

03



Decent work and economic growth

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Our approach



Living with dignity is a fundamental human right

Our purpose of improving people's lives by making their financial freedom possible fundamentally captures the ethos of SDG 8, which is to promote inclusive and sustainable economic growth, and gainful employment.

Our employees have the necessary capacity, skills and expertise to enable us to attain our strategic goals. We therefore aim to create an environment where our employees feel empowered and motivated. We want them to engage with our culture of excellence, humanity and loyalty so we can meet the needs of our communities, clients and other stakeholders.

We are committed to meaningful transformation through our various initiatives and programmes relating to employment equity, financial literacy, and enterprise and supplier development (ESD).

Relevant material matters



Contributing to national economic and social transformation



Enabling financial freedom, inclusion and access to financial services



Responding to stakeholder expectations, with a focus on ESG principles and climate change



For more information on our material matters, refer to page 19.

UN context

With 2020 seeing the lowest growth in almost a decade, the impact of COVID-19 has been detrimental on a global scale. Economically, the pandemic affected workers in the informal sector the most as well as people who are self-employed, daily wage earners and workers in those sectors that were the most disrupted by the pandemic.

It is expected that global unemployment could reach a historic high, with urgent policy measures needed to create new employment opportunities and preserve existing jobs to achieve decent work for all, particularly for the most vulnerable populations¹.

¹ <https://unstats.un.org/sdgs/report/2020/goal-08/> - accessed 3 November 2020

South African context

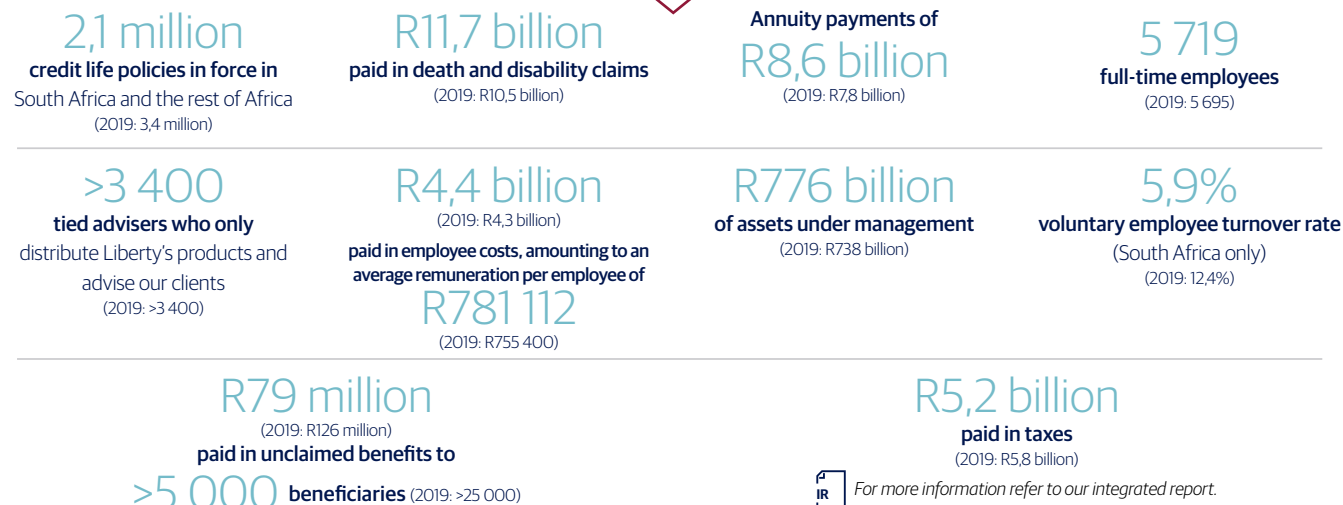
Faced with high levels of poverty, unemployment and inequality², South Africa's growth outlook remains constrained. Inadequate investment in infrastructure, unreliable structural reforms in the energy sector, labour market rigidities and the ongoing financial crisis within major state-owned enterprises also present challenges to economic growth³.

While South Africa remains committed to SDG 8 by creating job opportunities, eliminating poverty and reducing inequality through inclusive economic growth, without commitment from the private sector, the challenges might prove insurmountable.

² Voluntary National Review (VNR) Report 2019, page 86 - accessed 3 November 2020

³ Africa's economic outlook 2020 amid COVID-19, African Development Bank Group, page 99 - accessed 3 November 2020

Liberty's contribution to decent work and economic growth in 2020



For more information refer to our integrated report.

Working at Liberty

Key to our success, our employees inspire us to deliver the right solutions for our clients. With 5 719 full-time employees and over 3 400 financial advisers, we truly believe in shaping a value-creating partnership with our people.

Our people philosophy



Investing in our human capital is vital to the sustainability of our business. We ensure that our employees know how they individually contribute to our vision and how this aligns with our purpose of improving people's lives by making their financial freedom possible.

We have an employee experience strategy in place, along with a powerful culture programme, to highlight and improve the areas that matter most to our employees. With a focus on optimising processes, systems and human touchpoints, we aim to encourage excellence while facilitating skills development and ensuring our employees enjoy their time with Liberty.

To ensure a unified human experience, we focus on developing, growing and retaining our own talent, and also attracting new talent to Liberty.

The right people are central to our success, and by understanding our employees' capabilities we can appropriately match their talent to the correct roles, allowing them to prosper in the long term. While the retention of key individuals and finding critical skills can be a challenge, the accelerated move towards remote working has opened up access to a global talent pool, and we expect to continuously and successfully meet our talent and business demands.



