

HOLDING OURSELVES ACCOUNTABLE

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EXECUTIVE COMMITTEE



Maria Feiteira (55)

Managing Executive: Iemas Lend

BComm (Banking), Regulatory Examination Key Individual, Associate Diploma, Advanced Marketing Diploma and Global Management Diploma

Years of service: 1



Jaybalan Goonahsylin (46)

Chief Information Officer

National Diploma – Electronic Engineering, BTech – Business Administration, Masters in Information Technology and Certified Enterprise Architect

Years of service: 1



Leonie Louw (49)

Group Manager: Human Resources

BA Degree (Communications), Advanced Training and Education Diploma and Human Resources Management Diploma (*cum laude*)

Member of the South African Board for People Practices (SABPP)

Years of service: 20

Ages at 31 August 2020



Tom O'Connell (49)

Chief Financial Officer
BCom (Hons), CTA, CA (SA);
Management Development
Programme (MDP) and
International Executive
Programme

Member of the South African
Institute of Chartered
Accountants (SAICA)

Years of service: 24



Banie van Vollenhoven (58)

Group Chief Executive Officer
BCompt (Hons), CTA, CA (SA),
MSc in Project Management
(*cum laude*) and Advanced
Executive Programme

Member of the South African
Institute of Chartered
Accountants (SAICA)

Independent Regulatory Board
of Auditors (IRBA) and Project
Management South Africa
(PMSA)

Years of service: 1

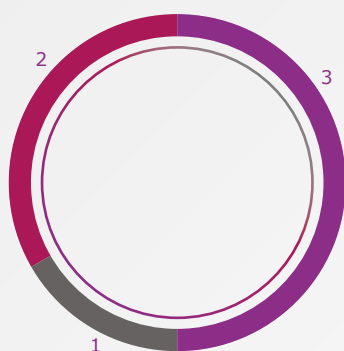


Piet Wolmarans (54)

*Managing Director: Iemas
Insurance Brokers*
BCom (Hons), MBA, Advanced
Management Programme

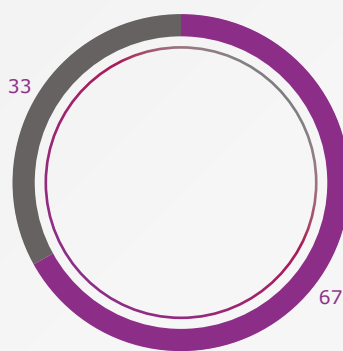
Years of service: 32

Tenure



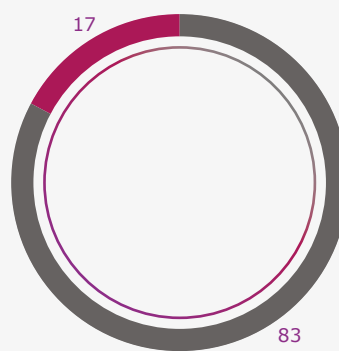
- 0-10 years
- 11-20 years
- 21-40 years

Gender (%)



- Male
- Female

Demographic (%)



- Black
- White
- Indian
- Coloured

Average
age:
52

STAKEHOLDER ENGAGEMENT

The Board of Directors and Executive Committee are convinced that active stakeholder engagement is important to the Group's long-term performance and continued sustainability.

How we engage

Stakeholder Engagement

The performance of our business is dependent on how well we engage with our stakeholders, this determines Iemas' success and long-term sustainability.

Our integrated stakeholder engagement approach is based on four principles. For us, it is essential to:



Hold open and collaborative interactions with each stakeholder group.



Listen to their input and feedback – to improve on our business offerings and processes.



Develop an understanding and appreciation for our stakeholders' needs.



Create value for our stakeholders – and where possible, ensure that this is shared.

Iemas' Stakeholder Engagement Approach

Mapping our stakeholders

Primary Stakeholders: Stakeholders who influence Iemas' business operations and strategy. They have a direct bearing on our business direction and activities.

Secondary Stakeholders: Stakeholders who have an association with Iemas' day-to-day running and are impacted by our decisions and operations.

Tertiary Stakeholders: Stakeholders who regulate the environment in which Iemas operates in and have a vested interest in ensuring that this happens in accordance with the best standards, laws and regulations.











AIM

- I. Better understanding of our value proposition:** Stakeholders need to understand our role and function as a financial services co-operative, and what implications this has for them. Crucial to this is a solid understanding of our integrated business performance, challenges and opportunities.
- II. Active engagement:** Iemas has a duty to foster a spirit of openness and transparency – to enable active engagement with its stakeholders that goes beyond compliance.
- III. Deepened relationships:** The overarching objective, for Iemas is to have deepened and mutually beneficial relationships with its stakeholder groups that are based on trust and confidence in the Group's ability to deliver on its strategy.





INTEGRATED STAKEHOLDER ENGAGEMENT (CONTINUED)

Delivering against our stakeholders' expectation

 Stakeholder group	 Key expectations	 The value we deliver for our stakeholders	 How we will deliver value for them going forward
Members	<ul style="list-style-type: none"> • Sustainable business; • Returns and rewards; • Optimal capital allocation; • Competitive product and service offering; • Excellent customer service; • Open communication; and • Financial education and knowledge. 	<ul style="list-style-type: none"> • Continuous operational efficiency improvements • Delivering excellent customer experiences; • Consistent products and services available for our members at competitive prices; and • Consistent practice of curiosity, identify innovative world-class products to introduce to our members. 	<ul style="list-style-type: none"> • Market related rewards programme; • Enhance digital channels to improve access for members; • Continue growing social media communities; and • Active customer relationship management.
Employers	<ul style="list-style-type: none"> • Effective and accurate monthly administration; • Ethical and responsible lending practices; • Consistent engagement and collaborative approach to decision-making and risk management; and • Employee financial wellness. 	<ul style="list-style-type: none"> • Delivering excellent customer experiences; • Consistent products and services available for our members at competitive prices; and • Employer's employee financial partnering. 	<ul style="list-style-type: none"> • Focus on groups in specific sectors (new and existing) and deepen relationships; • Ongoing employer engagement initiatives; and • Improvement of employer group value proposition.
Employees	<ul style="list-style-type: none"> • Employment security; • Competitive remuneration; • Stimulating work environment and challenges; • Career development and personal growth opportunities; • Diverse, inclusive and empowering culture; and • Accessible communication channels, open engagement and honest feedback. 	<ul style="list-style-type: none"> • Sustainable business execution; • Flexible working conditions; • Internal communication platforms for engagement with Executives; • Investment in skills development; • Entrepreneurial culture which rewards innovation; and • Customer-centric culture which appreciates and rewards service excellence. 	<ul style="list-style-type: none"> • Continue implementing initiatives to improve employee retention and sense of belonging; • Wellness training initiatives; • Redefine and entrench a high performance culture; • Manage the impact of organisational alignment on corporate culture; and • Change management programme to ensure successful implementation of information technology and adoption by all.

 Stakeholder group	 Key expectations	 The value we deliver for our stakeholders	 How we will deliver value for them going forward
Product and service providers	<ul style="list-style-type: none"> Increased up take on their services; Efficient administration and punctual payment combined with adherence to contractual agreements; Responsible representation of supplier brand; and Shared accountability and responsibility for joint projects. 	<ul style="list-style-type: none"> Unbiased partnership terms rooted in the unique capabilities of each party; Fair share of responsibility in joint projects; Accountability for output – contribute to product development; and Regular (both scheduled and concern-induced) honest communication. 	<ul style="list-style-type: none"> Ongoing engagement initiatives; Growing partnerships with retailers, suppliers and vehicle dealers; Transparent procurement policy; and Review contracts with service providers to ensure required support and expertise are available.
Government and regulatory bodies	<ul style="list-style-type: none"> Compliance with all legal, regulatory and certification requirements; Responsible corporate citizenship; Responsible taxpayer behavior; and Participation in meetings of regulators and industry working groups. 	<ul style="list-style-type: none"> Internal compliance control procedures in place; Continuous employee training on regulations and compliance requirements; Immediate corrective action on concerns raised by authorities; and Timeous submission of all periodic assessment documentation and fulfilment of all statutory obligations. 	<ul style="list-style-type: none"> Further alignment of business to the requirements of the National Credit Act (NCA); Implementation of requirements of Department of Trade and Industry regarding credit life insurance; Managing the impact of the Retail Distribution Review (RDR); and Broad-Based Black Economic Empowerment (B-BBEE) procurement initiatives.

INTEGRATED STAKEHOLDER ENGAGEMENT (CONTINUED)

 Stakeholder group	 Key expectations	 The value we deliver for our stakeholders	 How we will deliver value for them going forward
Banks and investors	<ul style="list-style-type: none"> Return on investment; Good corporate governance; Management of risk exposure; Sustainable business practices; and Compliance with covenants: <ul style="list-style-type: none"> a Comprehensive, and accurate reporting; b Liquidity management. 	<ul style="list-style-type: none"> Regulatory and statutory compliance reporting; Funding available and secured on acceptable terms; and Compliance with funder covenants. 	<ul style="list-style-type: none"> Funding risk management ensuring continuous access to funding at competitive rates; and Focus on liquidity and management of funding terms.
Communities	<ul style="list-style-type: none"> Corporate social responsibility; Responsible corporate citizenship; Trusted and admired brand; and Reliance and guidance. 	<ul style="list-style-type: none"> Financial wellness training; and Continuous support for various causes, aligned to the Iemas Corporate Social Responsibility (CSR) Policy and the United Nations' Sustainable Development Goals focus on our own communities. 	<ul style="list-style-type: none"> Ongoing engagement initiatives in line with Iemas' corporate social responsibility; Continue with Learnership and internship programmes; and Support for the Lerato House home for the neglected and abused girls since 2016.
Board of Directors	<ul style="list-style-type: none"> Good corporate governance; Effective risk management and reporting; and Corporate strategy review and execution. 	<ul style="list-style-type: none"> Continued efforts to conduct business in line with the highest corporate governance standards, with King IV™ as the basis of measure; and Corporate strategy and execute key tasks and initiatives. 	<ul style="list-style-type: none"> Continue to ensure that corporate governance is in line with best practice; Transparency and continuous reporting; and Timeous implementation of identified strategic objectives.
Associations	<ul style="list-style-type: none"> Active membership; Attendance of meetings; and Active industry participation. 	<ul style="list-style-type: none"> Regular participation and engagement; and Involvement at the South African Banking Risk Information Centre and the South African Insurance Crime Bureau. 	<ul style="list-style-type: none"> Continue with engagement initiatives.

