ASSUPOL
HOLDINGS

INTEGRATED REPORT
2021

Purpose of the report

The aim of this integrated report is to enable stakeholders to better understand and make an informed assessment of the business and performance of our Group; Assupol Holdings Ltd (Assupol), and its subsidiaries; Assupol Life Ltd and Assupol Investment Holdings (Pty) Ltd.

In this report we review the financial, economic and social performance of our Group during our financial year that ended on 30 June 2021. Aspects that affect our ability to create and sustain value for our stakeholders are also discussed.

Our Group's financial results have been condensed in this report to provide a concise overview of our financial performance. Our full audited financial statements, which have been prepared in accordance with the International Financial Reporting Standards and the Companies Act 71 of 2008, are available on our website.

Our Board, assisted by our Audit Committee, ensures the integrity of our annual integrated reports. Our Board has collectively reviewed the output of the reporting process and this 2021 integrated report, and believes that it addresses all material issues and is a fair representation of the performance of our Group. Our Board, therefore, has approved the release of this report.

The electronic version of this report can be accessed at www.assupol.co.za

Contents

04 Report highlights

06 Performance highlights

Words from
10 Dr Reuel Khoza (Chairperson)
14 Riaan van Dyk (Group CEO)
Bridget Mokwena-Halala (Assupol Life CEO)
19 Niël de Klerk (Group CFO)

28 **Our business**
Our brand (34)
Assupol Wealth (36)

37 Our leadership

40 Corporate governance

66 Risk

74 Compliance

78 IT governance

80 Remuneration

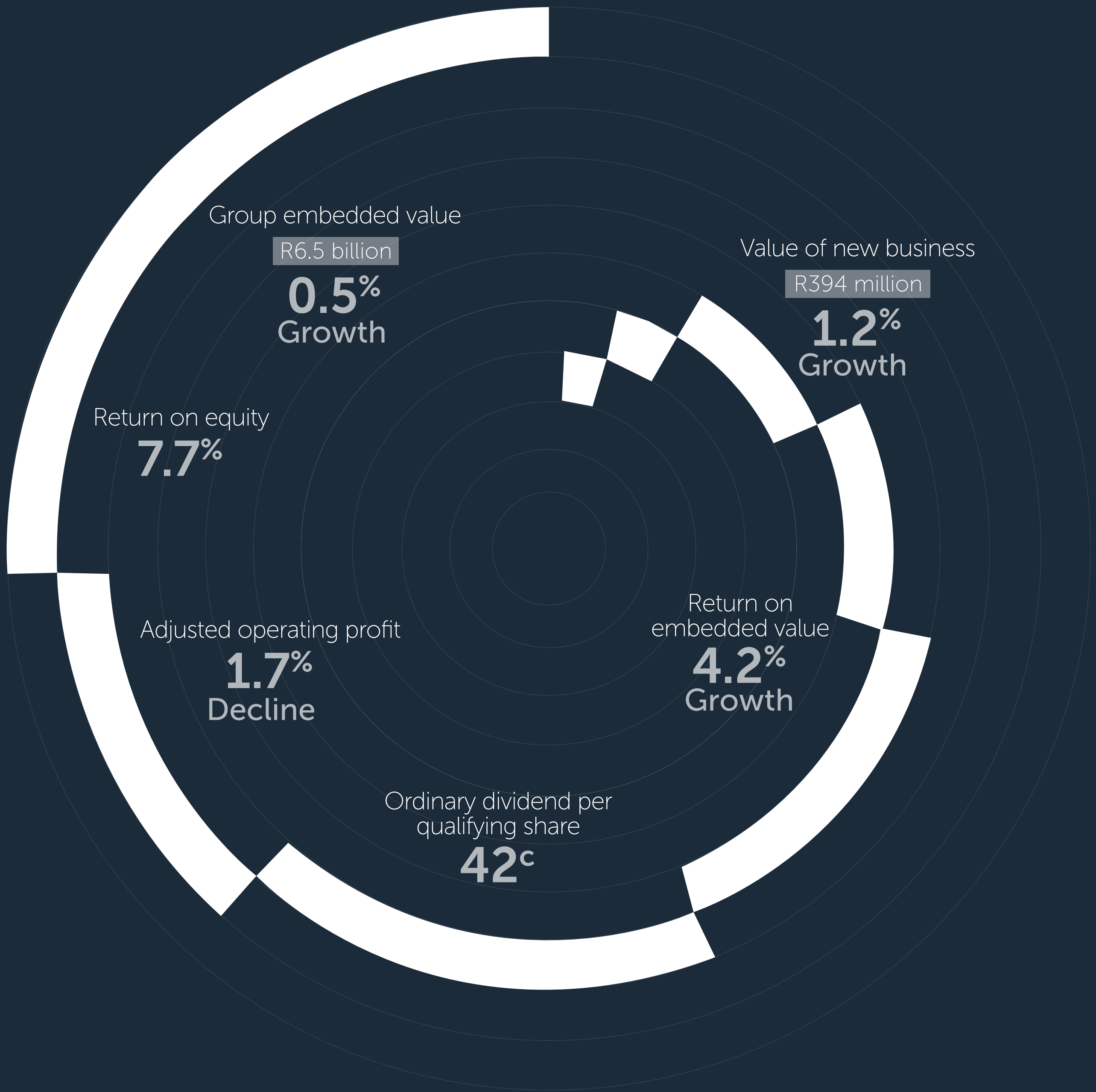
89 Social and ethics

94 **Our stakeholders**
Employees and representatives (96)
Transformation (99)
Corporate social investment (100)
Shareholders and trading in Assupol shares (108)

112 Condensed financial results

REPORT HIGHLIGHTS

REPORT HIGHLIGHTS AT A GLANCE



108 549 funeral cover claims received in 2020/2021, 87 353 in 2019/2020

1 739 life cover claims received in 2020/2021, 837 in 2019/2020

Deloitte. BEST COMPANY SURVEY PLATINUM SEAL 2021

B-BBEE LEVEL 1 CONTRIBUTOR

PERFORMANCE HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

Financial	2017 R'm	2018 R'm	2019 R'm	2020 R'm	2021 R'm	%change 2020/21
Gross premium revenue	2 690	2 987	3 458	4 004	4 359	8.9%
Net profit after tax	771	847	907	564	352	-37.5%
Group embedded value (IFRS base)*	-	-	-	6 493	6 523	0.5%
Group embedded value (Previous statutory base)*	3 572	4 563	5 422	6 002	6 121	2.0%
Net value of new business (Assupol Life)*	-	-	-	390	394	1.2%
SCR cover (Assupol Life)	-	179%	173%	185%	175%	

* The Board approved a change in the calculation of the embedded value to replace the use of the previous statutory base in the calculation of covered business with an IFRS-based approach. Refer to performance highlights charts on page 8 for comparison between the two bases.

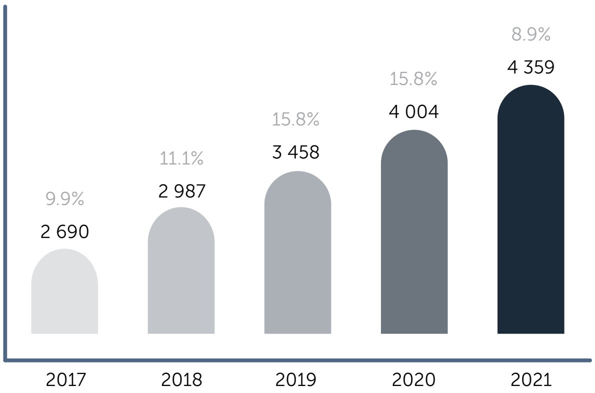
Economic value added	2017 R'm	2018 R'm	2019 R'm	2020 R'm	2021 R'm	%change 2020/21
Employee cost	333	366	443	471	453	-3.8%
Commission paid to service providers	537	631	824	823	888	7.9%
B-BBEE score	Level 3	Level 3	Level 3	Level 1	Level 1	
Distributions to ordinary shareholders:						
Ordinary dividend (cents)	48	54	60	55	42	-23.6%
Special dividend (cents)	8	42	29	-	-	-

Employees	2017	2018	2019	2020	2021	%change 2020/21
Number of employees	638	768	908	962	959	-0.3%
Number of representatives	2 001	2 720	2 668	2 494	2 485	0.4%
Employee turnover	12%	10%	10%	9%	10.3%	1.3%
Total training spend (R'000)*	8 566	11 452	15 690	14 140	8 389	-40.7%

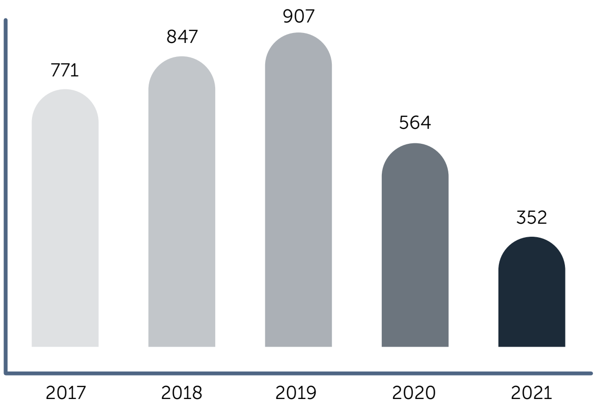
* Due to Covid-19 restrictions, Assupol's classroom learning environment moved to a digital learning environment, which resulted in less spend on training venues as well as accommodation and travel for learners.

Community	2017 R'm	2018 R'm	2019 R'm	2020 R'm	2021 R'm	%change 2020/21
Total sponsorships and donations	7	10	19	24	16	-32.4%

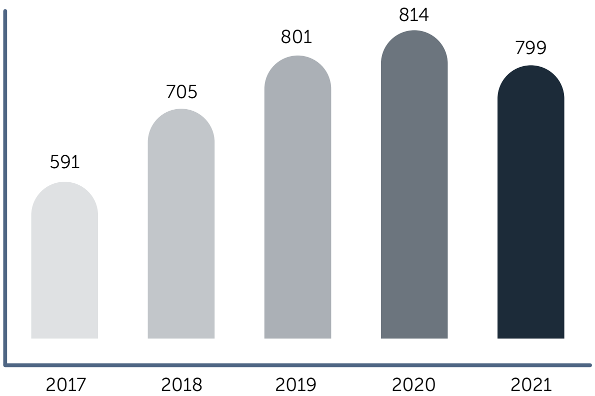
Gross premium income and growth (R'm)



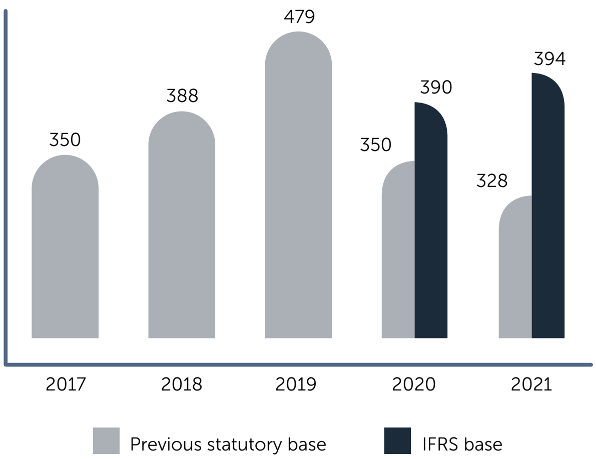
Net profit after tax (R'm)



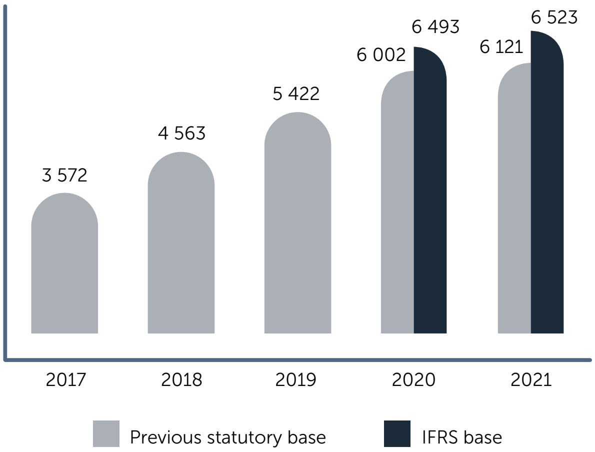
Adjusted operating profit (R'm)



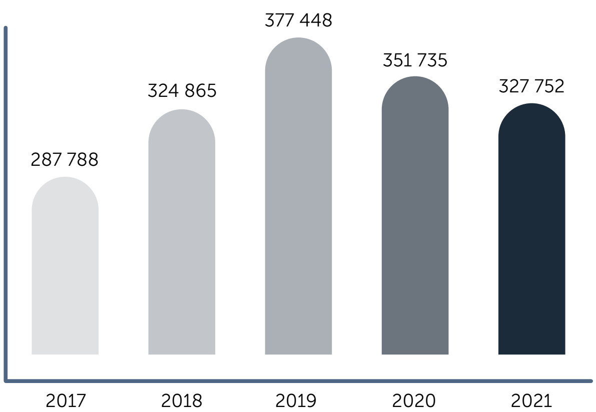
Value of new business (R'm)



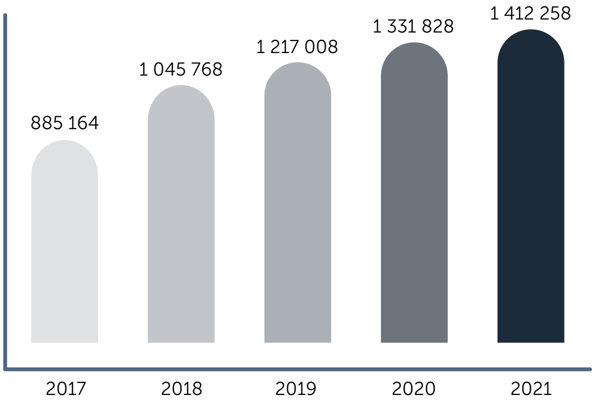
Group embedded value (R'm)



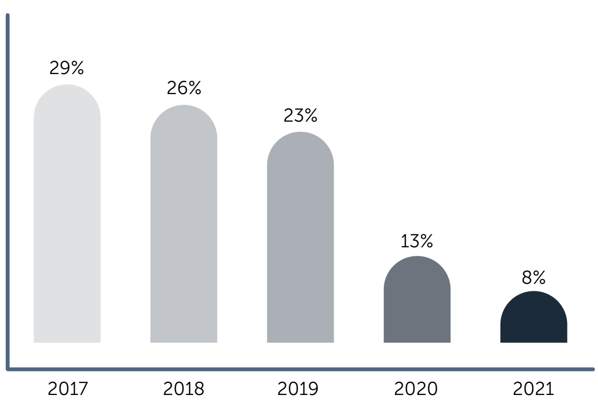
Total new individual business policies written



