

INVESTING IN THE FUTURE

RESPONSIBLE BUSINESS
REPORT 2011



OLD MUTUAL

INSURANCE • INVESTMENT • SAVINGS • BANKING

Old Mutual is an international long-term savings, protection and investment group

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SCOPE OF REPORT

The performance data and examples in this report are from all of Old Mutual's businesses including the equivalent proportion of joint ventures which includes Old Mutual-Guodian and Kotak Mahindra Group. Performance data reflects Old Mutual's average ownership of its businesses over the reporting period. Performance data includes the Skandia Nordic business which was sold in 2012. The reporting period for this data is from 1 January 2011 to 31 December 2011.

WHAT'S ONLINE

The information and reports in the following links will provide you with more information on Old Mutual's business and our approach to responsible business. This report is available online and in hard copy.

Old Mutual's Responsible Business pages
www.oldmutual.com/rb

Old Mutual's Responsible Business Report
www.oldmutual.com/rbreport2011

Old Mutual's Annual Report and Accounts 2011
www.oldmutual.com/ar2011

Nedbank Group Limited, Integrated Report 2011
www.oldmutual.com/nbreport2011



CONTACT US

To give any feedback or if you have any questions please contact responsiblebusiness@omg.co.uk

Cover image: Young Enterprise Company students from George Green's School and St Paul's Way Trust School, Tower Hamlets, London. Young Enterprise is a UK charity supported by Old Mutual.

JULIAN ROBERTS GROUP CHIEF EXECUTIVE



Old Mutual has always been committed to operating in a responsible manner, making decisions that take account of the impact of our business on those around us. In 2010, I decided to co-ordinate our approach to responsible business across the Group to maximise the good work and identify where we need further attention. We developed a strategy which identified the key issues, and a consistent approach to addressing them.

The key issues are:

- how we invest and manage finances in a responsible manner;
- how we serve our customers and help them to make appropriate financial decisions;
- how we support and develop our employees;
- how we support our local communities; and
- how we manage and mitigate our environmental impact.

The aim of this co-ordinated approach is to build on our business vision of becoming our customers' most trusted partner and to ensure that Old Mutual remains a responsible and sustainable business.

Whilst we focus on managing a number of key issues, the fundamentals of managing a responsible business remain core to Old Mutual. For example, we have revised targets for long-term incentive awards to ensure rewards are appropriately aligned with short- and long-term performance and do not encourage excessive risk taking. Our Remuneration Report which outlines our approach can be found at: www.ar2011.oldmutual.com/governance/summary-of-the-remuneration-report

During 2011, the protests of the Occupy movement, escalating social unrest in a number of countries, large scale natural disasters and the continued international debate about the role of financial services have all

contributed to my heightened awareness of how interconnected we all are. I believe Old Mutual can play a positive and stabilising role in global society and, as such, I am proud that we are looking at how to respond to global trends to create a long-term, responsible and transparent business ready to work with others to create positive impact.

I am pleased to see Old Mutual employees and partners working together to embed the Responsible Business strategy into our business. This is a dynamic and constantly evolving process and it can, at times, be challenging. I have seen real commitment across Old Mutual with people maximising the benefits to the business and also wider society.

In 2011 we made great progress in establishing our internal networks for people to share and implement the strategy. We improved our reporting systems for monitoring our performance in responsible business and we are now able to start measuring progress. As an example we are now gathering information on a broader range of environmental and social indicators to help us set appropriate targets, track progress and identify where we need further investment. I'm proud that Old Mutual has been recognised by external organisations for our work in reducing our environmental impacts and for addressing sustainability issues.

Our Responsible Business strategy helps us to build the trust of our stakeholders. We recognise that trust is not won overnight but, once earned, it will allow us to thrive, to our benefit, and to the benefit of those people whose lives we touch.

Julian Roberts
Group Chief Executive

OUR BUSINESS AT A GLANCE

Below is a high-level summary of the Group and our four principal business units.

GROUP

Old Mutual is an international long-term savings, protection and investment group.

Adjusted operating profit (AOP) 2011

£1,515m

2010: £1,371m

Funds under management (FUM) 2011

£267.2bn

2010: £295.2bn

Number employed¹ 2011

57,430

2010: 55,730



Primary locations

- LTS – Southern Africa, Europe, Colombia, Mexico, India and China
- US Asset Management – US
- Banking – Southern Africa
- Short-term insurance – Southern Africa

Responsible business highlights

- Good progress in our approach to integrating responsible investment principles
- Implemented a new customer loyalty measure to help us continuously improve our customer service
- Positive results from our employee culture survey
- Invested £11.6 million in our communities
- Well on track to deliver our 2020 target to reduce carbon emissions.

LONG-TERM SAVINGS (LTS)

We provide innovative life assurance-based solutions which address both protection and retirement savings needs.

Our brands

OLD MUTUAL

skandia

kotak[®]
Life Insurance

瑞泰人寿
OLD MUTUAL-GUODIAN

Adjusted operating profit (AOP) 2011

£793m

2010: £787m

Funds under management (FUM) 2011

£108.5bn

2010: £117.9bn

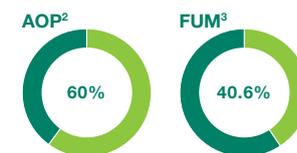
Number employed 2011

22,851

2010: 21,729



Contribution to Group



¹ Includes Group Head Office, Bermuda, Nordic and US Life.

² % of total operating business unit's AOP after tax and non-controlling interests.

³ % of FUM in Group core operations.

BANKING

We have a majority shareholding in Nedbank, one of South Africa's leading banks, which also has banking interests in other countries in southern Africa.

Our brand



Adjusted operating profit (AOP) 2011

£755m

2010: £601m

Core tier 1 ratio

11.0%

2010: 10.1%

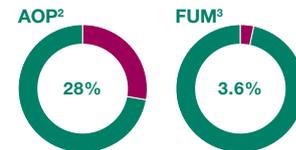
Number employed 2011

28,494

2010: 27,525



Contribution to Group



SHORT-TERM INSURANCE

We provide short-term insurance solutions in southern Africa through Mutual & Federal.

Our brands



Adjusted operating profit (AOP) 2011

£89m

2010: £103m

Underwriting margin

5.0%

2010: 7.6%

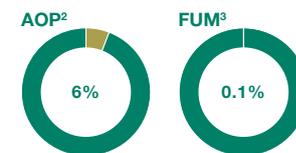
Number employed 2011

2,390

2010: 2,222



Contribution to Group



US ASSET MANAGEMENT

We aim to grow our customers' savings and wealth, whether through active and direct asset management or the selection of funds and managers for customers to invest in.

Some of our brands



BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC

Adjusted operating profit (AOP) 2011

£67m

2010: £72m

Funds under management (FUM) 2011

£148.8bn

2010: £166.4m

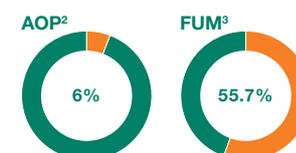
Number employed 2011

1,564

2010: 1,537



Contribution to Group



Q&A WITH DON SCHNEIDER

Group Human Resources Director and Chair of the Responsible Business Committee



1. What have been the biggest achievements in the way Old Mutual approaches responsible business this year?

Our biggest achievement has been identifying and working with groups and individuals across Old Mutual to share our Responsible Business strategy and to start consistently delivering it. We have focused on getting our processes, people and reporting systems working efficiently through agreement on the areas that are most important to Old Mutual and how to address these, by sharing good practice and by delivering on action plans.

We have continued to report our efforts externally, appearing in the 'Carbon Disclosure Leadership Index' in the Carbon Disclosure Project and reporting to the United Nations Global Compact. We were rated a best performer in the low environmental impact category of the Johannesburg Stock Exchange Socially Responsible Investment Index (JSE SRI Index).

We have also made progress in areas that are being newly co-ordinated across the Group. These include our approach to making investment decisions that systematically consider and value environmental, social and governance impacts. This year we established a Responsible Investment Committee which is steering our group-wide approach to responsible investment.

2. Has the recent financial turmoil made it more difficult to be a responsible business?

We have had responsible practices at the core of our business since we were first established in 1845. Over the course of our history, external and internal events have challenged our thinking and way of operating, in the same way the recent global financial crisis has.

Trust in financial service institutions has been shaken and I firmly believe that we are not going to be able to regain complete trust unless we are very clear about what it takes to be a responsible business – and take decisive action to act in accordance with this. The difference with these global events is that now, more than ever, we need to play a role in actively building confidence – not only in the financial services sector, but in business as a whole – by delivering what we do in a more transparent manner. This report is one part of that.

“Establishing Old Mutual as a business that is recognised as one which acts responsibly, is essential if we are to achieve our corporate vision of becoming our customers’ most trusted partner.”



Read our 2011 Annual Review and Summary Financial Statements here to find out more about our business and activity over 2011
www.oldmutual.com/ar2011

3. In a group the size of Old Mutual, how do you make sure everyone understands the Responsible Business strategy and what they need to do?

We cascade communications, encourage feedback and enable ownership of responsible business through governance, our processes and our employees.

Our governance

At Group level, I chair our Responsible Business Committee which has representatives from the different business functions. Our role is to champion and challenge our responsible business approach and to help embed it in all that we do. As Chair of this Committee, I am also responsible for reporting to the Executive Committee on responsible business plans and achievements, and on working with the rest of the executive team to make sure we are doing all we can to deliver our Responsible Business strategy.

