

UN context: Roughly half the world's population still lives on the equivalent of about US\$2 a day with global unemployment rates of 5,7% and having a job does not guarantee the ability to escape from poverty in many places.

South African context: South Africa continues to experience high levels of unemployment, inequality and poverty. Strong economic growth remains elusive but is required to address these challenges.

Our approach

Liberty contributes to this SDG through the conduct of its core business – providing advice, and insurance and investment solutions to its clients.

Liberty is committed to creating sustainable economic value. Maximising the financial value we create is key to our sustainability and ability to deliver value to all our stakeholders. Our shareholders entrust us with their capital and expect competitive returns and capital appreciation on their investment. We consistently and effectively engage with our shareholders and potential investors to align their expectations with our strategy and targets.

We encourage economic inclusion in the economy by delivering financial literacy programmes in communities that historically have been excluded.

We seek to develop a work environment where our people feel connected with our organisational purpose and the needs of our clients. This involves creating a culture of empowerment, where our employees reach their full potential and receive recognition for their performance. We are committed to investing in the growth and development of our people which, in turn, increases confidence in our brand.

Doing the right business the right way underpins trust in Liberty and the financial services sector.

Liberty's contribution to decent work and economic growth in 2018

> 6 million
LIVES INSURED BY LIBERTY

3,2 million
CREDIT LIFE POLICIES IN FORCE IN SOUTH AFRICA AND THE REST OF AFRICA

R9,6 billion
PAID IN DEATH AND DISABILITY CLAIMS

ANNUITY PAYMENTS OF
R7,2 billion

5 762
FULL TIME EMPLOYEES

3 559 COMMISSION-REMUNERATED AGENTS WHO DISTRIBUTE LIBERTY'S PRODUCTS AND ADVISE OUR CLIENTS

R4,1 billion
PAID IN EMPLOYEE COSTS

TAXES COLLECTED AND PAID BY LIBERTY
R6,8 billion

> R35 million
INVESTED IN EMPLOYEE TRAINING AND DEVELOPMENT

> 41 000
PARTICIPANTS ATTENDED FINANCIAL LITERACY PROGRAMMES

> R175 million
PAID IN UNCLAIMED BENEFITS TO >23,000 BENEFICIARIES

R718 billion
OF ASSETS UNDER MANAGEMENT



Working at Liberty

Our people are critical to our success and investing in our human capital is vital to the sustainability of our business. We employ more than 5 700 full-time employees and partner with over 3 500 tied financial advisers. Liberty aims to attract and retain people who find alignment between their personal aspirations and Liberty's purpose.

Our people philosophy

Our employees are unique individuals with dreams, aspirations, and a desire to develop their careers for a better tomorrow. We understand the significance of attracting, retaining and growing talent to deliver the right solutions for our clients, effectively and efficiently.

We insist on competitive pay and benefits, aligned to the market for different functions and skills. Our culture unifies us to achieve excellence. We are committed to creating a place where people feel deeply connected with our purpose, our clients and financial advisers. Our people are empowered

and recognised for delivering against our strategic objectives and have every opportunity to achieve their full potential.

We seek to provide a place to work where we embrace diversity while promoting performance through clear goals, encouraging feedback and swift action. We develop dynamic and engaged leadership teams who live the Liberty values each day and hold themselves accountable and responsible for the business - celebrating successes and learning from their mistakes.

Promoting employee wellbeing and financial freedom

We aim to provide an environment where people feel inspired and engaged. In 2018 we articulated the principles of humanity we want to embed across every interaction we engage in, whether it is the employee, adviser or client experience. Our employee engagement is driven through a variety of formal and informal mechanisms to gain insight into their needs and ensure they understand the contributions they can make in achieving our strategic goals.

We work closely with a variety of service providers who deliver quality care to our employees through the programmes and services they offer. The Liberty Wellness Centre, located at our Braamfontein head office, provides access to a variety of medical practitioners including a medical

physician, occupational nurse, dental services, optometrist, dietitian, reflexologist, physiotherapist, chiropractor and a pharmacy. Our offices in Century City, Melrose Arch and Umhlanga Ridge have access to medical facilities onsite or in the vicinity.

We recognise the overall wellbeing of our employees as a critical aspect of a high-performance culture. During 2018 we defined our approach to employee wellbeing as enabling employees to identify and reach their own wellness goals in a manner that also benefits employee engagement and productivity. This approach, called betterME, outlines five core pillars for managing wellbeing more holistically.