Our employee experience

We believe that for us all to thrive, we need to be doing our best work and living our best lives. To realise this, we use our employee experience vision and framework as the lens through which we create a culture where our employees can succeed by aligning their purpose to the Liberty purpose. Our employee experience framework continues to evolve and is based on the "moments that matter" to our employees. It incorporates six pillars that guide us in retaining our great people and helping them in both their personal and professional life journeys.

In 2020, we integrated the six pillars of the employee experience framework, removing silos between functions and incorporating project plans and deliverables, while ensuring that the Liberty culture continues to drive our way of working. We want our people to feel deeply connected with both our purpose and our clients, and to be empowered to fulfil their potential while being recognised for delivering against our strategic objectives.

Culture and change – cultivating a growth mindset

On our journey to define our leadership principles and create a culture of adaptability, excellence and creativity, we partnered with the NeuroLeadership Institute to leverage neuroscience to create more adaptive, resilient and inclusive leaders within Liberty.

We defined our three most important concepts – the future we want to build, caring for our people and seeing the right results. By refining these concepts, we adopted the following leadership principles:

Future:  **Imagine it's possible.**

People:  **Act with humanity.**

Results:  **Do what matters.**

Our growth mindset programme enables Liberty's influencers (Early Adopters) to challenge and shift their own mindsets through continuous conversations, which ultimately shift beliefs, habits and behaviour which, in turn, impacts the mindsets of others. We want Liberty to be a values-driven organisation, with our people at the heart of what we do.

Constantly monitoring our progress

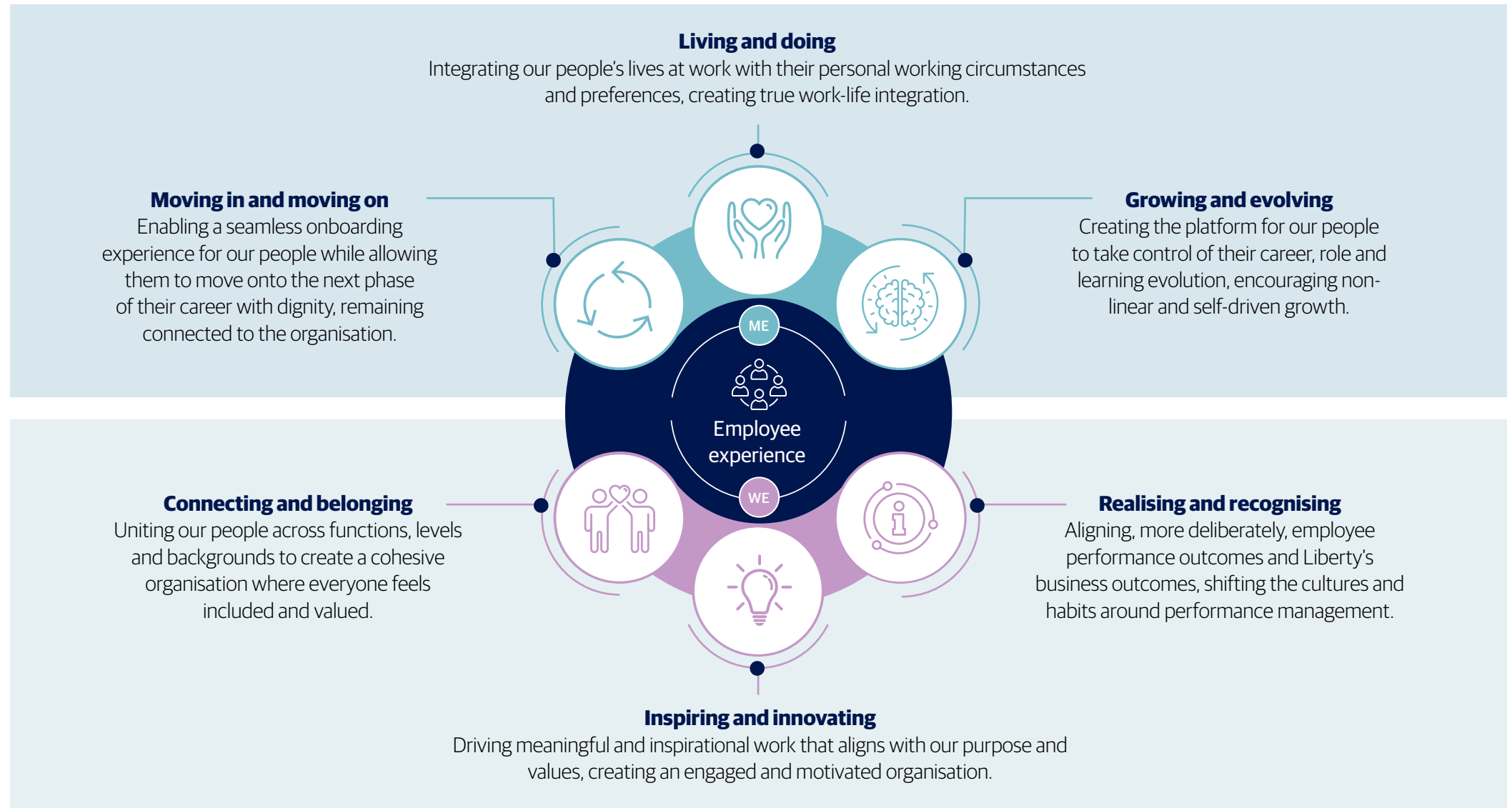
We conducted a number of check-in surveys throughout 2020 to determine our employees' views on whether Liberty met their needs during the year. We were pleased with the results, and scores increased significantly from 2018 to 2020.

