



## OLD MUTUAL LIFE ASSURANCE COMPANY (SOUTH AFRICA) LIMITED

(Incorporated in the Republic of South Africa with limited liability under registration number 1999/004643/06)

## OLD MUTUAL INSURE LIMITED

(Incorporated in the Republic of South Africa with limited liability under registration number 1970/006619/06)

## OLD MUTUAL LIMITED

(Incorporated in the Republic of South Africa with limited liability under registration number 2017/235138/06)

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### INFORMATION STATEMENT

in respect of the

ZAR25,000,000,000

NOTE PROGRAMME

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Old Mutual Limited (**OML**), Old Mutual Life Assurance Company (South Africa) Limited (**OMLACSA**) and Old Mutual Insure Limited (**Old Mutual Insure**, together with OML and OMLACSA, the **Issuers** or **relevant Issuer**) intend, from time to time to issue notes (the **Notes**) under the ZAR25,000,000,000 Note Programme (the **Programme**) on the basis set out in the Programme Memorandum dated 4 March 2020, as amended and restated from time to time (the **Programme Memorandum**). The Notes may be issued on a continuing basis and be placed by one or more of the Dealers specified in the section headed "*Summary of Programme*" in the Programme Memorandum and any additional Dealer(s) appointed under the Programme from time to time by the relevant Issuer, which appointment may be for a specific issue or on an ongoing basis. The specific aggregate nominal amount, the status, maturity, interest rate, or interest rate formula and dates of payment of interest, purchase price to be paid to the relevant Issuer, any terms for redemption or other special terms, currency or currencies, form and denomination of Notes, information as to financial exchange listings and the names of the dealers, underwriters or agents in connection with the sale of the relevant Notes being offered at a particular time will be set forth or referred to in the terms and conditions of Senior Notes and terms and conditions of Subordinated Notes contained in the Programme Memorandum (the **relevant Terms and Conditions**), read together with the pricing supplement applicable to the relevant Notes (the **Applicable Pricing Supplement**) and this information statement (this **Information Statement**).

#### Availability of Information

This Information Statement is available on OML's website <https://www.oldmutual.com/investor-relations/debt-investors/debt-investor-overview>.

Information on the Issuer's website, other than in this Information Statement and the Programme Memorandum, is not intended to be incorporated by reference into this Information Statement, save for those documents which are incorporated by reference in the section headed "*Documents Incorporated by Reference*" in the Programme Memorandum.

Recipients of this Information Statement should retain it for future reference. It is intended that the Programme Memorandum read together with the Applicable Pricing Supplement in connection with the issuance of Notes, will refer to this Information Statement for a description of the relevant Issuer, its financial condition and results of operations (if any) and investor considerations/risk factors, until a new information statement is issued.

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## GENERAL

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*Capitalised terms used in this section headed "General" shall bear the same meanings as defined in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

Each Issuer (in relation to itself) certifies that to the best of its knowledge and belief that there are no facts that have been omitted from this Information Statement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, and that this Information Statement contains all information required by law and the Debt Listings Requirements of the JSE. Each Issuer accepts full responsibility for the accuracy of the information contained in this Information Statement as such information relates to such Issuer.

The JSE takes no responsibility for the contents of this Information Statement. The JSE makes no representation as to the accuracy or completeness of any of this Information Statement and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Information Statement. The JSE's approval of the registration of this Information Statement, the Programme Memorandum and listing of the Notes is not to be taken in any way as an indication of the merits of the Issuers or of the Notes and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever.

In addition, each Issuer, having made all reasonable inquiries, confirms that this Information Statement contains or incorporates all information which is material in relation to it and the issuing and the offering of the relevant Notes, that all information contained or incorporated in this Information Statement is true and accurate in all material respects relating to it and that the opinions and the intentions expressed in this Information Statement relating to it are honestly held and that there are no other facts, the omission of which, would make this Information Statement or any of such information or expression of any such opinions or intentions misleading in any material respect.

The Arranger(s), Dealer(s) and the professional advisors have not separately verified the information contained in this Information Statement. Accordingly, no representation, warranty or undertaking, expressed or implied is made and no responsibility is accepted by the Arranger(s), Dealer(s) or any of the professional advisors as to the accuracy or completeness of the information contained in this Information Statement or any other information provided by each Issuer. None of the Arranger(s), Dealer(s) nor any of the professional advisors accepts any liability in relation to the information contained in this Information Statement or any other information provided by each Issuer in connection with the Notes. The statements made in this paragraph are without prejudice to the responsibilities of each Issuer.

No person has been authorised by each Issuer to give any information or to make any representation not contained in or not consistent with this Information Statement or any other information supplied in connection with the issue and sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by each Issuer, the Arranger(s), the Dealer(s) or the professional advisors. Neither the delivery of this Information Statement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of each Issuer since the date hereof, or that any other financial statement or other information supplied in connection with the Information Statement is correct at any time subsequent to the date indicated in the document containing the same.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes the rendering of financial or investment advice by or on behalf of each Issuer, the Arranger(s), the Dealer(s) or any professional advisor.

This Information Statement and any other information supplied in connection with the Notes is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by each Issuer, the Arranger(s), the Dealer(s) or any professional advisor, that any recipient of this Information Statement should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of each Issuer. Each potential investor should consult its own advisors to make its investment decision and to determine whether it is legally permitted to purchase the Notes under Applicable Laws and regulations.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of each Issuer, the Arranger(s), the Dealer(s) or the professional advisors to any person to subscribe for or to purchase any Notes.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Issuers, the Arranger(s), Dealer(s), nor any professional advisor, represents that this Information Statement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by each Issuer, the Arranger(s), the Dealer(s) or the professional advisors which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Statement nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations. The Arranger(s) or the Dealer(s) has represented that all offers and sales by them will be made on the same terms and in compliance with this prohibition.

**The distribution of this Information Statement and the offer for the subscription or sale of Notes may be restricted by law in certain jurisdictions. Currently, the Notes are only available for subscription by South African residents. Persons into whose possession this Information Statement or any Notes come must inform themselves about, and observe, any such restrictions. In particular there are restrictions on the distribution of this Information Statement and the offer for the subscription or sale of Notes in the United States of America, the European Economic Area, the United Kingdom and South Africa.**

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold in the United States of America or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act (**Regulation S**)). The Notes will be offered and sold only in offshore transactions outside the United States of America in accordance with Regulation S and, subject to certain exceptions, may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, US Persons.

Information and opinions presented in the Information Statement were obtained or derived from public sources that the Arranger(s), the Dealer(s) or the professional advisors believe are reliable but make no representations as to the accuracy or completeness thereof. Any opinions, forecasts or estimates (if any) herein constitute a judgment as at the date of this Information Statement. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance and no representation or warranty, express or implied is made regarding future performance. The price, value of and income from any of the securities or financial instruments mentioned in this Information Statement (if any) can fall as well as rise. Any opinions expressed in this Information Statement are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of the Arranger(s), the Dealer(s) or the professional advisors as a result of using different assumptions and criteria. Furthermore, the Arranger(s) or the Dealer(s) (and their respective directors, employees, representatives and agents) or any professional advisors accept no liability for any direct or indirect loss or damage incurred arising from the use of the material presented in this Information Statement, except as provided for by law.

All trademarks, service marks and logos used in this Information Statement are trademarks or service marks or registered trademarks or service marks of each Issuer. This Information Statement may not be reproduced without the prior written consent of each Issuer, the Arranger(s) or Dealer(s). It may not be considered as advice, a recommendation or an offer to enter into or conclude any transactions.

**Copies of this Information Statement are available by request from the registered offices of each Issuer.**

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## INVESTOR CONSIDERATIONS/RISK FACTORS

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*Capitalised terms used in this section headed “Investor Considerations/Risk Factors” shall bear the same meanings as used in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

*Each Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies that may or may not occur and each Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.*

*Each Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of each Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by each Issuer based on information currently available to it, or which it may not currently be able to anticipate. Accordingly, each Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.*

*Prospective investors should also read the detailed information set out elsewhere in this Information Statement to reach their own views prior to making any investment decision.*

*References below to the “relevant Terms and Conditions”, in relation to Notes, shall mean the “relevant Terms and Conditions of the Notes” set out under the section of this Programme Memorandum headed “Terms and Conditions of the Senior Notes” and/or “Terms and Conditions of the Subordinated Notes, respectively”.*

**Factors that may affect each Issuer’s ability to fulfil its obligations under Notes issued under the Programme**

### **Risks Relating to the Notes**

#### ***The Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in the Programme Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

***There may not be an active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of each Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

***The Notes may be redeemed prior to maturity***

Unless in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies otherwise, in the event that each Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, each Issuer may redeem all Outstanding Notes in accordance with the Conditions.

If in the case of any particular Tranche of Subordinated Notes, such Subordinated Notes are no longer or will no longer qualify as capital for purposes of the capital adequacy requirement applicable to the relevant Issuer under the Regulatory Capital Requirement, the relevant Issuer may redeem the relevant Notes in accordance with Condition 10.4 (*Early Redemption/Substitution following the occurrence of a Capital Disqualification Event*) of the Terms and Conditions of the Subordinated Notes.

In addition, if in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies that the Notes are redeemable at the relevant Issuer's option in certain other circumstances, the relevant Issuer may choose to redeem the relevant Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

***Because uncertificated Notes are held in the CSD, investors will have to rely on the procedures of the CSD for transfer, payment and communication with each Issuer***

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange and/or held in the CSD may, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Unlisted Notes may also be held in the CSD in uncertificated form. Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Except in the limited circumstances described in the relevant Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in Notes and/or issued in uncertificated form, which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes will be made to the CSD or the Participants and each Issuer will discharge its payment obligations under the relevant Notes by making payments to the CSD or the Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Notes, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD or the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for its share of each payment so made by each Issuer to the registered holder of such uncertificated Notes. Each Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the CSD to appoint appropriate proxies.

