

Fidelity, a total integrated services and risk solutions provider

Environmental, social and governance report 2021



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Message from the **Chairman**

Accountability is a
non-negotiable pillar
of our governance
commitment

Message from the
Chairman *continued*



Nelson Mwale
Group Chairman

The year under review once again saw the Fidelity Foundation, which operates as a SARS-approved Public Benefit Organisation, being a source of pride for the Group.

On behalf of Fidelity Services Group (Fidelity), I am delighted to present our first ever dedicated Environmental, Social and Governance (ESG) Report. This publication represents a key milestone in sharing Fidelity's vision for enabling a sustainable future for the Group and our many stakeholders. Throughout this report you will find many examples of how Fidelity creates shared value for our various stakeholders and our communities through our daily operations.

Fidelity plays an important role for our customers and in society. We quickly adapt to new situations and changing customer needs – like the riots and unrest that swept across South Africa in July 2021 – to help make the country safer. We provide high-quality protective services, and through the combination of a trusted and agile workforce and the latest intelligent security technology, we offer our customers innovative solutions for all their security needs. We help them keep ahead of their risks so that they can focus on their core business.

Fidelity's business activities – keeping people, families, businesses and communities safe – are fundamental to national sustainability. In tandem with our traditional security services, Fidelity ADT's new approach to Localised Security Services (LSS) involves working closely with community members to take an in-depth interest in the success and efficiency of crime eradication in their suburbs. While automated services play an important role in community security, research shows that most people still prefer to talk to a human being about complex or sensitive interaction. When it comes to their own community safety, they want someone who is locally based. By acting on community tips, Fidelity ADT tactical units can be directed immediately to the location where suspicious activity is taking place and potentially stop crime before it happens. Developing and maintaining trusting relationships is the foundation of community security.

High crime areas are often associated with high unemployment. We recently partnered with CityZen, a recognised NGO, to offer homeless, the homeless and the destitute the option of casual employment where they clean, beautify and protect our communities, enabling them to be productive members of society. CityZen guides collaborative efforts between residents, local businesses and unemployed people to create sustainable employment, while creating cleaner, greener and safer cities.

Fidelity launched a Group-wide environmental strategy in 2009 and implemented various aspects in the following years, although we haven't reported in depth on its achievements until now. Introducing this annual ESG report will fill that gap. It will show that Fidelity has advanced so much further in environmental understanding and commitment that comparing the Group's environmental stance today with that of 12 years back is pointless. Our commitment to ESG ethics is woven through the entire organisation, from executive management to every single employee. Their total commitment – that goes beyond mere environmental compliance – is remarkable.

We are fundamentally committed to the quality and development of our people and will not compromise on this vital aspect of our offering to compete with competitors who compromised on employee development. Fidelity will continue caring for the safety and wellbeing of our staff and investing in their professional abilities. Success at all levels depends on appointing the right people in the right positions. Employee advancement is actioned by enabling employees to raise their issues, effective training, non-discrimination and equal opportunities.

Fidelity continues working towards a workforce structure that aligns with the country's demographics – not only at supervisory level, but increasingly through all levels of management. Rewards for employees include incentives, bravery awards, long service awards and peer recognition through an annual awards ceremony.

Fidelity conducts a well-established Corporate Social Investment (CSI) programme, delivered through our Fidelity Foundation, and overseen by the Board's Transformation, Social and Ethics Committee. Our CSI initiatives range from education and disability assistance to SME enablement and crime reduction projects. These initiatives are proving to be lifesavers for their participants, especially during COVID-19, prompting us to expand our CSI reach to vulnerable people and communities across all nine provinces. A particular highlight was the second Fidelity Foundation Golf Day, held in November at Randpark Golf Course, which saw over 280 players participating in both golf and a fundraising award dinner.

Effective and transparent governance is always a top priority for the Fidelity Board. The 2020/21 financial year reaffirmed the value and importance of this commitment and I have no doubt that our solid governance foundations laid in prior years helped Fidelity remain motivated and sustainable in the face of COVID-19's ongoing challenges. Accountability is a non-negotiable pillar of Fidelity's governance. All our Board committees are chaired by non-executive directors appointed for their grasp of the specialised mandate of each Board committee. These committee Chairmen report regularly to the Board on all committee decisions and activities.

I am proud of Fidelity's strong history of environmental, social and governance leadership, and earnestly thank our team and leaders, past and present, who worked hard to embed these principles. As Fidelity moves forward, we will continue advancing our sustainability efforts in ways that benefit our stakeholders and the environments in which we operate. I also take this opportunity to recognise the Fidelity team for the remarkable safety, dedication and resiliency they demonstrated over this past year while resolving challenge after challenge.

Nelson Mwale
Group Chairman

2021 Sustainability at a glance

Society	Securing the assets of over two million individuals directly in their homes, and serving over 60 million individuals indirectly through our footprint and our integrated services offering Protecting over 12 000 businesses and corporates throughout South Africa
Empowerment	Proudly South African Level 1 BEE accreditation for over 10 years
Skills development	Over R173 million spent on upskilling 36 934 employees
Community care	Over R10 million contributed to community programmes
Environmental performance	Total carbon emissions of 71 212 tonnes or 1.29 tonnes per annum per employee Total carbon emissions offset savings of 3 108 tonnes Total carbon emissions offset savings target of 4 000 tonnes for the 2022 financial year
Energy use	Installed over 500 solar panels at key locations over the last eight years to reduce dependence on conventional electricity
British Standards International (BSI) Accreditations	ISO 45001 Occupational Health & Safety and ISO 14001 Environmental Management System compliant
Corporate governance	Majority of our Board and Committees composed of non-executive directors

Feedback on report

We welcome your feedback on this report.

Please email your comments to Charnel Hattingh <charnelh@fidelity-services.com>

Find us online

<https://fidelity-services.com/>

Our reporting suite for 2021 consists of two reports

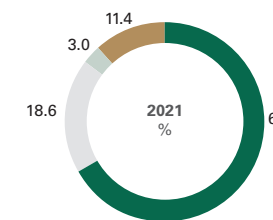
The **2021 Integrated Annual Report**, which is our primary communication with our stakeholders.

The **2021 Environmental, Social and Governance Report** which provides further information on our sustainability performance.

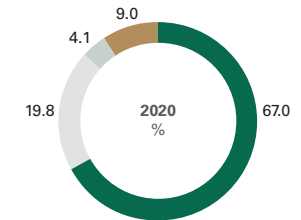
Value added statement

Value-added shows how much wealth has been created by the Group through utilisation of its capacity, capital, manpower, and other resources, and how it was allocated among different stakeholders (employees, lenders, shareholders, government, etc.) during the period under review.

R'000	2021 R'000	%	2020 R'000	%
Turnover	10 038 335		10 182 055	
Net cost of raw materials, goods and services	(2 526 072)		(2 573 851)	
Net VAT	1 100 783		1 095 013	
Wealth created by trading operations	8 613 046		8 703 217	
Impairments	(9 367)		(6 406)	
Finance income	24 103		26 437	
Total wealth created	8 627 782	100.0%	8 723 248	100,0%
Distributed as follows:				
Employees				
Benefits and remuneration	5 772 556	67.0%	5 844 450	67.0%
Governments				
Income tax	39 338	0.5%	86 828	1.0%
VAT	1 100 783	12.8%	1 095 013	12.6%
Employees' taxes	468 319	5.4%	549 359	6.3%
Providers of capital				
Finance charges	259 362	3.0%	351 573	4.0%
Distribution to shareholders	1 529	0.0%	7 022	0.1%
Retained for growth				
Depreciation and amortisation	705 238	8.2%	613 805	7.0%
Profit for the year from continuing operations	280 657	3.3%	175 198	2.0%
	8 627 782	100.0%	8 723 248	100.0%



■ Employees ■ Governments
■ Providers of capital ■ Retained for growth



■ Employees ■ Governments
■ Providers of capital ■ Retained for growth

Who we are

The power of integration

Fidelity Services Group is South Africa's largest integrated services and risk solutions provider and the industry leader in protection innovation. Our impressive track record is underpinned by excellence in service delivery and implementation. The Group harnesses technological advances as a competitive advantage by constantly seeking newer, faster and better technologies to improve its value proposition so that Fidelity remains a leader in the security solutions market.

The Group's expanding its bouquet of services and related products now includes comprehensive asset tracking, cleaning and hygiene services, fire solutions and insurance products. Our customers benefit from customised and cost-optimised solutions, whatever their integrated risk and facilities management needs.

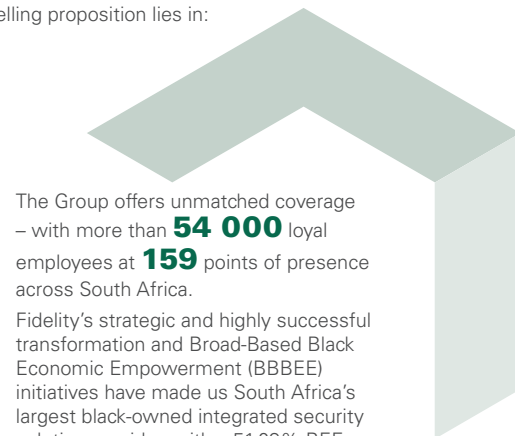
With over 65 years of experience, the Group's unique selling proposition lies in:

Exceptional **leadership**

A comprehensive **infrastructure**

An **unwavering commitment** to excellent corporate governance

An **aggressively proactive approach** to staying at the forefront of the continually evolving security and facilities management environment



The Group offers unmatched coverage – with more than **54 000** loyal employees at **159** points of presence across South Africa.

Fidelity's strategic and highly successful transformation and Broad-Based Black Economic Empowerment (BBBEE) initiatives have made us South Africa's largest black-owned integrated security solution provider, with a 51.09% BEE shareholding that is 100% South African.



Fidelity [noun]

from the Latin word *fidelis* and the old French *fidélité*.

The quality of being loyal to someone or something

We must never lose sight of what Fidelity stands for.

It means faithfulness.

Faithful to our cause.

To our people.

Our customers.

And, more than anything else, faithful to the communities we serve.

Our vision, mission and values

Our vision

To be the pre-eminent provider of integrated services protecting the assets of our customers in southern Africa and targeted international markets, through the consistent achievement of excellence in every sphere of security provision and customer service.

Our mission

- To ensure that the customer remains the focus and centre of our activities
- To differentiate through superior service which adds value but remains affordable
- To provide operational excellence
- To stay innovative in the application of technologies and solutions
- To continually invest in employing and developing quality personnel
- To remain the market leaders who lead by example.

Our values

- Focusing on the needs of our customers
- Innovating on an ongoing basis
- Determination to ensure the ongoing success of all our stakeholders
- Encouraging our employees always to go the extra mile
- Loyalty as being core to our customers and employees
- Integrity in all our actions
- Teamwork as the basis of success
- Yielding good and fair returns to all our stakeholders.

Our service offering



Security Services

Residential and golf estates | shopping centres and retail | Banks and financial institutions | Casinos and gaming | Commercial and industrial | Government | Health and education | Hospitality | Oil and gas | Ports and airports | Armed escorts



Cash Management Solutions

Banks and financial institutions | Cash-in-transit (CIT) | Integrated cash solutions | ATM management | Cash processing | Cash acceptance devices | Insurance | SA Reserve Bank processing



Technology and Armed Response

Monitoring and armed response | Electronic article surveillance | Technical installations | Commercial | Fence solutions



Integrated Financial Services

Micro loans | Insurance for staff | Insurance for customers | Credit life policy | Financial counselling and advisory services | Home and car insurance



National Command Centre

Offsite monitoring | Specialised remote risk management | National asset and vehicle tracking | Expert monitoring teams | Fully equipped disaster recovery site with comprehensive business continuity plan | Infrastructure standards exceeding minimum South African Intruder Detection Services Association (SAISDA) requirements | 24/7 operation



Specialised Services

Tactical and group support | VIP and event management | Specialised services | Parking management | National command centre | Mining services | Unrest and riot squad | Private investigations | Private prosecution assistance and case management | Rhino protection



Training Development and Conferencing

Pioneer of SA training | Development of First Security Officer Learnership Programme with Safety and Security Sector Education and Training Authority (SASSETA) (NQF Level 3) | Own comprehensive firearm training programme | Extensive accreditations | Mutango Lodge revamp | Fidelity Institute of Excellence | 'Back to Basics' driver training | Private investigations | Indoor and outdoor facilities with sports fields



Fire Solutions

Integrated Fire Solutions | Design and implementation | Service, installation and maintenance | Innovative solutions | Cost-effective fire products | SANS-compliant systems | ATEX-compliant detection systems



Cleaning and Hygiene Service

Environmentally friendly products | Professionally trained staff | Contract cleaning | Hygiene services | Pest control services | Landscaping services | Job-safety analysis | Critical emergencies control (with Netcare 911)



Asset Tracking – Fidelity Securedrive

Data insights-driven platform | Customised user-friendly interfaces | AI-enhanced, applications-based, scalable and dynamic functionality | Latest technology fleet management | ERP integrated



Our value-creating business model

The Group primarily creates value through the provision of a diverse range of profitable integrated support services across South Africa in an integrated solutions-driven manner and on a sustainable basis.

