

Sustainability overview

Iemas' vision is to be the preferred financial services co-operative. In order to achieve its vision, it is the mission of every employee to work together as a team to the benefit of members through the provision of professional service and financial products based on innovation and integrity.

The conduct of the board, management and employees is underpinned by the corporate values of integrity, dignity, ownership and accountability, teamwork and professionalism.

ETHICS

Iemas values and protects its reputation and credibility. Acting ethically and responsibly enhances Iemas' brand and reputation and forms the foundation for establishing long-term relationships with stakeholders.

Iemas' code of conduct is a meaningful statement of its core values. It is promoted, as such, across the organisation and is reinforced by proper training and appropriate disciplinary action, if breached. The code of conduct is binding on directors, managers, employees, independent contractors, agents, service providers and business partners and compliance with the code of conduct is integrated in the operations of the group.

The board oversees that its conduct and that of management align to the corporate values and is adhered to in all aspects of its business.

Conduct

Iemas has a zero-tolerance approach towards unethical conduct and communicates openly and transparently about fraud, unethical behaviour and related dismissals. Iemas' values, and the associated behaviour expected, are continuously reinforced via communication to employees.

Whistle-blowing

Fraud and misconduct are inherent risks to most businesses, especially businesses operating in the financial services sector. Iemas has instituted various channels to enable stakeholders to report incidences and suspicions of fraud or unethical behaviour.

In addition to normal internal reporting and escalation processes, Iemas secured the services of an external, objective service provider to administer an anonymous and independent fraud and ethics hotline. The hotline details are communicated to internal and external stakeholders through numerous communication channels.

All reported information regarding fraud or suspected incidences of fraud are investigated by internal audit, who reports material findings to the audit and risk committee. Internal audit has established relationships with other external parties and financial institutions to collaborate in addressing the increase in fraudulent behaviour.



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During the year under review, there were no significant cases that originated from the hotline. However, stakeholders reported incidences of fraud and suspicious behaviour via other channels. Please refer to page 47 for more information in the report of the audit and risk committee.

A fraud verification department has been established to follow up on any suspicious member applications and, where necessary, the relevant employer is contacted to verify members' personal and/or banking details.

VALUE CREATED FOR STAKEHOLDERS

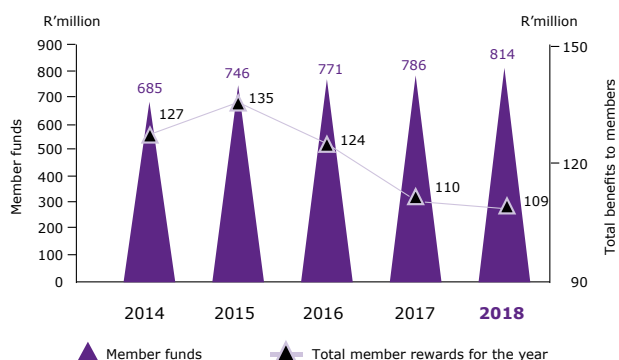
'Value added' is the measure of additional value created for stakeholders by Iemas in its operations. The statement below summarises the wealth created and details how it was shared by employees and other stakeholders that contributed to its creation.

Areas of value creation

	2015 R'million	2016 R'million	2017 R'million	2018 R'million
Employee training and development	2,0	4,2	3,0	2,0
Employee salaries and bonuses	166,7	163,8	169,3	186,9
Employee taxes (including UIF and skills development levies)	34,6	36,3	32,2	31,9
Corporate taxes	46,9	49,2	31,4	31,1
Value added tax	20,1	18,6	17,3	18,3
Annual member rewards	135,1	123,5	109,7	109,4

The foundation of the co-operative model is that members share in the profits. Iemas' annual reward allocations to members illustrate its commitment to co-operative principles. Total member rewards (including interest on the members' deferred bonus payment fund) amounted to R109,4 million (2017: R109,7 million).

Member reserve funds and rewards



EMPLOYEE CAPABILITY AND WELL-BEING

Employment

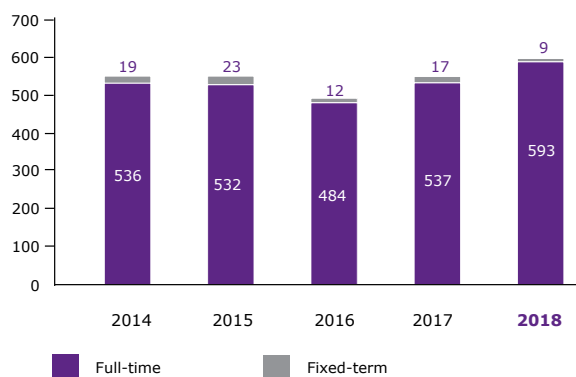
The co-operative's employment philosophy is interlinked with its strategic plan with a clear focus on attracting, engaging and retaining the best talent to deliver on its business objectives. A combination of Iemas' culture, its leadership, its product and service offerings, its employee benefits and its reputation constitute the building blocks of Iemas' employment brand. Iemas' vision of transformation is translated into strategies and specific targets and plans which are governed by the board.

