CRD IV PILLAR 3 DISCLOSURES AS AT 31 DECEMBER 2015

OLD MUTUAL WEALTH LIMITED

Glossary

Term	Definition
CASS	Client Assets
CRD IV	Capital Requirements Directive IV
CRR	Capital Requirements Regulation
FCA	Financial Conduct Authority
GOM	Old Mutual plc Group Operating Manual
ICAAP	Internal Capital Adequacy Assessment Process
IFPRU	FCA Prudential Sourcebook for Investment Firms
OMW	Old Mutual Wealth (Business Unit of Old Mutual plc)
OMWL	Old Mutual Wealth Limited
OMWLA	Old Mutual Wealth Life Assurance Limited
OMWLP	Old Mutual Wealth Life & Pensions Limited
OMWML	Old Mutual Wealth Management Limited (the sub-group holding company)

Section A. Introduction and Purpose

A1 Name and legal form of the undertaking

Old Mutual Wealth Limited (OMWL)

The company is a wholly owned subsidiary of Old Mutual Wealth UK Holding Limited, which is itself a wholly owned subsidiary of Old Mutual Wealth Holdings Limited which is itself a wholly owned subsidiary of Old Mutual Wealth Management Limited (OMWML) which is itself a wholly owned subsidiary of the ultimate holding company Old Mutual plc.

For every company referred to above, 100% of the voting rights were held by the immediate parent company throughout the relevant period of ownership.

A2 Name and contact details of the supervisory authority

Financial Conduct Authority (FCA)
25 The North Colonnade
London
E14 5HS

A3 Name and contact details of the external auditor

KPMG LLP
Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

A4 Qualifying holdings in the undertaking

100% of the voting rights were held by Old Mutual plc, the ultimate parent company, throughout the relevant period of ownership.

A5 Background

The Capital Requirements Directive IV (CRD IV) is the EU implementation of Basel III which is a global Accord via the Basel Committee on Banking Supervision in response to the financial crisis. Basel III contains a package of proposals to increase the prudential soundness of Banks, and its implementation in the EU also covers certain Markets in Financial Instruments Directive (MiFID) Investment Firms.

Basel III has three pillars:

Pillar 1 The minimum capital requirements of firms to cover credit, market and operational risk;

Pillar 2 Designed to complement the existing Pillar 1 requirements by assessing the need to hold additional capital under a more risk based assessment called the Internal Capital Adequacy Assessment Process (ICAAP) which is confidential between the undertaking and the supervisory authority; and

Pillar 3 A set of disclosure requirements which enable the market to assess information on a firm's risks, capital and risk management procedures.

CRD IV entirely replaces previous Capital Requirements Directives and introduces entirely new prudential requirements. CRD IV increases the amount and quality of capital that firms are required to hold and imposes additional disclosure requirements. It also introduces a substantially revised EU wide liquidity regime.

The 'CRD IV Package' is comprised as:

- CRD IV (Directive 2013/36/EU)
- The Capital Requirements Regulation (Regulation (EU) No 575/2013).

The Capital Requirements Regulation (CRR) is directly binding on 'in scope' firms, and did not need to be implemented by the FCA (or via UK Regulation). However, the FCA transposed the Directive into the FCA Handbook via UK Regulation.

As at 31st December 2015 OMWL was categorised as a Limited Licence €125K FCA Prudential Sourcebook for Investment Firms (IFPRU) Investment Firm.

The disclosure of this document meets OMWL's obligation with respect to Pillar 3. The Pillar 3 disclosure requirements are contained in Articles 431-455 of the CRR.

A6 Frequency

Pillar 3 disclosures will be made on an annual basis at the same time as the publication of OMWL's Annual Report and Financial Statements.

A7 Location

The Pillar 3 disclosure report is published on the Old Mutual Wealth (OMW) website (www.oldmutualwealth.co.uk).

A8 CRD IV reporting currency

OMWL reports on a CRD IV basis in Great British Pounds (**GBP**).

A9 Reporting period

This report covers the financial position at **31 December 2015**.