ENTERPRISE RISK MANAGEMENT

How we manage risk

An effective enterprise risk management process is essential in order to identify potential risks that may, if not properly mitigated against, lead to not meeting profit expectations or other objectives of the Co-operative. The Board, management and employees consider actively applying a standardised risk management framework and methodology as fundamental to management practice.

Enterprise risk management includes managing risks, at all levels, in all aspects of the business that include setting the strategy, achieving objectives and making informed decisions, corporate governance, execution of leadership responsibilities, interaction with stakeholders, people behaviour and cultural factors.

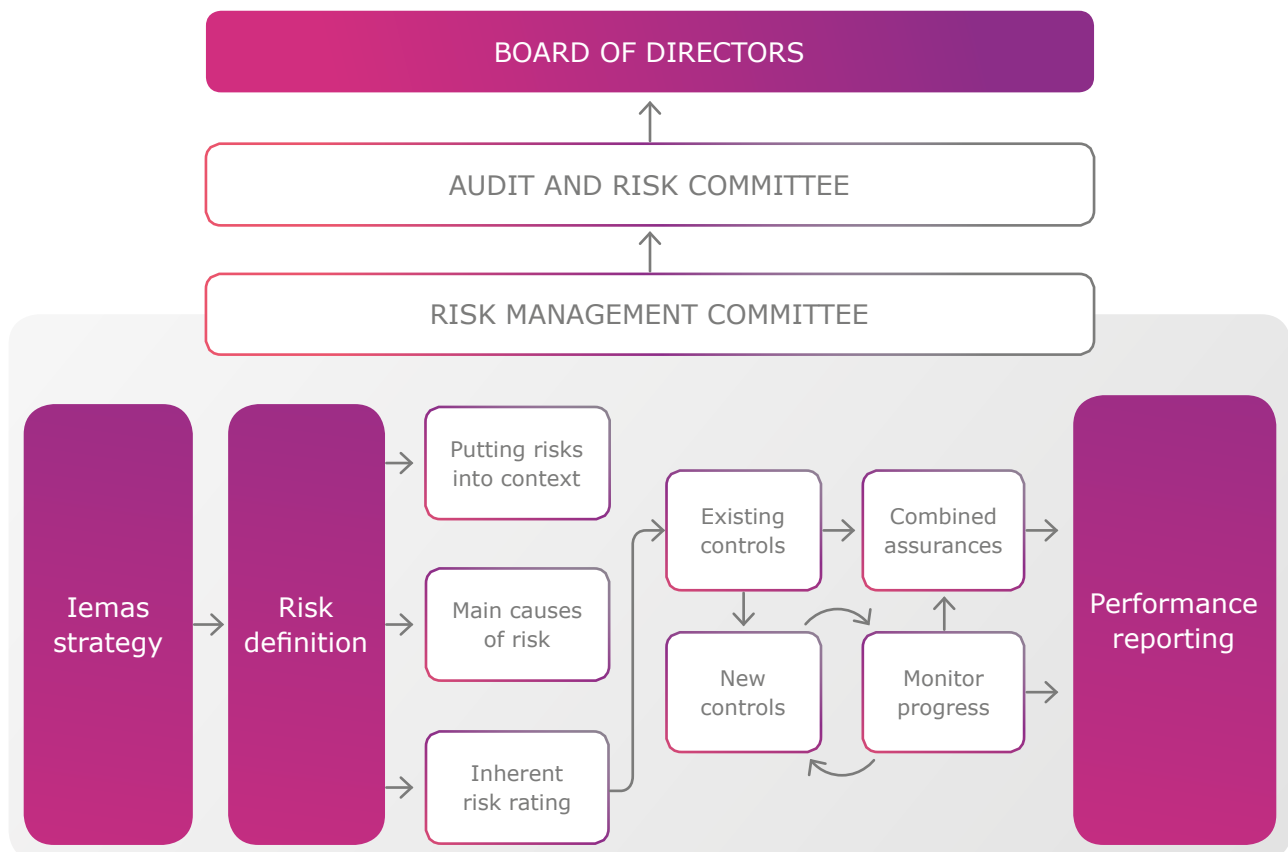
An integrated process for risk management and fraud prevention has been implemented in the Group and the execution thereof is an ongoing process:

- Various levels within the Co-operative participate pro-actively in identifying, analysing, assessing, monitoring, and report their response (with treatment

plans) to the Risk Management Committee. This Committee is responsible for ensuring that all risks, both internal and external, are effectively managed. The Risk Management Committee reports to the Audit and Risk Committee of the Board.

- The Audit and Risk Committee of the Board is responsible for oversight and monitoring the progress of risk mitigation strategies and processes. The Committee reports on progress made with the management of existing and emerging risks, and makes the necessary recommendations and comments to the Iemas Board of Directors.
- Formalisation of a risk management framework is the responsibility of the Board of Directors.

The diagram below sets out the procedure followed to ensure risk management processes are optimised to efficiently mitigate the corporate risks contained in the corporate risk register.



ENTERPRISE RISK MANAGEMENT (CONTINUED)

Comprehensive and multi-layered risk treatment plans have been developed and are continuously reviewed to mitigate identified risks. A key component of the risk treatment plan is the corporate risk register. The Executive Committee and Risk Management Committee manage the risk register.

The Iemas Risk Universe is categorised as follows:

**Strategic
Risk**

- People
- Stakeholders
- Macro-economy
- Reputation
- Political

**Financial
Risk**

- Credit
- Market
- Interest rate
- Liquidity
- Concentration
- Capital
- Financial sustainability

**Operational
Risk**

- Process failures
- People – Human error
- Systems – IT failures
- External events – Business continuity

**Governance
Risk**

- Corporate governance
- Regulatory
- Legal
- Supply chain

**IT
Risk**

- IT governance
- IT security
- Cyber security
- System application / availability

Iemas' Board of Directors is ultimately accountable for risk management and fraud prevention in the Group. Iemas' fraud prevention is based on the following four principles:



ENTERPRISE RISK MANAGEMENT (CONTINUED)

Analysis of our Top 5 Risks in 2020

1

Risk and context

Inability to reverse the negative impact of the reduction in net interest revenue over the short-term.

The significant reduction in interest revenue stems from the extraordinary repo rate decrease by the SARB during our financial year. Iemas' inability to grow the debtors book to replace this was due to the declared national lockdown of economic activity, limited (if any) alternatives to replace this income stream and the inability to reduce the cost of operations in the same timeframe.

Mitigating measures

The risk is mitigated through the effective management of Iemas' hedging strategies also similarly ensuring a reduction in own cost of funding, though this is limited to the amount of external borrowings.

The internal funding rate of members' reserves was also adjusted to reduce the average weighted cost of capital.

2

Risk and context

Inability to generate new financing transactions to achieve targeted monthly sales in the defined market segment.

Factors negatively impacting on the ability to generate sales targets include:

- Over-indebtedness of members and high number of members with adverse credit records;
- Low consumer confidence levels, thus not entering into new credit agreements; and
- The inability to trade under normal business conditions resulting from the lockdown rules imposed by government (seize of normal economic activity). Many employer groups closed operations and are slowly returning to some level of operations.

Mitigating measures

New sales are stimulated through vehicle sourcing capabilities, private-to-private transactions and rendering of services to members through the E-Sales channel in the Contact Centre during the lockdown.

Confirming Iemas' brand promise and reputation as a responsible credit provider through creative digital interactions with members. Digital marketing through social media platforms and Iemas website.

Rewarding members for conducting their business with Iemas through the payment of annual rewards, based on the business conducted during the year.

3

Risk and context

Non-performing loans and bad debts written-off increasing outside limits prescribed by the banks.

Consumers remain under serious financial pressure and the inability to repay monthly commitments to Iemas is adversely impacted by the forced remuneration reductions on members resulting from the impact of Covid-19. There is an increase in members being placed under debt review as a result of the current levels of over-indebtedness.

Negative impact of Covid-19 pandemic on the operations of employer groups also had a knock-on impact on employees, resulting in amongst others increased levels of right-sizing and retrenchment actions at employer groups.

Iemas has also experienced a significant increase in cases where vehicles are being written-off as stolen or being in accidents without any comprehensive short-term insurance being maintained by members.

Mitigating measures

Iemas' credit policy and lending practices are frequently evaluated to discount any changes in the credit landscape.

A comprehensive affordability assessment is conducted before any credit is extended to members, including a critical evaluation of the levels of basic living expenses provided for by members.

Specific unsecured exposure limits, both on Iemas loans and loans with other credit providers, form part of Iemas' credit policy and credit granting methodology in an attempt to prevent the over-indebtedness of members.

Retrenchment cover forms part of the credit insurance product offering to members, providing cover to settle monthly instalments under credit agreements for a maximum period of 12 months after members are retrenched by employers.

Payment relief schemes implemented to assist members with obligations towards Iemas. Ad-hoc Credit Insurance payments approved by the Iemas Executive Committee.

