

PROVIDING IMPACTFUL SERVICE TO OUR CLIENTS

WE STRIVE TO SERVE OUR CLIENTS WITH POSITIVE IMPACT AND SECURE THEIR FINANCIAL WELL-BEING NOW AND IN THE FUTURE – WHAT THIS REALLY MEANS

DELIVERING PEACE OF MIND

Alexander Forbes is entrusted with the financial well-being of over 1 million retirement fund individuals. We strive to ensure that our products and services are of such a quality, relevance and impact that for these individuals our actions translate into peace of mind.

We provide a very wide range of products and services to an even greater diversity of clients – diverse in terms of age, income, race, gender, sector and type of employment, geography, needs and expectations. Historically, these products and services have been delivered to the individual through his or her representatives and have mostly been designed to meet the perceived needs of large groups of individuals.

These representatives have traditionally been Alexander Forbes' clients – the people who place pension and other collective assets with us for administration and management and from whom we also derive consulting and actuarial fees. While in the recent past we dealt mostly with institutions, today we also interact directly with many individuals and small business owners – our retail clients.

In the past, employers committed themselves to defined benefits, a commitment that has been largely replaced by defined contributions. Since defined contributions became the norm, asset managers' earnings have grown substantially but the ultimate beneficiary of the asset being administered and managed has faced a more uncertain future: in most cases, less financial well-being and less peace of mind. Our 2016 – 2020 strategic intent commits us to securing financial well-being for individual members – by delivering impactful services.

Award-winning, reliable administration

Alexander Forbes' institutional clients depend on us to perform administrative services on their behalf. We are market leaders in administration and consulting as our winning of various independently conferred awards attests (see page 22). More pertinently, the overwhelming majority of our institutional clients renew their business relationships with us (in 2014/15 the

client retention of Alexander Forbes Financial Services was 99% and Investment Solutions was 98%).

These awards and retention rates, coupled with our ability to regularly outperform our competitors in winning new business, speak to our independently acknowledged excellence in administering and consulting managing assets and giving institutions great advice.

Our group commitment to service excellence

For customers	Ownership	Clear timelines	Regular feedback	Suitable solution
	I will be heard and my query dealt with	I will be told what will happen and by when	I will receive clear and regular feedback	The solution will be fit for purpose and provide value
	↓	↓	↓	↓
For employees	I will answer my phone within three rings I will take ownership even if I can't resolve it myself	I will not let the sun set on a complaint I will respond within 24 hours I will give clear timelines and requirements to resolve the matter	I will manage expectations through regular feedback I will deliver on my promise I will hold my colleagues accountable	I will keep it simple If the solution does not suit the client, we will make it easy for her to have recourse

PROVIDING IMPACTFUL SERVICE TO OUR CLIENTS *(continued)*

Delighting the customer

In 2014, AFFS established a customer experience framework to help the business measure:

- overall customer experience;
- customer effort – how easy it is to do business with Alexander Forbes; and
- net promoter scores (how likely individuals were to recommend Alexander Forbes).

Secondary measures help to evaluate customer experience in terms of their expectation, ownership of a problem or issue and communication. Measuring customer experience will establish a baseline to ensure consistent measurement across the business in future.

AFFS employees were committed to improving customer service in 2014/15; one outcome was the development of a Service Charter which spells out a number of commitments.

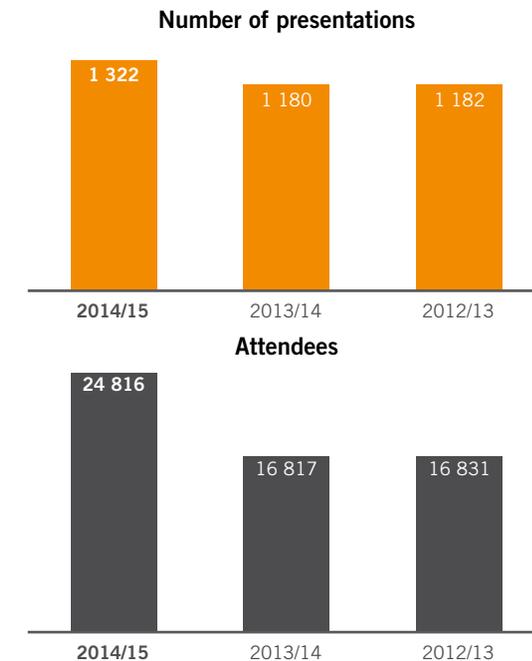
AFFS sets itself demanding service level targets. These are some of those targets and how the business performed against them in 2014/15:

- Answering 95% of all calls (actual: 87%).
- Resolving 80% of all call centre interactions on the first interaction (77%).
- Resolving 90% of all complaints within one working day (83%).

