Alexander Forbes Group Holdings Limited

# Environmental, social and governance report

for the year ended 31 March 2022

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# Contents



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Navigation tools at the top right of each page and within the report:

MAIN MENU | BACK | PREVIOUS PAGE | NEXT PAGE

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## Forward-looking statements

This report contains certain unaudited forward-looking statements and targets. These, by their nature, involve risk and uncertainty as they relate to future events and may be influenced by factors outside the group's control. There are various factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. We cannot guarantee that any forward-looking statements will materialise and, accordingly, readers are cautioned not to place undue reliance on any forward looking statements. Alexforbes disclaims any intention and assumes no responsibility or obligation to update or revise any forward-looking statements, even if new information becomes available as a result of future events or for any other reason, other than meeting the JSE Listings Requirements.

# About this report

The Alexander Forbes Group Holdings Limited environmental, social and governance report (ESG report) is primarily for stakeholders. To be concise, we simply refer to Alexforbes, the company or the group. The ESG report covers the environmental, social and governance activities of the group from 1 April 2021 to 31 March 2022 (2022) and provides supplementary information, including board committee reports, risk reporting, the King IV Report on Corporate Governance™[1] in South Africa 2016 (King IV) application as well as the group's remuneration policy and its implementation. This report also includes material events that occurred after this date and up to board approval of the annual financial statements on 6 June 2022 and the integrated annual report and ESG report on 28 July 2022.

Read this ESG report in conjunction with the 2022 integrated annual report and annual financial statements.

Both are available on the company's website at **https://za.alexforbes.com/investorrelations/financial-results/annual-report**

Our ESG report provides assurance to our stakeholders that we are committed to good corporate governance, sustainable business practices and responsible corporate citizenship and that we comply with applicable laws and regulations. We do not disclose tax reporting country by country, nor do we have a separate tax report, as it is not currently material to our business.

The board has considered the integrity of this report and satisfied itself that the report appropriately provides material disclosures of the group's overall ESG activities. The board approved this report on 28 July 2022.

## Our reporting suite

This report forms part of our reporting suite. Our reporting suite includes the following reports:


Integrated annual report


Annual financial statements


Environmental, social and governance (ESG) report

We have endeavoured to provide concise, balanced and transparent commentary on the progress we have made during the year on our strategy, performance, operations, governance and sustainability. Alexforbes takes direction on reporting from the Integrated Reporting Framework, as updated in January 2021, and King IV. Financial information has been prepared in accordance with International Financial Reporting Standards (IFRS).

The board and executive management are comfortable, based on materiality, that external assurance on the accuracy of non-financial information is not necessary at present. This position is reconsidered regularly. Our broad-based black economic empowerment (B-BBEE) rating has been independently verified by AQRate Verification Services. Any disclosures on B-BBEE information apply to our South African operations only.

The board is committed to communicating openly and transparently through our integrated reporting suite, as well as our other the group's communication channels, including its publications, articles, website and social media platforms, and presence in the media. The board is confident that the integrated reporting suite articulates all material items relevant to stakeholders. The audit and risk committee assists the board with oversight of all external reporting, ensuring its integrity, and the board as a whole approves the integrated reporting suite.

## Purpose-driven governance

Alexforbes is committed to the highest standards of governance, ethical practice and integrity. As a business with the purpose to pioneer insight to deliver advice and solutions that impact our clients' lives, we embrace world-class governance standards to ensure sound business practices and making a positive impact by what we do. Our aim is to go beyond merely achieving regulatory and legislative compliance to our strategy and the long-term sustainability of the company through meaningful value creation for all our stakeholders.

Our governance efforts also ensure the board performs and adds value to the group and its stakeholders through its oversight, leadership and strategic guidance.

The board provides strategic guidance and direction, approves material policies and business planning principles, provides implementation oversight, and holds executive management and the organisation accountable for performance against agreed annual scorecards.

The board reviewed and approved the company's short- and long-term strategic priorities, against the previously approved strategy, in March 2022.

The strategy and strategic priorities inform the approval of management budgets and execution plans. In the context of continuing global uncertainty and economic volatility, the board and management maintain a more agile approach to approved plans and budgets, continuously reassessing to ensure responsiveness and to compensate for potential negative and unanticipated impacts.

The group's own risk and solvency assessment (ORSA) process and its enterprise-wide risk management principles serve as considered inputs into the business planning and strategy cycle, enabling the board to take appropriate risks and seize business opportunities in the company's best interest. The board acknowledges that each of its decisions impacts the capitals available to the company to create and sustain value.

The board is comfortable that the King IV principles are all applied, bespoke application is explained in detail, and their application leads to the intended outcomes. As expected, there are a few practices where improvements continue to receive focus.

1 *The Institute of Directors in South Africa NPC (IoDSA) owns all copyright and trademarks for King IV.*

# How we are governed

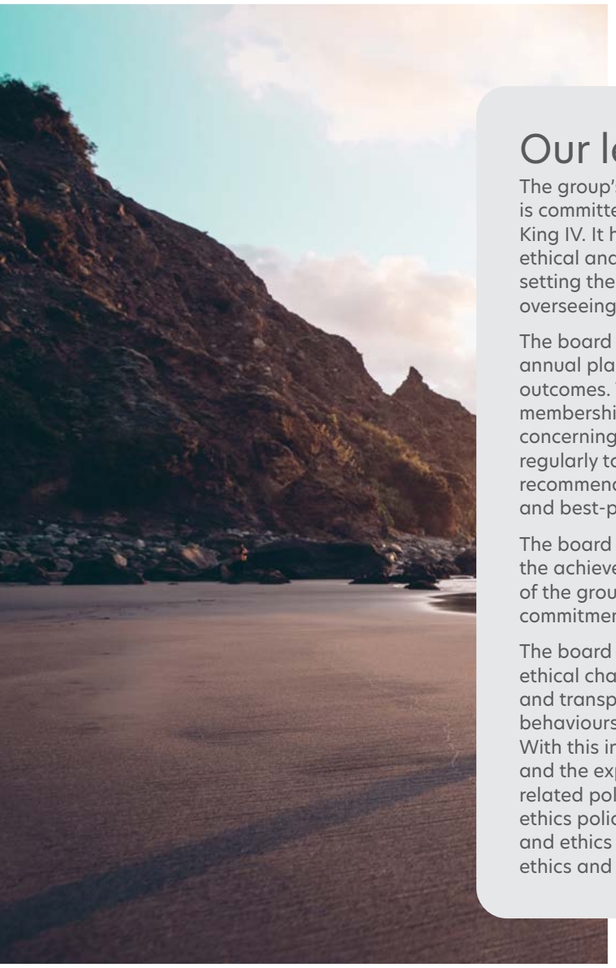
## Our governance philosophy and framework

We conduct our business ethically and in compliance with all applicable laws and regulations. Our operations are underpinned by good governance, transparency and accountability. At the heart of all governance practices is our commitment to ethical business conduct and integrity. We believe good governance is critical to strategic decision-making and to the long-term sustainability of our business, stakeholders and society.

Our governance philosophy is framed by policies, standards and processes designed to ensure regulatory compliance, enabling growth and support overall sustainability across the group. We are constantly reviewing these practices to ensure that we consistently act in the best interests of our stakeholders.

The group governance framework, supported by the detailed delegation of authority, defines and governs the relationship between the board's strategic group-wide decision-making and oversight and that of subsidiary boards.

Processes, principles and policies are standardised as much as possible group-wide, but without derogating from the legal accountability of subsidiary board directors and bespoke local jurisdictional requirements.



## Our leadership

The group's board of directors is the highest governing body and is committed to the principles of good governance as espoused in King IV. It has the responsibility to ensure that the group is led in an ethical and responsible manner. The board is also responsible for setting the direction of the group, approving policy and strategy, and overseeing their implementation.

The board charter and all board committee terms of reference and annual plans fully align with the King IV principles, practices and outcomes. The board charter sets out the roles, responsibilities, membership requirements and procedures, including details concerning access to independent advice. The charter is reviewed regularly to ensure that it is aligned with the principles and practices recommended by King IV, in addition to other regulatory, legislative and best-practice requirements.

The board governs the group in a manner that enables and supports the achievement of our strategy and the long-term sustainability of the group. The board's actions set the tone by demonstrating a commitment to the organisation's integrity and reputation.

The board collectively, and each director individually, subscribes to the ethical characteristics of integrity, competence, responsibility, fairness and transparency. Board members are acutely aware that their behaviours and actions set the tone for the culture within the group. With this in mind, the board sets the standards for ethical practices and the expected ethical culture by approving group-wide ethics-related policies and codes of practice. Responsibility to implement the ethics policies and processes have been delegated to the executive and ethics management committee, with oversight from the social, ethics and transformation committee.

## Our ethical culture

The board is responsible for establishing an ethical culture throughout the organisation and monitoring adherence to ethical practices as well as ensuring Alexforbes acts as a responsible corporate citizen.

All directors, in their consent to act as a director, commit to acting in good faith and in the best interests of the group. The directors live and abide by the highest ethical standards in word and deed, keeping one another accountable through honest, transparent and robust debate as well as through formal and informal board evaluation processes.

The board is not only driven by legal compliance but rather by the ethical spirit of regulations and legislative requirements. Directors fully comply with the Companies Act requirements in relation to the disclosure of personal financial interests. They ensure that all conflicts and potential conflicts of interest are proactively managed at each meeting, including those of directors nominated by large shareholders. Independent sub-committees are established to consider transactions where shareholders or shareholder associates are involved, and the sharing of information is carefully and strictly managed.

The group's ethics policies detail standards of engagement with internal and external stakeholders.

Our existing code of ethics and ethics policy are available online at **www.alexforbes.com**

The group's code of ethics is incorporated into supplier and employee contracts. All our people receive access to the policy passport platform, which includes our code of ethics and other related ethics policies (including whistle-blowing).

Our independently managed whistle-blowing programme enables concerned individuals to anonymously report conflicts of interest, fraud and corruption and other ethics-related issues. We ensure that, where appropriate, line management or independent investigators conduct investigations and take appropriate follow-up action on such reports, including disciplinary action in accordance with the group's disciplinary policy and reporting matters to the South African Police Service if warranted. Any whistle-blowing complaints or allegations against executive management and directors are also fully investigated.

Refer to the **setco report** on page 66 for further information on its ethics oversight focus and activities during the year under review.

## Anti-corruption principles

The following policies have been implemented to apply anti-corruption principles.

### Group economic crime and fraud risk management policy

We are committed to a process of preventing crime, which is aligned to the King IV and complies with other relevant legislation, regulation and guidelines. The prevention of economic crime is recognised as being an integral part of good corporate governance. The policy applies across all operations, including business units across the group, as well as to strategic alliance and joint venture partners.

### Risk management and compliance programme (RMCP)

We are committed to acting with integrity in the conduct of our business activities across the jurisdictions in which we operate, to contribute to a secure and robust financial services industry. This is achieved by being aware of our responsibilities in terms of legislation and by maintaining an effective anti-money laundering and counter-terrorist financing programme for our business that reflects the best practices for a diversified financial services group. Section 42 of the Financial Intelligence Centre (FIC) Act places an obligation on all accountable institutions, of which we are one, to develop, document, implement, approve and maintain a RMCP and defines the requirements for this programme.

The purpose of the RMCP is to:

- provide for a programme which incorporates the requirements of the FIC Act
- establish the risk appetite levels in the management of money laundering and terrorist financing (ML and TF) risk
- outline the financial crime control (FCC) governance structures and FCC reporting obligations with defined roles and responsibilities to enable adequate oversight of the key risks within approved risk appetite
- establish requirements for the training of employees at various intervals and the types of training to be provided in terms of job function
- outline the independent assurance to be conducted by combined assurance (internal and external audit) at least annually

*Anti-corruption principles continued*

## Our group anti-bribery and anti-corruption policy

Any form of corruption, any potential legal implications aside, raises serious ethical and political concerns, undermines responsible approaches to management and prevents economic development, both in the public and private sector. It also distorts national and international competition. We are committed to conducting our activities free from any form of bribery or corruption. We have no tolerance for bribery and corruption activities and no appetite for our financial products or services to be used to facilitate bribery, or corruption, by employees, associated parties, clients or counterparties. We define corruption as the abuse of power for personal gain, or enrichment, or the abuse of position, to gain material, or personal, gain for a third party, or oneself, using unfair or unlawful methods.

## Group anti-money laundering policy

Our RMCP outlines the anti-money laundering legislative processes and procedures that enable us to comply with our obligations as an accountable institution. It defines our risk-based approach when dealing with existing clients or potential investors, the due-diligence process that we would apply to high risk-rated clients, as well as how we would deal with domestic prominent influential persons and foreign prominent public officials.

## Implementation

In 2022 there were several in-depth investigations into risk matters, the effectiveness of first-line (within business area) compliance, business continuity management, market conduct and fraud risk management practices with a view to overseeing the implementation of any recommended improvements.

# Professional corporate governance support

Carina Wessels provides professional governance, general legal counsel, and compliance advice and support to the board and its committees. She was appointed by the board as group secretary on 1 October 2017 and was appointed as general counsel for the group on 1 April 2018 and as executive: governance, legal and compliance on 1 March 2019. Since June 2022 she is also accountable for sustainability.

Carina holds an LLB; two LLM degrees, one in Labour Law and one in Extractive Industry Law in Africa (cum laude); a certificate in Advanced Labour Law (cum laude), a Programme for Management Development (cum laude) and is a fellow of the Chartered Governance Institute of Southern Africa. She is also an admitted advocate of the High Court of South Africa and past president of both the Chartered Governance Institute of Southern Africa and the Corporate Secretaries International Association. She has met the professional development requirements to maintain her chartered governance membership. During the annual evaluation the board once again expressed a very high level of comfort and satisfaction with her skills, competence, performance, values and experience. The board also confirmed her objectivity, gravitas and arm's length relationship with the board.

# Delegation of authority

The board delegates authority to relevant board committees with clearly defined mandates. Regardless of the delegation, the board retains full accountability for all oversight, other than for the audit and risk committee's statutory responsibilities. The board further delegates authority for management of the group's activities to the executive and is comfortable that the delegation of authority framework ensures a clear division of responsibilities between management and the board, and that no executive has unfettered authority. The board is comfortable that the delegation of authority policy and processes ensure role clarity, as well as the efficient and effective execution of responsibilities. The detailed delegation of authority matrix is managed by the executive: governance, legal, compliance and sustainability and the chief financial officer and reviewed regularly.

The chairman's role and responsibilities are distinct and completely separate from those of the chief executive officer. There is a detailed division of responsibilities policy in place articulating the distinctive roles, including that of the lead independent director, which ensures an appropriate balance of power and authorities such that no director has unfettered powers or decision-making.

## Chair

The independent non-executive chair, **Daniel Mminele**, is responsible for the board's effective leadership and strategic guidance and oversight. He is also responsible for monitoring the performance of the group and ensuring effective governance systems and controls.

## Chief executive officer

The chief executive officer, **Dawie de Villiers**, is responsible for the daily operations of the business and the effective execution of the strategy. He is accountable to the board and supported by the executive committee, he leads and motivates the management team and ensures the board receives timely and accurate information on the group's performance.

# Board nomination, appointment, rotation and succession

Central to the board nomination process is the detailed skills and experience matrix maintained by the executive: governance, legal, compliance and sustainability. The matrix articulates the skills, experience and diversity required to execute on the group's strategy over the short, medium and long term. Current directors' skills and experience are mapped against the needs of the business to identify deficiencies to inform continued professional development interventions, succession planning needs and nomination priorities. Naturally not all requirements will or should be met at a board level and the organisational and executive capability, as well as areas where external expert skills may be more appropriate, are taken into consideration.

In addition to technical skills and experience and diversity, an understanding of and alignment with the group's purpose, vision and strategy are critical elements in the nomination and selection process.

ARC Financial Services Investments Proprietary Limited, as our anchor shareholder currently holding 41.47% interest in Alexforbes, has the right to nominate two individuals to the board:

- one director, as long as their shareholding is 7% or more
- two directors at a shareholding exceeding 25%

Depending on the final shareholding achieved by Prudential Financial Inc., through the partial offer process that was under way at the time of writing this report, Prudential Financial will have the right to nominate:

- one director, as long as their shareholding is 10% or more
- two directors at a shareholding exceeding 25%

Refer to **Ownership** on page 12 in the **2022 Integrated annual report**.

*Board nomination, appointment, rotation and succession continued*

Both shareholders are required to take the skills and experience matrix intro consideration in their nominations. Regardless of the shareholder nomination process, the nominations committee still follows due process to consider the nominations received.

New directors are appointed to the board through a transparent, formal and fair process and are generally sourced through bespoke recruitment agencies, adding to the robustness and independence of the process. The process includes an evaluation of any candidate's fitness and propriety, as well as reference checks. Directors are required to individually and collectively exhibit characteristics of integrity, competence, responsibility, accountability, fairness and transparency.

The board delegates the nomination of new directors to the nominations committee, that comprises a majority of independent directors. The committee makes its recommendations to the board for final decision-making.

On appointment, the terms and conditions are formalised in a letter of appointment and new directors undergo an induction programme to facilitate their understanding of the business environment and markets in which the group operates. The induction includes sessions with all of the executive.

In addition to the annual evaluation process, newly appointed directors are subject to a peer review of their performance, contribution and commitment after their first year and may be removed or not recommended for election at the first annual general meeting (AGM) of shareholders following their appointment.

The company's memorandum of incorporation requires one-third of non-executive directors to retire by rotation each year. The third is made up of directors appointed during the year in casual vacancies, after which the longest-serving directors are required to retire by rotation.

Nomination for re-election is informed by the individual director's performance, contribution and attendance. Information on directors standing for election and re-election is included in the AGM notice.

Directors may serve a maximum of three terms of three years (nine years in total) from the date of their first election. The retirement age for executive directors is 63 years and for non-executive directors 70 years, although the nominations committee may extend the retirement age beyond 70 subject to annual review.

Board succession is a continuous area of focus, both from an emergency and long-term sustainability perspective. In the year under review, it received additional attention.

Refer to the **Nominations committee report** on page 65 of this report for more detail.

In addition to board succession, organisational succession planning and management development form a key part of the group's strategy to build a reliable leadership pipeline. The nominations committee also ensures the overall efficacy of the succession processes, principles and bench strength, with a specific focus on the executive, heads of control functions, Alexander Forbes Investments Limited executive and key employees, rainmakers and other critical positions.

The board has an approved emergency succession plan.

## Continuous development

Detailed economic updates are provided to the board at least biannually and general governance, industry, best practice, research, and regulatory information shared with the board during each board cycle and during bespoke biannual governance sessions. In addition, policy and other training and development sessions are incorporated into the board cycle to ensure continuous development of and information sharing with directors. Relevant and appropriate external information and governance sessions are also shared with directors as appropriate. The topics covered during the governance sessions in 2022 review included:

- Innovation, change and a rapidly evolving global landscape (strategy from the future)
- Task-force on Climate -related Financial Disclosures (TCFD) and general ESG-related developments, policy and reporting frameworks
- Conduct of Financial Institutions Bill
- Climate Change Bill
- ORSA scenario planning

# Performance evaluation

The board believes that appraising its performance helps clarify the individual and collective roles and responsibilities of directors, while providing insights into how the board can become more effective. Performance evaluations also help improve the relationship between the board and the executive team, as well as ensure a healthy balance of power between the board and the chief executive officer. As discussed in the 2022 Integrated annual report, following several board changes during 2022, the board performed an informal, internal evaluation during 2022. Measurement of the delivery against the board and committee objectives or focus areas for 2022 formed the basis of the evaluation.

Refer to page 34 of the 2022 **Integrated annual report** for board objectives and page 60 of this report for **board committee reports**.

| Forum | Objectives | Aggregated rating |
|---|---|---|
| Board | Strategic review, oversight and input to ensure the group is enabled to execute on its growth aspirations | 3.0 |
| | Supported by the mergers and acquisitions committee, oversee the value creation and growth enablement through large merger and acquisition activity | 2.8 |
| | Continue to develop in-depth understanding of the pensions reform landscape, its likely impact on the group, and the opportunities and risks created, and consider appropriate strategic responses | 2.6 |
| | **Total aggregated score out of 3** | **2.8** |
| Audit and risk committee | Continued in-depth oversight of the enhanced transfer values (ETV) liability matter, specifically the company's legal action against the insurance companies who are challenging the claim | 2.8 |
| | In collaboration with and following approval by the setco of the group's ESG framework, consideration of enhanced ESG reporting and the need for external assurance on this reporting | 1.8 |
| | As part of the broader ORSA activities, input into and approval of the group's sovereign default recovery plan | 2.6 |
| | **Total aggregated score out of 3** | **2.4** |
| Mergers and acquisitions committee | Oversight of the effective and efficient completion of the section 50 transfer of the policies within the AF Life business to Sanlam Life within the context of regulatory approvals | 3.0 |
| | Benefit realisation review of acquisitions made in 2021 | 2.2 |
| | Continuing to evaluate further potential meaningful employee benefit targets that will enable and align with our overall strategic intent | 2.4 |
| | **Total aggregated score out of 3** | **2.5** |
| Nominations committee | Continued board and sub-committee succession planning, ensuring composition remains future fit for a growing business | 2.7 |
| | Continued focus on executive succession | 2.6 |
| | Evaluation of the impact of a solo plus Prudential Authority (PA) supervisory approach on the group's integrated governance aspirations and review of next steps as appropriate | 2.8 |
| | **Total aggregated score out of 3** | **2.7** |
| Remuneration committee | Oversight of several new and improved strategic human capital processes, including embedment of the employee value proposition, central to employee retention and motivation | 2.9 |
| | Within the holistic remuneration framework and policy, consideration of specific rainmaker incentives aimed at driving and achieving revenue growth | 2.4 |
| | Within holistic oversight of the application of the remuneration policy, specific review and confirmation of remuneration fairness, the absence of unfair discrimination and compliance with the requirements of equal pay for work of equal value, as well as a deeper understanding of the group's pay gaps and lowest earners | 2.4 |
| | **Total aggregated score out of 3** | **2.6** |
| Social, ethics and transformation committee | Oversight of the implementation and entrenchment of the stakeholder relationship framework, in particular gaining better insights into the relationship with other material stakeholders in addition to the well-entrenched oversight of employee, client and shareholder relationships | 2.4 |
| | Oversight of the group sustainability committee mandate and specifically approval of a group-wide ESG framework, incorporating the corporate objectives but also our ESG advice framework and the bespoke Alexander Forbes Investments ESG principles (a key objective on the 2022 strategic scorecard). As an associated objective, consideration and possible approval of a revised and more efficient mechanism to facilitate the company's corporate social responsibility interventions | 1.6 |
| | As part of the ESG and transformation oversight objectives, overseeing the planned gap analysis against the United Nations Women's Empowerment Principles (UN WEP) and the consequential action plans to address identified deficiencies (a key objective on the 2022 strategic scorecard as part of our licence to operate focus) | 1.6 |
| | Holistic review of the group's advice framework, with a focus on the adequacy, appropriateness and regulatory compliance of individual advice | 1.8 |
| | **Total aggregated score out of 3** | **1.9** |

As discussed in the 2022 Integrated annual report, as part of the evaluation, the board also considered the bespoke Alexander Forbes Investments Limited evaluation insofar as it affected group committees and group governance matters. No material items of concern were identified. In 2022 the board amended its annual calendar by focusing only on the group strategy in the quarter four board cycle. During the evaluation the success of this amendment was specifically considered and it was decided to be maintained but optimised to ensure improved reporting continuity and efficiency between the standard board cycles.

# Sustainability

As discussed in the 2022 Integrated annual report, the board expanded its board charter to specifically address climate risk and to enhance the group's ESG ambitions and strategic intent.

As a leading South African company, Alexforbes acknowledges the need to assess and respond to climate-related risks. We want to play our part in sustainable economic development for our clients, business partners, investors and South African society at large.

Refer to the 2022 **Integrated annual report** for further information on our governance approach to sustainability on page 30.

The company and board are analysing the recently published JSE Sustainability and Climate Disclosure Guidelines and intend to express a firm view on our adoption of, or alignment with the Disclosure Guidelines in our 2023 report. In 2022 Alexforbes considered the evolving reporting framework landscape and the board specifically considered the TCFD requirements. Considering the centrality of TCFD in the Exposure Draft of the IFRS S2 Climate-related Disclosures released by the International Sustainability Standards Board in March 2022 and the JSE Climate Disclosure Guideline, the company has taken and has committed to taking certain steps to implement components of TCFD whilst analysing the Climate Disclosure Guideline.

The setco has approved specific objectives for 2023, which include:

- Financed carbon footprint calculations and target setting
- Own carbon footprint calculation and target setting
- Climate risks and opportunities assessment
- Climate-focused board workshop and session

## Our approach to sustainability

Alexforbes is committed to ensuring that all our stakeholders adhere to our Universal Declaration of Human Rights. In 2020 Alexforbes became a signatory of the United Nations Global Compact programme. We aim to make progress by aligning our goal-setting, monitoring and measuring process to strategic business priorities, focusing on goals in which we can have the biggest positive impact. We believe that this will bring business value by building resilience and enabling long-term sustainable growth.

We formed a sustainability committee to oversee our sustainability approach and to ensure an integrated approach across the business. As we continue to refine our goals for Alexforbes, we will be guided by the UN's guidelines on how to approach this task:

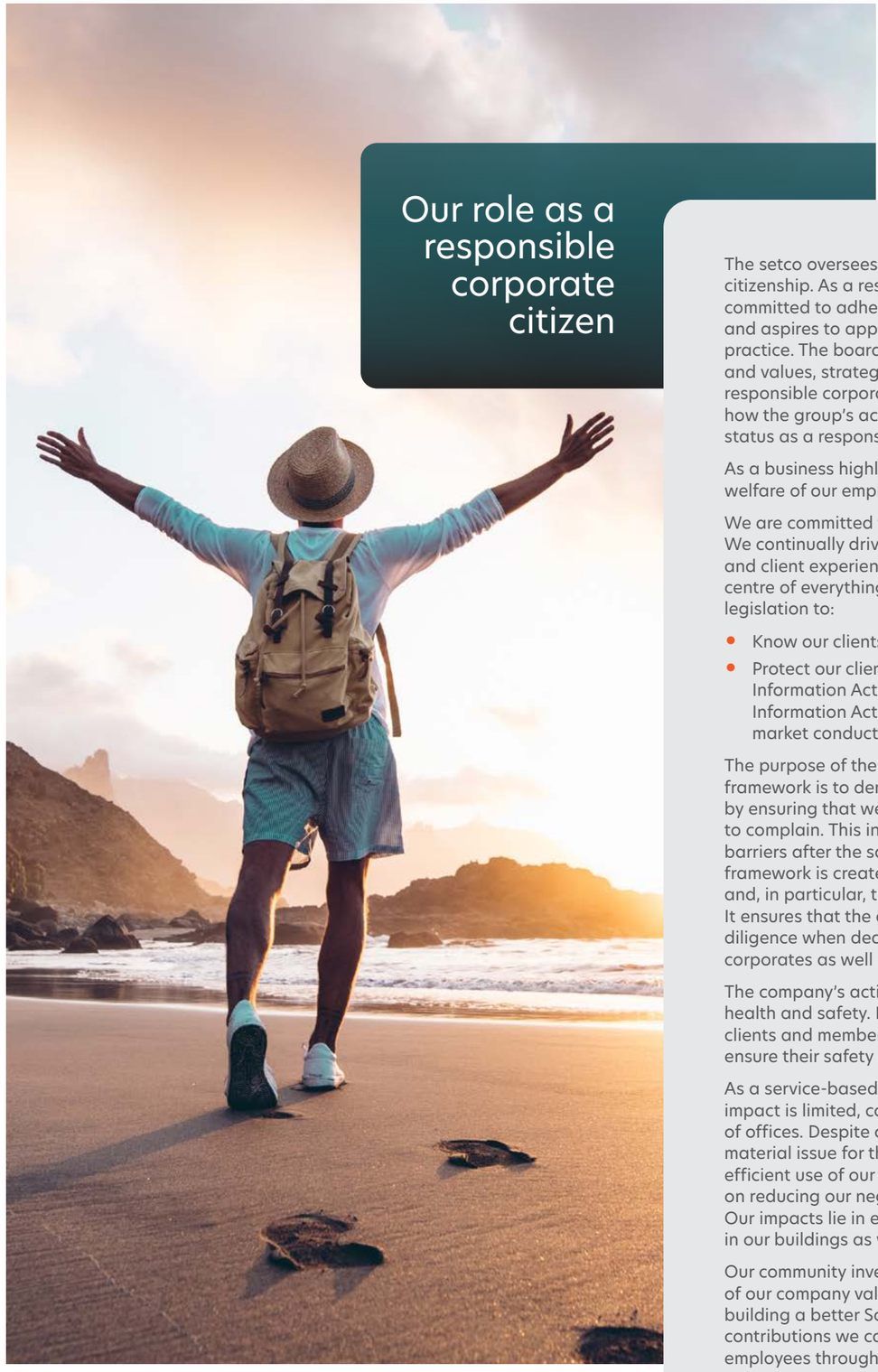
- Consider strategic priorities and our core business to help identify areas where we can have the biggest impact
- Aim to prioritise goals based on maximising positive impact or minimising negative impact

We pledge to integrate these ambitions into our business by embedding them into our organisational culture, becoming part of the way we do things and what our customers and other stakeholders experience. Alexforbes's customers are individuals and organisations.

All our customers have a right to understand their products and services so that they can make informed decisions. Our customers have differing levels of financial capability – many are financially vulnerable or previously disadvantaged. Our approach is to use research-based insights to connect and communicate effectively to provide the support they need to make decisions that are right for them.

We accomplish this by using effective communication strategies, relevant information, tools and advice and savings solutions to support customers along their financial journey. Individual and corporate customers who make use of these services experience better outcomes because they make more informed choices. Our challenge is to increase the extent to which all our customers have access to these impactful services and solutions.

Refer to the **2022 Integrated annual report** for further information.



## Our role as a responsible corporate citizen

The setco oversees the group's approach to corporate citizenship. As a responsible corporate citizen, the group is committed to adherence with all legislation and regulations and aspires to apply and comply with codes of good practice. The board ensures that the group's purpose and values, strategy and conduct are aligned to being a responsible corporate citizen. Further, the board monitors how the group's activities, outputs and outcomes affect its status as a responsible corporate citizen.

As a business highly dependent on our human capital, the welfare of our employees is paramount.

We are committed to treating all our customers fairly. We continually drive improvements to business processes and client experiences by placing our clients at the centre of everything we do and ensuring we comply with legislation to:

- Know our clients (Financial Crime Control)
- Protect our clients' data: Protection of Personal Information Act or (POPIA), Promotion of Access to Information Act, treating our clients fairly (TCF) and market conduct legislation

The purpose of the group complaints management framework is to demonstrate fair treatment of our customers by ensuring that we provide simple and easy ways for them to complain. This includes refraining from creating any barriers after the sale or in the complaints process. This framework is created in line with market conduct legislation and, in particular, the revised policyholder protection rules. It ensures that the company acts with due skill, care and diligence when dealing with its policyholders, members and corporates as well as individual clients.

The company's actions have a limited impact on public health and safety. However, our offices are visited by our clients and members of the public, and steps are taken to ensure their safety and security during such engagements.

As a service-based business, our direct environmental impact is limited, coming predominantly from our network of offices. Despite our environmental impact not being a material issue for the company, we strive to make the most efficient use of our natural resources and remain focused on reducing our negative impact as much as possible. Our impacts lie in electricity, water and paper consumed in our buildings as well as general office waste generated.

Our community investment is an important demonstration of our company values and our commitment as a group to building a better South Africa for all. We are proud of the contributions we can make as a group and as Alexforbes employees through the Alexander Forbes Community Trust.

# United Nations Women's Empowerment Principles Journey

In 2020 Alexforbes pledged its commitment to the United Nations Women's Empowerment Principles (UN WEP) as an official signatory, joining 107 South African signatories and 6 713 global signatories. Further to this pledge we assessed our policies and processes against the UN WEP's gender gap analysis to understand our current positioning on the gender parity journey and how to advance this agenda impactfully in Alexforbes and the communities where we operate.

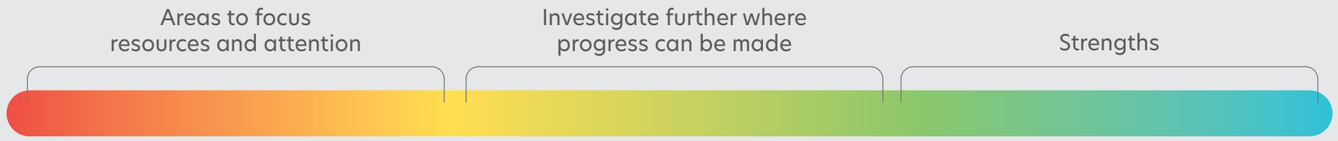
We followed a conservative approach to the gap analysis: even where we knew certain practices had been applied or were part of processes, if the survey required such to be proven through a formal policy, we regarded ourselves as non-compliant.

The initial gap analysis confirmed us at Improver status, making progress on the gender equality journey and taking concrete steps to introduce policies and practices but still working on a strategic approach to implementing our commitment, measuring in more detail, and reporting progress.

**Improver**

25 - 50%


## Summary of findings




**2023 – Leadership and strategy**

- 64% **01** Leadership commitment

**2023 – Workplace**

- 100% **05** Equal compensation
- 89% **03** Recruitment
- 79% **04** Professional development and promotion
- 78% **012** Access to quality health services
- 54% **011** Health, safety and hygiene
- 40% **010** Violence, harassment, and sexual exploitation
- 35% **07** Paternity leave
- 34% **06** Maternity leave
- 20% **08** Parental and caregiver support
- 8% **09** Work-life balance
- 0% **02** Non-discrimination and equal opportunity

**2024 – Marketplace**

- 30% **015** Gender - responsible marketing
- 21% **014** Supplier performance on gender equality
- 0% **013** Women-owned businesses
- 0% **016** Product/service development with a gender lens

**2024 – Community**

- 0% **017** Applying a gender lens to community relations
- 0% **018** Corporate social responsibility, philanthropy, advocacy and partnerships to support gender and equality

With oversight from the setco, we developed a targeted action plan to address our gaps. In order to meaningfully effect change and ensure strategic alignment, the 2023 action plan was informed by the Alexforbes ecosystem of strategies, policies and initiatives in the following areas:

- group-wide holistic sustainability framework and prioritised sustainable development goals
- transformation
- human capital
- procurement
- diversity and inclusion forum
- wellness

Refer to the **2022 Integrated annual report** for further information

## Action plan focus areas 2023

The 2023 action plan entails 15 initiatives within leadership commitment, workplace and marketplace as categorised in the UN WEP gap analysis. We have to date managed to implement the following practices into our standard operating procedures, ensuring that addressing the UN WEP gaps are not merely regarded as project deliverables, but truly entrenched in our ways of working. We believe this better ensures a strong and sustainable foundation for gender parity in Alexforbes.

