



2004

empowering Old Mutual



corporate citizenship report



Old Mutual's belief is that we have a leadership role to play in contributing to South Africa's growth and development.

On the cover

The contents of this report cover the calendar year 2004. However, in the early part of 2005, just as this report was going into production, Old Mutual announced its much-awaited Black Economic Empowerment equity transaction.

We took the opportunity to use this cover to celebrate the efforts of the many Old Mutual staff members, industry experts, advisers and stakeholders which went into the conclusion of this landmark event.

Pictured celebrating the event are the key members of the two main consortia who are purchasing a stake in South Africa's largest financial services group.

Photo: Back (left to right) Bulelani Ngcuka, Pulane Kingston, Gloria Serobe, Roddy Sparks, Wendy Luhabe, Louisa Mojela, Jakes Gerwel, Bruce Campbell. Front (left to right) Tom Boardman, Siphon Pityana, Jim Sutcliffe, Fred Robertson

For more detail see page 14

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Our role in the country's transformation is reflected in our Corporate Citizenship commitments and practices:

- A commitment to growing and investing in South Africa;
- Socially responsible business activities that help address the country's transformation challenges;
- Excellent workplace practices;
- Sustainable social investment projects;
- Good governance; and
- The active involvement of our employees in social and community affairs.

Social bottom line

Environment

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Roddy Sparks

“At Old Mutual we believe that corporate citizenship must play a central role in business decision-making. We believe that being a good corporate citizen is directly good for business.”

Managing Director's Review

The notion of "corporate citizenship" has become common currency in recent years, as more business leaders realise that an organisation's health is largely dependent on the condition of the society in which it operates.

At Old Mutual, we first produced this Corporate Citizenship Report in 2001, to inform our stakeholders of Old Mutual's commitment to good business practice, and to South African society in the wider sense.

Although this report is separate from our annual financial report, corporate citizenship should not be seen as an "extra", in which the company makes contributions to social causes and needs, mainly in order to ensure a licence to operate. Rather, at Old Mutual we believe that corporate citizenship must play a central role in business decision-making. Stronger still, we believe that being a good corporate citizen is directly good for business.

So, for example, when we practice employment equity, we seek to employ black managers in line positions – to the extent that now over half of our profits are directly managed by black managers. And when we provide finance for third-party black empowerment companies, our first criterion is whether they are likely to provide a satisfactory risk-related return. That way, we are also more likely to help empowerment to succeed.

The Old Mutual Group's recently proposed broad-based black ownership transaction epitomises this approach. The biggest beneficiaries of this transaction will be staff – and value creation lies in their hands. The external business partners we have chosen have significant financial services experience – and will be delivering according to clearly defined performance contracts. And we have ensured that a very wide range of beneficiaries will enjoy the fruits of a growing business.

This virtuous circle, in which direct contributions to social development help this company to grow; and the growth of this company in itself contributes to social development, lies at the heart of our strategy.

Going forward, under the new chairmanship of Jim Sutcliffe – following the retirement of Mike Levett in April 2005 – we will continue to follow this path of business-led corporate citizenship, for the genuine benefit of all of our stakeholders: customers, employees, shareholders and a rapidly transforming South Africa.

Personally, I shall be very sorry to lose the wise counsel and tremendous business knowledge Mike has shared with me. He has been with Old Mutual for 46 years, and of course, has been Chairman of the company since our historic demutualisation.

The vision and international perspective that Mike brought to the group before and after our demutualisation must be admired: that insight has seen the group progress from, for example, managing R60 billion in client funds in 1990 when he became Chief Executive to over R1 500 billion today.

Consequently, Old Mutual can look ahead to making positive future contributions to South Africa from a position of strength.



4

Prof Jakes Gerwel

“Business growth and social responsibility are intertwined and are each levers for the accomplishment of the other.”

From the Chairman of the Environment Committee of the Board

There is an apparent irony in that while corporate social responsibility ranks increasingly highly in boardrooms, some media commentators suggest that actual practices are often considered of no real benefit to civil society.

One newspaper article put this phenomenon down to a misunderstanding of society's expectations by business. The same article posed the question: How then do companies respond to address the challenge?

It is true that companies must consider their involvement with society to be the responsibility of everyone that works there. It goes much broader than the responsibility of a dedicated Corporate Social Responsibility division. It is true that they should consider a genuine responsiveness to society to be paramount to the entire business. It follows then that social responsibility is not separate from core business activities. In fact, as the managing director stated in last year's Corporate Citizenship Report, business growth and social responsibility are intertwined and are each levers for the accomplishment of the other.

A consideration for companies is the extent of the effort they expend on actually involving communities in their planning and in the execution of those plans. If companies are not accurately delivering against the requirements of their communities, perhaps those communities, as partners, could assist in correcting that and therefore should be engaged?

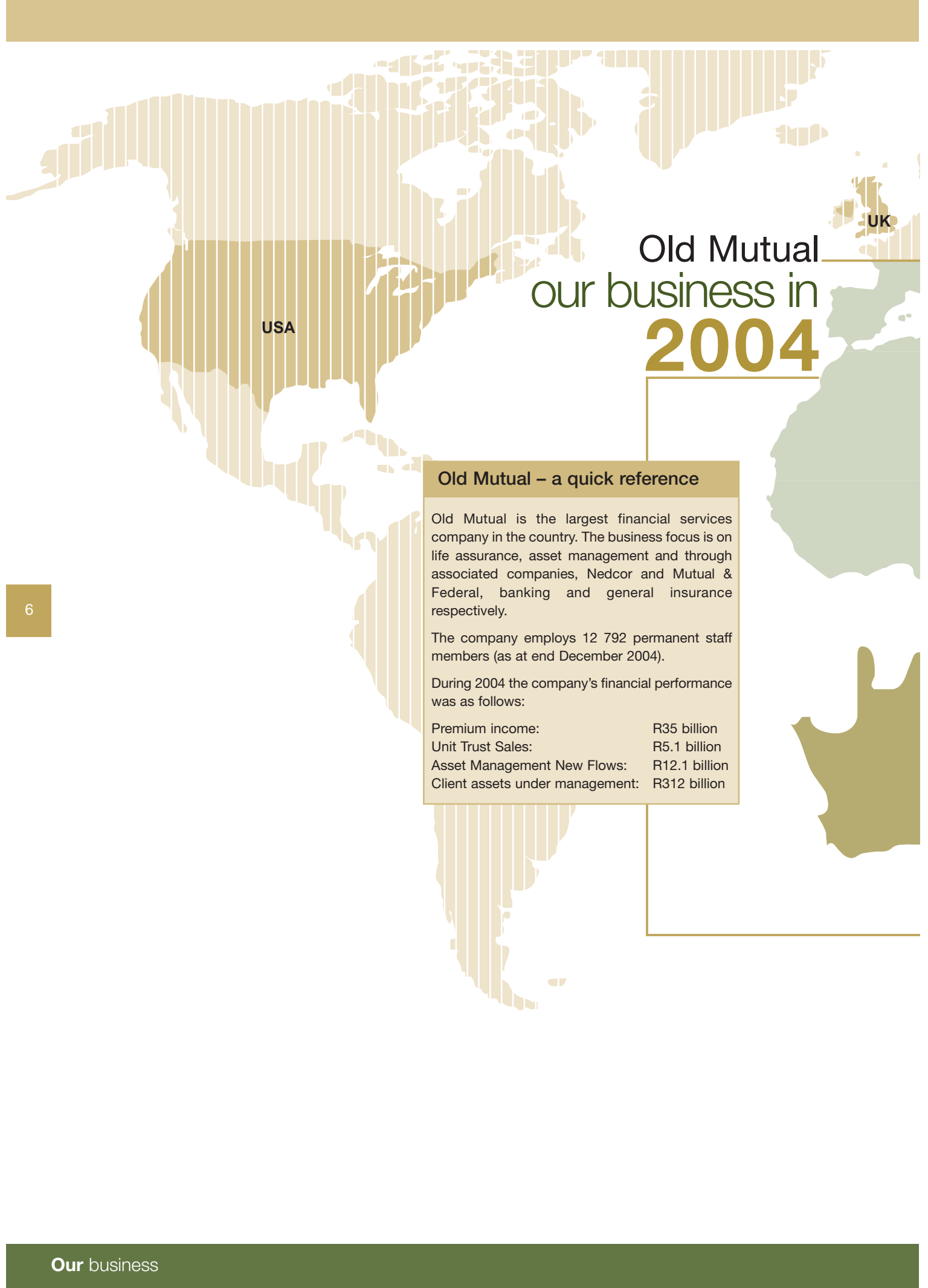
Happily, Old Mutual is favourably placed in these respects.

There is no one person charged with social responsibility at Old Mutual. Instead there is a well-considered and communicated Corporate Citizenship Transformation Programme that is "owned" by all executives. The measures contained within this Report, and the fact that they extend across multiple business units demonstrates that the full breadth of the programme is beyond the grasp of one division. As to the second point, there is a great deal of consultation with customers, shareholders and other stakeholders within and external to, the company's operations.

The Old Mutual Foundation, for instance, is in constant contact with its social partners in delivering its medium-term strategy. The Foundation emphasises the identification of community needs by the communities themselves. Similarly, the Corporate Affairs division is responsible for "sensing" environmental issues and helping the organisation to craft appropriate responses.

The Environment Committee of the Board that I chair, debates and considers major issues with executive management and assists where possible, their responses. The Committee met five times in 2004.

I am heartened that Old Mutual has embarked on a course that will ensure that its corporate citizenship practices are constantly relevant, worthwhile, and have resonance with society and stakeholders.



USA

UK

Old Mutual our business in 2004

Old Mutual – a quick reference

Old Mutual is the largest financial services company in the country. The business focus is on life assurance, asset management and through associated companies, Nedcor and Mutual & Federal, banking and general insurance respectively.

The company employs 12 792 permanent staff members (as at end December 2004).

During 2004 the company's financial performance was as follows:

Premium income:	R35 billion
Unit Trust Sales:	R5.1 billion
Asset Management New Flows:	R12.1 billion
Client assets under management:	R312 billion



Paul Hanratty, Deputy Managing Director in charge of Retail Business Lines.

2004 was a difficult year from an overall sales perspective but there was good growth in single premium and unit trust sales. We were able to deliver on several important deliverables. Personal Financial Advice grew its manpower, and broker distribution restructured completely. Masthead, the Old Mutual-sponsored broker network is now established. We launched a new set of Greenlight products, as well as the new Max Investment product and a new class of unit trust funds. We enjoyed a strong close to the year. We have laid the platforms necessary for a great 2005.



Peter de Beyer, Deputy Managing Director in charge of Service, Technology and Administration.

Client Service plays a critical role in enhancing customer value, which leads to greater customer loyalty and faster sales growth. Our frontline service people have made a tremendous effort during the past few months to rectify problem areas, and to drive continuing improvement in service levels. In the year ahead we will focus on working with our distribution channels to deliver service improvements in areas where intermediaries feel the greatest impact.

South Africa



Peter Moyo, Deputy Managing Director in charge of Corporate Business Lines.

Our investment performance has been outstanding in Old Mutual Asset Managers and Symmetry. The launch of the employee benefits administration system Mosaic will do much to improve service to customers. Healthcare is in good shape with their Oxygen product growing rapidly. While the Corporate businesses delivered well on their management actions, our major focus is to achieve our sales targets. A key focus in 2005 will be on the streamlining of our corporate distribution channels so that customers have one entry point into all Old Mutual institutional offerings: Employee Benefits, Healthcare, Group Schemes and Asset Managers.



Bulelani Ngcuka is Chairman of Amabubesi Holdings in which Old Mutual acquired a 20% stake in 2004.

Senior Old Mutual executives played a crucial role in the development of the Financial Sector Charter, a set of agreed principles and targets aimed at stimulating the transformation of the financial services sector in South Africa.

Those targets aim to encourage and facilitate:

- The recruitment and development of black staff;
- Increased procurement from black suppliers;
- Increased access to financial services and products;
- Direct investment into society; and
- Increased ownership and control of established companies by black shareholders.

We remain committed to the principles of the Charter and have set out to exceed its targets.



Social investment

Over the past four years the Old Mutual Foundation has concentrated on building up sound, innovative initiatives within the four focus areas of local economic development, education, HIV/AIDS and staff volunteerism.

- We have looked for innovative ways to make a difference by leveraging off our original focus. We call it “looking beyond the obvious”.
- We have also endeavoured to lead discussions around national issues by engaging with government, non-governmental organisations and other corporates.
- We are committed to the transformation of this country by directly involving our colleagues and ourselves – through the different volunteerism initiatives we manage – in the challenges we all face.
- We have in mind a holistic approach to the development of healthy, well-educated communities.

Kate Miszewski is Manager of the Old Mutual Foundation. The Foundation focuses on local economic development, education, AIDS orphans and staff volunteerism.



10 Workplace transformation

Dev Pillay is Head of the Old Mutual Business School (OMBUS) and the leader of the Human Capital Development team which includes employment equity, diversity, learnership and skills development experts.

The American Society for Training and Development (ASTD) awarded OMBUS a prize in the 2004 ASTD BEST competition. The School is one of 24 organisations from five countries chosen as winners. It is rated 11th among the top international business schools in the world.

Our internal transformation initiatives are many and varied. They include our efforts to optimally develop the company's human capital through the creation of workplace practices and disciplines that encourage commitment and high performance.

In 2005 we will seek specifically to encourage a performance-driven culture that embraces diversity. Our internal transformation therefore will continue to:

- Build an integrated approach to diversity;
- Aggressively address our employment equity commitments;
- Address the strengthening of our leadership pipeline, including the mentorship of talented black staff; and
- Address the retention of those staff.



Stakeholder relations and social engagement

Our stakeholders – all those shareholders, individuals, communities, business partners, legislators, and representative bodies that impact on Old Mutual – have a major role to play in the transformation of Old Mutual.

- We seek to understand the concerns of our stakeholders.
- We do this through extensive two-way discussions throughout the year.
- Our discussions ensure that our transformation does not occur in a vacuum, and that our efforts have resonance to our stakeholders.
- Our stakeholders help us chart a meaningful transformation path, one that is sustainable and allows us to reach our social vision.

The Head of Group External Relations is Zoleka Skweyiya who bears responsibility for managing and supporting executive interaction with our stakeholders.



Old Mutual has an increasing number of staff members who volunteer to be Peer Educators. They play a crucial role in educating their workplace and their communities about the disease.

Old Mutual has adopted a four-pronged approach to managing HIV/AIDS – an approach recognised by the Global Business Coalition on HIV/AIDS as one of eight outstanding global initiatives.

The approach manages the disease:

- in our business markets;
- in the workplace;
- in the wider community, and;
- through relevant financial services and advice.



Measurement and reporting

The company has adopted an Old Mutual Transformation Matrix – various measures/indicators that track the company's progress towards its objectives. These form the basis of the measures in this report.

- The Matrix includes the measures contained in the Financial Sector Charter and Old Mutual's 10-point BEE framework.
- It also includes measures from the Global Reporting Initiative (GRI) and those that are specific to the company's strategies.
- Measures against these standards are submitted to various international and external bodies including the Environment Committee of the Board, the Financial Sector Charter Council and the Old Mutual Executive Management Committee.
- Our data is used in submissions to the various stock exchanges on which Old Mutual is listed, in some cases for the purposes of their social responsibility indices.

Mark Peach is Chief Transformation Officer. His responsibility is to measure our transformation, and help embed positive corporate citizenship practices in the company.