Our employee wellbeing offerings

 CAREER	 BODY	 EMOTIONAL	 SOCIAL	 FINANCIAL
<ul style="list-style-type: none"> Career assessments Training programmes Technical and behavioural training Leadership programmes Development plans Learnerships and internships Bursaries Advanced development programme 	<ul style="list-style-type: none"> Fitness centre Wellness practitioners Medical aid and chronic disease management Health risk assessments Stress management Sports clubs Crèche Exercise programmes with fitness trackers Health awareness programmes 	<ul style="list-style-type: none"> Mental wellness programmes Trauma counselling Wellbeing workshops and training Awareness programmes 	<ul style="list-style-type: none"> Diversity workshops Employee volunteerism Team building Team effectiveness workshops Celebration days 	<ul style="list-style-type: none"> Financial needs analysis Benefits assessments Mind My Money Debt counselling Financial freedom workshops Staff Financial Advice Centre Tax consulting



Working at Liberty continued

The Liberty Fitness Centre conducts free health risk assessments for employees, which includes comprehensive assessment reports and recommendations. Our employees have access to Libcare, a comprehensive medical aid for Liberty employees. Additionally, as part of our ICAS membership, we offer counselling and advisory services to employees. In October 2018, we hosted an employee wellness day at our head office, attended by over 1 500 employees, where they could engage with medical practitioners and financial advisers, and participate in several health-related activities.



Liberty's purpose is to enable financial freedom. Our Mind My Money programme is offered to all our employees, both in person and online. The programme aims to increase financial capability through the acquisition of knowledge and skills, applying this knowledge to personal expenditure, tracking current and future income, and choosing the right financial products to enable financial freedom. We also offer employees retirement contribution matching and hosted education programmes on annuity product development and guarding against fraud and scams.

Occupational health and safety

When employees, clients and tenants are in our buildings, we are responsible for their safety and security. Our occupational health and safety (OHS) department leads our awareness and training initiatives and ensures that the correct processes and procedures are in place. These initiatives are conducted throughout the year and include emergency response procedures. Our branch managers are appointed in accordance with section 16.2 of the OHS Act, 85 of 1993. During 2018, there were 41 trained health and safety representatives across the group.

Occupational, Health and Safety	2018	2017
Injuries		
Total number of incidents reported to workmen's compensation commissioner	15	17
Medical treatment cases	9	8
Lost-time incidents	6	9
Injury frequency rate		
Lost-time injury frequency rate (LTIFR) (per 200 000 hours)	0,14	0,20
LTIFR (per 1 000 000 hours)	0,71	1,01
Number of fatalities	0	0
Absenteeism		
Total number of sick leave days taken	19 676	19 955
Average sick days per employee	3,9	3,8
Absenteeism rate (%)	1,5	1,5

Empowering our people through learning and development

Liberty recognises the value of investing in skills development. As a market leader in the financial services industry, we offer a variety of development programmes to our employees that aim to strengthen technical, leadership, product and compliance capabilities. We appreciate the need to keep our training programmes relevant to develop the capability that responds to current and emerging market trends, and seek opportunities to reskill our employees as we implement new technology solutions. Liberty strives to create and maintain a learning function that facilitates collaboration, efficiency, agility and the development of the capabilities required to deliver on our purpose.

In 2018, Liberty increased its external salaried training spend in South Africa to R34,7 million (2017: R15,2 million), representing 0,84% of total staff costs. This increased investment led to an increase in the average number of hours of training each employee received, from 19 in 2017 to 31 hours in 2018. Liberty is currently transitioning to a new digital platform, which will enable us to record our investment in training with greater accuracy and insight.

Training spend	Salaried employees		Commission-remunerated agents	
	2018	2017	2018	2017
Total training spend (R million)	35,3	28,5	110,5	65,7
Average training hours per employee	31	19	20	3
Black employees as a % of employees trained	86	84	25	55
Females as a % of employees trained	59	50	35	36

In 2018 we implemented human capital technology, MyAccess, that enables employee access to individual key performance indicators, promoting regular engagement on career goals and individual performance. We also completed substantive work to ensure our focus areas and key deliverables are visible at all levels in the group, and that individual employee performance measures are aligned to the group's strategic objectives. This facilitates a thorough conceptual understanding of how individuals contribute to the company's objectives and performance.

Our talent management framework seeks to encourage our employees to be positive, enthusiastic, bold and courageous, and to develop the capability to deliver on our core strategic objectives. By understanding talent capabilities, we appropriately match critical roles in the organisation, thereby amplifying employee potential.

Our focus on talent retention remained front-of-mind in 2018 by identifying potential successors for critical leadership roles across the group. Our programmes focus on leadership development using technology to engage people on platforms that are relevant and convenient.

In addition to the academic knowledge, these programmes are designed to transform the perspectives of the participants, often resulting in changing their viewpoints.

refer to page 30 for more detail on liberty's training and development programmes.



Contributing to economic growth

Value created for Liberty and its stakeholders, as fully described in our 2018 , is the source of our contribution to economic growth in the countries in which we operate. Here we describe Liberty's impact on economic growth using our strategic value drivers as the basis.



Clients and financial advisers – placing the client at the heart of our business and understanding the critical role our financial advisers play

Clients purchase our risk and investment products through financial advisers who empower their decision making through relevant and responsible advice. Our products are designed to respond to life's uncertainties and deliver risk and investment solutions for each stage of a client's life. We secure an understanding of our clients' needs through research and in-depth engagements with both clients and financial advisers. We strive to provide service excellence.