Our services are priced to:

- Ensure that the safety, services needs and security requirements of our customers and society at large are achieved on an ongoing basis
- Cover the direct cost of providing such services, which includes labour and capital equipment
- Cover the indirect and support costs such as insurance, administration and risk management
- Provide a reasonable measure of profitability
- Remain competitive, while ensuring sustainability as a responsible corporate citizen.

The long-term sustainability of the Group is ensured by:

- Effective risk management
- Sufficient insurance cover
- Cost optimisation
- Sales management
- A proactive, innovative and flexible culture and strategy
- Good corporate citizenship
- Viable, sustainable and ongoing succession planning.

Our entrepreneurial culture is underpinned by good corporate governance, ensuring that we create value for the benefit of our shareholders through share growth and dividend distribution, while enhancing the lives of all our employees, stakeholders and the broader communities in which we operate.

Value-added approach

Our value-added approach consists of six building blocks that are fundamental to our operations and entrenched in our corporate culture:

- Leadership
- Innovation
- Integrity
- Transformation
- Corporate Governance
- Technology Research and Development.

This governs the relationship with customers, shareholders and all other stakeholders alike.

The factors that influence our value creation process:

External operating environment

We monitor our operating environment for economic, environmental and social factors that can and do substantively impact the Group's ability to create value:

- South African macroeconomic developments
- The COVID-19 pandemic
- Crime threats and patterns
- The competitive landscape.

Risks and opportunities

We monitor various risk categories to minimise adverse impacts and maximise arising opportunities:

- Strategic and reputational
- Information technology
- Financial
- Human Resources
- Legal and compliance
- Operational.





Stakeholders

Feedback from our stakeholders enables us to mould and enhance our strategy and operations to deliver more tangible value. We monitor and respond to feedback from:

- Customers
- Employees and trade unions
- Suppliers and contractors
- Investors and debt providers
- Governments and regulators
- Society and communities.

Material matters

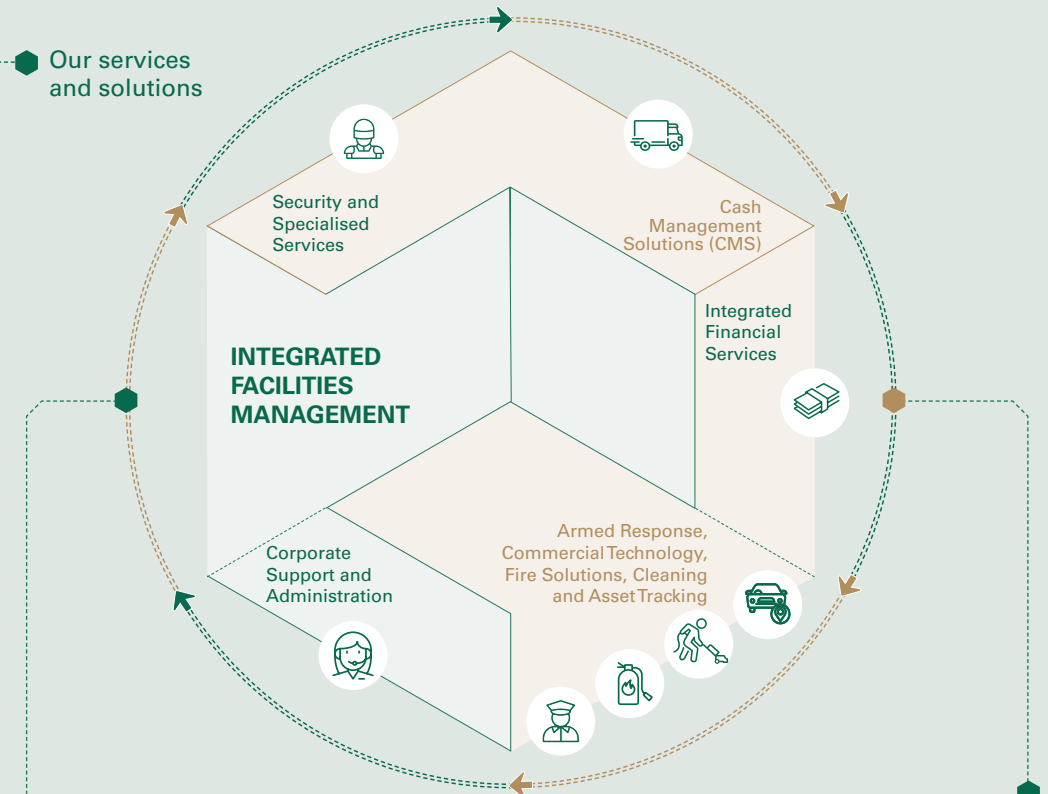
We analyse the intricacies of the factors described above and distil these into the most material matters that could impact our value creation process:

-  Responding to COVID-19
-  Rising crime in a strained economy
-  Integrating human and technological capabilities
-  Fidelity ADT localisation

Our vision

To be the pre-eminent provider integrated services protecting the assets of our customers in southern Africa and targeted international markets, through the consistent achievement of excellence in every sphere of security provision and customer service.

Our services and solutions



Our value creation strategy

- S01** Maintain Core Business
- S02** Optimise Core Business
- S03** Grow Market Share
- S04** Enter New Markets

The outcomes of our value creation process

our business activities ultimately benefit our shareholders through share growth and dividend distribution, while enhancing the lives of all our employees, stakeholders and the broader communities in which we operate.

Shareholders

- Equity growth: **22%**
- Revenue: **R10.038 billion**
- Adjusted EBITDA: **R1.381 billion.**

Customers

Tailored end-to-end, cost-efficient, value-added solutions.

Employees and trade unions

Skills advancement, job security, meritocratic workplace environment, superior training, insurance, wellness and assistance.

Governments and regulators

Full compliance with relevant legislation, governance frameworks and industry standards.

Investors and debt providers

Innovative technology and proprietary manufacturing.

Suppliers and contractors

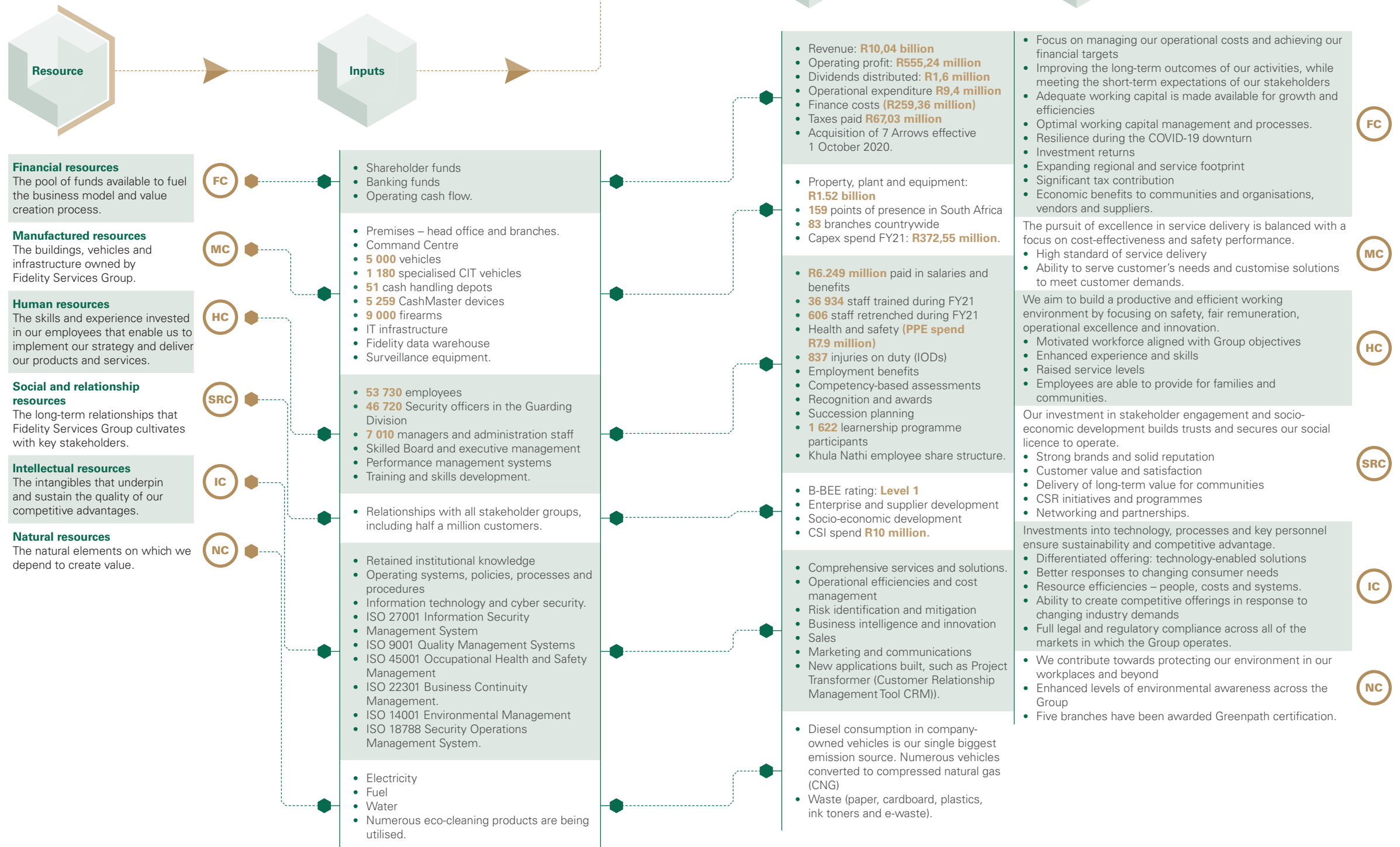
BBBEE Level 1 rating; global best of breed services, technology and equipment.

Communities

Enhancing safety across all provinces in South Africa, supporting underprivileged communities through the Fidelity Foundation, ongoing enterprise and supplier development, environmental and carbon footprint off-setting initiatives.

Our value-creating business model *continued*

Creating value using the six capitals



Using natural resources responsibly

Earth's natural environment has a direct impact on the health and well-being of our customers, our employees and our communities. Addressing environmental issues such as climate change, pollution and water scarcity remains a Fidelity focus – we are committed to encouraging our customers and employees to live safer and better lives. It is therefore essential that we understand how the natural environment impacts our business and take steps to measure, monitor and mitigate our own environmental footprint. To us, this is simply the right thing to do.

Direct impact on non-renewable natural resources

The natural elements on which we depend to create value:

- Coal – Consumption of electricity
- Oil – For the use of petrol, diesel and motor oil
- Water – general consumption.

Indirect impact on natural resources

The outcomes of our business activities include:

- Waste
- Emissions.

Reducing our impacts

Electricity

Over the last eight years Fidelity has installed several solar solutions at key locations to reduce its dependence on conventional electricity. Future installations at other locations are planned.

Official shut down procedures are in place to reduce electricity consumption when our facilities are not in use, with all office equipment set to power saving mode. Geyser temperatures are reduced to 50 degrees Celsius and hot water on demand is in use at some offices.

The majority of the lights at our branches have been replaced with LED lights, while motion detection sensors have been installed in key areas to automate lighting.

The Group's energy reduction strategies are ongoing and incremental gains are achieved each year.

Water

We have installed rainwater harvesting solutions at several of our branches.

Eco-friendly, waterless car wash system at our large branches clean approximately 1 500 cars per month. The waterless car wash system uses only 1 litre of water per wash, saving approximately 199 litres of water per car compared to a normal 'driveway wash'. Water remediation products are used at all workshops to prevent contamination of waterways.