Introducing new partners

Old Mutual SA Managing Director, Roddy Sparks, with members of the Brimstone Consortium: Siphon Pityana; Professor Jakes Gerwel; Fred Robertson and Bulelani Ngcuka.

On 19 April 2005 Old Mutual was part of the announcement of one of the largest Black Economic Empowerment transactions in history in the financial services sector. Two consortia bought stakes in Old Mutual, Nedcor and Mutual & Federal in a deal valued at over R7 billion. The WIPHOLD and Brimstone consortia will become active shareholders in Old Mutual once all approvals have been obtained.



Our empowerment transaction

Even though the transaction detailed below is one part of the overall transformation taking place within Old Mutual, it is a milestone for the company, its employees and the country.

The deal sees a significant transfer of ownership to the black partners described further on, in each of the three South African members of the Old Mutual Group:

- Over 13% of Old Mutual (SA) (a transaction worth about R3.5 billion).
- Over 11% of Nedcor's South African business (worth about R3.0 billion).
- About 11% of Mutual & Federal's South African business (worth about R700 million).

In total the R7.2 billion transaction is designed to benefit staff, customers, stakeholders, and our new business partners (who will help us to grow our business according to specific outputs described in a groundbreaking performance contract). Consequently, our shareholders also stand to benefit.

The deal benefits our people

The biggest part of the deal is the staff component. Management will participate through a Senior Black Management plan and the Management plan. In addition, every permanent staff member (who does not already participate in the Management plan) will be given shares worth R7 500.

It benefits our business partners

Our partners embrace similar values as we do: they are people with integrity, who push beyond boundaries and who show accountability and respect. More than this they have sound track records and significant depth of skill in financial services. Our relationship will enable us to benefit from these attributes and gives them a meaningful stake in South Africa's leading financial services company, and the opportunity to significantly help transform Old Mutual and South Africa.

There are benefits for our customers and intermediaries

In designing the transaction we wanted to provide a meaningful benefit to trade union members who make up a significant number of Old Mutual's overall customer base. Therefore we have

The key members of the WIPHOLD Consortium with Roddy Sparks at the announcement of their purchase of a stake in Old Mutual: (front, l to r) Louisa Mojela and Wendy Luhabe and (back) Gloria Serobe and Pulane Kingston.



Celebrating the occasion are:
(top) Roddy Sparks,
Fred Robertson and
Gloria Serobe and (bottom)
Old Mutual Asset Managers
Chief Executive, Thabo Dloti.

dedicated 2.3% of the value of Old Mutual (SA) to a new Education Trust, which aims initially to fund tertiary bursaries for the children of union members, helping to create a better future for them.

We want to serve people who were previously excluded from access to financial advice and financial services by fostering the growth of sound financial advice in the black market. In 2004 we launched the Old Mutual Academy for Financial Planners which provides black trainees with the training required to operate as intermediaries. As part of this transaction we have created a trust which will be used to provide access to finance for black intermediaries establishing themselves in our industry.

We believe we have met our objectives:

- To include a broad base of beneficiaries.
- To create value for black shareholders, all employees, customers and communities.

Introducing our new partners



WIPHOLD

WIPHOLD was founded 10 years ago by four successful black women executives as an organisation dedicated to women's empowerment.

In 1999, WIPHOLD became the first women's group to be listed on the JSE Securities Exchange in South Africa.

Later that year WIPHOLD established Wipcapital as an operational financial services wholly owned subsidiary.

The formation of Wipcapital was a direct response to the market's signal at the time that new empowerment models were necessary if empowerment goals were to be achieved. It became clear that the model of BEE companies operating only as passive investment vehicles was problematic. Wipcapital is a company that actively participates in the companies it invests in, delivering both financial services and transformation expertise.

WIPHOLD is one of the most genuinely broad-based black empowerment companies in South Africa today with 1 200 direct beneficiaries and 18 000 indirect beneficiaries through the WIPHOLD Investment Trust. There are over 300 000 indirect beneficiaries through the WIPHOLD Non-Governmental Organisation (NGO) Trust, whose constituent NGOs span all nine provinces. In excess of 60% of the shareholding is in the hands of women. All shareholding is direct and unencumbered.

Key members of the consortium are:

LOUISA MOJELA (Executive Director) who is one of the founders and is Group CEO of WIPHOLD. She has held positions at Standard Corporate and Merchant Bank (SCMB), The Development Bank of Southern Africa (during which time she was seconded to the World Bank in Washington DC), and the Lesotho National Development Corporation. Louisa has completed an Executive Leadership Program at Wharton School of Business at the University of Pennsylvania. In 2000 Louisa was selected as one of the leading women entrepreneurs of the world from different continents and countries. Louisa serves on several boards including ABB SA, Ericsson SA and Sun International.

GLORIA TOMATOE SEROBE (Executive Director) is a founding member of WIPHOLD and CEO of Wipcapital. She was Transnet's Group Financial Director from 1996 to 2001 and member of the board of Transnet and its major subsidiaries, including Spoornet, Portnet, Petronet, SAA and Transtel. Her professional experience includes positions at Exxon Corporation USA, Munich Reinsurance Company of SA, the Premier Group and SCMB. Gloria serves on several boards

including the JSE Securities Exchange and the Export Credit Insurance Corporation. She is Chairperson of the Life Offices Association and a member of the Financial Sector Charter Council.

WENDY N. LUHABE is one of the original founding members of WIPHOLD and has an enviable business track record in the areas of financial services and human resource development. Wendy established Alliance Capital in 1998, a company that currently manages assets of approximately R8 billion. She serves on the board of the JSE Securities Exchange, and is also non-executive Chairperson of the Industrial Development Corporation and is a director of Vodacom.



Also a member of the consortium is Sphere Holdings, which comprises experienced individuals with a proven track record in private equity, investment banking and asset management. Sphere's ownership structure promotes broad-based empowerment whilst incentivising founder shareholders and management who include Itumeleng Kgaboesele (CEO), Executive Directors Pulane Kingston and Aadil Carim and Associate Director Marang Denalane.

While directors and management hold the majority of Sphere, 11% is held by broad-based groupings that have a particular focus on education and the economic upliftment of black women. These groups include Ditikeni Investment Company Limited, (an investment vehicle for 24 NGOs involved in education and training, health (HIV/AIDS), housing and rural development) and the Student Sponsorship Programme.



Brimstone is a black-controlled and managed investment company with its roots in the wider Western Cape community. The company seeks to be profitable, empowering, and to have a positive social impact on the businesses and the individuals with whom it is involved, including shareholders, employees, suppliers, customers and the community. The company looks for above-average returns through the provision of capital, management expertise and impeccable empowerment credentials.

Brimstone listed on the JSE Securities Exchange in July 1998. At the time, the principal activity of the company was as an investment holding company investing chiefly in the branded consumer goods and financial services markets.

Brimstone's strategy is to hold and consolidate investments in the financial services and industrial sectors of the economy. Its management seeks to get involved in their investee companies at a strategic level and advise on policy and strategy at board level.

Key management of the consortium are:

PROFESSOR JAKES GERWEL (Non-Executive Chairman) who was formerly Director General in the office of President Nelson Mandela and Secretary of the Cabinet in the Government of National Unity from 1994 to June 1999. He is Chancellor of Rhodes University, Distinguished Professor in the Humanities at the University of the Western Cape, Honorary Professor in the Humanities at the University of Pretoria and Chairman of the Human Sciences Research Council. He chairs the Boards of Trustees of the Nelson Mandela Foundation, the Mandela Rhodes Foundation and the African Centre for the constructive resolution of disputes. He is the Chairman of Africon and serves on the boards of Naspers and Old Mutual Life Assurance Company (SA).



From top to bottom: Old Mutual plc Chief Executive Jim Sutcliffe and Gloria Serobe in conversation; Old Mutual Gauteng Chief Executive Khehla Mthembu with Siphon Pityana; and Brimstone Chairman Professor Jakes Gerwel with Mutual and Federal Chief Executive Bruce Campbell.



Sharing congratulations at the announcement of the Old Mutual empowerment deal are two key members of the consortia: Gloria Serobe from WIPHOLD and Fred Robertson of Brimstone. Looking on is Tom Boardman, Chief Executive of Nedcor, also a participant in the broad-based empowerment deal.

MUSTAQA AHMED BREY (Chief Executive Officer) who built his own auditing practice into the largest black auditing practice in the country in 1997, namely KMMT Brey Inc. He is a founder member of the company and guided it to a listing on the JSE Securities Exchange in 1998. He serves on listed and unlisted companies' boards including Oceana Fishing Group Ltd, Sea Harvest Ltd, Scientific Group (Pty) Ltd, The Lion of Africa Insurance Company Limited, MICC Property Income Fund Ltd, amongst others.

FRED ROBERTSON (Executive Deputy Chairman) is a former teacher and ex-employee of Old Mutual, who after working at Old Mutual for 10 years left to start his own insurance brokerage, Commlife Holdings. Commlife Holdings currently has interests in private equity, short-term insurance, life assurance, employee benefits, fund management, insurance broking as well as property administration and development. He is co-founder of Brimstone and together with Mustaq has managed the company since inception. Fred has gained extensive business experience through his directorships of Rembrandt Group and Sea Harvest Corporation, as well as chairmanships of Lion of Africa Life Assurance Company, Lion of Africa Insurance Company, House of Monatic and Lobedu Leo Burnett Holdings. He is also a founding trustee of the Business Trust.

LAWRIE ZEV BROZIN (Investment Manager) served articles with Arthur Andersen and qualified as a CA, then became involved in managing his family's business interests. Lawrie joined the management team at Brimstone in October 1996, where he played a valuable role in growing the company to the stage of its listing in 1998. He was intimately involved in BrimEquity, Brimstone's joint venture private equity fund with Coronation Capital Limited and was responsible for monitoring Brimstone's investments in the fund. Lawrie is a Non-Executive Director of Nando's Group Holdings Limited.

TILOSHANI NAIDOO (Legal and Compliance Officer) completed her LLB at the University of the Western Cape and joined Brimstone in 2001. She became Brimstone's Compliance Officer in 2004. Tiloshani is instrumental in furthering Brimstone's culture of change and the transformation initiatives of its investee companies.



Mtha includes investment vehicles Chestnut Hill Investments 211 (Proprietary) Limited and Izingwe Financial Investments.

Mtha's shareholders include the representative bodies of black South African professional lawyers and medical practitioners through the National Association of Democratic Lawyers, The Black Lawyers Association and the South African Medical and Dental Practitioners.

The individuals represented in Mtha have held high-level positions in both public and private sector entities. Collectively, they provide a combination of complementary skills. This includes high-level strategic visioning and positioning, extensive understanding of the public and private sector, strong financial, legal and managerial skills as well as solid business development and marketing abilities.

They have an intimate understanding of black economic empowerment and transformation. This results from years of high-level involvement in public sector transformation, significant roles in the evolution of government economic and delivery strategies and success in driving restructuring and repositioning in large organisations.

As a result, their reach extends throughout the public sector, industry (including the financial services sector), the trade union environment and the African continent.

Chestnut Hill is a 35% shareholder in Mtha and the shareholders of the company include Bulelani Ngcuka, former National Director of the National Prosecuting Authority; Sango Ntsaluba, currently the Chief Executive Officer of Amabubesi Investments and Non-Executive Chairman of Sizwe Ntsaluba; Thabiso Tlelai, Chair of the Tourism Business Council of South Africa, Mveleleli

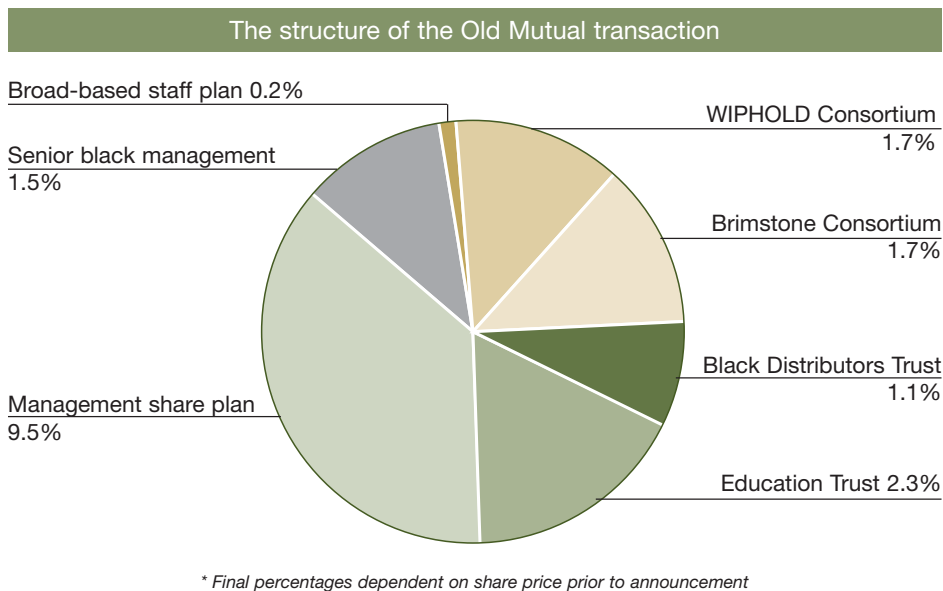
Booi, previously the CEO of Gobodo Incorporated and currently an Executive at Amabubesi; Gilimamba Mahlati, Chairman of Risk Monitor Group; Kennedy Memani, Director of KREM Investment Holdings and the senior partner in XK Memani, Ruiters and Associates.

Izingwe Financial Investments, an associate company of Izingwe Capital, is a 35% shareholder in Mtha and has a combination of complementary skills.

The founder and Chairman of Izingwe is Siphon Pityana, formerly Director General of the Department of Labour and Foreign Affairs. The remaining Board of Directors of Izingwe include Ashley Ally, CEO of Izingwe and previously the CEO of the Legal Aid Board; Phillip Dexter, formerly executive director of Nedlac; Tsakani Matshazi, a chartered accountant, and Mark Sifris, a corporate attorney.



Pulane Kingston, an Executive of Sphere Holdings and Bulelani Ngcuka of the Mtha Investments flanking Roddy Sparks and Professor Gerwel and Fred Robertson from Brimstone listen attentively to presentations made at the media launch.



Implementing and managing BEE in Old Mutual

To ensure that the Financial Sector Charter is fully implemented throughout the business, the Old Mutual executive committee (EXCO) also makes up an Old Mutual Black Economic Empowerment Committee.

The executive overall in charge of Charter implementation is Khehla Mthembu. Reporting to him is a Programme Manager who has the responsibility of co-ordinating and leading specialist teams. The teams are active in maximising empowerment in each of the following:

- Human resource development
- Skills development
- Procurement and enterprise development
- Access to financial services
- Empowerment financing
- Ownership and control
- Corporate social investment.

An Old Mutual empowerment charter provides a framework for all activities and describes targets that exceed those contained in the Financial Sector Charter.

It is Old Mutual's stated objective to be an "A" contributor to black economic empowerment.



Governance

*Key players in the strong governance of Old Mutual:
(l to r): Richard Foster, Graham Stavridis, Sheralee Morland,
Claire Rutgers and George Jacobs.*

“Corporate Governance means ensuring that the rights and interests of the company’s various stakeholders are guarded. It encompasses financial reporting and compliance with legislation. More broadly, it incorporates areas such as social responsibility, ethics, health and safety, environmental practice and transformation.”

Peter Golesworthy, Executive General Manager: Finance

The Board

The Old Mutual Life Assurance Company (South Africa) Limited Board oversees the general governance of the Old Mutual businesses. It provides input and advice on strategy, budgets and business plans and monitors investment performance provided to clients.