- Inducted internal stakeholder groups on our status and action plan
- Enhanced reporting to include additional gender insights at board, shareholder and employee level, among others retention of employees on return from maternity and paternity leave
- Four policies reviewed for non-discrimination and alignment with best practice
- Conducted a gender-based violence survey

We will check in on our progress annually through the UN WEP's gap analysis.

*Our role as a responsible corporate citizen continued*

## Labour principles relating to our people

All colleagues have the right to become members of any trade union of their choice. We work in close partnership with the Department of Employment and Labour to ensure we have sound employment practices underpinned by fair labour practices and a zero-tolerance approach to unfair discrimination within the Alexforbes environment. We are consistently monitoring our environment to ensure we remain flexible to the changing global employment and labour market requirements.

### Implementation

Our policy management system outlines both the company's and our employees' roles and responsibilities as it relates to fair and ethical treatment of all stakeholders, as well as the elimination of unfair discrimination practices. We consistently consider risks, barriers and employment-related practices through the human capital and transformation teams as well as the internal risk and audit teams. The group is subject to both internal and external audits, the findings of which are presented at board level. In the event of any adverse findings, there are several channels for corrective action that include the health and safety team, training interventions, employee engagement survey action plans, analysis of barriers with internal stakeholders (such as the diversity and inclusion forum), revised standard operating procedures as identified in our audit action plans, and supportive policies which give effect to labour principles and priorities.

We have dedicated policies that focus on health and safety, employment rights and a sound remuneration philosophy that support the protection of employee rights within the group. A culture of respect and collaboration is encouraged through a formal recognition system.

Adherence to conduct and culture expectations is part of the performance management process. No employee can achieve a good performance rating without demonstrating the core values of customer first, leadership, integrity and care in their day-to-day dealings with colleagues.

Permanent employees are entitled to benefits that form part of their employment contracts. These include retirement fund membership and insurance benefits. Insurance benefits include life assurance cover, spouse's cover, disability cover, funeral benefits and compulsory medical aid cover. Alexforbes employees also have free access to 24/7 support from clinicians and healthcare professionals through our employee assistance programme.

The employee assistance programme provides information and professional advice or guidance on different life challenges (stress, financial problems, legal issues, relationships, addiction, health, work, family, loss or trauma). This resource is accessible at all times for employees and their immediate family. Our financial programme allows employees to access support to understand their employment benefits and financial advice to make informed decisions based on their personal circumstances.

We are subject to audits from the South African Department of Employment and Labour for compliance with the following:

- basic conditions of employment
- minimum wage
- occupational health and safety
- employment equity

We have had clear audits across all our branch networks.

Refer to **Enabling our people to deliver excellence** in the **2022 Integrated annual report** for further information.

## Environmental impact

As a service-based business, our direct environmental impact is limited, coming predominantly from our network of offices. Nonetheless, we strive to make the most efficient use of our natural resources. Our impacts lie in the electricity, water and paper consumed in our buildings as well as general office waste generated.

At Alexforbes we commit to performing our activities safely and managing our carbon footprint responsibly. We believe that businesses are responsible for their environmental impact and for operating in a sustainable manner.

We are therefore committed to reducing our environmental impact and continually improving our environmental performance as an integral and fundamental part of our business strategy and operating methods. We do this by monitoring our environmental impacts and striving to efficiently use natural resources in our network of offices. Our impact is managed by the conscious use of electricity, water and paper, and processing of office waste. Our environmental impact is measured in relation to these categories and reported to and monitored by the setco. Measurement of water and electricity, diesel, paper consumption and waste recycling is limited to head office.

As part of our property management strategy brought about by the new ways of working, we are aiming to reduce our property footprint by 50% over the next three years. Refurbishments to our offices during the year has offered opportunities to look at ways of introducing electrical and water efficiencies.

Our electricity consumption historically remained fairly constant, having dipped only in years affected by load shedding. With Alexforbes transitioning to remote working in response to the Covid-19 pandemic, electricity consumption at head office reduced 27% year on year to 4 149 398 kWh. Our head office remains the only site where we operate a recycling and waste measurement programme. The total volume of recycled waste in 2022 was 5 061 tonnes (2021: 1 968). The increase in the amount of recycled waste is an outcome of our heightened focus on protecting the environment, which we achieved through the implementation of a structured waste recycling programme.

We also encourage our customers, suppliers and all business associates to do the same as it is a matter of delivering on our duty of care towards future generations.

| Environment KPIs | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Electricity consumption at head office (KWh) | **4 149 398** | 5 658 480 | 2 134 889 | 8 194 131 |
| Water consumption at head office (Kl) | **28 287** | 33 018 | 11 785 | 51 806 |
| Diesel consumption (generators) – head office (l) | **44 000** | 30 000 | 21 000 | 53 302 |
| Paper consumption – head office (tonnes) | **1 050** | 1 281 | 1 964 | 5 087 |
| Recycling – head office (kg) | **5 061** | 1 968 | 20 422 | 34 679 |
| Waste to landfill – head office (kg) | **14 650** | 15 000 | 29 850 | 116 400 |

Despite our limited environmental impact, as highlighted earlier and in our 2022 integrated annual report, we have committed to perform a baseline carbon emissions evaluation in the 2023 financial year as well as to report on the outcome and future targets in the 2023 ESG report.

**Our greatest opportunity to positively impact the environment** is through our investing activities in which we invest the savings our customers have entrusted to us to administer and manage on their behalf.

# Social impact

## Corporate social investment (CSI)

Our efforts with regard to socio-economic development are executed through our CSI programme. We manage our CSI through the Alexander Forbes Community Trust, which has four key programmes.

The CoHub programme continues to offer support to orphans, vulnerable children and their families from early childhood development to tertiary education. Six non-profit organisations (NPOs) in communities across Gauteng, KwaZulu-Natal, the Eastern Cape and the Western Cape are supported.

## Member education and financial literacy

Providing holistic financial solutions to our clients requires that our current and potential clients have sufficient knowledge to make appropriate financial decisions. Consumer financial education is central to how we do business. We see ourselves as primary contributors to their knowledge base.

Our member education unit continues to hold education sessions at various institutional clients to address relevant financial topics with members. In 2022 the group provided financial education services to 3 116 individuals.

Over more than 87 years in business, Alexforbes has amassed substantial experience in the financial services sector, and we continue to use this institutional knowledge to positively impact the societies in which we operate. Senior managers at Alexforbes regularly consult at various levels of government, not only on the financial wellness of their employees but on important matters of policy and best practice in asset administration and management.

Refer to the **2022 Integrated annual report** for further information.

## Actively practises transformation

Our commitment to transformation is deep rooted and extends beyond compliance with the broad-based black economic empowerment (B-BBEE) codes of good practice. Driving execution against our transformation vision is ultimately the responsibility of the group's board and the setco. Transformation is a permanent item on the group executive committee's agenda and is included in senior management's performance scorecards.

## Supporting members and clients through research and insights

We aim to reduce levels of financial stress, create wealth as well as improve physical and mental health among our members and clients. We also aim to influence change in our industry and have a positive effect on society and the planet. This is in line with our strategic intent to extend leading positions across administration, retirement, healthcare and investment capabilities organically and inorganically. Our research reports, such as Member Insights and Manager Watch, are central to this effort, enabling us to connect with our clients and members.

The research undertaken is shared widely with our stakeholders to reinforce awareness and drive positive change. We also use our research and knowledge to shape our business strategies in order to deliver on our promise to mutually benefit our stakeholders, grow our business and positively impact society.

During 2022 we focused on remaining connected with the needs and priorities of our customers. We counselled over 10 000 members. Of these, 80% understand their benefits while 93% felt more confident about making decisions. Our clients and members have noted our efforts, as expressed through a much-improved net promoter score (NPS).

## Summary scorecard and independent verification

Our broad-based black economic empowerment (B-BBEE) scorecard verification is based on the amended Financial Sector Code (FSC) and has been certified by an authorised independent verification agency, AQRate Verification Services. This verification applies to all South African companies within the group. We have steadily improved our performance over the last decade and a half, moving from being a Level 5 contributor in 2007 to Level 1 in 2021 and 2022. This is testament to our commitment to the wellbeing of the society in which we operate.

The table below highlights our summary scorecard per element under the amended FSC for the period 1 April 2021 to 31 March 2022.

| Element | Amended FSC target | 2021 Total score | 2022 Total score |
|---|---|---|---|
| Ownership | 25.00 | 25.00 | **25.00** |
| Management control (and employment equity) | 20.00 | 12.31 | **12.49** |
| Skills development | 20.00 (+3) | 13.40 | **17.89** |
| Procurement | 20.00 (+4) | 20.93 | **21.57** |
| Enterprise and supplier development | 15.00 (+4) | 19.00 | **19.00** |
| Socio-economic development and consumer education | 5 (+3) | 8.00 | **8.00** |
| Overall score | 105.00 (+14) | 98.64 | **103.95** |
| **Level** | | 1 | **1** |
| *Recognised procurement recognition level* | | 135% | **135%** |
| Issue date | | 14 June 2021 | **13 June 2022** |
| Expiry date | | 13 June 2022 | **12 June 2023** |

### Ownership

Alexforbes reported a verified black[1] ownership of 51.38% (economic interest) and black female ownership of 21.16% (economic interest), which granted us full points for this element, comprising: direct shareholding and sale of assets.

#### Direct shareholding

The scorecard reflects the interest of African Rainbow Capital (ARC), our strategic anchor shareholder and empowerment partner, as well as our employee share ownership plan (ESOP), the Isilulu Trust, in the direct shareholding sub-category of the scorecard.

The Isilulu Trust was established in 2015 when an effective 2.9% direct ownership in the group was transferred to employees, and to qualifying black female employees in particular. At the time of verification, ARC held 40.95% of Alexander Forbes Group Holdings Limited. Direct shareholding also includes mandated investments (4.87% economic interest in the hands of black people).

#### Sale of assets

We benefit from the recognition of points achieved through historical transactions (relating to the sale of AF Risk Services and Guardrisk). Collectively, these transactions result in an effective verified ownership of 8.68%.

1 *Black people as defined in the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by Act 46 of 2013*

### Management control and employment equity

We remain committed to building and maintaining a diverse workforce made up of a mix of skills, experience, cultures, gender, age and race. To achieve this, we take a proactive approach to recruiting, developing, retaining and promoting black[1] talent.

Refer to page 58 in this report for further information

For us, employment equity goes beyond legislated definitions or regulatory compliance. Upon our listing on the JSE Limited, all employees were allocated 1 000 shares each, an investment which we believe has enhanced the extent to which employees feel engaged in the success of the group. Our board is well represented by black persons and black females, in particular.

Black representation on the board is at 74% and 20% of the board members are black women. Overall, we have 74% black employees (2021: 73%) and 48% female employees (2021: 47%) in the group. Our employment equity profile saw a slight improvement at senior management level to 39.8% (2021: 38.7%). Black female representation at the same level reported a slight increase to 21.3% (2021: 18.9%).

In line with our transformation strategy, appropriate skills development interventions continue to be implemented so that we can create a healthy pipeline of potential future senior managers.

We will continue to focus on the development and retention of black executives, and senior and middle management as we aim to achieve our diversity and inclusion targets in the workplace.

Refer to page 31 of **2022 Integrated annual report** for further information.

*Social impact continued*

## Skills development

We firmly remain committed to developing the skills and experience of our people, enabling them to pursue successful careers in support of our strategic intent through formal and informal training.

Part of our employee value proposition is offering our employees the opportunity to grow professionally. In 2022 an even greater strategic intent was to develop our leaders through various programmes. These include the management essentials and Alexforbes leadership learning programme, which are three-year development programmes to elevate our leaders.

Through our bursary, learnership and internship programmes we provided development opportunities for 142 unemployed black[1] people.

In addition, we continued to support 55 unemployed black people living with disabilities through learnership opportunities which enabled the learners to acquire further National Qualifications Framework (NQF) qualifications and gain work experience towards their employability in the mainstream economic sector. A total of 15 young talented learners embarked on the internship programme in February 2022 (100% black).

As part of our commitment to support black unemployed people, we have continued a partnership with Ikusasa Student Financial Aid Programme (ISFAP), contributing a total of R1.4 million and providing financial support in the form of comprehensive bursaries to 18 students from previously disadvantaged communities. In total, 390 people participated in our learnership and internship programmes (both unemployed and employed). Overall, we provided company bursaries to 143 employees (85% black).

## Preferential procurement

During 2022 we reviewed our procurement process to enhance responsible buying. We also enhanced our abilities to invest in supplier development by identifying and growing emerging suppliers. We achieved R1.4 billion procurement spend with B-BBEE-compliant suppliers. Going forward, exempted micro enterprises (EMEs) and qualifying small enterprises (QSEs) will benefit from our ability to impart skills and mentoring while empowering them to develop relevant and complementary services to the core activities of our divisions.

## Enterprise and supplier development

During 2022, R18.8 million was claimed for contributing in enterprise and supplier development. In addition, we continued supporting the Association for Savings and Investment South Africa (ASISA) Enterprise and Sustainable Development (ESD) fund. The ASISA ESD fund is a financial sector industry initiative in which R737 million was deployed, benefiting 998 small and medium enterprises (SMEs) and creating 334 jobs. As part of the programme, we invested a consolidated amount of R13.3 million in the fund, which was used to provide interest-free loans to qualifying entities. In addition, we supported CoLabs, our own internal ESD initiative that offers free office space to black-owned small and medium enterprises (SMEs). A total of R4.9 million through free rental (overhead costs) was contributed via the CoLabs ESD programme in 2022, benefiting 11 black-owned SMEs. Furthermore, we established an enterprise development initiative making grant funding of R1 million available, benefiting five black-owned asset managers.

Refer to the **2022 Integrated annual report** for further information.

1 *Black people as defined in the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by Act 46 of 2013*

## Socio-economic development and consumer education

Our socio-economic development (SED) initiatives focus on orphans and vulnerable children, and people living with disabilities. The initiatives are managed through the independently governed Alexander Forbes Community Trust (the trust), established in 2004. In 2022 we contributed R3.7 million (2021: R5.7 million) to the trust. We also contributed R406 000 to the Fundisa Retail Fund aimed at a bursary programme for youth from previously disadvantaged communities.

## Bursary programme

Alexforbes implements a group-wide bursary programme comprising a partnership with the Maharishi Institute, Ikusasa Student Financial Aid Programme (ISFAP) and the INSETA bursary programme. Bursaries are awarded to full-time university students enrolled in bachelor programmes, specialising mainly in commerce, accounting and actuarial science. The programme covers tuition, textbooks, laptops, accommodation and meals. A total of 196 students were awarded bursaries during 2022.

## CoHubs

The CoHubs programme provides services and psycho-social support to orphans and vulnerable children, and people with disabilties. This is done in partnership with NPOs across Gauteng, KwaZulu-Natal and the Western Cape. During 2022 CoHubs reached 2 067 beneficiaries through the provision of day-care services, social welfare, nutrition, education and support for income-generation activities. In addition, we supported CoHubs in their operation, administrative and governance requirements. This was done with the aim to ensure that they continue to achieve meaningful impact and remain sustainable in the long term.

## Consumer education

We continued with our consumer education programme, enlisting the services of experts to the value of R1 million (2021: R1 million). Training interventions were conducted online in rural and urban areas, targeting previously disadvantaged communities and reaching 3 116 people (2021: 4 324). Topics such as budgeting, saving, investment and wills were offered.

## Financial literacy

Alexforbes implements a range of financial literacy initiatives aimed at driving basic financial knowledge and skills to empower individuals to manage their money effectively and to make informed financial decisions. Aligned with our purpose, our initiatives are focused on addressing financial literacy needs that empower people to make better decisions.

We adopt a contextually relevant and culturally sensitive approach to how we deliver our content and messaging. Our initiatives are delivered and consumed in the language our audience prefers. We use platforms such as local radio stations, social media and face to-face workshops, leveraging technology for scale and increased awareness.

## Donation of bicycles

In rural South Africa many people spend a lot of time walking. This includes children who have to walk to school. Making bicycles available to schoolchildren not only reduces travel time but also improves developmental outcomes, as children can spend more time focusing on their schoolwork, home life and play.

It is for this reason that we partnered with Ninety One, Jan Braai, Qhubeka Charity, AVBOB South Africa and PPS to donate 600 bicycles to children at Calitzdorp High School in the Western Cape province. By coming together with like-minded organisations, we combined the power of our influence and networks to make a real difference.

According to the principal of Calitzdorp High School, the donation of the bicycles contributed to a reduction in the dropout rate from 7.5% to zero. With that, the school's matric pass rate increased from 72% to 84%. The donation of bicycles also reduced the time that children spend walking, giving them more time to study and play.

It has been a privilege to see the positive impact of our combined efforts. Together with our partners, we will continue investing other resources to improve the delivery of educational services at the school. We have also made a commitment to provide 1 000 solar lights to the learners as part of our effort to improve home study conditions. Ultimately, this will contribute to improved educational outcomes. We have provided tertiary students in the area with computers, and are also proud to announce that, in 2023 we will be providing qualifying learners with bursaries for tertiary studies.

In addition, the distribution of bicycles will stimulate job creation and local enterprises as demand for bicycle maintenance and repair services increases.

We look forward to more meaningful collaboration with other like-minded organisations as we continue in our commitment to contribute to a better South Africa for all.

## Partnering with Umsizi Sustainable Solutions

Alexforbes partnered with Umsizi Sustainable Solutions to implement an initiatve aimed at promoting sustainable livelihoods for local communities in Limpopo, Mpumalanga and Gauteng. Through the programme, beneficiaries received the skills they need to become economically active, self-sufficient, generate income and move themselves out of poverty.

A total of 92 greenhouse tunnels were constructed and handed over to families in the three provinces. It is envisaged that the beneficiaries of this programme will be able to enhance their economic status and also provide nutritious meals to feed their households.

# Responsible investing

We recognise our responsibility as a corporate citizen and as an active participant in the investment markets and, therefore, are progressively incorporating an ESG overlay into our investment process.

We seek to play a leadership role in driving transformative change across the investment management industry, with a particular focus on impact investing and a view to creating employment and generating competitive long-term, risk-adjusted returns for our clients.

Our multi-management approach is central to our investment philosophy and provides clients with the benefits of excellent product selection, positioning our portfolios in these volatile markets to continue to achieve superior returns on a risk-adjusted basis. We will continue to embed ESG principles in how our portfolios are managed, and to focus on improvements in monitoring and reporting.

The power of responsible investing goes beyond just helping our clients reach their investment goals. Deploying investments responsibly and sustainably can also help promote a better quality of life for South Africans.

## Implementation

We hold a set of beliefs that underpin our approach to responsible investment:

- ESG factors can have a material impact on the long-term risk and return outcomes of an investment and should be integrated into the investment process
- Having a longer-term perspective on risk is key. We believe that identifying long-term social and environmental themes can lead to improved risk management and new investment opportunities
- Stewardship (or active ownership) supports the notion that long-term value is realised when shareholders are afforded an opportunity to contribute to how a company is governed. We have a firm consideration of continuous engagement with underlying asset managers on the investments they make on our behalf, and how these investments contribute to responsible investment initiatives
- Climate change poses a systemic risk and investors should consider its financial impact on investments across various asset classes, as well as new opportunities arising from the transition to a low-carbon economy

  We commit to perform our activities safely and manage our carbon footprint responsibly. We believe that businesses are responsible for their environmental impact and operating in a sustainable manner.

Our investment framework for responsible investing details our approach to investing, which aims to incorporate ESG factors, and broader systemic themes such as climate change, sustainable development and stewardship (including active ownership) into our investment decision-making process.

Incorporating these factors enables us to manage risk better alongside our appointed asset managers and generate sustainable long-term investment outcomes.

Refer to **Investing responsibly** on page 86 in **2022 Integrated annual report** for further information.

## Principles for Responsible Investing (PRI)

Alexander Forbes Investments has a fiduciary duty to achieve the best possible returns at acceptable levels of risk and act in the best interests of the wider community and environment. We do everything we can to protect our clients so that they can achieve their investment goals in the most responsible way possible.

We have been a signatory to the PRI for more than a decade and endorse the Code for Responsible Investing in South Africa (CRISA). We recognise our duty to investigate the impact of ESG-related issues on the performance of assets. We promote responsible alpha investing (responsible and sustainable benchmark-beating returns) by ensuring that the asset managers we select in our multi-managed portfolio solutions consider and evaluate the risks and opportunities arising from ESG factors.

We have maintained our strong rating and are proud to have scored above our global peers across most of the reporting modules. Overall, the results demonstrate our continued efforts and commitment towards ESG risk management and compliance with the spirit of the PRI.

No new scores have been released by the PRI since 2020, as they are piloting a new reporting system. They will be releasing the 2021 reports in stages and the 2022 will move to the next reporting cycle which is 2023.

## Global footprint

Alexander Forbes Investments invests in a range of Mercer Global Investment Funds. Through our relationship, Alexforbes draws from Mercer's intellectual capital to help our clients take advantage of opportunities and stay ahead of regulatory and public policy decisions around responsible investment, globally.

Mercer currently supports the following key initiatives globally on responsible investment initiatives and sustainable investment:

- Principles for Responsible Investment
- CDP Worldwide (formerly the Carbon Disclosure Project (CDP))
- Global Impact Investing Network (GIIN)
- UK and European Sustainable Investment and Finance Association (UKSIF and Eurosif)
- Institutional Investors Group on Climate Change (IIGCC)
- TCFD

## A four-factor ESG rating framework

As a multi-manager, we do not have direct investment in companies. Indirectly we invest through our allocation of funds to asset managers. Therefore, the impact we have is through our approach to evaluating asset managers, which involves these four main areas of focus:

### 1 ESG integration

How asset managers integrate ESG into their investment process, which includes:

**Idea generation:** How strong is an asset manager's ability to generate value-adding ideas?

**Portfolio construction:** How effectively are these ideas incorporated into weights in the portfolio?

**Implementation:** How much of the value is returned through transaction and opportunity costs?

**Business management:** Whether well-managed asset managers are more likely to maintain and enhance the competitiveness of their investment strategies over time?

### 2 Resources

The internal and external resources relating to research, systems and employees that are used.

### 3 Engagements

The policies and procedures around engagements and proxy voting that are in place, and examples and outcomes of these engagements.

### 4 Firm-wide commitment

Assessing whether the asset manager's process is formalised through a responsible investment policy, the manager's commitment to industry bodies and codes, and public disclosure of responsible investment activities.

## Due-diligence and ongoing engagements

A formal ESG assessment is produced based on the responsible investment due-diligence questionnaire and our engagements with asset managers. Assessments are included in all managers' research reports. Based on a four-factor ESG rating framework, asset managers are assigned an ESG rating. Our portfolio managers are encouraged to appoint asset managers with high ESG ratings, but also to take a proactive approach in influencing better ESG practices within the industry. Here we use our leading position in the market to work alongside asset managers with low ratings and improve their rating within 12 months, or risk having their appointment terminated.

Asset managers are required to comment on any ESG enhancements to their investment process, key ESG risks and opportunities affecting current holdings and investment decisions, engagements with company management and proxy voting reporting in the course of their regular reporting to us. Where there are contentious issues relating to any holdings, we engage with asset managers on any areas of concern. Asset managers' responses are compared and rated based on their level of disclosure and understanding of ESG concerns. Proxy voting results are also monitored quarterly. We believe that vote outcomes are only one part of the stewardship process.

We have evolved the process of stewardship to formally engage on shareholder annual general meetings (AGMs) for listed companies' details before these meetings to gauge likely vote outcomes and apply pressure that furthers ESG objectives. Prior engagement enables us to challenge subsequent outcomes with a view to improving future outcomes. ESG matters often require monitoring beyond the results of voting at AGMs. We monitor material issues relating to ESG matters and engage proactively where needed.

## Firm-wide commitment

It is the chief investment officer's (CIO) role to ensure that responsible investing is integrated within the investment process and across the investment team. The investment team and portfolio managers are required to understand how asset managers incorporate ESG considerations into their investment process, as well as understand such risks within these portfolios. The investment team and portfolio managers are expected to engage with asset managers on such risks. The CIO has engaged specifically with the CEO and CIO of underlying asset managers to understand their approaches and beliefs. These meetings allow us to assess the "tone at the top", and whether a manager's approach to responsible investing is a tick-box exercise or a core tenet of the organisation.

## Alexander Forbes Investments Transformation Policy

Launched in May 2022, the Alexander Forbes Investments Transformation Policy (transformation policy) is the next step in our journey to create realistic and sustainable opportunities that extend beyond compliance with the broad-based black economic empowerment regulatory requirements. In this respect, we have taken a deliberate approach to incorporate a much broader view of transformation that integrates it more fully into our business value-creation model, including the acceleration of our transformation intent through our investment approach.

There is significant evidence that diversity is strongly correlated with improved risk-adjusted returns. Our transformation policy and its supporting principles are grounded in our belief that more diverse teams will deliver superior long-term investment outcomes for clients.

The inaugural Alexander Forbes Investments Transformation Policy focuses particularly on the investment management industry and the activities of Alexander Forbes Investments in support of the group's overall commitment to transformation. The policy works alongside our asset manager research function, which focuses on the investment process and philosophy to ensure that it all aligns with our clients' requirements. Furthermore, the policy pledges our commitment to working with all asset managers in our value chain to ensure that they understand our requirements and work with us in collectively shaping the industry to embrace a more inclusive and competitive asset management industry.

Our transformation principles intend to operate within the best interests of our clients' goals and objectives in mind. We believe that partnering with the best buy-rated and diverse investment teams can help to achieve better and more sustainable investment outcomes.

## Climate change

As a service-based business operating in the financial services sector, our direct environmental impact is limited, coming predominantly from our network of offices. Nonetheless, we strive to make the most efficient use of our natural resources. Our greatest impacts is evident in the electricity, water and paper consumed in our buildings as well as general office waste generated.

We aim to reduce our environmental impact by continually improving our environmental performance. This is an integral and fundamental part of our business strategy and operating methods. We do this by monitoring our environmental impacts and strive to efficiently use natural resources in our network of offices. Our impact is managed by the conscious use of electricity, water and paper, and processing of office waste. Our environmental impact is measured in relation to these categories and reported to and monitored by our board. Measurement of water and electricity, diesel, paper consumption and waste recycling is limited to head office.

Our greatest opportunity to positively impact the environment is through our investing activities in which we invest the savings our customers have entrusted to us to administer and manage on their behalf. We also encourage our customers, suppliers and all business associates to do the same as it is a matter of delivering on our duty of care towards future generations.

As indicated, we have committed to a climate change risk and opportunity assessment in the 2023 financial year, which will include our investment business and activities.

**We apply our investments climate change policy through:**

- **ESG integration** Climate change considerations are included in our assessment of ESG integration in an asset manager's process when we are selecting asset managers
- **Active ownership and voting practices** We use our influence as shareholders to positively affect a company's conduct in relation to climate change through engagement and proxy voting. The disclosure of voting outcomes provides improved consistency and fosters transparency and objectivity
- **Allocation to thematic investments** We invest in assets specifically related to sustainability, such as solar and wind energy, sustainable infrastructure, impact investing and green bonds that attract commercially sustainable returns and create positive social impact through our private market portfolio

## Influencing environmentally responsible change through investment

We are cognisant that the intensity with which investors consider climate change risks and articulate their expectations of investee companies is more pronounced in developed markets than is currently the case in South Africa. Social, economic and inequality concerns tend to feature more prominently within the South African context. However, as a signatory to the 2015 Paris Climate Agreement, South Africa has a commitment to reduce greenhouse gas emissions by 2030, including as a result of having submitted a more ambitious Nationally Determined Contribution to COP26 in November 2021. Considering this, we recognise South African-specific climate change risks and social concerns as importantly as governance concerns. Accordingly, we look to influence and encourage environmentally responsible change through the investment approach we have adopted and have, as a business, also decided to take a more proactive approach to climate change risk (refer to our commitments elsewhere in this report and in our 2022 Integrated annual report)..

Refer to the **2022 Integrated annual report** for further information.

# Risk management

Sound risk management is an essential enabler of our strategic intent. It is about doing the right thing, managing the actual and potential risks we may face to create value and preserve that value for our stakeholders.

We have a proactive risk culture that is driven by a top-down approach of factoring risk into all decision-making, and a bottom-up approach informed by our day-to-day activities, projects and initiatives. Our risk landscape is managed through ongoing improvement of internal controls including risk identification, assessment, mitigation and monitoring. This is achieved through collaborative efforts between the various business units and the assurance functions.

Within the context of the six capitals, our risk management culture is informed by our risk framework, risk management guidelines and other group policies and procedures – these specify the consideration of primary stakeholder impacts and consequences. The group risk strategy establishes its philosophies, attitudes and approach in terms of risk management. It also informs the risk management architecture of the group, updated risk appetite measures and the methodologies employed to protect and generate stakeholder value for the group. As part of the board's review of the group strategy, significant risks associated with each strategic objective have been evaluated through a risk lens. The risk strategy is supported by risk management policies, the risk management framework and other tools to assist in embedding risk-adjusted decision-making throughout the group.

Our business planning processes continue to be regularly disciplined by holistic risk management and capital optimisation. The ORSA process has deepened in intelligence and capabilities to not only support more resilient planning for adverse events but to also qualify material opportunities in our move to responsibly enhance our capital efficiency. Our integrated business model, and our growth path, afford us with opportunities to enhance risk adjusted returns and our ORSA process will continue to regulate realisation of these prospects.

The audit and risk committee supports the board in considering the material outcomes of these processes and reviews the level of risk exposure against our risk tolerance and appetite levels. Understanding our risk environment informs strategy and assists with decision-making throughout the organisation.

The risk management function is routinely subject to independent review. The findings from the last independent review have been resolved (with some improvements pending the upgrade of the risk management software and ongoing implementation of policies, including the internal control policy). Risk management reports are formally updated at least quarterly with risks, issues and associated actions tabled and discussed at dedicated platform and group-level risk forums. Material risks and issues are escalated to appropriate executive management, and then to relevant board oversight committees. Apart from providing independent assurance, the group risk management function also provides guidance on risk-related matters and is involved in specialist risk management issues at a business level. The function also provides transactional approval, where appropriate, such as validation processes within the client services and solutions development process.

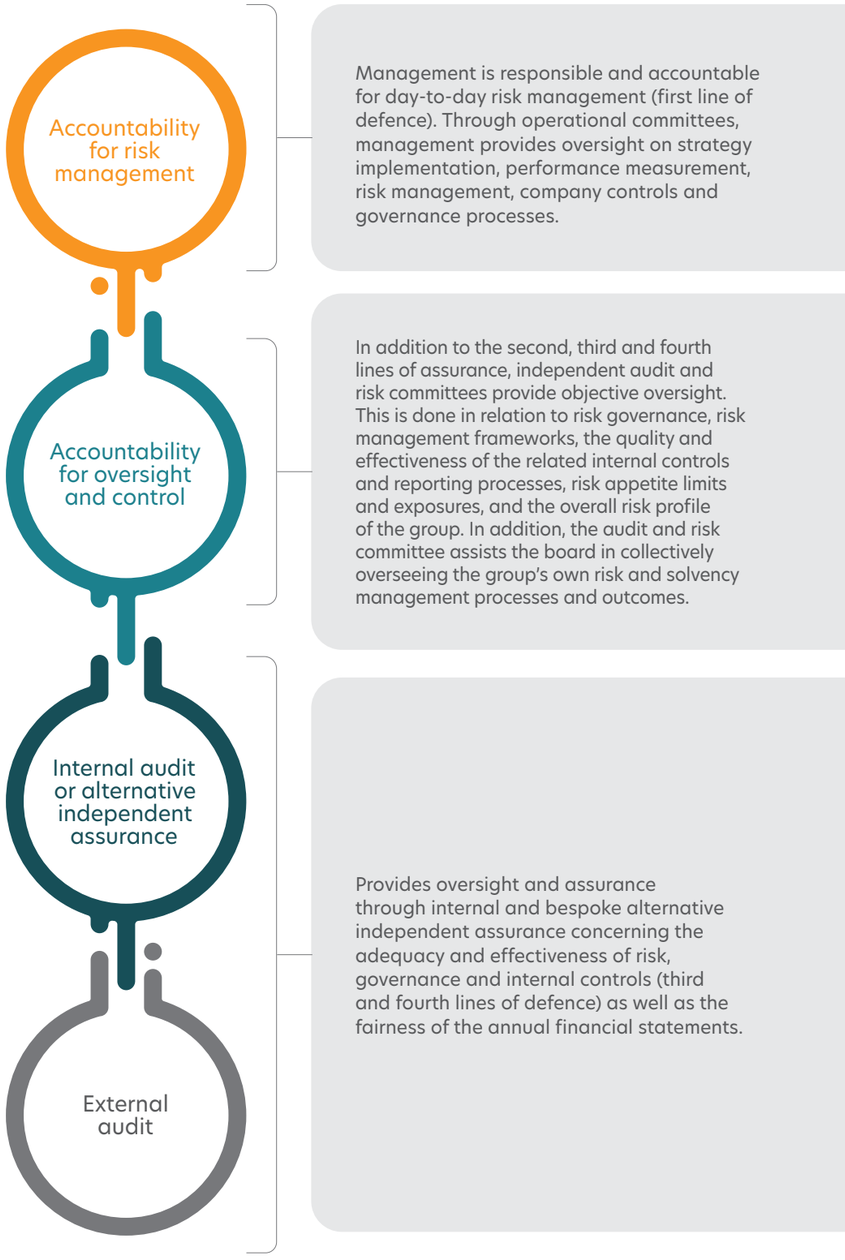
## Enterprise-wide risk management (ERM)

We manage our risks and the achievement of our business strategies and objectives through our ERM strategy and supporting framework. The principles outlined in the strategy and framework are incorporated into risk management-related policies and procedures to ensure that risk management is embedded into day-to-day management activities.

We continue to review and update our key risk management policies to ensure their relevancy and comprehensiveness, and this process is supported by ongoing risk training initiatives across the group.

Our second-line risk function has been centralised to improve the consistency of risk management operations and to achieve co-ordinated risk responses to major changes in the group. Ensuring a viable and effective risk governance model remains a priority as we entrench the operating model. We will ensure that the risk governance model evolves to accommodate changing best-practice principles and organisational fit.