Most toilet cisterns in Fidelity have had displacement bladder installed to substantially reduce water consumption. Dual flush toilets are in operation at our newer offices.

We use water fountains wherever possible to reduce the need for bottled water.

Waste

Poor waste management contributes to Greenhouse Gas Emissions (GHG). Air pollution from decomposing waste releases methane, which is a powerful greenhouse gas linked to climate change. As a by-product of landfill sites, methane is difficult to eliminate, but it can be reduced.

Although waste reduction is the first goal to reducing Fidelity's carbon footprint, unavoidable waste can be a resource when effective reuse and recycling procedures are in place.

Fidelity is ramping up our waste management drive, with many of our locations recycling paper, plastic, cardboard and metal. This project is rolling out steadily until all our 160 locations are compliant.

Biometric access controls reduce the need for paper-based materials, while motor oil is recycled by Fidelity's workshops as a standard procedure.

The Fidelity Group works with an accredited partner to dispose of any obsolete IT assets in a responsible and environmentally friendly manner.

General

Staff members receive ongoing information/training on the Group's environmental initiatives and how each employee's daily actions play a vital role in environmental issues. Meetings are conducted virtually where possible to reduce travelling.

Where possible vehicles have been converted to Compressed Natural Gas (CNG).

Fidelity contributes monthly to the Kariba REDD+ Carbon Offsetting Project in Zimbabwe. The project is certified under the VCS and Climate Community and Biodiversity Standard systems.

Our cleaning business uses 100% locally produced, eco friendly products. No chemical fertilisers are used at any Fidelity locations.

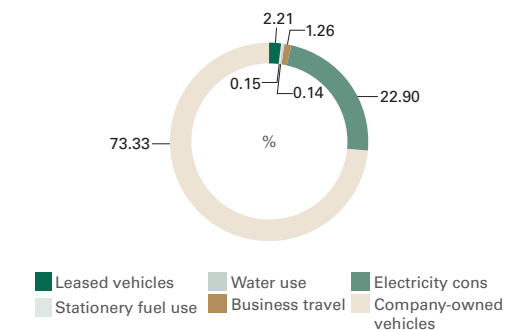
Fidelity sponsors the planting of shade and fruit trees at schools and community centres annually through Food and Trees for Africa.

Measuring our environmental impact

Fidelity conducts a Carbon Footprint Assessment every two years. Our GHG emissions are measured in accordance with the GHG Protocol Corporate Standard (WRI & WBCSD, 2004) using the Operational Control approach.

All Scope 1 and 2 emissions were included, along with selected Scope 3 emissions. This was the second carbon footprint assessment undertaken for Fidelity.

- Diesel consumption in company-owned vehicles was the single biggest emission source, accounting for 59% of total measured emissions
- Emissions from company-owned vehicles accounted for 97% of Scope 1, while emissions from the long-term leased fleet accounted for 3% of Scope 1 emissions.



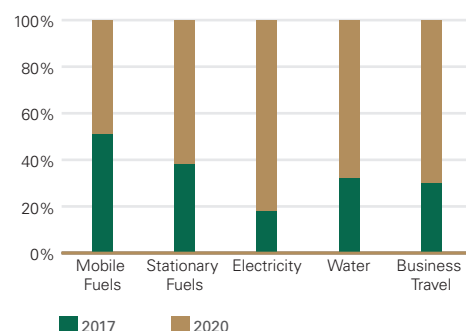
Using natural resources responsibly *continued*

Intensity metrics

Fidelity reported on five intensity metrics for FY2020, against the three metrics reported in FY2017. Intensity emissions for all metrics have fallen, despite a significant increase in operational activities since the previous assessment.

Metric	2017	2020	% Change from 2017
Tonnes CO ₂ e / Employee	1.05	1.02	(3%)
Tonnes CO ₂ e / R'million turnover	10.55	6.83	(35%)
Tonnes CO ₂ e / Man-hours (1 000)	0.43	0.41	(5%)
Tonnes CO ₂ e / Area	–	0.80	–
Tonnes CO ₂ e / Number of vehicles	–	14.91	–

Total measured emissions for all operations have increased by 19% since the FY2017 carbon footprint assessment. The portion of emission changes over the past two reporting periods is illustrated below. The increase in CO₂e Emissions in 2019 compared to 2017 is due to improved data collection.



Type	Source	2017	2020	Change in emissions	% Change
Scope 1	Company-owned mobile fuels	54 172	53 036	(1 135)	(2%)
	Stationary fuels	66	108	42	64%
	Fugitive emissions (Kyoto gases)	29	–	–	–
Sub Total: Scope 1		54 267	53 144	(1 122)	(2%)
Scope 2	Electricity	3 623	16 080	12 457	344%
Sub Total: Scope 1 & 2		57 889	69 224	11 335	20%
Scope 3	Purchased goods and services: Water	46	100	54	116%
	Purchased goods and services: Paper	584	–	–	–
	Business travel	375	887	513	137%
Sub Total: Scope 3		1 005	988	(17)	(2%)
Sub Total: Scope 1, 2 & 3		58 894	70 212	11 317	19%
One Direct	Fugitive emissions (non-Kyoto gases)	123	–	–	–
Total Emissions		59 017	70 212	11 194	19%

Data management system

Fidelity's current manual data systems are limited, which is motivating a migration to a digitised reporting system that will provide:

- A complete, accurate and reliable repository of non-financial data
- An understanding of the relationship between financial and environment performance
- Granular data to inform decisions and drive resource efficiency at a site/divisional level
- Ability to accurately assess the financial and carbon emissions performance of initiatives, such as the CNG project
- Switch from a compliance-based, annual reporting framework to a performance-based monthly/quarterly reports.

Case study

Converting vehicles to run on Compressed Natural Gas (CNG)

Natural gas as an alternate fuel source has been a significant topic in South Africa's automotive industry for years. This is due to the growing necessity to curtail dependency on conventional fossil fuels, the soaring price of diesel and petrol, and the need to reduce harmful CO₂ emissions.

Natural gas's lower carbon content means it burns cleaner than diesel. Natural Gas Vehicles (NGV) also release fewer greenhouse gases, including 20–30% less carbon dioxide, 70–90% less carbon monoxide, and 89% fewer volatile organic compounds. Running a fleet off CNG gains carbon credits and reduces the maintenance intervals.

In South Africa, however, few fleet vehicles are factory fitted with natural gas kits and thus conversion is a more viable option. Although a conversion cost is involved, the savings in the long run far outweigh the initial costs.

Unlike diesel and petrol, natural gas offers stable pricing as it is unaffected by the oil price and general market fluctuations. This key benefit along with the fact that natural gas is a fuel in abundance, can prove to be of incredible value in a time of instability.

A Natural Gas conversion kit gives a vehicle operator the flexibility to use petrol or Natural Gas at the flick of a switch, or dual-fuel diesel displacement on diesel vehicles. More CNG fuel stations are becoming nationally available, and the number of CNG fuel stations in Gauteng is doubling every year.

To date, Fidelity has converted 12 vehicles to run on CNG, at an average cost of R32 000 per conversion.

Case study

Carbon offsetting: Environmental and social benefits in Zimbabwe

To mitigate our CO₂ emissions, we invest in voluntary offset schemes. These credit purchases help promote sustainable economic growth, provide clean energy to regions and local communities, and protect the environment by reducing reliance on fossil fuels for energy.

Since [2015], we have been supporting Kariba REDD+ (Reduced Emissions from Deforestation and Degradation), a forest protection initiative in Zimbabwe that is verified according to the Verified Carbon Standard and the Climate, Community & Biodiversity Alliance's Standard. To restrain the deforestation, Kariba REDD+ ensures the protection of almost 800 000 hectares of forest and wildlife on the southern shores of Lake Kariba, an area that serves as a giant biodiversity corridor and includes an expansive rainforest and numerous vulnerable and endangered species.

Besides the environmental benefits, the project supports the independence and well-being of local communities: people benefit from improved clinic amenities, infrastructural developments – such as new roads and boreholes – or school subsidies for the poorest population. Kariba REDD+ also fosters job creation and sustainable livelihoods by promoting activities such as conservation agriculture, fire management, beekeeping training and ecotourism. Across the entirety of the project, 85 000 people are benefiting from its activities, and are enjoying better health and improved economic opportunities.

Case study

Eco-friendly, locally produced cleaning products

Across the globe, the cleaning industry is starting to offer sustainable, green, eco-friendly cleaning as a result of pressure from a better informed and discerning customer base. Although the most obvious move to a sustainable cleaning process is simply to remove non-eco-friendly cleaning products from our inventory, this is not always the best solution. There are still questions around whether these eco-friendly alternatives offer the same strength or efficacy of cleaning, and some are also more expensive, which creates challenges in a highly cost-conscious environment.

Fidelity views sustainability from a holistic approach, taking into consideration biodegradability and best in class environmentally friendly raw materials while maintaining that chemicals still need to be effective cleaning agents. Fidelity continually looks for eco-friendly innovations in organic or enzymatic cleaning products and alternative methods of saving water by using dry cleaning and residual cleaning products, which are more efficient than water-based cleaning.

We are not only focused on effective and environmentally friendly chemicals but are looking holistically at the entire cleaning solution. This can include local manufacturing, packaging (considering plastic container sizes, concentrates as alternatives and so on), recycling, transport, using less product, microfiber cleaning etc. We also look at the processes and procedures that could make the largest impact. Ultimately, sustainable cleaning is not only about the products, tools and methods used, but rather a way of business and set of behaviours encompassed by the company and staff.

We are proud to offer cleaning services that combine expert knowledge, technology and eco-friendly solutions that are safer for our people, wildlife and environment.

Caring for Fidelity's people

Powering the potential of our people is critical to Fidelity's success as an organisation. Our people are at the heart of fulfilling our promise to customers. Motivated and skilled staff, together with effective solutions, services and operations, underpin the value we offer our customers.

Engaged employees have fewer safety incidents, are healthier and more customer focused, and feel valued, respected and invested in their own success. As learning and development are critical factors in employee engagement, our programmes aim to support employee growth by providing opportunities for career development.

Keeping our employees safe is of paramount importance to us. At Fidelity, safety goes well beyond following the rules – it is a core value which underpins our company culture. Our robust safety policies, procedures and systems guide our work so that everyone can go home safely at the end of the day.

Diversity and inclusion

Fidelity's diverse range of services necessitates a combination of standard corporate competencies, supported by a wide range of specialist skills. The Group's skills base ranges from basic cleaning skills and Security Officer Grading qualifications to employees with MBAs or equivalent tertiary qualifications.

Fidelity's 2021 human capital profile:

Occupational levels	Male				Total
	African	Indian	Coloured	White	
Top management	0	1	0	1	2
Senior management	15	12	10	140	177
Professionally qualified and experienced specialists and mid-management	283	56	65	334	738
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	36 180	219	1 100	870	38 369
Semi-skilled and discretionary decision making	490	12	69	44	615
Unskilled and defined decision making	165	5	8	0	178
Total	37 133	305	1 252	1 389	40 079

Occupational levels	Female				Total	Grand total
	African	Indian	Coloured	White		
Top management	1	0	0	0	1	3
Senior management	2	3	2	28	35	212
Professionally qualified and experienced specialists and mid-management	41	17	22	100	180	918
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	11 317	123	801	640	12 881	51 250
Semi-skilled and discretionary decision making	347	3	115	21	486	1 101
Unskilled and defined decision making	273	0	21	0	294	472
Total	11 981	146	961	789	13 877	53 956



Caring for Fidelity's people *continued*

Transformation and employment equity

Our employment equity and transformation strategies are aligned to the developmental needs of the Group, our BEE scorecard and Fidelity's 2025 Employment Equity targets.

The following aspects are receiving attention:

- Compliance with the provisions of the Employment Equity Act, No. 51 of 1998
- Driving affirmative action initiatives on appointments, retention and creating talent pools
- Dealing decisively with unfair discrimination
- Appointment of senior managers to drive employment equity initiatives together with the appointed Employment Equity Committees
- Training and communication on employment equity to raise awareness and elicit greater participation from the workforce.

Fidelity's board-appointed Transformation, Social and Ethics Committee meets quarterly on employment equity and transformation matters.

