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OLD MUTUAL LIMITED

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Annual General Meeting
27th May 2022
Financial Year End: 31st December 2021

Proxies voted
Labour Research Services
The Ditikeni Trust

The Integrated Annual Report and accompanying suite of reports (Report) are rather repetitive to anyone who reads them all with many pages replicated across a number of reports. We appreciate the inclusion of email addresses clearly and in the front of the Report. It is encouraging to see the Chair's statements: *customers' first*; and *Breaking the poverty cycle and narrowing the inequality gap have become priorities we dare not neglect*; and *a great example of a business that strives to be responsible, sustainable and ethical …. addressing climate change has become a top priority for us.* Unfortunately, we did not find sufficient detail in the Sustainability Report to indicate that the company is reducing its investments in carbon-intensive business and find the commitment to decarbonise the portfolio by 2050 most disappointing.

There are a significant number of South African employees at 21 362 individuals but we could not find the comparable figure for last year or whether employment increased or not. Given the statement regarding the *inequality gap* becoming a priority we would like to see more disclosure on the minimum wage and overall employment in South Africa (SA).

The 2021 Stewardship Report has not yet been issued and we could not find the record of Old Mutual's voting at the meeting of companies in which it has invested funds. The link was supplied on request and voting can be viewed at https://www.oldmutualinvest.com/institutional/proxy-voting. We looked at a number of the proxy votes at these meetings and did not find any instances of Old Mutual voting against any resolutions other than the shareholder requested resolutions where management opposed the resolutions. We were left wondering if Old Mutual does in fact follow its own investing guidelines.

The Report is presented in Landscape rather than Portrait format but at 100% size this would require a very large screen – certainly larger than any laptop screen. Even so at 100% the font used is Monteserrat-Light 7pt – hard enough to read at 100% certainly not legible when reduced to fit a widescreen laptop, white on green is most difficult to read. There are hyperlinks but none to go back to the page you left. The Notice of the AGM prepared as an A5 booklet in Montserrat-Light 6pt – most unsatisfactory. The Annual Financial Statements are presented as 2 A4 pages alongside each other which may work for printing but makes them extremely difficult to read on a computer screen – we expect better from a company such as Old Mutual.

	Resolution	Rationale	Vote	Outcome of AGM
	Presentation of audited Annual Financial Statements (AFSs) and reports	We consider it best practice to present the AFSs for adoption by shareholders. However, this is not a legal requirement in South Africa. The auditors state that, in their opinion, the AFSs fairly present the financial position and results of the company. We have no issues with the AFSs.		
	Presentation of responsible business (including social and ethics) committee report	The Notice of the AGM refers users to the Governance Report and the Sustainability Report for this agenda item. The Governance Report outlines the mandate of the committee, the members and attendance at meetings. The real information is in the Sustainability Report which is fairly comprehensive It is most heartening to read *We recognise the interconnectivity between the economic, social, and environmental systems we operate in, and the global urgency to transform our collective growth path to be more socially inclusive, low carbon, and resource efficient.* It is proper that Old Mutual as a major shareholder in SA has adopted voting guidelines and that these are available on the company website. In the past there were far too many instances that the company itself did not follow those guidelines but we do see an improvement. Those guidelines state that the company maintains *proxy voting records on its website*. We were given a web address when we requested details of the proxy voting and report above that we found no instances of Old Mutual voting against any resolutions other than some shareholder proposed resolutions where management recommended voting against such resolutions. The impression we got was that Old Mutual's voting guidelines were not being followed in their voting practices. A Stewardship Report is published but this was not released by the time of preparing this report. We would like this to form part of the suite of Annual Reports and be available prior to the AGM.		

