

GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS



Company Name	Old Mutual plc	Date	May 2011
Unit (if applicable)			
Address	5 th Floor, Old Mutual Place 2 Lambeth Hill London	Membership date	January 2008
Country	UK	Number of employees	55,730 (as at 31 Dec 2010)
Contact name	Helen Wilson	Sector	Financial Services
Contact Position	Head of Corporate Responsibility		
Contact telephone no.	+44 20 7002 7306		

CONTENTS

1.	INTRODUCTION TO OLD MUTUAL	3
2.	STATEMENT OF SUPPORT FROM JULIAN ROBERTS, CEO OF OLD MUTUAL	3
3.	GLOBAL COMPACT AND OLD MUTUAL.....	5
4.	OUR APPROACH TO RESPONSIBLE BUSINESS	6
4.1	Evolving our approach	6
4.2	Key pillars to our approach	7
4.2.1	Our Group Code of Conduct	7
4.2.2	Our Responsible Business Committee	8
4.2.3	Our Responsible Business Policy	8
5.	HUMAN RIGHTS AND LABOUR STANDARDS.....	9
5.1	Zimbabwe – a stern test for Old Mutual.....	11
5.2	Our people	12
5.3	Our suppliers.....	13
5.4	Our communities	14
5.4.1	Financial education	15
5.4.2	Enterprise and skills development.....	16
5.4.3	Community development	16
5.5	Indirect investment impacts	17
5.5.1	Integrating environmental, social and governance issues.....	17
5.5.2	Socially responsible and transformation-related investment	18
6.	ENVIRONMENT	19
6.1	Direct environmental impact	21
6.1.1	Strategic framework for managing our environmental impact.....	21
6.1.2	Reporting processes.....	21
6.1.3	Reducing our buildings’ environmental footprint	22
6.1.4	Engaging our employees	22
6.2	Indirect investment impacts	23
6.2.1	Reducing the environmental impact of our investments	24
6.2.2	Contributing positively to the environment through the properties we develop.....	25
6.2.3	Ways we encourage others to reduce their environmental impact.....	25
7.	ANTICORRUPTION.....	26
8.	EXTERNAL RECOGNITION.....	28
9.	CONTACT AND FEEDBACK.....	29

1. INTRODUCTION TO OLD MUTUAL

Old Mutual plc is an international long-term savings Group. Originating in South Africa in 1845, the Group listed in London in 1999. Old Mutual and its subsidiaries provide life assurance, asset management, banking and general insurance in Europe, the Americas, Africa and Asia.

Old Mutual plc has its primary listing on the London Stock Exchange and secondary listings on the JSE Limited and exchanges in Malawi, Namibia and Zimbabwe.

In the year ended 31 December 2010, the Group reported adjusted operating profit of £1.481 million (on an IFRS basis) and had £309.3 billion of funds under management at the year end.

More information about Old Mutual plc can be found on our website at www.oldmutual.com

2. STATEMENT OF SUPPORT FROM JULIAN ROBERTS, CEO OF OLD MUTUAL

In 2008 Old Mutual Group became a signatory of the Compact. Although we are relative newcomers to the Compact in comparison to many other signatories, we have always endeavoured to reflect the principles that lie at the heart of the Compact, since our formation 165 years ago. The protection of human rights, the fair treatment of employees and suppliers, the commitment to tackling corruption, and the protection of the environment, are all important parts of the way we do business. We know that there is always more to do, and more to learn, and that new challenges arise that cause us to reassess our approach, and that is why we seek to be an active member of the Compact, and to learn from other members.

Old Mutual's heritage is as a South African company. This means we have considerable experience of a broad range of the social and environmental challenges business faces. One of the most important lessons we have learnt through our operations in South Africa is that the only way to build a strong and stable platform for business is to be an active participant in the civil society of the country, and to take account of the views of each of your different stakeholders groups.

In 2010, we finished laying the foundations for the future of responsible business at Old Mutual. We conducted research to identify which issues our stakeholders felt were most important for us to

address. We have used this research to develop a Group approach to responsible business – discussed in more detail in our recently published [Responsible Business Report](#). We will roll this out in 2011 to ensure we are addressing our priority issues in a systematic, structured and strategic way.

We remain committed to managing our direct social and environmental impacts, from the way we market our products and treat our employees, to the way we interact with local communities and manage the carbon emissions from our offices. As an international financial services company we also have significant indirect impacts: for example, the impact of the investments that we make through our long-term savings business. By understanding and evaluating the impacts of our investment decisions we can build a responsible investment portfolio that delivers long-term value for both our shareholders and our other stakeholders.

We see our involvement in the United Nations Global Compact as an important part of our approach to responsible business helping provide a framework that supports our evolved approach to responsible business. We hope to build on this in the future by sharing our experiences and learning from others in the Compact.

As a business, we spend a lot of time thinking about the issues that the Compact framework helps companies address, and working out ways to manage our responsibilities more effectively. However, I am clear that we still have a long way to go on our journey if we are going to deliver a more sustainable and long-term focused business that supports employees, society and shareholders, in all the regions we operate in.

This year was the first year we completed a standalone Responsible Business report, which complements this Communications on Progress. If you would like to share any views with the team on either document we would value your input. I hope you find this Communication on Progress useful in understanding our approach, the progress we have made against the principles of the Compact so far, and our plans for the future.