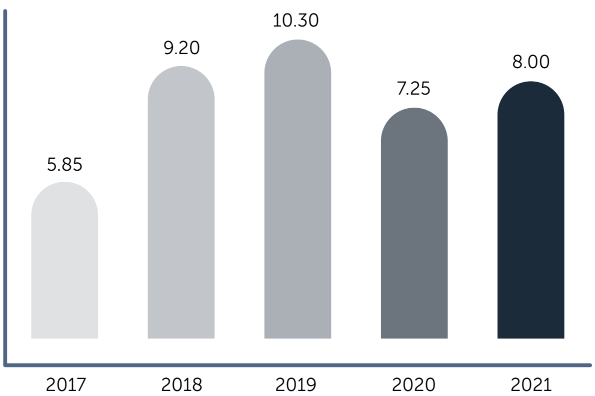
Individual policies in force



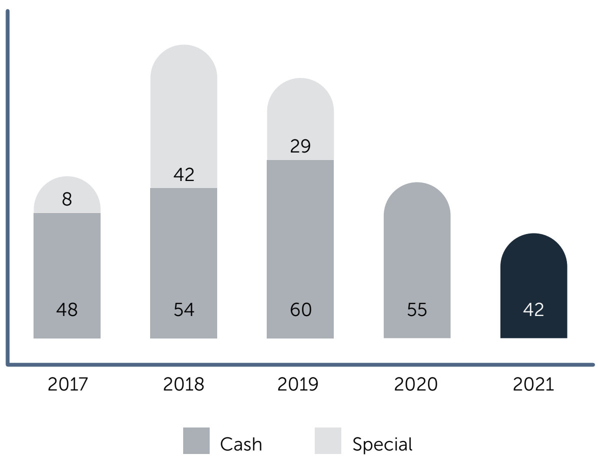
Return on equity



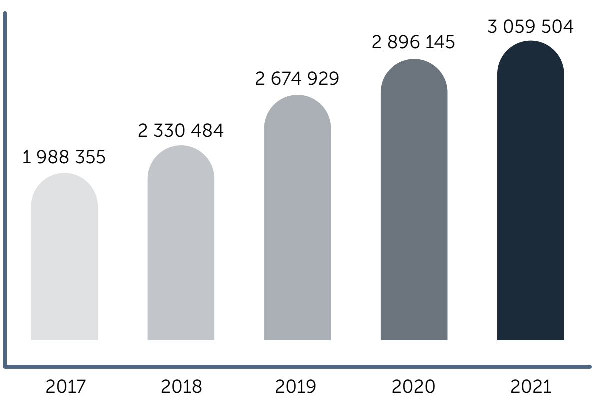
Share price (R)



Group dividend (cents)



Total lives insured (Individual life)



A WORD FROM
DR REUEL KHOZA
CHAIRPERSON

> "As we express our gratitude, we must never forget that the highest appreciation is not to utter words, but to live by them."
> - John F. Kennedy.

Let us start with thanks

There are many things that can change our lives. I am sure millions of South Africans would point straight to Covid-19 and all the ensuing hardships it has brought us. There can be no doubt that all of our lives, for those of us who are still fortunate enough to be here, have indeed been permanently changed by the pandemic.

But of all things that can change our lives, I have always believed that one of the most significant, is gratitude. It's a simple notion, of appreciating what you have, rather than what you don't have. It can be an inner well of inspiration that anybody can access by taking a moment, and taking stock of what they still have to be grateful for.

Now, I don't profess to be a beacon of enlightenment in these difficult times. But rather that I have personally taken solace in witnessing how South Africans, and particularly those who work for Assupol, exude hope, resilience, and a passion for the lives they're able to assist every day. The people who haven't given up, despite coming up against the worst of it, are the very same people who will pull us through to the other side.

Taking stock of the economy

If we just take a look at where we are as a country, we can see that these resilient South Africans certainly have their work cut out for them. This is because we have to view the current economic environment with some anxiety particularly given that even last year, when Covid-19 hit, our economy was neither providing us with much inspiration nor winning the hearts and minds of the international credit rating agencies.

That in itself is not so comforting, but then overlay onto that the continuation of Covid-19's rapid mutations, giving us talk of yet another possible variant after Delta, and many experts predicting a fourth wave in December.

Recently, we even had destructive scenes of unrest sweeping across KwaZulu-Natal and into Gauteng, with estimates that they have set the economy back over R50 billion.

Now, all of that could spell out gloom, but according to our country's President, Cyril Ramaphosa, we have this uncanny ability to "bounce back". That ability will surely be tested as we work to come back from one of the deepest and most painful socio-economic situations we have faced for a long time.

With some predictions pointing towards a 3.8% rebound of the economy in 2021 followed by a further 2.5% growth in 2022, that bounce back could already well be in motion. But, the success of that is predicated on our ability to adapt to change. Whether at the individual, community or national level and where we are concerned as a corporate citizen, adaptability is what will aid in our so-called bounce-back-ability.

Predictions of growth can be hopeful, but are they realistic? Well, I believe there are industries that actually make a rebound and growth of the economy a possible realisation. The mining sector for instance has been doing particularly well in recent times. The agricultural sector has seen a pretty good year in fruit exports. There are also positive indications of growth in the wine industry, as well as cause for hope in the annual reporting from many of our major banks.

Given that tourism is one of the country's biggest employers, we hope that there would be a more fundamental shift in the arena of international travel. But seeing that some of the Covid-19 variants actually originate from here, and there is negativity in terms of reporting on what's happening in our political economy, we still don't have much to be excited about.

A nation short of breath

The pandemic has affected South African businesses substantially negatively. The level of unemployment has not subsided, but increased apace, particularly where it hurts most, for our youth. We need to see more encouraging signs in the partnership between government and the private sector. Even deliberate programmes like Yes4Youth, where there was much celebration and joy when it launched, is now much adrift in my observation.

Too often, the human tendency is to do that which is inspected, as opposed to that which is expected. So, with a proper mechanism to monitor these pledges, I believe their implementation would actually be a lot more effective.

Take that and align it to the National Development Plan, so that we can start "active planning" instead of just "planning" where we have timelines, deadlines, and accountability. I hope we begin to see greater collaboration between government and the private sector where these pledges are concerned for the greater good of the nation.

The regulatory environment and commitment to governance

One way Assupol holds itself accountable to the pledges it makes to its clients, is by treating our relationship with the regulatory bodies as too valuable to interfere with.

I believe the regulations we've had in place to date are perhaps more than adequate to meet the challenges of the day. But in respect of the development of new Covid-19 legislation, one does applaud the regulator's decisive action in a time where something truly phenomenal has occurred.

While regulators work to keep the industry on the straight and narrow, delivering on whatever promises they've made to their clients, you do still have some dishonest players in the industry that give the rest of us a bad name.

We cannot dismiss the fact that these institutions and regulatory bodies are essential to our industry. They are so professional in observation, so expert in actually ensuring legislation is adhered to, that they are actually a political economy's saving grace.

As far as governance is concerned, there really is no likelihood of good performance without it. But there are two pillars that one would see as critical. First, is that governance insists on competence. Second, is that governance insists on ethical conduct. Then from those two pillars will flow governance as it affects operations right across the board.

This would include the number of values and beliefs that actually make for good business operations. These would include integrity, which in a manner of speaking is honesty in operation; responsibility; accountability; fairness; transparency.

With these in place, any organisation will run as it should be run.

Overall business performance

In difficult times, well-performing organisations are carried by their momentum. As far as Assupol is concerned, our momentum carried us to where we were in a position to declare a dividend and reward performance within the organisation. Many companies have not been so fortunate. Some could not declare a dividend, while some did not survive at all.

The fact that we were able to do these commendable things in a tough environment is testament to Assupol's resilience, and a reaffirmation of our commitment to serving those who serve, from our dedicated employees, to our valued clients.

Finding real connections in a virtual world

Assupol thrives on personal contact, and we could not always do that during the pandemic. So, we've had to adapt and interface with our clients and potential clients in many other ways, including as a virtual corporation.

This was once something that was somewhat futuristic, but the virtual corporation is with us, and it manifests itself in many ways. Which, in itself, can be a bit of a setback, because teamwork means you actually working together in real life, real time, as opposed to communicating via the modes that we have now had to adapt to.

I want to believe that Assupol has actually acquitted itself very commendably in making this transition. Sales did take a slight knock because of the change in modes of operation. But that notwithstanding, we still continue to perform strongly.

There is also a sense in which the IT department will increasingly become the pillar of success in all organisations. That's why we are seriously investing in information technology, giving us the thrust we need to truly embrace our future as a hybrid corporation.

A moment of gratitude

I believe it is my responsibility as chairman, to thank the variety of players and stakeholders who have journeyed alongside us in these trying times.

Starting with our employees, representatives and broker business partners; the people that actually have to face the challenges of adaptation and the challenges of working in an environment that is fundamentally changed–something they have done without panic. Our gratitude to them defies limits.

I also thank management and the executives who are at the centre of the planning, the implementation of those plans, and the performance supervision of those who are at the interface with our clients. I am grateful that we have a Board, that in my book, is amongst the best constituted and the most balanced in terms of the various skills that are called for, whether actuarial, accounting, strategy, entrepreneurship, or even representation in terms of gender and race. I want to express my sincerest gratitude to this diverse and dynamic Board.

Building further on the praise I had for our regulators, I wish to extend my gratitude to them for the professional relationship we enjoy with them.

Last, but by no means least, the clients that continue to show confidence in us and continue to give us the requisite business support. Our relationship with them in a sense is pivotal, as there can be no business without them. We extend our gratitude to them for their continued support in a business sense, but also in the communities we have interfaced with as we continue delivering on our corporate social responsibilities.

Risk management

Protecting our clients is crucial at the best of times and perhaps even more so during difficult times. We continue to deliver on our promises, for instance, for those who claim in case of death, our response is a 24-hour turnaround. But in reality, in many instances, our response is within 3 to 4 hours.

We believe that during a pandemic, when the nation is depressed overall and when families are devastated, that the turnaround time and the requisite support that should be given, becomes even more essential.

Changes to the Board and Board stability

During the course of the year, we were joined by a highly qualified, dedicated, and very diligent Lesego Sennelo. I would like to express my warmest welcome to her, and going by the comments on the participation and engagement that she has already evidenced in the last few months, we consider ourselves lucky to have somebody of her professional status.

We have also been joined by an external actuary; Sandile Mbili. I have had the pleasure of working alongside him before and can say without doubt that his experience and expertise will go a long way in enhancing the ability of the Board to deliver.

I would also like to thank our two chief executives, Riaan van Dyk and Bridget Mokwena-Halala. It is truly an honour to watch these two lead Assupol in a manner that can only be described as inspirational. They have helped to guide our organisation through a difficult year, always remaining sensitive to the needs of our people.

Riaan has announced his decision to step down as Assupol Holdings Group CEO in November 2021. This will see Bridget Mokwena-Halala take over as Assupol Holdings Group CEO (subject to regulatory approval) to lead Assupol through its next phase of growth. In addition to this, Bridget will also continue in her role as Assupol Life CEO.

On behalf of the Board, I would like to convey appreciation to Riaan for his commitment to Assupol and results delivered over the past four years. I wish him well in his future endeavors and he will remain a friend of Assupol.

We are also thrilled with the appointment of Bridget Mokwena-Halala as Assupol Holdings Group CEO and are confident that Assupol will continue to grow and move forward under her leadership as we transition to a new era of the business.

A leader in transformation

Transformation is crucial, and at Assupol it shows. I'd like to believe that we have transformed to such an extent, that we are beginning to look very much like South Africa Incorporated.

While maintaining an exceptional level of transformation is arguably more difficult than reaching that level, we will continue to refine ourselves so that we as a company mirror the population demographics. I don't believe we're far from that, and when we do hit that, we then arguably become the best example for corporate South Africa to emulate.

Conscientious citizenship

At Assupol, we strive to practice not just conscious capitalism, but rather, conscientious capitalism. It's a way of doing business that is meant to be compassionate, empathetic and caring.

We pride ourselves in being a conscientious, sensible corporate citizen at a time where the youth face quite a painful situation. I want to believe that a number of other major corporations are beginning to worry about the plight of the youth. I'd like to see greater impetus, for instance, to the Yes4Youth programme. In other words, a bias for action as opposed to mere articulation.

We continue to deliver on working with women and youth as they are a cause we believe is extremely important. We have been able to onboard 73 university graduates, without work experience, to train them and ensure they receive the necessary experience required to become financial advisors within the Assupol family.

The challenge of sanitation at schools, however, is a blemish on the nation and on the Department of Basic Education. Given the enormity of the challenge, we remain very dedicated to supplying ablution and sanitation facilities in those provinces that need it most. To date, we have provided proper sanitation to 50 primary schools across the rural Eastern Cape, KwaZulu-Natal and Limpopo.

Our conscientiousness has also found purpose in the 159 early childhood development (ECD) centres, we helped to fund in KwaZulu-Natal and Gauteng. The Assupol Community Trust provided financial relief in the form of financial donations for ECD centres and day mothers to cover their monthly expenses during the lockdown, as well as meals for children and their families who didn't always have access to food while the nation was required to stay at home.

Investor relations and strategic commitments

We continue to be predominantly a uni-product company, but we have been exploring ways to diversify by either acquiring or making common cause with other organisations in the industry. This is something I believe we have learned some valuable lessons in, along the way, and that we will be able to approach this drive for diversification with great enthusiasm and wise application of the experience we have gained.

While some of these engagements continue as I write, I can currently attest to the excellent working relationships we have with the likes of Ackermans as a partner in terms of providing outlets for our products, and Citadel in terms of broadening our wealth dimension offering to clients. One of our more promising negotiations is taking place in the arena of micro-insurance.

We still remain committed to our core business and as such have not had any retrenchments, whereas many companies in our industry have needed to undergo "right sizing". We will continue to do what good businesses do: firstly, consolidate that which works well, and secondly, dedicate ourselves to growth that is measured and calculated.

In closing

I think the wise words of Cicero are ones to remember: Gratitude is not only the greatest of virtues, but the parent of all others.

