

ASISA

THE JOURNEY TOWARDS TRANSFORMATION

OF SOUTH AFRICA'S SAVINGS
AND INVESTMENT INDUSTRY AS
REPRESENTED BY ASISA
(2018 - 2020)

“Well on our way, but not quite there yet.” - Leon Campher



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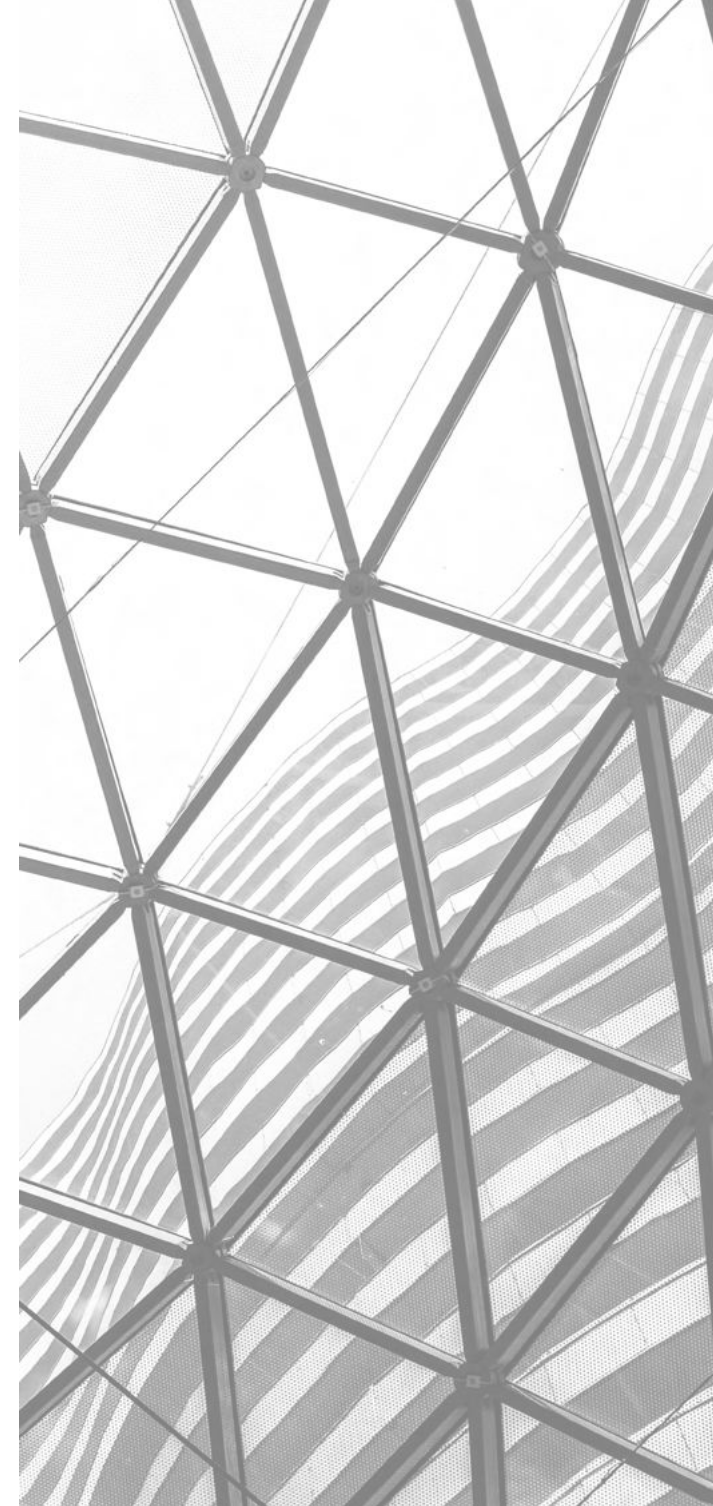
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INTRODUCTION AND CONTEXT

The Association for Savings and Investment South Africa (ASISA) represents most of South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life offices.

With assets under management of around R8 trillion, ASISA members are collectively among the biggest contributors to the financial sector in SA. The financial sector in turn is a major contributor to the national GDP and plays a critical role in financing the country's economy. ASISA members are also considered key custodians of our nation's savings and investments.

Transformation is at the top of ASISA's strategic priorities. This is reflected in the ASISA Mission Statement, which places urgency on the following actions:

- Building a transformed, vibrant, and globally competitive financial sector.
- Actively participating in education, transformation, and social development.

It is for this reason that the ASISA Board commissioned this Report, which enables ASISA to showcase the collective transformation progress of the savings and investment industry, as represented by ASISA, for the first time.

While the Report details the transformation journey of our industry from 2018 to 2020, it is also important to reflect on the transformation taking place within ASISA.

Of the 21 CEOs representing member companies on the ASISA Board, 12 (52%) are Black. The Board Governance Committees (Executive, Audit, Remuneration, and Transformation) consist of 10 CEOs of whom six (60%) are Black.

The ASISA Executive Management team of six is almost exclusively Black and includes two Black female members who are responsible for overseeing ASISA's learning and education initiatives, which are key to the transformation of the industry and the country.

ASISA has established three initiatives under the Foster the Future banner aimed at fast-tracking

transformation, namely the ASISA Academy, the ASISA Enterprise and Supplier Development (ESD) initiative and the ASISA Foundation. The Foster the Future initiatives are described in greater detail on pages 47 to 55 of this report.

ASISA NPC, the ASISA Academy and the ASISA Foundation are recognised as Level 1 B-BBEE contributors. The ASISA ESD entities are recognised as level 2 B-BBEE contributors. The ASISA ESD initiative is managed by Edge Growth, also a Level 1 B-BBEE contributor. The ASISA Academy is a specialised enterprise and the ASISA Foundation is also a confirmed broad-based Black ownership scheme.



THE FINANCIAL SECTOR CODE (FSC) JOURNEY – A TIMELINE

The gazetting of the Financial Sector Code (FSC) for Broad-Based Black Economic Empowerment (B-BBEE) in 2012, and later the Amended FSC in 2017, were hailed as momentous occasions by ASISA and its members. The FSC provides the South African financial sector with a clear roadmap on how to build on existing achievements in Black economic empowerment to the benefit

of all stakeholders. The FSC is also the main framework against which the empowerment progress of financial institutions is measured.

The timeline below details the extraordinary journey of lengthy consultation, compromise and ultimately agreement by all stakeholders that made it possible to bring the FSC into existence.

2003

The Financial Sector Charter (Charter) was signed in 2003 by the then Minister of Finance, Trevor Manuel, as well as the nine trade associations that represented the financial sector at the time. The associations were: Association of Collective Investments (ACI), Banking Council of South Africa (BASA), Investment Managers Association of South Africa (IMASA), Johannesburg Stock Exchange (JSE) Securities Exchange South Africa, Bond Exchange of South Africa, Life Offices' Association (LOA), South African Insurance Association (SAIA), South African Reinsurance Offices Association and the Foreign Bankers Association (FBA). Charter participants also included the Association of Black Securities and Investments Professionalns (ABSIP) with Government (National Treasury) guiding the process.

The Charter was a landmark achievement for the financial sector as this sector was among the first to agree on a voluntary mechanism for measuring transformation.

Following the signing of the Charter, it was gazetted under section 12 of the Broad-based Black Economic Empowerment (B-BBEE) Act 53 of 2003.

2004

In January 2004, the former Finance Minister constituted the Financial Sector Charter Council (FSCC) with the aim of ensuring an inclusive approach. The FSCC was formed with representatives from organised labour, community, Government (Department of Trade and Industry and National Treasury), Association of Black Securities and Investment Professionals (ABSIP), as well as the various sector trade associations.

2007

In 2007, the Department of Trade and Industry (the dti)* gazetted the Generic Codes of Good Practice under section 9 of the B-BBEE Act No. 53 of 2003.

A process was initiated soon after the gazetting of the Generic Code to align the Charter to the provisions of the Generic Codes of Good Practice. The aim was to gazette a Financial Sector Code for B-BBEE.

2008

Once established in October 2008, ASISA took over representation of the savings and investment industry on the FSC Council. ASISA therefore represented three of the original nine associations that signed the FSC.

*In June 2019 the Department of Economic Development and the Department of Trade and Industry merged to form the Department of Trade, Industry and Competition (the dtic).

2011

The negotiation process to align the Charter to the Generic Codes of Good Practice was stalled for quite some time due to lack of agreement on the ownership provisions. In 2011, however, a significant breakthrough was achieved primarily because of the intervention of the Ministers of Trade and Industry and Finance.

2012

In 2012, during the 60-day public comment period on the draft gazetted Financial Sector Code (FSC), further questions were raised about the “once empowered always empowered” ownership principle. These questions required a ruling from the Minister of Trade and Industry. The Minister confirmed that the “once empowered always empowered” concept as contained in the draft could be applied. This ruling therefore enabled the final gazetting of the FSC in 2012, consisting of elements taken from the Generic Codes of Good Practice as well as the old Financial Sector Charter.

2013 - 2017

In 2013 the Generic Codes of Good Practice were revised, which prompted all sector councils to review their own codes. Again much energy, resources and goodwill were invested by all FSCC participants into the process of amending the FSC. Once the various participants had reached the common ground needed to resolve outstanding issues, the Amended FSC was gazetted on 1 December 2017. It is important to note that the Amended FSC exists only because all the participants agreed on the targets and principles of the FSC.

2018

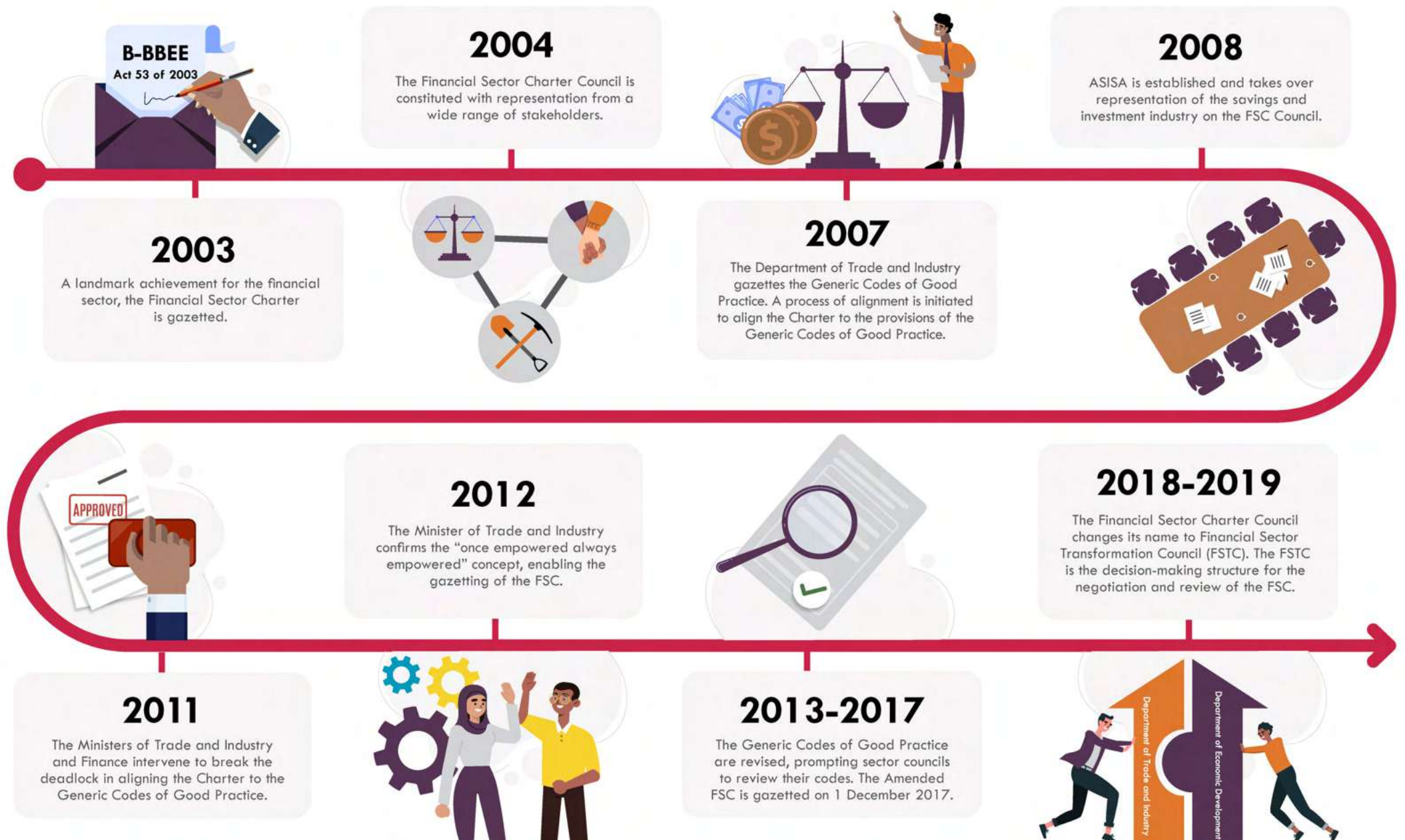
In September 2018, the Financial Sector Charter Council changed its name to the Financial Sector Transformation Council (FSTC). The role of the FSTC is to provide the financial sector with interpretive guidance and practice directives with regard to the application or intention of the Amended FSC, facilitate negotiation and agreement by all FSC stakeholders when amendments to B-BBEE regulation are required, and report on the progress made by the financial sector in terms of the FSC to the B-BBEE Commission, the dtic* and the Presidential B-BBEE Advisory Council. The FSTC represents the key decision-making structure of the council in terms of the negotiation and the review of the FSC.

SOUTH AFRICA'S FINANCIAL SECTOR

South Africa's financial sector consists of the following industries, which are regulated by the Financial Sector Conduct Authority (FSCA) and/or the Prudential Authority (PA):

| INDUSTRY | REPRESENTATIVE BODY |
|--|--|
| Savings and investment industry (locally registered asset managers, collective investment scheme management companies, linked investment service providers, multi-managers and life offices) | Association for Savings and Investment South Africa (ASISA) |
| Banking (local banks and foreign controlled banks in SA) | Banking Association South Africa (BASA), International Banking Association (IBA) |
| Short-term insurers | South African Insurance Association (SAIA) |
| Independent financial advisers | Financial Intermediaries Association of Southern Africa (FIA) |
| Retirement funds | BATSETA – Council of Retirement Funds of South Africa |
| Venture capital and private equity | Southern African Venture Capital and Private Equity Association (SAVCA) |
| Markets | Johannesburg Stock Exchange (JSE) |

THE FINANCIAL SECTOR CODE (FSC) JOURNEY – A TIMELINE



MESSAGE FROM THE CEO



LEON CAMPHER

OUTGOING CEO

“For the first time we are able to measure the transformation of our industry”

ASISA and its members consider meaningful transformation a key priority. The majority of our member companies, which include both life offices and asset managers, have achieved level 3 Broad-Based Black Economic Empowerment (B-BBEE) status or higher.

In order for the savings and investment industry to continue making significant advances on its transformation journey, it is important that our members have access to transformation progress reports that are specific to our industry.

While the Financial Sector Transformation Council (FSTC) tracks the transformation of South Africa’s financial sector as a whole, the FSTC reporting does not take into consideration all features unique to the seven different reporting industries or sub-sectors.

ASISA therefore embarked on an ambitious project in 2021 to monitor the collective transformation progress of our industry as measured against the framework of the Amended Financial Sector Code (FSC), which came into effect on 1 December 2017.

The Amended FSC provides individual institutions with a scorecard, which must be independently verified by an agency accredited by the South African National Accreditation System (SANAS) – an entity reporting to the dtic responsible for accreditation of verification agencies. The verification agency assigns a B-BBEE rating to the company, which is reflected on the certificate issued by the agency. The challenge for ASISA was how to convert individual scorecards into a collective industry position.

As a first step, permission had to be obtained from

ASISA members to collect their B-BBEE data directly from their verification agencies. These data sets were submitted to an independent research partnership, B-BBEE Research Trends Joint Venture (JV), to ensure objective data analysis and reporting. In addition, data-sets were weighted by independent actuaries to ensure accurate averages.

Our big member companies participated in this research, as well as the majority of our smaller members. In the context of this Report, it is necessary to explain that the CIS management companies, linked investment service providers and multi-managers included in our member base are owned by life offices and asset managers. For this reason, the Report presents scorecards for life offices and asset managers only.

We commend and thank our member companies for their willingness to support this research and for trusting ASISA with their data, thereby making this Report possible. According to B-BBEE Research Trends JV, the data collected and analysed is representative of our industry and provides an accurate measure of the transformation progress made by ASISA member companies. We thank them for lending their invaluable expertise to this ambitious project and for delivering an excellent report.

Therefore, after several months of collecting data and building models, we proudly present this Report titled: The Journey towards Transformation of South Africa's Savings and Investment Industry (2018 – 2020) as represented by ASISA.

Not only does this Report provide a snapshot of the transformation of the savings and investment industry as a whole, but it also enables member companies to use the industry weighted averages achieved for each element of the FSC as a yardstick against which to measure their individual progress and to take corrective action where necessary.

For the first time we are able to measure the

transformation of our industry, while at the same time focusing our collaborative initiatives on addressing our industry's most critical transformation shortcomings.

Funded mainly by ASISA members, the ASISA Foster the Future initiative, which consists of the ASISA Academy, the ASISA Foundation and the ASISA Enterprise and Supplier Development (ESD), was set up to collaboratively fast track progress towards meeting and exceeding several of our industry's transformation goals. The impact achieved by each entity is detailed in the Foster the Future section of this Report.

This Report details the good progress made by ASISA members in transforming our industry and I am proud of what has been collectively achieved. Unfortunately, despite all that has been done to date, South Africa remains a very unequal society. It is therefore imperative that our industry continues to play its role in helping our country accelerate the rate of change.

As I hand over the baton to Busisa Jiya as the new CEO of ASISA, I am confident that he, supported by the ASISA team will, collectively with our members, drive our industry's goal of achieving greater inclusive economic growth. The key drivers are skills development, employment equity and job creation, as well as financial inclusivity through financial literacy and growing small and medium enterprises.



Leon Campher
Outgoing CEO



BUSISA JIYA
CEO

ACKNOWLEDGEMENTS

REPORT COMMISSIONED BY

- ASISA Board

PROJECT SPONSORS

- Leon Campher: ASISA outgoing CEO
- Busisa Jiya: ASISA CEO
- Rodger Walters: ASISA CFO
- Siphso Solfafa: ASISA COO

ASISA RESEARCH LEAD

- Lister Saungweme: Senior Policy Advisor - Transformation, Skills Development & Education

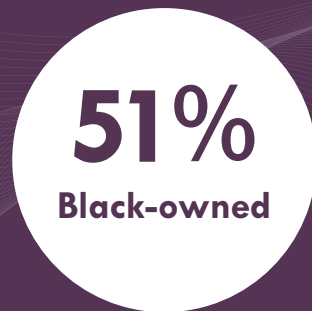
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RESEARCH PRESENTED

by a 51% Black-owned external joint venture between B-BBEE Research SA (Pty) Ltd represented by Nazo Sibisi a 100% Black woman-owned entity, and DDG Consulting (Pty) Ltd represented by Duncan de Groot.



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ABOUT THE INDEPENDENT RESEARCH PARTNERSHIP

Nazo Sibisi is the Managing Director at Transformation and B-BBEE Research SA (Pty) Ltd and holds various directorship roles at other entities that focus on B-BBEE and transformation. She has completed two courses in B-BBEE: the B-BBEE Management Development Programme with Wits University and the B-BBEE Technical Assessor Certificate with South African National Accreditation Systems. Her career in B-BBEE began in 2008 when she worked as a Verification Manager and Technical Signatory at Kbonga BEE Verification Agency (Pty) Ltd, as accredited by SANAS. She has been involved with the supplier engagement and training for various entities, including George Municipality in conjunction with the Western Cape Department of Economic Development and Eskom's Koeberg Power Station. Nazo has been involved with both consulting and verification work with clients in various sectors since 2008. Her consulting work has expanded to include ISO9001:2015 and various compliance and legislative requirements.