For each strand of our strategy, we have governance structures in place to ensure accountability for decisions made and actions taken. And each part of our business has in place its own governance structures for responsible business, with the CEO taking ultimate responsibility for compliance with our Group Operating Model. This details what is expected of each of our businesses, including our approach to being a responsible business.

Our processes

Measuring and sharing our progress is an important way for us to track performance and highlight where additional resources may be required. We have put frameworks in place to monitor our progress and keep responsible business high on people's agendas. We also have metrics in place to track our progress, an area we are continuing to develop as we move forward.

Our employees

In 2011 we talked with each of our businesses to understand what they were already doing – and what still needed to be done – to make sure we had a common understanding of responsible business. We have made sure there are individuals at a senior level in each business accountable for progress, with people working alongside them to drive forward activity.

We encourage our employees to take part in various initiatives throughout the year such as community volunteering and environmental campaigns. Our aim is for everyone at Old Mutual to continue to be responsible in their everyday behaviours and decisions.

4. What are your plans for responsible business in Old Mutual throughout 2012?

For 2012, we have refined our Responsible Business strategy so that it is clear and better aligned to our overall business strategic priorities. We will work with our businesses to deliver against this strategy with an added focus on improving the way we report our progress so that there is greater transparency on our challenges and achievements.

The key issues we address through our Responsible Business strategy are:

- Responsible investment
- Responsible customer service
- Responsible to our employees
- Responsible to our communities
- Responsible environmental management

We will continue to explore how we can leverage our financial expertise and experience to the benefit of others, by sharing what we know and investing in projects that will build financial capability in the community.

Responsible investment will continue to be high on the agenda as we embed our environmental, social and good governance criteria into our investment decision making process.

Importantly, we will enhance our efforts to ensure that everyone who works for Old Mutual knows that they have an important part to play in developing our collective approach to being a responsible business. Every employee is empowered and expected to play that role to the best of their abilities.

RESPONSIBLE BUSINESS STRATEGY

Old Mutual's vision is to become our customers' most trusted partner, and our Responsible Business strategy is an important component of achieving this.

Our five key issues	Progress in 2011	Plans for 2012 and beyond
1. Responsible investment	<p>Established a Responsible Investment Committee in our Long-Term Savings division.</p> <p>Representatives from asset ownership and investment management working together to establish group-wide principles.</p>	<p>Work toward the United Nations Principles for Responsible Investment.</p> <p>Integration of responsible investment criteria into decisions across our Long-Term Savings division.</p> <p>Expand remit of our Responsible Investment Committee to address group-wide activity.</p>
2. Responsible customer service	<p>Improved customer proposition and experience across the Long-Term Savings division.</p> <p>Improved reporting of customer information.</p>	<p>Be customer focused in everything we do.</p> <p>Ensure a positive customer experience across the Group.</p>
3. Responsible to our employees	<p>Significant progress in building a strong management team.</p> <p>Consistent and improved executive performance management processes implemented.</p> <p>Group culture survey implemented with a focus on actions to address survey results.</p> <p>Used behavioural factors when determined incentive rewards.</p>	<p>Embed leadership behaviours across the Group and measure progress through annual culture survey.</p> <p>Develop and invest in our future leaders.</p> <p>Improve the diversity of senior teams.</p>
4. Responsible to our communities	<p>Invested £11.6 million into the communities in which we work and live.</p> <p>Increased importance of our group-wide principle of supporting financial education.</p>	<p>Expand the management information and reporting of our community investments.</p> <p>Bring together our five Old Mutual Foundations to operate in a consistent way.</p>
5. Responsible environmental management	<p>Established Carbon Taskforces in each business to focus on reducing carbon emissions.</p> <p>Appeared in the 'Leadership Index' of the Carbon Disclosure Project.</p> <p>Reduced our carbon emissions across our property portfolio and employee locations.</p> <p>Old Mutual businesses including Nedbank and Mutual & Federal contributed to the global climate change discussions at COP17 in Durban.</p>	<p>Expand the remit of our Carbon Taskforces to include other key environmental management issues including water.</p> <p>Improve the accuracy of our management information and reporting of our key environmental management issues.</p> <p>Engage our employees in reducing their own environmental impact.</p>

ENGAGING WITH OUR STAKEHOLDERS

Good stakeholder engagement improves our ability to manage our risks and deliver new opportunities to create value for all.

Stakeholder	Types of engagement	What they say	How we are responding
Our customers	Interviews, focus groups, workshops, surveys, one-on-one feedback.	Build our trust in Old Mutual, and financial services generally. Provide services and products that match our personal aspirations and expectations.	Old Mutual's vision is to become our customers' most trusted partner. All our strategic work is focused around this aim with group-wide customer metrics tracking progress.
Our employees	Group-wide culture survey.	Work together to close the gaps between the current culture and our collective aim of being a high performing business.	Action plan to implement changes. Second annual culture survey to be conducted in 2012.
Our shareholders and investors	Over 300 meetings with investors and analysts.	Continue to share information in a clear and timely manner. Demonstrate Old Mutual's commitment to environmental, social and governance criteria.	Increasing the transparency and level of information provided to the market. Review of our reporting approaches across the Group so that we meet external information needs.
Non-governmental organisations and community groups	Working in partnership with numerous community groups in the markets in which we operate. Consulting with community groups and campaign organisations on specific business issues.	Address long-term social issues through core business operations. Demonstrate long-term impact through community engagement.	Reviewing our group-wide principles for community investment.
Suppliers and contractors	Partnership working and workshops.	Share Old Mutual's experience of developing a co-ordinated approach to responsible business.	Incorporate responsible business principles into our supplier relationships. Share with and learn from suppliers, particularly on their approach to minimising environmental impacts and maximising positive social return.
Governments and regulators	Contribute to research and consultations, cross-sector working on specific issues, report on commitments in specific countries.	Contribute to policy development and debate.	Demonstrate our commitment to having a positive impact in the markets in which we operate.

MANAGING OUR APPROACH TO RESPONSIBLE BUSINESS

“Our approach to managing responsible business at Old Mutual is becoming increasingly integrated with all our core governance and risk structures. This means our leadership and employees consider aspects of being responsible when making business decisions.”

Sue Kean

Chief Risk Officer, Old Mutual plc

Overview – Managing our approach to responsible business

Good governance and risk management go hand in hand. Risk management is as much about how people think about risk, and how they behave, as it is about having the right governance systems and processes in place. As a long-term savings, protection and investments group, we manage risk on behalf of our customers with the aim of making them feel safe with our decisions. Risk management is therefore core to our business: to how we make money and to how we build trust among our customers.

Our customers rely on us to protect their assets and personal data against fraud and other threats. They expect us to comply with our legal and regulatory obligations in relation to money laundering, bribery and financial sanctions, by implementing appropriate systems and behaviours.

We understand that financial and investment risks are just two of a suite of risks we must carefully manage. Others include reputational, strategic and legal risk. Therefore, we train our employees to think of good governance and risk management as everyone’s responsibility.

Our approach

Our approach to managing governance and risk is set out in detail in the Risk and Responsibility and Governance sections of our Annual Report.

Here, we give an overview to our approach with a focus on how we manage social, environmental and financial crime risks.

Building the right governance framework

Good governance gives all of our stakeholders, from shareholders and customers, to regulators and the media, confidence that the Group’s businesses are being properly managed and controlled. It also gives us a solid grounding from which to proactively respond to changing business, societal and regulatory environments. Our Group Operating Model is the cornerstone of those structures, helping provide greater consistency and effectiveness in how we manage and control the businesses across the Group.

Our Business Protection Team at Group Head Office oversees the implementation of our financial crime prevention policies. This team reports to the Group Executive, Board Risk and Group Audit Committees, and is represented on the Responsible Business Committee. Major issues are escalated and dealt with as they arise, while less serious issues are reported and analysed quarterly.

We remain flexible to make sure we respond to different jurisdictional demands, and respond appropriately to the different security challenges faced across the Group. This includes taking account of the various regulatory frameworks that apply, such as the new UK Bribery Act and compliance with international financial sanctions.



To find out more about our approach to risk and responsibility, and governance go online to: www.oldmutual.com/rar and www.oldmutual.com/governance

“Our Managing for Value booklet puts risk management into everyday terms with everyday examples helping all our people understand how risk management is part of everyone’s job.”

Jason Baker

Head of Risk, Old Mutual plc

CASE STUDY

MANAGING FOR VALUE

Many of the new processes and tools we have introduced as part of risk management at Old Mutual give us the ability to improve the way we manage risk and capital. However, on their own, these technical enhancements are not enough. We also need to make sure that our employees understand how everyone, no matter what their role, can help the business to better manage all of its different risk types. During 2011 we produced a booklet ‘Managing for Value’ which describes the type of risk culture we want to create, the behaviours that support that culture, and contains practical scenarios to help teams to better assess and understand risk.

Jason Baker, Head of Risk and **Aboobaker Jussab**, Capital Modelling and Reporting Specialist, Old Mutual plc

MANAGING OUR APPROACH TO RESPONSIBLE BUSINESS

CONTINUED



CASE STUDY

DRIVING FORWARD POSITIVE CHANGE TO BENEFIT ALL

Sue Kean

Chief Risk Officer, Old Mutual plc

Sue joined the Old Mutual Group Executive in 2011, working with the other members of the Executive to address strategic issues and manage the Group's progress against the business plan. Sue has worked in a variety of risk and regulatory roles within the private sector and with the Financial Services Authority. She has extensive experience of major cultural change programmes, with a focus on setting new industry and regulatory standards. With six children, Sue is used to working hard to balance her personal and professional life.