I would like to take his advice, as well as the advice of those who raised us to say "thank you", and take this moment to express my gratitude to everyone who has been by our side through this past year: our employees, our senior executives, the Board, our shareholders, and of course our clients whose support we enjoy every day.

In tough times, sometimes all we have to get us through are the people we have around us. As I look to my fellow South Africans, my colleagues, family and friends, I get the sense that we will bounce back.

Dr Reuel Khoza
Chairperson

A WORD FROM

RIAAN VAN DYK AND BRIDGET MOKWENA-HALALA

GROUP CEO AND ASSUPOL LIFE CEO

> The success of a business doesn't exist in isolation, neither does the success of a nation. When we invest in the right partnerships, we give ourselves a greater chance to realise that success.

There aren't many things that test a company's resolve more than the arrival of a global pandemic. It essentially puts you on trial and interrogates your business strategy, your capability to deliver on your promises, and your ability to plan for the unexpected. We believe that even during such a crisis, Assupol has shown itself to be a robust business that is able to deliver in the present, but also keep looking towards the future.

We have to look to that future, because we don't expect to return to pre-Covid-19 normality soon, if ever. In that sense, we have reaffirmed our strategic focus going forward:

Strategic intent: Play a meaningful role in transforming South Africa for the benefits of all of her citizens

Vision: To be the insurer to the people

Values: Treating our clients fairly is the core of what we do

Strategy: By serving those who serve in times of real need through cost effectively and efficiently providing access to relevant, advice, product and service solutions.

OUR STRATEGIC ROADMAP

01 Defend the core: Maintain and fortify Assupol Life to ensure that it continues to sustainably generate quality earnings that will always form the **core** of the Group's earnings. In the short term the focus would be on returning to pre-Covid-19 levels of performance.

02 Extend the core: Diversify as well as grow the product offering, target market reach, footprint as well as distribution means of Assupol Life so as to **extend** its leadership well beyond its traditional **core**. Selectively sought out partnerships would play an important role in extending the core.

03 Transcend the core: Through organic as well as acquisitive means, selectively pursue growth and diversification opportunities outside of the focus of the **core**. Jointly with the 4th leg, namely our digital journey, transcend the core also drives the Fintech ambitions of the Group.

04 Digitise the whole: Guided by the theme of **high touch: high tech**, digitise the whole is Assupol's **digital transformation journey** through which we plan to transform our customer experiences, operational processes as well as our entire business model, as we journey from our traditional way of doing things to becoming a completely digital business.

Our strategic roadmap is underpinned by our 6 strategic drivers

CONSUMER EDUCATION	STAKEHOLDER MANAGEMENT	CLIENT ENGAGEMENT	OPERATIONAL EFFICIENCIES	CAPITAL EFFICIENCIES	TRANSFORMATION AND SUSTAINABILITY
Through consumer education, we empower our clients to make the best financial decisions for their futures	Proactively consider the needs and desires of anyone who has a stake in Assupol by listening to, collaborating with, and informing all of our stakeholders	Continuously and responsibly interacting with our clients through varied channels to develop, strengthen and deepen our relationship with them, so as to ensure that we could serve them better	Focus on cost and operational efficiencies in order to provide the business with strategic flexibility	Focus on capital efficiencies in order to provide the business with strategic optionality	Ensure sustainable transformation by investing some of the value that we create back into the communities that we serve

Our drivers of value are premium growth (a combination of new business unit sales, average premium and good persistency), assets under management, underwriting profits as well as expense and capital efficiencies.

We measure success first and foremost in terms of our performance against the TCF principles; we readily acknowledge that we exist because our clients appreciate and trust us. In addition, we actively pursue strategies that optimise return on equity, return on embedded value as well as growth in the value of new business.

Business unusual

As we were coming out of the first Covid-19 wave, the country was anticipating how significant the impact of the second wave would be. There was an incredible amount of uncertainty, especially in respect of establishing appropriate provisions for the impact of the pandemic.

For many businesses, the pandemic's impact will be reflected in their financial statements. But the greatest impact is arguably felt in the lives of ordinary South Africans as they grapple with the loss of their loved ones, and for many, the loss of their financial stability as well.

Over the past year, there have been approximately a quarter-of-a-million excess deaths in South Africa, far beyond the reported Covid-19 numbers. This puts into context, the immense strain placed on businesses, livelihoods and the emotional wellbeing of many people.

A rise in claims

Within the context above, Assupol's results are dominated by excess claims. During those first two Covid-19 waves, we were paying out more than double the number of claims that we usually do.

Despite having to pay-out these excess claims, and delivering on our promises to do so for our clients, the business remains well capitalised with resolute shareholders, and continues to grow.

All-in-all, our performance shows a continuation of last year's positives and demonstrates how our strong and resilient operational capacity positions us to still perform commendably under the most trying of circumstances.

The value of loyalty

We are grateful for our loyal client base, who now more than ever, realise how important it is to have funeral cover. We have seen a large pickup in the demand for funeral products and clients who have already got funeral cover are also not allowing their covers to lapse.

The relationship we have with our clients is key to our success as a business. Just as we have shown we are there for them during tough times, they have shown us trust and loyalty.

Reaffirming the overall business strategy

We are in this business because we want to make a difference, and we do that through serving others. This means we stay attuned to the needs of our clients, whether they pertain to our funeral and life products or savings solutions. It means we pay-out when we say we will pay-out.

What our clients have been through these past two years, and how we have been able to serve them, has once again proven that our strategy, positioning and approach is still absolutely appropriate and relevant.

As we move forward, we will focus on forming the right partnerships that can enable diversification and further the growth of the business, enabling us to better serve our clients in new and exciting ways.

Our digital migration

The past year has shown how critically important it is that we remain accessible to our clients at all times. To do this, our branches were open, and our call centre staff, sales representatives and broker business partners were available, although not always in person. The challenges of operating during a pandemic have only reaffirmed that we are on the right path with our Future State project, which is Assupol's journey to a completely digital business.

But, as we make this migration, we are putting a lot of focus on assisting our clients and sales teams in adapting to the change. Hence, our theme in terms of the digital journey is "High-touch. High-tech." We believe that face-to-face engagement with clients will always stay, but that technology will allow us to make the consumer journey that much easier.

We are seeing positive signs in this regard with the percentage of clients accessing our services through digital channels. Almost one third of existing and new clients engaged with our digital channels in the reporting year. More than 30% of our Cashback claims were completed digitally and our *instant*Funeral™ policies, which are completed online solely by the client, continued to generate sales.

As much as we see technology enabling us to better serve our clients, we remain cognisant of the importance of consumer education to better understand financial products. Through these educational efforts, we can empower South Africans to make the best financial decisions for their futures. We believe Assupol is going above and beyond the required legislation in this regard, and is essentially another way in which we serve our clients.

Together we shall persevere

When facing the challenges that only a pandemic can bring, one really begins to understand the importance of having strong partnerships. That's why we endeavour to identify and solidify the partnerships that enable us to grow as a business, whether in the capacity of distribution channels, technology, or new products.

Our partnership with Ackermans continues to strengthen since the launch of our pilot project in 2018, which sought to increase Assupol's footprint within Ackermans stores and provide better access to our market. The initiative has since been operationalised, but because of the pandemic we have yet to expand our presence beyond the initial 25 stores; something we plan to do from the second half of the 2022 financial year.

Through our newly established subsidiary of Assupol Investments Holdings in partnership with Citadel, Assupol Wealth creates an opportunity that is key to our future-growth strategy. While the performance of Assupol Wealth in the past financial year has yet to meet levels hoped for, we have put a lot of the "growing pains" behind us and are feeling very positive about what Assupol Wealth can achieve in the new year.

We continue putting in huge amounts of work to identify and investigate growth and diversification opportunities outside of our traditional core business, including potential acquisition opportunities and FinTech possibilities.

It is indicative of our strength and resilience as a business, that despite the Covid-19 crisis, we are very well positioned to explore such opportunities.

The moral obligation of transformation

Our strategic intent to further transform has become so much stronger over the past year. This focus has not only been intensified by the effects of the pandemic, but also by the continued volatility and uncertainty in the country.

We believe it has become a moral imperative for all businesses to not sit on the side lines, but to play an active role in transforming South Africa further. Real transformation has always been a part of Assupol, but we continue to ask what more we can do beyond our services. Our Board has always been supportive in this regard, as we now see it as almost a secondary mandate of the business.

Transformation needs to happen not just for business sake, but for goodness sake.

Appreciating our stakeholders

Our stakeholders have always been important to us, and we firmly believe we continue to demonstrate our commitment to them. We continue to value the relationships we enjoy with our various stakeholders, even more so now than ever before.

We received two-and-a-half times more client claims over the year, and paid 65% of those claims within 4 hours and 90% within 24 hours. We have a very loyal client base, and we continue to research and focus on areas in which we can better serve them, be it from a service or emotional engagement point of view.

Our employees, representatives and broker business partners are one of the biggest reasons we were able to be there for our clients. Because of their incredible resilience and commitment to put in the long hours, we were able to deliver on our promises. A very big thank you goes to our staff and our sales force. The strength of our business performance enabled us to avoid having to institute any staff retrenchments. In fact, we were able to implement salary increases, industry benchmarked salary adjustments, and pay bonuses to our staff.

The support we have always enjoyed from our shareholders continued throughout this time. We are pleased to be in a position that allows us to pay dividends to them this year.

Our Board has also remained instrumental in the guidance and support it has provided to the management team. A special thank you to Dr Khoza who has been an absolute rock and bastion of wisdom.

Regulatory updates

Our relationship with the Regulator has always been one that we see as sacrosanct. We respect and welcome regulatory changes that ultimately benefit and protect the interests of clients. We value the role the Regulator plays in the industry, and as such, we remain proactive and transparent in our engagements with them. Assupol Holdings Limited has been licensed as the controlling company of the Assupol Group by the Prudential Authority during August 2021. As the head of the Assupol Group, the controlling company is required to provide governance oversight over companies within the Group.

Serving our communities

Investing in the communities we serve continues to be a self-imposed duty we uphold through numerous initiatives.

As a financial partner in government's Sanitation Appropriate for Education initiative, we are halfway towards our goal of building safe ablution facilities for 100 schools in rural areas across Limpopo, KwaZulu-Natal and the Eastern Cape. During the financial year, facilities were completed at 20 schools, bringing the total number of schools served to 50, in our contribution towards the fight against undignified toilets for our nation's children.

We support numerous beneficiaries through our corporate social investment initiatives and our staff give of their time by participating in our annual Assupol Community Week as well as the Assupol Cares Employee Initiative.

The concept of serving is also evident in our brand proposition. We had a moving advertising campaign to honour Covid-19 frontline workers in the health sector, featuring Nurse Eagan. We also developed a digital memorial, the Museum of Heroes, to help South Africans honour those who truly served in their communities.

Lockdown restrictions severely impacted the ability of the Assupol Community Trust to deliver on its strategic objectives.

With early childhood development (ECD) facilities having been closed for most of 2020 under lockdown restrictions, the Trust provided relief to ensure that ECD practitioners could meet their monthly expenses, such as salaries and rates and taxes.

The Trust spent R1.9 million in providing financial relief for 258 ECD practitioners and 52 day mothers and playgroup facilitators in Msinga, Nquthu and Nellmapius, who received stipends for 6 months. 95 ECD centres were supported with operational costs, and 211 ECD centres, playgroups and day mothers received personal protective equipment. In addition, the Trust also provided nutritious meals for children and their families who faced hunger during the stricter lockdown period.

Paying tribute

In another difficult year compounded by personal losses, we want to take this moment to remember the Assupol staff who have sadly passed away. We feel the devastating impact of that loss and we can only sympathise with the families whose sense of loss is far greater.

Imiphefumulo yenu mayiphumule ngokuthula.

May your souls rest in peace.

Closing thoughts

Although South Africa is going through a tough time, it remains a country with an incredible future, with incredible people.

But the only way we are going to get through this, is together. We have seen civil society come together and make a difference through times of social unrest. We need to see less criticising from businesses, and more standing up to be a part of the solution. We all need to invest in this country's potential. We all need to transform more now than ever before.

The right partnerships are imperative to getting everybody through this, whether it's down to the business level or in the greater context of what the country is going through.

As Assupol, we will continue working to strengthen all of our partnerships, so we may continue to grow and be in a position where we can help others to do the same.

Riaan van Dyk
Group CEO

Bridget Mokwena-Halala
Assupol Life CEO

A WORD FROM NIËL DE KLERK

GROUP CFO

> The impact of Covid-19 is evident on the financial results of the Group but notwithstanding various challenges, the Group performed well.

A resilient response with clients' needs core to what we do

After nearly two years since the first reported instance of an infection, the Covid-19 pandemic continued to affect the previously perceived "normal" business and economic environment globally. The Group has experienced various challenges in its sales activities and operations that were exacerbated by the second and third waves of the pandemic that swept through South Africa during the Group's financial year. Although the vaccine rollout commenced in South Africa, the uncertainty related to evolution and impact of the pandemic and its associated waves remains.

The lockdown restrictions imposed by the South African government, especially during the peak of these waves, curbed the Group's normal face-to-face sales activities. Management, through the assistance of a motivated and committed IT team, were quick to respond in an innovative manner by providing its sales force with a No Touch™ sales solution.

The impact of Covid-19 is evident on the financial results of the Group but notwithstanding various challenges, the Group performed well; the Group's embedded value increased from R6 493 million to R6 523 million.

The Group's response to the impact of Covid-19 was to focus on the preservation of capital and to maintain current capacity to assist with recovery to pre-pandemic levels.

The impact of the pandemic and the response from the Group during the financial year were as follows:

- The Group' sales performance varied between the various distribution channels with a 12.8% decrease in sales volumes in its face-to-face distribution channels; a direct impact of lockdown restrictions.
- Our motivated and committed IT team was quick to design an innovative manner to assist the sales force by developing a No Touch™ solution where the sales teams were able to continue marketing in their normal environment, but complying with the necessary health and safety precautions.
- An amount of R13.2 million (2020: R9.9 million) was spent to provide connectivity to staff while working from home and to ensure the necessary health and safety precautions are in place to protect employees, the sales force, and clients.
- Based on the Group's own mortality experience after year-end, and supported by the South African Medical Research Council (SAMRC) statistics and the Covid-19 considerations for assurance actuaries issued by the Actuarial Society of South Africa, explicit Covid-19 mortality reserves of R228.6 million pre-taxation were provided for at year-end.
- The management of expenses remained a key focus point. Specific actions were taken to ensure the preservation of capital but unexpected expense savings also came about due to the impact of the lockdown restrictions on travel and group gatherings.
- The solvency position of the Group remained strong. The SCR ratio as at 30 June 2021 was 1.75 in comparison to 1.85 in 2020.
- The Group delivered on its promises to clients through paying gross claims of over R1.5 billion and returning loyalty rewards and cashback bonuses to clients of R144 million.

