



UN context: Investments in infrastructure – transport, irrigation, energy and information and communication technology – are crucial to achieving sustainable development and empowering communities in many countries.

South African context: Investment in infrastructure, including public, private and public/private partnerships, supported by skills development, will create jobs, improve competitiveness and allow the economy to grow faster and become more productive.

Our approach

In today's challenging world, with an ever-accelerating pace of change in several aspects of our chosen markets, innovation in how we conduct our business is fundamental to our long-term sustainability and delivering on our purpose of improving people's lives by making their financial freedom possible.

Our centre for innovation and cross-collaboration is focused on nurturing a sustainable culture of innovation at Liberty by driving internal and front-line solutions. We use advances in technology and processes to develop creative solutions to address business challenges and opportunities. Our strategically positioned "innovation catalysts" comprise actuaries, accountants, legal advisers and technology experts, tasked to facilitate innovation in their respective business units.

STANLIB, Liberty's asset manager manages R718 billion of client assets in a wide range of investment funds ranging from South African and global equities to fixed income and property funds. Liberty's shareholder investment portfolio approximates a balanced fund with a value of more than R27 billion (at 31 December 2018). Liberty is committed to responsible corporate citizenship and we recognise the importance of building a responsible investment sector for sustainable economic growth. Our investment decisions consider a company's environmental, social and governance (ESG) performance, and in cases where we find sound financial investment opportunities, but ESG performance is lacking, we prefer to engage with companies to address these issues.

We actively seek ESG investment opportunities that offer positive yields and infrastructure investments that contribute to growing the South African economy.

 Our latest UNPRI transparency report can be found under STANLIB Asset Management Ltd on the UN PRI website at <https://www.unpri.org/>.

Innovation at Liberty and how we fund infrastructure

R4,3 billion invested

IN RENEWABLE WIND AND SOLAR ENERGY PROJECTS

R3,4 billion invested

IN ROAD INFRASTRUCTURE DEVELOPMENTS IN SOUTH AFRICA

THROUGH LIBERTY TWO DEGREES, 17 INVESTMENT PROPERTIES WITH ALMOST

1 000 000m² in gross letting area



Innovation that creates value for clients and financial advisers

Our innovation process focuses on three main areas:

- Determining client needs
- Developing solutions to meet client needs
- Creating value share for the client and Liberty

We acknowledge that the needs of our clients change rapidly, both as they move through their life stages and as technology evolves. By anticipating these needs, both now and in the future, and investing in the necessary innovation, we can offer advice and develop solutions that are attractive and deliver on our purpose of enabling financial freedom.

By enhancing our understanding and committing to treating clients fairly, we become increasingly aware of the appetite for more efficient servicing channels. Internally, we seek to improve employee experiences and enhance our information systems, focused on replacing legacy systems and delivering a financial services organisation that operates efficiently and seamlessly. We achieve this through secure, personalised, relevant and digitally enhanced connected experiences to our clients, financial advisers and employees.

During the reporting year, we drew on client, employee and adviser experience feedback to enhance our digital transformation. This also involved taking stock of our digital assets and rationalising our digital tools and platforms to reduce redundancy. The next stage involved setting direction by establishing a roadmap for our digital strategy. In doing this, we defined our digital objectives and principles. Considering that the organisation was undergoing an organisational redesign, we elected to complete projects that were deemed essential. This included creating and implementing user experience standards across platforms, as well as the launch of a design system which will help to maintain these standards going forward.

A further development for 2018 involved improving Liberty's connection with the adviser and client. Our MyLiberty platform provides our clients with a simple way to view and manage policies. MyLiberty is a self-service website that currently enables our clients to:

- View policy information
- Update contact details
- Alter payment details
- Download tax certificates
- Download policy correspondence

This platform will be enhanced periodically to provide our clients with more servicing options.



The four biggest financial mistakes retirees make



Paying too much tax on your retirement strategy

Depending how and when you take cash out of your investment annuity, different tax percentages apply. Your financial adviser must guide you to make smart decisions here.



Focusing on returns when you need income

You are not earning a salary now so your hard-earned investments and savings must work for you. Balance investment returns with your need for money to live every month.



Listening to bad advice

Everyone - family and friends - is a financial expert. Except they are not. Educate yourself and stick with a tried and trusted financial planner.



Being too conservative

Careful you don't put all your eggs in one basket. When you retire, the temptation is to focus on not losing your money instead of making more. But, with credit and inflation risk and the possibility that you may outlive your money, it is possible to be too conservative.



How digitisation supports our financial advisers – complex made simple

It is often said that “insurance is always sold, it's never bought”. As a predominantly intermediated business, the success of our tied and independent financial advisers is also our success. Providing tools that support advisers creates value for clients, advisers and Liberty

For decades the South African insurance industry has used a “rule of thumb” to measure the success of financial advisers entering the world of selling insurance products.

A six percent success rate (lead to sale) is frequently cited as an industry benchmark – that's six sales for every 100 leads. To fulfil on a lead, an adviser will need to call the prospect, schedule an appointment, conduct the client meeting, prepare a financial needs analysis and finally recommend a solution.

Managing leads is simplified through our InTouch application

Originally developed as a propensity model to identify and match potential clients with a solution through an analysis of the solution's current owners, the application has been enhanced to provide end-to-end traceability of all incoming leads received at Liberty's call centre. Leads are recorded, sent to a financial adviser and subsequent actions and outcomes monitored.