Our achievements on customer satisfaction, which have been repeated and improved upon over many years, are important measures of our service delivery, speaking to the quality of our day-to-day operations and administration. But they do not necessarily speak to the direct impact that our work, experience and insight have on the ordinary fund member or private client.

To achieve impactful service among contributing individuals, AFFS has deployed a member education unit which advises individual members on their retirement and health benefits. In 2014/15, this unit reached almost 50% more individuals than in the previous year.

MEMBER EDUCATION IN NUMBERS



Many of those who embrace their financial well-being and those approaching retirement age in particular have derived great benefit from these interactions. This contact between Alexander Forbes and members on the ground has mostly been of a limited extent and largely been undertaken in accordance with service level agreements.

Alexander Forbes is a leader in financial well-being research in South Africa – a capability with profound scope for application in markets from Namibia to Kenya where regulatory environments are fast developing to the point that hundreds of thousands of individuals can now access and benefit greatly from what we have to offer.

Our investments in knowledge gathering (and sharing) include:

- **Benefits Barometer:** a comprehensive industry-leading research publication on employee benefits matters in South Africa. The publication creates awareness among all stakeholders of the key issues affecting individuals and their financial well-being. It also promotes constructive dialogue to develop effective employee benefit systems covering healthcare, risk benefits, retirement benefits and financial education.
- **Life Gauge™:** a unique suite of analytical tools that help corporates and trustees to analyse the financial profile of their individual members and employees. Our consultants use these tools to create employee benefits strategies.
- **Hot Topics:** a series of thought-leadership forums that provide employers, trustees and HR directors with our latest insights on best practices emerging both globally and within South Africa. These forums address issues emerging around pension and healthcare reform, legislative and tax changes, and ideas emerging on how to better address member needs.

- **Member Watch™:** our extensive research database that captures the latest trends in employee benefit practices and member behaviours in South African retirement funds.
- **Half Way There in September 2014:** Investment Solutions published *Half Way There* in September 2014. Authored by Chris Hart and Glenn Silverman, the book considers various nations making up the BRICS economic alliance, focusing on economic factors driving economies as well as the influence of their unique socio-political landscapes. With almost 2 500 copies sold, it has become the leading business book on the subject matter.

THE TRUE STATE OF FINANCIAL WELL-BEING

Our research translates into a keen understanding of our members' employee benefits and impact on the individual. For some years it has been apparent that, despite our best efforts and those of their representatives, South African employees' financial well-being is far from what it should be.

Tellingly, half of individuals changing jobs do not preserve their savings. And only 10% of South African fund members will retire with a net replacement ratio of 75% or better – where this all-important ratio represents their pre-retirement incomes net of benefits. And, long before they retire, only a third of those who own cars insure their vehicles while the gap between what is provided for, and what is needed, in terms of death and disability cover, was estimated at R23 trillion in 2013. In addition, most employees and self-employed individuals are unclear on their health costs and whether they are paying too much or too little.

Clearly, the financial services sector of which we are a part, is failing to render a sufficiently impactful service to the majority of those individuals who are fortunate enough to be employed and have the means to control or at least contribute meaningfully towards their financial well-being.

We at Alexander Forbes have put financial well-being at the centre of what we do, instead of treating it as a desirable outcome.

SERVICES WITH REAL IMPACT

One of the four pillars of our 2016 – 2020 ambition is 'to serve our clients with positive impact and secure their financial well-being'. Our strategic intent is informed by key Material Issues, one of which is 'Providing impactful service to our clients'. This is about more than retaining our clients' business or executing transactions without errors; it is about giving them and their loved ones peace of mind and financial security.

This year we noted an increase in interaction with individual clients through our call centres (in the case of AFFS 10% up on 2013/14) and self-service, online capabilities which had been expanded in 2013/14. While the majority of these interactions were of a routine administrative nature, we began investing this year in empowering our clients to better inform their own financial well-being.

A major IT project begun in the second half of the year aimed to give our customers more easily accessible, user-friendly tools and information to make better financial planning decisions. The first practical deployment of this commitment was the successful launch of a web-based tax-free savings product in March 2015. The three-month project leading to the launch of this product was the result of a collaborative effort between various lines of business, group IT, brand

and marketing, legal as well as risk and compliance areas.

