



OLDMUTUAL

Old Mutual Limited

# GOVERNANCE REPORT 2018



DO GREAT THINGS EVERY DAY

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Old Mutual Remuneration Report 2018



Old Mutual Limited Annual Financial Statements 2018



Omlacsa Annual Financial Statements 2018

These reports can be found on [www.oldmutual.com/investor-relations/reporting-centre/reports](http://www.oldmutual.com/investor-relations/reporting-centre/reports)

# CORPORATE GOVERNANCE REPORT

The Board has the responsibility to steer the Group and oversee the execution of its strategy in a sustainable and responsible manner. The Board is cognisant of the external challenges to the continued success of the Group, the expectations of society and its leading role in the markets and communities in which it operates.

In this governance report, we detail our Board and executive management and set out our frameworks, policies and decision-making mechanisms that determine the way our people direct, administer and control all our operations, in particular the largest operating subsidiary, Old Mutual Life Assurance Company (South Africa) Ltd.

## OUR GOVERNANCE PHILOSOPHY

We believe that good corporate governance contributes to value creation through effective leadership, transparency and adequate controls. It is also fundamental to our success, sustainability and legitimacy. We seek to have comprehensive and appropriate levels of corporate governance in all regions in which we operate.

The Board is responsible for ensuring that the governance arrangements across the Group enable them to discharge their oversight and fiduciary duties effectively, with clear accountability and devolution of responsibility. To achieve this, the Board, along with executive management, have designed and implemented a top-down Group Governance Framework (GGF) in line with international best practice.

This framework takes into consideration all the complexities of governing a financial services group with significant and geographically diverse operations in Africa and selected other international markets. It also takes into account that the Group has equity listed on five different stock exchanges and debt issued on one stock exchange. The GGF provides the Board with assurance that the Group is operating as they direct, appropriately managing risk, complying with applicable legislation and applying the principles of best practice governance as expressed in King IV™ and other applicable governance guidelines.

The GGF is based on the following principles:

Proportional and fit-for-purpose

Avoid duplication

Ensure comprehensive regulatory compliance

Maximum devolution of responsibility

Achieve alignment between Board and management governance requirements and ensure accountability

## OUR ETHICS

The Board is responsible for setting and steering the strategic direction and culture of the Group. It also holds management to account for ensuring the Group adheres to the highest standards of ethics and integrity. This underpins an effective GGF and forms the foundation of a culture that supports employee, customer and investor confidence.

Our Code of Ethics, which is included in our Code of Conduct, defines ethical behaviour as going beyond just observing the law. It is about following the spirit and intention of the law and ultimately treating all of our stakeholders and peers fairly and respectfully. Our Code of Conduct has been deeply embedded by management throughout the organisation and is supported and extended by a number of policies, inter alia, our Anti-bribery and Corruption Policy and Conflicts of Interest Policy.

All employees are expected to read and understand our Code of Conduct and attest thereto on an annual basis. The last attestation was completed in November 2018. Management is mandated to reaffirm this regularly, taking action where necessary to address any breaches, which may occur.

# A MESSAGE FROM OUR CHAIRMAN



“As a Board, we have made great progress in the way that we address issues robustly, challenge each other and reach conclusions that we as a collective support.”

**Trevor Manuel**  
Chairman

I am delighted to be reporting for the first time on the Governance of the Group for the period since listing in June 2018.

The Board came together as the process of Managed Separation unfolded. This required the Board to consider a large range of topics, many of which were familiar, given the varied and broad skills sets of the Board. However, collectively we had to explore and develop our way of functioning efficiently, acting collectively to take responsibility for the listing process and related documentation, as well as delivering oversight and challenge to the strategy proposed by executive management.

## Governance themes and focus areas for 2018

### Managed Separation

The Board oversaw a range of large and complex corporate transactions relating to Managed Separation. In 2018, this included the listing of the Group on 26 June 2018 and the unbundling of Nedbank on 15 October 2018. This required the assessment and review of all related documentation, particularly the risks of the Managed Separation process and the description of these risks. The Board also had to consider the description of the Group's businesses and its prospects.

### Group strategy

The Board considered, provided input into and continues to monitor the execution of the Group's short, medium and long-term strategic initiatives. This involved Board members challenging the basis of the executive management's proposals, based on their own experience and judgements, in particular

the alignment of management incentives to strategic goals and the delivery of shareholder value.

### External auditors

The choice of key service providers to the Group and the quality of the comfort provided to the Board from those providers was the subject of considerable debate. The Board supported the Audit committee in their continuous engagements with KPMG International and KPMG South Africa on concerns regarding the ongoing challenges emerging in their South African business. KPMG has noted and discussed with us clear actions to address these challenges. In the current context, the Board believes it is prudent to retain Deloitte and Touche as joint auditor for the foreseeable future.

The performance of both firms in the joint 2018 audit will be closely scrutinised, in particular assessing the benefit of international auditing skills secured during 2018 and the opportunity to have refreshed external assurance over the Group's financial reporting.

### Responsible Business

The Board is very aware of the role that Old Mutual plays in the societies in which it operates. We are determined that the work of the Responsible Business (including Social and Ethics) committee sets the tone of the overall ethos of our business and drives management to deliver on specific and measurable outcomes.

The Board also works in conjunction with Old Mutual Life Assurance Company (South Africa) Ltd (OMLACSA), the Group's largest wholly owned subsidiary, which has a specific committee focusing on customer matters and managing policyholder and shareholder conflicts.



**R91.5 billion**  
PAID TO OUR CUSTOMERS  
in claims and benefits



**9,791**  
JOBS CREATED  
through the Masisizane Fund  
since its inception

This mechanism is designed to ensure we place the customer first across our Group and that we have the appropriate checks and balances between policyholder and shareholder interests.

### Key risks identified

The Board provided significant input into the future proofing of our business, in particular on the execution of the Refresh the Technology strategic priority.

We challenged executive management on mitigating the risks presented by the geographical footprint of our business and the challenges brought about by sociopolitical events within the countries where we operate. Significant attention was paid to the support of our operations in Zimbabwe, and the restructuring of our business in East Africa to ensure it was future fit.

## Governance focus areas for 2019

### Culture

The Board will continue to support the executive management's drive for a fundamental shift in organisational culture, ensuring the retention and development of the requisite talent, behaviours and agility required by a listed company.

### Customers

The Board is aware of the regulatory and moral pressure to ensure that customers receive value for money and the need to continuously manage reputation and brand in this effort.

### Board refreshment

The Board membership needs to be refreshed and prepared for the rotation of members in accordance

with its mandate and Board Charter. Seven members have the same nine-year retirement date in 2026. Succession planning will be a focus in the coming year and it will include discussions on careful sequencing of Board changes, while preserving the requisite skill sets, for example in accounting, technology and actuarial matters.

### Strategy

The Board will continue to challenge the long-term strategy being executed by the executive management to ensure the Group remains relevant in the changing environment. In particular, this will include monitoring the Group's ability to grow shareholder value outside of the Southern Africa region.

## Thanks and appreciation

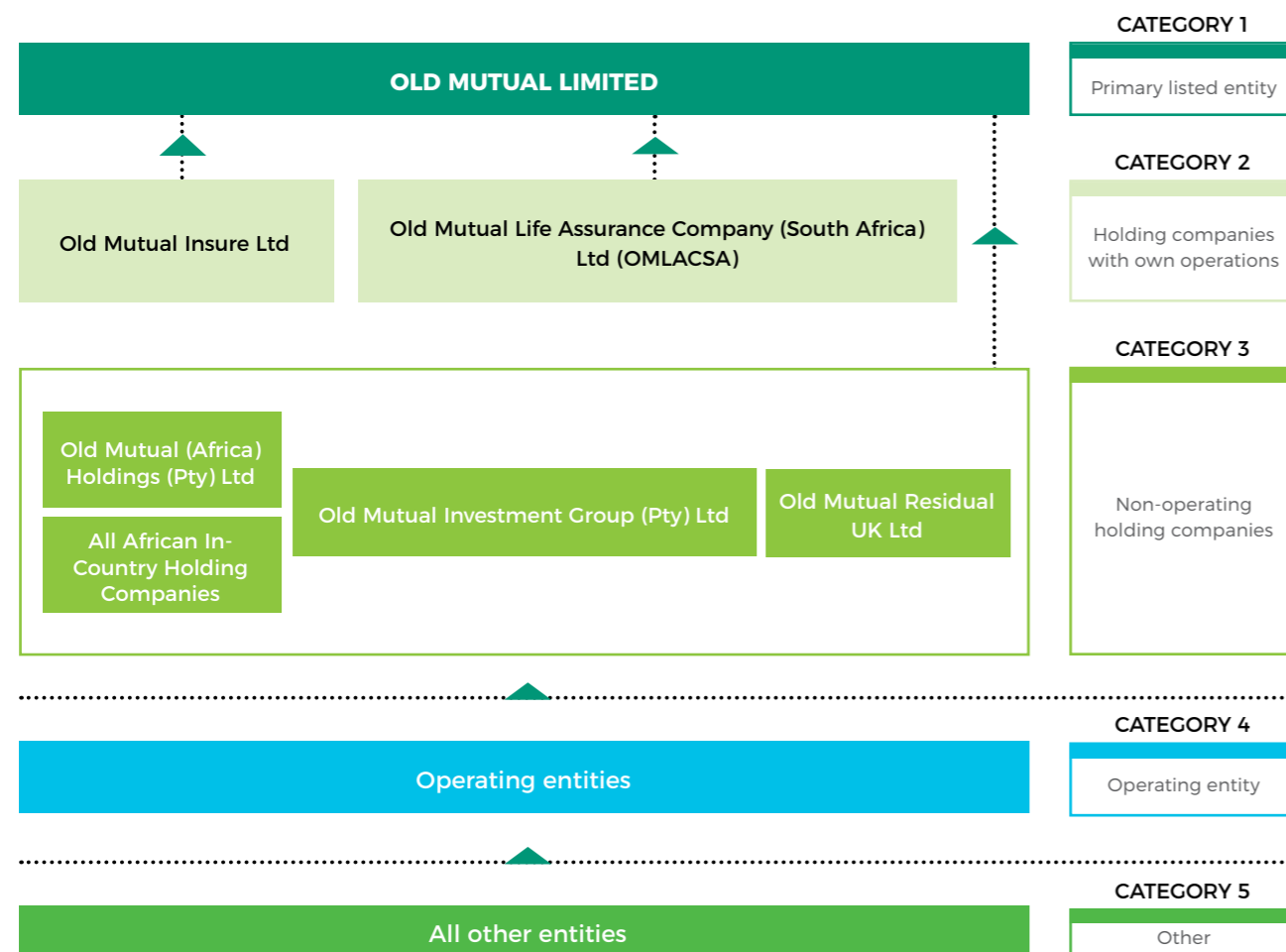
In conclusion, I would like to thank all Board members and executive management for the roles they played as custodians of governance of our Group. As a Board, we made great progress in the way that we address issues, robustly challenge each other and reach conclusions that we as a collective support. We will continue to evaluate our development, taking into account frank feedback and external and internal assessments. I am very pleased with the team dynamic displayed so far and look forward to leading the Board in its first years of corporate life.

**Trevor Manuel**  
Chairman

# OUR GOVERNANCE STRUCTURE

In order to achieve the principles of proportionality and maximum devolution, we have structured our Group Governance Framework (GGF) according to a five category Corporate Governance Model. This model enables proportional governance to be applied, while ensuring that all legal and regulatory requirements are met in a robust way.

The diagram below represents a simplified outline of the GGF and the various categories of subsidiaries' boards reporting lines.



# THE BOARD

The Old Mutual Limited Board has been operating effectively as the “Board in waiting” since October 2017. In 2018, the Board oversaw the listing of the Group (through the then holding company of the South Africa Group – Old Mutual Group Holdings Ltd) and the unbundling of Nedbank Ltd. These were key parts of the Managed Separation strategy agreed to by Old Mutual plc and the subsidiary boards.

The Board was specifically constituted in terms of expertise and collective skills required for managing a successful listing and steering a large and complex business into the future. We believe that we have brought together the necessary skills through this detailed recruitment process, save for marketing and digital distribution skills, for which we will continue to search.

The Board was formally appointed to Old Mutual Limited on 5 March 2018 to facilitate the approval of the Group’s Pre-listing Statement (PLS).

The Board commenced with 19 members, which we acknowledge is large, but the need for continuity, as well as rejuvenation, contributed to the number of appointments made. We also believe that to be effective, directors should, where possible, not serve on more than two committees, therefore a larger number of Board members were required to ensure effective composition of our Board committees.

We expect the size of the Board to reduce over time, while retaining the requisite balance of skills, diversity and experience. By the end of 2018, this process had already commenced following the completion of the Managed Separation process, and the Board ended the year with 16 members.