The group considers the management of compliance risk to be a key element of the ERM framework. Our compliance risk management framework is reviewed regularly to ensure ongoing alignment with the group's strategic goals and the ERM framework. Compliance risk management helps ensure effective reporting and compliance with laws and regulations and helps avoid damage to the group's reputation and associated consequences.



# Risk appetite

The board is ultimately responsible for risk governance within the group and is assisted by the audit and risk commitee to implement processes that ensure risks are identified and managed within the board-approved risk appetite and limits. We operate within a strong foundation of our core purpose, values and a proactive risk culture that is driven by a top-down approach of factoring risk into decision-making, and a bottom-up approach as part of the day-to-day processes and projects. Our risk appetite serves as a valuable reference point for important business decisions and is set at business entity and group levels.

We are clear on the risks that the organisation actively seeks, avoids, or accepts, as well as on the balance between risk and reward. We also have in place clear accountability and reporting requirements. Each category has a set of key metrics that are monitored quarterly against set thresholds. Additionally, qualitative principles regarding our appetite and expected risk behaviour have been set for each of the categories.

Our risk appetite statements have been expressed quantitatively and qualitatively, and they seek to ensure that the group is responsibly managed in its pursuit of value. The risk appetite statements are used to drive our strategic decisions, facilitate the setting of boundaries for decision-making based on the group strategy and ensure that the level of risk is being monitored.

| Risk category | Risk appetite and how we monitor risks | Key risk indicators |
|---|---|---|
| **Business risk** | We seek strategic risk and are willing to balance the risk of potential losses in pursuit of higher returns. We do not seek strategic risk in excess of our risk-bearing capacity. | • Normalised return on equity over five-year period<br>• Growth in revenue<br>• Earnings at risk (deviation from budget)<br>• Cost-to-income ratio |
| **Regulatory risk** | We will avoid situations arising from non-compliance with laws, regulatory requirements, and codes of conduct applicable to the industries in which we operate that will result in a compromise of our business model, objectives, reputation and financial soundness.<br>We will specifically focus on minimising market conduct, financial crime and privacy risks. | • Group and solo entities' solvency capital requirement as required by regulatory authorities. This measure is an acknowledgement of the regulatory requirement. Our capital planning processes ensure that the group targets a competitive return on capital measure as part of our strategic risk appetite<br>• The following key performance indicators (KPIs) are still being refined:<br>  • market conduct<br>  • financial crime<br>  • privacy |
| **Operational risk** | We have a limited appetite for the failure of people, processes and systems, and for the impact of external events on our operations. The impact of operational risk spans across the business and will be managed by the implementation of the appropriate controls.<br>We have zero appetite for reputational risk. | • Employee turnover<br>• System downtime (occurrences on key systems)<br>• Errors and omissions<br>• Process failures (number of erroneous transactions)<br>• Internal fraud<br>• External fraud<br>• Customer complaints |
| **Credit risk** | We have limited appetite for credit risk and hence limit our exposure to non-investment grade counterparties and actively manage our credit concentrations. | • Exposure to non-investment-grade counterparties<br>• Counterparty concentration |
| **Market risk** | We have limited appetite for market risk on our own funds and aim to invest in short-dated fixed interest instruments. We accept limited levels of mismatching risk on insurance liabilities. Our revenue stream from the investment business is exposed to market risk; the downside protection of its own revenue stream is aligned with the protection of client assets as far as possible. Protection of client assets occurs through our multi-management investment philosophy which is underpinned by manager research and high levels of manager and asset diversification.<br>We have limited appetite for currency translation risk on emerging markets' businesses. | • Nature and duration of assets<br>• Insurance liabilities matched in line with our asset-liability management policy |
| **Liquidity risk** | We avoid liquidity risk and seek to maintain liquid assets to meet both planned and unexpected cash outflows. We avoid redemption risk, which is forced exits or withdrawals from investment positions.<br>We will avoid mass withdrawals from our funds during market stress events, as it creates systemic risk in the financial services industry. | • Own funds allocated to liquid assets, short-duration assets<br>• Current and quick ratios |

## Key business risks

Alexforbes identifies and classifies its key risks according to a three-level system. The three-level taxonomy is based on the Basel classification of operational risk, and further enhancements for risk classification that take into consideration the Financial Sector Conduct Authority's (FSCA) Quantitative Impact Studies over the build-up to the Solvency Assessment and Management (SAM) regime.

Risk categorisation assists in grouping risks in a structured risk management process that then allows the group to address different risk categories more intelligently. This includes the building of strategies to avoid or minimise impact. Key risks are identified and ranked by our group risk division in terms of our risk management strategy and in consultation with platform and group management.

Refer to the **Material risks** on pages 30 to 40.

# Material risks

Our business model is the primary lens through which we assess our operating environment, stakeholder relationships and use of capitals. From this universe, we derive our top-of-mind risks and opportunities that are updated throughout the year. The following section details our material risks and responses to them during 2022.

Our people | Clients and members | Regulators | Investors | Society

## Business risks

Our business risks comprise risks arising from the group's business decisions, the environment in which it operates and its ability to provide suitable products and services to its customers.

### 1

Should the **macroeconomic environment deteriorate beyond our expectations**, this may subdue our fee income as higher-than-anticipated job losses, consumer hardship and corporate distress threaten our core earnings streams – this includes the impact of both a drop in the rate of savings and investment flows into our solutions and services, as well as rising redemptions as retrenched or distressed members and clients then access their savings and investments. At the same time, volatile markets and a materially deteriorating inflation experience may mean that our investment portfolios under perform against their benchmarks.

#### Management optimisation

- Our **integrated advisory teams** ensure that our advice model is geared to intentionally support specific client outcomes and needs. In this way, we harness the power of **diverse skills, experience and knowledge, across our company and our alliances**, to better serve our clients
- Our **ESG strategies, approach and plans** target sustained outcomes for our stakeholders
- Continuous improvement in **client communication strategies, resources and tools** to inform, service and reassure our clients and investors
- Company-wide **tactical team meetings** consider the impact of changes in the business environment and translate these into intelligent actions (to adapt processes, support correct business responses and remain nimble to the shifting environment)
- Our **skilled, experienced people** contribute to industry knowledge, capabilities and plans, thereby i**nfluencing policy direction and introducing market-leading thought leadership**
- Our **strategic asset allocation framework is active and responsive** to changing conditions, such as alternative investment solutions and offshore exposure
- Ongoing **pipeline management, innovation** programmes and **inorganic growth plans** to bolster earnings
- Expansion into **adjacent markets** (retailisation strategies)
- **Stress testing and scenario planning** for earnings susceptible to volatility
- **Business recovery planning** includes liquidity and contingency planning in extreme systemic events

#### Link to strategic objectives

- Deepen relationships through premium service or interactions
- Continue our brand promise to amplify the positive impact we have on people's lives by delivering insight and advice
- Transform into the most inclusive advice firm in South Africa, obtaining scale by advising customers sourced from our institutional clients and beyond
- Rapidly scale up investment consulting footprint with a focus on ESG, alternatives and impact investing
- Exponentially grow the multinational consulting business model into Africa by enhancing distribution and automation of intellectual property
- Expand advisory capabilities into adjacent lines using our wealth of data
- Demonstrate a meaningfully positive impact on the stakeholders we serve
- Tender conversion and support of new business team
- Develop and enhance adviser tools
- Refine group ORSA programme and capital management programme

#### Stakeholders impacted

#### Outlook

We see continued progress in South Africa's policy direction as being supportive of our continued success. We anticipate ongoing pressures on electricity supply over the near term which is likely to continue to drag South Africa's growth prospects. While our stress and scenario planning provides for further deterioration in business conditions, we remain alert to the possibility that high inflation may entrench over the medium term.

### 2

**A shift in South Africa's political trajectory** may introduce policy risks, contribute to further corrosion of state institutional assets and capacity, and materially damage South Africa's legal systems and processes.

#### Management optimisation

- **Promotion of private-public sector partnership** – key members of our leadership team work closely with **National Treasury and other industry bodies**, using company research and business intelligence (where possible) to foster progressive policy reforms and influence responsible and sustainable economic outcomes for South Africans
- Our **communications programmes** and **thought leadership** focus on producing **actionable insights** and fostering the right financial conversations among South Africans
- Ongoing **review and enhancement of the company's advice-led model and overall value proposition** to ensure that it focuses on, and delivers, best sustainable outcomes for our stakeholders
- Our **ESG strategies, approach and plans** target sustained outcomes for our stakeholders. This includes the Alexander Forbes Investments Transformation Policy, which sets minimum black representation requirements for asset managers who wish to work with the company
- **Active participation** in relevant industry bodies to advocate for sustainable policies
- **Scenario planning and analysis** consider shifts in the political environment and business responses to them (including game plan change)
- **Business continuity** processes
- **Insurance programmes**
- **Early warning indicators** of downside political threats actualising

#### Link to strategic objectives

- Transforming into the most inclusive retail financial advice firm in South Africa, obtaining scale by advising individual customers from our institutional clients and beyond
- Growing our investment consulting footprint with a focus on ESG, alternatives and impact investing
- Expanding advisory capabilities into adjacent lines using our wealth of data
- Demonstrating a meaningful positive impact on the stakeholders we serve
- Supporting a capital-light business model and strong governance standards

#### Stakeholders impacted

#### Outlook

Persistent income inequality, rising unemployment and poor service delivery mean that the country remains vulnerable to political disruption. We continue to monitor the progress of economic policy reform – this includes changes within the retirement fund industry. We regularly engage with government to support the remediation of pressing economic and social issues in the country and to encourage government actions for job growth to enable South Africans to have full participation in the economy.

*Material risks: Business risks continued*

Our people | Clients and members | Regulators | Investors | Society

## 3 Delays or errors in data clean-up and enablement may **threaten opportunities for monetisation of data**.

### Management optimisation

- Approved **data strategy** which covers a maturity assessment, programme road map, resourcing requirements, future state data architecture framework, investment requirements, and so on
- **Data governance committee** supported by data management policies and standards
- **Data virtualisation programme** under way
- **Data quality and remediation programme** under way
- **Data literacy programme** to commence
- **Enterprise architecture programme** in progress
- **Skills and experience** where needed

### Link to strategic objectives

- Single view of the customer: integrating separate customer and channel information into a single source
- Product development consolidation: single view across product development
- D365 implementation: consolidation of all the customer relationship management applications into a single instance
- Unified calculation engine

### Stakeholders impacted

### Outlook

We expect the rollout of our data strategy to be a medium- to long-term journey and we remain comfortable that current focus addresses key deterrents including, data dispersion and weaknesses in data quality.

## 4 A sizeable internally or externally triggered event may negatively **damage our reputation and erode trust** in our company.

### Management optimisation

- **A member of the group executive** is specifically assigned responsibility for the company's reputation
- **Media monitoring tools** are in place to track any Alexforbes mentions in all media channels to be proactive in managing potential high reputational risk situations
- Both **formal and informal reputation management processes** are in place (these include complaints management processes, employee relations, daily social media scanning, net promoter score feedback, client insights unit)
- **Ethics policy and programme**
- **Progressing on putting in place financial crime control policies, programmes and tools**
- Approved **conflicts of interest policy,** including communication and training
- Maintenance of a **conflicts of interest register**
- **Remuneration and reward (monetary and non-monetary) frameworks, policies and models** (including related processes) directly consider the impact of conflicts
- **Forms and disclosures** outline details around intragroup transactions and relationships
- **Formal fee committee** regularly reviews and approves fee structures
- **Business interruption cover** is in place

### Link to strategic objectives

All objectives, but with special emphasis on the following:

- Transforming into the most inclusive retail financial advice firm in South Africa, obtaining scale by advising individual customers from our institutional clients and beyond
- Growing our investment consulting footprint with a focus on ESG, alternatives and impact investing
- Expanding advisory capabilities into adjacent lines using our wealth of data
- Demonstrating a meaningful positive impact on the stakeholders we serve

### Stakeholders impacted

### Outlook

We remain alert to any threats to our ability to amplify the positive impact we have on people's lives by delivering insight and advice. Our refreshed brand activates our new corporate identity that is fresher, more inclusive and representative of our purpose. In addition, with our intent to transform into the most inclusive retail financial advice firm in southern Africa, we remain highly focused on building and retaining trust in our company.

## 5 General failure in strategic execution – failure in definition, execution and maintenance of the integrated company model, including organisational redesign efforts, performance management and execution capabilities.

### Management mitigation

- Active and visible **leadership buy-in and support for change**
- **Executive management processes** focus on strategic priorities, resource allocation and business performance management (management intelligence dashboards)
- Implementation of a **balanced scorecard** which is directly aligned to our strategic outcomes
- **Accountability framework,** comprehensively established, considers organisational design, spans of control, clear lines of reporting and links to the rewards framework
- **Active capability framework** and model directs and tracks how the company combines people, processes and technology in a repeatable way to deliver desired outcomes – in progress
- Strong **project management standards, tools and tracking**
- **Leadership skill sets, competencies and experience assessed** and co-ordinated to ensure fit to optimal execution
- **Performance management model** clearly defines "high performance" and ensures fair establishment and measurement of performance outcomes
- **Approved remuneration and reward (monetary and non-monetary) frameworks, policies and models** (including related processes) align to the high-performance criteria

### Link to strategic objectives

- Ongoing improvements in the group enterprise programme
- Ongoing improvements in efficiency of corporate governance model and processes
- Capital management programme
- Khulisa: process re-engineering and automation of member claims, contributions and switch processes
- Business process automation and robotics (various projects across operations)
- D365 implementation: consolidation of all the customer relationship management applications into a single instance
- Denodo data virtualisation
- Enterprise architect
- Legal entity rationalisation programme
- Human capital programmes
- Mergers and acquisition strategies

### Stakeholders impacted

### Outlook

Previous (and ongoing) efforts to grow our execution capabilities have enabled our strategic discipline which has shown strong results. Going forward we expect continued improvement in our performance and added focus to integrate our inorganic intent.

## 6 Inability to adapt to the changing regulatory landscape to ensure that we will be able to meet regulatory requirements, optimally, at all times: inhibited responses may mean that the company fails to uncover opportunities to more meaningfully adapt our business model, value proposition and value chain to better serve and deliver the best outcomes to clients and other stakeholders.

### Management mitigation

- **Regulatory strategy and programme** under development
- Company regulatory and business specialists involved in **industry bodies and regulatory forums**
- Regulatory **scanning and intelligence**
- **Retailisation, ESG, digital and automation strategies and programmes** respond to regulatory opportunities

### Link to strategic objectives

- Financial Sector Conduct Authority road map and associated company responses, including the member engagement strategy
- Umbrella fund refresh
- Consulting model
- Conduct of Financial Institutions programme
- ESG strategies and programmes
- Legal entity rationalisation programme
- Ascend: independent benefits platform that provides curated discretionary financial services to improve individuals' financial affairs

### Stakeholders impacted

### Outlook

Strategic priorities currently consider the shifting regulatory landscape. That said, primary regulatory requirements remain resource intensive and the company continues to actively manage focus and commitment to both downside protection and upside potential.

*Material risks: Business risks continued*

Our people | Clients and members | Regulators | Investors | Society

## 7 Damaging and inefficient **customer service and care.**

### Management mitigation

- **Client care framework, standards and processes**
- **Complaints management framework and processes**
- Key **voice of the customer metrics, monitoring and reporting** of efficiencies and effectiveness on an enterprise-wide basis, as well as at a product level and client level.
- Targeted **efficiency projects**, such as Khulisa
- Ongoing **process improvements**
- Communication strategies and programmes **integrate into client touchpoints** (call centres)
- **Social media** monitoring and responses
- **Clients-at-risk** processes and forums
- Employee **training**
- Integration into **performance management processes**

### Link to strategic objectives

- Customer initiatives
- Brand refresh
- Treating customers fairly programme
- Digital approach: enhanced digital assets enabled through the digital road map and brand refresh projects (website, AF Online)
- Optimised digital engagement (refreshed approach, new innovations)
- Digital, social and system of engagement strategy to maximise brand awareness
- ROI focus: how effective we are – net promoter score, Share of Voice, Sentiment, uptake of products and solutions
- Contact centre modernisation

### Stakeholders impacted

### Outlook

Our refreshed brand aligns to our vision of becoming the most impactful provider of financial advice, serving both individual customers and institutional clients. We believe that our customer value proposition now creates a greater connection to the people that we serve. Our strategic and tactical initiatives have shown strong improvement in our client experience and we anticipate further enhancements to client satisfaction levels over the period.

## 8 **Erosion or failure to realise acquisition potential due to integration shortfalls relating to people practices, culture and business architecture.**

### Management mitigation

- **Group acquisitions committee** governs the related acquisitions strategies and programmes
- Dedicated **acquisitions methodologies**
- Ongoing **environmental scanning for prospects**
- Effective **pipeline and deal management processes**
- **Due-diligence** processes
- **Data room and information management**
- Skilled and experienced **specialists**
- **Implementation and integration programmes**

### Link to strategic objectives

- Extending leading positions across administration, retirement, healthcare and investments organically or inorganically
- Accelerate growth as we diversify our market segments, increase scale and modernise our advice capabilities.
- Accelerate the digital modernisation of our customer experience
- Establish winning partnerships: collaborating with non-competing business services

### Stakeholder impacted

### Outlook

We are excited to have announced three corporate transaction during the year and look forward to further value unlock, as well as strong opportunities within our pipeline.

*Material risks: Business risks continued*

Our people | Clients and members | Regulators | Investors | Society

## 9 **Inferior client experience and client defection** as the company fails to correctly respond to the need for ease, seamless access to products and services via digital platforms, and the requirement for full trust in the omnichannel experience.

### Management mitigation

- **Data and digital strategies and programmes** – in progress
- **Khulisa: re-engineering projects** across operations and administration include enhancing our digital touchpoints to enable self-service and to drive further automation
- **AF Online refresh** supports our member experience
- **Employer of digital solutions:** continual refinement based on feedback
- **Uptake of digital solutions:** improved turnaround times and built-in communications
- **Call centre:** new management input, monitoring and process refinement, upskilling drive
- Fast-tracking **automation** in investment operations
- Skilled and experienced personnel
- Client insights unit

### Link to strategic objectives

- Ascend: independent benefits platform that provides curated discretionary financial services to improve individuals' financial affairs
- Single view of the customer: integrating separate customer and channel information into a single source
- Product development consolidation: single view across product development
- Modern workforce enablement: ability to collaborate and deliver services to customers anywhere, any time
- D365 implementation: consolidation of all the customer relationship management applications into a single instance
- Paperless office enablement: deliver online document management and archiving
- Digital platform revamp
- Risk reduction: cyberthreat awareness and implementation of cyberthreat intelligence service

### Stakeholders impacted

### Outlook

Our net promoter score has improved over the year. That said, we have committed to deeply progressing our digital strategies to better understand our client needs and systemically address process improvements where needed (among other goals).

## 10 **Intensifying competitive pressures driving further fee compression and eroding market position.**

### Management mitigation

- **Competitor intelligence and management** processes
- **Fee committee** and processes
- **Strategic account management** processes
- **Integrated advice proposition**
- **Ongoing enhancement to the value proposition**
- **Cost-efficiency and effectiveness analysis** performed across the value chain – in progress
- **Key metrics, monitoring and reporting** of efficiencies and effectiveness on an enterprise-wide basis as well as at a product level and client level
- **Review and reapproval of updated pricing models and structures** across the value chain – in progress
- **Strategic partnerships** ensure that we incorporate the most intelligent and valuable international trends

### Link to strategic objectives

- Integrated advice model/consulting model
- Active pipeline management
- Client retention strategies
- Pricing strategies
- Improved sales and retention capabilities and support
- Strengthen technical specialist support
- Umbrella fund refresh
- AF Access: increase distribution capability
- Ascend: independent benefits platform that provides curated discretionary financial services to improve individuals' financial affairs
- Industry influence and support
- Expansion into adjacent markets (retailisation strategies)
- Selective mergers and acquisitions to consolidate position/integrate recent acquisitions
- Strategic partnerships

### Stakeholders impacted

### Outlook

Retirement reforms are leading to increased complexity in running free-standing arrangements and we expect to see more consolidation in the industry. We believe that our integrated advice proposition and processes, in combination with our focus on sustainability, has protected our clients, and the company, during a turbulent period thus far. We continue to refine our responses as we look to more meaningfully improve client outcomes and grow our business.

*Material risks: Business risks continued*

Our people | Clients and members | Regulators | Investors | Society

## 11

The company fails to anticipate and handle **disruption of retirement planning and retirement system design** caused by technology changes and shifts in consumer expectations.

### Management mitigation

- **Internal disruption:** series of projects under way targeting improved client experience and service delivery
- Dedicated **innovation and product development** centres
- **Technology strategies and road maps**
- **Khulisa:** re-engineering projects across operations and administration include enhancing our digital touchpoints to enable self-service and to drive further automation
- **AF Online refresh** supports our member experience
- **Employer of digital solutions:** continual refinement based on feedback
- **Uptake of digital solutions:** improved turnaround times and built-in communications
- **Call centre**: new management input, monitoring and process refinement, upskilling drive
- Fast-tracking **automation** in investment operations
- Skilled and experienced personnel
- Client insights unit
- **Strategic partnerships to access capabilities**

### Link to strategic objectives

- Investment to enhance engagement strategies to maximise our integrated business model
- Investment into digital platforms a key focus in ensuring operational excellence and better outcomes for clients
- Consultants reassessing their client touchpoints and channels, particularly with the future of work which has been accelerated by Covid-19

More specifically:

- Ascend: independent benefits platform that provides curated discretionary financial services to improve individuals' financial affairs
- Single view of the customer: integrating separate customer and channel information into a single source
- Product development consolidation: single view across product development
- Modern workforce enablement: ability to collaborate and deliver services to customers anywhere, any time
- D365 implementation: consolidation of all the customer relationship management applications into a single instance
- Paperless office enablement: deliver online document management and archiving
- Digital platform revamp
- Strategic partnerships

### Stakeholders impacted

### Outlook

We continue to renew our strategic focus to ensure that the company can "disrupt itself". The Covid-19 pandemic and digital transformation in general has fast-tracked company efforts in this regard.

## Operational risk

Our operational risk experience improved markedly over the period as our automation projects progressed and client experience, similarly, was boosted. Confidence in our security posture grew as part of our ongoing commitment to improvement in our business infrastructure, as well as our increasing investment in our people. In general, skills deficits in the market, the company's ability to absorb technology changes at pace and our fast-moving environment mean that our focus on internal control and business resilience plans will remain a key focus area in the next financial year as we continue pursuing our optimisation ambitions.

## 1

Destabilisation of corporate standing and financial losses due to failure to actively and properly manage **cyberrisks.**

### Management mitigation

- Group **information security policy and programme**
- **Dedicated team and resources** allocated (included specialist third parties)
- Regular **external penetration testing and vulnerability management**
- **Cloud-based denial of service solutions**
- Deployment of **advanced anti-malware protection** due to the move to remote working, encrypted devices and constant review of firewall and other server logs
- Employee **training and awareness**

### Link to strategic objectives

- Firewall refresh
- Privilege access management enhancements
- Enhancements to identity access management
- Public key infrastructure enhancements
- Active directory refresh
- Virtual private network (VPN) upgrade

### Stakeholders impacted

### Outlook

Cyberthreats continue to escalate in the business environment as recent high-profile incidents demonstrate. At Alexforbes, we continue investing in, and refining, our cyberprotection to support ongoing confidence in our infrastructure.

*Material risks: Operational risk continued*

Our people | Clients and members | Regulators | Investors | Society

## 2 In our process-heavy environment, material, possibly systemic, breakdowns (isolated events or a series of events) experienced within our business operations may lead to significant errors and omissions, possible regulatory censure and widespread client complaints.

### Management mitigation

- Regular **operational due-diligence processes** over Maitland, Silica and AFICA
- **KPIs and legal clauses** set up with third-party providers and regularly monitor reports received on performance and errors
- **Succession planning** for critical roles
- **Business continuity planning**
- Business policies, process maps and **standard operating procedure** manuals
- Ongoing **employee training**
- **Monitoring techniques** to identify errors, such as bank reconciliations, account holder verifications, asset liability matching exercises
- **Automation programmes** under way over significant processes (claims, contributions)

### Link to strategic objectives

- Khulisa: process re-engineering and automation of member claims, contributions and switch processes
- Robotics process automation
- Single view of the customer: integrating separate customer and channel information into a single source
- Product development consolidation: single view across product development
- Modern workforce enablement: ability to collaborate and deliver services to customers anywhere, any time
- D365 implementation: consolidation of all the customer relationship management applications to single instance
- Paperless office enablement: deliver online document management and archiving
- Digital platform revamp: rewriting of online customer-facing application to Adobe Experience Manager

### Stakeholders impacted

### Outlook

Our Khulisa initiative has successfully reduced our errors and omissions experience over a three-year period – notably, this includes the "abnormal" Covid-19 period. We anticipate further benefits as more automation initiatives gain ground.

## 3 **Business interruption** and/or failure to recover processes and systems.

### Management mitigation

- **Business risk and impact assessments**
- **Cloud** backup and replication solutions
- **Data and information technology** management **strategies, plans and programmes**
- **Backups** are checked and tested frequently
- Formal updated and relevant **disaster recovery plans**
- **Disaster recovery testing**
- **Insurance cover**

### Link to strategic objectives

- Internal control and risk management programmes: ensure adherence to policies and procedures to minimise risk and preserve our reputation
- Contract management: ensure maximum business continuity and optimal vendor performance
- ORSA programme: ensure adherence to policies and procedures to minimise risk and preserve our reputation
- Integration of acquisitions: additional time and effort required to align new operations to our business continuity management programme
- Modern workforce enablement: ability to collaborate and deliver services to customers anywhere, any time
- D365 implementation: consolidation of all the customer relationship management applications to single instance
- Paperless office enablement: deliver online document management and archiving
- Digital platform revamp: rewriting of online customer-facing application to Adobe Experience Manager
- Khulisa: automation of the member claims and switch processes
- Roll-out of the procure-to-pay solution
- Employee wellness programmes

### Stakeholders impacted

### Outlook

Our ongoing investment in automation and data management, as well as our other supportive risk and control improvement programmes, continues to reinforce our control and overall oversight. As our governance model simplifies and our performance management capabilities mature, we anticipate further improvements in accountabilities, ever deeper risk and control appreciation, and a gradual reduction in the complexity of our combined assurance model. Going forward, we see our strategic and tactical choices delivering further gains in risk and control insights and capabilities.

*Material risks: Operational risk continued*

Our people | Clients and members | Regulators | Investors | Society

## 4 Failure of **end-of-life systems.**

### Management mitigation

- Ongoing review of **end-of-life inventory** (subject to patch, remove, retire, replace assessments)
- **Network isolation/segmentation** where possible
- Assets hosted in **virtualised environment** where possible
- **Dedicated budget** to migrate off end-of-life systems
- **Dedicated plans and programmes** of migrations (including required support)

### Link to strategic objectives

- Cyberthreat awareness and implementation of cyberthreat intelligence service
- COBIT programme
- Application rationalisation programme
- Integration of EBS capabilities

### Stakeholders impacted

### Outlook

Our technological landscape is continuously evolving with continual changes often making the lifespan of applications quickly redundant. We continue to manage our core applications with rigour and discipline. Our-end-of-life systems have been identified and are subject to a programme of decommissioning and migration. Our chief information security officer ensures that, where possible, suitable controls are in place to protect this software against unauthorised actions. Successfully transition through a solution's end-of-life requires strategic, well-informed planning and life-cycle management and we expect this to continue to take focus over the medium term – especially as our digital and automation programmes gather pace, and our application rationalisation strategy consolidates.

## 5 Actual and/or perceived acts of general **bribery, fraud and corruption.**

### Management mitigation

- **Delegations of authority** in place for the processing of claims payments
- Standard operating procedures contain **fraud "flags"**
- **Segregation of duties** enforced on applications
- **Reconciliation** processes
- **System checks**

### Link to strategic objectives

- Khulisa: automation of the member claims and switch processes
- Roll-out of the procure-to-pay solution
- Cyberthreat awareness and implementation of cyberthreat intelligence service
- Fraud risk management programme

### Stakeholders impacted

### Outlook

Financial distress creates a heightened environment for fraud and we remain vigilant against attempts to defraud our clients and the company.

## 6 Inability to attract, engage and retain talent through our employee value proposition.

### Management mitigation

- **Employee wellness strategies and programmes** consider cultural, generational and economic changes, such as employee campaigns and seminars
- Structured deployment of **continuous improvement programme** by skilled, experienced persons and including the use of robotics and machine learning to alleviate increases in workloads where possible – in progress
- **Approved leave policies,** including annual leave and specialist leave, such as leave for child care, family care
- Ongoing **communications** encouraging leave-taking
- **Hybrid working model** offers flexibility
- Ongoing **workshops** on resilience and emotional wellbeing
- Employees have access to **confidential counselling services** (Life Employee Health Solutions)
- **Employee communication** addresses common misperceptions and valid concerns and provide detail and evidence of measurable solutions (where possible) to support employees (such as employee engagement sessions)
- **Learning solutions** (such as Degreed and face-to-face coaching) are available to support personal development goals
- **Critical roles** have been identified, with pipeline developed
- **Employee development programmes**
- **Recruitment and retention strategies** and plans include workforce planning, succession planning and capability planning
- Organisation has an informal or formal public reputation for providing a **high-quality work experience**
- Formal approved and documented **communication strategies** address areas that may result in loss of employee morale, with associated programmes and actions
- An approved **leadership pipeline development** strategy is in place and is regularly assessed with corrective actions taken where needed
- Succession plans and business continuity solutions
- Building external pipeline
- Hybrid work arrangements offer flexibility

### Link to strategic objectives

- Embedding our people promise: continual review of policies and reward strategies to enable new ways of working
- Assessment of leadership competencies and closing gaps
- Development of management essentials programme
- Reposition talent strategy with emphasis on attraction and retention
- Reimagining ways of work beyond the pandemic

### Stakeholders impacted

### Outlook

During the year the direct and run-on impacts of Covid-19 continued to affect our people and we augmented whole-care behaviours and tools in response. Going forward we expect employee health, safety and overall wellbeing to continue to to be adversely impacted by the challenging external environment, as well as the impact on workloads and support systems. We will extend our wellbeing mechanisms to drive higher engagement, greater job satisfaction and improved outcomes for our people.

Certain skills, experience and competencies are in strong demand across the industry and we will continue to embed our people promise to ensure that we are viewed, and experienced as, the best place to work.

*Material risks continued*

Our people | Clients and members | Regulators | Investors | Society

## Regulatory risk

Intensifying regulatory requirements and enhanced regulatory reporting continue to consume an increasing share of organisational investment, effort and prioritisation. While current and emerging regulations present potential opportunities for the company, regulatory complexity and capability management continue to present challenges.

### 1

**Data leaks (such as through human error via email):** accidental or intentional but unauthorised modification, destruction or disclosure of data and information, which may be exacerbated by changes in the company's technology and communications infrastructure.

#### Management mitigation

- Group **data management policy and group data privacy policy and programme**
- Employee **training**
- Enhanced **cybersecurity controls** on endpoints
- Enforcement of **rules** available on Microsoft 365 which **requires authorisation when personal information is detected** in an attachment (still in progress)
- **Service level agreements** stipulate the company's **data protection requirements for third-party service providers** and include clauses to provide for legal protection in the event of breach (review in progress)
- Client **communication** strategies and programmes

#### Link to strategic objectives

Ensure good corporate citizenship – standardise and improve regulatory compliance – projects that support resilience:

- Improve data management, reporting packs and consulting support targeted at an improved client experience
- D365 Phase 1 – data virtualisation
- Group privacy compliance programme

#### Stakeholders impacted

#### Outlook

This continues to be a focus area given the move to remote working. There have been sound improvements over the period and we anticipate that ongoing enhancements to our infrastructure, in combination with our compliance programmes, will deliver benefits into the future.

### 2

**Material loss in empowerment status and/or perceptions of reluctance to transform** leading to ineligibility in tender processes, inability to retain talent and a loss of competitive positioning.

#### Management mitigation

- Formal, board-approved **B-BBEE strategies and programme** (with tracking and monitoring)
- Associated **performance measures** are included on the balanced scorecard
- Skilled and experienced **regulatory experts** (internal and external) maintain regulatory relationships and conduct environmental scanning
- **Reporting and monitoring** framework

#### Link to strategic objectives

Sustainable transformation framework: our transformation strategy includes the implementation of clearly defined transformation objectives aligned to the FSC and B-BBEE Act requirements with the aim to maintain our Level 1 score

#### Stakeholders impacted

#### Outlook

We continue to place transformation, and sustainability, at the heart of our business and anticipate further embedding of our transformation agenda over the near term.

*Material risks: Regulatory risk continued*

Our people | Clients and members | Regulators | Investors | Society

**3** **Non-compliance with core regulations** could lead to enforcement actions, fines and penalties, and loss of confidence in our company. Within the insurance industry, there has been a rise in penalties for non-compliance with the financial crime control regulations and we expect this trend to continue.

### Management mitigation

- Established **regulatory change management** processes
- **Experts** (internal and external) maintain regulatory relationships and **conduct environmental scanning**
- **AML/CFT** (and other economic crime-related) **policies, standard operating procedures and processes**
- **Intelligent, forward-looking software** is used to manage **regulatory scanning** and projects
- **Training and supervision** of employees
- **Records management** processes

### Link to strategic objectives

- Ensure good corporate citizenship – standardise and improve regulatory compliance
- Financial Crimes Control (including SAS Financial Crime Compliance)
- Privacy compliance
- Late submission penalties project for pension fund returns and reports

### Stakeholders impacted

### Outlook

Solid progress in our regulatory programmes hold us in good stead as we progress our regulatory ambitions. We have seen a dramatic decline in our pension fund-related exposure as we focused efforts to improve the submissions processes (including interactions with external administrators to resolve delays in section 14 transfer processes). We expect our capabilities to continue to grow and to ably support increasing regulatory demands.

## Credit risk

Our main counterparties are the South African banks who remain financially sound and, according to both the South African Reserve Bank and management at the respective financial institutions, are expected to continue to do so over the medium term. Current government actions to support a growth trajectory appear positive, but we remain cautious about any detractions from the growth path. In the case of our life insurer, our reinsurance agreements are subject to review by our actuarial function and our oversight bodies. We expect reinsurer capitalisation to remain robust but note the hardening of the reinsurance market. Our debtors experience remains favourable and well managed.

**1** Counterparty default: potential failure of reinsurer(s) resulting in business not being able to recoup claims payments and a loss of financial soundness.

