



UN context: The international community has made significant strides towards lifting people out of poverty. The most vulnerable nations continue to make inroads into poverty reduction. However, inequality persists and large disparities remain regarding access to health and education services.

South African context: In South Africa, where significant inequality persists despite post-apartheid policies, addressing these imbalances is equally as important as addressing poverty.

Our approach

As a responsible financial services firm Liberty supports the protection, promotion, preservation and sanctity of human rights across the group. Human rights are enshrined in the United Nations Universal Declaration of Human Rights, which gives recognition to the inherent dignity, equality and absolute rights of all humans.

Our respect for human rights is fundamental to and informs our business. It guides us in how we treat our employees, clients, suppliers, business partners and communities. Our commitment to respecting human rights is embedded in our values, principles and code of ethics.

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

Our group statement on human rights is available at www.libertyholdings.co.za/sustainability/Pages/our-group-human-rights-statement.aspx

We embrace diversity and actively develop a culture of inclusion. Our South African employment equity and skills development forum met ten times during the year. We comply with the Employment Equity Act, 55 of 1998, and the amended Financial Sector Code (FSC), which was gazetted on 1 December 2017. Liberty supports the principles of the FSC, which commits all participants to actively promote a transformed, vibrant and globally competitive financial sector that reflects the demographics of South Africa.

We are also part of the 30% Club – an organisation that promotes gender balance on boards and senior management teams. From a gender pay gap perspective, we continually monitor and evaluate potential pay gap issues and feel confident to take a leading stance and disclose that we have adequately addressed this issue throughout the group.

Liberty's contribution to reducing inequality

Level 2 B-BBEE contributor^V

R49,1 million
INVESTED IN **CORPORATE SOCIAL INVESTMENT PROJECTS**

9,95%^V
BLACK WOMEN OWNERSHIP

22,9%^V
BLACK OWNERSHIP

58%
OF SOUTH AFRICAN EMPLOYEES ARE WOMEN

79%
OF SOUTH AFRICAN EMPLOYEES ARE BLACK

R426 million
INVESTED IN **ENTERPRISE AND SUPPLIER DEVELOPMENT**



Diversity and transformation

Liberty sees B-BBEE as a business fundamental based on the following:

- A growth imperative – the low employment rate in South Africa can only be dealt with in a high-growth environment
- A social imperative – wealth needs to be distributed more evenly in order to create an equitable society and
- A moral imperative – the legacy of the past wherein the majority of the country's citizens were excluded from the economy based on race must be addressed.

FSC aims to promote and sustain transformation within the financial services industry. Liberty was extensively involved in the development of the code. Liberty executives participated in industry task groups during the code's formative stages and this involvement continued as the terms of the code were redefined and clarified.

Liberty's transformation strategy in 2018 was focused on maintaining its Level 2 B-BBEE contributor status. The revised FSC has seven elements which influence an organisation's score and contributor status. Liberty performs well in several of these elements.

Liberty acknowledges that it must improve its transformation performance in two key areas associated with employees: management control and skills development. Black (a generic term for African, Coloured and Indian citizens of South Africa) representation across Liberty's total South African workforce is 79%. However, at the senior (48% Black) and middle (62% Black) management levels we need to accelerate employment equity by focusing on the appointment of African females and persons with disabilities.

The graphic below reflects Liberty's 2017 and 2018 performance against the seven elements of the B-BBEE scorecard.