Liberty's risk clients can continue with their day-to-day lives in the secure knowledge that, should "the unthinkable" occur, they or their loved ones will be provided for. Life insurance products provide for the families of clients in the event of their death, allowing their beneficiaries to continue to settle outstanding debt, to pay for a child's education or to be financially secure in retirement. Clients who suffer from disability, a dread disease or redundancy are positioned to meet continuing obligations as well as the increased costs associated with illness or disability. Risk products remove potential burdens from the state and contribute to a continuing level of consumer spending.

Investment clients not only save for themselves but also contribute to the capital required to power the economy. Saving for a personal goal or retirement, clients will contribute to the country's economy through consumer spending, meeting their obligations and reducing the burden on the state.

Most of our emerging consumer market (ECM) risk products are funeral plans provided through both Liberty and Standard Bank advisers. We offer savings plans to ECM participants to promote personal saving at any level of income.

Our credit life products allow clients to raise capital, knowing that their debt will be settled in the event of their death or permanent disability. Credit life facilitates lending by financial institutions, contributing to a growing economy.

Liberty's primary focus is to deliver on the promises we make to our clients. We achieve this through innovative solutions, supported by an extensive and diverse distribution capability, and servicing.

Our more than 3 500 tied financial advisers provide tailored advice to individuals, families and employers in South Africa and the rest of Africa. These advisers have been trained by Liberty and undergo rigorous annual development, familiarising themselves with new regulations and products. In 2018, Liberty invested over R110 million in the training of our tied distribution network.

The advice provided by our advisers, whether it results in a sale or not, contributes to a client's or potential client's understanding of his or her financial position and the risks he or she may face. Increasing a person's understanding of financial markets, economies and risk management contributes to their greater participation in the economy.



Employees – providing an environment for our people to thrive

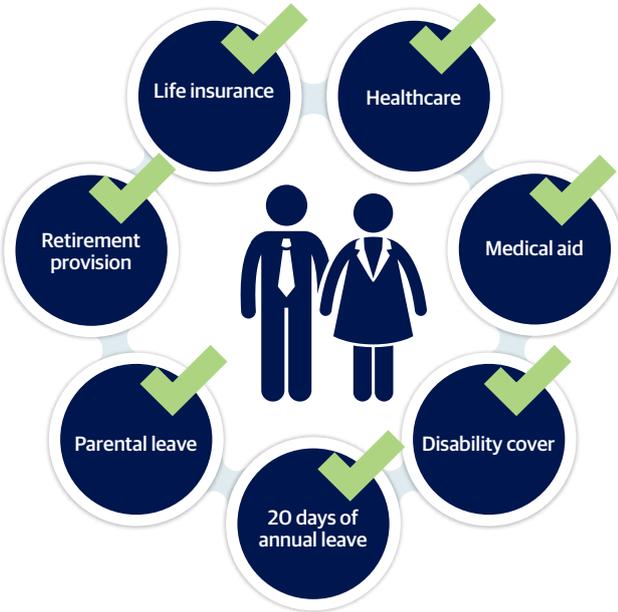
Headcount					
Indicator	2018	2017	2016	2015	2014
Salaried employees – South Africa	4 869	5 237	5 307	5 636	5 838
Salaried employees – rest of Africa	893	859	832	767	779
Commission-remunerated agents – South Africa	2 952	3 094	3 198	3 147	3 367
Commission-remunerated agents – rest of Africa	607	537	455	892	579
Total	9 321	9 727	9 792	10 442	10 563

As at 31 December 2018, the average age of our employees was 39 years (2017: 38 years), with approximately 52% of our permanent salaried South African employees below this age (2017: 51%). The average tenure of our employees in South Africa was nine years (2017: eight years). The voluntary turnover rate of our South African workforce decreased to 11,29% (2017: 14,06%) and the non-voluntary turnover for 2018 was 2,27% including retrenchments, dismissals, inter-group transfers and mutually agreed separations.

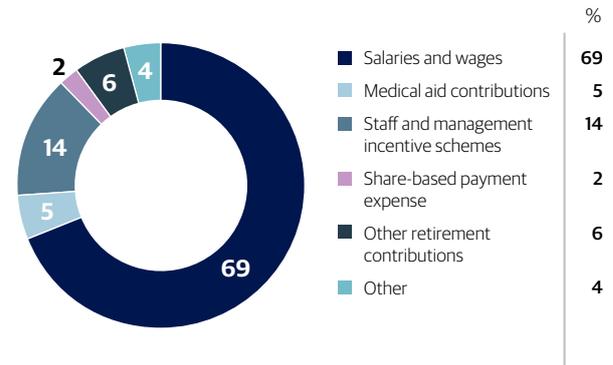


Contributing to economic growth continued

The following benefits are standard for South African full-time employees



Employee cost analysis



Liberty commits to paying fair, performance-related remuneration, providing career and skills development opportunities and value-added benefits in a non-discriminatory work environment.

In 2018 Liberty incurred employee costs totalling R4,1 billion (2017: R4,1 billion) on a reduced permanent salaried workforce of 5 762 people (2017: 6 096 people). Average remuneration per employee increased by 4,5% to over R700 000 per annum.

Remuneration packages are geared to each employee's level of influence and role complexity. The balance between guaranteed and variable pay is appropriately structured and all employees have some level of variable pay as part of their remuneration package.



