OM Residual UK Limited (formerly Old Mutual plc) disclosure

THE OLD MUTUAL PLC MANAGED SEPARATION INCENTIVE PLAN (THE MSIP)

Disclosure of the outcome of the Strategic Metric (40% of the total) and the Financial Metrics (25% of the total)

In November 2015, Old Mutual plc recruited Bruce Hemphill as its Group Chief Executive, who initiated a comprehensive review of the strategy of the Old Mutual plc Group. Following this review, Bruce Hemphill gained the Old Mutual plc board's support for proposals to separate the Old Mutual plc Group into four independent businesses. The proposals were announced in March 2016. As a result of the strategic decision to proceed with these proposals, for more than two and a half years Old Mutual plc management have worked on delivering the Managed Separation programme, with the overall objective of unlocking value for shareholders through the unwind of the sum of the parts conglomerate discount.

A new long-term incentive plan was approved by shareholders in June 2016 to align with the Managed Separation strategy. Whilst the plan had certain structural and delivery design features that were unusual, in order to provide alignment with Managed Separation timeframes and objectives (in particular the ultimate wind-down of the Old Mutual plc Head Office in London), the overall remuneration packages were largely unchanged for the executive team, with the MSIP awards made in 2016 representing a replacement for all future LTIP awards that, under normal circumstances, would have continued to be granted annually through to the end of their employment with the Old Mutual plc Group in 2019. The completion of the Managed Separation programme resulting in all of the executive team's roles being redundant.

Managed Separation was a multi-faceted and highly complex programme, requiring a great deal of skill, determination and hard work far beyond what might ordinarily be expected of a listed company executive team. In fact, there are no precedents for a multi-territory demerger of the scale and complexity of Managed Separation and unforeseen issues that arose along the way materially added to the complexity of the task:

- Although the programme was defined as an objective to execute a four-way separation of the Old Mutual plc Group into independent businesses, the reality was a far more complex sequence of actions with additional transactions including the sale of the Single Strategy Asset Management business in the UK.
- The executives had to contend with an extremely complex regulatory environment that involved changes in the regulatory regime and new regulatory bodies in South Africa, enforcement actions in the UK related to legacy business issues, and detailed and protracted regulatory engagement in peripheral jurisdictions which resulted in delays and changes to the entity restructuring plans.
- A legal challenge in the US courts to prevent the Managed Separation from proceeding, which was launched very close to the designated completion date of the Quilter plc and Old Mutual Limited transactions.
- Significant changes to boards and senior executive teams of Old Mutual Limited and Quilter plc to ensure that they had the required expertise and experience to become successful independent listed businesses.

Throughout the period of execution, the extremely difficult macroeconomic environment in our key markets prevailed. However, despite the significant economic and political uncertainty created by the UK's decision to leave the European Union, and continuing political challenges in South Africa, there was no deviation from the Managed Separation programme. In addition, our businesses continued to deliver resilient performance whilst investing a large amount of their time and resources on completing their Managed Separation objectives, and despite all of the additional challenges that needed to be addressed Managed Separation was delivered within budget.

Overcoming all of the challenges presented, the programme was materially completed ahead of time and on budget in June 2018. Old Mutual plc delisted and substantially closed its London Head Office, with a clear plan established to complete the wind-down of the London Head Office. Old Mutual plc was replaced as the listed parent company of the emerging markets businesses by Old Mutual Limited, with Old Mutual Limited being subject to legally-binding commitments to unbundle the majority of Old Mutual Limited's shares in Nedbank, and Quilter plc (containing the UK wealth management business) was demerged. This was the trigger point for the Old Mutual plc Board to declare material completion of the Managed Separation programme and for the Old Mutual plc Remuneration Committee (the plc Committee) to assess performance against the strategic and financial objectives established in the MSIP, which is the focus for the remainder of this disclosure.

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The MSIP was designed to reflect the different components of value generation and the plc Committee has made it clear throughout the process that management would be rewarded for performance, that is, executing the strategy in a way that is delivering value to shareholders. The MSIP had three broad performance measurement components:

- Strategic Execution – the successful completion of Managed Separation on time and on budget (40%).
- The financial performance of the businesses during the period of Managed Separation (25%).
- TSR – Total Shareholder Returns in the period March 2016 (when Managed Separation was first announced), to September 2019 (35%).