***Recourse to the JSE Guarantee Fund Trust***

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE Guarantee Fund Trust. Claims against the JSE Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the JSE Guarantee Fund Trust. Unlisted notes are not regulated by the JSE.

### **Credit Rating**

Tranches of Notes issued under the Programme, each Issuer and/or the Programme, as the case may be, may be rated or unrated. A Rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit rating assigned to any Notes, each Issuer and/or the Programme could adversely affect the trading price for the relevant Notes issued under the Programme.

### **Risks related to the structure of the particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

#### *Notes subject to optional redemption by each Issuer*

An optional redemption feature is likely to limit the market value of the relevant Notes. During any period when each Issuer may elect to redeem the relevant Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. Each Issuer may be expected to redeem the relevant Notes when its cost of borrowing is lower than the interest rate on the relevant Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the relevant Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Index-Linked and Dual Currency Notes*

Each Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Notes to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**) or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the Nominal Amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

### **Partly-paid Notes**

Each Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### *Variable Rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that each Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Each Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since each Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If each Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If each Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing rates on its Notes.

#### *Notes where denominations involve integral multiples: Individual Certificates*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding and would need to purchase a Nominal Amount of Notes such that its holding amounts to a minimum Specified Denomination.

If Individual Certificates are issued, holders should be aware that Individual Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

#### **Modification and waivers and substitution**

The relevant Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

#### **Change of law**

The Notes are governed by, and will be construed in accordance with, South African law in effect as at the Programme Date. No assurance can be given as to the impact of any possible judicial decision or change to South African law or administrative practice in South Africa after the Programme Date.

#### **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the relevant Notes are legal investments for it; (2) the relevant Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any such Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the relevant Notes under any applicable risk-based capital or similar rules.

#### **Subordinated Notes**

##### *Regulatory approval*

In granting approval for the issue of Subordinated Notes, the Regulator may set out certain conditions, including the prior consent of the Regulator to an early redemption of the relevant Notes or the repayment of amounts due in respect of such Notes following an Event of Default. There can be no assurance that the approval of the Regulator will be granted upon the occurrence of these events. Further, the Regulator has the ability to require that principal and/or interest is deferred as per Condition 9.3 (*Deferred Payments*) of the relevant Terms and Conditions of the Subordinated Notes, which may result in investors not receiving their monies on a timely basis.

##### *Capital Adequacy Risk*

Capital adequacy risk is the risk that there will be insufficient available own funds to provide for



unexpected adverse insurance or market related events.

#### *Regulatory Capital Requirement - Financial Soundness and Governance and Operational Standards*

The new Insurance Act, 2017 (**Insurance Act**) came into effect on 1 July 2018. The Insurance Act established the principle of proportionality, which means that the regulatory requirements are to be applied in a manner which is proportionate to the nature, scale and complexity of the risks inherent to the business of an insurer and insurance group. The Insurance Act provides for a number of matters to be addressed in Prudential Standards issued by the Regulator. These Prudential Standards set out detailed governance, risk management and internal controls as well as financial soundness requirements for insurers and insurance groups. The Regulator has grouped the Prudential Standards into Financial Soundness Prudential Standards and Governance and Operational Standards. The previous Solvency Assessment Management regime, which was aimed at the protection of policyholders and beneficiaries, informed the Prudential Standards.

The Financial Soundness Standards for Insurers provide the first pillar of regulatory assurance around the capacity of insurers to meet their financial promises. The Governance and Operational Standards provide a second pillar of regulatory assurance, aimed at ensuring insurers maintain a minimum standard of sound governance and prudent business management.

#### *Prudential Standards for Financial Soundness*

An insurer must at all times maintain its business in a financially sound condition, by holding eligible own funds (capital) that are at least equal to the minimum capital requirement or solvency capital requirement, as prescribed by the Regulator, whichever is the greater. The Financial Soundness Standards sets out the high-level framework for assessing the financial soundness of South African insurers from a regulatory perspective and are designed to ensure that insurers can meet policyholder obligations by holding own funds of sufficient quality and quantity to absorb significant unforeseen losses arising from the risks associated with an insurer's activities. The Prudential Standards for Financial Soundness address matters of assessing how much eligible own-funds an insurer actually holds and how much it is required to hold for regulatory purposes.

#### *Governance and Operational Standards*

The *Governance and Operational Standards* contain the minimum requirements for governance, from board structures through to the allocation of roles and responsibilities within an insurer. Since insurers absorb risk from the economy, it is essential they manage those risks professionally and prudently. The Governance and Operational Standards also establish the Prudential Authority's minimum requirements for an insurer's approach to risk management and control; fitness and propriety of key persons responsible for critical functions and activities within an insurer's business, and significant owners; oversight of outsourcing arrangements; controls around transfers of business from one insurer to another and other significant transactions.

#### **Changing Regulatory and Business Landscape**

The FSR Act underpins the Twin Peaks approach to regulation which is characterised by separate prudential and market conduct regulators. The FSR Act created the Prudential Authority (located at the South African Reserve Bank) which is mandated to amongst other things, promote and enhance the safety and soundness of financial institutions, and the Financial Sector Conduct Authority which is mandated to regulate market conduct in the financial sector. To support the Twin Peak approach a number of existing financial sector laws were amended (e.g. Financial Advisory and Intermediary Services Act); new financial sector laws came into effect (e.g. Insurance Act) and a number of additional financial sector laws and other legislative changes are still under development (e.g. the Conduct of Financial Institutions Act and the Financial Sector Laws Act).

In granting its approval for the issue of the Subordinated Notes, the Regulator has set out certain conditions associated with the approval, including the prior consent of the Regulator to an early redemption of such Notes or the repayment of amounts due in respect of such Notes following an Event of Default. There can be no assurance that the approval of the Regulator will be granted upon the occurrence of any of these events.

#### **Risks associated with the Financial Condition of the Old Mutual Group**

Timely and ultimate payment of principal and interest on the relevant Notes depends on the financial condition of each Issuer. The financial condition of each Issuer may be affected by many business and operational factors, including but not limited to legislative or regulatory changes such as new prudential requirements, industry wide issues, market conditions or investor confidence, as well as issues specific to the Old Mutual Group such as mortality experience on its portfolio, investment return below expectation, its cost base and the sentiments of policyholders and distributions following

management actions. Other risks, as highlighted in the sections of this Information Statement headed “*Description of Old Mutual Life Assurance Company (South Africa) Limited,*” “*Description of Old Mutual Limited*” and “*Description of Old Mutual Insure Limited*” can also affect the timely payment of interest and principal.

**Risks Relating to the relevant Issuer**

Risks affecting the business of the relevant Issuer are set out in the section of this Information Statement headed “*Description of Old Mutual Life Assurance Company (South Africa) Limited,*” “*Description of Old Mutual Insure Limited*” and “*Description of Old Mutual Limited*”.

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## DESCRIPTION OF OLD MUTUAL LIMITED

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*Capitalised terms used under this heading entitled “Description of Old Mutual Limited” shall bear the same meanings as defined in the section headed “Terms and Conditions for the Senior Notes” and “Terms and Conditions for the Subordinated Notes” in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

### 1. INTRODUCTION

The Old Mutual Limited (**OML**), together with its subsidiaries (the **Group**) is a premium African financial services Group that offers a broad spectrum of financial solutions across key market segments in 14 countries. The Group operates through Life and Savings, Asset Management, Property and Casualty, and Banking and Lending lines of business across South Africa and the Rest of Africa. The Rest of Africa includes operations in Botswana, Malawi, Eswatini, Rwanda, Ghana, Nigeria, Namibia, Zimbabwe, Kenya, Tanzania, South Sudan and Uganda.

Life and Savings covers financial solutions such as long term savings, investment, annuities, income and risk products.

Asset Management operates through 4 distinct businesses:

- Old Mutual Investment Group which operates through a number of investment boutiques that provide asset management services to retirement and benefit funds and to the retail market;
- Old Mutual Alternatives, an unlisted alternatives investment business;
- Old Mutual Specialised Finance, a proprietary risk and investment capability which manages and supports the origination of credit assets;
- Old Mutual Wealth (SA) which provides investment capabilities.

Property and Casualty offers a bouquet of insurance products to individuals and corporates through three operational businesses: personal and commercial, Iwyze, and Speciality. The business also provides trade credit insurance. Its distribution network leverages those of OML.

Banking and Lending solutions include unsecured lending, debt consolidation as well as transactional products predominantly aimed at the low income and lower middle income markets.

### 2. STRATEGY

The Group’s vision is to become the customers’ most trusted lifetime partner, helping them achieve their financial goals. This is underpinned by the Group’s purpose of being able to champion mutually positive futures every day.

To deliver value in the medium term, the Group’s strategic priorities include the consolidation and growth of the Group’s position where it is a market leader, improving key underperforming businesses; and building long-term competitive advantage. These priorities are defined through eight battlegrounds:

- Defend and grow the South African share in Mass and Corporate markets;
- Defend and grow in the South African Personal Finance market;
- Improve the competitiveness of the Wealth and Investment Cluster;
- Continued turnaround of Old Mutual Insure;
- Turnaround East African business and improve returns across the Rest of Africa;
- Win the war for talent;
- Refresh the technology offering; and
- Cost efficiency leadership.

### 3. KEY RISK FACTORS

The Old Mutual Group is exposed to similar risk factors as OML. In addition, the overall Old Mutual Group is also exposed to additional risks.

#### 3.1 Underwriting risk

Changes in underwriting experience across property and casualty may have a material adverse effect on the group's business and results of operations. The group takes on significant insurance risks in property and casualty and reinsurance may not be available, affordable or adequate to protect the group against losses. Reinsurers may also default on their reinsurance obligations.

#### 3.2 Credit and default risk

For the lending operations, the Old Mutual Group is exposed to increases in rate of default on loans provided to customers.

#### 3.3 Contagion risk

One of the benefits of the group is that each business is able to leverage the various segments in the group including being able to cross sell and share infrastructure. This however also makes the group more susceptible to contagion risk where failures of one legal entity can have material impacts on the success of other legal entities.