Julian Roberts
Group Chief Executive

3. GLOBAL COMPACT AND OLD MUTUAL

Old Mutual has been a signatory to the United Nations Global Compact (UNGC) since January 2008. The Group continues to support the ten principles of the UNGC. We are proud to be a signatory of this international commitment on human rights, labour rights, environmental protection and anti-corruption and strive to advance the core principles within our sphere of influence.

In addition to this submission from Old Mutual plc, Nedbank and Old Mutual South Africa have also submitted their own COP. More details can be found for Nedbank [here](#) and for Old Mutual South Africa [here](#).

The aim of this document is to provide our key stakeholders and other interested parties with an update on how we as a Group are working to meet the ten key principles that form the basis of the compact and our plans moving forward. These principles are:

Human Rights ([link to section](#))

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards ([link to section](#))

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment ([link to section](#))

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption ([link to section](#))

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

In addition to providing detail on the progress we have made on each of the ten principles, this document lays out Old Mutual's approach to responsible business. It is intended to provide a broad overview, and does not cover all the relevant activity that is carried out by Old Mutual plc and its Business Units. However, where appropriate we have provided references to other documents that provide greater detail or further information.

4. OUR APPROACH TO RESPONSIBLE BUSINESS

4.1 Evolving our approach

Building on the progress we made in 2009, we carried out some specific work with our stakeholders to review our approach to responsible business, and ultimately how we meet our commitment to the principles of the Compact. So in 2010 we conducted a series of research interviews with our stakeholders, who included:

- customers
- shareholders
- employees
- industry experts
- non-governmental organisations
- corporate responsibility experts
- the media.

We asked for their views of the financial services industry, what they believed are the current and future issues facing the industry and their relative importance, and the role and remit of financial services companies in addressing these issues. We also asked them to rank a list of responsible business issues in order of importance; these issues are discussed in the following sections, in the overall order our respondents chose. The results also confirmed that there are some regional variations – for example, supporting our communities is given more weight by stakeholders in South Africa than in our other markets.

The research confirmed our belief that responsible business is about core business issues. Real social value comes from being a well-run company. The issues identified all go to the heart of what we do

as an organisation and can only be addressed through delivering our core services in a sustainable and responsible way. The research also showed that stakeholders' confidence in financial services companies has been shaken by recent events. We take this absolutely to heart. Rebuilding trust will be one of our central objectives as we address these issues moving forward.

For the future, we plan to demonstrate that we are actively addressing each of these areas. This means embedding systems and standards for them, setting targets and regularly measuring the progress we are making. During 2011 we will be developing a series of metrics to monitor our progress and to allow us to set concrete targets for 2012 and beyond. But there is more to success than just meeting targets. We also need to prove we are addressing all these issues through our behaviour and our actions.

Success will come when people trust us to act in a way that is consistent with our values. This means we need all our employees to integrate responsibility into their day-to-day decisions. We must communicate with our customers, making sure that we understand what they need and that they understand what we are doing and why.

Over the next year we will continue to embed our approach to responsible business across the Group and track our progress on the material issue areas we have identified. While focusing on these areas, we do not see them as issues that will remain the same over time or as the only ones that matter. They are part of a development path towards a more robust responsible business approach that will be continually shaped by interaction with our stakeholders.

4.2 Key pillars to our approach

4.2.1 Our Group Code of Conduct

Overview

A core part of ensuring responsible business practices are followed across the Group is our Code of Conduct (click here to view the full [Code of Conduct](#)). Accordingly this Code sets overall principles and guidelines for how we manage these relationships across the Group. All individual businesses within the Group adopt appropriate principles and processes to deal with specific ethical issues that may arise in their business. We monitor ethical performance regularly in order to ensure that corrupt or unethical business practices are eliminated. These checks are carried out through our Letter of Representation and the regular updates to local and Group risk registers.

Progress in 2010

During 2010 we have continued to implement training across our Business Units with all new employees being given an induction on the Code, and are required to sign a statement confirming that they will adhere to the Code.

As part of our commitment to maintaining high ethical standards in everything we do, we revisited our Code in 2010 to confirm it covered all the areas it should and was fit for purpose – this was with specific reference to issues such as the new Bribery Act due to come into law in the UK. During 2011 we will be refining the feedback from this review and issuing a revised Code of Conduct.

4.2.2 Our Responsible Business Committee

Overview

Our Responsible Business Committee (RBC), established in 2009, co-ordinates our management approach and manages the flow of information between Group Head Office and our business units. It includes representatives from Human Resources, Risk, Investor Relations, Brand and Marketing, Financial Crime and Prevention and the Company Secretariat. It meets quarterly and its chairman reports directly into the Group Executive Committee. Each business unit has a designated corporate responsibility representative who provides feedback to the RBC. Updates on key issues from the RBC are given at least twice a year to the Group Executive Committee and twice a year to the Board.

The RBC's work is underpinned by our Group Responsible Business Policy, which sets out responsible business compliance requirements for each business unit. This is complemented by our Group Code of Conduct, which sets out what we expect of every Old Mutual employee.