Sue is passionate about being fair and strongly believes that companies need to treat customers fairly from the perspective of "would we sell this to our family and friends" and not as a regulatory requirement. She has been involved in some of the policy development of new regulatory regimes and seen how some initial laudable aims can become paralysed by too much detail. Sue says "We need to keep reminding ourselves of the behavioural objectives we are trying to achieve." This is the principle against which Sue is driving change and decision making at Old Mutual.

Over the last year, Sue and her Risk Management Team have begun to work more closely together with Responsible Business contacts in Old Mutual to further integrate social, environment and ethical risk management into existing governance structures.

Empowering our employees

Through training, communications and building a culture of risk awareness, we are equipping our employees with the skills, knowledge and experience to be able to forecast potential risks and respond appropriately.

Our Responsible Business Committee, with representatives from Human Resources, Risk, External Communications, Brand and Marketing, Financial Crime and the Company Secretariat, co-ordinates our approach and shares information between Group Head Office and our business units. Its work is now supported by a series of taskforces and committees across the Group which co-ordinate our approach to managing our environmental impact and responsible investment.

The Responsible Business Committee meets quarterly and its chairman, Don Schneider, Group Human Resources Director, is a member of the Group Executive Committee. The Responsible Business Committee also reports twice a year to the Board. The Committee's work is underpinned by our Group Responsible Business Policy, which sets out responsible business compliance requirements for each business unit. This is complemented by our recently updated Group Code of Conduct, which sets out the behaviours expected of every Old Mutual employee.

Highlights from 2011

- We completed an external review of Group reputational risk and are now working to integrate the risks into our risk management system and training
- We updated our Code of Conduct to take account of the Bribery Act 2010 in the UK, and to make it more understandable and accessible to employees
- Nedbank was a winner at the 2011 Nkonki and Financial Mail Integrated Reporting Awards and recognised by the African Business Awards for Good Corporate Business
- We conducted our second bribery risk assessment across all our businesses
- Old Mutual South Africa (OMSA) and Nedbank started to implement monitoring systems to help identify internal fraud
- Nedbank ran an anti-bribery campaign in partnership with the bank's ethics team which included employee workshops
- Retail Europe implemented new anti-money laundering software improving its ability to check for politically exposed individuals and financial sanctions
- Mutual & Federal used external advice to investigate and prosecute fraud with local authorities.

Sharing best practice and increasing awareness

We work closely with regulators, law enforcement agencies and trade associations to share good practice both inside and outside Old Mutual. By promoting better education and awareness of financial crime, we also help promote a more accountable society that is able to combat other anti-social activities that are often supported by gains from financial crime.

Highlights from 2011

- Nedbank shared intelligence with other major South African banks in relation to criminal activities to improve the banking industry's capacity to fight fraud
- Mutual & Federal continued to participate in initiatives overseen by the South African Insurance Fraud Bureau
- Old Mutual Group Head Office assisted City of London police with the arrest of two individuals involved in an international fraud case.

What's next in 2012?

We will:

- review and update the Group Responsible Business Policy
- embed our Code of Conduct as our fundamental statement of the Group's ethics
- continue to support the group-wide Responsible Business network and share examples of good practice
- continue to refine our anti-bribery capability in line with Government guidance and international best practice
- we also plan to embed the key identified reputational risks into our risk log.

For 2011, we had a number of governance and risk objectives for the Group. Our responsible business approach also had risk management and governance objectives which included those below:

Our Responsible Business governance objectives	Description	Results
To qualify for the Johannesburg Stock Exchange Socially Responsible Investment Index (JSE SRI Index)	To qualify, companies must meet globally recognised corporate responsibility standards.	Maintained our inclusion in the JSE SRI Index for 2011. Rated a best performer in the low environmental impact category.
To qualify for the FTSE4Good Index	To qualify, companies in the FTSE must meet globally recognised corporate responsibility standards.	Maintained our inclusion in the FTSE4Good Index for 2011.
To update our Code of Conduct	Review and update our Code of Conduct so that it is accessible to all employees and can be translated into their day-to-day behaviours.	Completed review of Code of Conduct with the aim to roll-out to all employees in 2012.
To report the progress of managing our key responsible business issues	To demonstrate our commitment to continuously improving our approach. To be transparent in our operations and decision making.	Publication of our second Responsible Business Report. Inclusion of more key performance indicators to demonstrate measurement of our progress. Detailed information available on our website and through publically available indices.

RESPONSIBLE INVESTMENT

“We believe that a responsible investment approach not only makes sound business sense but is also the right thing to do as a custodian of our collective long-term future.”

Paul Feeney

Chairman, Old Mutual Responsible Investment Committee and Chief Executive Officer, Asset Management, Long-Term Savings Division, Old Mutual plc

Overview – A long-term value approach

We are observing growing social and environmental challenges that have an impact on the investment landscape and asset management industry. This, in conjunction with our Group responsible business approach, has led us to embark on a process to formalise the integration of social, environmental and good governance criteria into our investment and ownership processes.

Our approach

We are an asset owner, from full ownership to part ownership, and an investment manager, making investments in assets that are managed and owned by third parties. We also provide insurance services. For us, responsible investment is about making decisions that allow social, environmental and governance (ESG) impacts to be taken into account, and quantifying the impact of global changes on our financial return so that potential risks and opportunities are managed.

Although we are still at the beginning of our process, our Emerging Markets business and some of our affiliates in particular have much to contribute to developing our group-wide practice of responsible investment. One of our key aims is to share experiences across the Old Mutual Group and also share our learning with others in the emerging markets.

Responsible investment in South Africa

Old Mutual Investment Group South Africa (OMIGSA) was actively involved in the drafting of the Code of Responsible Investing in South Africa (CRISA) throughout 2011. CRISA sets an important professional benchmark and paves the way for more equitable sustainable economic growth.

Aligning with CRISA, we focused efforts during 2011 on integrating ESG requirements into the investment and ownership decision-making processes in our South African listed equity capabilities.

This included formalisation of an in-house approach to ESG integration across research and valuations and engagement with brokers. Building our ESG capacity with OMIGSA Equity Analysts has resulted in greater engagement with investors on ESG issues which include health and safety, climate change and sustainability reporting.

In line with the commitments of CRISA, we have made public the OMIGSA guidelines on responsible investment and ownership processes. OMIGSA's ESG Research Analyst, Jon Duncan says “Being part of the development of CRISA has helped Old Mutual play an active role in the responsible investment debate. We hope through our continued involvement we will be able to help drive forward the responsible investment agenda in South Africa and beyond.”



For more information on OMIGSA's work in responsible investment, go online to www.oldmutual.com/omigsari



“The Index is demonstrating that companies can be responsible on many levels. They can make the right investment decisions in terms of what is good for the environment and wider society, and at the same time, these decisions make financial sense.”

Jacoleen Simpson

Senior Transactor, Nedbank Capital

CASE STUDY

NEDBANK CAPITAL LAUNCHED SOUTH AFRICA'S FIRST GREEN INDEX

Last year, Nedbank Capital launched South Africa's first green index, to serve as a benchmark for investors in sustainable companies. The index measures companies according to the Carbon Disclosure Project (CDP) – which uses both disclosure and performance ratings to assess companies' response to climate change. The performance ratings take into account both mitigation and adaptation activities.

As a result, the Index aims to recognise companies with strategies in place to operate in changing environments. For example, if a company is able to convert their environmental threats into opportunities, they will outperform their peers.

Paul Feeney, Chief Executive Officer, Asset Management, Long-Term Savings Division, **Shelley Morelli**, Interim Head of Responsible Business, Old Mutual plc

Integrating environmental and social criteria into investments

During 2011 we developed governance structures to support a more co-ordinated and consistent approach to responsible investment across the Group. We established a Responsible Investment Committee for the Long-Term Savings division to help set the investment criteria appropriate for Old Mutual and to help integrate these new decision making behaviours across the Group. We also established a responsible investment committee in Old Mutual Investment Group South Africa (OMIGSA) to drive activity at the individual business level. These committees are now working through detailed plans to increase the integration of environmental and social criteria into investment decisions as an asset manager and asset owner.

Highlights from 2011

- Retail Europe established reporting lines, aligned to Risk, to support effective governance of responsible investment
- Old Mutual Life Assurance Company South Africa, OMIGSA, Retail Europe and Wealth Management conducted internal reviews of their approach to responsible investment to establish a baseline
- Skandia Investment Group, part of Old Mutual Wealth Management, included six questions on environmental and social issues into all new Requests For Procurement
- Skandia Germany ran a conference for customers in collaboration with government and academia to develop better integration of environmental, social and good governance decisions
- Futuregrowth, (with over £7 billion funds under management), part of OMIGSA, and Acadian Asset Management (with over £31.6 billion funds under management), part of Old Mutual Asset Management, remained signatories to the United Nations Principles for Responsible Investment

■ Old Mutual continued its support of external codes and principles raising the profile of environmental, social and good governance criteria in investment decision making. This included:

- Old Mutual Asset Management (UK), Rogge UK and Skandia Investment Group became signatories of the UK Stewardship Code
- Nedbank Group remained a signatory of the Equator Principles
- Old Mutual Group hosted a United Nations Global Compact conference on operating in conflict regions.

What next in 2012?