Implementation of the "Noting of Interest" capability to actively monitor that members maintain comprehensive insurance for all vehicles under a credit agreement with Iemas.

4

Risk and context

Lost business opportunities resulting from the extended periods of time required to implement modern technology platforms and business solutions.

The implementation of the IBM programme and the replacement of the legacy platforms brought some well-deserved relief to business unit managers in that new agile platforms are now available for the launching of new products and services.

Iemas will now be able to make use of Application Programming Interface (API) which will enhance speed with digital delivery.

Mitigating measures

Iemas recognises that the key to the ultimately successful implementation of any technology solution is to understand the three critical components that make up a healthy organisation which are the people, the processes and the technology itself.

It cannot be stated enough that the successful deployment of technology is less about the technology itself than it is about aligning the people and processes that will be affected by that technology.

Technology deployments are supported by a clear understanding of the business drivers, the process issues to be addressed, and the surrounding technology structure that bring these three critical components into alignment.

5

Risk and context

Failure to achieve new business sales targets in the insurance operations.

The lack of digitisation across the insurance industry has been strongly highlighted in recent times, with many insurers' and brokers operations heavily constrained and new sales limited. Claims processing and policy management also largely remain reliant on in-person engagement in most markets.

Mitigating measures

Covid-19 and particularly the social distancing mechanisms employed by government have emphasised the need for insurers and brokers to be able to operate digitally.

Fast tracking digitising of various aspects of the insurance value chain. One of the key opportunities for Iemas emerging from Covid-19 is around digital sales, e.g. improving our call centers or end-to-end mobile sales. Implementation of bots to improve customer care and turnaround times.

Transitioning to digital engagement with customers remains a challenge due to two major constraints:

- Customers remain accustomed to face-to-face engagements and in-person interaction. It remains difficult to build sufficient trust with most consumers through digital interaction; and
- Regulation prohibits certain e-signatures and electronic contracting.

ENTERPRISE RISK MANAGEMENT (CONTINUED)

Business continuity

The business continuity plan was reviewed and updated in detail in 2020 to manage the impact of disruptions such as national disasters, example the Covid-19 pandemic. Business Continuity Management related risk assessments have been conducted and a series of strategies have been created to mitigate business interruption. The following controls have been identified:

- Standardisation of the systems implemented and virtualised;
- Compilation and testing of business continuity plans, which are reviewed and revised when required; and
- Identification of a disaster recovery site with a formal disaster recovery framework in place.

The contribution of stakeholders in the combined assurance framework

The roles of stakeholders in the combined assurance framework with the three lines of defense are illustrated below:



Assurance providers

A number of assurance providers mitigate the risk of control failure.

Management-based assurance

Iemas' internal controls and systems are relied upon to:

- Provide reasonable assurance of the integrity and reliability of the financial statements;
- Safeguard, verify and maintain accountability of its assets;
- Prevent and detect fraud, potential liability, loss and material misstatement, while at the same time complying with applicable regulations; and
- Management oversight includes strategy implementation, key performance indicators and performance measurement, self-assessments and continual monitoring mechanisms and systems.

Internal assurance

Risk management (adopting an effective business-wide risk management framework), information technology, human resources, marketing and compliance functions are included in internal assurance. These functions are responsible for maintaining policies, minimum standards, oversight, risk management and reporting.

Independent assurance

Internal audit

The role of internal audit is defined in the Internal Audit Charter. Internal audit performs an independent assessment of Iemas' systems of internal controls, policies and procedures, and monitors whether it is adequate and effective. All of Iemas' business operations and support functions are subject to internal audit during different audit cycles. Operational matters are reported to members of the Executive Committee. All non-compliance outcomes arising from planned audits, special projects, forensic investigations and independent investigations into fraud and similar acts of dishonesty, are referred to management for corrective action. Material findings are reported to the Audit and Risk Committee.

External audit

The Audit and Risk Committee is responsible for recommending the external auditor for approval by members at the AGM. The Committee ensures that the external auditor carries out an annual audit in accordance with International Auditing Standards and reports on the results of the audit both to management and to the Audit and Risk Committee. The external auditor is the main external independent assurance provider with regard to Iemas' financial results for each financial year. The Audit and Risk Committee nominated PwC for appointment as the independent auditors to perform the F2020 audit. Members at the AGM approved the appointment on 31 October 2019.

External assurance

Moonstone Compliance (Pty) Ltd is contracted to Iemas to provide independent compliance services required to establish and maintain compliance processes. It also ensures compliance with provisions of legislation as far as reasonably possible, with specific reference to the Financial Intelligence Center Act (FICA) and the Financial Advisory and Intermediary Service (FAIS).

Oversight committees

Audit and Risk Committee

Financial and internal controls as well as risk management, including input received from the Risk Management Committee and the Combined Assurance Committee.

Information Technology Committee

Business systems and controls.

Human Resources and Ethics Committee

Employee and related matters compliances, as well as business ethics.

Board assessment of Iemas' systems of internal control and risk management

The internal control self-assessment process, internal audit and year-end external audit revealed no aspects of concern. As a result, the Board is of the opinion that Iemas' systems of internal controls and risk management are effective and that the internal financial controls form a sound basis for the preparation of a reliable Integrated Annual Report and Financial Statements. The Board's opinion is based on the assurances from the various assurance providers, which include the external and internal auditors, management and the Audit and Risk Committee, as well as the Information Technology and Human Resources and Ethics Committees.

CORPORATE GOVERNANCE REPORT

Iemas is committed to good corporate governance standards and ethical practices to create sustainable-shared value. The Co-operative's governance framework is founded on the fundamentals of accountability, integrity, transparency, ethical standards, fairness and compliance.

Corporate governance is concerned with the relationships among the management, Board of Directors, members of the Co-operative and other stakeholders. Good corporate governance assists Iemas to operate more efficiently, mitigate risk and safeguard against mismanagement. It also ensures transparency and equips the Board to respond to legitimate stakeholder concerns raised in respect of issues such as sustainable environmental and social development. Overall corporate governance contributes to the development of the Co-operative.

Iemas' focus on sustainability represents one of the pillars of corporate governance. Better corporate governance increases the likelihood that we will satisfy the legitimate claims of all stakeholders and fulfil our environmental and social responsibilities. Accordingly, it contributes to the long-term, sustainable growth of Iemas. Our philosophy is that when Iemas is well-governed, we will be accountable and transparent to our members and other stakeholders and society in general.

We believe that the Co-operative's governance framework and supporting structures support the overall strategy of Iemas. The Board composition, governance framework and the roles and responsibilities of the various committees are not only focused on compliance with respective laws, but also drives outcomes that support our mission and vision.



The following principles are entrenched in Iemas' corporate governance policies:

1 Solid foundations for management and oversight

2 Value-adding Board structure

3 Compliance with Acts and Regulations

4 Ethics

5 Integrity of corporate reporting

6 Timely and balanced disclosure

7 Governance policies and code of ethics

8 Accountability towards members

9 Rights of the members of the Co-operative

10 Member participation

11 Business practices and corporate citizenship

12 Identification and management of risk

13 Fair and responsible remuneration policies

CORPORATE GOVERNANCE REPORT (CONTINUED)

Our Board: Skilled and committed leadership

The Board of Directors provides strategic direction to enhance and safeguard stakeholder value creation within a framework of prudent and effective controls. Through oversight, it ensures that Iemas capitalises on opportunities and manages risks and challenges as an ethical, responsible corporate citizen in South Africa.

The Board's duties and responsibilities are discharged with the assistance of the three Board Committees, each with its formally mandated terms of reference.

The careful selection of individual Directors underpins the effectiveness of the Board in fulfilling its role and ensures the optimal combination of expertise and experience to drive Iemas' accelerated growth.

Governance structure

Board of Directors

The Board directs the Group towards and facilitates the development and achievement of Iemas' strategy and operational objectives. The management of the Co-operative is accountable for the day-to-day running of the business, execution of the strategy, operating and financial performance.

Board composition

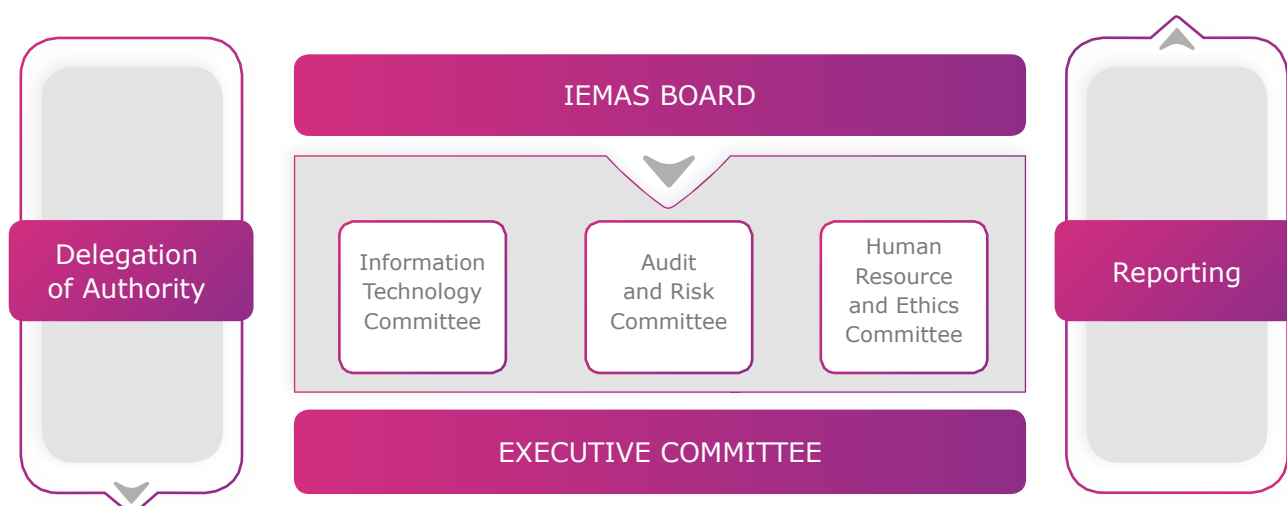
A key attribute of an effective board is that it comprises of a majority of independent members which gives assurance to Iemas members of high levels of corporate governance.