Our Board meets a minimum of five times per year, with additional monthly calls scheduled to deal with matters of importance that may arise between meetings. In 2019, three additional strategy days have been included in the calendar to allow the Board to focus on identified strategic themes.

## Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) board

The OMLACSA business is the largest legal entity by profit in our Group and has its debt listed on the Johannesburg Stock Exchange (JSE). Engagement with the Prudential Authority in South Africa resulted in an agreement, whereby a partial mirror board structure was implemented between Old Mutual Limited and OMLACSA. As a result, the majority of the Old Mutual Limited Board members also serve on the OMLACSA board and joint meetings take place between the Old Mutual Limited and OMLACSA boards.

The OMLACSA board has its own board charter and Audit and Risk committees with their own terms of reference. These committees meet jointly with the Group Audit and Risk committees. The OMLACSA board also has a committee for Customer Affairs, whose mandate it is to report to the OMLACSA board on the principles and practices which could impact on the creation of value for customers, as well as the fair treatment of customers.

Conflicts of interest, which might arise between the boards, are monitored and managed through the Related Party Transaction committee at the Old Mutual Limited Board level (for shareholder matters) and the Committee for Customers Affairs (CCA) (for policyholder and customer matters) at the OMLACSA board level.

The CCA, together with the Responsible Business committee, also plays an integral role in the governance of stakeholder relations in the Group.

All but one of the Responsible Business committee members serve on the OMLACSA CCA.

# THE BOARD (CONTINUED)



**Trevor Manuel (63)**

Chairman and Independent non-executive director  
NDip, EMP (Stanford)  
Committees: **RB, CGN (Chair)**  
**Other directorships:**  
Swiss Reinsurance Company Ltd, Non-executive Deputy Chairman of Rothschild



**Peter Moyo (56)**

Chief Executive Officer  
BAcc (Hons), HDip (Tax Law), AMP (Harvard), CA(SA),  
Committees: **R, RB, T**  
**Other directorships:**  
Nedbank Group Ltd, Advisory Board of the University of Stellenbosch Business School



**Casper Troskie (55)**

Chief Financial Officer  
BCom (Hons), CA(SA)  
**Other board experience:**  
Former Financial director of Liberty Group Ltd, former CFO of Standard Bank Group Ltd



**Thoko Mokgosi-Mwantembe (57)**

Independent non-executive director  
BSc, MSc, SEP (Harvard), MCRP (Institute of Management Development of Switzerland)  
Committees: **RM (Chair), T, CGN**  
**Other board experience:**  
Royal Bafokeng Platinum Ltd, Vodacom Group Ltd, CEO of Kutana Investments Group (Pty) Ltd



**Marshall Rapiya (66)**

Non-executive director  
BAdmin  
Committees: **R, RB**  
**Other directorships:**  
Sea Harvest Group Ltd, General Motors Foundation, the National Student Financial Aid Scheme and Masizane Fund



**Albert Essien (63)**

Independent non-executive director  
BA  
Committees: **R, RB**  
**Other board experience:**  
Former Group Chief Executive Officer of Ecobank



**Nosipho Molope (54)**

Independent non-executive director  
BSc (Medical Sciences), BCompt (Hons), CTA, CA(SA)  
Committees: **R, A (Chair), CGN**  
**Other directorships:**  
Bidvest Group Ltd, Engen Ltd, South32 Coal Holdings (Pty) Ltd, Mobile Telephone Networks (Pty) Ltd and various other subsidiaries of MTN Group Ltd in the rest of Africa



**John Lister (60)**

Independent non-executive director  
BSc (Stats), FIA  
Committees: **R (Chair), A, CGN**  
**Other directorships:**  
Police Mutual Group, Pacific Life Re in the UK and Chairman of Risk committee of Phoenix Life



**Nombulelo Moholi (59)**

Independent non-executive director  
BSc (Eng), SEP (Stanford), SMMP (Harvard)  
Committees: **RB, T (Chair), CGN**  
**Other directorships:**  
Woolworths Holdings Ltd, Anglo American Platinum Ltd, and Engen Ltd



**Peter de Beyer (63)**

Independent non-executive director  
BBusSci (Hons), FASSA  
Committees: **R, RB, A, CGN**  
**Other directorships:**  
Oceana Group Ltd, Real People Investment Holdings (Pty) Ltd



**Paul Baloyi (63)**

Independent non-executive director  
MBA, AMP(INSEAD), SEP (Harvard)  
Committees: **R, A**  
**Other directorships:**  
CEO of Talent Holdings (Pty) Ltd and MD of CAP Leverage (Pty) Ltd



**Stewart van Graan (63)**

Independent non-executive director  
BCom (Hons), PMD  
Committees: **R, RP, T**  
**Other directorships:**  
Altron Group Ltd, BankservAfrica (Pty) Ltd



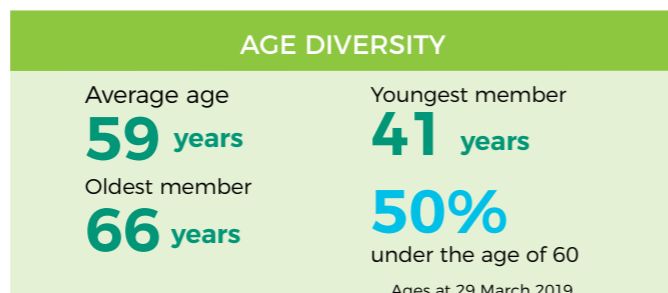
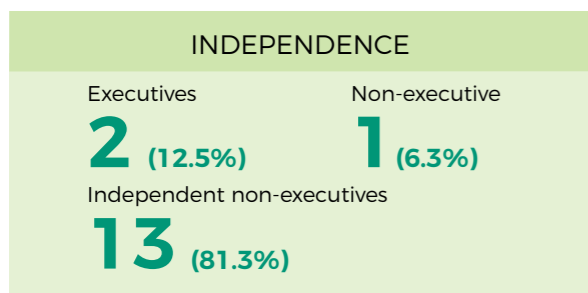
**Thys du Toit (60)**

Independent non-executive director  
BSc Agric, MBA  
Committees: **RM, CGN, RP (Chair)**  
**Other directorships:**  
Attacq Ltd, Executive Chairman of Rootstock Investment Management (Pty) Ltd



**Sizeka Magwentshu-Rensburg (59)**

Independent non-executive director  
BA, MBA(Webster), DPhil  
Committees: **RB (Chair), RM, CGN**  
**Other directorships:**  
Industrial Development Corporation of South Africa SOC Ltd



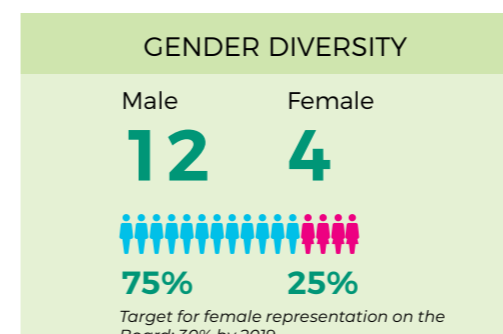
**James Mwangi (41)**

Independent non-executive director  
BA (Econ)  
Committees: **RB, RP, T**  
**Other directorships:**  
Dalberg Group

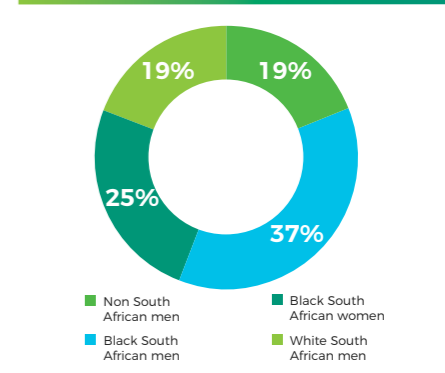


**Itumeleng Kgaboesele (47)**

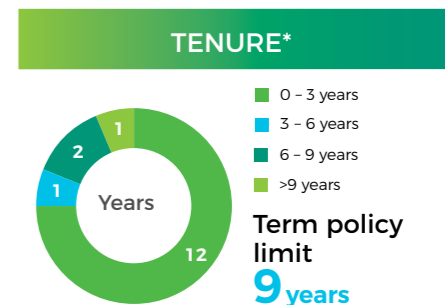
Independent non-executive director  
BCom, PDip (Acc), Dip (FMI), CA(SA)  
Committees: **A, RM**  
**Other directorships:**  
Telkom SA SOC Limited, Co-founder and CEO of Sphere Holdings (Pty) Ltd



### BOARD DEMOGRAPHICS



DTI definition  
Target for black South African representation on the Board: 50% vs 63% actual at end December 2018



\* Measured from date of appointment to board of Old Mutual Emerging Markets

# THE BOARD (CONTINUED)

## The Board's responsibility

The Board is ultimately accountable for the performance and the reputation of the Group and ensuring that it continues to operate responsibly, ethically and sustainably. The Board furthermore has a significant responsibility to ensure our customers' interests are represented and safeguarded and that

these interests are balanced against those of our investors and other stakeholders.

The Board operates in terms of a **Board Charter**, which defines its functions and responsibilities. The key responsibilities of the Board in terms of the charter are to:

KEY RESPONSIBILITIES						
Set and steer strategic direction and culture of the Group	Ensure there is an effective and competent management team in place, as well as adequate succession planning for this team	Review operational performance and ensure accountability	Facilitate an effective governance environment and risk management framework	Ensure that transformation is addressed	Manage key stakeholder relationships	Ensure that the Group complies with its regulatory and statutory obligations

The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

## HOW THE BOARD IS KEPT INFORMED

Regular and timely feedback from the executive committee to the Board and its committees is essential in enabling the Board to make the right decisions at the right time and discharge its governance responsibilities effectively.

### Quarterly

Structured feedback is facilitated through the synchronisation of Group executive committee and Board committee meetings' dates with the Group Board calendar. The executive committee and its committees will meet at the start of a designated week, four times per year, with feedback and outcomes consolidated and fed back to the various Board committees and, ultimately, the Board itself.

### Monthly

The Board receives monthly Group performance reports, which keep directors abreast of developments in the Group.

### Ad hoc

The Company Secretary is mandated to send any relevant information to the Board. This includes updates on the South African and African competitor landscape.

Our Board Charter and Terms of Reference are available on [www.oldmutual.com/about/governance-overview](http://www.oldmutual.com/about/governance-overview).

# BOARD COMMITTEES

The seven committees of the Board assist the Board in discharging its duties and responsibilities. These committees are also responsible for oversight of the governance domains of the GGF. Each committee's mandate is included in its terms of reference and it ensures that the governance domains is effectively reviewed and monitored. The Board reviews the mandate and terms of reference of each committee annually to ensure effective coverage of, and control over, the operations of the Group.



\* Related Party Transaction committee.

See Board committees' terms of reference on [www.oldmutual.com/about/governance/board-committees](http://www.oldmutual.com/about/governance/board-committees)

# THE BOARD (CONTINUED)

The Board committees are chaired by independent non-executive directors (supported by the Group Company Secretary) and are constituted of a minimum of three members with the necessary combination of knowledge, skills, experience and capacity. The committees report to the Board through their respective chairpersons.

All Board committees are free to take independent professional advice, as and when necessary.

The Board and its committees also have unrestricted access to all Company and Group information, records, documents and property and regularly meet with members of the executive and senior management.

## HOW THE BOARD COMMITTEES OPERATE

Board committees do, in certain instances, have overlapping responsibilities. Different committees may consider the same Board submissions, applying different lenses as mandated. It is the responsibility of committee chairpersons to ensure that matters relevant for consideration by another committee are reported to that committee. Overlapping committee membership assists in this regard, as do the formal committee reports to the Board, where matters of importance for Board members, as well as other Board committees, are highlighted.

## Leadership roles

The responsibilities of the Chairman and Chief Executive Officer are clearly defined and separated, as set out in our Board Charter. While the Board may delegate authority to the Chief Executive Officer, the separation of responsibilities is designed to ensure that no single person or group have unrestricted powers and that appropriate balances of power and authority exist on the Board.

### Chairman

The independent Chairman, Trevor Manuel, is responsible for leading the Board and ensuring the integrity and effectiveness of the Board and its committees. The Chairman is also responsible for leading the Board's challenge of senior management, monitoring the performance of the Group's businesses, and establishing and maintaining an effective system of governance and controls over the Group's activities.

### Chief Executive Officer

The Chief Executive Officer (CEO), Peter Moyo, is responsible for the execution of the strategy approved by the Board and the effective management and running of the Group's businesses. The CEO is accountable to and reports to the Board, and in terms of best practice, is not a member of the Remuneration, Audit or Corporate Governance and Nomination committees.