The plc Committee has now considered the first two of these performance measurement components.

Having carefully considered the facts and circumstances of delivering Managed Separation, summarised above and presented in detail below, taking external professional advice, and considering the views of shareholders, the plc Committee has made the following performance outcome decisions for the strategic and financial components of the MSIP:

- **Strategic Execution** – the maximum outcome of 100% of this element of the MSIP award vested (equal to 40% of the total)
- **Financial Performance of the businesses** – an outcome of 66% of this element of the MSIP award vested (equal to 16.5% of the total)

The plc Committee is satisfied that these outcomes are an appropriate reflection of Managed Separation execution, and of the performance of the independent businesses during the period of Managed Separation. A detailed explanation of the process followed, and the rationale for determining these outcomes, including the basis for the exercise of discretion in accordance with the criteria approved by shareholders in 2016, is provided below, in accordance with the commitment made to shareholders to provide a detailed and transparent disclosure on MSIP performance assessment and outcomes.

The outcome of the MSIP as at the date of this report is therefore as follows:

Metric	Maximum	Actual
Strategic	40%	40%
Financial	25%	16.5%
TSR	35%	To be tested in September 2019 but currently below the threshold performance level
TOTAL	**100%**	**56.5% vested in October 2018** **35% still to be tested**

Execution of the Managed Separation (40%)

This performance measurement component was directly aligned with the execution of the Managed Separation strategy. It was assigned the highest weighting at 40% because it was the core of the strategy, being the Managed Separation of the Old Mutual plc Group into four standalone businesses through a series of transactions. The assessment of performance against this condition has been made in the judgement of the plc Committee against the key criteria set by the Old Mutual plc Board at the beginning of the Managed Separation programme in 2016. The criteria were:

- Material completion of the business separation
- Appropriate capitalisation of the businesses (setting the businesses up for success)
- Quality of transaction execution.

In considering the effectiveness and quality of the execution of the Managed Separation strategy, the plc Committee was mindful that the MSIP had been carefully designed to ensure that a significant proportion of the metrics were directly aligned to the performance of the underlying businesses and the creation of shareholder value over the period (60% of the plan in total). Therefore, the plc Committee exclusively focused on the effectiveness of implementing the strategy, in the knowledge that any consequential impacts on business performance or shareholder returns during the performance period would be accounted for as part of assessing the business performance and TSR components of the MSIP.

The execution of the Managed Separation was a highly complicated, multidimensional programme. At the time the Managed Separation was set out, it was not feasible to forecast and scenario plan for all possible objectives, challenges and potential pitfalls. As such, in coming to a decision on the vesting outcome, the plc Committee took a holistic view of the execution of the Managed Separation programme and factored in the pertinent complexities (set out below) that the management team addressed:

Key challenge	Description
Highly interdependent businesses	A highly complex group structure with interdependent financial arrangements which had to be unwound in a carefully sequenced and prudent manner to allow for a clean separation of the businesses
Compliance obligations	The need to maintain full compliance with regulations, in particular the European Solvency II regime, which dictated the pace with which central costs could be eliminated
Regulatory constraints	The need to comply with regulators' requests to materially reduce debt prior to the exchange and to announce the intention of doing so at the start of the strategy's implementation
Legacy issues	Legacy liabilities and contingent contractual obligations previously accepted by the Old Mutual plc Group in relation to certain subsidiaries, which needed to be resolved in order to allow for a wind-down of the Old Mutual plc Group Head Office in London
Market preferences	Market preferences for certain types of businesses and market realities with respect to the number of buyers, and their willingness to bid for assets at a level expected by some shareholders
Buyer constraints	Constraints imposed by disclosure, securities, and listing regulations in various jurisdictions, which restricted the number of eligible buyers due to the likelihood of them being able to obtain the relevant approvals

Consequently, it was accepted by the Old Mutual plc Board at the outset that appropriate trade-offs between time, value, cost and risk would need to be made to ensure that the strategy could be implemented as envisioned, i.e. realising fair prices for assets sold, delivering strong businesses to shareholders, and fulfilling all statutory and regulatory obligations while the Old Mutual plc Group remained in existence.