Also in the second half of the year, we devoted considerable resources, across divisions, to the planned introduction of the Financial Well-being programme. Preparations for the introduction of this watershed development in our interaction with clients included:

- creating and launching a website to support client interactions, queries and personal planning;
- intensively training and accrediting the first 20 financial well-being consultants; and
- piloting employee wellness engagement days.

Financial Well-being will represent a change in our treatment of customers and of how we provide them with holistic, impactful services that are pertinent and appropriate to their particular circumstances.

Financial Well-being will expose individuals to our multi-skilled wellness consultants as well as specialists. Interactions at employers' premises will entail high-level needs analyses and plotting where individual investors are on our 'create, grow, protect' continuum. Financial Well-being journey 'portfolios' will address the specific

Delivering on our promises

In our 2013/14 integrated annual report we promised to:	How we delivered on our promises:
<ul style="list-style-type: none"> • Integrate Treating Customers Fairly (TCF) into regular management reporting 	<ul style="list-style-type: none"> • TCF features in management reporting at business unit, divisional and group level
<ul style="list-style-type: none"> • Map and analyse TCF risks 	<ul style="list-style-type: none"> • TCF integrated into all divisional risk registers • At AFFS, over 2 000 employees passed TCF awareness assessments; all AFI and Investment Solutions employees underwent compulsory TCF awareness assessments

status, needs and aspirations of particular clients – instead of treating them as averages.

In 2015/16 we project that Financial Well-being in the workplace will be rolled out to 50 Institutional clients. Investments in staffing, training, marketing and logistics in what is considered a strategic undertaking will be made as the strategy is implemented. Benefits of financial well-being in the workplace that support our strategic intent are expected to include:

- enabling individual customers to better understand their financial options and better plan for their own financial well-being;
- improving the client value proposition for those charged with fund governance; and
- supporting our strategic intent of leveraging our core to grow by exposing tens of thousands of individuals to the full range of Alexander Forbes' retail consulting, risk and investment solutions.

The primary risk attached to the substantial investment we are making in this initiative is that we fail to meaningfully engage individual customers in improving their financial well-being, and consequently fail to achieve key elements of our strategic intent.

TCF – the journey continues

Treating Customers Fairly (TCF) is the Financial Services Board's framework to regulate market conduct. Guided by six specific desired outcomes, the framework centres on embedding fairness in all aspects of customers' experiences with their service providers.

In June 2015, Alexander Forbes' Social, Ethics and Transformation Committee received detailed reports from the heads of SA Financial Services (AFFS), Investment Solutions and Alexander Forbes Insurance on just how embedded TCF was in their businesses.

Just one of these reports, that from AFFS (which was not prepared with external consumption in mind), included comments from MDs and business heads on their experiences of TCF to date. These comments included:

- *'TCF is driving the culture of client centricity. Our approach to our procedure[s] and processes has changed as we now always consider our customers' need and expectations;'* and
- *'TCF benefits our division by highlighting various aspects of our business that may previously have gone unnoticed.'*

In his report, AFFS CEO Peter Edwards noted that overall delivery and progress on TCF had progressed since September 2014 from amber to green. Whether a business unit is amber, green or red is determined by interrogating a large number of measures that are deemed appropriate to that business unit. The robustness and application of these measures themselves continue to be tested, as is the extent to which TCF is embedded, as Edwards put it in his report, in the 'hearts and minds' of employees.

Noting that a great deal of work still needed to be done, Edwards reported that AFFS had committed to closing 591 identified TCF gaps in 2015/16 and to keeping closed 491 gaps that had been closed in 2014/15.

Fifty documents and marketing material had been reviewed externally for plain language; 2 000 employees had passed TCF awareness assessments and another 2 000 had completed the first part of a complaints awareness assessment. In addition, a first annual TCF survey had been completed, a TCF policy drafted and TCF outcomes aligned to the AFFS risk register.

And still there was a great deal of work to be done ...

ENSURING EMPLOYEE ENGAGEMENT

WE STRIVE
TO BUILD AN
ENVIRONMENT IN
WHICH EVERYONE
WHO WORKS
FOR ALEXANDER
FORBES FINDS
PERSONAL AND
PROFESSIONAL
FULFILMENT
SO THAT THEY
WILL BE FULLY
ENGAGED IN
ACHIEVING OUR
STRATEGIC INTENT

This section of our report details past and future performance on the issues that matter most to employees, those stakeholders who are most central to our creation of value, to achieving our higher purpose and to executing our strategic intent. These issues were identified and prioritised through extensive stakeholder engagement – by our employees themselves.