The Board delegates certain responsibilities to a number of committees, each with expertise in a specific area. These committees are independent of Old Mutual's management and are chaired by independent or non-executive directors.

Old Mutual has a unitary board of 15 directors, the majority of whom are independent of management. The Board is currently made up of 11 non-executive directors, and four executive directors.

The appointment of new directors is assisted by recommendations from the Corporate Governance and Nomination Committee with an emphasis placed on achieving a balance of skills, experience and knowledge. A formal orientation programme familiarises incoming directors with the company's operations, and inducts them in their fiduciary duties.

New directors may hold office until the next Annual General Meeting (AGM) at which they retire and become available for re-election on the recommendation of the Corporate Governance and Nomination Committee. All directors are subject to retirement by rotation and re-election by shareholders at least once every three years. Executive directors have no fixed term of appointment, but are subject to short-term notice periods. They retire at 61, while non-executive directors retire at 70.

The Board meets regularly, including strategy and business planning sessions. Self-evaluation reviews are conducted on an annual basis. It may also meet to deal with specific matters that may arise between scheduled meetings.

All directors have access to management, the Company Secretary, and to information needed to carry out their duties effectively. The Company Secretary provides support to the Board to ensure its functioning and proper administration of board proceedings.

The roles of the Chairman and Managing Director are separate. Managing Director, Roddy Sparks, and his Deputy Managing Directors, Peter de Beyer, Paul Hanratty and Peter Moyo, lead the executive management team.

All Board committees have formally delegated terms of reference and report to the Board as required.

The committees are chaired by independent or non-executive directors, supported by the Company Secretary, and can take independent professional advice when necessary.

The Committees of the Board

The Audit, Risk and Compliance Committee ensures that:

- Our financial and statutory accounts are correctly prepared,
- We have properly implemented risk management systems in place,
- We are complying with relevant legislation,
- We have proper internal audit oversight,
- The actuarial valuation process is adequate and efficient, and
- The Group meets the requirements of Old Mutual plc in its operations.

The Environment Committee:

- Provides input into business strategy for internal and external stakeholders, particularly on government relations and transformation issues.



Members of the Board of Old Mutual Life Assurance Company South Africa (OMLACSA): Almorie Maule, Len Konar and Murphy Morobe.

The Remuneration Committee:

- Oversees remuneration policies for employees, and the terms, conditions and salaries for Old Mutual's executives. Their brief includes the approval, or recommendation for approval, of the share incentive arrangements of Old Mutual.

The Corporate Governance and Nomination Committee:

- Assists the Board in ensuring that adequate and effective corporate governance is established and maintained,
- Ensures that the Board structures meet Old Mutual plc and South African corporate governance requirements,
- Considers and recommends to the Board the appointment of directors and committee members,
- Monitors the continued application of sound governance practices in the Group, and
- Regularly reviews the structure, size, composition and mix of skills and experience of the Board and its committees.

Ad hoc committees are established to deal with specific matters as the need arises.

A corporate governance audit of the Board and directors conducted by Group Internal Audit during 2004 concluded that current governance structures are satisfactory. The audit found a high degree of compliance to the King II Report.

A Summary of Board and Committee Attendance			Attendance at main Board meetings	Attendance at Board Committee Meetings
Directors	Status	Committee	Maximum 6 meetings	(Maximum in brackets)
MJ Levett	Non-exec	3, 6	6	4 (4)
WAM Clewlow	Non-exec	1, 2, 3, 6	5	6 (7)
CF Liebenberg	Non-exec	1, 2, 4, 6	5	7 (9)
JVF Roberts	Non-exec	1, 6	2	3 (3)
JH Sutcliffe	Non-exec	2, 3, 6	5	7 (8)
GS van Niekerk	Non-exec	1, 5	5	6 (6)
RJA Sparks	Exec	4, 5	6	7 (7)
PG de Beyer	Exec	4, 5	6	5 (7)
MP Moyo	Exec	4, 5	6	6 (7)
PB Hanratty	Exec		6	–
GJ Gerwel	Independent	2, 4	5	8 (9)
D Konar	Independent	1, 3	6	8 (8)
AA Maule	Independent	1, 2, 4, 5	5	9 (10)
WA Mgoqi	Independent	4	5	3 (5)
M Morobe	Independent	3, 4	3	5 (9)
PF Nhleko	Independent	1	3	0 (2)
AH van Wyk	Independent	3, 4, 5	6	11 (11)

Key:

- 1 Audit, Risk and Compliance (ARCC)
- 2 Remuneration
- 3 Corporate Governance and Nomination
- 4 Environment
- 5 Strategic Projects Management (Dissolved 27.08.2004)
- 6 Director of Old Mutual plc

Notes:

- Mr WAM Clewlow stepped down from the Remuneration Committee and ARCC on 16.04.2004.
- Mr PF Nhleko stepped down from the ARCC on 16.04.2004.
- Ms A Maule was appointed to the ARCC and the Remuneration Committee on 11.06.2004 and 27.08.2004, respectively.
- Mr JVF Roberts stepped down from the OMLACSA Board and ARCC on 27.08.2004.
- Mr CF Liebenberg retired on 02.10.2004.
- Mr MJ Levett will retire as chairman on 14.04.2005 and will be replaced by Mr JH Sutcliffe.
- Prof Wiseman Nkuhlu becomes a board member from 01.02.2005
- Messrs Mgoqi and Morobe retire from the board with effect from 16.02.2005 and 14.04.2005 respectively.

Old Mutual corporate governance – supporting management

Corporate governance has both an internal and an external focus:

Internally, corporate governance relies on:

- The organisation's values and ethics being lived and practised daily.
- The appropriate structures being in place (including the Board and the relevant committee together with Group Internal Audit, Compliance, Enterprise Risk Management, Corporate Secretariat and Forensic Services).
- The establishment of appropriate controls and processes that are monitored and managed.

Externally, corporate governance means:

- That the rights of the various stakeholders are guarded.
- That the organisation contributes to sustainable economic development.
- The company invests in socially responsible business activities.
- Management and staff are able to work well together, and interact with their community.

An accountability framework in an organisation is not sufficient. That cannot guarantee a company's success. There must be balance between conformance and performance. For performance to occur in corporate governance, policies and their strong communication to the organisation must be in place. Management must "own" and support these policies enthusiastically. When this occurs corporate governance is able to serve the organisation in its entirety.

The following governance functions work together with management to help them make strategic decisions, manage risk, manage performance and identify the critical points at which they need to make decisions:

- Risk Management;
- Compliance;
- Group Internal Audit;
- Corporate Secretariat; and
- Group Forensic Services.

In tandem with management these functions are able to promote a culture that complies with legislation and best practice but also enhances overall management performance.

Risk Management

Businesses have to take risks to thrive. Some risks can be avoided, others cannot. It is nevertheless important to have strategies in place that help to manage all risks. Old Mutual's response has been to develop an Enterprise Risk Management framework and risk management processes at both strategic and business unit levels. Management is responsible for the identification, evaluation and management of the risks applicable to their areas of business. These risks are assessed on a regular basis and may be associated with a variety of internal and external sources.

Compliance

Our business has to abide by laws and regulations that govern the way we do business. Failure to comply with the laws of the land could lead to penalties, severe reputational damage and even a loss of the licence to operate. In South Africa, the promulgation of new laws has meant dramatic changes to the financial services environment, and has made compliance increasingly complex and difficult.

All business units must consider the impact of legislation and regulations on their businesses and must develop compliant risk management and monitoring plans to ensure that processes and procedures are in place to ensure compliance. In addition a standardised compliance framework for the group is in place and key compliance best practices and processes have been developed and implemented across the organisation.



Jim Sutcliffe, Chief Executive Old Mutual plc will also be assuming the Chair at Old Mutual Life Assurance Company South Africa (OMLACSA). Also pictured is OMLACSA Chief Actuary, Gary Palsler.



Old Mutual was the first large provider in the country to be properly licensed and equipped to operate in terms of the FAIS requirements. Here Roddy Sparks is receiving congratulations from the Financial Services Board's Manasse Malimabe.

The two most relevant pieces of legislation that affected the organisation in 2004 were: The Financial Intelligence Centre Act (FICA) and the Financial Advisory and Intermediary Services Act (FAIS).

FICA is aimed at combating money laundering in South Africa. Through the Compliance function we have developed processes and procedures across the business to ensure that we:

- Identify clients.
- Report suspicious transactions.
- Keep adequate records.
- Train our staff on FICA.

FAIS aims to regulate a wide range of financial advisory and intermediary services to clients. Principally, a financial services provider (FSP) such as Old Mutual may not operate without a licence issued by the Registrar of Financial Services. The providers are responsible for the actions of their representatives, and should ensure that they are “fit and proper” and suitably qualified.

We have developed processes and procedures across affected business units to ensure that Old Mutual is compliant and we were the first large provider in the country to be properly licensed and equipped to operate in terms of the FAIS requirements.

Group Internal Audit

At Old Mutual an independent Internal Audit function, reporting to the Audit Committee, focuses on risks that could affect the achievement of business objectives. This focus helps managers achieve their objectives, through looking for and suggesting operational improvements in the control environment.

Corporate Secretariat

The Secretariat team is responsible for advising Old Mutual's Board of Directors on statutory requirements and responsibilities and their fiduciary duties.

Group Forensic Services

A concerted effort is made by management and staff alike to combat fraud, theft, corruption and associated internal irregularities in Old Mutual. This effort is largely driven through education and activities aimed at increasing awareness. The ongoing investigation and detection of fraudulent activity is undertaken by Group Forensic Services.

Comprehensive “whistle-blowing” channels exist within the organisation to combat fraud and various white collar crimes. Staff members are able to anonymously report criminal behaviour to Group Forensic Services via the Tip Offs Anonymous Hotline, dedicated e-mail or in person.

These five areas work closely together to achieve the same objective – helping Old Mutual to grow through a strong control environment. While the functions of governance are present within Old Mutual, they rely on interaction with management and their commitment to governance to ensure its sustainability.

Regulations and guiding principles

As part of a multinational group, there are different regulations and guiding principles to which we either choose to, or have to, adhere. The chief of these are:

- In South Africa: the King II Report;
- In the United Kingdom: the Turnbull Report and listing requirements.

The King II Report deals with a wide range of corporate governance issues, including ethics, compliance, risk management, financial disclosure and the roles and responsibilities of the Company Secretary, Directors, Boards and Board Committees. It also deals with the broader issues of social and environmental responsibility.

The King II Report advocates an integrated approach to corporate governance, aimed at protecting the interests and rights of all company stakeholders. Old Mutual recognises the King II guidelines and strives to implement them throughout the business where relevant.

Litigation

Old Mutual were not involved in any material litigation in 2004 where we were accused of acting immorally, unethically or to the detriment of any community, shareholders or policyholders. Neither were we in breach of statutory or regulatory obligations. We are only involved in legal matters believed to arise from, or are connected to, normal business practices. These include reclaiming monies due to the company or defending claims that are deemed to be fraudulent.

Shareholder activism

Old Mutual has a policy to vote by proxy at all annual general meetings of companies where it is invested. Where the matter under consideration is contentious, an Old Mutual representative may be sent to represent the company. The matters to be voted are assessed for each meeting. There may be times when the company will vote against resolutions.

Broadly, when it comes to placing shares under the unlimited control of a company's directors, Old Mutual follows a policy of not accepting a resolution that gives unrestricted controls to directors, and prefers to limit that control to a percentage of the company's unissued shares.

There is recognition within the company that we have a role to play in fostering wider shareholder involvement in the markets. Consequently Old Mutual provides trustee training where demand exists.

Political party donations

Old Mutual does not make donations to political parties.

Ethics

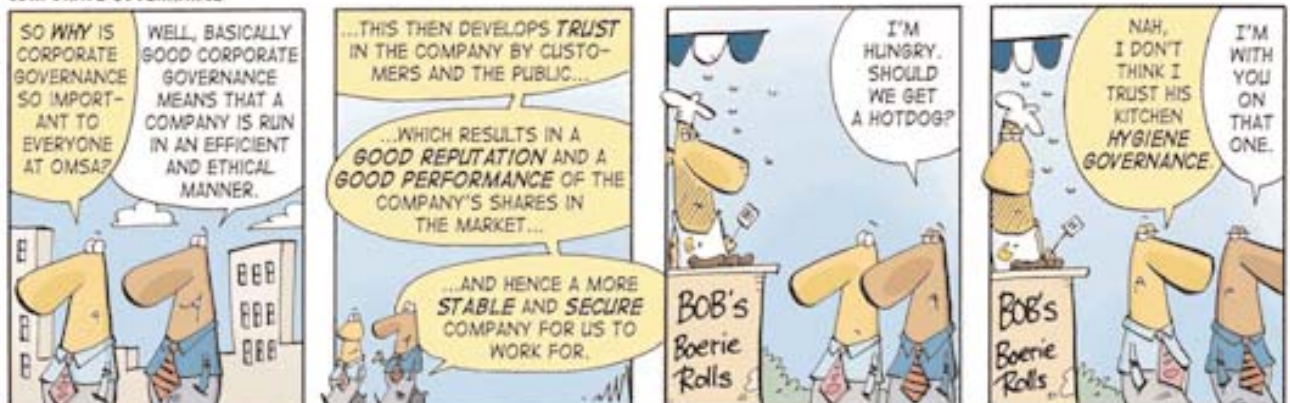
Old Mutual plc has an easily accessible Code of Ethics posted on the company Intranet, where the following two extracts can be read, both of which make clear our approach to ethics. Old Mutual has adopted these principles.

"As a Group we should maintain the highest ethical standards in carrying out our business activities. Our reputation is one of our most important assets. Maintaining the trust and confidence of all those whom we deal with is accordingly one of our most vital responsibilities, so in all of our operations our set of core values must be used to guide and direct the way we do business."

"We recognise our obligations to those with whom we have dealings – shareholders, employees, customers, suppliers, competitors and the wider community. Accordingly, this code sets overall principles and guidelines for practice to be adopted throughout the Group. Individual businesses within the Group are required to adopt appropriate principles and processes to deal with specific ethical issues that arise in their specific circumstances. We will monitor ethical performance regularly in order to ensure that corrupt or unethical business practices are eliminated."

A cartoon taken from the Old Mutual staff magazine, Amicus Certus, used to increase awareness of the importance of corporate governance.

CORPORATE GOVERNANCE





Economic impact

Three key players in driving our economic impact on South Africa: Brian Wilkinson (Procurement), Derrick Msibi (Old Mutual Asset Managers) and Helen Casey (Corporate Brand Manager).

“We are extremely proud of the good work Old Mutual does by reaching out to about five million South Africans, helping them to become financially secure and reach for their dreams. We want our stakeholders to see us in the same positive light, and our senior executives engage regularly with the media, analysts, customers and other stakeholders, to understand and respond to their views.”