The Board of Directors is the highest decision-making body of the Co-operative and is ultimately responsible for our governance. The Board has 10 members and comprises of eight Independent Non-executive Directors and two Executive Directors.

The roles of the Chairperson and the Group Chief Executive Officer are separate and the composition of the Board ensures that there is an appropriate balance of power and authority so that no one individual or group of individuals has unfettered powers of decision-making and authority. The members of the Co-operative elect the majority of the Board.

Term of office of Non-executive Directors

Iemas' constitution provides that the term of office for Non-executive Directors shall be for a period of seven years, commencing at the close of the AGM at which she or he is elected. Non-executive Directors shall be elected for a single term of office, and are not eligible for re-election at the AGM at which they retire.





INDEPENDENT NON-EXECUTIVE DIRECTORS



Anton Buthelezi (55)

B-Tech Degree (Labour Relations Management): Diploma Labour Law, National Diploma HR Management, Certificate and Programme in Business Leadership Development

Human Resources and Ethics Committee – member

Date appointed: 31 October 2018



Len de Villiers (64)

D.IS, National Diploma in EDP, GITI

Information Technology Committee – Chairman

Date appointed: 31 October 2014



Prudence Lebina (39)

CA (SA), BCom, Higher Diploma Accounting, Certificate in Business Leadership

Member of the South African Institute of Chartered Accountants (SAICA)

Audit and Risk Committee – member

Date appointed: 31 October 2016



Retha Piater (65)

BCom (Hons), MBA, Advanced Management Programme (INSEAD)

Vice-chairman of the Iemas Board

Human Resources and Ethics Committee – Chairman

Date appointed: 31 July 2014



Vusi Sampula (55)

BTech Human Resources, Advanced Diploma Labour Law

Human Resources and Ethics Committee – member

Date appointed: 31 October 2014



Dashni Sinivasan (51)

CA (SA), BCom (Hons), CTA, BCom Economics

Audit and Risk Committee – member

Date appointed: 31 October 2017

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

**Willem van Heerden (70)**

BCom (Hons), CA (SA), Advanced Management Programme (Darden Business School)

Chairman of the Iemas Board

Human Resources and Ethics Committee – member

Information Technology Committee – member

Date appointed: 6 December 2014

**Quintus Vorster (68)**

BCom (Hons), CTA, CA (SA), MCom, PhD

Audit and Risk Committee – Chairman

Information Technology Committee – member

Date appointed: 12 April 2017

Ages at 31 August 2020

EXECUTIVE DIRECTORS



Banie van Vollenhoven (58)

BCompt (Hons), CTA, CA (SA), MSc in Project Management (*cum laude*), Advanced Executive Programme

Group Chief Executive Officer

Date appointed: 1 January 2019



Tom O'Connell (49)

BCom (Hons), CTA, CA (SA), Management Development Programme (MDP), International Executive Programme

Member of the South African Institute of Chartered Accountants (SAICA)

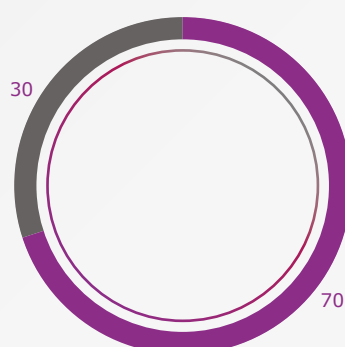
Chief Financial Officer

Date appointed: 2 October 1995

Average age:

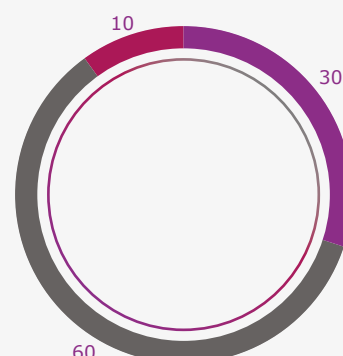
58

Gender (%)



● Male
● Female

Demographic (%)



● Black
● White
● Indian
● Coloured

BOARD MEETING ATTENDANCE FOR THE YEAR UNDER REVIEW

Attendance by each of the Directors during the year under review was as follows:

Board Attendance

98%

Board meeting attendance

4 Meetings	10 Members
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Member	Meeting attendance
Anton Buthelezi	4/4
Len de Villiers	4/4
Prudence Lebina	4/4
Tom O' Connell Chief Financial Officer	4/4
Retha Piater Vice-Chairman	4/4
Vusi Sampula	3/4
Dashni Sinivasan	4/4
*Willem van Heerden Chairman	4/4
Quintus Vorster	4/4
Banie van Vollenhoven Group Chief Executive Officer	4/4

**Willem van Heerden elected as Chairman of the Board 21 November 2019*

Board committees

The Board has, in accordance with the delegation of authority, delegated some of its functions to Directors, Senior Managers and Committees of the Board. The Board has the following Committees:

- Audit and Risk
- Human Resources and Ethics
- Information Technology

Members of these Committees are independent and the Board appoints both the Committee Chairman and members annually. Specific responsibilities are formally delegated to Board Committees, as defined in each Committee's Charter, which are reviewed annually. The Committees are appropriately constituted with due regard for the skills required by each Committee.

Some regularly scheduled Committee meetings are held where only the Committee members are present and, if appropriate, the Committee's independent consultants. Meetings are aimed at discussing matters relating to the mandate and functions of the particular Committee.

Audit and Risk Committee Attendance

100%

Committee meeting attendance

4
Meetings

3
Members

Member	Meeting attendance
Prudence Lebina	4/4
^ Sydney Maluleka Head: Internal Audit	4/4
^ Tom O' Connell Chief Financial Officer	4/4
Dashni Sinivasan	4/4
^ Banie van Vollenhoven Group Chief Executive Officer	4/4
*Quintus Vorster Committee Chairman	4/4

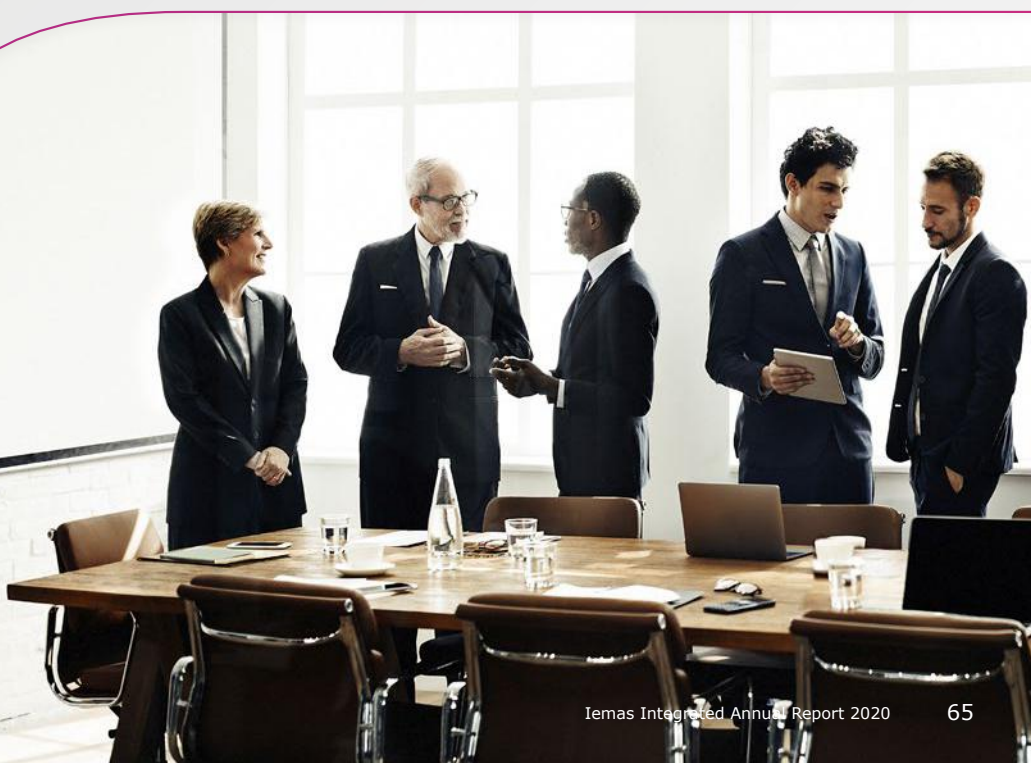
^Permanent invitees

**Quintus Vorster appointed as Chairman of the Audit and Risk Committee on 21 November 2019*

Audit and Risk Committee

The Committee consists of at least three members, all of whom must be Independent Non-executive Directors. The Chairman of the Iemas Board cannot be a member of the Audit and Risk Committee. The Group Chief Executive Officer, Chief Financial Officer and the Head of Internal Audit and External Auditors are permanent invitees to the meetings of the Committee.

The Committee ensures the integrity of the financial reporting and reviews the effectiveness of the financial reporting process, the system of internal control, the management of risks, the internal audit function, the assurance process and the Group's process of monitoring compliance with legislation and regulations. The reports on risk management and compliance appear on pages 49 to 55 and the report of the Audit and Risk Committee appears on pages 90 to 93 of this report, both of which contain further detail in this regard.



BOARD MEETING ATTENDANCE FOR THE YEAR UNDER REVIEW (CONTINUED)

Human Resources and Ethics Committee

The Human Resources and Ethics Committee consist of at least three members, all of whom must be Independent Non-executive Directors.