This year, our salaried employee body increased by 199 to 4 111 (2013/14: 3 912). Our African operations added 87 positions, in keeping with our strategy to aggressively grow our Africa business outside of South Africa.

As a result of feedback received from employees through our annual employee engagement survey, a comprehensive employee value proposition (EVP) was compiled and widely disseminated this year. This EVP describes management's compact with employees and defines the value that the company offers all salaried employees.

Our EVP:

- Competitive market-related rewards and benefits.
- Employee share participation towards long-term wealth creation.
- Fulfilment of personal and professional aspirations.
- A great place to work with physical, emotional and financial well-being programmes.
- Preferential rates on motor, household and travel insurance and investment products.

PROVIDING CARE, SHOWING CONCERN

Our status as a listed company entailed considerable adjustment and a generally increased workload for most employees. However, employees responded positively to the group's new circumstances and status, a fact borne out by the results of our formal employee engagement processes. This year 71% of employees participated in our annual internal Gallup survey, up eight percentage points on 2013/14, while our employee engagement index rose from 59.4% to 63.8%.

Most encouragingly, 70.4% of our people considered themselves to be 'emotionally engaged' with the business (2013/14: 68.2%). The extent to which employees felt emotionally engaged with the business was further borne out – although only anecdotally – by the enthusiastic response to the group CE's call to embrace innovation as well as by the number of nominations received for election to the junior board.

Survey results this year also showed that we made progress on improving perceptions of the work environment and overall job satisfaction. Employees were generally satisfied with their job definitions and interaction with their immediate managers. Employee well-being remained a key priority. The employee assistance programme, which is managed by third-party consultants, ICAS, includes a confidential hotline

offering psychological, emotional and financial support. In 2014/15, 867 employees used the hotline (2013/14: 602). In April 2015, we had 3 812 employees registered on the e-Care online system which provides health information and professional advisory services. Some 136 employees took part in group trauma interventions, while 361 interactions involved employees seeking and receiving legal or financial advice.

In the new year, it is planned to direct greater resources towards the financial well-being of our employees – an essential intervention for a business that provides precisely such consulting and advice to third parties.

At year-end, around 70 employees had enrolled for the Charity Begins@Home initiative, raising some R220 000 which will be used to assist employees in need.

DEVELOPING OUR PEOPLES' SKILLS

In 2014/15 the group spent a total of R49 million on training as calculated in terms of the Financial Sector Code on B-BBEE (2013/14: R67 million).

The reduction in this amount is largely explained by the change to new service providers which, while these international institutions provide training interventions that are most appropriate to our requirements, they are not formally accredited with the relevant South African authorities.

Particular initiatives launched this year included Crucial Conversations, a training session that facilitates discussions with people from all levels on how to deal with difficult or confrontational situations in the workplace, in which 116 employees participated; the Duke University leadership development programme with 21 participants; manager as coach (25 participants); and leadership discussion groups (60 participants). Skills Development spend on African, Indian and Coloured (AIC) employees as a percentage of the leviable amount was 4.66% against the Financial Sector Code's target of 3%.

TREATING OUR PEOPLE FAIRLY

Ensuring equity across the group extends beyond the (South African) legislated definition of employment equity; we are committed to treating all employees fairly and honestly. Discrimination on any basis is not tolerated.

The group's Social, Ethics and Transformation Committee (SET) is the ultimate custodian of our code of ethics, which is regularly updated and widely communicated throughout the company. The code, along with our SERVE model, encourages all employees to always act ethically and to report cases of unethical or ethically questionable conduct. The committee monitors the group's transformation progress and B-BBEE performance on a quarterly basis.

Shortcomings in terms of remuneration levels in certain categories and areas of our business relative to peer companies were identified in 2013/14 and actions taken this year to ensure that we at least match market averages.

To empower and engage employees, upon our listing, all employees were allocated 1 000 shares each, an investment which we believe has enhanced the extent to which employees feel engaged with the success of the group. Subsequent to the year-end, we announced an employee share ownership plan (ESOP) in terms of which all employees, excluding beneficiaries of the long-term incentive plan, will in SA own approximately 2.9% of our issued share capital. Seventy percent of distributions by the newly created ESOP will accrue to black female employees (82% to black employees).

We acknowledge and enthusiastically practise our commitment to formal employment equity. In terms of our five-year employment equity plan to 2017 submitted to the Department of Labour and compiled in alignment with the Financial Sector Code, we face particular challenges on the senior, middle management, women in senior management and people with disabilities measures.