Khehla Mthembu, General Manager: Corporate Affairs

Economic impact

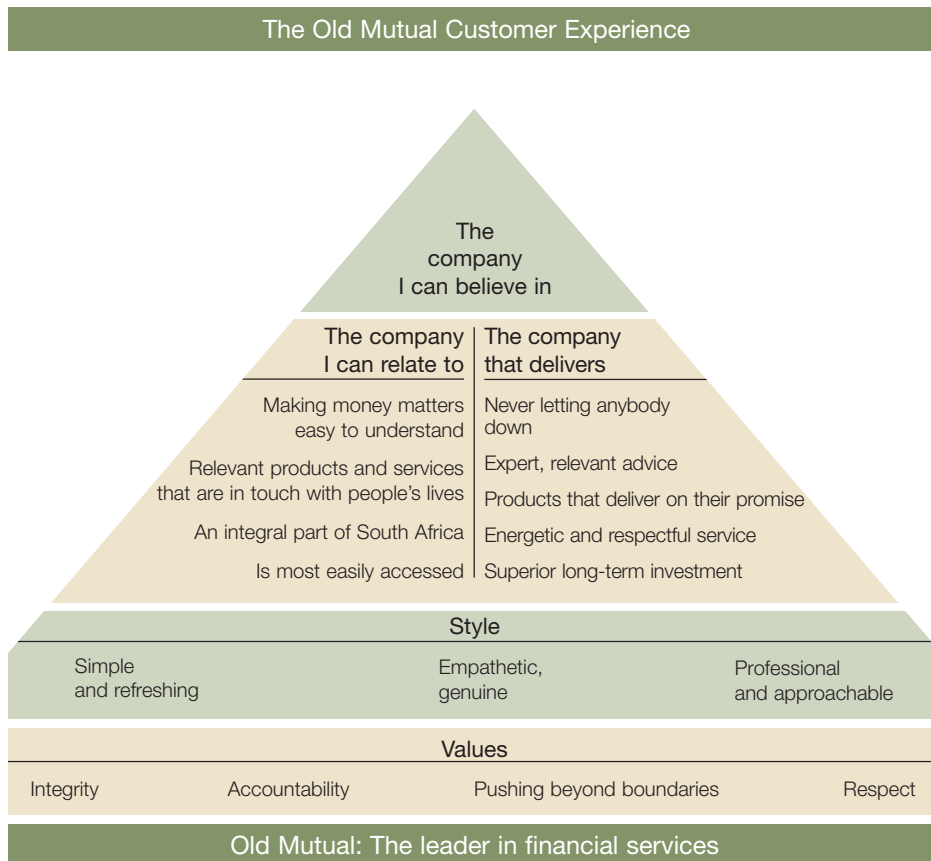
Making a difference: serving our customers

The Old Mutual experience

Old Mutual Life Assurance Company of South Africa (OMLACSA) was rated the most trusted long-term insurance provider in the country, and the second most trusted company out of 75 in the Ask Afrika Business Trust Barometer. The results were published in the Finance Week in November 2004. Similarly, OMLACSA emerged as the number one brand in the long-term insurance industry in the 2004 Sunday Times/Markinor Top Brands Survey published in the Sunday Times newspaper.

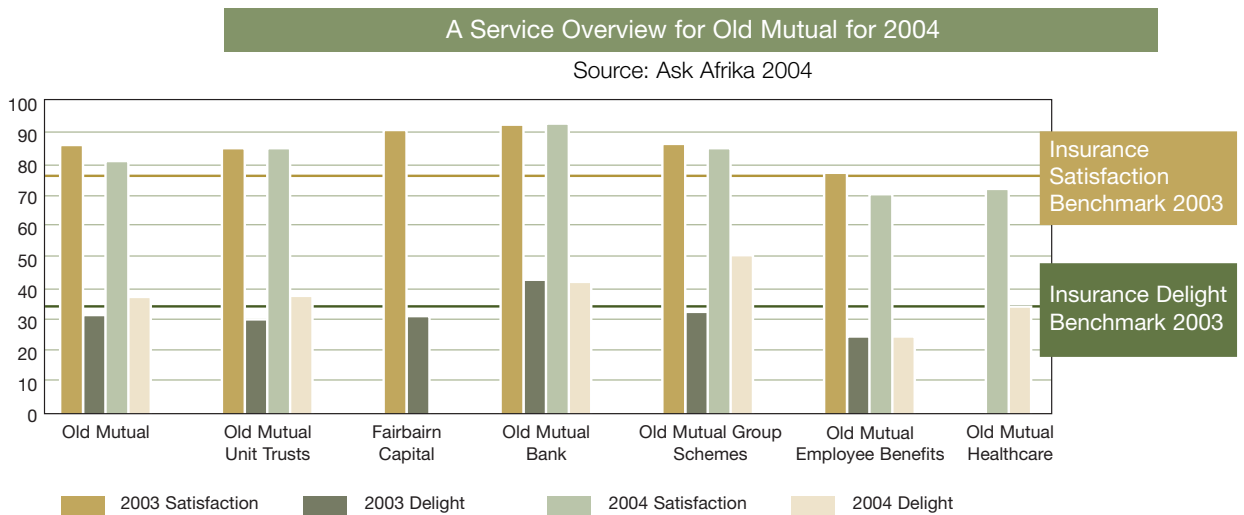
To maintain this success we carefully consider research among clients and potential clients, from various age and interest groups to ensure that the Old Mutual brand remains relevant.

Old Mutual strives to be a company that delivers on its customers' expectations in the most relevant manner for each business segment. The following graphic represents the experience we would like every one of our customers to have of Old Mutual.



Customer service and delight

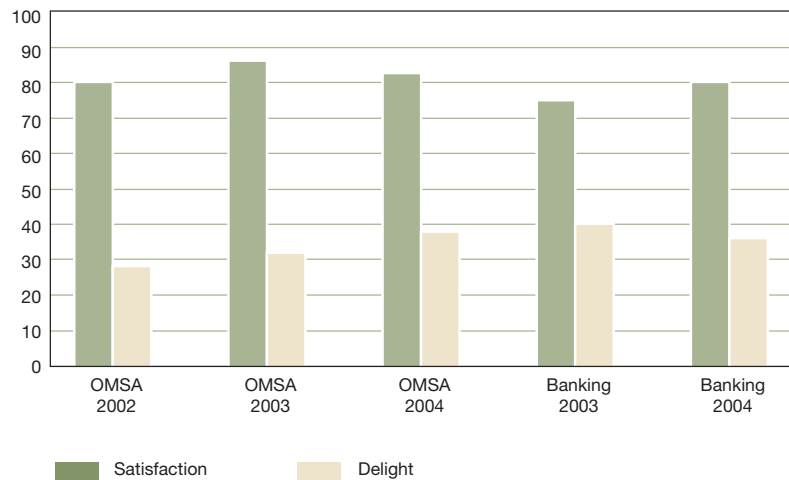
The following graph provides an overall view of the “satisfaction” and “delight” levels for the various Old Mutual businesses for 2004, based on external surveys.



Old Mutual Customer Services – Comparative Progress



Jerry van Niekerk is Executive General Manager in charge of Customer Services. The Internal Ombudsman reports to Jerry.



Old Mutual measures six service attributes: responsiveness; efficiency; warmth and courtesy; accountability and ownership; reliability; and demonstrate and show. External measures indicate that the group measures highest for warmth and courtesy, and is weakest in responsiveness.

The decline in customer service delivery represented one of the more significant challenges in Old Mutual and resulted in a singular focus by executive management to resolve the problem.

To ensure that the customer service team remains committed to the improvement of the group’s service offering, their incentive schemes will remain linked to the results of external surveys on customer service such as those conducted by Ask Afrika.

To further encourage the implementation of benchmark-beating levels of service that are required to move Old Mutual into service greatness, the company will continue to partner with the Disney Institute for quality service in Orlando, Florida. For the third year Old Mutual will send a delegation of service professionals for training at the Institute.

The customer service focus remains on the improvement of capacity and the development of people skills to ensure an enhanced customer service experience for Old Mutual customers.

The Internal Ombudsman

In a groundbreaking move to improve our service to customers, in 2001 the Old Mutual Internal Ombudsman was appointed to speed up the resolution of customer complaints. In 2003 58.2% of complaints were settled in favour of the customer, and last year the figures were as follows: 2 799 cases were referred to the Internal Ombudsman's office; 301 cases were adjudicated and 37% found to be wholly or partly in favour of the customer – this compares favourably with the 39% recorded by the industry Ombudsman.

Customers retain the option of referring their complaints to the industry Ombudsman, ensuring added protection and enhanced dispute resolution.

The Unclaimed Shares Trust

When Old Mutual demutualised, policyholders who qualified for an allocation of free shares in the new listed company were required to first confirm their particulars with Old Mutual before they could claim them. Those shares that remained unclaimed at the time of the stock exchange listing were placed in the Unclaimed Shares Trust and a Board of Trustees was appointed to manage the Trust.

On 1 January 2004 there were 276 000 shareholders who had not yet claimed their free shares.

In terms of the Demutualisation Scheme and Trust Deed qualifying members had five years from the date of listing to claim their free shares. This period expired in August 2004. Under the terms of the Scheme, the shares remaining in the initial Unclaimed Shares Trust at that date were to be sold and the proceeds, together with accumulated dividends and interests, paid to Old Mutual plc.

In order to give unconfirmed holders a further opportunity to claim their free shares, Old Mutual plc submitted a proposal at its Annual General Meeting (AGM) in May 2004 to extend the period to claim for a further two years. In addition, it was proposed that a new Unclaimed Shares Trust be set up to hold the shares during this period. The proposal was accepted. Consequently, members who confirm their details up to August 2006 will be allocated their free shares. They will however not qualify for dividends that have accrued prior to August 2004 and for dividends accruing thereafter until confirmation. The accumulated dividends and interest in the old Trust were paid to Old Mutual plc, while future dividend receipts to the extent required will be used to defray the cost of contacting and confirming holders who have to date failed to claim their free shares. The remaining dividends will be waived.

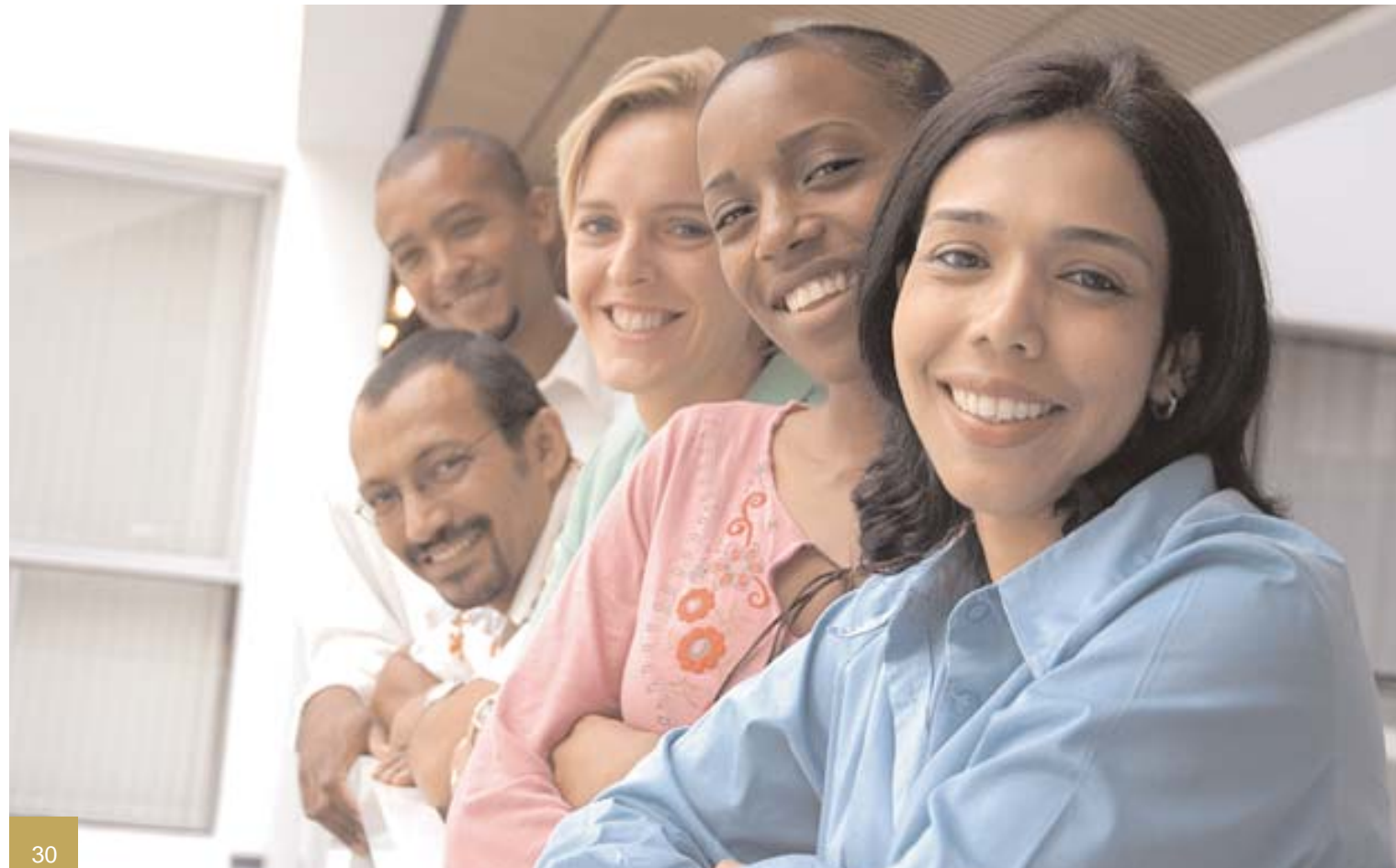
An amount equal to the amount paid to Old Mutual when the old Trust was wound up (R190 million) will be donated to good causes.

Efforts to trace the holders of unclaimed shares were intensified during 2004. The response to those efforts were very positive, resulting in the confirmation of over 71 000 unconfirmed holders, holding 26 million shares. The various initiatives created an enormous response from the general public, resulting in a large number of telephone enquiries, peaking at 58 000 calls received in July 2004. An amount of R69 million, representing accumulated dividends and interest earned on the shares claimed before the August cutoff date, was also paid out.

Intense efforts to trace unconfirmed members will continue for the next two years.



Shane Felix is an Old Mutual client based in Bellville who contacted the Old Mutual Group Schemes call centre to complain about a faulty debit order. His complaint was not immediately dealt with, leading to an internal investigation and eventually the creation of the "Today's Work Today" programme. The programme reaffirmed accountability as a core company value and directly addressed the issue of ownership of a problem. The successful programme has resulted in fewer follow-up calls from clients and fewer complaints being reported through the call centres.



Five Old Mutual MD Award winners for outstanding customer service on their way to the Disney Institute in 2005: (l to r) Haroon Jones, Shawn George, Estelle Moore, Celeste Amon and Zaibunissa Cassiem.

Meeting customer needs through product innovation

- In 2004 Old Mutual released Max Investments, a product range designed to provide personalised long-term investment solutions to customers in the middle- and higher-income segments. Max Investments is appropriate for the changing economic environment of lower inflation, lower interest rates, and higher interest exemptions.

The product features no initial charges, payment flexibility in the select investment plan, opportunities to maximise tax efficiency, premium protection benefits, and the asset management skills of Old Mutual Asset Managers.

Premiums start at R250 per month over a ten-year term, or R500 per month if the investment horizon is less than 10 years. Lump sums start at R10 000.

- The burial society-based product introduced in 2002/2003 to support burial societies by underwriting the risk they carry has continued to receive strong support, as has the Family Support Services value-add to assurance portfolios. The Service offers transportation of the deceased to the final funeral home closest to the burial place; HIV/AIDS support and counselling; a 30-minute consultation with an attorney; and a health support benefit that offers advice on health issues, emergency medical advice and counselling.
- During 2004 Old Mutual was party to a decision by the industry representative body, the Life Offices Association (LOA), to do away with HIV exclusion clauses from new business written from January 2005. This means that people who test HIV-negative at the inception of the policy but who later contract the disease will have their contracted benefits paid to beneficiaries. New products will be subject to normal underwriting requirements where necessary, including HIV testing.

