

Combined group chief executive and chairman's review



JACKO MAREE



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We can look back on 2020 knowing that, above all, we have truly done what matters. We remain committed to creating shared value for all our stakeholders by living our purpose and working together as one community to support those around us.

Never in Liberty's history have we encountered such a deep humanitarian and economic crisis as what we faced in 2020. While the COVID-19 pandemic highlighted the extent of the socio-economic challenges in our society, it also presented a unique opportunity for us all to co-operate in shaping a more sustainable future.

We believe Liberty was established for times such as these. With a track record of helping our clients navigate and prepare for life's unexpected events for more than 60 years, we continue to support our clients, financial advisers, employees and communities as an insurer they can depend on.

Introduction

We have always believed that our purpose of improving people's lives by making financial freedom possible enabled us to make Liberty not just our name, but what we do. This period in history will always be remembered as one of profound vulnerability and, in many ways, Liberty was at the heart of the COVID-19 crisis.

The circumstances of the past year reinforced the importance of supporting our stakeholders during the challenges they face. As the crisis unfolded, our actions and decisions were guided by our three leadership principles.

These have been drawn from our history and the lessons learnt along the way - including the principles of our founder, Sir Donald Gordon. But these principles also speak to Liberty's plans for the future, where we are a modern digital, human-augmented, platform-based engagement business helping our clients to live their best lives. We are extremely proud of how our employees and financial advisers stepped up over the past year, living these principles every day and ensuring that our clients felt taken care of.

The outbreak of COVID-19 certainly highlighted the challenges we face on a global socio-economic level, with the poorest and most vulnerable in our societies being the most impacted. However, it also showed us that the challenges we face can only be solved if all do their part. As a roadmap for the future we all want, and as a global call to action, Liberty remains unequivocally committed to the Sustainable Development Goals (SDGs).

We identified seven SDGs that we believe we can contribute to the most and strive each year to make considerable progress against our targets. We have structured our report around these SDGs and captured the SEE impacts of our business on the environment and the communities in which we operate.

 For more information on our SEE strategy, refer to page 21.

Reflecting on 2020 - living our leadership principles:

 **Imagine it's possible.**

 **Act with humanity.**

 **Do what matters.**

Combined group chief executive and chairman's review (continued)

We entered 2020 with a sense of optimism – even while we were preparing ourselves for what we knew would be a challenging macro environment. South Africa was in a recession with a weak economic outlook, while volatile global economic conditions were buffeted by significant events such as the US/China trade war and Brexit. Then, when the COVID-19 crisis emerged, it created additional health, economic and financial challenges.

We have learnt a lot over the past year. Above all else, we aimed to demonstrate the strength of our humanity in all that we do. The safety and health of our employees – both physical and mental – remains our highest priority. Following the announcement of the national lockdown, 5 000 employees transitioned to a home office environment within two weeks. Our employees were equipped with the necessary tools and technology to fulfil their duties. We continue to help employees adjust to this new reality, where they have to manage families, homeschooling and increased anxiety over the impacts of COVID-19. Unless absolutely necessary, all employees continue to operate remotely, with only a small number of essential workers entering our buildings on a daily basis where the most stringent safety protocols are observed.

As the crisis continues to unfold, we remain mindful of the emotional and mental strain the pandemic has placed on our people. As a result, we elevated our employee wellbeing offering with an emphasis on emotional and physical support. Our wellness programme aimed to provide employees with the tools they needed to remain engaged, motivated and inspired while continuing to provide support to our clients. Through various initiatives and programmes, employees had access to confidential assistance on both personal and professional levels. The programme was also extended to our financial advisers. We continued to invest in our employees' skills development during the year, and invested more than R43,6 million in training and development. Furthermore, more than 12% of our employees participated in leadership or management programmes.