Financial performance analysis

Our performance against strategic financial targets

Our financial performance is managed and measured against specific and defined strategic financial targets. As these are strategic financial targets with a longer-term outlook, one would expect adjustments to these targets depending on economic and other business cycles. The pandemic brought about an uncertainty that had a definite impact on these targets and adjustments had to made as we navigated our way through the pandemic. It is the intention of the Group to return to these levels over the medium-term.

Value of new business growth (VNB)

This metric speaks to our aspiration to be a high growth company while fulfilling a critical financial need to our client base and increasing our relevance as a brand through gaining market share.

Return on equity

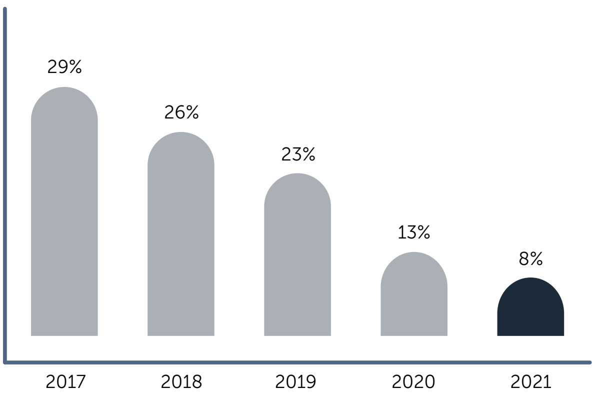
As a Group we aspire to be profitable, while being capital efficient with appropriate margins for expansion and within a defined risk appetite ensuring long term sustainability.

Return on embedded value

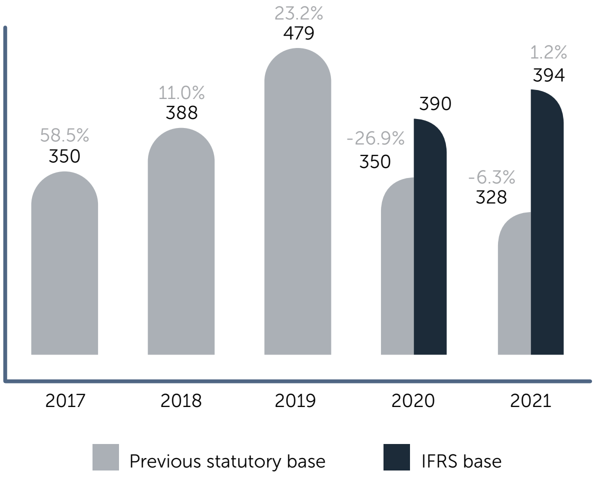
Shareholders provide capital and take on financial risk. As a Group, we aspire to provide our shareholders with top tier financial returns.

The graphs show the Group's performance over the past 5 years. [On these graphs VNB means value of new business, and EV means embedded value.]

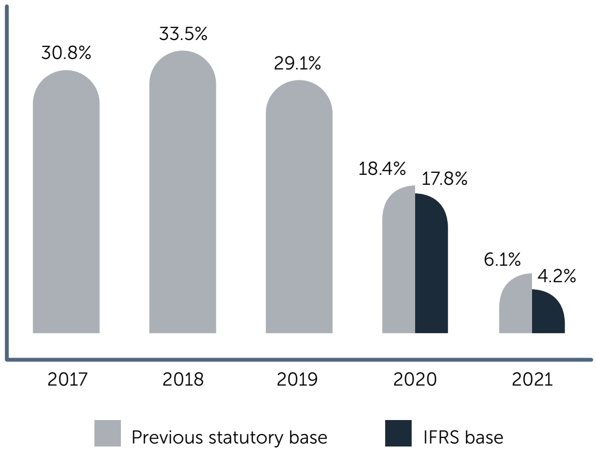
Return on equity
5-year compounded return 19%



Value of new business
(R'm) and growth %



Return on EV (%)



- *New business growth*

VNB growth was 1.2% for the 2021 financial year and on an economic equivalent basis the growth was 10.6%.

Recurring new business premium income decreased by 42.7% (2020: 6.53%) on an annual premium income basis and our single premiums decreased by 49.6% (2020: increase of 18.04%).

- *Efficient management of expenses*

Critical to a life assurance company is the management of efficient policy administration costs. This strategic drive ensures that costs efficiencies are key in performance measurement of the business. As reported in previous financial years this is always a key focus area of the Group. To preserve capital and existing infrastructure, no expense reserves were released in the past two financial years. The decrease in new business volumes and the necessity to maintain realistic margins for Covid-19 related uncertainties resulted in an increase in the renewal expense assumption which increased the actuarial liabilities by R79 million.

- *Persistency rates*

The strengthening of the withdrawal reserves increased liabilities by R20.7 million. The largest negative impact relating to withdrawal assumption changes, relates to the persistency levels of debit order payment business and in particular the Direct Marketing product line that deteriorated during 2021. The persistency for Cornerstone business improved as a result of the improvement in the validation processes of SASSA mandates to allow premium deductions. The Group also considered the appropriateness of the margins in the withdrawal assumptions for potential Covid-19 impact and deemed it sufficient.

- *Mortality experience*

The Group went through a thorough governance process to ensure due process and appropriate consideration in setting of the year end assumptions. In response to Covid-19 an explicit Covid-19 mortality reserve of R228 million (2020: R110 million) was set-up.

- *Investment performance of shareholders' funds*

The after-tax investment returns on excess assets over performed against the long-term investment return assumption by R43 million (2020: R68 million under performance). The return on excess assets was at 16.97% (2020: 1.22%).

- *Corporate and Social investment (CSI)*

During the year under review the Group continued with its collaboration with government; spending R10 million per year to improve sanitation facilities at government schools.

Adjusted operating profit

The Group's net profit after tax decreased to R352 million from R564 million in June 2020. To give a more realistic long-term and normalised view of our Group's profitability, management adjusts the net profit after tax to exclude the impact of short-term market fluctuations on investment returns on excess assets, non-recurring transactions or events, non-recurring actuarial adjustments and non-core transactions. The table below reflects the adjustments made. It can be analysed as follows:

	2021 (R'm)	2020 (R'm)
Reported net profit after tax	**352**	**564**
Adjustment of investment returns on excess assets (1)	(43)	68
Non-recurring transactions (2)	309	27
Adjustment of non-recurring economic assumption (3)	21	(26)
Operational assumption changes (4)	199	160
Other assumption changes	(39)	20
Adjusted operating profit	**799**	**813**

1. Shareholder funds' returns overperformed against the assumption for long-term investment returns during the 2021 financial year. The investment funds overall outperformed the market benchmark by 3.9%. The asset allocation in the fund and related investment returns is shown in the asset allocation section below.
2. Non-recurring transactions include an adjustment for excess death claims due to Covid-19, as well as corrections to expenses where the lower sales had an impact on normalised cost per policy levels.
3. Changes in actuarial economic assumptions were driven by an increase in the valuation interest rate from 6.7% in 2020 to 7.4% in 2021.
4. Changes in the actuarial operational assumptions included the explicit Covid-19 reserves of R164.1 million after tax (2020: R77.9 million). The renewal expense assumptions of individual business and Cornerstone were increased by 7.1% and 6.5% respectively increasing actuarial liabilities by R79 million.

Group embedded value

The Group embedded value was affected by:

- the lockdown impact on new business volumes
- the increase in claims and benefits paid
- the additional Covid-19 mortality reserves
- an increase in renewal expense reserves

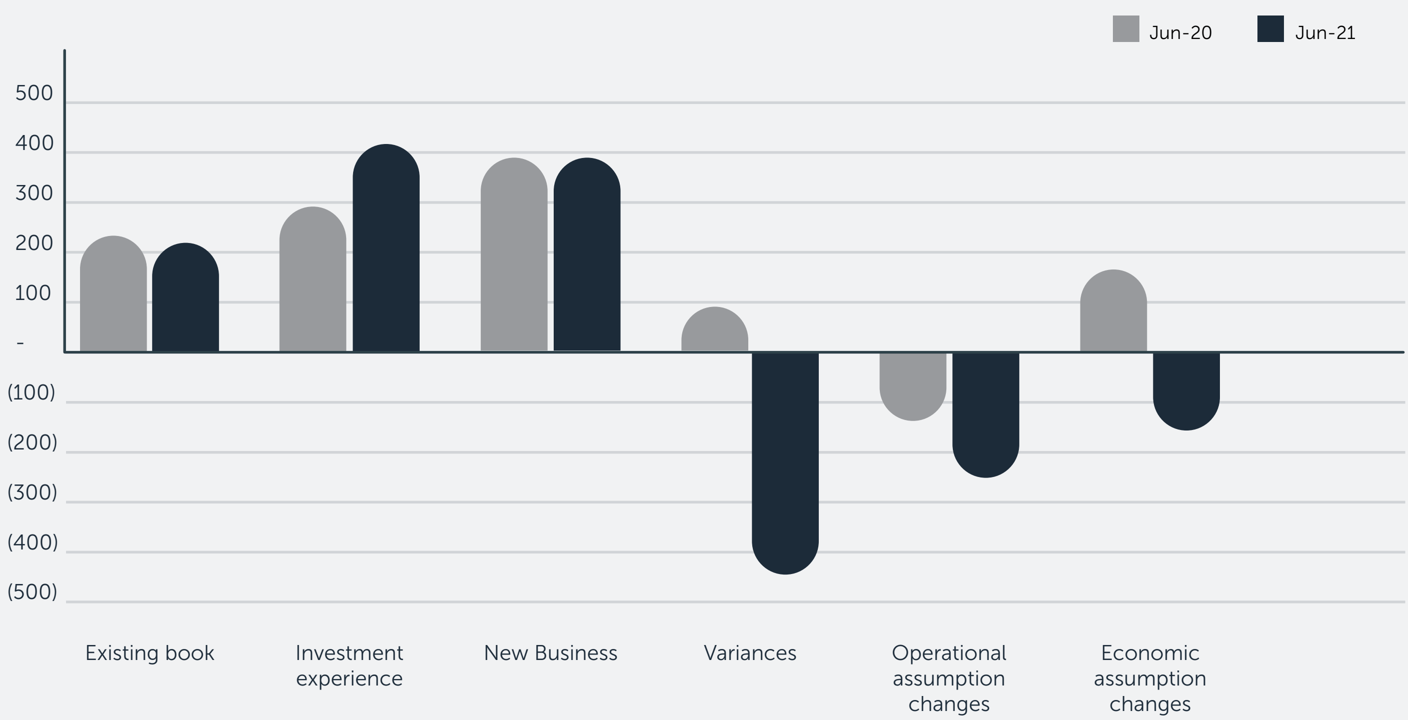
but nevertheless achieved a return of 4.2% (2020: 17.8%).

In June 2021 the Board approved a change in the calculation of the embedded value to replace the use of the previous statutory basis ('SVM base') in the calculation of covered business with an International Financial Reporting Standard based approach ('IFRS base'). The impact on the number is illustrated below.

Group embedded value (R'm)	2021 IFRS base	2020 IFRS base	2020 SVM base
Shareholders' funds	4 582	4 417	1 141
Value of in-force business	1 939	2 066	4 851
Gross	2 494	2 589	5 325
Cost of required capital	(555)	(522)	(474)
Embedded value of covered business[a]	6 520	6 483	5 992
Embedded value of other Group operations[b]	3	10	10
Group embedded value at year end	6 523	6 493	6 002
Return on embedded value (%)	4.19%	17.80%	18.40%

The graph below gives an analysis of our earnings on our Group embedded value. [In this graph EV means embedded value, and VNB means value on new business.]

Sources of IFRS EV earnings (R'm)



Investment performance

The Group believes that strategic asset allocation is key in delivering long-term returns and will avoid decisions, where the timeframe of the decision, differs significantly from the investment horizon of the funds (tactical or short-term market timing decisions).

The selected asset allocation must reflect each investment category's risk profile, and provide a reasonable level of returns in most investment conditions. The investment return volatility of different asset classes is acknowledged and appropriate diversification between asset classes must be applied to minimise volatility of the returns.

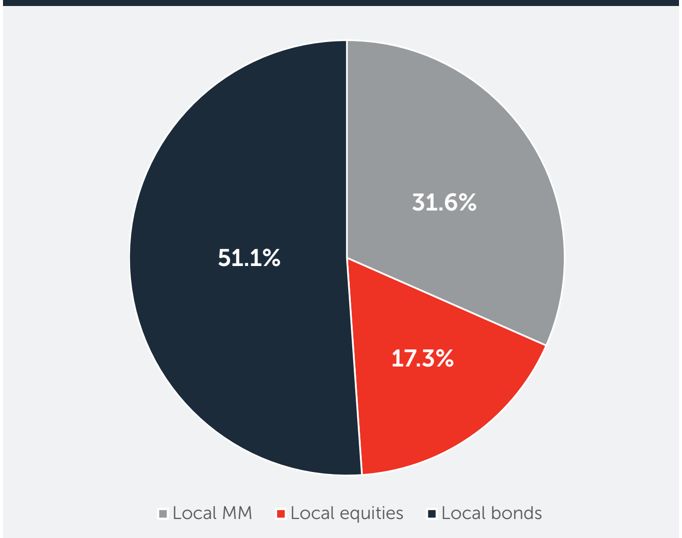
The Group continues to adopt a passive investment management approach which is aligned with its aim to deliver long-term returns.

Asset allocation and investment returns in our shareholder fund

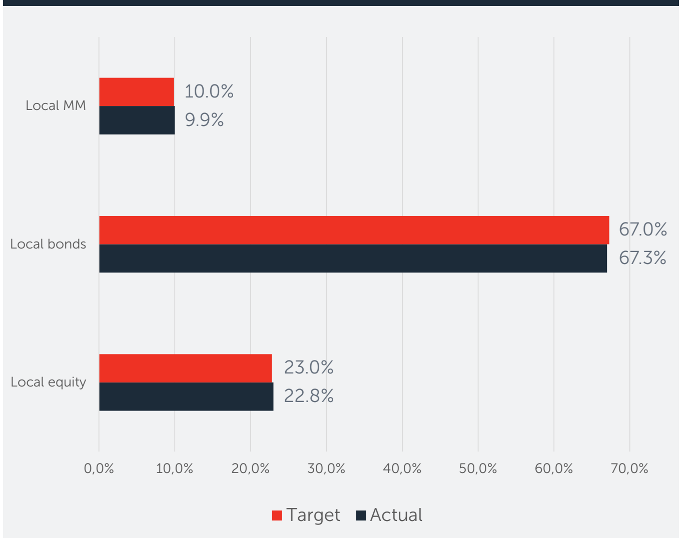
The graphs below illustrate the combined asset allocation for the capital fund, including the SCR portfolio of R1 108 million (2020: R927 million) as well as a liquidity portfolio of R350 million (2020: R416 million).
The actual allocation against strategic asset allocation (SAA) for the SCR portfolio is shown in the bar graphs on the right.