Making a difference: our business in society

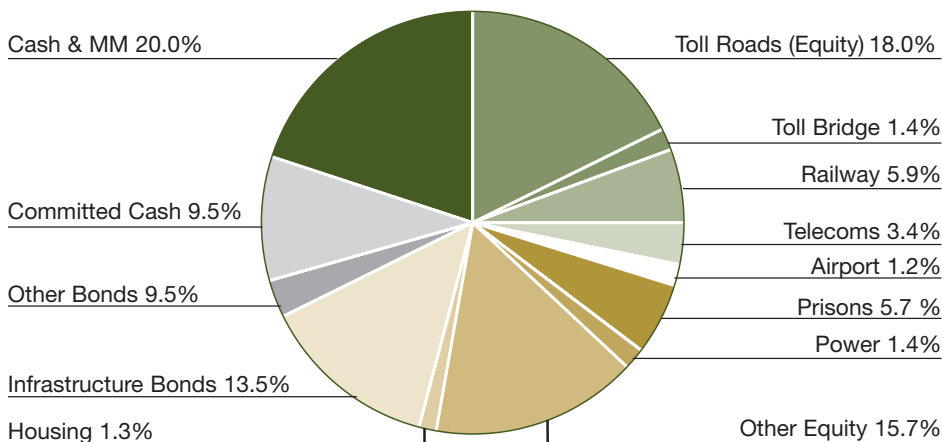
Developing society through investments in infrastructure

South Africa continues to face a significant challenge to rebuild the national infrastructure to meet the challenges of globalisation and therefore of increased global competition. This country also has a leading role to play in rebuilding the infrastructure of the Continent. Old Mutual plays a leading role in contributing to enhancing the infrastructure of both.

At the end of 2004 the Old Mutual Group managed R4.9 billion worth of infrastructure assets at market value (R2003: R3.2 billion; 2002: R2.0 billion). For the same period commitments and direct investments into infrastructure made by OMLACSA, amounted to R2.5 billion at market value (2003: R1.8 billion; 2002: R1.0 billion).

These investments have been particularly rewarding for investors. The Infrastructure, Developmental and Environmental Assets Fund (IDEAS), for instance, beat its inflation plus 7% target since inception (15.8% versus target of 11.9%); over three years (14.3% versus target of 12.3%); and over 12 months to date (21.2% versus target of 10.4%).

The IDEAS Fund (market value as at end December 2004, R1 billion) comprises the following investments:



In addition, Old Mutual Asset Managers, together with Macquarie (Africa) manages the R0.9 billion South Africa Infrastructure Fund (SAIF), and the R1.3 billion African Infrastructure Investment Fund (AIIF).

Developing society through broadening the economy

Old Mutual has long championed black economic empowerment through internal policies and programmes, and through concrete actions that enable the transfer of ownership of sections of the economy into the hands of black entrepreneurs and businesses.

In 2004 Old Mutual continued to play a leading role in this regard, facilitating a number of important empowerment deals that included black investment into national companies Metcash, Pepkor, Brait and Foodcorp. Aggregated, Old Mutual in 2004 invested R275 million in unlisted companies more than 50%-owned by blacks, and R586 million in companies with between 25% and 50% black ownership.

Overall, Old Mutual had facilitated, either through direct investment in black companies or by structuring finance, empowerment deals with a market value of R1.7 billion as at end-December 2004.



The N3 Toll Road – an Old Mutual infrastructure investment; and Old Mutual Managing Director, Roddy Sparks, with Transnet Group Chief Executive, Maria Ramos.

Old Mutual has facilitated empowerment either through direct investments or through structured financing for, among others:

- Equity Aviation
- Kunene Brothers
- Thebe Investments
- J & J Holdings
- WIPHOLD
- Aka Capital
- Brimstone
- Sekunjalo
- Dudula Shipping
- Worldwide Investments
- Kensani Consortium
- Amabubesi Holdings

Ensuring access to our products

A key method of broadening the economy, and one recognised by the Financial Sector Charter, is to make financial products available to a wider market of consumers. While the Charter process at the end of 2004 had not yet reached a final definition of the requirements to be placed on financial services companies, at Old Mutual we have nevertheless committed to making as many products available to as many South Africans as is financially viable.

In this respect, Old Mutual Group Schemes has already made significant headway, with over 600 000 of its more than 800 000 customers in the low-income category (earning between R2 500 and R8 000 gross income a month).

Key to the strategy of making products available to a wider consumer base, particularly those in the lower-income category, has been the provision of financial and consumer education.

An analysis commissioned by Old Mutual from Mostly Media concludes that Old Mutual still leads the industry in this respect owing to ongoing initiatives such as the Old Mutual and People's Bank "You and Your Money" booklets and talk shows sponsored and broadcast on community radio stations.

Our financial and consumer education initiatives occur through a variety of channels, as follows:

- Face-to-face workshops reached an estimated 60 000 people, and were carried out through various business units;
- Seminars and events featuring guest speakers reached about 3 000 people;
- Radio talkshows and drama/industrial theatre reached an estimated 5 million people through SABC programming and community radio;
- Electronic mail and Intranet services are used to educate staff on financial markets and general consumer affairs;
- A great deal of advertising, public relations and media liaison carries financial and consumer education that has reached an estimated 800 000 people.

A total of R7.9 million was invested in direct financial education initiatives. Added to the R7.3 million invested in financial education through the Academy for Financial Planners, a total of R15.2 million was invested helping South Africans make astute decisions towards financial independence. The investment is in excess of the 0.2% post tax operating profit figure required by the Financial Sector Charter.

The Academy began operations in 2004 and is designed as an initiative to address the shortage of black graduates who wished to take up as a profession a career in financial planning.

Set up with an investment of R1.1 million, the Academy now has an operating budget of R6.2 million, and is set to play a major role in recruiting and training talented black financial planners for the entire financial services industry.

Developing SME partnerships

The year under review saw a number of small businesses partner with Old Mutual, continuing a trend that began a number of years ago and that has already seen Key Stationers, Kusela Security, Master Currency and Lizwe Travel take their place as suppliers to the group.

During 2004 Old Mutual appointed five suppliers of temporary employment services to business units throughout Old Mutual in South Africa. The five appointed are each empowered: Quest, Kelly, Masibambane, Capital Outsourcing, and The Placement Team.

As has been the case previously, the appointments were based, apart from empowerment, on the capability of each to deliver a quality service at the best possible price.

In addition, the licence to operate the popular coffee shop on the premises of Mutualpark was awarded to Indibano, and a cleaning contract was handed to Vuya Cleaning.

Old Mutual Properties has also been active. When Tilca, previously facilities manager of the Old Mutual headquarters at Mutualpark, went into liquidation, Old Mutual Properties took over the facilities management and saw the opportunity to spin off a portion of the contract to a group of ex-Tilca employees who were on six-month contracts. The new company – Creative Maintenance Solutions – has been in operation since August 2004, and is already providing Tenant Installation Project Management services elsewhere in the Western Cape. Old Mutual Properties is funding training courses for the emerging company. Similarly, a maintenance worker at the Old Mutual Properties' Cavendish Square has been supported in his desire to start his own maintenance company. He is now the proprietor of Utility Building Maintenance and is also now working beyond the Old Mutual portfolio of business.

Procurement and suppliers

Having set an overall target of 30% of overall procurement spend that is influenceable (where the company can make discretionary purchasing decisions), the company reached an actual total of 38%. While this has been aided by the use of black contractors on Old Mutual Properties construction projects, there has also been a concerted drive to extract value from the existing database. To this end, plans have been drawn up and efforts begun to limit newcomers to the supplier database to those already empowered; to ensure that spend favours black- and women-owned small and medium-enterprises and that these are paid within 14 days of receipt of an invoice; and to conduct a project within the supplier database among non-empowered companies to encourage them to engage in empowerment of their own.

A key activity during 2004 was the audit of the supplier database to classify suppliers into the Charter definitions of black-owned; black-empowered; and black-influenced.

The overall Charter-weighted procurement picture for 2004 follows:

Total Influenceable Spend	Black-owned Companies Weighting 125%	Black-empowered Companies Weighting 100%	Black-influenced Companies Weighting 75%
R2.29 billion	R321.9 million	R455.2 million	R82.5 million

Managing the effects of HIV/AIDS on the business

Old Mutual Chief Actuary Gary Palser and his team constantly measure the impact on the business of AIDS claims and they ensure the business incorporates the correct and current statistics in their business planning. The work of this team ensures that product pricing is adequate, the cash reserves are sufficient and generally that managers are correctly informed regarding the disease.

Old Mutual is party to the decision taken at the Life Offices Association (LOA) to scrap HIV/AIDS exclusions on new business written from 2005. This step is possible because the intense research of the past three years means the disease can be quantified and priced for – a fundamental aspect of risk underwriting.

The effect of this decision is that HIV/AIDS sufferers will be treated no differently from sufferers of other diseases. However, normal underwriting principles will apply to all applicants for life insurance from all insurers, including Old Mutual.

Building sustainable business performance

Adjusted operating profit for Old Mutual (SA) increased by 4% to R6 215 million in 2004.

Adjusted operating profit for the asset management businesses, excluding Nedcor, decreased to R544 million in 2004 from R554 million in 2003. Higher asset levels driven largely by the better performing South African equity market contributed positively. This has been offset by lower



The Indibano coffee shop at Mutualpark is one of a number of Old Mutual (SA)-SME partnerships struck in 2004. Pictured here is Manager, Durell Platt. Other SME partners include Sherizaad Frantz (The Placement Team) and Yvonne Damonze (Vuya Cleaning).

"We are equipped with knowledge and skills to be there for our peers but we are really there for all. Sharing HIV information with one person can result in many others learning as well. It might just make a difference in someone's life without you even knowing it. Lend an ear, share and guide, that's what I do as a peer educator. It helps others and makes me feel good."

AAMAL SAMSODIEN
Actuarial Services
HIV/AIDS Peer Educator

trading profit in the unit trust company resulting from changes in industry guidelines regarding trading in units, charges relating to the accounting treatment of share incentive arrangements, the cost of the acquisition of Quaystone mandates and the development of administration infrastructure.

Funds under management continue to grow

Client funds under management for the business increased by 15% from R270 billion to R312 billion. Life assets were 9% higher, reflecting the equity market uplift partly offset by negative cash flows. Asset management assets were 31% higher, driven by strong market returns and positive client cash flow.

Total net client cash flow was a negative R4 billion, primarily due to net negative flows of R10 billion in Group Life business. This was offset by positive net cash flows of R6 billion in asset management, with Individual Life Business flows being broadly neutral.

Old Mutual Asset Managers (South Africa) (OMAM) delivered strong investment performance, being ranked first out of the eleven institutional asset managers in the Alexander Forbes Global Manager Watch (Large) Survey over the year ended December 2004.

Rapid growth in unit trust sales

Unit trust sales increased by 52% from R3.3 billion in 2003, to R5.0 billion in 2004. Unit trust investment performance was good, with eleven funds positioned in the top quartile of their respective peer groups and seven of these funds being top in their respective categories.

Total life sales impacted by weak Group Business

Total life sales, including Old Mutual International (OMI), on an APE basis for the period were R3 084 million, 10% lower than the comparative period in 2003. Group Business sales continued to disappoint throughout the year. Individual Life Business sales were at similar levels to 2003 and Group Business significantly lower.

<i>Individual Life Business sales mixed</i>			
Individual APE* (Rm)	2004	2003	Var %
Savings	1 075	1 138	(6%)
Protection	651	701	(7%)
Immediate annuity	164	125	31%
Group Schemes	612	556	10%
Total excl. OMI	2 502	2 520	(1%)
OMI	160	112	43%
Total incl. OMI	2 662	2 632	1%
– Single	792	686	16%
– Recurring	1 870	1 946	(4%)

* Annualised Premium Equivalent (APE): Annual Recurring Premiums plus 10% of single premiums.

A low level of Group Business sales continued throughout 2004 with no material single premium flows, the exception being the protection business which increased by 41% to R120 million. Group Business single premiums fell 59% to R240 million; recurring premiums also decreased by 20% to R182 million. Group Business single premium sales arise principally from restructuring of benefit plans or the movement of existing assets between different providers. The time-consuming nature of pension fund surplus apportionments (a legislative requirement) and a slow response by companies to provide for post-retirement medical aid liabilities meant that few opportunities crystallised in 2004 for Group Business single premium sales.

<i>Group Business sales disappoint</i>			
Group APE (Rm)	2004	2003	Var %
Savings	260	495	(47%)
Protection	120	86	41%
Annuity	42	228	(82%)
Total	422	809	(48%)
– Single	240	582	(59%)
– Recurring	182	227	(20%)

Lower value of new business, but steady margins

The after-tax value of new business excluding OMI, was 13% down on 2003 to R719 million. Growth of 18% in the value of Individual Life Business, reflecting the positive impact of economic and assumption changes, was offset by a 65% reduction in the value of Group Business. The overall new business margin remained stable at 25%.

The value of in-force business (VIF) of R10 903 million at 31 December 2004 increased from R9 832 million at 31 December 2003. The Group Business VIF declined by 12% on account of the relatively low new business value added, the negative impact of operating assumption changes and the increase in the cost of solvency capital.

Management actions showing returns

Old Mutual (SA) has increased its Personal Financial Advisers (PFA) sales force from 2 314 at 31 December 2003 to 2 643 at 31 December 2004.

Furthermore, the implementation of the Compass administration IT platform will provide increased efficiency and service benefits for administration clients.

Solid capital position

The capital strength of the life company has been demonstrated through Statutory Capital Adequacy Requirement (SCAR) coverage of 2.6 times, after allowing for statutory limitations on the value of certain assets. In addition, the proportion of cash in shareholders' funds backing statutory capital requirements increased from 20% in 2003 to 43% in 2004. During 2004 R2.6 billion was invested in Nedcor to support its recapitalisation and a net R0.6 billion was invested to acquire our increased shareholding in Mutual & Federal.

Our investment teams enabled Old Mutual to declare the following bonuses to clients:

Old Mutual's 2004 Bonus Declarations	2004	2003	2002	2001
Flexi Smoothed Bonus Endowment declarations*	10.0%	5.0%	2.0%	12.0%
Smoothed Bonus Retirement Annuity declarations*	10.4%	5.4%	2.5%	12.5%
Employee Benefits Guaranteed Funds**	10.0%	1.5%	12.0%	15.5%
Employee Benefits With Profits Annuities (Platinum Category A – 1999 series)***	6.5%	3.0%	3.5%	9.0%
Employee Benefits With Profits Annuities (Optiplus Category 1)***	6.0%	3.0%	7.0%	8.0%

Year-end headline inflation rate: 3.4%

* December declaration

** June declaration

*** Declared for the financial year but with annuity increase applying in following year

A Summary of the Economic Impact of Old Mutual

	2004	2003	2002	2001
OMLACSA Investments in Infrastructure	R2.5 bn	R1.7 bn	R1 bn	N/A
Old Mutual (SA) Managed Investments	R4.9 bn	R3.2 bn	R1.9 bn	N/A
% Equity Owned by black South Africans	16% (incl. deal)	3% – 4%	3% – 4%	N/A
OMLACSA Assets Invested in BEE	R1.7 bn	R2.2 bn	R2 bn	R2 bn
Financial education spend	R15.2 mil	R8.7 mil	R9.0 mil	R9.2 mil
Total Procurement Spend With Suppliers	R2.3 bn	R2.5 bn	R2.4 bn	R2.6 bn
% Spend on BEE Procurement	38%	22.5%	6%	N/A
Benefit Payments	R38.1 bn	R34.4 bn	R39.1 bn	R33.6 bn
Total Remuneration	R1.9 bn	R1.8 bn	R2.1 bn	R1.8 bn
Total Taxes and Levies Paid*	R2.1 bn	R1.6 bn	R2.8 bn	R3.2 bn
Dividends Paid to South African Shareholders	R1.4 bn	R1.2 bn	R1.6 bn	R1.3 bn

* OMLAC(SA) deferred tax excluded.