Progress in 2010

2010 marked the first full year of operation of the Responsible Business Committee (RBC). Tracking appropriate metrics will help us understand the progress we are making in managing these issues. During 2010 we started the process of developing metrics to enable us to track our progress. From 2011 we will be reporting on a series of group-wide social and environmental metrics, managed through the RBC.

4.2.3 Our Responsible Business Policy

Overview

Our Responsible Business Policy, endorsed by the Board, sets out our top level commitment to operating responsibly. It represents what we, as a group, stand for and provides a clear benchmark for our individual business units, who are responsible for delivering against it at a local level.

Progress in 2010

During 2010 we rolled out our Responsible Business Policy across the Group. This Policy is now effective in all fully owned Business Units, driving greater consistency across the Group in how we manage our impacts. As we move forward we plan to revisit the Policy to ensure it meets both our and our stakeholders', growing expectations. In 2010 we also launched our Group Operating Manual which has been a vital tool in embedding all our Group policies, including our Responsible Business Policy.

5. HUMAN RIGHTS AND LABOUR STANDARDS

The principles that are covered in this section are:

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Overview

Throughout our operations Old Mutual is committed to working to raise awareness of human rights and labour standards, and ensuring they are respected in all our activities. Any suspected breach of human rights or labour standards is reported through the appropriate channels, including the Human Resources, Corporate Responsibility 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 Group policies, with support of their business unit representatives, are tasked to track implementation and compliance by the business units and raise awareness of material instances of non-compliance to the Group policies with the Group Governance function.

Our Group Code of Conduct contains a number of specific statements that address the principles relating to human rights and labour in the Global Compact. These are:

- All those representing Old Mutual will uphold the freedom of association and the effective recognition of the right to collective bargaining (Principle 3):
 - We recognise the need to develop effective processes for communication and consultation with employees in the natural groupings in which they work and, where appropriate, for individuals to be suitably represented in negotiations. The rights of freedom of association and collective bargaining are respected, where allowed by law, to facilitate constructive dialogue
 - Our companies will have appropriate dispute procedures and will make all reasonable efforts to resolve issues without recourse to strikes or lockouts
- We do not countenance forced or child labour (Principle 4 and 5)
- Our principle is to recruit and promote employees on the basis of their suitability for the job without discrimination in terms of race, religion, national origin, colour, gender, age, marital status, sexual orientation or disability, unrelated to the task at hand. In South Africa this principle needs to be balanced against the requirement to address the issues of employment equity, and our practices will be cognisant of this (Principle 6)
- Relations with employees are based on respect for the dignity of the individual (Principle 6).

Our Responsible Business Policy also contains provisions for human rights and labour standards, as set out below:

- Recruit and reward employees fairly and according to merit. This is balanced with the need to ensure that the Group assists with advancing transformation in the unique context of South African operations (Principle 6)
- Provide opportunities for employee dialogue, listen actively and encourage participation in the resolution of issues. (Principle 3)

- Safeguard employee rights, including but not limited to, rights to freedom of association and collective bargaining. (Principle 3)
- Embrace and encourage the diversity that exists amongst employees, whilst treating individuals with respect. (Principle 6).

We have additional policies, processes and activities in place that support the commitments in our Group Code of Conduct and our Responsible Business Policy to our people, our suppliers and our communities. Below we have outlined some of these approaches in more detail.

5.1 Zimbabwe – a stern test for Old Mutual

Conflict stricken countries present companies with the most challenging environment in which they can operate. For Old Mutual, Zimbabwe has proved such a challenge. We have been in Zimbabwe for the last 109 years and our decision to continue to operate in Zimbabwe during its recent troubles has forced us to look closely at our impact on the country as well as our relationships with different stakeholder groups in this country.

Old Mutual is the largest financial services company in Zimbabwe serving 500,000 customers and employing over 800 people. We are also the largest investor in the Zimbabwe Stock Exchange (ZSE) through investments made in listed companies on behalf of our Zimbabwean policyholders. Due to legal requirements such as exchange controls, there have been, and continue to be, very specific parameters for investing policyholder funds, which includes being prevented from investing in foreign assets. In order to continue operating, and to ensure that we preserve and protect the investments of our Zimbabwean customers, Old Mutual Zimbabwe is obliged to adhere to these parameters.

It might seem that the easy solution would be to withdraw from Zimbabwe. But if that were to happen, we would be leaving 800 people without a job and without the comparative safety net that our employment offers. Furthermore, we look have a duty to look after the savings of our 500,000 Zimbabwean policyholders and this is a responsibility that we take very seriously. Any decision to leave Zimbabwe would mean losing the opportunity to play a positive role in moving Zimbabwe forward, and to assist in creating a positive and economically sustainable future for its citizens.

Despite severe operational difficulties over the last few years, we have taken a conscious decision, and have gone to great lengths, to support and honour our commitment to the people of Zimbabwe, in particular to our customers, employees and communities.

5.2 Our people

Overview

The most obvious impact we have in relation to the human rights and labour principles is through how we treat our employees. In our Code of Ethics and our Responsible Business Policy we spell out our expectations on human rights and labour standards.

We have a detailed Human Resource Risk Management Group Policy in place that governs the management of human rights and 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 and businesses 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.

It is standard practice that the owners of all Group policies, with support of their business unit representatives, are tasked to track implementation and compliance by the business units and raise awareness of material instances of non-compliance to the Group policies with the Group Governance function.