This graph shows the asset allocation at 30 June 2021:

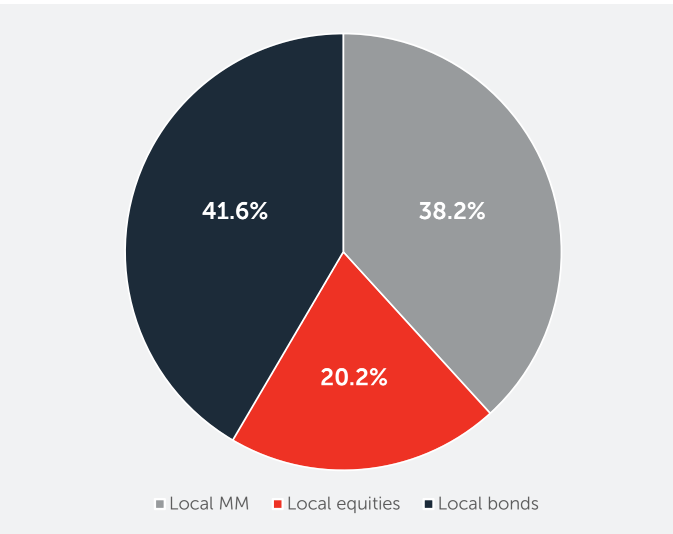
Capital fund - Total investment allocation

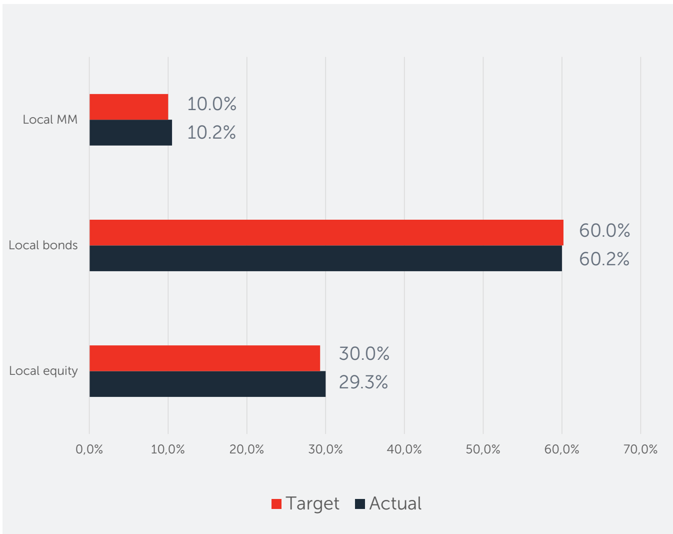


Capital fund - SCR portfolio allocation

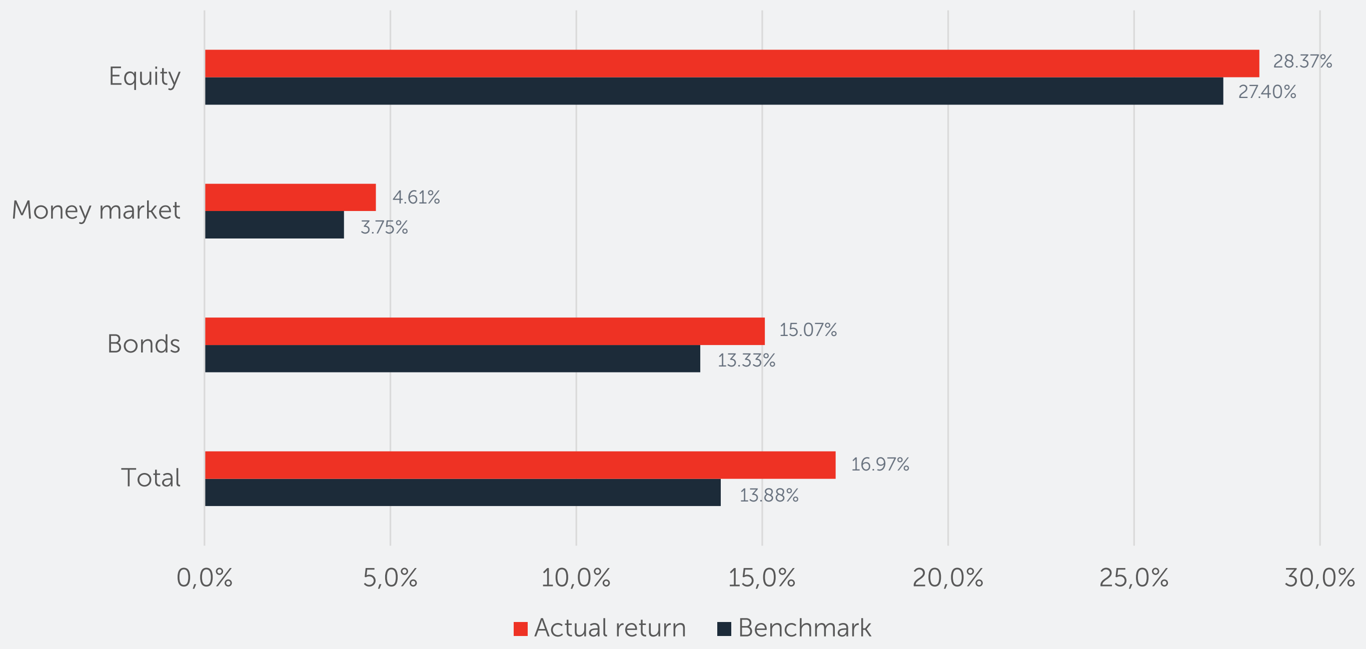


Asset allocation at 30 June 2020:





Investment returns



Share capital

The company issued 4 185 985 'B2' no par value shares during the financial year. The 'B3' and 'B4' shares were awarded to senior management in September 2019 and September 2020 respectively in terms of the deferred bonus scheme (refer note 26) but have not been issued as yet due to the requisite approval from the Prudential Authority.

No legal entity in the Assupol Group of companies repurchased and/or cancelled its shares during the financial year. Assupol Investment Holdings, a 100% subsidiary of Assupol Holdings, purchased shares in Assupol Holdings; effectively bringing the control of those shares within the ambit of the Assupol Group.

How we manage our capital

Our capital-management philosophy is to optimise the return on capital, but not at the cost of business sustainability. We therefore seek to optimise returns within acceptable risk-appetite ranges, and in accordance with regulatory requirements.

We ensure alignment of capital to risks and that the reward is commensurate with the risks taken. Reward in this sense relates to return on reported capital.

Our aim is to provide our shareholders with appropriate returns at an acceptable level of risk, and to successfully execute our Group's long-term strategy.

We apply the following principles:

- We determine capital on a statutory base, and in compliance with the Companies Act
- Determine risk-tolerance ranges
- Allocate efficient funding for capital requirements
- Allocate appropriately for projects yielding returns higher than the average return-on-equity targets
- Optimise capital components:
  - frequent monitoring of risk-driven components in the required capital structure
  - through asset-liability matching
  - reinsurance retention limits
  - sources of capital
- Applying a sustainable dividend policy, explained in the section on dividends below.

Our Group's dividends

Our dividend policy is based on the following principles:

- create a sustainable dividend flow to shareholders
- align our policy with company performance, where cash generation will be used as guidance
- hold sufficient liquid assets for working capital
- maintain a target capital adequacy ratio, as determined by our Board from time-to-time
- hold sufficient liquid assets to finance strategic initiatives

- comply with all regulatory requirements
- declare a special dividend, if surplus cash is available

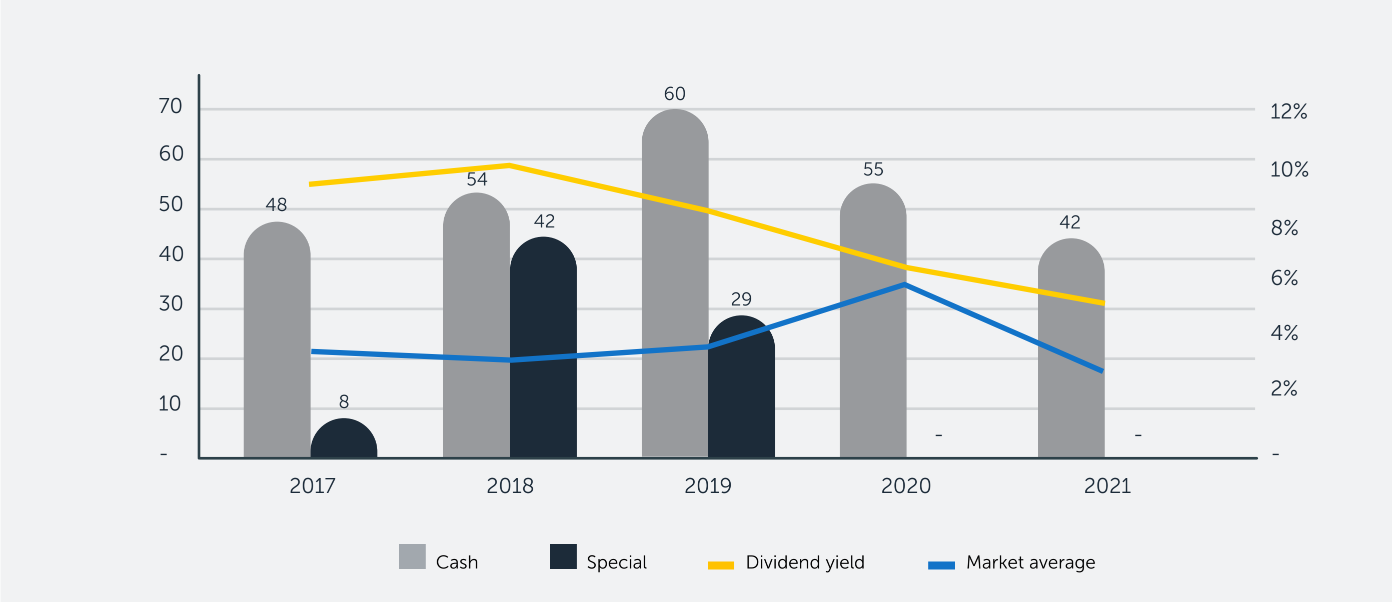
The preservation of capital continues to be prioritised in the declaration of the dividend for the 2021 financial year.

Specific considerations relating to the preservation of capital for the 2021 dividend declaration were as follows:

- Additional explicit Covid-19 mortality reserves;
- Conservative Asset Liability Matching decisions through internal capital allocation model, essentially eliminating all insurance assets; and
- Stress test of various scenarios indicating all post dividend scenarios to be well above risk appetite levels from a solvency and liquidity perspective.

This graph compares our dividends from 2017 to 2021.

Investment returns



Investment in new initiatives

One of our key strategic focus areas is to continuously explore new initiatives that will expand and enhance our current offering to clients. In the current environment the focus is to ensure that new initiatives that were invested in in recent times, are fully embedded in the operations of the Group and a definite future contribution is established.

Collectively, we have allocated R67.7 million (2021: R26.6 million) for the next financial year to these initiatives to ensure the availability of financial resources. As these initiatives mature into standalone operations, initial capital investment is required to enable them to reach critical scale; hence the reason for the increased amount in the coming financial year.

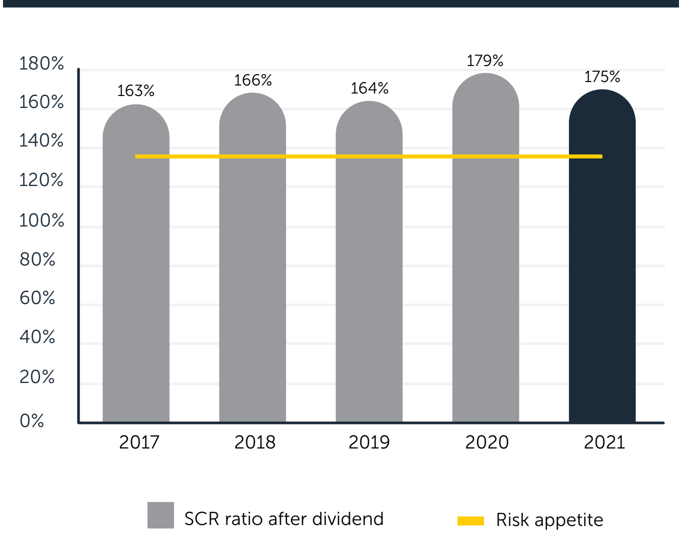
Solvency

Our Group's life-insurer, Assupol Life, is well above the required capital adequacy requirement under the current statutory valuation method, and above the solvency capital requirement under SAM.

The Prudential Authority licensed the Assupol Group as an insurance Group in August 2021 with Assupol Holdings Limited being the licensed controlling company.

This graph shows Assupol Life's solvency position according to the Solvency Assessment and Management framework from 2017 to 2021.

Solvency



Interest rate sensitivity

It is important to take note of the Group's sensitivity to economic assumptions. The reason for this is the initial recognition of new business profit on the IFRS basis. The value of the probable future economic benefits is captured under the insurance asset balance sheet item, which is discounted at a rate based on economic assumptions. Although the value of this item is dependent on economic assumptions, the normalised cash generation profile of the business is not affected by this.

The following table illustrates the movement on the different metrices due to the impact of economic assumption changes:

Metric	2021 Interest and inflation assumption	
	-1%	+1%
Net profit after tax	156 479	(156 091)
Embedded value	520 716	(339 120)
Cash earnings	18 003	235
SCR ratio	189%	171%

This sensitivity arises due to the high volume profitable new business policies relative to the in-force policy book amplified by the current profit recognition profile. The profit recognition profile of insurance policies will substantially change with the introduction of IFRS 17 in 2024. Business decisions are being made based on several relevant financial metrics including cash generation and solvency.