After considering various options to maintain sustainable BBEE ownership at operating subsidiary level, the Group agreed in principle to implement the 'Khula Nathi' Employee Participation Structure, subject to final approvals by the Group's Board and shareholders. Khula Nathi means 'grow with us' and enables long-serving employees to share in Fidelity earnings as the Group grows and prospers. Khula Nathi will enhance employee loyalty and ownership.

The Group began implementing the share structure in phases, with its first implementation targeting the top 50 employees. Once all areas of concern with the first allocation are addressed, Fidelity will commence allocating shares to the remaining qualifying employees.

We estimate that 11 000 employees will receive shares by 31 December 2021.

Workforce wellness

Health and Safety is a way of life at Fidelity. The Group offers employee benefits such as medical aid, insurance, pension fund contributions and maternity leave, which vary according to remuneration and role level.

Fidelity supports employees in preventing or managing lifestyle diseases through a Group Wellness programme. Service providers have been appointed and the Group schedules regular Wellness Days around the country to discuss relevant topics and conduct health checks. Wellness briefs are circulated weekly.

Interventions aimed at achieving employee wellness include:

- Awareness campaigns based on the South African Health calendar
- Wellness days where basic medical testing is done and among others tests on hypertension, BMI, cholesterol, etc. Employees receive the appropriate advice and counselling
- Trauma counselling and other forms of counselling are given to employees based on the circumstances on self-referral or referral by the superior
- Introduction of medical insurances and medical aid schemes, such as Affinity (bargaining unit), Affinity (BCEA), Affinity (FCS Crew), Discovery Health Plans and Bonitas etc. Approximately 83% of the workforce belongs to a medical benefit
- Driving 'Fidelity Cares', through which care bags and other forms of assistance are provided to hospitalised employees. COVID-19 patients are especially monitored
- Basic financial education offered at training centres
- GBV awareness offered via videos and at the training centres
- Initiatives via Umsuka Wemali aimed at assisting employees to improve their financial situations.

We are motivating the belief that safety is the first step to making the day a success. To this end, our Safety, Health and Environment (SHE) team is constantly involved in risk assessment, communication, management and assists with training, customer liaison, educational resources, awareness campaigns and day to day safety issues. The Group fosters a 'safety culture' and drives awareness of critical safety issues through constant communication in the form of awareness sessions, toolbox talks, posters and SMS messaging.

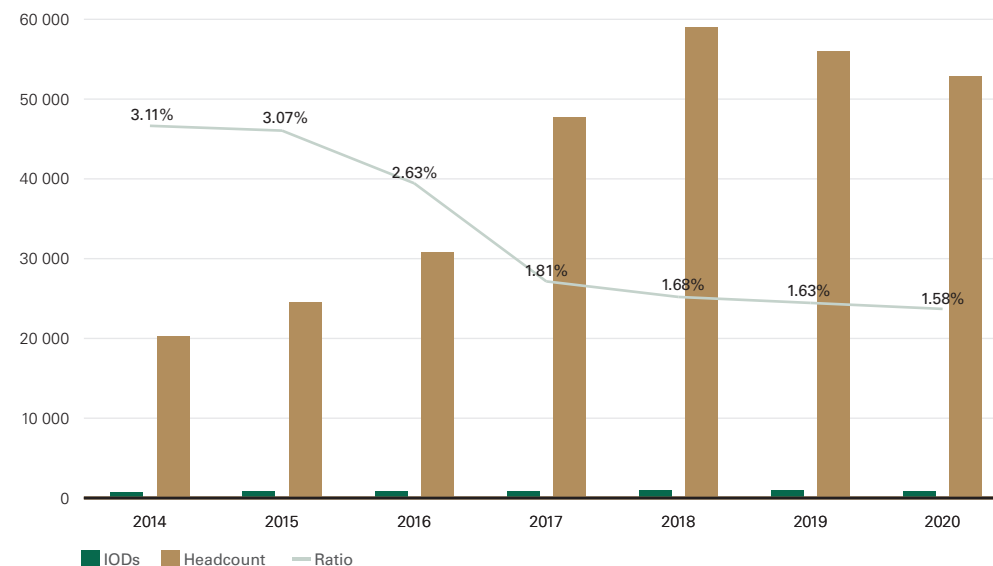
Fidelity's primary SHE focus areas for the year ahead include:

- Maintaining ISO 45001:2018 and ISO 14001:2015 certification and extend scope to four new sites
- Reducing Injuries on Duty (IODs) by 10%. Our FY 2021/2022 IOD target is 770 incidents
- Motor Vehicle Accident reduction (10%)
- Improved SHE performances by our contractors and suppliers.

	2019	2020	2021
Fatality	20	41	15
Suicide	2	2	
COVID			21

Safety performance

Injury and accident on duty rates declined from 913 to 837 during the reporting period.



We were saddened by the lives lost due to heightened criminal activity and the COVID-19 pandemic. Our heartfelt condolences go out to their families.

Case study

Protecting the workforce

In the beginning of March 2020, when the threat of the COVID-19 pandemic became apparent, the Fidelity management team proactively put a COVID Joint Operations Centre (JOC) in place manned with personnel from the Risk, SHE, Command Centre and Wellness Departments.

Upon the announcement of the first lockdowns, management across the Group worked tirelessly with the JOC team to assess risks and find ways to fully support the operational teams on the ground. This entailed a 24-hour hotline for reporting possible cases of COVID-19 as well as managing the demand and supply of personal protection equipment.

Specific policies were introduced to guide staff in terms of working from home, including cyber security, hygiene protocols and quarantine requirements. Along with the standard protocols, the Group sent out training documents, toolbox talks, awareness flyers and regular SMSs to the entire workforce. In addition, protocols were put in place for the daily staff screening, including monitoring of daily cases, testing and isolation.

The HR department further supported employees by assisting with UIF auditing, OH&S audits and compliance to ensure protocols are being followed. We remain vigilant in the provision of a safe and secure work environment that includes sanitisation of vehicles, guardhouses, offices and branches as a whole.

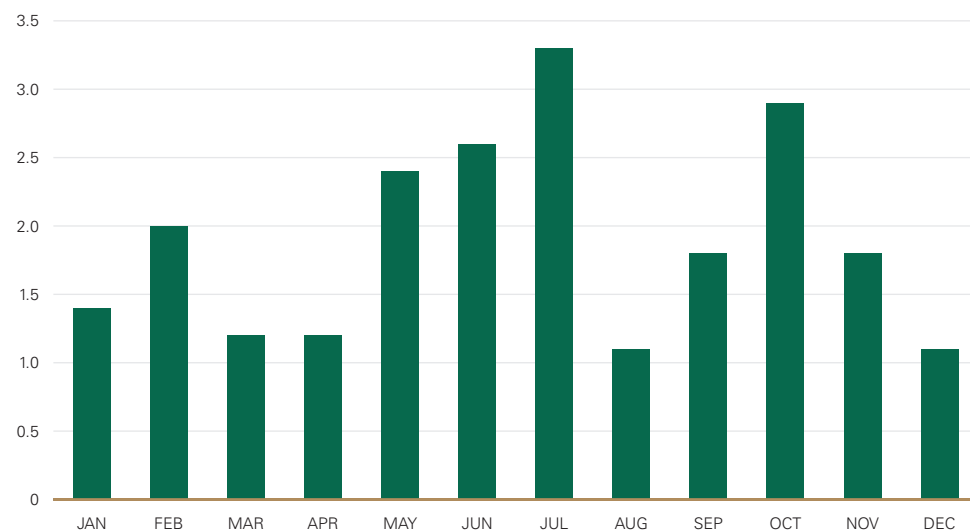
This has been one of the most challenging times for many companies, but Fidelity has fought tirelessly to maintain a high level of commitment to the wellness of its workforce by constantly engaging with staff and managing all cases of infection recorded in our organisation.

Employee retention and succession planning

Fidelity drives a sense of leadership and responsibility in all employees by driving a culture that promotes an environment in which employees feel valued, respected and engaged. The Group strives to promote a working environment of equality, transparency and fairness. Caring for our employees and creating a safe and inclusive working environment is our priority.

Operating during the COVID-19 pandemic was challenging as it placed the workforce under extreme pressure to maintain operational effectiveness through different lockdown levels. Many employees found the new work from home policy challenging as we had to maintain operational readiness at all Group levels. Positive COVID-19 tests and cases of fatalities also had a huge impact on the mental wellbeing of our staff. Despite these challenges, the Group ensured that our employees had access to mental health counselling as well as developmental interventions. We were able to deliver course content and meet set outcomes through virtual engagements and electronic interfaces.

Staff turnover – %



Succession planning

Our succession management strategy remains on track, with a comprehensive succession and an integrated talent management policy was launched during 2019. This was later updated to include job rotation, relief and job swing. Job competency profiles, KPAs and Personal Development plans manage the progression of each succession candidate.

Employee engagement

The majority of our regular staff engagement is via SMS, as most employees work remotely or independently on customer sites. Our permanent admin and managerial staff receive weekly circulars, updates, emails and marketing material. We also introduced screen savers that carry weekly and monthly topics and toolbox talks.

The Group usually conducts an annual employee satisfaction survey, but COVID-19 forestalled the 2020 iteration.

Employee turnover

Although security was classified as an essential service during COVID-19 lockdown periods, many of our customers could no longer do business. Up to 2 000 employee positions were affected by the closure of hotel, leisure and casino operations, with retrenchments becoming inevitable.

To preserve cash as well as jobs, the Group reduced salaries by up to 15% for a period of up to three months. This reduction impacted severely on our staff and the HR department responded by formalising a strategy to assist and submit UIF/TERS claims. A total rand value of R120 million in claims was submitted for staff during this period.

Staff development and training

We invest in the careers and personal development of employees through training and learnerships, supporting between 5 000 and 6 000 learnerships annually. We also conduct more than 20 000 training interventions nationally, with around 6 000 firearms security officers requiring their competencies to be refreshed annually. Our health and safety first aiders and motor vehicle drivers all require annual refresher courses, as do personnel delegated to national key points. The Group has also received funding from SASSETA for short courses and qualifications for 200 people.

Learnership programmes for security officers

As a pioneer in South Africa's security training and development market, Fidelity was one of the first companies in the country to establish and professionalise learnership programme for security officers.

Our programme is SASSETA (NQF Level 3) accredited and includes a fully comprehensive firearm training and driving programme to ensure competency in a range of contexts.

To provide more opportunities for job seekers, the development team was also responsible for devising a Recognition of prior learning system that is now the benchmark throughout the security industry.

As market leaders, Fidelity's national network of accredited training centres provides practical and job orientated training and consultancy services for all levels of personnel. Our training programme is also available to selected customers, parastatals and government entities.

Fidelity's specialised training solutions:

- Management development
- Supervisory development
- Learnership at NQF 3 and NQF 4 levels
- VIP Close Protection Training at NQF level 5
- Firearm competency
- Firearm refresher training
- Retail security
- Control rooms
- SAPS National keypoint training
- Aviation security
- Port and harbour security
- Driver training
- Other specialised training.

We are the only provider in the industry offering a full Further Education and Training Certificate qualification in specialist security installation practices. This qualification alarm monitoring training, gate automation, alarm installations and fault-finding.

Our accreditations:

- SABS registered ISO 9001:2008 training provider
- Accredited with the Safety and Security SETA (SASSETA)
- Accredited with the SAPS in terms of firearms training provision
- Accredited with the CIVIL Aviation Authority (Dangerous Goods) Private Security Industry Regulatory Authority (PSIRA)
- Accredited with Department of Corrections for the provision of the pre-service custodial officers' programme
- Credited with City & Guilds to present FIFA 2010 Events
- Steward training.

Caring for Fidelity's people *continued*

Training and development spend

During FY21, over R92 million was spent on skills development initiatives:

Type of programme

	African		Coloured		Indian		White		Total
	Female	Male	Female	Male	Female	Male	Female	Male	
Employed Learnerships	520	1 071	27	20	6	11	17	12	1 684
Unemployed Learnerships	3 281	2 502	318	269	57	48	5	2	6 482
eLearning Programmes	572	648	329	192	94	165	626	733	3 359
Accredited Programmes	588	2 226	104	129	21	34	66	214	3 382
Short Courses	1 384	18 106	105	660	20	122	60	674	21 131
Onsite Training	199	489	93	28	3	9	38	37	896
Total	6 544	25 042	976	1 298	201	389	812	1 672	36 934

Case study

Mutango Lodge Training Facility

Only the best of the best are invited to the Fidelity Training Centre. Our trainees spend six weeks receiving intensive training in all aspects of shooting, discipline, safety, driving and much more at our state-of-the-art facilities.