We also recognise that embedding the labour standards and human rights principles from the Compact in how we deal with our employees is a key part to ensuring we get the best from our current employees and recruit the best employees in the future. For example, Principle 6 (the elimination of discrimination in respect of employment and occupation) is an important part of our commitment to promote diversity in all our businesses. Our South African heritage and operations give diversity special meaning for us, and our work on transformation is at the forefront of all our activity there.

Progress in 2010

- We appointed our first female Board member at plc level
- Women now hold 13% of senior management positions around the Group
- The Chief Financial Officers of all our business units in South Africa are women
- Mutual & Federal completed its first year of the Disabled Learnership programme, welcoming 10 candidates with disabilities to the company
- We set up a new employee works council to promote worker rights at Skandia Austria
- Nedbank rolled out its in-house Diversity Management Programme (Botho Pele) to 1,400 employees
- We completed interviews with the Heads of Human Resources from each business unit to increase the profile and understanding of the Principles of the Compact.

5.3 Our suppliers

Overview

In all our business relationships we look to our suppliers to meet the standards we expect from ourselves. Across our business units we working, wherever possible, with our suppliers to ensure they reflect the values we see as important in relation to human rights and labour standards.

In South Africa, we are committed to helping in the transformation agenda – all of which is very closely tied to the human rights and labour standards laid out in the Global Compact. As part of this, we use preferential procurement to help drive economic empowerment. We act within the spirit of the Broad-Based Black Economic Empowerment (BBBEE) strategy, as well as in the letter of law. As part of our commitment, each South African business unit has subscribed to the Financial Sector Charter Council Procurement Committee’s Procurement and Enterprise Development guidelines 2005.

This work is underpinned by internal governance bodies, such as Nedbank’s Procurement Council, that promote and facilitate BBBEE objectives. We also provide ongoing training of employees to ensure all people responsible for procurement are aware of the relevant requirements.

Progress in 2010

- Old Mutual Property ran a series of roadshows in which we explained our policy and helped smaller suppliers to get accredited to the BBBEE strategy

- Nedbank Group improved its performance against all procurement targets and raised its overall BBBEE spend by 3.16% to 86.63%
- Skandia UK now includes a requirement in all Requests for Proposals that suppliers have a corporate responsibility policy that matches, or exceeds, the Group policy
- More information on our progress can be found in the [Old Mutual Emerging Markets Sustainability Report](#) and the [Nedbank Integrated Report](#).

5.4 Our communities

The first principle is that ‘businesses should support and respect the protection of internationally proclaimed human rights’. Protection of internationally proclaimed human rights cover a large number of rights and our support for our local communities goes some way to promoting a positive expression of these, such as:

- Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit
- Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

Our approach to community investment is focused on making a positive impact not by just giving money to good causes, but by making real and sustainable positive impacts. It is in our interest to build a stronger society by supporting communities effectively, especially in the emerging markets where we operate. That is why ‘responsible to all stakeholders’ is one of the three building blocks of our Group strategy.

Our biggest contributions to the communities in which we operate are our direct economic impacts – both as a major employer and purchaser of goods and services, and also through the financial services we offer to our customers. However, we recognise that we have a broader responsibility to strengthen the society of which we are part. Our long-term success is closely connected to being

part of, and being trusted by, flourishing and sustainable local communities. This holds particularly true in southern Africa, where we are one of the largest financial services providers in the region.

At Group level we have policies that encourage engagement with our communities and employee volunteering. At local level there is flexibility to focus on the issues that are most appropriate to that business unit. We support and invest in a range of areas, but the three focus areas that are common across the Group are financial education, enterprise and skills development, and community development.

Progress in 2010

During 2010 we invested £13.6 million, 0.92% of our pre-tax profit, in local communities including:

- £4.6 million through our Masisizane Fund in South Africa, including in microfinance initiatives
- £2.7 million through the five Old Mutual Foundations.

5.4.1 Financial education

As a financial services provider, we use our skills, knowledge and experience to increase financial literacy in the markets where we operate. This not only helps individuals to make informed decisions about their finances and lifestyles, but also creates more financially literate consumers who we hope will become our customers in the future.

Progress in 2010

- Group Head Office continued to support financial education in London through the Young Enterprise Scheme, reaching over 2,100 young people in the 2009/10 academic year
- Skandia's Colombian and Mexican businesses conducted financial education lessons and seminars in schools and companies to help promote a savings culture
- Skandia Nordic ran training sessions in six Swedish municipalities on socioeconomic modelling
- 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 the low levels of mathematical literacy in South African schools

- Old Mutual South Africa established its Learners' Scholarship Programme to give promising students from previously disadvantaged groups the opportunity to finish their schooling at top mathematics schools.

5.4.2 Enterprise and skills development

We operate in a number of emerging markets, the biggest of which is South Africa. Our focus on enterprise and skills development is part of our commitment to help develop the economic infrastructure in these markets.