### 4. KING IV REPORT ON CORPORATE GOVERNANCE

OML has adopted a Group Governance Framework (**GGF**) which outlines the governance requirements for the Group and its subsidiaries and adheres to the requirements of King IV<sup>TM</sup><sup>1</sup>. The Group is in compliance with King IV<sup>TM</sup> and requires that all its subsidiaries comply with the King IV<sup>TM</sup> governance outcomes through application of the principles as set out in the code.

The King IV<sup>TM</sup> assessment shows that OML's governance processes are well entrenched. Refer to the full Governance Report 2018 for a full detail of the application and explanation of King IV<sup>TM</sup> requirements here [http://www.oldmutual.com/docs/default-source/investor-relations-files/reports/2019/old-mutual-limited-governance-report-2018.pdf?sfvrsn=518732d2\\_4](http://www.oldmutual.com/docs/default-source/investor-relations-files/reports/2019/old-mutual-limited-governance-report-2018.pdf?sfvrsn=518732d2_4).

### 5. BOARD OF DIRECTORS

As at the Programme Date, the board of directors of the OML comprises:

Mr. Itumeleng Kgaboesele	Independent Non- Executive Appointed: 05.03.2018 Re-Appointed: 24.05.2019
Mr. Mthandazo Peter Moyo	Chief Executive Officer Appointed:05.03.2018 Resolution withdrawn: 24.05.2019
Mr. Peter Gerard de Beyer	Non-Executive Director Appointed: 05.03.2018 Re-Appointed: 24.05.2019
Ms. Nombulelo Thokozile Moholi	Independent Non-Executive Director Appointed: 05.03.2018 Re-Appointed: 24.05.2019 Resigned: 18.09.2019
Mr. Paul Cambo Baloyi	Independent Non-Executive Director Appointed: 05.03.2018 Re-Appointed: 24.05.2019
Mr. Casparus Gerhardus Troskie	Chief Financial Officer Appointed: 27.03.2018 Re-Appointed: 24.05.2019

<sup>1</sup> *The King IV Report on Corporate Governance for South Africa 2016, Copyright and trade marks are owned by the Institute of Directors in Southern Africa" and the IoDSA website link is: <http://www.iodsa.co.za/?page=AboutKingIV>*

Ms. Thoko Martha Mokgosi-Mwantembe	Independent Non-Executive Director Appointed: 05.03.2018 Re-Appointed: 24.05.2019
Ms. Carol Winifred Nosipho Molope	Independent Non-Executive Director Appointed: 05.03.2018 Re-Appointed: 24.05.2019
Mr. Bahleli Marshall Rapiya	Non-Executive Director Appointed: 05.03.2018 Re-Appointed: 24.05.2019
Mr. Trevor Andrew Manuel	Independent Non-Executive Director Appointed: 05.03.2018 Re-Appointed: 24.05.2019
Mr. John Robert Lister	Independent Non-Executive Director Appointed: 05.03.2018 Re-Appointed: 24.05.2019
Mr. Albert Kobina Essien	Independent Non-Executive Director Appointed: 05.03.2018 Re-Appointed: 24.05.2019
Ms. Sizeka Monica Magwentshu-Rensburg	Independent Non-Executive Director Appointed: 05.03.2018 Re-Appointed: 24.05.2019
Mr. Matthys Michielse du Toit	Independent Non-Executive Director Appointed: 05.03.2018 Re-Appointed: 24.05.2019
Mr. Stewart William van Graan	Independent Non-Executive Director Appointed: 05.03.2018 Re-Appointed: 24.05.2019
Mr. James Irungu Mwangi	Independent Non-Executive Director Appointed: 05.03.2018 Re-Appointed: 24.05.2019
Mr. Iain George Williamson	Interim Chief Executive Officer Appointed: 27.05.2019

**Company Secretary:**

The company secretary of OML is EM Kirsten.

Registered address:

5<sup>th</sup> Floor,  
Mutual Park, Jan Smuts Drive  
Pinelands, 7405  
Cape Town  
Republic of South Africa

**6. MATERIAL CHANGE**

- 6.1 As at the Programme Date, the change in the net asset value of OML since the date of the latest audited financial statements are due to the devaluation of OML business in Zimbabwe of R1 billion, the completed share repurchase of R4.9 billion, the final ordinary dividends related to 2018 of R3.3 billion paid in the first six months of 2019 and the interim dividends of R2.2 billion related to the first half of 2019. The debt issuance of R2 billion and the redemption of R1 billion by OMLACSA and the sale of our Latin America business for a cash consideration of R4,144 billion, despite having a minimal impact to OML's net asset value, resulted in a change in OML's cash flows since the last audited set of results.

6.2 The change in the trading position of the OML since the date of OML's latest audited financial statements are largely due to impact that transactions executed to complete the Managed Separation had on the IFRS profits in the 2018 financial year. Profit after tax for the 2018 financial year therefore included the consolidated profits in respect of the Quilter plc and Nedbank businesses, these were classified as profit from discontinued operations. Profits for the 2018 financial year also included profits recognised on the distribution of Quilter plc and the unbundling of Nedbank. Profit after tax for the current period no longer includes the impact of these items related to the execution of Managed Separation, which is the main driver of the expected decrease.

6.3 The expected decrease in the Profit after Tax is set out in the table below. The impact of the Managed Separation transactions included in profit after tax attributable to equity holders of the parent for the comparative period:

Change in trading position - H1 2019 compared to FY2018	
	Impact to IFRS profit - OML Issuer (Rm)
Profit from discontinued operations - Quilter	1.275
Profit from discontinued operations - Nedbank	10.614
Profit on Quilter distribution	4.023
Profit on Nedbank unbundling	23.175
	<b>39.087</b>

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## DESCRIPTION OF OLD MUTUAL LIFE ASSURANCE COMPANY (SOUTH AFRICA) LIMITED

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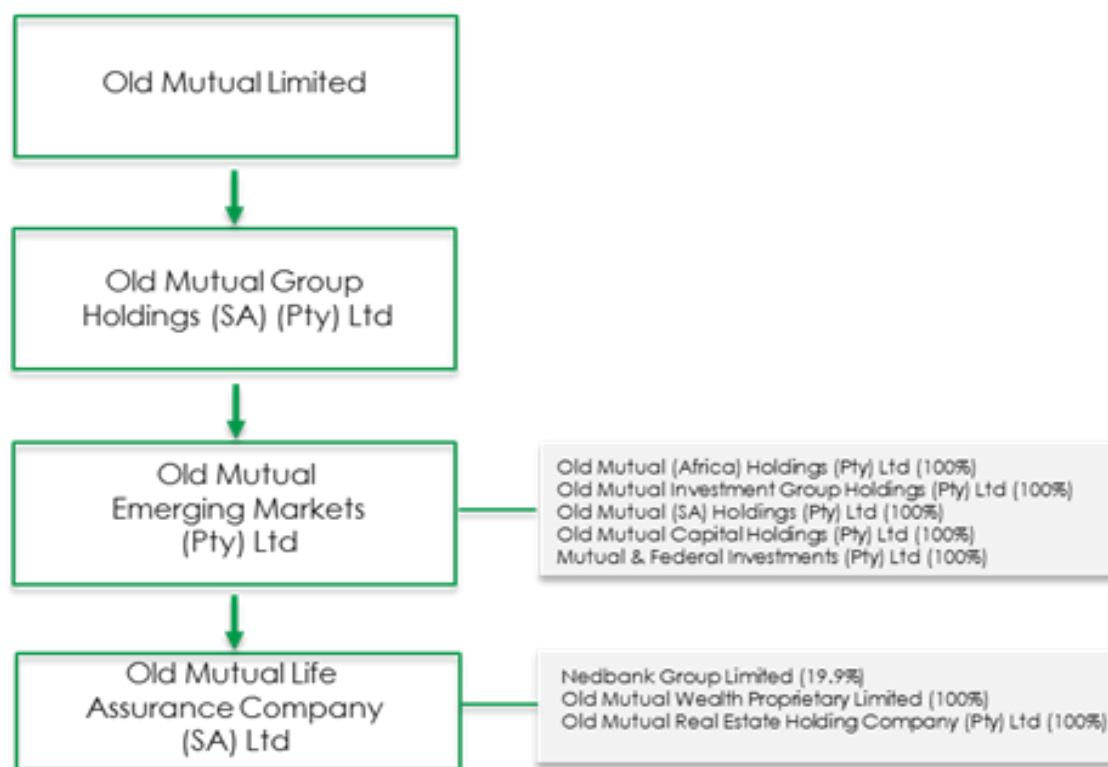
Capitalised terms used under this heading entitled “Description of Old Mutual Life Assurance Company (South Africa) Limited” shall bear the same meanings as defined in the section headed “Terms and Conditions for the Subordinated Notes” in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

### 1. INTRODUCTION

Old Mutual Life Assurance Company (South Africa) Limited (**OMLACSA**) is a financial services provider and registered life insurer in South Africa having been incorporated as a major subsidiary of Old Mutual in South Africa on 11 May 1999. It is an indirectly wholly-owned subsidiary of OML, which has a primary listing on the JSE Limited (the **JSE**) and offers financial solutions and services to retail and corporate customers across key markets in 13 African countries.

### 2. OLD MUTUAL GROUP STRUCTURE

An extract of a simplified Old Mutual Limited Group organogram, as at the Programme Date, is set out below:



### 3. HISTORY

The Mutual Life Assurance Society of the Cape of Good Hope, (later known as the South African Mutual Life Assurance Society) (the **Society**), was founded in Cape Town in 1845 as a mutual life insurance society and initially provided life insurance products in South Africa.

In 1970, it purchased a majority share of Mutual & Federal Insurance Company Limited (“Mutual & Federal”), a Property and Casualty insurer in South Africa, and in 1973 it acquired a majority interest in Nedbank. In 1999 the South African High Court approved the “Scheme for the Demutualisation of the South African Mutual Life Assurance Society” in terms whereof the Society restructured its various businesses into a number of separate companies with Old Mutual plc as the ultimate holding company of OMLACSA (**Scheme of Arrangement**).

