

INVESTING IN THE FUTURE

UNITED NATIONS
GLOBAL COMPACT
COMMUNICATION ON
PROGRESS 2011



OLD MUTUAL

INSURANCE • INVESTMENT • SAVINGS • BANKING

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

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CONTACT AND FEEDBACK

If you would like to find out more information, have any questions, or would like to provide any additional feedback on this Communication on Progress please email:

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STATEMENT OF SUPPORT FROM JULIAN ROBERTS, CEO OF OLD MUTUAL



Throughout 2011, we all witnessed or were impacted by large scale natural disasters, escalating social unrest in a number of countries, the continued international debate about the role of financial services, and the protests of the Occupy movement. These all served to reinforce the fact that we live in a world where news travels fast, and where events on one side of the globe can have a major impact elsewhere. Through our position as an international long-term savings, investment and protection Group, I believe Old Mutual can play a positive and stabilising role in global society, I am proud that we are responding to global trends to create a long-term, responsible and transparent business to create positive impact.

We find the Global Compact a useful framework for helping us deliver that positive role in society. The Global Compact's principles have an influence on how we conduct our business day to day; principles of responsibility which have been important to us since our formation over 165 years ago. In 2011 we made good progress to responsible business and in further embedding the principles that form the Compact. I believe our greatest achievement has been identifying and working with networks and individuals across the Old Mutual Group to share our Responsible Business strategy and deliver it consistently. Taking into account the different geographies in which we operate and markets we serve, has helped us focus on five key issues where we have invested time and resources to create momentum and accountability across the Group.

Our five key issues

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

Key progress in 2011

- Creating a framework for responsible decision making in our owned and managed investments
- Better understanding the needs and aspirations of our customers to ensure products and services appropriately meet these
- Working with our employees to create a better culture that will deliver greater success for them and the business
- Continuing to invest in helping build stronger and sustainable communities
- Driving down our carbon emissions across the Group.

I know that there is always more to do, and more to learn. New challenges will arise that will cause us at Old Mutual to reassess our approach to running our business in a responsible manner. That is why we choose to be an active member of the Global Compact; to share our progress and challenges and to learn from other members. Our 2011 Communication on Progress provides a brief summary of our activity against the Global Compact principles over the last year. For further details, you can access other Old Mutual publications that detail our progress and plans including our 2011 [Responsible Business Report](#).

Group Chief Executive

OUR BUSINESS AT A GLANCE

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

GROUP

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

Adjusted operating profit (AOP) 2011

£1,515m

2010: £1,371m

Funds under management (FUM) 2011

£267.2bn

2010: £295.2bn

Number employed¹ 2011

57,430

2010: 55,730



Primary locations

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

Responsible business highlights

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

LONG-TERM SAVINGS (LTS)

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

Our brands

 OLD MUTUAL

 skandia

 kotak[®]
Life Insurance

 瑞泰人寿
OLD MUTUAL-GUODIAN

Adjusted operating profit (AOP) 2011

£793m

2010: £787m

Funds under management (FUM) 2011

£108.5bn

2010: £117.9bn

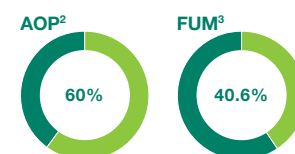
Number employed 2011

22,851

2010: 21,729



Contribution to Group



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

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

³ % of FUM in Group core operations.

OUR BUSINESS AT A GLANCE

CONTINUED

BANKING

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

Our brand



Adjusted operating profit (AOP) 2011

£755m

2010: £601m

Core tier 1 ratio

11.0%

2010: 10.1%

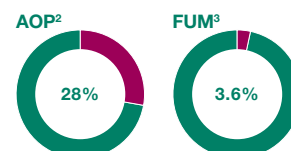
Number employed 2011

28,494

2010: 27,525



Contribution to Group



SHORT-TERM INSURANCE

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

Our brands



Adjusted operating profit (AOP) 2011

£89m

2010: £103m

Underwriting margin

5.0%

2010: 7.6%

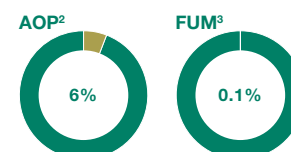
Number employed 2011

2,390

2010: 2,222



Contribution to Group



US ASSET MANAGEMENT

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

Some of our brands



BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC

Adjusted operating profit (AOP) 2011

£67m

2010: £72m

Funds under management (FUM) 2011

£148.8bn

2010: £166.4m

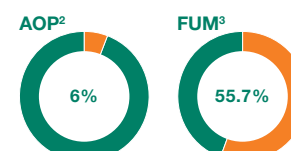
Number employed 2011

1,564

2010: 1,537



Contribution to Group



OUR APPROACH TO RESPONSIBLE BUSINESS

At the heart of how we address the Compact's Ten Principles is our approach to responsible business.