The CEO chairs the executive committee, leads and motivates the management team in the execution of the Group's strategy, and ensures that the Board receives timely, accurate and clear information about the Group's performance.

### Company Secretary

The Group Company Secretary, Elsabé Kirsten (BA, LLB and BCompt), and the Group Secretariat provide professional and independent guidance to the Board on corporate governance and the Board's legal duties. She also supports and coordinates the functioning of the Board and its committees.

The Company Secretary has unfettered access to the Board, is not a Board member and maintains an arms length relationship with the Board and its members.

The Company Secretary reports to the Board via the Chairman on all statutory duties and functions performed in connection with the Board.

## Appointment of directors and Board Diversity Policy

The selection and appointment of directors is effected through a formal and transparent process and is a matter for the consideration of the Board as a whole, assisted by recommendations from the Corporate Governance and Nomination committee.

All Board appointments are made on merit, in the context of the skills, relevant business experience, independence and knowledge which the Board as a collective requires to be effective. All Board appointments are ratified by shareholders at the following Annual General Meeting (AGM).

We recognise and embrace the benefits of having a diverse Board, and see increased diversity at Board level as an essential element in maintaining a competitive advantage. In this regard, the Board has adopted a Board Appointment and Diversity Policy. The Board acknowledges that in terms of this Policy, current female representation on the Board at 25% is below our target of 30%. This will remain a focus area for the Corporate Governance and Nomination committee and we will seek female directors when we address the marketing and digital distribution skills gaps on the Board.

We ensure that our Board members are not overcommitted in terms of their representation on other listed boards, limiting the number of listed and large unlisted directorships of our directors to five. In our Board appointment protocols, we caution against the overextension of our directors and provide guidance on matters to consider, before accepting other directorships outside of the Group.

## Directors' independence

Directors' independence is judged from the perspective of a reasonable and informed third party, based on inter alia the prevailing circumstances, the definition of independence in terms of the Companies Act, the King IV™ guidance in terms of the assessment of independence (substance over form), conflicts of interest, whether perceived or actual, and other relevant considerations.

Key decisions in this regard have resulted in Peter De Beyer's designation being changed from non-executive director to independent non-executive director, subsequent to him resigning from subsidiary board appointments.

## Conflicts of interest and trading in Old Mutual Limited shares

The Group has adopted a Conflict of Interest Policy, which sets out key provisions for both directors and employees to adhere to. Directors are required to confirm on a quarterly basis, at a minimum, that their conflicts of interest disclosures are up to date, with a declaration being signed at each Board meeting.

Directors and certain selected employees are prohibited from dealing directly or indirectly in our shares during closed periods and a securities dealing policy is in place, which manages this requirement, both from a JSE perspective, as well as in terms of the requirements under the Market Abuse Regulations in the United Kingdom, where we have a listing.

### NMT Group (Pty) Ltd

As disclosed in the PLS, our CEO, Peter Moyo, has a financial interest in NMT (Pty) Ltd (NMT Group), in which Old Mutual Limited invested in 2005. NMT Group is an investment holding company with investments in the Construction, Energy, Financial Services, Manufacturing and Information Technology sectors.

Upon his appointment as CEO of the Group in 2017, a formal set of protocols was agreed to manage this conflict of interest. This set of protocols forms part of the CEO's employment contract and is available from the Group Company Secretary on request.

The protocol document confirms that final decision making in respect of the Group's investment in NMT Group rests with the Corporate Governance and Nomination committee, and the CEO is explicitly excluded from participating in this process.

## Rotation and retirement of directors

In terms of our Board Charter, newly appointed directors may hold office only until the next annual general meeting, at which point they retire and become available for re-election by the shareholders, on the recommendations of the Corporate Governance and Nomination committee and the Board.

In line with corporate governance best practice guidelines, all directors are subject to retirement by rotation and re-election by the shareholders at least once every three years.

# THE BOARD (CONTINUED)

Executive directors have no fixed term of appointment, but are subject to short-term notice periods. The maximum tenure of non-executive directors in the Group is three terms of three years. The retirement age for directors is set at 70 years, or such age as the Corporate Governance and Nomination committee, at its discretion, may determine on an individual basis.

## Succession planning

Succession planning was a key focus area for the Board during 2018 and will remain a priority during 2019.

At Board level, rejuvenation was required in 2017 and 2018 in order to prepare for listing. Long standing directors therefore retired and were replaced, in accordance with corporate governance best practice.

In light of the changes at Board and management level over the past 36 months as the Managed Separation strategy unfolded, succession plans require updating, and the Board will be actively driving this in 2019.

Succession plans for key subsidiary boards is a requirement of the GGF and extensive work in this regard is underway, which is expected to be completed during 2019. This includes the implementation of the nine year tenure rule, having regard for the need for orderly succession.

## Board changes during the year

Due to the Audit committee chairman, **Ignatius Sehoole**, taking up a conflicting executive position, he resigned on 8 October 2018. The Board expressed preference for succession from within the Board, given the complexity of the information, which the Audit committee considered and approved as part of the PLS. **Nosipho Molohe** was proposed as Audit committee Chairperson by the Corporate Governance and Nomination committee, and the Board unanimously approved her appointment on 15 November 2018.

Following **Mike Ilsley's** resignation as Chief Financial Officer due to ill health late in 2017, **Ingrid Johnson** agreed to step into the role of Interim Chief Financial Officer in the run up to the listing of Old Mutual Limited, while we conducted the recruitment process for **Casper Troskie**, the current Chief Financial Officer. **Casper Troskie** was appointed on 27 March 2018. In accordance with the provisions of the PLS, **Ingrid Johnson** remained an executive director until

30 June 2018 and a non-executive director until 30 November 2018 to ensure an orderly transfer of knowledge.

After engagement between the Chairman, **Ingrid Johnson** and the Corporate Governance and Nomination committee, it was agreed that this process was completed by 30 November 2018 and that she would step down from the Board on that date.

The Board acknowledges Ingrid's tireless and crucial contribution to both Old Mutual and Nedbank over 25 years, and wishes her continued success in her future endeavours.

**Vassi Naidoo** played an important role in guiding Old Mutual plc, Nedbank Group Limited and Old Mutual Limited Boards through the complexity of the successful Managed Separation process. He continuously drove for clarity and transparency in the management of sometimes competing stakeholder interests.

With the completion of the unbundling of the majority of the Group's stake in Nedbank, the Board agreed that it was appropriate for **Vassi Naidoo** to step down as non-executive director on 31 December 2018.

## The Board and our stakeholders

The Board is ultimately responsible for the monitoring of the quality of stakeholder relationships and the effectiveness of our stakeholder engagements and adopted a Stakeholder Relations Policy during the year under review.

Our dedicated Stakeholder Relations function plays a critical role in ensuring we observe industry and international best practice in managing and responding to the needs and views of stakeholders.

Boards of all subsidiaries where Old Mutual Limited as shareholder has effective management control, must adopt this Policy and ensure all the applicable requirements are implemented and complied with, unless it is expressly agreed otherwise. Boards must ensure local regulatory requirements that apply are included in policies adopted at a subsidiary level.

The Board and executive management, in conjunction with Old Mutual plc, initiated a comprehensive stakeholder engagement plan in the run-up to listing, meeting with regulators, investors and customers. This included regulator engagements in 21 different jurisdictions, requiring over 101 approvals and 60 notifications.

## Engaging investors

### Investor roadshows

During 2018, executive management and the Investor Relations team (IR) conducted extensive investor marketing roadshows pre and post listing. These engagements were closely coordinated with the other activities supporting the Managed Separation process.

In aggregate, executive management and IR met with 54 institutional shareholders and 50 institutional non-holders in South Africa, the United Kingdom and the United States of America.

### Investor conferences

The Group attended seven investment conferences, including the SA Tomorrow Conference in New York. Old Mutual Limited was a key coordinator and sponsor of this event, in collaboration with the JSE and other South African corporates.

### Capital markets day events

Pre listing the Group hosted a capital markets day event in Johannesburg. The management team of the to be listed Old Mutual Limited presented and the event was webcast.


A site visit to an Old Mutual Finance branch took place the previous day. Both events were well attended by both investors and research analysts, with access to operational management teams welcomed.

### Governance road shows

Two governance roadshows, pre and post listing, were conducted by the Chairman, supported by IR and the Company Secretary. They had a total of 19 engagements with 13 institutional investors, who hold a combined 37.7% of our issued share capital as at 31 December 2018.

## Fair and responsible remuneration

The Board, through the Remuneration committee, is committed to ensuring that remuneration of executive management is fair and responsible in the context of overall employee remuneration.

 Read our Remuneration report on [www.oldmutual.com/investor-relations/reporting-centre/reports](http://www.oldmutual.com/investor-relations/reporting-centre/reports)

## Board training

### Induction

There is a formal orientation and induction programme in place to familiarise incoming directors with the Group's operations, senior management, the operating environment and directors' fiduciary duties and responsibilities.

### Ongoing training

Ongoing Board training is essential to ensure that our Board members are kept abreast of any changes to or developments in applicable codes and regulations and the broader operating environment.

During the year under review, the focus was on preparing the Board for operating as a separately listed entity post Managed Separation. This included internal and external training by lawyers, analysts and our JSE sponsors on the requirements and expectations of a listed group's board.

An ongoing training programme for 2019 is in place to update the Board on key emerging industry themes and Group specific matters.

## Board evaluations and effectiveness

### Self assessment

We hold our Board members accountable through annual Board evaluations.

Each year, the Old Mutual Limited Board will conduct an assessment of its own performance and of the appropriateness and effectiveness of its procedures and processes. The actions from these reviews are agreed, and implementation thereof is tracked.

The Board furthermore sets self assessment review expectations for all subsidiary boards (including individual directors). The frequency and nature of assessments is influenced by subsidiaries' classification in terms of the GGF, taking into account the principle of applying governance proportionally across the Group and regulatory requirements.

## THE BOARD (CONTINUED)

### Independent assessment

An external independent assessment of the Board was carried out during October and November 2018.

### 2018 Independent assessment outcomes

#### Old Mutual Limited Board

The 2018 Board performance assessment was focused on the role of the Board in ensuring that the Group thrives in a competitive and disruptive world.

The assessment was conducted by an independent organisation, as recommended by King IV™, through a series of questionnaires and interviews focusing on aspects such as strategic focus and priorities, board dynamics, board agility and the Board's role in assisting the CEO and his management team to anticipate future disruption and lead transformation ahead of the market.

During the interview process, questions were posed to provide feedback on individual Board members', committees', the Chairman's and the Company Secretary's performance.

The report indicated that the Board and its processes were operating effectively. The assessment further highlighted the opportunity created by the listing for the Board to re imagine and review all aspects of the business.

Some areas of improvement highlighted by the assessment include the need for more interaction with the business between the formally scheduled meetings and the enhancement of committee feedback to the Board. Plans to address these matters are being developed and the Company Secretary will assist the Chairpersons of the committees in this regard. Further recommendations from the assessment were of a proprietary nature and will be reported upon in future disclosures over time.

### Subsidiary boards

For the year under review, results from some of the subsidiary board evaluations undertaken were articulated in a document tabled at the Corporate Governance and Nomination committee and Board meetings held in November 2018. While these reviews raised no areas of concern, they did identify certain areas for improvement, such as succession planning for subsidiary board members, which remains a focus area for 2019.

**The Board is satisfied that the evaluation process is improving its performance and effectiveness.**

## THE EXECUTIVE COMMITTEE

**Our executive committee is a diverse and experienced management team that comprises the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO) and eleven other members of top management.**

The executive committee meet three times a week via a conference call (in addition to monthly formal executive committee meetings), ensuring the effective flow of information between the executives of the Group.

The responsibilities of the executive committee include:

- ▶ The implementation and execution of the Group strategy. This includes the preparation of the annual Group Business Plan, including any revisions or redesign of the strategy, for the Board.
- ▶ Managing business performance and the reporting thereon to the Board.
- ▶ The implementation of all policies of the Group, including human capital, risk management, capital management, customer engagement, marketing and the brand strategy.

### Executive committee sub committees

The executive committee is authorised to form sub committees to assist it in the execution of its duties. Each executive committee sub committee is aligned to a corresponding Board committee, which ensures that all Board papers are thoroughly reviewed and interrogated before formal submission to the Board.

### Specific duties in relation to risk management

The CEO is accountable for overseeing the identification, assessment, monitoring, managing and reporting of significant Group level risks and trends, and monitoring the impact of those risks and trends on the Group strategy and business plans.

The CEO has mandated the executive committee's Risk committee, chaired by the Group Chief Financial Officer, to advise him and the executive committee on matters relating to the discharge of these duties.