Most of our employees recommend Liberty as a good place to work, while commending their colleagues on internal collaboration and having positive working relationships. While Liberty employees feel they can be themselves at work, they acknowledge that working from home means that work-life balance needs to be improved.

We also conducted surveys on the success of working remotely, with 66% of employees engaging and participating. It is important for Liberty to remain aware of our employees' wellbeing as well as how they are finding their working environment and any type of technological issues they may be facing. This allows us to address these issues as soon as possible and ensure that our employees are as comfortable and productive as possible while working from home.

Working at Liberty (continued)

The pillars of our employee experience



Working at Liberty (continued)



Employees

Employee indicators

Headcount	2020	2019
Salaried employees – South Africa	4 942	4 840
Salaried employees – rest of Africa	777	855
Tied advisers – South Africa	2 833	2 862
Tied advisers – rest of Africa	644	627
Total	9 196	9 184

Employee trends	2020	2019
Average age of employees (years)	39	39
Percentage of permanent salaried South African employees below average age (%)	54	52
Average tenure of employees in South Africa (years)	9	9
Voluntary turnover rate of South African workforce (%)	5,9	12,4
Non-voluntary turnover rate of South African workforce (%)*	0,76	2,3

* Including retrenchments, dismissals, intra-group transfers and mutually agreed separations.

Benefits provided to full-time employees



We continue to cultivate an environment where our employees can prosper through fair, performance-related remuneration, career development opportunities, comprehensive skills training and education, and the creation of an inclusive work environment. Remuneration packages are structured according to employees' functions and skills, and includes an appropriate balance between guaranteed and variable pay. All employees have some level of variable pay as part of their compensation.

Employee cost analysis

69%
Salaries
(2019: 66%)

5%
Medical aid contributions
(2019: 5%)

13%
Staff and management
incentive schemes
(2019: 15%)

2%
Share-based payment expense
(2019: 3%)

6%
Retirement contributions
(2019: 6%)

5%
Other
(2019: 5%)



For more information, refer to our remuneration report.

Working at Liberty (continued)

Empowering our people through learning and development

Liberty recognises the value of investing in skills development and training to empower our people. Our learning and development philosophy aims to build our internal capabilities so we can successfully execute our strategy. We have a targeted approach that ensures we reach maximum efficiency and effectiveness, and offer development programmes to our employees that aim to strengthen technical, leadership, product and compliance capabilities. We ensure that our training programmes are relevant to the skills needed to deliver our purpose, and seek opportunities to upskill or reskill our employees as we implement new technology solutions.

betterME

One of the pillars of our betterME employee wellness programme focuses on career wellbeing – allowing us to holistically guide our people through every aspect of their careers with Liberty. We aim to align individual development needs with the plans we have for Liberty’s future, which lies in augmenting the power of human-to-human engagement. With training programmes that are relevant to the skills we need to deliver on our purpose, we ensure that our employees are prepared for the future while being part of meaningful and transformational work.

Our transition towards a digital training platform was accelerated during 2020, particularly due to employees working from home during the COVID-19 pandemic. The value and applicability of our e-learning platform was cemented during lockdown, and our learning and development team continues to evolve curriculums and source virtual training interventions appropriate to our requirements.

Training spend



Salaried employees 2020

Total training spend 2020

R43,6 million

(2019: R35,5 million)

Average training hours per employee 2020

9

(2019: 5)

Black employees as a % of employees trained 2020

88%

(2019: 88%)

Females as a % of employees trained 2020

65%

(2019: 61%)

Training spend as a % of staff costs

1,5%

(2019: 0,96%)



Tied advisers 2020

Total training spend 2020

R75,2 million

(2019: R98,1 million)

Average training hours per adviser 2020

178

(2019: 165)

Black advisers as 49% of advisers trained 2020

28%

(2019: 35%)

Females as a % of advisers trained 2020


35%

(2019: 39%)

Number of advisers trained

3 169

(2019: 3 648)

 Refer to pages 47 to 49 for more detail on Liberty's training and development programmes.

Contributing to economic growth

Liberty is committed to creating sustainable economic growth by maximising the financial value we create for our stakeholders and the communities we operate in.

An overview of how **our products create value**

Risk products

Risk products, such as long-term insurance, provide financial protection in the wake of major life events, including critical illness, disability, retrenchment or death¹.

Risk cover provides value to clients by allowing them a measure of protection against the financial disadvantages that can occur when life throws something unwanted or unexpected their way. Clients can meet their obligations and, along with the promise of financial security, much of the burden of social spending is removed from government.

 ¹ <https://www.liberty.co.za/news-media/consumer-articles/Pages/what-is-risk-cover.aspx>

Investment products

With a varied portfolio of investment products, we help our clients save for themselves. While contributing to the capital required to grow the economy by saving for a personal goal (such as retirement), investors also personally benefit from the growth of their investment. Consumer spending supports the economy and helps ease the retirement burden on the government.

Credit life products

Credit life products are a boon to clients who can raise finance with the assurance that their debt will be settled in the event of death or a permanent disability. These products facilitate lending by financial institutions and contribute to growing the economy.

How we create value for our stakeholders



Regulators

Enhancing our reputation and building trust

It is imperative that South Africa's financial services industry is well regulated and widely trusted, especially considering its role in contributing to economic growth. As a company, we focus on doing the right business the right way. For this reason, we aim to enhance our own and the industry's reputation to build a solid foundation of trust with our stakeholders.