The Group Chief Executive Officer and the Group Manager: Human Resources are permanent invitees to the meetings of the Committee. The Chairman of the Board qualifies to be a member of the Human Resources and Ethics Committee, he is not eligible to be appointed as Chairman of this Committee.

The Human Resources and Ethics Committee is responsible for approving Iemas' human resources strategy, including the remuneration and reward policy, conditions of employment, development and training interventions, performance management, transformation, employment equity and skills development. It also acts as a selection committee to make recommendations on the appointment of nominated Non-executive Directors.

Human Resources Committee Attendance

100%

Committee meeting attendance

3
Meetings4
Members

Member	Meeting attendance
Anton Buthelezi	3/3
^ Leonie Louw Group Manager: Human Resources	3/3
* Retha Piater Committee Chairman	3/3
Vusi Sampula	3/3
Willem van Heerden	3/3
^ Banie van Vollenhoven Group Chief Executive Officer	3/3

^Permanent invitees

**Retha Piater appointed as Chairman of the Human Resources Committee on 21 November 2019*



Information Technology (IT) Committee

The Information Technology (IT) Committee assists the Board in fulfilling its IT governance responsibilities in order to ensure the achievement of corporate objectives. The Committee comprises of three Non-executive Directors, appointed by the Board for a one-year term of office and is complemented by one external IT Specialist with expert knowledge in IT-related fields. The Chairman of the Committee is appointed by the Board and is an Independent Non-executive Director. The Group Chief Executive Officer, Chief Financial Officer as well as the Chief Information Officer are permanent invitees to the meetings of this Committee.

IT governance is implemented according to the IT governance policy and governance framework. The Committee oversees that the IT strategy is defined, approved, reviewed and implemented in a manner that is aligned with the business strategy.

The IT governance framework also defines the organisational structure, policies, and procedures that are required to facilitate good governance and compliance in the areas of technology and information security management.

Information Technology Committee Attendance

100%
Committee meeting attendance

3
Meetings

3
Members

Member	Meeting attendance
* Len de Villiers Committee Chairman	3/3
# Louis Fourie IT Specialist	3/3
^ Jaybalan Goonahsylin Chief Information Officer	3/3
^ Tom O' Connell Chief Financial Officer	3/3
Willem van Heerden	3/3
^ Banie van Vollenhoven Group Manager: Human Resources	3/3
Quintus Vorster	3/3

^Permanent invitees

*Len de Villiers appointed as Chairman of IT Committee on 21 November 2019

#IT Specialist

APPLICATION OF KING IV™

The Iemas Board's alignment with the outcomes of King IV™

The Board is fully committed to the four governance outcomes as set out in King IV™. A self-assessment was conducted against the 16 principles and the Board is satisfied that the Group aligned with the principles and is mindfully overseeing the application of the relevant practices.

The Board has ultimate accountability and responsibility for the performance and affairs of the Group.

Governance in the Iemas Group reflects a culture of commitment to sound processes and procedures, which goes beyond legal compliance, to ensure that the Group adheres to high standards of ethical behaviour and good performance outcomes.

The Board believes that the Group's adherence to the King IV™ principles is fully integrated into its governing practices. The diagram below demonstrates how this leads to the achievement of the King IV™ outcomes.

Collective responsibilities of our Board.

The Board works to fulfil the primary governing roles and responsibilities recommended in the King IV™ Report, namely:

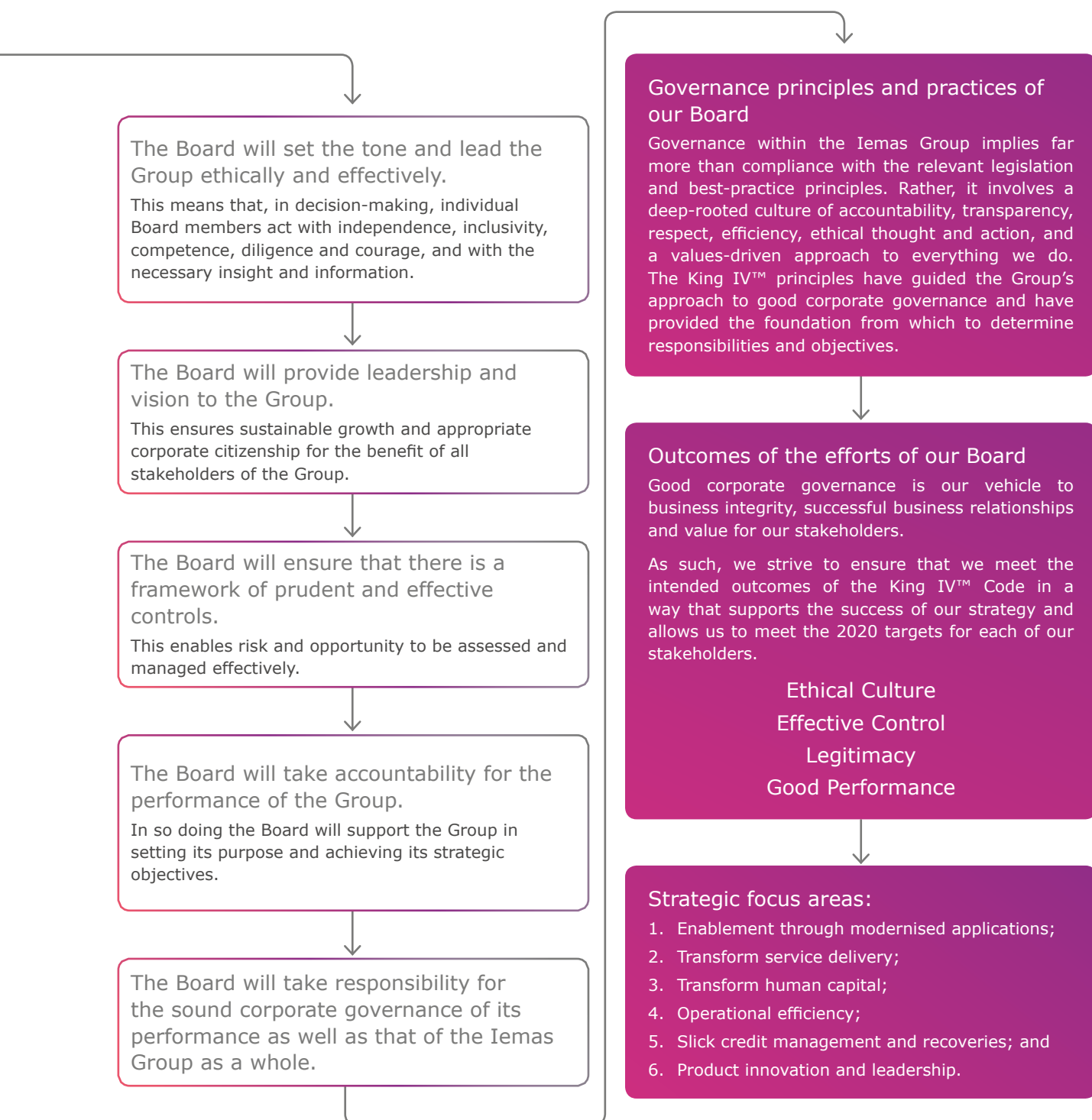
1. To set and steer strategic direction
2. To approve policy and planning
3. To oversee and monitor
4. To ensure accountability

In doing so the Board has committed to fulfilling the following responsibilities:

- Ensure that a robust strategy process is defined and executed by management;
- Oversee the management of technology and information as two separate elements;
- Ensure compliance with appropriate legislation (including regulations); supervisory codes and appropriate best practices;
- Govern disclosures so that stakeholders can effectively assess the performance of the Group;
- Protect the interests of the Group's stakeholders and ensure fair, responsible and transparent people practices; and
- Oversee the risk management function and ensure that it informs management's development and implementation of the strategy.

Value driven objectives of our Board rooted in King IV™ principles

The Board's decision-making processes and actions are guided by its commitment to its responsibilities and governing objectives. The objectives provide a mechanism to measure and evaluate performance against the King IV™ principles and outcomes.



Iemas King IV™ Application Report for F2020

Iemas is committed to supporting the governance principles and outcomes as stipulated in King IV™. To view how Iemas has applied the principles of King IV™, as recommended by the King IV™ Report and Code on Corporate Governance [click here](#).

REGULATORY ENVIRONMENT

Regulatory Environment

The scale of regulatory change remains challenging with the continued regulatory scrutiny of the operation of the banking, financial services and consumer credit industries. With an ever-increasing scrutiny on the financial services sector, it is important to consider the various regulatory issues at play for Iemas' sustainable long-term operations.

A number of South African regulatory bodies have broad jurisdiction over the Group's activities as Iemas operates in a highly regulated environment. The Group engages with regulators on a continuous basis to stay abreast of developments and changes in legislation. Governance and oversight structures have been implemented to ensure compliance with regulatory requirements.

Engagement with regulatory stakeholders during the year included industry discussions with the NCR and interactions with the Financial Sector Conduct Authority (FSCA), previously known as the Financial Services Board (FSB).

The Co-operatives Amendment Act, No 6 of 2013, came into effect 1 April 2019; which amended the Co-operative Act, No 14 of 2005. Iemas views the proposed impact of the Amendment Act, including the Principles of Good Governance for Co-operatives, as positive and in support of our business model. In alignment with the Amendment Act, Iemas re-drafted its Constitution and it was adopted at our last AGM on 31 October 2019. To view applicable legislation, codes and regulations that Iemas complies with [click here](#).

New regulations and their impact on our operations

Regulatory oversight and the introduction of stringent market conduct standards of financial services providers continue to accelerate both in South Africa and the world.