In addition to the responsibilities of the executive committee's Risk committee, the executive committee has the responsibility to review and express an opinion to the CEO about the potential impact on the Group risk profile, risk exposures and capital requirements of proposed strategic acquisitions or disposals, as well as for new business ventures, including the introduction of significant new products and/or the entering of new geographic markets.

# THE EXECUTIVE COMMITTEE

(CONTINUED)



**Peter Moyo (56)**

Chief Executive Officer  
BAcc (Hons), HDip (Tax Law), AMP  
(Harvard), CA(SA)



**Casper Troskie (55)**

Chief Financial Officer  
BCom (Hons), CA(SA)



**Clement Chinaka (49)**

Managing Director: Old Mutual  
Corporate  
BSc (Computer Science and  
Statistics), AMP (Harvard) FFA,  
FASSA



**Garth Napier (40)**

Managing director: Old Mutual  
Insure  
BCom (Hons), MBA (Harvard)



**David Ivan Buenfil  
(48)**

Managing Director: Latin America  
and China  
BSc (Eng), MBA (Wharton School  
of Business), MA



**Raymond Barnett  
Berelowitz (50)**

Customer Solutions Director  
BBusSci (Actuarial Science), FIA,  
FASSA



**Khaya Gobodo<sup>1</sup> (41)**

Managing Director: Wealth and  
Investments  
BCom, MSc (Investment  
Management), CFA



**Karabo Morule (37)**

Managing Director: Personal  
Finance  
BBusSci (Actuarial Science and  
Finance), Postgraduate Diploma  
(Actuarial Science), FFA, FASSA



**Jonas Mushosho (60)**

Managing Director: Rest of Africa  
BCompt (Hons), MBA (University of  
Zimbabwe), GMP (Harvard), CA(SA),  
CA (Zimbabwe)



**Richard Graham  
Treagus (53)**

Chief Risk Officer  
BSc (Actuarial Science), FIA, FASSA



**Vuyolwethu Seanele  
Maisela Lee (41)**

Chief Marketing Officer  
BCom (Hons), MBA (University of  
Cape Town)



**Celiwe Ross (40)**

Human Capital Director  
BSc (Eng), MBA (University of  
Cape Town)



**Clarence Tsakani  
Nethengwe (47)**

Managing Director: Mass and  
Foundation Cluster  
BProc, LLM, BA, MBA (University  
of Cape Town), EDP (University of  
Stellenbosch Business School)



**Iain George  
Williamson (48)**

Chief Operating Officer  
BBusSci (Actuarial Science), GMP  
(Harvard), FASSA

## AGE DIVERSITY

Average age  
**47 years**

Youngest member  
**37 years**

Oldest member  
**60 years**

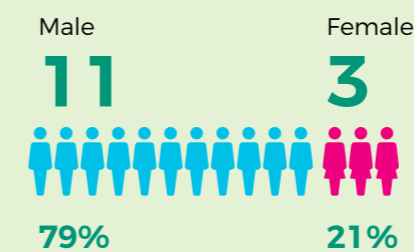
**79%**  
under the age of 55

Ages as at 29 March 2019.

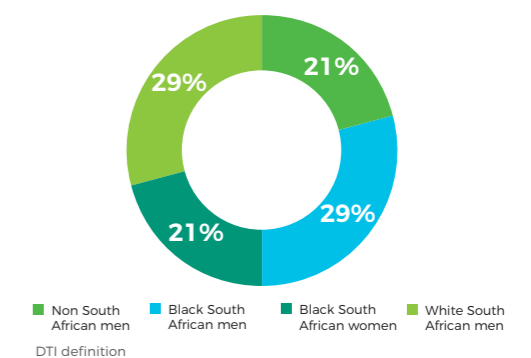
## EXPERTISE



## GENDER DIVERSITY



## DEMOGRAPHICS



<sup>1</sup> Khaya Gobodo was appointed as MD for Wealth and Investments effective 1 January 2019, following the resignation of David Macready.

# GROUP GOVERNANCE FRAMEWORK

The GGF establishes the minimum governance requirements for the Group and subsidiary boards, and importantly, sets a framework for the minimum governance requirements over various governance domains relevant to Old Mutual. The GGF adheres to the requirements of King IV™, as well as the Framework for Governance and Operational Standards for Insurance Groups.

See our application status of the King IV™ Principles on [www.oldmutual.com/investor-relations/reporting-centre/reports](http://www.oldmutual.com/investor-relations/reporting-centre/reports)

As such, the GGF is used as the foundational building block for all other governance programmes in the Group. It leverages, consolidates, streamlines and simplifies previous governance structures.

The GGF explains how the Board executes its direction and oversight responsibilities, and what it expects from subsidiary boards in the Group.

The GGF in no way absolves or places a restraint on the ability of the boards of subsidiary companies to execute their fiduciary duties, but instead outlines the requirements of the Group Board in discharging its duties across the Group.

## Governance domains

The GGF defines the Group governance objectives and requirements and sets out the Board's responsibility and accountability per topical governance domain.

In each governance domain there are specific and explicitly defined governance requirements that set out what is expected of all the Group's subsidiary boards in respect of their responsibility and accountability for that domain. These domains also facilitate robust oversight over the six capitals as defined by King IV™.

Domain	Governance objectives	Related capital	Areas of focus in 2018
<b>Board specific and Group Secretariat</b>	<ul style="list-style-type: none"> <li>Implementation of the minimum standards as defined by the GGF and monitoring and facilitating the effective functioning thereof</li> </ul>	<ul style="list-style-type: none"> <li>Intellectual capital</li> </ul>	The Corporate Governance and Nominations committee: <ul style="list-style-type: none"> <li>Reviewed and approved the Governance related disclosures in PLS</li> <li>Oversaw and approved the appointment of members to the Board</li> </ul>
<b>Strategy and Performance</b>	<ul style="list-style-type: none"> <li>Strategy setting</li> <li>Strategy approval</li> <li>Monitoring strategic execution against the strategy and business plans</li> <li>Oversight of integrity and reliability of external reporting</li> </ul>	<ul style="list-style-type: none"> <li>Financial capital</li> <li>Manufactured capital</li> <li>Human capital</li> </ul>	The Board: <ul style="list-style-type: none"> <li>Provided input into and monitored the execution of the Group's medium and long term strategic initiatives</li> </ul> The Audit committee: <ul style="list-style-type: none"> <li>Reviewed and debated key judgments and analysed financial information included in the Group's interim and full year results announcement</li> </ul>
<b>Information Technology</b>	<ul style="list-style-type: none"> <li>Oversight of the IT strategy and policy across the Group</li> <li>Includes setting the direction of the IT strategy and policy, challenging IT risk assessments and evaluating the effectiveness of the IT function</li> </ul>	<ul style="list-style-type: none"> <li>Intellectual capital</li> <li>Manufactured capital</li> <li>Human capital</li> </ul>	The Technology and Platforms committee: <ul style="list-style-type: none"> <li>Considered and reviewed the information technology strategy for the Group.</li> <li>Monitored key strategic IT initiatives, aimed at mitigating cyber risk</li> <li>Approved key technology, information management and technology related acquisitions and disposals</li> </ul>

### THE GGF AND KING IV™

The Board endorses the King IV™ Report on Corporate Governance for South Africa (King IV™) and this code was a key input into the GGF.

The design of the GGF ensured that each defined governance domain in the GGF adequately addressed the principles laid out in King IV™, and implementing the GGF therefore facilitates the implementation of King IV™ across the Group. This framework does not detract from King IV™. It seeks to bring, among other things, proportionality and increased focus on specific areas in the oversight of the different entities in the Group.

The GGF is designed to work within the ambit of the laws of the various countries the Group operates in. All our operations have to comply with local legislation and Corporate Governance codes in addition to the requirements described in the GGF.

Domain	Governance objectives	Related capital	Areas of focus in 2018
<b>Talent and Reward</b>	<ul style="list-style-type: none"> <li>Oversight of remuneration policy and implementation thereof, ensuring fair and responsible executive management remuneration in the context of overall employee remuneration</li> <li>Oversight of the attraction, management and development of talent</li> </ul>	<ul style="list-style-type: none"> <li>Human capital</li> </ul>	The Remuneration committee: <ul style="list-style-type: none"> <li>Set the Old Mutual Limited remuneration philosophy and policy.</li> <li>Reviewed current remuneration practices in order to consider whether they are fit for purpose and competitive.</li> <li>Reviewed and approved with the Board the remuneration for the CEO, the executive committee and senior management</li> </ul>
<b>Assurance</b>	<ul style="list-style-type: none"> <li>Oversight of the effectiveness of the combined assurance model and of relationships with and between the various assurance service providers</li> </ul>	<ul style="list-style-type: none"> <li>Financial capital</li> <li>Human capital</li> </ul>	The Audit committee: <ul style="list-style-type: none"> <li>Reviewed and approved the internal audit terms of reference and evaluated the independence, effectiveness and performance of the Internal Audit function</li> <li>Reviewed and approved the annual internal audit plan</li> <li>Monitored the effectiveness of the joint external auditors</li> </ul>
<b>Actuarial</b>	<ul style="list-style-type: none"> <li>Oversight of the requirements of the Group in respect of decisions and reporting on actuarial matters (earnings, solvency and capital management)</li> </ul>	<ul style="list-style-type: none"> <li>Financial capital</li> <li>Human capital</li> <li>Intellectual capital</li> </ul>	<ul style="list-style-type: none"> <li>The Audit committee reviewed reports from the Group Chief Actuary and the joint external auditors on actuarial assumptions.</li> <li>The Risk committee monitored the adequacy, efficiency and appropriateness of the Group's risk, capital and liquidity management processes and systems.</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>Oversight of Risk governance frameworks and processes across the Group</li> <li>This includes setting policy, challenging risk assessments and evaluating the effectiveness of the Risk function</li> </ul>	<ul style="list-style-type: none"> <li>Financial capital</li> <li>Manufactured capital</li> <li>Human capital</li> </ul>	The Risk committee: <ul style="list-style-type: none"> <li>Monitored the adequacy, efficiency and appropriateness of the Group's risk, capital and liquidity management processes and systems.</li> <li>Approved and implemented the revised risk policy framework.</li> </ul> The Related Party Transaction committee: <ul style="list-style-type: none"> <li>Provided monitoring and oversight of any potential undue influence on Old Mutual Limited that could arise during the execution of Managed Separation</li> </ul>
<b>Compliance</b>	<ul style="list-style-type: none"> <li>Oversight of the adequacy and effectiveness of the processes required to ensure external legal and regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Financial capital</li> <li>Societal capital</li> <li>Human capital</li> </ul>	The Risk committee: <ul style="list-style-type: none"> <li>Monitored material legislation and compliance thereto</li> </ul> The Responsible Business committee: <ul style="list-style-type: none"> <li>Monitored compliance with applicable laws, rules, codes and standards.</li> </ul>
<b>Responsible Business</b>	<ul style="list-style-type: none"> <li>Setting the direction for and oversight of the policies and performance of the Group in the areas of responsible business</li> </ul>	<ul style="list-style-type: none"> <li>Societal capital</li> <li>Natural capital</li> <li>Human capital</li> </ul>	The Responsible Business committee: <ul style="list-style-type: none"> <li>Reviewed and approved the Stakeholder Relations Policy</li> <li>Steered the development of the Group's current responsible business programme.</li> <li>Reviewed the impact of the amended FSC on the calculation of Old Mutual Limited's BBEE contributor status</li> <li>Monitored progress against transformation targets</li> <li>Monitored Treating Customers Fairly initiatives (TCF) across the Group.</li> </ul>

# GROUP GOVERNANCE FRAMEWORK (CONTINUED)

As required by King IV™ disclosure requirements, we provide additional information on pertinent governance domains below.

## Strategy governance

The Group has a top down strategy development process followed by a bottom up validation and planning approach across the Group. This follows a common strategic planning process, which delivers a consistent, documented baseline across the Group.

### Strategy setting and approval

The Board takes an integrated view of strategy setting and execution, ensuring that the strategy is aligned across the Group. It delegates to management the development and execution of the strategy and retains the responsibility for approval.

### Short and medium term strategy

Strategy development is predominantly addressed in the annual business plans, which focuses on the short to medium term. This is tabled for approval by the Board on an annual basis. It covers progress on the previous plan, highlights the environmental opportunities and threats identified, and lists the Group's strategic responses in terms of defensive and offensive actions, deliveries and targets.

### Long term strategy

The high level vision of where the Group aims to be in five to ten years is articulated as part of the annual business plan. The business plan covers the major initiatives and business as usual targets which the business will strive to deliver as a means of realising the vision and stated strategy.

This must be supported by a clearly defined set of strategic objectives, which are informed by the Group's risk appetite.