Our commitment to taking affirmative measures to achieve a demographically representative workforce extends to our hiring policies. In the year reviewed hires were 84% AIC (54% African) and 59% AIC females.

RECOGNISING ACHIEVEMENT

Alexander Forbes has an established recognition programme called SuperSERVE. This programme aims to recognise employees for behaviours that support and realise the SERVE values and the Treating Customers Fairly (TCF) framework.

The programme is built on four tiers:

- Bronze:** Peer-to-peer level recognition, (6 994 awards in 2014/15)
- Silver:** Manager-to-team member on-the-spot rewards (1 570 awards in the year)
- Gold:** Quarterly award winners (154 awards to individuals and teams)
- Platinum:** Annual award winners (35 awards)

Two formal employee performance reviews are held each year. These are structured by the HR department to ensure that performance conversations are

constructive and conducive to ongoing career advancement.

The performance discussion also includes a personal development plan discussion per individual.

A significant human resources achievement was the fact that by year-end 98% of all employees had individualised performance scorecards in place. This was achieved in the space of just two years, at the beginning of the year 89% of employees having such scorecards.

One area for improvement highlighted by employee engagement this year concerned people's sense of achievement. In the new year leaders at all levels will be expected to reward and encourage commitment and effort.

TRANSFORMATION

Performance in terms of the Employment Equity Act as per annual report to the Department of Labour

	March 2015 target	March 2015 target	March 2015 actual	March 2015 actual	Gap	2017 target
Black senior management	36%	90	30%	76	14	60%
Black senior management female	18%	45	14%	36	9	30%
Black middle management	52%	179	41%	142	37	75%
Black middle management female	26%	89	22%	76	13	37.50%
Black junior management	66%	375	62%	688	47	80%
Black junior management female	33%	368	36%	407	(39)	40%
Disability	3%	95	1%	30	65	3%

ENSURING EMPLOYEE ENGAGEMENT *(continued)*

LEADING BY EXAMPLE

To ensure a focused, practical approach to business transformation, the following leadership model was adopted this year:



Delivering on our promises

In our 2013/14 integrated annual report we promised to:	How we delivered on our promises:
<ul style="list-style-type: none"> Improve the quality of our hires 	<ul style="list-style-type: none"> Employee turnover rate dropped from 11.9% to 9.6%
<ul style="list-style-type: none"> Accelerate the roll-out of leadership programmes for junior, middle and senior management 	<ul style="list-style-type: none"> Various new courses were initiated, including those offered by Duke and Harvard universities
<ul style="list-style-type: none"> Streamline HR processes 	<ul style="list-style-type: none"> At year-end 98% of employees had performance scorecards in place and a number of HR processes had been automated

OUTLOOK

HR priorities for 2015/16 are to:

- focus on employee financial well-being through various programmes, including the Financial Well-being in the Workplace programme and the employee share ownership plan;
- accelerate transformation through our B-BBEE initiatives to achieve set targets; and
- ensure engagement through fairness, care and concern and a sense of achievement and to at least maintain our 63.8 engagement index and 65% of positively engaged employees.

Getting the youth on board

Every year more than 200 bright, eager young Alexander Forbes employees allow themselves to be nominated for the group's junior board.

By April, the 200 nominations had been reduced to a shortlist of 30, out of which only a handful will make it to the junior board. For those who get through the gruelling selection process, the reward is not just a prestigious seat on the board, reserved for under-35s, but the chance to influence the direction and culture of Alexander Forbes in ways that would normally not be possible in their day jobs.

The brainchild of Group CE Edward Kieswetter, the Alexander Forbes junior board came into being in 2012 to ensure that the voices of younger employees and, especially, their ideas, enthusiasm and fresh perspectives would be heard and felt throughout the company.

As well as providing the 'old guard' with perspectives on what Alexander Forbes' younger, future customers are thinking, the junior board works to future-proof the business by thinking out of the box, by innovating and attempting to deliberately disrupt traditional ways of thinking.

Michael Vryenhoek is a 26-year-old actuary working in SA Financial Services' Insurance Consulting division and is the current chairman of the Alexander Forbes junior board. He describes being on the board as a 'great opportunity to get involved in facets of the business you wouldn't usually be exposed to'. And for all of those involved in the board and in the selection process, he says, the experience is invaluable, both in terms of developing their own leadership skills and in helping to develop the organisation.

As well as contributing to innovation and legitimising the voice of the youth, the board involves itself in a number of projects, most of them originated during the selection process and carried out during the junior board's term of office. The junior board also runs a Talent Forum, which engages the youth through quarterly themed conversations incorporating relevant external speakers.