### Management mitigation

- Reinsurance strategy, policy and programme in place
- Policy requires that the company only use AAA-rated reinsurers (well-capitalised, diverse business lines, parental guarantees in place)
- Regular monitoring and review of credit ratings

### Stakeholders impacted

## Market risk

The majority of our currency exposure relates to certain USD-denominated contracts, such as Microsoft, and we anticipate ongoing currency depreciation to create risks. That said, fee income attributable to our client's increased investment in offshore assets, does provide a natural hedge to some extent. Management is considering the costs and benefits of hedging against these risks. The group does not currently have material market risk exposure. That said, extreme market events, such as material market crashes, impact our fee expectations (business risk) and are assessed through the ORSA processes.

## Liquidity risk

Our liquidity risk management implies maintaining sufficient cash and ensuring the availability of funding through an adequate amount of cash resources and credit facilities. Monitoring of budgeted and projected cash flows supports the fact that the group will generate sufficient cash flows from operations to limit the impact of liquidity risk. The group is highly cash generative and has a short collection period. The group is well positioned to engage in shorter-term funding matched to the cash flows in order to ensure maximum efficiency in its funding rates. In terms of our multi-manager operations, liquidity risk arises from unexpected lapses and withdrawals by policyholders. The group is able, in such cases, to transfer ownership of the underlying assets within the policy to the policyholder to extinguish its liability. There has not been any material deterioration in liquidity to date. Liquidity continues to be closely monitored as the group tracks the impact of client distress, which translates into more severe cash implications. As such, the group does not currently have material liquidity risk exposure.

# Own risk and solvency assessment (ORSA)

The Solvency Assessment and Management (SAM) regime commenced on 1 July 2018. As part of this regime, the Prudential Authority requires all insurance companies to complete an ORSA annually.

The effectiveness of our robust risk management system is reflected annually in the ORSA, which provides a holistic view of the risk exposures in the group and how these risks affect capital, solvency and the business strategy.

The expected scenarios, management actions and results are discussed and approved by the group audit and risk committee and/or board. Our ORSA process is designed to determine and highlight:

- The overall solvency needs of the group and solo insurance entities by considering the specific risk profile, approved risk appetite and business strategy.
- The significance with which the risk profiles of the group and solo insurance entities deviate from the implied risk profile underlying the financial soundness requirements.
- Compliance, on a continuous basis, with financial soundness requirements.
- The resilience of the solvency position of the group and insurance entities across several sensitivities and scenarios.

## Key developments during 2022

The ORSA process is updated annually or when required and our solvency position is evaluated by the group audit and risk committee and/or board. During 2022 we continued with the embedment of the ORSA process in our decision-making process. Enhancements were also conducted to the risk management practices, including assessment of contagion risk and ESG factors. This entailed implementing early warning triggers to risk appetite measures. Enhancement of the group and insurance entities' economic capital assessments, particularly in terms of operational risk was also conducted, along with broadening of the scope of stress and scenario testing to consider a wider range of scenarios.

In addition, management, under the direction of the board, performed scenario testing for solvency and liquidity as part of its ORSA process and the group continues to remain solvent and liquid into the foreseeable future.

Key findings are as follows:

- In instances where subsidiaries are insolvent, the group can recapitalise the business operations and provide the requisite financial support.
- Stress testing and risk management procedures provided sufficient support for the going concern assumption under which the group's annual financial statements have been prepared.

## Looking ahead

We expect the challenging external environment to continue into the near term and anticipate ongoing levels of volatility and uncertainty. Global political stability remains tenuous, negatively impacting on economic policies and trade, and exacerbating socio-economic inequalities globally. Market volatility too is likely to persist over the medium term. We expect South Africa's electricity supply crisis to continue to drag on domestic prospects. The current trajectory of rising prices continues to weigh on the inflation outlook, with pressure on food, transport and fuel costs especially, adversely impacting households; this as private sector wage inflation struggles to maintain pace and unemployment continues to rise. In this environment, the potential for social unrest within South Africa has grown and we remain cognisant of the need for sustainability strategies, not just as a responsible corporate citizen, but as a contributor to overall improved financial outcomes among South Africans. We believe that our governance, risk management and capital programmes will continue to support our strategic and tactical intentions through these challenging times.

# Tax risk management

Recognising that taxes contribute to governments' efforts to build a prosperous society and stimulate socio-economic development, we are committed to being a transparent and responsible taxpayer.

The chief financial officer, supported by the tax and finance functions within the group, is responsible for ensuring compliance with the group tax policy and the management of tax risks. Our group tax policy outlines our approach to tax. Our tax risk status, together with updates on changes to the tax landscape that may have a bearing on the group, is reported quarterly to the audit and risk committee, which is responsible for monitoring all significant tax matters. Biannual tax committee meetings are held, with attendance by finance and tax representatives across the group.

We manage tax risk as part of our enterprise-wide risk management (ERM) framework, which describes the key processes and controls, roles and responsibilities relating to tax risk and compliance. The tax risk management framework for corporate taxes was updated during the year, which sets out the group's approach to tax risk management.

## Our tax risk management strategy is designed to ensure:

**one** — Compliance with all applicable laws, rules, regulations and disclosure requirements in the countries where the group operates, without exception.

**two** — Transactions between group entities are undertaken on a commercial basis and are not used to achieve a tax advantage.

**three** — We behave in a manner that maintains trust in the group by regulators, revenue authorities, clients and the public.

In addition to our corporate tax policies and approach, assisting and advising clients on relevant tax matters form an integral part of our overall tax focus. We provide information to retirement fund clients on the tax changes applicable to retirement funds and their members, as well as ensure our internal administrative systems and processes are in line with the regulatory requirements. For individual clients, tax advice is built into financial products that requires advice from our financial advisers.

Any suspected unethical or unlawful tax-related behaviour is also reported through whistle-blowing, senior management, the audit and risk committee chair or board chair.

Internal and external audits provide independent and objective assurance on the effectiveness of the management of tax risk across the group. External audit provides assurance on the appropriate compliance and financial frameworks within the group and provides assurance by recomputing tax calculations and confirming that adequate tax risk provisions are carried against uncertain tax positions. Internal audit provides assurance on tax risk, governance and internal controls.

As part of our tax strategy, we take a proactive approach and constructively engage with tax authorities to protect and enhance our reputation and good standing.

# Compliance management

Compliance in our highly regulated environment is governed at multiple levels. The board retains ultimate oversight, supported by the audit and risk committee.

Alexforbes is committed to acting with integrity in the conduct of its business activities across the jurisdictions in which it operates. This is achieved by being aware of our regulatory obligations and landscape and by maintaining an effective compliance programme for our business that reflects the best practices for a diversified financial services group. The group's approach to compliance is shaped by leadership applying core values and generally accepted practices to foster a culture of **compliance**, **ethics** and **integrity**. The board is committed to a culture of compliance which goes beyond a tick-box exercise and has adopted a zero tolerance to non-compliance.

The group has adopted the ISO37301 standard as a benchmark for compliance which forms the basis of the Alexforbes group compliance framework. This framework aligns to the Alexforbes ERM framework which allows for an integrated approach to the management of enterprise risks.

The compliance function follows a decentralised model which is supported by an integrated group governance, legal, compliance and sustainability function. In line with our four lines of defence model, we have first-line compliance teams embedded in the business, overseeing operational compliance matters.

The group compliance function serves as a second line of defence, working closely with the internal audit team in line with our combined assurance model.

The compliance function is made up of subject matter experts to assist Alexforbes in identifying and managing current and emerging regulatory risks. It renders advice and assists the business with the identification, assessment, management, monitoring and reporting of compliance risks.

| Role | Responsibility |
|---|---|
| **Board** | The board bears ultimate responsibility for corporate governance within the group. This includes compliance with relevant laws and regulations, as well as ensuring the establishment of an ethical culture and effective compliance function. |
| **Audit and risk committee** | The committee is responsible for overseeing the roles and responsibilities of the internal audit team, first and second line compliance and specifically providing assurance on the enterprise risk management framework. |
| **Social, ethics and transformation committee** | The committee provides oversight on treating customers fairly, complaints management and other bespoke regulation within its ambit. |
| **Chief executive officer** | The chief executive officer sets a tone of ethical leadership and integrity from the top, which influences a culture of compliance. |
| **Governance, legal and compliance and sustainability executive** | The executive provides strategic compliance oversight and works with business functions and subsidiaries to ensure compliance monitoring and reporting, as well as oversight on all applicable laws, rules, regulations as well as codes of conduct, policies and procedures. |
| **Management** | Monitors compliance with controls, policies and procedures that have been designed to conduct their operations in accordance with relevant regulatory responsibilities. |
| **Employees** | Remain conversant, informed and up to date with regulatory requirements that are relevant to their day-to-day activities, and ensure these are implemented appropriately. |
| **Group compliance** | This is a second line of defence and control function. It owns the compliance framework and associated policies and standards. Group compliance also provides subject matter expertise, oversees and monitors the level of compliance across the group. |
| **First-line compliance** | This is a first line of defence that oversees and monitors compliance with operational controls, policies and procedures. It also reports on non-compliance matters and risk exposures to group compliance. |

# Information and technology governance

Information and technology (IT) is a fundamental enabler within Alexforbes and essential to the effectiveness and sustainability of the group's growth ambitions. An IT strategy that is aligned to the group's overall corporate strategy has been developed and guides IT investments, policies and procedures. This is underpinned by an IT governance framework, which is customised to the group's environment, integrated into key business objectives and monitored for compliance and performance. The framework aims to standardise business processes across the group, reduce internal costs and ensure sound governance.

Group technology adheres to a formal set of governance principles which are aligned to the recommendations of King IV. Further to this, group technology has formally adopted the COBIT 2019 Framework, which is in the process of being rolled out.

## Arrangements for governing and managing IT

The board, through delegation to the audit and risk committee, assumes ultimate responsibility for the governance of IT. This is a standing item on the committee agenda, focusing on:

- A: Risk, compliance and audit regulations and controls
- B: Cyber and information security regulations
- C: Oversight of the group IT strategy

# Stakeholder management

Our stakeholders play an important role in fulfilling our vision and executing on our strategic plan. While we engage with an extensive range of stakeholders who have a direct or indirect impact on the business, the engagement programme focuses on the stakeholder groups that are most likely to have a material influence on the business. These include investors, clients and members, our people, society, regulators and government.

Further details can be found on page 52 of our **2022 Integrated annual report**.

The board takes responsibility for guiding a stakeholder-inclusive approach that balances the needs of material stakeholders with the best interests of maintaining a sustainable business. It has delegated oversight over stakeholder relationships to the setco. The committee has in turn delegated responsibility of the execution of the framework to the executive committee, supported broadly by all management. The executive committee is responsible for keeping the setco informed on performance, policies and practices as they relate to stakeholder engagement.

Our comprehensive engagement matrix and strategies enable us to prioritise what each key stakeholder values most and what value Alexforbes strives to create from each relationship in return.

In the context of sustained value creation for all stakeholders, our engagement with stakeholders is based on the following principles:

### Inclusivity

The group follows an inclusive approach to stakeholder engagement. This approach includes consultation with our material stakeholders to develop and achieve an accountable and strategic response to sustainability.

### Equality

The group treats all shareholders equitably and ensures that minority shareholders are adequately protected.

### Materiality

The group determines the relevance and significance of issues affecting its business and stakeholders. The materiality of stakeholder concerns is assessed by considering their legitimate interests and expectations in the context of the legal and strategic considerations of the business. The materiality of the stakeholder or stakeholder grouping also impacts the extent and frequency of engagement.

### Responsiveness

The group aims to respond appropriately to stakeholder issues through its decisions, actions, performance and communication.

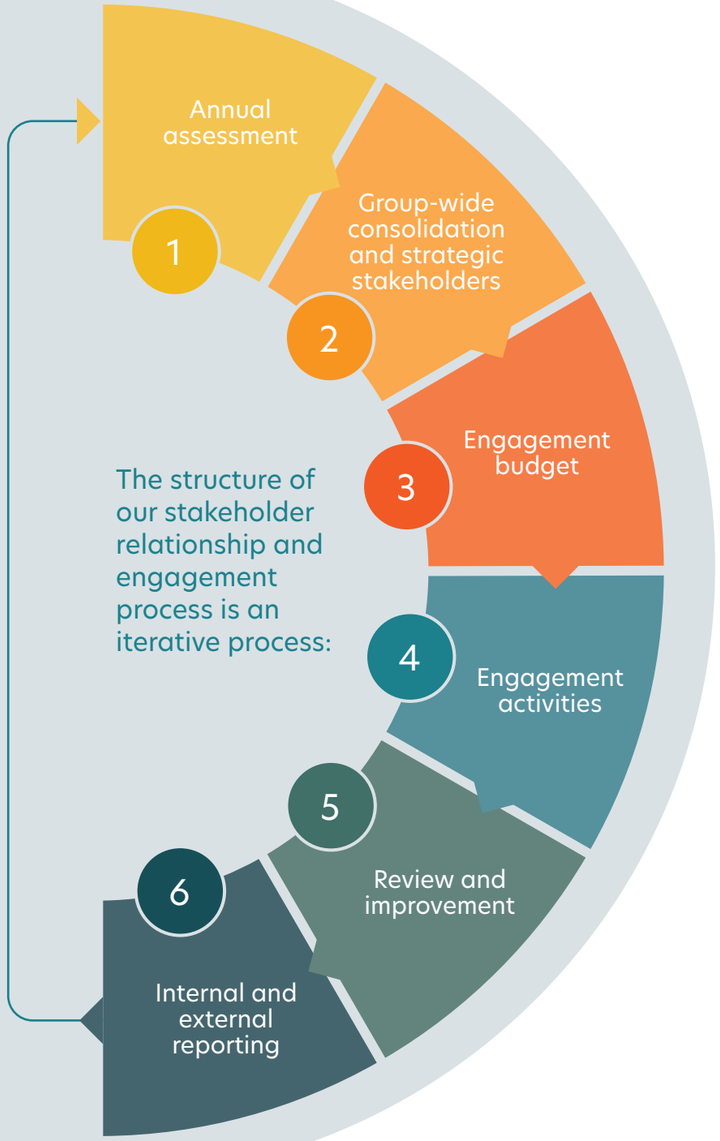
### Amicable or consensus driven

The group believes in seeking win-win situations and will give precedence to alternative dispute resolution during conflict, including in contractual relationships.

### Group of company relationships

The group considers the interrelationship of subsidiaries (and their directors), and this is dealt within the group governance framework.

The structure of our stakeholder relationship and engagement process is an iterative process:




### Looking forward

**The following are our key focus areas:**

- Implementing structured stakeholder engagement plan with all stakeholders
- Scaling the launch of the refreshed Alexforbes brand
- Modernising the customer experience delivered to retirement fund members
- Drive advocacy of ESG and our priority UN Sustainable Development Goals (SDGs) among stakeholders, including service providers such as asset managers
- Implementing the Alexander Forbes Investments Transformation Policy

# Combined assurance

Alexforbes's combined assurance approach incorporates and seeks to optimise all assurance-related activities across the group and the various assurance providers. The four-lines of defence model is aimed at improving and monitoring the group's governance, risk management and internal controls.

The combined assurance model aims to integrate and align all assurance services and functions so that these holistically enable an effective control environment, support the integrity of information used for decision-making, and support the integrity of Alexforbes's external reports and underlying statements.

The board, through the audit and risk committee, oversees the implementation of the combined assurance model and its effectiveness. It oversees that the scope of combined assurance is informed by the key risks and opportunities that materially affect the group's ability to create and sustain value.

The group's combined assurance model continues to be an area of focus, to better entrench assurance principles in the organisation. This process is regarded as a medium-term journey, and we believe this is an area with tremendous opportunity to optimise the combined assurance approach through the deployment of technology during the next 12 to 18 months .

Currently, assurance over the annual financial statements is provided by our external auditor, internal auditors, the audit and risk committee and the board. Focused assurance work concerning internal and external reporting forms part of the overall combined assurance approach.

The chief audit executive and the internal audit function are appropriately empowered and have the requisite access to the audit and risk committee chair and other key forums. The internal audit function performs ongoing self-assessments and the results are reported to the audit and risk committee.

### Planned areas of future focus

- Ongoing focus on embedding the combined assurance framework and optimal assurance coverage and monitoring by the four lines of defence
- The implementation of governance, risk and compliance (GRC) technology to enable integration among the four lines of defence for compliance, risk management, internal audit and fraud
- As part of the implementation of the GRC technology, further leveraging of analytics and robotics for automation, extending assurance coverage and enhancing integrated assurance reporting

# Board composition

The Alexforbes board consists of ten members, of which seven are independent non-executives, one is a non-executive director and two are executive directors. The directors have the skills, knowledge and expertise required to effectively contribute to the group's sustainable value creation.

## Our board of directors

**as at 29 July 2022**

Refer to 2022 **Integrated annual report** for more information on board composition

### CHAIR (INDENPENDENT NON EXECUTIVE)

**AD (Daniel) Mminele[1]**

### EXECUTIVE DIRECTORS

**DJ (Dawie) de Villiers**

**BP (Bruce) Bydawell**

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**T (Thabo) Dloti**

**RM (Bob) Head**

**AM (Andile) Mazwai**

**NG (Nigel) Payne[2]**

**N (Ndumi) Medupe[3]**

**CWN (Nosipho) Molope[4]**

### NON-EXECUTIVE DIRECTOR

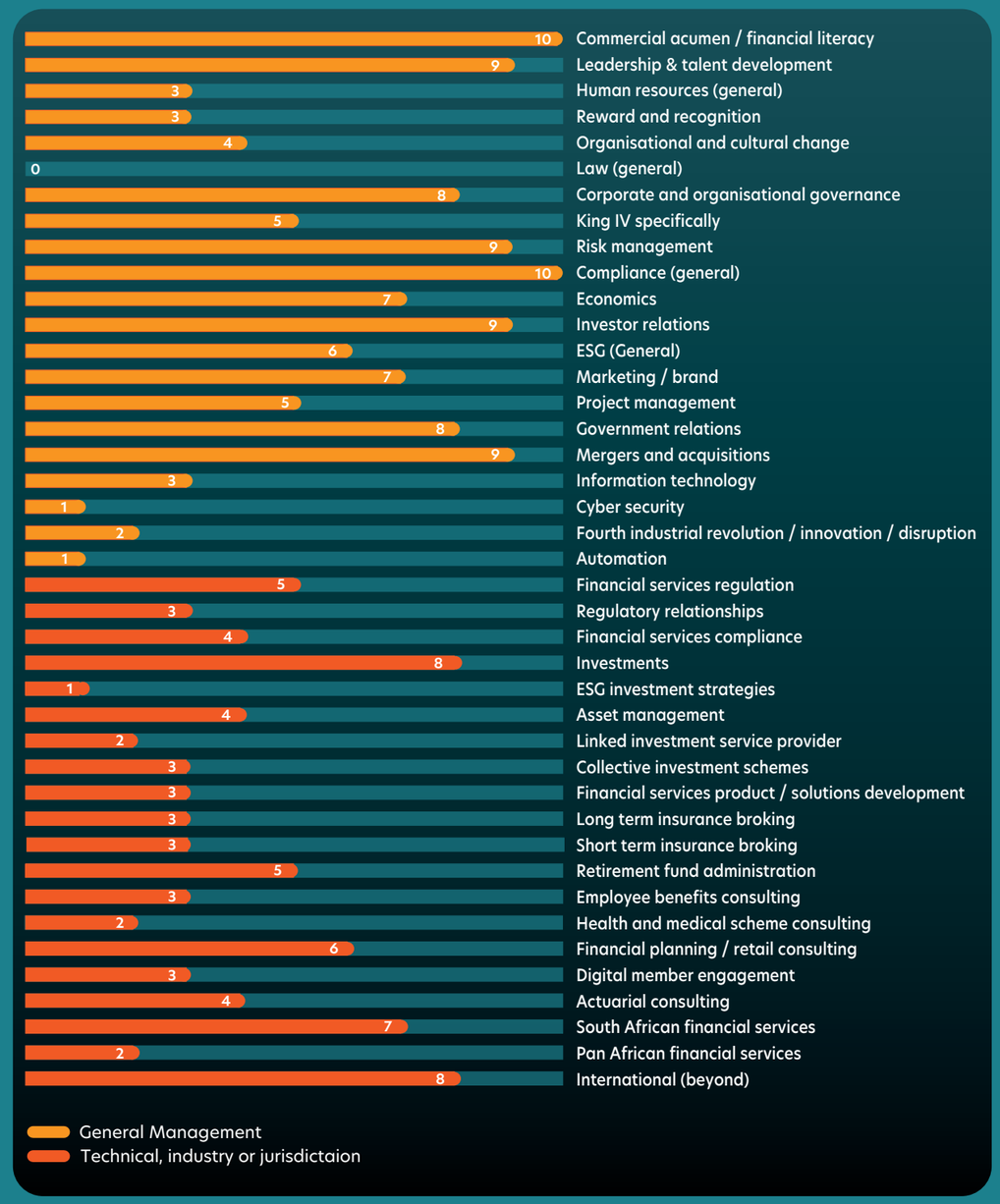
**MR (Refiloe) Nkadimeng**

1. *AD Mminele appointed 1 January 2022 and as board chair from 1 April 2022.*
2. *NG Payne will retire at the annual general meeting to be held on 2 September 2022, but will remain an independent non-executive and chair of Alexander Forbes Life Limited.*
3. *N Medupe appointed 7 June 2022.*
4. *CWN Molope appointed 1 July 2022.*

## Board skills and experience

Due to several board changes during the year, there was a large shift in skills and experience. The departure of three long serving directors negatively impacted some of the skills and experience depth and although some has been replaced through new appointees, it is anticipated that the to be appointed New Veld nominated directors will also have a meaningful positive effect on some areas currently regarded as insufficiently covered.

Number of directors that meet the desired level (highly skilled and experienced) in each area:




### Skills and experience areas which improved over the period:

- Human resources / capital
- King IV
- Investor relations
- Marketing / brand

### Skills and experience areas that declined over the period, but still with sufficient depth and coverage:

- Reward and recognition
- Organisational and cultural change
- Corporate and organisational governance
- Economics
- Financial services regulation
- Financial services compliance
- Investments
- Asset management
- Retirement fund administration
- Financial planning / retail consulting
- Actuarial consulting
- South African financial services
- Long-term insurance broking
- Short-term insurance broking

### Skills and experience areas that have declined over the period and without significant (circa three or fewer directors with such skills and experience) depth and coverage at a board level:

- Automation: supplemented by expert advisory or external skills as required
- Regulatory relationships: sufficiently supported by executive and senior management
- ESG investment strategies: supplemented by expert advisory or external skills as required, as well as future board nomination focus area
- Linked investment service provider: with the disposal of the AFICA business to Sanlam, the reduction in skills and experience at board level is manageable and not a material area of concern
- Collective investment schemes: sufficiently supported by Investments team
- Financial services product / solutions development: sufficiently covered by investments, products & enablement team and expert advisors sourced if required
- Employee benefits consulting: sufficiently supported by executive and consulting
- Health and medical scheme consulting: sufficiently supported by executive and consulting team
- Digital member engagement: supplemented by expert advisory or external skills as required

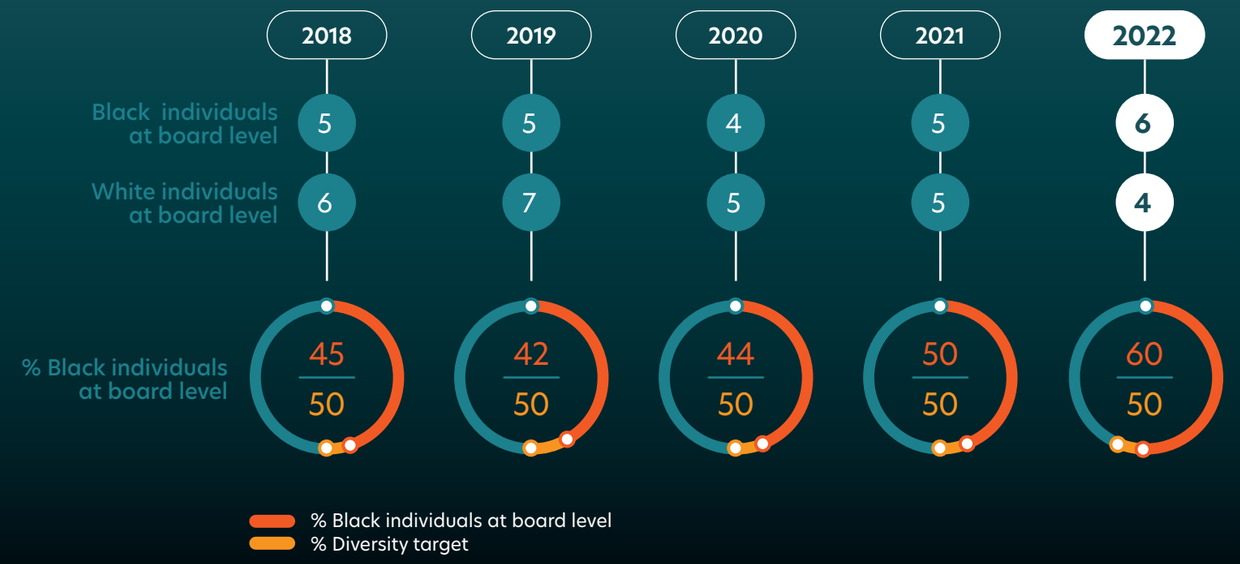
# Board diversity

## Targets set and progress in gender and race representation

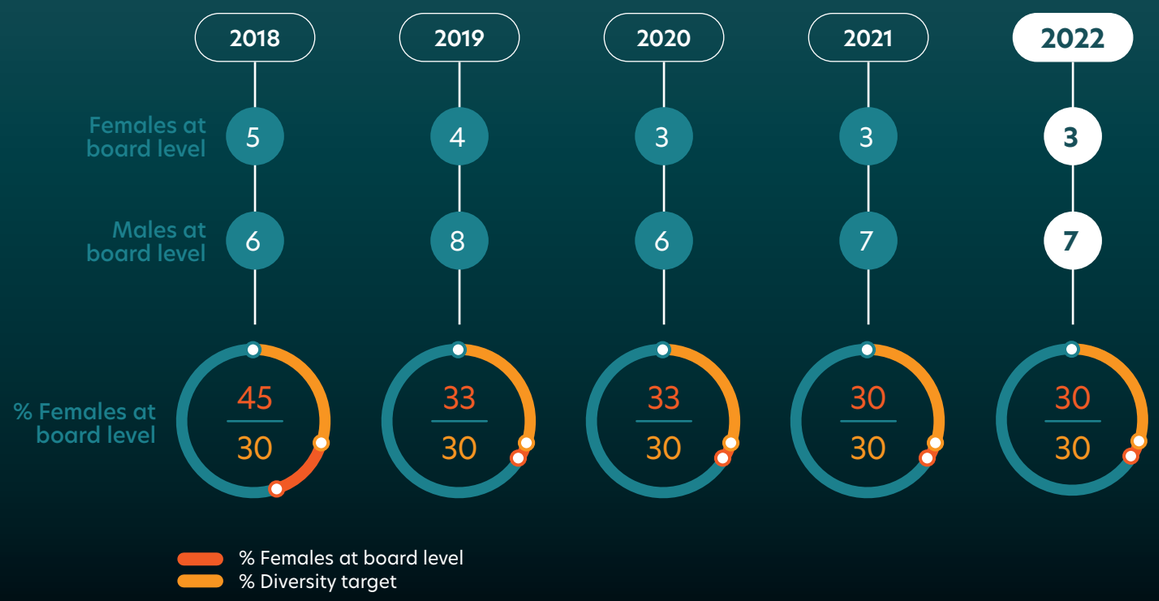
As part of our ongoing focus to maintain the highest corporate governance standards and in line with the JSE Limited Listings Requirements, the group has adopted a diversity policy on the promotion of broader diversity at board level. The policy focuses on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience. The board, with guidance from the nominations committee, has considered and applied the diversity policy in the nomination and appointment of directors. The board has determined specific targets for certain indicators.

As at 29 July 2022, Alexforbes met its target of 30% women at board level and has 60% black[1] board members, exceeding its 50% target on race diversity.

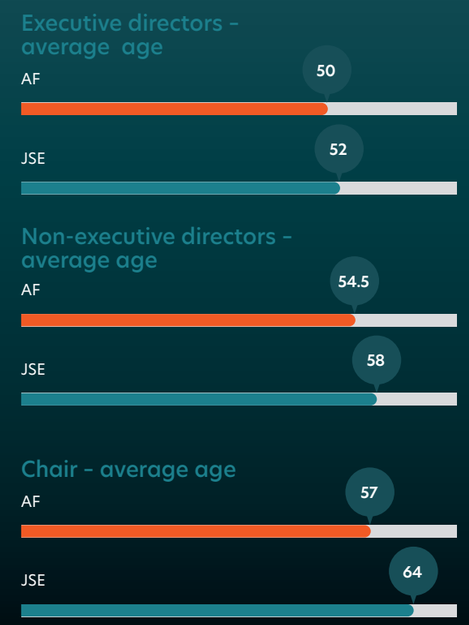
## Race diversity




## Women in leadership positions




## Board of directors ages




Based on the 2021 PwC Executive Directors report[2] and the 2022 PwC Non-executive Directors report[3], our board is younger than the JSE average.

1 *Black people as defined in the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by Act 46 of 2013*
2 *https://www.pwc.co.za/en/publications/executive-directors-report.html*
3 *https://www.pwc.co.za/en/publications/non-executive-directors-report.html*

# Committee reports

The board has established a number of standing committees with delegated authority from the board. Each committee has formal terms of reference, approved by the board, addressing issues such as composition, duties, responsibilities, scope of authority. Detailed reporting requirements ensure all areas of responsibility receive effective oversight. These are reviewed and updated regularly to align them with regulatory developments, evolving best practice and the strategic imperatives of the business. Regardless of the delegation, the board retains full accountability for all oversight, other than for the audit and risk committee's statutory responsibilities.

All board members are invited to attend all committee meetings and committee minutes are also included in the immediately following board meeting to ensure equality of information and overall accountability. The board appoints the chairs and the members of these committees, other than the audit and risk and the setco members who are appointed annually by shareholders at the annual general meeting.

## Audit and risk commmittee report

The committee is pleased to present its report for the financial year ended 31 March 2022.

**Nigel Payne**
Chair

### Purpose and role of the committee

The group audit and risk committee is an independent statutory committee in terms of section 94(2) of the Companies Act. Its primary responsibility is as audit and risk committee for Alexander Forbes Group Holdings Limited, but it also fulfils the role of a group committee as permitted by section 94(2)(a) of the Companies Act for all South African subsidiaries, including Alexander Forbes Investments Limited (Alexander Forbes Investments) and Alexander Forbes Life Limited. Where bespoke committees have been established for non-South African subsidiaries, the committee still performs a group-level oversight role.

In addition to audit and risk matters, the committee is also responsible for group and regulatory capital (including the own risk and solvency assessment (ORSA)) and information technology governance.

### Terms of reference

The committee has adopted formal terms of reference, which includes detailed reporting guidelines and is satisfied that it complied with its responsibilities during the financial year ended 31 March 2022.

The committee's primary objective is to assist the board with its responsibilities for the management of risk, safeguarding of assets, solvency and liquidity, capital management, including ORSA, information technology governance, oversight over financial control and reporting, internal controls and corporate governance, particularly relating to legislative and regulatory compliance. The committee's roles and responsibilities include statutory and regulatory duties as per the Companies Act, the Prudential Standards, the Insurance Act 18 of 2017, JSE Limited Listings Requirements (JSE Listings Requirements) and King IV.

### Composition and attendance

| Composition and attendance | |
|---|---|
| Current | |
| Nigel Payne (Chair) | 5/5 |
| Bob Head | 5/5 |
| Andile Mazwai | 5/5 |
| Previous | |
| Zanele Matlala[1] | 0/0 |

1 *Ms ZJ Matlala was appointed effective 15 February 2022 and resigned with effect from 29 April 2022*

### Financial statements and accounting practices

The committee reviewed the audited consolidated and separate annual financial statements of the group and company for the year ended 31 March 2022, particularly to ensure that disclosure is adequate and that fair presentation has been achieved. The committee recommended the approval of the audited consolidated and separate annual financial statements to the board of directors. The committee believes that these financial statements present a balanced view of the group's performance for the year under review and that they comply with International Financial Reporting Standards. The committee followed similar approaches for the significant subsidiaries of the group.

### Evaluation of the expertise and experience of the chief financial officer and appropriateness of financial reporting procedures

The committee deliberated on the expertise and experience of the chief financial officer, Mr BP Bydawell, and is satisfied that he has the requisite expertise and experience to execute his designated functions. The committee has also considered and satisfied itself of the appropriateness of the expertise, experience and adequacy of the resources of the finance function and the adequacy of financial reporting procedures in the preparation of financial statements.

### Delivery against 2022 objectives

In addition to delivery against the standard annual plans, the board and committees also set specific objectives for each year as reported on below.

- As in 2021, material oversight items included the continuing enhanced transfer value (ETV) liability matter and the provisioning required for the outstanding liability. The committee is pleased with the eventual payment by the first excess layer insurer of their portion and continue to oversee the legal approach to the remaining insurance provider who has not confirmed cover.
- As is evident in the 2022 reporting suite, progress had been made in enhancing the group's holistic ESG approach and reporting. Other than the governance area which is regarded as mature, the environmental and social aspects (strategy, objectives and enhanced reporting) will continue to receive management and board focus in 2023. In recognition of this critical item, execution of the group's ESG strategic deliverables have also been approved by the remuneration committee as a long-term incentive plan metric for the 2022 tranche. As the strategy and execution mature, the committee will, in collaboration with the setco, consider the appropriateness of external assurance on metrics.
- The committee is pleased with the value derived from the group's sovereign default recovery plan. This is a living document that will be maintained as part of the ORSA process to provide meaningful insights and scenarios to the board to guide their strategic decisions and remedial management actions. Certain recommended management actions which were derived from this scenario are being implemented in the forthcoming year.
- A considerable amount of time, apart from the standard meetings, was spent on the external audit replacement process. The committee is pleased with the steps taken to date to prepare for the handover between PricewaterhouseCoopers Incorporated (PwC) and Deloitte & Touche South Africa (Deloitte & Touche) and foresee no material concerns or risks as a consequence of this important transition.