	Resolution	Rationale	Vote	Outcome of AGM
		The Sustainability Report states that *unless we take appropriate action, climate change will impact the sustainability of our business,* and goes on to say that Old Mutual will *phase out thermal coal within our proprietary investment holdings.* However, despite that statement, the company only commits to *decarbonising our proprietary investment portfolios by 2050*. We need to see a greater sense of urgency and firmer commitments to reducing investments in and exposure to thermal coal and oil investments. We would like to see clear targets and annual reports against those targets. The stated objective of *Investing in renewable energy and low carbon technologies* is laudable and we commend the company for this but we need to see a simultaneous commitment to reducing exposure to high carbon industries. As stated below under remuneration, the failure by Old Mutual to hold shareholder consultations as a result of the low support for the remuneration reports flies in the face of the stated *stakeholder focussed approach* and brings this claim into question. The Sustainability Report is clear and understandable, it is pleasing to see the focus on customer satisfaction and the improvement in *overall customer satisfaction 78.9 to 82.5 score of and climbed up to second position against traditional insurer*s. We also welcome the focus and spend on education and entrepreneurship.		
	Ordinary Resolution			
1	Re-election of directors of the Company	It is appropriate to consider the overall composition of the board prior to evaluating individual directors. The primary issues which we consider are Independence, Continuity, Skills and Diversity. We are pleased to note that the former Lead Independent Director has retired as we found his appointment to this position most inappropriate after 30 years' service with the company. This is a large board with 16 directors of whom 2 are executive directors and 2 are classified as non-executive (ie not independent). In addition. 1 director		

	Resolution	Rationale	Vote	Outcome of AGM
		has served for 9 years and as such her independence needs to be evaluated by the board. We find no mention of any such evaluation. Despite that, we have no issues with the independence of this board. Continuity at management level has been troubled with the much-publicised departure of the former CEO. The CFO has only served 3 years with the group. However, average board tenure is 4 years and there are few directors with 6 or more years' service. Continuity is not as we would wish and we are therefore pleased that the new CEO has nearly 30 years' service with the company and that there are no new board appointments at this AGM. The board has a reasonable spread of skills but we would like to see more skills in IT and environmental matters. Diversity is good with a mix of nationalities, gender and race. However, both executive directors are white men but we would not like to see any change at executive level for a while given the turbulence of the recent past. It is pleasing that the company website is now up-to-date with the correct board members and that the Chairman finally welcomed the directors who joined the board at the last AGM. It does make the Chairman's report feel a bit dated.		
1.1	Re-election of John Lister as a director of the Company	Mr Lister, 63, has been a director for 4 years and his attendance record is excellent. He missed 1 ad hoc board meeting but 19 board meetings in the year does seem rather excessive. He brings a wealth of experience to the board and appears to have no other listed company positions but we are concerned that he serves on the board of 8 large unlisted companies.	FOR	FOR 98.5%
1.2	Re-election of Sizeka Magwentshu-Rensburg as a director of the Company	Ms Magwentshu-Rensburg, 62, has been a director for 4 years and was appointed Lead Independent Director in 2021. Her attendance record is acceptable but as noted above, 19 board meetings does seem excessive. She is suitably skilled and experienced and is not overcommitted.	FOR	FOR 99.1%

	Resolution	Rationale	Vote	Outcome of AGM
1.3	Re-election of Thoko Mokgosi-Mwantembe as a director of the Company	Ms Mokgosi-Mwantembe, 60, has been a director for 4 years and is not classified as independent. We are not told why she is not classified as independent. The 2019 Report states that this was *due to a related party matter*. Not much help. Her attendance record is good and she is not overcommitted.	FOR	FOR 77.8%
1.4	Re-election of Marshall Rapiya as a director of the Company	Mr Rapiya, 69, has been a director for 10 years and is not classified as independent. No reasons are supplied for that classification but in 2020 we reported that he had been an employee since 1977 and as such cannot be considered independent. His attendance record was impeccable and he is a director of 1 other listed company.	FOR	FOR 97.0%
2	Election of Audit committee members	There are 6 independent directors who serve on this committee. We are pleased with the appointment of Ms Ighodaro as Chair of the committee as we considered the previous committee Chair to be insufficiently independent to serve on this committee, let alone chair the committee, after 30 years' service as an employee. The Chairperson of any company is precluded from serving on the audit committee for good reason. It is therefore, disturbing to see that the Chairperson of the board attends audit committee meetings by standing invitation. This is not as it should be and given that the Chairperson of the board is a very strong personality it is most unlikely that he does not influence the deliberations of this committee.		
2.1	Election of Olufunke Ighodaro as a member of the Audit committee	Ms Ighodaro, 58, is suitably skilled and experienced to serve on, and chair, this committee. She has been a director for 1 year and her attendance record was good, she missed 1 ad hoc board meeting of the 18 board meetings during the year. She has 3 other listed directorships which raises some concern regarding her level of commitments but insufficient to oppose her appointment.	FOR	FOR 79.8%
2.2	Election of Itumeleng Kgaboesele as a member of the Audit committee	Mr Kgaboesele, 50, is suitably skilled and experienced to serve on this committee. He has been a director for 5 years and his attendance record is good, he missed one audit committee meeting.	FOR	FOR 98.1%