Duncan de Groot holds an MBA and a Bachelor of Commerce degree majoring in Economics and Information Systems, both from the University of Cape Town. He began his BEE career at Empowerdex in 2009, initially as the Verification Manager in the Western Cape, then as the Regional Executive of the Western Cape, and finally as Group Executive – Ratings Network, with responsibility for the Western Cape, KwaZulu-Natal, and Pretoria regions. He now heads up his own BEE consulting business, DDG Consulting (Pty) Ltd. He has had extensive exposure to a wide range of industries and works closely with several financial institutions. Duncan also works on a number of assurance engagements within the Department of Energy's Renewable Energy Programme, a technical source for BEE advice, and has represented Empowerdex at numerous conferences, in the televised media, as well as at Parliament on BEE issues. Duncan recently launched his own SANAS-accredited BEE Verification Agency, where he is a Technical Signatory.

METHODOLOGY

- Consent was sourced from ASISA members to gather research data from their respective verification agencies.
- ASISA member data was collected directly from respective verification agencies. Research data was based on verified FSC scorecards of the various ASISA members.
- There was a review of verification agency data submissions to promote accuracy and completeness.
- The methodology adopted and approved by ASISA used weighted averages across the various B-BBEE elements of the scorecard.
- Models for data consolidation were designed for life offices and asset managers for all FSC scorecard elements.
- Finally, there was consolidation and data analysis.

The focus of this Report is on the transformation journey of ASISA members as measured in terms of the Amended FSC. The Report has been divided into two distinct classes of ASISA members: the life offices and the asset managers.

The life offices are measured against eight elements of the FSC, while asset managers are measured against six. Life offices also generally employ more people and are more complex.

For these reasons, the Report is divided into two distinct classes.

The authors of this Report are grateful to the ASISA members who contributed by providing access to the underlying B-BBEE data as supplied to their B-BBEE verification agencies. In turn, the authors also wish to thank the ASISA staff and the research lead, who provided the research proposal, assisted with data access, signed off the methodology, and who interacted directly with the B-BBEE verification agencies to resolve data queries.

This report covers three years – from 2018 to 2020. It is noted that the Amended FSC was gazetted on 1 December 2017. This led to a distinct change in the way the financial sector measured its compliance from a B-BBEE perspective.

Models were built to incorporate the information from all participants, and where appropriate the different elements were weighted according to the industry role players and

the measurement criteria of the Amended FSC.

THE FOLLOWING WEIGHTING OPTIONS WERE APPLIED FOR VARIOUS ELEMENTS:

- Assets under management (AUM)
- Employee headcount
- Leivable amounts (Payroll)
- Net profit after tax (NPAT)

The research methodology was designed and signed off by:



SCORECARDS



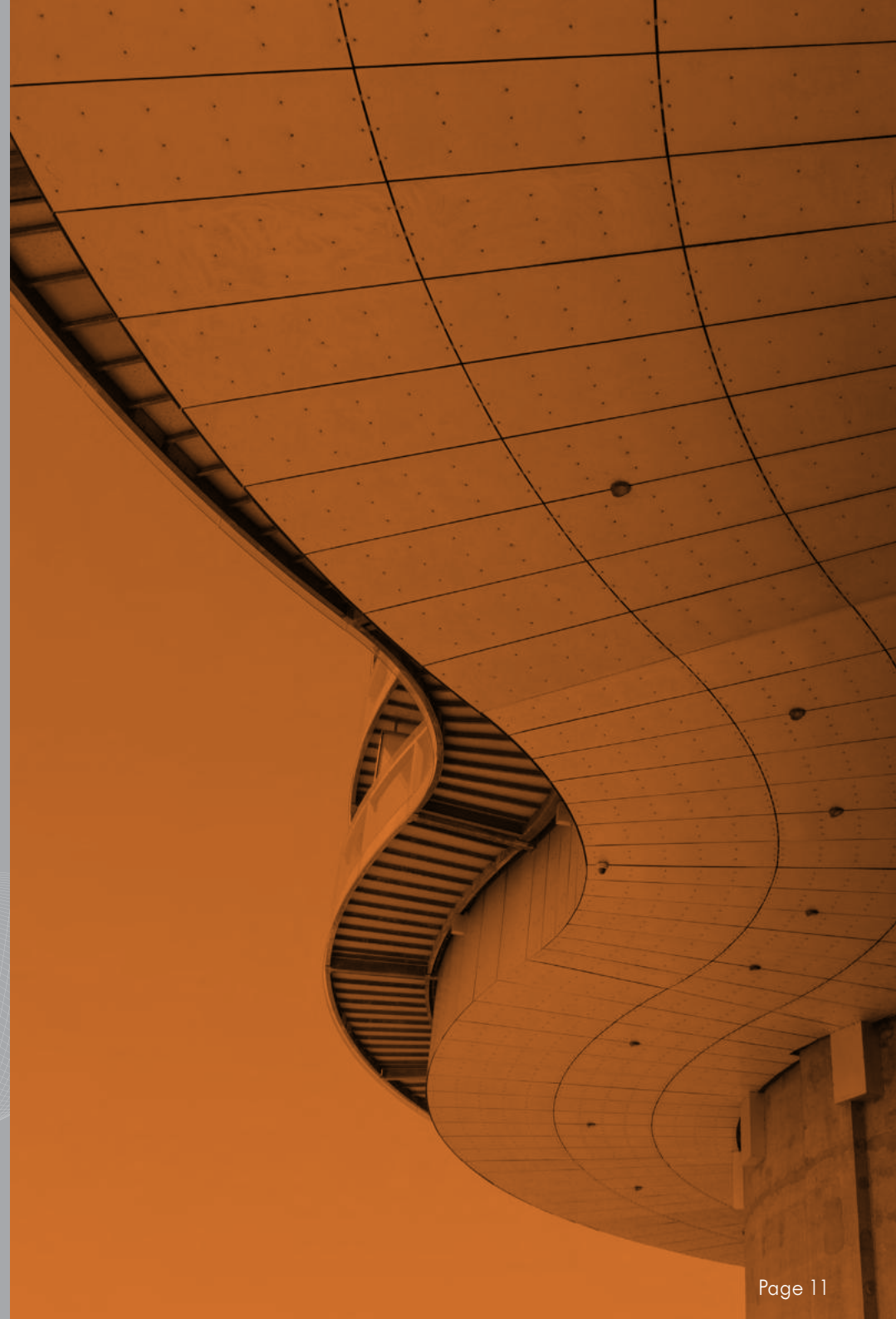
FINANCIAL SECTOR CODE

Summary of FSC Scorecard

LIFE OFFICES • ASSET MANAGERS

Executive Summary

Overall Industry Scorecards



SUMMARY OF OVERALL FSC SCORECARD

The B-BBEE performance of financial institutions (or measured entities) is measured using a balanced B-BBEE Scorecard. The balanced scorecard measures the following elements:

- Equity Ownership
- Management Control (including Employment Equity)
- Skills Development
- Procurement, Enterprise and Supplier Development
- Socio-Economic Development and Consumer Education
- Empowerment Financing
- Access to Financial Services

| Element | Weighting | | | | Code Series Reference |
|--|----------------------------------|-------------------------------|---|--|-----------------------|
| | Banks and Life Offices Scorecard | Short Term Insurers Scorecard | Stock Exchanges and Stock Exchanges Members | Other Institutions Scorecard (inc. Asset Managers) | |
| Ownership* | 23 | 23 | 23 | 25 | FS100 |
| Management Control and Employment Equity | 20 | 20 | 20 | 20 | FS200 |
| Skills Development* | 20 | 20 | 20 | 20 | FS300 |
| Procurement* | 15 | 20 | 20 | 20 | FS400 |
| ESD* | 10 | 15 | 15 | 15 | |
| Socio Economic Development and Consumer Education* | 5 | 5 | 5 | 5 | FS500 |
| Empowerment Financing and ESD | 15 | N/A | N/A | N/A | FS500 |
| Access to Financial Services | 12 | 12 | N/A | N/A | FS600 |
| TOTAL | 120 | 115 | 103 | 105 | FS700 |
| *Scorecard elements with bonus points | | | | | |

EXECUTIVE SUMMARY

| EXECUTIVE SUMMARY | | | |
|-------------------|-------|-------|--------|
| Life Offices | | | |
| | 2018 | 2019 | 2020 |
| Points Scored | 110,2 | 113,0 | 118,2 |
| Target Score | 120,0 | 120,0 | 120,0 |
| Asset Managers | | | |
| | 2018 | 2019 | 2020 |
| Points Scored | 91,6 | 97,88 | 101,81 |
| Target Score | 105,0 | 105,0 | 105,0 |

It is clear from the tables on page 14 that there has been a steady improvement in points scored relative to target score for the measurement period 2018 – 2020, for both life offices and asset managers.

However, within this improving picture, it is clear that there is still work to be done.

For both life offices and asset managers targets for the following critical scorecard elements have not been met, even though there was an improvement from 2018 to 2020:

1. Management Control.
2. Employment Equity.
3. Skills Development.

It is also true that the industry – both life offices and asset managers – require largely technical skills with the appropriate qualifications. It is equally true that there is a shortage of these skills. Over the long term, however, this cannot continue to be an excuse. Interventions have been put in place which will, hopefully, over time, bear fruit.

1 Co-ordinated and implemented by ASISA and funded by ASISA members (more about this in Section 2):

- The ASISA Academy: work-ready Black graduates for the industry.
- Ongoing development of ASISA member employees.

2 Funded directly by ASISA and ASISA members:

- Ikusasa Student Financial Aid Plan (ISFAP).

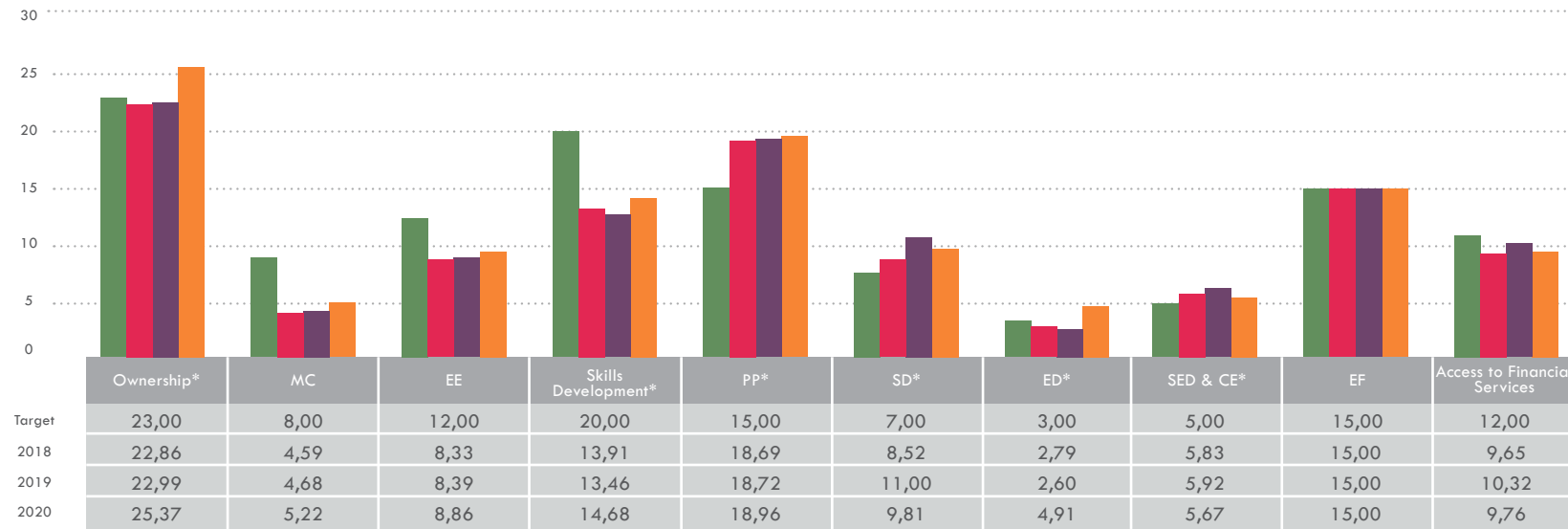
ISFAP is targeting Black students for skills and occupations in high demand, and is fully funded with wrap-around support systems. (For more information, please visit www.isfap.org.za).

IT IS INTERESTING TO NOTE THE FOLLOWING:

- Asset managers within ASISA membership: CEO's 59% Black.
- Life offices within ASISA membership: CEO's 30% Black.

OVERALL FSC SCORECARD PER ELEMENT

LIFE OFFICES SCORECARD POINTS



ASSET MANAGERS SCORECARD POINTS



GLOSSARY

MC:

Management Control

EE:

Employment Equity

PP:

Preferential Procurement

SD:

Supplier Development

ED:

Enterprise Development

SED

Socio-Economic Development

CE:

Consumer Education

EF:

Empowerment Financing

*Scorecard elements with bonus points

KEY

Target

2018

2019

2020

EQUITY OWNERSHIP



PRIORITY ELEMENT

EQUITY OWNERSHIP

Ownership measures the extent to which Black people (as defined in the B-BBEE Act of 2003 as amended) have an equity interest in the entity.

OWNERSHIP IS MEASURED ACROSS THREE PRINCIPAL INDICATORS:

- Voting rights.
- Economic interest.
- Net value: The difference between the value of the equity holding and outstanding debt.

Ownership was weighted using assets under management (AUM). This is a statistically fairer reflection of the effective level of Black ownership of the collective of ASISA members – life offices and asset managers.

This methodology was verified by an independent firm of consulting actuaries.

There has been a steady increase in Black ownership across all measurement indicators of the Ownership Scorecard for both life offices and asset managers for the period 2018 – 2020.

LIFE OFFICES

In most instances the life offices have exceeded the targets, other than:

- Life offices – net value. This is understandable given the enterprise value of the life offices. This implies higher levels of debt incurred in acquiring the equity stake.
- Life offices: In terms of bonus points for economic interest and voting rights.

ASSET MANAGERS

- Asset managers have exceeded the targets in all sub-indicators.

FOR THE SAKE OF CLARITY, DESIGNATED GROUPS ARE DEFINED AS FOLLOWS:

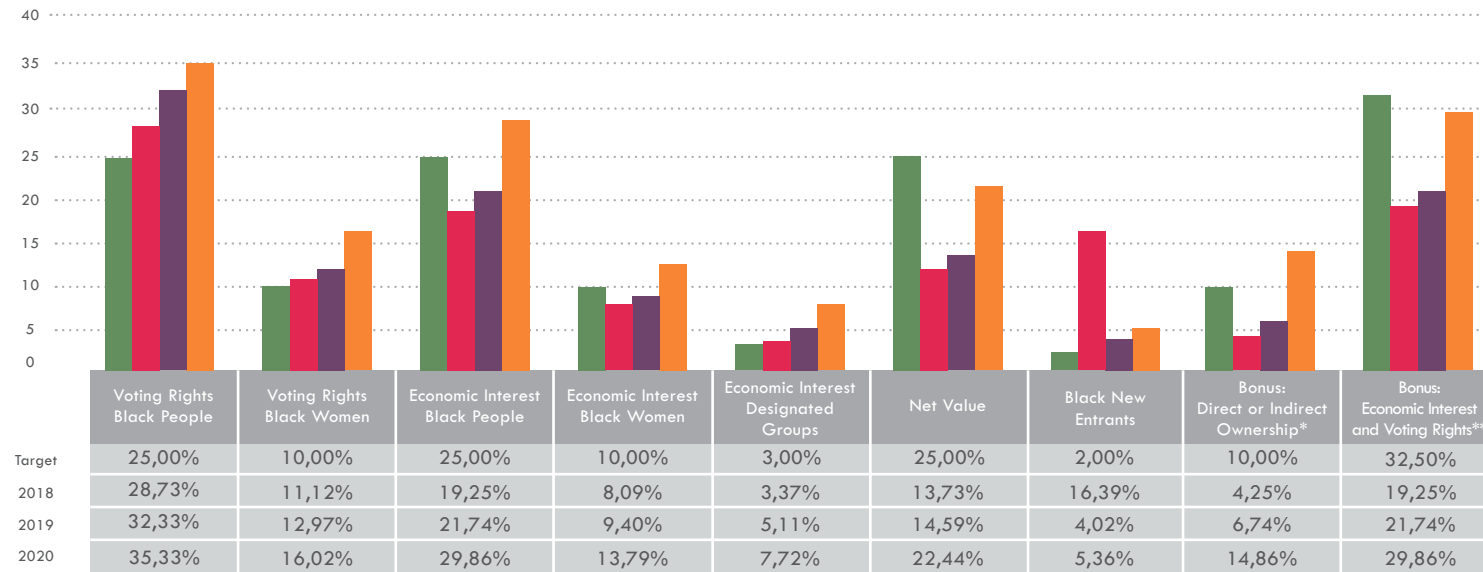
- Unemployed Black people
- Black youth
- Black people with disabilities
- Black people living in rural areas
- Black military veterans

Black new entrants: This means Black participants who hold rights of ownership in a measured entity and who, before holding this equity instrument, did not hold equity in other entities with a value of more than R50 million.

There has been a steady increase in Black ownership across all measurement indicators of the Ownership Scorecard for both life offices and asset managers for the period 2018 to 2020.

OWNERSHIP SCORECARD

LIFE OFFICES SCORECARD PER INDICATOR AS A % ACHIEVED



NOTE

*Bonus Points for Direct or Indirect Ownership, in excess of 15%

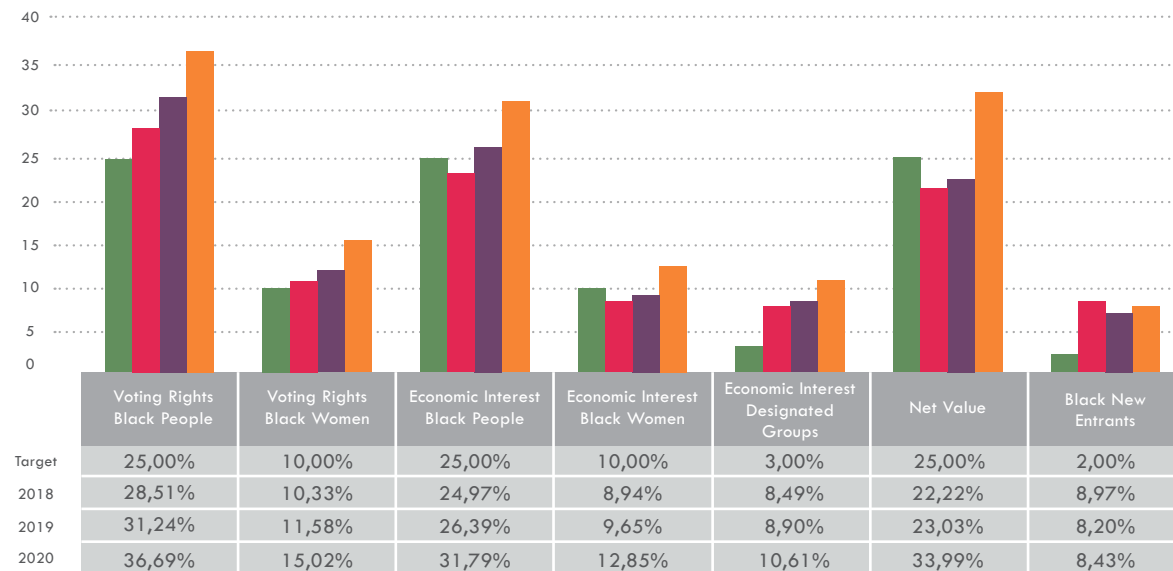
**Bonus Points for Economic Interest and Voting Rights in excess of 32,5%, and additional bonus point in excess of 40%

These bonus points are applicable to life offices and not asset managers.