A10 Verification

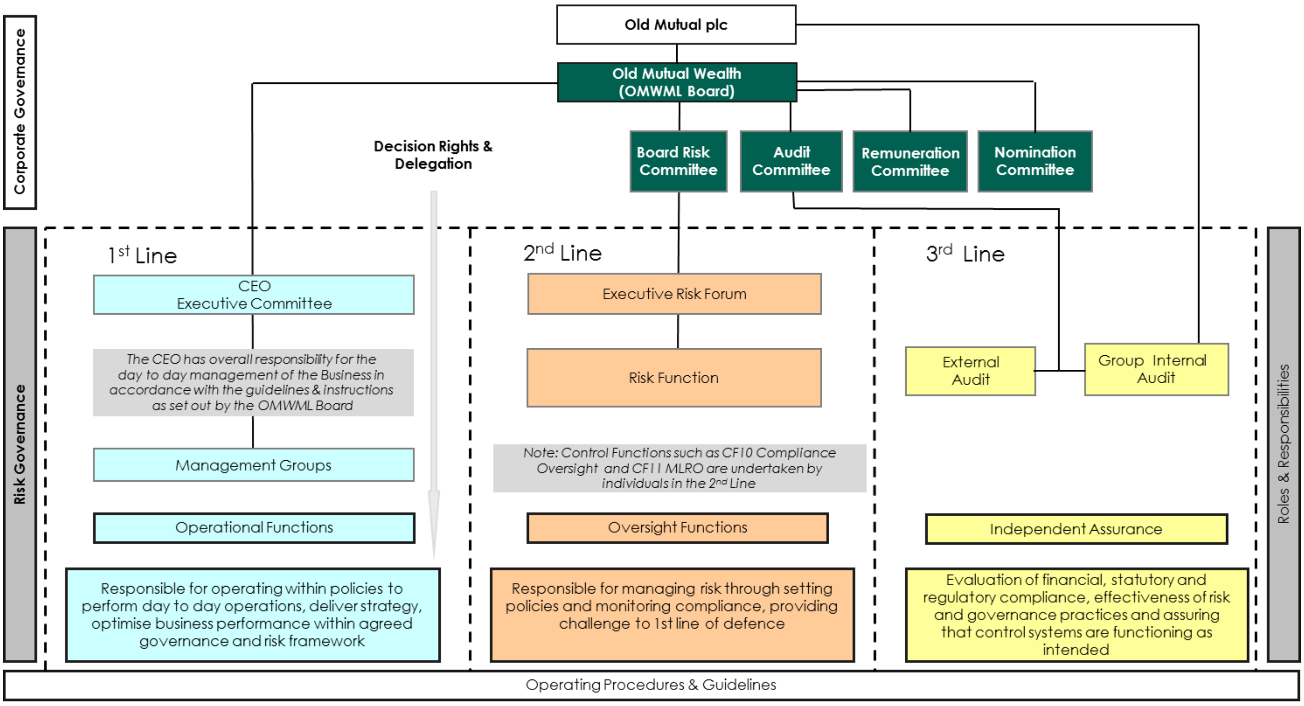
The disclosures are unaudited but have been reviewed internally. To the extent that the disclosures have been made in the Report and Financial Statements of OMWL they have been subject to external verification. These disclosures explain how the Board have calculated certain capital requirements and information about risk management generally. They do not constitute financial statements and should not be relied upon in making judgements about OMWL or for any other purpose than that for which they are intended.

Section B. Governance & Risk Management

B1 Governance Framework

B1.1 OMW and OMWML

The OMW Business Unit is a management construct used to describe a sub-group of Old Mutual group companies in the UK, Isle of Man, and Continental Europe managed by the OMW executive team. OMW is comprised primarily of the OMWML legal group of subsidiary companies, one of which is OMWL. As a subsidiary of OMWML, OMWL is subject to the delegated authorities given by the Board of Old Mutual plc under the Group Operating Manual (GOM) and as reflected in the OMWML System of Governance (see below):



The system of governance will be reviewed on an annual basis, or whenever there is a material change in the business which requires a change to the system of governance as determined by the OMWL Board.