Our transformation storyboard

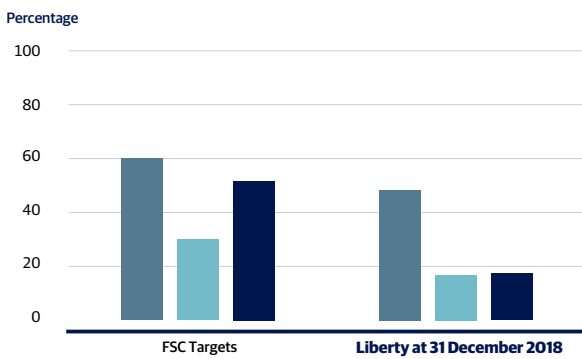
Management control

	FSC Target	20,0
	2018 Actual	13,3 ^v
	2017 Actual	14,0 ^v

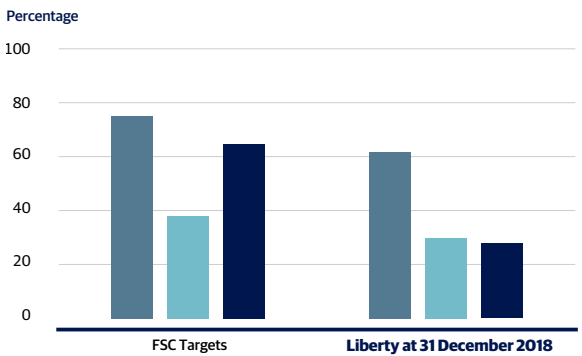
Develop and recruit African females and persons with disabilities as a priority

Employment equity comparison

SENIOR MANAGEMENT



MIDDLE MANAGEMENT



■ Black ■ Black women ■ African

Skills development

	FSC Target	20,0
	2018 Actual	15,0 ^v
	2017 Actual	10,4 ^v





2018 B-BBEE Level 2 MAINTAINED

Procurement

	FSC Target	15,0
	2018 Actual	13,6 [✓]
	2017 Actual	14,1 [✓]



Minimise international spend



Diversify
Increase EME and QSE spend



Focus on **51% Black owned** and **30% Black women owned** suppliers

Work with strategic **vendors** to broaden their transformational contribution



Ownership

	FSC Target	23,0
	2018 Actual	22,2 [✓]
	2017 Actual	24,3 [✓]

22.9%[✓] Black ownership



Increase the economic interest **of Black people**

Liberty Community Trust Deed in process of being changed



Access to financial services

	FSC Target	12,0
	2018 Actual	12,0 [✓]
	2017 Actual	11,9 [✓]

Continued Standard Bank **collaboration**



ECM assessed **product offering gaps** to full points contribution

Empowerment financing and ESD

	FSC Target	25,0
	2018 Actual	24,9 [✓]
	2017 Actual	27,0 [✓]

Liberty Blue Skies
Enterprise and supplier development programme



6 SMMEs
Advanced to the **empower phase**

5 SMMEs
Advanced to the **enhance phase**

Intermediary development programme

Intermediaries development
Spend on skills development of financial advisers contributes toward scorecard

Socio-economic development and consumer education

	FSC Target	5,0
	2018 Actual	6,7 [✓]
	2017 Actual	5,0 [✓]

R20,9 million
Socio Economic Development spend



Consumer education
> 41 000 trained during 2018

300 teachers trained during 2018





Diversity and transformation continued

Closing pay gaps and increasing earning potential

Liberty's reward philosophy allows for differentiation where it is fair, rational and explainable. Liberty pays for performance and this remuneration must be externally competitive and internally equitable, and is assessed with the principle of equal pay for work of equal value, to identify and address any unjustifiable remuneration disparities.

Investing in people initiatives through talent mapping, employee development and training courses creates a work environment and work culture conducive to an employee's growth, to progress their careers and therefore their earning potential. Since 2010, the earnings potential of lower level employees has been aligned to settlement percentages of collective bargaining councils, even though Liberty staff are not members of these councils. These percentages have been higher than those granted

to management and executives, thereby narrowing pay gaps between the highest and lowest paid employees.

In 2019, Liberty's remuneration committee will focus on the following:

- Validation of remuneration levels will be conducted across the business in line with the new structures and capabilities created in terms of the revised business strategy.
- The reward philosophy will be aligned to an employee experience programme to be rolled out as part of the revised strategy.



A full remuneration report is available at www.libertyholdings.co.za/investor

Promoting transformation through ESD

Enterprise and supplier development (ESD) are critical enablers for a transformed and inclusive society. While 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.

Liberty recognises ESD as a business imperative that not only promotes transformation but also enables job creation and promotes the long-term sustainability of our business.

In South Africa, the NDP and the FSC are focused on improving financial inclusion and financial literacy initiatives seek to enable financial freedom for individuals who have not previously had exposure to the financial services industry, and we achieve this by making knowledge, tools, support and expertise available to the participants of our programmes. We also partner with the Association for Savings and Investment South Africa on their ESD programmes.