## Other key items of focus

- Although the severity of the impact from the Covid-19 pandemic and market volatility reduced over the period, the committee and board of directors continued to pay specific attention to the judgements, estimates and assumptions and the key audit matters defined in the Independent auditor's report on page 11 of the 2022 annual financial statements.
- The committee continued to focus on maturing the group's enterprise risk management, information technology governance (including information technology business continuity and cybersecurity), compliance, combined assurance frameworks and processes. The committee approved the following revised or new policies and frameworks: ORSA policy, capital management policy, group internal control policy, group outsourcing policy, Alexander Forbes Investments asset-liability management policy, Alexander Forbes Investments liquidity risk policy, Alexander Forbes Investments concentration risk policy, Alexander Forbes Investments credit risk policy, Alexander Forbes Investments operational risk policy, group model risk management policy, group enterprise-wide risk management (ERM) functional strategy and the group policy on engagement of external auditors.
- We received deep-dive presentations on the following areas and business units during the year: operational risk, Alexander Forbes Investments Unit Trusts Limited, Alexander Forbes Nominees Proprietary Limited, financial crime control centre of excellence capabilities and enabling software system implementation and data review, information technology and emerging markets business units. Deep-dive regularity is determined based on risk, with higher-risk items being reviewed more frequently.
- The committee focused on the regulatory programme execution established to effectively implement financial crime control, market conduct, legislation and regulation. We are very pleased with the delivery in 2022, which is also demonstrated through achievement of the "licence to operate" objective in the group scorecard.
- We considered the JSE proactive monitoring of financial statements, general reports and reports specifically pertaining to the group.

## External audit

The group's independent external auditor for the 2022 year was PwC. Fees paid to the auditor are disclosed in note 3 of the group annual financial statements for the year ended 31 March 2022. During the year under review fees paid to PwC amounted to R26 million (2021: R26 million), which included R24 million (2021: R25 million) for statutory audit and related activities as well as R1.9 million (2021: R1.4 million) for pre-approved non-audit services.

The committee is satisfied with the level and extent of non-audit services rendered during the year by PwC (all of which were preapproved in accordance with the company's policy and the Companies Act requirements) and that this did not impact on their independence. After a robust selection process the committee has nominated Deloitte & Touche and the designated auditor, Mr D Munu, as independent external auditors for the 2023 financial year. Shareholders will therefore be requested to elect Deloitte & Touche as independent external auditor, with Mr D Munu as designated auditor, for the financial year 2023 at the AGM on 2 September 2022.

During the selection process the committee had confirmed with Deloitte & Touche that:

- They are not precluded from appointment due to any impediment in section 90 of the Companies Act
- They are independent, as required by the Companies Act and the JSE Listings Requirements

The committee had also specifically considered the information presented by Deloitte & Touche as required in terms of paragraph 22.15(h) of the JSE Listings Requirements, in relation to registration, inspections, firm internal control and investigations in respect of Deloitte & Touche as a firm and the designated auditor, Mr D Munu.

## Key audit matters relevant to the consolidated financial statements

The key audit matters are those items of most significance as determined by PwC during the audit of the financial statements. The key audit matters consist of:

- Goodwill impairment assessment
- Provision for errors and omissions claims
- Recoverability of deferred tax assets on assessed losses

The committee considered the evidence presented and the disclosure in the financial statements and concluded that the treatment of these matters was appropriate.

For further details, refer to the **independent auditor's report** on pages 9 to 15 of the **2022 Annual financial statements**.

## Internal audit

The committee is responsible for ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority within the group to perform its duties. Furthermore, the committee oversees co-operation between the internal and external auditors and serves as a link between the board of directors and these functions. Internal audit continued to operate under the charter approved in the previous financial year. In addition to reporting to this committee, the internal audit function also reports to the relevant subsidiary audit and risk committees (where applicable) with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the group's operations.

## Financial reporting procedures

The audit committee has executed its responsibilities in terms of paragraph 3.84(g) of the JSE Listings Requirements. The committee has considered the financial reporting procedures in place, the assurance reports provided by both internal and external audit and the matters raised and discussed as part of the internal management reporting. The committee is satisfied that internal financial controls have been put in place to ensure that material information relating to Alexander Forbes Group Holdings Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements.

## Internal financial controls

The committee has had oversight over the internal control environment. Internal financial controls include all aspects of the business and the controls to ensure an effective operating environment. The areas of subjective assessment and risks associated with these operations include the critical assumptions and judgements which are reported on pages 16 to 18 and the detailed disclosure on risks which are reported on pages 87 to 110 of the 2022 Annual financial statements. During the year higher-priority internal control matters considered included:

- Closing our long outstanding reconciling items in premium receivable in the group risk business.
- Collection of reinsurance receivables in group risk and retail life.
- Implementation of more stringent trade receivable provisions in line with the expected credit loss model.

Based on its oversight and monitoring of the group's system of internal financial controls throughout the year under review, and reports made by the combined assurance providers, including internal and external audit, the head of actuarial function, compliance and risk management, on the results of their procedures, the committee is satisfied that the group's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements.

## Going concern

The committee, with concurrence from PwC, has reviewed a documented assessment, including key assumptions prepared by management, of the going concern status of the company and group and has made a recommendation to the board in accordance with the assessment. The board's statement on the going concern status of the group, as supported by the committee, appears in the directors' responsibility for financial reporting section of the annual financial statements.

Standing invitees include the board chair and all non-committee member directors, chief executive officer, chief financial officer, chief audit executive, chief compliance and anti-money laundering officer, group head of enterprise risk management, executive: governance, legal and compliance, platform chief financial officers, head of tax, information technology representative, head of capital and independent external auditor. The independent head of actuarial function is an invitee for reporting purposes biannually. The committee, however, debates matters without the permanent invitees present, when required.

The committee meets between six and eight times annually, with two of those meetings arranged as bespoke risk-focused sessions. Two closed meetings (aligned with the approval of the interim and annual financial results) are held with the independent external auditor and heads of control functions where management is not present.

## Objectives for 2023

The following will be areas of focus, in addition to continuing items from the year under review:

- Smooth and seamless transition from PwC to Deloitte & Touche as independent external auditors.
- In collaboration with the nominations committee, a detailed review of the succession risk in Alexander Forbes Investments (succession planning is also a Prudential Authority focus area for 2023).
- Oversight over continued regulatory developments and compliance with new regulations.
- Increased oversight over the group's emerging markets businesses.
- Deepened focus on automation and digitisation in the finance function.
- Oversight of the deregistration of the Alexander Forbes Life Limited insurance licence and liquidation of the entity.
- Insights into and guidance towards continuous improvement in internal financial controls.

# Mergers and acquisitions committee report

The committee is pleased to present its report for the financial year ended 31 March 2022.

**Bob Head**
Chair

## Purpose and role of the committee

The committee has been established as a sub-committee of the board to review acquisitions, mergers, disposals and joint ventures, and meets when required. The primary areas of oversight include strategic alignment discussions, considering transactions through the various stages, as well as post-acquisition reviews.

### Terms of reference

The committee has adopted formal terms of reference, which are reviewed and updated as necessary. Based on its annual self-assessment, the committee is satisfied that it complied with its responsibilities during the financial year ended 31 March 2022.

In addition to delivery against the standard annual plans, the board and committees also set specific objectives for each year. The report below focuses primarily on those objectives as the most material items.

| Composition and attendance | |
|---|---|
| Bob Head (chair) | 7/7 |
| Bruce Bydawell | 7/7 |
| Dawie de Villiers | 7/7 |
| Thabo Dloti | 6/7 |
| Nigel Payne | 6/7 |
| Previous | |
| Simon O'Regan[1] | 5/6* |

1. *Resigned effective 15 July 2022*
* *Recused due to Mercer Africa Limited interest*

Ad-hoc invitees include professional advisers and employees whose input may be required.

## Key focus areas for 2023

- Oversight of the effective and efficient completion of the EBS and Sanlam EB business acquisitions and the AFICA business disposal.
- Continued benefit realisation review of previous acquisitions.
- Evaluation of further potential employee benefits targets that will enable and align with our overall strategic intent.

## Delivery against 2022 objectives

- 2022 was a productive year for the committee in overseeing multiple transactions, several of these having been multi-year projects involving complex processes and negotiations. Delivering on the long-term objective of securing a meaningful employee benefit (EB) target was a highlight. Acquisition of the EB standalone administration business (Sanlam EB business) of Sanlam Life Insurance Limited (Sanlam Life) will accelerate the group's growth in a mature industry segment and increase the number of active members administered through the company's retirement fund administration by approximately 40%. The disposal of the AFICA business to Sanlam Life will unlock the group's potential to rapidly transform into a member-oriented financial services provider to serve a broader spectrum of savings needs for individual members of our retirement fund clients whilst reducing both risk and development costs and increasing the functionality available to clients and advisers.
- The EBS International Proprietary Limited (EBS) acquisition, albeit smaller, will equally enable the group to accelerate growth and expand its service offering into core and adjacent segments of the South Africa and Africa retirement funding markets, positioning us to serve the breadth of retirement fund administration needs.
- As per our 2023 objectives, the committee will oversee driving these transactions to implementation, integration and value optimisation. Post-acquisition reviews will continue to highlight lessons, as well as demonstrate to ourselves and the market that our strategy delivers value.
- The committee provided oversight over and is pleased with the completion of the section 50 of the Insurance Act 18 of 2017 transfer to Sanlam Life during 2022. The audit and risk committee and Alexforbes Life Limited (AF Life) board will oversee the termination of the life licence and drive the liquidation of the AF Life company to conclusion to deliver fully on the capital release.
- The first-year post-acquisition review was completed on GF Wealth Proprietary Limited (GF Wealth). The committee is pleased that, despite challenging circumstances navigating through Covid-19 economic volatility, the acquisition gross revenue target for 2021 had been achieved and the pro rata 2022 had been achieved at time of measurement. Expense targets had equally been achieved, largely through efficiencies from services now provided through the group. The GF Wealth business added assets under administration of R5.1 billion to the group, which had grown to R5.6 billion at time of measurement (an 8% increase over 11 months). Although a small acquisition, the committee is pleased with the success thus far and more importantly proof of the group's maturing ability to effectively deliver acquisitive value.
- In addition to approving transactions to proceed to the next phase of execution, the committee is equally pleased with transactions terminated or declined. During an acquisitive phase it is easy to become eager to execute, but the committee remains focused on seeking those opportunities that will create real and sustainable value.

# Nominations committee report

The committee is pleased to present its report for the financial year ended 31 March 2022.

**Daniel Mminele**
Chair

## Purpose and role of the committee

The committee has been established as a sub-committee of the board to assist the board by providing independent oversight of the process for nominating, electing and appointing members to the board and its committees; non-executive directors to subsidiary boards; classification of directors; board and committee induction; and ongoing development processes and interventions, succession planning and board performance evaluation processes.

### Terms of reference

The committee has adopted formal terms of reference, which are reviewed annually and approved by the board and includes detailed reporting guidelines. Based on its annual self-assessment, the committee is satisfied that it complied with its responsibilities during the financial year ended 31 March 2022.

In addition to delivery against the standard annual plans, the board and committees also set specific objectives for each year. The report below focuses primarily on those objectives as the most material items.

| Composition and attendance | |
|---|---|
| Current | |
| Daniel Mminele (chair)[1] | 0/0 |
| Thabo Dloti | 3/3 |
| Nigel Payne | 3/3 |
| Previous | |
| Marilyn Ramplin (chair)[2] | 3/3 |
| Simon O'Regan[3] | 3/3 |

1. *Appointed as member effective 1 January 2022 and board chair effective 1 April 2022*
2. *Resigned effective 31 March 2022*
3. *Resigned effective 15 July 2022*

The chief executive officer and chief financial officer are standing invitees and ad-hoc invitees include professional advisers and employees whose input may be required.

## Delivery against 2022 focus areas

- The committee further expanded on the detailed succession planning process commenced within 2021, informed by the board skills and experience matrix and emergency succession plans. During 2022 focus centred on the selection of a new board chair. The committee and board are very pleased that the detailed and robust process led to the selection and appointment of a suitably experienced, skilled and very well-respected replacement for the outgoing chair. The committee is also comfortable that the three-month handover process allowed a sufficient induction period to enable a smooth transition between leaders. The process also enabled the appointment of Mesdames Nosipho Molope and Ndumi Medupe to the board and audit and risk committee, with Ms Molope as audit and risk chair designate. Continuous succession and appropriate emergency succession, however, remains an iterative process and will continue to receive attention to ensure the board composition remains future fit for a transforming group. This would include, among others, and as part of holistic ESG discussions, giving consideration to whether bespoke skills in relation to climate change, and related adaptations and transitions, should be an immediate or short-term requirement on the board.
- The committee approved an emergency chief executive officer successor, as well as a battery of assessments for potential long-term internal successors, the outcome and next steps of which will form part of deliberations in 2023. In addition, chief financial officer succession is also to receive focus in 2023.
- Alexander Forbes Investments still awaits confirmation of the specific requirements that will apply to it in a solo plus Prudential Authority (PA) supervisory regime and hence the committee was unable to complete the review of the impact this change may have on the group's integrated governance approach and board and committee structures. This will remain an objective for 2023.

In addition to the planned focus areas, the committee also:

- Completed the individual first-year assessment of Mr Daniel Mminele and was comfortable to recommend him for election by shareholders at the AGM to be held on 2 September 2022. The first year evaluations for Nosipho and Ndumi will be completed prior to the 2023 AGM.
- Approved a revised fit and proper policy, previously within the audit and risk committee's purview.

## Key focus areas for 2023

- In collaboration with the audit and risk committee, a detailed review of the succession risk in Alexander Forbes Investments (succession planning is also a specific Prudential Authority focus area for 2023).
- Continued focus on executive succession: executing on planned CEO succession interventions and heightened focus on chief financial officer succession.
- Evaluation of the impact of a solo plus PA supervisory regime on the group's integrated governance approach and review of next steps as appropriate.

# Social, ethics and transformation committee report

The committee is pleased to present its report for the financial year ended 31 March 2022.

**Andile Mazwai**
Chair

## Purpose and role of the committee

The committee has been established as a statutory committee for those statutory duties assigned to it in terms of section 72(4) of the Companies Act (read in conjunction with Regulation 43 of the Companies Regulations, 2011) and as a committee of the board for all other duties assigned by the board. The role and objective of this committee is to oversee and monitor the group's activities in relation to social and economic development, good corporate citizenship, corporate social responsibility, ethical conduct and business practices, environmental impact, consumer relations (including market conduct broadly and treating customers fairly (TCF) specifically), fair labour practices and transformation.

### Terms of reference

The committee has adopted formal terms of reference, which are reviewed annually and approved by the board. They include detailed reporting guidelines. Based on its annual self-assessment, the committee is satisfied that it complied with its responsibilities during the financial year ended 31 March 2022.

In addition to delivery against the standard annual plans, the board and its committees also set specific objectives for each year and this report focuses primarily on those objectives as the most material items.

| Composition and attendance | |
|---|---|
| Current | |
| Andile Mazwai (chair) | 2/2 |
| Dawie de Villiers | 3/3 |
| Thabo Dloti | 3/3 |
| Refiloe Nkadimeng | 2/3 |
| Previous | |
| Totsie Memela-Khambula[1] | 1/1 |

1. *Retired effective 3 September 2021*

The third meeting of the year was postponed and just fell within 2023.The deliberations and attendance are, however, reflected as it was closing out on 2022 and part of the 2022 corporate calendar.

Standing invitees include the chief financial officer, executive: human capital and transformation, executive: brand, marketing and communications, ethics officer, head: investor relations and transformation, head: customer experience and insight, and ad-hoc invitees, including professional advisers and employees, whose input may be required.

## Delivery against 2022 objectives

- Satisfactory progress was made in implementing and delivering on the group's stakeholder relationship framework. This item was also a key deliverable on the group scorecard for 2022 (refer to page 96 for further discussion). An objective that lagged was communication of the group's ESG and transformation positioning to stakeholders, which will receive focus in 2023. The committee approved the stakeholder engagement objectives for 2023 and will continue to keenly oversee the value derived from stakeholder insights and especially the quality of stakeholder relationships.
- Good overall progress was made on the group's ESG objectives with the sustainability framework having been approved early in the 2023 financial year (although articulated and reflected in our 2022 reporting suite). The implementation and maturing of this framework will receive focus in the remainder of 2023. Highlights included the approval of the Alexander Forbes Investments transformation policy (refer to page 25 of this report for further details), the impact and value-add of which will be carefully monitored by the committee in 2023.
- The committee considered the associated objective of a revised mechanism to facilitate the group's corporate social responsibility interventions and resolved to retain the Alexander Forbes Community Trust (trust). We, however, approved a financially and operationally optimised structure, whereby the committee members were appointed as the trustees of the trust, the trust deed updated and aligned with current objectives, and the management of the trust incorporated into committee processes. In this regard the committee (as trustees) approved the trust's annual report for the previous financial year and its budget for 2023. Refer to page 20 for a discussion of the trust's activities in 2022.
- Following completion of the United Nations Women's Empowerment Principles (WEP) gap analysis, the committee approved the action plan and WEP focus areas (also a licence to operate objective on the 2022 group scorecard). The committee will continue to oversee delivery of the action plan on a project basis until these items are effectively institutionalised in business-as-usual activities and reporting. Refer to page 14 of this report for more information on the survey results and action plan.
- As part of the holistic review of the group's advice framework and the adequacy, appropriateness and regulatory compliance of individual advice, the committee approved a revised treating customers fairly (TCF) policy referencing domestic regulations and international best practice. Advice is fundamental in executing on our purpose of pioneering insight to deliver advice and solutions that impact lives. Accordingly, the principles of TCF have been embedded across our business and are tracked across 32 measures. The committee reviewed a refreshed and optimised consolidated assurance dashboard of 20 measures with coverage of the six outcomes and was pleased to note compliance with and improvements on the TCF policy and its execution.

## Other key items of focus

With regard to measurably improved ethical culture, specifically improvements in the conflicts of interest process, the committee was pleased with the overall process improvement on the conflicts management process. We noted a reduction in whistle-blowing reports and satisfied ourselves that this was due to an improved environment rather than a reluctance by people to use the platform. Refer to 4 for more information on our whistle-blowing policy.

Transformation remained a critical focus area, with a specific focus on overseeing the planning for a bespoke Alexander Forbes Investments verification process and the approval of the AFIL Transformation Policy mentioned earlier.

As part of the rotational deep-dive calendar, a corporate services and business optimisation deep-dive was presented. The committee was delighted with the overall turnaround in this area, from engagement efforts, improved control environment, skills development and retention, transformation to enterprise supplier development and business continuity management.

The committee approved the following revised policies and frameworks: customer complaints management framework, code of ethics, and ethics policy.

The committee remained very pleased with the maintenance and further improvement of the net promoter score (NPS). Refer to pages 18 and 32 of this report for more information on the NPS.

## Key focus areas for 2023

- Oversight of the group scorecard deliverable in response to the Zondo commission report: approval of the company's statement and action plan in response to the detailed review of the reports.
- Deep-diving into climate change and the company's position, targets and action plans in response.
- Overseeing the implementation of the group's sustainability framework and other ESG deliverables.

# Remuneration committee report

The committee is pleased to present its report for the financial year ended 31 March 2022.

**Thabo Dloti**
Chair

## Purpose and role of the committee

The remuneration committee (remco) has been established as a sub-committee of the board to assist the board by providing independent and objective oversight of key remuneration matters for the group, including remuneration strategies, philosophies and their implementation, as well as the remuneration policy and implementation reports as disclosed to shareholders. The committee also approves the appointment and remuneration of specific key positions, including executive committee members and heads of control functions.

### Terms of reference

The committee has adopted formal terms of reference, which are reviewed annually and approved by the board and includes detailed reporting guidelines. Based on its annual self-assessment, the committee is satisfied that it complied with its responsibilities during the financial year ended 31 March 2022.

In addition to delivery against the standard annual plans, the board and committees also set specific objectives for each year. The report below focuses primarily on those objectives as the most material items.

| Composition and attendance | |
|---|---|
| Thabo Dloti (chair) | 7/7 |
| Daniel Mminele[1] | 0/0 |
| Nigel Payne | 7/7 |
| **Previous** | |
| Marilyn Ramplin[2] | 7/7 |
| Simon O'Regan[3] | 6/7 |

*1 Appointed as member effective 1 January 2022 and board chair effective 1 April 2022*
*2 Resigned effective 31 March 2022*
*3 Resigned effective 15 July 2022*

Standing invitees include the chief executive officer, chief financial officer and executive: human resources and transformation, and ad hoc invitees include the remuneration specialist and other professional advisers and employees whose input may be required. The committee has access to independent remuneration consultants for advice on best practice, trends and regulatory changes and considers the advice in reviewing and formulating the remuneration policy.

## Delivery against 2022 objectives

- The committee provided oversight over the improvement of several strategic human capital processes and the implementation of new processes during 2022. The new employee value proposition received specific attention, as discussed in the integrated report, with the aim of enhancing the employee experience, embedding a culture of excellence and ensuring every employee reaches their full potential.
- In reviewing the appropriateness of rainmaker incentives aimed at driving and achieving revenue growth, the committee was pleased with the outcome of the consulting incentive implemented in 2022 that saw a marked increase in the consulting new business revenue and their bonus pool in return. As part of the rainmaker and outperformance reward considerations and in response to concerns raised by shareholders on perceived executive and key employee retention risk before and after the 2021 annual general meeting, the committee approved a bespoke outperformance award. The committee spent a considerable amount of time on this matter and received expert advice on the terms of the outperformance award, as well as consulted widely with key shareholders before finalising the details.
- The first recipient of the award was the chief executive officer and the details are disclosed on page 81 of this report. The committee is pleased that the terms and conditions of this outperformance long-term incentive award further amplifies the alignment between the chief executive officer and shareholders and will drive sustainable and responsible value creation.
- As part of the process and in response to shareholder concerns raised, the committee also performed a specific chief executive officer remuneration benchmarking, culminating in an adjusted total guaranteed pay for the chief executive officer.
- The committee reviewed a preliminary analysis of remuneration fairness, the absence of unfair discrimination and compliance with the requirements of equal pay for work of equal value, to ensure fair and responsible remuneration and to critically review the vertical pay gaps between the highest and lowest earners. The committee was satisfied with the fair pay analysis outcome and that the remuneration policy and pay mix addresses the fair and responsible pay through the mechanism of justifiable pay for performance. In addition, the committee reviewed vertical pay gap reasons in line with equal pay for work of equal value between the highest and lowest paid employees and confirming that the seniority, performance, shortage of critical and scarce skill justify fair pay differentials.

## Objectives for 2023

- Oversight of several new and improved strategic human capital processes, including embedment of the employee value proposition, central to employee retention and motivation (continuation from 2022).
- Obtaining a deeper understanding of the group's pay gaps and lowest earners (continuation from 2022).
- In the context of the company's broader sustainability and specifically climate risk related objectives, consideration of financial incentives for executives on progress towards achieving short-, medium- and long-term climate targets, in the short-term possibly only in respect of the Long-Term Incentive Plan (LTIP) 2022 tranche strategic metric.
- Ensure commitment towards transformation plans, supported by talent and succession management programmes.

# Remuneration report

## 1 Background statement

Alexforbes has developed an integrated approach to performance management and remuneration to give effect to the company's 'pay for performance' remuneration philosophy. The company has adopted an approach to total reward, which recognises that reward is multi-faceted and does not only have direct financial components. Consequently, our employee value proposition includes offering competitive market remuneration and rewards, including an enabling and supportive environment, that contribute towards the financial goals and overall job satisfaction of our employees now and into the future. In addition to financial rewards, our total reward also extends to wellness offerings, work-from-home package, learning and development as well as participation in recognition programmes as reflected in employee promise.

The remuneration philosophy aims to attract and retain high-performing talent, protect and grow core skills, promote internal equity and fairness, reward and encourage behaviour consistent with the company's values and align the interests of all stakeholders.

The remco ensures that directors, executive committee members, senior management, and employees are remunerated fairly and responsibly. The remco also ensures that the remuneration policy is aligned with the company's overall long-term strategic objectives, sustainable value creation and risk appetite. In determining the remuneration policy, the remco has embraced the King IV principles and remuneration best practices generally.

### Shareholder engagement

The remco undertakes to actively engage with shareholders, evaluate and consider their feedback on the remuneration policy and its implementation before considering or making any significant policy changes. This is in line with our commitment to meet shareholder expectations where feasible, continuously enhance our reporting and maintain accurate, transparent and relevant disclosure on the performance measures used to determine the award of short- and long-term incentives.

Both the remuneration policy and implementation report are put to separate non-binding advisory votes at the company's annual general meeting (AGM). In the event that either the policy and/or implementation report is voted against by 25% or more of the voting rights exercised, the committee will actively engage with shareholders and report on the outcomes and on any corrective measures taken or required.

While significant progress had been made since the 2018 AGM as evidenced by the positive feedback in voting outcomes in favour of our remuneration consistently having been in the upper-90% range from 2019, the voting outcome on the 2021 implementation report did not meet the 75% threshold. We received a 57.99% vote in favour (2020: 99.99%). The remuneration policy, however, maintained high voting support receiving a 91.19% vote in favour (2020: 93.97%).

Results of voting at the annual general meetings from 2019 are shown in the table below:

| % vote in favour | 2021 | 2020 | 2019 |
|---|---|---|---|
| Remuneration policy | **91.19%** | 93.97% | 99.12% |
| Implementation report | **57.99%** | 99.99% | 99.69% |

### 2021 annual general meeting voting outcome and our response

Before the AGM the company embarked on an extensive governance roadshow engaging with institutional shareholders representing 70.2% of our issued share capital. The governance roadshow dealt with shareholder feedback on both the company's remuneration policy and its implementation report.

During the engagements some shareholders had expressed concern regarding executive management and key employee retention due to their variable remuneration being perceived as too low. Some shareholders suggested that more aggressive remuneration policy variations or exceptions should have been considered in the context of two consecutive years of zero increases, the need to adjust for the Covid-19 impact on company performance and prolonged non-vesting of performance-related conditional long-term incentives. Shareholders were of the view that the company's turnaround strategy, intended growth trajectory and sustainability are at risk if these critical individuals decide to leave the company's employ.

While the remedial steps that were considered and applied by the remco were shared with shareholders (*inter alia* some discretion applied to the short-term incentive (STI) bonus pool and an increase in long-term incentive plan (LTIP) awards), primarily two large shareholders still decided to vote against the 2021 implementation report.

Following on from the 2021 AGM and the negative vote received on the 2021 implementation report, further discussions were held with our strategic shareholders as well as major South African institutional shareholders.

- The discussions were focused on people and talent retention, specifically aimed at obtaining insights and input on remuneration to ensure there is a balance between rewarding our people and aligning shareholder interests.
- The roadshow covered strategic and institutional shareholders representing 81.2% of the issued share capital (shown below).

| Name | % S/O |
|---|---|
| African Rainbow Capital | **35.1%** |
| Mercer Africa Limited | **14.3%** |
| Coronation Fund Managers | **9.8%** |
| Visio Capital Management | **6.5%** |
| Abax Investments | **5.6%** |
| Public Investment Incorporation | **5.2%** |
| Sanlam Investment Management | **3.3%** |
| Kagiso Asset Management | **1.4%** |
| **% Total issued share capita (as at October 2021)l** | **81.2%** |

*Background statement continued*

**A summary of the focus areas and feedback provided during the various engagements is highlighted below:**

| Focus areas | Shareholder feedback | Remco response |
|---|---|---|
| Covid-19 response | • Generally suggesting no universal correct response to Covid-19, although on average more companies had applied discretion in their application of rules to mitigate against adverse retention risk.<br>• Emphasising the reliance placed on the remco by shareholders to apply appropriate discretion in their application of the remuneration policy when circumstances warrant deviations. | The remco approved a minimum guaranteed bonus pool for the 2022 financial year, however this guaranteed pool was not required as the growth achieved by the business had itself enabled a larger pool.<br>The remco acknowledged' feedback on the need to apply appropriate discretion:<br>• Remco used its discretion to award STI that on average is above, on target and more closely related to the performance ratings of the respective members of the executive.<br>• Management recommended and the committee approved application of the discretionary STI and LTIP pool. |
| Remuneration philosophy | • All shareholders were comfortable with a performance-based remuneration philosophy.<br>• Shareholders were also generally comfortable with the remuneration policy overall (evidenced by the high voting support in favour of the policy), but expressed concern with the application (primarily lack of discretion applied to mitigate perceived retention risk).<br>• Shareholders recognised the company's challenging position: the need to reward and retain critical employees in a period of company-wide transformation where the turnaround is yet to translate into the required revenue growth. They suggested that a greater weighting should possibly be placed on the retention risk in the short term to ensure the transformation and growth strategy is delivered.<br>• Considering zero increases applied over the past two years, concern with executive STI awards was specifically emphasised. | A goodwill bonus advance payment was approved and paid to staff in December 2021<br>Refer to the **Implementation report** on page 86 for more information.<br>Although only applicable to the 2023 financial year, the inflationary increase was granted to all levels and approved for early implementation.<br>Refer to the **Implementation report** on page 86 for more information.<br>The remco approved out of cycle increases for the chief executive officer (applied for the last 3 months of the 2022 financial year), chief financial officer and two other executives (applicable from the next financial year). This increase is aimed at aligning the remuneration to market (in addressing retention risk of key executives raised by shareholders).<br>The outperformance award was approved as a special conditional LTIP award and the first allocation made to the chief executive officer.<br>In allocating 2022 LTIP awards the remco took retention considerations and the shareholder feedback into account. The outcome reflects a more competitive positioning to market and a general uplift in total remuneration.<br>Although this will only be reflected in the 2023 report, the remco also decided to reduce the allocation of forfeitable awards from 40% to 30% for the 2022 tranche. As promised in previous reports, this ratio will be considered annually. |
| Remuneration mix and total remuneration | • Shareholders expressed a preference for market-related guaranteed remuneration (focused on retention), with short- and long-term incentives directed towards rewarding performance.<br>• 100% of long-term incentives to be conditional based on performance metrics is preferred. Although some shareholders acknowledged the company's historical vesting profile of CSP awards and the consequential retention risk having been mitigated through forfeitable awards, there is also a preference for forfeitable award allocations to reduce over time.<br>• Some shareholders expressed a preference for longer vesting periods - with a six-year vesting period viewed as optimal for retention.<br>• To ensure the company retains the high calibre of critical employees needed to deliver on the company's transformative journey and growth aspirations, alternative structures should be considered and/or appropriate remco discretion applied. | As indicated above, remco applied greater discretion and approved the outperformance award:<br>• Intended to reward significant performance over an extended period.<br>• More aggressive performance targets.<br>• Subject to a vesting period determined by the remco.<br>• The 2022 outperformance award has a six-year vesting period in three equal tranches over years four, five and six.<br>• Outperformance awards may in future be granted to other executives for retention purposes. |

In addition to the above items, the remco engaged extensively with key shareholders during the design of the outperformance award.

Refer to **page 68** of this report.

## Non-binding advisory votes at 2022 AGM

The remuneration policy and 2022 implementation report will be presented for separate non-binding advisory votes from shareholders at the company's AGM to be held on Friday, 2 September 2022. These resolutions are set out in the 2022 notice of annual general meeting and summarised annual financial statements for the year ended 31 March 2022.

Considering the extensive engagement process embarked on before and after the 2021 AGM, a formal governance roadshow was not held in 2022. However, any shareholder wishing to engage with the company ahead of the 2022 AGM is invited to advise the executive: governance, legal, compliance and sustainability or head of investor relations.

Should the policy and/or implementation report be voted against by 25% or more of the voting rights exercised at the 2022 AGM, the committee will engage with shareholders to understand reasons for dissenting votes, address reasonable objections and report on the outcomes and any corrective measures taken or required.

We will welcome any comments that shareholders may have on our report or any concerns regarding the remuneration policy or the implementation thereof. The committee will also continue to take into consideration all comments from shareholders in future policy reviews and amendments.