The vision, strategy statement and strategic objectives of each business in the Group must be reasonably executable, have associated performance measures, targets and accountability assigned to it and be in line with the Group's overarching vision and strategy.

All businesses are required to confirm that their strategy and business plans are aligned to the Group strategy and approved by the Board before proceeding with implementation.

### Monitoring strategic execution against the strategy and business plans

#### Quarterly

Our formal Quarterly Business Reporting (QBR) provides a comprehensive, robust view of the performance of the business against the approved Business Plan and enables the Board and executive management to monitor and measure operational and financial performance and progress against the medium term strategies, on a quarterly basis.

#### Annually

The Board reviews the long term strategy and provides guidance on key strategy questions and options raised by the executive committee at an annual strategy day. This annual strategy day also includes a detailed review of the operating environment, providing context to the Group's strategic execution. As stated earlier in the report, for 2019 additional strategy days have been inserted into the calendar, so to allow the Board time to focus on specific strategic themes.

The Annual Business Plan process culminates in strategic documents being presented to the Board for challenge and approval based on agreed upon key performance indicators.

## Information and Technology governance

In light of the importance of information and technology (IT) for our business and the increased regulatory focus on this area, the Board has a responsibility to ensure that the supporting governance structures and processes are robust.

The Technology and Platforms committee was established to provide oversight and governance of the Group's strategic investment in information and technology management (including the security thereof).

See the Technology and Platforms committee report on page 34

IT governance is integrated into the Group Risk Management Framework and the Risk committee ensures that it is appropriately addressed within the context of the strategy of the Group. IT governance is an agenda item at committee level, with regular reporting to the Board.

The Risk as well as the Technology and Platform committees focus their oversight on two distinct, but interrelated, components of information and technology, as defined within the GGF:

- **Technology and platform governance:** focused on IT systems, hardware, software, telecommunications, networking, services, data hosting and facilities.
- **Information security governance:** focused on the security of all information generated, managed and stored in the organisation.

## Assurance

The Board is accountable for Combined Assurance and sets the direction for the Group assurance services and functions by means of the Combined Assurance Framework. The Board delegates to the Audit committee the responsibility for overseeing

Combined Assurance activities and ensuring that these are effective in achieving its objectives.

See the Audit committee report on page 26

Our Combined Assurance Framework establishes integrated and coordinated assurance activities between the three lines of assurance across all levels of the organisation. There is continued and ongoing focus on increased collaboration and sharing of information as well as reducing duplication of activities.

In accordance with the principle of proportionality of our GGF, both the boards of non-operating holding companies and holding companies with own operations are required to adopt the Combined Assurance Framework and ensure that the framework is implemented within their entity. Any areas of concern are escalated to the Board.

The Board is satisfied that our assurance activities result in an adequate, effective control environment and the integrity of reports relied upon for decision-making.

## Compliance

The Group Compliance Function establishes and maintains mechanisms and systems of internal control to assist the Board and executive management in meeting legal, regulatory and supervisory obligations and to promote and sustain a sound compliance culture. This includes ensuring legal and regulatory compliance implications are integrated into material strategic, financial and operational decisions.

It operates within an extensive compliance framework created by our GGF, the Group Compliance Policy, the Group Compliance Mandate and the Group Compliance Methodology.

The Board is ultimately accountable for compliance and continually provides guidance on and oversight of the management of compliance risk.

A suitably experienced expert in each of our businesses oversees anti-bribery and corruption compliance. Any concerns are reported to the executive committee and the Board Risk and Audit committees.

The Risk committee also receives an annual compliance assessment as part of the Group wide Financial Crime Prevention Report.

Each business has established anonymous whistleblowing arrangements facilitating the reporting of suspicions of corrupt behaviour, supported by strong investigative capabilities and rigorous disciplinary processes and sanctions.

Any concerns are reported to the executive committee and the Risk and Audit committees.

There were no material regulatory penalties, sanctions or fines for contraventions of, or non compliance with, statutory obligations during the year under review.

## Risk governance

The Audit and Risk committees assist the Board with the governance of risk. The Board is aware of the importance of risk management as it is linked to the strategy, performance and sustainability of the Group.

See the Audit committee report on page 26

The aforementioned committees have implemented a process whereby risks to the sustainability of the Group's business are identified and managed within acceptable parameters and defined risk appetite.

The Audit and Risk committees delegate the duty to management to continuously identify, assess, mitigate and manage risks within the existing and ever changing risk profile of our operating environment.

Mitigating controls are formulated to address the risks and the Board is kept up to date on progress on the risk management plan.

## Political party contributions

The Group does not, as a principle, make donations to political parties. As a responsible and responsive corporate citizen, the Group is, however, required to participate, from time to time, in certain events that are organised by political parties for which payment is required.

Any such payments must be done transparently and with prior approval by the relevant executive.

## Governing of Group subsidiaries

The GGF sets the minimum Group governance requirements for all subsidiaries. Country specific legislation and applicable in country corporate governance codes are overlaid on this framework.

The Group intends to rationalise the subsidiary boards and corporate entities over the medium term. This forms part of a programme to enhance the operational efficiency of governance of subsidiaries and to speed up the time it takes to complete governance processes.

The tables on page 24 and 25 provide an overview of the governance frameworks and requirements for the various categories of entities in the Group.

# GROUP GOVERNANCE FRAMEWORK (CONTINUED)

GGF OVERVIEW	CATEGORY 1	CATEGORY 2	CATEGORY 3	CATEGORY 4	CATEGORY 5
ENTITY TYPE	Primary Listed Entity	Holding Company with its own Operations	Non operating Holding Company	Operating Entity	All other entities
RELEVANT GROUP ENTITIES	<b>Old Mutual Limited</b>	<ul style="list-style-type: none"> <li>Old Mutual Life Assurance Company (South Africa) Ltd (OMLACSA)</li> <li>Old Mutual Insure Ltd</li> </ul>	<ul style="list-style-type: none"> <li>UAP Holdings Ltd</li> <li>Old Mutual (Africa) Holdings (Pty) Ltd</li> <li>Old Mutual Investment Group (Pty) Ltd</li> <li>OM Residual UK Ltd</li> <li>All African in-country holding companies</li> </ul>	<b>Including:</b> <ul style="list-style-type: none"> <li>Old Mutual Investment Administrators</li> <li>OM unit trusts</li> <li>OM Alternative Risk Transfer</li> <li>OMSFIN</li> <li>Old Mutual Finance (Pty) Ltd</li> </ul>	<b>Investment Vehicles</b>
DESCRIPTION	The primary listed entity sets the Group Governance Framework requirements for itself, as well as for all other categories of entities in the Group. It establishes the minimum standards for the risk management and internal control systems in the Group and ensures that they are operating effectively.	These entities have strategic oversight of operational subsidiaries, including monitoring the delivery of business objectives and ensuring that robust operational management processes and adequate risk management and internal control systems are in place. <b>Operational activities include</b> <ul style="list-style-type: none"> <li>product design</li> <li>advice</li> <li>sales and distribution,</li> <li>customer servicing</li> <li>administration and IT services</li> </ul>	Outside South Africa, these companies are the highest holding entity within a single country or geographical region, and/or the company that assumes responsibilities for strategic oversight over the businesses of that country or region on behalf of the primary listed entity. Inside South Africa, these entities are responsible for strategic oversight over material groups of subsidiaries registered within the country. These entities do not have material operational activities, but are responsible for ensuring that adequate Risk management and internal control systems are in place and functioning effectively in their operational sub-entities.	These operating entities establish operational management structures and implement robust Risk management and internal control systems over their material operations. <b>Operational activities include</b> <ul style="list-style-type: none"> <li>product design</li> <li>advice</li> <li>sales and distribution</li> <li>customer servicing</li> <li>administration and IT services</li> </ul>	These entities have little or no operational activities and include pure investment vehicles and non-profit structures. The governance objective is to ensure that these entities meet all the applicable regulatory requirements, but not to add onerous Group governance requirements unless required by exception. Group governance oversight is dealt with at Category 2 or 3 level.
BOARD COMPOSITION	The minimum Group requirements are: <ul style="list-style-type: none"> <li>Five directors (three INED* and two ED** – CEO and CFO) (<b>Actual: 16 directors, 2 ED, 13 INED, 1 NED</b>)</li> <li>Majority INED</li> <li>All Group INED appointments on subsidiary boards and any deviations from minimum requirements should be approved by Corporate Governance and Nominations committee before appointment</li> </ul> All director appointments approved by shareholders <ul style="list-style-type: none"> <li>* Independent non-executive director</li> <li>** Executive director</li> <li>^ Non-executive director</li> </ul>	The minimum Group requirements, subject to insurance legislation, are: <ul style="list-style-type: none"> <li>Three directors (<b>OMLACSA actual: 13 directors, 2 ED, 10 INED, 1 NED</b>)</li> <li>(<b>OMINSURE actual: 8 directors, 2 ED, 4 INED, 2 NED</b>)</li> <li>Majority NED</li> <li>Non-OM employees and Independent directors to be approved by the Corporate Governance and Nominations committee before appointment</li> </ul> Shareholder representation on subsidiary boards should be approved by the shareholder (or duly authorised representative of the shareholder)	The minimum Group requirements are: <ul style="list-style-type: none"> <li>Three directors</li> <li>Majority NED</li> <li>Non-OM employees and Independent directors to be approved by the Corporate Governance and Nominations committee before appointment</li> </ul> Shareholder representation on subsidiary boards should be approved by the shareholder (or duly authorised representative of the shareholder)	The minimum Group requirements are: <ul style="list-style-type: none"> <li>Three directors</li> <li>Majority NED</li> <li>Non-OM employees and Independent Directors to be approved by the Corporate Governance and Nominations committee before appointment</li> <li>No requirement for INED</li> <li>Preference for NED</li> </ul> If NED not possible, an ED is acceptable, with approval from relevant aggregator entity	The minimum Group requirements are: <ul style="list-style-type: none"> <li>Two directors</li> <li>Non-OM employees and Independent Directors to be approved by the Corporate Governance and Nominations committee before appointment</li> </ul>
CHAIRMAN	The Board appoints the Chairman of the Board, with the following Group minimum requirements: <ul style="list-style-type: none"> <li>CEO and Chairman should be separate individuals</li> <li>Chairman must be an independent non-executive director</li> </ul> Chairman succession plan must be in place	The Board appoints the Chairman of the board, with the following Group minimum requirements: <ul style="list-style-type: none"> <li>CEO and Chairman should be separate individuals</li> <li>Chairman can be INED or NED</li> </ul> Chairman succession plan must be in place	The Board appoints the Chairman of the board, with the following Group minimum requirements: <ul style="list-style-type: none"> <li>CEO and Chairman should be separate individuals</li> <li>Chairman should be a non-executive director</li> </ul>	The Board appoints the Chairman of the board	