In June 2018, OML listed on the Johannesburg, London, Zimbabwe, Malawi and Namibian

stock exchanges as a newly created South African holding company. This was one of the outcomes of managed separation, announced in 2016. Managed separation also led to the formation of Quilter plc, which consisted principally of Old Mutual plc's UK wealth management operations and the unbundling of OML's majority shareholding in Nedbank to its shareholders. The stake held in the issued share capital of Nedbank through its shareholder funds was reduced to a 19.9% minority stake, held by OMLACSA.

#### 4. **DESCRIPTION OF BUSINESS**

OMLACSA provides a broad spectrum of financial solutions to both retail and corporate customers across several market segments within South Africa. These financial solutions include risk, savings, investments, lending, transactional, income and annuities product solutions.

OMLACSA distributes products and services to customers through a multi-channel distribution network that caters for unique client needs. The distribution channels include tied and independent advisers, branches, direct and digital channels and worksites.

#### 5. **KEY STRENGTHS**

OMLACSA believes that its key strengths include the following:

##### **Size and reach**

OMLACSA is a member of the Old Mutual Group, a large international financial services provider, with an extensive footprint in the financial services sector. Accordingly, OMLACSA benefits from the Old Mutual Group's broad and diverse customer base which spans the entire income spectrum of South Africa.

##### **Brand**

OMLACSA's and the Old Mutual Group's brands, including "*Old Mutual*", "*Nedbank*" and "*Old Mutual Insure*", are well-recognised brands in South Africa. In the independent research conducted by Sunday Times, "*Old Mutual*" was named the top brand in the Consumer Long-Term Insurance category of the 2018 Sunday Times Top Brands Awards'.

##### **Capital**

OMLACSA has a strong capital base and credit rating. OMLACSA is regulated under the Insurance Act and has governance and management policies and structures in place to ensure financial soundness and the maintenance of adequate capital. There is a clear distinction between policyholder and shareholder funds and the management of the assets representing these funds.

##### **Product innovation and diversity**

In South Africa, OMLACSA offers a wide range of products across all income segments. OMLACSA's determination to meet customer needs at all life stages with the best products and advice and its ability to deliver these offerings to customers has enabled OMLACSA to maintain a dominant position in the market.

##### **Distribution channels**

OMLACSA has one of the largest financial services distribution networks in South Africa through a combination of tied agents, IFAs, bank distribution, corporate advisers and direct distribution.

##### **Group structure**

OMLACSA is a subsidiary of OML, which is listed on the JSE. Being a member of the Old Mutual Group allows it to benefit strategically from activities within the Old Mutual Group.

##### **Leveraging of skills and experience**

OMLACSA is able to leverage skills and experience across the Old Mutual Group for the benefit of individual operating businesses by identifying specific competencies that are central to the success of the Old Mutual Group, such as talent management, capital and risk management, investment management, the identification and servicing of customer's needs, and the bringing of practitioners together from around the Old Mutual Group to exchange



knowledge and further develop best practice.

### **Common values and diversity**

OMLACSA benefits from the diversity of its employees, culture, business partners and customer base with a common set of the Old Mutual Group's values, namely integrity, trust and accountability, respect, championing the customer, agile innovation and diversity and inclusion.

## **6. RISK MANAGEMENT AND KEY RISK FACTORS**

Risk management forms an integral part of OMLACSA and the group takes a prudent approach to risk management and capital management. As a life company, OMLACSA is in the business of accepting and managing risk and therefore views risk not only as a threat or uncertainty, but also as an opportunity to grow and develop the business, within the context of its risk appetite.

The Old Mutual Group is exposed to a number of risks. As at the Programme Date, a non-exhaustive list of key risk exposures is provided below.

### **6.1 Economic, social and political risk**

A weak macroeconomic environment in South Africa may reduce the size of the South African financial services market generally and specifically may adversely impact growth in sales of insurance and investment products, retention of customers, the credit quality of government-related debt and the valuation of market related investments and underwriting results, which could in turn have a material adverse effect on OMLACSA.

### **6.2 Life insurance risk**

There is a risk that adverse mortality, longevity and morbidity experience in the Old Mutual Group's life insurance business may have a material adverse effect on the business and results of operations.

### **6.3 Persistency risk**

Adverse persistency experience compared with the assumptions used in valuing and pricing products, establishing provisions and reporting business results could have a material adverse effect on OMLACSA.

### **6.4 Market and credit risk**

Fluctuations in the fixed income, currency, equity and property markets may adversely affect the value of shareholder funds and the profitability of certain risk, savings and guaranteed products. Changes in credit spreads or defaults on assets backing guaranteed products may adversely affect the results of operations.

Liquidity risk as it pertains to market positions or portfolios that cannot be liquidated in a timely manner or hedged without significantly affecting market price because of inadequate market depth or market disruption may have a material adverse effect on the results of operations and prospects.

### **6.5 Technology and systems**

OMLACSA has a high dependency on technology as a true enabler for innovation and therefore future growth and sustainability. The scale and complexity of OMLACSA contributes to increased execution risk, and creates opportunity cost to other development. There is evidence of increased frequency and sophistication of attacks on financial service organisations. Cyber-attacks could result in operational losses, business interruptions, loss of critical company or customer data and consequently reputational damage.

### **6.6 Competition**

OMLACSA's businesses are conducted in highly competitive environments with developing demographic and technological trends and changing customer preferences, in which OMLACSA's market position heightens competition. If OMLACSA is unable to anticipate and respond to these pressures and effectively compete, this would have a material adverse effect on its business, financial condition, results of operations and prospects.

## 6.7 **Conduct risk**

OMLACSA is subject to conduct risk when selling its insurance products, providing investment advice and lending.

## 6.8 **People risk**

The loss of Senior Management and key personnel and the failure to attract and retain Senior Management and key personnel, including investment professionals, could have a material adverse effect on OMLACSA's business and impair its ability to implement its business strategy.

## 6.9 **Operational risk**

All of OMLACSA's businesses are subject to operational risks including the risk of direct or indirect loss resulting from inadequate or failed internal and external processes, systems and human error or from external events that could have a material adverse effect on its results of operations.

## 6.10 **Regulatory risk**

OMLACSA is subject to comprehensive laws and regulations. Failure to comply with applicable laws and regulations may trigger regulatory intervention which may harm OMLACSA's reputation, and could have a material adverse effect on OMLACSA's licence to operate, business, results of operations and prospects.

## 7. **CORPORATE GOVERNANCE AND REGULATORY FRAMEWORK**

OMLACSA has a longstanding reputation for upholding the highest standards of good governance and ethical practices, both of which are fundamental to its ability to create long-term value for all stakeholders.

The Old Mutual Group has overarching governance structures, incorporating principles of governance to facilitate the effective and dynamic management and oversight of a group containing several regulated entities, in different jurisdictions.

## 8. **KING IV REPORT ON CORPORATE GOVERNANCE™ IN SOUTH AFRICA 2016 (KING IV REPORT)**

OMLACSA is a licensed life insurer and wholly-owned subsidiary of OML which is a JSE listed entity. OML has adopted a Group Governance Framework (**GGF**) which outlines the governance requirements for the Group and its subsidiaries and adheres to the requirements of King IV™<sup>2</sup>. The Group is in compliance with King IV™ and requires that all its subsidiaries comply with the King IV™ governance outcomes through application of the principles as set out in the code.

The King IV™ assessment shows that OMLACSA's governance processes are well entrenched and that it has applied the King IV™ principles on the same basis as the Group. Refer to the full Governance Report 2018 for a full detail of the application and explanation of King IV™ requirements here [http://www.oldmutual.com/docs/default-source/investor-relations-files/reports/2019/old-mutual-limited-governance-report-2018.pdf?sfvrsn=518732d2\\_4](http://www.oldmutual.com/docs/default-source/investor-relations-files/reports/2019/old-mutual-limited-governance-report-2018.pdf?sfvrsn=518732d2_4).

## 9. **BOARD OF DIRECTORS**

As at the Programme Date, the board of directors of OMLACSA comprises:

Mr. Mthandazo Peter Moyo	Chief Executive Officer Appointed: 01.06.2017 Resolution Withdrawn: 24.05.2019 <sup>3</sup>
Mr. Casparus Gerhardus Troskie	Chief Financial Officer Appointed: 01.04.2018 Re-Appointed: 24.05.2019

<sup>2</sup> *The King IV Report on Corporate Governance for South Africa 2016, Copyright and trademarks are owned by the Institute of Directors in Southern Africa" and the IoDSA website link is: <http://www.iodsa.co.za/?page=AboutKingIV>*

<sup>3</sup> *Previous Old Mutual Limited Shareholders Annual General Meeting*

Mr. Bahleli Marshall Rapiya	Non-Executive Director Appointed: 01.04.2011 Re-Appointed: 24.05.2019
Mr. Peter Gerard de Beyer	Independent Non-Executive Director Appointed: 01.03.2012 Re-Appointed: 24.05.2019
Ms. Nombulelo Thokozile Moholi	Independent Non-Executive Director Appointed: 17.02.2014 Re-Appointed: 24.05.2019 Resigned: 18.09.2019
Ms. Carol Winifred Nosipho Molohe	Independent Non-Executive Director Appointed: 31.10.2012 Re-Appointed: 24.05.2019
Mr. Itumeleng Kgaboesele	Independent Non-Executive Director Appointed: 24.10.2017 Re-Appointed: 24.05.2019
Ms. Thoko Martha Mokgosi-Mwantembe	Independent Non-Executive Director Appointed: 24.10.2017 Re-Appointed: 24.05.2019
Ms. Sizeka Monica Magwentshu-Rensburg	Independent Non-Executive Director Appointed: 24.10.2017 Re-Appointed: 24.05.2019
Mr. Trevor Andrew Manuel	Independent Non-Executive Director Appointed: 24.10.2017 Re-Appointed: 24.05.2019
Mr. John Robert Lister	Independent Non-Executive Director Appointed: 24.10.2017 Re-Appointed: 24.05.2019
Mr. Albert Kobina Essien	Independent Non-Executive Director Appointed: 24.10.2017 Re-Appointed: 24.05.2019
Mr. Paul Cambo Baloyi	Independent Non-Executive Director Appointed: 24.10.2017 Re-Appointed: 24.05.2019

10. **COMPANY SECRETARY**

The company secretary of OMLACSA is EM Kirsten.