# 2 Remuneration policy

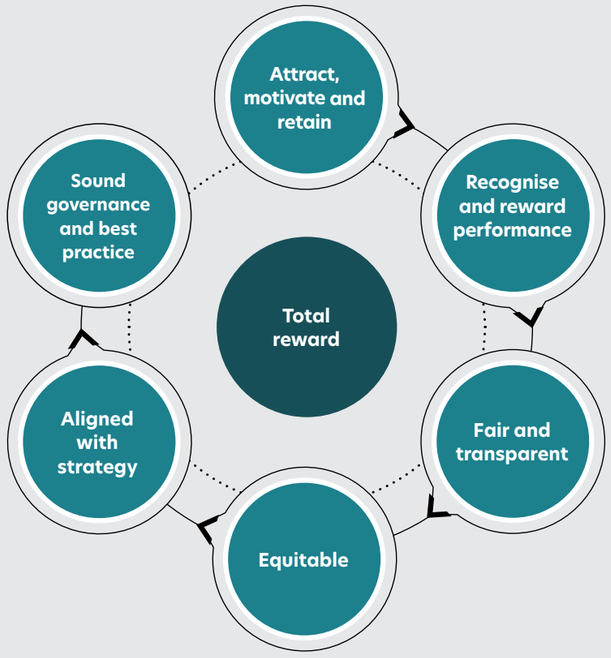
## Overview

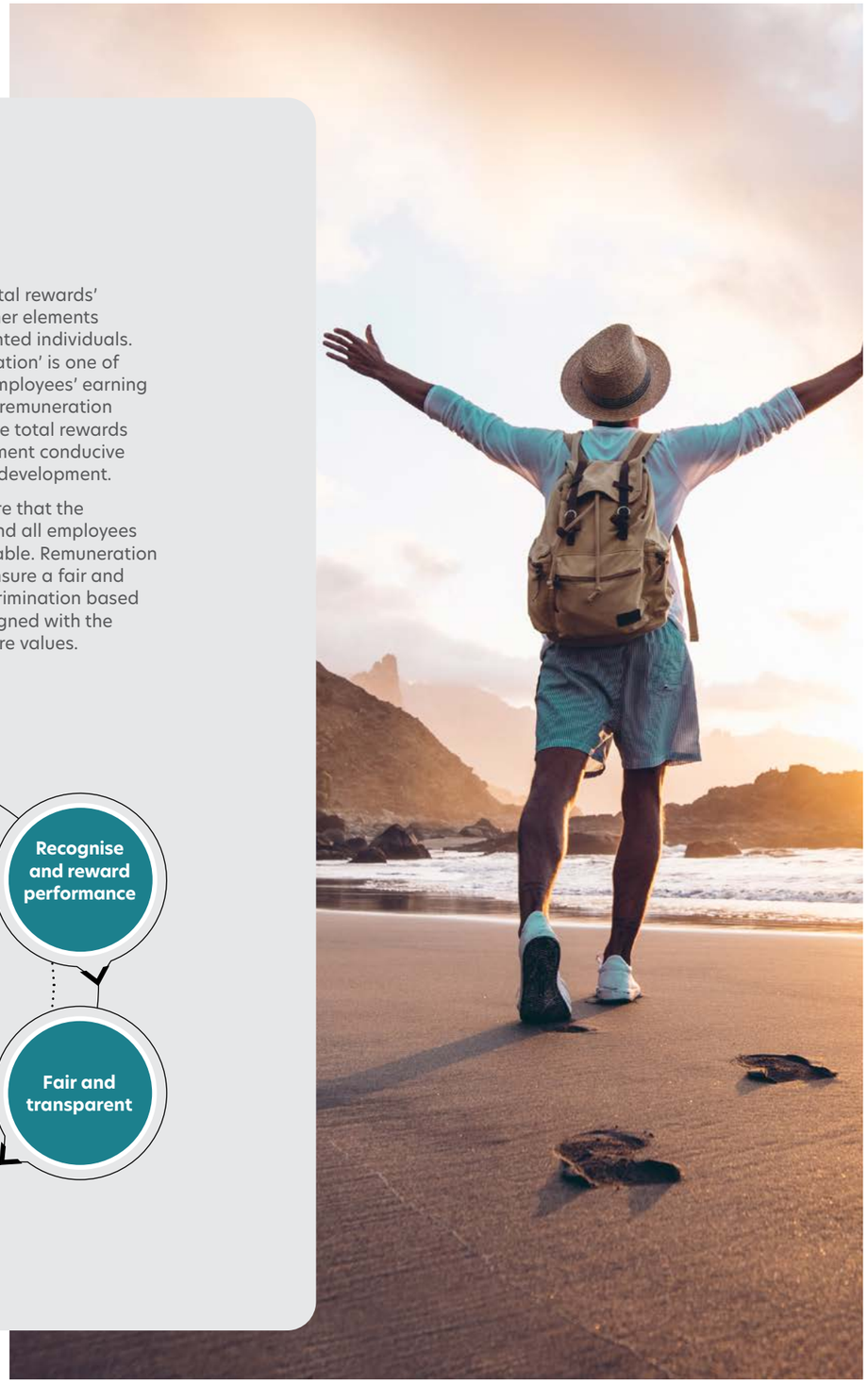
Alexforbes's philosophy in relation to remuneration aims to:

- offer total remuneration that meets the remuneration principles of the company
- align with the Alexforbes employee value proposition and the performance management system
- complement and support the delivery of financial and non-financial key objectives which underpin the company's strategy
- align the remuneration of both executive and senior management with the creation of long-term shareholder value
- attract, motivate and retain talented, high-performing people
- offer employees competitive guaranteed packages which are relevant to market benchmarks
- encourage performance to drive the achievement of both short-term results and long-term sustainability

Our reward philosophy promotes a holistic 'total rewards' approach of combining remuneration with other elements of reward to attract, motivate and retain talented individuals. The principle of 'performance-based remuneration' is one of the cornerstones of reward which increases employees' earning opportunities and a market-competitive total remuneration when taken together with guaranteed pay. The total rewards philosophy strives to create a reward environment conducive to high performance by enabling growth and development.

The remuneration policy is positioned to ensure that the company's total rewards paid to executives and all employees are affordable, market competitive and equitable. Remuneration decisions are based on objective criteria to ensure a fair and responsible pay offering that is free from discrimination based on race, gender or creed. The policy is also aligned with the company strategy, business objectives and core values.



### Philosophy

**Offer total rewards** that attract, motivate, reward and retain high-performing talent.

**Balance business performance** and support an integrated, client-centric approach to delivering services and value to clients.

**Transparent** engagement and communication, and an effective governance structure for pay.

**Defining performance within the context of risk appetite** when linking to pay, include financial as well as non-financial measurement.

Improve **employees' financial outcomes**.

### Principles

**Appropriate mix of short-term and long-term pay** with fixed pay being the anchor of the overall pay mix and depending on level or type of role fixed pay may be higher than variable pay (specifically levels 1, 2 and 3).

**Internal parity** aims to reward employees according to their contribution and performance, striving for internal equity and parity.

**External benchmarking** to keep abreast with market updates to strategically position remuneration, especially guaranteed pay, across the percentile spectrum from entry level to the upper quartile, subject to levels of competence, scarcity of skills and strategic considerations, with the net composite range coming out at the median of the market.

**Affordability** in accordance with the budgeting guidelines and a prudent cost management approach.

### Fair and responsible

**Promote** a culture that supports the enterprise, winning mindset and innovation with appropriate short-term and long-term performance rewards that are fair and achievable.

**Align the remuneration** of executive and senior management, in particular, with the creation of long-term shareholder value.

**Contribute to the promotion of an ethical culture and responsible corporate citizenship** within the realm of remuneration, including the evaluation of employees' performance.

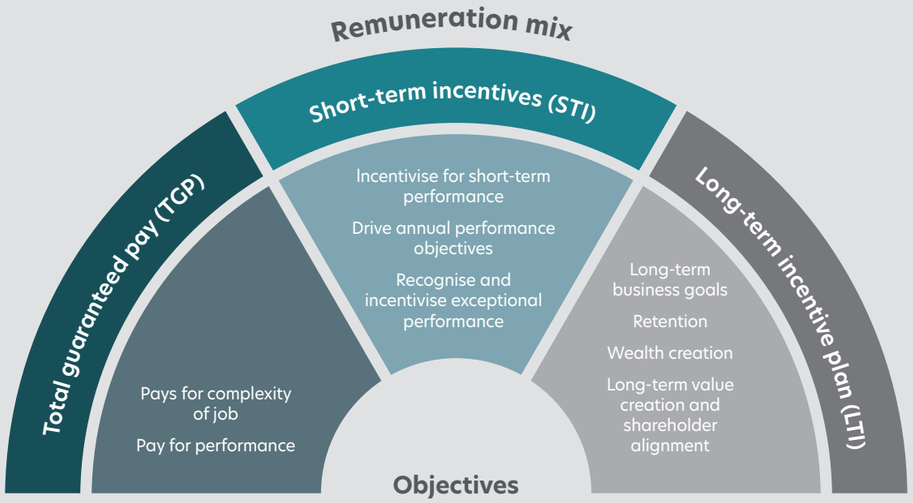
**Encourage high performance** to drive the achievement of both short-term and long-term results that promote ESG principles and contributes to overall organisational sustainability.

Ensure that all **employees are treated equally** by establishing an integrated reward system with level classifications with similar benefits for all employees.

# Components of remuneration

The remuneration structure comprises three components: total guaranteed pay (TGP), short-term incentives (STI) and long-term incentive plan (LTIP).

Total remuneration consists of fixed and variable components, with emphasis on variable pay at executive and senior levels to encourage performance and alignment with shareholder value creation. The company has adopted appropriate levels of total rewards and a remuneration mix that varies per occupational level to ensure alignment with organisational sustainability, long-term performance and shareholder value creation.




The targeted remuneration mix refers to the relationship between fixed and variable pay elements. This is key in driving the right balance between short- and long-term plans, aligning executive interest with that of shareholders, linking reward to the strategies that employees can control, and most importantly for driving short-term performance (STI) and long-term sustainable value creation and retention (LTIP).

**The table below outlines the eligibility qualification by occupational level of remuneration mix per level.**

| Level | Occupational level | TGP | STI | LTIP | ESOP |
|---|---|---|---|---|---|
| 6 | Executive or top management | ✓ | ✓ | ✓ | |
| 5 | Senior management | ✓ | ✓ | ✓ | |
| 4 | Middle management or senior specialist | ✓ | ✓ | ✓ | |
| 3 | Junior management or specialist | ✓ | ✓ | | ✓ |
| 2 | Skilled technical or analyst | ✓ | ✓ | | ✓ |
| 1 | Administrator or clerk | ✓ | ✓ | | ✓ |

# Fixed pay

## Total guaranteed pay (TGP

TGP is a core element of remuneration reflecting the individual's role and position as well as the market positioning, and is payable for undertaking day-to-day duties. TGP is a fixed component that consists of base pay plus benefits (non-cash fringe benefits and fixed allowances) as depicted below.

### Components of TGP

**Base pay**

To attract and retain employees and ensure internal equity and external competitiveness.

Base pay is reviewed annually with effect from 1 July. This annual review includes merit adjustments. The average increase in employment cost is approved by the remco and takes into account the increase in cost of living, market remuneration rates, affordability and general employment market trends.

Annual reviews will be informed by:

- Projected inflation
- External market benchmark and trends
- Company affordability

Once the overall increase has been determined, individual employee performance ratings are the primary driving factor in the annual reward cycle review of respective individuals, but the following variables will also be considered:

- the individual's assessed long-term value to the organisation
- the individual's remuneration positioning within a pay scale and remuneration of others in similar positions internally (internal equity)
- market alignment (external benchmarks)

**Fixed allowances**

To ensure business continuity, operational effectiveness and comply with legislation.

The following circumstantial allowances are paid based on specific operational requirements:

- Shift
- Standby
- Overtime

**Fringe benefits**

To ensure competitiveness, employee wellness and engagement.

Employees are contractually obliged to belong to the approved medical and retirement funds inclusive of life and disability cover. Contributions are made by the company and the employee.

The following are compulsory benefits offered to permanent employees:

- Retirement fund contribution to the Alexander Forbes Retirement Fund
- Medical aid
- Risk cover and insured benefits (life assurance cover, permanent health, insurance, dread disease cover, spouse's cover and funeral benefit)
- Travel allowance (provided that the employee qualifies in terms of income tax legislation)
- Wifi reimbursement – allowance for working from home

Alexforbes strategically positions itself to ensure competitive total reward within the parameters of affordability. This implies a weighted average benchmarking against the market's 50th percentile (or median) of TGP and through leveraging non-guaranteed incentive pay with a spread from minimum to top percentile.

'Total reward' in certain instances (consistent high performance, scarce skills, critical roles) can be benchmarked at the market's upper quartile. The company's relative market position strives to ensure that it attracts and retains the core competencies required to meet the strategic objectives of the company.

# Variable pay

Variable pay consists of STI and LTIP awards that promote sustainable short-term and long-term business and individual performance. Importantly, it aligns the remuneration of executives, in particular, with the creation of long-term shareholder value. Variable pay is earned as a result of both organisational and individual performance outcomes.

## Short-term incentive (STI)

The STI (bonus) component forms a fundamental part of the total reward philosophy that drives financial and non-financial aspects of organisational and individual performance by aligning individual performance to strategy. One of the key features of the remuneration policy is the 'pay-for-performance' principle. All permanent, active employees are eligible for the STI, except those who receive sales incentives or commissions.

Alexforbes's STI scheme rewards performance for meeting specific predetermined short-term organisational targets. The guiding principles are as follows:

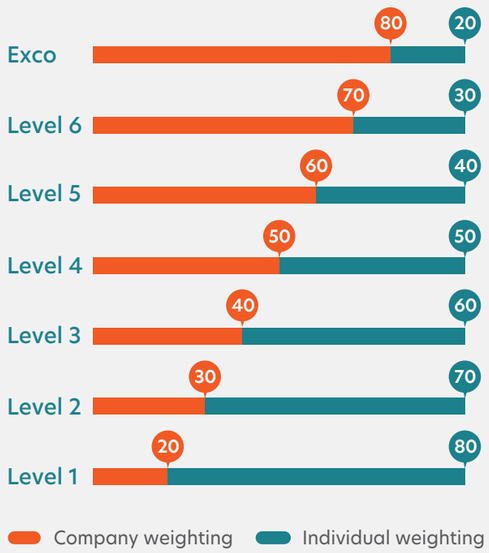
- A direct link between performance management and rewards.
- Objectives and measures derived from the overall annual strategic objectives for the company, cascaded down to determine relevant objectives and targets at all levels.
- The weighting on the group scorecard for financial and non-financial measurements is generally biased towards financials with the split determined by the remco at the point of approving the group scorecard. The split is informed by specific objectives for any particular year, to drive the outcomes for achieving financial and non-financial objectives linked to the long-term company strategy.
- The incentive programme seeks to enable participants to have a clear understanding of value-adding remuneration opportunities and what they can do to maximise their value-add and ultimately their variable remuneration.

### Qualifier for STI

The qualifier for the award of the STI is based on an individual achieving specific short-term key performance measures as well the company achieving specific short-term organisational targets approved by the remco.

The cumulative rating is determined by calculating the weighted score of the group scorecard and individual performance (thus an individual's overall score). For executives and senior management, greater weighting is placed on overall company performance as depicted alongside:

**STI weighting per level (%)**




### 2022 group scorecard

The group scorecard rating is based on a 5-point scale, with a 3 rating being on-target.

The 2022 group scorecard approved by the remco includes financial and non-financial measures comprising the following four components:

- Financial targets (40%)
- Customer targets (20%)
- Internal business process targets (20%)
- People perspective (20%)

Each of these components has a number of value drivers, which are further broken down into initiatives designed to enable the delivery of the business objectives aligned to strategy.

The scorecard targets and performance measurement are composite weighted score of these initiatives.

The enhancement of the group scorecard, and cascading of the initiatives, has provided greater granularity in the number of controllable measures used to measure the performance of the group and allows for improved linkages of performance to reward.

### STI pool methodology

A company-wide STI pool is determined by applying a formula-based calculation, which incorporates the following inputs, approved by the remco:

- A percentage of adjusted normalised profit from operations before non-trading and capital items ('adjusted operating profit').
- A performance-related modifier for performance above and below a predetermined threshold (measured by the required hurdle growth rate). The remco reviews these thresholds annually. Thresholds are set to ensure that the STI pool reduces at a proportionally higher rate for below-target performance and increases at a higher proportional rate for above-target performance.

#### Adjusted operating profit

- Profit from operations before non-trading and capital items
- IFRS lease adjustment (with the intention of reflecting the cash expense for leased property)
- Exclusion of the STI pool expense
- Adjusted for any quality of earnings adjustments identified through the year-end audit process
- Adjusted for emerging markets' minority interest
- Including reported profits from associate investments

x (15% to 20%)

modifier against hurdle growth rate at the discretion of the remco subject to business conditions and strategic objectives

**STI pool amount**

The mechanism for quantifying the pool is subject to annual review and refinement by the remco and can be modified where necessary.

The STI pool size will determine the final amounts paid to eligible employees. The individual award is calculated in line with the employee level, employee performance and group performance which is then calibrated to the size of the pool.

## Long-term incentive plan (LTIP)

The Alexforbes LTIP applies to executive and middle to senior management (Level 4 and above). The share-based LTIPs are governed by rules as approved by shareholders (the Alexforbes Long-term Incentive Share Plan (Forfeitable and Restricted Share Scheme 2015) (2015 LTIP rules).

LTIP award levels, expressed as a percentage of guaranteed pay, will be made based primarily on an employee's TGP, job grade, performance, retention and attraction requirements and market benchmarks.

The LTIP is designed to:

- Reward individual performance for the achievement of long-term strategic objectives.
- Act as a retention mechanism.
- Align the objectives and focus of those individuals with the most influence on delivery of the company's strategy, long-term sustainability and value creation with shareholder interests.
- Incentivise executive and senior management to drive growth and achieve sustainable above-market growth and returns.

To align the interests of executive and senior management interests with shareholder interest, the vesting of the LTIP awards is conditional on achieving performance and service conditions measured over a period appropriate to the achievement of the strategic objectives of the company and continued employment over the vesting period.

Such performance measures are linked to factors enhancing stakeholder value and require strong levels of overall corporate performance, measured against predetermined objectives and targets.

Awarding of LTIPs is made on a sliding scale to avoid an 'all or nothing' profile that may encourage undesirable risk-taking and starts at a level that is appropriate in comparison with TGP. Awards with high potential value may only be linked to commensurately high levels of performance. Full awards require significant value creation.

| Level | % of TGP |
|---|---|
| CEO | 100% |
| Other exco | 80% |
| 6 | 60% |
| 5 | 40% |
| 4 | 20% |

### Scheme rules

On 2 June 2022 the board approved a new non-schedule 14 share scheme, the Alexforbes Long Term Incentive Share Plan 2022 (2022 LTIP rules), which will govern all LTIP awards granted from July 2022 and beyond. The 2022 LTIP scheme rules are largely similar to the 2015 LTIP rules, except for the following:

- Shares can only be settled through on-market purchases. It is therefore regarded as a non-dilutive scheme and hence not subject to schedule 14 of the JSE Limited Listings Requirements or shareholder approval (only subject to board approval).
- The removal of the individual and total limits required in terms of a schedule 14 scheme.
- Additional simplification of terminology and alignment with the terminology used for employee communication purposes and other administrative matters.

### Types of awards

In terms of the Alexforbes LTIP, the group has two types of share awards:

- **Conditional share plan (CSP) awards**
  Conditional awards are granted subject to continued employment and achievement of certain company performance conditions. Performance is measured over a three- and four-year period with staggered vesting in equal tranches in years three and four.
- **Forfeitable share plan (FSP) awards**
  Forfeitable awards are granted subject to continued employment, with no performance conditions, other than the original individual entry performance condition to qualify for an allocation. These awards are aimed at retention. Vesting is staggered in equal tranches in years three and year four.

The 2022 LTIP rules also allow for outperformance awards, a sub-category of CSP awards with more onerous performance criteria for vesting and longer vesting periods.

- **Outperformance CSP awards**
  Outperformance conditional awards are granted subject to continued employment and the achievement of certain performance conditions. As a further condition for participating employees in the outperformance award, employees will forgo one-third of their on-target, short-term and long-term incentive allocation.
  - The outperformance CSP awards require a vesting period determined by the remco, but will always be longer than the standard CSP vesting period.
  - Outperformance awards are awarded to a participant only once in a five-year period and are intended to reward significant performance over an extended period.

### Settlement of shares

The company generally settles the LTIP awards by way of on-market purchases, which does not have a dilutionary effect for shareholders. The 2015 LTIP rules do, however, also allow for settlement of shares using treasury shares or the issue of new shares. This potential dilution will remain in effect for the settlement of the 2019 to 2021 tranches. The new 2022 LTIP rules which apply to the July 2022 allocations and beyond and as explained above, under scheme rules, do not allow for the issue of new shares or the use of treasury shares to settle LTIP awards.

## Long-term incentive plan (LTIP)

### Performance measures

The conditional shares awarded from 2019 onwards required continued employment and the satisfaction of certain performance conditions measured over a three-year and four-year performance period. Fifty per cent of the tranche will vest after three years and the remaining fifty per cent after four years. The metrics and weighting of the performance measures for the 2019, 2020 and 2021 tranches are set out in the table below.

The outperformance award for 2022 requires continued employment and the satisfaction of certain performance conditions measured over a four-year, five-year and six-year performance period. One-third of the tranche will vest after four years, one-third of the tranche will vest after five years and the remaining one-third after six years. The metrics and weighting of the performance measures for the 2022 tranches are set out in the table below.

| Metric, rationale and measurement | CSP | Outperformance CSP |
|---|---|---|
| **Normalised headline earnings per share (HEPS) growth** | Weighting **35%** | Weighting **33.3%** |
| • Basis on which management manages the company and normalised results reflect the economic substance of the company's performance<br>• Normalised HEPS growth over time should be the foundation upon which the share price should appreciate and shareholder wealth creation rests<br>• Sustainable growth in normalised HEPS is important to achieving long-term performance and therefore this measure is based on a three- and four-year compound annual growth rate (CAGR) basis to align with the vesting periods | **Vesting:** 30% vests for threshold performance and 100% vests for target performance, where:<br>• Threshold performance = nominal GDP growth<br>• Target performance ≥ nominal GDP growth + 6%<br>Linear vesting applied between these points | **Vesting:** 0% vests for threshold performance and 100% vests for target performance, where:<br>• Threshold performance = nominal GDP growth<br>• Target performance ≥ nominal GDP growth + 8%<br>Linear vesting applied between these points |
| **Normalised return on equity (RoE)** | Weighting **35%** | Weighting **33.3%** |
| • Measurement incorporates the annual delivery of results against the capital held within the business<br>• Normalised RoE is measured over the performance period and is calculated based on the simple average of the reported RoE over the vesting periods | **Vesting:** 30% vests for threshold performance and 100% vests for target performance, where:<br>• Threshold performance = risk-free rate[1] + 2%<br>• Target performance ≥ risk-free rate + 6%<br>Linear vesting applied between these points | **Vesting:** 0% vests for threshold performance and 100% vests for target performance, where:<br>• Threshold performance = risk-free rate + 6%<br>• Target performance ≥ risk-free rate + 10%<br>Linear vesting applied between these points |
| **Strategic initiatives** | Weighting **30%** | **N/A** |
| • Inclusion of strategic initiatives provides the board with a further tool to drive specific objectives which contribute to long-term sustainability and value creation<br>• The initiatives will be clearly defined and measurable, scored by the board every year | **Vesting:** The scores for all initiatives will be added at the end of the vesting period and applied to the vesting shares as a percentage of the total possible score for the entire vesting period | |
| **Total shareholder return (TSR)** | **N/A** | Weighting **33.3%** |
| • TSR is the most direct measure of shareholder value creation and is directly linked to shareholder outcomes.<br>• Calculated as the compound annual growth over the performance period in the TSR index, as provided by Bloomberg, with the initial and final index values smoothed using a 20-trading day average. | | **Vesting:** 0% vests for threshold performance and 100% vests for target performance, where:<br>• Threshold performance = risk-free rate + 6%<br>• Target performance ≥ risk-free rate + 11%<br>Linear vesting applied between these points |

### Discretion of the remuneration committee and executive committee

Remco has discretion to withdraw or change the STI scheme. The remco may also reserve a percentage of the STI pool for discretionary allocations. In addition, the remco holds overriding discretion on incentive payments, including zero STI awards and in the event of exceptional individual performance achieved (within the context of poor company performance) ex-gratia payments may also be approved. The remco may also reserve a percentage of the STI pool for discretionary allocations, up to a maximum of a third based on the pre-determined principles aligned to the performance outcomes.

In addition to the discretion that the remco may apply to the STI scheme, based on the outcomes from the 21st Century review completed in 2021, the discretion of the remco was extended to include changes to the individual LTIP allocation. The remco may exercise discretion for up to a third of the STI and LTIP allocation based on the following principles:

- The scope for discretion is used primarily for rewarding top performers, rainmakers and key talent who meet performance criteria.
- The need to apply discretion will generally, but not always, arise from one or two, or both, of the following:
  - The formulaic result does not produce sufficient incentive to appropriately reward top performers, rainmakers and retention of the skills of the individual.
  - The formulaic result does not adequately reflect the performance of the individual.

When considering the application of discretion, consideration will be given to which of the above reasons give rise to the need for such discretion to be applied. Discretionary allocations will only be considered if supported by objective justification and will follow the discretion approval and governance process.

Following the approval of the variable incentive pool by the remco the executive committee (exco) has the same discretion for up to a third of the approved pool to be used for discretionary allocations to recognise top performers, rainmakers, scarce skills and to retain key talent through appropriate allocations of LTIPs. The exco discretion is guided by the same principles above and more operational guidelines issued by management at commencement of allocations.

*Remuneration policy continued*

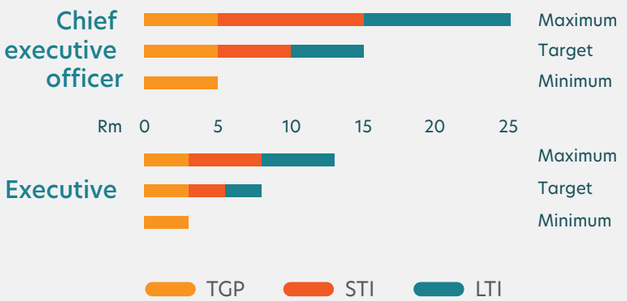
# Executive remuneration

## Remuneration mix at minimum, target and maximum

The main difference in the remuneration structure of executives and other employees is a greater emphasis on variable performance-linked pay in senior roles. As an overarching principle, executive remuneration is structured to ensure alignment with the creation of shareholder value and the strategic objectives of the company, and to encourage achievement of stretched targets within appropriate risk parameters.

Variable pay includes the STI to drive and incentivise annual performance over the financial year and the LTIP to drive longer-term performance over a four-year period.

The pay mix is the potential earnings per year that can be achieved linked to performance. It includes the minimum earnings, 'on-target' earnings, and the maximum potential earnings.




The assumptions made in arriving at these outcomes are the following:

- Minimum remuneration is calculated by assuming zero performance outcome on variable pay (targets not met – poor performance below a 3 rating).
- Target remuneration is calculated by assuming that the performance outcome for the company and individual resulted in an 'on target' outcome (targets met – solid performance or a 3 rating).
- Maximum remuneration is calculated by assuming that the performance outcome for the company and individual resulted in a 'stretch outcome' (exceeded targets – up to the maximum of a 5 rating).

The pay mix for any given year will vary based on performance (both company and individual) which drives all decisions in the allocation process, as well consideration for retention, especially in LTIP awards.

- The approved STI pool based on company performances determines decisions on the mix. For illustration in a year when an STI pool is low, the company may use more LTIP allocations to mitigate retention issues.
- Target remuneration is calculated by assuming that the performance outcome for the company and individual resulted in an 'on target' outcome (targets met – solid performance or a 3 rating).
- The company has a cap in place for STI that is based on the on-target amount.

## Malus and clawback on LTIP

The malus and clawback provisions were introduced for LTIP awards allocated to executive directors and executive members. Malus provisions provide the ability to reduce, in part of in full, the value of an incentive that may vest in the future before vesting. The clawback provision provides the ability to recover the value of vested shares, in part or in full after vesting. In terms of these provisions, the remco may reduce the quantum of LTIP awards in whole or in part (including to nil) under the following circumstances:

- Should the participant act fraudulently or dishonestly or be in material breach of obligations to the company, and/or
- Should the company become aware of a material misstatement or omission in the annual financial statements.

## Service contracts

Executive directors and group executives have permanent employment agreements with the company. The notice period for all executive committee members is three months. None of the executive directors or group executives have special contractual obligations in employment contracts which could give rise to payments on termination of employment.

The target dates are dependent on when the particular individual was appointed as a member of the executive committee. As promised in the 2021 remuneration report, the remco completed a comprehsive review of the MSR policy during 2022 and ensured alignment to market best practice.

The MSR to be met, as a percentage of TGP at measurement date, by each member of the executive committee is shown in the table alongside.

## Minimum shareholding requirements (MSR)

An additional requirement for members of the executive committee to derive economic value of vested awards is that they must meet the minimum shareholding requirement (MSR). The company wishes to encourage members of the executive to hold shares in the company, reinforcing the alignment between the executive and shareholder interests.

Executives must build up and hold a specified number of shares (the target minimum shareholding) over predetermined holding periods, whereafter there is an expectation that executives, subject to the MSR, will continue to maintain their shareholding in good faith while in the employment of the company or such period as determined by the remco from time to time.

The target minimum shareholding may be satisfied by:

- Pledging vested shares to be held in escrow (before the MSR measurement periods) instead of disposing of such shares on vesting, and/or
- Personal investment shares previously vested and transferred to any individual's personal broker account or purchased in the company using after-tax income, which are unencumbered and also pledged for purposes of MSR.

| | MSR Target Holding | | | | | |
|---|---|---|---|---|---|---|
| **Name** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** |
| Dawie de Villiers | 150% | 200% | 250% | – | – | – |
| Bruce Bydawell | 100% | 125% | 150% | – | – | – |
| Carina Wessels | 100% | 125% | 150% | – | – | – |
| Butsi Tladi | 100% | 125% | 150% | – | – | – |
| John Anderson | 100% | 125% | 150% | – | – | – |
| Laura Kukard | – | 100% | 125% | 150% | – | – |
| Jonathan Muthige | – | 100% | 125% | 150% | – | – |
| Viresh Maharaj | – | – | 100% | 125% | 150% | – |
| Ann Leepile | – | – | – | 100% | 125% | 150% |

*Note: Dates are aligned to respective start dates.*

## Remuneration of non-executive directors

The factors that determine non-executive directors (NEDs) remuneration are:

- The company's market capitalisation and sector.
- The level of complexity and responsibility, especially in relation to regulated companies.
- The time commitment (both for meetings and on a continuous basis).
- Level of individual competence does not influence individual remuneration per se, other than certain committees that may require a different level of competence.
- Residency does not influence remuneration, although travel and accommodation are covered by the company in addition to the normal fees payable.
- The chair's fee is based on an all-inclusive fee, considering the number of applicable boards and regardless of board committee attendance (which the chair is expected to attend as far as possible as a standing invitee).
- The same comparator group applicable to executives and general employees apply to NED remuneration to ensure parity and fairness.
- The company targets NED remuneration at the median, although certain instances may warrant the upper quartile.
- NEDs are not eligible to receive any performance incentives or LTIPs.
- NEDs are encouraged to attend all meetings as invitees, but do not receive payment where they are not appointed members.

# 3 Implementation report

The detail relating to the remuneration paid to current executive directors, non-executive directors and other executive committee members (prescribed officers) for the financial year ended 31 March 2022 is provided in this part of the report. The remco considers that these payments are in line with the company's remuneration policy and where discretion (within permitted parameters) has been applied, such instances are specifically indicated.

## Factors that influenced remuneration

Alexforbes has delivered a pleasing set of results in 2022 owing to disciplined strategic execution, a transformed organisational culture, sound corporate governance and focused innovation. The strategy set out in 2019 has proven to be resilient to the impact of the Covid-19 pandemic as it created the foundation for accelerated growth. The core business has been reconfigured, and is focused and working well, which provides a solid foundation for building on growth in terms of new business and acquisitions. These results reflect the hard work of the team over the past three years in implementing our turnaround strategy.

Factors that informed the review of remuneration in the 2022 financial year included:

Refer to the **Material matters** section of the **2022 Integrated annual report** for more details.

### External factors

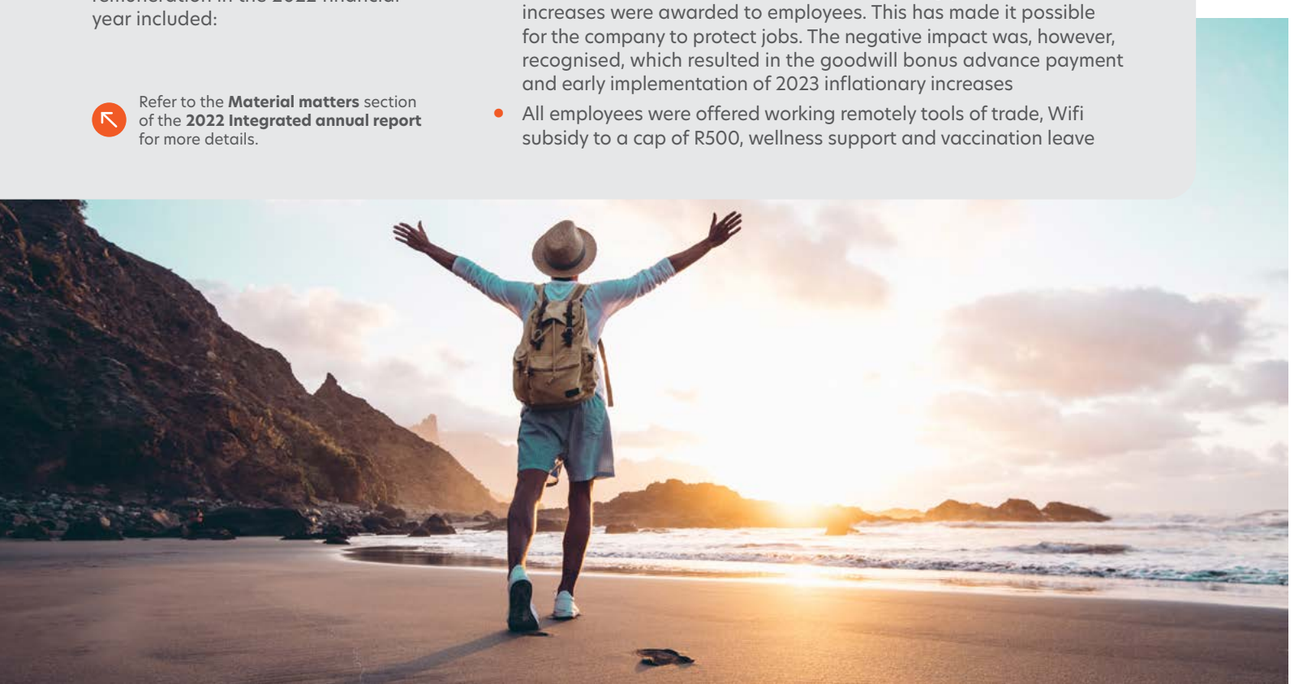
- Challenging macroeconomic environment that has been exacerbated by uncertainty and market volatility
- Competitive labour market competing for scarce skills

### Internal factors

- Delivering on strategic initiatives set during the year under review
- Continued focus on expense management
- Delivering on our service-level agreements for our clients and improved client engagement reflected in the net promoter score (NPS), which was significantly higher than the target
- Continuing to improve on employee culture and morale, indicated by the significant and commendable retention of the employee engagement score in the 62 to 65% range and the launching of the employee promise
- We have since the easing of the Covid 19 restrictions continued with a hybrid working principle, enabling greater flexibility for our people

### Our response to Covid-19

- For the past two years, executive and senior management did not receive an annual increase. In the reporting year, no salary increases were awarded to employees. This has made it possible for the company to protect jobs. The negative impact was, however, recognised, which resulted in the goodwill bonus advance payment and early implementation of 2023 inflationary increases
- All employees were offered working remotely tools of trade, Wifi subsidy to a cap of R500, wellness support and vaccination leave



## 2022 key decisions highlights

(D) Remco discretion (P) Policy application (R) Revised policy

(D) **Goodwill bonus advance payment** This payment was based on the business performance trend and as a goodwill gesture to alleviate some of the economic pressure felt by our employees. A payment of 30% of a gross monthly salary was paid to eligible employees and deducted from the final STI allocation, ensuring no additional cost to the company. This gesture was well received by employees and contributed to retention as well increased performance levels.

(D) **Inflationary increases and other adjustments** The remco approved an inflation-related increase of 4.5% earlier than normal taking effect in April 2022 (compared to the normal increase date applicable of 1 July). Against the backdrop of not having given increases, this was a welcomed gesture and important message to our employees, demonstrating our values of care. In addition to the inflationary increases for 2022, we have continued to go on the defensive to retain and protect our key talent through TGP adjustments.

(P) **Conditional Share Plan (CSP) awards - additional allocation** An additional allocation of conditional share awards for the 2019 and 2020 tranches were awarded in line with the 2015 LTIP rules required to compensate participating employees for the reduction in capital through special dividends.