Regulators - enhancing reputation and building trust

A well-regulated and trusted financial services industry contributes to economic growth. We aim to enhance our own and the industry's reputation and build trust by doing the right business the right way.

Compliance

Managing business risk and behaving in an ethical manner that ensures compliance with the form and substance of laws, regulations, codes and standards applicable to our business builds trust, enhances our reputation, reinforces our licence to operate and ultimately leads to value creation.

Material matters associated with our risk and conduct arise from all our stakeholder groups. Our capital risk measures are those regulatory requirements applicable to our industry. Managing our capital levels promotes regulatory compliance and facilitates business growth, encourages client confidence, and creates value for our shareholders and other stakeholders.

Compliance with laws and regulations is non-negotiable. Any contravention comes at a cost in financial losses, fines or diminished reputation.

We regularly host compliance management forums to identify and analyse emerging regulatory trends and to ensure Liberty remains agile and responsive. Our combined risk and assurance functions enable robust internal controls, while we engage our external assurance providers for independent oversight. We regularly engage regulators directly and through industry forums to inform our strategy development and identify risks and opportunities that may arise.

Liberty was within its risk appetite on all dimensions as at 31 December 2018 and sufficient work has been done to provide comfort that there are no material unreported risks. The risk management system is functioning effectively, and the business continues to be managed within group risk appetite.

More details regarding our management of risk and our risk appetite is provided in the integrated report

SOLVENCY CAPITAL REQUIREMENT COVER

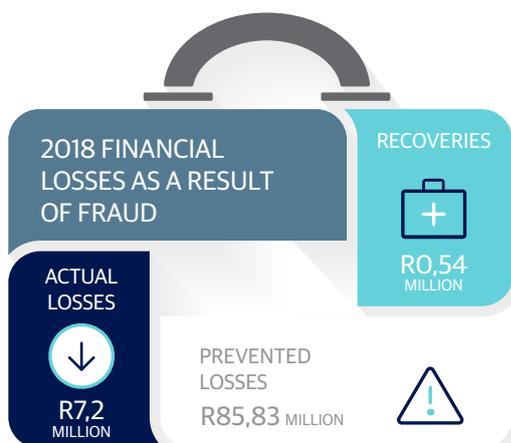


¹ 2017 comparative not applicable due to the new prudential regulatory regime



Maintaining an ethical culture is fundamental in upholding our reputation as a trusted financial services provider. To secure and preserve our social and legal licences to operate, we continuously embed and enforce ethical behaviours in all areas of our business. Our current, King IV™ aligned code of ethics outlines our expectations. It requires employees and representatives to act in a manner that inspires trust and confidence in our brand. We hold ourselves accountable to the highest standards of ethical behaviour, as well as compliance with the standards of our industry. We also continue our involvement with industry and thought leaders through the University of Pretoria's Gordon Institute of Business Science Ethics and Governance Think Tank.

 Our code of ethics is available at www.liberty.co.za/Documents/code-of-ethics.pdf



Our sophisticated forensics and risk departments are a critical component of safeguarding our clients and Liberty's business through the prevention of financial crime, fraud and corruption. We are members of the Association of Certified Fraud Examiners, an international body that provides guidelines and training in fraud prevention, and we also work closely with the Association for Savings and Investment South Africa to combat financial crime. Our financial crime, whistle-blowing, and conflicts of interest policies articulate our approach to preventing, monitoring and reporting fraud and corruption.

Liberty has a zero-tolerance stance to fraud and all instances detected lead to disciplinary action or other measures, including criminal and civil proceedings.

VUVUZELA - THE HOTLINE

SMS: **30916**
 Email: Fraud@thehotline.co.za
 Telephone: **0800 63 67 25**
 Web: www.thehotline.co.za
 Mobi: www.thehotlineapp.co.za

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

STANLIB - technical breach of CISCA

Through engagement with the FSCA during 2018, it became clear that STANLIB was in technical breach of the Collective Investment Schemes Control Act (CISCA), in that certain STANLIB Multi-Manager (SMM) unit trusts' levy performance fees (paid to underlying managers) without this being explicitly allowed for in the supplemental deeds of the respective funds.

The FSCA decided in August 2018 that since the supplemental deeds didn't explicitly allow for performance fees to be levied from the unit prices of the funds, this constituted a breach of CISCA and STANLIB had to correct the position. The FSCA imposed a fine of R500 000 and STANLIB refunded all performance-related fees to the clients. SMM removed performance fees from all retail fee classes with effect from 10 December 2018.



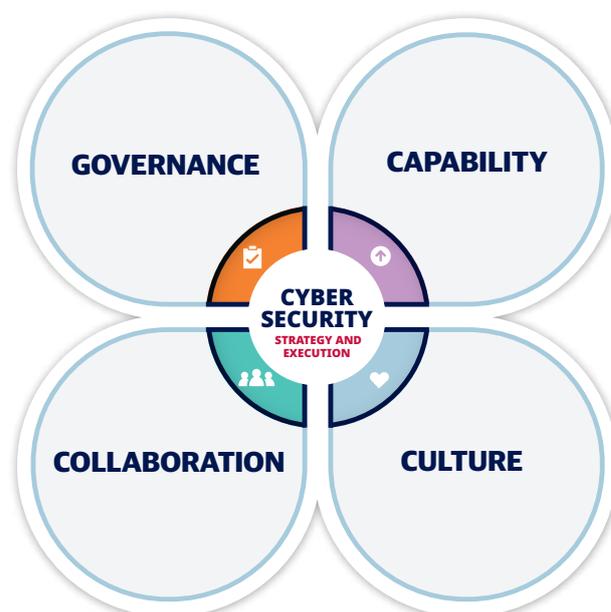
refer to the integrated report for more information.