The Liberty Blue Skies programme aims to eliminate barriers to growth by providing financial and non-financial business development support to

black businesses. The intention is to increase the development capacity of suppliers to manage their businesses more efficiently and effectively. Development support includes mentorship, growth project support, grant funding and enabling access to the market. Suppliers are selected based on set criteria, including the potential to create value for Liberty. The programme was first initiated in 2014 with four suppliers. To date the programme has provided personal business development support to 38 suppliers.

In 2018, we launched the Liberty Blue Skies intermediary development programme, focused on developing brokerages in the financial services industry who are contracted to multiple insurers and represent a variety of clients. The aim of the programme is to support their strategic growth and development and to create value for Liberty, the industry and South Africa. The initial intake for the pilot programme comprised eight brokers who will be developed over a three-year period. They will receive tailored support, designed to make an impact in their businesses where it is most needed.

Socio-economic development and consumer education

Liberty's CSI strategy aims to maximise our impact by consolidating and aligning a variety of initiatives in a coherent manner. We focus our efforts on secondary and tertiary education, with a specific focus on Maths and Science. We introduced English to augment the programme, acknowledging it as both the global and local language of business.

The programmes we run are relevant to the communities in which we operate. The Liberty group invested R49,1 million (2017: R44,3 million) in CSI programmes. We invested R22 million (2017: R19,6 million) in Maths, Science, and English educational programmes and R17,7 million (2017: R15,9 million) in financial literacy programmes, with a focus on adults who are income-earning or who have income-earning potential.

We offer training on critical financial literacy skills that drive financial inclusion. More details about Liberty's educational programmes are provided on page 30.

Employee volunteering

Employees are entitled to two additional days leave annually to volunteer for in-house initiatives or legitimate NGOs. We encourage active employee volunteerism and launched an employee portal in 2018, called 'RolledUpSleeves', connecting our employees with charitable organisations.

Our employees can use this portal to select organisations to volunteer at. Liberty also participated in International Mandela Day and focused on SDG 2: contributing to ending hunger and improving nutrition. On the day, over 1 000 employees packed meals to feed children from disadvantaged communities. The packed meals were distributed to early childhood development centres, and we further contributed to feeding approximately 800 children for five days per week for a year.



LIBERTY



CREATING LEGACIES

Blue Skies, Liberty's Enterprise and Supplier Development programme.
Investing in the strategic growth of value-chain aligned small businesses.

Through the Liberty Blue Skies Programme, the group accommodates businesses in different stages of growth across its value chain. Four incubation models are matched to the unique needs of the small and medium enterprises – determined by business maturity, management skills and level of experience.

PM Skillshouse is one such SME in the Blue Skies programme, offering consumer financial education and skills facilitation. CEO, Portia Malatji, believes that training is a force for good, and that by empowering individuals with practical knowledge and understanding they will have the tools – and inspiration – they need to succeed in life and create a legacy of their own. This is the foundation on which she has built PM Skillshouse.

The vision of the vibrant and enthusiastic team at PM Skillshouse is to fundamentally touch and change the minds, hearts and lives of others in a real and practical way – helping them to deal wisely and well with their money. Portia and her 40-strong team are determined to impact a million people by the end of 2020 through their financial education programmes.

The business model is unique in that facilitators are empowered to start their own training businesses in their local areas – with PM Skillshouse as one of their employers. Portia's goal is to create a hundred training and development SMEs over the next three years.

Liberty, Absa and Alexander Forbes are among the current clients, but PM Skillshouse is not stopping there. Portia Malatji has a marketing strategy to take new solutions to market in response to some of the many challenges facing the communities in which the company operates.

This remarkable entrepreneur's own inspiration came from her hard-working mother, who taught her the value of excellent customer service, as well as the importance of remaining teachable throughout life. Portia Malatji started this business with R30, and has grown it with the support of Liberty. She is a true ambassador of Blue Skies.

The Blue Skies Enterprise and Supplier Development Programme.

Building Small Business For Big Impact.

SINCE 2014 38 SMES HAVE RECEIVED SUPPORT FROM BLUE SKIES



CREATING AND MAINTAINING JOBS