As the solvency position and cash generation profit of the business is not sensitive to interest rate movements, the Group does not believe that an interest rate hedging strategy is appropriate at this stage.

Future considerations

IFRS 17

This International Financial Reporting Standard (IFRS) will be applicable to the annual financial statements for the year ending 30 June 2024.

The Group's IFRS 17 steering committee manages the process and meets on a monthly basis. The steering committee is supported by various work groups. During the financial year developments have been focused on the end-to-end actuarial modelling, an assessment of the accounting systems, data flows between various functions, product classification, and expense attribution. Assupol is participating in various industry forums to ensure that its interpretation and application of the standard is appropriate.

Preliminary calculations indicate that the annual profits of the Group will decrease when IFRS 17 is applied. Assupol's current financial policy to recognise profits when a policy commences, will no longer apply under IFRS 17 and the profits will be recognised over the lifetime of the policy.

Mandatory audit firm rotation

The requirement issued by the Regulatory Board for Auditors (IRBA) in 2017 regarding the mandatory audit firm rotation (MAFR) will affect the Group in the financial year ending 30 June 2024. The Group engaged in a tender process during the financial year and a new audit firm was approved by the Board of Directors. Subject to shareholders' approval, the new audit firm will be appointed with effect from 1 July 2022.

Outlook

The Group has been resilient in its reaction to the challenges brought about by Covid-19. The trust relationship that has been built with clients was put to the test and as a brand we believe we strengthened this relationship through serving our clients with empathy and accurate execution, during times of a worldwide pandemic– where life assurance companies need to demonstrate their reason for existence to society.

The Group's key focus is to return to pre-Covid-19 performance levels. With the significant impact that the pandemic had on the operating environment, we envisage the recovery period to span over a 3-year period. We recognise that there is still a significant number of uncertainties in respect of the future operating environment, but the Group is:

- well capitalised,
- has demonstrated strong cash generation during recent years, and
- has sufficient liquidity to face impacts from an uncertain environment.

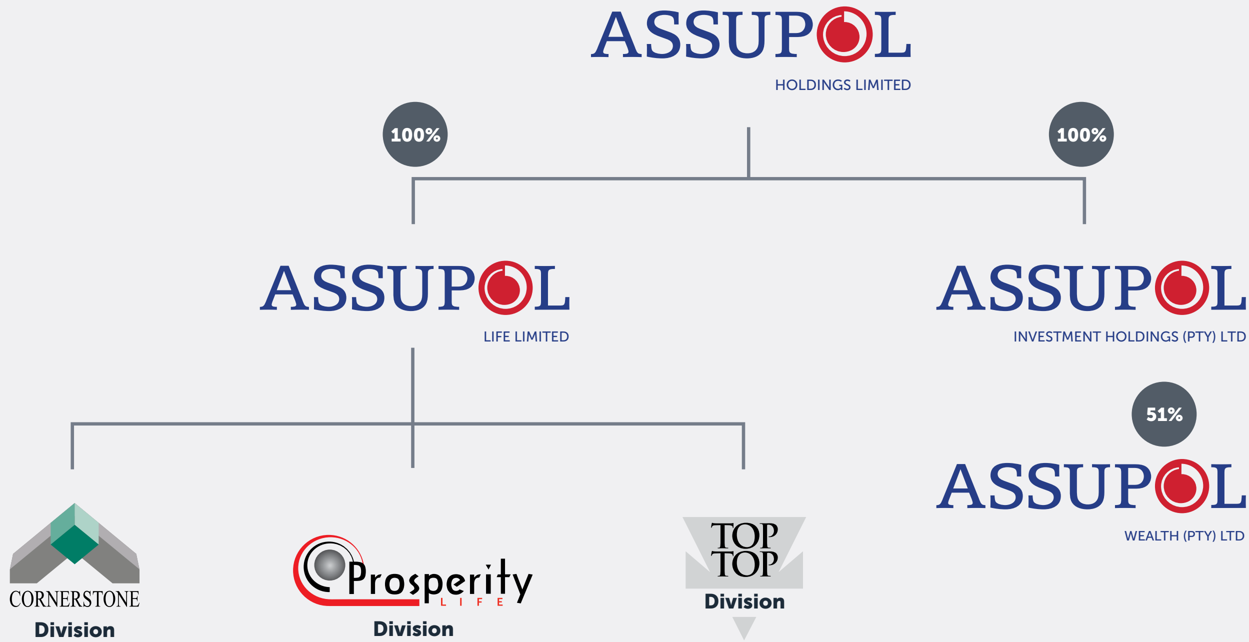
Our Group's success is based on maintaining our strong relationships with all stakeholders, ranging from policyholders, shareholders, business partners, employees and the sales force alike, while ensuring that cost and risk is managed appropriately. We intend to continue with this approach, and to balance future challenges, which currently are unknown, on this foundation.

I thank all stakeholders who contributed to the success of our Group. The financial performance in the recent financial years couldn't have been achieved without the continuous dedication and loyalty of all the role-players.

Niël de Klerk
Group CFO

OUR
BUSINESS

OUR GROUP AT A GLANCE



Assupol Holdings Ltd is the holding company of the Assupol Group of companies. The Group operates through two wholly-owned subsidiaries: Assupol Life Ltd and Assupol Investment Holdings (Pty) Ltd.

Assupol Life Ltd
A registered life-insurer and authorised financial services provider, Assupol Life provides affordable funeral, life, savings, investments and retirement products, to the South African market.

Assupol Life acquired the business operations of Cornerstone Brokers Corporate (Pty) Ltd in 2017, Prosperity Life Ltd in 2012 and Top Top Business Consultants (Pty) Ltd in 2018. These entities, with the exception of Prosperity Life Ltd that was deregistered, are dormant subsidiaries of Assupol Investment Holdings (Pty) Ltd.

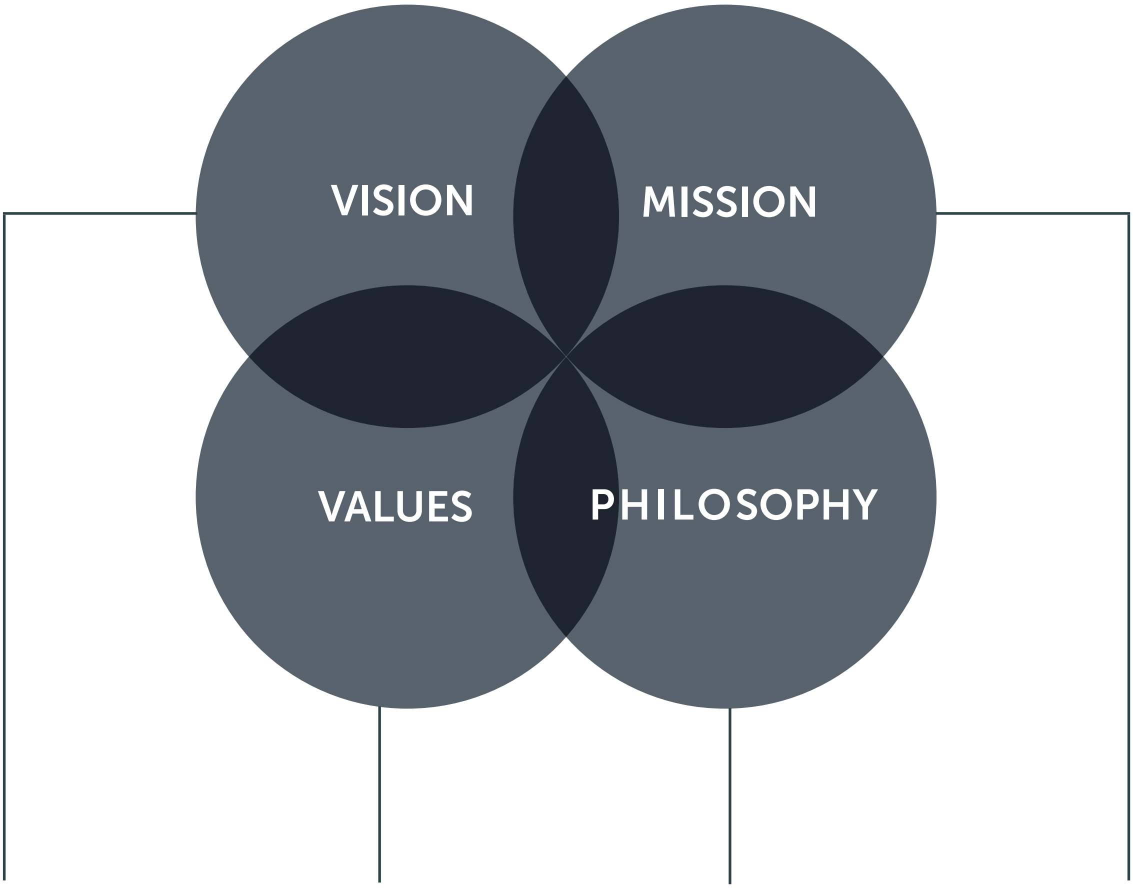
Assupol Investment Holdings (Pty) Ltd is our investment-holding company. It holds our Group's strategic investments.

On 1 April 2020, the Assupol Group acquired 51% of the issued share capital of **Assupol Wealth (Pty) Ltd**, a financial services provider registered in terms of the Financial and Intermediary Services Act, with the intent to expand the Group's financial service distribution offerings and diversify its income stream.

ASSUPOL, AFTER 108 YEARS

Assupol Life began in 1913 as a burial society for members of the South African Police Service. From that modest and caring beginning, it has grown into a fully-fledged life-insurer, serving those who serve and often leading with innovative products and services. Assupol has become a household name, synonymous with high-quality service and affordable products tailored for our focused markets. But more importantly, after more than a century, Assupol has remained the caring company it was at its inception.

OUR PHILOSOPHY



To be the insurer to the people

Treating our clients fairly is at the core of everything we do

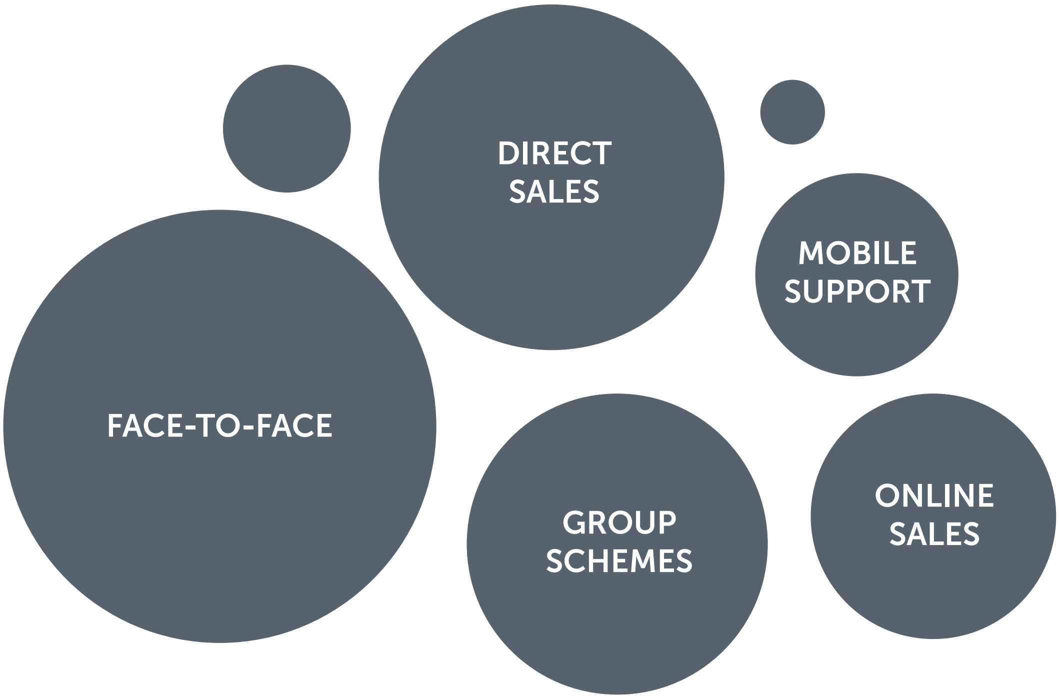
- Simple, relevant and affordable product range
- Trusted brand in target markets
- Impeccable client service
- Effective and professional sales team and distribution channels
- Strong national footprint

To serve those who serve

BUSINESS PARTNERS AND PROFESSIONAL SERVICE PROVIDERS

External auditors	PricewaterhouseCoopers
Internal auditors	Ernst & Young
Head of actuarial function	Deloitte – R Subotzky
Reinsurers	Hannover Re, Munich RE, GenRe and RGA

SALES DISTRIBUTION CHANNELS



Online sales
- www.instantfuneral.co.za
- No Touch™ sales solution

Direct sales
- Call centres

Group schemes
- Voluntary groups
- Compulsory groups

Face-to-face
- Sales managers
- Sales development consultants
- Office consultants
- Representatives
- Brokers