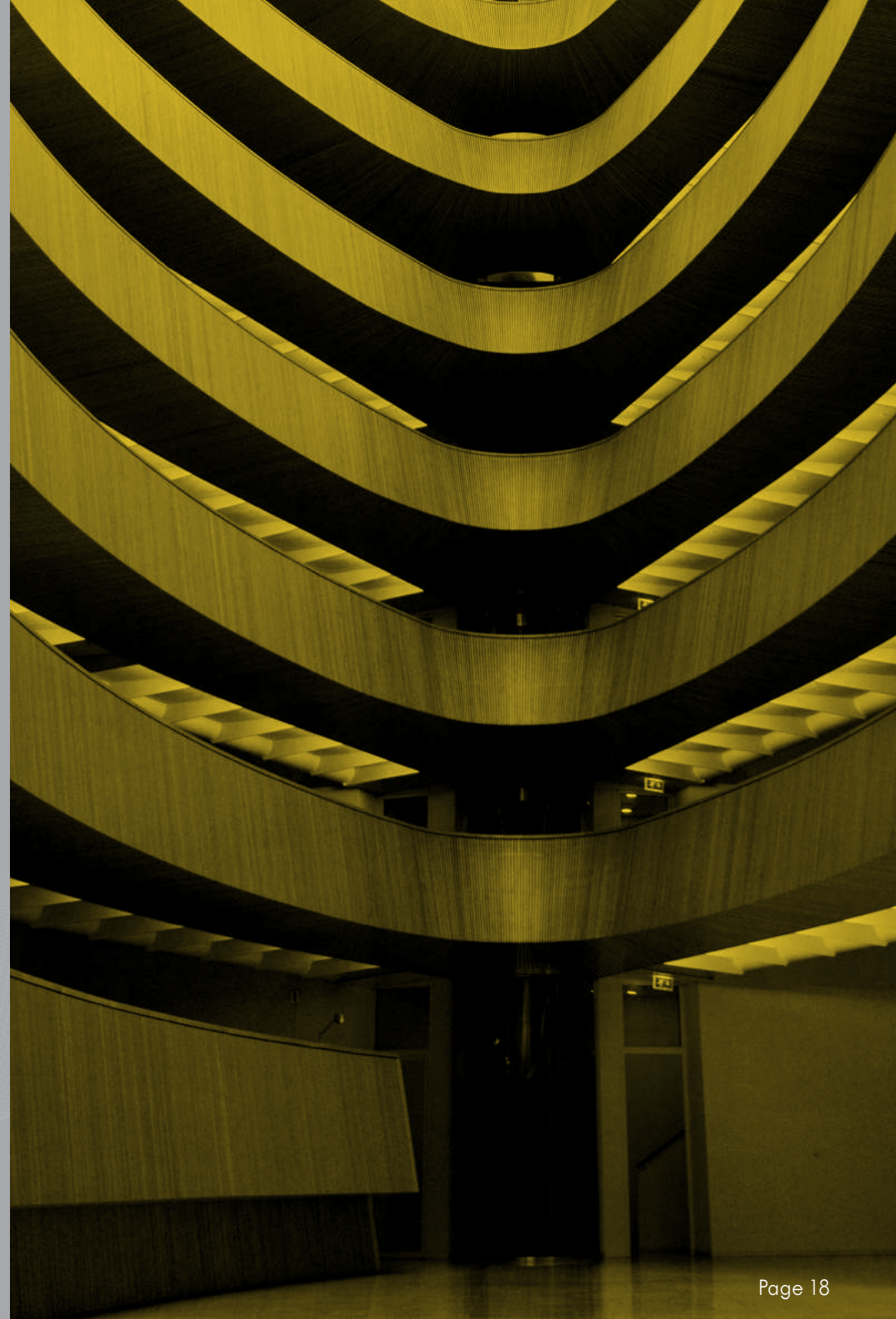
KEY

■ Target ■ 2018
■ 2019 ■ 2020

ASSET MANAGERS SCORECARD PER INDICATOR AS A % ACHIEVED



MANAGEMENT CONTROL & EMPLOYMENT EQUITY



MANAGEMENT CONTROL

IN TERMS OF THE FINANCIAL SECTOR CODE, THE MANAGEMENT CONTROL SCORECARD DEALS WITH THE FOLLOWING INDICATORS:

- Board participation of Black people
- Black Executive Directors
- Black Executive Management
- Black Senior Management
- Black Middle Management
- Black Junior Management

FOR THIS REPORT, THE SCORECARDS ARE GRAPHICALLY DEPICTED AS FOLLOWS:

- **Management Control:**
Board, executive directors and executive management
- **Employment Equity:**
Senior management, middle management, junior management, and people with disabilities.

IN TERMS OF MANAGEMENT CONTROL:

At Board level there has been a general increase in Black representation and Black female

representation for both the life offices and the asset managers.

In terms of all the other indicators it is clear that more can be done as it is apparent that both life offices and asset managers are short of the targets.

An exception is Black Executive Management in the asset managers where the target has been exceeded.

IN TERMS OF EMPLOYMENT EQUITY:

Across all the scorecard indicators there has been general improvement. However, both for life offices and asset managers targets have not been achieved.

An exception is Junior Management in the life offices where the target has been exceeded.

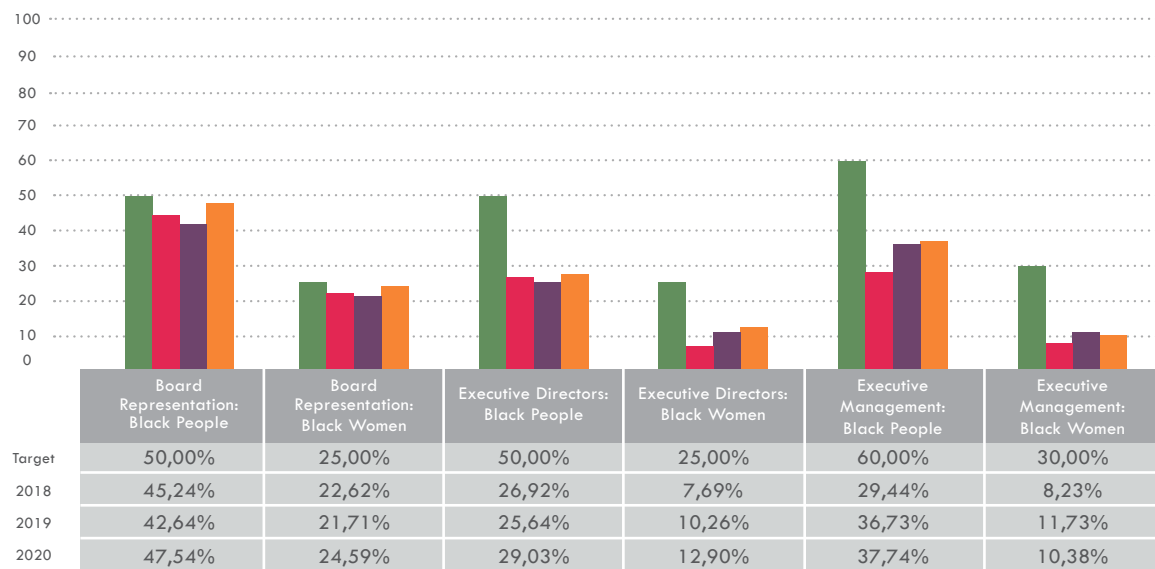
At Board level there has been a general increase in Black representation and Black female representation for both the life offices and the asset managers.

MANAGEMENT CONTROL SCORECARD

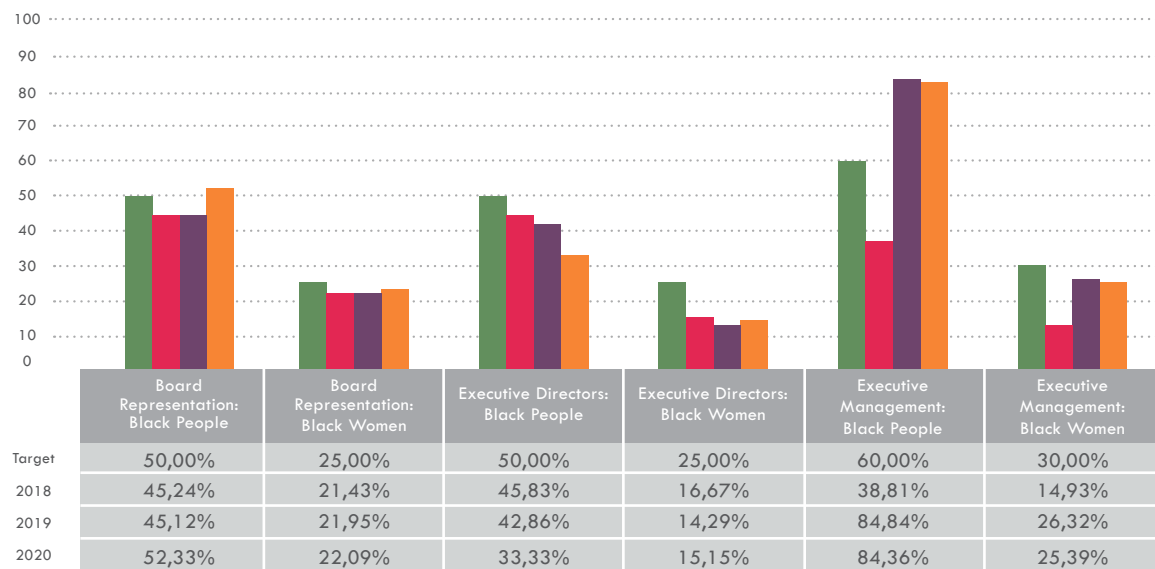
KEY

- Target
- 2018
- 2019
- 2020

LIFE OFFICES SCORECARD PER INDICATOR AS A % ACHIEVED

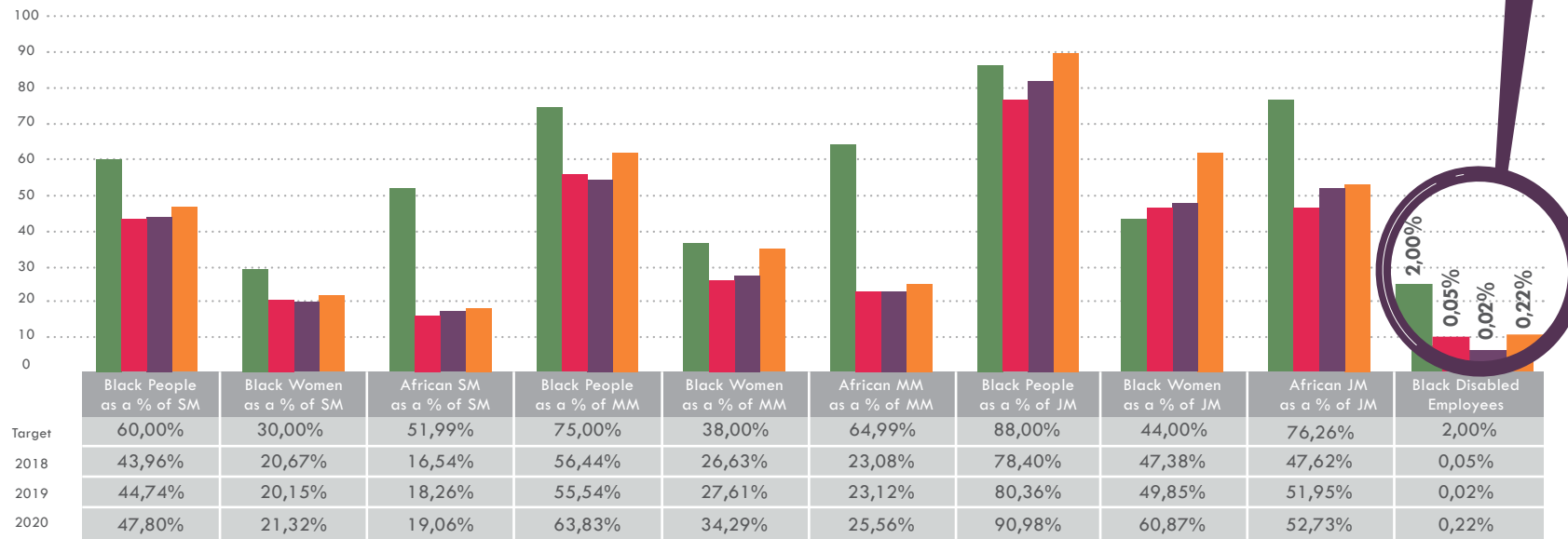


ASSET MANAGERS SCORECARD PER INDICATOR AS A % ACHIEVED



EMPLOYMENT EQUITY SCORECARD

LIFE OFFICES SCORECARD PER INDICATOR AS A % ACHIEVED



GLOSSARY

SM:
Senior Management

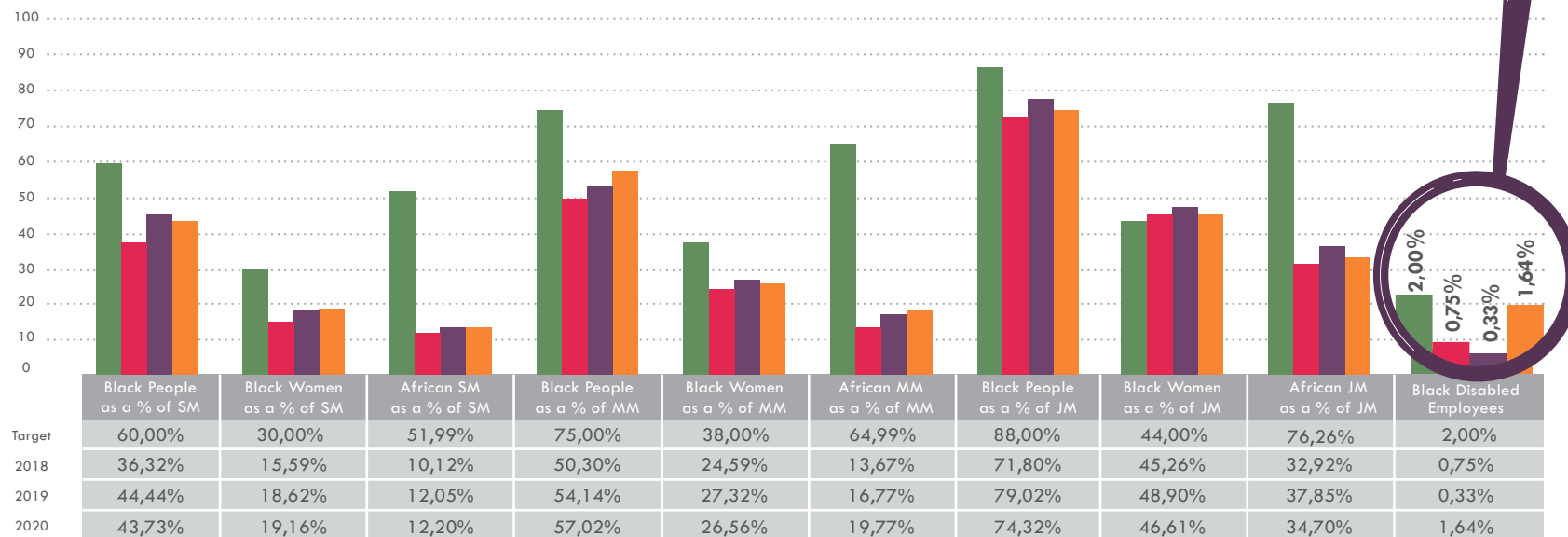
MM:
Middle Management

JM:
Junior Management

KEY

■ Target ■ 2018
■ 2019 ■ 2020

ASSET MANAGERS SCORECARD PER INDICATOR AS A % ACHIEVED



SKILLS DEVELOPMENT

PRIORITY ELEMENT

SKILLS DEVELOPMENT

The Skills Development element measures the value of skills training spend on Black people as well as disabled Black employees. In addition, there is also a measurement of the number of Black people who have been placed in learnerships, internships or apprenticeships. In line with the Employment Equity element, the Amended FSC also adds a further measurement, being the skills spend on African people in these sub-indicators. The Amended FSC is also slightly different in that it broadly measures the skills spend indicators based on the leviable amount of that sub-indicator, as opposed to the leviable amount of the entity as a whole (leviable amount is payroll).

The targets as reflected on the graphs are a percentage of payroll per sub-indicator.

There is a marked difference in skills spend relative to targets from Senior Management all the way down to the non-Management for both life offices and asset managers.

THIS IS NOT SURPRISING FOR SENIOR MANAGEMENT FOR THE FOLLOWING REASONS:

- The number of employees in this band is relatively low.
- A substantial leviable amount (payroll) with a target of 2% of payroll.
- An experienced and highly qualified workforce which implies that it is unlikely that material skills spend is required within this cohort.

Despite the above, there was an improvement in spend in Senior Management for life offices and asset managers for the measurement period. However, that spend is still below target.

Junior Management skills spend has shown an interesting trend for both life offices and asset managers. The spend has increased over the period with the life offices exceeding their targets in each of the three years and the asset managers exceeding their targets in 2020. Non-management spend increased strongly across the measurement

period for both life offices and asset managers with targets being exceeded in most instances.

The spend on the Black unemployed and disabled Black people improved year-on-year for both asset managers and life offices. It is promising that the learnerships are strong performers, increasing year-on-year. What is more satisfying is seeing the amount of absorption. Absorption is the placement of these learners in permanent employment on completion of their learnerships. This percentage sits broadly above 50% for both

asset managers and life offices for the three years under review.

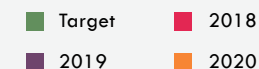
The skills element requires a substantial annual spend. The actual spend of the ASISA members during this period was significant. The combined spend on Black people was R1.7 billion in 2018, increasing to R2.05 billion in 2020. Of this amount, R1.2 billion was spent on Black women and R1.27 billion on African people in 2020.

The Skills Development element provides additional bonus points for the absorption of Black learners.

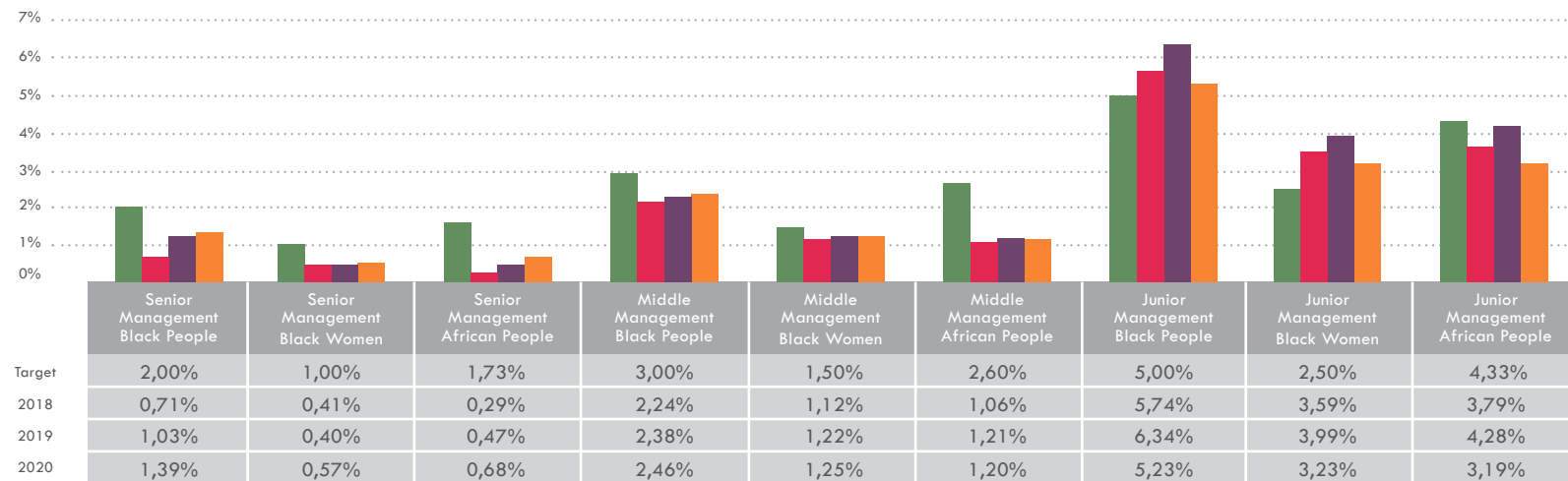
It is promising to note that member companies are increasing their headcount of learners and the absorption of those learners on a year-on-year basis.