(P) **Dividend equivalent awards in respect for vested CSPs** An additional allocation of shares was made for the 2019 CSP tranche vesting on 30 June 2022 to compensate for dividends lost during the vesting period, awarded in line with the 2015 LTIP rules. The details of this allocation will only be disclosed in the 2023 report as the vesting occurred following the financial period.

(R) **Outperformance awards** Taking into consideration the need to retain employees, specifically executive management, and in response to the feedback from shareholder engagements the remco approved the first allocation under the outperformance awards to the chief executive officer.

(P) **Executive allocation** Given the performance of the business this year, the remco used its discretion to award STI that on average is above, on target and more closely related to the performance ratings of the respective members of the executive. In allocating LTIP awards the remco took retention considerations and the shareholder feedback into account. The outcome reflects a more competitive positioning to market and a general uplift in total remuneration.

(P) **STI and LTIP executive discretionary pool** The remuneration policy allows for a portion of the variable pay component to be used by the executives to incentivise rainmakers and top performers as well as to retain scarce skills. Management recommended and the committee approved application of the discretionary STI and LTIP pool.

## Use of independent remuneration consultants

The remco used the services of 21st Century and Bowmans in different capacities during 2022 to conduct an independent and objective review of:

- Market benchmark for executive directors, remuneration and non-executive director fees against the recommended comparator group
- Testing our policies and practices against the market practices with a specific objective of ensuring that the company has competitive policies that will result in better attraction and retention of high-performing talent
- Formulation of reward practices that drive high performance and the recognition of rainmakers
- Confirming compliance of the group's remuneration policies with appropriate best practice
- Outperformance award principles
- MSR and malus and clawback policies

*Implementation report continued*

## 2022 TGP outcome

For financial year 2022, given the impact of the Covid-19 pandemic on global and South African economies and the company's continuing cost containment requirements, the remco approved a zero increase for all employees.


The summary TGP outcome for current executive directors and prescribed officers is shown in the table below.

| Rm | 2022 | 2021 |
|---|---|---|
| Dawie de Villiers | **6 139** | 5 304 |
| Bruce Bydawell | **3 690** | 3 627 |
| Carina Wessels | **3 205** | 3 151 |
| Butsi Tladi | **2 875** | 2 825 |
| John Anderson | **3 290** | 3 241 |
| Laura Kukard | **2 260** | 2 129 |
| Jonathan Muthige | **3 056** | 1 514 |
| Viresh Maharaj[1] | **2 333** | - |
| Ann Leepile[2] | **504** | - |
| **Total** | **27 352** | 22 356 |

1. *Appointed 1 May 2021*
2. *Appointed 1 February 2022*

As dicussed earlier, following engagement with shareholders and a benchmarking exercise undertaken in the year, the remco approved an adjustment to the base salary for Dawie de Villiers. This adjustment brings the TGP component in line to market and has been applied retrospectively and pro-rata for three months in the 2022 financial year.

Details of the **TGP** paid in 2022 can be found in the **single-figure remuneration** table on on page 101 of this report

For financial year 2023, an average increase of 4.5% was made as part of the annual review cycle with effect from 1 April 2022. This increase was applied across all levels.

As discussed earlier, the remco approved applying the increase from 1 April instead of 1 July. The rationale for applying the increase from the commencement of the 2023 financial year was aimed at providing some relief for employees in the current economic environment. The application of the inflationary increase across all levels also considers the fact that over the past two years the company was balancing lower than anticipated financial performance impacting the overall STI pool calculation, with the need to protect employment under challenging market and economic conditions.

*Implementation report continued*

## 2022 STI outcome

### 2022 group scorecard outcome

The performance against the group scorecard for the financial year was above expectation owing to execution across the business. The implementation and execution of initiatives through the year have improved the results when compared to the prior year.

The outcome of the group scorecard for financial year 2022 on which the STI incentive is calculated and awarded is shown below:

| Component | Value driver | | Weight | Target | Actual | Score | Weighted Score |
|---|---|---|---|---|---|---|---|
| **Financial targets** | Revenue growth | % | 20% | 3.0% | 6.9% | 5.0 | 1.0 |
| | Expense management | Rm | 10% | 2.8 | 2.7 | 4.0 | 0.4 |
| | Reduce excess capital | Rm | 10% | 400 | 318 | 3.6 | 0.4 |
| | | | **40%** | | | **4.4** | **1.8** |
| **Customer targets** | Improve communication and information | % | 5% | 20% | 23.4% | 4.4 | 0.2 |
| | Improve quality of advice and solutions | Score | 5% | 28 | 43 | 4.6 | 0.2 |
| | Improve member outcomes | % | 10% | 23% | 26.3% | 4.7 | 0.5 |
| | | | **20%** | | | **4.6** | **0.9** |
| **Internal business processes** | Standardise and automate | % | 5% | 27% | 33% | 5.0 | 0.3 |
| | Improve data quality and management | % | 5% | 50% | 97% | 5.0 | 0.3 |
| | Optimise stakeholder management | % | 5% | Note 1 | | 4.7 | 0.2 |
| | Retaining licence to operate | % | 5% | Note 1 | | 4.3 | 0.2 |
| | | | **20%** | | | **4.7** | **0.9** |
| **People perspective** | Productively engaged One AlexForbes | Score | 5% | 65 | 65 | 2.9 | 0.1 |
| | Quality high-performing people (management of underperformers) | Score | 5% | Note 1 | | 4.0 | 0.2 |
| | A transformed AF with a winning culture (EE targets) | Score | 10% | 7.54 | 7.98 | 3.9 | 0.4 |
| | | | **20%** | | | **3.7** | **0.7** |
| **Total score** | | | **100%** | | | | **4.4** |

*Note 1 Under these value drivers a number of initiatives were approved by the remco at the start of the financial year, with outcomes being measured and rated rate by the remco at year-end.*

Based on the financial and non-financial performance results, the overall group scorecard resulted in a rating of 4.4 (2021: 3.8). The group scorecard rating is based on a 5-point scale,with a 3 rating being on-target.

### STI pool outcome

| Rm | 2022 | 2021 | Growth |
|---|---|---|---|
| Operating profit before non-trading and capital items – per published results | **720** | 685 | 5.1% |
| Adjustments[1] | **89** | 34 | |
| **Remco performance measurement** | **809** | 719 | 12.6% |
| STI pool before growth multiplier | **162** | 145 | |
| **Approved remco bonus pool** | **202**[2] | 126 | |

*1 Refer to page 78 under the remuneration policy section of this report for detail on the STI bonus methodology.*
*2 Of the approved remco bonus pool for 2022, R196m was allocated as per the table below.*

### STI payment outcome

Annual STI bonus payments are paid in cash following finalisation of the company's audited financial results for the year in question and are not deferred.

Key considerations in the 2022 financial year reward cycle included:

- Ensuring and enabling the long-term sustainability of the business through engaged employees and superior client service
- Company sustainability and affordability
- The outcome of the 2022 group scorecard and the STI pool outcome
- Demonstration of the link between pay and performance

Based on a combination of group and individual performance (as detailed in the remuneration policy) the resultant STI awards for executive directors, prescribed officers and all other employees are shown in the table below:

| STI outcome (R000) | 2022 | 2021 |
|---|---|---|
| Executive committee | **28 950** | 15 146 |
| Senior management | **71 745** | 50 268 |
| Management | **46 279** | 30 749 |
| Other employees | **48 709** | 30 273 |
| **Total operations** | **195 683** | 126 436 |

Details of the STI paid to each of the executive directors and prescribed officers are set out in table below (and in the table containing the single-figure remuneration on page 101 of this report).

| R000 | 2022 | 2021 |
|---|---|---|
| Dawie de Villiers | **7 500** | 4 010 |
| Bruce Bydawell | **4 300** | 2 536 |
| Carin Wessels | **3 000** | 2 200 |
| Butsi Tladi | **2 750** | 1 800 |
| John Anderson | **2 600** | 1 700 |
| Laura Kukard | **2 500** | 1 800 |
| Jonathan Muthige | **2 800** | 1 100 |
| Viresh Maharaj | **2 400** | – |
| Ann Leepile | **1 100** | – |
| **Total** | **28 950** | 15 146 |

*Implementation report continued*

## LTIP outcome

### Summary comparison – LTIP awards

| | CSP and FSP | | | | Outperformance |
|---|---|---|---|---|---|
| | 2019 award | 2020 award | 2021 award | **2022 award** | **2022** |
| Instruments used – CSP | 60% | 60% | 60% | 70% | 100% |
| Instruments used – FSP | 40% | 40% | 40% | 30% | N/A |
| Performance metrics and weighting (CSP) | Normalised HEPS (35%)<br>Normalised RoE (35%)<br>Strategic initiatives (30%) | | | | Normalised HEPS (33.33%)<br>Normalised RoE (33.33)<br>Total shareholder return (33.33%) |

The remco previously indicated that it would continue to monitor the appropriateness of the percentage split between CSP and FSP awards and consider the potential to reduce the allocation split between CSP and FSP awards, if deemed appropriate, over time.

- The 2019, 2020 and 2021 awards comprise 60% CSP and 40% FSP awards. The rationale for the 40% FSP award is based on the need to retain and motivate critical employees to ensure delivery of the company's strategy during challenging economic circumstances (even more so since the adverse market impact of the Covid-19 pandemic).
- The LTIP award for 2022 comprise 70% CSP and 30% FSP, given that the remco believes that at present a reduction in the ratio of FSP to CSP is appropriate owing to the successful turnaround of the group, the expected growth trajectory and the partial vesting of the first tranche of the 2019 CSP awards during the 2022 financial year.

### CSP additional allocation

In line with the share scheme rules, the remco approved an additional allocation of shares to participating employees for the 2019 and 2020 awards to compensate for the capital distribution by way of special dividends declared in the 2020 and 2021 financial years.

The adjustment to the number of CSP awards will ensure that participants are in no worse position than they were before the capital distribution. The additional shares were allocated and disclosed in the current financial year.

Refer to note 20.4.2 on page 63 of the **annual financial statements**.

### LTIP shares outstanding

The total position of shares outstanding in relation to historical awards made under both the CSP and FSP is detailed in **note 22** of the **annual financial statements** from pages 61 to 66.

#### Awards with a performance period ending during the 2022 financial year

The vesting profile for the first 50% of the 2019 award with a performance period ending 31 March 2022:

| CSP performance conditions for the 2019 award | Achievement of performance condition: Actual | Vesting achieved at | Weighting | Weighted vesting |
|---|---|---|---|---|
| Growth in normalised headline earnings per share (CAGR) | **(0.1)%** | **-** | **35%** | **-** |
| Return on equity (avg) | **12.4%** | **88.7%** | **35%** | **31.0%** |
| Strategic initiatives | **19/20** | **95%** | **30%** | **28.5%** |
| Resultant vesting | **-** | **-** | **-** | **59.5%** |

#### Dividend equivalent for vested shares relating to the 2019 award

The scheme rules specify that a dividend equivalent may be awarded to participating employees at the discretion of the remco.

The application of a dividend equivalent amounted to R4.1 million by value, which translated to an additional 922 958 conditional shares bring awarded. These additional shares were allocated at vesting in June 2022 and will only be disclosed in the 2023 report.

#### Performance of the strategic initiatives

The current score used for the measurement of the 2019 strategic initiatives is 95%, which equates to a participation percentage of 28.5%.

Details of the strategic initiatives that were approved for the performance conditions relating to the 2019, 2020 and 2021 awards are highlighted in the table below.

| Applicable to | Strategic initiative | Performance measurement |
|---|---|---|
| 01 2019 award | Implementing the capital-light strategic deliverable with the successful completion of the disposal of the short-term insurance business and the transition of the umbrella fund to being privately administered by financial year-end | Achieved with a score of 5/5 |
| 02 2019 award | Implementation of the target operating model with all three platforms in place and fully integrated by financial year-end and implementation of clearly defined reporting structures | Achieved with a score of 4/5 |
| 03 2019 and 2020 awards | Transformation objectives aligned to the Financial Sector Codes and B-BBEE Act requirements with the aim to obtain a Level 1 rating by FY2023 | Achieved with a score of 5/5 |
| 04 2020 and 2021 awards | The target transformation of the operations and administration environment will be an ultimate state where 60% of all services to clients are through self-service platforms, automation and straight-through processing, which means only 40% of all transactions or queries that come into our environment require manual intervention | The first phase of the initiative achieved with a score of 5/5 |

*Implementation report continued*

## LTIP outcome

### LTIP awards made during the year

#### CSP awards

CSP awards were granted on 1 July 2021 with staggered vesting in equal tranches in years three and four. The performance conditions for these awards remain unchanged. The performance targets, weighting and performance periods are applicable to the number of shares awarded and are tested over a three-year and four-year period.

The strategic initiatives relating to the 2021 CSP awards will include continuation of the transformation of operations and administration from the 2020 award as well as measures to ensure sustainable delivery of the strategic deliverables that incorporates efficiency improvements through the legal entity rationalisation process.

Owing to the price-sensitive nature of the targets set under the strategic initiatives, the company will report and disclose retrospectively on the performance against these objectives in its remuneration report.

#### Outperformance awards

An outperformance award was granted on 2 June 2022 with staggered vesting in three equal tranches in years four, five and six. The outperformance award for 2022 is applicable to the number of shares awarded, subject to continued employment, and are tested over a four-year, five-year and six-year performance measurement period.

#### FSP awards

FSP awards were granted on 1 July 2021 with staggered vesting in equal tranches in years three and four. There are no performance conditions applicable to the number of shares awarded except for the initial performance required to qualify (FY2022 performance) and the individual remaining employed at the time of vesting.

### Employee share ownership (ESOP)

The company has an ESOP in place for the benefit of all permanent black employees who do not participate in the LTIP. There is a significant weighting to all qualifying black female employees. As a result, 70% of the beneficial interest of the ESOP trust will be held by black women, with the 30% to be distributed to all remaining permanent African staff. As at 31 March 2022 the ESOP trust held a 2.9% shareholding in the company, which is managed under the Alexander Forbes Isilulu Trust. For further detail on the ESOP refer to page 62 of the 2022 annual financial statements

# Performance outcomes – executive directors and prescribed officers

We have set out the performance outcomes and single-figure remuneration for the executive directors and prescribed officers. This summary includes the focus area, overall performance and remuneration mix for each executive director and prescribed officer.

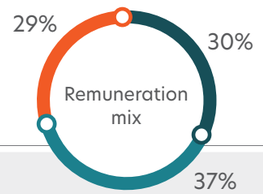
Individual performance contracts for the group are based on a 5-point rating system. The rating scale legend is shown alongside:

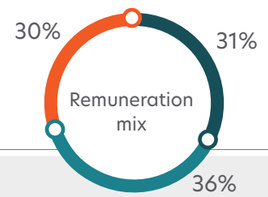
1 poor performance | 2 Below average performance | 3 Solid performance | 4 Strong performance | 5 Exceptional performance

The ratings reflected here are individual ratings, not the final cumulative score which is a combination of group score and individual rating at 80/20 for executive directors and prescribed officers.

**Group final score 2022: 4.4**

TGP ● STI ● Severance ● LTIP



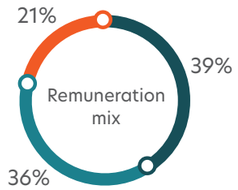




| Group scorecard initiative | Score | Executive director: Dawie de Villiers, Chief executive officer – KPI objectives | Weighting | Executive director: Bruce Bydawell, Chief financial officer – KPI objectives | Weighting |
|---|---|---|---|---|---|
| | | Final performance score 4.0 | | Final performance score 4.0 | |
| **Financial – Improve shareholder returns** | **4.4** | • Execution of the strategic initiatives<br>• Grow and leverage scale synergies | **40%** | • Business finance and capital management<br>• Financial reporting and stakeholder engagement<br>• Cost management | **50%** |
| **Customer – Market-leading advice with effective outcome** | **4.6** | • Digital client engagement platform; retailisation implementation; stakeholder engagement | **20%** | • Delivery of corporate transactions<br>• Design of appropriate incentive programmes | **30%** |
| **Internal business process** | **4.8** | • Ensure an alignment between the TOM and strong leadership execution capabilities<br>• Leadership structure for the investment business<br>• Culture ownership by the executive committee | **20%** | • Risk management maturity<br>• Internal controls maturity<br>• Combined assurance framework | **10%** |
| **People perspective – Clear and focused people strategy** | **3.7** | • Embedding of transformation policies in investments and the broader organisation<br>• Key resourcing, executive talent management<br>• Coherent functioning executive and management teams<br>• Employee engagement score<br>• Productivity | **20%** | • Employee engagement survey action plans<br>• Management of under performers<br>• Detailed function transformation plans | **10%** |
| | | | **100%** | | **100%** |

*Performance outcomes continued*

**Group final score 2022: 4.4**

1 poor performance | 2 Below average performance | 3 Solid performance | 4 Strong performance | 5 Exceptional performance



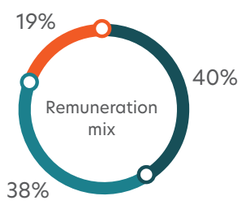

Prescribed officer

## Carina Wessels

Executive: governance, legal and compliance

Final performance score **4.0**

| Group scorecard initiative | Score | KPI objectives | Weighting |
|---|---|---|---|
| Financial - Improve shareholder returns | 4.4 | • New M&A enablement and delivery<br>• Capital journey delivery<br>• Functional budget | 30% |
| Customer - Market-leading advice with effective outcome | 4.6 | • Board process and governance excellence<br>• Board guidance, advice and satisfaction | 30% |
| Internal business process | 4.8 | • GLC strategy delivery<br>• Governance excellence<br>• Group ESG strategy development<br>• Popia, FCC compliance | 25% |
| People perspective - Clear and focused people strategy | 3.7 | • Team cohesion<br>• Engagement action plans<br>• Transformation plans<br>• UN WEP survey and action plan | 15% |
| | | | 100% |



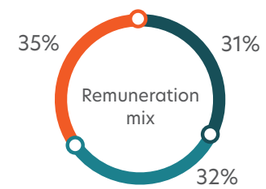

Prescribed officer

## Butši Tladi

Executive: consulting

Final performance score **3.7**

| Group scorecard initiative | Score | KPI objectives | Weighting |
|---|---|---|---|
| Financial - Improve shareholder returns | 4.4 | • Grow revenue and retain clients<br>• New client acquisition<br>• Execute strategic initiatives | 40% |
| Customer - Market-leading advice with effective outcome | 4.6 | • Improve quality of advice and solutions<br>• Improved member outcomes | 20% |
| Internal business process | 4.8 | • Improve data quality and management<br>• Improved risk and compliance environment | 20% |
| People perspective - Clear and focused people strategy | 3.7 | • Employee engagement survey action plans<br>• Management of underperformers<br>• Detailed function transformation plans | 20% |
| | | | 100% |




TGP | STI | Severance | LTIP

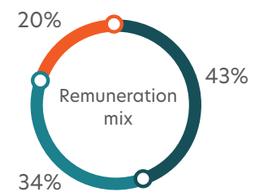
Prescribed officer

## Viresh Maharaj

Executive: strategy and customer office

Final performance score **4.3**

| Group scorecard initiative | Score | KPI objectives | Weighting |
|---|---|---|---|
| Financial - Improve shareholder returns | 4.4 | • Functional budget<br>• Client retention<br>• New client acquisition | 15% |
| Customer - Market-leading advice with effective outcome | 4.6 | • Improvement of customer communications<br>• Improved member outcomes<br>• Customer value proposition | 35% |
| Internal business process | 4.8 | • Brand refresh<br>• Stakeholder management strategy<br>• Implementation of function TOM | 30% |
| People perspective - Clear and focused people strategy | 3.7 | • Employee engagement survey action plans<br>• Management of underperformers<br>• Detailed function transformation plans | 20% |
| | | | 100% |




Prescribed officer

## John Anderson

Executive: investments, products and enablement

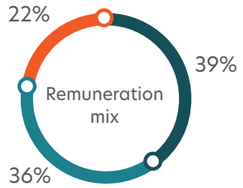
Final performance score **3.6**

| Group scorecard initiative | Score | KPI objectives | Weighting |
|---|---|---|---|
| Financial - Improve shareholder returns | 4.4 | • Financial management of IP&E<br>• New business and maintain existing business<br>• Diversify revenue<br>• Financial wellbeing partnership model | 30% |
| Customer - Market-leading advice with effective outcome | 4.6 | • Adviser tools<br>• Embed ESG standards<br>• Product enhancements focused on AuM | 30% |
| Internal business process | 4.8 | • Quality data and central data storage<br>• Migrate to long-term data infrastructure<br>• Embedment of new regulations | 20% |
| People perspective - Clear and focused people strategy | 3.7 | • Employee engagement survey action plans<br>• Management of underperformers<br>• Detailed function transformation plans | 20% |
| | | | 100% |

*Performance outcomes continued*

**Group final score 2022: 4.4**

1 poor performance | 2 Below average performance | 3 Solid performance | 4 Strong performance | 5 Exceptional performance




TGP | STI | Severance | LTIP

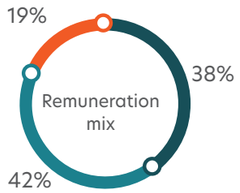
Prescribed officer

## Jonathan Muthige

Executive: human capital (HC) and transformation

Final performance score **3.7**

| Group scorecard initiative | Score | KPI objectives | Weighting |
|---|---|---|---|
| Financial - Improve shareholder returns | 4.4 | • HC commercialisation initiation<br>• Functional budget<br>• Enable acquisitions | 15% |
| Customer - Market-leading advice with effective outcome | 4.6 | • HC system implementation<br>• Customer service improvement | 10% |
| Internal business process | 4.8 | • HC operating model change<br>• HC strategy roll-out<br>• People risk management | 35% |
| People perspective - Clear and focused people strategy | 3.7 | • Ways of working<br>• Employee engagement action plans<br>• Critical roles and talent management<br>• Management of underperformers<br>• Transformation strategy development and execution | 40% |
| | | | 100% |




Prescribed officer

## Laura Kukard

Executive: client services and business optimisation

Final performance score **3.6**

| Group scorecard initiative | Score | KPI objectives | Weighting |
|---|---|---|---|
| Financial - Improve shareholder returns | 4.4 | • Targeted acquisition take-on<br>• Grow core business in retirement and administration<br>• Functional budget<br>• Cost optimisation | 20% |
| Customer - Market-leading advice with effective outcome | 4.6 | • Enabling digital engagement with clients<br>• Client servicing model roll-out | 20% |
| Internal business process | 4.8 | • Administration enablement and automation project<br>• IT model review<br>• Effective FCC operationalisation enabling full compliance | 40% |
| People perspective - Clear and focused people strategy | 3.7 | • Employee engagement survey action plans<br>• Management of underperformers<br>• Detailed function transformation plans | 20% |
| | | | 100% |

## Single-figure remuneration for the year ended 31 March 2022 (based on the 2022 audited financial statements of the group)

The intention of single-figure remuneration is to disclose the remuneration earned and/or accrued by executive directors and prescribed officers based on the performance of the current year, the vesting of shares with non-financial performance conditions and including any income attributable to unvested long-term share schemes.

The composition of remuneration outcomes in 2022 for executive directors and prescribed officers is represented below.

| Executive directors and prescribed officers (R000) | Year | Salary | Benefits and allowances | Retirement fund contributions | Bonus[1] | LTIPs received[2] | Dividends received | Total |
|---|---|---|---|---|---|---|---|---|
| **Dawie de Villiers** (chief executive officer) | **2022** | **5 327** | **243** | **569** | **7 500** | **5 889** | **950** | **20 478** |
| | 2021 | 4 675 | 129 | 500 | 4 010 | 4 478 | 3 128 | 16 920 |
| **Bruce Bydawell** (chief financial officer) | **2022** | **3 037** | **154** | **499** | **4 300** | **3 544** | **460** | **11 994** |
| | 2021 | 3 037 | 91 | 499 | 2 536 | 2 801 | 1 030 | 9 994 |
| **Carina Wessels** (executive: governance, legal and compliance) | **2022** | **2 640** | **132** | **433** | **3 000** | **1 751** | **340** | **8 296** |
| | 2021 | 2 640 | 78 | 433 | 2 200 | 3 202 | 945 | 9 498 |
| **John Anderson** (executive: investments, products and enablement) | **2022** | **2 853** | **133** | **304** | **2 600** | **1 479** | **203** | **7 572** |
| | 2021 | 2 853 | 84 | 304 | 1 700 | 1 109 | 572 | 6 622 |
| **Butši Tladi** (executive: consulting) | **2022** | **2 364** | **123** | **388** | **2 750** | **1 382** | **194** | **7 201** |
| | 2021 | 2 364 | 73 | 388 | 1 800 | 1 095 | 518 | 6 238 |
| **M Sokkie** (executive: human resources and transformation) | **2022** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2021 | 363 | 146 | 46 | - | - | - | 555 |
| **Laura Kukard** (interim executive: client services and business optimisation) | **2022** | **1 951** | **101** | **208** | **2 500** | **1 121** | **140** | **6 021** |
| | 2021 | 1 875 | 54 | 200 | 1 800 | 993 | 371 | 5 293 |
| **Jonathan Muthige** (executive: human capital and transformation) | **2022** | **2 614** | **113** | **329** | **2 800** | **1 708** | **287** | **7 851** |
| | 2021 | 1 307 | 43 | 164 | 1 100 | 3 000 | 116 | 5 730 |
| **Viresh Maharaj** (executive: strategy and customer office)[3] | **2022** | **1 930** | **85** | **318** | **2 400** | **2 667** | **157** | **7 557** |
| | 2021 | - | - | - | - | - | - | - |
| **Ann Leepile** (CEO: Alexander Forbes Investments)[4] | **2022** | **404** | **18** | **82** | **1 100** | **5 852** | **-** | **7 456** |
| | 2021 | - | - | - | - | - | - | - |
| **Bonga Mokoena** (executive: market development)[5] | **2022** | **939** | **1 976** | **162** | **-** | **-** | **39** | **3 116** |
| | 2021 | 2 818 | 232 | 486 | - | 1 123 | 407 | 5 066 |
| **Lynn Stevens** (former executive: brand, marketing and communications, customer insights and CSI)[6] | **2022** | **683** | **1 447** | **39** | **-** | **-** | **37** | **2 206** |
| | 2021 | 2 061 | 63 | 336 | - | 979 | 394 | 3 833 |
| **Total for the year** | **2022** | **24 742** | **4 525** | **3 331** | **28 950** | **25 393** | **2 807** | **89 748** |
| | 2021 | 23 993 | 993 | 3 356 | 15 146 | 18 780 | 7 481 | 69 749 |

1 *In light of the adverse economic impact of Covid-19, the executive management in agreement with the remco commuted 50% of the executive 2020 cash bonuses to shares. Vesting was deferred as follows: 50% in 12 months from date of issue and remaining 50% in 24 months from date of issue. The remco also approved a 15% enhancement to the share portion of the bonus; the enhancement was reflected in the FSP share awards allocated in July 2020.*

2 *This includes only the value of the FSP awards, with the grant date fair value of the shares determined based on the market price at the date of issue less the net present value of expected dividends over the vesting period. Refer to note 38.2 on pages 84 to 85 of the 2022 annual financial statements.*

3 *Mr V Maharaj was appointed in the role of executive: strategy and customer office with effect from 1 May 2021.*

4 *Ms A Leepile was appointed in the role of chief executive officer: Alexander Forbes Investments with effect on 1 February 2022.*

5 *Mr B Mokoena (former executive: market development) ceased to be a prescribed officer with effect from 30 June 2021. Included in the amount for benefits and allowance is R1.9 million paid for termination benefits.*

6 *Ms L Stevens (former executive: brand, marketing and communications, customer insights and CSI) ceased to be a prescribed officer with effect from 31 July 2021. Included in the amount for benefits and allowance is R1.3 million paid for termination benefits.*

*Performance outcomes continued*

## Single-figure remuneration and participation in share schemes

| Dawie de Villiers<br>Total single-figure remuneration (R000) | Total guaranteed pay | | | Short-term incentives | Long-term incentives | | |
|---|---|---|---|---|---|---|---|
| | Salary | Benefits and allowances | Retirement fund contributions | Bonus | LTIPs received | Dividends received | Total |
| **31 March 2022** | **5 327** | **243** | **569** | **7 500** | **5 889** | **950** | **20 478** |
| 31 March 2021 | 4 675 | 129 | 500 | 4 010 | 4 478 | 3 128 | 16 920 |

**Share reconciliation R(000)**

| Scheme | Award date | Vesting date | Opening balance | Granted during the year | Forfeited during the year | Vested during the year | Closing balance | Value of LTIP received | Estimated closing fair value |
|---|---|---|---|---|---|---|---|---|---|
| **31 March 2022** | | | | | | | | | |
| FSP - 2018 tranche | **01/11/2018** | **01/11/2021** | **1 868** | **-** | **-** | **(1 868)** | **-** | **-** | **-** |
| CSP - 2018 tranche | **01/04/2019** | **31/03/2023** | **1 951** | **-** | **-** | **-** | **1 951** | **-** | **-** |
| CSP - 2018 tranche - additional | **01/04/2019** | **31/03/2023** | **-** | **385** | **-** | **-** | **385** | **-** | **-** |
| CSP - 2019 tranche | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **844** | **-** | **-** | **-** | **844** | **-** | **-** |
| CSP - 2019 tranche - additional | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **-** | **138** | **-** | **-** | **138** | **-** | **-** |
| FSP - 2019 tranche | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **562** | **-** | **-** | **-** | **562** | **-** | **2 596** |
| CSP - 2020 tranche | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **1 442** | **-** | **-** | **-** | **1 442** | **-** | **-** |
| CSP - 2020 tranche - additional | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **-** | **173** | **-** | **-** | **173** | **-** | **-** |
| FSP - 2020 tranche | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **961** | **-** | **-** | **-** | **961** | **-** | **4 440** |
| FSP - 2020 tranche - STI Deferral | **01/07/2020** | **30/06/2021 (50%) 30/06/2022 (50%)** | **780** | **-** | **-** | **(390)** | **390** | **-** | **1 802** |
| CSP - 2021 tranche | **01/07/2021** | **30/06/2024 (50%) 30/06/2025 (50%)** | **-** | **2 467** | **-** | **-** | **2 467** | **-** | **-** |
| FSP - 2021 tranche | **01/07/2021** | **30/06/2024 (50%) 30/06/2025 (50%)** | **-** | **1 645** | **-** | **-** | **1 645** | **5 889** | **7 600** |
| **Total** | | | **8 408** | **4 808** | **-** | **(2 258)** | **10 958** | **5 889** | **16 438** |
| **31 March 2021** | | | | | | | | | |
| FSP - 2018 tranche | 01/11/2018 | 01/11/2021 | 1 868 | - | - | - | 1 868 | - | 7 659 |
| CSP - 2018 tranche | 01/04/2019 | 31/03/2023 | 1 951 | - | - | - | 1 951 | - | - |
| CSP - 2019 tranche | 01/07/2019 | 30/06/2023 | 844 | - | - | - | 844 | - | - |
| FSP - 2019 tranche | 01/07/2019 | 30/06/2022 (50%) 30/06/2023 (50%) | 562 | - | - | - | 562 | - | 2 304 |
| CSP - 2020 tranche | 01/07/2020 | 30/06/2023 (50%) 30/06/2024 (50%) | - | 1 442 | - | - | 1 442 | - | - |
| FSP - 2020 tranche | 01/07/2020 | 30/06/2023 (50%) 30/06/2024 (50%) | - | 961 | - | - | 961 | 4 478 | 3 940 |
| FSP - 2020 tranche - STI Deferral | 01/07/2020 | 30/06/2021 (50%) 30/06/2022 (50%) | - | 780 | - | - | 780 | - | 3 198 |
| **Total** | | | 5 225 | 3 183 | - | - | 8 408 | 4 478 | 17 101 |

| Bruce Bydawell<br>Total single-figure remuneration (R000) | Total guaranteed pay | | | Short-term incentives | Long-term incentives | | |
|---|---|---|---|---|---|---|---|
| | Salary | Benefits and allowances | Retirement fund contributions | Bonus | LTIPs received | Dividends received | Total |
| **31 March 2022** | **3 037** | **154** | **499** | **4 300** | **3 544** | **460** | **11 994** |
| 31 March 2021 | 3 037 | 91 | 499 | 2 536 | 2 801 | 1 030 | 9 994 |

**Share reconciliation R(000)**

| Scheme | Award date | Vesting date | Opening balance | Granted during the year | Forfeited during the year | Vested during the year | Closing balance | Value of LTIP received | Estimated closing fair value |
|---|---|---|---|---|---|---|---|---|---|
| **31 March 2022** | | | | | | | | | |
| CSP - 2018 tranche | **01/04/2019** | **31/03/2022 (50%) 31/03/2023 (50%)** | **186** | **-** | | **-** | **186** | **-** | **-** |
| FSP - 2018 tranche | **01/04/2019** | **31/03/2022 (50%) 31/03/2023 (50%)** | **124** | **-** | **-** | **-** | **124** | **-** | **573** |
| CSP - 2019 tranche | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **306** | **-** | **-** | **-** | **306** | **-** | **-** |
| CSP - 2019 tranche - additional | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **-** | **87** | **-** | **-** | **87** | **-** | **-** |
| FSP - 2019 tranche | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **204** | **-** | **-** | **-** | **204** | **-** | **942** |
| CSP - 2020 tranche | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **901** | **-** | **-** | **-** | **901** | **-** | **-** |
| CSP - 2020 tranche - additional | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **-** | **108** | **-** | **-** | **108** | **-** | **-** |
| FSP - 2020 tranche | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **601** | **-** | **-** | **-** | **601** | **-** | **2 777** |
| FSP - 2020 tranche - STI Deferral | **01/07/2020** | **30/06/2021 (50%) 30/06/2022 (50%)** | **444** | **-** | **-** | **(222)** | **222** | **-** | **1 026** |
| CSP - 2021 tranche | **01/07/2021** | **30/06/2024 (50%) 30/06/2025 (50%)** | **-** | **1 485** | **-** | **-** | **1 485** | **-** | **-** |
| FSP - 2021 tranche | **01/07/2021** | **30/06/2024 (50%) 30/06/2025 (50%)** | **-** | **990** | **-** | **-** | **990** | **3 544** | **4 574** |
| **Total** | | | **2 766** | **2 670** | **-** | **(222)** | **5 214** | **3 544** | **9 892** |
| **31 March 2021** | | | | | | | | | |
| CSP - 2018 tranche | 01/04/2019 | 31/03/2022 (50%) 31/03/2023 (50%) | 186 | - | - | - | 186 | - | - |
| FSP - 2018 tranche | 01/04/2019 | 31/03/2022 (50%) 31/03/2023 (50%) | 124 | - | - | - | 124 | - | 508 |
| CSP - 2019 tranche | 01/07/2019 | 30/06/2022 (50%) 30/06/2023 (50%) | 306 | - | - | - | 306 | - | - |
| FSP - 2019 tranche | 01/07/2019 | 30/06/2022 (50%) 30/06/2023 (50%) | 204 | - | - | - | 204 | - | 836 |
| CSP - 2020 tranche | 01/07/2020 | 30/06/2023 (50%) 30/06/2024 (50%) | - | 901 | - | - | 901 | - | - |
| FSP - 2020 tranche | 01/07/2020 | 30/06/2023 (50%) 30/06/2024 (50%) | - | 601 | - | - | 601 | 2 801 | 2 464 |
| FSP - 2020 tranche - STI Deferral | 01/07/2020 | 30/06/2021 (50%) 30/06/2022 (50%) | - | 444 | - | - | 444 | - | 1 820 |
| **Total** | | | 820 | 1 946 | - | - | 2 766 | 2 801 | 5 628 |