Progress in 2010

- Old Mutual South Africa continued to deliver skills and enterprise training through its financial wellbeing programme, Financial Sector Charter programme and Masisizane Fund
- In Namibia we supported Women's Action for Development, helping develop basic vocational and business skills for marginalised women
- Skandia's Colombian and Mexican businesses continued an employee mentoring programme to help orphaned children develop life skills
- The Old Mutual Foundation in South Africa continued to support the Umdoni Communal Gardens, helping create sustainable rural agri-businesses and contributing to job creation, poverty alleviation, and skills and entrepreneurship development in rural communities.

5.4.3 Community development

At a community level we help in broader ways through investing in initiatives that lead to real social change. Our work with local communities is delivered through our business units, including our five Old Mutual Foundations, the Nedbank Foundation and trusts, and our Ideas for Life Fund.

Progress in 2010

- Nedbank Group's Caring for our Communities and Saving our World programme reached 23 schools
- Skandia Nordic donated over £400,000 to fund 627 different social development projects for children and young people in the Nordic region through its Ideas for Life Fund
- Old Mutual Foundation in South Africa grew its Legends Programme, supporting the growth and sustainability of small black-owned businesses and community projects, from 10 sites in 2007 to 30 sites in 2010

- Skandia Poland continued as the title sponsor of the Tour De Pologne, the most prestigious sporting event in Poland, helping promote Poland on the international stage
- Skandia UK is helping over 25,000 young people and adults in the Southampton area through its sponsorship of Southampton Football Club's charitable arm, the Saints Foundation. More information on these initiatives and many more can be found on the individual business unit websites.

5.5 Indirect investment impacts

Overview

Our investment decisions can have significant impacts in relation to the principles on labour rights and human rights. A company's performance on issues related to human rights and labour standards can have a direct impact on the attractiveness of that potential investment. Our decision whether to invest and how we might engage individual companies on these issues can also influence how the Compact's principles are met. We therefore encourage our fund managers to think about these impacts – and how they may influence financial returns – when they make these decisions, subject to client mandates. We also recognise that many of our customers want environmental, social and governance (ESG) factors to be incorporated explicitly into the investment-making process. We aim to offer customers a choice of products that include an ethical perspective or can be tailored to include one.

5.5.1 Integrating environmental, social and governance issues

We offer our clients a range of long-term savings, protection and investment products. Our approach to managing investments is to provide products that are right for our customers' circumstances, match their mandates and deliver the best returns possible. All our funds are managed in a transparent way and clients receive regular information about how they are invested.

We work with our fund managers and through our investment platforms to allow ESG factors to be incorporated, either implicitly or explicitly, into investment decisions so that we can tailor our product and service offerings to meet each customer's requirements. We aim to offer customers of our life assurance and asset management businesses the option of products that include an ethical perspective, or can be tailored to include one.

Our Group Investment Statement sets out the principles that underpin our investment decisions, which we plan to review and update regularly. To support this work in 2010, we established the Responsible Investment Taskforce – with representatives from Group Head Office and business units including Old Mutual Investment Group South Africa (OMIGSA), Old Mutual Asset Management US (USAM) and Skandia Investment Group – to explore how we can embed responsible investment principles across the business. We are now working to understand the best way to create a framework for responsible investment guidelines that all our business units agree are in the best interests of our customers. We expect this work to continue during 2011.

Progress in 2010

- Futuregrowth, part of OMIGSA (over £7 billion funds under management), and Acadian Asset Management, part of USAM (over £31.6 billion funds under management), remained signatories to the United Nations Principles for Responsible Investment
- Skandia Denmark and Skandia Investment Group drew up plans to put expanded agreements in place with external fund managers that include social and environmental criteria for 2011
- Skandia Germany took part in the Climate+Finance campaign week hosted by the Federal Ministry for the Environment, and launched a paper and ran a panel discussion on the subject of linking global warming with pension planning
- Skandia Sweden – co-founder of Sustainable Value Creation, an initiative with 15 large institutional investors reviewing corporate performance on ESG issues – ran a seminar on sustainability issues for some of the largest companies on the Stockholm Stock Exchange
- Old Mutual played an active role in drafting the Code for Responsible Investing by Institutional Investors in South Africa
- Nedbank Group remained a signatory to the Equator Principles and began enhancing its Social and Environmental Risk Management tools to extend the philosophy of the Principles beyond project finance.

5.5.2 Socially responsible and transformation-related investment

In South Africa we have a particular focus on investments that are central to transforming the nation's economy, many of which are closely connected with basic human rights (such as a right to adequate housing and food). These include funding public infrastructure projects, agricultural

investments, and transaction financing for small businesses and Black Economic Empowerment enterprises.

Progress in 2010

- We had over £2.8 billion funds under management in specifically social, environmental and transformation related investments – including OMIGSA's *Futuregrowth* fund, the *African Infrastructure Investment Managers* fund, and Skandia's *Ideas For Life* fund
- Skandia Germany offered 17 funds classified as sustainable by the European Sustainable and Responsible Investment Forum and rating agency Oekom
- OMIGSA launched an *African Infrastructure* fund, and Futuregrowth launched two agricultural funds
- Futuregrowth was joint winner of the Mail and Guardian's Investing in the Future Award, and won an Africa Investor Infrastructure Award
- OMIGSA created South Africa's first *Housing Impact* fund, providing over £7.1m (R8 billion) to help redress the country's huge shortfall in affordable housing.