GGF OVERVIEW	CATEGORY 1	CATEGORY 2	CATEGORY 3	CATEGORY 4	CATEGORY 5
ENTITY TYPE	Primary Listed Entity	Holding Company with its own Operations	Non operating Holding Company	Operating Entity	All other entities
RESPONSIBILITIES ACROSS GOVERNANCE DOMAINS	Board-specific	<ul style="list-style-type: none"> <li>Implementation of the minimum standards as defined by the Group Governance Framework and monitoring and facilitating the effective functioning thereof</li> <li>Approve Independent director and Chairman appointments</li> </ul>	Accountability for governance across category 4 and 5 entities rests with category 2 and 3 entities who serve as aggregators, defining materiality, ensuring that governance requirements are met and that sufficient information is reported.	No Independent directors and board committees required. Maximum devolution enables entities to govern themselves within the prescribed governance framework, reporting material exceptions to the relevant holding company.	
	Strategy and Performance	<ul style="list-style-type: none"> <li>Development, approval and monitoring execution of Group strategy</li> <li>Oversight of integrity and reliability of external reporting, including production of Integrated Report</li> </ul>	<ul style="list-style-type: none"> <li>Align strategy to the Group strategy; approve business plans and oversee its business performance in line with the strategy</li> <li>Report on performance in terms of strategic KPIs as well as material exceptions. Approve material accounting judgments</li> </ul>		
	Talent and Reward	Sets the Group Remuneration Policy	Adopt and implement the Group Remuneration Policy. Oversee adherence to the policy.		
	Actuarial	Oversees the effective operation of the Actuarial Control Function across the Group	Relevant only to insurance operations. Emphasis is placed on the effective functioning of the Actuarial Control Function (ACF), including the integrity of calculations.	N/A	
	Risk	Set Group Risk Policy and Risk appetite	Establish a Risk committee, oversee adherence to the Group Risk Policy and establish risk appetite and report material exceptions.	<ul style="list-style-type: none"> <li>Oversee the adoption of the Group Risk Policy and Holding Company Risk Appetite and materiality</li> <li>Report material exceptions</li> </ul>	
	Information Technology	Establish Group Information and Platforms committee and set Group IT and Platform Strategy and Policy	Emphasis is placed on aligning to the Group IT strategy and reporting significant Group IT risks and material exceptions.		
	Assurance	Oversee the effective implementation of the Group Combined Assurance Framework (CAF)	<ul style="list-style-type: none"> <li>Audit committees are established at category 2 and 3 operations</li> <li>Adopt and oversee the implementation of the CAF across its relevant entities</li> <li>Any areas of concern are escalated to the Group Board</li> </ul>	<ul style="list-style-type: none"> <li>Oversee the adoption of the CAF</li> <li>Report material exceptions</li> </ul>	
	Compliance	Set Group Compliance Policy and approve Compliance Framework	Oversee adherence to the Group Compliance Policy and Framework and report material exceptions and key compliance risks.	<ul style="list-style-type: none"> <li>Oversee the adoption of the Group Compliance Policy and Framework</li> <li>Report material exceptions and key compliance risks</li> </ul>	
DELEGATION OF AUTHORITY	Responsible Business	<ul style="list-style-type: none"> <li>Set Group direction, policy and principles on Responsible Business</li> <li>Establish Responsible Business committee (including social and ethics)</li> <li>Approve signatories to codes</li> </ul>	<ul style="list-style-type: none"> <li>Adopt and implement the Group Responsible Business policy</li> <li>Oversee adherence to the policy</li> <li>Reports material exceptions</li> </ul>		
	Delegation of Authority	Every Board, and subsidiary board member, is accountable for fulfilling their fiduciary duty, acting in the best interests of the company for which they are appointed and for ensuring appropriate and clear delegation of authority is established. Every CEO is responsible for ensuring that the delegation of authority is implemented, monitored and maintained for the company in the manner and form specified. No one within the Group may undertake any specified business action except as clearly delegated by an approved, relevant, authorised and valid delegation of authority for the specific company or legal entity for which the business action is being undertaken. The current Delegation of Authority Framework is being enhanced in line with best practice and changing business requirements. This will be completed in 2019.			

# BOARD COMMITTEE FEEDBACK



“The Old Mutual Group Audit committee is pleased to present its report for the 2018 financial year. This report has been prepared based on the requirements of the SA Companies Act, 71 of 2008, as amended ('Companies Act'), the King Code of Governance for SA ('King IV™'), the JSE Listings Requirements and other applicable regulatory requirements.”

**Nosipho Molohe**  
Chairperson

## AUDIT COMMITTEE REPORT

13

Meetings

87%

Committee meeting  
attendance

5



Members

### Expertise



The Old Mutual Group Audit committee is pleased to present its report for the 2018 financial year. This report has been prepared based on the requirements of the SA Companies Act, 71 of 2008, as amended ('Companies Act'), the King Code of Governance for SA ('King IV™'), the JSE Listings Requirements and other applicable regulatory requirements.

This report sets out how the Audit committee has satisfied its various statutory obligations during the year, as well as some of the focus areas considered and how the committee has addressed these.

### Role and mandate

The committee's main role is to assist the Board in fulfilling its oversight responsibilities, in particular with regard to the integrity of the Group's financial statements, effectiveness of the systems of internal control, financial reporting and risk management.

In addition, the committee is responsible for assessing the effectiveness of the internal audit function, the Chief Financial Officer and the independence and effectiveness of the Group's external auditors.

The Audit committee also has oversight responsibilities over key subsidiaries within the Group, specifically our largest subsidiary Old Mutual Life Assurance Company (South Africa) Limited. The committee routinely provides guidance and feedback on discussions that may have an impact on these subsidiaries and their Audit committees.

These responsibilities are in terms of the mandate of the Audit committee as defined in section 94(7) of the Companies Act and its terms of reference.

See Audit committee terms of reference on [www.oldmutual/about/governance/board-committees](http://www.oldmutual/about/governance/board-committees)

### Committee composition

The committee is comprised of five independent non-executive directors who all satisfy the requirements to serve as members of an audit committee, as defined by section 94(7) of the Companies Act.

Two out of the five committee members are chartered accountants and all five members have risk management and finance and audit expertise.

The Chairperson of the committee reports to the Board on its activities, all matters discussed, highlighting key issues requiring action and recommendations for resolution.

The Audit committee works closely with the Group Risk committee, which reviews risk management and compliance initiatives and monitors the effectiveness of the risk, compliance and internal control infrastructure of the Group.

The Chairperson of the Audit committee is a member of the Risk committee and the Chairperson of the Risk committee is a member of the Audit committee. This helps ensure that there is adequate communication between the two committees.

Name	Appointment/ resignation date	Board status	Meeting attendance <sup>^</sup>
<b>Nosipho Molohe</b> (Chairperson) <i>BSc (Medical Sciences), BCompt (Hons), CTA, CA(SA)</i>	06.03.2018	Independent non-executive	10/13*
<b>Paul Baloyi</b> <i>MBA, AMP(IINSEAD), SEP (Harvard)</i>	06.03.2018	Independent non-executive	11/13*
<b>Peter de Beyer</b> <i>BBusSci (Hons), FASSA</i>	06.03.2018	Independent non-executive	13/13
<b>Itumeleng Kgaboesele</b> <i>BCom, PDip (Acc, Dip (FMI), CA(SA)</i>	06.03.2018	Independent non-executive	10/13*
<b>John Lister</b> <i>BSc (Stats), FIA</i>	06.03.2018	Independent non-executive	12/13*
<b>Ignatius Sehoole</b>	06.03.2018 Resigned 08.10.2018	Independent non-executive	10/11*

### Invited attendees

The engagement partners of the Independent External Auditors and Internal Audit director are standing invitees to the Audit committee meetings, as is the Board Chairman, CEO, CFO, Chief Risk Officer and the heads of finance, actuarial and tax.

Invitations to attend committee meetings are extended to senior executives and professional advisers as deemed appropriate. Directors of the Board who are not members of the committee have the right of attendance at Audit committee meetings.

\* Apologies received

<sup>^</sup> In accordance with the Audit committee's Terms of Reference, it held the minimum number of 4 scheduled meetings during 2018, along with an additional 9 special meetings required to adequately discharge its duties in accordance with its mandate and Managed Separation.

### Our commitment to independence, transparency and collaboration

The Audit committee encourages continuous improvement of and fosters adherence to the Group's policies, procedures and practices at all levels of the organisation.

Application of these policies encourages open communication with assurance providers, including the independent external auditors, senior management, internal audit, compliance, the risk functions and the Board.

The Group Internal Audit director also has a direct reporting line to the committee with unfettered access to the committee Chairperson.

The independence of the committee is key to its effective functioning, whilst ensuring that it does not assume the functions of management.

As part of its mandate, it has the authority to investigate matters within the scope of its defined responsibility and to request information or explanations necessary for the performance of its functions.

# BOARD COMMITTEE FEEDBACK

(CONTINUED)

## Areas of focus during the year

### Significant audit matters

The Audit Committee routinely considers audit matters, as raised by the external auditors as well as significant audit matters relating to the annual financial statements.

Audit matter	How the Audit committee addressed the matter
Accounting for Managed Separation transactions	Throughout the financial period, the Audit committee reviewed the accounting treatment arising from the execution of Managed Separation. This included the treatment within the Company and Group Financial Statements and involved detailed review of the distribution and initial public offering of Quilter plc, the application of predecessor accounting when Old Mutual Limited acquired Old Mutual plc and the unbundling of 32% of Nedbank Limited during October 2018.
Goodwill valuations and impairments	During November 2018 and January 2019, the committee reviewed the goodwill and intangible assets impairment reviews that were based on the latest business planning inputs. The committee considered the sensitivity of the outcomes to declining growth rates and increasing discount rates.
Assumptions related to policyholder liabilities	The committee reviewed reports from the Group Chief Actuary and the external auditors on actuarial assumptions.
Valuation of investments and securities	The committee considered the audit findings on valuation of investments and securities received from the external auditors.  The majority of investments can be valued using current market practices. However, for certain private equity investments and other unlisted investments where there have not been recent market transactions, more judgement is required.
Change in functional currency for the Old Mutual Zimbabwe businesses	The committee reviewed and approved the change in functional currency for the Old Mutual Zimbabwe businesses. Detailed discussions were held on the appropriateness of the rate to translate the business at and the disclosures to be included in financial statements.

## Compliance and regulatory reporting

The Group Compliance Function establishes and maintains mechanisms and systems of internal control to assist the Board and managing executives in meeting legal, regulatory and supervisory obligations and to promote and sustain a sound compliance culture. This includes ensuring legal and regulatory compliance implications are integrated into material strategic, financial and operational decisions.

Any concerns are reported to the executive committee and the Risk and Audit committees.

**There were no material regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations during the year under review.**

## Annual financial statements and integrated reporting process

During the year under review the Audit committee:

- Oversaw the implementation of IFRS 9 – Financial Instruments and 15 – Revenue from Contracts with Customers, both standards were effective 1 January 2018.
- Reviewed and debated key judgements and analysed financial information included in the Group's interim and year end results announcement to ensure the accuracy and integrity of financial data disclosed externally.
- Reviewed and assessed the audited annual financial statements, and found the controls and financial reporting processes underpinning its compilation to be appropriate and effective.
- Assessed and confirmed the appropriateness of the going concern assumption used in the annual financial statements.
- Recommended to the Board for approval the annual financial statements, interim and annual results and the financial information included in the 2018 Integrated Report.
- Reviewed the interim, special and final dividend proposals and ensured that the Group had sufficient resources to make these distributions, before recommending them to the Board.

**The Audit committee is satisfied with the appropriateness of the expertise and experience of the Chief Financial Officer, Casper Troskie, and the resources, expertise, succession planning and experience of the Group's finance function.**

## Internal controls and risk management

The Audit committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and risk management, and for considering the findings of any major internal investigations into control weaknesses, fraud or misconduct, and management's response thereto.

The committee considered control issues identified from the various reports reviewed by the committee in the context of the overall effectiveness of internal controls.

This included internal and external audit reports, reports from the Board's Risk committee as well as specific internal control reports from management relating to internal attestation of financial and other controls.

The committee also receives regular reports provided as part of the Group's Enterprise Risk Management (ERM) policy to assist in evaluating the Group's internal controls.

**Having considered, analysed, reviewed and discussed information provided by management, other Board committees, Internal Audit and the external auditors, the Audit committee is of the opinion that the internal controls of the Group had been effective in all material aspects, throughout the year under review.**

## Internal Audit

Internal Audit is the third line of assurance in the assurance model, and provides independent assurance over the first and second line of assurance operations and oversight functions.

Group Internal Audit is accountable to the Chairperson of the Audit committee and has access to the Chairman of the Board.

Group Internal Audit meets with the Audit committee at least once a year without management being present, and has frequent interactions with the Chairperson of the Audit committee. Functional and financial independence of the Group Internal Audit director and the internal audit function is maintained by not directly reporting into executive management, and through the Audit committee approving the internal audit budget, which allows it to meet the requirements of its mandate.

Group Internal Audit is functionally independent from the activities it audits and from the day-to-day internal control processes of the Group.

During the year under review the Audit committee:

- Reviewed and approved the Internal Audit terms of reference and evaluated the independence, effectiveness and performance of the Internal Audit function and compliance with its terms of reference.
- Reviewed and approved the annual internal audit plan in consultation with the Group Internal Audit director, ensuring that material risk areas were included, that the coverage of business processes was acceptable, and that statutory and financial reporting requirements were met.
- Reviewed and discussed with the Group Internal Audit director the scope of work of the internal audit function, the issues identified as a result of its work and management's responsiveness to issues raised and agreed action plans.

# BOARD COMMITTEE FEEDBACK

(CONTINUED)

- Ensured coordination and cooperation between internal audit and the risk management and compliance functions.

The Audit committee is satisfied with the appropriateness of the expertise, experience and resources of the Internal Audit function and that of the Audit director.

## External auditors

The Audit committee is responsible for the appointment, compensation and oversight of the external auditors for the Group, namely Deloitte and Touche and KPMG Inc.