*Performance outcomes continued*

## Carina Wessels

| Total single-figure remuneration (R000) | Total guaranteed pay | | | Short-term incentives | Long-term incentives | | |
|---|---|---|---|---|---|---|---|
| | Salary | Benefits and allowances | Retirement fund contributions | Bonus | LTIPs received | Dividends received | Total |
| **31 March 2022** | **2 640** | **132** | **433** | **3 000** | **1 751** | **340** | **8 296** |
| 31 March 2021 | 2 640 | 78 | 433 | 2 200 | 3 202 | 945 | 9 498 |

**Share reconciliation R(000)**

| Scheme | Award date | Vesting date | Opening balance | Granted during the year | Forfeited during the year | Vested during the year | Closing balance | Value of LTIP received | Estimated closing fair value |
|---|---|---|---|---|---|---|---|---|---|
| **31 March 2022** | | | | | | | | | |
| CSP - 2018 tranche | **02/07/2018** | **01/07/2021** | **89** | **-** | **(89)** | **-** | **-** | **-** | **-** |
| FSP - 2018 tranche | **02/07/2018** | **01/07/2021** | **59** | **-** | **-** | **(59)** | **-** | **-** | **-** |
| CSP - 2019 tranche | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **264** | **-** | **-** | **-** | **264** | **-** | **-** |
| CSP - 2019 tranche - additional | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **-** | **43** | **-** | **-** | **43** | **-** | **-** |
| FSP - 2019 tranche | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **176** | **-** | **-** | **-** | **176** | **-** | **813** |
| CSP - 2020 tranche | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **386** | **-** | **-** | **-** | **386** | **-** | **-** |
| CSP - 2020 tranche - additional | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **-** | **46** | **-** | **-** | **46** | **-** | **-** |
| FSP - 2020 tranche | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **258** | **-** | **-** | **-** | **258** | **-** | **1 192** |
| FSP - 2020 tranche - STI Deferral | **01/07/2020** | **30/06/2021 (50%) 30/06/2022 (50%)** | **338** | **-** | **-** | **(169)** | **169** | **-** | **781** |
| FSP - 2020 tranche - additional | **01/07/2020** | **30/06/2023** | **429** | **-** | **-** | **-** | **429** | **-** | **1 983** |
| CSP - 2021 tranche | **01/07/2021** | **30/06/2024 (50%) 30/06/2025 (50%)** | **-** | **734** | **-** | **-** | **734** | **-** | **-** |
| FSP - 2021 tranche | **01/07/2021** | **30/06/2024 (50%) 30/06/2025 (50%)** | **-** | **489** | **-** | **-** | **489** | **1 751** | **2 259** |
| **Total** | | | **1 999** | **1 312** | **(89)** | **(228)** | **2 994** | **1 751** | **7 028** |
| **31 March 2021** | | | | | | | | | |
| CSP - 2017 tranche | 23/06/2017 | 24/07/2020 | 165 | - | (165) | - | - | - | - |
| FSP - 2017 tranche | 23/06/2017 | 24/07/2020 | 41 | - | - | (41) | - | - | - |
| CSP - 2018 tranche | 02/07/2018 | 01/07/2021 | 89 | - | - | - | 89 | - | - |
| FSP - 2018 tranche | 02/07/2018 | 01/07/2021 | 59 | - | - | - | 59 | - | 242 |
| CSP - 2019 tranche | 01/07/2019 | 30/06/2022 (50%) 30/06/2023 (50%) | 264 | - | - | - | 264 | - | - |
| FSP - 2019 tranche | 01/07/2019 | 30/06/2022 (50%) 30/06/2023 (50%) | 176 | - | - | - | 176 | - | 722 |
| CSP - 2020 tranche | 01/07/2020 | 30/06/2023 (50%) 30/06/2024 (50%) | - | 386 | - | - | 386 | - | - |
| FSP - 2020 tranche | 01/07/2020 | 30/06/2023 (50%) 30/06/2024 (50%) | - | 258 | - | - | 258 | 1 202 | 1 058 |
| FSP - 2020 tranche - STI Deferral | 01/07/2020 | 30/06/2021 (50%) 30/06/2022 (50%) | - | 338 | - | - | 338 | - | 1 386 |
| FSP - 2020 tranche - Additional | 01/07/2020 | 30/06/2023 | - | 429 | - | - | 429 | 2 000 | 1 760 |
| **Total** | | | 794 | 1 411 | (165) | (41) | 1 999 | 3 202 | 5 168 |

## John Anderson

| Total single-figure remuneration (R000) | Total guaranteed pay | | | Short-term incentives | Long-term incentives | | |
|---|---|---|---|---|---|---|---|
| | Salary | Benefits and allowances | Retirement fund contributions | Bonus | LTIPs received | Dividends received | Total |
| **31 March 2022** | **2 853** | **133** | **304** | **2 600** | **1 479** | **203** | **7 572** |
| 31 March 2021 | 2 853 | 84 | 304 | 1 700 | 1 109 | 572 | 6 622 |

**Share reconciliation R(000)**

| Scheme | Award date | Vesting date | Opening balance | Granted during the year | Forfeited during the year | Vested during the year | Closing balance | Value of LTIP received | Estimated closing fair value |
|---|---|---|---|---|---|---|---|---|---|
| **31 March 2022** | | | | | | | | | |
| CSP - 2018 tranche | **02/07/2018** | **01/07/2021** | **93** | **-** | **(93)** | **-** | **-** | **-** | **-** |
| FSP - 2018 tranche | **02/07/2018** | **01/07/2021** | **62** | **-** | **-** | **(62)** | **-** | **-** | **-** |
| CSP - 2019 tranche | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **257** | **-** | **-** | **-** | **257** | **-** | **-** |
| CSP - 2019 tranche - additional | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **-** | **42** | **-** | **-** | **42** | **-** | **-** |
| FSP - 2019 tranche | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **172** | **-** | **-** | **-** | **172** | **-** | **795** |
| CSP - 2020 tranche | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **357** | **-** | **-** | **-** | **357** | **-** | **-** |
| CSP - 2020 tranche - additional | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **-** | **43** | **-** | **-** | **43** | **-** | **-** |
| FSP - 2020 tranche | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **238** | **-** | **-** | **-** | **238** | **-** | **1 100** |
| FSP - 2020 tranche - STI Deferral | **01/07/2020** | **30/06/2021 (50%) 30/06/2022 (50%)** | **290** | **-** | **-** | **(145)** | **145** | **-** | **670** |
| CSP - 2021 tranche | **01/07/2021** | **30/06/2024 (50%) 30/06/2025 (50%)** | **-** | **620** | **-** | **-** | **620** | **-** | **-** |
| FSP - 2021 tranche | **01/07/2021** | **30/06/2024 (50%) 30/06/2025 (50%)** | **-** | **413** | **-** | **-** | **413** | **1 479** | **1 908** |
| **Total** | | | **1 469** | **1 118** | **(93)** | **(207)** | **2 287** | **1 479** | **4 473** |
| **31 March 2021** | | | | | | | | | |
| CSP - 2017 tranche | 23/06/2017 | 24/07/2020 | 368 | - | (368) | - | - | - | - |
| FSP - 2017 tranche | 23/06/2017 | 24/07/2020 | 568 | - | - | (568) | - | - | - |
| CSP - 2018 tranche | 02/07/2018 | 01/07/2021 | 93 | - | - | - | 93 | - | - |
| FSP - 2018 tranche | 02/07/2018 | 01/07/2021 | 62 | - | - | - | 62 | - | 254 |
| CSP - 2019 tranche | 01/07/2019 | 30/06/2022 (50%) 30/06/2023 (50%) | 257 | - | - | - | 257 | - | - |
| FSP - 2019 tranche | 01/07/2019 | 30/06/2022 (50%) 30/06/2023 (50%) | 172 | - | - | - | 172 | - | 705 |
| CSP - 2020 tranche | 01/07/2020 | 30/06/2023 (50%) 30/06/2024 (50%) | - | 357 | - | - | 357 | - | - |
| FSP - 2020 tranche | 01/07/2020 | 30/06/2023 (50%) 30/06/2024 (50%) | - | 238 | - | - | 238 | 1 109 | 976 |
| FSP - 2020 tranche - STI Deferral | 01/07/2020 | 30/06/2021 (50%) 30/06/2022 (50%) | - | 290 | - | - | 290 | - | 1 189 |
| **Total** | | | 1 520 | 885 | (368) | (568) | 1 469 | 1 109 | 3 124 |

*Performance outcomes continued*

## Butši Tladi

| Total single-figure remuneration (R000) | Total guaranteed pay | | | Short-term incentives | Long-term incentives | | |
|---|---|---|---|---|---|---|---|
| | Salary | Benefits and allowances | Retirement fund contributions | Bonus | LTIPs received | Dividends received | Total |
| **31 March 2022** | **2 364** | **123** | **388** | **2 750** | **1 382** | **194** | **7 201** |
| 31 March 2021 | 2 364 | 73 | 388 | 1 800 | 1 095 | 518 | 6 238 |

**Share reconciliation R(000)**

| Scheme | Award date | Vesting date | Opening balance | Granted during the year | Forfeited during the year | Vested during the year | Closing balance | Value of LTIP received | Estimated closing fair value |
|---|---|---|---|---|---|---|---|---|---|
| **31 March 2022** | | | | | | | | | |
| CSP - 2018 tranche | **02/07/2018** | **01/07/2021** | **90** | **-** | **(90)** | **-** | **-** | **-** | **-** |
| FSP - 2018 tranche | **02/07/2018** | **01/07/2021** | **60** | **-** | **-** | **(60)** | **-** | | |
| CSP - 2019 tranche | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **179** | **-** | **-** | **-** | **179** | **-** | **-** |
| CSP - 2019 tranche - additional | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **-** | **29** | **-** | **-** | **29** | **-** | **-** |
| FSP - 2019 tranche | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **119** | **-** | **-** | **-** | **119** | **-** | **550** |
| CSP - 2020 tranche | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **353** | **-** | **-** | **-** | **353** | **-** | **-** |
| CSP - 2020 tranche - additional | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **-** | **42** | **-** | **-** | **42** | **-** | **-** |
| FSP - 2020 tranche | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **235** | **-** | **-** | **-** | **235** | **-** | **1 086** |
| FSP - 2020 tranche - STI Deferral | **01/07/2020** | **30/06/2021 (50%) 30/06/2022 (50%)** | **276** | **-** | **-** | **(138)** | **138** | **-** | **638** |
| CSP - 2021 tranche | **01/07/2021** | **30/06/2024 (50%) 30/06/2025 (50%)** | **-** | **579** | **-** | **-** | **579** | **-** | **-** |
| FSP - 2021 tranche | **01/07/2021** | **30/06/2024 (50%) 30/06/2025 (50%)** | **-** | **386** | **-** | **-** | **386** | **1 382** | **1 783** |
| **Total** | | | **1 312** | **1 036** | **(90)** | **(198)** | **2 060** | **1 382** | **4 057** |
| **31 March 2021** | | | | | | | | | |
| CSP - 2017 tranche | 23/06/2017 | 24/07/2020 | 206 | - | (206) | - | - | - | - |
| FSP - 2017 tranche | 23/06/2017 | 24/07/2020 | 51 | - | - | (51) | - | - | - |
| CSP - 2018 tranche | 02/07/2018 | 01/07/2021 | 90 | - | - | - | 90 | - | - |
| FSP - 2018 tranche | 02/07/2018 | 01/07/2021 | 60 | - | - | - | 60 | - | 246 |
| CSP - 2019 tranche | 01/07/2019 | 30/06/2022 (50%) 30/06/2023 (50%) | 179 | - | - | - | 179 | - | - |
| FSP - 2019 tranche | 01/07/2019 | 30/06/2022 (50%) 30/06/2023 (50%) | 119 | - | - | - | 119 | - | 488 |
| CSP - 2020 tranche | 01/07/2020 | 30/06/2023 (50%) 30/06/2024 (50%) | - | 353 | - | - | 353 | - | - |
| FSP - 2020 tranche | 01/07/2020 | 30/06/2023 (50%) 30/06/2024 (50%) | - | 235 | - | - | 235 | 1 095 | 964 |
| FSP - 2020 tranche - STI Deferral | 01/07/2020 | 30/06/2021 (50%) 30/06/2022 (50%) | - | 276 | - | - | 276 | - | 1 132 |
| **Total** | | | 705 | 864 | (206) | (51) | 1 312 | 1 095 | 2 830 |

## Laura Kukard

| Total single-figure remuneration (R000) | Total guaranteed pay | | | Short-term incentives | Long-term incentives | | |
|---|---|---|---|---|---|---|---|
| | Salary | Benefits and allowances | Retirement fund contributions | Bonus | LTIPs received | Dividends received | Total |
| **31 March 2022** | **1 951** | **101** | **208** | **2 500** | **1 121** | **140** | **6 021** |
| 31 March 2021 | 1 875 | 54 | 200 | 1 800 | 993 | 371 | 5 293 |

**Share reconciliation R(000)**

| Scheme | Award date | Vesting date | Opening balance | Granted during the year | Forfeited during the year | Vested during the year | Closing balance | Value of LTIP received | Estimated closing fair value |
|---|---|---|---|---|---|---|---|---|---|
| **31 March 2022** | | | | | | | | | |
| CSP - 2018 tranche | **02/07/2018** | **01/07/2021** | **62** | **-** | **(62)** | **-** | **-** | **-** | **-** |
| FSP - 2018 tranche | **02/07/2018** | **01/07/2021** | **41** | **-** | **-** | **(41)** | **-** | **-** | **-** |
| CSP - 2019 tranche | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **67** | **-** | **-** | **-** | **67** | **-** | **-** |
| CSP - 2019 tranche - additional | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **-** | **11** | **-** | **-** | **11** | **-** | **-** |
| FSP - 2019 tranche | **01/07/2019** | **30/06/2022 (50%) 30/06/2023 (50%)** | **45** | **-** | **-** | **-** | **45** | **-** | **208** |
| CSP - 2020 tranche | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **319** | **-** | **-** | **-** | **319** | **-** | **-** |
| CSP - 2020 tranche - additional | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **-** | **38** | **-** | **-** | **38** | **-** | **-** |
| FSP - 2020 tranche | **01/07/2020** | **30/06/2023 (50%) 30/06/2024 (50%)** | **213** | **-** | **-** | **-** | **213** | **-** | **984** |
| FSP - 2020 tranche - STI Deferral | **01/07/2020** | **30/06/2021 (50%) 30/06/2022 (50%)** | **196** | **-** | **-** | **(98)** | **98** | **-** | **453** |
| CSP - 2021 tranche | **01/07/2021** | **30/06/2024 (50%) 30/06/2025 (50%)** | **-** | **469** | **-** | **-** | **469** | **-** | **-** |
| FSP - 2021 tranche | **01/07/2021** | **30/06/2024 (50%) 30/06/2025 (50%)** | **-** | **313** | **-** | **-** | **313** | **1 121** | **1 446** |
| **Total** | | | **943** | **831** | **(62)** | **(139)** | **1 573** | **1 121** | **3 091** |
| **31 March 2021** | | | | | | | | | |
| CSP - 2017 tranche | 23/06/2017 | 24/07/2020 | 32 | - | (32) | - | - | - | - |
| FSP - 2017 tranche | 23/06/2017 | 24/07/2020 | 8 | - | - | (8) | - | - | - |
| CSP - 2018 tranche | 02/07/2018 | 01/07/2021 | 62 | - | - | - | 62 | - | - |
| FSP - 2018 tranche | 02/07/2018 | 01/07/2021 | 41 | - | - | - | 41 | - | 168 |
| CSP - 2019 tranche | 01/07/2019 | 30/06/2022 (50%) 30/06/2023 (50%) | 67 | - | - | - | 67 | - | - |
| FSP - 2019 tranche | 01/07/2019 | 30/06/2022 (50%) 30/06/2023 (50%) | 45 | - | - | - | 45 | - | 185 |
| CSP - 2020 tranche | 01/07/2020 | 30/06/2023 (50%) 30/06/2024 (50%) | - | 319 | - | - | 319 | - | - |
| FSP - 2020 tranche | 01/07/2020 | 30/06/2023 (50%) 30/06/2024 (50%) | - | 213 | - | - | 213 | 993 | 873 |
| FSP - 2020 tranche - STI Deferral | 01/07/2020 | 30/06/2021 (50%) 30/06/2022 (50%) | - | 196 | - | - | 196 | - | 804 |
| **Total** | | | 255 | 728 | (32) | (8) | 943 | 993 | 2 030 |

*Performance outcomes continued*

## Jonathan Muthige

| Total single-figure remuneration (R000) | Total guaranteed pay | | | Short-term incentives | Long-term incentives | | |
|---|---|---|---|---|---|---|---|
| | Salary | Benefits and allowances | Retirement fund contributions | Bonus | LTIPs received | Dividends received | Total |
| **31 March 2022** | **2 614** | **113** | **329** | **2 800** | **1 708** | **287** | **7 851** |
| 31 March 2021 | 1 307 | 43 | 164 | 1 100 | 3 000 | 116 | 5 730 |

**Joined - 1 October 2020**

**Share reconciliation R(000)**

| Scheme | Award date | Vesting date | Opening balance | Granted during the year | Forfeited during the year | Vested during the year | Closing balance | Value of LTIP received | Estimated closing fair value |
|---|---|---|---|---|---|---|---|---|---|
| **31 March 2022** | | | | | | | | | |
| FSP - 2020 tranche | 01/07/2020 | 30/06/2023 (50%) 30/06/2024 (50%) | 890 | - | - | - | 890 | - | 4 113 |
| CSP - 2021 tranche | 01/07/2021 | 30/06/2024 (50%) 30/06/2025 (50%) | - | 716 | - | - | 716 | - | - |
| FSP - 2021 tranche | 01/07/2021 | 30/06/2024 (50%) 30/06/2025 (50%) | - | 477 | - | - | 477 | 1 708 | 2 204 |
| **Total** | | | **890** | **1 193** | **-** | **-** | **2 083** | **1 708** | **6 317** |
| **31 March 2021** | | | | | | | | | |
| FSP - 2020 tranche | 1/11/2020 | 31/10/2022 | - | 890 | - | - | 890 | 3 000 | 3 650 |
| **Total** | | | - | 890 | - | - | 890 | 3 000 | 3 650 |

## Viresh Maharaj

| Total single-figure remuneration (R000) | Total guaranteed pay | | | Short-term incentives | Long-term incentives | | |
|---|---|---|---|---|---|---|---|
| | Salary | Benefits and allowances | Retirement fund contributions | Bonus | LTIPs received | Dividends received | Total |
| **31 March 2022** | **1 930** | **85** | **318** | **2 400** | **2 667** | **157** | **7 557** |

**Joined - 1 May 2021**

**Share reconciliation R(000)**

| Scheme | Award date | Vesting date | Opening balance | Granted during the year | Forfeited during the year | Vested during the year | Closing balance | Value of LTIP received | Estimated closing fair value |
|---|---|---|---|---|---|---|---|---|---|
| **31 March 2022** | | | | | | | | | |
| CSP - 2021 tranche | 01/06/2021 & 01/07/2021 | 30/06/2024 (50%) 30/06/2025 (50%) | - | 1 118 | - | - | 1 118 | - | - |
| FSP - 2021 tranche | 01/07/2021 | 30/06/2024 (50%) 30/06/2025 (50%) | - | 745 | - | - | 745 | 2 667 | 3 442 |
| **Total** | | | - | 1 863 | - | - | 1 863 | 2 667 | 3 442 |

## Ann Leepile

| Total single-figure remuneration (R000) | Total guaranteed pay | | | Short-term incentives | Long-term incentives | | |
|---|---|---|---|---|---|---|---|
| | Salary | Benefits and allowances | Retirement fund contributions | Bonus | LTIPs received | Dividends received | Total |
| **31 March 2022** | **404** | **18** | **82** | **1 100** | **5 852** | **-** | **7 456** |

**Joined - 1 February 2022**

**Share reconciliation R(000)**

| Scheme | Award date | Vesting date | Opening balance | Granted during the year | Forfeited during the year | Vested during the year | Closing balance | Value of LTIP received | Estimated closing fair value |
|---|---|---|---|---|---|---|---|---|---|
| **31 March 2022** | | | | | | | | | |
| FSP - 2021 tranche | 01/07/2021 | 28/03/2024 (50%) 28/03/2025 (50%) | - | 1 583 | - | - | 1 583 | 5 852 | 7 313 |
| **Total** | | | - | 1 583 | - | - | 1 583 | 5 852 | 7 313 |

*Performance outcomes continued*

## Non-executive directors' fees for 2022

Non-executive directors' fees consist of a combination of standard fees plus additional fees for committee membership.

Fees paid to non-executive directors during the year ended 31 March 2022, on authority granted by shareholders at the AGM held on 5 September 2021, are set out below. This includes total fees, whether paid by the company or subsidiary companies within the group.

| Independent non-executive directors (R000) | | 2022 | 2021 |
|---|---|---|---|
| M Ramplin | Resigned 31 March 2022 | **1 906** | 1 888 |
| AD Mminele | Appointed 31 January 2022 | **180** | - |
| NG Payne | | **1 862** | 1 726 |
| T Dloti | | **1 045** | 1 179 |
| RM Head | | **1 071** | 1 118 |
| BJ Memela-Khambula | Retired 3 September 2021 | **315** | 863 |
| AM Mazwai | | **794** | 282 |
| **Total** | | **7 173** | 7 056 |

Non-executive director fees were paid to Mercer Africa Limited of R1.7 million (2021: R1.9 million) and African Rainbow Capital of R0.5 million (2020: R0.4 million) respectively.

## Proposed non-executive directors' fees for 2023

As explained in the AGM notice, we previously advised shareholders that a detailed review of the non-executive directors' fees would be undertaken in the 2022 financial year and suggested that shareholders should anticipate higher than normal increases being proposed for the 2023 financial year, considering zero increases having been paid over the past two years.

Informed by the benchmarking exercise completed, fees below the benchmarked median (50th percentile) have been increased to the median of the company's peer group, whilst fees at or above the median have been increased by the same percentage inflationary increase applied across all employees (4.5%).

# Alexforbes UNGC CoP 2022

## Where to find our UN Global Compact Communication on Progress (UNGC CoP) disclosures

| | |
|---|---|
| **CEO commitment** | See the **CEO's message** in the integrated annual report on page 36 |
| **Our sustainability approach** | See **Our approach to sustainability** in the ESG report on page 12<br>See **Intent to impact** in the integrated annual report on page 65<br>See **Our impact and contribution to SDGs** in the integrated annual report on page 67 |
| **Human rights principles** | See **Our role as a responsible corporate citizen** in the ESG report on page 13<br>See **UN Women's Empowerment Principles Journey** in the ESG report on page 14<br>See **Social impact** in the ESG report on page 18 |
| **Labour principles** | See **Our people** in the **Stakeholder review** in the integrated annual report on page 53<br>See **Enabling and empowering our people to deliver excellence** in the integrated annual report on page 82<br>See **Labour principles relating to our people** in the ESG report on page 16 |
| **Anti-corruption principles** | See **Our leadership** in the ESG report on page 4<br>See **Our ethical culture** in the ESG report on page 5<br>See **Anti-corruption principles** in the ESG report on page 5 |
| **Environmental principles** | See **Environmental impact** in the ESG report on page 17<br>See **Responsible investing** in the ESG report on page 22<br>See **Investing responsibly** in the integrated annual report on page 86 |

# King IV application register

Alexforbes adopts an outcomes-based approach to governance as envisaged in the King IV Codes. This section of the report sets out the application of the corporate governance principles by Alexforbes as recommended by King IV.

| King IV principle | Application of principle | Section of ESG or Integrated report |
|---|---|---|
| 1 The governing body should lead ethically and effectively.<br>**Status:** Applied | The Alexforbes board of directors acknowledges its individual and collective responsibility for setting the group's ethical organisational culture and commits to the highest standards of governance and ethical practice. Directors have been appointed to ensure the appropriate mix of skills and independence within the business. All board, committee and executive management appointments are made with the sole aim of harnessing the skills, knowledge and expertise of directors to best serve the needs of the business. Newly appointed directors were taken through an intensive induction into the operations and affairs of the business as well as their fiduciary duties. Board members have a legal obligation to avoid conflicts of interest and make full and timely disclosure of potential conflicts. | Purpose-driven governance **Page 3**<br>Our leadership **Page 4**<br>Our ethical culture **Page 5**<br>Anti-corruption principles **Page 5**<br>Setco report **Page 66** |
| 2 The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.<br>**Status:** Applied | The board is the highest governing authority within the group and has adopted the principles of King IV. The board has approved a code of ethics to which all employees are required to adhere. The board, through its setco, ensures that the code of ethics and supporting policies are adhered to in all aspects of the business, achieving a sustainable ethical corporate culture. The board is further supported by the audit and risk committee and external assurance providers (as part of the combined assurance framework) who assist with the governance of risk through detailed monitoring and reporting of risks (including those relating to ethics) and ensuring appropriate controls are in place. | Purpose-driven governance **Page 3**<br>Our ethical culture **Page 5**<br>Anti-corruption principles **Page 4**<br>Setco report **Page 66** |
| 3 The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.<br>**Status:** Applied | Responsible corporate citizenship is strongly embedded in the group's strategy and underpinned by Alexforbes's purpose to pioneer insight to deliver advice and solutions that impact people's lives. The responsibility for monitoring the overall responsible corporate citizenship performance of the organisation is delegated to the setco. This entire report is directed towards factually displaying our practices and responsible corporate citizenship to stakeholders. | Sustainability **Page 12**<br>• Our approach to sustainability **Page 12**<br>• Our role as a responsible corporate citizen **Page 13**<br>• Environmental impact **Page 17**<br>• Social impact **Page 18**<br>Tax risk management **Page 51**<br>Stakeholder management **Page 54**<br>Setco report **Page 66**<br>The complete ESG report |
| 4 The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.<br>**Status:** Applied | The board sets key performance targets to continuously monitor the achievement of strategic objectives for value creation over the short, medium and long term. Management is tasked with executing the approved strategy. Our integrated annual report speaks to our integrated view of and approach to strategy, performance, sustainability and value creation. | Purpose-driven governance **Page 3**<br>Our leadership **Page 4**<br>Sustainability **Page 12**<br>• Our approach to sustainability **Page 12**<br>• Our role as a responsible corporate citizen **Page 13**<br>• Environmental impact **Page 17**<br>• Social impact **Page 18**<br>Responsible investing **Page 22**<br>Tax risk management **Page 51**<br>Stakeholder management **Page 54** |
| 5 The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long- term prospects.<br>**Status:** Applied | The board and its committees review and have oversight over the integrity of the group's external reporting, which includes reliance on effective application of combined assurance arrangements. Internal and external assurance is applied to the various components of the external reporting suite under the oversight and direction of the relevant board committees and with reference to any legal requirements for independent, external audit and/or assurance contained in any relevant law and/or regulations (as applicable for instance to certain types of external reports, such as the group's statutory annual financial statements. | About this report **Page 2**<br>Our reporting suite (and all of the reports referenced) |
| 6 The governing body should serve as the focal point and custodian of corporate governance in the organisation.<br>**Status:** Applied | The board is the custodian of corporate governance and ultimately responsible for corporate governance of the group. Board actions are governed by the law and regulation, a board charter and corporate governance best practice, including King IV. | Purpose-driven governance **Page 3**<br>Our leadership **Page 4**<br>Delegation of authority **Page 7** |

| King IV principle | Application of principle | Section of ESG or Integrated report |
|---|---|---|
| 7 The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.<br>**Status:** Applied | The board conducts the affairs of the group through its diverse industry knowledge and experience. Through the nomco the board ensures that it is appropriately constituted to execute its responsibilities effectively. | Board nomination, appointment, rotation and succession **Page 7**<br>Continuous development **Page 8**<br>Board composition **Page 56**<br>Nomco report **Page 65** |
| 8 The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.<br>**Status:** Applied | The following committees have been established by the board:<br>• Audit and risk committee<br>• Social, ethics and transformation committee<br>• Mergers and acquisitions committee<br>• Nominations committee<br>• Remuneration committee<br>Each committee has a minimum of three members as recommended by King IV™. The composition of each committee is also aligned with the King IV recommendations. Board committees function in terms of a formal terms of reference which is reviewed and annually approved by the board. It is also comfortable that the current composition of the board committees contributes to effective collaboration as well as a balanced distribution of power so that no individual has the ability to dominate decision-making and no undue reliance is placed on any individual. | Delegation of authority **Page 7**<br>Board committee reports **Page 60** |
| 9 The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, supports continued improvement in its performance and effectiveness.<br>**Status:** Applied | The board believes that a highly effective board is essential if the group is to create sustainable value for its stakeholders and wider society. As such, it is committed to the continued improvement of its own performance and effectiveness. The evaluation of the effectiveness of the board includes regular monitoring of the ethical behaviour of individual directors and the board as a collective. | Performance evaluation **Page 10**<br>Board committee reports **Page 60**<br>Nomco report **Page 65**<br>Integrated annual report – Our board focus areas and performance **Page 34** |

| King IV principle | Application of principle | Section of ESG or Integrated report |
|---|---|---|
| 10 The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.<br>**Status:** Applied | The board has a clear delegation of authority policy and framework, according to which roles are carried out and authority is exercised, both within the board structures and the management team. The board is satisfied that the group is appropriately resourced for these roles and that delegation of certain roles and responsibilities to management supports effective governance. | Professional corporate governance support **Page 6**<br>Delegation of authority **Page 7**<br>Combined assurance **Page 55**<br>Compliance management **Page 52**<br>ARC report **Page 60** |
| 11 The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.<br>**Status:** Applied | The board is ultimately responsible for the governance of risk and has assigned oversight of the group's risk management function to the audit and risk committee. Management is accountable to the board for designing, implementing and monitoring the processes of risk management and integrating them into the day-to-day activities of the group.<br>Internal audit assists management in evaluating the overall effectiveness of the internal control environment while the dedicated, internal risk officer monitors and reviews the group risk register on a continuous basis and submits a risk report at each meeting of the audit and risk committee. | Risk management **Page 26**<br>Material risks **Page 30**<br>ORSA **Page 50**<br>ARC report **Page 60**<br>Integrated annual report – Managing risks **Page 58** |
| 12 The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.<br>**Status:** Applied | An IT governance charter formalises lines of delegation from the board and audit and risk committee through to the executive team. It also sets out policies, procedures, performance metrics and arrangements for IT governance within the group. | Information and technology governance **Page 53**<br>ARC report **Page 60** |
| 13 The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation in being ethical and a good corporate citizen.<br>**Status:** Applied | The board is ultimately responsible for the governance of compliance with applicable laws and adopted non-binding rules, codes and standards by setting the direction for how compliance should be approached and addressed. It ensures compliance with applicable legislation and regulations through the establishment of legal frameworks across different functions of the group and its subsidiaries. The audit and risk committee and external assurance providers assess significant legal risks and the group's level of compliance as part of their annual audit activities. The group's company secretary is responsible for ensuring that the group's compliance processes are adequate and effective to fulfil its legal and regulatory responsibilities. | Tax risk management (and this matrix holistically) **Page 51**<br>Compliance management **Page 52**<br>Anti-corruption principles **Page 5**<br>ARC report **Page 60**<br>Setco report **Page 66**<br>Integrated annual report - Regulatory environment **Page 49**<br>UNGC COP 2022 **Page 111**<br>King IV application register **Page 112** |

| King IV principle | Application of principle | Section of ESG or Integrated report |
|---|---|---|
| 14 The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.<br>**Status:** Applied | The remco operates under the delegated authority of the board. The committee fulfils the important function of ensuring that remuneration is responsible and fair across the group, and ensures that disclosures are accurate, complete and transparent. | Remco report **Page 68**<br>Remuneration report **Page 70** |
| 15 The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.<br>**Status:** Applied | Alexforbes adopts a "combined assurance" approach which aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the risk areas affecting the group. The group's combined assurance framework is integrated with the group's risk management approach. The board seeks to ensure that the assurance which is provided by the four lines of defence is credible. This is achieved by ensuring that the skill and experience levels of the assurance providers are appropriate for the work to be performed, and that the extent of the work performed will address the potential and actual exposures. | Combined assurance **Page 55**<br>ARC report **Page 60**<br>Compliance management **Page 52**<br>Risk management **Page 26** |
| 16 In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.<br>**Status:** Applied | The board has identified material stakeholders of the group and considers the legitimate and reasonable needs, interests and expectations of such stakeholders on an ongoing basis. The board has delegated the governance of stakeholder relationships to the setco. A formal, inclusive stakeholder engagement framework is in place which has been approved by the setco. | Stakeholder management **Page 54**<br>Integrated annual report - Stakeholder review **Page 52** |


# Corporate information

## Alexander Forbes Group Holdings Limited

Registration number: 2006/025226/06
Tax reference number: 9404/921/15/8
JSE share code: AFH
ISIN: ZAE000191516
(Incorporated in the Republic of South Africa)

## Independent non-executive directors

Daniel Mminele, Thabo Dloti, Bob Head, Nigel Payne, Andile Mazwai, Ndumi Medupe, Nosipho Molope

## Non-executive director

Refiloe Nkadimeng

## Executive director

Dawie de Villiers (Chief executive officer)
Bruce Bydawell (Chief financial officer)

## Executive: Governance, legal, compliance and sustainability (Company secretary)

Carina Wessels

## Investor relations

Zakira Amra

## Registered office

Alexander Forbes Group Holdings Limited
115 West Street, Sandown, 2196

## Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
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## Sponsor

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