Ethics, responsibility and accountability are vital to our culture, and compliance with laws, regulations, codes and standards applicable to our business is non-negotiable. Doing so allows us to build trust, enhance our reputation and reinforce our licence to operate – all of which lead to sustainable value creation.

We regularly engage with regulators, either directly or through industry bodies, and host compliance management forums that enable us to identify and analyse emerging trends within the industry, along with any risks or opportunities that may arise – ensuring that our business remains responsive and agile. With our combined risk and assurance departments assuring our internal controls, and external assurance providers supplying independent oversight, we ensure that compliance within Liberty remains a priority.

Solvency capital requirement cover

2020

>1,81 times

2019

>1,99 times

Our capital position remains strong under the new prudential regulatory regime and we place great importance on constructive and effective relationships with our various regulators.

Combatting financial crime

We have a dedicated and sophisticated group forensics, anti-money laundering, compliance and risk department that prevents, detects and investigates fraud, financial crime, misconduct, theft and corruption. Our fraud risk management policy details the processes and procedures we follow to prevent, monitor and report fraud and corruption, including whistle-blowing and conflict of interest policies.

With a zero tolerance for fraud and corruption, we cultivate a culture of honesty and integrity within our organisation. All employees and intermediaries of Liberty engage in fraud awareness and fraud risk training. In 2020, we trained 1180 staff members on fraud awareness, with a further 1341 employees successfully completing the fraud risk programme on our e-learning platform. Our group forensics department issues a monthly newsletter that highlights new trends and emerging risks. The newsletter also provides information to help protect the business against these risks.

We are members of the Association of Certified Fraud Examiners – an international body providing guidelines and training in fraud prevention – and we work closely with ASISA to help combat financial crime.

We have also partnered with the Insurance Crime Bureau, a leading anti-fraud specialist organisation, which has enabled us to strengthen our fraud detection and prevention capability.

Contributing to economic growth (continued)

How we create value for our stakeholders (continued)



Regulators (continued)

Prevented losses of
R30,7 million*
(2019: R213 million)
** due to one large case in 2019*

Recoveries of
R8 million
(2019: R3 million)

Fraud reporting channels are as follows:

Our whistle-blowing channels encourage anonymous reporting of fraud, corruption, ethics breaches or misconduct. The channels include the Liberty app, reporting via online platforms and independent hotlines.

Liberty Group Forensic Services

e: Fraud@liberty.co.za

t: 0860 456 789

w: Intranet for employees

a: Liberty Centre, 1 Ameshoff Street, Braamfontein, Johannesburg South Africa, 2001

Vuvuzela Hotline

e: Fraud@thehotline.co.za

t: 0800 63 67 25

sms: 30916

w: www.thehotline.co.za

mobi: www.thehotlineapp.co.za



Investors, shareholders and debtholders

Delivering sustainable returns

Group financial performance

Liberty has two main lines of business that generate value (long-term insurance risk and investment products, and asset management), and we create additional value through the efficient management and investment of available capital (the financial capital held for regulatory requirements).

The nature of the long-term insurance business means that a high percentage of contracts extend well over 10 years, with variable terms that depend on events outside management control (such as policy lapses or the death of a client). Comprehensive valuation models that include forecasting of future long-term trends in investment markets and policyholder behaviour are therefore necessary to determine value and assess performance.

Liberty incurred a normalised operating loss of R1 599 million for 2020 compared with normalised operating earnings of R2 201 million in 2019. This includes the R2 227 million net after-tax cost of establishing the pandemic reserve which, if excluded from the result, would reflect normalised operating earnings for the year of R628 million. The shareholder investment portfolio (SIP) generated a profit of R27 million for the year. Accordingly, Liberty has reported a normalised headline loss for the year ended 31 December 2020 of R1 572 million, compared with normalised headline earnings of R3 205 million in 2019. Normalised annual return on equity was negative 7,3% compared to positive 14,0% for 2019. The headline loss for the year of R1 539 million, which includes a positive adjustment of R37 million (2019: positive R55 million) arising from the consolidation of L2D, compares with headline earnings of R3 254 million for 2019.

Normalised group equity value per share decreased from R147,82 in the prior year to R128,32. The normalised annual return on group equity value was negative 10,2% (2019: positive 11,5%), largely attributable to the operational impacts of COVID-19, including the impact of the establishment of the pandemic reserve, certain long-term actuarial assumption changes in


the South African insurance operations, and the impact of lower investment returns on the SIP earnings.

Group long-term insurance indexed new business of R7 302 million, which has been significantly impacted by the lockdown restrictions and is 10,1% below the R8 125 million recorded in 2019. Adviser productivity, in the absence of face-to-face sales, was significantly impacted during the initial lockdown period. Following the relaxation of South African lockdown restrictions, indexed new business has reflected an encouraging improvement in the second half of 2020, particularly in the fourth quarter of 2020.

The group value of new business (VoNB) declined to R24 million from R407 million in 2019. This decline was mainly attributable to the decline in the South African retail VoNB from R290 million in 2019 to R30 million in 2020, largely due to lower sales volumes while acquisition expenses continued to increase at inflationary levels.

Group net external third-party client cash inflows increased to R30,2 billion from R13,3 billion in 2019, supported mainly by robust STANLIB South Africa net external third-party client cash inflows. Total group assets under management increased to R776 billion (2019: R738 billion) due mainly to the increase in STANLIB South Africa assets under management, partly offset by the exit of asset management operations in other African territories and the associated transfers of mandates to other external managers of R3,9 billion (31 December 2019: R25,4 billion).