We will:

- continue to develop appropriate governance structures across the Group to support our evolving approach to responsible investment
- implement the Responsible Investment Committee 2012 workplan which includes developing Responsible Investment Principles
- revisit our Group-wide investment statement
- work towards the requirements of the United Nations-backed Principles for Responsible Investment.



More information can be found in the Nedbank Group Limited Integrated Report 2011 www.oldmutual.com/nbreport2011

To find out more about Old Mutual's Long Term Savings division, go online to www.oldmutual.com/lts

To find out about Futuregrowth Asset Management, go online to www.futuregrowth.co.za

Investing in social and environmental products

Socially Responsible Investments (SRI) form a subset of our Responsible Investment strategy. Some of our investment platforms and products specifically allow customers to make investment decisions with environmental and social factors at the fore. We also offer customers of our life assurance and asset management businesses the option of choosing products which primarily focus on positive social and environmental outcomes and economic transformation. Some of these funds play an active role in building stronger societies, particularly in the emerging markets, such as South Africa, Swaziland and Kenya through investment in public infrastructure, agriculture, affordable housing, transaction financing for small businesses and social equity transformation businesses.

In South Africa, SRI also encapsulates the infrastructural developmental needs of the country with the aim of effecting positive change. A suite of eleven SRI funds are used to leverage our investments towards positive contributions to social development.

In all cases, we ensure that we accommodate our customers' circumstances and reflect their mandates, as well as delivering the best returns possible. Our Group Investment Statement sets out the principles that underpin our investment decisions, and we plan to review and update this in 2012.

Highlights in 2011

- A consortium of Old Mutual South Africa and Macquarie Capital secured a deal to start an infrastructure project that will build a 300-megawatt wind farm in the Eastern Cape of South Africa
- OMIGSA Alternative Investments raised a total of 9 billion South African Rand for its *Housing Impact* fund, targeted at low income housing in South Africa
- Nedbank launched a green exchange-traded fund on the Johannesburg Stock Exchange ranking South Africa's top-20 listed companies in terms of sustainability
- We had over £2.8 billion funds under management in specifically social, environmental and transformation related investments – including OMIGSA's *Futuregrowth* fund and the *African Infrastructure Investment Managers* fund.

While we have a number of socially responsible investment and ethical funds that allow our customers to invest in social or environmental projects, our group-wide aim is now to mainstream environmental, social and ethical criteria into all our investment making decisions, with our Long-Term Savings division co-ordinating the development process.

Examples of how we leverage investments for social development

Symmetry Social Impact Fund

The Symmetry Social Impact Fund was launched in 2006 and has assets under management of over £7.5 million. The Fund is multi-managed and focused on investing in assets that are deemed to have a positive social impact. It focuses on transformational projects that support social and economic development in underdeveloped areas in South Africa and contributing towards equitable access to economic resources in the following sectors:

- Infrastructure
- Agriculture
- Low-income housing
- Financing for small and medium-sized enterprises

We launched the **Old Mutual Global Emerging Markets (GEM) Fund** to tap into the growth potential of select emerging market companies.

Futuregrowth Asset Management is seeking to incorporate ESG criteria into investment analysis and decision-making processes. Futuregrowth manages five SRI funds: the Infrastructure & Development Bond Fund, the Development Equity Fund, the Community Property Fund, the SRI Balanced Fund and the recently launched Agri-Fund. Futuregrowth, an OMIGSA boutique, was awarded the 2011 Global Pensions Award for Socially Responsible Investing.

RESPONSIBLE CUSTOMER SERVICE

“Over the past year, our product teams have adopted a common mission – to develop products that our customers advocate. Customer insight is thus becoming a vital part of our product development process.”

Bryce Johns

Product & Proposition Director, Long-Term Savings Division, Old Mutual plc

Overview – Building trust

The recent economic crisis has highlighted the need for the financial services sector to pay much closer attention to the way its products and services are marketed and sold. Trust in the sector is low and at Old Mutual we understand the importance of responsible marketing and selling in rebuilding that trust. For us this means making sure we offer products and services that are clearly understood, easy to use and appropriate for our customers' needs.

Our approach

We use our financial expertise and knowledge to develop the most suitable products and services for each of our customers. We listen to their needs and help them make informed decisions that enable them to achieve their financial goals. We regularly look to improve the ways in which we listen and talk to our customers and this year we have implemented a new customer loyalty measure. In this section we have outlined the areas we focused on in 2011.

Understanding our customers' needs

We conduct regular research into how customers buy and choose financial services, and their levels of satisfaction with the products and services they have bought, in order to help us develop the right products. We use a number of tools, including customer surveys, customer segmentation, focus groups and wider public research to gain a full understanding of our customers' needs.

Highlights from 2011

- Old Mutual South Africa continued to run bi-annual *Savings & Investment Monitor* surveys, sharing the results with stakeholders, including the South African Government
- Skandia launched an International *Millionaire Monitor* in UK, France, Spain, Hong Kong, Singapore and Dubai to gauge how this group is dealing with economic turbulence and local government responses
- In the US, we continued to hold our 'Consultant Days', bringing affiliate sales teams together with key decision makers from the institutional consultant community to better understand trends and buyers' needs
- Our Long-Term Savings division created new roles that concentrate on the development of strategic customer focus throughout its business.

Developing the right products and services

We offer a range of long-term savings, protection and investment products that are suitable for a broad spectrum of customer needs. We have a rigorous process for product pricing and development, using consistent metrics to measure outcomes for shareholders and customers. All new products are developed as a result of close collaboration between our legal, compliance, actuarial, marketing and sales teams with formal sign-off processes to ensure appropriate risk management in the interests of both customers and shareholders.

Highlights from 2011

- We amended our Group Product Approval Policy to place greater emphasis on the customer outcome and experience when formally signing-off product developments or changes, asking specific questions like “Does this product meet a customer need?” and “Is it clear who this product is for and who it is not for?”
- Skandia Colombia-Mexico launched *Skandia Vive*, tailoring Old Mutual South Africa’s successful *GREENLIGHT* personal insurance product to the needs of its Mexican customers

- Old Mutual South Africa launched South Africa’s first disability product, *Group Income Protection*, enabling companies to provide employees with 100% income replacement cover should they become occupationally disabled
- Mutual & Federal established a partnership with the newly formed African Farmers Association of South Africa (AFASA) to provide the right risk management solutions to ensure sustainable farming operations
- We won a number of awards for our existing products and services, including:
 - Fairbairn Private Bank won ‘Best International Wealth Provider’ in the International Fund and Products Awards
 - Old Mutual-Guodian won ‘Most Popular Unit-linked Life Insurance Product’ from China Insurance News and Star Daily
 - Skandia UK won three awards for its online services at the FTAdviser Online Service Awards and has now won more 5 Star Service Adviser awards than any other provider.

“Using a well-known TV personality to bring our terms and conditions to life, helps make something that many people want to skip into something engaging, clear and straightforward.”

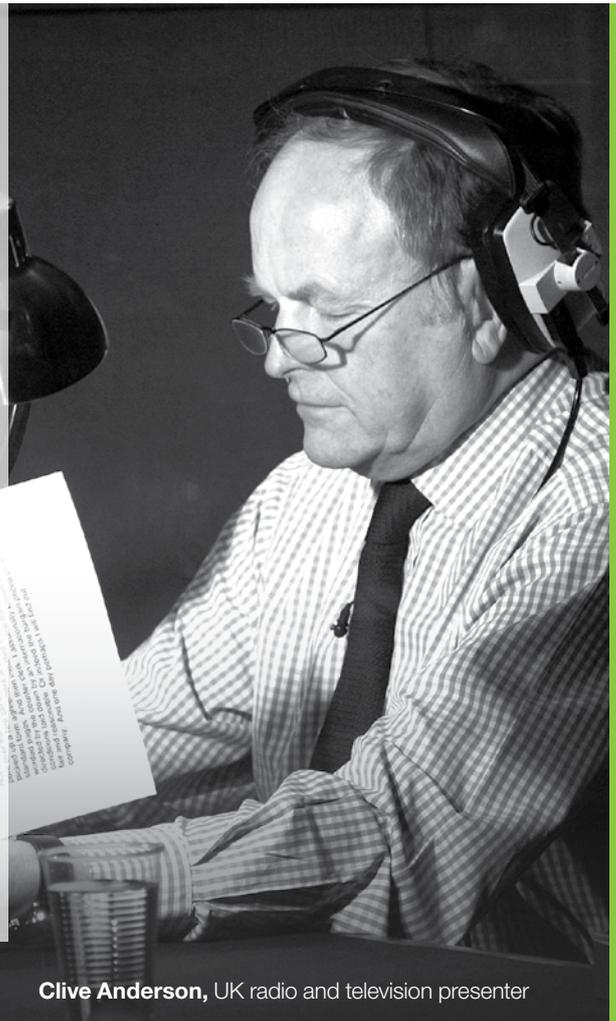
Jo Rimmer

Head of Brand Marketing,
Old Mutual Wealth Management

CASE STUDY

HELPING OUR CUSTOMERS UNDERSTAND THE SMALL PRINT

Our Skandia UK customers can monitor and manage their investments online at any time – which means they receive a faster service and can access all kinds of information at their convenience. The related terms and conditions of this secure online service is a necessary and important part of the contract we have with our customers. We asked award winning comedy writer, broadcaster and barrister, Clive Anderson to ‘present’ the online terms and conditions in video and audio format to help customers get to grips with the information in a more engaging way.