Our social impact

Playing a role in leading our workplace transformation: Aneline Rhoda (Manager: Employment Equity), Dev Pillay (Old Mutual Business School), Maxwell Kubheka (Manager: Learnerships) and Sebasti Lawson (Employee Wellbeing).

“In 2004 we were task focused, which laid the groundwork to take us powerfully into the future, but this year we will recognise individual contribution and will celebrate our successes. My personal vision for Old Mutual is that our people feel they are at the centre of a resurgent organisation. After all, our people are the only source of our success.”

Nicky Bicket, General Manager: Human Resources

Investing In Our People

Workplace culture

In early December Managing Director Roddy Sparks addressed Old Mutual's disappointing performance in the Deloitte & Touche "Best Company to Work For" survey and a subsequent internal climate survey was conducted during the year. In both staff members categorically stated their unhappiness with regard to several issues, including management style and performance.

In the Deloitte & Touche survey, Old Mutual was ranked 103rd out of 106 respondents.

In his address the Managing Director declared that during 2005 the improvement of staff morale would occupy a particular management focus. He committed management to ongoing discussions emanating from the survey, and committed management to applying consensus decisions in their own areas.

The December event, and the detailed plans to deal with employee morale in business segments and business units are evidence of executive management's commitment to staff welfare and to addressing the ongoing challenges of creating and maintaining a high performance corporate culture. Moreover, the event was a tangible demonstration of Old Mutual's values in action: integrity, accountability, respect and pushing beyond boundaries.

The human capital development model

A team located within the Old Mutual Business School has developed this model in 2004, for full implementation in 2005 to provide workplace practices and disciplines that ensure our people develop to their full potential so that they are best able to contribute to the business, and to each other. Now, the full range of specialist functions is located in the the Business School where the guiding philosophy is that these functions have at their centre each member of Old Mutual South Africa.



Key members of the Human Capital Development team are: Johan Nel and Gavin Julyan (top) and Ragil Ratnam. Johan and Gavin are part of the Change Management team and Ragil is the Old Mutual Talent Manager, responsible for the development of new management talent.

Employment Equity and Diversity

We have made substantial progress in achieving our employment equity targets. The company has made great strides to ensure that we have a staff complement that increasingly reflects the South African demographic. The following table demonstrates our progress:

Old Mutual's Employment Equity Management Profile in Detail

Black Executive Management			Black Senior Management			Black Middle Management			Black Junior Management		
2002	2003	2004	2002	2003	2004	2002	2003	2004	2002	2003	2004
12%	20%	25%	11%	14%	19%	18%	25%	30%	30%	33%	45%
Women Executives			Women Senior Management			Women Middle Management			Women Junior Management		
2002	2003	2004	2002	2003	2004	2002	2003	2004	2002	2003	2004
0%	4%	6%	18%	18%	24%	32%	35%	36%	45%	47%	55%
Black Women Executives			Black Women Senior Management			Black Women Middle Management			Black Women Junior Management		
2002	2003	2004	2002	2003	2004	2002	2003	2004	2002	2003	2004
0%	0%	0%	1%	1%	5%	4%	7%	10%	11%	13%	20%
Disabled Executives			Disabled Senior Management			Disabled Middle Management			Disabled Junior Management		
2002	2003	2004	2002	2003	2004	2002	2003	2004	2002	2003	2004
0%	0%	0%	0%	0%	0%	1%	1%	1%	0.1%	0.3%	1%

Several challenges remain. Perhaps most pronounced, the challenge for Old Mutual and for the financial services sector is the identification and recruitment of black women executives. In addition, Old Mutual and the entire industry need to encourage the employment of disabled executives and senior women management.

Work remains to be done towards creating a workplace that values diversity, and in so doing ensures that the corporate environment is attractive to talented black recruits. A key factor in creating this environment is the offer of adequate support and targeted development. These actions will increase the number of black staff retained within the organisation.

While diversity has been extensively promoted within Old Mutual in accordance with the requirements of the Employment Equity Act, diversity as a strategy will receive particular attention within the organisation during 2005. We expect our empowerment partners to play a key role in our diversity strategies as a result of their extensive skill and experience in this area.

These challenges aside, the success enjoyed by Old Mutual so far is largely due to a robust employment equity structure. Each business unit in Old Mutual has an Employment Equity Committee whose role it is to ensure that within that business unit there is adequate consultation over the employment equity plan, and to ensure there is no discrimination in the workplace.

All terms and conditions of employment, benefits and other human resources practices are discussed and debated by the Old Mutual Employment Equity Forum. The Forum includes representatives from organised labour.

The dedicated employment equity office ensures that communication is ongoing and responsive: there are employment equity facilitators within each business unit; all the latest

Key executive appointments in 2004



Vic Lumby is moving to the United States to take up the key technology position in the group's US operations.

Ralph Mupita is the new Managing Director of Old Mutual Unit Trusts.



Replacing Vic Lumby as Head of Old Mutual (SA) Information Technology is Theo Nkone.

Tim Cumming has moved from OMAM (SA) to take up the position of OMAM Global Vice President, Business Development.



Bertie van Wyk was appointed Chief Executive Officer of Old Mutual Employee Benefits.

Khehla Mthembu added the portfolio of Corporate Affairs to his role as Chief Executive of Old Mutual's Gauteng operation.



Seelan Gobalsamy is responsible for Old Mutual's groundbreaking employee benefits technology infrastructure, Mosaic.

Bradley Kalil runs Old Mutual's Specialised Finance (OMSFIN) division.



Stephen Bowey is Chief Communications Officer for Old Mutual.

Thabo Dloti has moved from Old Mutual Group Schemes to become the new Chief Executive of Old Mutual Asset Managers (SA).



Old Mutual staffers enjoying a workout at the Old Mutual gymnasium, run by the Sports Science Institute of South Africa.



statistics are public knowledge and are posted on the organisation's Intranet site; and various poster and publicity campaigns using the various internal channels are undertaken throughout the year.

Our Employment Equity Manager has regular engagements with the Director: Employment Equity, in the provincial Department of Labour offices to communicate on the required standards of best practice wherever we operate and to build sound and positive relationships with the legislature.

The implementation of employment equity in Old Mutual is rigorous. Quarterly progress checks are conducted in addition to annual audits of progress made against targets agreed by executive management. These are in addition to regular executive reports from the Programme Manager: Financial Sector Charter Implementation. Employment equity grievances are managed as part of the grievance procedures, with contraventions treated as disciplinary offences. In addition to an employment equity short-term incentive (STI) scheme (20% of total bonus) that rewards proactive implementation of the programme, all appointments that go against the business unit's business plan have to be agreed by the general management of the business unit. Lastly, managed by the Old Mutual Talent Manager, a process and system exists to ensure a focus on developing and promoting internal talent across race, gender and disability.

For further information on our approach to employment equity and the Old Mutual Business School courses and support available to staff and management, please refer to the Corporate Citizenship Report 2003 (pages 53 to 55), or browse the report online at <http://www.oldmutual.com>

Employee Wellbeing Programme

The programme was implemented in 2000 to counter the enormous work and domestic pressures placed on staff. It is a collaborative effort between the organisation's internal health services such as Old Mutual Healthcare, Incapacity Management Services (IMS), the Occupational Health and Safety department and the Gym @ Old Mutual.

During 2004 an Old Mutual Health Strategy Forum, made up of members of the collaboration, was set up to maximise the effectiveness and efficiency of the interventions so that a fundamental switch from curative to preventive actions is possible. The latest information suggests that the strategy is proving a success: in the last 12 months the number of Proactive Incapacity Management (PIM) referrals – those that depend on counselling to deal with stress/psychiatric-related conditions – has doubled. In the same period, related disability claims have significantly reduced.

Measurement and reporting provides feedback to the Employee Wellbeing practice located within the human resource department and to business units so that they are able to plot trends, synergies and strategic overlaps in dealing with staff morale and performance issues.

A benchmark exercise conducted in 2004 indicates that family, marital and financial problems are most common among staff – this bears a high correlation to studies of general society. In response, Old Mutual is designing interventions that deal with each.

Utilisation remains highest in the age group 30 – 40, generally the middle management group. The challenge in 2005 is to provide more support to this layer within the organisation, mostly via training and role coaching.

Employee Wellbeing usage in 2004 was 12.3%.

For more on the Old Mutual Employee Wellbeing Programme, including its schematic representation, read the Corporate Citizenship Report 2003, page 56, or browse the report online at <http://www.oldmutual.com>



Training and development at Old Mutual Business School (OMBUS)

(The statistics provided in the tables below are for the period 1 October 2003 to end September 2004.)

The Old Mutual Business School (OMBUS) offers a variety of short but targeted training courses for all staff aimed at both improving their technical skills and accelerating their personal and managerial development. The following table and statistics illustrate the leading role that OMBUS occupies in the development of the organisation.

In the period under consideration more than 10 912 staff, out of a total permanent staff complement of 12 792 underwent some form of training. Of that number 5 974 were black staff. The following table shows that all grades of staff (grade 1 = executive management) have had some training:

Deep in concentration at the Knowledgehub, Old Mutual's onsite library and study centre.

Staff Training Profile at Old Mutual Business School

Grade	1	2	3	4	5	6	7	8	9	10	11	12	13	Rest
Numbers trained	19	104	14	447	504	1 096	891	684	566	847	713	782	2 312	1 933

The courses offered at OMBUS are in part determined by a competency framework, which is used in the recruitment and psychometric assessment processes of the organisation. But they are also driven by the changing requirements of the South African markets, and by company requirements. However, the School does not limit itself to short courses. It offers a variety of postgraduate qualifications, mostly in collaboration with the University of Cape Town, but also with other accredited organisations. The highly regarded Postgraduate Diploma in Management



Part of the Human Resource Management team are: The HR Data Management specialists led by Andrew Greathead and Industrial Relations consultants Philip Sack and Phoka Tlali.

will replace the Advanced Certificate in Leadership in 2005. The popular project management qualification through Cranefield College and the University of Stellenbosch is also on offer.

In terms of another Financial Sector Charter requirement, Old Mutual's first intake of 11 learners (all disabled), was followed by the full 2004 complement of 75. The company will have taken on 4.5% of our total staff complement by 2008. In April 2005 another 200 learners will start their period of training.

Old Mutual has surpassed the requirements of the Financial Sector Charter of 1.5% of payroll to be spent on training of black staff in each of the last four years (see page 47).

Human Rights and Industrial Relations

Old Mutual complies fully with the Labour Relations Act, and with the various Codes of Good Practice related to the Act. In seeking to support the Act and its implementation between October 2004 and March 2005 more than 1 500 of our managers will have been retrained on industrial relations processes and procedures. Each of those managers will also receive a copy of the 2005 Industrial Relations Handbook. The Handbook is also available on the company Intranet, making it accessible to all staff.

As a further measure, partly in response to Group Internal Audit requirements, the Human Resource Managers of each of the business units (26 in all) are being required to confirm in writing that any future retrenchment exercises as a result of changes in Old Mutual's operations will comply with the procedures in the Industrial Relations Handbook. It should be pointed out that Old Mutual's severance package is more than double the statutory minimum.

The organisation has a zero tolerance approach to racism, unfair discrimination and the infringement of the human rights of others. To ensure this approach works, and is sustainable, each business unit has a full-time Human Resource manager, and a Compliance Officer to ensure that we observe both the "spirit" and the letter of all the relevant legislation. In addition, staff can approach the employment equity facilitators, the Employment Equity Forums, and their managers for resolution of issues.

Old Mutual staff enjoys freedom of association.

In this regard, as at the end of December 2004, 44.7% of staff was unionised, among five different unions. The largest union, the Old Mutual Representative Employee Body (OMREB) – a member of the Fedusa Trade Union Federation – has 5 269 members across the country, and enjoys a collective agreement with Old Mutual through which terms and conditions of employment are determined for its members. The other four unions have varying degrees of organisational rights, dependent on their membership numbers.

Being a financial services company Old Mutual employs white-collar workers with a minimum of a South African matriculation certificate. Most recruits have University/Technikon qualifications and some experience. Old Mutual's Human Resources computerised systems contain an automatic check on the age of a potential appointee and would reject an applicant younger than 16 years.

We do not, in any way, use forced or compulsory labour. Our minimum wages are considerably higher than those laid down by the relevant acts. All employees voluntarily apply for a position, are subject to a formal recruitment process including competency-based interviews, and accept employment by signing a letter of appointment that stipulates remuneration terms and conditions of employment. In their Contracts of Employment all staff agree to a notice period, generally 30 days or one calendar month. Any disputes are resolved through the business unit managers, their Human Resource Managers, or the formal grievance process.

The 2005 Industrial Relations Handbook contains detailed procedures to address misconduct, incapacity, poor performance and other issues. In addition it has detailed review and appeal procedures to ensure discipline and dismissal are both procedurally sound and fair when they

occur. Where necessary, our staff members have the services of their union representatives to assist them to resolve their issues.

The following table reflects the summary of employment disputes involving Old Mutual and staff in the Council for Conciliation, Arbitration and Mediation (CCMA) at end December 2004:

	2004	2003	2002
Number of CCMA cases	60	35	85
Number won by Old Mutual	41	11	58
Number lost by Old Mutual	1	4	3
Number of cases outstanding	18	20	24

While we are able to provide evidence of the empowerment practices of our suppliers, we do not currently consider other human rights issues in our procurement decisions. This is because we believe that current legislation and enforcement by the relevant governmental departments and law enforcement agencies is sufficient to ensure that South African companies cannot remain undetected and in business, if they commit human rights transgressions.

Nevertheless, we have not been involved in, or fallen foul of any anti-trust or monopoly regulations involving our supply chain.

Remuneration and benefits

Old Mutual designs competitive reward packages within the ambit of the Basic Conditions of Employment Act 75 of 1997, but offers benefits far exceeding those legally mandated. The minimum legally mandated benefits include a minimum wage; regulation of working time (ordinary hours of work, overtime, meal times etc); leave; termination of employment (notice periods, pay on termination, severance pay, etc). The company also offers market-related and competitive salaries; medical aid contributions; retirement fund contributions; bursaries and educational loans; housing, car, and staff personal loans; examination awards; long leave and service awards.

Head office employees enjoy various onsite benefits that do not specifically fall within the benefit framework including: cafeteria and shopping outlets; the gymnasium; free parking and various club memberships, including the Old Mutual Sports Club.

On average Old Mutual pays its staff above the market average for employees in the financial sector. Our key specialists, such as Information Technology, Actuarial and Accounting staff are particularly well remunerated relative to their peers in the industry. The distribution of increases in 2004 resulted in an improvement in the position of junior non-specialist employees relative to the market.

At the executive level, and in line with the Old Mutual strategy, there is now greater emphasis on variable as opposed to guaranteed pay. The principle is to reward high performance with high pay. The intention is to support a high performance culture within the organisation. Executives are incentivised via an executive share programme. Share allocations are determined by the achievement of company-wide, own business unit and personal performance.