For more information on our financial performance please refer to the following resources:

 Available online at www.libertyholdings.co.za

 [Integrated report](#)

 [Annual financial statements, incorporating risk management](#)

Contributing to economic growth (continued)

How we create value for our stakeholders (continued)



Investors, shareholders and debtholders (continued)

Earnings by business unit

Rm (Unaudited)	2020	2019	% change
South African insurance operations	609	1 986	(69)
SA Retail	484	1 505	(68)
Liberty Corporate	38	109	(65)
Liberty Corporate – fund rehabilitation	(80)	(24)	(>100)
LibFin Markets – credit portfolio	205	282	(27)
LibFin Markets – asset/liability matching and structuring portfolio	(38)	114	(>100)
South African asset management			
STANLIB South Africa	466	460	1
Africa regions	21	54	(61)
Liberty Africa Insurance	37	29	28
Liberty Health	(43)		(>100)
STANLIB Africa	27	25	8
Operations under ownership review¹	(54)	(147)	63
Group strategic initiatives	(307)	(171)	(80)
Central costs and sundry income	(107)	19	(>100)
Normalised operating earnings before COVID-19 pandemic reserve	628	2 201	(71)
Establishment of COVID-19 pandemic reserve	(2 227)		
Normalised operating (loss)/earnings	(1 599)	2 201	(>100)
SIP	27	1 004	(97)
Normalised operating (loss)/earnings	(1 572)	3 205	(>100)
BEE preference share adjustment	(4)	(6)	33
Reversal of accounting mismatch arising on consolidation of L2D ²	37	55	(33)
Headline (loss)/earnings	(1 539)	3 254	(>100)

¹ During 2020 sales of the asset management operations in Kenya and Uganda, Liberty General Insurance Malawi and Liberty Health Administration (Pty) Ltd (LHA – a licensed medical aid administrator in South Africa) were completed. Two business operations, namely the short-term insurance operations in Botswana and Total Health Trust Limited in Nigeria (part of health risk solutions), remain classified as disposal groups as both were subject to sales processes at 31 December 2020. The balance of health risk solutions, being mainly the provision of health expense insurance throughout sub-Saharan Africa, was reclassified back to continuing operations at 30 June 2020, because no acceptable purchase offers were forthcoming.

² An accounting mismatch arises on consolidation of L2D in the group annual financial statements, resulting from the different measurement bases applied to L2D's assets and Liberty Group Limited's (100% subsidiary of Liberty Holdings Limited) policyholder liabilities. Specifically, on a consolidated look-through basis, the investment property assets of L2D are included in the group annual financial statements at fair value, whereas the corresponding linked obligations to Liberty Group Limited's policyholders are required under IFRS to continue to be measured in the group annual financial statements at the listed price of the L2D shares. The result of this is an accounting mismatch that represents any difference in the profit and loss movement in the price at which L2D's listed shares trade, relative to the underlying net asset value.



Civil society


Creating societal value and preserving our natural capital

Our SEE strategy enables us to create societal value and preserve natural capital as we endeavour to deliver shared value to the communities in which we operate. By driving transformation and investing in our community, and by implementing financial literacy programmes to ensure quality education, our goal is to improve people's financial situations to create financial freedom for all.

Transformation, community investments and financial literacy

A critical component of creating an inclusive society is enterprise and supplier development. We believe that by assisting and investing in small, medium and micro enterprises (SMMEs), we can play a part in transforming our economy and reducing poverty.

Our CSI initiatives focus on education and financial literacy to unlock opportunities for the youth of our country and create generations of citizens empowered by financial freedom.

 More details regarding Liberty's CSI initiatives are provided on pages 56 to 58, and information on our contribution to quality education can be found on pages 42 to 49.

Unclaimed benefits and fund rehabilitation

Unclaimed benefits occur when a member or former member of a fund (or their beneficiary) has not been paid from that fund for at least two years from the date payment became due. This continues to be a significant issue across the industry – one which we are committed to resolving. There is a total estimated R43 billion in unclaimed benefits in the country owed to more than 4,8 million South Africans, of which we administer approximately R2 billion.

We remain committed to partnering with various civil society organisations to help us trace, identify and pay unclaimed benefits to the correct


beneficiaries as quickly as possible. Traditional tracing methods have largely been exhausted on our remaining unclaimed benefits, Liberty has partnered with Transaction Capital Recoveries, one of the top five leading financial services collection providers in South Africa with a database of over 15 million individuals to assist with paying the benefits.

We actively work with regulators and fund trustees to address the issue of dormant retirement funds. Fund rehabilitation costs incurred and provided for relate to the commitment we have made to expedite the reinstatement of legacy retirement funds and also support our drive to simplify the organisation. Efforts to reinstate funds historically terminated remains a focus, with applications made to the High Court to reinstate a further 10 terminated funds with assets of R33 million, following the reinstatement of 25 funds in 2018.

In 2020, we paid out benefits to the value of R79 million to 5 134 claimants (2019: R126 million to >25 000 claimants).

We continue to invest significant resources in our administration and payment capabilities, supporting ongoing industry and stakeholder efforts to address this issue. We also waive administration fees on any claims below R800, which serves to preserve the benefit and helps fund the cost associated with tracing beneficiaries.