The Protection of Personal Information Act 4 of 2013

In 2020, the Protection of Personal Information Act 4 of 2013, commonly referred to as POPIA, came into force. Over the past few years, the Group has worked on introducing various aspects of the Act into our operations – including providing training to employees. We are implementing internal controls to govern and safeguard how the personal information of our members, customers and suppliers is processed and stored.

The Conduct of Financial Institutions Bill

The financial sector is an important economic contributor in South Africa, and the governance of its conduct and activities is important for regulators. The Iemas Board is tracking the process related to Conduct of Financial Institutions Bills (commonly referred to as COFI). This Bill, once passed, will provide a framework on guiding principles on how a financial institution such as Iemas needs to conduct itself.

The Cybercrimes Bill

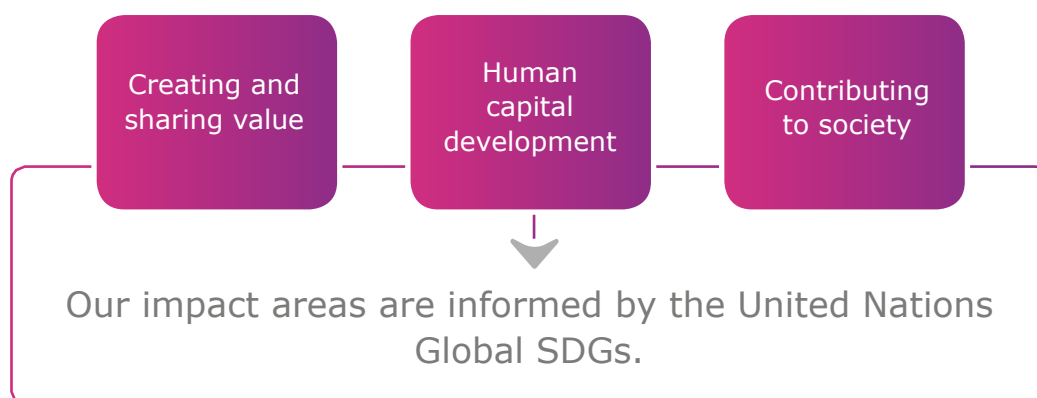
The financial sector is a high-target for cybercrimes. A positive step in dealing with this challenge is the adoption of the Cybercrimes Bills by the Select Committee on Security and Justice. This Bill aims to introduce offences that have a bearing on cybercrime and further regulate the powers to investigate cybercrimes – all which will have a positive bearing on Iemas' ability to combat fraud in the form of identity theft, financial crimes and other offences.






SUSTAINABILITY OVERVIEW

How we drive sustainability

Iemas' contributes towards sustainable growth and financial inclusion across South Africa. We have three levers in which we believe that we can best achieve our vision. Our impact areas are informed by the United Nations Global Sustainable Development Goals (SDGs).

Iemas sustainability levers



Sustainable Goals	Description	Actions
	End poverty in all its forms everywhere.	Eradicate hunger for vulnerable communities.
	Ensure healthy lives and promote well-being for all at all ages.	Employee well-being and philanthropic contributions and collaboration.
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Bursaries, internships/learnerships to previously disadvantaged youth. Financial wellness training to employees, members and communities.
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Financial Wellness Training. Growing the Iemas business to ensure continued employment of the current base.
	Ensure sustainable consumption and production patterns.	Carbon footprint interventions. Health and safety of Iemas employees. Business continuity. Disaster management/paperless campaign. Implementation of the Procurement policy. Improve the B-BBEE scorecard.

Our approach to sustainability

For Iemas, sustainability is not just what we do as a business. It also affects our stakeholders – be it our employees, employer groups, members or broader society. Core to our licence to operate as a financial services co-operative, is how we continue to work towards maintaining and building on the trust we have instilled with our stakeholders.

SUSTAINABILITY OVERVIEW (CONTINUED)

Creating and sharing value



In the current world economy, increased household debt, growing unemployment and negative or slow economic growth, during and post the Covid-19 pandemic, are sources of financial anxiety for many South Africans.

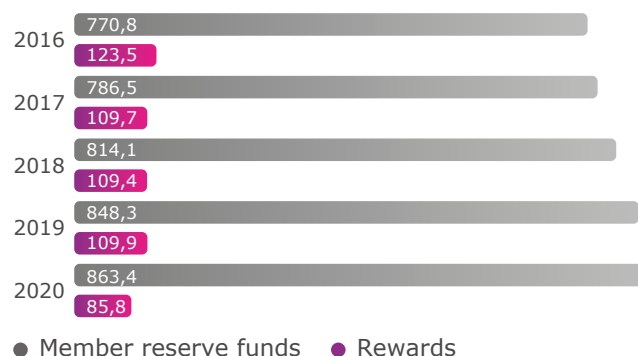
Through our business, we create and share value with our members through our rewards programme.

Areas of value creation:

	2017 R'million	2018 R'million	2019 R'million	2020 R'million
Annual member rewards	109,7	109,4	109,9	85,8

The foundation of the Co-operative model is that members share in the profits. Our annual reward allocations to members illustrates our commitment to adhering to the co-operative principles. Total member rewards (including interest on the members' deferred bonus payment fund) amounted to R85,8m (2019: R109,9m)

Member reserve funds and rewards (Rm)



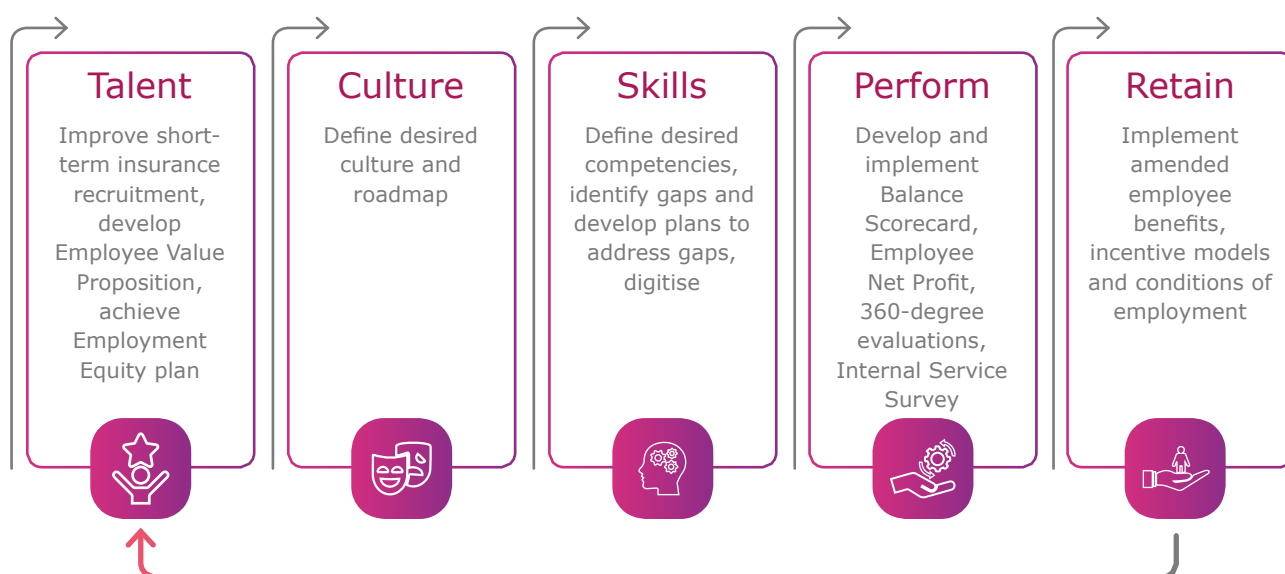
Human Capital



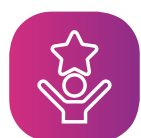
Our Human Capital initiatives and activities stem from our strategy, with the aim of driving a high performance culture in Iemas. We endeavour to attract, develop, nurture and retain talent. Internally, we are implementing a range of skills development and training initiatives geared to develop the Iemas employee of the future. One who is innovative, digitally perceptive and agile in the context of driving our performance culture.

One of the significant initiatives during the year under review was the LRA Section 197 transfer of employment of the Cape Consumers employees into i-Belong, as part of the Iemas workforce. This resulted in a positive contribution to our skill-sets and human resources. We therefore include reporting on the additional 39 employees acquired.

Iemas' Human Capital strategic priorities are outlined below:



Measuring performance



Talent

Employment Equity

Our employment equity goals are based on the National Economically Active Population. We manage representation of all races and genders in our workforce profile through deliberate recruitment and selection strategies, through our key performance areas and by embracing diversity. The Employment Equity and Skills Development Forum assists the Executive Committee with implementing and monitoring employment equity in the workplace. The Forum represents the workforce in terms of all the job levels, races and genders.

Member	African	Coloured	Indian	White	Total
Top management	-	-	-	1	1
Senior management	-	-	1	4	5
Middle Management	19	3	5	28	55
Junior Management	231	36	14	86	367
Semi-Skilled	70	11	7	15	103
Unskilled	7	-	-	-	7
Grand total	327	50	27	134	538
Fixed Term	10	-	-	-	10

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

SUSTAINABILITY OVERVIEW (CONTINUED)

Promoting diversity

The Iemas Diversity Integration Programme plays a crucial role in creating an equitable and inclusive working environment for all Iemas employees. This year, priority was to empower new leaders; 7 line managers participated in the diversity integration programme during the year (2019: 13 employees).

Succeeding through talent

The Executive Committee conducts annual reviews to identify and track employees who are considered key talent. These employees are managed and monitored in terms of retention, wellness, development, skills transfer and career advancement. Iemas continuously reviews its strategies and processes to improve talent attraction and retention.