SKILLS DEVELOPMENT SCORECARD

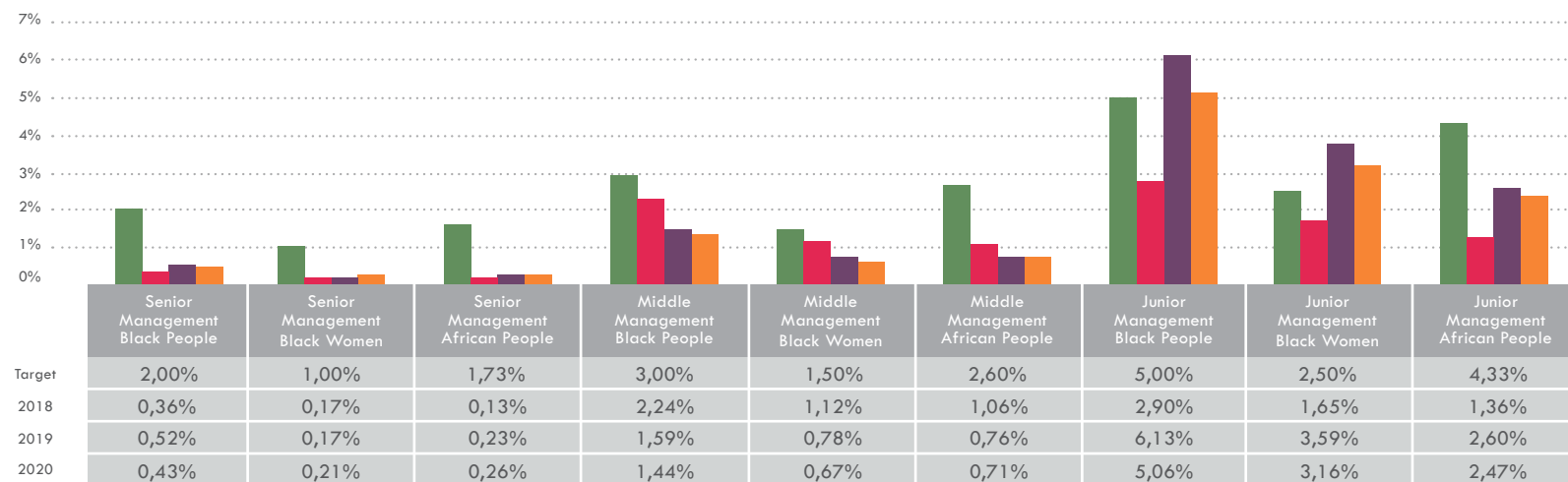
KEY



LIFE OFFICES SCORECARD PER INDICATOR AS A % ACHIEVED FOR MANAGEMENT LEVELS



ASSET MANAGERS SCORECARD PER INDICATOR AS A % ACHIEVED FOR MANAGEMENT LEVELS

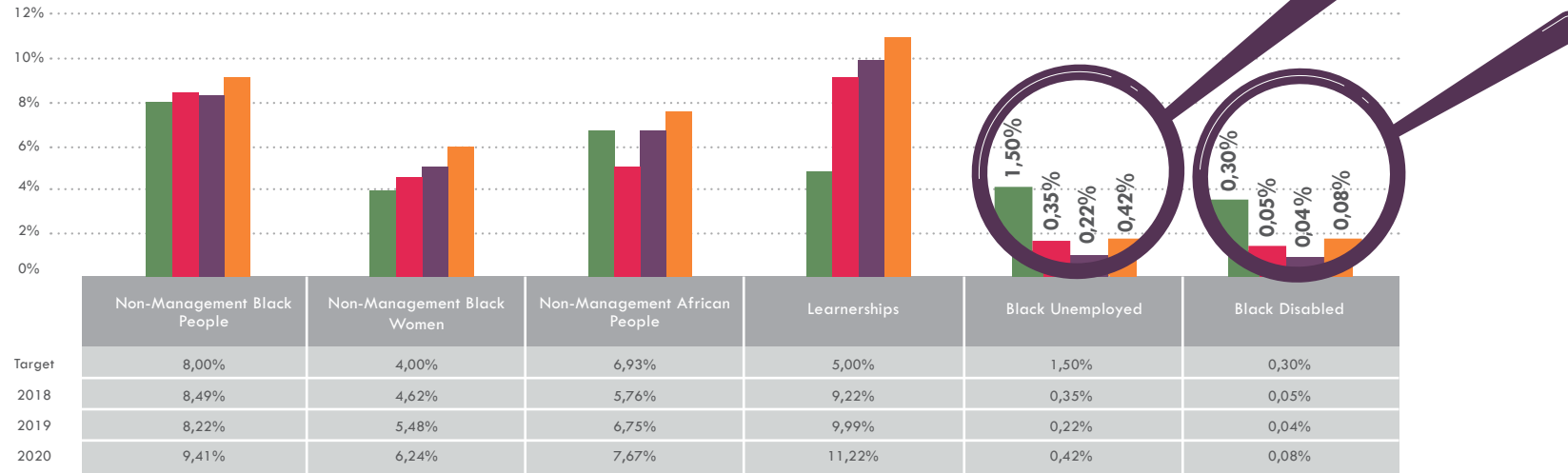


SKILLS DEVELOPMENT SCORECARD

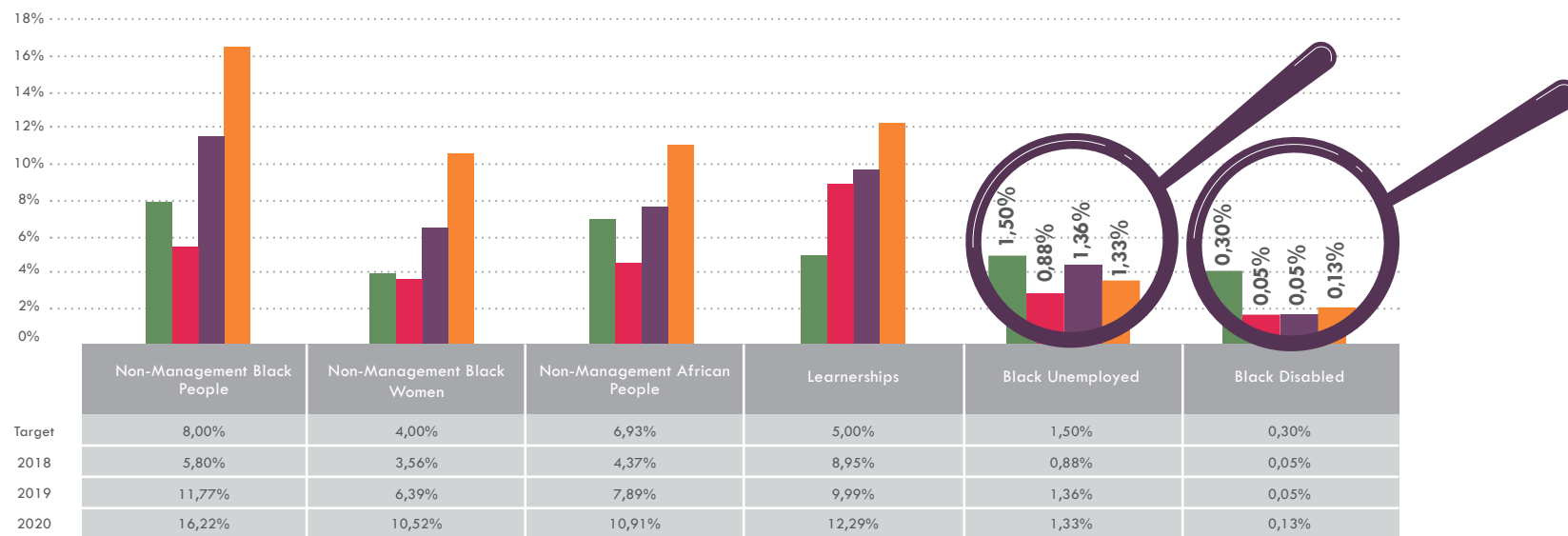
LIFE OFFICES SCORECARD PER INDICATOR AS A % ACHIEVED FOR NON-MANAGEMENT, UNEMPLOYED, DISABLED AND LEARNERSHIPS

KEY

- Target
- 2018
- 2019
- 2020



ASSET MANAGERS SCORECARD PER INDICATOR AS A % ACHIEVED FOR NON-MANAGEMENT, UNEMPLOYED, DISABLED AND LEARNERSHIPS



ANNUAL SKILLS DEVELOPMENT EXPENDITURE AND ABSORPTION OF BLACK LEARNERS

The FSC defines absorption as follows:

1 A measure of the measured entity's ability to have successfully secured formal permanent or long-term contract of employment for the

learner or to assist the learner to proceed with post-school education and training.

2 Where the learner was already employed by the measured entity when s/he commenced the

learnership and merely continues with his/her existing employment after the learnership, it does not qualify as absorption.

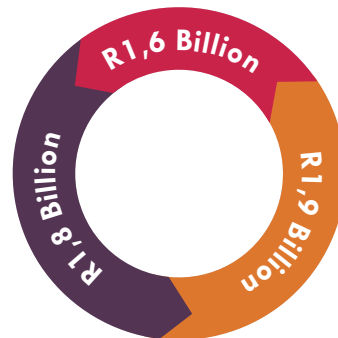
However, if the learner is moved into another position and their previous employment is thereby

rendered vacant to be occupied by someone, then this can be counted as absorption.

On average ASISA members have absorbed more than 50% of learners from 2018 to 2020.

ANNUAL SKILLS DEVELOPMENT EXPENDITURE ON BLACK EMPLOYEES. TARGETS ARE BASED ON TOTAL PAYROLL AND EMPLOYEE HEADCOUNT (LEVIABLE AMOUNT)

- LIFE OFFICES



2018 R1.6 Bil
2019 R1.8 Bil
2020 R1.9 Bil

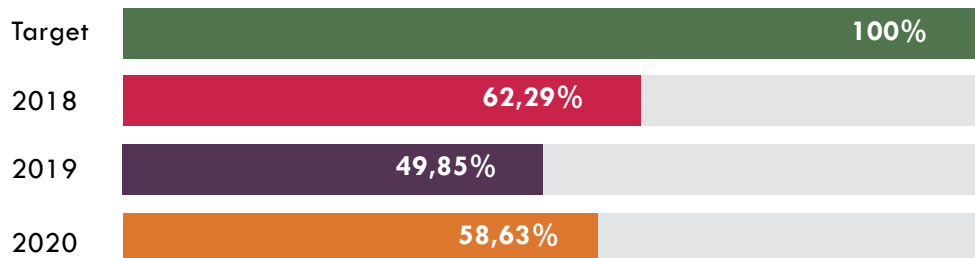
ANNUAL SKILLS DEVELOPMENT EXPENDITURE ON BLACK EMPLOYEES. TARGETS ARE BASED ON TOTAL PAYROLL AND EMPLOYEE HEADCOUNT (LEVIABLE AMOUNT)

- ASSET MANAGERS

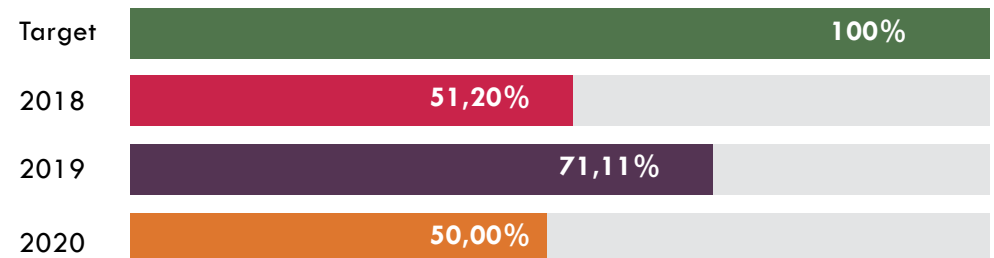


2018 R116 Mil
2019 R104 Mil
2020 R161 Mil

% ABSORPTION OF BLACK LEARNERS AT THE END OF THE LEARNERSHIP, INTERNSHIP OR APPRENTICESHIP PROGRAMME - LIFE OFFICES



% ABSORPTION OF BLACK LEARNERS AT THE END OF THE LEARNERSHIP, INTERNSHIP OR APPRENTICESHIP PROGRAMME - ASSET MANAGERS



PREFERENTIAL PROCUREMENT



PRIORITY ELEMENT

PREFERENTIAL PROCUREMENT

The Preferential Procurement element measures the extent to which the ASISA members procure goods and services from suppliers that have valid B-BBEE certificates. Further sub-elements are measured in the form of spend with Qualifying Small Financial Institution (“QSFI”) – entities with an annual turnover between R10 million and R50 million – and Exempt Micro Enterprises (“EMEs”), which are entities with an annual turnover below R10 million. There are further measurements on spend with 51% Black-owned businesses and with 30% Black women-owned businesses. The Amended Financial Sector Code also measures the extent to which financial industry players allocate procurement spend to Black stockbrokers as a percentage of the total value of all trade allocated.

The combined value of the total procurement spend through B-BBEE compliant suppliers is material, and increased from R48 billion in 2018 to R52 billion in 2020. Due to the size of the life offices, this procurement

spend is heavily weighted towards them. The life offices contributed 88% of this spend in 2018, rising to 92% of the total B-BBEE compliant spend in 2020.

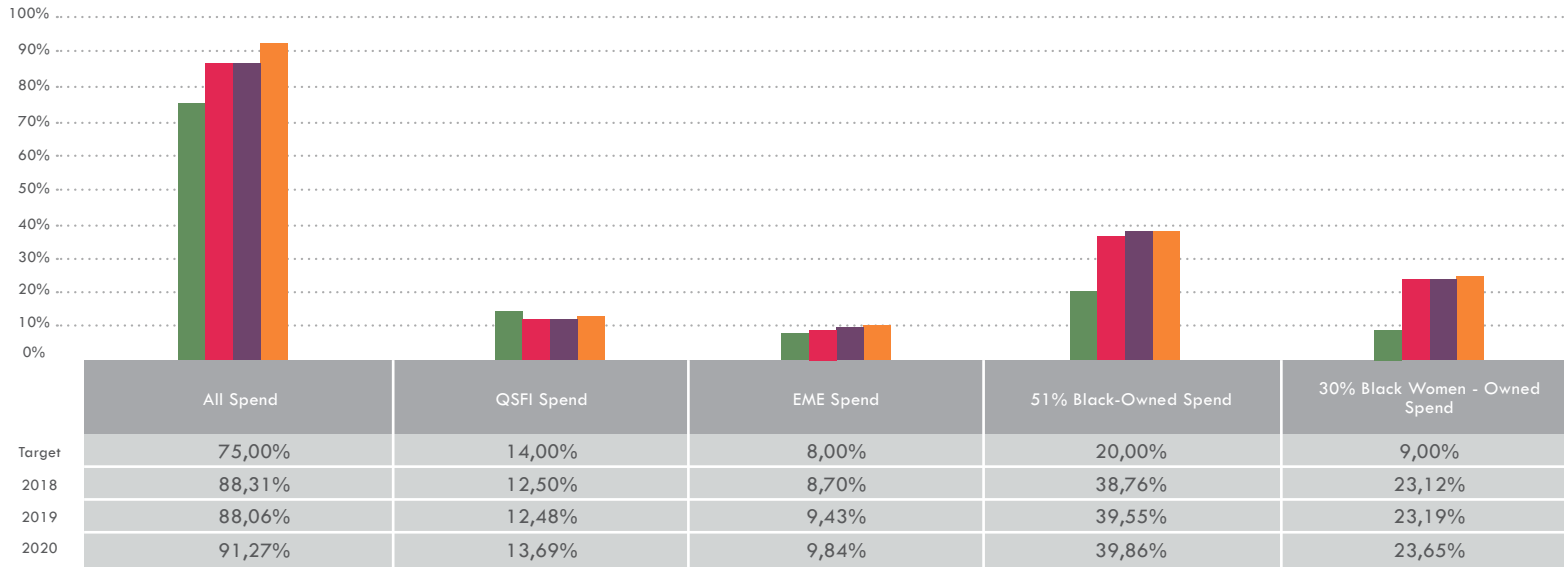
In terms of all procurement spend, both the life offices and asset managers exceeded their targets in terms of procuring from B-BBEE - compliant suppliers.

Regarding procurement from 51% Black-owned suppliers and 30% Black women-owned suppliers it is encouraging to note that both life offices and asset managers exceeded their targets: the life offices for all three measurement periods and the asset managers in 2020.



PREFERENTIAL PROCUREMENT SCORECARD

SCORECARD PER INDICATOR AS A % OF TOTAL MEASURED PROCUREMENT SPEND - LIFE OFFICES



GLOSSARY

QSFI:

Qualifying Small Financial Institution

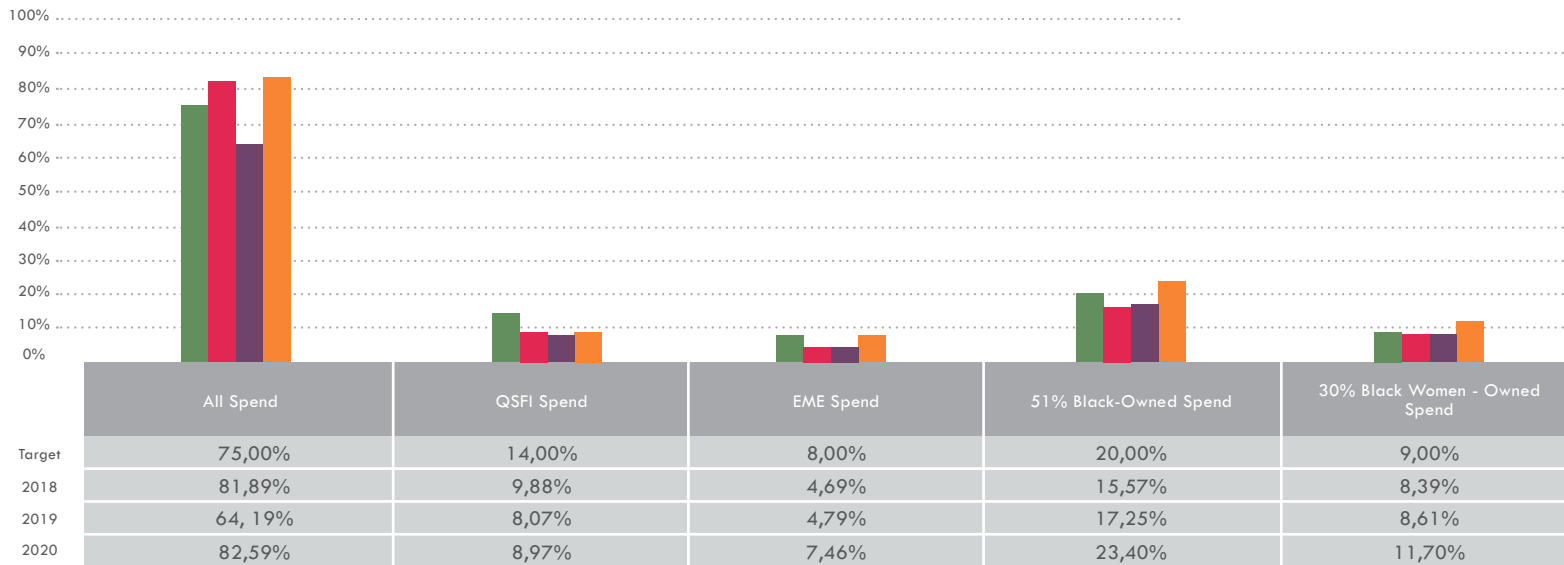
EME:

Exempt Micro Enterprise

KEY

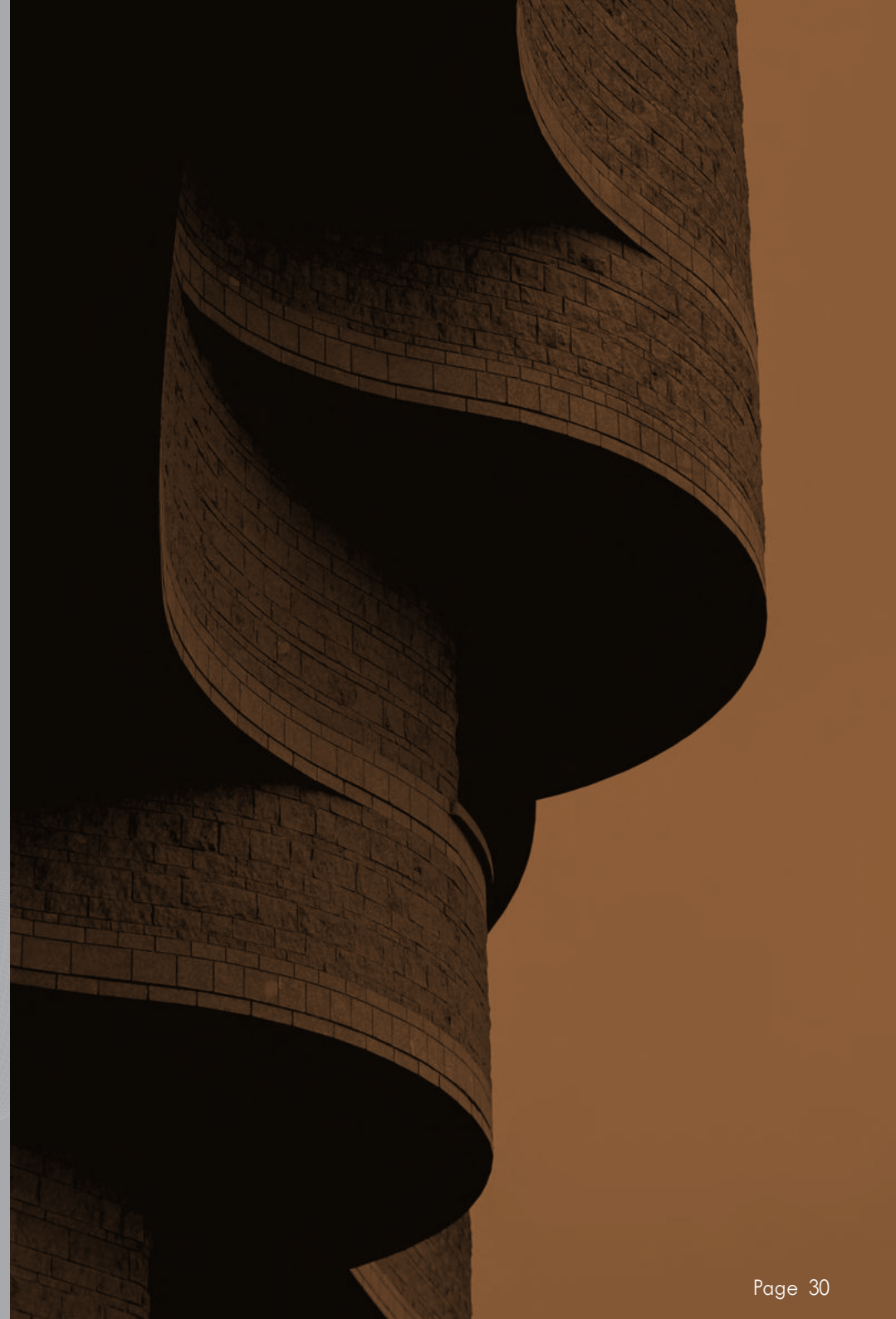


SCORECARD PER INDICATOR AS A % OF TOTAL MEASURED PROCUREMENT SPEND - ASSET MANAGERS



ENTERPRISE & SUPPLIER DEVELOPMENT

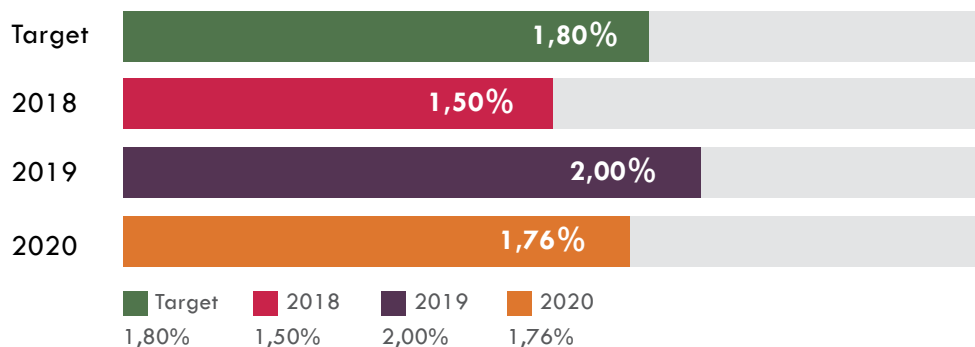
PRIORITY ELEMENT



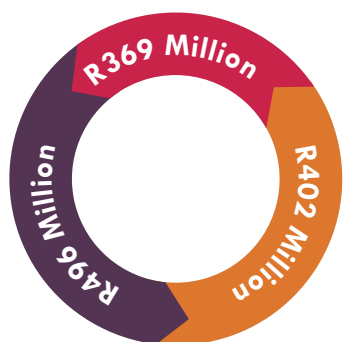
ENTERPRISE & SUPPLIER DEVELOPMENT - LIFE OFFICES

The main goal of enterprise and supplier development (ESD) is to create sustainable small and medium enterprises (SMEs) and to create jobs, which in turn contribute to economic growth. For more information, please refer to the ASISA ESD overview in Part 3 of the report.

SUPPLIER DEVELOPMENT AS % OF PREVIOUS YEAR NPAT* - LIFE OFFICES

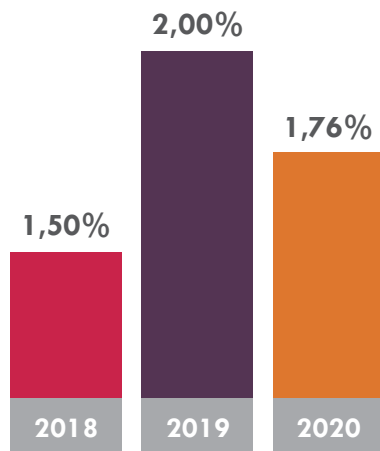


SUPPLIER DEVELOPMENT LIFE OFFICES



2018 R369 Mil
2019 R496 Mil
2020 R402 Mil

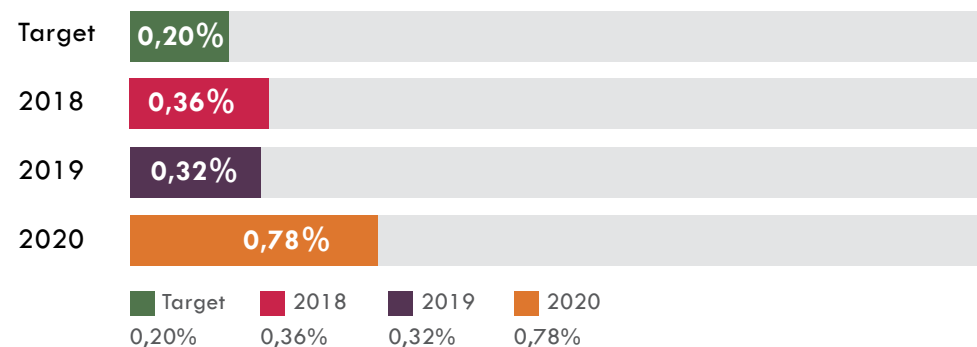
1,80% TARGET OF NPAT



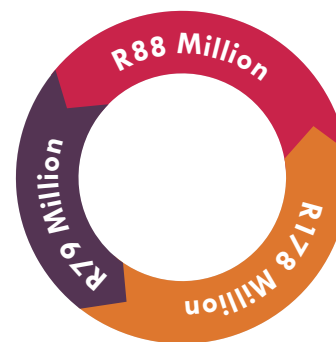
ASISA MEMBERS CONTRIBUTE TO ESD IN THE FOLLOWING WAYS:

- Provide grant money to fund development and/or skills transfer; and
- Invest in SMEs, in the form of equity, loans, and in some instances grant money.

ENTERPRISE DEVELOPMENT AS % OF PREVIOUS YEAR NPAT - LIFE OFFICES

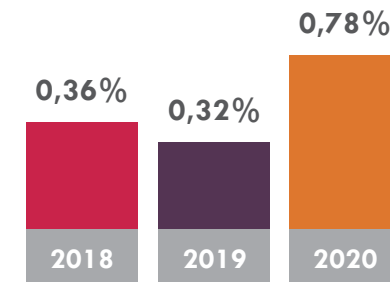


ENTERPRISE DEVELOPMENT LIFE OFFICES



2018 R88 Mil
2019 R79 Mil
2020 R178 Mil

0,20% TARGET OF NPAT

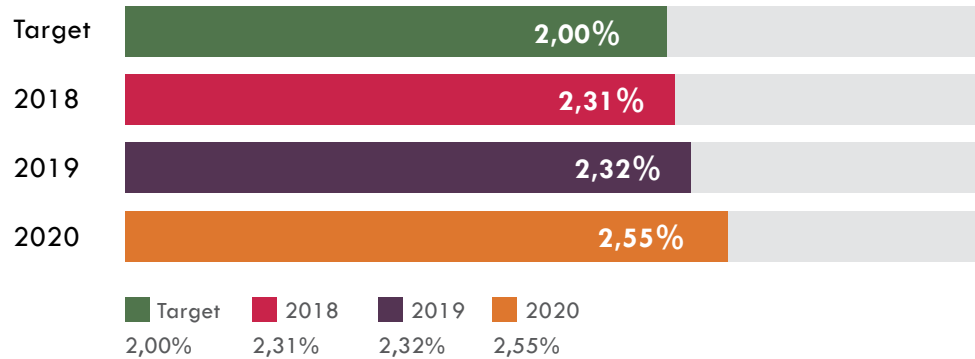


*Net Profit After Tax (NPAT)

ENTERPRISE & SUPPLIER DEVELOPMENT - ASSET MANAGERS

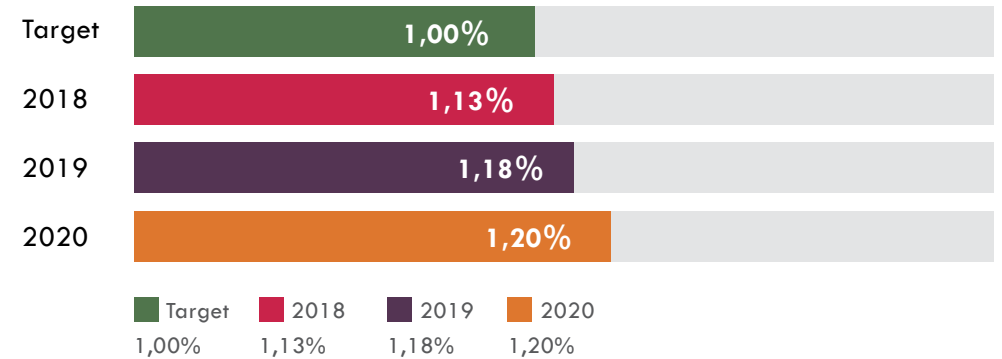
PERFORMANCE ACHIEVED AS A % OF PREVIOUS YEAR NPAT

SUPPLIER DEVELOPMENT - ASSET MANAGERS



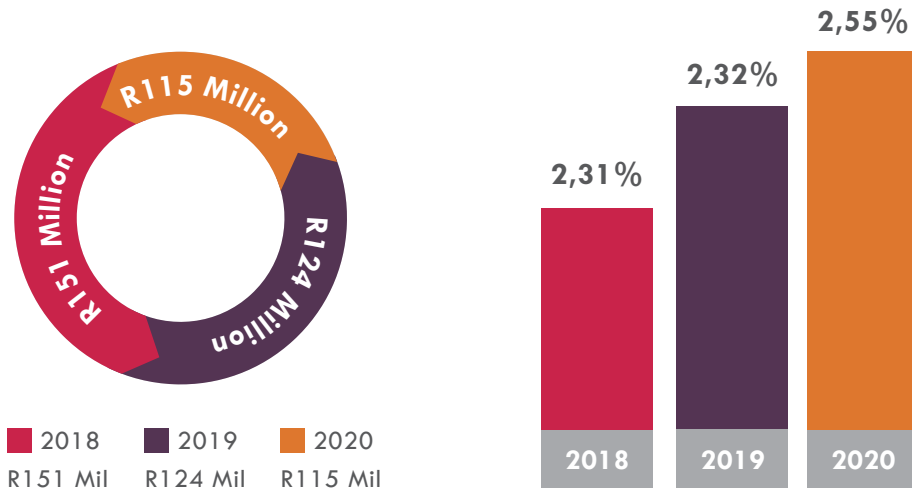
PERFORMANCE ACHIEVED AS A % OF PREVIOUS YEAR NPAT

ENTERPRISE DEVELOPMENT - ASSET MANAGERS



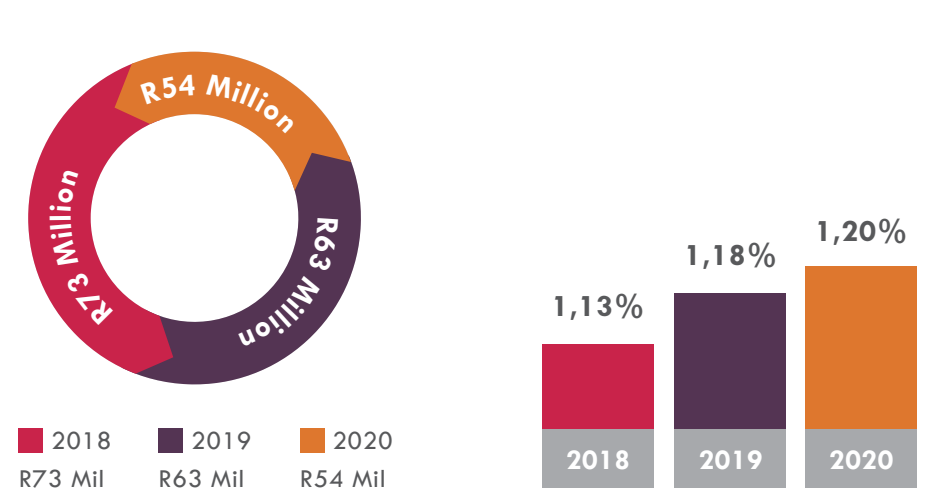
SUPPLIER DEVELOPMENT ASSET MANAGERS

% SPENT - TARGET 2% OF NPAT



ENTERPRISE DEVELOPMENT ASSET MANAGERS

% SPENT - TARGET 1% OF NPAT



SOCIO-ECONOMIC DEVELOPMENT, CONSUMER EDUCATION AND FUNDISA

SOCIO-ECONOMIC DEVELOPMENT AND CONSUMER EDUCATION

Socio-Economic Development (SED) and Consumer Education (CE) measure contributions made as a percentage of the previous year's annual Net Profit After Tax (NPAT).

The beneficiaries of these two indicators must be Black people - as defined in the B-BBEE Act. Socio-Economic Development Programmes that ASISA members contributed towards include but are not limited to:

- Education and training
- Development programmes for youth and other target groups
- Arts and culture
- Health, for example, support for HIV/AIDS programmes
- Sports

This scorecard element includes contributions made to the Fundisa Retail Fund or similar initiatives. The Fundisa Retail Fund targets are set separately under the bonus points.

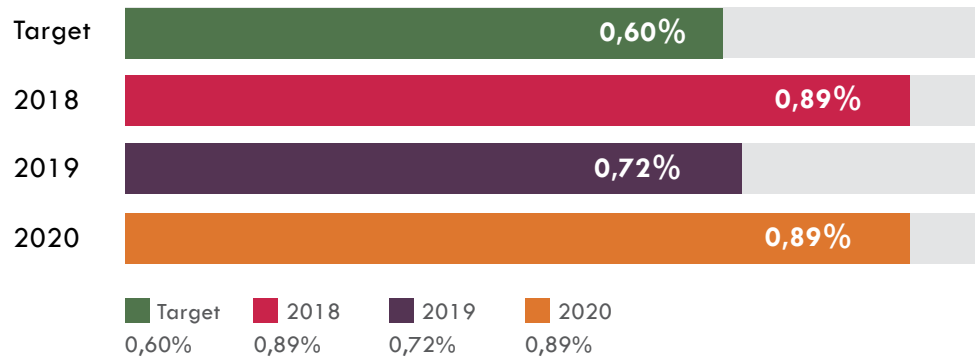
Since 2018, ASISA members (life offices and asset managers) have consistently exceeded the targets for SED.



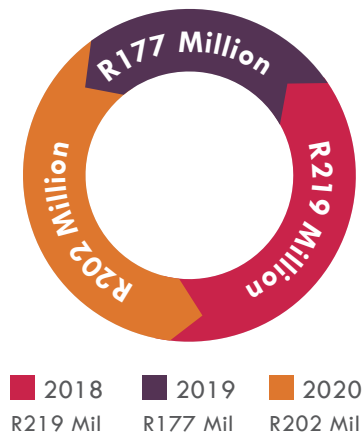
SOCIO-ECONOMIC DEVELOPMENT - LIFE OFFICES