In 2018 the propensity model was redesigned to identify further cross-selling opportunities through an analysis of common benefits and automatically scheduling annual FAIS reviews. Opportunities to expand the application's reach to SBG and Liberty Corporate clients are being pursued. Liberty's InTouch application is available to all our advisers, both tied and independent.

Helping new advisers manage their productivity and build their business

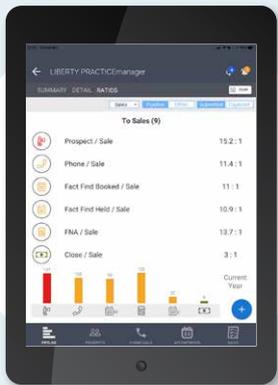
Establishing good habits often requires discipline and guidance. Our new advisers, those with less than two years' experience, have access to the Liberty Practice Manager application. The application allows users to set targets for the six sales activities and monitor their progress against these targets.

In 2018, tied advisers that used the application diligently reported a closure rate between 1,9 and 6,7 times better than those financial advisers that did not use the application. More experienced

advisers (with more than one year with Liberty) extracted the most value from the application.

In 2018 Liberty's advisers prepared and presented thousands of financial needs analyses – guiding people to financial freedom with or without a Liberty solution

As the industry's focus evolves from sales to advice, enhanced management of client relationships through smart solutions is becoming a fundamental expectation. Liberty aims to be at the forefront of this developing trend.



Additional features



Financial Needs Calculator

Death, Disability and Retirement indicator for quick reference, uses existing prospect details to get a very quick illustration



Leaderboard

Drive challenges
Advisers compete with one another as to who tops the leaderboard



Dashboard – Adviser's trend

Dashboard to measure key indicators by adviser phone calls, fact find, FNA, closing, case capture and submitted



Dashboard

Dashboard on entry to the system
Previous week added to Dashboard to align to app



Responsible investing

Liberty is committed to responsible corporate citizenship and we recognise the importance of building a responsible investment sector for sustainable economic growth. Our investment decisions consider a company's ESG performance, and in cases where we find sound financial investment opportunities, but ESG performance is lacking, we prefer to engage with companies to address these issues.

CRISA Considerations

STANLIB has incorporated ESG thinking into its research process for all shares that it analyses. We have a 25 question questionnaire that needs to be answered with most of the questions dealing with governance issues such as transparency, board independence, remuneration, ownership and accountability, and strategy and execution of the strategy.

More recently we have started evaluating companies in terms of their commitment to environmental and social issues and questions such as the following need to be answered.

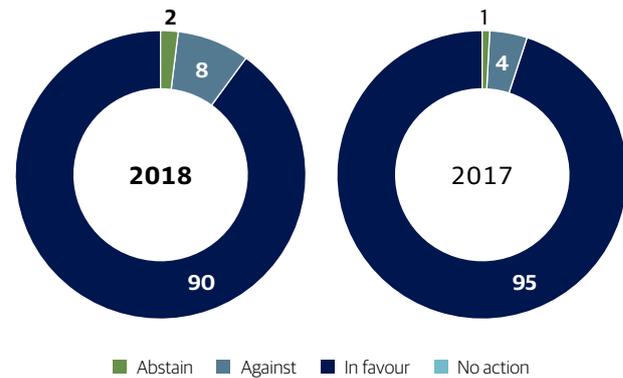
1. Does the company have an integrated report on the social and environmental impact of its operations and how it plans to mitigate any negative future impact?
2. Does the company have suitable health, safety and welfare arrangements for employees to provide them with sufficient protection?
3. Does the company consider the impact on the environment from its existing operations and when considering new projects, products or services? Is it actively engaged in practices in order to reduce its impact on the environment?
4. Does the company give regular financial support to local community activities and projects?
5. Does the company have a clearly defined set of values and rules of conduct which it follows and communicates to employees, customers, suppliers etc?

STANLIB is a voluntary signatory to the United Nations Principles for Responsible Investment. We believe in the principles as a tool to promote awareness of the implications of ESG issues for investors, and to incorporate these issues into decision-making and ownership practices. The principles were established to be compatible with the investment styles of large, diversified, institutional investors that operate within the traditional fiduciary framework.

Through our credit investment activities at LibFin, we evaluate a comprehensive list of investment considerations including developmental opportunities. Liberty delegates investment management to appointed managers, and mandates that they adopt the principles and practices of CRISA.

The investment team at STANLIB expresses its views via proxy voting. Should STANLIB intend to vote against a resolution, the investee's management teams are engaged. During the year, STANLIB engaged with listed entities on the independence of certain board members, CEO remuneration, long-serving directors and their independence and the reappointment of auditors. Proxy voting is tracked and is available to clients for review. Our 2018 proxy voting records appear below:

Proxy voting history (%)



We are committed to supporting the efforts of the private sector in the provision of bulk infrastructure for social and economic development in South Africa and the rest of Africa. Recognising the importance of creating an alternative investment sector, we have invested in various infrastructure projects, including power generation and energy sector projects with the aim of supporting the growth and development of these areas for sustainable economic growth.

As one of the investors in renewable energy funds, Liberty invested in four solar PV projects in the Northern and Eastern Cape of South Africa, and one windfarm project in the Eastern Cape. Liberty's other investments in infrastructure include toll roads and rail development projects.

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.

To date, we have invested R4,3 billion (2017: R3,8 billion) in renewable energy projects.