Clive Anderson, UK radio and television presenter

RESPONSIBLE CUSTOMER SERVICE CONTINUED



CASE STUDY

COMMITTED TO CUSTOMER AND COMMUNITY ENGAGEMENT

Ralph Mupita

Chief Executive Officer, Old Mutual Emerging Markets

Appointed as Chief Executive Officer of Old Mutual Emerging Markets in 2012, Ralph Mupita has responsibility for Old Mutual's operations in ten countries including South Africa, rest of Africa, Asia and Latin America. This part of the business seeks to provide the Old Mutual Group with a sustainable growth platform through its investments in high-growth emerging markets.

Ralph joined Old Mutual in 2001 and has held various positions in the business including Managing Director of Old Mutual Unit Trusts, Strategy Director and he led the development of new businesses within Old Mutual South Africa as Director of New Ventures. A key new business that Ralph led was setting up the South African based lending business, Old Mutual Finance – focused on lending solutions to mass market customers.

When Ralph became the CEO last year, he set out a number of key objectives for the business with 'Putting our customers first' as his top focus. Ralph is keen for the business to improve its understanding of the needs of Old Mutual's customers, using the insights gathered from customer engagement to ensure Old Mutual is meeting product and service needs.

Ralph is personally committed to raising the standards of maths and science education in South Africa, believing that maths and science education will be the foundation of a more competitive South Africa in the global market. As such, Ralph supports the work of the Old Mutual South Africa Foundation which is investing in LEAP Science and Maths Schools. Ralph has run the New York Marathon and Old Mutual Two Oceans ultra-marathon to raise funds and awareness for the LEAP schools.

Matching customers to the right products and services

Working closely with independent financial advisers (IFAs) means we must equip them with the information and support they need to provide their customers with the best service they can. We do this through online training videos, newsletters and manuals. We also advise them on providing their customers with the most appropriate products and investment strategies.

Highlights from 2011

- Skandia UK was ranked first for client review tools and second for client reporting tools in a survey of over 1,200 UK independent financial advisers in the Money Marketing/Investment Trends "The Wrap & Platform Report" for 2011
- We continued to run our Academy for Financial Planners in South Africa and provide consultancy services to the IFA community in the UK
- Skandia UK continued with *Trailblazer*, its flagship online conference event for financial advisers, which now includes expert speakers on a broader range of issues relevant to the financial advice sector
- Each of our businesses in South Africa provided training to employees and financial advisers for the latest industry regulatory examinations
- Skandia UK developed the new *Routes to Retirement Guide* for advisers to help their customers get the most out of their retirement planning.

Communicating financial issues that matter

The way to build a long-term relationship with our current and future customers is to communicate with them in an open and honest way. To make sure this happens consistently we have strict processes in place to govern how we talk with them about what we are doing with their money. We also look for new and innovative ways to ensure we are communicating clearly and on issues that matter to them.

Highlights from 2011

- Retail Europe ran an awareness campaign illustrating the difference between final salaries and the state pension to highlight the importance of planning adequately for retirement. The 'Pension hole' campaign, which included a dedicated website and online pension hole calculator, ran in Poland, Germany and Austria, and helped position Skandia as a solutions provider
- Skandia UK's *Shield Fund* developed and tested materials for customers to include customer insights which were accredited by the Plain English Campaign
- Our Wealth Management teams in France and Italy launched an education initiative 'LUCÉ' (*Live a Unique Customer Experience*) to encourage all employees to put themselves in the shoes of our customers
- Old Mutual South Africa ran its *Workplace Heroes Awards* for the fourth year to acknowledge outstanding examples of customer service from employees. This year the awards were attended by guest of honour Archbishop Emeritus Desmond Tutu.

Tracking progress and sharing best practice

We work with regulators and industry bodies across our markets to track our performance and report the complaints and feedback we receive from customers. In 2010 we adopted a group-wide customer advocacy measure and selected the Net Promoter Score (NPS) as this metric. The NPS is a customer loyalty metric that looks at how likely our customers are to recommend Old Mutual to their family and friends. During 2011 we have been implementing this metric across the Group. Below we have shared the results of our Net Client Cash Flow, a key performance indicator we have used for a number of years and report in our Annual Report.

Highlights from 2011

- Nedbank Retail continued its AskOnce promise to customers for the fifth year. If any service commitments are broken, Nedbank promise to give R50 (£4) to charity
- Our Long-Term Savings division ran a series of internal workshops to help understand the wide range of needs our customers have, what it means to be our customers' most trusted partner and share best practice on how to respond to and meet our customers' needs
- We received a series of awards for customer service including:
 - Old Mutual South Africa was voted the best customer service organisation in the long-term insurance sector in South Africa for the fourth consecutive year in the Ask Afrika Orange Index Awards
 - Skandia International was the Winner of Best Adviser Support/Customer Service – for the Middle East at the International Adviser Awards.

What's next?

We will:

- complete the roll-out of the Net Promoter Score measurement where applicable and aim to report this metric in 2012.

Our Key Performance Indicator	Description	Results										
Net Client Cash Flow (NCCF)	This measure indicates the extent to which client funds are either retained or lost during the year. This helps us measure our success in attracting new business and retaining existing customers.	<p>NCCF/Opening Funds under Management^{1,2} (%)</p> <table border="1"> <tr> <td>2011</td> <td>-3.9</td> </tr> <tr> <td>2010</td> <td>-2.5</td> </tr> <tr> <td>2009</td> <td>-0.7</td> </tr> <tr> <td>2008</td> <td>-0.4</td> </tr> <tr> <td>2007</td> <td>9.9</td> </tr> </table>	2011	-3.9	2010	-2.5	2009	-0.7	2008	-0.4	2007	9.9
2011	-3.9											
2010	-2.5											
2009	-0.7											
2008	-0.4											
2007	9.9											

1. Numbers are as reported and historical figures have not been restated to make consistent with 2011/2010.

2. The core continuing business (excluding Dwight, Lincluden and OMCAP, which were held for sale at 31 December 2011) showed an improvement from -1.1% in 2010 to 0.1% in 2011.

RESPONSIBLE TO OUR EMPLOYEES

“Building the right culture is a fundamental building block to achieving our vision of becoming our customers’ most trusted partner. Employees who believe in their work, and are encouraged to be their best, are more likely to remain with us and deliver the best service for our customers.”

Liz Murphy

Head of Group Talent and Culture, Old Mutual plc

Overview – Building a culture of excellence

With over 57,000 employees, all of our businesses are committed to leveraging the capabilities of our employees and creating the right environment and culture to help them achieve their potential and deliver our vision.

Over the last year, we have focused on building a consistent culture and developing and retaining our talent.

Our culture

In 2010, we asked our people to define the ‘every day’ behaviours we should all expect to see when living our values and working towards delivering our vision and Group strategy. These conversations highlighted six behavioural themes called ACT NOW! – which define the common aspects of the culture of excellence that we are promoting across the Group. To measure progress against this we introduced a group-wide culture survey.

ACT NOW!

- Aim high and take your team with you
- Customer first – they are the reason we are here
- Treat the business like it’s our own
- Need to listen carefully and talk honestly
- Own our decisions – decide and deliver
- Win together – help others to succeed

The results of the survey indicated that, despite our differences across our various geographies, there is much alignment in the desired culture. We will deliver a consistent Group culture – and a high-performing organisation – through our values. In particular, ‘Customer First’ and ‘Accountability’ were two values which stood out as having a strong basis in our current culture.

Our cultural transformation has visible leadership in Old Mutual, with role models taking a lead through actively demonstrating the right behaviours. Training and development programmes have also been delivered to our employees, focusing on the common ACT NOW! themes that emerged from the survey. Two-day workshops, which address communication skills, have been conducted in London, Boston, Bogotá, Stockholm, Cape Town and Johannesburg, with over 200 employees taking part.

Highlights from 2011

- We moved from focusing just on employee engagement to also measuring our culture. We introduced a culture assessment tool to help us articulate the culture our employees want to be part of and where they think Old Mutual is today
- ACT NOW! leadership behaviours became part of our performance reviews and reward processes for our senior executives across the Group
- Old Mutual Asset Management in the US held a ‘Culture Carnival’ to increase awareness and understanding of ACT NOW! leadership actions
- Retail Europe organised employee focus groups in Austria, Germany and Poland to listen to employee views and look at ways of addressing them.



“The International Talent Programme has exceeded my expectations. I have developed greater insights on my own strengths and weaknesses, and how best to work within a diverse team to achieve positive results. The programme has also afforded me the opportunity to network meaningfully with colleagues from across the Group. It is a great privilege to have a programme like this at Old Mutual.”

Andrew Ruddle

Senior Product Development Consultant, Long-Term Savings Division, Old Mutual plc

CASE STUDY

DEVELOPING THE SKILLED INVESTMENT PROFESSIONALS OF THE FUTURE

Our International Talent Programme was launched in 2011 with the aim to increase our succession coverage across the Group and improve our international leadership capabilities over the long-term. We aim to develop our emerging leaders from across the business into internationally experienced, well rounded and commercially innovative individuals. Development opportunities include cross-cultural management and international assignments, within the framework of the ACTNOW! leadership actions.

Andrew Ruddle, Senior Product Development Consultant, Long-Term Savings Division, Old Mutual plc

RESPONSIBLE TO OUR EMPLOYEES

CONTINUED



CASE STUDY

LEVERAGING OUR DIVERSITY TO BUILD STRONG TEAMS

Nonkululeko Nyembezi-Heita

Non-executive director, Old Mutual plc

Nonkululeko (Nku) was recently appointed as a non-executive director to Old Mutual. She is the Chief Executive Officer of ArcelorMittal South Africa, the largest steel producer on the African continent and a subsidiary of the ArcelorMittal Group, which in turn is the largest steel producer in the world. Nku has experience in a number of sectors including telecommunications, IT and financial services whilst starting her career in engineering.