Registered address:

5<sup>th</sup> Floor,  
Mutual Park, Jan Smuts Drive  
Pinelands, 7405  
Cape Town  
Republic of South Africa

## 11. BOARD COMMITTEES

### 11.1 Audit and Risk Committees

The Audit and Risk Committees are committee of the board of directors, and serve in an advisory capacity to the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, risk management and internal controls, the review of financial information and the preparation of the annual financial statements. This includes satisfying the Board that adequate internal, operating and financial controls are in place.

#### Terms of reference

The Audit and Risk Committees have adopted formal terms of reference that have been updated and approved by the board of directors, and have executed their duties during the past financial year in compliance with these terms of reference.

#### Composition

##### *Audit Committee:*

As at the Programme Date: Ms. Nosipho Molope (Chairperson), Mr. Paul Baloyi, Mr. Peter de Beyer, Mr. Itumeleng Kgaboesele, Mr. John Lister.

##### *Risk Committee:*

As at the Programme Date: Ms. Thoko Mokgosi-Mwantembe (Chairperson), Mr. Matthys du Toit, Mr. Itumeleng Kgaboesele, Dr Sizeka Magwentshu-Rensburg.

### 11.2 Committee for Customer Affairs

The Committee for Customer Affairs monitors the extent to which OMLACSA is providing acceptable value for money to its customers, and the extent to which OMLACSA is treating its customers fairly. Further, it monitors and provides the Board with an independent assessment of OMLACSA's compliance with its Principles and Practices of Financial Management.

#### Composition

As at the Programme Date: Dr Sizeka Magwentshu-Rensburg (Chairperson), Mr. Trevor Manuel, Mr. Albert Essien, Mr. Marshall Rapiya, Mr. Peter de Beyer.

## 12. MATERIAL CHANGE

- 12.1 As at the Programme Date, the change in the net asset value of OMLACSA since the date of OMLACSA's latest audited financial statements is the debt issuance of R2 billion and the redemption of R1 billion by OMLACSA. Despite having a minimal impact to OMLACSA's net asset value, resulted in a change in OMLACSA's cash flows since the last audited set of results.
- 12.2 The change in the trading position of OMLACSA since the date of OMLACSA's latest audited financial statements are largely due to the impact that transactions executed to complete the Managed Separation had on the IFRS profits in the 2018 financial year. Profit after tax for the 2018 financial year therefore included the consolidated profits in respect of Nedbank which were classified as profit from discontinued operations. Profits for the 2018 financial year also included profit recognised in respect of the unbundling of Nedbank. Profit after tax for the current period no longer includes the impact of these items related to the execution of Managed Separation, which is the main driver of the expected decrease.
- 12.3 The expected decrease in the Profit after Tax is set out in the table. The impact of the Managed Separation transactions included in profit after tax attributable to equity holders of the parent for the comparative period are included below:

Change in trading position - H1 2019 compared to FY2018

	Impact to IFRS profit- OMLACSA Issuer (Rm)
Profit from discontinued operations - Quilter	0
Profit from discontinued operations - Nedbank	10.614
Profit on Quilter distribution	0
Profit on Nedbank unbundling	23.175
	<b>33.789</b>

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## DESCRIPTION OF OLD MUTUAL INSURE LIMITED

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*Capitalised terms used in this section headed "Description of Old Mutual Insure Limited" shall also bear the same meanings as defined in the section headed "Terms and Conditions for the Subordinated Notes" in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.*

### 1. INTRODUCTION

Old Mutual Insure, representing OML's South African short-term insurance business, is South Africa's oldest short-term insurer, with a history dating back more than 180 years. Old Mutual Insure is proud of its tradition of service quality and extensive range of short-term insurance products and solutions to meet its personal, commercial and corporate customers' needs. Old Mutual Insure partners with independent intermediaries to deliver personal advice and solutions to customers, as well as insurance products directly to the market through iWYZE.

### 2. BACKGROUND AND HISTORY

It was on 14 March 1831 that the forerunner of Old Mutual Insure first opened its doors. After trading profitably for 64 years, South African Fire and Life Assurance Company was acquired by the London & Lancashire Insurance Company, which in turn was absorbed by the Royal Group in 1962. The Royal Group's many companies in South Africa merged with Old Mutual's P&C company, SA Mutual Fire & General Insurance Company, in 1970.

In order to be known as an overtly South African insurance company, a suitable name was needed. The Mutual part was easy, reflecting the Old Mutual Group's involvement. As the words 'Royal' or 'London' would reflect a British heritage, it was then decided to use the name 'Federal'.

In February 2010, Mutual & Federal Limited became a wholly owned subsidiary of the Old Mutual Group. It was also in 2010 that the direct insurance market was penetrated for the first time, with the launch of iWYZE valuables insurance. This also brought to an end the Mutual & Federal listing on the Johannesburg Stock Exchange.

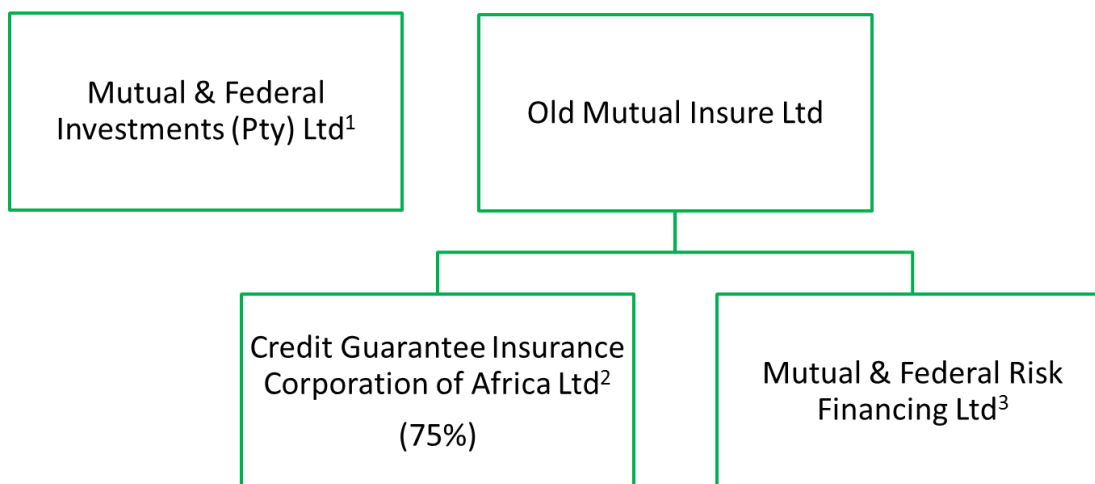
In March 2016, the Financial Services Board (**FSB**) approved Mutual & Federal's transaction to acquire the remaining issued shares in Credit Guarantee Insurance Corporation of Africa Limited (**CGIC**). This confirmed CGIC as a core asset within M&F's portfolio of insurance businesses. Mutual & Federal subsequently accepted an offer from Atradius, a leading global trade credit insurance, surety and collections services company, for a 25% (twenty-five percent) strategic equity stake in CGIC. This transaction was concluded in April 2017.

On 5 June 2017 Mutual & Federal Insurance Company Limited became Old Mutual Insure. The brand change supports the Group's commitment to become a fully integrated financial services provider, making it easier and more convenient for customers across the African continent to do business with the Group. The new brand positioning will create opportunities for Old Mutual Insure to unlock the value that lies within the Old Mutual customer base, its brand and its distribution channels, whilst continuing to develop Old Mutual Insure core capability of short-term insurance expertise.

### 3. OWNERSHIP AND CONTROL

Old Mutual Insure is 100% (one hundred percent) owned by OML, recently primarily listed on the Johannesburg Stock Exchange (JSE) on 26 June 2018. OML has standard listing on the London Stock Exchange and secondary listings on three other stock exchanges in Africa: Namibia, Malawi and Zimbabwe.

In March 2016 it was decided that the best way forward for the Old Mutual Group was to separate its four strong businesses (Old Mutual Emerging Markets, Nedbank, UK based Old Mutual Wealth and US based Old Mutual Asset Management) into independent, standalone companies. The foremost aim of this strategy (called managed separation) has been to unlock and create value for shareholders. As part of managed separation, it was agreed that Old Mutual Emerging Markets (**OMEM**) would strengthen its focus on Africa and move its primary listing to Africa.



Notes:

<sup>1</sup> Wholly owned OML investment holding entity.

<sup>2</sup> Registered short-term insurance company licensed to underwrite guarantee class of business.

<sup>3</sup> Wholly owned registered short-term insurance company licensed to conduct multi-class business as a cell captive. (Holdings in non-operating entities are not included in the diagram.)

#### 4. DESCRIPTION OF BUSINESS

Old Mutual Insure provides an extensive range of short-term insurance products and solutions to retail and corporate customers. These products and solutions are primarily distributed through a well-developed independent intermediary network. This is specifically relevant to the corporate customer segment who values financial advice provided by independent intermediaries.

The independent intermediary network is supported by an automated intermediary services centre which streamlines the way Old Mutual Insure does business and communicates with intermediaries. The centre empowers intermediaries to effectively service their clients in an efficient manner and underscores Old Mutual Insure's commitment to remain relevant in the industry.

