

Context and our approach.

Integrating growth and progress

South Africa is facing significant challenges in meeting and maintaining the infrastructural and energy demands of an increasingly digitally connected population.

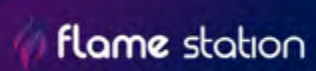
Overall economic growth is hamstrung by rising youth unemployment, lack of relevant skills and consumer inflationary pressure. Given our ever-changing operating environment, we adopt a comprehensive and agile approach to economic sustainability with innovation at our core. We assess emerging trends, anticipate client needs and subsequently build creative and sustainable solutions and products.

Investing for the future

It is crucial to invest significantly in innovation, infrastructure and technology. We support the principles of sustainable economic growth as outlined in UN SDG 9, which aims to build resilient infrastructure, promote sustainable industrialisation and foster innovation.



Foresting innovative products and funding resilient national infrastructure



<p style="text-align: center;">Helping start-ups thrive</p> <p style="text-align: center;">We believe that local economic growth is fuelled by entrepreneurship. As such, our innovation impact centre – Flame Station – encourages the birth and development of innovative business concepts.</p>	<p style="text-align: center;">Enhancing cross-collaboration</p> <p style="text-align: center;">We foster innovation within our culture, building creative, problem-solving skills. Our “innovation catalysts” (actuaries, accountants, legal advisers and technology experts) are strategically placed to transfer skills, facilitate innovation and collaborate across business units.</p>	<p style="text-align: center;">Providing relevant, innovative solutions</p> <p style="text-align: center;">We assess emerging trends and anticipate client needs through in-depth analysis to provide personalised products and services. Together with financial education, tips and advice, we aim to enable financial freedom.</p>
<p style="text-align: center;">Diversifying our business and enhancing inclusivity</p> <p style="text-align: center;">Standard Bank Group’s acquisition of Liberty allows us to expand access to financial services by reaching entry-level markets and a larger customer base to enable financial freedom.</p>	<p style="text-align: center;">Contributing to our clients’ economic sustainability</p> <p style="text-align: center;">Liberty’s risk products, such as long-term insurance, contribute to economic sustainability by providing financial protection during unexpected events, allowing our clients to meet their obligations.</p> <p style="text-align: center;">Our comprehensive investment product portfolio contributes to the capital required to grow the economy while clients save for a personal goal.</p> <p style="text-align: center;">Our credit life products facilitate lending by financial institutions and contribute to a growing economy. Clients can raise finance knowing that their debt will be settled in the event of death or permanent disability.</p>	

Context and our approach. (continued)

Our 2022 performance snapshot

Liberty paid
R6,6 billion
in direct and indirect taxes
(2021: R6,2 billion)

R2,2 billion
paid in employee salaries and wages
(2021: 2,1 billion)

Providing financial
protection while
clients invest in
their future

R2,2 million
credit life policies in force in
South Africa and rest of Africa
(2021: R2,4 million)

R12,6 billion
paid in death and disability
claims
(2021: R17,8 billion)

R10,2 billion
paid in annuity payments
(2021: R9,3 billion)

R112 million
paid in unclaimed benefits to
>7 400 beneficiaries
(2021: R87 million/>5 000)

Encouraging people to
reach their life goals
through savings:

The Liberty STASH app has
26 500 active savers
7 200 Liberty STASH for Kids
accounts opened by their guardians

20 917
ADDLIB cash-back bonuses paid in 2022, amounting to
R126 million
(2021: 19 197/R114 million)

Investing for a
sustainable future:

STANLIB invested
R350 billion
in the Kathu initiative

R873 billion
assets under management
(2021: R888 billion)

The STANLIB Khanyisa impact
investment fund reserved
R500 million
assets under management

Responsible stewardship.

Responsible investing

ESG and impact investing considerations remain our focus. As a contributor to the economy's stability, growth and sustainability, we adopt and integrate responsible investing practices in all our investment decisions

Our responsible investment policy

Our clients trust us with their wealth and savings to deliver long-term returns by protecting and growing their capital. Over the past decade, we have doubled our ESG-related investments. The formalisation of our responsible investment policy enables us to better identify sustainable investments with an ESG focus. Liberty's **responsible investment policy** supports the group sustainability policy and the SEE strategy.