We have outlined below how we conduct our business responsibly by:

- Putting the right processes and policies in place
- Sharing information with our employees and other stakeholders
- Encouraging feedback
- Building ownership for responsible business in everyone's role.

Our governance

At Group level, Don Schneider (Group Human Resources Director and Executive Committee Member) chairs our Responsible Business Committee which has representatives from the different business functions. The Committee's role is to champion and challenge our responsible business approach and to help embed it in all we do. The Chair is also responsible for reporting to the Executive Committee on responsible business plans and achievements, and on working with the rest of the Executive team to make sure they lead effectively on our Responsible Business strategy.

Each strand of our Responsible Business strategy has governance structures in place to ensure accountability for decisions made and actions taken. Each part of the Group has its own governance structures for responsible business reporting to, and working closely with the Group structures. The CEO of each business is accountable for compliance with our Group Operating Model, which includes responsible business practice.

Our processes

Measuring and sharing our progress is an important way for us to track performance and highlight where additional effort may be required. We have

frameworks in place to monitor our progress and keep responsible business high on everyone's agendas. We also have metrics in place to track our progress, an area we are continuing to develop.

Our employees

In 2011 we engaged with each of our businesses to understand what they were already doing – and what still needed to be done – to make sure we had a common understanding of responsible business. Through a series of networks and responsible business practitioners, there are individuals at a senior level in each business driving forward activity. We see opportunities to expand this senior level network. They are supported by employees who help implement changes and work with the wider employee base to embed responsible business practice into everyday business activity. As well as various initiatives held throughout the year such as community volunteering and environmental campaigns, our aim is for everyone at Old Mutual to behave responsibly in their everyday behaviours and decisions.

Our future

For 2012, we have refined our Responsible Business strategy so that it is clearer and better aligned to our overall business strategic priorities. The five key focus areas of our approach to responsible business are: responsible investment, responsible customer service, responsible to our employees, responsible to our communities and responsible environmental management. We will work with our businesses to deliver this strategy with an added focus on improving the way we report our progress so that there is greater transparency on our challenges and achievements.

OUR PROGRESS

1. Human rights

UN Global Compact Principle 1

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

Old Mutual's position

Throughout our operations Old Mutual is committed to raising awareness of human rights and labour standards, and ensuring they are respected in all our activities.

Our relations with employees and other stakeholders are based on respect for the individual. We manage our engagement with all our stakeholders in accordance with the Group's core values: Pushing beyond boundaries, Accountability, Respect and Integrity.

Systems and Processes

Any suspected breach of human rights is reported through appropriate channels, including the Human Resources, Responsible Business and/or Risk functions, to the Audit and Risk Committees that are in place around the Group, with escalation to the Group Audit and Risk Committee where warranted.

It is standard practice that the owners of all Old Mutual Group policies, with the support of their business unit representatives,

UN Global Compact Principle 2

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

are tasked to track implementation and compliance. It is their responsibility to escalate material instances of non-compliance with the Group policies with the Group Governance function.

Our Code of Conduct and Group Operating Model are core to ensuring responsible business practices are embedded across the Group.

Our Group Code of Conduct contains a number of specific statements that address the principles relating to human rights in the Global Compact. In our Responsible Business Policy, which is part of our Group Operating Model, we explicitly reference human rights and the responsibilities of all our employees towards others.

At Group level we have policies that encourage engagement with our communities. At local level there is flexibility to focus on the issues that are most appropriate to that business.

2011 highlights on progress

In 2011 we started the process of revisiting a number of our key responsible business processes and governance tools. This included:

- Starting a revision of our Responsible Business Policy to align with new strategy and other third party frameworks including the Global Compact
- Revising our Code of Conduct which we plan to embed as our fundamental statement of the Group's ethics.