1. Material completion of the business separation

"All four businesses operating independently of the Group at the completion of the Managed Separation. There may be some cross-ownership, but such stakes would be purely as an investment (e.g. 20% or less) or as part of a clear process to separation. In addition, the material completion of the Managed Separation includes the elimination of the plc costs."

The plc Committee concluded that the demerger and listing of Quilter plc, and the listing of Old Mutual Limited constituted the material completion of the Managed Separation programme with:

- the necessary court and regulatory approvals being received;
- there being a legal obligation on Old Mutual Limited to proceed with the unbundling of Nedbank resulting in cross-ownership of Old Mutual Limited in Nedbank; and
- the substantial wind-down of the Old Mutual plc Head Office in London and associated costs, with a clear plan in place for full wind-down of the outstanding items.

The plc Committee's assessment is therefore that the management team has fully met the objectives in this regard.

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2. Appropriate capitalisation of the businesses (Setting the businesses up for success)

"The Managed Separation shall set the businesses up for success, including being appropriately capitalised in relation to both regulatory requirements and local market competitiveness."

Management expended significant time and effort to ensure that the subsidiary businesses: (i) were prepared for Managed Separation from a management and governance perspective; (ii) restructured their balance sheets; and (iii) were operationally ready to operate as independent, listed businesses (which they were not prepared for under the prevailing group construct at the time of the announcement of the strategy).

This required the substantial restructuring of three subsidiaries' executive teams, to ensure that each leadership team had the appropriate set of skills and experience required to address the relevant challenges in each respective business. In addition to strengthening the management teams, plc executives and staff worked extensively with two of the businesses to revise and bolster internal management processes, in particular with respect to risk assessment and management, reporting and assurance, and IT capabilities.

For two of the subsidiaries, it was necessary to effect significant changes at a board level, as directors with experience in specific functional areas, and in operating in a listed environment, had to be recruited to ensure robust governance and oversight in line with international best practice.

Furthermore, it was clear from the outset that balance sheets would need to be restructured to address quality of capital considerations in the subsidiaries. The objective was to ensure that the independent subsidiaries had strong balance sheets, with appropriate levels of capitalisation, considering the nature of their business, risk profile, and industry comparables. In the case of one subsidiary, there was also clear regulatory direction given on the required level of capital and this was addressed by the management team through an injection of capital, the amount of which was subsequently recouped through the repayment of a loan to Old Mutual plc, funded by the issuance of debt at a cost lower than the group's cost of debt.

The businesses which shareholders now own have balance sheets that are compliant with regulatory requirements and are appropriate for the respective businesses' strategy and growth plans. They are no longer constrained by the group construct and, together with the other preparatory work referenced above, are set up to have the best possible chance to create value for shareholders going forward.

In all of these restructuring transactions shareholders were the ultimate beneficiaries, as they have received shares in the underlying subsidiaries, or, in the case of the Quilter IPO, the benefit of an appropriate cash consideration through the retention of proceeds in the Old Mutual Limited Group, and the receipt of special dividends paid by Old Mutual Limited and Quilter plc in 2018.

The plc Committee's assessment is therefore that the management team has fully met the objectives in this regard.

3. Quality of transaction execution

"Quality assessment will reflect the balance of the key components of time, cost, risk and value:

Component	Description
Time	*The time criteria will be considered with respect to certain transactions being critical to the future Managed Separation of other businesses. Also, the current Group structure contains inherent risks which will be mitigated once separation is achieved and therefore it is important to prioritise speed of execution.*
Cost	*The cost criteria will be assessed against both the expected reduction of continuing plc costs at the completion of the Managed Separation and the management of transaction costs (advisers, etc.) during separation. Lastly, these cost criteria also include the reduction in plc debt costs through the cost-effective management of plc debt.*
Risk	*The risk criteria include consideration of regulatory, reputational, investor and other non-financial impacts.*
Value	*In addition, value will be considered in terms of whether the transaction was completed in a manner consistent with creating shareholder value over time. Value enhancement will be captured through the Alignment with Shareholder Value measure."*

Time

The Managed Separation was scheduled to be materially complete by the end of 2018, within the three-year timeframe communicated to shareholders at the time of the announcement of the Managed Separation strategy in 2016. As set out above, the Old Mutual plc Board determined that the Managed Separation programme was materially completed ahead of time at the end of June 2018.