Nku strongly believes in the power of team working particularly as we all live and work in a globalised world. Nku says “businesses need to build strong, cohesive and diverse teams”. She recognises that talent can emerge from the most unexpected places and, as such, strives for diversity so that the businesses in which she works or influences can benefit from input and experiences from far and wide.

Developing and retaining the best

Developing and retaining the best talent is key to building a culture of excellence at Old Mutual. We have a wide range of training, development and wellbeing programmes across the Group, targeted at employees at different stages of their careers and technical abilities.

In 2011, we increased international career opportunities and raised awareness of the personal and professional benefits of working in different parts of the business. We also focused on sharing skills across the businesses and continued to develop leadership skills among our executive teams.

Highlights from 2011

- Across the Group, we launched our International Talent Programme which equips our emerging leaders with skills for global leadership including cross-cultural management skills
- In partnership with the University of Cape Town, Old Mutual Emerging Markets (OMEM) launched the Cross Boundary Programme, designed to improve cultural awareness among our future senior managers
- OMEM ran a ‘Connect our World’ event to increase awareness of the opportunities for working in different locations
- In Swaziland we established a Wellness Committee to co-ordinate support for the physical, social and financial wellbeing of employees
- Old Mutual South Africa and Mutual & Federal appeared on the Best Employers list compiled by the Corporate Research Foundation.



For more information on the transformation work undertaken by Old Mutual South Africa, go online to www.oldmutual.com/transformation

Diversity and inclusion

Much of our strength comes from the fact that, as an international business, we have employees from many backgrounds, cultures and professions. We are working on leveraging the diversity of our people across the Group.

To continue to benefit from different leadership approaches and to support career development, we launched a group-level initiative to encourage more women into senior positions. Women currently hold 13% of senior management jobs within the Group, with the figure rising to 40% in Mutual & Federal's executive team. We aim to increase these numbers by removing any challenges our female employees may experience when moving along their career path at Old Mutual.

Our Board of Directors now includes two women and we have publicly committed to adding more gender diversity in accordance with the recommendations of the Davies 'Report on Women and Boards', released in 2011.

Highlights from 2011

- Employees in the UK launched a Women's Network, open to all, to share experiences and provide insight to the leadership
- Women now hold 13% of senior management positions within the Group
- We communicated our progress to the United Nations Global Compact as part of our commitment to promoting diversity, human rights and labour rights.

What's next?

We will:

- conduct our culture survey again to check progress and identify our next priorities
- continue to develop the next generation of Old Mutual leaders through targeted career planning and development
- extend embedding ACT NOW! beyond our top leadership – including launching an interactive area on our intranet to help our employees find tools and techniques to help them with the ACT NOW! skills
- share best practice across the Group to enhance our ability to attract and retain the best talent and develop compelling employee value propositions
- continue to implement findings from our culture survey to close gaps and promote a high-performing culture that reflects our values
- aim to increase the number of women on the Group Board to at least three by the end of 2015.

Our Key Performance Indicators	Description	Results
Cultural Entropy	Alignment between current and desired culture, determined by our employees. The lower the score, the healthier the culture.	11% - 27% The range of Cultural Entropy scores across the Group businesses.
Employee Engagement	Measurement of employee commitment and discretionary effort.	42% - 66% The range of Employment Engagement scores across the Group businesses. The Global Financial Services Benchmark is 56% (Source: AonHewitt).
Females in leadership positions	Percentage of females in senior management positions (out of the top 150 senior management positions within Old Mutual).	13% of senior management jobs within Old Mutual held by women.
Employment equity in South Africa	The Broad-Based Black Economic Empowerment Act (BBBEE) in South Africa aims to address equity of wealth across the national economy. BBBEE has seven pillars of which one is 'Employment Equity' which aims to promote and achieve equality in the workplace.	Old Mutual South Africa and Nedbank maintained their Level 2 status. This is the highest level achieved by a financial services company in South Africa. Mutual & Federal obtained Level 3 status.

“Our support for communities, in all the countries in which we operate, is about more than just giving money to good causes. We aim to make sure we are making a real and sustainable difference.”

Patrick Bowes

Chairman, Old Mutual (Group Head Office) Foundation and Director of Corporate Communications, Old Mutual plc

Overview – Investing in the future

At a Group level, we have adopted a more strategic approach to our community investment, focusing on financial education, enterprise and skills development and local community development. This ensures that the time and resources we commit are aligned to our core business objectives, and aligned to the skills and experience of our people.

Our approach

Community investment is delivered by individual business units through our five Old Mutual Foundations, the Nedbank Foundation and budgets focused on social investment. Our commitment usually extends beyond direct funding and often includes gifts in-kind, such as the supply of venues, printed materials for projects and research support. Employees also share their time, skills and experience through volunteering programmes.

In 2011, Old Mutual invested £11.6 million in our local communities through cash donations from the businesses and the Foundations.

We offer customers the opportunity to invest in specific funds with a social, environmental or transformational element. See our Responsible Investment section, pages 12-15, for more information.

The Old Mutual Foundations

Of the total £11.6 million invested in communities by Old Mutual, £2.9 million was donated by the five Foundations for the UK, Zimbabwe, South Africa, Malawi and Namibian businesses. The Foundations primarily fund programmes aligned to the Group’s community investment approach focusing on financial education, enterprise and skills development and local community development. Most of the employee volunteering programmes are supported through the work of the Foundations to ensure Old Mutual’s resources create maximum positive impact in society.

The Masisizane Fund

Masisizane (“let’s help each other”) is a non-profit, development finance organisation with the aim to generate sustainable economic and social benefit for communities throughout South Africa. Seed capital for the establishment of Masisizane was donated by Old Mutual from the sale of free shares that were awarded to policyholders when Old Mutual demutualised in 1999 and were still unclaimed in 2006, with approval from Old Mutual shareholders. Since then, more than 66,000 jobs have been created through Masisizane.

The Masisizane Fund also financed enterprise development, encouraged entrepreneurship and the development of skills within the South African micro, small and medium sized business economy; providing an additional £2.9 million of funding in 2011.

“The Imfundo Trust is a way for Old Mutual Investment Group to contribute to the wider asset management industry in South Africa – providing bursaries and support to hard working young people so they can access higher education and develop their financial skills.”

Rojie Kisten

Chairperson of The Imfundo Trust and Responsible for Capital Raising, Infrastructure and Agriculture, OMIGSA

CASE STUDY

DEVELOPING THE SKILLED INVESTMENT PROFESSIONALS OF THE FUTURE

In 2011, Old Mutual Investment Group, South Africa launched The Imfundo Trust to address the shortage of black professionals in the asset management industry. The Trust, in partnership with selected universities, provides investment related bursaries to black disadvantaged students. Its launch is a significant step towards ensuring that more talented black students, particularly women, are given the opportunity to build a career in the finance and investment industry. A key feature of the Trust is that students must take part in community work to encourage well-rounded students who are also good corporate citizens.



© Old Mutual Foundation/Mark Wessels



CASE STUDY

INSPIRED BY OTHERS TO HELP MAKE A DIFFERENCE IN SOCIETY

Clarence Tshitereke

Head of Old Mutual South Africa Foundation

In 2011, Clarence was appointed as the Head of Old Mutual South Africa's Foundation. Recognising that the Foundation has contributed to the development of South Africa's socio-economic progress since it was established in 1999, Clarence's objectives are to strengthen the strategic focus of the Foundation on education and to consolidate work in areas such as maths and science.

Clarence grew up in Limpopo and attended the University of Cape Town and Stellenbosch University before completing his doctorate in international relations and development studies with Queen's University at Kingston in Canada. He became interested in active community involvement while working for the government on the Presidency's Imbizo programme and while in the Department of Housing. His most recent position was in the Ministry of Defence.

What Clarence loves most about his role is that it gives him enormous scope to maximise the resources of Old Mutual South Africa to help people help themselves. He draws inspiration from the resilience of ordinary people in their everyday challenges, he says, and is excited about improving their lives. "For me it doesn't get more fulfilling than that."

Financial education

We run education and awareness projects in communities, offering the information and skills to help people make sound financial decisions. Old Mutual has been actively supporting such projects for many years, working in primary, secondary and tertiary education and with adults learning new skills.

Highlights for 2011

- Old Mutual South Africa (OMSA):
 - Ran the *Learners' Scholarship Programme* giving promising students from disadvantaged backgrounds schooling at top mathematics schools
 - Sponsored the 'edutainment' series *Soul City*, playing an advisory and support role for the series' recent theme of sound financial management
- Mutual & Federal worked with the South African Insurance Association and the Financial Sector Charter on programmes such as the *Managing Your Money* initiative to help improve mathematical literacy in South African schools
- Old Mutual Investment Group South Africa (OMIGSA) launched a nationwide scholarship initiative, *Imfundo Trust*, to address the shortage of black investment professionals
- Over 1,000 Nedbank employees volunteered for Nedbank's *Caring for our Communities* education programme
- Group Head Office continued to support financial education in London through the *Young Enterprise Scheme*, reaching over 4,000 young people. The front cover of this report shows some of the young people supported by Old Mutual and Young Enterprise in the 'Learn to Earn' programme.

