

## Media Release

Association for Savings and Investment South Africa (ASISA)

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### Life offices and asset managers exceed B-BBEE ownership targets, but face hurdles with employment equity targets

Life offices and asset managers represented by the Association for Savings and Investment South Africa (ASISA) have made encouraging progress towards achieving the relevant transformation targets set by the Amended Financial Sector Code (FSC).

The Amended FSC came into effect on 1 December 2017 and measures financial sector transformation using a balanced Broad-Based Black Economic Empowerment (B-BBEE) scorecard. Life offices are measured against targets for eight scorecard elements, while asset managers have six.

ASISA recently released an updated overview of the collective transformation progress made by members over the five years to the end of December 2022. The **Report** titled *Association for Savings and Investment (ASISA): A five-year transformation journey (2018 to 2022)* builds on the previous edition by adding data collected for 2021 and 2022.

The ASISA Board commissioned the research to measure the collective transformation progress of the savings and investment industry to help members identify areas that require more focus. The Report represents 97% of assets under management (AUM) for life offices and more than 85% of AUM for asset managers.

Lister Saungweme, ASISA Senior Policy Advisor for Transformation, Skills Development and Education, explains that the Report released by ASISA is different from other transformation reports in that it takes into consideration the uniqueness of the various elements of the B-BBEE scorecard. The following weighting criteria were used in aggregating data for each element of the scorecard:

- AUM for Ownership.
- Employee Headcount for Management Control.
- Leivable Amounts (Payroll) for Skills Development.
- Net Profit After Tax (NPAT) for Enterprise and Supplier Development, Socio-Economic Development, and Consumer Education.

### Steady overall progress

Saungweme says the Report shows that the most notable improvement was recorded for the ownership element of the FSC scorecard, which measures the extent to which Black people own equity in a company. Overall, life offices and asset managers exceeded most Broad-Based Black Economic Empowerment (B-BBEE) ownership targets in 2022.

Furthermore, contributions by ASISA members towards Enterprise and Supplier Development (ESD) exceeded the targets in 2021 and 2022. Saungweme says the aim of ESD is to create sustainable small and medium enterprises, resulting in job creation and economic growth.

In 2022, the total ESD contributions by life offices and asset managers amounted to R617 million.

Socio-Economic Development and Consumer Education targets were also surpassed in 2022, with a total spend by life offices and asset managers of R483 million.

### **Not where we want to be**

Saungweme says the Report shows that reaching management control and employment equity targets remains a challenge for an industry dependent on scarce specialised skills such as actuarial and asset management expertise.

"While we are not where we want to be, we are seeing progress, albeit slow progress, towards meeting management control, employment equity and skills development targets," says Saungweme.

A high-level survey conducted by ASISA last year to establish whether a deliberate focus on achieving employment equity was delivering results in the asset management space supported the findings of the Report that while progress was slow, the industry was moving in the right direction. Saungweme says the survey established the following:

- In 2018, 23% of portfolio managers managing some of South Africa's biggest collective investment schemes (CIS) were Black (African, Coloured, Indian).
- By 2023, this number had increased to 37%.

Of concern, according to Saungweme, is that there was no significant improvement in the number of female portfolio managers, which stayed static at 17%. She adds that similarly, the Report highlights slow progress in the advancement of Black women across junior, middle and senior management both for life offices and asset managers.

However, a more encouraging picture is emerging in the management control scorecard element, where the percentage of Black women in life office executive management increased from 8.23% in 2018 to 21.91% in 2022. In the asset management space, the representation of Black women in executive management increased from 14.93% in 2018 to 20.83% in 2022.

Saungweme says skills development is critical to the savings and investment industry because it determines the growth of the pipeline of Black employees with specialised skills.

"Unfortunately, our industry's skills development efforts were negatively impacted by the Covid-19 pandemic, which is reflected in the progress made towards achieving targets for 2021 and 2022," says Saungweme.

She explains that the financial impact of Covid on companies resulted in reduced spending on skills development. In addition, the sudden shift to remote working environments slowed the skills development of junior Black employees and the onboarding of Black interns.

Nevertheless, ASISA members have spent R9.6 billion on skills development over the five years from 2018 to 2022. In 2022 alone, skills development spending by life offices and asset managers amounted to R2.1 billion.

The table below provides a snapshot of how ASISA members collectively performed against the targets of the various elements that make up the Amended FSC Scorecard.

### The B-BBEE Generic Scorecard: Life Offices and Asset Managers

Element	Life Offices			Asset Managers		
	Target Points	Points scored 2020	Points scored 2022	Target Points	Points scored in 2020	Points scored 2022
<b>Ownership</b>	23	25.37*	25.85*	25	25*	25*
<b>Management Control</b> (Board Participation, Executive Directors, Executive Management)	8	5.22	5.84	8	6.67	6.73
<b>Employment Equity</b> (Senior, Middle and Junior Management)	12	8.86	8.84	12	8.77	7.79
<b>Skills Development</b>	20	14.68	16	20	15.84	18.07
<b>Procurement</b>	15	18.96*	17.95*	20	21.37*	20.87*
<b>Empowerment Financing **</b>	15	15*	13.54	NA		
<b>Enterprise Development</b>	3	4.91*	5.87*	5	6*	8*
<b>Supplier Development</b>	7	9*	8*	10	11*	11*
<b>Socio-Economic Development &amp; Consumer Education</b>	5	5.67*	6.7*	5	6.16*	7.48*
<b>Access to Financial Services**</b>	12	9.76	11	NA		
<b>Total</b>	<b>120</b>	<b>118.2</b>	<b>119.59</b>	<b>105</b>	<b>101.81</b>	<b>104.94</b>
<b>Total points scored in 2019</b>		<b>113.0</b>			<b>97.88</b>	
<b>Total points scored in 2018</b>		<b>110.2</b>			<b>91.6</b>	

\* Target achieved or exceeded. \*\* Applies only to life offices.

### **Fostering a strong pipeline**

Saungweme says employment equity, especially at the senior level, cannot be achieved without a strong pipeline of Black graduates with the scarce skills that employers in the savings and investment industry require. To assist with feeding this critical pipeline, the ASISA Academy provides the industry with high-quality, practical learning solutions that assist companies with upskilling their employees. The ASISA Academy also creates desperately needed employment opportunities for Black graduates through internships and learnerships.

The ASISA Academy is one of three ASISA Foster the Future entities created to support life offices and asset managers in progressing towards meeting and also exceeding the industry's transformation goals by providing opportunities to collaborate on transformation initiatives designed to help create a more inclusive society. These initiatives and projects are explained in more detail in Section 3 of the [Report](#).

Saungweme points out that ASISA members fund and support the ASISA Foster the Future initiatives in addition to their own initiatives. Over the five years to the end of December 2022, ASISA members have spent R12.1 billion on various initiatives focused on skills development, enterprise and supplier development, socio-economic development and consumer education.

### **The importance of a collective scorecard**

Saungweme says while the commitment of ASISA members to achieving meaningful transformation is evidenced by the collective transformation progress outlined in the Report, the industry is acutely aware that more needs to be done.

"We therefore urge individual member companies to use the weighted averages achieved for each element of the FSC as a yardstick against which to measure their progress and to take corrective action where necessary."

### **Ends**

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*ASISA represents the majority of South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life insurance companies.*