We are guided by industry standards defined by the **UN PRI**. Our responsible investment policy also complies with the **CRISA 2** and other responsible investment-focused policies and legislation in South Africa.



Liberty is a signatory to the UN PRI. We will submit our inaugural response to the PRI transparency report in 2024.

Our guiding principles

We are stewards of our clients' funds, and to deliver exceptional financial outcomes, sustainability consideration is essential to create value and protect capital.

Our responsible investment principles ensure that we follow the right path when making investment decisions:

Liberty promotes **integration** of ESG factors into the investment process

Liberty favours **active engagement** in considering ESG factors

Liberty **exercises its ownership rights**

Liberty is prepared to **collaborate to drive desired** outcomes

Liberty **communicates** its responsible investing activities

Liberty applies **ESG oversight** to its investment capabilities

As an active **asset owner**, we promote sustainable businesses by influencing corporates and entities to incorporate ESG factors.

Our interactive digital publication for the South African commercial property industry, ASSET, features original editorials and contributions by respected players in the property field.

Liberty's ASSET magazine publication is winner of the South African Property Association's **Best Property Publication Award 2022**



Responsible stewardship. (continued)

As institutional investors, we must act in our beneficiaries' long-term best interests. In our fiduciary role, we recognise that ESG factors can influence the performance of investment portfolios to varying degrees over time. Comparing the **UN PRI** and **CRISA 2** principles demonstrates that the principles are embedded in our investment process to align with societal goals.

01

UN Principle 1: We will incorporate ESG factors into investment analysis and decision-making processes

CRISA Principle 1: ESG integration – Investment arrangements and activities should reflect a systemic approach to integrating material ESG factors

Liberty's commitments over the short-, medium- and long-term:

- Our responsible investment policy considers ESG factors in investment decisions, and we plan to develop an aligned responsible investment strategy.
- We will create specific policies and processes to address material, market-wide or national priorities to support a just transition.
- We continue to encourage asset managers and service providers to consider ESG factors in their research and analysis.

02

UN Principle 2: We will be active owners and incorporate ESG factors into our ownership policies and practices

CRISA 2 Principle 2: Diligent stewardship – Investment arrangements and activities should demonstrate the acceptance of ownership rights and responsibilities diligently enabling effective stewardship

Liberty's commitments over the short-, medium- and long-term:

- We engage with asset managers when concerns are identified and will develop an engagement process to ensure our criteria are upheld.
- We will update our active ownership/proxy voting policy to align with these principles, incorporate ESG factors and encourage positive progress.

03

UN Principle 3: We will seek appropriate disclosure on ESG factors by the entities in which we invest

CRISA 2 Principle 3: Capacity building and collaboration – Accepting and implementing the principles of CRISA 2 and other applicable codes and standards should be promoted through collaborative approaches (as appropriate) and targeted capacity building throughout the investment industry

04

UN Principle 4: We will promote acceptance and implementation of the principles within the investment industry

CRISA 2 Principle 4: Governance – Sound governance structures and processes should be in place (including at all levels of the organisation) to enable investment arrangements and activities that reflect and promote responsible investment and diligent stewardship, including proactively managing conflicts of interest



Responsible stewardship. (continued)

05

UN Principle 5: We will work together to enhance our effectiveness in implementing the principles

Liberty's commitments over the short-, medium- and long-term:

- We will focus our investments on a proportionate basis to manage the largest ESG factors. We will also promote ethical and effective leadership when managing ESG factors in accordance with appropriate governance codes.
- We will provide ESG training to investment-related employees to empower them along our responsible investment journey.
- We will clarify the delegation or allocation of roles and responsibilities where necessary.
- To ensure appropriate oversight, we will request the following from our asset managers:
 - Regular and standardised reports on ESG factors
 - Support of shareholder initiatives and resolutions that promote ESG disclosure
- We encourage companies to adopt or adhere to relevant standards and initiatives.
- We will incorporate minimum ESG criteria in our requests for proposals. We will also support improving access to ESG factor benchmarking and analytics tools.
- We will participate in industry developments that promote and protect shareholder rights while making a positive impact.
- We are willing to collaborate with others where appropriate to encourage ESG improvements for the greater good