Our newly revamped facility is based outside Pretoria and is specially designed to provide a tailor-made environment for trainees to remain focused on their tactical and specialised training. The facility houses both an indoor and outdoor shooting range, provides accommodation for 450 people and has a fully equipped industrial kitchen.

It provides specialised training that enhances cash-in-transit (CIT) driver and crew skills in dealing with emergencies and robberies. The Mutango Lodge also offers recreational opportunities to ensure a well-balanced experience for all trainees.

Helping our employees to achieve

Fidelity creates opportunities at all levels for our employees to grow professionally and personally. We offer our employees a career, not just a job, by developing their skills from a functional, leadership and soft skill perspective. Fostering a high-performance culture through our Employee Value Proposition (EVP) and Talent Development initiatives enables us to steadily promote employees within the business.

Talent Development is fundamental to our Human Capital strategy. Internally, we place our employees on personalised development paths. Fidelity also offers talent development opportunities as part of employee recruitment offerings.

Fidelity's talent development process commences with a needs analysis that incorporates

competency gap analyses into individualised Personal Development Plans (PDP). Other talent development aspects include a variety of activities/interventions such as on the job coaching, mentoring, formal training, workshops, acting during a period of absence or secondment, job shadowing, job enrichment, job enlargement, and assistance for formal or academic studies.

Butterfly Incubator Development Programme

The main purpose of this programme is to develop our female employees into higher and ultimately, senior managerial roles. The programme includes promotional opportunities, succession planning and achieving BEE targets. The project aims to deliver classroom sessions, workshops, a cost-optimisation project, mentorships, and personal development plans.

The programme is progressing as per expectation. During FY21, the programme enrolled 16 participants from across the business divisions.

Fidelity has planned three further intakes and a more extensive roll-out of the programme to include our Western Cape and KwaZulu-Natal operations.

Graduate Development Programme

Our Graduate Development Programme is a 24-month programme that rotates qualifying graduates through theoretical and practical training. The rotations designed for each department are informed by their management and subject matter experts. The programme encompasses the following components:

- Theoretical – understanding policies, processes and procedures
- Training – attendance of training sessions that are relevant to each department
- Job-shadowing – understanding how the different tasks and responsibilities are completed within the respective the departments
- Practical – doing the actual job
- Evaluation – assessment of understanding, strengths and areas of development.



Senior Management Development Programme (SMDP)

The Senior Management Development Programme (SMDP) is a strategic approach for addressing any education, training and development gaps identified in senior employees. SMDP is targeted at empowering senior employees in the Group and equipping them with the skills and knowledge to potentially move into Senior/Executive positions, aligned to Group Succession Plans.

SMDP creates an environment in which candidates can work individually, in pairs and groups under stressful conditions created to simulate actually operational situations. Successful participants will also attend classroom sessions, as well as virtually facilitated sessions, while submitting assignments during the duration of the programme.

Wits Business School

Top SMDP participants are invited to apply at Wits Business School to participate in the following programmes:

New managers programme (NMP)	This programme broadens understanding of the key divisions in business and improves decision-making and problem-solving abilities.
Management Advancement Programme (MAP)	The MAP provides an opportunity to deepen understanding of the key divisions in business and their inter-relatedness, enabling managers to make a more valuable strategic contributions to the organisation.
Executive Development Programme (EDP)	This programme develops an appreciation of strategic issues in both the local and international business environments.

Evaluation and recognition of employees

We monitor the performance of each employee through a performance management policy and procedure that includes two formal reviews per year. Job profiles are linked to specific competency profiles, with performance measured against relevant key performance indicators (KPIs) and achievements. Unfortunately, our mid-year reviews did not take place this year due to COVID-19. Employees are assigned a rating at the final review in December/January, with 98% of our employees completing final reviews during FY21.

We recognise and celebrate employees who have gone 'above and beyond' through Annual Year-End Awards allocated to specific categories of performance. Approximately 100 employees are formally recognised for service excellence each year. Fidelity also participates in industry awards that recognise bravery.



Case study

Bravery awards

Two bravery awards were given to cash-in-transit (CIT) officers Nxumalo and Ndlovu following their exceptional commitment and bravery in two separate incidents.

On 16 October 2020 officer Nxumalo was driving back to the Germiston CIT depot after collecting monies from a customer. As he approached the traffic intersection a vehicle tried to ram into the CIT truck, but the officer managed to keep control of the vehicle whilst taking fire from other suspects next to the road. Officer Nxumalo's brave actions resulted in the vehicle and consignments being returned safely.


In another incident on 28 November the CIT crew were busy collecting cash from customers in Katlehong. Whilst traveling, a vehicle again tried to ram the CIT truck while several shots were fired from occupants. The driver of the CIT truck, Officer Ndlovu, maintained control whilst being rammed and also taking fire from suspects. The suspects shot out the front tyres in an attempt to stop the CIT vehicle but Ndlovu carried on driving throughout the attack and managed to bring the vehicle and crew safely back to the Germiston CIT depot, driving on the rims of the wheels for the last 13kms.




Shared value for stakeholders



As a leading company in the South African security industry, our activities, impact and capabilities are of interest to, and affect, diverse stakeholders. Our customers, employees, suppliers, investors and debt providers and the wider society are a fundamental part of our social and relationship capital.

We share many commercial, service, conduct and regulatory interests with our stakeholders, who collectively constitute our social and relationship capital. Their concerns are of great importance to the Group, both for ethical and commercial reasons. We therefore make every effort to engage them effectively and relevantly so that our mutual interests are addressed and good relationships are maintained for the benefit of all.

Areas of interest	Why we engage	What do we do	Engagement channels	Focus for FY2021
 Customers				
<ul style="list-style-type: none"> Retaining existing customers and growing the customer base Increasing demands from customers for better service level outputs incorporating technology Customers' need for an integrated facilities management solution ('one-stop-shop') Risk of bad debt customers due to the current economic climate. 	<ul style="list-style-type: none"> To continuously seek ways of increasing market share through an enlarged customer base To focus on relationships with key customers To provide a total integrated services solution to our customers To assess the financial situation of customers. 	<ul style="list-style-type: none"> Active engagement by senior executives and management with key customers Fulfilment of customers' needs and expectations Link KPIs of senior management to customer growth and attrition. 	<ul style="list-style-type: none"> Regular customer visits/meetings by senior executives and management Regular telephonic and electronic communication Direct activity, such as expos and trade shows. 	<ul style="list-style-type: none"> We continued to provide services to all our customers and maintained all business operations at the highest level possible during lockdown periods Aggressively grow the existing customer base Offer an integrated service solution to all customers Actively promote and market the Group's new services to existing customers, as well as potential new customers, namely Cleaning, Fire Solutions and vehicle tracking.

Shared value for stakeholders *continued*

Areas of interest	Why we engage	What do we do	Engagement channels	Focus for FY2021
 Employees and trade unions				
<ul style="list-style-type: none"> Industry-related remuneration for all employees Implementation of new minimum wage requirements Prioritise health and safety policies across the Group Development of employees to improve our image. 	<ul style="list-style-type: none"> To become the employer of choice within the industry To root out corruption To offer a world-class service to our customers. 	<ul style="list-style-type: none"> Ongoing interaction by senior executives with trade unions Remunerate employees according to industry-regulated rates. 	<ul style="list-style-type: none"> Employee satisfaction surveys Group counselling service Electronic communication (emails). 	<ul style="list-style-type: none"> The health and safety of our staff remain paramount, and we have increased focus on sanitation and health practices All staff able to work from home have been equipped to do so Regular updates regarding working policies during lockdown periods Develop a Fidelity culture across the Group, especially in acquired entities, with an emphasis on service-orientated best practice and a primary focus on the customer Keeping our employees safe during the COVID-19 pandemic.

Areas of interest	Why we engage	What do we do	Engagement channels	Focus for FY2021
 Suppliers and contractors				
<ul style="list-style-type: none"> Sustainable support of small business enterprises and black-owned supplier companies Clear and concise communication between the Group and its suppliers Operational and financial challenges faced by suppliers. 	<ul style="list-style-type: none"> To foster enterprise and supplier development as a key CSR initiative for the Group To improve efficiencies To generate reciprocal business opportunities between the Group and its suppliers. 	<ul style="list-style-type: none"> Provide sustainable opportunities to small business and black-owned entities Maintain continuous communication and engagement with key suppliers Negotiate credit and collection terms with suppliers facing liquidity concerns. 	<ul style="list-style-type: none"> BBBEE workshops/roadshows Senior management visits/meetings/accessibility Electronic communications. 	<ul style="list-style-type: none"> Engaged key suppliers to align COVID-19 response plans and ensure business continuity plans Pursue ongoing communication as mandated by the Transformation, Social and Ethics Committee Be innovative Consistently engage with suppliers on creative and sustainable cost-reduction and cash flow enhancement strategies.
 Investors and debt providers				
<ul style="list-style-type: none"> Group sustainability and performance Group strategic direction Succession planning Share price Return on investment Acquisition opportunities. 	<ul style="list-style-type: none"> To identify and address any areas of concern To improve shareholder confidence and perception To obtain feedback on strategic objectives To communicate investment opportunities. 	<ul style="list-style-type: none"> Provide consistent revenue and profit growth Conduct regular informed engagement and conversation Target profitable acquisitions Engage all internal stakeholders in building the Fidelity brand. 	<ul style="list-style-type: none"> Group business plan and presentations Integrated report Trading updates Quarterly Board and sub-committee meetings. 	<ul style="list-style-type: none"> Our focus in this uncertain pandemic period remains on credit, liquidity, capital and risk management Servicing all bank covenants Fully integrate new acquisitions Derive all outstanding synergies Incentivisation of senior executives based on a viable succession plan.

Shared value for stakeholders *continued*

Areas of interest	Why we engage	What do we do	Engagement channels	Focus for FY2021
🏛️ Governments and regulators				
<ul style="list-style-type: none"> Legal compliance relating to safety, health and the environment Transformation and BBBEE adherence Job creation Sustained contribution to the national tax base. 	<ul style="list-style-type: none"> To be a responsible and compliant citizen To champion transformation within the industry To uplift our people and communities. 	<ul style="list-style-type: none"> Adhere to zero tolerance of legal non-compliance across all spheres of the business Make honest and transparent declarations to all regulatory bodies Prioritise BBBEE across the Group. 	<ul style="list-style-type: none"> Meetings and presentations with regulators Integrated report Independent audits Corporate website. 	<ul style="list-style-type: none"> Ensure continued strict adherence to all legal regulations, including COVID-19 guidance Adapt to any legal and regulatory changes that may be promulgated.
👥 Society and communities				
<ul style="list-style-type: none"> The localisation of armed response business for communities Community-based employment To build trust and credibility for Fidelity Services Group To build the brand's stature and ensure the brand can stand toe-to-toe with South Africa's most valuable brands To strengthen Fidelity Services Group's current market position as the leader in integrated security solutions. 	<ul style="list-style-type: none"> To improve the living standards of communities To ensure relevant social media and community recognition at a local level for Fidelity ADT as a partner in all the communities in which it operates We enable you to be the pillars of the community Position Fidelity Services Group as a beacon of light and a brand that always puts its customers at the heart of everything it does. 	<ul style="list-style-type: none"> Address a localisation strategy for Fidelity ADT's customer base to stem attrition urgently Implement the localisation strategy as a KPI for Community Development Manager We want to become the authority on matters concerning the communities in which we operate We wish to be seen as a neighbour, 'as someone as invested in my community as I am'. 	<ul style="list-style-type: none"> Community policing forums Resident associations Community WhatsApp groups 	<ul style="list-style-type: none"> We continued our CSR activities despite the financial impacts of COVID-19 and have supported relief efforts Fidelity ADT to partner with local communities in the eradication of crime at suburb and street levels Defining and implementing a localisation strategy with a joint branding model to ensure that communities identify with Fidelity ADT as a community-driven brand.

Supporting stakeholders during COVID-19

Employee support

We supported our employees during their times of need by:

- Paying COVID-19 test pre-admission fees for employees who were injured on duty
- Assisting with groceries to those in financial difficulties.