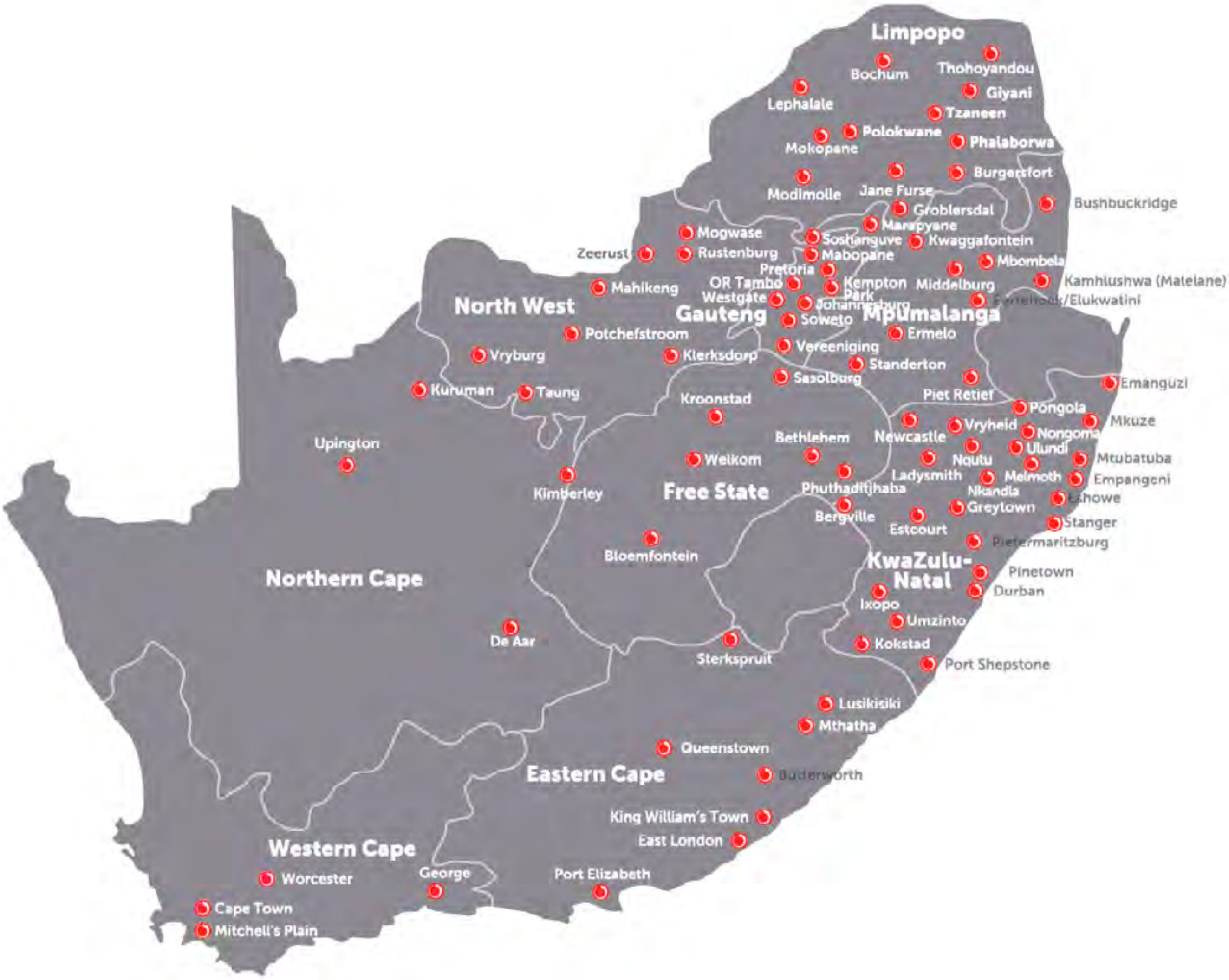
Mobile support
- In addition to our branches countrywide, we also service many clients with mobile support centres

EXPANDED ACCESSIBILITY

Assupol Client and Rewards Portal
Our online client portal (my.assupol.co.za or datafree on myassupol.datrafree.co.za) offers clients easy access to policy documents and client communication. Cashback claims and investment withdrawals can also be made from the portal. More than 300,000 policyholders have registered on the portal.

Assupol Rewards are also accessible from the portal. Assupol Rewards was introduced in 2019—there are more than 170,000 members on our rewards programme.

OUR BRANCH FOOTPRINT



WE HAVE BRANCHES ALMOST EVERYWHERE

There are 86 Assupol branches countrywide. We serve in all nine provinces in South Africa and our head office is in Pretoria.

A SUMMARY OF OUR PRODUCT OFFERING

	Excellence Family Funeral Plan	Absolute Advantage Funeral Plan (direct marketing)	*instant*Funeral Plan (online marketing)	Progress Legacy Plan	Progress 4Life Plan	Progress 4Sure Plan	Progress Accident Plan	Ultimate Retirement Income 4Life	Cornerstone Pensioner Plan	Cornerstone Solution Plan
Funeral	●	●	●	●	●	●			●	●
Death and/or Disability				●	●	●	●	●		
Critical Illness/ Dread disease				●	●	●				
Family Income	●	●	●							
Premium waiver	●	●	●	●	●	●				
Cashback	●	●	●		●	●				
Assupol On-Call	●	●	●	●	●	●	●			
On-Call Plus	●	●	●	●	●	●				
RA Maturity Reward	●			●	●	●				
Health+	●	●								

Savings and investment products	Assupol One Savings Policy	Assupol One Tax-free Savings Policy	Guaranteed-return Single-premium Policy	Guaranteed-income Single-premium Plan	Carefree Life Retirement Annuity	Assupol Preservation Funds
Savings	●	●	●	●	●	●
Regular withdrawals	●	●				
Premium waiver	●				●	
Assupol One Bonus	●	●			●	

Assupol Wealth service offering
Financial planning and advice
Asset and investment management
Estate planning and structuring
Retirement planning
Risk planning
Offshore investments

OUR BRAND

Authentic indeed

The old adage of *only* appreciating the value of a person once they're gone, is something that we actively challenge as a brand. We believe in encouraging South Africans to value their loved ones today, by not shying away from making arrangements that will benefit them in the future. And as a trusted insurer in times of tragedy and recovery, our proposition of serving hardworking South Africans is felt through every Assupol touchpoint. It's the *'why we serve'* that matters for us.

During the reporting period, the impact of lockdown restrictions keeping us apart from our loved ones, started to take its toll on the mental well-being of South Africans. We saw an opportunity to not only celebrate frontline workers but also to celebrate the ordinary South Africans who live the ethos of serving, which we believe is a noble example that should be replicated in all communities.

Through the Museum of Heroes, we provided a platform to honour people who dedicate themselves to serving and helping others. In a time of great uncertainty and economic uneasiness, the Museum of Heroes became a powerful display of honour to members of our communities whose good deeds often go unnoticed, highlighting the fact that doing good is not restricted to individuals who hold a certain status in our communities. The stories and images on this digital monument, are a powerful reminder that the success of our nation rests in acts of serving one another with good intentions.

We ran an outdoor and television campaign to celebrate frontline workers for their positive impact on their communities. Nurse Eagan Sithole was nominated by hospital management to participate in a surprise campaign that saw messages of gratitude from colleagues and family displayed on billboards, to celebrate and thank her and all health workers for their dedication in serving their community.

We also amplified our ethos of serving internally through the launch of a new employee CSI initiative (Assupol Community Week), with activities in direct response to the plight created by the Covid-19 pandemic.

United in our actions, not just by assumption

To create a uniform understanding of why we serve, we embarked on an internal culture campaign to encourage staff to insist on serving one another first, because by doing so, they can serve clients better. Small but significant actions like asking for contributions before making decisions and respectfully taking the experiences of others into consideration before implementing changes that affect others, are key enablers of creating a willingness to serve.

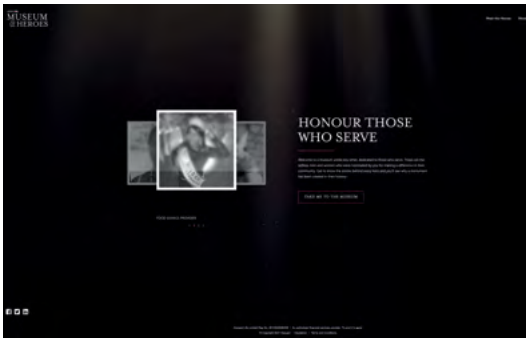
Through our culture campaign, staff gave recognition to one another for serving selflessly and making their jobs easier. The photographs of both nominator and nominee were featured alongside one another, on our internal digital platforms.

As a brand that serves, we believe that we also have a duty to contribute towards resolving the challenges our communities are faced with but also to ensure that who we say we are externally, is lived by our staff internally as well.

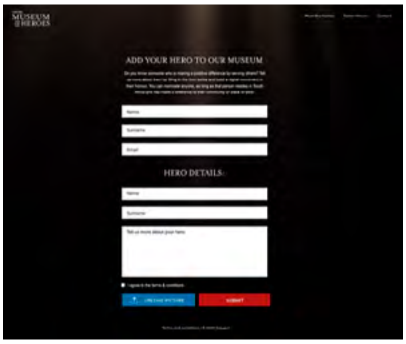
Velmah Nzembela
Head: Group Corporate Affairs

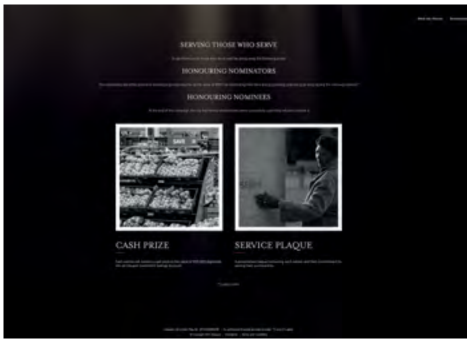
Museum of Heroes microsite

Home page

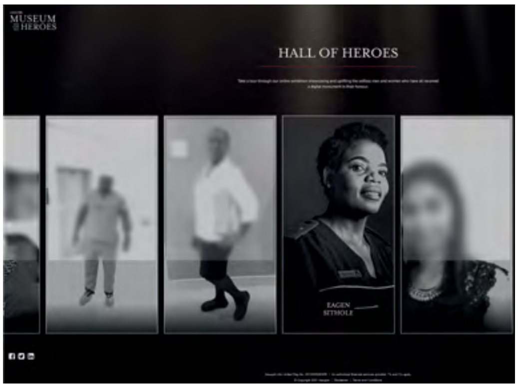


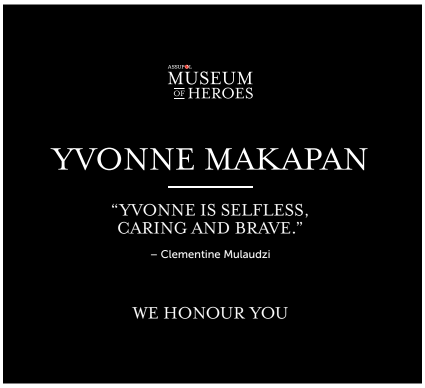
Form page





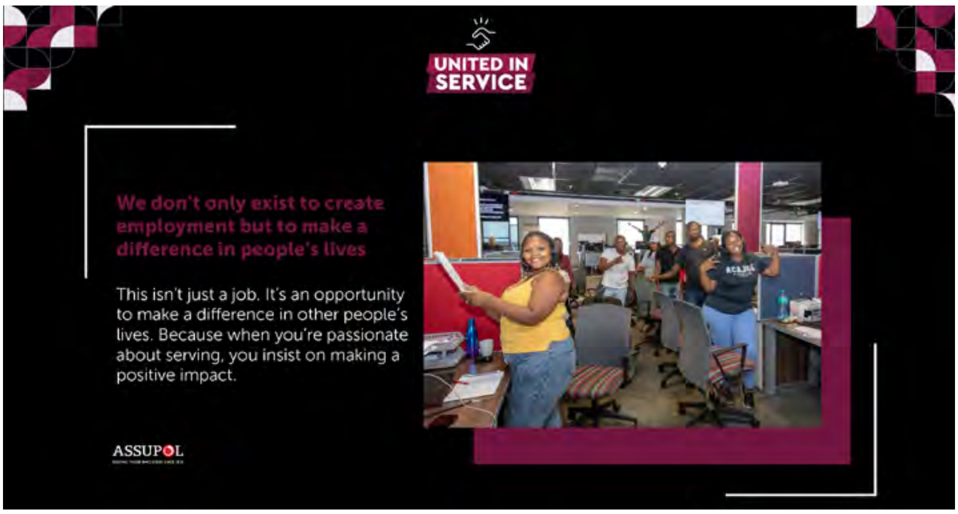
Gallery





Nurse Eagan campaign

Our culture campaign



ASSUPOL WEALTH

What matters is a well-considered life

Assupol Wealth, a subsidiary of Assupol Investments Holdings, was established in partnership with Citadel, a South African leading wealth management company, to offer comprehensive and world-class advisory solutions, flexible investment products and fiduciary services.

Based on the premise that South Africans are quite conscious about the choices they make in all other aspects of their lives, except where their long-term financial prospects are concerned, Assupol Wealth has positioned itself as an approachable provider of long-term financial solutions that will help South Africans build a legacy for their families.

Well-considered solutions

Financial planning and advice | Asset and investment management | Estate planning and structuring | Retirement planning | Risk planning | Offshore investments

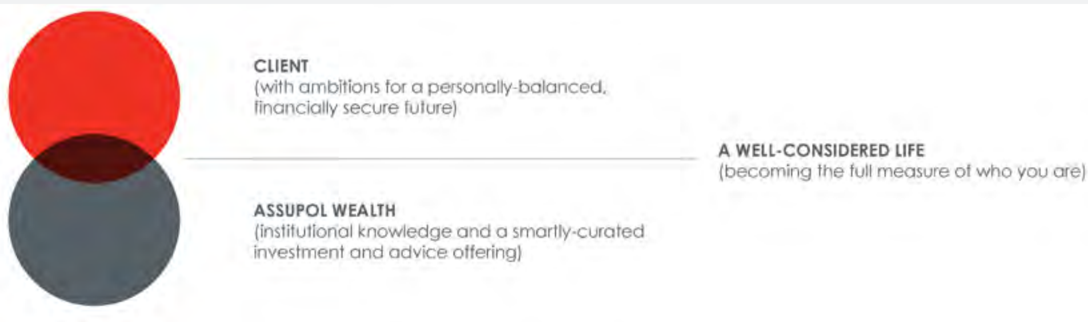
Assupol Wealth takes a personalised and holistic approach to risk and investments. Every client relationship starts with a conversation about their financial goals, for bespoke solutions to their individual needs and risk appetite. Our dedicated team of qualified financial advisors uses the latest technology and asset management and investment tools, to provide personalised advice and financial peace of mind.

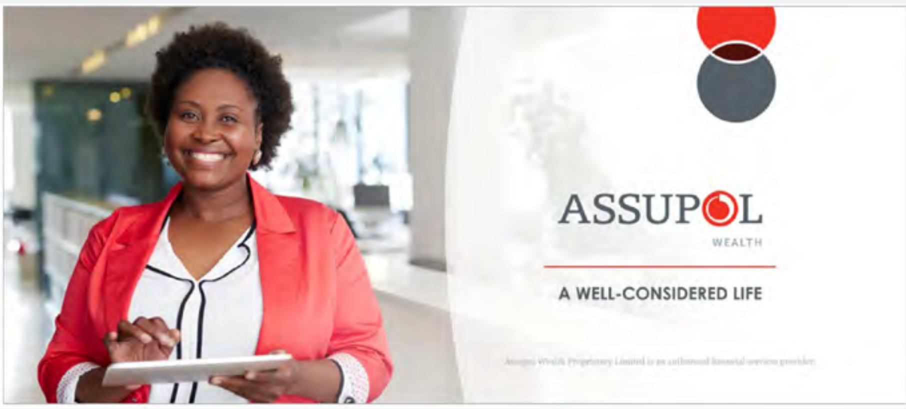
Our collaborative approach to financial planning means financial planning doesn't have to be complicated. It can be flexible, but should be long-term for a well-considered life.