BEING A GOOD CORPORATE CITIZEN

WITH MORE THAN A MILLION INDIVIDUAL CUSTOMERS, ALEXANDER FORBES IS DEEPLY ROOTED IN SOCIETY. OUR WORK CARRIES GREAT RESPONSIBILITY AND GREAT OPPORTUNITY – TO CREATE VALUE AND TO MAKE A DIFFERENCE.

Our group and all who work for and lead it are mindful of how we can contribute towards realising the more equal, more inclusive, more prosperous South Africa which the National Development Plan envisages the country achieving by 2030. We believe we can contribute meaningfully towards the achievement of the plan's objectives by helping to foster a growth and investment-enhancing savings culture, and to closing the retirement savings and risk benefit gaps. Having a lasting, positive, impact on society is a key ambition of our 2016 – 2020 strategic intent.

Many stakeholders have high expectations of us – of how we conduct ourselves and of our broader social impact. By consistently exceeding expectations, we earn the trust that is essential to our existence and to the achievement of our higher purpose. Not the least of society's expectations of Alexander Forbes is that it should actively and affirmatively embrace transformation.

PUTTING TRANSFORMATION INTO PRACTICE

Our commitment to transformation is deep-rooted and extends beyond compliance with the broad-based black economic empowerment codes of good practice. It bears stating, however, that between 2007 and 2014 we progressed from being a level 5 contributor under the Financial Sector Code to a level 2 contributor and actively sought to transform all aspects of our business.

Driving execution against our transformation vision is ultimately the responsibility of the group's board and Social, Ethics and Transformation (SET) Committee while all divisions have SET committees. Transformation is a permanent item on the group Executive Committee's agenda and is included in senior management's performance scorecards.

In 2014/15 our transformation performance, as measured against the Financial Sector Code, was largely unchanged from the previous year.

Financial Sector Code performance				
	Targets	2014/15	2013/14	2012/13
Ownership	14.00	14.16	15.16	14.68
Management and control	8.00	5.50	6.87	5.81
Employment equity	15.00	8.32	8.32	8.60
Skills development	10.00	9.01	9.42	8.90
Preferential procurement	16.00	15.46	15.06	14.00
Empowerment financing	15.00	exempt	exempt	exempt
Enterprise development	5.00	15.00*	15.00*	15.00
Socio-economic development	3.00	3.00	3.00	3.00
Access to financial services	14.00	10.55	11.68	exempt
Overall score	100.00	87.07	88.96	69.56 (out of 81) equivalent to 85.89 out of 100

Empowerment contribution level

* Entities that are exempt from empowerment financing are required to report on enterprise development with a target of 15 points on the FSC scorecard.

Based on the principle of continuing consequences, following our listing we retained an effective, verified black ownership of 32.44%. (One important consequence of our listing was that our empowerment equity partners, including Shanduka, the Staff Share Trust and the Alexander Forbes Community Trust all realised value at the time.)

The net effect of the private equity consortium's exit was that our level 2 status declined to level 3. To address this, in April 2015 we announced an employee share

ownership scheme (ESOP) which will transfer an effective 2.9% ownership in the group to employees.

The scheme favours black female employees who will be the beneficiaries of 70% of proceeds paid by the Alexander Forbes ESOP. (Thirty percent of dividends will initially accrue to the trust, the balance being utilised to repay the notional vendor finance extended to the trust at an interest rate of 7%). The creation of the trust has restored our level 2 contributor status.

BEING A GOOD CORPORATE CITIZEN *(continued)*

On preferential procurement we improved our performance from 15.0 (out of a target 16 points) to 15.46; our enterprise development score remained unchanged at 15.0 (Financial Sector Code businesses that are exempt from empowerment financing are measured on enterprise development, out of 15 points). For detail on our employment equity performance, see page 47.

Our key enterprise development contribution initiative for the period under review was an allocation of R12 million to a dedicated fund administered by the Association of Savings and Investments South Africa (Asisa). In addition, we allocated office space to seven black-owned group suppliers – worth R3.6 million recognised as enterprise development spend.

In the new year we plan to more actively invest in supplier development by identifying and growing emerging suppliers who will benefit from our ability to impart skills and mentor small and medium-sized enterprises while empowering them to develop services that are relevant, and complementary, to the core activities of our divisions.

BUILDING FINANCIAL WELL-BEING THROUGHOUT SOCIETY

Empowering the more than a million individuals whose long-term financial wellness is largely entrusted to Alexander Forbes is what our higher purpose is all about and is one area in which we have considerable ability to have a positive impact on the societies in which we operate. Equipping our members with information and skills to more actively manage their finances, investments and risks will be a key part of our strategic intent from 2015/16 (for more on this key element of our Strategic Intent, see pages 14 to 21).