Community support

- Sanitising materials donated to Public Benefit Organisations (PBOs)
- Masks donated for school projects through PBOs
- Sport development donations
- Assisting our Maths and Science matriculants projects through additional secondary activities.

Case study

Partnering to keep moving goods safe

Fidelity Services Group and SkyNet Worldwide Express announced a collaborative partnership in May 2021 to provide an innovative security solution in response to the unacceptably high volume of hijackings and robberies in South Africa's courier sector. Over the last 12 to 14 months the number of attacks on courier companies has escalated dramatically. This not only resulted in significant financial loss for the sector, but also a high loss of life.

SkyNet Worldwide Express and Fidelity Services Group have accordingly united to stop this surge by coming up with a solution that combines people with smart tech to secure assets. Together we are evolving our joint capacity for intelligent security management, based on continuous risk assessment, in order to adapt to constantly changing situations.

The Fidelity SkyNet solution includes live vehicle tracking and CCTV monitoring to alert the teams of any suspicious activity, and immediate access to both the Group's extensive land and air resources in case of an emergency. Our specialist tactical intervention teams nationally will be deployed to protect assets.

Both parties are confident the new approach will yield positive results and meet the demands of South African businesses where the highest level of security is mandatory.

Case study

Urban branches bring the human connection back into the suburbs

In a technology driven environment it is sometimes easy to downplay the human connection, but security is personal and communities are not all the same. Automated services definitely have a place, but research shows that when it comes to complex or sensitive interaction, the majority of people still prefer to talk to a human being. They want someone who is locally-based when it comes to their own community safety.

We have seen the value of hyper-localised solutions that are customised for specific areas. This has specifically given rise to the launch of urban branches in Gauteng. Our locally-based business centres in these urban footprints are ensuring top quality customer service and delivering a more personalised service.

The new urban structure features a much smaller customer to management ratio. Each urban branch is headed up by a Branch Manager who has full ownership and responsibility for the performance of the branch. All branch resources report directly to the manager including sales, technical operations, collections and administration, thereby eliminating bottlenecks common in a more centralised structure.

Solutions are tailored to address specific problems in each urban area. Our urban branches immerse themselves in their designated suburbs and develop an in-depth understanding of the issues so the correct solutions can be introduced and rolled out, either on land via our armed response teams or from our air support crews.

Depending on the needs of each community, we will provide a dedicated customer services centre with a direct telephone number. Where applicable, off-site monitoring of community cameras will be performed in localised customer service centres.

Contributing to our communities

Keeping South Africa safe

Safety is a primary concern for all South Africans. Crime finds its roots in South Africa's debilitating unemployment rate, which escalated to 34.4% in the second quarter of 2021. This represents the highest jobless rate since comparable data began in 2008, and reflects the worsening pandemic crisis and a week of deadly unrest and looting in parts of the country. South Africa now has the highest official unemployment rate in the world.

As a result of widespread unemployment, regular people are faced with the very real challenge of feeding themselves and providing for their families. Faced with dire choices, people often turn to begging or petty crime, which can escalate into violent crime and ultimately makes communities unsafe.

Community upliftment programme

Fidelity's community upliftment programme (#ubethechange) aims to get residents and companies to co-create cleaner, greener, safer and inclusive communities, which form the foundation of rebuilding South Africa one community at a time. We empower individuals within the community to become active citizens and encourage corporates, who form an integral part of these communities, to play a role in not just community building but in rebuilding our nation through job creation. Through City-Zen, we offer the homeless and the destitute the option of casual employment where they can clean, beautify and protect our communities.

Programmes like these that help the unemployed to earn a living with dignity, respect and purpose help them to become a productive part of our communities and act for the common good.

Partners



The City-Zen Foundation

City-Zen is a Level One BEE, registered not-for-profit organisation with S18A status that is fighting crime and urban decay through the creation of employment at a community level.



Fidelity ADT

Fidelity ADT is pursuing a new programme of localisation that develops a greater presence at community level. By closely integrating services with local community programmes we offer more hands-on customer service, enhanced visibility, and greater care for a community.



Community Police Forum (CPF)

The CPF comprises community and police force representatives who meet to discuss safety problems in their community. They aim at ensuring police accountability, transparency and effectiveness in the community.



Rotary Club

Rotary Club members have a wealth of business experience and are highly community orientated worldwide. Their contributions include utilising connections within their business networks and assisting with community fundraising.



Ratepayers Association

Ratepayers Associations are formed to ensure that municipalities are delivering on their services and lobby to obtaining the services needed for their communities to work.



Local Sortation Centres (LSC)

By working with municipalities and waste management facilities, we aim to prevent waste that could be reused, recycled or upcycled entering local landfills.

Case study

Partnering with City-Zen to reduce crime, create employment and uplift communities

Research indicates that neighbourhoods struggling with physical decline and a high crime rate often become safer when residents work together to clean and fix up their community, enjoying public spaces together to help drive the criminal elements out. This is why City-Zen, founded by Dan Hunt and Najen Naidoo just over three years ago, is building an active community of engaged residents who are looking to reduce crime through the creation of employment while uplifting their own neighbourhoods.

City-Zen reduces unemployment by offering the homeless and destitute honourable work, while helping taxpaying South Africans improve their quality of life. The programme aims to turn the waste littering suburban streets and abandoned properties into sustainable job opportunities through cleaning, recycling and upcycling programmes. City-Zen works at grass-roots level, providing training and guidance for the local destitute.

Fidelity ADT has partnered with City-Zen to provide security services to the communities while reducing crime through job creation. This partnership helps bridge the gap between the community and the informal sector by discussing the needs and requirements of each group and bringing all together to a mutual understanding. City-Zen's street-level team members are encouraged to report exactly what is happening at ground level to Fidelity ADT teams.

The project is currently operating in parts of Rivonia, Gallo Manor, Morningside, Bryanston, Kramerville, Wendywood and Woodmead. The response from residents in these communities has been phenomenal thus far but, unfortunately due to the third wave, support from businesses has been limited.

We are proud to be in a partnership forms a link between the unemployed, communities and security companies. Our objective is to expand City-Zen within our own customer footprint by introducing this concept into other areas.

So far, City-Zen has created direct employment opportunities for over eight people, while supporting an additional 20.



City-Zen team have so far tackled various suburbs across Sandton.



Case study

Fidelity assists with social unrest across South Africa

Fidelity Specialised teams and air support mobilised to assist with the looting and social unrest that swept across South Africa in July 2021. The mayhem was sparked by the previous President Zuma's arrest for contempt of court and began in his home province of KwaZulu-Natal. The unrest then morphed into opportunistic looting and riots, with protesters blocking roads and setting vehicles alight, while mobs started looting and burning down local businesses. Many deaths occurred in chaotic stampedes as scores of people looted food, electric appliances, liquor, and clothing from retail centres.

Police trying to control the chaos were completely outnumbered by the looters, and soldiers joined police to try to quell the violence. The deployment of 2 500 soldiers was not enough to quell the rampant looting, although arrests were being made at some areas.

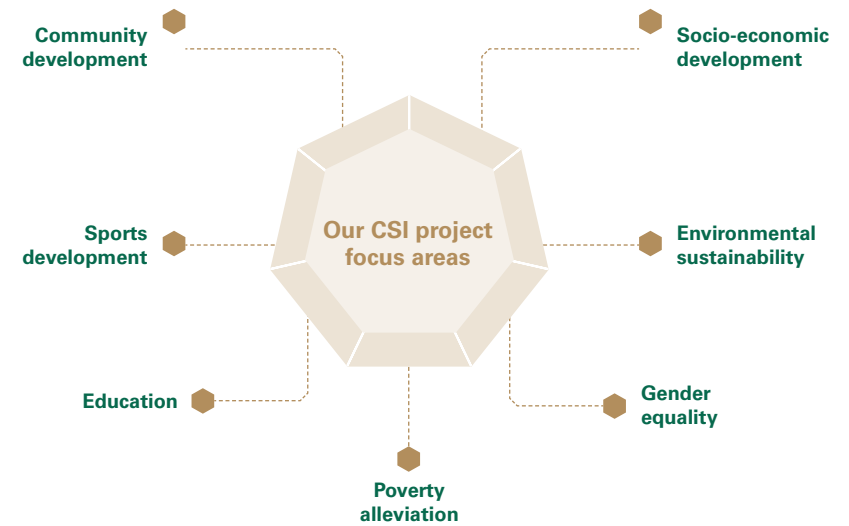
In the interests of protecting people and safeguarding assets Fidelity deployed additional specialised teams to safeguard premises – including air support and specialised ground teams to help disperse the looters.

Fidelity set up a national Joint Operations Centre (JOC) to monitor the situation literally minute by minute and deployed air support and specialised ground patrols as quickly as possible. The situation was extremely fluid, and we monitored activity closely with all law enforcement officials.

Our brave men and women have worked tirelessly behind the scenes to assist the SAPS and SANDF in their efforts. Unfortunately, the situation was very violent and a number of our staff were injured. Well done teams, we are proud of you!

Our CSI initiatives are a key part of our social relationship capital. In addressing the needs of communities, they relate to our strategic objective of maintaining an improved image and service levels and are governed by our CSI Policy, which is aimed at providing a framework for the standardisation of CSI activities for the whole Group. We have attempted to align the policy with internationally recognised values as well as the country's National Development Plan (NDP) and the United Nations Global Compact principles. Our CSI Policy ensures that our activities:

- Have a clear focus
- Are mutually beneficial
- Accord with a strategic business function
- Align with our core business
- Allow extensions into new areas.



Corporate Social Investment

At Fidelity Services Group, we believe that we have a fundamental responsibility to assist in improving the lives of the disadvantaged South African communities among which we operate. Our Corporate Social Investment (CSI) policy is accordingly aligned to the overall vision, mission, values and code of ethics of the Group.

The Fidelity Foundation NPC and The Fidelity Cares NPC are formally registered entities, each with a Board of Directors responsible for taking resolutions. They comply with all the statutory and governance requirements, and report regularly to the Group's Transformation Social and Ethics Committee (TSEC).

Our six CSI initiatives

Fidelity Cares	• Care fund focusing on internal and ex-employee's assistance
Fidelity Foundation	• Focuses on Section 18A SARS-approved PBOs
Joint CSI	• Client-focused sponsorship
Fidelity Develops	• Small enterprise development, mentorship and support
Fidelity Teach	• Focuses on educating communities on security-related issues
Fidelity Sustains	• Environmentally focused

CSI programme objectives

The following are commonly shared pillars of Fidelity Cares CSI programme:

- Empower marginalised local communities
- Support strategic positioning of Fidelity as a contributor towards the development of disadvantaged communities
- Making a positive impact in communities in which Fidelity operates
- Develop and empower Historically Disadvantaged Communities in social, economic and environmental spheres for long-term growth and sustainability
- Enhance Fidelity's reputation as a caring corporate citizen by aligning with the provisions of the National Development Plan of South Africa
- Attract and retain qualified staff and ensuring that Fidelity is a preferred employer in the industry.
- Enhance the loyalty and pride of existing staff.

Our social spend is directed to:

- Focus on communities in which Fidelity operates and thereby make a difference
- Emphasise community upliftment through project sponsorship
- Support programmes that empower, develop and have a positive impact in communities.

CSI Spend

* Excludes Environmental and Joint CSI spend

Fidelity Cares

Fidelity Cares is a Non-Profit Company (NPC) fund that forms part of our Human Capital Department. It forms an important part of our social and relationship capital and relates to our strategic objective of maintaining good labour relations.

During the year under review we embarked on a number of interventions within our Wellness Division, providing:

- Counselling for employees with personal challenges. The National Wellness Manager and other external providers offer assistance on a voluntary basis to employees through the Fidelity footprint. This assistance covers stress, depression, anxiety, alcohol and drug abuse, financial challenges, family relationships and health, including chronic illnesses
- Counselling for employees who were involved in firearms-related incidents as defined by the provisions of Regulation 21 of the Firearms Act
- Counselling to community members in circumstances such as bereavements, or injuries incurred during operations
- Assistance for employees, especially those injured on duty, for the buying of prescribed medication and other needs that are not covered by COIDA
- Contact with ex-employees disabled in the line of duty to address challenges raised.