Cost

It is the plc Committee's view that completion has been achieved within the cost parameters communicated, and without compromising the group's sound financial position at any point during this process. The disclosed cost targets were broken down into three categories:

- One-off operational costs incurred to remove the plc Head Office in London of up to £130 million
- Advisory costs required to effect the Managed Separation of at least £100 million
- Costs to remove pre-existing risks of at least £130 million

At the time of assessment by the plc Committee, the overall spend against these categories was on-track to be below the total target of £360 million with a forecast of £332 million. The plc Committee was therefore satisfied that the cost objective had been achieved in a manner that did not compromise the quality of execution of the programme. Subsequent to that assessment being made, the final spend against those categories was determined to be £320 million.

The management team also executed the repurchases of holding company debt well. Market prices of debt increased in the early stages of the Managed Separation programme, as the initial disclosure of the Managed Separation programme mandated by regulators, subsequent disclosures necessitated by reporting obligations and listing requirements and external developments, such as those flowing from the UK's decision to leave the European Union, led market participants to reassess the risk profile of the group and to reprice the outstanding debt instruments. Given the market conditions, the management team timed and executed liability management programmes and successfully reduced holding company debt by ca. £1bn at premia of the prevailing price, which was in line with market practice in the UK for such transactions. In doing so, the management team realised an economic benefit for shareholders vis-à-vis the cumulative repayments due over the term of the bonds, and also de-risked the Managed Separation programme through the amendment of the terms of one of the debt issues.

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Risk

The plc Committee received periodic reports from the Old Mutual plc Group Chief Risk Officer, endorsed by the Old Mutual plc Board Risk Committee, on the effectiveness of risk management through the period of Managed Separation. These reports covered both quantitative and qualitative risk management. As reported to shareholders in the Old Mutual plc 2016 and 2017 Directors' Remuneration Reports, the group operated within its Risk Appetite and in compliance with applicable laws and regulations over the initial 2-year period of the programme. As such, liquidity and capital levels were managed prudently and were maintained in line with market expectations and prior practices to ensure that the confidence of the investment community was retained.

The Old Mutual plc Group Chief Risk Officer presented a final report to the plc Committee for the period commencing 1 January 2018 up to material completion of the programme in June 2018. This confirmed that the group had remained within its financial risk appetite, and that the group governance framework and risk and control environment continued to operate as expected. No risk issues were highlighted that might necessitate the consideration of a downward adjustment to the MSIP outcome.

The Old Mutual Limited Remuneration Committee will continue to receive risk management updates until the end of September 2019, the period during which malus and/or claw back on MSIP awards may be considered if a risk event occurs that warrants such consideration.

Value

The objective of the Managed Separation was to preserve and create value through the elimination of the central cost base, and the delivery of strong businesses into the hands of shareholders. The value created through business performance and share price appreciation is measured through the financial performance and TSR components, respectively.

In the context of the strategic component, the plc Committee considered whether the actions taken by the management team preserved value or, where the sale of an asset or extinguishment of a liability was involved, whether the management team realised fair value for shareholders.