Cyber security

Liberty faces an increasingly hostile cyber environment with hacking attempts ranging from opportunistic criminals to organised syndicates. We have made material progress on our cyber security programme and achieved enhancements at an elevated pace.

We regularly test our processes and systems to measure the risk and recalibrate where necessary and in 2018 increased our investment in technology to strengthen our ability to detect and respond to cyber threats.

We value the privacy of our clients, and continuously maintain and improve our systems to enhance data security, acting in compliance with the Protection of Personal Information Act, 4 of 2013 (PoPI). The purpose of PoPI is to ensure that all South African institutions conduct themselves in a responsible manner when collecting, processing, storing and sharing another entity's personal information, by holding them accountable should they abuse or compromise personal information. Liberty views data as an asset and uphold the rights of protection over critical areas such as choice, consent, purpose, notification and safeguard protection.





Contributing to economic growth continued

Cyber security (continued)

Illegal and unauthorised access to Liberty IT infrastructure

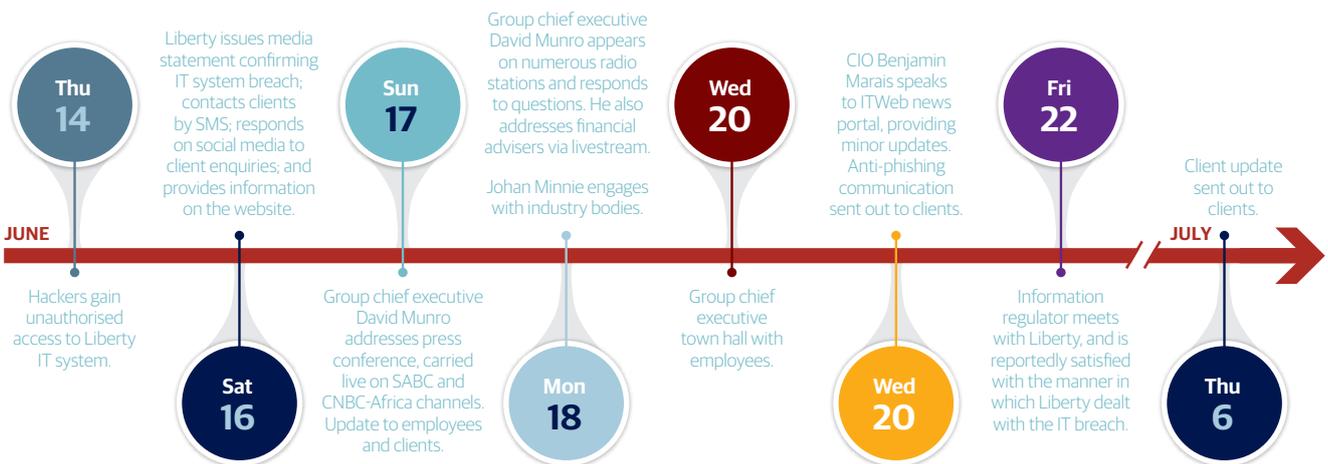
On 14 June 2018, Liberty received an anonymous email stating that hackers had found a path into Liberty's IT environment. The hackers claimed to have stolen copies of data and demanded payment and that the authorities not be informed.

Liberty refused to make any concession and no payment was made to the hackers. Law enforcement agencies were engaged, and the services of a global specialist advisory service secured. In summary, an internal-facing web application hosted at Liberty was exploited and internal emails and attachments compromised. The last contact by the hackers was on 17 June 2018.

Our response

Immediate	Post incident
<ol style="list-style-type: none"> Liberty is prepared for a cyber attack and maintains a cyber incident management process. This was activated at 11pm on 14 June, 96 minutes after receiving the hackers' email Liberty IT staff, external partners and SBG representatives convened and our crisis management process was activated All vulnerabilities that had been exploited were identified and further impact mitigated. All malware and inappropriate materials were removed from Liberty's systems The systems were returned to an operationally ready state Additional ongoing monitoring was implemented to detect similar events 	<p>An international expert in cyber security conducted an independent maturity assessment of Liberty's information security.</p> <p>The assessment's key findings were:</p> <ul style="list-style-type: none"> Liberty faces an increasingly hostile cyber environment Liberty's information security team is closing security issues at good speed Best practice gaps were identified in six of eight relevant security maturity areas Progress has been made in the improvement journey, although more work remains The maturity journey relies on continued management attention, the implementation of planned transformational architectural improvements, simplification of the IT environment, and the availability of additional expert resources

Communication timeline



Looking forward

To maintain progress towards best practice security maturity, three capabilities are needed

- Continue the process of simplifying IT legacy systems
- Security governance should be structured as an adviser to IT and business
- Security maintenance activities should be consolidated and extended



Customer complaints

The FSCA published amendments to the Policyholder Protection Rules prescribed under section 62 of the Long-Term Insurance Act, 52 of 1998. The amendments took effect on 1 October 2018 and in response Liberty established a complaints management framework. This framework ensures fair treatment of all complainants in a manner proportionate to the nature, scale and complexity of our business, and is appropriate to our business model, policies, services, policyholders and beneficiaries.