Culture



Employee wellness programme

Iemas offers a wellness programme to employees, which consists of:

- pro-active workshops to emotionally equip and empower people;
- a confidential helpline (via telephone, e-mail and WhatsApp/SMS) for support or referral to individual coaching or counselling; and
- Individual and confidential coaching or counselling with a wellness counsellor.

During the year 26% of the workforce (2019:17%), 141 employees attended the wellness workshops, 17% of the workforce (2019: 24%), 91 employees made use of individual wellness counselling sessions and 34% of the workforce (2019:14%) 189 employees utilised the wellness helpline. With the Covid-19 pandemic virtual wellness sessions were conducted and complementary employee support was provided by a key supplier.

Internal Brand Survey

With Iemas executing a brand refresh project, the focus was to roll-out an internal brand survey. These insights are being used in the crafting of our new culture and values. In the coming financial year, the focus will be on an employee engagement survey, and focus groups to give further insights in enhancing our culture.



Skills



Training and Development

Iemas aims to establish a performance culture by developing high performing individuals through our 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 R3,1m (2019: R2,4m) for the year. The average training spend per employee trained was R2 526 (2019: R1 167), excluding skills development levies and learnership expenses for unemployed learners.

For F2020, the main training priorities were to prepare employees for the new systems, including post-implementation support. Other training initiatives included the Group Brand Ambassadors Academy, job specific training for the sales force and compliance-related training. There were 28 (2019: 27) employees this year who studied towards tertiary qualifications with the aid of Iemas study bursaries. During F2020, we contributed R290 551 (2019: R116 135) towards study bursaries. A total of 21 (2019: 7) e-learning training modules were deployed to 580 (2019: 417) users. During the Covid-19 lockdown the business was quick to response to social distancing challenges and 212 employees continued their training on Microsoft Teams.

Trained employees

African %YOY
83%
(2019: 83%)

Woman %YOY
62%
(2019: 63%)

	2018 R'million	2019 R'million	2020 R'million
Employee training and development	2,0	2,4	3,1

72% of our skills development levies were successfully claimed as grants from BANKSETA.

Leadership development

The development of leadership capabilities remains a key priority in the human capital strategy. In F2020, 7 (2019: 11) employees attended the Milpark Business School's Junior Management Development programme, funded by the Bankseta.

SUSTAINABILITY OVERVIEW (CONTINUED)



Performance and career development

Tracking our progress against our strategic goals

Iemas Balanced Scorecard

We strive to achieve our vision of being your preferred financial services co-operative by focusing on our five pillars of management performance:

Pillar 1:
People and
Culture

Pillar 2:
Customer
Experience

Pillar 3:
Key Strategic
Milestones

Pillar 4:
“Silent
Running”

Pillar 5:
Financials

SIX KEY STRATEGIC FOCUS AREAS

**Modernise
applications and focus
on digital**

**Transform service
delivery**

**Transform human
capital**

**Efficient credit
management and
recoveries**

Product management

Operational efficiency



Retention

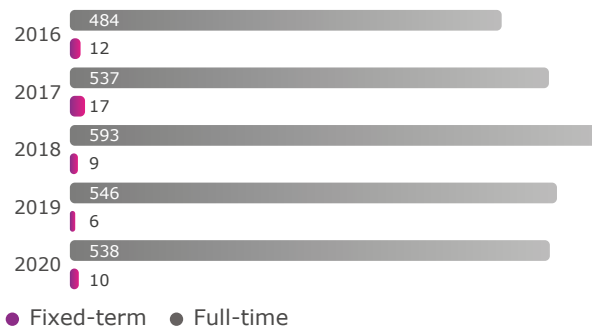
Employee turnover: measures the percentage of employees who left our employment during the year.

In F2020, we saw an increase in employee turnover due to the acceptance of VSP. In line with efforts to manage the impact of Covid-19 and the national lockdown on our business and the sustainability of Iemas, a Group-wide invitation was extended to all Iemas employees to apply for VSPs. Careful consideration was given when granting VSPs, ensuring retention of required specialised skills and business continuity. This resulted in an organisational restructure to optimise operations. At Iemas, while expanding our service offering, we aim to not only improve on our processes but to continuously streamline our workforce and structure for future growth and success.

Enhanced conditions of employment

The conditions of employment were reviewed to align to best practice and ran in parallel with our goal of enhancing Iemas' employee proposition. Benefits offered to employees include retirement fund contributions, group life cover, income protection, funeral benefits, a short-term performance incentive scheme and 21 leave days per annum for general employees.

Total number of employees



Corporate Social Responsibility



Contributing to society

Contributing positively to society is key to how we conduct our business, beyond our day-to-day business activities. Through our CSR policy, we are committed to contributing to society through the lens of the United Nations SDGs. Iemas' contribution to society is mapped against five key SDGs.

We remain cognisant of our responsibility to provide opportunities for our employees to participate in initiatives aimed at assisting the under-served and impoverished parts of the community in which we operate. The Co-operative's CSR strategy therefore includes various national and regional initiatives, which employees can support and donate to. These causes include:

- Mandela Day – Iemas donated blankets, groceries and clothes to Lerato House.
- Iemas participated in CANSA Shavathon 2020, supporting those affected by cancer.
- Casual Day – employees contributed donations in support of people with disabilities.

As part of marketing activities at employer groups, the Group Brand Ambassadors focused their promotional collateral on hand sanitizers to help promote member safety and curb the spread of Covid-19.

Broad-Based Black Economic Empowerment

We are committed to B-BBEE as a corporate responsibility and endeavour to contribute to the creation of an equitable society. Iemas has made progress in improving our overall rating by obtaining and maintaining a Level 4 B-BBEE rating in F2020.



SOCIAL REPORT

Iemas' Board of Directors present the second Social Report, which has been prepared in accordance with the Co-operatives Amendment Act, No 6 of 2013 and in terms of disclosure requirements outlined in the Regulations for Co-operatives, gazetted in the previous financial year (April 2019).

The Social Report assesses the social impact and ethical performance of the Co-operative as this relates to its stated vision, mission, goals and the code of social responsibility of the Co-operative, as set out in Iemas' Constitution.

Requirements	Performance against requirements
Voluntary and open membership	<p>The Co-operative Secretary confirmed that Form CR7, being the Co-operative's annual return, has been completed and submitted to the Registrar of Co-operatives at the Companies and Intellectual Property Commission.</p> <p>The principle of open membership is applied, as per the requirements of the Iemas Constitution. As any individual may apply to be a member of the Co-operative and if the individual qualifies in terms of Iemas' internal risk rating models, acceptance as a member will be granted on the successful application for any of Iemas' products and services. No discriminatory criteria based on, for example, age, gender, race or marital status apply.</p>
Democratic member control	<p>All meetings have been conducted in compliance with legislative requirements and those found in the Iemas Constitution. During the reporting period, the AGM was held on 30 October 2019. Members received notice of the AGM via e-mail, website, member statements, social media platforms and SMS.</p> <p>Details of General, Board and Board Committee meetings are disclosed in the Integrated Annual Report in detail, with a summary being:</p> <ul style="list-style-type: none"> • One AGM was held in 31 October 2019 • 67 members, including 16 proxies attended the AGM • All members who attended the AGM actively participated in the meeting as all attending members casted a vote • Number of Board meetings held: 4 • Number of Audit and Risk Committee meetings held: 4 • Number of Human Resources and Ethics Committee meetings held: 3 • Number of Information Technology meetings held: 3

Requirements	Performance against requirements
<p>Member economic participation</p>	<p>1) Members are given democratic control and each member eligible to vote at a general meeting shall have the following number of votes:</p> <ul style="list-style-type: none"> • By default every member eligible to vote shall have one vote. • In addition to the default vote the Board shall award additional votes to members eligible to vote in accordance with a formula and rand values based on a member's reward bearing patronage for the preceding financial year and the value of a member's Deferred Bonus Payment Fund as it stands at the end of the preceding financial year <p>The applicable formula and related values shall annually be determined by the Board</p> <p>The services and products that Iemas offers to members are disclosed on page 10. All members contribute economically to the objectives of the Co-operative, through their member transactions and patronage. Member loans (Deferred Bonus Payment Fund) are utilised by the Co-operative as part of the overall funding strategy in support of its growth objectives.</p> <p>In addition to the member loans, which are divisible amongst the members, Iemas also has an indivisible reserve that complies with the legislative requirements set out in section 46 of the Co-operatives Amendment Act, No 6 of 2013. The reserves are used in accordance with the requirements and prescriptions of the Iemas Constitution.</p> <p>The basis on which rewards are allocated to members are at the discretion of the Board. The rewards allocation for the 2020 financial year, as approved by the Board of Directors amounts to R85,8m and was distributed to members, of which R69,4m was allocated to the members' reserve fund. The payment frequency of rewards to members, subject to the provisions of the Act, are within the discretion of the Board, with the understanding that such payments will be done at least annually.</p> <p>Rewards declared and payable to members, except amounts transferred to the Deferred Bonus Payment Fund, shall not earn interest from the Co-operative.</p>
<p>Autonomy and independence</p>	<p>Except for commercial arrangements with product and service providers, investors and financiers, no decisions taken by the Board or members of the Co-operative during the year were influenced by non-members, agencies or non-governmental organisations.</p> <p>Self-help organisations are ones that are created as an autonomous association of persons who are united voluntarily to meet the common economic, social or cultural needs and aspirations of members and are operated on the basis of co-operative principles. Members join voluntarily to make use of Iemas' products and services.</p> <p>The Board is not aware of any decisions taken during the reporting period that were influenced by non-members, agencies or non-governmental organisations.</p>

SOCIAL REPORT (CONTINUED)