B1.2 Roles and duties of the OMWML and OMWL Boards

The role of the Board of Directors of OMWML, in respect of OMWL, is as follows:

- To oversee the long term prosperity of OMW by providing independent input, review and constructive challenge in relation to OMWL.
- To constructively challenge and help develop proposals on OMWL strategy in the context of OMW strategy.
- To monitor the progress of OMWL in development and implementation of strategic plans and material policies.
- To generally oversee OMWL to ensure maintenance of sound risk controls and governance systems, integrity of financial information, regulatory compliance and sound planning, performance and overall management, either directly or via delegation to its Committees.

- To consider and, if thought fit, approve matters escalated to it, including those escalated from the subsidiary boards under its supervision.
- To ensure the OMW Operating Units comply with the OMW Scheme of Delegation.
- To ratify, if thought fit, the appointment or removal of directors or FCA and/or Prudential Regulation Authority Control Functions of regulated companies within OMWL.

The roles and duties of the OMWL Board are as follows:

- To ensure that OMWL is run with integrity, complies with all relevant legal and regulatory obligations; and
- To perform any other such duties as the OMWML Board may delegate to the Board.

B1.3 OMW Executive Responsibility

The OMW CEO has delegated responsibility, from the OMWML Board, for the day-to-day management of OMW, operating within the authorities granted through the GOM and the responsibilities articulated in the OMW CEO Role Profile.

To assist the OMW CEO in the discharge of those responsibilities an Executive Management team has been appointed. This team forms the OMW Executive Committee.

The OMW Executive Committee meets on a monthly basis, and also holds weekly update calls.

An Executive Risk Forum has also been established, consisting of certain members of the OMW Executive Committee, to assist the OMW CEO in the review and challenge of performance in the context of the risk appetite for OMW as set by the OMWML Board. The Executive Risk Forum also provides oversight, challenge and monitoring of the management of risk, including operational and regulatory risk, the adequacy of governance arrangements and the effectiveness of internal controls within OMW.

B1.4 OMWL Board of Directors

No directorships external to OMW are held by members of the OMWL Board of Directors.

An assessment is performed to determine that each member fulfils the following requirements:

- their professional qualifications, knowledge and experience is adequate to enable sound and prudent management (**fit**); and
- they are of good repute and integrity, have sufficient time to perform the role and are financially sound (**proper**); and
- that the qualifications, knowledge and relevant experience across the OMWL Board is appropriately diverse.

All directors are employees of OMW and are therefore subject to the company's Equality & Diversity Principles which are summarised in the following statement:

The Company will create a working environment which is free from discrimination, victimisation and harassment and which respects the diverse backgrounds and beliefs of members of the Company.

No employee or prospective employee or other individual will receive less favourable treatment or be disadvantaged by any circumstances, conditions or requirements that cannot be justified.

Management will make every effort to ensure they will not unreasonably exclude any individual from access to any activities, facilities or services, or any employment opportunities that they offer.

The Company will treat all members of the Company and job applicants equally and fairly and not discriminate unlawfully against them. This will, for example, include arrangements for recruitment and selection, terms and conditions of employment, access to training opportunities, access to promotion and transfers, grievance and disciplinary processes, demotions, selection for redundancies, dress code, references, work allocation and any other employment related matters. Every employee is entitled to expect equality of opportunity in all aspects of their employment including its terms and conditions.

B2 Risk Management Framework

B2.1 Risk Management Framework Overview

The requirements of the framework are set out in the OMW Enterprise Risk Management Policy which is approved by the OMWML Board. An overview of the approach taken to meet the requirements of the ERM Policy is set out below:

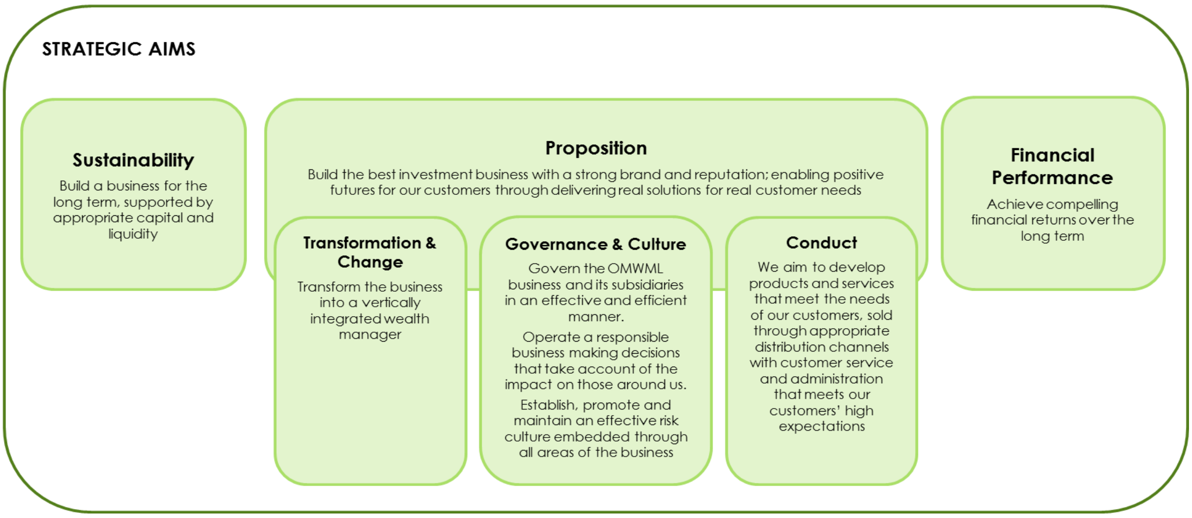
The key components of the framework are as follows.

B2.3 Risk Strategy, Appetite and Policy

The OMW risk strategy guides the way OMW takes on risk to achieve the business vision which is to "offer the best investment and protection products, available on the most flexible investment platforms, with unbeaten support for both advisers and customers, at great value".

To attain this, the following strategic aims have been identified, within which the appetite for risk has been articulated:

Our strategic aims are driven directly from our vision and are informed by our risk experience over time. They represent the key elements of our strategy over the long term and represent the perspective from which we identify key risks in the business and our appetite for those risks.



The OMW policy suite forms an integral part of the risk governance framework of OMW. The OMW policy suite consists of 47 policies and standards. These policies contain more granular risk appetite statements.

The OMW policies and standards have been approved and adopted by the OMWML Board and compliance against the policies is monitored by the business through a semi-annual process, and reported to Old Mutual plc through the CEO Letter of Representation.

B2.4 Risk Identification and Assessment

Risks to delivery of the business plan are identified through the strategic target setting process and business planning process. Risks to business processes are identified through the regular refresh of the Risk and Control Self-Assessment.

Risks and controls are assessed on a quarterly basis by first line management. Where controls are considered to be inadequate or ineffective, management actions are agreed to improve the level of control.

B2.5 Risk Management, Monitoring and Assurance

Risks are owned and managed on a day to day basis by first line risk owners. The second line Risk function provides advice to support the first line in managing risks.

Risk mitigation strategy planning is performed for some risks to ensure that risk mitigation plans are in place. An example of risk mitigation planning is the development of business continuity plans, which are defined at a functional level.

Corporate insurance is in place to mitigate some high impact, low frequency risks.

B2.6 Scenario Testing and Modelling

Scenario testing is performed for OMWL to assess the impact of plausible but severe events and to support management in developing plans to manage such events.

The scenario framework focusses on considering scenarios under the following headings:

- Macro-economic scenarios (the key focus area is our ability to withstand such events and our exposure relative to our peers);
- Sectoral risks (i.e. risks which could affect all, or a subset of firms in the financial services industry, such as tax, regulatory or political changes);
- Specific threats (i.e. risks which could cause a specific threat to OMWL but would not impact peer firms to the same extent); and
- Reverse stress testing (i.e. threats which could cause the business model to become unviable).

In addition, operational risk scenario testing is performed to assess potential plausible but extreme operational losses.

B2.7 Risk Reporting and Escalation

Risk reporting is performed by the Risk function. Risk reports are provided to the OMWL Board and the OMWML Board Risk Committee on a quarterly basis, senior management on a monthly basis and the Operational Forum on a bi-monthly basis.

