


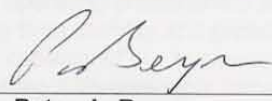


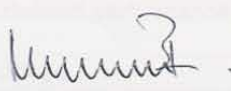

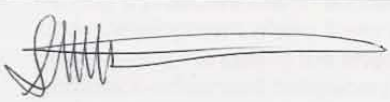

Transformation 2008



Our Black Economic Empowerment Charter

November 2005

We commit ourselves to Old Mutual's principles of a broad-based black economic empowerment.

	
Roddy Sparks	Managing Director
	
Peter de Beyer	Deputy Managing Director
	
Paul Hanratty	Deputy Managing Director
	
Peter Golesworthy	General Manager: Finance
	
Nicky Bicket	General Manager: Human Resources
	
Thabo Dloti	Chief Executive: Old Mutual Asset Managers
	
Khehla Mthembu	General Manager: Corporate Affairs
	
Carlton Hood	General Manager: Marketing and Strategy

Part One

Our vision

We will actively contribute to the growth of our company and country by acting out in our daily business a broad-based black economic empowerment.

Our philosophy and principles

We consider black economic empowerment to be key to:

- The fundamental redress of past inequalities;
- Our operating philosophies and practices;
- Long term stability and growth in our company and our sector;
- The capacity of our businesses for economic growth;
- Creating a diverse work force that is a competitive advantage.

Further:

- We believe that economic growth, development and empowerment are complementary processes.
- We believe in an empowerment of the broader society.
- Our performance, when measured against our stated commitments and the Financial Sector Charter must ensure that we are rated an 'A' performer.
- Our empowerment activities must add value, and contribute to the transformation of our business and our society.

We embrace the Financial Sector Charter, nevertheless regarding it's targets as our minimum desired performance.

Our objectives

Old Mutual will implement black economic empowerment by:

- Increasing the proportion of black management within our ranks so that it is more proportionately representative of South African society.
- Ensuring that as many South Africans as possible have access to our range of financial services in a manner that is commercially viable.
- Playing a proactive role in addressing the lack of infrastructure and underdevelopment where these exist, through empowerment financing.
- Substantially increasing the levels of procurement from black-, black-owned, and black-influenced companies, and wherever possible from black small- and medium-enterprises to at least an aggregate 50% of 'influenceable' spend in 2008 and 70% in 2014.
- Promoting and facilitating the development of black enterprises.
- Playing a role in increasing the levels of ownership (and control) of black South Africans in the South African economy, and in our sector to at least the levels described in the Financial Sector Charter.
- Encouraging a savings culture in this country, and active participation by investors in the markets through consumer education programmes.
- Investing directly into society so that the needs of the vulnerable are addressed in a sustainable manner, and to create opportunities for community and individual development.
- Mobilising capital internally and from external parties to meet the financing objectives of black economic empowerment.

Our Commitments

Human capital development

- We will oversee the transformation of the Old Mutual work force to one that more closely mirrors the proportional demographics of our country through prioritising the recruitment of black employees.
- We commit ourselves to leading in the nurturing and development of appropriate skills, including those in the fields of accounting and actuarial science.
- We will exceed the Financial Sector Charter targets for numbers in each level of black management. We will provide them with specific and relevant training, formal talent management, and career mentorship and advancement.
- We are committed to promoting a non-discriminatory work environment that celebrates diversity.
- We are committed to investing in future transformation leaders and providing them with executive coaching and mentorship.
- We will assist students to gain work experience by implementing a Learnership Programme throughout our business.
- In implementing these principles, we nevertheless adhere to the principle of equal opportunities, reward and recognition for all staff.

Procurement and enterprise development

- We will leverage our supplier relationship with existing BEE suppliers by extending these relationships into other parts of the organization.
- We will leverage our supplier relationship with non-BEE suppliers to encourage them to address their own BEE challenges.
- We will award, within the ambit of accepted procurement governance, preferential status to BEE suppliers in the placing of new or additional sourcing business.
- Within the ambit of accepted procurement governance, we will award preferential status to suppliers who are supporters of the Proudly South African initiative in the placing of new or additional sourcing business.
- We will contribute to the establishment of Black businesses through leveraging our own strengths and resources where this is feasible and practical.

Access to financial services and consumer education

- Old Mutual will continue to provide products to South Africans in the lower income range in ways that are commercially viable.
- We are committed to investing in consumer education, to imparting knowledge to black consumers so that they are able to make wise decisions that positively affect their financial status and lifestyles.

Empowerment financing

- We are committed to playing a proactive role in the growth of South Africa by investing in existing or future infrastructure and development projects, on a commercially viable basis.

- We are committed to facilitating an increase in the levels of black ownership of sustainable and well-run companies in this country through direct equity transactions, and by providing structured financing to black business on a commercially viable basis.
- We are committed to using our investment expertise to create innovative financing vehicles to mobilise capital to meet the challenges of empowerment financing.