To see if you have any unclaimed benefits, visit the FSCA website at

 www.fscsa.co.za/customers/pages/unclaimed-benefits.aspx and click on "unclaimed benefits search", or contact Liberty on +27 11 558 2999 or UnclaimedBenefitQueries@liberty.co.za

Contributing to economic growth (continued)

How we create value for our stakeholders (continued)



Clients and advisers

Placing the client at the heart of our business, and understanding the critical role that our financial advisers play

At Liberty, we recognise the role our financial advisers play in connecting with and supporting our clients. To streamline the decisions our clients have to make about their future, we ensure that our financial advisers' roles are not static – instead, they are empowered by digital platforms and tools. A simplified product landscape and accelerated digitised processes ensure that our clients can be comfortable that we are able to meet their needs and expectations. Furthermore, we focus on understanding our clients' life journeys to ensure that our financial advisers offer them responsible and objective advice tailored to their situations.

We endeavour to create a holistic, relationship-based experience for our clients acknowledging the importance of the human experience. When giving advice, this is at the centre of our advice philosophy:

1

We meet our clients in their reality, wherever they are in their journey through life

2

We recognise our clients' dreams, ensuring that we are able to guide them through major life events with compassion and humanity

3

Our clients' goals are our objectives, and we empower them to achieve their ambitions

Being a Liberty client or adviser during COVID-19

COVID-19 proved to be a catalyst to accelerate our transformation strategy. We prioritised and accelerated solutions to support client and adviser interactions while rethinking our business objectives.

By mid-April, we began to offer clients relief from the expected economic and cash flow hardships. Our pre-lockdown efforts ensured that 90% of advisers, IFA channel leadership, broker consultants and employees were enabled to operate remotely.

Before COVID-19, Liberty was moving towards a future that would put it at the forefront of our industry, a future in which we could offer our clients and advisers the experiences they expect in the digital age. We were forced to pivot and reprioritise. The pandemic and the resulting lockdown provided opportunities to develop our support services to our advisers and clients, opportunities to stress test our ability to deliver client service virtually and opportunities to streamline processes, all at a pace not previously anticipated.

We were conscious of the fact that many of our clients would experience financial difficulties as a result of the pandemic. We made a number of changes to our product offerings to help ensure the retention of our client base. Importantly, we continued to manage the risk in the business to enable us to honour our financial commitments to our clients, settling all valid claims and managing their wealth prudently in volatile markets.

In the first 21 days of the lockdown, we concentrated on issues around continuity, sales and solutions integration. We stabilised our people and processes to enable remote working with minimal disruption to client and adviser service.

The financial relief for clients included premium relief for both risk and investment clients and the deferral of the "paid-up" status when premium payments were missed. Take up of the relief measures was most evident in April and May 2020. Risk product clients sought to benefit from the relief offered by reducing sums assured.

Our main priority for our advisers was to support them during this challenging time so that they could continue to support our clients who needed them. To discourage clients from making impulsive, fear-based investment decisions, both Liberty and STANLIB provided advisers with ongoing updates on the social and economic impact of COVID-19 on financial markets and the management of client investments. We also encouraged and supported them to engage with clients using digital platforms and virtual tools.

We bolstered our tele-underwriting capability and introduced clear guidelines to enable new business. We managed our advisers' anxieties over the potential loss of income in the absence of face-to-face sales. We took swift action to ensure the sustainability of our adviser practices. Commission clawbacks on investment business were deferred and we engaged with the FSCA on a way forward for risk commission.

We introduced a scheme to provide financial assistance to qualifying advisers and new business support staff who experienced a significant decline in their new business commissions or variable income.

Understandably, service levels dropped in the early stages of the pandemic, particularly when we closed our service centre for two weeks following a COVID-19 outbreak. We secured laptops, office chairs, data packages and installed fibre at the homes of service centre employees. Approximately 50%

Contributing to economic growth (continued)

How we create value for our stakeholders (continued)



Clients and advisers (continued)

of our service centre employees now work from home. Over the course of the year, we have seen our net promoter scores (NPS) and client satisfaction index performances improve despite the challenges of an increased number of service requests due to claims, encashments and relief enquiries.

Our customer fairness principles

- 1 Leadership accountability**
Own the issue and don't pass the blame
- 2 Client led**
Consider the client's interests first
- 3 Simple, clear and transparent**
Communicate in plain language
- 4 Reliable engagement**
Make promises we can keep, and we keep the promises we make
- 5 Listen and empower**
Provide the right solution for the right reasons that will empower our clients to make informed decisions
- 6 Continuous improvement**
Evolve, adapt and continuously improve in line with client expectations and changing needs
- 7 Monitor and reporting**
Evidence what we say and do

Premium relief offered

Lifestyle Protector: A six-month reduction in premium with a commensurate reduction in cover, with the option to reinstate cover at the end of six months subject to a declaration of health.

Lifestyle Protector: Alignment of credit control rules applicable to all premium patterns to give all clients a two-month grace period.

Retirement annuities and endowments: Relief for up to six months, without incurring paid-up charges, with automatic reinstatement of contributions after this period.

Universal Life: Premium relief for up to three months.

At Liberty Corporate, we introduced four options within the umbrella funds to decrease the level of retirement fund contributions and reduce financial stress on employers and their employees:

Revised special rules: A rule amendment to enable reduced or suspended retirement contributions for up to 12 months, with risk cover unaffected.

Temporary absence: Allowing employees requiring a temporary absence from work to elect to suspend their retirement contributions for three months, with risk cover unaffected.

Deferred payment: Allowing the employer to defer the payment of retirement contributions for three months, with risk cover unaffected.