During the year under review the Audit committee:

- Considered and recommended to the Board the appointment of the joint external auditors Deloitte and Touche (with Alex Arterton as designated registered auditor) and KPMG (with Gary Pickering as designated registered auditor) and the approval of their audit fees for the 2018 year under review. We have made arrangements with both audit firms for appropriate audit partner rotation in line with best practice.
- Approved detailed guidelines as part of the Group's policy on non-audit services, which are summarised in the Corporate Governance section of our website. It should be noted that before being appointed as joint auditors of Old Mutual Limited, Deloitte and Touche had performed non-audit services for the Group. These services have resulted in Deloitte and Touche exceeding the Group's own internal threshold for fees for non-audit services. The Audit Committee agreed an orderly wind down of these services and no further non-audit services for the year have been performed by Deloitte and Touche. These services have not impaired Deloitte and Touche's independence and in order to mitigate any potential conflicts, KPMG has been assigned the audit of these areas. The nature and extent of the other non-audit services performed by the external auditors were in accordance with the aforementioned policy and have been reviewed on a quarterly basis by the Audit committee.
- Ensured that the appointment and the independence of the external auditors were in compliance with the Companies Act and all other regulatory and legal requirements.
- Approved the joint external auditors' annual audit plan and ensured that all material risks and statutory and financial reporting requirements were met.

- Ensured coordination and cooperation between the external and internal auditors.
- Monitored the effectiveness of the external auditors in terms of their audit quality, expertise and independence, as well as the execution of the audit plan.
- Confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 26 of 2005.
- Considered reports from subsidiary Audit committees and management on the activities of subsidiary entities.
- Reviewed the findings and recommendation of the external auditors and confirmed that there were no unresolved matters.

## KPMG

The Board supported the Audit committee in their continuous engagements with KPMG International and KPMG South Africa on concerns regarding the ongoing challenges emerging in their South African business. KPMG has noted and discussed with us clear actions to address these challenges. In the current context the Board believes it is prudent to retain Deloitte and Touche as joint auditor for the foreseeable future.

The performance of both firms in the joint 2018 audit will be closely scrutinised, in particular assessing the benefit of international auditing skills secured during 2018 and the opportunity to have refreshed assurance over the Group's financial reporting.

## Combined assurance

The Audit committee is responsible for overseeing Combined Assurance activities and ensuring that these are effective in achieving its objectives.

The Group's Combined Assurance framework establishes integrated and coordinated assurance activities between the three lines of assurance across all levels of the organisation. There is continued and on-going focus on increased collaboration and sharing of information as well as reducing duplication of activities.

The Audit committee is satisfied that our assurance activities result in an adequate, effective control environment and the integrity of reports relied upon for decision making.

## Committee training

As a part of the training for directors of a newly listed entity, the Audit committee members received training on Johannesburg and London Stock Exchanges Listing requirements, including Market Abuse Regulations and Standard and Ongoing listing obligations for both these exchanges.

## Committee performance

The performance of the committee is reviewed annually as part of the effectiveness review of the Board and all its committees. The externally facilitated review performed during 2018 concluded that the committee operated effectively and successfully discharged its responsibilities and duties during the year under review.

## Conclusion

The Audit committee is satisfied that it has complied with all statutory duties as well as its duties under its terms of reference for the reporting period.

The Audit committee reviewed the Group Annual Financial Statements for the year ended 31 December 2018 and recommended them for approval to a sub committee of the Board on 22 March 2019.

On behalf of the Audit committee

### Nosipho Molope

Audit committee Chairperson

## Key focus areas for 2019

- Overseeing the implementation of IFRS 16 – Leases, effective 1 January 2019.
- Monitoring and evaluating the internal project constituted to prepare the business for the implementation of IFRS 17 – Insurance Contracts, effective 1 January 2022.
- Monitoring the economic situation in Zimbabwe and considering the appropriate accounting treatment in the Group financial statements and disclosure.
- Monitoring of the developments of the independent review of KPMG SA led by SAICA, and assessing the impact on Old Mutual and our auditors.

# BOARD COMMITTEE FEEDBACK

(CONTINUED)



“The Corporate Governance and Nominations committee played a crucial role in determining the application of best practice corporate governance for the Group during 2018, thereby facilitating a governance environment which will stand Old Mutual in good stead going forward.”

**Trevor Manuel**  
Chairman

## CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE REPORT

10

Meetings

92%

Committee meeting  
attendance

8

Members

### Expertise



## Composition

This committee assists the Chairman in matters of Corporate Governance. It comprises the Chairpersons of the various Board committees and the previous Deputy Chairman of the OMEM board to ensure the requisite continuity.

Name	Appointment/ resignation date	Board status	Meeting attendance
<b>Trevor Manuel</b> (Chairman) <i>NDip, EMP (Stanford)</i>	06.03.2018	Independent non-executive	10/10
<b>Peter de Beyer</b> <i>BBusSci (Hons), FASSA</i>	06.03.2018	Independent non-executive	10/10
<b>Thys du Toit</b> <i>BSc Agric, MBA</i>	06.03.2018	Independent non-executive	8/10*
<b>John Lister</b> <i>BSc (Stats), FIA</i>	06.03.2018	Independent non-executive	8/10*
<b>Sizeka Magwentshu-Rensburg</b> <i>BA, MBA(Webster), DPhil</i>	06.03.2018	Independent non-executive	10/10
<b>Thoko Mokgosi-Mwantembe</b> <i>BSc, MSc, SEP(Harvard), MCRP (Institute of Management Development of Switzerland)</i>	06.03.2018	Independent non-executive	10/10
<b>Nombulelo Moholi</b> <i>BSc (Eng), SEP(Stanford), SMMP (Harvard)</i>	06.03.2018	Independent non-executive	10/10
<b>Nosipho Molohe</b> <i>BSc (Medical Sciences), BCompt (Hons), CTA, CA(SA)</i>	29.11.2018	Independent non-executive	1/1
<b>Ignatius Sehoole</b>	06.03.2018 Resigned 08.10.2018	Independent non-executive	5/7*

### Invited attendees

**Peter Moyo** (CEO) Executive

*Each member of this committee also chairs another Board committee, except for Peter de Beyer.*

\* Apologies received

## Mandate

The mandate of the Corporate Governance and Nominations committee is to provide oversight and make recommendations to the Board in terms of Board and Board committee composition and Corporate Governance and Compliance matters. It is also responsible for the overall implementation of the GGF.

See the Corporate Governance and Nominations Committee's Terms of Reference on [www.oldmutual.com/about/governance/board-committees](http://www.oldmutual.com/about/governance/board-committees)

The Corporate Governance and Nomination committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

## Areas of focus for 2019

- Board and senior leadership succession planning.
- Considering skills matrix of board members of key subsidiaries, effecting changes where required.
- Considering tenure of certain long serving subsidiary directors to ensure implementation of corporate governance best practice.
- Filling marketing and digital distribution skills gaps on the Board. Female directors will be sought for these roles, which will facilitate the achievement of the Board gender target of 30% female representation.
- Ensuring that the GGF delivers the outcomes as agreed by the Board across all subsidiaries.

## Areas of focus during the year

- Reviewed and approved the Governance related disclosures in the Old Mutual Limited PLS, which was approved in April 2018.
- Reviewed and approved the Memorandum of Incorporation and the Diversity policy ahead of the listing of the Company in June 2018 and implemented the Board gender target (30% female representation) for all subsidiary boards.
- Oversaw and approved the appointment of members to the Board, including the initial appointment of directors to the Board of Old Mutual Limited on 5 March 2018. Key executive appointments also included Casper Troskie as Chief Financial Officer on 27 March 2018 and the appointment of Nosipho Molohe as Chairperson of the Audit Committee on 15 November 2018.
- Drove continued simplification in the Board, Committee and legal entity structures of the Board.
- Established procedures to ensure that the selection of individuals appointed to the Board was transparent.
- Established limits and procedures in terms of additional board appointments for Old Mutual Limited Board members, taking into account best practice regarding management of time constraints and conflicts of interest.

# BOARD COMMITTEE FEEDBACK

(CONTINUED)



“The Technology and Platforms committee played a key oversight role in the drive to ensure the Group is not only future fit, but ahead of our peers when it comes to the application and leveraging of technology across our operations.”

**Nombulelo Moholi**  
Chairperson

## TECHNOLOGY AND PLATFORMS COMMITTEE REPORT

4

Meetings

90%

Committee meeting  
attendance

5

Members

### Expertise



## Composition

Name	Appointment/ resignation date	Board status	Meeting attendance
<b>Nombulelo Moholi</b> (Chairperson) <i>BSc (Eng), SEP(Stanford), SMMP (Harvard)</i>	06.03.2018	Independent non-executive	4/4
<b>Thoko Mokgosi-Mwantembe</b> <i>BSc, MSc, SEP(Harvard), MCRP (Institute of Management Development of Switzerland)</i>	06.03.2018	Independent non-executive	4/4
<b>Peter Moyo (CEO)</b> <i>BAcc (Hons), HDip (Tax), AMP (Harvard), CA(SA)</i>	06.03.2018	Executive	4/4
<b>James Mwangi</b> <i>BA (Econ)</i>	06.03.2018	Independent non-executive	2/4*
<b>Stewart van Graan</b> <i>BCom (Hons), PMD</i>	06.03.2018	Independent non-executive	4/4

### Invited attendees

The Board Chairman, Chief Information Security Officer, Chief Operating Officer, Director: Customer Solutions, Chief Technology Officer, Chief Digital and Data Officer, Chief Information Officer, Chief Risk Officer and the Group Internal Audit director have standing invitations to attend all meetings of this committee. The committee may further invite any executive management team members and/or other individuals to attend meetings as they consider appropriate.

\* Apologies received

## Mandate

The mandate of the Technology and Platforms committee is to have strategic oversight and governance of the Group's strategic investment in IT, telecommunications, software, systems and wider technology, as well as data protection and information management.

See the Technology and Platforms committee Terms of Reference on [www.oldmutual.com/about/governance/board-committees](http://www.oldmutual.com/about/governance/board-committees)

The Technology and Platforms committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

## Areas of focus during the year

- Reviewed and approved the technology related disclosures in the Old Mutual Limited PLS, which was approved in April 2018.
- The committee considered and reviewed the information technology strategy for the Group, with particular focus on the strategic investment in technology to refresh the Group's IT estate.
- Provided input into business resilience programmes.
- Monitored key strategic IT initiatives, aimed at mitigating cyber risk, and showcasing the use of robotics and artificial intelligence (AI) within the business.
- Reviewed management's assessment of the performance of critical applications and provided input into remedial actions identified.
- The committee provided oversight over the IT governance model through the monitoring of key performance indicators for the five IT governance pillars.
- Governance oversight and making recommendations to the Board in respect of strategic technology projects, information and data management, strategic technology related acquisitions and disposals, technology suppliers, technology contractual arrangements involving services, developments, licences, maintenance, support, hosting, networking, data protection and other technology arrangements.
- Approved key technology initiatives and projects within the prescribed limits.
- Reviewed the Group's cyber security strategy and identified enhancements to be put in place to strengthen the defence against and increase responsiveness to cyber incidents. These enhancements included the delivery of organisation wide campaigns to raise awareness around cyber risk and phishing activities and how employees should respond to these risks.

## Areas of focus for 2019

- Monitoring the execution of our IT refresh to ensure on time and in scope delivery.
- Monitoring of continued enhanced information technology governance.
- Monitoring the management of key IT risks relating to information and cyber security and continuity of certain systems.
- Continue to oversee the execution of the IT strategy, as supported by the committee.

# BOARD COMMITTEE FEEDBACK

(CONTINUED)



“The Remuneration committee continues to review and monitor the Group’s remuneration policies and practices to ensure we reward our employees fairly and responsibly.”

**Thoko Mokgosi-Mwantembe**  
Chairperson

## REMUNERATION COMMITTEE REPORT

10

Meetings

95%

Committee meeting attendance

4

Members

### Expertise



### Mandate

The mandate of the Remuneration committee is to independently review and monitor the integrity of the Group’s remuneration policies and implementation thereof, ensure that the Group remunerates fairly, responsibly and transparently and ensure compliance with the statutory duties of the committee as contained in relevant legislation.

See the Remuneration committee’s Terms of Reference on [www.oldmutual.com/about/governance/board-committees](http://www.oldmutual.com/about/governance/board-committees)

The Remuneration committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

### Areas of focus for 2019

- Reviewing the reward framework to drive consistency in remuneration and the benefits structures across the Group, particularly in Rest of Africa.
- Managing Group remuneration philosophy and implementation in accordance with best practice, and ensuring the requisite engagements with all stakeholders are in place.
- Delivering oversight over the themes as set out in the committee’s terms of reference.