Ownership

- We are committed to encouraging a broad-based black shareholding of our issued shares;
- We are committed to meeting the ownership targets set out in the Financial Sector Charter, namely, a minimum of 25% black ownership by 2010, with a minimum of 10% of that target to be by way of direct ownership. The remaining 15% to be achieved either by way of direct or indirect ownership.

Control

We are committed to ensuring that our Board and Executive management teams are more representative of the South African society.

Shareholder activism

- We undertake, within the parameters of good corporate governance, to promote increasing levels of influence of direct black owners at board level; to encourage training and awareness programmes for all interested shareholders; to encourage shareholder awareness of the company through triple bottom line reporting and annual reporting on our black economic empowerment performance.
- Our fund managers and asset consultants commit, as part of their obligations contained in the Financial Sector Charter to improve their own knowledge and that of union trustees regarding black economic empowerment transactions and targeted investments.

Corporate social investment

- We are committed to continuing our investment in society to accelerate individual and community opportunities, and to protect the vulnerable among us.
- We are committed to ensuring that our investments contribute to a better South Africa for us all.
- We are committed to encouraging our staff to become involved in the social investment initiatives that are part of our business.
- We will ensure that our investments are aimed primarily at black groups, communities and individuals, and that they have a strong developmental approach and finally, that they contribute to transformation.

Part Two

Our Targets (Quantitative)

We regard the targets specified in the Financial Sector Charter to be our minimum required performance.

Our Targets (Qualitative)

- We will promote and enjoy a non-racial, non-sexist, non-discriminatory working environment. We will seek to enhance our cultural diversity and gender sensitivity, valuing the contributions of the individuals who make up this organization.
- Opportunities to increase dialogue around key diversity issues will be grasped so that issues and potential tensions between sub-groups of people, and between groups will be explored and resolved.
- We will continue to develop transformation leadership within the group.

Part Three

Implementation

General

- This Charter applies to all operations of Old Mutual South Africa.
- Implementation of this Charter will be overseen by a Charter Implementation Committee that will meet at least quarterly. It will comprise the following members:

Chairman: Roddy Sparks
Peter de Beyer
Paul Hanratty
Peter Golesworthy
Nicky Bicket
Thabo Dloti
Khehla Mthembu
Carlton Hood

- Overall responsibility for measurement and reporting (including filling in of scorecard & BEE reports) will rest with the General Manager Corporate Affairs.
- The implementation programme will be informed and guided by the Corporate Programmes Management.
- Programme implementation is the responsibility of those mentioned in Addendum A.
- The General Manager Corporate Affairs will have the responsibility of documenting issues arising from the implementation of the Charter and escalating these to either the executive sponsors of each Charter 'stream', or to the BEE Committee for resolution/decision.
- The General Manager Corporate Affairs will ensure that this programme is situated within, and relates to, the overall Corporate Citizenship Transformation Programme.
- While certain elements of our BEE strategy are best implemented at a central level, all of the businesses/divisions within the group are required to implement transformation programmes within their areas for those aspects of the strategy, such as employment equity, which they have an ability to influence.
- Besides specific areas of accountability, we encourage all of our businesses/divisions to explore creative ways of unleashing BEE opportunity (e.g. through product design, customer service).
- On an annual basis, OMSA will publish an audited BEE report, including the FSC scorecard. This audited report and scorecard will be submitted to the FSC Charter Council.

- To eradicate unfair discrimination:

- a) A formal OMSA Employment Equity (EE) policy highlights key issues including OMSA's stance on certain issues, as follows:
 - Racism and unfair discrimination are offences that will lead to a formal disciplinary inquiry. Management will reserve the right to re-open any case of racism or unfair discrimination that it believes has not been properly managed or dealt with.
 - Preference, in line with business unit EE Plans, is generally given to applicants from previously disadvantaged communities.
 - Promotions will continue to be granted on potential, merit and transformation imperatives. Notwithstanding this, it is OMSA strategy to fast track the development and promotion of talented resources from previously disadvantaged groups.
 - Performance Management will continue to be applied consistently and fairly across all groups and business units.
 - All staff are entitled to, and will continue to have access to appropriate training and development.
 - While OMSA may, from time to time, provide certain groups of employees with access to voluntary separation in order to enhance transformation opportunities, involuntary retrenchment exercises will be solely in response to business imperatives.
 - Formal disciplinary procedures will be taken against individuals who do not adhere to the OMSA EE policy.
- b) Each business unit will produce an annual EE plan that includes measures to eradicate all forms of unfair discrimination in the environment.
- c) Each business unit must report annually on the barriers to EE in their environment and what measures are being taken to address these.
- d) Links with related HR and business practices are to be explored to address any forms of unfair discrimination that may exist.