In 2011, we also heavily invested in improving our approach to responsible investment to get a better understanding of how our investments can impact social issues such as human rights:

- Old Mutual continued its support of external codes and principles raising the profile of environmental, social and good governance criteria in investment decision making
- In line with the commitments of the Code for Responsible Investing in South Africa (CRISA), we have made public the Old Mutual Investment Group South Africa (OMIGSA) guidelines on responsible investment and ownership processes.

Our support for our local communities is an active expression of some of the work we do to promote the principles of human rights where we operate. In 2011 we invested £11.6 million in community projects across the world including:

- Old Mutual South Africa (OMSA) ran the Learners' Scholarship Programme giving promising students from disadvantaged backgrounds schooling at top mathematics schools
- Mutual & Federal worked with the South African Insurance Association and the Financial Sector Charter on programmes such as the Managing Your Money initiative to help improve mathematical literacy in South African schools
- Old Mutual Investment Group South Africa (OMIGSA) launched a nationwide scholarship initiative, Imfundo Trust, to address the shortage of black investment professionals
- Over 1,000 Nedbank employees volunteered for Nedbank's Caring for our Communities education programme
- Group Head Office continued to support financial education in London through the Young Enterprise Scheme, reaching over 4,000 young people
- Old Mutual Namibia helped establish The Old Mutual Women's Micro-Business Project, providing women with financial and business training and access to interest-free loans
- Old Mutual Foundation in South Africa grew its Legends Programme, supporting the development and sustainability of small black-owned businesses and community projects, from 10 projects in 2009 to 67 projects in 2011.

For links to relevant documents, please see our Useful links section on page 9

2. Labour

UN Global Compact Principle 3

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

UN Global Compact Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labour

UN Global Compact Principle 5

Businesses should uphold the effective abolition of child labour

UN Global Compact Principle 6

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

Old Mutual's position

We uphold the principle of the freedom of association and the effective recognition of the right to collective bargaining, where allowed by the law.

We do not tolerate forced labour or child labour.

We are committed to increasing diversity throughout the Group: the different backgrounds, experiences and perspectives of our employees are a great asset. Our policies ensure that no employee receives less favourable treatment on grounds of their gender, age, sexual orientation, race, disability, religion or any other factor unrelated to the requirements of their position. In southern Africa, recognising the unique circumstances, we balance these principles against our commitment to address employment equity and transformation issues.

Systems and Processes

We have a detailed Human Resource Risk Management Group Policy in place that governs the management of labour standards

in relation to our employees. This policy sets out the mandatory requirements in terms of policy and practice that all business units must meet. The policy covers employee relations and employment, diversity, selection and appointment, remuneration and performance management, talent management & organisational development, and employee welfare.

CEOs from each business unit are required to sign a letter of Representation annually to confirm they and their employees have complied with the Group Policy over the last year and indicate where any issues have arisen. This is supported by regular internal audit checks that take place regularly to confirm compliance to this and other Group Policies.

We also spend time carefully selecting and working with our suppliers to ensure they reflect the values we see as important in relation to labour standards. This work is underpinned by internal governance bodies that promote and facilitate good labour practices. We also provide on-going training of employees to ensure all people responsible for procurement are aware of the relevant requirements.

2011 highlights on progress

Broadening horizons to improve our culture

In 2011 we delivered a range of activities across the Group to help share understanding and experience across the different businesses. These included:

- We launched our International Talent Programme which equips our emerging leaders with skills for global leadership including cross-cultural management skills
- In partnership with the University of Cape Town, Old Mutual Emerging Markets (OMEM) launched the Cross Boundary Programme, designed to improve cultural awareness among our future senior managers
- OMEM ran a 'Connect our World' event to increase awareness of the opportunities for working in different locations.

Maintaining strong employee relations and a healthy workplace

Across the Group we have continued to build better working conditions for our employees. For example in 2011:

- The proportion of Old Mutual South Africa's employees who are union members grew from 35% of the total workforce last year to 38% this year (43% of the permanent workforce). OMSA lost zero days to industrial action in 2011, maintaining our record from previous years
- In Swaziland we established a Wellness Committee to co-ordinate support for the physical, social and financial wellbeing of employees.