06

UN Principle 6: We will each report on our activities and progress towards implementing the principles

CRISA 2 Principle 5: Transparency – Investment organisations should ensure disclosures are meaningful, timely and accessible to enable stakeholders to make informed assessments of progress towards achieving positive outcomes

Liberty's commitments over the short-, medium- and long-term:

- We will disclose how we integrate ESG factors into our investment practices.
- We will respond to the annual UN PRI transparency report and produce an annual stewardship report to show our progress in responsible investing.
- We will engage regularly with key stakeholders to identify and understand their information requirements through focused research and stakeholder engagement.



Responsible stewardship. (continued)

STANLIB – asset management

STANLIB is one of our main asset managers. The company endorses CRISA 2 and is a PRI signatory. STANLIB has developed a set of ESG guiding principles to ensure that individual ESG issues are adopted in a firm-wide approach. These principles guide each investment team as they embrace their own methodology to integrate ESG into investment processes.

STANLIB plans to use **MSCI ESG** to aid in its responsible investment efforts. MSCI provides a standardised and independent assessment of a company's ESG factors, enabling STANLIB to identify risks and opportunities in its portfolios. MSCI also provides asset managers with data to help make informed investment decisions.

STANLIB's responsible investment principles

STANLIB's responsible investment policy statements are aligned with the UN PRI, CRISA 2 and Liberty's responsible investment policy.

Policy statement 1	Policy statement 2	Policy statement 3	Policy statement 4
STANLIB believes that ESG is a material investment consideration	STANLIB integrates ESG factors into the investment process	STANLIB favours active engagement	STANLIB exercises its ownership rights
Policy statement 5	Policy statement 6	Policy statement 7	Policy statement 8
STANLIB is prepared to collaborate where it drives desired outcomes	STANLIB communicates its responsible investing activities	STANLIB applies ESG oversight to its investment capabilities	Climate change and achieving a just transition

STANLIB's asset class statements

Investing in coal-based power:

STANLIB will not fund the development of new individual coal power plants that do not meet the OECD protocols, except for specific cases which have prior approval from the STANLIB ESG committee. This allows for the potential financing:

- Of coal power plants in International Development Association-rated countries
- Where coal power projects meet supercritical and above-technical specifications

Investment in companies that derive a portion of their revenue through coal production or coal-based power is not currently restricted. In this instance, we favour active engagement with company management to drive an optimal outcome on this topic aligned to reducing CO₂ emissions from coal power generation, while considering the developmental priorities of South Africa to alleviate poverty and address inequality.

The impact of investment decisions has been more apparent since the onset of COVID-19, and the past few years have seen STANLIB embedding its ESG policies and processes. As a responsible asset manager, returns for clients must be generated with mindfulness and consideration of how investment decisions affect our planet and communities.

Engagement is a powerful tool to drive change. STANLIB's investment teams express their views via proxy voting and engagements with the investee's management teams should they intend to vote against a resolution.

Proxy voting	2022	2021	2020
Number of votes on South African companies	1947	1547	1320
Against (%)	8	10	12

ESG processes

STANLIB adopts a specialist approach to managing investments. The STANLIB investment platform comprises focused franchises of investment professionals who are specialists in their respective asset classes, and who are responsible for managing client assets in their areas of expertise. Investment teams are guided by the STANLIB responsible investment policy and adopt its methodology to integrate ESG into the investment process.

Investment analysts within STANLIB's specialist teams are responsible for ESG research, which is shared through the ESG committee. The robustness of each investment team's approach to ESG integration is monitored and reviewed by the ESG committee annually.

STANLIB's ESG committee monitors and reviews STANLIB's ESG processes and philosophy, provides ESG thought leadership and reviews industry trends in ESG to advise the STANLIB Limited chief executive on this subject.