6. ENVIRONMENT

The relevant Global Compact principles that are addressed in this section are:

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

The specific statements in our Group Code of Conduct that relate to these principles are

- We are concerned with the conservation of the environment in its broadest sense, and recognise that certain resources are finite and must be used responsibly. We aim to limit the use of finite resources in all business ventures and in particular recognise our role in managing responsibility for buildings and land we occupy, waste management and usage of energy. (Principles 7 and 8).

Our Responsible Business Policy also contains relevant provisions. Where possible, Business Units must:

- Set targets and monitor measures to reduce their energy and water use and the waste they generate in each of their locations. This is to aid the Group with reducing its carbon footprint (Principle 8)
- Create awareness to aid employees in understanding their impacts and their role in minimising these (Principles 7 and 8)
- Consider environmental impacts as part of their investment decision process. (Principles 7, 8 and 9).

Overview

No business can afford to ignore the environmental impact of its operations. This has become increasingly clear in recent years as the full extent of the threat posed by issues such as climate change becomes evident.

As a financial services company we have direct environmental impacts (e.g. through the running of our offices, the travel of our employees, or the production of materials related to our work), and also indirect impacts through our investment decisions, communications and products. Not only do these impacts present risks to the business (e.g. reputation damage, insurance cost, regulatory requirements), they also present opportunities (e.g. investment in green technologies, cost reductions through efficiencies). Managing these business risks and opportunities has a direct impact on our commercial success which is why we work hard to try to improve the way we manage our environmental risks.

We also believe that many environmental issues, such as climate change, can only be tackled in a collaborative way. This is why we signed the [Cancun Communiqué](#) in 2010 calling for an equitable deal ahead of the United Nations climate change conference that took place in December 2010 and continued our support of other international initiatives through different parts of our business, such as Nedbank's continued involvement in the United Nations Environment Programme Finance Initiatives. Nedbank Group also continued to chair the UNEP FI African Taskforce during 2010 with a work programme focused on climate change and the water issues facing the continent.

During 2010 we took a significant step forward in how we manage our own environmental impact by developing a Group-wide climate change strategy which we will be rolling out across the Group in 2011. This, combined with our work on reviewing the indirect impacts we have through our

investments, show our commitment to reducing the impact we have as a financial services company. However, we understand we can do much more and plan to build on this work in 2011.

6.1 Direct environmental impact (Principles 7 & 8)

Overview

Like other businesses, we have a duty to do what we can to minimise the risks created by the direct environmental impacts of our operations. Our focus on putting the right systems in place and building a coherent approach across the Group means we are now better positioned than in the past to manage these impacts appropriately.

6.1.1 Strategic framework for managing our environmental impact

As part of improving the way we manage our direct environmental impacts we have developed a Group Climate Change Strategy. This aims to improve the completeness and accuracy of our emissions data, set a Group target for carbon reductions, and create initiatives to engage all our stakeholders. It is supported by our individual business units' approaches, which will be co-ordinated by taskforces operating in each business unit.

Progress in 2010

- We developed our first Group Climate Change Strategy
- We continued to support international climate change forums, including the Cancun Communiqué (through Old Mutual Group) and the Prince's Rainforest Project (through Nedbank).

6.1.2 Reporting processes

Understanding our current environmental impacts is fundamental to measuring our progress as we move forward. So we must have robust processes and tools for managing and improving our approach to reporting. In the past these processes and tools have been developed at local level; but we are now working to implement a group reporting system that will improve the quality, quantity and timeliness of the data we report.

Progress in 2010

- We increased the proportion of business units accurately reporting energy consumption to just over 80% and are working with the rest to estimate consumption
- We decreased our Scope 1 and 2 emissions intensity to 2.32 tonnes of CO₂e per employee (2009: 2.33) but recorded an increase in emissions intensity in our African property portfolio to 0.17 tonnes CO₂e/m² (2009: 0.16)
- We completed our fourth public submission to the Carbon Disclosure Project (CDP) and maintained our place in the CDP leadership index for both the FTSE350 and JSE100 categories.

6.1.3 Reducing our buildings' environmental footprint

Our biggest direct environmental impact is through the buildings that we own or lease. We therefore work hard across the Group to improve their environmental performance by refitting existing units and building or leasing more environmentally friendly new ones.

Progress in 2010

- Skandia Nordic relocated four of its largest workplaces including its head office to new, highly energy-efficient office buildings
- Skandia UK installed a new energy efficient lighting system across two floors of its offices and installed sub-metering to improve visibility of energy consumption across its Southampton buildings
- The new Nedbank Phase II building in Sandton, completed in 2010, is the first building in South Africa to be awarded a four-star Green Star rating by the Green Building Council of South Africa.

6.1.4 Engaging our employees

To achieve the progress we would like to make in reducing our environmental impact we must work to engage all our employees. Across the Group we work with our employees at local level to reduce our environmental impact through workshops, training sessions, communication campaigns, incentive programmes and environmental champions.

Progress in 2010

- Old Mutual Swaziland ran a workshop to help employees reduce their carbon footprints

- Skandia Colombia and Mexico ran an employee communication campaign on Skandia Green Year
- Kotak Mahindra Old Mutual Life Insurance launched its 'One World. Handle With Care.' Environment programme, providing education and tools for employees
- Nedbank Group ran its annual Deep Green Day: employees joined in a range of initiatives from tree planting to submitting ideas on how business can contribute more to environmental preservation and climate change mitigation.