In addition to empowering individual members, senior managers at Alexander Forbes Financial Services consult regularly at various levels of government, not

only on the financial wellness of their employees, but on important matters of policy and best practice in asset administration and management. AfriNet executives provide similar advice, informed by extensive research and experience, in several of the territories in which that business operates.

ADDRESSING COMMUNITY NEED

We are proud of the targeted, effective contributions we as a group and as Alexander Forbes employees are able to make towards improving the lives and prospects of many of the most vulnerable South Africans. This year the group contributed R4.6 million (2013/14: R3.9 million) to the independently governed Alexander Forbes Community Trust which administers our flagship In-4-Life programme, bursaries, school support, capacity building and employee volunteering.

As well as direct funding from Alexander Forbes, with our listing the trust's 0.3% equity stake in the group translated into shares worth some R43 million. By October 2014 the trust (which is chaired by revered former cricket administrator Dr Ali Bacher) had accrued

R900 000 in interest, which funds, plus dividends, will be used, at the trust board's discretion, to further expand the organisation's social investment.

In-4-Life partners with community-based organisations in four provinces focused on orphans and vulnerable children. As its name implies, In-4-Life supports vulnerable children in nine disadvantaged communities, not sporadically but throughout their development. This support encompasses early childhood development, assistance for school learners (by providing uniforms, stationery, meals and after-school care), tertiary scholarships and bursaries (of which there were 22 beneficiaries this year.

ENTRENCHING ETHICS ACROSS OUR BUSINESS

The 'V' in our SERVE values – value of trust – underpins every one of our stakeholder relationships. The nature of our model for creating value dictates that unless the individuals with whom we interact have 100% trust in us we will be unable to achieve our higher purpose. And stakeholders will only place their trust in us if they

Alexander Forbes Community Trust beneficiaries				
	2014/15	2013/14	2012/13	2011/12
Orphans	1 123	1 143	1 830	926
Children with disabilities	133	127	118	96
Grade 12 learners	291	306	149	125
Memezelo Secondary School learners	600	600	538	527
Tertiary bursary recipients	22	19	20	19
Hlengimpilo Primary School learners	1 243	1 243	n/a	n/a
Other	3 974	4 201	5 720	2 502
Total number of all children	5 483	6 063	8 375	4 195
Employees	147	252	142	149
Adults	1 564	1 330	4 584	3 365
Total number of all adults	1 711	1 582	4 726	3 514
Total number of all beneficiaries	7 194	7 645	13 101	7 709

Andile's journey from Umkomaas to Sandton

Just five years ago, Andile Buthelezi was writing her matric at Umkomaas Secondary School on the South Coast of KwaZulu-Natal, wondering what would one day become of her.

Little did she know, as she and her schoolmates did community service at a nearby orphanage run by the Mpilonhle Community Organisation one day, that fate was about to intervene in her life.

Mpilonhle is one of nine community-based organisations that is sponsored by the Alexander Forbes Community Trust and somebody at Mpilonhle obviously spotted the potential in this bright, energetic 18-year-old.

Growing up in a village outside Umkomaas with her grandmother and five aunts, Andile was always a star pupil – and she lived up to her teachers' expectations by earning three distinctions in matric. She received a bursary through the trust – enough to pay for her accommodation, books and meals while she studied towards a bachelor of business administration at the CIDA City Campus in Johannesburg.

There she kept excelling, gaining a total of nine distinctions, along the way enrolling at the CIDA School of Investments, obtaining no fewer than three SAIFM certificates.

As soon as she had graduated, in February 2014 Andile began an internship at Alexander Forbes Life in Sandton. Following her passion for compliance, Alexander Forbes helped Andile to get her JSE equities compliance officer certificate. Six months after joining Alexander Forbes she was working in the Investment Solutions compliance department – where the 24-year-old is still working to this day.

Andile loves her job which she likens to 'being like a policeman'. She also loves the fact that what she's doing is critically important – keeping Investment Solutions on the right side of regulation and, in the process, giving clients peace of mind.

'Because this is my first job I obviously don't have much experience of the world of work,' she says, 'but, compared to what my friends tell me, Alexander Forbes is a different, special place to work. I really like the fact that what we do is all about positively impacting people's lives and I feel like I'm part of a family even though, in Sandton, I'm so far from home.'