Building our diversity

We continued to increase the diversity in a range of areas, with a strong focus on increasing the number of women within the business and increase the proportion in leadership positions. For example this year:

- Employees in the UK launched a Women's Network, open to all, to share experiences and provide insight to the leadership
- Women hold 13% of senior management positions within the Group
- We have a second female member on the Group Board of Directors
- In the UK, we are part of the FTSE 100 Cross-Company Mentoring Programme which focuses on equipping talented women to be credible candidates for senior roles in UK businesses
- We submitted a response to the Davies Report on Women on Boards in September 2011 outlining our commitment to increase the number of women on our Group Board of Directors.

External recognition

This year we have been recognised by a number of external organisations for our achievements, including:

- Old Mutual South Africa and Mutual & Federal appeared on the Best Employers list compiled by the Corporate Research Foundation
- Old Mutual South Africa and Nedbank maintained level 2 status and Mutual & Federal level 3 status as Broad-Based Black Economic Empowerment contributors.

3. Environment

UN Global Compact Principle 7

Businesses should support a precautionary approach to environmental challenges

UN Global Compact Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility

UN Global Compact Principle 9

Businesses encourage the development and diffusion of environmentally friendly technologies

Old Mutual's position

While the nature of our business means that our environmental impacts are less extensive than some other industries, we are nonetheless very aware of our footprint and know that we can continue to improve our operations and behaviours to minimise any negative impacts. At the same time, we look for innovative ways of contributing positively to the environment and making sure the way we do business reflects emerging thinking on best environmental practices.

As an investor we also invest in 'green' technologies and promote products and services that allow our clients to have greater environmental responsibility.

Systems and Processes

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

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

At the start of 2010, we developed a Group Climate Change Strategy to help us reduce our climate change impacts and improve our energy efficiency. Within this strategy we set ourselves the target of reducing Old Mutual's carbon emissions by 20% by 2020. We have 12 Environment Taskforces to implement our Climate Change Strategy, acting as a focal point in helping deliver our target and build on the multitude of activity already going on around the Group.

One of the greatest climate change risks to our business is through the investments we hold and the policies we underwrite. While we have a number of socially responsible investment and ethical funds that allow our customers to invest in specific environmental projects, our group-wide aim is to include environmental, social and ethical criteria into all our investment making decisions.

2011 highlights on progress

Reducing our environmental footprint

In 2011 we continued to make progress in reducing our environmental footprint. Highlights include:

- Reduced overall carbon dioxide emissions by 16% group-wide
- Old Mutual appeared in the Carbon Disclosure Leadership Index for the third consecutive year, increasing our score and being ranked seventh for the Financial Services sector
- In our investment property portfolio, we decreased our carbon emissions by 10% to 0.21 tonnes of CO₂e per square metre (2010: 0.23 tonnes CO₂e/m²)
- We decreased our water consumption by 28% from 4.5 million m³ to 3.3 million m³ in 2011. The biggest reduction occurred in South Africa where our water consumption was reduced by 31%
- Unfortunately we increased our waste to landfill from 2010 by 10%. However, some of this increase has resulted from more of our businesses reporting this Key Performance Indicator (KPI) in 2011. A number of our businesses, including Nedbank and our operations in the UK, have significantly reduced waste consumption
- Sharing of best practice between Wealth Management and our South African businesses on how to integrate the social, environmental and governance factors into Requests for Procurement.

Promoting greater environmental responsibility

We also continued to work to promote greater environmental responsibility through support of others and investment of our own and our clients' funds. Highlights include:

- Old Mutual Property continued to work closely with the Green Building Council of South Africa and helped develop an open-access toolkit on green leases which seeks to promote and encourage environmentally sustainable practices in the property industry
- A consortium of Old Mutual South Africa and Macquarie Capital secured a deal to start an infrastructure project that will build a 300-megawatt wind farm in the Eastern Cape of South Africa
- Nedbank launched a green exchange-traded fund on the Johannesburg Stock Exchange ranking South Africa's top-20 listed companies in terms of sustainability
- We had over £2.8 billion funds under management in specifically social, environmental and transformation related investments – including OMIGSA's Futuregrowth fund and the African Infrastructure Investment Managers fund.

For links to relevant documents, please see our Useful links section on page 9

4. Anti-corruption

UN Global Compact Principle 10

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

Old Mutual's position

Bribery and corrupt business practices create unfair markets, erode public trust and stifle long-term economic development – these are contrary to Old Mutual's values. We are committed to ethical and legal business conduct in all the countries where we operate.