To further encourage that culture, all permanent staff members are eligible to participate in their business unit short-term incentive (STI) schemes. The schemes are registered annually and payment is based on the achievement of predetermined business unit results for the financial year. Business units differentiate the level of payments to staff members based on the individual's performance and that of the team.



One of Old Mutual's customer services professionals in action; Sue Tosh is part of the Human Resource team and was voted Reward Strategist of the Year in 2004 by her industry peers.

Net Job Creation

The following table indicates, by province, the net jobs created and the staff turnover rates throughout Old Mutual as at end-December 2004:

	Net Jobs Created	Staff Turnover
Western Cape	(100)	10.2%
Gauteng	(41)	27.5%
Mpumalanga	(9)	16.9%
Northern Cape	(4)	19.1%
Eastern Cape	(50)	17.4%
KwaZulu-Natal	26	19.5%
Free State	(39)	15.0%
North West	0	20.4%
Limpopo	51	40.0%

Employee health and safety

The workplace safety legislation to which Old Mutual complies is in accordance with the International Labour Organisation (ILO). In summary, we:

- Issue reports covering all staff occupational injuries to the Compensation Commissioner within 14 days;
- Adhere to national policies concerning occupational health services;
- Provide constant surveillance of the working environment and the health of workers;
- Provide information, education, training advice to workers and to employers;
- Provide first-aid treatment and health programmes, including an onsite clinic staffed by a qualified doctor and medical staff;
- Offer preventative and maintenance programmes (including reproductive health, blood pressure, diabetes, eye screening); and
- Comply with reporting on Occupational Health and Safety through the collaboration of various services within the organisation.

Key to the staff safety programme is the provision of able safety teams within the organisation, the protection of confidential health information and the professional independence of the Occupational Health and Safety personnel.

All Business Units have health and safety committees, each comprised of the management nominee and Health and Safety officials. Although no formal agreement with unions regarding safety structures exists, the largest union (OMREB) currently represents all employees on health-related issues.

The table below reflects the Old Mutual safety record:

	2004	2003	2002
Days lost due to injury sustained while on duty	36	127	101
Percentage of individual workers (measured against number of permanent employees) injured on duty during 2004	0.3	0.3 (unaudited)	0.2 (unaudited)



A safety manager has been appointed who oversees the activities of a First-Aid Co-Ordinator at Mutualpark. The duties of the First-Aid Co-Ordinator are to provide robust and related communications with all personnel and business units, to ensure sufficiently high standards of first-aid provision, and to maintain equipment throughout the building. In addition, the Co-Ordinator must conduct regular audits of equipment and volunteers, and ensure a constant state of readiness in the event of a state of emergency.

The fully-manned clinic at Mutualpark offers various services to staff, including eye screening; preventative medicine (countering influenza and hepatitis among other diseases); a reproductive health clinic and biological monitoring.

HIV/AIDS in the workplace

Old Mutual has a long record of involvement in the management of the HIV/AIDS disease, both within the company and within the wider society. That involvement will continue as the challenges posed by the disease show no signs of abating.

The UNAIDS Report issued by the World Health Organisation in late 2004 shows that prevalence of the virus has risen in each region of the world over the last two years. Women now make up nearly half of the 37.2 million adults (aged 15 to 49) living with HIV worldwide. In sub-Saharan Africa, close to 60% of adults living with HIV are women. Southern African prevalence rates surpass 25%. The Actuarial Society of South Africa in 2004 released the most recent version of their AIDS and Demographic model for projecting the impact of HIV/AIDS on the South African population. The model, known as the ASSA2002 model, predicts that some five million South Africans are currently infected with HIV.

Over the last three years various initiatives have continued throughout Old Mutual to combat the disease. One such initiative is the free for staff, confidential and counsellor-supported "Know Your Status" service that enables people to protect others by knowing whether they are HIV

A blood donation clinic at Old Mutual: a way of contributing to society.



Ensuring constant focus on HIV/AIDS.



Staff enjoying theatre on World AIDS Day at Old Mutual Business School.

"I thought I knew everything I needed to know about HIV/AIDS but during the training we learned many other facts about AIDS and HIV. We gained insight into the fear and prejudice that surrounds this illness. We gasped, laughed and cried. We questioned and challenged. We had our personality profiles and our body language analysed and discussed. The training is not always comfortable. Our trainers stressed that our function is a support role. We are here to extend the hand of friendship to our peers, to advise them of the services offered by Old Mutual and to help those impacted by HIV/AIDS. We are here to walk alongside them."

AM RODRIGUES
HIV/AIDS Peer Educator

positive or negative. Where members of staff or their family are found to be positive, they are supported through the Employee Wellbeing Programme and will receive the necessary medical care, including antiretroviral medication. The service is kept strenuously private and confidential.

In addition, the Peer Education Programme trains some staff to provide support and guidance to affected fellow staff members. And the HIV/AIDS Management Programme guides infected employees through the various stages of their illness, ensuring they lead a full, healthy and productive life.

An ongoing message within Old Mutual is that there are very practical steps that staff can take to manage the disease. Staff members are encouraged throughout the year to: know their own status; change their attitudes towards HIV/AIDS; protect themselves through abstinence and/or condoms; and to support those who are infected or affected, primarily via the "Adopt" an Orphan programme run by the Old Mutual Foundation.

The tone of all communication is encouraging, but honest. Staff as a whole are prodded to stay involved, and to be positive about efforts to combat the disease.

Developing Scarce Skills

In common with the entire financial services industry, Old Mutual faces a shortage of skills in the marketplace that are vital to ensuring the growth of the company, and of the country. In particular, there is a shortage of new talent in the fields of accounting and actuarial science.

Old Mutual has long been active in addressing this issue. Our activities have included sponsoring organisations such as the Association of Black Accountants of South Africa, who are active in their promotion of the profession among black schools and tertiary institutions, or by directly sponsoring the studies of students. The following table illustrates our direct investments over the last two years.

Developing Accounting and Actuarial Science skills in South Africa

	Programme	Actuaries		Accountants		
		No. trained	Spend	Programme	No. trained	Spend
2004	Bursaries	47	R2 090 000	Bursaries	9	R204 000
2004	Internships	56	R580 000	Internships	11	R470 000

The Training Outside Private Practice (TOPP) programme is another initiative introduced to face the challenge of growing the number of black accountants in the industry. Old Mutual has accreditation from the South African Institute of Chartered Accountants (SAICA) and now offers commercial articles to aspiring accountants wishing to qualify as Chartered Accountants.

TOPP is a three-year full-time training contract that consists of both technical and soft skills development. Coupled with six core modules prescribed by SAICA are courses in leadership and management. The competencies required are achieved through on-the-job-training in various business units.

The table below captures the key measures of our workplace transformation:

	2004	2003	2002	2001
Best Company To Work For (number of respondents)	103rd (106)	26th (112)	45th (85)	16th (57)
Employee Wellbeing Programme usage (% staff)	12.3%	12.3%	10.0%	6.0%
Spend on training as % of payroll	4.7%	6.0%	6.7%	5.5%
Spend on training black staff (% of payroll)	2.3%	3.0%	3.4%	N/A*
Union membership	44.7%	40.3%	38.9%	39.5%
Staff turnover rates (% of permanent staff)	19.7%	17.3%	21.0%	19.0%

* Denotes not available due to insufficient reliable data.



HIV/AIDS industrial theatre at the Old Mutual Business School.



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Benji Frey runs a woodwork project at the Lifecraft Centre in Franschhoek. Dolls houses like these are sold to tourists and locals alike.



Our approach has been to look beyond the obvious. We look primarily for long-term projects that offer sustainable outcomes. Now we intend to more closely integrate our activities into the organisation's core business. Our objective is to move the organisation away from viewing social investment as something separate from the day-to-day functions of Old Mutual to part of what we do, everyday."

Kate Miszewski: Manager OM Foundation

Investing in Society

A snapshot of the Old Mutual Foundation

The Old Mutual Foundation is the custodian of Old Mutual's corporate social investment strategy. It was set up in 2001 to centralise the various activities that had previously been entrusted to business units, without obstructing corporate social investment initiatives that may have been sponsored by those business units.

The Foundation's efforts and strategies have won it several commendations including the Mail and Guardian Newspaper's "Investing in the Future Awards" where the Rural Economic Development Initiative and the Staff Volunteerism components received particular praise.

Last year was the final year of the Foundation's initial three-year medium-term strategy since it was established. During that period the Foundation focused on four flagship projects, summarised below, investing an average R20 million a year directly into South African communities. This three-year approach has again been adopted beginning in 2005 and the same focus areas retained. Two new initiatives are however, being researched and tested.

In summary, the Foundation's investment into society in 2004 was as follows:

Old Mutual Foundation's Investment in Society During 2004

Flagships:

Rural Economic Development Initiative (REDI)	R4.0m
Operational Expenses	R0.6m
Biz Fund	R2.0m
Community Development	R1.4m
HIV/AIDS Training (from 2003 budget)	R0.1m
AIDS Orphans Programme	R1.8m
Heartbeat (Partner)	R1.2m
Noah (Partner)	R0.4m
Other	R0.2m
Staff Volunteer Programme	R2.8m
Staff Community Builder	R2.0m
Staff Charity Fund and "Adopt" an Orphan Programme	R0.8m

General donations:

Education	R1.9m
Community Development	R1.9m
Ad hoc Funds	R0.4m

New Initiatives

Shembe School	R0.2m
"Out of the Box" Education Programme	R0.5m
OMF/Properties Business Initiative	R1.0m



These photographs shot by Themba Grootboom, a trainee photographer working on this report, capture various craftspeople and activities supported by the Old Mutual Foundation.

"Compassion and empathy are nice words, we all want people to use them when they refer to us but are we really worthy of these words? Ever since I received my official training, I have tried to change many things about myself. I have become more sensitive, more aware of others' needs and I have learned how to put the ME aside. I've been reaping excellent fruit and the rewards are great. I've been invited to schools where the tears that have been shed and the lives I have touched mean that no amount of money could equal what I felt and what was achieved. Thank you to everybody for giving me the opportunity to make a difference in someone else's life."

EUNICE JONKERS
Old Mutual Group Schemes
HIV/AIDS Peer Educator

A summary of Old Mutual Foundation activities

The Rural Economic Development Initiative (REDI)

The table below indicates the REDI investment by province, during 2004.

Rural Economic Development Initiative Investment – By Province			
	Number of Local Economic Development Projects	Number of Community Development Projects	Total Funding
Western Province	4	1	R379 866
Free State	9	15	R1 553 534
Limpopo	1	19	R539 050
Mpumalanga	Nil	8	R210 400
KwaZulu/Natal	3	3	R129 000
Eastern Cape	Nil	4	R239 150
National	1	Nil	R350 000
SUB TOTAL	18	50	R3 400 000
Operational Costs			R600 000
TOTAL			R4 000 000

The highlight of a very active year was the celebration event in Johannesburg, which was well attended by a variety of stakeholders from government and the business sector. This event marked the first time all the REDI champions have been together since the launch of REDI at the end of 2001. The champions are individuals who have taken on the challenge of developing and protecting their communities.

In the Local Economic Development activities, a significant shift in focus saw funding being allocated to fewer, but larger initiatives with the potential to impact on a greater number of people. An example of a larger initiative was the establishment of a Soya processing plant. In total, 18 new businesses received funding during the year. This brings the total of new businesses established in REDI over the past four years to 211. Of these, 123 are women-owned or managed. It is estimated that in excess of 2 000 new jobs have been provided through these businesses.

The community development component of REDI saw funding being allocated largely to HIV/AIDS and food security projects. A total of 50 individual projects received funding this year. In total, some 140 food security and/or HIV/AIDS projects have been established over the past four years.

AIDS Orphans Programme

The table on the next page indicates the allocation of funds for 2004, categorised by social partner and geographic area.

These programmes support the most vulnerable among us, those left parentless because of the HIV/AIDS pandemic. These children, over 2 000 of them, rely on us for their survival. In partnership with the proven work of the partner-projects that we have chosen, we intend to continue to support these children.



Supporting initiatives against HIV/AIDS is a key focus. Here a volunteer mans a stall during the Old Mutual AIDS Day activities.

The Old Mutual AIDS Orphans Programme – A Summary

Programme Partner/Project	No of children	Funding
Heart Beat:		
Katlehong (Gauteng)	477	R350 000
Tembisa (Gauteng)	183	R322 000
Botshabelo (Free State)	451	R258 000
Pieter Swart (Free State)	209	R270 000
Noah:		
Trust Feeds (KwaZulu/Natal)	469	R400 000
Living Hope Hospice (Western Cape)	58	R100 000
SOS Children's Village: (Western Cape)		
Outreach programme	200	R100 000
TOTAL	2 047	R1 800 000



Products from Foundation-supported projects.

Staff Volunteer Programme

Established in 1993, and now under the patronage of the managing director, the Staff Community Builder Programme financially assists those of our staff members who volunteer their services to their communities. The Programme also includes an “Adopt” an Orphan component, and a Staff Charity Fund.

The “Adopt” an Orphan component invites staff to voluntarily contribute to the support of orphans through deductions from their salaries that are matched on a Rand-for-Rand basis by the Foundation. The Staff Charity Fund focuses on support funding for abused women and children, the elderly, and animals.

The table below indicates the investment per business unit and the provincial breakdown of the Staff Community Builder Programme.

The Old Mutual Staff Community Builder Programme – A Summary

Business Unit	No of Projects	Spend	Province	No of Projects	Spend
Group Schemes	44	R777 000	Eastern Cape	11	R159 000
Client Services	20	R320 042	Free State	0	Nil
PFA	17	R300 000	Gauteng	14	R252 000
Private Wealth	2	R40 000	KwaZulu/Natal	12	R217 079
OMAM	2	R40 000	Limpopo	32	R607 000
Group Finance	2	R26 000	Mpumalanga	1	R20 000
H R	1	R20 000	North West	2	R26 000
EB	1	R20 000	Northern Cape	0	Nil
Fairbairn Capital	1	R6 000	Western Cape	41	R452 042
Group Direct Sales	1	R20 000			
Broker Distribution	1	R20 000			
Unit Trusts	1	R6 000			
Services	5	R101 000			
Individual Life	2	R31 079			
Health Care	1	R6 000			
TOTAL	101	R1 733 121			

The staff charity and payroll giving schemes have not attracted the level of new support in 2004 that they have in previous years and actions are under way to significantly enhance staff member involvement in both the “Adopt” an Orphan and Staff Charity Fund components. A new enrolment campaign is being planned and will be launched in March 2005.

Nevertheless, the Fund has 543 staff members committing funds on a regular basis throughout the year. It is gratifying that an average of R100 000 is paid out to various charities and “adopted” orphans on a monthly basis. This includes the Foundation’s matching contribution.

An ongoing challenge to the trustees of the Staff Volunteer Programme is to find registered Public Benefit Organisations to work with as many organisations are not yet aware that they have to first be registered to receive funding. This is especially evident with regard to organisations working with HIV/AIDS and abused children.

The provincial breakdown of our general donations between 1 January and end-December 2004 is as follows:

Provincial breakdown of General Donations					
Province	Educational Projects	Community Development Projects	Ad Hoc Donations	Total Projects	Spend
National	5	2	1	8	R1 125 000
Eastern Cape	3	3	2	8	R268 091
Free State	–	2	–	2	R100 000
Gauteng	4	13	2	19	R648 000
KwaZulu-Natal	3	4	–	7	R235 000
Limpopo	4	2	–	6	R160 000
Mpumalanga	–	1	–	1	R50 000
North West	–	1	–	1	R30 000
Northern Cape	1	1	–	2	R52 000
Western Cape	6	13	7	26	R1 460 489
TOTAL	26	42	12	80	R4 128 580

The focus of the educational donations has been on mathematics and science education at primary school level, and on teacher development and training. Community development, on the other hand, has a bias towards supporting AIDS orphans through the establishment of food gardens and other food security programmes. Also classified under *ad hoc* donations are disaster relief efforts and donations to the arts and culture.