Moving forward we plan to develop tools and frameworks to help our business units deliver our Group climate change strategy through our taskforces. We will develop an overall carbon metric for use across the Group to track our progress in 2011 and beyond. Across our business units we will expand our data collection processes.

6.2 Indirect investment impacts (Principles 8 and 9)

As mentioned in section 5.4.1, our Group Investment Statement sets out the principles that underpin our investment decisions, which we plan to review and update regularly. To support this work in 2010, we established the Responsible Investment Taskforce – with representatives from Group Head Office and business units including Old Mutual Investment Group South Africa (OMIGSA), Old Mutual Asset Management US (USAM) and Skandia Investment Group – to explore how we can embed responsible investment principles across the business. We are now working to understand the best way to create a framework for responsible investment guidelines that all our business units agree are in the best interests of our customers. We expect this work to continue during 2011.

Nedbank, through its involvement in project finance, has also adopted the Equator Principles. Nedbank Group was the first African bank to adopt the Equator Principles, which are a set of international guidelines for banks to ensure that the projects they finance are developed in a socially responsible and environmentally sound manner. Detailed information regarding the Equator Principles can be found on its [website](#). More detail about Nedbank's adoption of the Equator Principles can be found in its 2010 [Integrated Report](#).

6.2.1 Reducing the environmental impact of our investments

Our investment decisions have significant impacts on the environment and society, and on the communities where the investments are based. We encourage our fund managers to think about these impacts – and how they may influence financial returns – when they make these decisions, subject to client mandates.

We also recognise that many of our customers want environmental, social and governance (ESG) factors to be incorporated explicitly into the investment-making process. We aim to offer customers a choice of products that include an ethical perspective or can be tailored to include one. We work with our fund managers and through our investment platforms to allow ESG factors to be incorporated, either implicitly or explicitly, into investment decisions.

We have not yet found a way of quantifying this impact. But we in 2011 we will be looking at developing an indicator that will measure the number of investment decisions taking into account environmental, social and governance (ESG) factors as a percentage of all investment decisions throughout OMIGSA.

Progress in 2010

- We had over £2.8 billion funds under management in specifically social, environmental and transformation related investments – including OMIGSA's *Futuregrowth* fund, the *African Infrastructure Investment Managers* fund, and Skandia's *Ideas For Life* fund
- Skandia Germany offered 17 funds classified as sustainable by the European Sustainable and Responsible Investment Forum and rating agency Oekom
- Futuregrowth, part of OMIGSA (over £7 billion funds under management), and Acadian Asset Management, part of USAM (over £31.6 billion funds under management), remained signatories to the United Nations Principles for Responsible Investment
- Skandia Denmark and Skandia Investment Group drew up plans to put expanded agreements in place with external fund managers that include social and environmental criteria for 2011
- Nedbank Group remained a signatory to the Equator Principles and continued to chair the United Nations Environment Programme Finance Initiative African Task Force during 2010, with a work programme focused on climate change and the water issues facing the continent.

6.2.2 Contributing positively to the environment through the properties we develop

The Old Mutual Property portfolio consists of £2.2 billion of assets under management, with over 344 buildings, accommodating over 5,000 tenants. We recognise the benefits of employing new materials and designs in the buildings we develop, and understand how location selection, technologies and management techniques can reduce emissions for our own operations and those of our tenants.

Old Mutual Property has a green building strategy which provides us with a structured approach to improving the environmental sustainability of the buildings in our existing portfolio and the ones we are constructing. For example:

Progress in 2010

- In June 2010, Zonk'isizwe, an Old Mutual Property mixed-use development proposal, was announced as the winner of the 2010 Global RLI Future Project award. The design sets a new standard for the future of eco-friendly South African developments. Estimation of reduced emissions
- The use of advanced air conditioning controls helped us maintain energy savings at five Old Mutual buildings in the Western Cape and realised savings at the Menlyn Park Shopping Centre in Gauteng of approximately 875,000 kWh per month. This has led to savings of 10,296 tonnes CO₂e since 2007
- We officially opened our 21-storey Mutual Tower in Windhoek in May 2010. The building is one of the first commercial green buildings in Namibia, consuming 40% less energy than conventional office buildings.

6.2.3 Ways we encourage others to reduce their environmental impact

There are a number of activities that have taken place across the Group that have focused on helping our customers and others to reduce their environmental impact. Below are some examples of progress we have made in 2010 to extend our impact beyond our own operations:

Progress in 2010

- Nedbank Capital has a dedicated Carbon Finance Team that provides carbon advisory and footprinting services, identification and development of Clean Development Mechanism projects and carbon trading – trading of certified emission reduction and verified emission

reduction certificates and providing client brokerage services to monetise carbon benefits or to obtain carbon neutrality