Responsible stewardship. (continued)

STANLIB ESG integration overview

Equities	Listed property	Fixed income	Infrastructure	Asset allocation
ESG factors are taken into account when assessing each company's fundamentals. The ESG frameworks aim to ensure that return and earnings projections appropriately reflect the risks and opportunities associated with ESG issues.		In fixed income investing, ESG factors are intertwined with credit risk. As such, the fixed income ESG framework ensures that ESG risks are sufficiently incorporated into the credit process.	In private debt investing, ESG factors are integral to investment due diligence and credit risk assessment. The infrastructure ESG framework aligns with best practice for credit investment houses.	Our tactical asset allocators leverage the bottom-up ESG frameworks for integration established by the underlying asset class investment teams. These frameworks specifically focus on detailed company analyses, direct engagements and proxy voting.

Infrastructure investment

Infrastructure development supports economic development and human wellbeing. It is key to creating sustainable growth and improving people's standards of living. As part of our commitment to infrastructure development across Africa, we aim to invest in quality, reliable and resilient projects that will benefit stakeholders and the environment.

Our credit alternative investments focus on renewable energy funds, for example, PV projects in the Northern Cape. It also includes wind farms in the Eastern Cape.

Responsible investment in action – Khanyisa Impact Investment Fund

"Khanyisa" means to spark, illuminate or make brighter.

Through our Khanyisa Impact Investment Fund, we aim to spark economic and social benefits by focusing on infrastructure, financial inclusion and agriculture.

Our drive to **invest for good** means that any investment opportunity is closely evaluated to ensure its goals align with Liberty's objectives. We believe that returns on investments are not only measured by profit but also the extent to which people, communities, the environment and society are uplifted.

The Khanyisa Impact Investment Fund's objectives align with 14 of the UN SDGs, including:

Infrastructure: Aspiring to develop sustainable communities by investing in affordable housing, education and healthcare



Financial inclusion: Reducing economic barriers to entrepreneurship and increasing financial literacy and access to financial services



Agriculture: Supporting sustainable agricultural practices to enhance food security and access to wholesome nutrition



In the South African context, social sustainability is vital to pursuing financial objectives. As such, the Khanyisa Impact Investment Fund focuses on investments that achieve sustainable financial returns for investors while also fulfilling its SEE objectives. It has developed an overall portfolio measurement framework to ensure that financial returns and impact outcomes are measured and tracked over time against agreed-upon targets

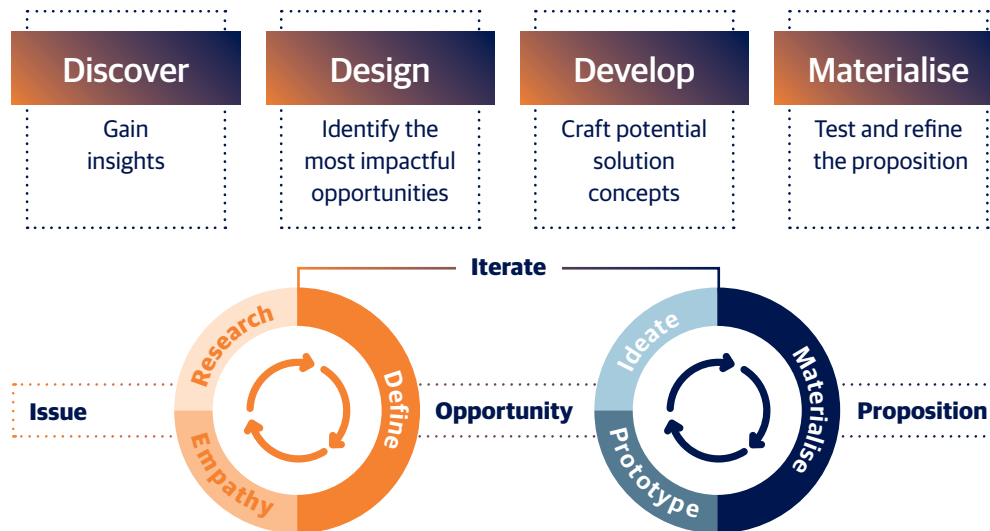
Value-creating innovation.

Our innovation continuum extends from within our workplace to our ultimate goal of delivering innovative products and services that contribute to financial freedom for all. Our client-centric culture emphasises understanding our clients' unique responses to life events, using technology as an enabler and building meaningful partnerships for growth.