Iemas' number of employees increased to 602 (2017: 554), operating through 31 offices country-wide. Benefits offered to employees include pension and provident fund contributions, group life cover, income protection, disability cover, funeral benefits and 21 leave days per annum.

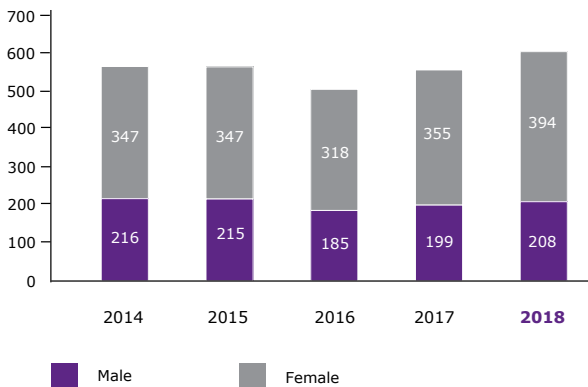
There are currently four (2017: four) employees who have been declared medically disabled in accordance with the disability cover terms and conditions and who continue to receive a portion of their income, pension and provident fund benefits although they are not actively at work.

Employee benefits and remuneration amounted to R186,9 million (2017: R169,3 million), reflecting a 10,4% increase.

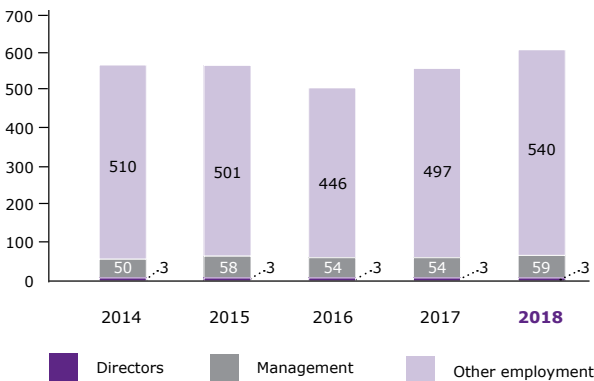
Total number of employees



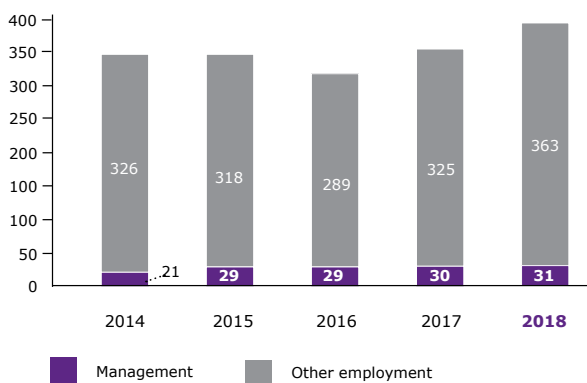
Number of employees by gender profile



Employment per management level



Female employment



Employment equity (EE)

Iemas manages its employment equity profile by embracing diversity. The employment equity and skills development forum assists the executive management with implementing employment equity in accordance with the requirements of the Employment Equity Act, No 55 of 1998, as amended. The forum represents the business, across all of its geographic regions and branches, as well as across all its business functions, including the insurance business.

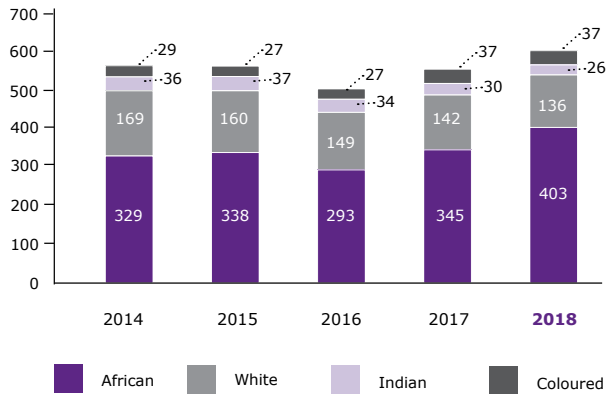
Member	African	Coloured	Indian	White	TOTAL
Top management	0	0	0	1	1
Senior management	0	0	0	2	2
Professionally qualified and experienced specialists and mid-management	24	0	5	30*	59
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	284	29	15	90	418
Semi-skilled and discretionary decision-making	82	8	6	13	109
Unskilled and defined decision-making	13	0	0	0	13
Grand total	403	37	26	136*	602
Fixed term employment	8	0	0	1	9

* Foreign national employees are reported under the category "White" for EE purposes.