Amend pensionable salaries: Allowing employers to amend pensionable salaries if employees worked reduced hours, with risk benefits reducing at the same rate as the salary, except for funeral cover.

Revolutionise advice

Our advice philosophy places the client at the heart of everything we do, and is designed to deliver a human, living and outcomes-oriented experience through the best advisers, enabled with smart technology and a culture of providing advice rather than selling a product. Our advisers build emotional and lasting connections by providing advice and guidance beyond finances that truly meet their clients' needs.

To support this advice philosophy, we focused on the following areas where we can add greater value to our clients and advisers:

- **Utilising technology** through smart enablement
- **Transforming** our distribution channels
- **Rejuvenating** risk and investment products
- **Improving** our service levels

A critical opportunity that emerged through the course of the COVID-19 crisis was the digital enablement of client and adviser engagements. The planned roll out of digital adviser tools was accelerated with the delivery of AtWork to over 2 000 tied advisers, the implementation of digital advice tools at record speed, and the provision of digital engagement tools including Microsoft Teams and the Salesforce adviser workbench.

The servicing components of the STANLIB LISP were migrated from STANLIB to Liberty.

Business development and learning initiatives included the launch of a product comparison tool for financial advisers and broker consultants that facilitates the replacement advice record process and supports the leads strategy integration into Salesforce.

Contributing to economic growth (continued)

How we create value for our stakeholders (continued)



Clients and advisers (continued)

Within our ECM business we completed the roll out of the digitisation project, including migration of the business from the Illanga platform to the Compass platform. We also launched the new Funeral Plus Plan product, opened two new branches (Soweto and Thohoyandou) and implemented “coaching for performance” across Liberty@Work.

The technology infrastructure for Liberty’s DFS business was upgraded, enabling the replatforming of the entire business, moving the majority of our technology infrastructure into the cloud. We also launched several projects digitising our sales fulfilment processes. These included “Buy Online” (Liberty and Standard Bank Direct Life Insurance Services) and “Sell Online” through “Swift”, and Estate Liquidity smart underwriting. Finally, we built automated client engagement on Microsoft Dynamics 365 Marketing.

Client feedback

In conjunction with Consulta, we conducted our annual Voice of the Customer survey during July and August 2020. The survey was conducted using an online survey and computer-assisted telephonic interviews.

The level of responses (totalling 2 251) and the results were very pleasing. A summary of the outcomes is reflected in the graphics alongside:

Client complaints

With clients at the core of our business, we understand that resolving complaints and driving excellent service is critical to ensure client satisfaction and protect our brand reputation. We made significant strides to improve our complaints-handling capabilities, with pleasing results.

The latest South African Customer Satisfaction Index (SAcsi) indicated a considerable improvement in our complaints-handling scores, from 49% in 2019 to 63,2% in 2020. Notably, Liberty achieved the highest score in the insurance industry in this regard and outperformed the industry average considerably. We will continue to focus on improving in all categories of customer satisfaction, and we are consistently improving our metrics across the board.

During 2020 we experienced an increase in the number of queries and complaints we received, from 7 095 in 2019 to 8824 in 2020.

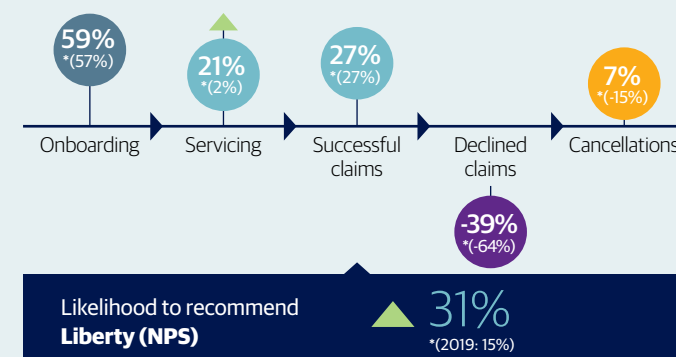
More details on the number and outcome of complaints received by Liberty are provided in our integrated report.



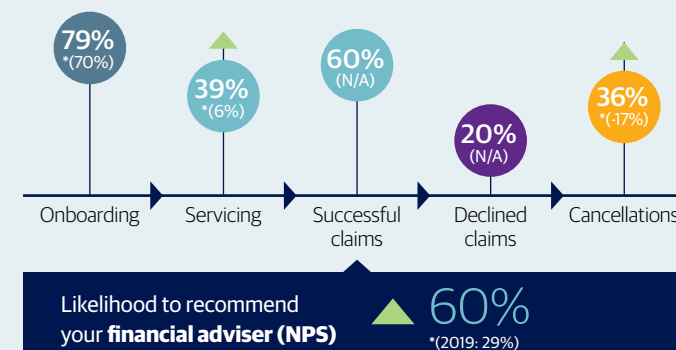
Client satisfaction index by process



Liberty NPS by process



Financial adviser (FA) NPS by process



Contributing to economic growth (continued)

How we create value for our stakeholders (continued)



Clients and advisers (continued)

Navigating personal finances during a crisis

Navigating personal finances and investments can be complicated, leading to frustration or despondency. At Liberty, we believe that the more knowledge we can impart to our clients, employees and the broader community, the more people are empowered to achieve financial freedom.

This is particularly important during times like these, where the COVID-19 pandemic ravaged livelihoods and economies globally. Making the right decisions is not always easy when someone is preoccupied with uncertainties and worries. Having a trusted and dependable financial adviser eases some of the burden. Below, we picked the brain of a trusted Liberty financial adviser on how to manage personal finances during challenging times:

What were your clients most concerned about this year in light of the pandemic?