PERFORMANCE ACHIEVED AS A % OF PREVIOUS YEAR NPAT LIFE OFFICES

SOCIO ECONOMIC DEVELOPMENT

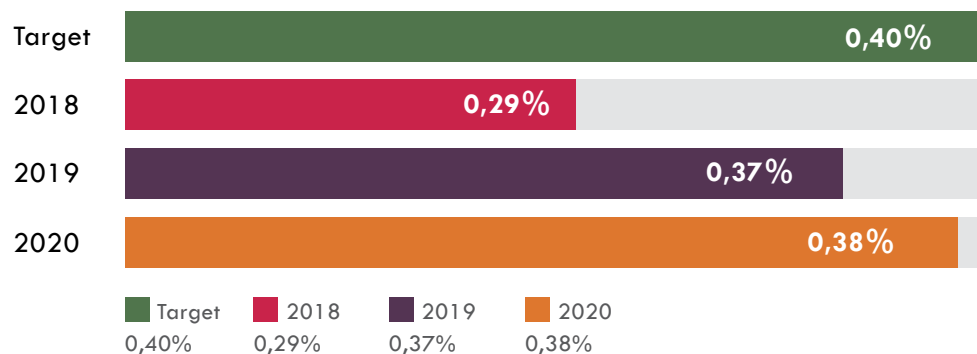


SOCIO-ECONOMIC DEVELOPMENT SPEND - LIFE OFFICES

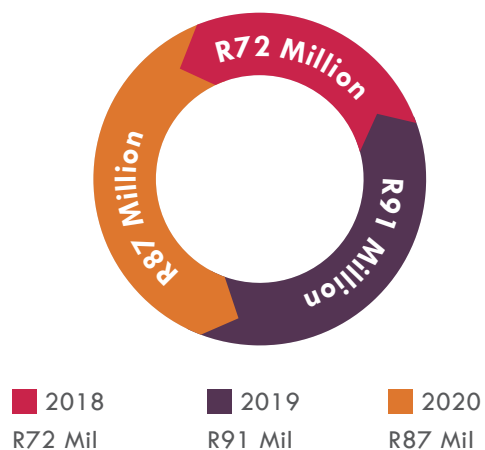


CONSUMER EDUCATION - LIFE OFFICES

PERFORMANCE ACHIEVED AS A % OF PREVIOUS YEAR NPAT

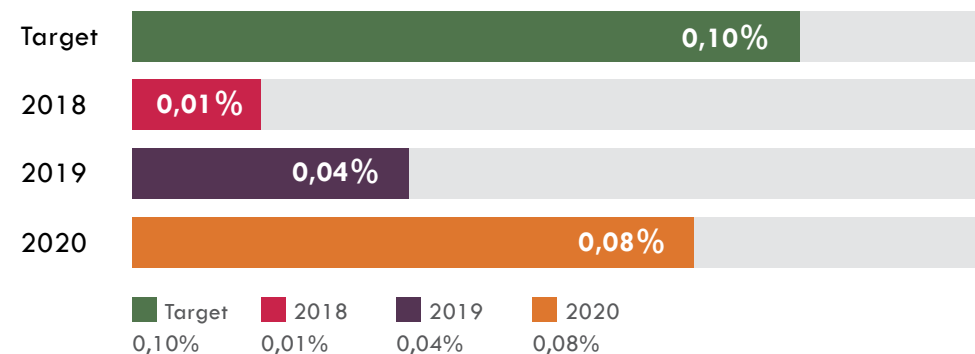


CONSUMER EDUCATION SPEND - LIFE OFFICES

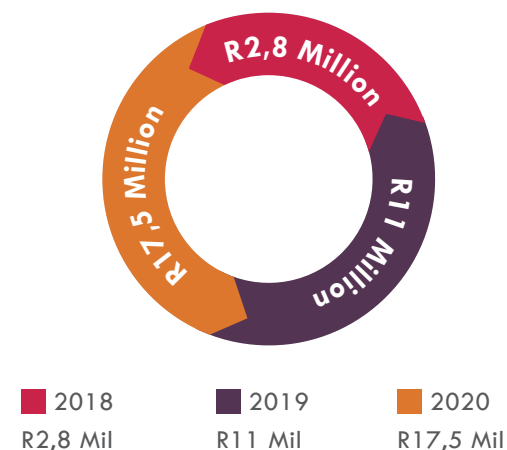


FUNDISA RETAIL FUND - LIFE OFFICES

PERFORMANCE ACHIEVED AS A % OF PREVIOUS YEAR NPAT

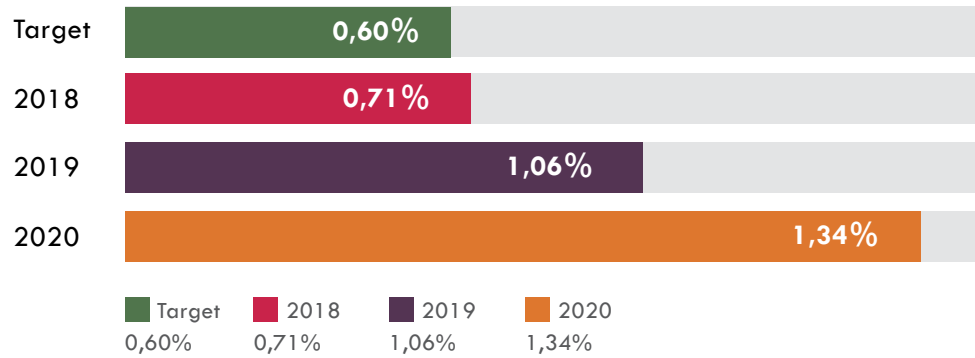


FUNDISA RETAIL FUND SPEND - LIFE OFFICES

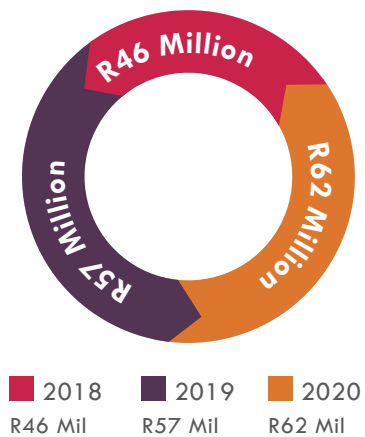


SOCIO-ECONOMIC DEVELOPMENT - ASSET MANAGERS

PERFORMANCE ACHIEVED AS A % OF PREVIOUS YEAR NPAT

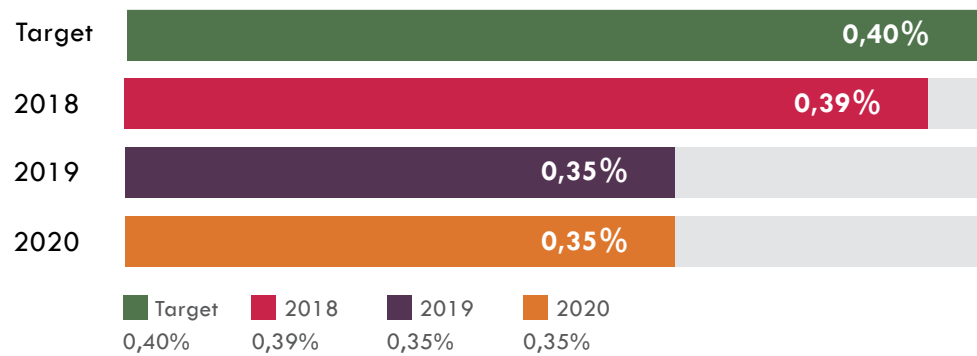


SOCIO ECONOMIC DEVELOPMENT SPEND - ASSET MANAGERS

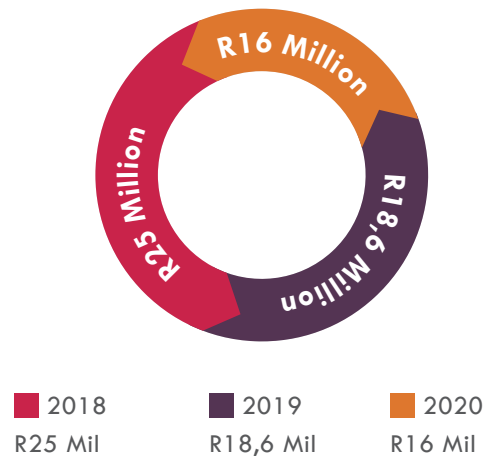


CONSUMER EDUCATION - ASSET MANAGERS

PERFORMANCE ACHIEVED AS A % OF PREVIOUS YEAR NPAT

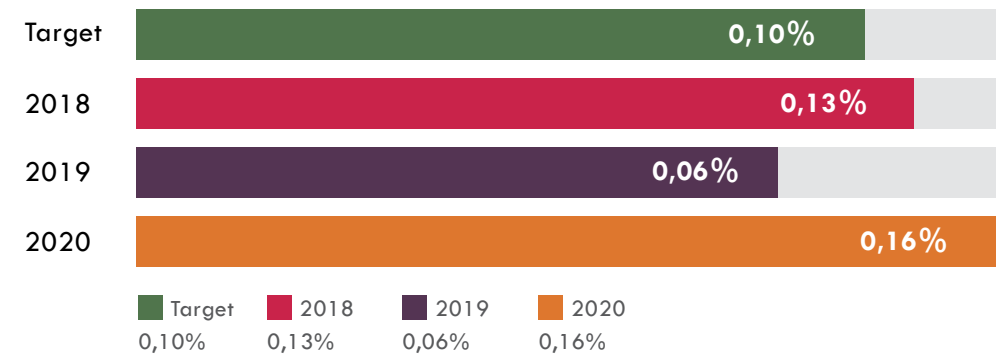


CONSUMER EDUCATION SPEND - ASSET MANAGERS

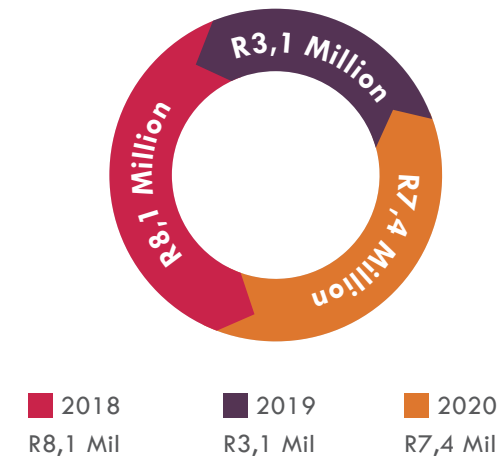


FUNDISA RETAIL FUND - ASSET MANAGERS

PERFORMANCE ACHIEVED AS A % OF PREVIOUS YEAR NPAT



FUNDISA RETAIL FUND SPEND - ASSET MANAGERS



EMPOWERMENT FINANCING



EMPOWERMENT FINANCING

APPLICABLE TO LIFE OFFICES & BANKS ONLY

Empowerment Financing measures the balance sheet exposure of entities in terms of Targeted Investments and Black Business Growth Funding/SMME Funding.

TARGETED INVESTMENTS AND BLACK BUSINESS GROWTH / SME FUNDING

The targeted investment targets are fungible* between the various sub-components listed below

1. Transformational Infrastructure

Projects that support social and equitable economic development in underdeveloped areas and contribute towards equitable access to economic resources. The infrastructure projects include projects in the following sectors:

- Transport
- Telecommunications
- Water, wastewater and solid waste
- Energy
- Social infrastructure such as health, education and correctional services facilities
- Municipal infrastructure and services

2. B-BBEE Agriculture Financing

Agricultural development involving integrated support for Black farmers through enabling access to, and sustainable use of resources for any agricultural enterprise which is Black-owned and agricultural enterprise which is more than 25% Black owned or at least a Level 4 B-BBEE contributor. Products include, but are not limited to:

- Overdraft facilities
- Agriculture production loans
- Term loans
- Asset finance
- Lease agreements
- Commodity finance
- Silo certificate finance
- Insurance products and services

3. Affordable Housing based on lending standards for qualifying loans. Affordable housing constitutes both mortgage and non-mortgage-backed lending for housing purposes and includes the following product categories:

- Mortgages
- Unsecured personal loans
- Personal loans secured by a pension or provident fund
- Residential development loans
- Wholesale loans

Loans are claimable when a mortgage has been registered and in the case of non-mortgage loans, those should have been disbursed.

4. B-BBEE Transaction Financing and Black Business Growth Funding (BBGF)

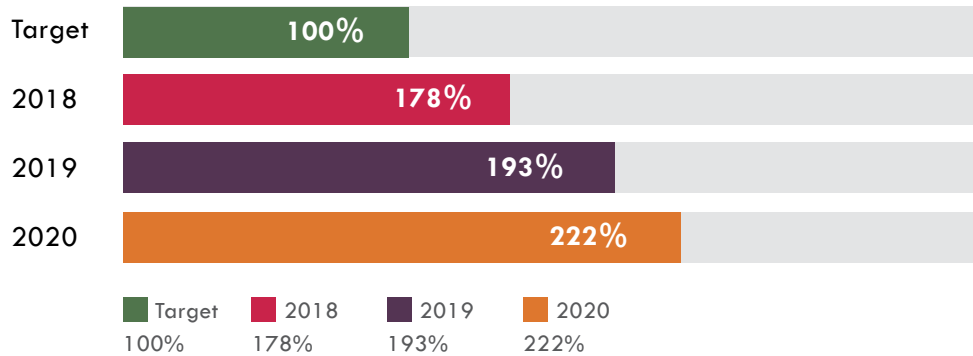
means the provision of finance for, or investments in, B-BBEE transactions being:

- Transactions for the acquisition, by Black people, of direct ownership in an existing or new entity.
- Debt financing or any other form of financing to provide funding for equity investments in B-BBEE companies which are at least 25% Black-owned.

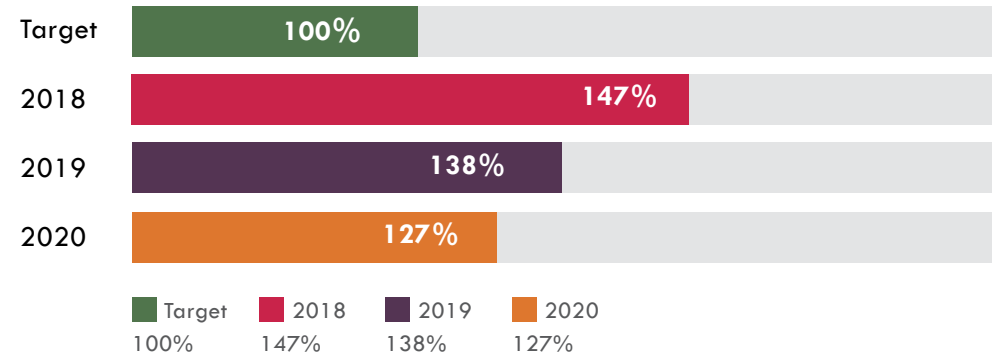
***Fungible:** Replaceable by another identical item; mutually interchangeable.

EMPOWERMENT FINANCING SCORECARD PER INDICATOR AS A % INDUSTRY TARGET - LIFE OFFICES

TARGETED INVESTMENTS

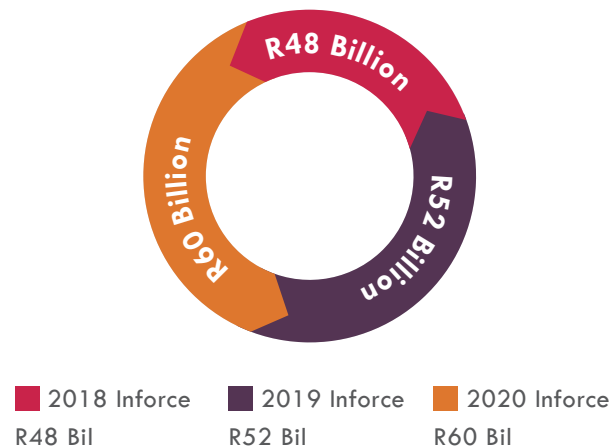


BLACK BUSINESS GROWTH FUNDING



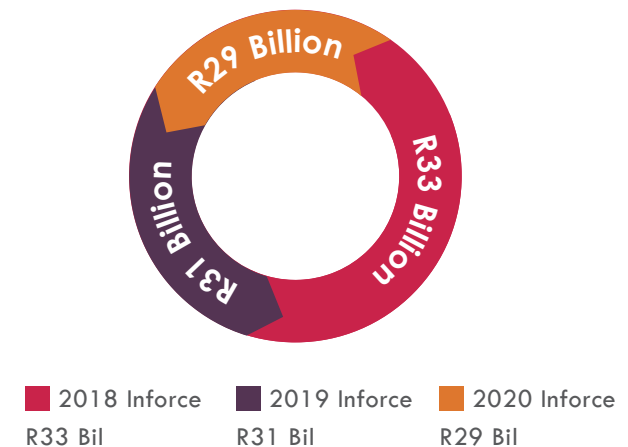
EMPOWERMENT FINANCING - LIFE OFFICES

Targeted Investments: R27 billion Industry Target



BLACK BUSINESS GROWTH FUNDING - LIFE OFFICES

BBGF: R22,5 billion Industry Target



ACCESS TO FINANCIAL SERVICES



ACCESS TO FINANCIAL SERVICES

APPLICABLE TO LIFE OFFICES, SHORT-TERM INSURERS & BANKS ONLY

Access to Financial Services is a unique element of the FSC. It seeks to enhance, improve and grow financial access to that portion of the South African population that

was previously excluded. The target market for life products is based on income and pegged at the tax threshold for individuals and double the tax threshold for families.

There are various sub-categories that each entity must meet:

- Appropriate products;
- Market penetration; and
- Transactional access.

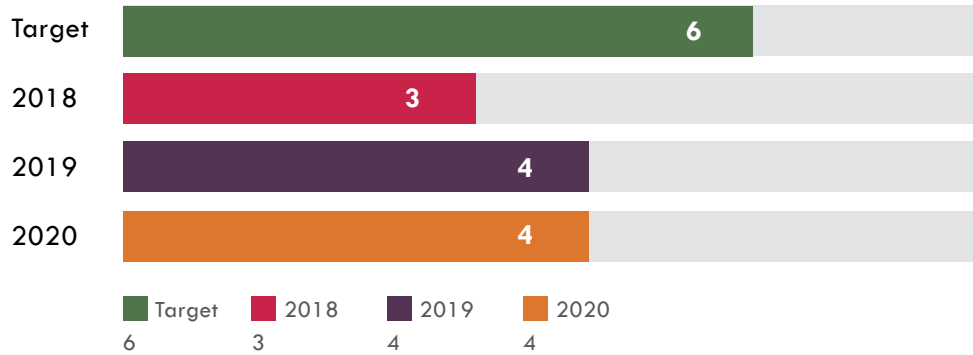
ACCESS TO FINANCIAL SERVICES - LIFE OFFICES

| | | |
|--|--|--|
| Appropriate Products | These are measured in terms of the Access Product standards in line with the provisions set out by the Financial Sector Transformation Council. The products considered are those that address the identified properties of death and serious illness. These risks are usually insured through funeral schemes and credit cover etc. Appropriate qualifying products should represent the lower of 5% of new business access volumes or 1000 policies. | |
| Transactional Access | This measures the target market's ability to purchase the product, pay the premiums due, amendments to the policy, lodge claims and receive payment of claims. Targets are based on in-force/on books business on a measurement date. | |
| MARKET PENETRATION: INDUSTRY TARGET | | |
| QUALIFYING POLICIES | | <p>The industry target is shared across companies operating within the long-term insurance industry. The current targets were phased in from 2014.</p> |
| Target: 2014 | 4 878 170 | |
| Target: 2015 | 5 165 121 | |
| Target: 2016 | 5 452 072 | |
| Target: 2017 | 5 739 023 | |

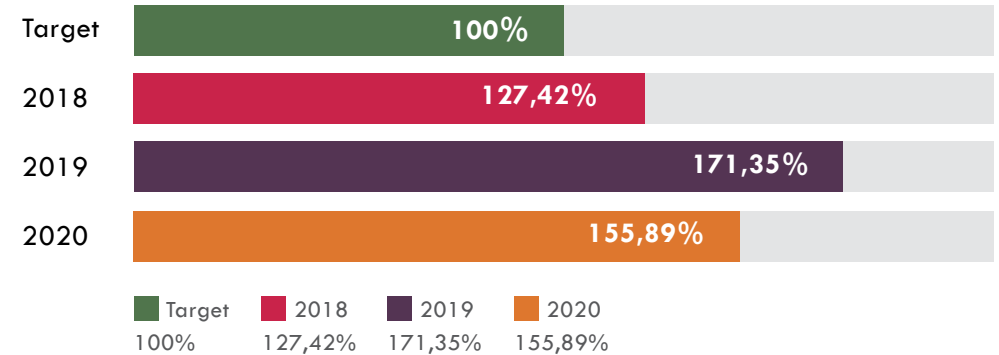
ACCESS TO FINANCIAL SERVICES - LIFE OFFICES

Market Penetration - Industry Target 5,7million qualifying in-force policies

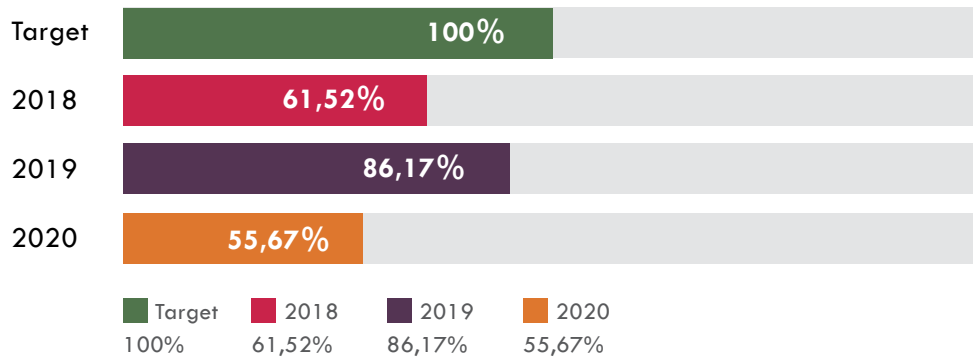
APPROPRIATE PRODUCTS



MARKET PENETRATION



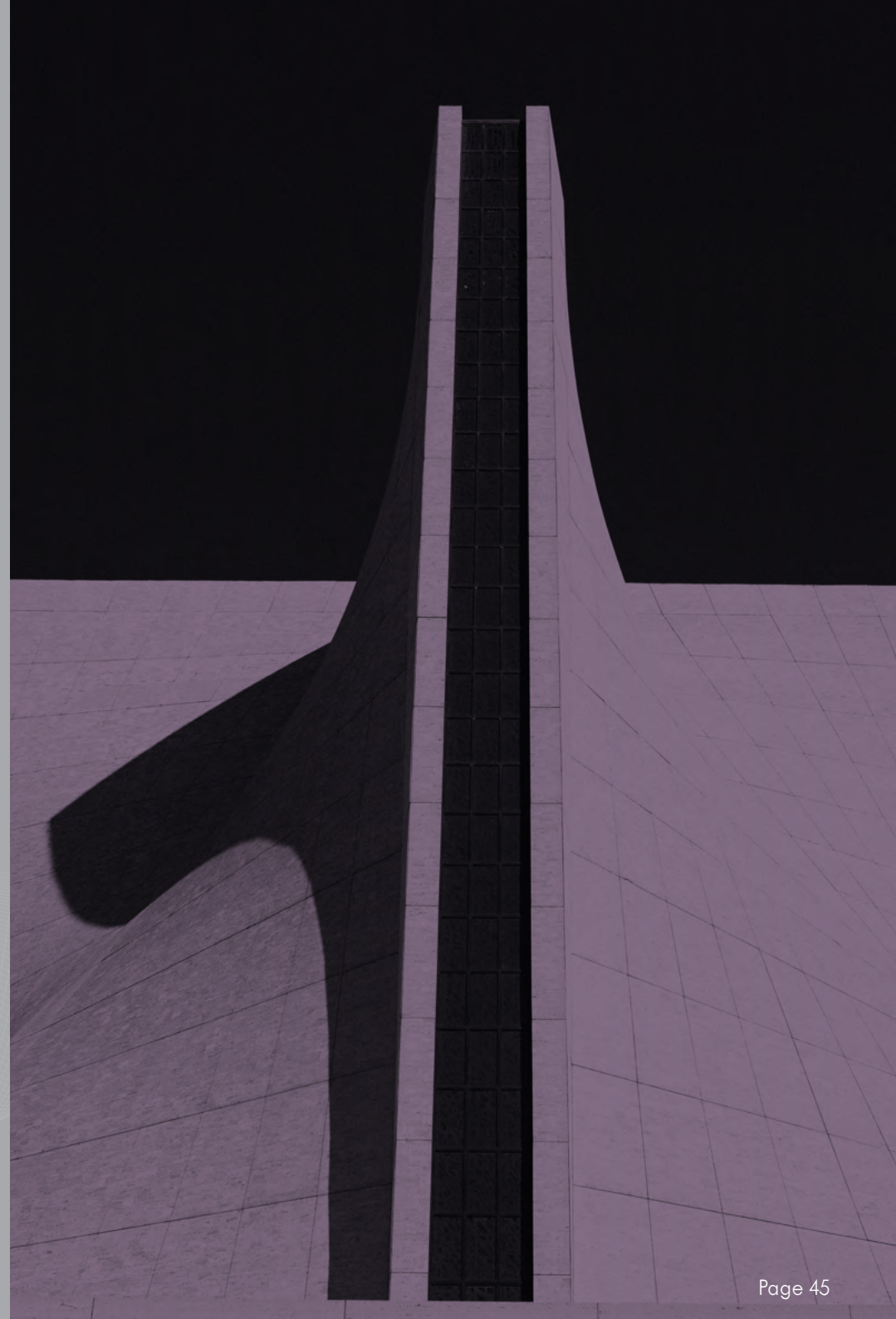
TRANSACTIONAL ACCESS



SIX INDUSTRY STANDARDS FOR APPROPRIATE ACCESS QUALIFYING PRODUCTS

Average no. of qualifying products has increased from 3 to 4 out of 6, from 2018 to 2020.