- Nedbank Wealth Become Programme – In 2010 Nedbank Wealth introduced a worldclass life insurance offering, complemented by a holistic health and wellbeing programme called become. In addition to personal wellness, the programme provides members with access to information on how they can contribute to the wellbeing of the planet
- Skandia Germany took part in the Climate+Finance campaign week hosted by the Federal Ministry for the Environment, and launched a paper and ran a panel discussion on the subject of linking global warming with pension planning
- Skandia Sweden – co-founder of Sustainable Value Creation, an initiative with 15 large institutional investors reviewing corporate performance on ESG issues – ran a seminar on sustainability issues for some of the largest companies on the Stockholm Stock Exchange
- Nedbank's Greenbacks 'green stream' – following demand from clients, the Greenbacks loyalty programme was enhanced through the addition of a 'green stream', allowing members of the programme to redeem their loyalty points for goods that are environmentally friendly. To date more than 3% of the total number of client redemptions have been for 'green' products
- Another initiative that is contributing tangibly to the preservation of the African continent is the Nedbank Capital Green Mining Awards. These awards, widely recognised as having immense potential to help transform Africa's mining sector, acknowledge and celebrate the contribution that responsible mining and mineral beneficiation makes to the sustainable economic development of the continent.

7. ANTICORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Overview

The Business Protection team at Group Head Office oversees the implementation of our financial crime prevention policies across the Group which cover corruption in all its forms, including extortion and bribery. This team reports back to senior management through the Group Executive, Board Risk and Group Audit Committees. Major issues are dealt with as they arise, while less serious

issues are reported and analysed quarterly – all underpinned by regular contact with the business units. In addition, the Group runs an annual financial crime conference for business unit experts to share knowledge and experiences. Different business units face different challenges. We need to make sure our approach is flexible enough to reflect these variations and the different jurisdictions in which the business units operate. We also have to take account of regulatory issues that reach across the Group, such as the new UK Bribery Act or international financial sanctions compliance.

Old Mutual's approach to tackling corruption is led by fostering a positive culture within business units based upon the Group's values. At the heart of this is promoting the right organisational culture and ensuring that our employees understand our expectations and processes. Our Group Code of Conduct is a key element in doing this. It was reviewed in late 2010 and will be re-launched in 2011. The Code helps our employees clearly understand the ethical standards we apply when dealing with customers and other stakeholders, and we hope that this will in turn increase our customers' confidence in us.

Old Mutual also has a Group level policy covering the prevention of bribery and corruption. The policy states that the Group is committed to ethical and legal business conduct, and that the Group and its employees will:

- Act legally and with integrity at all times to safeguard our employees, resources, tangible and intangible assets (particularly our reputation)
- Create and maintain a trust-based and inclusive internal culture in which bribery and corruption are not tolerated
- Conduct all business relationships in an ethical and lawful manner
- Co-operate fully with law enforcement and regulators locally within the bounds of local legislation.

The Group policy requires all Business Units to implement a local policy which covers the Group's requirements for Anti-Corruption, Bribery and Conflict of Interests. The policy outlines the Group's prohibition of bribery and reflects the fact that different business units face different levels of corruption risk. The policy requires that all Business Units understand their exposure to corruption risks and have appropriate controls to effectively manage these risks thus ensuring that our approach is flexible and sensitive to the varied nature of our business operations and the different jurisdictions where we operate. This risk based approach also seeks to take account of regulatory issues that reach across the Group, such as the new UK Bribery Act.

The policy is enforced in a number of ways:

- All Chief Executive Officers throughout the Group are required to sign off compliance with the policy at least twice yearly
- Internal Audit provides independent oversight locally and the Head of Group Financial Crime Prevention and Security (working within Group Governance and Regulatory Compliance) provides an overall oversight across the Group for the Group Board and Executive Committee.

Progress in 2010

- The Group's directors have received training on anti-bribery legislation and controls within the Group and expressed their commitment to zero tolerance towards bribery within or involving the Group
- Business units completed anti-corruption risk and control self assessments signed off by CEOs
- We began a group-wide anti-bribery risk and control assessment in relation to the corporate requirements of the new UK Bribery Act, in readiness for the Act becoming law in mid-2011
- We reviewed our Group Code of Conduct, which will form part of our approach to Bribery Act compliance when it is issued to business units in 2011
- Our work on corruption and bribery has been reviewed by external consultants and further activity is planned in 2011 including:
 - Updated guidance on bribery prevention for the Group
 - Issuance of a revised Group Code of Conduct championed by Group senior executives
 - Training initiatives to support the Code of Conduct and its relevance to anti-corruption activity.

8. EXTERNAL RECOGNITION

As part of Old Mutual's our commitment to responsible business practices we are pleased to be listed on a number of indices and to sit on a number of sector forums.

In 2010 the Old Mutual Group:

- Retained our listing on the FTSE4Good Index and the JSE SRI

- Was recognised in the Carbon Disclosure Project Leadership Index for the second year
- Signed the Cancun Communiqué calling for action to address climate change
- Won a series of sustainability awards through its banking division Nedbank:
 - Emerging Markets Sustainable Bank of the Year for Middle East and Africa: 2007, 2008 and 2010.
 - 2009 Sustainability Report was rated as excellent in the Ernst & Young Excellence in Sustainability Reporting Awards.
 - Climate Change Leadership Awards: Winner Corporate Services Sector.
 - Runner-up in the 'Best Employee Community Involvement Programme' in the Mail & Guardian 2010 Invest in the Future and the Southern Africa Trust Awards.

9. 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 Helen Wilson, Head of Corporate Responsibility at responsiblebusiness@omg.co.uk