Other initiatives arranged by our Wellness division were:

- Voluntary health assessments and screening on wellness days
- Financial education through Old Mutual.

The Group also promotes a healthy lifestyle via education and exercise through:

- In-house cycling and boxing gym
- Participation in marathons and other sporting events
- Health talks and the circulation of flyers on health
- The encouragement of emotional, physical and financial wellbeing.

The Human Capital Benefits Division further actively assists in disability and death claims enabling families to obtain their benefits timeously. Low-cost medical insurance was set up to benefit our employees and their families.

The Group CEO and GCA Director run this fund with the aim of assisting employees who were injured in the line of duty. During the year under review, the fund made vital contributions by:

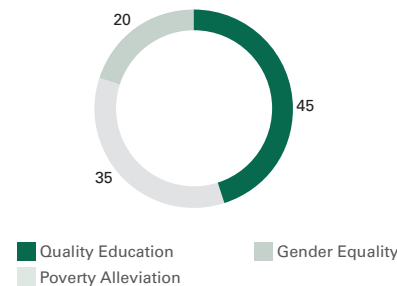
- Buying wheelchairs and medication where necessary
- COVID tests
- Financial assistance to families
- Buying spectacles and a hearing aid
- Dentistry
- Paying for psychiatric treatment and evaluation for colleagues
- Paying for the services of an occupational therapist
- Assisting with the transportation of an IOD employee for consultation
- Assisting with the transportation of families of colleagues who passed away while on duty.

Fidelity Foundation

Fidelity Foundation is an important part of our social and relationship capital. It is a non-profit company established in 2014. This foundation is a section 18A SARS-approved Public Benefit Organisation (PBO), focusing on assisting communities through local PBOs. This ensures that the Foundation reaches out to most communities in which the Group operates.

Fidelity Foundation is supported by the Board, Exco and employees who all volunteer their time in contributing towards its programmes. The Foundation sponsorships are based on three pillars.

Fidelity Foundation NPC Pillars



During the year under review, the Fidelity Foundation sponsored:

Teacher training for early childhood development	Thembisa
Improve Maths and Science project	Putfontein and Randburg
Support for education for the vulnerable children	Krugersdorp and Middelburg
Support for a project employing disabled people	Durban
Support for school for the visually impaired	Worcester

Other Foundation activities

The Fidelity Foundation implemented the following projects:

- The Foundation celebrated Mandela Day by donating toiletries to Logwood Village
- Donations of toiletries to Bethany House Trust, Laerskool Ebenheizer and CMR Middleburg
- Sanitising items and masks donated to Steyn City for Diepsloot project
- Contributions to Fight against Gender Based Violence through Khuluma Ndoda and SASSETA
- The second Fidelity Foundation Golf Day, held in November 2020 at Randpark Golf Course, attracted over 280 participants in the golf tournament and a fundraising award dinner.

The Foundation is hoping to grow its footprint further across South Africa to include Polokwane, Free State, Northern Cape and Eastern Cape.

Case study

School sanitisation a success

Despite the relentless COVID-19 pandemic, Fidelity decided to completely sanitise the Reservoir Hills Secondary School.

Reservoir Hills Secondary School is a well-known institution in its community, which has suffered heavily under the COVID-19 lockdown regime. With most schools operating again, we knew that sanitisation would be critical for Reservoir Hills, given the high intensity foot traffic at the school.

A thorough sanitisation of all the touch points within the school was conducted by the Fidelity Cleaning Services team, which was supported by members of the Fidelity ADT team.

Fidelity ADT will continue to support community organisations through various security collaborations during the lockdown periods. Our armed response team conducts regular patrols, share information and finds solutions to crime concerns faced within the area.

Case study

Feeding the community during COVID-19

Fidelity Ambassador, Tendai 'Beast' Mtawarira initiated a food parcel project to support the Phoenix residents affected by the COVID-19 pandemic. The food parcel initiative was held at a local church in Greenbury Drive, Phoenix and was attended by people in need of food and other necessities. These residents were invited by the Treasure Lee Foundation who worked closely with Fidelity ADT in setting up the initiative.

The event started with an introduction and a prayer followed by some safety tips from a medical representative and a few words of encouragement from Tendai 'Beast' Mtawarira. He was also joined by fellow Sharks player, Craig Burden, who helped hand out the food parcels. The two Sharks players were stationed in a Fidelity ADT trailer from which the food parcels were handed out to young and old Phoenix residents.

Fidelity cares *continued*

Joint Corporate Social Investment (CSI)

Initiatives are undertaken through joint projects, most of which are customer-focused and -driven. A Joint CSI highlight was the Bowling Day held in November 2020, a customer-driven initiative that included our employees, was helping to benefit local communities.

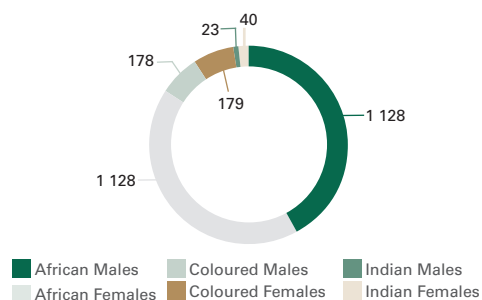
Fidelity Develops

The purpose of the Fidelity Develops programme is to assist in the development, mentoring and growth of small enterprises. Socio-economic development and poverty alleviation are important aspects of our social and relationship capital. We engage appropriately equipped consultants to help realise our aims. Fidelity Develops assisted the following enterprises during the year:

- Korana Car Wash
- Shadrack Upholstery
- Asglo (ASG Logistics)
- Kater repairs
- Technokits.

Learnership programme

Our learnership programme forms a part of our social and relationship capital. Established for the benefit of people with disabilities, it saw 2 676 people participating in the course during the year under review.



Mentorship and support of small enterprises is given with the aim of helping them to grow. These projects have resulted in job opportunities for community members.

Fidelity Teach

Fidelity Teach forms the part of our social and relationship capital outreach that facilitates education and shares expertise on safety- and security-related issues to make communities safer. Fidelity Teach targets school children and youth, communities, domestic workers, corporates, farmers and farm workers.

The focus for the year under review was on learnerships for young people and those with disabilities. Where vacancies arise, learners are encouraged to apply for positions for which they are suitably qualified.

Learnership programme for people with disabilities

African males	1 128
African females	1 128
Coloured males	178
Coloured females	179
Indian males	23
Indian female	40
Total	2 676

Learnership testimonials

"As a person living with disability, the learnership programme has helped me a lot in knowledge of business. I now know how to start my own business and all the basics about running a successful business, how to draft a business plan and how to do budget so that I can run my new business successfully."

"Being part of this learnership has changed my life in many ways. I knew nothing about registering a company, but through this programme I have managed to register my own electrical company because I have skills and knowledge in Electrical Engineering. I bought a toolbox, which has all the electrical equipment that I will need for wiring houses, finding faults etc. The stipend also helped to maintain my life and buy myself the basics that I needed. This opportunity has changed my life for better as I can now afford certain things I never had before, such as comfortable shoes."

"The learnership has helped me gain business experience, but also helped me gain self-esteem since disabled people are being prioritised. I am now confident to work in a team, especially when doing group activities. I can share my views or ideas with other people who are disabled without fear of being judged."

"I have learned a lot and never thought I could get a chance to learn that much because I'm disabled and I'm also looking forward to learning more."

– Avhahonani Beauty Tshivhotshwa (Limpopo)

"Being in this learnership has been a great opportunity for me to gain knowledge in the Further Education and Training sector, as well as deepening my understanding of productivity and punctuality in the workplace."

"Through academic support from Fidelity and my wonderful facilitators, I have developed entrepreneurial skills and knowledge about what is expected from me by the community I serve. The learnership provided training on policies, legislation, bookkeeping, data capturing, data analysis and market research."

"This learnership has inspired me to open my own small business in order to implement what I learned in the training centre during the five-day class sessions every month. I have benefited greatly from the provided stipend as well as learning about the tools that will help me to participate in the entrepreneurial revolution in the country."

– Mbuso Hopewell Nkentshane (Mpumalanga)

"I am a disabled learner on a program sponsored by Fidelity. The Fidelity Sponsorship for this training has been very helpful to me as an individual in many ways; it has given me an opportunity to further my studies and I will obtain a recognised qualification that can be portable from one company to another. It has also personally developed me and improved my self-esteem."

"I am so gratefully to be part of the training. As for the stipend that I receive each month, I am able to take care of myself, my child and other needs in my home. I have been able to start a small business (Bliss Hair Salon), which is up and running. I'm getting extra money again from the Salon. I couldn't have done this without the assistance of the income earned monthly from the training. I hope the sponsorship continues to help people with all kinds of challenges improve their lives for the better."

– Ayanda Patiece Mathebula (Mpumalanga)

Robust and ethical governance

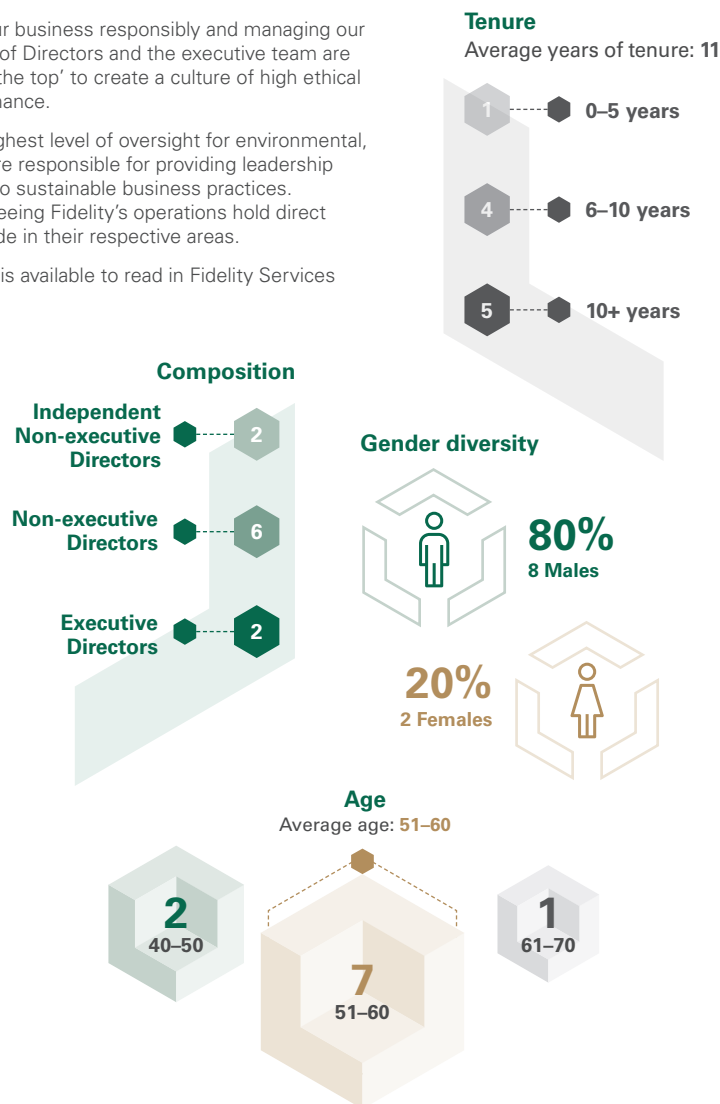
Corporate governance

We believe sound corporate governance contributes to shareholder and public value, trust and confidence in our organisation. Although Fidelity, as an unlisted company, is not required to produce an annual report, for over 15 years we have released disclosures regarding our governance and executive compensation practices.

Fidelity is dedicated to conducting our business responsibly and managing our risks in a diligent manner. Our Board of Directors and the executive team are committed to setting the 'tone from the top' to create a culture of high ethical standards and good corporate governance.

The Board of Directors retains the highest level of oversight for environmental, social and governance matters and are responsible for providing leadership in support of Fidelity's commitment to sustainable business practices. The executives responsible for overseeing Fidelity's operations hold direct accountability for progress being made in their respective areas.

Our full corporate governance report is available to read in Fidelity Services Group's Integrated Annual Report.



Our Board at a glance

Fidelity has a unitary Board structure comprising nine non-executive and two executive directors. Seven of the non-executive directors represent shareholders, with shareholders entitled to appoint one director for every 7.5% of shares held in the Holding Company, in terms of the Shareholders' Agreement. Two independent non-executive directors have also been appointed.