	Resolution	Rationale	Vote	Outcome of AGM
		He is a director of 3 other listed companies so we do have some concern regarding his level of commitments but insufficient to oppose his appointment.		
2.3	Election of Jaco Langner as a member of the Audit committee	Mr Langner, 48, was appointed to the board at the last AGM and is suitably skilled to serve on this committee. His attendance record is impeccable and he has no other directorships.	FOR	FOR 99.9%
2.4	Election of John Lister as a member of the Audit committee	Mr Lister has been evaluated as a director under 1.1 above. As noted there we do have a concern regarding his level of commitments, but insufficient to oppose his appointment.	FOR	FOR 98.9%
2.5	Election of Nomkhita Nqweni as a member of the Audit committee	Ms Nqweni, 47, was appointed at the last AGM and she is suitably skilled to serve on this committee. Her attendance record is acceptable having missed 2 ad hoc board meetings since her appointment to the board. She has 2 other directorships.	FOR	FOR 98.3%
3	Re-appointment and Appointment of auditors	We previously questioned the company on the length of service of auditors KPMG which we found to be more than 50 years. After the AGM notice and Reports had been issued last year, Old Mutual issued a statement that they would replace KPMG at this year's AGM. We are pleased that this is finally taking place, and that Old Mutual finally complies with its own investment guidelines which state *Old Mutual Investment Group will support the rotation of audit firms on a six- to ten-year basis or as required by law.*		
3.1	To re-appoint Deloitte & Touche as joint auditors of the Company	Deloitte & Touche have been auditors of Old Mutual for 5 years, we have no problem with this tenure. They are one of the large international firms and as such qualified to carry out the audit.	FOR	FOR 98.3%
3.2	To appoint Ernst & Young as joint auditors of the Company	Ernst & Young are the incoming auditors selected to replace KPMG and are suitably qualified to carry out the audit.	FOR	FOR 99.9%
4	Non-binding advisory vote on the remuneration policy and remuneration implementation reports	The Old Mutual remuneration resolutions have not been universally supported by shareholders since listing with no implementation report receiving sufficient support and 2 out of 3 remuneration policy reports not receiving sufficient support. The 2018 remuneration implementation report only received 31% support from shareholders – well below 50% let alone the required 75%.		

	Resolution	Rationale	Vote	Outcome of AGM
		Old Mutual PLC's remuneration report for the last year prior to the separation of the business also did not receive the necessary support. Despite this shocking performance, the company has not had a consultation with all dissenting shareholders. A list of large shareholders with which it has consulted is supplied and the company did invite shareholders to submit written submissions which Active Shareholder did. Not response was ever received to that submission. We are appalled at this poor governance by a company that, in the words of the Chairman, *strives to be responsible, sustainable and ethical*. Remco states that they *continued open and transparent engagement with shareholders,* a patently incorrect statement – Remco may have engaged with selected shareholders in an open and transparent way but certainly did not engage with this shareholder despite request for such an engagement. The Report does provide a table of issues which the company states were the issues raised and their response thereto.		
4.1	To approve the remuneration policy	The Remuneration Committee (Remco) is made up of 4 independent non-executive directors. However, the Board Chair, CEO and CFO attend all Remco meetings by standing invitation. **We strongly oppose the attendance of these directors by standing invitation** – executive directors should be invited only to meetings where their presence is required. Indeed, the Old Mutual Listed Equity Proxy Voting policy notes that executives may only attend by invitation. The remuneration consultants and their responsibilities are outlined and **this is commendable**. We appreciate the highlighting the issues on which the Remco exercised its discretion. **Good disclosure**. There were 2 issues on which Remco used its discretion, the first was to issue additional shares to scheme beneficiaries in line with the benefit to other shareholders derived from the sale of Nedbank shares. The second was to revise the LTI plan targets upwards in response to shareholder concerns.	AGAINST	FOR 97.2%