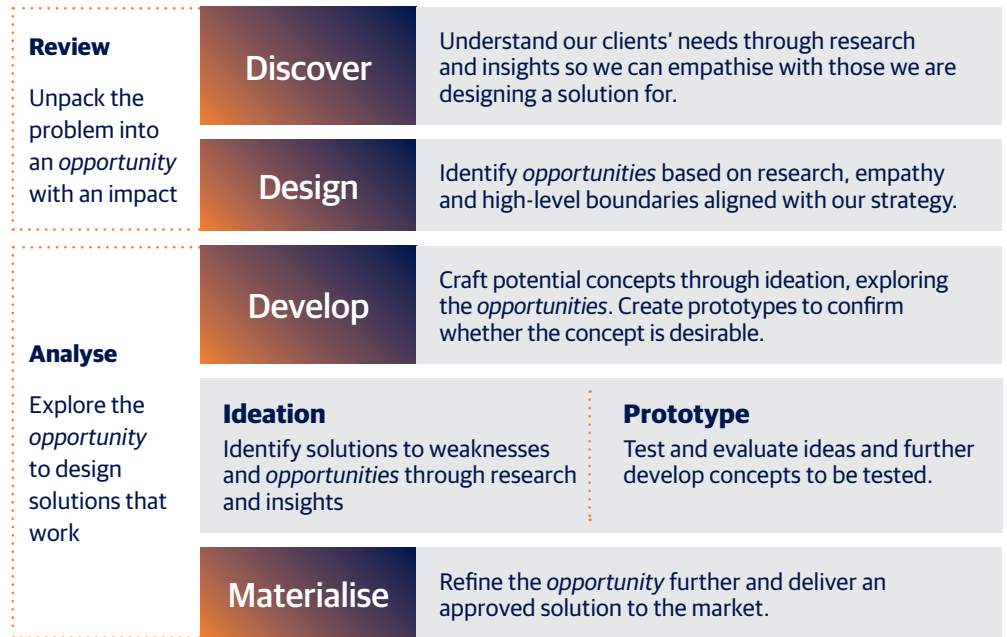
Our innovation process

We strive to constantly improve our multi-faceted innovation process to position our clients at the centre of innovation and solution development. To ensure our clients' interactions with Liberty are seamless, we make it easier to connect with them, determine their needs by analysing their life stages and value systems, and keep abreast of rapid technological developments.

We foster collaboration and co-creation internally, while involving client and financial adviser stakeholders, thus enabling a more inclusive culture of innovation.



We begin the **innovate and ideate** process by identifying the big ideas or defining the problems we want to solve. We then create themes and sort and filter concepts that can be developed into *opportunities*. The *opportunities* may be strategic or regulatory and may be related to IT or business.



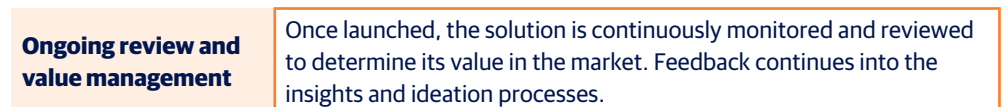
All *opportunities* approved for implementation move onto the backlog and are then prioritised and released onto the Agile Release Train to be executed. Timing and sequencing are determined according to the effective and efficient use of limited resources.

Agile Release Trains enable more agile execution, allowing small programme increments to be executed by multiple teams with diverse skills.

Implementation forms part of the **execute** phase, where we build the items prioritised and sequenced for execution.



During our **launch** phase, we mobilise the build once completed. Furthermore, at this point, our focus shifts to monitoring and tracking the value or benefits realisation.



Value-creating innovation. (continued)

Embracing technology to enhance productivity and ease of access

We focus on six values to secure our success in a transforming digital age:

Always on and always available
Simplicity for clients, advisers and employees
Data and analytics for personalisation
Always secure - information and cybersecurity
nWoW (new ways of working) and employee engagement
Seamless cloud journey

We believe that technological advances are not separate from human concerns; integration is necessary to capture the full value of technology and human capabilities. We are determined to embrace the accelerated digital change taking place and to create a Liberty that is in a state of "dynamic stability"³.