The framework requires us to take reasonable steps to gather and investigate all relevant and appropriate information and the circumstances surrounding a complaint. This must be done with due regard to the fair treatment of the complainant. The framework does not impose unreasonable barriers to complainants.

We complied with the categorisations of reportable complaints in accordance with the FSCA minimum categories for complaints relating to:

- the design of a policy or related service, including the premiums or other fees or charges related to that policy or service

- information provided to policyholders
- advice
- policy performance
- service to policyholders, including complaints relating to premium collection or lapsing of policies
- policy accessibility, changes or switches
- complaints handling
- insurance risk claims, including non-payment of claims and
- other complaints

Escalation procedures are in place for complaints that are time sensitive, unresolved and potentially complex. This enables us to improve our complaints handling and dispute resolution processes to resolve client complaints before they are referred to the ombudsman.

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



Investors - delivering sustainable returns

In 2018, we made good progress on our key strategic objectives to better support our clients, with improvements in the investment performance of STANLIB and the South African Retail insurance business. The organisational redesign exercise to reconnect the value chains in our business helped deliver these results and certain operations identified as no longer central to Liberty's revised strategy are under ownership review.

Group financial performance

Normalised operating earnings were up 42% on 2017. Strong cost discipline together with product and margin enhancements resulted in a 59% improvement in group value of new business (VoNB) to R371 million, with margin improvement to 0,9%. STANLIB South Africa reflected improved investment performance in its core retail equity and balanced funds, achieving top quartile performance over the 12 months ended 31 December 2018.

Normalised operating earnings for the year ended 31 December 2018 of R2 006 million, reflect an improved operational performance in the South African Insurance Operations and STANLIB South Africa businesses. LibFin Investments – Shareholder Investment Portfolio (SIP) earnings of R250 million were impacted by volatile market conditions and lower market returns which resulted in normalised headline earnings of R2 256 million for the year (31 December 2017: R2 719 million). This resulted in a return on equity of 10,1% (31 December 2017: 12,3%).

Continued focus on sales efforts and volumes resulted in an improved second-half sales performance, with the group long-term insurance indexed new business of R8 051 million at similar levels to 2017 despite a slow start to the year.

Headline earnings for 2018 amounted to R2 645 million compared to R3 252 million in 2017. Liberty's headline earnings include the positive earnings impact of R397 million (31 December 2017: R543 million) arising from the accounting mismatch on the consolidation of the Liberty Two Degrees listed REIT.

Group net external third-party client cash inflows amounted to R10,2 billion, up 57% on 2017 inflows of R6,5 billion, supported mainly by good STANLIB South Africa net external third-party client inflows as well as lower policy maturities and withdrawals in the South African Insurance Operations. Total group assets under management amounted to R718 billion (31 December 2017: R720 billion).

The group's capital position remains strong, with the solvency capital requirement cover of Liberty Group Limited, the group's main long-term insurance licence, at 1,87 times at 31 December 2018 which is at the upper end of the target range and underpins our commitment to fulfil our promises to policyholders and other stakeholders.

Group equity value per share was R139 (31 December 2017: R140), with the small reduction attributable to lower investment returns in line with investment markets.



Contributing to economic growth continued

Earnings by business unit

Rm (Unaudited)	2018	2017	% change
South African operations			
South African Insurance Operations	2 009	1 665	20,7
SA Retail	1 581	1 208	30,9
Liberty Corporate	52	81	(35,8)
LibFin Markets – credit portfolio	302	330	(8,5)
LibFin Markets – asset/liability matching portfolio	74	46	60,9
South African Asset Management			
STANLIB South Africa	355	252	40,9
Africa regions	8	7	14,3
Liberty Africa Insurance	(19)	41	(>100)
STANLIB Africa	27	22	22,7
Business development support		(56)	100
Operations under ownership review	(166)	(322)	48,4
Central costs and sundry income	(200)	(190)	(5,3)
Normalised operating earnings	2 006 ^A	1 412 ^A	42,1
LibFin Investments – SIP	250	1 307	(80,9)
Normalised headline earnings	2 256 ^A	2 719 ^A	(17,0)