The COVID-19 pandemic placed people's livelihoods in jeopardy around the world. In South Africa, it worsened an already unfavourable economic environment. Job security has been front of mind for our clients, with many losing their jobs or having to take significant salary cuts. Unfortunately, having the ability to save 25% of one's salary for a rainy day is not always possible, so the issues of short-term cash flow have been widespread.

What advice would you give on how to keep your finances on track during a crisis?

It is important for clients to consider the payment relief options that are available to them, which will alleviate the challenge of having enough cash flow in the short term. It is also essential for clients to look at their budget and consolidate their expenses as much as possible. Reanalysing expenditure is something that many people are having to do, ensuring that their spending does not include unnecessary items or luxuries, as they would define it.

Has your investment philosophy been revised at all in response to the COVID-19 crisis?

My philosophy is to invest for the future, with a diversified portfolio in long-term growth assets including equities, property and offshore investments, which have been particularly important over the last 10 years. While my long-term investment philosophy remains the same, in the short term, I had to reconsider investment strategies for some clients, who required additional income during the year.

How do you determine your client's investment approach?

To determine a client's investment strategy, it is crucial to understand what they want to invest the money for and for how long. Investing for a child's university education in the short term as opposed to investing funds for retirement in the long term could require two very different approaches. An open discussion with a client is key to identifying their risk profile. Clients need to understand the fundamentals of risk versus return over various investment periods, and we need to recognise their tolerance for taking on risk. Blending the two will determine how aggressive or conservative their investment portfolio should be for that particular goal.

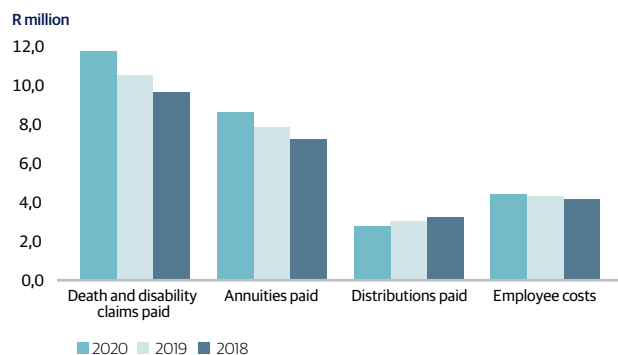
Is there any advice you would like to share with potential clients?

It is vitally important that clients find a financial adviser they can trust and be open and honest with. It is also essential that clients understand the investment approach proposed by a financial adviser. If you are uncomfortable, ask more questions until you understand exactly how your funds will be invested. Always remember not to blindly follow your financial adviser's suggestions, but to be an active part of the strategy and investment process.

Contributing to economic growth (continued)

Economic value created for stakeholders

Direct economic value created



Indirect economic value created

INFRASTRUCTURE INVESTMENTS

Contributing to SDG 9 (industry, innovation and infrastructure) is one of our priorities, and we are committed to supporting infrastructure development in both in South Africa and the rest of Africa.

We recognise that power generation and renewable energy are key to sustainable economic growth in the regions we operate in, and we aim to invest in projects that support this ambition.

RTS For more information, see page 76.

ENTERPRISE AND SUPPLIER DEVELOPMENT

We continue to contribute towards a more equitable and diverse corporate environment. Our ESD policies help strengthen and empower our supply chain, and our preferential procurement policies enable black-owned businesses to gain access to markets and obtain the necessary support they need to become sustainable.

RTS For more information, see page 55.

EMPLOYEE RETIREMENT AND POST-RETIREMENT MEDICAL SCHEMES

In keeping with our purpose of creating financial freedom for all, we are acutely aware that this must start “at home” – with our employees. We operate retirement and post-retirement schemes that benefit our employees and ensure their financial security in the long term.

Building trust and credibility through tax transparency

We are committed to transparent and timely compliance with the tax laws of the countries in which we operate. To this end, we strive to ensure we fully meet all our tax compliance obligations. Our tax reporting will always be accurate, valid, complete and timeous.

We will continue to engage openly and in full dialogue with the relevant tax authorities, thereby ensuring we transparently discuss relevant tax matters. In this way, and where possible, we can achieve certainty around our tax positions.

Tax governance, control and risk management

The group control and risk oversight committee manages Liberty’s tax controls. As part of our group tax department’s strategic initiatives, we are continuously focused on implementing and enforcing tax control across Liberty. Some functions include:

- Liberty’s tax governance structure**
- Compliance requirements**
- The emphasis on zero tolerance towards tax evasion**
- Engagements with tax regulatory bodies**
- Tax risk management**
- Internal tax controls**

Stakeholder engagement and management of concerns related to tax

Those employees who form part of our group tax department are also members of external tax committees, such as ASISA and the South African Institute of Chartered Accountants. These committees evaluate and consider the tax impact of legislative and regulatory changes. Through these external tax committees, we actively engage with national tax policymakers.

Our group tax department is also represented on internal Liberty group committees through standing membership. This ensures that the tax impacts of strategic and structural decisions are evaluated and considered at group level.

Our external auditor includes a review of our tax control environment as part of its annual assurance processes.

Country-by-country reporting

The majority of Liberty’s business is conducted in South Africa (95%). The remaining 5% of our business activities occur outside of South Africa, of which Kenya contributes 2%. Approximately 95% of the group’s total taxes are paid in South Africa, with the balance paid in foreign jurisdictions.