Risk events with a financial impact of over £5,000 and risk events which have a non-financial impact such as impacts on customers and regulatory breaches are recorded by the function within which the risk event arose.

Risk events remain open until any management actions to manage the impacts or address the events have been performed.

First line management escalate risks and risk events in line with escalation guidelines which are defined by the Risk function.

B3 Risk Management Culture

Our risk culture is defined by the following principles that ensure:

- responsibility and accountability for risk management is clearly assigned throughout the organisation with the aim of fostering an open and transparent organisational culture that encourages the right behaviours.
- we create a climate for our employees to voice genuine concerns about, and risks within, the business.
- a risk-aware culture is seen as an enabler for management to feel empowered to take risks in a manner that is transparent and that is in line with the business and risk strategy.
- good risk management practices are encouraged, such that our employees understand how to make educated risk-related decisions in their day to day roles.
- training and awareness programmes are in place to ensure that a risk aware culture is fostered and that employees understand the importance of good risk management.
- performance management encourages and incentivises good risk management practices.

B4 Risk Preferences

The risk preferences of OMWL are as follows:

- We will ensure risks taken are commensurate with our strategic aims and at an acceptable level of return. We accept business risks (persistency, expense and new business) as a consequence, but we ensure these are appropriately managed and mitigated.
- We have a strong preference for capital light products with limited appetite for taking on balance sheet risk and in particular, products with financial guarantees.
- We have a preference for secondary market risk through asset-based fees as this is central to our proposition and the markets in which we operate and we accept the potential impact on financial performance.
- We avoid market risk on our shareholder free assets.
- We seek to minimise operational risk through effective processes, systems and controls.

B5 Risk Profile

B5.1 Credit risk

Credit risk is the risk that the company is exposed to a loss if another party fails to meet its financial obligations to that company, including failing to meet them in a timely manner.

The OMWML sub-group has established a credit risk policy which sets out restrictions on the permitted financial transactions with counterparties to control and monitor the level of credit risk to which the company is exposed. The value of credit risk exposures and the credit rating of counterparties are monitored monthly.

The company's principal assets are bank balances, cash and loans and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The approaches used to verify the appropriateness of credit assessments from external credit assessment institutions are as follows:

The Standards & Poor's credit rating is the primary credit rating assessment used by OMWL. The Standards & Poor's rating for an institution is compared against the rating provided by Moody's and Fitch. Where there is more than a one point difference in credit rating further investigation would be performed to validate the credit assessments.

Due diligence is also performed to monitor the capital position of banks which are used across OMW.

The company's credit risk is primarily attributable to its trade receivables.

With the exception of its bank deposits, the company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

There is no exposure to European sovereign debt within the company's shareholder investments.

B5.2 Market risk

OMW has established a market risk policy which sets out the market risk management governance framework, permitted and prohibited market risk exposures, maximum limits on market risk exposures, management information and stress testing requirements.

The financial impact of potential plausible but severe market stresses is examined through stress tests carried out within the ICAAP. Market risk arises from exposure to movements in interest rates, equity and property values and foreign exchange rates.

Interest rate risk

A rise in interest rates would cause an immediate fall in the value of investments in fixed income securities within clients' funds, resulting in a short term fall in fund based fees. The company holds no fixed income securities itself and so direct interest rate risk is negligible. However, assuming that the business continues to grow, a rise in interest rates would enable a higher return on new investments, which in turn would cause client investments' values to grow more quickly and so fund based fees may be higher in the longer term.

Equity and property price risk

In accordance with the market risk policy, the company does not invest shareholder assets in equity or property assets (or related collective investments) except where the exposure arises from the manager's box positions which are short term and subject to internal limits. Exposure to this risk is immaterial.

The company derives revenues (e.g. annual management charges from clients) which are linked to the performance of the underlying assets. Therefore, future earnings will be affected by equity and property market performance.

Foreign exchange rate risk

The company has no material exposure to foreign exchange risk.