Recognising the right of customers to choose how they engage with Old Mutual Insure to procure insurance cover, Old Mutual Insure opened a direct distribution channel currently focused on retail customers. This does not detract from the relevance of the independent intermediary network, but complements it by reaching a wider customer base.

Alternative distribution channels are also supported and these include underwriting management agencies, affinity groups and corporate customers in the retail sector.

The business is structured into four distinct business units.

##### 4.1 Commercial, Personal and Distribution

This is the largest business unit and focuses on the retail, small and medium enterprises and volume corporate customer segments. A wide range of products are distributed through the independent intermediary network to address customers' needs. Insurance cover is provided for loss or damage to movable and immovable property as well as risks associated with ownership of the insured assets. Cover also extends to risks associated with running a business e.g. business interruption.

Insurance products and services provided to agricultural customers are also included with this business unit. In addition to providing insurance cover for farming equipment and infrastructure, the company provides protection for crops.

Some of the business is administered by independent intermediaries on systems independent from that of Old Mutual Insure. This is done in terms of contractual mandates between the parties.

#### 4.2 **Old Mutual Specialty Insurance**

This business unit is aimed at specialist insurance cover offered to corporate customers and requires individual risk selection and risk pricing. Cover is provided on a non-standard basis and requires specialist intermediaries to advise customers. Solutions exist for corporate property, engineering and marine risks. Old Mutual Insure's underwriting management agencies also form part of this business unit and services, amongst others, the heavy commercial vehicle industry.

Mutual & Federal Risk Financing is the Group's registered cell captive insurer which offers first and third-party insurance facilities to corporate customers, affinity groups, corporate retail customers and niche insurance administrators. Mutual & Federal Risk Financing retains limited underwriting risk and primarily earns fee based income. It is wholly owned by Old Mutual Insure, and outsources its operations and all the control functions to Old Mutual Insure, hence intrinsically connected with Old Mutual Insure due to these arrangements. It does however have a separate insurance license, within which external companies (cells) operate ring-fenced funds in order to finance their insurance requirements (first-party cells) or those of their business clients (third-party cells).

#### 4.3 **iWYZE**

iWYZE is the Group's direct distribution insurance initiative currently focused on retail short-term insurance customers, offering a wide range of car and home insurance as well as personal goods and liability cover options.

Business is obtained directly through advertising and purchased leads while customers are serviced through call centers.

With the new mobile application, customers can access useful resources such as emergency services and step-by-step advice in the event of a car accident or house robbery. Customers can also submit pictures, reports, claim notifications and request a call back.

#### 4.4 **CGIC**

CGIC provides quality trade credit insurance products to domestic and export customers. The basic trade credit insurance product protects businesses against the risk of non-payment by insured buyers.

CGIC's unique strength lies in the ability to secure a vast store of information and market intelligence from a range of sources and to interpret data to support the business of clients for both domestic and export markets.

CGIC is further active in the bonds and surety sector.

### 5. **INVESTMENT CASE**

Old Mutual Insure is a core asset within OML with short-term insurance playing a central role in the Group's expansion into the rest of Africa. With a proud history of more than 180 years as a leading P&C business in South Africa, Old Mutual Insure is ideally placed to continue to deliver real value to investors.

The Old Mutual Insure investment case is anchored in three key elements: market position; growth prospects; and group collaboration.

### 6. **MARKET POSITION**

The consolidated market share of the Old Mutual Insure Group based on 2017 gross written premiums was 9.7% (nine point seven percent) of the South African short-term insurance



industry. The re-brand strategy that was implemented in 2017 will introduce further benefit from the strong Old Mutual brand recognition that exists.

## 7. **GROWTH PROSPECTS**

Despite already offering a well-diversified portfolio of insurance businesses, there is still ample opportunity to grow. Areas targeted for strong growth include the direct distribution business and iWYZE. This will see the business becoming less dependent on the more traditional insurance classes as well as the independent intermediary distribution channel.

Access to a new generation product administration system enables Old Mutual Insure to develop and deploy digital solutions that will make it easier for independent intermediaries and policyholders to engage with Old Mutual Insure to manage their respective insurance portfolios.

## 8. **GROUP COLLABORATION**

Being a core asset within a large financial institution in Africa positions Old Mutual Insure to benefit from the scale of the Group. These benefits include the cross selling opportunity into the combined OML customer base as well as increased buying power.

## 9. **MANAGEMENT STRATEGY**

The strategy of Old Mutual Insure is to effectively manage a diversified insurance business portfolio that provides compelling customer value propositions and delivers strong through-the-cycle financial performance to investors.

## 10. **RISK AND CAPITAL MANAGEMENT**

Old Mutual Insure operates a mature enterprise risk management system to identify and address risks that threaten the achievement of its business objectives. Risk management activities are performed by trained and skilled individuals and are subject to oversight by both second and third line corporate governance structures.

Individual OML risk committees have been constituted for each of the subsidiaries and support areas which are sub-committees of the Group Executive Risk Committee (**GERC**) which itself is a sub-committee of the Executive. The primary role is to ensure the completeness and accuracy of each risk profile. A consolidated view of the risks facing the organisation is reported to the GERC and then presented to the Board Risk and Compliance Committee.

The risk profile for Old Mutual Insure consists of modelled and non-modelled risk categories. Both modelled and non-modelled category risks are managed through the risk and control self-assessment and governance processes. Capital is held for modelled risk categories where the risk is quantified, allowing for risk mitigation such as reinsurance.

## 11. **MODELLED RISK**

The modelled risk profile for Old Mutual Insure is dominated by non-life insurance risk. The key elements used to manage the non-life insurance risk within Old Mutual Insure are described within the underwriting risk policy. An important risk mitigation technique is reinsurance, which is fundamental in managing capital. The choice and amount of reinsurance is driven by available capital, the value for money of reinsurance, impact of reinsurance on return on equity (**ROE**) and the risk appetite for earnings volatility.

The risk strategy is made more granular through capital allocation to the respective business segments. The capital allocation process determines the capital intensity ratios, the required underwriting margin to deliver return on capital as well as providing risk limits and early warning thresholds by business unit.

## 12. **RISKS RELATING TO OLD MUTUAL INSURE'S BUSINESS**

### 12.1 ***Non- Life Insurance Risk***

The primary activity of Old Mutual Insure relates to the risk of loss from events involving persons or organisations. As such Old Mutual Insure is exposed to the uncertainty surrounding the timing, frequency and severity of claims under insurance contracts.

Old Mutual Insure manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing

guidelines, centralised management of reinsurance and monitoring of emerging issues. Old Mutual Insure also employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment.

Old Mutual Insure's underwriting strategy promotes a diversified portfolio with reference to insurance risk type, amount, size and geography.

## 12.2 **Reinsurance Risk**

Reinsurance risk is the risk that the re-insurance cover placed is inadequate and/or ineffective to the risk management strategy and objectives.

Within the insurance business, concentrations of risk may arise where a particular event or series of events could impact heavily upon Old Mutual Insure resources. Old Mutual Insure reinsures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources. Old Mutual Insure buys a combination of proportional and non-proportional reinsurance treaties to reduce the net exposure on any one risk or event. In addition, underwriters are allowed to buy facultative reinsurance to further protect Old Mutual Insure's net account.

Old Mutual Insure uses a number of modelling tools to monitor aggregation and to simulate catastrophe losses in order to measure the effectiveness of the reinsurance programmes and the net exposure.

The board approves the reinsurance renewal strategy annually. The Group reinsurance strategy is to only make use of reinsurers with a credit rating of no less than A-.

## 12.3 **Credit risk**

Old Mutual Insure has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where Old Mutual Insure is exposed to credit risk are:

- amounts due from insurance policyholders;
- amounts due from insurance contract intermediaries and third party recoveries;
- investments and cash and cash equivalents;
- reinsurers' share of general insurance liabilities; and
- amounts due from reinsurers and third parties in respect of claims already paid.

Exposures to individual policyholders, groups of policyholders and third parties are monitored as part of the credit control process.

Reputable financial institutions are used for investing and cash handling purposes. Money market instruments and cash and cash equivalents are placed with institutions that have a national long-term credit rating of at least A at initial placement.

Under the terms of reinsurance agreements, reinsurers agree to reimburse the ceded amount in the event that a gross claim is paid. Consequently Old Mutual Insure is exposed to the credit risk of the reinsurer.

When selecting a reinsurer Old Mutual Insure considers its security. This is assessed from public rating information and from internal investigations. Old Mutual Insure monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically.

## 12.4 **Market risk**

Market risk can be described as the risk of a change in the fair value or future cash flows of a financial instrument brought about by changes in interest rates, equity prices and foreign exchange rates. The financial instruments below are exposed to market risk:

- Equity securities
- Foreign reinsurance receivables and reserve deposits
- Cash and short term money market instruments

Risk management tools are used to assess the impact of the above risks on capital and earnings in normal and stress scenarios.

Company funds invested in equities, other than treasury shares, are placed in a protected equity portfolio. In order to manage market risk, a hedge derivative contract has been entered into to protect Old Mutual Insure against a fall in the market.

#### 12.5 **Liquidity risk**

Liquidity risk is the risk that cash may not be available to pay obligations when due, as a result of cash not being available in a form immediately convertible to cash. Net insurance liabilities are covered by investments with limited capital risk such as cash and short dated instruments. Old Mutual Insure further manages its liquidity requirements by matching the duration of assets invested to that of the corresponding liabilities.

#### 12.6 **Operational Risk**

Operational Risk is the risk that losses occur from failed processes at the hands of people or systems. Major sources of operational risk include IT Risk, people risk, process failures in claims and underwriting and fraud management. Fraud, especially claims fraud, is inherent in the nature of short term insurance business. Fraud risk is further heightened as a result of the low domestic economic growth and rising costs placing strain on household disposable income. Old Mutual Insure manages operational risk using a comprehensive system of internal controls as well as tools and techniques including predictive analytics, business continuity arrangements and systems automation technology to mitigate risk from system and human error.