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

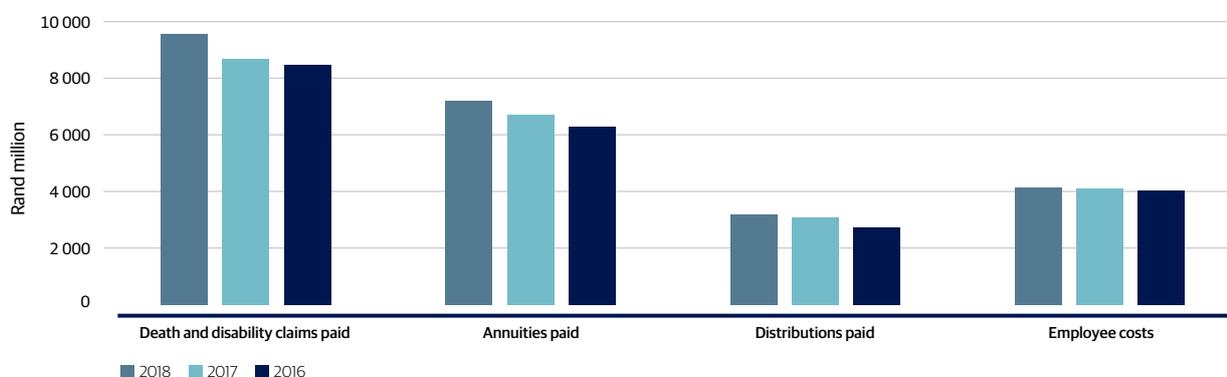
Our 2018 integrated annual report

Our 2018 annual results presentation

Our 2018 annual financial statements and supporting information, including risk management

Our SENS announcements

Direct economic value created



Indirect economic value created

In addition to the direct financial value created, Liberty also has significant indirect economic impacts. In 2018 we contributed to indirect economic value in a variety of ways.

Enterprise and supplier development

Enterprise and supplier development strengthen and empower our supply chain, enabling us to meet our procurement requirements. Given the historical context in South Africa, we support preferential procurement, which aims to ensure that Black-owned businesses have access to markets to grow into sustainable businesses. for more information, see [page 34](#).

Infrastructure investments

Liberty is committed to supporting infrastructure development across the continent. We recognise that power generation and energy sector projects are key to creating sustainable economic growth. for more information, see [page 43](#).

Employee retirement and post-retirement medical schemes

The group operates a variety of retirement and post-retirement medical schemes for the benefit of employees.

Fraud and corruption

The financial services sector remains vulnerable to fraud and corruption. To mitigate this risk, we use various mechanisms to prevent, detect, investigate, and remediate instances of fraud, corruption, and misconduct. We actively identify and repudiate false claims before they are paid, recognising fraudulent policy applications at the onset and recovering fraudulent payments. for more information, see [page 21](#).





Civil society – creating societal value and preserving our natural capital

Transformation and community investments

Enterprise and supplier development (ESD) are critical enablers for a transformed and inclusive society. Enterprise development promotes economic growth and reduces poverty by building small, medium and micro enterprises. Supplier development is focused on working with selected suppliers on a more personal basis to improve their performance.

more details regarding Liberty's contribution to transforming South African society are provided on [pages 32 and 33](#).

Our CSI initiatives are focused on improving numeracy, Maths, Science, and English, to unlock opportunities for youth employment.

more details regarding Liberty's contribution to quality education are provided on [page 28](#).

Financial literacy



To promote financial literacy, we established and implemented the Mind My Money programme in our communities. Members of the community are employed as trainers and subsequently equipped to ensure that their knowledge is relevant and can be delivered in a manner that is understood. We conduct training in a variety of environments including businesses, community forums and schools. We also launched a teacher's toolkit, which involved training 300 teachers with standard materials that enable them to pass on financial literacy knowledge to scholars.

We set a target of 20 000 consumers to be trained by the end of 2018. We exceeded our target by training 41 755 consumers, compared with 17 441 consumers in 2017.

Unclaimed benefits

Unclaimed benefits are an industry-wide issue in South Africa. An unclaimed benefit occurs when a member or former member of a fund, or that member's beneficiary, has not been paid for at least 24 months from the date when payment should have occurred. Across retirement funds in South Africa, an estimated R43 billion in unclaimed benefits was identified, of which Liberty administered approximately R1,8 billion (4%).

In response, the FSCA established the Unclaimed Benefit Funds in 2011 to address the issue. In these unclaimed benefit fund (UBF) entities, members' interests are overseen by competent trustees, and tracing can be performed. Across the industry, most unclaimed benefits reside in active occupational retirement funds with boards of trustees in place. However, the assets, liabilities and members in orphaned funds may represent unclaimed benefits and be transferred to a UBF.

Liberty, through various audits, identified approximately 130 funds that were erroneously deregistered. Twenty-five of these funds were successfully reinstated by Liberty via a High Court application during 2018. Liberty is in the process of engaging the FSCA regarding further fund reinstatements.

Many of the funds subject to the cancellation project were acquired by Liberty through historic acquisitions of other industry players and presented numerous unresolved legacy issues dating back to the 1980s and 1990s. Investment returns have, however, been earned by these funds and have accumulated in the funds over the years. At the end of 2018, Liberty's UBF had 97 697 members, with an asset base of approximately R900 million. Liberty paid more than R175 million to over 23 000 beneficiaries in 2018.