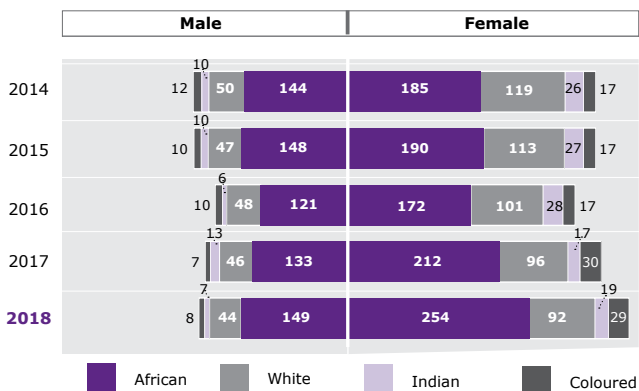
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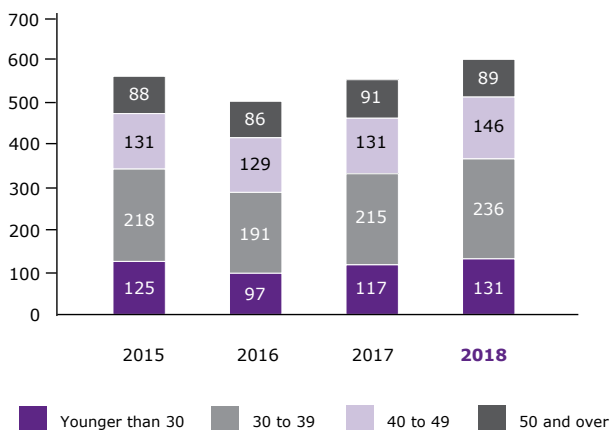
Employment equity profile by race



Employment equity profile by race and gender



Total number of employees by age group



Maternity/paternity leave

During the year under review, 23 (2017:14) female employees took maternity leave and 9 (2017: 4) male employees took paternity leave. All the employees returned to work after their leave.

Diversity and equal opportunity

A workforce that is representative of the country and the communities in which our members work and live allows us to better meet our members' needs.

Iemas endeavours to establish a culture that truly embraces all forms of diversity and has been presenting diversity integration programmes every year, since 2007. Over the years, the emphasis with this programme moved away from cultural diversity integration and is now focusing on generational and individual diversity. 14 Employees participated in the diversity integration programme during the year (2017: 15 employees). This was the twelfth group and brings the total number of employees who attended the programme since its introduction to 269, equating to approximately half of the workforce.

Performance and career development

Bi-annual performance appraisals, which form the basis for annual salary and bonus reviews, are conducted with all employees.

Talent management and retention

Annual reviews of the pool of employees, who are considered key individuals or key talent, are conducted by executive management. These employees are managed and monitored in terms of retention, wellness, development and skills transfer.

The insurance industry, in particular, is experiencing a shortage of people with the appropriate skills and required compliance credits. Iemas continuously reviews its strategies and processes to improve talent attraction and retention specific to the short-term insurance business. A formal trends analysis was conducted during the year for this purpose. The results of the analysis provides valuable input to recruitment, retention and people development strategies in this particular area of the business.

Employee wellness programme

Iemas has an extensive employee wellness programme in place which consists of:

- » pro-active workshops to emotionally equip and empower people;
- » a confidential helpline for support or referral to individual coaching or counselling; and
- » individual and confidential coaching or counselling with a professionally qualified counsellor.

During the year 114 (2017: 58) employees (19% of the workforce) attended the wellness workshops, 109 (2017: 166) employees (18% of the workforce) made use of individual wellness counselling sessions and 166 (2017: 165) (28% of the workforce) utilised the wellness helpline.

Exit interviews

Iemas conducts exit interviews as a standard human resources management practice. Where trends become apparent in the reasons for resignation, it is addressed by means of human resources strategies and action plans that are developed and implemented in collaboration with the relevant line managers.