Enterprise and skills development

Our employees share their business experiences and knowledge to boost enterprise skills across different sectors of society. This is part of our commitment to help develop the economic infrastructure and dynamic markets, ultimately helping to build a more resilient and successful social and economic infrastructure.

Highlights for 2011

- Old Mutual Namibia helped establish *The Old Mutual Women's Micro-Business Project*, providing women with financial and business training and access to interest-free loans
- Old Mutual Foundation in South Africa grew its *Legends Programme*, supporting the development and sustainability of small black-owned businesses and community projects, from 10 projects in 2009 to 67 projects in 2011. The projects created 482 jobs in 2009 which increased to 1,366 in 2011, with turnover growing from £200,000 in 2009 to over £1 million in 2011.

Community development

Our businesses invested in the specific social needs of their own markets and communities close to where they operate.

Highlights for 2011

- In South Africa, more than 1,200 employees volunteered their time to work with *Stop Hunger Now* in honour of Nelson Mandela's 93rd birthday
- Every time a customer used a Nedbank Affinity banking product a donation was made to the Arts & Culture Trust, the Green Trust, the Sports Trust or the Nelson Mandela Children's Fund
- Members of Old Mutual Asset Management joined the Boston Celtics basketball team to cook and serve 150 healthy meals at a local charity – *Rosie's Place* – for homeless women
- As part of our legal commitments in Zimbabwe, Old Mutual has pledged over £6 million towards the Youth Empowerment Fund.

What's next?

We will:

- revisit our Group community investment framework so that we encourage greater alignment to our core themes of education, skills and enterprise development and community development
- develop our measurement and reporting framework so that we can share the impact of our community investments.

Our Key Performance Indicators	Description	Results
Total value of Old Mutual's community investment	Corporate donations made through our Foundations and other community investment projects. It excludes employee donations through workplace fundraising.	£11.6 million across the Group*.
Proportion of Old Mutual's pre-tax profits donated to the community	Old Mutual's community investment as a percentage of pre-tax profits is calculated on the Group's total pre-tax adjusted operating profit (AOP) excluding non-controlling interests' share of Nedbank AOP.	1% of pre-tax profits donated to the community.

* Due to changes in our community investment reporting and our definitions, we are reporting a decrease on 2010 figures. For future reporting, we will report employee fundraising as a separate amount. The £11.6 million includes a share of Nedbank Foundation's community investment, reflecting Old Mutual's average percentage ownership of Nedbank. The same approach is applied to Old Mutual's joint ventures.

RESPONSIBLE ENVIRONMENTAL MANAGEMENT

“Reducing our environmental impact is part of how we do business and involves action from every employee throughout Old Mutual.”

Steve Cox

Head of Facilities Management, Old Mutual Wealth Management

Overview – An essential role

While the nature of our business means that we do not contribute to environmental impacts as much as some industries, we are nonetheless very aware of our global footprint and know that we can continue to improve our operations and behaviours to minimise any negative impacts. At the same time, we look for innovative ways of contributing positively to the environment and adapting our business to international climate change trends.

We monitor, manage and reduce our impacts as far as possible – from waste production, water and paper consumption and energy consumption in our buildings to how we travel to our meetings.

Our approach

We approach our environmental management through effective facilities and property management, aligned with employee engagement and encouraging them to take ownership of their own environmental footprints.

We have a network of employees across the Group who manage and monitor our performance on environmental issues at a local level and comply with all relevant legislation, such as the Carbon Reduction Commitment Energy Efficiency Scheme in the UK.

Reducing our environmental footprint

At the start of 2010, we developed a Group Climate Change Strategy to help us reduce our climate change impacts and improve our energy efficiency. Within this strategy we have set ourselves the ambitious target of reducing Old Mutual's carbon emissions by 20% by 2020*. To help deliver our target we established 12 Carbon Taskforces across the business to act as focal points and to implement the strategy.

The biggest environmental impact of our business is from our investment property portfolio with nearly 80% of all our Group carbon dioxide emissions generated here. We work with skilled facility managers to reduce the impact of buildings we own, and take into account the environmental performance of any new properties.

Our employees are also a key part of this approach with local level engagement campaigns, awards, training sessions and environmental champions all contributing to our target.

Highlights from 2011:

- Reduced overall carbon dioxide emissions by 16% group-wide**
- Established 12 Carbon Taskforces to implement our strategy and achieve our carbon emissions reduction targets
- Mutual & Federal developed its own Environment Policy with a commitment to reducing CO₂ emissions
- In South Africa, our Mutualpark office participated in a water recycling project run by Cape Town's City Council – where waste water is recycled and redistributed for garden and sports field irrigation
- Kotak Mahindra Old Mutual Life Insurance completed the first full year of its 'One World. Handle With Care' environment programme, providing education and tools for employees
- Nedbank Group ran its annual Deep Green Day, where employees volunteer for environmental projects.

* Our total carbon dioxide emissions are calculated from our employee occupied properties and our investment property portfolio using the GHG Protocol Corporate Standard methodology. The investment property portfolio includes the property asset management business and properties invested in and managed to create value and client returns. Employee occupied properties include all locations where Old Mutual employees are based and operate from.

** This includes scope 1 and scope 2 emissions only.

“It’s been amazing how everyone has been so enthusiastic to get involved and help reduce emissions.”

Nick Mondello

Facilities Manager, Old Mutual Asset Management

CASE STUDY

OLD MUTUAL ASSET MANAGEMENT GOES GREEN

Old Mutual Asset Management’s Carbon Taskforce met every three weeks in 2011 to research ways to reduce their carbon footprint, monitor changes and create awareness throughout their office and, where appropriate, with their affiliates. As a result of their hard work, they reduced their emissions in their Boston Head Office alone by 23% during 2011.

In 2012 they are planning their first Carbon Reduction Week, aimed at promoting ways for employees to reduce their carbon footprint, both at work and at home.



Sandra Marques Browne, Team Administrative
Co-ordinator, Facilities Management, Old Mutual plc

RESPONSIBLE ENVIRONMENTAL MANAGEMENT

CONTINUED

Engaging in the external debate

The challenges posed by climate change and other major environmental shifts are becoming more evident, and decisive action is urgently needed. We are members of various groups across the world that help us to share best practice in the financial services sector and learn from emerging knowledge on the impacts of climate change. These include Nedbank's participation in the United Nations Environment Programme Finance Initiative and the Group's commitment to the United Nations Global Compact.

We invest in research into the impacts of climate change and work alongside stakeholders – from governments and regulators to non-governmental organisations and business – to create the consensus needed for clear international policy and legislative frameworks. This includes taking part in national consultations to help inform policy development including around carbon pricing and taxation.

Highlights from 2011

- We became a signatory of *The 2°C Challenge Communiqué* – an international coalition of business leaders calling on governments to take action at a national level to ensure a successful transition to a climate-resilient economy
- We continue to invest in research into the impacts of climate change with:
 - A 2011 sponsorship of a PhD student at Imperial College London into how climate change alters species distribution and agricultural systems
 - Providing insurance, through Mutual & Federal, for a research expedition on climate change in sub-Saharan Africa
- Old Mutual sponsored and facilitated a number of events at the 17th UN Conference of the Parties (COP17) in Durban to help find solutions for global climate change
- Old Mutual sponsored a dinner for the Transitional Committee which is overseeing the design of the UN Green Climate Fund to support activities in developing countries in tackling climate change.

Measuring our progress

Understanding our current environmental impact is fundamental to measuring our progress. In 2011 we implemented a Group reporting system that has improved the quality, quantity and timeliness of our data. In addition to this Group-level approach, Nedbank and Old Mutual South Africa carried out reviews of their emissions and produced their own carbon footprint reports.

In addition to measuring our overall carbon emissions, we also measure carbon intensity. This helps us to compare emissions performance independent of organic growth or decline of the business. Our carbon emissions are measured for:

- Our employee occupied locations – tonnes of carbon dioxide (equivalent) per full-time employee
- Our investment property portfolio – tonnes of carbon dioxide (equivalent) per square metre.

Highlights from 2011

- Old Mutual appeared in the Carbon Disclosure Leadership Index for the third consecutive year, increasing our score and being ranked seventh for the Financial Services sector
- Expanded our data collection to include Skandia International and property portfolios in South Africa
- In our investment property portfolio, we decreased our carbon emissions by 10% to 0.21 tonnes of CO₂e per square metre (2010: 0.23 tonnes CO₂e/m²). This success is largely due to continued efforts made by the Old Mutual Property team in South Africa to improve the way properties are managed and developed
- In our employee occupied properties, we decreased our emissions by 6% to 2.33 tonnes of CO₂e per employee (2010: 2.47 tonnes CO₂e/full time employee) through a wide range of structural and behavioural initiatives
- We decreased our water consumption by 28% from 4.5 million m³ and 3.3 million m³ in 2011. The biggest reduction occurred in South Africa where our water consumption was reduced by 31%
- Unfortunately we increased our waste to landfill from 2010 by 10%. However, some of this increase has resulted from more of our businesses reporting this KPI in 2011. A number of our businesses, including Nedbank and our operations in the UK, have significantly reduced waste consumption
- We are also reporting our total amount of waste recycled for the first year and have increased our total waste recycled by 43% from 2010.

What's next?

We will:

- continue to work across the Group with our Responsible Business contacts to improve the accuracy of our environmental and social data
- expand the remit of our Carbon Taskforces to include other material environmental issues such as water consumption and waste management
- encourage our employees to actively manage their own footprints and share experiences across the businesses.