INITIATIVES FUNDED AND SUPPORTED BY ASISA MEMBERS

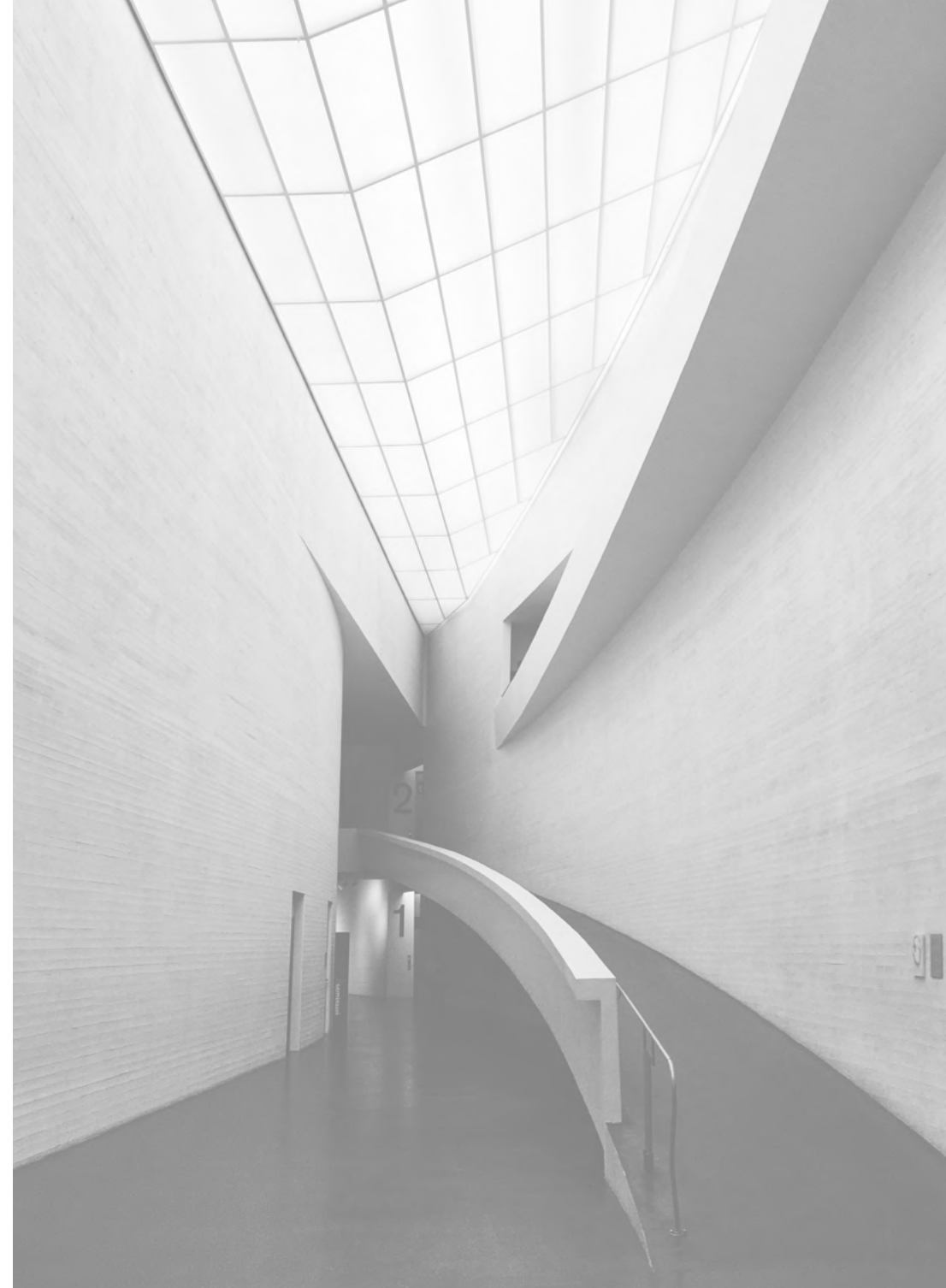


INTRODUCTION AND CONTEXT

As an industry we are acutely aware that we do not operate in a vacuum and that the sustainability of the savings and investment industry is impacted by the wellbeing of the country and its people. As the custodians of a significant portion of our nation's savings and investments, we also understand and acknowledge that we have a duty to actively participate in enabling an environment that is conducive to fostering inclusivity and economic growth.

Therefore, in addition to their own initiatives, ASISA members also fund and support a number of ASISA initiatives as well as national projects. These are designed to help create a more inclusive society by supporting and strengthening the foundations of our economy and facilitating the active participation of our citizens.

This section provides an overview of the ASISA Foster the Future initiatives as well as the national initiatives that are supported and funded by ASISA members.



FOSTER THE FUTURE

The ASISA Foster the Future initiative brings together three entities: the **ASISA Academy**, **ASISA Enterprise and Supplier Development (ESD)** and the **ASISA Foundation**.

These three entities are driven by the common goal of speeding up transformation through fostering inclusive economic growth. However, inclusive economic growth can only be achieved through meaningful social interventions such as creating employment for Black graduates, facilitating financial literacy for disadvantaged and vulnerable citizens, and by providing Black-owned small and medium enterprises (SMEs) with business support together with access to market.

Therefore, with funding from ASISA members and ongoing support from key stakeholders, the Foster the Future initiatives aim to:

- Create job opportunities for Black South African graduates by developing skills and talent. (ASISA Academy)
- Help young Black people, workers, and economically vulnerable citizens onto the road of financial literacy. (ASISA Foundation)
- Grow the Black-owned SME segment, not only through business development and funding, but also by providing access to market via ASISA member supply chains. (ASISA ESD)

The ASISA Board, through its Transformation Governance Committee, oversees strategic advocacy for the Foster the Future entities.



ASISA ACADEMY

The **ASISA Academy** is an independent business school established by the savings and investment industry as represented by ASISA to achieve the following three objectives in support of accomplishing greater economic inclusion:

- 1. Job creation** - Create desperately needed employment opportunities for Black graduates aspiring for a career in the savings and investment industry by bridging the divide between university theory and workplace reality and facilitating access to internships and learnerships.
- 2. Skills development** - Provide high-quality, practical learning solutions that assist ASISA members and other stakeholders in the financial sector with upskilling their employees.
- 3. Empowering retirement fund trustees** - Offer fully-funded, yet independent, training to South African retirement fund trustees and principal officers, thereby empowering them to make informed decisions for the benefit of millions of South African retirement fund members.

MEASURING OUR IMPACT

1 Job creation for Black graduates

The ASISA Academy offers two **graduate internships**: the Investment Management Administration & Client Services (IMACS@TSiBA) Internship and the Independent Financial Adviser (IFA) Internship. A third internship, the Investment

Management Work Ready Internship, was concluded in 2021.

The internship approach has proven very effective with around 80% of interns receiving permanent employment offers from ASISA member companies and independent financial advisor practices on completion of their internships.

Contributing to the success of the internships is the ASISA Academy's strong partnership with seven institutions of higher learning: University of Cape Town, University of the Western Cape, TSiBA Business School, University of Johannesburg, University of KwaZulu-Natal, Nelson Mandela University, and University of the Free State.

The ASISA Academy achieved a significant milestone in March 2022 with the launch of the **Financial Markets Practitioner Learnership**, the Academy's first learnership. This NQF Level 7 learnership is registered with the Finance and Accounting Services Sector Education and Training Authority (Fasset) and provides a learning pathway to a higher qualification such as an honours degree or a NQF level 8 postgraduate diploma. This qualification complies with the Financial Sector Code (FSC) criteria set out in categories B and D on the Learning Programme Matrix for scoring skills development points.

The ASISA Academy also regularly delivers bespoke work readiness courses for newly employed graduates from ASISA members and other financial services providers to equip new employees with the skills to transition from university to the corporate workplace. In 2021,



ASISA
ACADEMY

work readiness courses were presented to 247 students from various universities around the country in partnership with the Association of Black Securities and Investment Professionals (ABSIP) and UKZN.

IMACS@TSiBA Internship:

- 114 TSiBA Bachelor in Business Administration - Finance students (2011 – 2020)
- 100% Black & 52% Black female
- 80% – 85% employment by sponsors on completion

Sponsors over the years: *Allan Gray, Citadel Wealth Management, Coronation Fund Managers, Futuregrowth Asset Management, M & G Investments, Maitland, Ninety One Asset Management, Old Mutual, Prescient, RECM, Sanlam, State Street, Taquanta Investment Holdings, Intembeko Investment Administrators*

Independent Financial Advisor (IFA) Internship:

- 181 BComm Financial Planning graduates from seven universities in five provinces (2016 – 2021)
- 100% Black & 70% Black female
- 66 IFA practices around the country have hosted graduates as interns
- 80% of these interns were permanently employed by host IFA practices, while the remaining interns were employed by asset managers and banks

Founding sponsors: *Allan Gray, Coronation Fund Managers, Ninety One Asset Management and M & G Investments*

Investment Management Work Ready Internship:

- 92 BComm Investment Management graduates from two universities (2015 – 2021)

- 90% Black & 50% Black female
- 85% on average permanently employed by sponsors at the end of the internship

Sponsors over the years: *Absa, AlexForbes, ClucasGray, Coronation Fund Managers, etfSA, First Avenue Investment Management, Foord Asset Management, Futuregrowth Asset Management, Hollard, Ninety One Asset Management, Investment Solutions, Khumo Capital, Obsidian Capital, Old Mutual and Silica*

Financial Markets Practitioner Learnership:

- 15 participants (11 ASISA member employees and 4 unemployed graduates)
- 100% Black & 70% Black female

Inaugural sponsors: *Camissa Asset Management (previously Kagiso), Coronation Fund Managers, Momentum and Sanlam*

2 Skills Development

All ASISA Academy learning solutions are designed and delivered in collaboration with senior industry experts. This ensures that learning remains rooted in the reality of the changing needs of industry.

A range of **Short Courses** and **Sprints** are offered to ASISA member employees and stakeholder employees.

Since inception, the ASISA Academy has delivered training courses to more than 13 000 employees of ASISA member companies and other key industry stakeholders such as the Financial Sector Conduct Authority (FSCA), the Auditor General of South Africa (AGSA) and the Public Investment Corporation (PIC). Bespoke workshops have also been delivered to various African regulators from: Botswana, Eswatini, Ghana, Namibia and Uganda.

3 Empowering Retirement Fund Trustees

As custodians of the nation's retirement savings, principal officers and trustees of retirement funds perform a crucial role in ensuring that assets are invested in the best interests of all members and that the funds remains financially healthy. In order to execute this important role, principal officers and trustees must be equipped with the relevant skills and knowledge. For this reason, **Retirement Fund Trustee Education** (RFTE) is one of the cornerstones of the ASISA Academy's consumer financial learning programmes.

The ASISA Academy RFTE workshops are primarily funded by the ASISA Foundation and are professionally recognised for CPD points by Batseta - Council of Retirement Funds for South Africa.

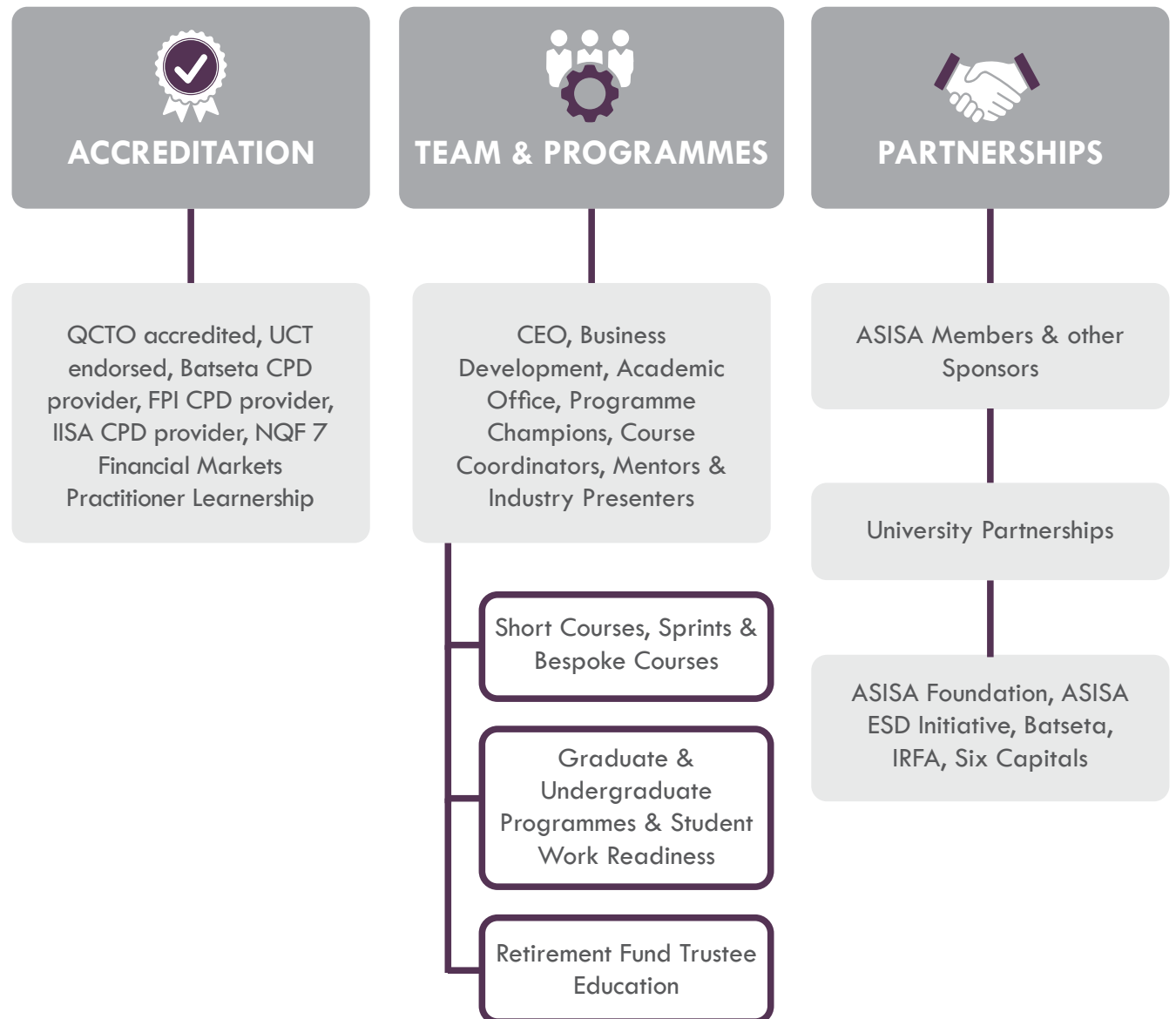
To date, the ASISA Academy has delivered 366 workshops to more than 5 000 retirement fund trustees and principal officers on more than 15 different topics.

In 2018, the Academy was recognised as the South African Trustee Training Provider of the Year in Batseta's prestigious Imbasa Yegolide Awards.

LEARN WITH US

The Academy is recognised as a level 1 B-BBEE contributor (more than 75% Black South African beneficiaries). This means that employers can claim 135% of their skills development spend with the ASISA Academy. Please feel free to contact us to discuss how we can support your skills development requirements.

ASISA ACADEMY STRUCTURE 2022



ASISA ENTERPRISE AND SUPPLIER DEVELOPMENT (ESD)



The **ASISA ESD** initiative was founded by ASISA in 2013 to facilitate the sustainable development of high-potential Black-owned small and medium enterprises (SMEs) through an innovative combination of tailored business support, access to market and financial support when required. Qualifying SMEs are selected from the supply chains of ASISA member companies.

The ASISA ESD initiative, powered by Edge Growth, consists of the following structures:

- The ASISA Enterprise Development Trust and the ASISA Supplier Development Trust, which are investment vehicles referred to as the **ASISA ESD Funds**.
- The ASISA Enterprise and Supplier Development Management Company, which delivers SME **development programmes**.

The operational model of the ASISA ESD initiative has been structured to align with the requirements of the Financial Sector Code (FSC), by strategically optimising ESD spend in terms of the B-BBEE scorecard while achieving meaningful and measurable commercial and social impact outcomes. The ESD initiative aims to support SMEs that can plug into our funders' value chains, achieve growth and create jobs.

Funders contribute to the ESD initiative by providing investment, loan and grant capital to the Funds and/or project capital to the Manco. This funding is then channelled into SME development investments and/or SME development programmes and contributes to the financial services industry transformation process.

THE ESD FUNDS

Our funds invest in majority Black-owned SMEs with high growth potential, supply chain alignment, differentiated competitive advantage and the strategic business fundamentals required to succeed. They invest in equity, debt, or combined structured deals of between R1 million to R50 million to support businesses requiring expansion capital to grow and create jobs and social impact.

Our current portfolio includes SMEs from the following sectors: electronic and electrical equipment, the green economy, motor body repair, construction, financial services and tech (including insuretech and healthtech). All transactions are evaluated and approved by the ASISA ESD Investment Committee, which consists of investment professionals with experience in private equity, SMEs and developmental investing.