In the plc Committee's view, areas that demonstrated the success of this aspect of managed separation included:

Key areas	Description
Operated comprehensive sale processes with positive feedback	The executives designed and ran, in conjunction with external advisers, formal and comprehensive sale processes for the applicable transactions conducted, ensuring price discovery and the realisation of value for shareholders in line with what businesses were deemed to be worth by market participants. The management team was able to generate and maintain significant competitive tension in these processes, even in the face of severe time pressure to conclude certain transactions which were imposed by factors outside of management control. Feedback by analysts and investors following the individual sales transactions confirmed that the prices achieved were considered appropriate by the market.
Retained a flexible approach	The management team and the Old Mutual plc Board remained open to inbound offers for the major businesses throughout the period and engaged with potential buyers where it was appropriate to do so in an effort to progress conversations towards actionable offers.
Realised value	With respect to the sale of certain subsidiaries, it is the view of the plc Committee that these realised fair-to-excellent value for shareholders as these were earnings accretive, and were, with one exception, the result of competitive sales processes. Management carried out a comprehensive search with independent advisers for all assets and retained substantial tension in all sales transactions. Management's ability to do this was, however, constrained by prior contractual commitments in the case of one asset, which was ultimately sold to the company's joint venture partner. In the Old Mutual plc Board's view, plc management nevertheless negotiated an appropriate price and realised a good outcome for shareholders in this transaction. The plc Committee took external advice in relation to management's actions and the outcomes achieved on all transactions, which confirmed this conclusion to the plc Committee.
Focused resources in the businesses	Crucially, the sale of peripheral businesses allowed the management teams of the operating subsidiaries to focus capital and organisational capacity on their core domestic businesses and/or major subsidiaries, which is expected to lead to performance improvements going forward.
Maintained focus on the business strategies	The team balanced the need to complete sales with the objective of preserving or increasing value. An example of this was the acquisition of Landmark by OM Asset Management plc (OMAM), which was overseen and supported by Old Mutual plc. This transaction demonstrated the management team's focus on ensuring that underlying businesses pursued strategic opportunities in a value-accretive manner, while delivering on Managed Separation. The Landmark transaction ultimately provided proof to market participants that OMAM's strategy remained on track and that it was not constrained by the priorities of the dominant shareholder. This increased market confidence and provided support to the stock price during a difficult period for the US asset management sector ahead of the sell-down of Old Mutual plc's interest. Similarly, a part of Quilter plc's strategy was the continued consolidation of the UK advice market, and the plc team worked closely with Quilter executives in vetting several of the transactions executed in recent years.
Prepared the businesses for independence	Value was also created by structuring the subsidiaries appropriately, at board and at management level.
Effectively managed risk and capital	The management team preserved value by reducing the inherent structural risks of the Old Mutual plc group by adjusting the capital management and dividend policy at the outset of the Managed Separation. This created the necessary financial flexibility to execute the various transactions and implementation activities while managing capital and liquidity at prudent levels. Shareholders have received the value retained in this regard in the businesses through the distribution of the subsidiaries.

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Performance of the underlying businesses (25%)

This performance condition was directly aligned with the strategic objective to deliver competitive financial performance in each of the businesses whilst they remained part of the Old Mutual plc Group, in order to maximise the value creation opportunity on completion of managed separation. The performance conditions were defined as follows:

- Each business's performance measured against profit growth and Return on Equity (ROE) measures for the period up to its separation from the Group (OMAM measured against profit growth only), with ROE measured in accordance with the methodology disclosed for each business in the Old Mutual plc 2015 Annual Report.
- The businesses were weighted in accordance with their relative value to the Old Mutual plc Group at the commencement of the Managed Separation objective.
- Profit growth thresholds were based on the principal 3-year macro-economic growth assumptions for each market (Nominal GDP for South Africa and Equity Markets for the UK and US) to ensure that management only realised value for outperforming those benchmarks.
- For the South African businesses, the profit metric was established as a relative outperformance target to actual Nominal GDP over the performance period to take consideration of economic uncertainty and align to market practice in the region.

Shareholders were advised in the approved disclosures that if the plc Committee considered it necessary to review the financial targets under the discretion afforded in the Directors' Remuneration Policy, for reasons linked to the macro-economic environment, the phasing of 3-year growth plans relative to the timeframe taken to complete the separation of a business, or the reallocation of the Group's assets in preparation for managed separation, it would do so with complete transparency and in a way that ensured that the targets were as equally relevant and stretching as originally intended.