We aim to pay out unclaimed benefits as swiftly as possible, and our objective is to ensure we improve the tracing of beneficiaries, both through process and technology. In 2018 we increased the number of claims paid per month from the UBF to 5 000 from 500 in 2017. We aim to pay out a claim within five working days of receiving completed documentation, and clearance from the South African Revenue Service, as claims are subject to tax. Unclaimed benefits also present a high risk of fraud and precautions are taken to safeguard the company and the UBF assets. Liberty waives its administration fees on claims below R800, to preserve the benefit, and funds the cost associated with tracing beneficiaries.

We also participated in the community outreach programme initiated by the FSCA, called "Money Smart Week", to create awareness surrounding the issue of unclaimed benefits. The programme operated in malls and community centres, where we assisted potential beneficiaries and hosted forums for financial education. We run awareness and educational campaigns with employers to provide information on employee exit processes and benefit claims processes. Since initiating these awareness campaigns, we have seen an increase in the number of people who come forward to claim. We regularly engage the media in creating awareness.

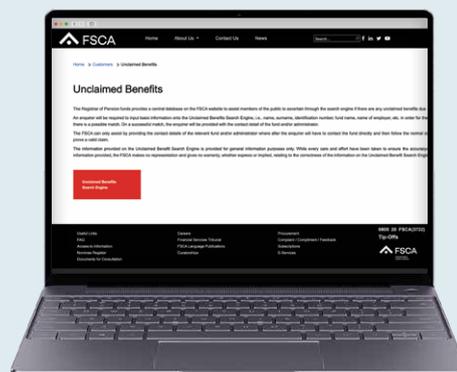
To check if you have unclaimed benefits, you can visit the FSCA website at

www.fsc.co.za/customers/pages/unclaimed-benefits.aspx

and click on "unclaimed benefits search",

or contact liberty on **+27 11 408 2999**.

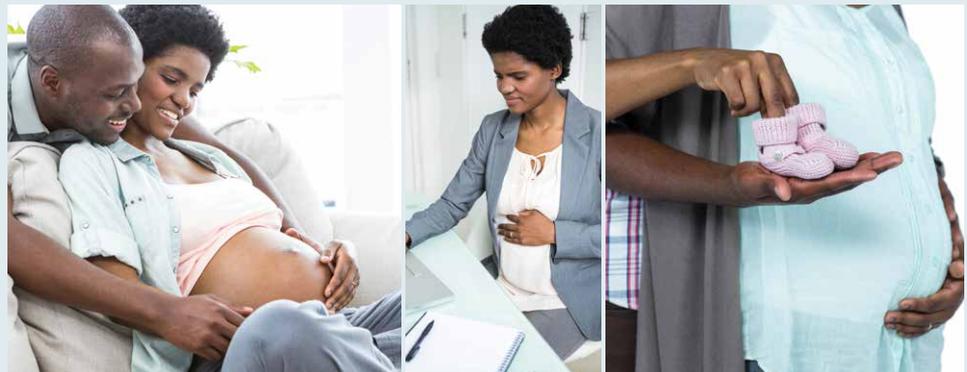
or email LL.CONTACT@liberty.co.za





The power of our business

When 28-year-old Lebogang Moyo found out she was pregnant with her first child, she couldn't wait to start her new family. As a business analyst for a large bank, she was secure in the knowledge that she had a good job that would provide the income required to raise a little one. However, seven months into her pregnancy, she was forced to deal with devastating news.



CRITICAL ILLNESS COVER

Liberty offers comprehensive cover for critical illnesses and traumatic events. We cover unknown and rare illnesses. The lump sum payment can be used for costs and to assist clients make lifestyle adjustments.

LIFE PROTECTION

Giving clients peace of mind that their loved ones are not financially burdened when they are gone. Life cover assists dependants to be more financially secure in the event of a client's death.

On a routine visit to her gynaecologist, Lebogang's doctor discovered a lump in her breast.

After a battery of tests, she was diagnosed with stage three breast cancer. Lebogang placed her medical care in the capable hands of her doctors and started looking at the financial implications. Fortunately for Lebogang, as part of the purchase of her house some years earlier, she had life cover. When the cancer diagnosis was made, she contacted Liberty who told her that her life cover policy included dread disease cover.

Lebogang initially processed her claim directly with Liberty. However, she quickly realised that she was too preoccupied with her pregnancy and medical condition, so she contacted her broker who took over the claims process. Liberty and her broker kept Lebogang updated with the

claims process by sending emails and SMS notifications every step of the way. The claim was paid out shortly after the application was made, bringing much needed financial relief.

"You never truly understand the value of Liberty's life cover and a broker until the need to claim arises. Cancer treatment takes a toll on your body. The side effects are severe. Add the fact that I was pregnant, I needed to keep my immune system as strong as possible. The immune booster supplements alone are quite expensive, and this policy allowed me to get the best treatment available in the market today."

Lebogang's story demonstrates how Liberty gives expression to our purpose of enabling financial freedom. While we cannot predict or change the impact of major life events such as the health crisis Lebogang experienced, we can provide financial protection and support in the moment clients need us most.

Our dread disease benefit offers comprehensive cover for critical illnesses.