### Areas of focus during the year

- Reviewed and approved the remuneration related disclosures in the Old Mutual Limited PLS, which was approved in April 2018.
- Set the Old Mutual Limited remuneration philosophy and policy.
- Reviewed current remuneration practices in order to consider whether they are fit for purpose, competitive and supported the sustainability of the Group.
- Reviewed executive remuneration and benefits, including the approval of MSIP payments to qualifying members of the executive committee.
- Reviewed and approved with the Board the remuneration for the CEO, the executive committee and senior management, ensuring they are fairly and responsibly rewarded for their individual contributions to the Group’s overall performance.
- Reviewed and approved the overall annual increase pool awarded to Group employees, with particular focus on the increases awarded to senior management.
- Reviewed and monitored the implementation of the Group’s incentive, benefits and equity-based remuneration plans
- Reviewed potential risks in respect of the Group’s remuneration and benefit programmes and policies.
- Approved of the 2018 Remuneration Report and incentive outcomes for employees.

### Composition

Name	Appointment/resignation date	Board status	Meeting attendance
<b>Thoko Mokgosi-Mwantembe</b> (Chairperson) <i>BSc, MSc, SEP(Harvard), MCRP (Institute of Management Development of Switzerland)</i>	06.03.2018	Independent non-executive	10/10
<b>Thys du Toit</b> <i>BSc Agric, MBA</i>	06.03.2018	Independent non-executive	8/10*
<b>Itumeleng Kgaboesele</b> <i>BCom, PDip (Acc), Dip (FMI), CA(SA)</i>	06.03.2018	Independent non-executive	10/10
<b>Sizeka Magwentshu-Rensburg</b> <i>BA, MBA(Webster), DPhil</i>	06.03.2018	Independent non-executive	10/10

### Invited attendees

The Board Chairman, CEO, Group Human Capital director and the Group Head of Reward have standing invitations to attend all meetings of the Remuneration committee. The committee may further invite any executive management team members or other individuals to attend meetings as they consider appropriate. No attendee is present when matters pertaining to their own remuneration or terms of employment are being discussed.

\* Apologies received

# BOARD COMMITTEE FEEDBACK

(CONTINUED)



“The Risk committee provided extensive oversight over a range of risk management initiatives during the year, ensuring that the Group is able to timeously identify, and effectively manage and mitigate all material risks it faces.”

**John Lister**  
Chairperson

## RISK COMMITTEE REPORT

6

Meetings

91%

Committee meeting  
attendance

8



Members

### Expertise



## Composition

There will be cross membership between the Risk committee and the Audit committee, typically with the chairperson of each committee serving as a member of the other, but no person will be the chairperson of both committees at the same time.

Name	Appointment/ resignation date	Board status	Meeting attendance
<b>John Lister</b> (Chairperson) <i>BSc (Stats), FIA</i>	06.03.2018	Independent non-executive	6/6
<b>Paul Baloyi</b> <i>MBA, AMP(INSEAD), SEP(Harvard)</i>	06.03.2018	Independent non-executive	6/6
<b>Peter de Beyer</b> <i>BBusSci (Hons), FASSA</i>	06.03.2018	Independent non-executive	6/6
<b>Albert Essien</b> <i>BA</i>	06.03.2018	Independent non-executive	5/6*
<b>Nosipho Molope</b> <i>BSc (Medical Sciences), BCompt (Hons), CTA, CA(SA)</i>	06.03.2018	Independent non-executive	4/6*
<b>Peter Moyo</b> (CEO) <i>BAcc (Hons), HDip (Tax), AMP (Harvard), CA(SA)</i>	06.03.2018	Executive	6/6
<b>Marshall Rapiya</b> <i>BAdmin</i>	06.03.2018	Non-executive	5/6*
<b>Stewart van Graan</b> <i>BCom (Hons), PMD</i>	06.03.2018	Independent non-executive	5/6*
<b>Ignatius Schoole</b>	06.03.2018 Resigned 08.10.2018	Independent non-executive	5/5

### Invited attendees

The Board Chairman, CFO, Risk and Actuarial directors have standing invitations to attend meetings.

\* Apologies received

## Mandate

The mandate of the Risk committee is to independently review management's recommendations on risk management, particularly in relation to the structure and implementation of the risk strategy, system of governance, risk management framework, internal capital models, the quality and effectiveness of the related internal controls and reporting processes, risk appetite limits and exposures, and the overall risk profile of the business.

See the Risk committee's Terms of Reference on [www.oldmutual.com/about/governance/board-committees](http://www.oldmutual.com/about/governance/board-committees)

The Risk committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

## Areas of focus for 2019

- Monitoring the economic situation in Zimbabwe and putting in place measures to reduce operational and economic risk.
- Continue to monitor strategic execution risk.
- Continue to monitor retail credit risk exposure.
- Conduct risk to remain an area of focus, specifically the ability to evidence good outcomes for customers.
- From an operational perspective, the information security programme's maturity and remediation roadmap will be a key focus during 2019.

## Areas of focus during the year

- Reviewed and approved the risk related disclosures in the Old Mutual Limited PLS, which was approved in April 2018.
- Monitored the adequacy, efficiency and appropriateness of the Group's risk, capital and liquidity management processes and systems.
- Approved and implemented the revised risk policy framework.
- Reviewed the Group's risk strategy and risk appetite, particularly considering the appropriateness of the application of the Group strategy and risk appetite to Zimbabwe, given significant deterioration in the economic environment during 2018.
- Monitored and reviewed the regulatory compliance processes and procedures.
- East Africa, business continuity, retail banking credit and market conduct risks were key areas of focus, with increased activity around cyber and information security.
- Considered and approved the Own Risk and Solvency assessment (ORSA).
- Monitored material legislation and compliance thereto.
- Approved the combined assurance plan.
- Regularly reviewed risks in subsidiary entities.

# BOARD COMMITTEE FEEDBACK

(CONTINUED)



“The Responsible Business committee has made significant progress this year in ensuring that enhancements in Responsible Business goals and behaviours are embedded in all aspects of our business.”

**Sizeka Magwentshu-Rensburg**  
Chairperson

## RESPONSIBLE BUSINESS COMMITTEE (INCORPORATING SOCIAL AND ETHICS)

4

Meetings

97%

Committee meeting  
attendance

8

Members

### Expertise



## Composition

Name	Appointment/ resignation date	Board status	Meeting attendance
<b>Sizeka Magwentshu-Rensburg</b> (Chairperson) BA, MBA (Webster), DPhil	06.03.2018	Independent non-executive	4/4
<b>Albert Essien</b> BA	06.03.2018	Independent non-executive	3/4*
<b>Peter de Beyer</b> BBusSci (Hons), FASSA	06.03.2018	Independent non-executive	4/4
<b>Trevor Manuel</b> NDip, EMP (Stanford)	06.03.2018	Independent non-executive	4/4
<b>Nombulelo Moholi</b> BSc (Eng), SEP (Stanford), SMMP (Harvard)	06.03.2018	Independent non-executive	4/4
<b>Peter Moyo (CEO)</b> BAcc (Hons), HDip (Tax), AMP (Harvard), CA(SA)	06.03.2018	Executive	4/4
<b>James Mwangi</b> BA (Econ)	06.03.2018	Independent non-executive	4/4
<b>Marshall Rapiya</b> BAdmin	06.03.2018	Non-executive	4/4

### Invited attendees

The Chief Operating Officer, director: Customer Solutions, MD: Personal Finance, MD: Corporate, MD: Rest of Africa, MD: Wealth and Investment, Human Capital director and the Head: Responsible Business have standing invitations to attend all meetings of this committee. The committee may further invite any executive management team members and/or other individuals to attend meetings as they consider appropriate.

\* Apologies received

## Mandate

The mandate of the Responsible Business committee (incorporating Social and Ethics) is to oversee the Group's activities in sustainable social and economic development, which include public safety, HIV/Aids, environmental management, corporate social investment, responsible investment, customer relationships, labour and employment, the promotion of equality and ethics management.

See the Responsible Business committee's Terms of Reference on [www.oldmutual.com/about/governance/board-committees](http://www.oldmutual.com/about/governance/board-committees)

The Responsible Business committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

## Areas of focus during the year

- Reviewed and approved the responsible business related disclosures in the Old Mutual Limited PLS, which was approved in April 2018.
- Reviewed and recommended to the Board for approval the terms of the framework agreement with the Department of Economic Development, which was signed on 9 January 2018.
- Monitored and reviewed the outcomes of the Old Mutual Entrepreneurship Ecosystem pilot programme involving Mass and Foundation Cluster, Old Mutual Corporate, Personal Finance, Old Mutual Insure, Masisizane Fund and Black Distributors Trust. The pilot programme has identified critical success factors to build on and has shown that there is significant opportunity for the development of Small, Medium and Micro-sized Enterprises (SMMEs) by leveraging the Group's resources, product solutions and education initiatives.
- Reviewed the impact of the amended FSC on the calculation of Old Mutual Limited's BBBEE contributor status and drove actions to improve the score.
- Monitored progress against transformation targets and the employment equity and skills development plans.
- Received updates on and provided input into the culture change programme implemented by management.
- Monitored and reviewed the application of ethics in the organisation.
- Spent considerable time overseeing and considering the experience and outcomes for customers across the Group, including the ongoing monitoring of Treating Customers Fairly initiatives (TCF).
- Steered the development of the Group's current responsible business programme, holding executives accountable for the effective planning, resourcing, implementation and delivery of the programme.
- Monitored compliance with applicable laws, rules, codes and standards relating to broad based black economic empowerment, employment equity, environmental management, health and safety, HIV/Aids, the 10 principles set out in the United Nations Global Compact Principles, OECD recommendations, regarding corruption, corporate social responsibility, customer relationships and human resources in accordance with its statutory duty as Social and Ethics committee.
- Monitored Compliance with the UN Responsible Investment Principles
- Reviewed the adequacy and effectiveness of the Group's stakeholder management policy and the Code of Conduct.
- Reviewed and approved the Stakeholder Relations Policy to formalise how the Group addresses its sponsorship, donations and charitable giving.
- Monitored and reviewed CSR activities, with a particular focus on education.

## Areas of focus for 2019

- Reviewing the 2018 BBBEE effective shareholding and identifying actions to improve ownership to the levels agreed to in the framework agreement.
- Oversee the programme responsible for TCF across the Group and ensure delivery by management.
- Ensuring that governance processes around the R500 million Enterprise Development Fund is established.
- Continue with monitoring initiatives to enhance the customer proposition.

# BOARD COMMITTEE FEEDBACK

(CONTINUED)



“The role of the Related Party Transaction committee was particularly important in 2018. We reviewed and evaluated a number of complex related party transactions required to execute Managed Separation, in order to ensure these transactions were in the best interests of Old Mutual Limited.”

**Thys du Toit**  
Chairperson

## RELATED PARTY TRANSACTION COMMITTEE REPORT

5

Meetings

100%

Committee meeting  
attendance

3

Members

### Expertise



## Composition

Name	Appointment/ resignation date	Board status	Meeting attendance
<b>Thys du Toit</b> (Chairperson) <i>BSc Agric, MBA</i>	06.03.2018	Independent non-executive	5/5
<b>James Mwangi</b> <i>BA (Econ)</i>	06.03.2018	Independent non-executive	5/5
<b>Stewart van Graan</b> <i>BCom (Hons), PMD</i>	06.03.2018	Independent non-executive	5/5

## Mandate

The mandate of the Related Party Transaction committee is to consider, review, evaluate, approve and provide oversight in relation to any related party transaction between companies forming part of the Group, upon becoming aware of, or being referred such a transaction or proposed transaction. The committee has established its own processes and procedures in terms of which it considers, reviews, evaluates and provides oversight in relation to whether related party transactions are fair and in the best interest of the Group.

This committee is a decision making body and its recommendations in respect of related party transactions are binding. Therefore a related party transaction may not be authorised or implemented by the Board unless it has been approved and recommended by the Related Party Transaction committee.

Members of the Related Party Transaction committee do not serve on any other board in the Group.

See the Related Party Transaction committee's Terms of Reference on [www.oldmutual.com/about/governance/board-committees](http://www.oldmutual.com/about/governance/board-committees)

The Related Party Transaction committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

## Areas of focus for 2019

- The committee meets when relevant and will continue to ensure the requisite governance are in place in respect of related party transactions and any disclosures required in this regard.

## Areas of focus during the year

- Provided monitoring and oversight of any potential undue influence on Old Mutual Limited that could arise during the execution of Managed Separation, which included:
  - The review and approval of the shareholding, governance and commercial arrangements relating to Nedbank, which resulted in the signing of the Nedbank Relationship Agreement and;
  - Ensuring conflicts of interest between Old Mutual Limited and Old Mutual plc were appropriately managed, especially in dealing with liabilities resulting from the wind down of Residual plc activities.
- Reviewed and approved the related party disclosures in the Old Mutual Limited PLS, which was approved in April 2019.
- Ensured accurate disclosure of the IAS 24 related party transactions in the annual financial statements, which included the disclosure around the CEO's financial interest in the NMT Group.

See conflicts of interest on page 13 for further information.

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