Our Key Performance Indicators	Description	Results
Tonnes of carbon dioxide (equivalent) per full-time employee from our employee occupied locations	Scope 1 and 2 carbon emissions in locations where Old Mutual employees are based. 	Tonnes of carbon dioxide (equivalent) per full-time employee from our employee occupied locations. -6% 2011  2.33 2010*  2.47
Tonnes of carbon dioxide (equivalent) per m² of Old Mutual investment property portfolios	Scope 1 and 2 carbon emissions in Old Mutual investment property portfolios. 	Tonnes of carbon dioxide (equivalent) per m ² of Old Mutual investment property portfolios. -10% 2011  0.21 2010*  0.23
Old Mutual Group total tonnes of carbon dioxide (equivalent) emissions	Absolute scope 1 and scope 2 carbon emissions for Old Mutual Group	Tonnes of carbon dioxide (equivalent) -16% 2011  567,795 2010  675,220
Water consumption	Total cubic metres of water used by Old Mutual Group	-28% 2011  3,287,942m ³ 2010  4,542,370m ³
Waste to landfill	Total tonnes of waste sent to landfill	+10% 2011  5,299 tonnes 2010  4,828 tonnes
Waste recycled	Total tonnes of waste recycled.	+43% 2011  4,410 tonnes 2010  3,076 tonnes

* 2010 figures restated due to improved data collection in 2011.

A HISTORY OF OUR ACHIEVEMENTS

For over 166 years, we have been serving the growing insurance and investment needs of local customers, companies and their advisers. Below are a few of our highlights.

1845

Scotsman John Fairbairn founds The Mutual Life Assurance Society of the Cape of Good Hope with no initial capital other than the premiums of its first 166 policyholders



1924

First employee magazine launched



NEDBANK

1992

Nedbank Foundation established

1994

Nedbank Affinity programme launched



FTSE4Good

2001

Old Mutual is admitted to FTSE4Good Index Series, meeting globally recognised corporation responsibility standards

2001

Old Mutual Business School in South Africa established

1800

1900

2000

1902

Group life assurance is introduced. The first clients are the Cape Railways and the Johannesburg Post Office

1999

The five Old Mutual Foundations were established in 1999 as part of the company's demutualisation process. The aims of the Foundations are to support the communities in which we live and work





2007

The Masisizane Fund was established following the closure of the Old Mutual Unclaimed Shares Trust

2007

Nedbank's AskOnce promise to customers is launched

2009

Old Mutual Group Responsible Business Policy launched throughout the business



2011

The first Group Responsible Business Report is published



2004

Old Mutual and Nedbank are listed on the JSE Socially Responsible Investment Index

2008

Old Mutual joins the UN Global Compact



2008

Old Mutual completes its first public Carbon Disclosure Project submission



2010

Old Mutual Group Responsible Business Committee established

2005

Economic Empowerment, now Broad-Based Black Economic Empowerment initiated in South Africa with Old Mutual, Nedbank and Mutual & Federal addressing their responsibilities as part of the national activity

2005

Nedbank is the first African bank to become a signatory to the Equator Principles

OUR KEY PERFORMANCE INDICATORS

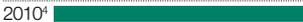
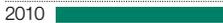
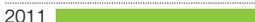
A summary of our responsible business key performance indicators.

Our Responsible Business governance objectives	Description	Results
To qualify for the Johannesburg Stock Exchange Socially Responsible Investment Index (JSE SRI Index)	To qualify, companies must meet globally recognised corporate responsibility standards.	Maintained our inclusion in the JSE SRI Index for 2011. Rated a best performer in the low environmental impact category.
To qualify for the FTSE4Good Index	To qualify, companies in the FTSE must meet globally recognised corporate responsibility standards.	Maintained our inclusion in the FTSE4Good Index for 2011.
To update our Code of Conduct	Review and update our Code of Conduct so that it is accessible to all employees and can be translated into their day-to-day behaviours.	Completed review of Code of Conduct with the aim to roll-out to all employees in 2012.
To report the progress of managing our key responsible business issues	To demonstrate our commitment to continuously improving our approach. To be transparent in our operations and decision making.	Publication of our second Responsible Business Report. Inclusion of more key performance indicators to demonstrate measurement of our progress. Detailed information available on our website and through publically available indices.

Our Key Performance Indicators	Description	Results										
Responsible customer service												
Net Client Cash Flow (NCCF)	This measure indicates the extent to which client funds are either retained or lost during the year. This helps us measure our success in attracting new business and retaining existing customers.	<p>NCCF/Opening Funds under Management^{1,2} (%)</p> <table border="1"> <tr> <td>2011</td> <td>-3.9</td> </tr> <tr> <td>2010</td> <td>-2.5</td> </tr> <tr> <td>2009</td> <td>-0.7</td> </tr> <tr> <td>2008</td> <td>-0.4</td> </tr> <tr> <td>2007</td> <td>9.9</td> </tr> </table>	2011	-3.9	2010	-2.5	2009	-0.7	2008	-0.4	2007	9.9
2011	-3.9											
2010	-2.5											
2009	-0.7											
2008	-0.4											
2007	9.9											
Responsible to our employees												
Cultural Entropy	Alignment between current and desired culture, determined by our employees. The lower the score, the healthier the culture.	11% – 27% The range of Cultural Entropy scores across the Group businesses.										
Employee Engagement	Measurement of employee commitment and discretionary effort.	42% – 66% The range of Employment Engagement scores across the Group businesses. The Global Financial Services Benchmark is 56% (Source: AonHewitt).										
Females in leadership positions	Percentage of females in senior management positions (out of the top 150 senior management positions within Old Mutual).	13% of senior management jobs within Old Mutual held by women.										

¹ Numbers are as reported and historical figures have not been restated to make consistent with 2011/2010.

² The core continuing business (excluding Dwight, Lincluden and OMCAP, which were held for sale at 31 December 2011) showed an improvement from -1.1% in 2010 to -0.1% in 2011.

Our Key Performance Indicators	Description	Results
Employment equity in South Africa	The Broad-Based Black Economic Empowerment Act (BBBEE) in South Africa aims to address equity of wealth across the national economy. BBBEE has seven pillars of which one is 'Employment Equity' which aims to promote and achieve equality in the workplace.	Old Mutual South Africa and Nedbank maintained their Level 2 status. This is the highest level achieved by a financial services company in South Africa. Mutual & Federal obtained Level 3 status.
Responsible to our communities		
Total value of Old Mutual's community investment	Corporate donations made through our Foundations and other community investment projects. It excludes employee donations through workplace fundraising.	£11.6 million across the Group ³ .
Proportion of Old Mutual's pre-tax profits donated to the community	Old Mutual's community investment as a percentage of pre-tax profits is calculated on the Group's total pre-tax adjusted operating profit (AOP) excluding non-controlling interests' share of Nedbank AOP.	1% of pre-tax profits donated to the community.
Responsible environmental management		
Tonnes of carbon dioxide (equivalent) per full-time employee from our employee occupied locations	Scope 1 and 2 carbon emissions in locations where Old Mutual employees are based. 	Tonnes of carbon dioxide (equivalent) per full-time employee from our employee occupied locations. -6% 2011  2.33 2010 ⁴  2.47
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Waste recycled	Total tonnes of waste recycled.	+43% 2011  4,410 tonnes 2010  3,076 tonnes

³ The £11.6 million includes a share of Nedbank Foundation's community investment, reflecting Old Mutual's average percentage ownership of Nedbank. The same approach is applied to Old Mutual's joint ventures.

⁴ 2010 figures restated due to improved data collection in 2011.

OUR PROGRESS
FEEDBACK

Old Mutual Responsible Business Report 2011

We appreciate your feedback on our approach to reporting and our progress in addressing our responsible business issues. Our aim is to continuously refine our communications to better meet the expectations of our stakeholders.

Which of the following best describes you or your area of interest?

- Customer
- Employee
- Shareholder
- Analyst
- Supplier
- Community or NGO representative
- Media
- Government
- Other

Which section(s) of the report did you find most informative?

- Introduction from Julian Roberts and Q&A with Don Schneider
- Responsible business strategy and Engaging with our stakeholders
- Managing our approach to responsible business
- Responsible investment
- Responsible customer service
- Responsible to our employees
- Responsible to our communities
- Responsible environmental management

Do you agree with the five key issues we have reported?

- Yes
- No
- Don't know

Are there other issues you expect us to report?



Please email to:
responsiblebusiness@omg.co.uk
 If you have written your feedback,
 please post to Responsible Business,
 Old Mutual, 2 Lambeth Hill, London,
 EC4V 4GG

How do you rate Old Mutual's Responsible Business report for 2011?

The coverage of relevant issues is:

- Excellent
- Good
- Poor
- Very Poor

The information provided is measured and trustworthy:

- Excellent
- Good
- Poor
- Very Poor

The information provided is clear and easy to understand:

- Excellent
- Good
- Poor
- Very Poor

The design and format of the report is:

- Excellent
- Good
- Poor
- Very Poor

The overall rating I give the report is:

- Excellent
- Good
- Poor
- Very Poor

After reading the report, how do you view Old Mutual?

- I now consider Old Mutual to be a more responsible business
- I now consider Old Mutual to be a less responsible business
- My views of Old Mutual have not changed

Please use the space below to provide any more feedback on the report or our approach to Responsible Business.



Acknowledgements

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The possibilities are endless.

Old Mutual plc

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