Already Andile is thinking about doing her honours degree in economics or asset management – 'to give me the bigger picture'. Investment Solutions MD Derrick Msibi might be encouraged to know that, in his compliance department, there is a young woman from Umkomaas who has her sights set, one day, on getting his job.

believe they can rely on us to always act ethically. (See page 45 for our drive to entrench a culture of treating customers fairly across our organisation.)

The financial services sector is vulnerable to exploitative behaviour and to the economic crimes of fraud, corruption and conflicts of interest. Alexander Forbes addressed these risks in 2012/13 with the introduction of a crime prevention strategy, which provides a framework for deterring and responding to economic crime. Our crime prevention strategy continues to be monitored and enforced by the internal audit function while an independently managed whistle-blower line, for the anonymous reporting of conflicts of interest, fraud and corruption, is widely advertised.

This year, we conducted an extensive ethics climate survey which highlighted shortcomings in ethics training and a general lack of awareness about our ethics policy. In particular, the survey identified the need for our existing code of ethics to be revised. This was done with the subsequent adoption and publication of a separate code of ethics and ethics policy. The code of ethics spells out behaviours that are expected of all stakeholders – not only employees – whereas the policy relates chiefly to procedures that need to be followed to ensure ethical behaviour in all situations. (See page 74.)

The ethics policy emphasises avoiding particular behavioural risks, the ethical treatment of customers and greater detail on the ethics implications of our HR framework. In the new year, the code of ethics will be distributed to all employees for signing. Following the revision of our ethics policy, refresher training for all employees was being prepared while plans were being made to include more ethics elements in our induction training.

COMPLYING WITH LAWS AND REGULATION

Legislation and the regulation of the financial services industry are continuously evolving to ensure that all companies operate according to consistent and appropriate standards and that fairness governs their services and interactions with customers. For an explanation of our legislative and regulatory compliance obligations and performance, see our website www.alexanderforbes.co.za.

MITIGATING OUR ENVIRONMENTAL IMPACT

The nature of our business dictates that we have a limited environmental impact. However, our commitment to being a good corporate citizen dictates that we always act with due regard for the environment – an area in which we have achieved some considerable success.

Our Sandton head office is accredited by the Green Building Council of South Africa with a four-star green star rating, featuring a number of advanced environmental systems. The group IT function utilises ambient air cooling technology when appropriate to improve the data centre's energy efficiency. At year-end, the data centre's energy-efficiency profile, as measured in terms of a power usage efficiency rating, was 1.6 (against a norm of around 3.0).

In 2014/15, our diesel consumption rose by 458%. This was entirely due to increased generator use relating to the fact that we experienced 13 power outages as compared to four the previous year (32 hours in total against 6.5 hours). Various consumption indicators for our Sandton head office declined this year – largely because of lower head counts. At present, data reported on water, electricity and diesel consumed, waste and recycling relates to our head office. During the year, we began implementing procedures to capture such data for all properties.

OUTLOOK

In the new year, we intend to broaden our social impact, both in terms of organisations supported, and geographically. Our ESOP has been approved by shareholders and bedded down and we will re-engineer our enterprise and supplier development investments to maximise impact.

We look forward to reporting particular progress on our initiative to empower individual fund members in

managing their own financial wellness as we further entrench a culture of treating all customers ethically, a performance we anticipate will be reflected in our compliance with relevant laws and regulations.

The Alexander Forbes Community Trust will, it is envisaged, broaden its reach beyond the four provinces and nine projects which it currently has an impact on while adding beneficiaries to its bursary scheme.

Environmental data for Sandton head office		
	2014/15	2013/14
Electricity consumption (kWh)	8 620 382	8 634 176
Electricity spend (Rm)	7 910	6 783
Water consumption – municipal water (kℓ)	41 229	44 459
Water spend (Rm)	0.95	0.97
Recycling (kg)	16 960	28 026
Waste to landfill (kg)	131 450	181 050

In our 2013/14 integrated annual report we promised to:	How we delivered on our promises:
<ul style="list-style-type: none"> Contribute towards the transformation of our company and industry 	<ul style="list-style-type: none"> R12 million enterprise development contribution to the Asisa SME fund
<ul style="list-style-type: none"> Expand our bursary programme 	<ul style="list-style-type: none"> This year we awarded 22 bursaries (19 the previous year) and plan to expand this number in 2015/16
<ul style="list-style-type: none"> Support more community-based organisations through In 4 Life 	<ul style="list-style-type: none"> One more community-based organisation received funding; trust dividend income will create greater capacity for broadening impact