Systems and Processes

The Business Protection team at Group Head Office oversees the implementation of our financial crime prevention policies across the Group. This team reports to the Group Executive, Board Risk and Group Audit Committees. Major issues are escalated and dealt with as they arise, while less serious issues are reported and analysed quarterly. All our work is underpinned by regular contact with the business units.

Our Group Code of Conduct helps our employees clearly understand the ethical standards we all apply when interacting with customers and other stakeholders.

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

We have a Group anti-bribery and corruption policy in place. All business units are required to follow the requirements of this policy and CEOs are required to attest annually in relation to compliance with this policy.

We have skilled and experienced Forensics teams in our major businesses that have responsibility for overseeing the policy and for investigating any allegations of bribery that involve our employees.

We also have whistleblowing arrangements in our businesses that facilitate employees (and in some businesses, members of the public) raising issues anonymously. Such issues would include instances of bribery or corruption.

2011 highlights on progress

Tackling corruption in all its forms requires having the right systems in place, and also having the right culture within the organisation. We also work with other organisations to create positive networks to tackle corruption. In 2011 we continued to make progress in a number of these areas. Highlights include:

- We updated our Code of Conduct to take account of the Bribery Act 2010 in the UK, and to make it more understandable and accessible to employees as this legislation affects all of our operations throughout the world
- We conducted our second bribery risk assessment across all our businesses with sign off by CEOs or senior executives
- Old Mutual South Africa (OMSA) and Nedbank started to implement monitoring systems to help identify internal fraud
- The Group continues to run an annual financial crime conference for business unit experts to share their knowledge and experiences. In 2011 this conference brought together 17 different speakers including four from external organisations
- Nedbank ran an anti-bribery campaign in partnership with the bank's ethics team which included employee workshops
- Retail Europe implemented new anti-money laundering software improving its ability to check for politically exposed individuals and financial sanctions
- Mutual & Federal used external advice to investigate and prosecute fraud with local authorities
- Nedbank shared intelligence with other major South African banks in relation to criminal activities to improve the banking industry's capacity to fight fraud
- Mutual & Federal continued to participate in initiatives overseen by the South African Insurance Fraud Bureau
- Old Mutual Group Head Office assisted City of London police with the arrest of two individuals involved in an international fraud case.

For links to relevant documents, please see our Useful links section on page 9

LOOKING AHEAD

Old Mutual is committed to advancing the Global Compact's principles and broader UN goals within our business and through working with others.

Some of these commitments and plans include:

- Become signatories of the UN-backed Principles for Responsible Investment in 2012. We will continue to integrate Environmental, Social and Governance (ESG) criteria and decision-making into our investment decisions, following these Principles and those of the Global Compact with the aim to publicly report in 2014
- Expand our Climate Change Strategy to take into account our wider environmental impacts and management. We will report more KPIs to demonstrate our progress and share challenges
- Disseminate our revised Code of Conduct across the Group
- Encourage greater feedback from our stakeholders on our reporting of our Responsible Business approach and incorporate this into our future reporting and Communications on Progress
- Develop a set of group-wide community investment principles so that we can better invest, measure and work in partnership with the communities in which we operate
- Working together to build our cross boundary understanding of risk and opportunity.

Useful links

For further information

Old Mutual Group values

<http://www.oldmutual.com/about/ourValues.jsp>

Old Mutual Group Code of Conduct

http://www.oldmutual.com/vpage.jsp?vpage_id=2726

Old Mutual Group Responsible Business Report 2011

<http://rbreport2011.oldmutual.com/>

Nedbank Integrated Report 2011

http://www.nedbankgroup.co.za/financial/Nedbank_ar2011/default.asp

Old Mutual Emerging Markets Sustainability Report 2011

<http://www.oldmutual.co.za/about-us/sustainability-report.aspx>

Nedbank United Nations Global Compact Communications on Progress

<http://www.unglobalcompact.org/COPs/detail/16583>

Old Mutual Investment Group South Africa – Guidelines on Responsible Investment

<http://www.oldmutual.co.za/documents/omigsa/OMIGSAResponsibleInvestmentGuidelinesJan2012.pdf>

Old Mutual South Africa transformation

<http://www.oldmutual.co.za/about-us/transformation.aspx>

Old Mutual Group and Nedbank CDP reports

<https://www.cdproject.net/>

FutureGrowth

<http://www.futuregrowth.co.za/>