our 2010 base year, our total direct carbon emissions have decreased in both our property portfolio and employee-occupied properties.
- Our total carbon footprint (scope 1 and 2 emissions) was 491,278 tonnes CO<sub>2</sub>e and our carbon intensity was 2.2 tonnes CO<sub>2</sub>e/£mFUM.

##### Advocating greater environmental responsibility

We emphasise environmental responsibility through investment of our own and our customers' funds.

- By the end of 2017 Old Mutual Emerging Markets had committed R22.1bn of our customers' money in renewable energy projects, which also aim to drive job creative and enterprise development in surrounding communities
- During the year Nedbank continued their strategy of supporting the diversification of Africa's electricity supply. Currently 2.08% (2016: 1.81%) of total group lending and finance commitments relate to renewable energy generation
- As part of the managed separation our businesses have been working on their response to the Taskforce for Climate Related Financial Disclosures Recommendations.

##### Scope 1 & 2 carbon intensity (tonnes of CO<sub>2</sub>e/£mFUM)

2017		2.2
2016		1.2

##### Scope 1 & 2 carbon emissions (tonnes of CO<sub>2</sub>e)

2017		491,278
2016		489,949

##### Scope 1 & 2 carbon emissions per employee in employee occupied sites (tonnes of CO<sub>2</sub>e)

2017		3.47
2016		3.04

##### Scope 1 & 2 carbon emissions per m<sup>2</sup> in property portfolio (tonnes of CO<sub>2</sub>e)

2017		0.19
2016		0.18

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## 4. Anti-corruption

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### UN Global Compact Principle 10

**Businesses should work against corruption in all its forms, including extortion and bribery.**

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#### Old Mutual's position

The values of Old Mutual strongly emphasise our zero tolerance for bribery and corrupt business practices. We believe these create unfair markets, destroy public trust and limit sustainable economic development. We are fully committed to responsible and legal business conduct across all the countries in which we operate.

#### Process

Our Financial Crime Prevention team oversees the implementation of our anti-bribery and corruption policy as well as broader crime prevention policies such as anti-money laundering and sanctions compliance. These are supported by strong anti-bribery compliance and investigatory capability in our businesses prioritising those with a higher bribery risk profile.

Financial crime issues including bribery and corruption compliance are reported to the Group Executive, Board Risk and Group Audit Committees on a regular basis, with major issues escalated as they arise and less serious issues reported and analysed on a quarterly basis.

All businesses have an anti-bribery risk assessment in place that is kept up to date. Employees across the Group are required to attest on an annual basis that they have read their local business anti-bribery policy and that they understand and will comply to it. In addition, CEOs of our businesses are required to attest their compliance to the anti-bribery and corruption policy twice annually.

Our Code of Conduct emphasises the Group's anti-bribery stance and our position with regard to employee conflict of interest. The Code supplements our policies in this area and aims to ensure the overarching message is fully understood and embedded, in line with our values.

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## 4. Anti-corruption

### 2015 highlights on progress

#### Using our networks to work against corruption

We have robust controls in place to tackle corruption in all its forms. Our working culture and active employee engagement on this topic help us create positive, proactive networks to work against corruption.

Throughout 2017, we continued our progress in this area:

- We have enhanced our anti-bribery and corruption compliance arrangements at Old Mutual Bermuda reflecting strengthened local compliance arrangements
- The Nedbank CEO and the Chairperson on Old Mutual Limited in South Africa are both contributing significantly to anti-corruption work at the World Economic Foundation
- Nedbank continues to reinforce its strong anti-bribery stance via various initiatives ranging from employee anti-corruption pledges to high-level internal committees considering ethical issues arising out of client relationships. Nedbank has made its position on its zero tolerance for corruption in South Africa very clear both via organisational process and the words of its CEO.

# Looking forward

Old Mutual remains committed to advancing the Global Compact's principles and wider United Nations goals throughout our businesses.

During the time of managed separation we recognise that for each business, there are elements of the Positive Future Plan that have more resonance based on the markets they serve, skills of their employees or their own business strategy. Our business leaders have committed to the integration of responsible business activities into their operations and delivering the aims and goals of the Plan post managed separation.

As we complete the managed separation we have worked with the businesses and external stakeholders to ensure we continue to deliver against the aims of the plan and support its transition into the businesses.

As frameworks continue to develop and evolve we have ensured that we are aware of the changes and our businesses are prepared to respond.

Our businesses continue to embed their Plans and invest in their resources and build measurement to track the impact they have.

This means that our business will create long-term benefits which will have a lasting positive impact on both our business and society.

## Useful links

**[Old Mutual Reporting Centre 2017](#)**

**[Old Mutual Group Values](#)**

**[Old Mutual Group Code of Conduct](#)**

**[Nedbank Integrated Report 2017](#)**

**[Old Mutual Investment Group](#)**

**[Old Mutual South Africa transformation](#)**

**[Old Mutual Group and Nedbank CDP reports](#)**

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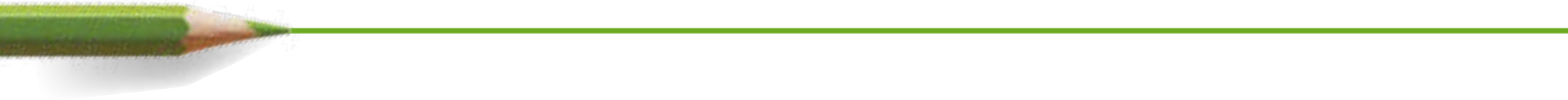
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