B5.3 Liquidity risk

Liquidity risk is defined within the OMW Liquidity Risk Policy the risk that companies do not have sufficient liquid resources to meet their obligations as they fall due, or can secure them only at excessive cost.

OMW has established a liquidity risk policy, which sets out the practices that each company must perform to manage exposure to liquidity risk.

To manage liquidity risk exposure OMWL maintains company money in liquid form with a range of counterparties which meet internal credit rating and concentration limits. The quantity of liquidity within OMWL is maintained to exceed the potential loss of liquidity due to a severe but plausible stress.

B5.4 Operational risk

Operational risk is the risk that failure of people, processes, systems or external events results in financial loss, damage to the brand / reputation or adverse regulatory intervention or government or regulatory fine.

Operational risk includes all risks resulting from operational activities, excluding risks already described above and excluding strategic risks and risks resulting from being part of a wider group of companies.

Operational risk includes the effects of failure of the administration processes, IT maintenance and development processes, investment processes (including settlements with fund managers, fund pricing and matching & dealing), product development and management processes, legal risks (e.g. risk of inadequate legal contracts with third parties), risks relating to the relationship with third party suppliers, and the consequences of financial crime and business interruption events.

In accordance with OMW policies, the management have primary responsibility for the identification, management and monitoring of risks, and escalation and reporting on issues to company executive management and to Group.

The company executive management have responsibility for implementing the OMW risk management methodologies and framework and for development and implementation of action plans to manage risk levels within acceptable tolerances and resolve issues.

B5.5 Investment contract risk

Investment contract risk arises through exposure to unfavourable operating experience in respect of factors such as persistency levels and management expenses relative to the company's expectations when pricing contracts, which may prevent the firm from achieving its profit objectives.

The financial impact of persistency and expense risks is examined through stress tests carried out within the ICAAP.

Persistency

Persistency risk is the risk that the rate at which customers surrender and cease paying regular premiums exceeds the expectation when preparing the business plan. Excessive surrenders and regular premium cessations can result in a reduction in profits in future years.

Persistency statistics are monitored monthly to identify emerging trends. Actions may be triggered as a result of higher than expected lapse rates.

In the short term, profit is not materially impacted by reasonably foreseeable changes in persistency experience.

Expenses

Expense risk is the risk that actual expenses exceed the expectation when preparing the business plan. This may result in emerging profit falling below the company’s profit objectives.

Expense levels are monitored quarterly against budgets and forecasts. An activity based costing process is used to allocate costs relating to processes and activities to individual products.

B5.6 Risk and capital management

The potential impacts on the capital resources and future profits of the company are assessed regularly. Market and investment contracts are assessed through stress tests applied to business plan financial projections by varying assumptions for future experience. Operational risks are assessed using scenario based risk assessments, constructed using expert judgement supplemented by review of the risk control processes in place, internal and external event data, key risk indicators and internal and external audit opinions. Credit risks are assessed by determining the financial exposure to material counterparties and the likelihood of default of these counterparties. Credit ratings are used to assess the likelihood of default.

The Capital Management policy sets out the key considerations and restrictions with regard to the amounts of capital that is retained.

Capital is managed by ensuring that the company has sufficient capital resources to meet its liabilities to its customers for the remaining lifetime of the in-force business, except in the event of extreme adverse circumstances with an acceptably small likelihood of occurrence. The company also retains sufficient capital resources to meet regulatory statutory capital requirements and to maintain working capital to provide for fluctuations in experience, in particular in respect of new business volumes. The company regards the regulatory statutory capital resources of £47.7 million (2014: £60.8 million) as capital. The regulatory capital requirements have been met throughout the year. The ICAAP is used to assess the level of capital which should be retained by the company. The ICAAP considers all of the risks faced by the company and the degree to which risks have similar or related causes and so could occur together.

Section C. Capital Resources

CI Regulatory Pillar I Capital Resources

The table below illustrates the elements of OMWL's capital resources.

Own funds	£000s
Permanent share capital	7,430
Profit and loss account and other reserves	53,340
Interim net losses	13,040
Common equity tier 1 capital	**47,730**
Deductions	0
Own funds	**47,730**

The Permanent Share Capital consists of 7,430,000 ordinary shares of £1 each.