### 13. **CAPITAL MANAGEMENT**

The objectives of Old Mutual Insure are to manage capital efficiently while considering the regulatory capital requirements and the desired credit rating to support the business.

The following capital management principles are currently in place.

- (i) All entities should remain solvent on the applicable regulatory capital framework.
- (ii) The buffer over the applicable solvency capital requirement is targeted at the level to ensure only a 1% (one percent) probability of breach over a one year time horizon, or following an instantaneous shock, whichever is the greater.
- (iii) Targeted SAM solvency capital requirement coverage for the Old Mutual Insure Group is circa 1.2 times, based on the SAM group deduction and aggregation method.
- (iv) Excess capital over the targeted coverage ratio is paid as dividends unless required in the near term.
- (v) Management action is required where the solvency capital requirement coverage ratio decreases below the early warning threshold set with reference to the targeted coverage ratio.
- (vi) An absolute minimum coverage ratio is set at 1.1 times for the Old Mutual Insure Group and any decrease below this level will result in a request to the shareholder to recapitalize the group.

Capital is managed on an integrated basis across OML and as such the capital required for the targeted buffer may not always be recorded on the balance sheet of the relevant entity.

The capital position of the company is subject to constant monitoring by experienced and well trained individuals.

### 14. **STRESS AND SCENARIO TESTING**

Scenario tests are performed to assess the impact of observable and foreseeable market conditions on the capital position of the company. This is done at least annually as part of the rolling three year planning cycle. The results from stress and scenario testing are considered in assessing the adequacy of the target capital buffer.

For the most part stress and scenario testing indicates an impact on the ability of Old Mutual Insure to pay dividends following an adverse experience, but not that a capital injection will be required.

#### 15. **KING IV™ APPLICATION**

Old Mutual Insure is a licensed insurer and wholly-owned subsidiary of OML which is a JSE listed entity. OML applies King IV™ and requires that its subsidiaries complies with the King IV™ governance outcomes through application of the principles as set out in the code, and this applies to all material subsidiaries, which includes Old Mutual Insure.

The assessment of the application of King IV™ for OML is ongoing. The assessment results to date show that OML and its subsidiaries' (including Old Mutual Insure) governance processes are well entrenched and that the Old Mutual Group is generally compliant with the principles of King IV™. In particular, Old Mutual Insure endorses and endeavours to adhere to the guidelines and principles of King IV™.

Old Mutual Insure has applied the King IV™ principles on the same basis as disclosed in OML's 2018 Integrated Report. For a table disclosing the principles of King IV™, and how each has been applied to the material Old Mutual Group companies, including Old Mutual Insure, refer to OML's 2018 Integrated Report, which is available on OML's website at [https://www.oldmutual.com/docs/default-source/investor-relations-files/reports/2019/old-mutual-limited-integrated-report-20186629f073e98c428aaabdaa815b4a7c8f.pdf?sfvrsn=551182d\\_6](https://www.oldmutual.com/docs/default-source/investor-relations-files/reports/2019/old-mutual-limited-integrated-report-20186629f073e98c428aaabdaa815b4a7c8f.pdf?sfvrsn=551182d_6).

As a key subsidiary, Old Mutual Insure has formally adopted the GGF as its governance framework and therefore complies with the principles of King IV™, save for:

##### **Non-executive director Remuneration**

Non-executive director fees should comprise a base fee as well as an attendance fee per meeting.

For Old Mutual Insure, an annual fee is calculated and non-executive directors are paid on a monthly basis. The annual fee is calculated based on the assumption that non-executive directors attend all board and ad-hoc meetings. This assumption is used as non-executive directors have consistently attended all meetings in prior years.

#### 16. **BOARD OF DIRECTORS**

The members of the board of directors as at the date of issue of this Information Statement are:

<p><b>Michael Ilesley (57)</b>, Chairperson - Non-executive Director – appointed 1 April 2018 <b>CA (SA), B.Com, B.Acc</b></p> <p>Mike was appointed to the board of Old Mutual Insure in April 2018. He was appointed as the chairman of the board on 1 August 2018 subject to regulatory approval. He also serves as a non-executive director on the boards of Old Mutual Finance and Old Mutual Residual UK Limited (formerly Old Mutual plc). Mike has extensive experience in governance, business, financial and short-term insurance and has operated as an executive, non-executive and independent director of a number of large listed and regulated companies in the financial insurance industry, including short term insurers.</p>
<p><b>Garth Napier (39)</b>, Managing Director – Executive Director - joined 5 November 2018 <b>MBA, BCom (Accounting) (Hons), BCom</b></p> <p>Garth joined Old Mutual Insure on 5 November 2018. He started off his career at McKinsey as a Business Analyst. After his MBA, he worked as an Associate and in 2007, he was appointed as the Engagement Partner. Thereafter, he joined Edcon in the Discount Division, as the Marketing, Business Strategy and Pricing Executive in 2008 and in 2014 was appointed the Chief Executive of the Discount Division which comprised of the following three brands Jet, JetMart and Legit. Later in 2015, Garth was appointed the Chief Executive of the Speciality Division which houses the cellular business. Edcon is one of the largest credit providers in South Africa and his role at Edcon demonstrates his understanding of consumers, consumer behaviour and has the ability to manage a large number of</p>

stakeholders. His last position prior to joining Old Mutual Insure was at Steinhoff Africa Retail 'STAR' in 2017 as the Managing Director of Pep Africa (Pepkor), which has given him broader exposure to the African continent.

**Peter Moyo (56)**, Non-executive Director –appointed 1 June 2017

**Advanced Management Programme (Harvard Business School), Higher Diploma Tax Law, CA (SA), B.Compt (Hons), CA (Z)**

Peter re-joined the Old Mutual in June 2017 as Chief Executive Officer of Old Mutual Emerging Markets and later Old Mutual Limited, having left in 2005 to take the helm at Alexander Forbes. Before joining Old Mutual, he was a Partner at Ernst & Young, where he also served on the National Executive. Peter has held various directorships both in the public and private sector; which include chairing the Boards of Vodacom Group Limited, Willis SA Proprietary Limited, CSC SA Proprietary Limited and the audit committee of the Office of the Auditor General. He is a founding director and shareholder of an NMT Capital Group. He currently serves on the Board of Nedbank Group Limited, Advisory Board of the University of Stellenbosch Business School and is the Chairperson of Business Against Crime South Africa.

**Thuli Manyoha (35)**, Financial Director – Executive Director– appointed 1 January 2018

**BComm (Financial Accounting), BComm (Hons) (Financial Accounting), CA (SA)**

Nokuthula (Thuli) Manyoha was appointed as the Financial Director effective 1 January 2018. She is a Chartered Accountant and was the Head of Finance and the Shareholder Segment CFO at MMI Holdings Limited. She is a dynamic and seasoned leader whose experience at companies such as Deloitte has contributed to her rapid career progression. She has a proven track record in driving strategy, good financial management and operational excellence.

**Gary Palsler (61)**, Independent Non-executive Director – appointed 1 March 2014

**BBusSc (Hons), FIA, FILPA, FASSA**

Gary serves as the lead independent director and chairperson of the Risk and Compliance Committee. Gary has been in the Old Mutual Group for 36 years, having joined the company in 1980, and having retired in 2016. After completing his actuarial exams with the Institute of Actuaries in 1982 he was admitted as a Fellow of the Institute of Actuaries in 1984 after completing the necessary experience requirements. His vast experience in the Old Mutual Group includes working full time on the demutualization project, being Chief Actuary for Old Mutual SA and being Chief Risk Officer for Old Mutual Emerging Markets.

**Thandeka Zondi (37)**, Independent Non-executive Director – appointed 1 June 2018

**CA (SA), Higher Diploma Accounting**

Thandeka joined Old Mutual Insure as an independent non-executive director on 1 June 2018, serving on the Board and as a member of the Audit and Risk and Compliance Committees. As at 1 June 2019, Thandeka succeeded Pieter Rörich as the Chairperson of the Audit Committee.

Thandeka is a qualified Chartered Accountant, Entrepreneur and seasoned Executive and Non-Executive Director. She is currently the CEO of MoneyWorks Financial Services, a Digital Supply Chain and Asset Rental Financing Fund and Platform. Thandeka is a thought-leader and speaker on strategy, technology, innovation and leadership with her unique focus on the importance of your business and/or personal value proposition to others to continue to grow in the midst of the massive changes that faces everyone every day in a business and personal context. Thandeka has also taken up Independent Non-Executive Director roles on the Boards of Old Mutual SuperFund Defined Contribution Umbrella Retirement Fund, Jasco Group Ltd, Resultant Finance (Pty)(Ltd), the South African Institute of Chartered Accountants, and the Gauteng Growth and Development Agency. She has participated as a member of the

Audit and Risk Committee on all of these boards and the Chair of the Audit Committee on some. Thandeka is also a past 1st Vice President of ABASA as well as board member.

**Mark Anthony Scharneck (58)** Independent Non-Executive Director – appointed 1 June 2019

**CA (SA), BAcc, BCom**

Mark Scharneck was the Finance Director of Nova Group Holdings Limited, a specialist niche short-term and long-term insurer, from 1998 to 2003. He later joined BHP Billiton, where he held a number of senior finance management positions, including VP Finance at Samancor Limited and Head of Finance at BHP Energy Coal SA Ltd from 2003 to 2014. Mark is currently a director of Mobility Insurance Underwriting Managers (Pty) Ltd, an underwriting manager providing insurance to the minibus taxi industry, and serves as an Independent Non-executive director and Audit Chair of Unitrans Insurance Limited and the Abacus Insurance Group, which comprises of Abacus Insurance Limited and Abacus Life Limited. He also serves as an independent non-executive Director and a member of the Actuarial and Investment Committee and Audit and Risk Committee for Land Bank Insurance Co. and Land Bank Life Insurance Co.

Mark will serve on the Audit and Risk committees of Old Mutual Insure as well as on the Audit Committee of Credit Guarantee Insurance Corporation of Africa Ltd, a subsidiary of Old Mutual Insure.