A clear division of responsibilities at Board level ensures a balance of power and authority, with no one individual having unfettered decision-making powers.

Our Board Committees

The Board established a number of permanent standing Board committees with specific responsibilities to assist the Board in discharging its duties and responsibilities. These committees comprise:

The Finance Committee	Fulfills a pivotal role in corporate governance. It ensures that the integrity of reporting and the standard of internal financial controls are maintained at appropriate levels.
The Remuneration Committee	Considers the level of salary and the principles of any variable element of packages and other aspects of the remuneration packages as applicable, with all targets set for executives being budget-, target- and/or KPI-based and related to achievement. All such targets are objectively monitored and measured, with due consideration given to not rewarding and measuring the taking of excessive risk by executive directors and executives.
The Transformation, Social and Ethics Committee (TSEC)	Is responsible for taking into consideration relevant legislation and other legal requirements or codes of best practice in matters relating to: <ul style="list-style-type: none"> • Good corporate citizenship • Social and economic development • The promotion of equality, the prevention of unfair discrimination and the reduction of corruption • The Group's impact on the environment and public safety • Consumer relationships, labour and employment.
The Risk and Opportunities Committee	Address the Group's exposure to strategic, reputational, financial, operational, regulatory, and legal and IT risks.
The Acquisition and Investment Committee	Is responsible for affording guidance, when it is sought by management, in seeking acquisitions, mergers and disposal opportunities, and on acquisition matters generally within broad policies determined by the Board, including assessment of funding structures.

The responsibilities of these committees are defined in terms of their respective charters as approved by the Board.

Ultimate responsibility resides at all times with the Board, which does not abdicate this responsibility to its committees and exercises its oversight responsibility accordingly.

The standing committees make full disclosures and provide transparent reporting to the Board at each Board meeting, while the chairs of the committees attend the AGM and are available to respond to any shareholder questions.

During the financial year, all the Board committees conducted their annual self-assessments to evaluate their effectiveness and procedures. The directors confirm that the committees have functioned in accordance with these written terms of reference during the financial year.

Corporate behaviour

Fidelity's code of ethics

Fidelity's code of ethics is reviewed annually by the Transformation, Social and Ethics Committee (TSEC), which designates the Human Resources (HR) Department to assess it and present its findings to the committee. This committee also monitors compliance with the code through quarterly reports from the Group Internal Audit Manager, which include feedback from our whistle-blower hotline and our Internal Audit Department.

The code also applies also to all our shareholders, directors, managers, employees, suppliers, financiers, customers and competitors, while at the same time requiring all the Group's representatives to act in good faith and in a manner that promotes our ongoing aspiration to remain a good corporate citizen. In addition, we require all our suppliers to acknowledge in their supply contracts that they have read and understood the code and that they agree to be guided by it in their actions and behaviour.

Transparency

Our governance framework provides an adequate, transparent organisational structure with a clear allocation and appropriate segregation of responsibilities. The roles and responsibilities of those accountable for the management and oversight of the Group are clearly defined. Compliance with legislation has received ongoing attention during the year under review and will continue to do so in future.

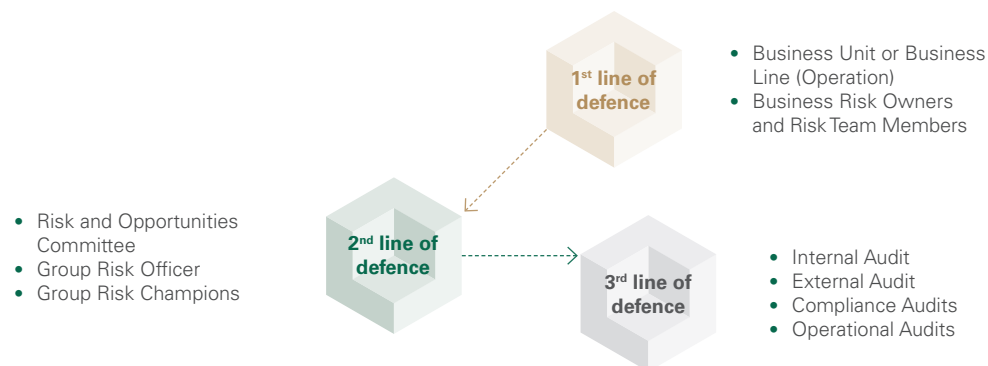
While the Fidelity Services Group is governed by the Group's Board of Directors, various wholly-owned and partially-owned subsidiaries have their own boards of directors. The Group Chief Executive Officer and the Group Financial Director, who are both executive members of the Board, also act as directors on the various subsidiary boards.

An appropriate system of delegation is in place, in terms of which the direction of the operations of the Group has been delegated to the Board. The Board has, in turn, delegated some of the activities and tasks associated with its role and responsibilities to Board committees, the senior executive committee, senior management and other employees of the Group.

Reporting concerns and conflicts of interest

Directors are required to inform the Board timeously of conflicts or potential conflicts of interest that they may have in relation to particular items of business and are obliged to recuse themselves from discussion or decisions relating to such matters. Directors are also required to disclose shareholdings in other companies as well as their other directorships at least annually and to inform the Board when changes occur.

Our three lines of defence



Risk management

The Group's Enterprise Risk Management Framework (ERMF) is a critical part of our strategic management. It is the process whereby we both methodically and intuitively address the risk associated with, and arising from, our activities, with the goal of achieving sustained benefit and ultimately creating the maximum value for all our stakeholders. We therefore recognise enterprise risk management (ERM) as an integral component of sound organisational management. Our overall aim is to embed and maintain ERM in all of the Group's critical systems and for it to form an integral part of good management practice. Assurance processes focus on improving our ability to manage risk effectively, so that we can respond confidently and in a timely manner to opportunities, and thereby create value for our stakeholders.

One of the main potential challenges in developing and implementing an effective risk management framework is the sheer magnitude of all the activities and functions within the Group, including such factors as the economic environment, socio-economic circumstances, market conditions, credit and liquidity risk and balance sheet management.

Risk management, in turn, evaluates the outcomes and consequences of our ability to execute risk management activities and the execution of the other operations, controls and business functions upon which Fidelity depends to remain viable and sustainable. The Board has accorded the same level of stature, independence and authority to risk management as awarded to the Finance Committee and Internal Audit. This level of prioritisation is needed in the current environment, in which changes and events beyond the visible lines of governance of risk are increasingly likely to occur.

Fidelity's governance of operational risk is organised through three lines of defence.

The Board establishes, approves and periodically reviews the ERMF, and oversees the executives and senior management to ensure that the policies, processes and systems are implemented effectively at all levels of decision-making. The Board is responsible for the development and approval of a Risk Management Strategy, Risk Management Framework and Risk Management Plan. The Board also establishes the Group's risk tolerance level and agrees on a suitable and sustainable risk appetite.

The Group Risk and Opportunities Committee is ultimately responsible for ERM. The committee has also mandated the Chief Risk Officer (CRO) to manage the ERMF plan on a daily and monthly basis. The Authority and Mandate of the CRO are set and agreed by the CEO, Group Financial Director (GFD), the Group Risk Committee and the Board.

Cybersecurity and data privacy

The management of Information, Communication and Technology (ICT) relates to the Group's strategic objective of maintaining and optimising business. It performs a support function for the entire Group and acts as a material enabler in the competitive security industry.

A primary ICT governance focus area during the reporting period was ensuring that the Group is fully compliant with the Protection of Personal Information Act (POPIA) and that adequate protection against cybercrime is in place. The board established a Privacy Steerco, supported by an external POPIA consultant, to ensure that the business is fully compliant with the Act.

These reviews ran in conjunction with the Group's initiative to obtain an ISO certification for information security management. The Board reviewed the results of a gap analysis for ISO 27001 and are addressing identified shortcomings by developing policies and procedures to manage information security more effectively.

Information security protocols currently follow a layered approach, deploying a range of industry recognised technologies and controls on all computing

infrastructure. The Group has invested in a range of email and malware software protection tools, as well as tighter security controls for staff who access company data. Fidelity regularly consults with cybersecurity specialists to identify and implement best practice solutions.

The risk of cyberattacks is an ongoing threat in our operations environment, and ICT will need to continually upgrade its capacity to meet and mitigate threats. This imperative must be balanced with capital expenditure so that ICT investment is positive trade-off against improved and secure delivery of series and products. It will also be necessary, to address these looming challenges, to find the right balance between utilising in-house resources and in-sourcing appropriate skills and knowledge.

These efficiencies will be important enablers in driving costs down, as well as increasing competitiveness in a crowded marketplace.

Executive pay

Remuneration packages for those executives serving as directors on the holding and subsidiary company boards and who are defined as senior executive committee (Senior Exco) members is determined by the Group Remuneration Committee. The deliberations of this committee are substantially influenced by independent third-party consultants and remuneration surveys.

All targets set for executives are budget-, target- and/or KPI-based and are related to achievement. All such targets are objectively monitored and measured, with due consideration given to not rewarding and measuring the taking of excessive risk by executive directors and executives.

All shareholders are fully briefed on the earnings of all the directors and executive management, and hence no further disclosure of directors' earnings is made in this report. No restraint payment commitments, term contracts or any extraordinary obligations were afforded to any of the directors during the year under review.

Fidelity is a major tax contributor

The tax we pay is critical to the economic and social development of South Africa, particularly during the pandemic and in the years to come as the economy recovers. We therefore have a responsibility to comply fully with all regulations. In line with this commitment, our total FY2021 cash tax contribution was R1,61 billion. This comprised Fidelity's direct and indirect taxes, as well as taxes paid on behalf of our staff, such as PAYE, Skills Development Levy and Unemployment Insurance Fund contributions but excludes taxes paid on fuel and other indirect taxes levied by the government, such as levies and knock-on effects to suppliers.

Fidelity's ESG performance in numbers

Environmental	2020	2021*
Scope 1 emissions (tonnes CO ₂ e)	53 144	N/A
Scope 2 emissions (electricity (tonnes CO ₂ e)	16 080	N/A
Scope 3 emissions (tonnes CO ₂ e)	988	N/A
Total emissions (tonnes CO ₂ e)	70 212	N/A
Tonnes CO ₂ e / Employee	1.19	N/A
Tonnes CO ₂ e / R' million Turnover	6.83	N/A
Tonnes CO ₂ e / Man hours (1 000)	0.41	N/A
Tonnes CO ₂ e / Area	0.80	N/A
Tonnes CO ₂ e / Number of vehicles	14.91	N/A

* Carbon footprint assessment not performed due to COVID-19.

Social	2020	2021
BBBEE shareholding	52.03%	51.09%
Number of employees	58 869	53 956
– employees who are deemed 'HDSA'	54 786	51 778
– employees who are women	15 959	13 877
Staff turnover	2%	2.0%
Training and skills development spend	R161 million	R173 million
Total employees trained	23 248	36 964
Total injuries and accidents on duty	913	837
Number of fatalities	41*	15
CSI spend	R6 million	R10 million
Learnership programme participants	4 620	3 305

* Including COVID-19 deaths

Governance	2020	2021
Number of Board members	10	10
Number of Board members who are non-executive	6	6
Number of Board members who are deemed 'Independent'	2	2
Number of Board members who are deemed 'HDSA'	6	6
Number of Board members who are women	2	2
Average length of service (years)	10	11
Average age of directors	51–60	51–60

Notes

Notes

Administrative information

Company registration number	2002/030292/07
Income tax reference number	9361294151
Registered security services provider	PSIRA 993250
Financial Services Board registration number	FSP 46753* FSP 18823**
Registered address and principal place of business	Fidelity Corporate Park 104D Mimosa Road Helderkruijn 1724
Postal address	Private Bag X5 Westgate 1734
External auditors	PricewaterhouseCoopers Inc.
Bankers	Absa Bank Limited First National Bank Limited Nedbank Limited Standard Bank of South Africa Limited
Attorneys	Blake Bester, De Wet & Jordaan
Transaction advisors	Nodus Capital
Website	www.fidelity-services.com
Group Tip-offs Anonymous Hotline	0800 00 22 22
Prepared by	Mr M Dawood
Assisted by	Ms C Hattingh
Supervised by	Mr A Mohanlal
Published	22 June 2021

* Fidelity Cash Solutions Proprietary Limited
** Fidelity Risk Proprietary Limited