	Resolution	Rationale	Vote	Outcome of AGM
		We are satisfied that both these discretionary interventions were appropriate. Remuneration consists of Fixed Pay, Benefits, Short-Term Incentives (STIs), Long-Term Incentives (LTIs) and Ad Hoc arrangements together with Employee Wellbeing and Recognition. We are most concerned about the Ad Hoc arrangements, we are told that these are only used in exceptional circumstances and are subject to conditions but little else. **Very poor disclosure.** The Report makes use of acronyms with no definitions – the following are confusing RFO, RoNav, VNB, VNB Margin, and AHEPS. It is pleasing that this year Old Mutual has included definitions at the end of the Report. We find that the definition of ESG metrics in the policy extraordinary. ESG we are told comprises: Customer growth, Net promoter score (a measure of customer satisfaction), Female representation at management level, and Culture and engagement index. In fact little to do with Environment, Social or Governance. **A narrow definition of ESG which is perhaps confused with business interests.** A graphic is provided showing the link to the business strategy but it is all rather vague. Fixed pay is regularly benchmarked at market median. **This is as it should be.** STIs are paid to all employees other than those who earn commission or sales incentives. Remco approves the annual STI pool which is based on the RFO performance. Why do we have to use RFO instead of Results From Operations. The pool as determined above is then adjusted by a Business Performance Scorecard. The pool is then split on a segmental basis and finally on an individual basis.		

	Resolution	Rationale	Vote	Outcome of AGM
		After 6 pages we were finally told that Remco determines the percentage of RFO which will go into the STI pool. **This appears to be subjective**. The pool is increased or decreased using the business performance scorecard which uses the following metrics and weighting: Financial 60% - RoNAV 25% (Return on nett asset value); VNB 17.5% (Value of New Business) and VNB Margin 17.5%; Strategic delivery 15% - this appears to be highly subjective and is defined as *Delivery of new Retail propositions Improving digital capabilities Execution of Rest of Africa strategy*; ESG (Environmental Social & Governance) 15% - Net promoter score 7.5%, and Female representation at management level 7.5%. For lower paid employees the STI is paid in cash and for middle management upwards, 60% is paid in cash and 40% is deferred in shares paid in 3 equal tranches over 3 years. The STI cap for the CEO and CFO respectively is 253% and 247% of annual fixed remuneration. **A very poor report which is extremely wordy and difficult to understand. Based on our understanding however we generally liked the idea of a pool based on profit which is then modified by various other factors. Given that the pool is solely based on financial performance the modifier metric of financial metrics is high at 60%. The strategic metric seemed to be very subjective and the ESG metrics are ridiculously limited. Despite the very lengthy description we are not told how the pool amount is arrived at other than Remco set it which is either too discretionary or too poorly reported. The caps for the CEO and CFO are high.** LTIs are paid to senior management and above and awarded based on multi-year group targets. They take the form of Old Mutual shares or phantom shares and vesting is conditional on performance targets.		