The company has elected under the Companies Act 2006 to remove authorised share capital limits.

C2 Reconciliation of Pillar I Basis to International Financial Reporting Standards Basis

Reconciliation to IFRS basis	£000s
Own funds	47,730
IFRS goodwill intangible asset	15,253
Deferred acquisition cost and deferred fee income intangible assets	3,133
Total IFRS equity	66,117

Section D. Capital Requirements & Capital Adequacy

D1 Regulatory Pillar I Capital Requirement

The Pillar 1 capital requirement under CRD IV is based on the higher of the credit risk capital requirement plus the market risk capital requirement and the fixed overhead requirement. The table below gives a summary of the Pillar 1 capital requirement at 31 December 2015:

Pillar 1 capital requirement	£000s
Credit risk capital requirement	3,230
Market risk capital requirement	-
Total of credit and market risk	3,230
Fixed overhead requirement	14,616
Pillar 1 capital requirement	**14,616**

D1.1 Credit risk capital requirement

OMWL has adopted the standardised approach to calculating relevant components of the credit risk capital requirement as 8% of total risk-weighted exposures.

The major credit risk exposures for OMWL are cash deposits at banks; intra-group balances and amounts due from customers and HMRC in relation to tax reclaims in respect of ISA business.

The components of the credit risk capital requirement at 31 December 2015 are set out in the following table:

	Exposure (£000s)	Average risk weight	Risk weighted exposure (£000s)	Risk weighted exposure at 8% (£000s)
Institutions	48,797	30%	14,707	1,177
Corporates - intra-group	14,336	100%	14,336	1,147
Other	9,207	123%	11,331	906
Total	**72,341**		**40,374**	**3,230**

D1.2 Market risk capital requirement

OMWL does not have any market risk exposure since company money is in bank deposits.

D1.3 Fixed overhead requirement

The fixed overhead requirement is determined as 25% of the fixed expenditure of OMWL, based upon the latest audited statutory accounts.

D2 Regulatory Pillar I Capital Adequacy

£000s	£000s
Pillar I capital resources	47,730
Less: Pillar I capital requirement	(14,616)
Capital surplus	33,114

D3 Regulatory Pillar II Capital Adequacy

Under Pillar II investment firms are required by the FCA to carry out an assessment of the adequacy of their capital resources based on its own assessment of the risks that they face rather than the regulatory prescribed calculation under Pillar I. This assessment is the ICAAP. Up to 2014 a solo ICAAP was produced for OMWL. From 2015 the ICAAP is produced on a consolidated basis for OMW (excluding insurance entities and other entities which fall outside the scope of the prudential consolidation group).

Section E. Remuneration Policy and Practices

E1 Introduction

Under CRD IV certain rules apply to the remuneration policy and practice for staff whose professional activities have a material impact on the risk profile of OMWL. These employees are referred to as 'Remuneration Code Staff'. Remuneration Code Staff comprise categories of staff including senior management, risk takers, staff in control functions and those individuals whose remuneration exceeds certain quantitative criteria.

We have identified 18 Code Staff for 2015. The aggregate quantitative information on remuneration shown below relates to our Remuneration Code Staff only for performance year ending 31 December 2015.

E2 Remuneration policy

Remuneration for Code Staff is governed by the OMW remuneration policy. The policy has been designed to discourage risk taking outside of Old Mutual Group's risk appetite, to be supportive to the Group's strategy, objectives and values and to align the interests of employees, shareholders and customers.

The policy is overseen across the Old Mutual Group by the Old Mutual plc Remuneration Committee and within OMWML by the Old Mutual Wealth Remuneration Committee (the 'RemCo').

The RemCo is appointed by the OMWML Board and consists of non-executive directors of OMWML and a director of Old Mutual plc, which enables it to exercise independent competent judgement in remuneration matters in the context of managing risk, value and capital in line with shareholders' expectations. This includes the remuneration process, structure and operation which are actively monitored as an integral part of their oversight. The RemCo met 6 times in 2015.