Formulaic Performance Outcome

The plc Committee approved an adjustment to the targets for Old Mutual Wealth to reflect the loss of earnings from the disposals of the Italian and the Single Strategy Asset Management business in the UK, as these disposals were not contemplated in the business plan used to derive the original targets. The plc Committee was satisfied that this adjustment was appropriate as this was the last long-term incentive plan in which the plc executive had participated before their roles ended following Managed Separation completion and the capital received in a way that could offset the earnings lost through the disposals. Adjusting the target to remove budgeted earnings and capital from these businesses for the period after their disposal, therefore, resulted in the performance conditions being consistent with the original purpose of the plan.

By applying this adjustment, the outcome of the overall financial metrics improved from 10.3% to 12.6% (out of a maximum of 25% of the total MSIP).

Other factors impacting performance and final performance outcome

In determining the final outcome of the financial component of the MSIP, the plc Committee evaluated several factors which were not contemplated in the original business plans when the targets were set. These factors fall within the categories foreseen at the inception of the plan as issues that would warrant consideration of a discretionary adjustment to the outcome, in accordance with the disclosure and resolutions approved by shareholders in 2016.

In considering the justification of, and an appropriate quantum for an adjustment, the plc Committee received quantitative and qualitative analyses with independent advice in relation to the following factors:

- Significant changes in the economic environment in African markets driven by market-specific factors of a political and macroeconomic nature, which were not foreseen in the business plans. Although the South African environment overall had been extremely challenging, the plc Committee made just one adjustment, in relation to the economic environment in Nigeria, which data showed to be truly exceptional and unanticipated. This adjustment impacted the outcome for Nedbank only.

- The impact on financial performance during the period, from essential changes to subsidiary balance sheets and costs, in particular through allocations from group to set-up businesses for independent operation. An adjustment for these factors was made for Old Mutual Wealth only. In addition, an adjustment was applied in relation to unplanned costs incurred to align products and processes with the FCA's thematic review in 2016. The plc Committee was pleased to note the FCA announcement in September 2018 that the investigation into this issue had been dropped and therefore no enforcement action would be forthcoming.

On the basis of these factors, the plc Committee determined that an upward discretionary adjustment was justified (in addition to the adjustment for corporate transactions explained in the previous section), and that an actual outcome of 16.5% out of a maximum of 25% was appropriate on the basis that the underlying business performance was stronger than the formulaic outcome suggested, taking consideration of all the factors described above.

This represented an overall upward adjustment of 6.2%, inclusive of the adjustment made for corporate transactions, to a final outcome of 16.5% (out of a maximum of 25%).

The outcome of the financial metrics on a quantitative basis was as follows:

	Threshold	Target	Maximum	Weight	Outcome	Weighted outcome	Weighted outcome after adjustments
Emerging markets							
AOP post-tax* NCI growth (CAGR)	6.2%	8.7%	11.2%	5.40%	5.5%	0.0%	0.0%
ROE – Average over 3 years	18.0%	20.0%	22.0%	5.40%	20.6%	3.5%	3.5%
Nedbank							
DHEPS growth (CAGR)	6.2%	8.7%	11.2%	2.50%	81.%	0.9%	1.5%
ROE excl. Goodwill – average over 3 years	14.9%	16.6%	18.3%	2.50%	16.8%	1.4%	2.5%
OLD MUTUAL WEALTH							
AOP post-tax (CAGR)	3.0%	5.0%	7.0%	3.75%	16.1%	3.75%	3.75%
ROE excl Skandia Goodwill – average over 3 years	13.5%	15.0%	16.5%	3.75%	14.6%	1.36%	3.55%
OLD MUTUAL ASSET MANAGEMENT							
ENI per share growth (2 yr CAGR)	1.8%	4.3%	6.8%	1.70%	14.3%	1.7%	1.7%
Total				**25.0%**		**12.6%**	**16.5%**

* ***Notes on the methodology used to calculate the formulaic performance outcome***

1 *As disclosed in the Old Mutual plc 2017 Directors' Remuneration Report, the financial performance and outcome of the OMAM metric was calculated and locked-in at the end of 2017, based on a two-year performance period following the completion of the sell-down of that business. The outcome was recorded at a maximum outcome of 14.3%.*