"A foundation of organisational stability provides people with a sense of confidence and security during times of disruptive change, allowing them to remain calm and to adapt as the situation evolves".⁴

Our digital transformation journey seeks to create engaging, accessible, secure and relevant experiences for our employees, advisers and clients, without losing sight of our human focus.

The future of work has moved towards hybrid rather than purely onsite working, and employers are playing an extended role in employees' financial, physical and mental wellbeing.

We have embraced this evolution by upskilling and empowering employees to adjust to technological advances, and our new **hybrid model** ensures heightened communication with our workforce.

We extend this balance of digital and human interaction across our client engagements to create a seamless experience. As such, we adapted our digital transformation journey priorities to ensure we:

Expand the role we play in our clients' lives by providing financial advice at their fingertips
Transition from a product provider to a proposition provider, encouraging healthier financial lifestyle choices
Enhance our engagement with the communities we serve through digitisation
Diversify our employee experience framework and support our employees in the transition to a future world of work
Improve employee sentiment through a digitised employee experience and superior self-service capabilities
Embed a diverse and inclusive culture through enhanced connectivity and communication
Instil ethical behaviours and decision-making in an information-rich, complex and evolving world
Protect and respect our clients' data and privacy

Value-creating innovation. (continued)

Supporting our cloud strategy

Underpinned by our cloud strategy, our DigiCampus team, together with our global technology partner, Amazon Web Services (AWS), launched the **DigiCampus Programme** in April 2022 to build a community uniting Liberty in its shared vision of becoming a cloud-fluent organisation.

The programme provides employees with the opportunity to learn, develop skills in cloud computing and advance their careers through formal and informal training. With the support of the AWS team and the help of cloud champions, we were able to:

Host a launch event with

610

participants

Conduct

19

technical training and classroom sessions, hosting

482

individuals

Launch

11

informal "Lunch and Learn" sessions (webinars) with

4 983

learners in attendance

Train

477

participants on AWS Cloud Essentials for Business Leaders

Liberty hackathons – inspiring innovation

To demonstrate how meaningful digital innovation starts with users, in 2020 and 2021, we held virtual 24-hour company-wide hackathons on Microsoft Power Platform and cloud-based platforms (AWS and Salesforce).

The hackathons empower staff to propose solutions to business challenges. As these are "citizen developer hackathons", no technology background is required, and solutions can come from any business unit. The hackers are offered training and mentoring from our cloud partners and Standard Bank mentors.

Building on the success of the virtual hackathons, we held our first **hybrid Liberty Hackathon** in 2022 at the Liberty Campus main atrium, with people joining virtually to share in the experience:

> 900 participants

Collaboration with 15 teams

Pressing business problems
solved in 24 hours

Producing innovative results:

First prize was awarded to the **Trouble Shooters** team for introducing a gamification platform that allows employees and others to interact, refer potential business and receive rewards.

Second prize was awarded to the **Power Minions** team for creating a tradeable data currency.

Third prize was awarded to the **Shades of Solutions** team for robotics in special debit order (automating unique debit orders).

Value-creating innovation. (continued)

Transforming lives with our innovation impact centre – Flame Station

Creating an environment that harnesses the power of intellectual diversity to solve complex current and future challenges.

The goal of our Flame Station is to create a place where thinkers, tinkerers and problem-solvers of today and tomorrow meet and collaborate to solve known and yet-to-emerge challenges

As entrepreneurs and problem-solvers, we want to see ideas come to life and thrive. Our Flame Station is an entrepreneur-enabling environment, where we collaboratively integrate all elements of solution development to guide and power ideas from concept to execution, and ultimately scale up to commercialisation.

This is a space to fuel the flame of start-up companies and entrepreneurs. Harnessing the agility of a “phygital” environment, a unique combination of physical and digital, we aim to provide base operations for start-ups and researchers.

Leveraging off this capability, Flame Station and Wits Fintech Hub partnered to commercialise academic research and explore opportunities. Housed in the heart of entrepreneurial Braamfontein between Liberty and Wits University, the **Flame Station building** provides an environment where academics and a team of experts can work together to guide innovators through its process.

The centre harnesses the power of technology, data and artificial intelligence, combined with the opportunity for collaboration, to solve problems and find innovative solutions to pressing global issues.