E3 Link between pay and performance

Remuneration for Code Staff is made up of fixed compensation (salary and benefits) and variable performance-related pay (short-term and long-term incentives). The long-term nature of the businesses in which we operate is reflected in our remuneration structures both to protect customers and support the creation and preservation of enduring value in the Group for the benefit of all shareholders, such as appropriate risk adjustment measures, growing the business sustainably and creating shareholder value.

Short-term incentives

Short-term incentives are structured to incentivise the achievement of annual performance objectives and to align senior management reward to customer and shareholder outcomes. Business plans against which performance objectives are set and measured are market appropriate. Awards for Remuneration Code Staff include an element of deferral in Old Mutual plc restricted shares. The deferred portion is designed to further align staff and shareholder interests and to support employee retention. The vesting period is 3 years.

Long-term incentives

Long-term Incentive awards for Remuneration Code Staff align senior management remuneration with the success of the Company in achieving its strategic priorities and growing the value of the business through quality and sustainable earnings. The award is in the form of equity interest and the vesting period is at least three years from the date of grant. The Old Mutual plc Remuneration Committee may reduce the extent to which an award vests if it considers that undue risks were taken which could adversely impact future business earnings, operations or the reputation of the company. After vesting, a portion of the shares will be subject to a further 12-month restricted period during which clawback provisions apply.

E4 Determining bonus pools for variable pay awards

The way that bonus pools are determined ensures that the outcome is aligned to specific, measurable and relevant business results in a transparent manner with full consideration of the risk performance of the business.

Pool structures are intended to share a portion of the value created with the employees responsible for that business. The Pool is allocated on a proportionate basis to each business function based on their population's target award multiplied by the overall business performance against the pool metrics. The CEO has discretion to adjust these allocations to reflect relative performance of each function, where appropriate. Each function distributes their final allocation based on the relative performance against individual objectives.

Pool formulas are based on agreed business plans and economic and market assumptions set at the start of each year.

Economic Profit is used as a primary measure in determining the size of the pool, however other factors aligned to the business strategy such as net client cashflow and progress against strategic projects are used as appropriate.

The RemCo may exercise its judgement and discretion to adjust pool calculations at the end of the year in order to ensure that actual remuneration reflects all performance-related and risk-adjusted factors. Factors that they may take into account include, but are not limited to:

- quality of earnings/results;
- risk management performance;
- economic and market factors not anticipated at the start of the year;
- performance relative to competitors; and
- competitive market remuneration.

E5 Share related awards and link to performance

Share awards are subject to malus, which will be applied if, in the opinion of Old Mutual plc Remuneration Committee, any of the following circumstances apply:

1) if the results or accounts or consolidated accounts of any company, business or undertaking in which the participant worked or works or for which he was or is directly or indirectly responsible are found to have been materially incorrect or misleading;

2) if the company, business or undertaking in which the participant worked or works or for which he was or is directly or indirectly responsible subsequently makes a loss out of business written due to poor risk management; and

3) if the performance of the company, business or undertaking in which the participant worked or works or for which he was or is directly or indirectly responsible and upon which the Old Mutual plc Remuneration Committee relied in making its determination to grant an award to the participant and/or the size of such award is found to have been based upon any material misrepresentation.

Share Plan rules require that awards may not be hedged in any manner (such as by the participant ceding or assigning rights to a third party).

The exit conditions to be applied to share awards will be determined by the share award scheme rules. Any request for non-standard treatment must be escalated for approval via the Group's Remuneration Governance process.

E6 Remuneration Code staff total remuneration

During 2015, the following amounts were paid in fixed and variable remuneration to Code Staff. Fixed remuneration includes base salary and benefits received between 1 January 2015 and 31 December 2015. Variable remuneration includes 2015 annual bonus awards made in March 2016 and the unrestricted market value of long term incentive awards granted in 2015.

	2015 Senior Management (rounded to nearest thousand)	2015 Other Code Staff (rounded to nearest thousand)
Number of Code Staff	4	14
Fixed Remuneration (£)	1,704,000	3,334,000
Variable Remuneration (£)	3,260,000	3,402,000
Total (£)	**4,964,000**	**6,736,000**