- To enhance diversity:

- a) A process will be implemented to strengthen the Consultation Committees through which to achieve EE and FSC objectives.
- b) There are also a number of initiatives to celebrate the diversity that we already have including the annual OMSA Diversity Day, Disability Day, Women's Day and our Managing Director's recognition of key religious holy days.

- c) Clear career paths for black talent should be identified and links created between the succession planning process, redlined positions and the readiness of individuals. Where a post is redlined, there should either be a clear successor or the best possible black successor, who has a clear developmental plan for the position.
 - d) Mentorship plans for black talent from grades 1 to 7 should be instituted.
 - e) Where possible, OMSA will investigate the introduction of training programmes in line with National Qualifying Framework (NQF) requirements, and in conjunction with institutions of higher learning.
- To invest in, and develop future transformation leaders, we will:
 - a) Focus on fast track programmes including Leading International Talent, Certificate in Leadership (NQF level 6) and Advanced Certificate in Leadership (NQF level 7). These are accredited by the UCT Graduate School of Business to accelerate the leadership development of high potential black employees.
 - b) Assess the performance of managers with regard to their skill in managing diversity.
 - c) Purposefully develop a change capability within the organization by developing change leaders in all business units.
- The following plans to underpin the development of affirmative procurement will be continued: a stock-take to ascertain the status of all suppliers; closing the door to new vendors that are not BEE accredited (the Gateway principle); leveraging the existing supplier base, including second tier spending; developing the full potential of the Oracle System; quarterly updates and measurements from all of OMSA; provision of support to SMME's; a 14-day payment procedure for SMME's; support for Proudly South African companies; audits of the Aproc system; taking the message of affirmative procurement to the group.
- Assistance to BEE accredited companies in the financial sector and other sectors of the economy will occur, where practical, through efforts such as skills transfer; secondment of staff; infrastructure support and technical and administrative support.
- Our access to financial services strategies will contribute, along with the rest of the Collective Investment's industry, to 1% of LSM 1 to 5, plus 250 000 having access to formal collective investment savings products and services.
- The office of the Internal Ombudsman will ensure that management have early warning of any reported practices undertaken by Old Mutual staff that may result in discrimination in the provision of financial services to Old Mutual clients. Management will take corrective actions.

- OMSA will encourage its business units to explore opportunities for supporting the establishment of third tier community-based organizations or alternative financial institutions, where this makes business sense.
- As a minimum, the OMSA empowerment financing steering committee will be responsible for reporting on the following on a quarterly basis: progress in respect of BEE transaction financing; progress in respect of targets for targeted investments; OMSA's annual investment in each of transformational infrastructure, low income housing, agricultural development and black SME development.
- On an annual basis Corporate Finance will measure the direct black ownership of Old Mutual shares, outlining the basis on which the direct ownership percentage is derived including components making up the percentage, description of BEE partners, structure of deal(s), operational involvement of partners, and outline the manner in which transactions address the principles of BEE transactions.
- Corporate social investment initiatives will continue to be overseen by the board of trustees of the Old Mutual Foundation. Management of the Foundation will engage the wider Old Mutual business in its activities and will seek synergies between its activities and the transformation of the group.

Addendum - Implementation Responsibilities

1. Human Capital Development

- Executive Sponsor: Nicky Bicket
- Team Leader: Dev Pillay
- Employment Equity programme implementation, measurement and reporting: Aneline Rhoda; Skills Development: Jacqueline Stemmers; Learnerships: Maxwell Kubheka; Talent Management: Ragil Ratnam

2. BEE procurement & enterprise development

- Executive Sponsor: Peter Golesworthy
- Team Leader: Kevin Gleeson
- Policies, implementation, measurement and reporting: Brian Wilkinson; Heidi Kincaid

3. Access to financial services

- Executive Sponsor: Marshall Rapiya
- Team Leader: Andrew Cartwright
- Policies, implementation, measurement and reporting: To be nominated
- Consumer Education: Tony Lankester

4. Elimination of discrimination:

- Executive Sponsor: Jerry van Niekerk
- Team Leaders and Reporters: Gerhard de Kock; Heloise van der Mescht

5. Third tier institutions:

- Executive Sponsor: Khehla Mthembu
- Team Leader: To be nominated
- Implementation: Corporate Affairs responsible for gathering information and reporting

6. Empowerment Financing

- Executive Sponsor: Peter Golesworthy
- Team Leaders: Derrick Msibi
- Programme implementation and measurement: Jacci Myburgh

7. Ownership

- Executive Sponsor and Team Leader: Programme owner: Roddy Sparks
- Programme Implementation and Measurement: Peter Levett/

8. Control

- Executive Sponsor: Nicky Bicket
- Team Leaders: Dev Pillay
- Measurement: Aneline Rhoda; Reporting: Richard Foster

9. CSI

- Executive Sponsor: Khehla Mthembu
- Team Leader: Kate Miszewski
- Implementation, measurement and reporting: Old Mutual Foundation

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