	Resolution	Rationale	Vote	Outcome of AGM
		The Report is at pains to stress that changes have been made over the past 4 years. The LTIP (Long-Term Incentive Plan) is to reward executive and senior management *strategic targets over a three-year measurement period* and is subject to a five-year vesting period. We thought that at last we had found a long-term plan but actually the shares all vest within 5 years which is better than many companies who regard 3 years as long term but still not that long-term. Shares vest in 3 equal tranches after years 3, 4 and 5. Pleasingly dividends are only paid on shares that vest. For executives the LTIP awards are all 100% subject to performance conditions. Metrics and weighting for the 3-year period prior to vesting are: AHEPS 40% (Adjusted Headline Earnings Per Share); RoNav 40% (Return on Net Asset Value) this is used in the STI as well; FTSE/JSE sustainability index – we are told that the shareholders that were consulted thought this was not an appropriate measure of ESG performance. So, for 2022 the ESG metrics will be Culture and Engagement index 10% and Customer Growth Scorecard 10%. Again we question the extraordinarily narrow definition of ESG to customer growth and an employee engagement survey. Targets are provided for minimum, target and maximum. The LTI cap for the CEO and CFO respectively are 313% and 241% of annual fixed remuneration. **We find the financial targets a bit limited and given recent market turbulence it is surprising that there is not relative financial metric such as Relative Total Shareholder Return which takes into account competitors performance and thus adjusts for market conditions. We reject the ESG measures and urge the company to engage fully and set proper environmental, social and governance targets. The caps for the CEO and CFO are very high.**		

	Resolution	Rationale	Vote	Outcome of AGM
		Malus and clawback conditions apply and executives are required to hold a minimum number of shares. **This as it should be.** **A poor policy report which takes a long time to get to the point and explain how bonuses are actually calculated, it is 23 pages long. The Report is littered with acronyms some of which are not in general use and it take a long time to find the definitions.** **We like the concept of the STI pool based on financial metrics and them modified by other metrics, but the pool amount appears to be largely subjective. However, the modifying metrics are largely financial and such ESG metrics as there are, are limited at best.** **The LTI metrics are very limited and again the ESG metrics are not appropriate although we strongly support an element of customer satisfaction.** **The STI and LTI caps are too high.** **We deplore the failure of the company to properly engage with all shareholders particularly given the repeated failure to have the resolutions approved.** **On balance we oppose this resolution.**		
4.2	To approve the remuneration implementation	The remuneration implementation report starts with a review of operations which we are told show a *strong recovery from the impact that COVID-19 had on operational and financial performance.* However, we are only given 2 years figures and to assess the recovery surely, we should have been presented with 3 years figures which would show pre-covid results. The policy report states *Dividends will be released as dividend equivalents in respect of the number of conditional shares that vest after the application of the relevant corporate performance targets, subject to Remuneration committee approval.* We understand this to mean that dividends are only paid if and when shares vest. However, the implementation report shows that dividends	AGAINST	FOR 95.8%

	Resolution	Rationale	Vote	Outcome of AGM
		are paid on unvested shares and states *Qualifying dividends represent dividends received on unvested shares for applicable LTI and STI schemes*. **This is not per the stated policy and we do not favour the payment of dividends on unvested shares. We found the following statement later in the Report *Effective 2021, dividends will no longer be received on any new LTIP awards*. We commend this change.** The Report states that overall increases for all staff were 5.5% with increase for Bargaining Unit staff of 4% to 8% and executives and management of 4% to 5%. This does suggest that the company is attempting to narrow the wage gap. However, The CEO's base pay increased by 15.8% and the CFO's by 10.7%, the comparison with the prior year for the CEO is perhaps misleading as he was only appointed as CEO from July 2020 having served as interim CEO from May 2019. However, there has been no change in the CFO's position that we could find. The single figure basic pay does not agree with the table showing increases – perhaps there is a good explanation but this is careless and unnecessary. **Fixed Remuneration increases are high and significantly above stated levels of increases. We do not find the CFOs pay excessive in comparison to similar companies but any increase of this magnitude should be explained clearly.** The STI pool we are told achieved 56% of target pool but details of the amount of the pool and how it is calculated other than that it is based on RFO (Return from operations) are not provided. **This is the most critical aspect of the STI and details of the pool calculation in the policy and implementation are insufficient to assess the effectiveness of the policy and implementation**. Details are provided of targets and achievement for the modifier but as noted under policy we do find a high level of subjectivity in the assessment of some of the metrics. We calculate the STI at 54% and 57% of base pay for the CEO and CFO. The Report does not disclose individual percentages but states		