Requirements	Performance against requirements
Education, training and information	<p>Member meetings represent an important forum for two-way communication between Iemas and our members. They provide an opportunity for Iemas to impart to members a greater understanding of our business, governance, financial performance and prospects, as well as to discuss areas of concern or interest to the Board and management. They also provide an opportunity for members to convey their views to the Iemas Board and management about any areas of concern or interest for them.</p> <p>Iemas has a large number of members and owing to the practical difficulties does not facilitate meetings at remote locations. Iemas is therefore considering the use of technology to facilitate the participation of members in meetings in future years.</p> <p>Members are informed of their benefits and rights as members through ongoing communication, which forms part of Iemas' marketing strategy.</p> <p>Appropriate education and training are provided to members through Iemas' financial wellness training at the workplace of participating employer groups. Elected representatives, being the Board of Directors of Iemas, participate in a formal induction programme on their appointment to the Board to familiarise them with Iemas' sphere of operations, mission, vision, ethics and codes of conduct. Employees are also inducted on employment and receive ongoing training and skills development opportunities. Details of training initiatives during the reporting period are disclosed in the Sustainability Report on page 71.</p> <p>Engagements with members, elected representatives and employees during the reporting period are disclosed in the Stakeholder Engagement section on pages 44 to 48.</p>
Co-operation among co-operatives	<p>Iemas celebrated International Day of Co-operatives on 4 July 2020 with broadcasts on various social media platforms. This year's theme was, "Co-operatives for Climate Action". Climate change severely impacts people's livelihoods around the world, especially the most disadvantaged groups such as small-scale farmers, women, youth, indigenous peoples and ethnic minorities, who have to cope with extreme natural disasters and degradation of natural resources. This year focused on the contribution of co-operatives to combating climate change. Iemas is a member of The International Co-operative Alliance, which is a non-profit international association established to advance the co-operative model.</p>
Concern for community	<p>Iemas believes that financial education plays a pivotal role in cultivating a culture of financial inclusion. This enables members to make sound financial decisions and to ultimately achieve holistic financial wellness. Iemas' financial wellness training not only benefits the members, but also indirectly extends to the communities in which the members reside as well as those in which Iemas has a presence.</p> <p>Social and relationship initiatives initiated by Iemas and our employees have an impact on the sustainability of members, their families and the wider under-served and impoverished communities in which Iemas operates.</p> <p>Sustainable development is ever evolving and the Board continues to strive to improve on disclosures.</p>

Board approval

The Board certifies that to the best of their knowledge and belief, Iemas has complied with all legal requirements as well as the requirements of Iemas' Constitution.

External auditor's opinion

The unqualified audit opinion is included on page 96. The audit opinion notes the responsibility of the External Auditor to read the other information included in the Social Report and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements or their knowledge obtained in the audit, or otherwise appears to be materially misstated.

In addition, external audit has reported on their responsibilities in terms of section 31(1) (a) of the Co-operatives Act, 2005 (Act No 14 of 2005) as amended by the Co-operatives Amendment Act, 2013 (Act No 6 of 2013) (the "Act") on the submission of the certificate as required by section 31(1)(a).

Signed for and on behalf of the Board of Directors



Willem van Heerden

Chairman of the Board



MANAGEMENT DECISION REPORT

The Board of Directors presents Iemas' Management Decision Report, as prepared in accordance with the Co-operatives Amendment Act, No 6 of 2013 and in terms of the disclosure requirements outlined in the Regulations for Co-operatives, gazetted on 18 April 2019.

The Management Decision Report assesses the Co-operative's compliance with legislative requirements and the requirements contained in the Constitution of the Co-operative.

Requirements	Performance against requirements
Regulatory environment	Iemas' compliance with legislative requirements and the regulatory environment in which the Co-operative operates are disclosed on page 70.
Objectives	<p>Iemas' objectives are reviewed annually by management and presented to the Board during June, at which time agreement is reached on the strategic objectives of the Co-operative.</p> <p>A strategy is reviewed and approved for the ensuing year as well as for a further three-year period. Members also have the opportunity to assess and approve the Co-operative's future business strategy at its AGM.</p>
Policies and procedures	<p>Proper governance and compliance practices are implemented, where standard written operating procedures and policies are developed and communicated to employees.</p> <p>Policies and procedures are updated to ensure that they remain relevant. These policies and procedures include, but are not limited to, employees recruitment and administration, finance, procurement, loans and credit.</p> <p>An intranet platform with Iemas' policies and procedures is accessible to all employees of the Co-operative.</p>
Education, training and information	<p>Acting ethically and responsibly will enhance Iemas' brand and reputation and assist in building long-term value for our members. Iemas' Code of Conduct is, and is seen to be, a meaningful statement of the Co-operative's core values. It is promoted as such throughout the organisation and reinforced by proper training and appropriate disciplinary action should it be breached.</p> <p>Financial wellness awareness and training are provided to members virtually or face to face at the workplace of participating employer groups. The Board of Directors of Iemas and employees, participate in a formal induction programme on their appointment to the Board to understand Iemas' sphere of operations, mission, vision, ethics and codes of conduct. Employees also receive ongoing training and skills development opportunities. Details of training initiatives during the reporting period are disclosed in the Sustainability Report on page 71.</p>
Implementation of policies and procedures	<p>The Board is not aware of any policies and/or procedures that have been laid down by the members and no matters of this nature were reported at the Annual General Meeting held on 31 October 2019.</p> <p>The Board has adopted Iemas' policies and procedures. All policies and procedures are subjected to a combined assurance evaluation, accompanied by assurance monitoring with regular feedback to the Board. Adherence to policies and procedures is monitored and the process, outlined in the Group's disciplinary code, is followed in the event of a breach.</p>

Requirements	Performance against requirements
Democratic election of board members	<p>When new members are elected to the Board, a formal nomination process is followed, whereby members are invited to nominate individuals for appointment as directors to the Board. The Human Resources and Ethics Committee determines the minimum required skills set, which the Co-operative needs to execute on its strategy. Board vacancies are advertised to members, thereby providing an opportunity to nominate individuals for appointment as directors to the Board. All nominations are evaluated against the pre-determined skills set and compliance with Iemas' rules laid out by the Human Resources and Ethics Committee.</p> <p>During the selection and appointment of new Non-executive directors, the Board:</p> <ol style="list-style-type: none"> Undertake appropriate checks before appointing a person, or putting forward to the members a candidate for election, as a director; and Provide members with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. <p>At the AGM, all qualifying candidates are nominated for election, with the Board providing assurance that due process had been followed and that the proposed candidates met the stipulated requirements. Directors are, therefore, democratically elected at the AGM.</p>
Delegation of authority	<p>Iemas clearly distinguishes the respective roles and responsibilities of its Board and management and those matters expressly reserved to the Board and those delegated to management in the Constitution of the Co-operative and its delegation of authority. These roles and responsibilities are disclosed in the Annual Report.</p> <p>The delegation of authority framework is a formal framework approved by the Board. The detailed framework contains all decision-making structures, including but not limited to, the Co-operative, subsidiaries, members, the Board of Directors, the Executive Committee through to line management. The framework provides clarity on ranges of decision-making relating to monetary values and percentages, amongst others.</p>
Iemas business plan	<p>The Co-operative's business plan is officially reviewed annually, with regular feedback to the Board and/ or Sub-committees of the Board on the execution of the business plan.</p> <p>Should circumstances, such as the economic environment or the legislative landscape, change during the year causing the business plan to not be realistic or relevant, the business plan is adapted to allow for the changed scenario.</p> <p>The official annual review in June comprises of two phases:</p> <p>Phase 1: updating the Board of Directors on the status of the environment in Iemas' operating universe, including the risks associated with strategic assumptions that are made, with feedback on the achievement of goals set in prior strategy sessions.</p> <p>Phase 2: determining the strategy going forward taking cognisance of the background created in Phase 1.</p>
Meetings	<p>Official minutes are taken of all Board and Sub-committee meetings as well as the AGM, with a formal structure of matters arising remaining an agenda item until the conclusion of the relevant matter arising</p> <p>A summary of the outcome of Iemas' AGM is published on the Iemas website.</p>

MANAGEMENT DECISION REPORT (CONTINUED)

Requirements	Performance against requirements
Declaration of interests	<p>On the nomination of an appointee to the Board, a declaration of interests is completed by the nominee. At every Board and Sub-committee meeting, members declare their interests and potential conflicts.</p> <p>Iemas' employees complete an annual declaration of interests and should any outside work be undertaken by an employee, the employees member's manager has to approve such work. Registers of interests are kept and updated, as required.</p>
Changes to Iemas' Constitution	<p>There have been a few changes to Iemas' Constitution during the reporting period.</p> <p>At the AGM held on 31 October 2019, amendments to the Constitution were presented to members for their consideration and approval. These amendments have been necessitated by the proclamation of the Co-operatives Amendment Act, No 6 of 2013 and the Regulations for Co-operatives, as well as to align the Constitution to Iemas' strategy.</p>
Board approval	The Board certifies that to the best of their knowledge and belief, Iemas has complied with all legal requirements as well as the requirements of Iemas' Constitution.
Submission	On approval at the AGM to be held on 30 October 2020 the Management Decision Report will be submitted to the Companies and Intellectual Property Commission (CIPC), as required by the Act. The Management Decision Report is updated and submitted to CIPC on an annual basis.
Audit opinion	<p>The unqualified audit opinion is included on page 96. The audit opinion notes the responsibility of the external auditor to read the other information included in the Management Decision Report and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements or their knowledge obtained in the audit, or otherwise appears to be materially misstated.</p> <p>In addition, external audit has reported on their responsibilities in terms of section 31(1)(a) of the Co-operatives Act, 2005 (Act No 14 of 2005) as amended by the Co-operatives Amendment Act, 2013 (Act No 6 of 2013) (the "Act") on the submission of the certificate as required by section 31(1)(a).</p>