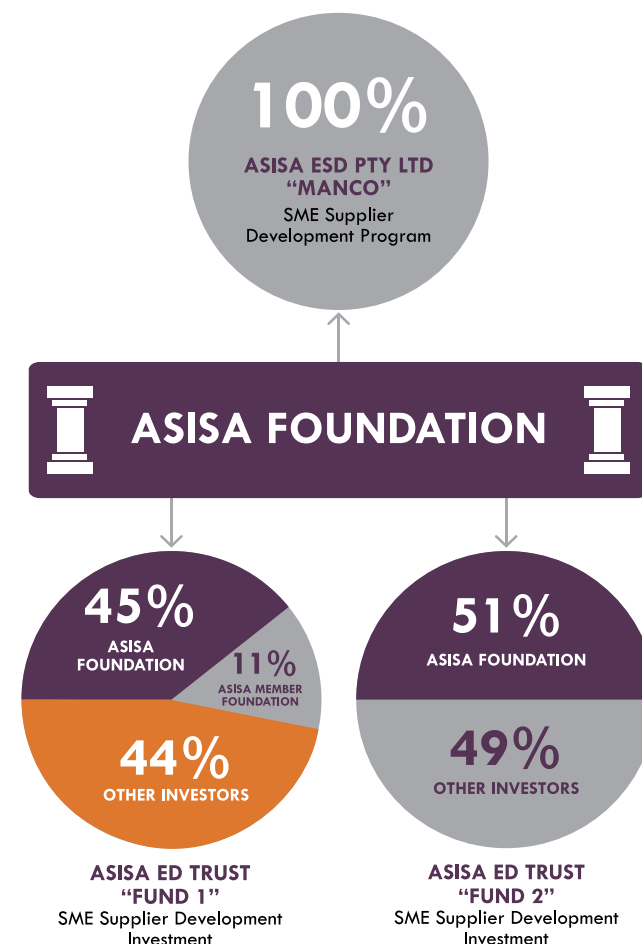
To view our portfolio companies please visit our [website](#).

THE ESD MANCO

The Manco provides uniquely tailored business acceleration and developmental support that majority Black owned SMEs enterprises and suppliers require to grow. Our supplier development programmes enable funders to strategically build enterprises and suppliers that are directly aligned to their value chains. The current SME development programmes include an independent financial advisor programme, the Inseta Broker Development Programme, OUTsurance Kwande ESD Programme, Sanlam Group ESD Programme, a stockbroker programme, the MMH Programme and the Santam Broker Programme. The ASISA ESD

programme sponsor approves the overall programme strategy and objectives planned to unlock access to skills, growth and procurement opportunities to programme SMEs.

For further detail on our programmes [visit our website](#).



IMPACT ACHIEVEMENTS SINCE INCEPTION: JAN 2013 - FEB 2022

MEASURING OUR IMPACT

The ASISA ESD initiative's core goal is to create significant impact within the ASISA member ecosystem, as well as the financial services sector more broadly. The image below depicts the impact that has been created since inception.



99 700

Hours of business support for SMEs



R942m

Raised for SME investment (R599m) and Acceleration (R343m)



2 168

Artisans and small contractors benefitted through indirect job creation



64

Funders provided with optimal ESD investment



R746m

Deployed into SME investment (R450m) and Acceleration (R296m)



R250m

Spent in industry procurement from our supported SMEs

Black Stockbrokers:

Capital adequacy funding amounting to ~R90m was provided to 4 Black stockbrokers, resulting in up to 5x increase in annual revenue due to lifted trading thresholds. Through Manco we have worked with 9 stockbrokers over the last 5 years.

and continuing to impact the health and safety of healthcare workers and patients, as well as servicing underserved township communities in the Western Cape and Gauteng.

Green Economy:

The funds have deployed ~R80m to SME's within the Green Economy space. These have resulted in thousands of tons of additional waste being recycled as well as significant energy and water saving. Further green transactions are in the deal pipeline and being considered for funding.

Black Fund Managers:

Growth funding worth R38m was made to:

- 2 Black Private Equity Fund Managers and
- a Black Multi-Manager

resulting in them **accessing ~R2b** in AUM from industry to date, post investment by the ASISA Funds.

Motor Body repairs, property services / construction companies:

These key suppliers to the short-term insurance industry have seen ~R40m in capital deployed to support their growth.

Independent Financial Advisors (IFAs):

While a difficult space to fund for a number of reasons, the funds have supported one IFA with another one anticipated to be funded shortly. Manco has provided Business Development Support to over 500 IFAs across multiple Programmes.

Returns:

Fund investments to-date have achieved a ~10% **Gross IRR**. This has resulted in **distributions of R7,2m** flowing to the ASISA Foundation for use on consumer financial literacy and education, with the balance flowing to investors.

Healthcare:

The funds have committed >R35m to healthcare investments, with some being endorsed by the National Department of Health

The quarterly *ASISA ESD Impact Reports* provide a detailed overview of the impact achieved by the ASISA ESD initiative quarter-on-quarter.

ASISA ENTERPRISE AND SUPPLIER DEVELOPMENT (ESD)

JOIN US AS A FUNDER

The ASISA ESD initiative is managed by an experienced ESD Fund Management and Business Development Support team. Supporting this initiative provides funders with the following benefits:

- Maximum compliance benefit for every Rand spent and single upfront investment that counts year on year;
- Best practice governance structure and standards;
- Social impact, job creation through business development support;
- Flexible, tailored turnkey ESD solutions aligned to funder and SMEs unique needs;
- Immediate and on-going access to Enterprise Development points; and
- Access to support Black-owned supplier database to assist in transforming supply chains.

WE CAN HELP YOU DEVELOP AND GROW

We invite you to contact us to discuss how we can help develop and grow high-potential Black-owned SMEs in your supply chain.



ASISA FOUNDATION



The **ASISA Foundation** was established by ASISA in 2012 as a Public Benefit Organisation (PBO) and a Broad-Based Ownership Scheme (B-BOS). Its aim is to facilitate the pooling of funding from ASISA member companies to provide consumer education and related programmes to targeted beneficiaries in accordance with the Financial Sector Code (FSC).

The objective is to make a sustainable and positive impact on the financial wellbeing of previously disadvantaged and vulnerable South Africans through facilitating greater financial capability and economic participation by all citizens.

We strive to achieve this by implementing effective, efficient, objective, relevant, and targeted consumer education programmes, micro-enterprise development programmes and retirement fund trustee education initiatives on behalf of the savings and investment industry.

The ASISA Foundation is funded primarily by the members of ASISA. Additional programme funding is received by other industry and financial services sector members as well as Government entities.

Since inception to 31 December 2021 the ASISA Foundation has received funding of R170 million from 81 funders.

The ASISA Foundation is also a primary beneficiary unit holder in the ASISA Enterprise and Supplier Development (ESD) initiative. To date, distributions received from the ASISA ESD initiatives total R7.2 million.

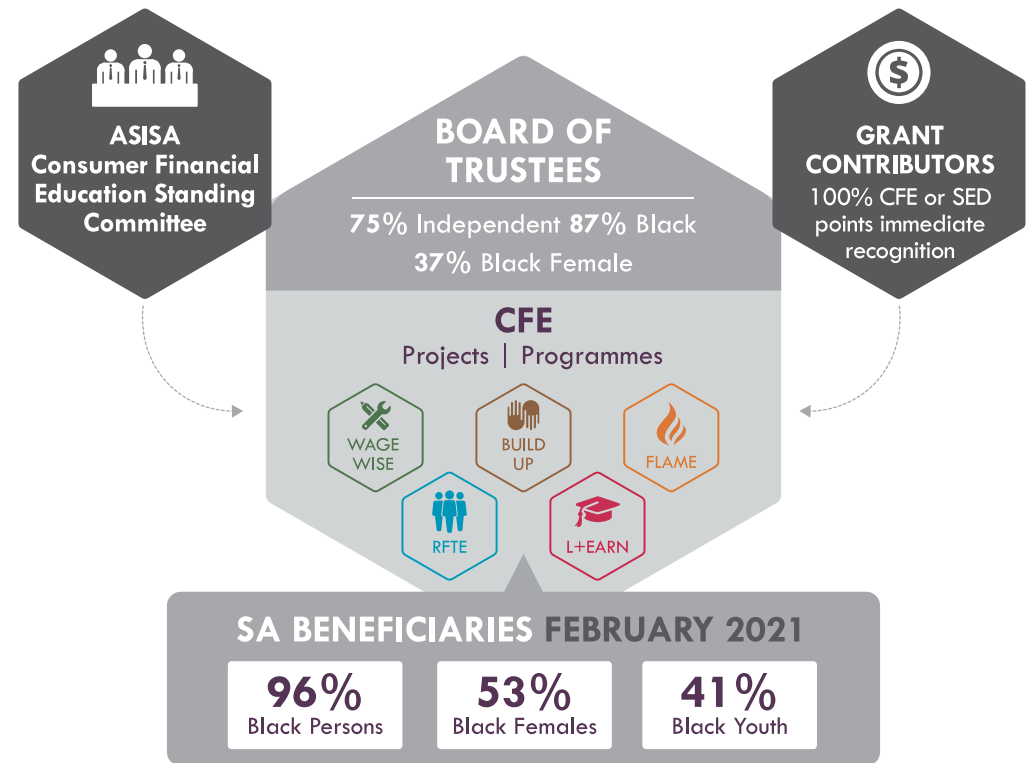
STRUCTURE AND GOVERNANCE

The ASISA Foundation is structured to enable ASISA members to authentically and efficiently obtain Black Economic Empowerment (BEE) points for the Consumer Education (CE) and Socio Economic Development (SED) elements of the amended FSC.

The ASISA Foundation Trust looks after the interests of the beneficiaries of the various programmes.

Appointed trustees have a deep understanding of the power of financial education to facilitate transformation through financial and economic inclusion of those previously excluded.

The ASISA Consumer Financial Education Standing Committee which consists of ASISA member specialists in the field of consumer education (CFE) shares insights and best practices, which guide the ASISA Foundation CFE programme strategies.



DELIVERING ON OUR CFE MANDATE

The ASISA Foundation delivers on its CFE mandate under the Saver Waya-Waya (SWW) banner, which consist of four consumer education programmes customised

for beneficiaries according to their specific profiles:

- **SWW WageWise:** a consumer education programme targeting

workers to help them manage their current and future income better.

- **SWW Financial Literacy and Micro-Enterprise (FLAME):** a programme focused on teaching micro-entrepreneurs to grow their businesses with confidence, create employment and contribute to the local and national economy through an accredited business development methodology using financial literacy as a core development tool.
- **SWW L+EARN:** a programme aimed at young adults, particularly tertiary education students at TVET colleges and universities, to help them better understand and manage finances and to take charge of their current and future incomes as they prepare for the world of work.
- **SWW Build Up:** a programme that focuses on supporting members of organised community structures such as co-operatives with improved levels of financial literacy and financial capability.

The ASISA Foundation also provides funding for the **Retirement Fund Trustee Education (RFTE)** programme, which is implemented primarily by the ASISA Academy. The RFTE programme was created to equip trustees, principal officers and chairpersons of retirement funds with the necessary knowledge and skills to fulfil their fiduciary duty

towards the members of their funds. The programme qualifies as Consumer Education (CE).

As prescribed by the CFE requirements, the ASISA Foundation engages independent monitoring and evaluation (M&E) service providers who report to the Board of Trustees on the extent to which each project has achieved its pre-defined objectives, the impact achieved as well as the profile and extent of beneficiary reach.

MEASURING OUR IMPACT

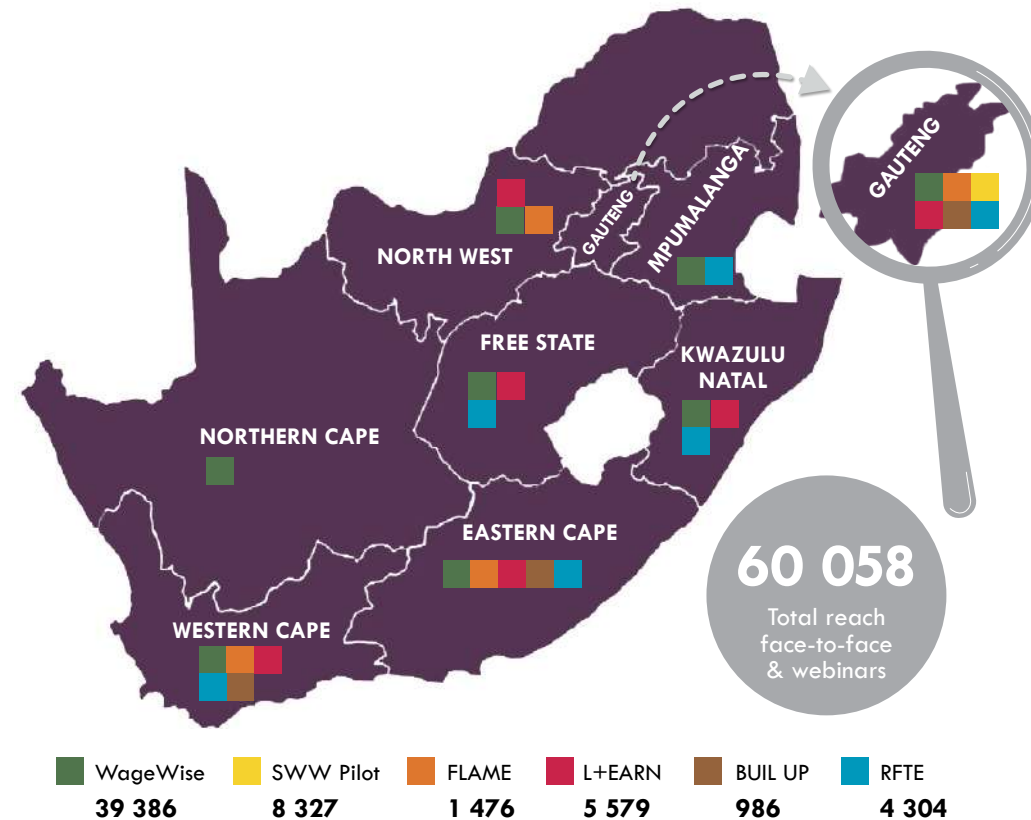
The ASISA Foundation's programmes comply with all FSC requirements regarding target audiences and have consistently exceeded the minimum criteria of reaching at least 85% Black South African beneficiaries of whom at least 40% are Black women. At least 25% of programmes have been delivered to rural areas.

NATIONAL FOOTPRINT AND REACH 2012 TO DECEMBER 2021

The ASISA Foundation Overview for 2021 provides a detailed breakdown of the reach and impact achieved by each programme. **Visit the website for more detail.**

ASISA FOUNDATION REACH

Since Inception (in 2012)
Face to face and webinar interventions



HELP US MAKE A DIFFERENCE

The ASISA Foundation is in its 10th year of existence and the trustees believe that we are well positioned to significantly scale our programmes. Our focus will therefore be on pursuing strategic collaboration opportunities and we invite you to join us in taking this initiative forward.

NATIONAL INITIATIVES

ASISA and its members support and fund a number of initiatives in partnership with Government. The various projects supported are diverse in nature, yet they all have one thing in common in that their ultimate goal is to improve the lives of ordinary South Africans.

The initiatives outlined below are aimed at:

- Mobilising old-hand technical skills to assist in capacitating all spheres of Government.
- Supporting infrastructure development which is critical for economic growth and job creation;
- The fixing of state-owned enterprises (SOEs) to stop these entities from draining the fiscus thereby enabling Government to channel these funds to areas critical for the wellbeing of citizens;
- Removing blockages and stumbling blocks in the way of developing critical sectors such as mining, agriculture, and information and communication technology; and
- Setting up a national water resource agency to ensure that all South Africans have access to clean water.

By supporting and funding these initiatives, ASISA and its members are contributing towards growing the economy, which in turn will result in job creation, as well as ensuring delivery of basic services like water, electricity

and connectivity to all South Africans. Only by enabling all South Africans to become economically active citizens can we expect them to also save and invest to ensure their financial independence.

● TECHNICAL ASSISTANCE, MENTORSHIP AND DEVELOPMENT (TAMDEV)

TAMDEV is an intervention whereby experienced individuals from the private sector are placed in Government-directed roles to assist in the improvement of service delivery while at the same time mentoring public servants and ultimately transferring skills. The aim is for private sector participants to collaborate with Government to identify areas of need as well as potential solutions and to find the human resources from within the private sector for deployment into the identified areas. TAMDEV plays an important role in the delivery of the economic recovery plan.

The TAMDEV initiative was proposed during the Presidential Job Summit held in October 2018. ASISA subsequently assembled a broad group of private sector stakeholders interested in assisting with establishing the initiative.

It was agreed that TAMDEV would operate from within the National Business Initiative (NBI). The NBI appointed Ruth Troskie as TAMDEV programme manager effective from 1 July 2019.

The TAMDEV office is funded by ASISA. Project funders include Business Leadership

South Africa (BLSA), the Public-Private Growth Initiative (PPGI) and a number of corporates. Other partners include Government departments and the South African Institute of Chartered Accountants (SAICA).

More information on TAMDEV and some of its projects can be found [here](#).

● INFRASTRUCTURE SOUTH AFRICA (ISA)

ISA (previously the Investment and Infrastructure Office in the Presidency) was created on instruction by President Ramaphosa to remove blockages that previously hampered infrastructure investment in South Africa and to lay solid foundations from which to launch priority initiatives. ISA is headed by Dr Kgosientsho Ramokgopa.

ISA approached ASISA for assistance in 2020. ASISA members responded by providing funding via TAMDEV for 15 technical experts with the skills to ensure that viable infrastructure projects move out of the planning phase into implementation.

ASISA is also supporting ISA directly with Adré Smit, senior policy advisor at ASISA, serving on the ISA Infrastructure Investment Committee. In addition, Leon Campher serves on the National Infrastructure Planning Reference Group.

● PRESIDENTIAL STATE-OWNED ENTERPRISES COUNCIL (PSEC)

The Council was appointed by President Ramaphosa in June 2020 to support Government in repositioning state-owned enterprises (SOEs) as effective instruments of economic transformation

and development. The Council consists of Deputy President David Mabuza, cabinet ministers as well as labour, business and academic leaders.

ASISA members together with BSLA have made funding available via TAMDEV for skilled resources to assist PSEC with turning SOEs into fundable and viable business entities.

● PUBLIC-PRIVATE GROWTH INITIATIVE (PPGI)

The Public-Private Growth Initiative (PPGI) was convened by Government to foster a closer relationship with the private sector to ensure alignment of plans and objectives as well as implementation of agreements reached at the Presidential Summits held in 2018.

The PPGI is a collaborative effort between the Presidency and the Department of Trade, Industry and Competition (the dtic).

The ASISA Board agreed to the active participation of the savings and investment industry in the PPGI in March 2019. Supported and funded by ASISA and its members, the PPGI is focused on developing and implementing sector master plans to remove impediments to the development of sectors such as agriculture, mining, etc. Tanya Cohen, previously the CEO of Business Unity South Africa (BUSAs), has been seconded by ASISA to the PPGI in order to ensure closer collaboration between the various stakeholders.

● OPERATION VULINDLELA

Operation Vulindlela was set up by the Presidency and National Treasury and has been tasked with upgrading and transforming the sectors responsible for the supply of electricity, water,

transport and digital communications. The aim is to accelerate economic recovery.

ASISA and its members, together with BLSA, are assisting National Treasury and the Department of Water Affairs with setting up a national water resource agency through Operation Vulindlela.

The various projects supported are diverse in nature, yet they all have one thing in common in that their ultimate goal is to improve the lives of ordinary South Africans.

GLOSSARY OF TERMS

| | | |
|---|---|---|
| ABSIP Association of Black Securities and Investment Professionals. | DTIC Department of Trade, Industry and Competition. | NT National Treasury. |
| ASISA Association for Savings and Investment South Africa. | EAP Economically Active Population - as determined and published by STATS SA. | QSFI: Qualifying Small Financial Institution. |
| BASA Banking Association South Africa. | ED Enterprise Development. | SAIA South African Insurance Association. |
| BATSETA Council of Retirement Funds for South Africa. | EE Employment Equity. | SAVCA Southern African Venture Capital and Private Equity Association. |
| B-BBEE Broad-Based Black Economic Empowerment. | ESD Enterprise and Supplier Development. | SD Supplier Development. |
| B-BBEE Scorecard The balanced B-BBEE scorecard measuring various elements of the FSC. | EME Exempted Micro-Enterprise. | SED Socio-Economic Development. |
| Black People The term “Black people” refers to Africans, Coloureds and Indians. | IBA International Banking Association. | Target The targets for the various elements and indicators in the B-BBEE Scorecard. |
| BLSA Business Leadership South Africa. | FIA Financial Intermediaries Association of Southern Africa. | TMPS Total Measured Procurement Spend. |
| BUSA Business Unity South Africa. | FSC Financial Sector Code. | |
| Codes of Good Practice Statements and all Codes of Good Practice issued in terms of section 9 of B-BBEE Act No. 53 of 2003. | IBA International Banking Association. | |
| | JSE Johannesburg Stock Exchange. | |
| | NPAT Net Profit After Tax. | |



ASISA

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