**Stephen Christopher (“Steffen”) Gilbert (57)**, Chairperson – Independent Non-executive Director – appointed 1 June 2019

**FIA**

Steffen joined the insurance industry in January 1982. He previously served as CEO of Santam Ltd and was key in the initial development of Discovery Insure. He is also known to the Old Mutual Group through his employment by Old Mutual Plc as President – Asia Pacific during 2008/09. Steffen has also worked at Munich Re, Now Health/BestDoctors Insurance and up until recently was an independent non-executive director on the board of Hollard Insurance Group and Chairman of the Actuarial Committee.

Steffen will serve as an independent non-executive director on the Old Mutual Insure board as well as Chairperson of the Board.

**Company Secretary**

The company secretary of Old Mutual Insure is OMLACSA.

The address of the company secretary is:

6<sup>th</sup> Floor, K Block  
Mutual Park, Jan Smuts Drive  
Pinelands, 7405  
Cape Town  
Republic of South Africa

17. **BLACK ECONOMIC EMPOWERMENT**

Old Mutual Insure is committed to its transformation initiatives and aims to maintain an empowerment rating supportive of its position in the South African economy and in support of its business.

Following the successful maturity of the initial black economic empowerment transactions in 2015, the OML group took a strategic decision not to introduce individual empowerment transactions at subsidiary level.

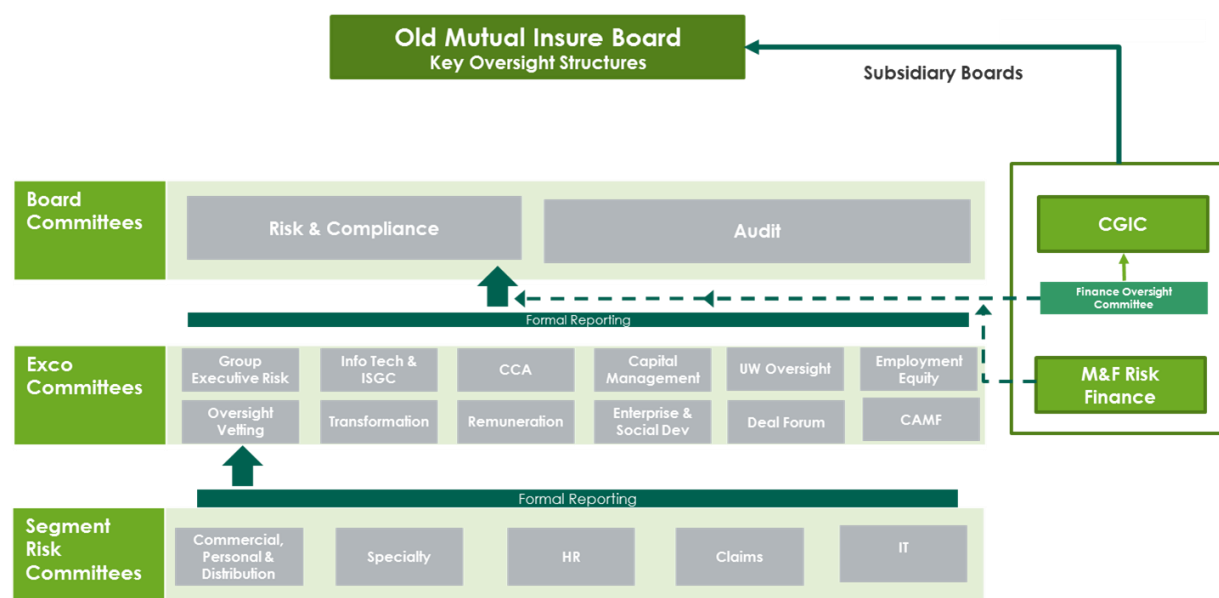
OML is proud of its credentials as a responsible business and corporate citizen of the territories it operates in. As such it fully subscribes to the principle of economic inclusion.

## 18. CORPORATE GOVERNANCE AND REGULATORY FRAMEWORK

Old Mutual Insure has adopted the OML Group Governance Framework (**GGF**) and its principles, incorporating the three lines of assurance governance model. The three lines of assurance model are considered a fundamental governance design principle:

- The first line comprises line management, the executive and executive committees. The primary responsibility for managing risks remains with first line.
- The second line of assurance comprises enterprise risk management, compliance, forensics and the actuarial control function. The specialist risk functions sit within the second line and their primary role is to provide the risk framework, risk management policies, support, guidance, education, challenge and oversight of first line activities.
- The third line of assurance comprises internal and external audit. The primary responsibility of the third line is to provide independent assurance of the effective and efficient use of the risk management process and frameworks to management and the board.

The GGF contains a suite of various enterprise wide risk policies that have been developed in line with the risk categorisation model. Each of these policies have been developed internally and approved by the board. Compliance to each of the risk policies is monitored on an on-going basis and is reported on bi-annually.



### Explanation of Specific OM Insure Executive Committees

CCA	Committee for Customer Affairs	Focus on the customer, Market Conduct
CMC	Capital Management Committee	Focus on capital management, investments liquidity and reinsurance
UOC	Underwriting Oversight Committee	UW oversight over underwriting decisions to ensure alignment to risk appetite
CAMF	Combined Assurance Management Forum	Focus on coordination of assurance activities

The following view summarises the risk governance structures that currently exist within the business as at the Programme Date:

## 19. BOARD COMMITTEES

In terms of King IV™, the Board of the Holding Company should assume responsibility for governance across the Group, by setting the direction for how the relationships and exercise of power within the Group should be approached and conducted.

The board delegates functions to committees to assist the board in meeting its mandated responsibilities. Formal terms of references exist for each committee.

An assessment of the performance of the committees and their members is conducted on an annual basis.

## 20. REMUNERATION COMMITTEE

Old Mutual Insure has delegated its remuneration committee functions to the OML Remuneration Committee.

The OML Remuneration Committee is established to independently review and monitor the integrity of OML's remuneration policies and implementation thereof, ensuring fair, responsible and transparent remuneration practices within the OML Group. The committee has oversight and ensures that OML and its subsidiary companies comply with all remuneration and risk related principles as set out in the GGF.

## 21. RISK AND COMPLIANCE COMMITTEE

The Risk and Compliance Committee is a committee of the Board, established to independently review, on behalf of the Board, management's recommendations on risk management, particularly in relation to the structure and implementation of the risk strategy, system of governance, risk management framework, any internal capital model, the quality and effectiveness of the related internal controls and reporting processes, risk appetite limits and exposures, and the overall risk profile of the business.

The Risk and Compliance Committee has oversight of and ensures that the company and its subsidiary companies comply with all risk related principles as set out in the GGF. The committee acts independently (with accountability to the board) and does not assume the functions of management, which remain the responsibility of the executive directors of the company, prescribed officers and other members of senior management.

## 22. AUDIT COMMITTEE

In line with section 94 of the Companies Act, 2008, as amended (**Companies Act**), read together with the Companies Regulations, 2011 (**Regulations**), Insurance Act, 2017 and the King IV™ Report on Corporate Governance for South Africa, 2016 (**King Code**), the Audit Committee is constituted as a statutory committee of the Company to carry out the duties as set out in section 94(7) of the Companies Act.

The audit committee mandate primarily concerns the effectiveness of the company's internal system of control to ensure the integrity of internal and external financial reporting. It reviews the accounting policies and judgments used to prepare financial statements for compliance with the identified financial reporting framework (**IFRS**), legal requirements (Companies Act) and where relevant group accounting standards.

The committee oversees and directs the work of internal audit and considers findings by the function and holds management accountable to address these. The appointment and remuneration of external audit is mandated to the audit committee and part of its responsibility is to assess the independence of the function.

The audit committee is also established to provide independent oversight of, amongst others, the effectiveness of the company's assurance function and services, with particular focus on combined assurance arrangements, including external assurance service providers, internal audit and the financial function, in order to enable an effective control environment within the company, and that the company's assurance function and services support the integrity of information for internal decision-making and of the Company's external reports.

## 23. SOCIAL AND ETHICS COMMITTEE

The OML Responsible Business (incorporating Social and Ethics) Committee (OML RB Committee) performs the social and ethics committee functions on behalf of all OML subsidiaries as mandated by its Terms of Reference.

The OML RB Committee is constituted to, among other things, assist the OML Board in ensuring that OML and its subsidiary companies are and remain committed, socially responsible corporate citizens by creating a sustainable business and having regard to the Group's economic, social and environmental impact on the communities in which it operates. The committee ensures that OML and its subsidiary companies comply with all activities related to social and economic development, good corporate citizenship, and the environment, public health, and safety principles as set out in the adopted GGF.



24. **MATERIAL CHANGE**

As at the Programme Date, and after due and careful inquiry, there has been no material change in the financial or trading position of Old Mutual Insure since the date of Old Mutual Insure's and its subsidiaries latest audited financial statements, as the case may be. As at the Programme Date, there has been no involvement by KPMG Incorporated in making the aforementioned statement.

SIGNED at Sandton on this the 4th day of March 2020.

For and on behalf of  
OLD MUTUAL LIFE ASSURANCE COMPANY LIMITED



Name:  
Capacity: Director  
Who warrants his/her authority hereto



Name:  
Capacity: Director  
Who warrants his/her authority hereto

SIGNED at Sandton on this the 4th day of March 2020.

For and on behalf of  
OLD MUTUAL INSURE LIMITED



Name: *Gail Napier*  
Capacity: Director  
Who warrants his/her authority hereto



Name: NEKUTHULA MAN YOKA  
Capacity: Director  
Who warrants his/her authority hereto

SIGNED at Sandton on this the 4th day of March 2020.

For and on behalf of  
OLD MUTUAL LIMITED



Name:  
Capacity: Director  
Who warrants his/her authority hereto



Name:  
Capacity: Director  
Who warrants his/her authority hereto

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**GENERAL INFORMATION**

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