2 *The remaining businesses were measured over a 2.5-year period. The methodology used to calculate performance over this period can be explained as follows:*

- *The financial metrics were measured in September 2018 using the H1 interim results announced in August 2018. The intention to measure performance at this point was disclosed in the Old Mutual plc 2017 Directors' Remuneration Report. The methodology for calculating the 2.5 -year performance outcomes was as follows:*
    - *Earnings Growth: growth was calculated as a composite of the 2-year CAGR (2015-2017) and 6-month growth between H1 2018 and H1 2017. The 2-year CAGR was weighted for 24 months with the H1 '18 on H1 '17 growth weighted for 6 months.*
    - *ROE: average ROE was calculated with 12-month weightings for 2016 and 2017 performance and 6-month weighting for 2018 performance.*

3 *As a result of changes in reporting of headline financial KPIs, the OMEM ROE target and actual performance was adjusted to reflect that IFRS equity had replaced Allocated Capital for deriving equity in the metric. Targets were reset on a comparable basis to maintain the original stretch.*

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Summary

In relation to the strategic metrics, it is the plc Committee's conclusion that the management team demonstrated great skill in executing the Managed Separation programme and have therefore met the criteria set out for the strategic element of the MSIP fully. As such, an outcome of 100% was considered appropriate for the strategic component of the MSIP, representing 40% of the total award.

In reaching this conclusion, the plc Committee considered each of the transactions and implementation steps, the constraints imposed on management and the effectiveness of dealing with the multiple unforeseen issues that arose along the way. External advice was obtained in this regard for certain Managed Separation transactions, which confirmed that management's decision-making, in relation to the transactions under evaluation, had been appropriate considering constraining factors and information available at each juncture. The plc Committee also evaluated the combined effect of the transactions, their sequencing, and the impact management's choices had in this regard on the delivery of the strategy and the realisation of value for shareholders over the period.

The plc Committee concluded that the management team:

- Completed the Managed Separation and delivered an end state that is consistent with the objectives disclosed to and approved by shareholders.
- Delivered the Managed Separation within the timeline and costs originally disclosed to shareholders.
- Appropriately balanced the preservation and realisation of value with time and risk considerations along the way.
- Set up the businesses to deliver value growth for shareholders in the future, in particular through the implementation of suitable boards and management teams, as well as through the restructuring of balance sheets.
- Achieved its targets without material risk management or compliance issues, addressing all legal, regulatory and operational risks identified, and maintaining appropriately prudent levels of capital and liquidity.

In relation to the financial metrics, as set out in detail earlier in this report, it is the plc Committee's conclusion that an actual outcome of 16.5% out of a maximum of 25% was appropriate on the basis that the underlying business performance was stronger than the formulaic outcome suggested.

The total shareholder return metric continues to be tracked, and, as the plc Committee was dissolved on 12 March 2019, the final outcome will be determined by the Old Mutual Limited Remuneration Committee in September 2019, with a target vesting date of 1 October 2019. At the date of this report, the threshold performance requirement for the TSR element was not expected to be met (meaning there would be no vesting under that metric), however, this will continue to be tracked.

The TSR component of the MSIP remains subject to malus up to vesting in October 2019. The Old Mutual Limited Remuneration Committee will monitor events closely throughout this period, considering periodic reporting from the Old Mutual Limited Chief Risk Officer, and taking independent advice as required. Should there be an event that necessitates the application of malus or claw back, either on a collective or individual participant basis, action taken will be disclosed.

In accordance with the terms of the MSIP, 50% of the net vested shares (in relation to the strategic and financial elements of the MSIP) remain subject to a one-year holding period post vesting, with a claw back provision, which expires on 30 September 2019.

Since the completion of the Managed Separation in June 2018, the Old Mutual Limited Remuneration Committee has had oversight of the operation of the MSIP, and the plc Committee's decision-making in relation to the outcome of the strategic metrics, and the discretion exercised in the determination of the outcome of the financial metrics and is supportive of the decisions taken by the plc Committee.