TRAINING AND DEVELOPMENT

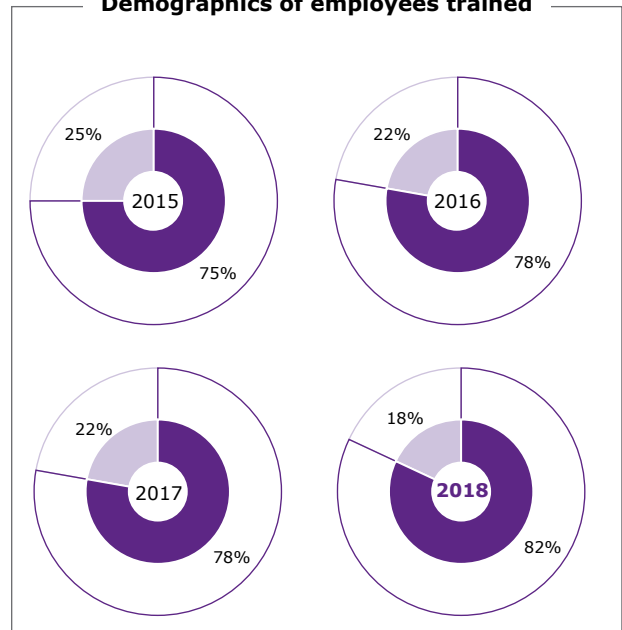
Iemas has a detailed human resources management strategy that is reviewed annually and approved by the human resources committee. Iemas aims to establish a performance-oriented organisational culture by developing high performing individuals through its human resources policies and practices.

In an effort to develop, grow and empower employees, training and development plans are executed to ensure employees achieve their full potential. Iemas' total expenditure on the training and development of employees was R2,0 million (2017: R3 million) for the year. The average training spend per employee trained was R2 074 (2017: R5 445), excluding skills development levies and learnership expenses for unemployed learners.

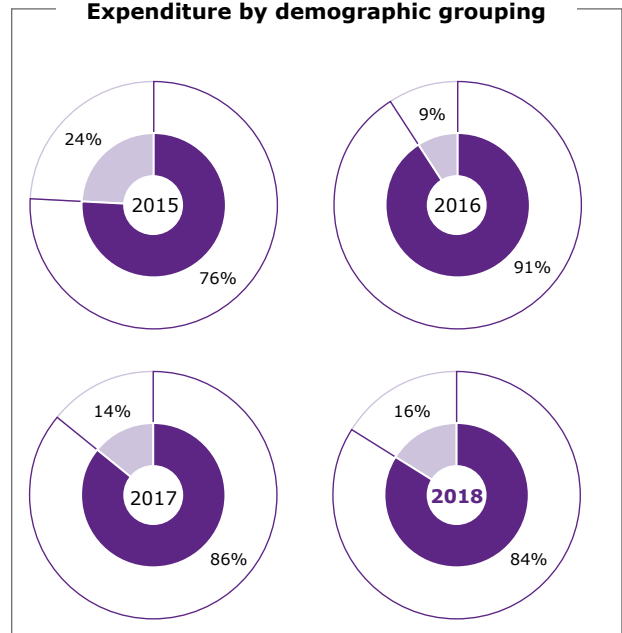
For the year under review, the main training priority was to prepare employees for the new loan origination, loan management and debt collection systems. A total of 6 e-learning training modules were deployed to 399 users. The learning process was tracked and managed by the human resources management team with the aid of an electronic learner management system. Throughout the training process, a number of change readiness interventions were executed, including roadshows to demonstrate the new system to all users and to facilitate job-specific questions and answers sessions.

The demographics of training beneficiaries during the year under review are summarised as follows:

Demographics of employees trained



Expenditure by demographic grouping



● Black ● White

Sustainability overview

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Leadership development

The development of leadership capabilities remains an important human resources and corporate priority. During 2018 a 4-module in-house management orientation course was presented to 11 junior managers and the Milpark Business School's higher certificate in management will be obtained by another 7 junior managers in the next year. Participation in the Milpark Business School's study programme was funded by the Bankseta.

Compliance-related training

Compliance-related training was conducted on an ad-hoc basis during the year under review and included:

- » an Employment Equity Act awareness DVD which forms part of induction training;
- » training in terms of the Occupational Health and Safety Act;
- » regulatory examinations and training for sales people rendering financial advisory and intermediary services in terms of the requirements of the FCSA; and
- » wealth management training (full qualification) for Financial Advisory and Intermediary Services credits as required by the FAIS and FCSA regulations.

