



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.