We believe our financial advisers play a critical role in society – their advice helps our clients make complex decisions that affect their future. As integral members of our team, it was imperative that we supported our more than 2 800 tied financial advisers during this period. As part of our support, we ensured their businesses remained sustainable through the adoption of digital channels, and we introduced a scheme to provide financial assistance for qualifying advisers. Above all, we ensured they were empowered for virtual interactions to ensure uninterrupted service capability.

We can close off 2020 knowing that we have truly done what matters. One of the key takeaways from the past year is the importance of working together as a society to support one another. We are extremely mindful of the economic hardships brought on by the pandemic and have endeavoured to find ways to aid struggling individuals, communities and the nation as a whole. Among other initiatives, we contributed to South Africa's Solidarity Fund, and launched our #DriveHope campaign to help South Africans struggling with daily life challenges by doing good through small acts of kindness.

 See our #DriveHope case study on page 84.

We also continued to invest in our CSI initiatives throughout the year. While the pandemic impacted our ability to offer traditional face-to-face learning, we found innovative solutions to the digital and technological challenges faced by our communities. By focusing on what matters – investing in education and financial literacy – we continued to provide our communities with the opportunity to lift themselves out of poverty and improve their financial wellbeing. We invested R45,1 million in CSI projects and provided training to over 762 learners during 2020.

We continued to prioritise transformation and economic inclusion, and are proud to have retained our Level 2 B-BBEE status. We established a working group to develop and implement a strategy that will holistically guide the transformation of our financial advisers. Importantly, this supports our transformation goals while creating a diverse and inclusive workforce that reflects the demographics of our country.

 For more information, see pages 51 to 58.

Despite the difficult operating context, the business remains well capitalised and financially sound. During 2020, we paid R11,7 billion in death and disability claims and R8,6 billion in annuity payments. We also underwrote more than 1,8 million policies in the emerging consumer sector, and our asset management subsidiary, STANLIB, managed nearly R614 billion on behalf of our clients.

Supporting responsible investment remains an important part of who we are. Along with STANLIB, we endorse the Code for Responsible Investing in South Africa (CRISA). STANLIB is also a signatory to the UN Principles for Responsible Investment – our framework for responsible investing on behalf of the group. We continued to increase our investment in infrastructure development, specifically toll roads, and invested over R3,7 billion during 2020. To further support sustainable economic growth,

we invested over R9,3 billion in renewable energy funds that focus on solar PV and windfarm projects in the Northern and Eastern Cape of South Africa.

We remain committed to responsible resource stewardship – and while our direct environmental impact remains low, we continue to implement projects that decrease our carbon footprint even further. We made good progress in the installation of solar PV technology in our retail centres, installing a 1 MW solar plant at Eastgate Shopping Centre, and expanding the project to Promenade Mall, Sandton City and Umhlanga Ridge Offices. We are also proud that L2D received Green Star certification from the Green Building Council of South Africa (GBCSA) for six retail centres at the beginning of 2021. This is a major achievement, and is indicative of the importance we place on environmental matters and climate change.

 See more on our responsible consumption and production on pages 59 to 69.

Looking ahead

While the arrival of vaccines brings renewed hope, we know that COVID-19 is likely to remain a reality for quite some time. We will continue to support our clients during their most vulnerable moments of need and, motivated by our leadership principles and our commitment to living our purpose, we will continue to act with humanity as we navigate any challenges 2021 might bring.

On behalf of the board and the exco team, we would like to thank our employees and financial advisers for their exceptional efforts in responding to the uncertain and the unexpected. Our people have been nothing short of heroic, and we are deeply appreciative of the work they do every day.

We would like to extend our deepest sympathy to the families, friends and colleagues of the members of the Liberty community who passed away due to COVID-19. We know that they leave many loved ones behind. We continue to prioritise the safety of our employees, financial advisers and clients to ensure we are doing our part to halt the spread of the virus.

We would also like to thank our clients, investors, suppliers and the communities in which we operate for their continued support. Together, we are stronger, and we will continue to deliver on our promises to clients and advisers while remaining a beacon of hope and support for all within our community.



Jacko Maree
Chairman



David Munro
Group chief executive