Idea to Execution Process



This year has seen the first start-up established through Flame Station, which has moved into proof of concept as part of its viability testing. Looking ahead to 2023, there are more exciting ideas in the pipeline, including two projects running in conjunction with Wits – one with the makings of a Fintech, and the other focused on enhancing the Wits Fintech Hub.

Value-creating innovation. (continued)

Delivering innovation

Liberty cares by making human connections and keeping our promises. We place our clients at the heart of our business by providing flexible, simple and relevant solutions that anticipate their current and future needs.

STASH by Liberty

In line with our objective of creating financial freedom for all, our Stash app aims to positively impact the savings culture in South Africa by providing an opportunity to learn about saving and investment while building wealth.

The app enables everyday South Africans to invest in a tax-free account. Simple to use, flexible and completely digital, Stash is available to everyone, not only Liberty clients. The no-fuss app has reduced the barriers to entry that many people face, and with no minimum contributions, fees or minimum balances, Stash has opened the world of investment.

Stash for Kids represents an opportunity for parents to save money for their children while enhancing their children's financial literacy. It is an extension to the Stash app that allows parents to open a tax-free investment for their children and provide them with a solid foundation for their financial future when they turn 18. The app keeps children and parents engaged in their savings journeys, developing good habits and a culture of money consciousness.

Invest any amount,
at anytime, anywhere

To date,
265 000
tax-free investment
accounts have been
issued through Stash and
Stash for Kids

Downloads of the
Stash app
doubled
in 2022 when compared
with 2021

7 200
Stash for Kids accounts
opened in 2022

Building an innovation ecosystem

Since its launch in 2017, our Stash app has shown tremendous success, winning two international digital customer experience awards in 2021* and reaching over a quarter of a million new accounts in 2022.

We are developing the app and pursuing partnerships to further engage with clients on their **financial wellness journey** through gamification, vouchers and relevant financial wellbeing content.

* The Digital CX awards recognise the world's leading financial services organisations that blend the best technology and innovation with the power of their people to provide a superior customer experience and reinvent their industry.⁵

⁵ Digital CX Awards 2023 - The Digital Banker

Intuitive products that meet clients' needs

ADDLIB

ADDLIB pays back up to 40% of Lifestyle Protector policy premiums to our qualifying clients at the end of every five years. Recently, our clients have shared their gratitude as they welcomed bonuses as a much-needed buffer during tough times. To better meet our client's needs, we enhanced this cash-back benefit with a forecast tool. The tool enables an automated and seamless calculation of the current and potential future ADDLIB bonuses to increase visibility around what our clients could get back.

Wellness Bonus

Liberty's Wellness Bonus encourages our clients to live a healthier lifestyle by providing additional cash back bonuses. Clients can receive up to 40% cash-back of their qualifying Lifestyle Protector premiums based on their wellness programme status. If our clients combine the Wellness Bonus benefit with ADDLIB they can earn back up to 50% of their premiums.

PayOut feature on term policies

Liberty's PayOut feature pays a lump sum cash-back equal to 100% of premiums on our client's Lifestyle Protector term policies at their end dates. The first term cover policyholders to take the PayOut feature received their payments in November 2022.

Rewarding Lifestyle Protector policyholders across
South Africa with a cash-back bonus

Value-creating innovation. (continued)

Claims concierge

Connecting with our clients personally, we offer a single point of contact to guide them through their claims journey with Liberty.

Liberty Swift

A digital end-to-end product, Swift allows clients to buy life and disability cover online during a quick virtual chat with their financial adviser.

Mobilife

Mobilife, in partnership with Standard Bank, is a modernised funeral policy with an innovative FoodSurance solution that pays a weekly grocery voucher for up to five years after the death of a breadwinner. Mobilife has granted over 1,5 million policies.⁶

Liberty Short app

Liberty Short is our short-term insurance app that simplifies the administrative process for clients to insure their car, home contents, home or all-risk items. A chatbox feature makes it easy to get quotes and take out a customisable policy in minutes.⁷

⁶ *MobiLife - Home*

⁷ apps.apple.com/za/app/liberty-short-term/id1281978038