	Resolution	Rationale	Vote	Outcome of AGM
		Overall STI outcomes for the Executive committee range from 22%-56%. **Poor Disclosure.** The 2019 LTI share award conditions were not met and thus none of those shares vested. We expressed our concern under the policy of Ad Hoc awards and note the R 12.725m 2022 LTI award being 226% of target (this after 2 months of employment) plus R 3.150m cash awarded seemingly as a sign-on bonus to the new COO. This makes that employee one of the highest paid executives for the year despite the fact that she was only employed for 2 months. None of the serving executives seem to have been awarded 2022 LTI awards. **We find the Report to be poorly structured and difficult to understand in general. We do not get a clear sense of how the STI pool is calculated and the calculation of individual bonuses is opaque. We do not favour the effective R 15.875 sign-on bonus paid to the new COO without some reasonable explanation. Basic pay increases do not tally with the stated increase percentages. We find too much of this report is not clear and there appears to be a high level of discretion.**		
5	General authority in respect of an issue of ordinary shares for cash	This resolution is valid until the next AGM, is for the issue of up to 0.18% of the company's issued shares and shares so issued may not be issued at a discount of more than 10% of the average share price. This represents a small number of shares, is for a fixed period but another resolution will be tabled at the next AGM, and the price is effectively stipulated. All good, however no reasons are supplied nor are we given any indication whatsoever as to the circumstances under which such shares will be issued. We therefore oppose the resolution.	AGAINST	FOR 95.3%

	Resolution	Rationale	Vote	Outcome of AGM

	Special Resolutions			
1	To approve the remuneration payable to non-executive directors	We queried the reason for the differential between Rand, UK£ and US$ fees last year and are therefore pleased that the Report makes this explicit this year *Fees have been listed in ZAR, GBP and USD, as certain amounts are payable to UK resident directors (in GBP) and Rest of Africa resident directors (in USD).* We accept that fees need to recognise the difference in cost of living in different countries and that UK resident directors have a much higher cost of living. Rand fees increase by 4% and UK£ and US$ fees by 2%. In addition, foreign directors are paid an "inconvenience fee" for attending meetings equivalent to 30% of their total fees. The fees were not paid during Covid which is as it should be but the reporting thereof was confusing. We find this fee to be excessive. **Directors are not paid an attendance fee and there is no other element of the fee based on performance. We consider such a fee as a minimum requirement. We find the 30% inconvenience fee to be excessive.**	AGAINST	FOR 98.0%
2	To grant general authority to acquire the Company's own ordinary shares	We do not in general favour share repurchases as these are often prejudicial to minority interests and favour distributions by way of dividends. This resolution is limited in terms of time as it will expire at the next AGM, it is limited in terms of price in that the company may not pay more than a 10% premium over the average price and is limited in terms of quantum to the purchase of no more than 3.5% of the issued share capital **in a single financial year** (the company could conceivably purchase 3.5% in December and a further 3.5% in January). However, we are given no reasons for the resolution nor are the effects of any such repurchase provided as required.	AGAINST	FOR 97.9%

	Resolution	Rationale	Vote	Outcome of AGM
3	To approve the provisions of financial assistance to subsidiaries and other related and inter-related entities and to directors, prescribed officers and other persons participating in share or other employee incentive schemes	In principle we support the right of the company to provide loans or financial assistance to subsidiary or related entities and to provide loans to directors etc for purposes of participating in share schemes. This resolution also provides for subsidiaries or related companies to be given financial support to purchase shares in the company. In addition, there are no reasons provided nor are the effect of the resolution provided as required.	AGAINST	FOR 95.6%

OUTCOME OF THE AGM

The AGM was poorly attended by South African standards with 62% of shares voted in person or by proxy. All resolutions were passed but there was a surprising level of opposition to the appointment of one director and one member of the audit committee.

Both advisory remuneration resolutions were passed which is a first for Old Mutual for many years.