Bursaries

26 (2017: 29) Employees are currently studying with Iemas bursaries towards tertiary qualifications. For the year under review, Iemas contributed R155 211 (2017: R149 365) towards study bursaries.

SOCIO-ECONOMIC DEVELOPMENT INITIATIVES

Iemas remains cognisant of its responsibility to provide opportunities for its employees to participate in initiatives aimed at assisting the under-served and impoverished parts of the community in which it operates. The co-operative's CSR strategy therefore includes various national and regional initiatives, which employees can support and donate to:

These causes include:

- » various educational-related initiatives whereby school uniforms and shoes are donated; career expos; fundraising for a mentally disabled adult educational centre; sponsorships and donations to a school for visually impaired children;

- » supporting various national fundraising days including CANSA Shavathon, Casual Day and Tekkie Tax Day;
- » continuous donations and assistance to a transitional residential facility for young girls at risk in the Pretoria city centre;
- » ongoing SANBS blood donor drives;
- » participating in Mandela Day; and
- » an HIV/AIDS awareness campaign.

In line with the principles of being a co-operative, Iemas further believes that financial education enables members to make sound financial decisions and to ultimately achieve holistic financial wellness. Iemas therefore offers free financial training at the workplace to employees of contracted employers. Training modules include: how to budget; effective savings tips; escaping the debt spiral, the importance of having a life file and what documentation to include. During the 2018 financial year Iemas trained 7 028 (2017: 6 734) employees at contracted employers nationally.

Skills development in the industry

During the year, 23 (2017: 32) learners participated in Iemas' learnership programmes, and three were permanently employed. Learnerships and internships are offered in short-term insurance, internal audit, retail insurance (life and funeral insurance), human resources management and marketing.

OCCUPATIONAL HEALTH AND SAFETY

The purpose of the safety management system is to:

- » formalise the rights and responsibilities of both Iemas as an employer and Iemas employees;
- » ensure that all employees become familiar with the Occupational Health and Safety Amendment Act, No 181 of 1993;
- » identify and mitigate, as far as reasonably possible, all health and safety risks to employees, business associates and members;
- » enable all employees to be responsible and proactive when making critical decisions regarding health and safety in the workplace;
- » communicate the health and safety programme to employees and relevant stakeholders; and
- » facilitate the collection, analysis, critical evaluation and amendment of health and safety information and standards.

All contractors are made aware of the safety regulations. Health and safety representatives at branches communicate directly with contractors on any matters regarding safety to ensure that contractors are fully conversant with safety requirements. The right to inspect any contractor equipment, and to reject it, is retained.

Each office has a health and safety plan and monthly safety reports are compiled and evaluated to address any areas of non-conformance.

The following actions took place during the year under review:

- » A pro-active management system was maintained;
- » 13 (2017: 12) Health and safety representatives received training;
- » 78 (2017: 21) Health and safety training courses were presented;
- » 11 (2017: 16) Offices conducted their annual emergency drills;
- » Initiated a process to identify and train an additional person as a Level 3 First-Aider for advanced first aid at the Centurion head-office;
- » New occupational health & safety legal wall charts were distributed to all offices;
- » Indemnity signs were updated at all offices;
- » Development and dissemination of video clips explaining emergency procedures at Centurion;
- » Existing security measures, such as building and fire alarms, safety signage and first-aid kits were updated; and
- » Internal audit representatives visited five offices and audited the emergency procedures, safety signage, fire protection, health and safety structures and internal security.

A total of 40 (2017: 26) health and safety-related incidents were recorded during the year, with 0 (2017: 10) incidents of injury on duty reported to the Department of Labour. Other incidents were minor and related to vehicle damage, water damage and theft with no fatalities or serious injuries. The increase in reportable safety-related incidents can be ascribed to increased levels of employee awareness about the need to report incidents and complete accident reports.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

On 1 December 2017, the Department of Trade and Industry published the long-awaited amended financial sector code of good practice on Broad-Based Black Economic Empowerment (B-BBEE). The amended code became effective on the same date and allowed for no transitional period for implementation.

In prior years, Iemas was rated according to the Codes of Good Practice in terms of Section 9 of the Broad-Based Black Economic Empowerment Act, no 53 of 2003, resulting in a B-BBEE status of a Level 3 contributor.

The rating for the year under review was conducted in accordance with the new codes. This resulted in a rating of "non-compliant" under the new code. Iemas is committed to actively participate in the transformation and creation of a competitive financial sector that reflects the demographics of South Africa. Management and the board is formulating a B-BBEE strategy that will ensure the achievement of an acceptable rating according to the new codes within the next two to three years. The focus for the next year will be to improve the score.