New initiatives

“Out of the Box” Environmental Education Programme

A total amount of R0.5m has been spent developing materials and teacher workshops for the “Out of the Box” programme that aims to demonstrate to both learners and educators the interdependence of mathematics, science and the environment, and their role in our daily lives.

The project has been piloted in 20 primary schools in Gauteng. Workshops and classroom visits started at the end of the third term in 2004. There are 165 teachers currently on the programme and it is impacting on approximately 6 600 learners.

Plans are in place to extend the programme with the Old Mutual Foundation looking at implementing “Out of the Box” in a new cluster of schools in Jeppestown in Gauteng.

Old Mutual Business Hive

The Hive will seek to broker deals between community ventures and business and/or individual customers. The focus is on leveraging the Old Mutual Properties infrastructure, specifically their shopping centres, and the Old Mutual Foundation’s focus areas to create opportunities for communities to get their products to markets. In addition, the initiative will provide vital training to community entrepreneurs, eventually benefiting both sellers and buyers.



Invited teachers discussing the Environmental Diary which is a part of the "Out of the Box" Environmental Education Programme. An introductory workshop was held at the Old Mutual Business School.

The Old Mutual Foundation piloted this project in Nelspruit, in collaboration with Ecolink, a local Non-Governmental Organisation (NGO). Ecolink focuses on empowering community groups and individuals towards independence and renewed self-esteem, through creating opportunities for self-development, education and training.

The Foundation has provided Ecolink with R56 000 to set up a silk screening workshop where unemployed rural women have been trained to manufacture products to sell at a profit to various business and government departments. The women are being paid per item successfully manufactured.

Old Mutual Properties has agreed to the Foundation hiring a "barrow" at The Riverside Mall in Nelspruit, on behalf of Ecolink, where the same women now sell articles manufactured at their silk screening workshop. Old Mutual Properties staff have become involved in the programme, providing retail training to Ecolink, and assisting in the painting and preparation of the barrow, which was launched on 1 October 2004.

Several meetings with Old Mutual Properties have already taken place to secure a piece of land in Washington Square, Khayelitsha that is suitable for the training component of the project. Using one hectare of land for six months will enable the project to train 12 people to not only grow organic vegetables, but also to market and sell their produce. Once the land is secured, the project will commence beyond the pilot phase.



Sponsoring communities and people

The Old Mutual Sponsorships management team focuses its energies on three areas: sports sponsorships, community sponsorships and financial education initiatives.

The major sports sponsorships are:

- The Soweto Marathon;
- The Two Oceans Marathon;
- The “Om die Dam” Marathon;
- The World of Endurance website; and
- The Old Mutual Soccer Academy.

The Old Mutual Two Oceans Marathon was voted the best ultra marathon in the country at the Powerade/Runner’s World Race of the Year Awards. Athletes and Runner’s World have in fact voted the race as the best (over any distance) in South Africa for three years running. It continues to attract strong fields and an increasing number of international entrants.

The sponsorship strategy includes an emphasis on encouraging new, young talent so, for instance, there are a number of satellite races run in association with the Soweto Marathon. These heighten the interest of the community, and play a role in showcasing athletics to the young. The Old Mutual Soccer Academy enables the coaching in high-standard facilities of the best young soccer talent in the Western Cape particularly as the Academy has links with Manchester United, as a “feeder” club.

More teachers being introduced to the “Out of the Box” Environmental Education Programme.



Consistently voted one of the best ultra marathons in the world, the Old Mutual Two Oceans Marathon is characterised by a strong sense of adventure, endurance and comradeship.

Community sponsorships include the highly visible:

- Old Mutual/Telkom National Choir Festival;
- The SABC/Sowetan/Old Mutual Community Builder of the Year Award;
- The Old Mutual/Nedbank Budget Speech of the Year Competition; and
- Soul City.

All the community sponsorships have a national focus, and all are concerned with attracting the participation of South Africans in positive, nation-building activities. Soul City, for instance, is a multimedia programme that aims to alert society to the benefits of positive lifestyle changes. The Budget Speech competition is an initiative that requires very close work with the National Treasury, and includes the close co-operation of the Minister of Finance. The competition itself is presided over by a panel of experts, and requires of economics students around the company to submit their arguments, on a theme, for judging. The winner traditionally has won a scholarship to a prominent University.

The third focus of the sponsorship team is on financial education where Old Mutual sponsors slots on 10 vernacular, community radio stations. The Money Management Handbooks are read by an average 250 000 customers of Old Mutual and Peoples Bank. In addition, financial education workshops are regularly held with national and regional government personnel and representatives. Finally, the company sponsors regular money management articles in the Sowetan newspaper, which has a readership of more than 1.5 million per daily issue.



Other sponsorships include:

- Together with the City of Cape Town, the South African entry to the Chelsea Flower Show;
- Gold medals for the top MBA students at each of the country's Graduate Schools of Business; and
- The South African team entry to the Homeless World Cup, an event that draws attention to the plight of the homeless, and to the effects of poverty.

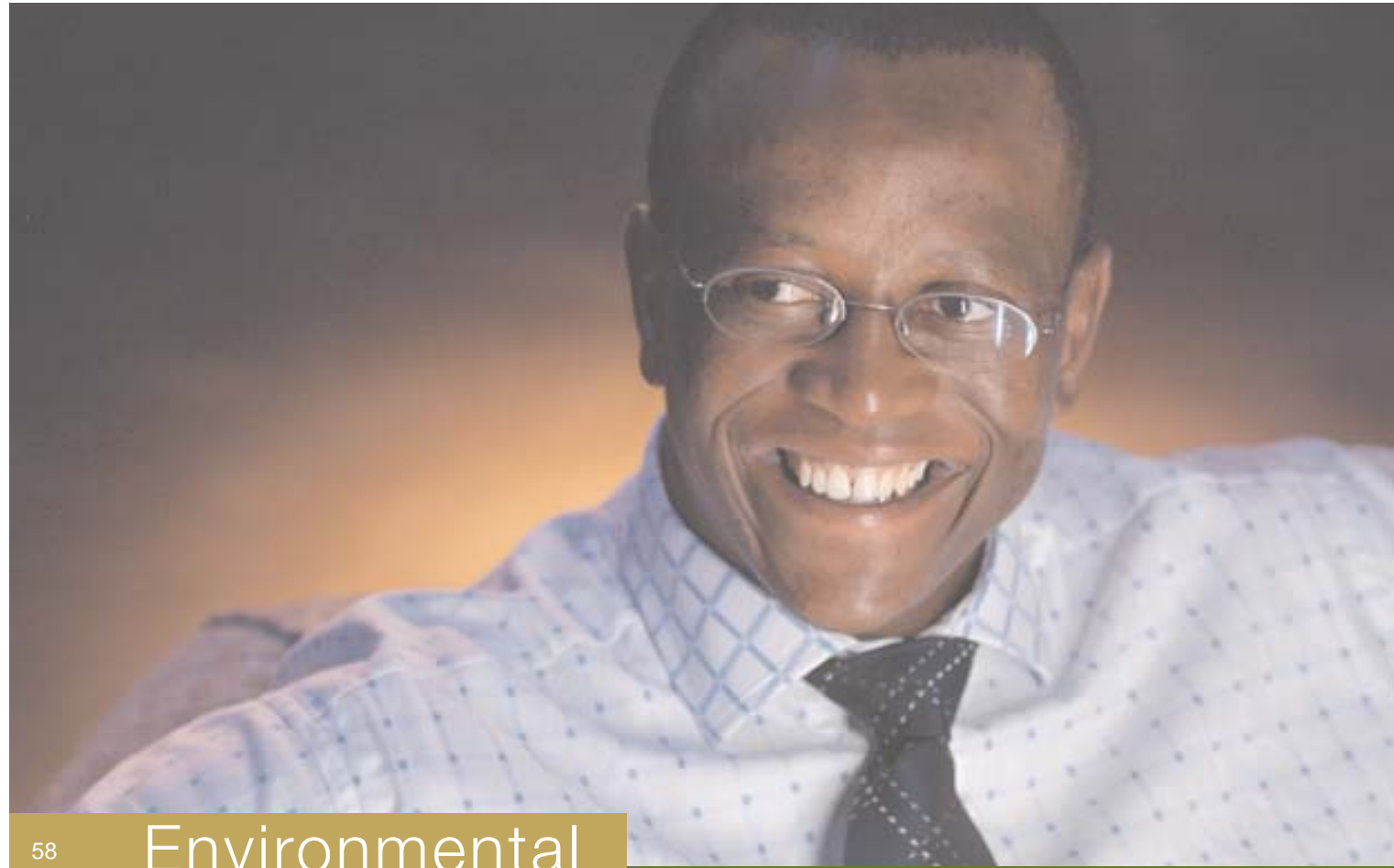
Old Mutual is a founder sponsor of the Proudly South African initiative that aims to promote the sale of locally manufactured goods, thereby creating employment.

During 2004 Old Mutual invested R19.6 million in sponsorships.

Old Mutual Managing Director, Roddy Sparks (far right), in the company of (left to right): Tom Boardman (Chief Executive, Nedcor); Rick Menell (Deputy Chairman, African Rainbow Minerals); Maria Ramos (Group Chief Executive, Transnet); Minister of Finance, Trevor Manuel; Pravin Gordhan (Commissioner, South African Revenue Services); Bulelani Ngcuka (Chairman, Amabubesi Holdings); Advocate Dinesh Ghiwala and Dr Danisa Baloyi (Executive Director of National Black Business Caucus and Chair of the National Skills Authority). All were at the Nedbank/Old Mutual Budget Speech Competition Awards Banquet.

A Summary of Old Mutual Investments into Society

	2004	2003	2002	2001
Investments through the Old Mutual Foundation	R14.5 mil	R20 mil	R20 mil	R20 mil
Investments through community sponsorships	R19.6 mil	R22.4 mil	R20 mil	R18 mil



58 Environmental

Old Mutual Properties manages one of the largest commercial and industrial property portfolios in South Africa. Ben Kodisang was appointed Managing Director in late 2004.

“Old Mutual is committed to protecting the environment through sensitive and sensible eco-practices. We aim to continually seek out and implement the very best technologies to ensure we minimise our impact on our natural world. In doing so we play a role in protecting South Africa and its natural heritage.”

Ben Kodisang, MD: Old Mutual Properties

Our environmental impact

Our environmental policy

A group-wide framework was adopted in 2002 with the objectives of:

- Ensuring we comply with all environmentally related legislation relevant to our business.
- Limiting as far as possible our consumption of natural resources.
- Ensuring we promote and practice effective recycling.
- Highlighting and avoiding harmful materials in our business activities.
- Promoting environmental awareness among staff members and external stakeholders.
- Supporting community activities that promote environmental protection and its awareness.

Protecting our environment

A brief was given to Environmental Resource Management (ERM) in 2004 to audit the potential environmental impact of Old Mutual's Pinelands headquarters, and the practices and impacts of Old Mutual Properties for the 2003 year. It was reasoned then that the two formed by far the largest potential for environmental impact within the Group. For instance, ERM found that the audit of Old Mutual Properties implied an audit of environmental practices that affected a portfolio of 260 properties of approximately 2.5 million square metres.

The complete findings of ERM are contained in the 2003 Corporate Citizenship Report that is available online at <http://www.oldmutual.com>, or from Mark Peach, Chief Transformation Officer on 021 509 3652.

The findings of the 2003 ERM report remain substantially the same for this period under review.

The basic findings of the ERM report are that:

- The company uses resources made available from the local municipalities and from energy utility companies, except in emergencies where a back-up generator provides power, and boreholes that have recently been sunk to save dam-held water during the current drought.
- The vast bulk of the Old Mutual property portfolio is situated in urban or built-up areas.
- Emissions are not significant because none of Old Mutual's activities or facilities emit excessive chlorofluorocarbons (CFCs); the only sources of emissions are air conditioners and the back-up diesel generators; Mutualpark, the main office facility in the group has invested in a recovery plant that recycles 100% of hydrochlorofluorocarbons (HCFCs).
- The company is not the source of any significant spills or harmful discharges.
- Old Mutual is principally involved in administrative activities and has limited direct impact on the environment other than the consumption of paper, energy, fuel, beverages, and food.

Other findings were:

- More than 80% of the waste paper generated by the company is recycled.
- The use of certain harmful materials and substances are specifically excluded from all of Old Mutual's activity and usage including: Halon 1301 fire protection installation; the use of CFCs; asbestos; foam products; solvent-based paints; and polychlorinated biphenyls.



The Oasis Recycling Plant team recycles more than 30 tons of paper and cardboard and more than a ton of plastic every month.

Responding to the environment

Old Mutual has its headquarters in Cape Town that has been suffering the effects of a severe drought through most of 2004. To ensure that the company cuts back as far as is possible on water and energy consumption, the following steps have been taken:

- R400 000 has been invested in sinking boreholes that will deliver 30 000 litres of water an hour for consumption and maintain a storage of 80 000 litres. This can assist the company in the event of any disaster.
- The air conditioning temperature has been turned up slightly, and the system now runs only on working days. The system operates for different durations depending on the season.
- The fire extinguishing system in the Old Mutual data centre now uses a high fog suppression system rather than a Halogen-based system.

In addition, Old Mutual Properties has installed "Utilman", a web-enabled energy management system that is able to pinpoint energy and water wastage, trend usage of natural resources, and effectively manage municipal utility accounts. "Utilman" has already led to significant savings of natural resources within the Properties portfolio – attempts to quantify these savings will be made throughout 2005 for reporting in the next Corporate Citizenship Report.

The following table summarises Old Mutual's natural resource consumption and recycling activities at some of its most prominent properties:

Building	City	Building Type	Electricity consumption in Kilo Watt Hours (kWh)	Water consumption Kilo Litres (kL)	Waste recycled in Tons				Diesel used in Litres (L)
					Glass	Paper/ Card-board	Plastic	Metal	
Gateway	Durban	Retail	65 556 232	303 040	543	1 536	274	212	840
Menlyn Park	Pretoria	Retail	69 243 841	222 736	0	211	83	50	750
Riverside Mall	Nelspruit	Retail	17 945 593	82 129	15	100	35	-	376
Vincent Park Centre	East London	Retail	14 785 480	53 654	9	44	1	0	0
Cavendish Square	Cape Town	Retail	25 218 320	81 815	36	51	17	12	393
The Zone	Rosebank	Retail	13 542 465	80 625	40	57	10	11	345
Mutualpark	Cape Town	Commercial	47 800 000	255 311	5	380	15	24	20 000
TOTALS			254 091 931	1 079 310	648	2 379	435	309	22 704

For further details or to make enquiries related to this report, please contact:

Khehla Mthembu, General Manager Corporate Affairs

Tel: +27 11 217 1600

Zoleka Skweyiya, Head: Group External Relations

Tel: +27 21 509 9111

Mark Peach, Chief Transformation Officer

Tel: +27 21 509 3652

The full report is available on the Intranet.

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*** Human rights are recognised and observed in this regard.

For 2.3, 2.5 and 2.6 refer to the Old Mutual website – www.oldmutual.com

For EC7 – EC10: please refer to the Old Mutual plc Annual Report and Accounts

www.oldmutual.co.za