A new brand with familiar nuances

'A well-considered life' is our Assupol Wealth brand positioning statement. It encapsulates both our clients' ambition to integrate their financial approach into their future planning and our ability to help them get there. A well-considered life speaks to balance, perspective, and long-term thinking.

In keeping with Assupol's brand identity, Assupol Wealth retains the photography style used in Assupol collateral. Assupol Wealth branding carries a signature overlapping of circles: one depicting the cover enjoyed by Assupol clients and another symbolising the rich expertise that Assupol Wealth brings:





OUR LEADERSHIP

EXECUTIVE COMMITTEE

RIAAN VAN DYK (55)
Group CEO - BSc (Actuarial Science), FASSA, FFA

Riaan was appointed Group CEO in July 2017 after serving as non-executive director of Assupol from 2013. Before joining Assupol, he was managing director of Natsure, a position he held for eight years. Riaan brought a wealth of experience, gained over a number of years. He started his career at Metropolitan Life in 1988, and qualified as an actuary in 1990, whereafter he held senior positions at Momentum, before joining Natsure.

BRIDGET MOKWENA-HALALA (56)
Assupol Life CEO - MBL

Bridget joined Assupol in 1999. Before then she was employed by the South African Police Service as senior manager of human resource management. She has held various positions in our Group, including being Prosperity Life CEO, and was appointed as Assupol Life CEO and an executive director of Assupol Holdings in 2011. She is a director and Exco member of the Association of Savings and Investment South Africa (ASISA) and the former Chairperson of the ASISA Transformation Board Committee. She is currently a trustee of the Assupol Community Trust.

NIËL DE KLERK (50)
Group CFO - CA(SA)

Niël joined Assupol in 1998. Before then he did his three-year chartered accountancy training at PwC. He became an executive director (finance) of Assupol Life in 2000, and an executive director of Assupol Holdings in 2011. In his important role as head of our finance function, Niël has developed our finance department into an efficient asset, through the development of structures, systems, policies, budget-control, and accounting procedures. He was instrumental in the development of our in-house actuarial, investment management, and risk-management capabilities. He is a member of the South African Institute of Chartered Accountants.

SIPHIWE NDWALAZA (55)
Group HR Director - MM (HR), MBA, CD(SA)

Siphiwe joined Assupol in September 2011. He became an executive director of Assupol Holdings in September 2012, and an executive director of Assupol Life in May 2013. As a highly experienced HR practitioner, he has over the past 25 years also held senior positions at several other organisations including Sentech, Sony South Africa and General Electric South Africa. He obtained a master's degree in business administration (MBA) from the University of the Witwatersrand's Graduate School of Business Administration. Siphiwe also graduated with a master's degree in human resources management (MM) from the Wits Business School.

EXECUTIVE COMMITTEE

EDWARD (JAY) MNGOMA (64)
Group Sales Executive

Jay joined Assupol in 2013, as a senior executive sales manager. He has almost 30 years' experience in the financial services industry in various capacities. He, among others, played a leading role in the development of black financial advisors and professionals through his long-standing involvement in the Black Brokers Forum. He has also served on the Training and Development Committee of the Financial Services Board, and is a former counsellor of the Inseta Board. Jay was appointed as our Group sales executive with effect from 1 July 2017.

MARK SALMON (48)
Group CRO - BSc (Actuarial Science), MBA

Mark joined our Group in January 2017, as head of our Group strategy, to pioneer and steer our growth initiatives. He has been a highly-rated investment analyst for a number of years, focusing on the listed long-term and short-term insurance companies. Mark was voted the top insurance analyst in the Financial Mail's annual survey of analysts three years in a row, and before joining our Group was also head of Investec's institutional research team. Mark was appointed Group CRO with effect from 1 October 2020.

NOMTHI NELWAMONDO (43)
Group CIO - BIT (Hons), MSc IT, MBL

Nomthi joined Assupol in January 2019 as Group CIO. Prior to joining Assupol, she was the CIO of Liquid Telecom South Africa and previously fulfilled a divisional CIO role at Telkom. She has over 20 years of experience in ICT and has held various diverse roles in senior management in IT, telecommunication core networks, network wholesale service operations and ISP. Nomthi was the joint winner of the Visionary CIO of the Year Award 2020, from the Institute of Information Technology Professionals South Africa.

SOLLY KEETSE (49)
Group Head: Legal and Compliance - B. Proc, LLB, LLM Corporate Law and Tax, PGDip Financial Planning, CFP Licensee

Solly joined Assupol in January 2020 as Group Head for Legal and Compliance. Prior to joining Assupol, Solly held senior positions at the Financial Sector Conduct Authority as head of market abuse and as head of market infrastructures and self-regulatory organisations. He was Chairperson of the Financial Planning Institute of Southern Africa, director of the Institute of Retirement Funds, and governor of the South African Institute of Financial Markets. Solly is an admitted Legal Practitioner of the High Court of South Africa, and an Associate of the Toronto Centre in Canada.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Assupol Holdings Limited (“the Company” or “Assupol”) King IV Report

Introductory comments

1. During the period under review, the Board oversaw the continued implementation of King IV.
2. A summary of Assupol’s application of the King IV principles is included below. The reader is also referred to the corporate governance report which is included in the integrated report for further information regarding corporate governance at Assupol and the activities of the Board and its Committees.

The Board and management are satisfied to conclude that Assupol is currently achieving the governance outcomes of King IV in all material aspects, based on the policies, frameworks, procedures and practices implemented.

Principle	Application
Principle 1 The governing body should lead ethically and effectively.	The charter of the Board commits the Board to effective and ethical leadership. The Board is also committed to the highest standards of good corporate governance. In addition to fulfilling their statutory and fiduciary duties, all members of the Board are expected to display the characteristics of integrity, competence, responsibility, accountability, fairness and transparency. The Chairperson of the Board is required to monitor the behaviour of Board members, which occurs, amongst others, at the quarterly Board meetings. The Chairperson observes the Board members’ attendance at the meetings, their conduct, level of preparation, their contribution, and engagement during the meetings. The respective director participants assess performance of the Board and the various sub-committees annually where in all cases the performance was assessed as being adequate. Assupol has a Board approved Code of Ethics to ensure that the company is managed and directed on ethical principles based on good faith. The employees and management are provided with the Code of Ethics and certain themes are explained on AssuTalk on a quarterly basis. The number of disciplinary actions relating to unethical behaviour are reported on a quarterly basis to the Social and Ethics Committee. Real or perceived conflicts of interest are disclosed by Board members. Such conflicts are managed to the extent that this may be necessary. The Board is committed to ensuring that the company’s strategy and operations are executed by management based on an ethical foundation that supports ethical and sustainable business in the best interests of the company and all stakeholders. As the custodian of the company’s Code of Conduct, members of the Board interrogate the various initiatives and activities of the company from the perspective of doing the right thing and acting in an ethical manner at all times. Directors sufficiently familiarise themselves with the general content of applicable laws, rules, codes and standards in order to be able to discharge their fiduciary duties. The Board is kept apprised of new industry and other developments through the arrangement of regular workshops and information sessions. The Board collectively takes responsibility for steering the direction of the company and overseeing the execution of the Board approved strategy. The Board actively participates in the formulation of strategy at specifically arranged strategy sessions. Matters of a strategic nature are addressed as a matter of priority at meetings of the Board. The Board considers new risks and opportunities on a continuous basis through the activities of the Risk and Investment Committee. The Board encourages management to investigate and implement new initiatives, while considering the associated risks. A detailed analysis of the potential negative outcomes of some Assupol activities and the various risks identified are effected through the detailed Own Risk And Solvency Assessment (ORSA), that Assupol prepares under the guidance of its Chief Risk Officer. The Board promotes a stakeholder inclusive approach of governance and takes account of the impact of the company’s operations on internal and external stakeholders. Assupol’s core value is to treat its clients fairly in line with the Treating Customers Fairly (TCF) framework set out by the Financial Sector Conduct Authority (FSCA). TCF is an outcomes based

regulatory and supervisory approach designed to ensure that regulated financial institutions deliver clearly set out, specific and fair outcomes for financial customers. The TCF outcomes are reported on at the Social and Ethics Committee and ultimately to the Board on quarterly basis.

Pursuant to the TCF principles, Assupol has adopted a customer-centric approach in the design of its products and the manner in which it services its clients. Moreover, Assupol assists its clients with personal financial planning as part of its authorised activities of providing advice and rendering intermediary services in terms of the Financial Advisory and Intermediary Services Act (FAIS). Assupol provides financial services with honesty, fairness, due skill, care, and diligence and in the interests of clients and the integrity of the financial services industry as required in terms of the FAIS General Code of Conduct.

Principle 2

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board has ensured that Assupol has developed, adopted and embedded a Code of Conduct, through which ethical standards are clearly articulated. The Board has approved the Code of Conduct. The Code of Conduct is based on the values of unity, integrity, commitment and accountability. The ethical standards are embedded in processes for the evaluation of performance and reward of employees as well as the recruitment of employees. The Social and Ethics Committee is tasked with ensuring that the Group's ethics are managed effectively. The Code of Conduct enhances the company's core values and beliefs, and sets the right culture. The Board ensures that compliance with the Code of Conduct is integrated into the strategy and operations of the company; i.e. the ethical organisational culture is reflected in the company's vision and mission, strategies and operations, its decisions and conduct, and the manner in which it treats its internal and external stakeholders. The Assupol Code of Conduct was distributed to all employees in the organisation and awareness campaigns were conducted to ensure that employees are familiar therewith.

A fit and proper assessment of key persons in terms of the Insurance Act is conducted annually and evaluated by the Social and Ethics Committee.

As proof that the employees and senior management were aware of and familiar with the Code of Conduct they were all requested to sign and agree to the terms of the Code of Conduct.

Furthermore, employees are tested on the contents of the Code of Conduct on a regular basis. In the event that there is a breach, it is investigated thoroughly and appropriate action is taken based on the outcome of the investigations. In addition, Assupol has a whistleblowing initiative that gives aggrieved persons the opportunity to anonymously report incidents of unbecoming conduct, said incidents are then investigated timeously and assessed in an objective and independent manner. Where applicable, management resolve operational complaints received, timeously. Reports are provided on the complaints to the Social and Ethics and Audit Committees. Employees and directors are required to disclose actual and potential conflicts of interest which are conducted voluntarily by employees and directors.

Principle 3

The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

Compliance with the laws of the country throughout the Group is non-negotiable. The core purpose and values of the Group as well as its strategy and conduct, are congruent with it being a responsible corporate citizen.

The corporate citizenship of Assupol is considered by the Board at various levels, including at the Social and Ethics Committee. The Social and Ethics Committee receives regular reporting from management regarding the relationship with its employees, various initiatives applicable to its corporate citizenship, including without limitation, the Assupol Cares initiative and Assupol's stakeholder register that includes a description and summary of all interactions with Assupol's various stakeholders. Assupol's commitment to the improvement of society is evidenced through the community-based initiatives undertaken by the Assupol Cares initiative. Assupol is committed to broad-based black economic empowerment (B-BBEE) and undergoes annual B-BBEE verification. It is with great pleasure that we announce that Assupol has a level 1 B-BBEE rating. Compliance with the provisions of the Employment Equity Act, B-BBEE legislation and its responsibilities as a corporate citizen, remain important matters that are monitored through proactive reporting to the Social and Ethics Committee and the Board on a quarterly basis.

Assupol is committed to take responsibility for the environmental outcomes of its activities and outputs as these affect society as a whole. As a major step towards achieving this goal Assupol's Board of Directors has agreed to take certain steps to reduce greenhouse gas emissions and to contribute to improving sustainable development, *inter alia,* developing a work from home policy, use of renewable energy, recycling, and use of eco-friendly cleaning chemicals.

Principle 4 The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	The Board is deeply aware of the expectation for value creation across various elements of the business and any discussions of strategy, risk and opportunities and is ultimately responsible for it, as well as the business model and performance based on the prerequisite for long-term sustainability and sustainable development. This is also within the context of the difficult operating conditions faced by the local economy over an extended period of time partly due to Covid-19. The Board informs and approves strategy. Matters relating to the company strategy are debated at formal Board strategic sessions that are arranged at least once every second year. Matters of a strategic nature are then prioritised and discussed at quarterly Board meetings. Growth and innovation related initiatives were addressed by the Growth and Innovation Committee, but this Committee was dissolved on 19 November 2020. Management will in future consider strategic matters on an executive level. The Board takes steps to ensure that long-term planning will result in sustainable outcomes taking account of economic, environmental and social considerations. Matters affecting the sustainability of Assupol's various activities and new initiatives are considered on an ongoing basis. The Board ensures that the strategy is aligned with the purpose of the company, the value drivers of its business and the legitimate interests and expectations of its stakeholders. These factors are all inherent to the Board decision-making processes. The continued consideration of risks and opportunities in the context of sustainable business operations forms an important component of the setting of the strategic direction of Assupol. Identified risks and opportunities are deliberated at length at strategic sessions, as well as the various steps identified to address them. The Risk Committee plays an important part in the consideration of risks and opportunities and the execution of action steps identified. Strategy is translated into key performance and risk areas, including finance, ethics, compliance and sustainability. These are considered and approved by the Remuneration Committee. The potential negative consequences of Assupol's activities and outputs are monitored on a continuous basis through the relevant Board structures. An example of this is the continued monitoring of client complaints and the whistleblowing line by the Social and Ethics and Risk Committees. The relevant financial metrics are considered on a regular basis by the Board and the various Board Committees, including the Audit, Risk and Actuarial Committees. The Audit Committee reviews a documented assessment by the management of the going concern status of the company. The Audit Committee in turn reports the going concern status to the Board.
Principle 5 The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	Assupol is focused on providing all stakeholders with transparent, consistent and correct information in its integrated report. The integrated report of the company is subject to the approval of the Audit Committee and the Board. The Board ensures that the reporting framework complies with the Companies Act, 2008 and all other requirements that may be applicable from time-to-time, taking into account the needs of various stakeholders. The Board ensures that reporting is not false and misleading but that it is fair and equitable. The Board approves Assupol's annual financial statements, interim financial report and integrated report and expressly accepts ultimate responsibility for these reports. The Board approves and oversees the preparation of the Assupol integrated report and all other published reports. Assupol's integrated report and its interim and annual financial statements, are made available on its website and are accessible to all relevant stakeholders. PwC issued an unqualified audit report on Assupol's financial statements for the year ended 30 June 2021.
Principle 6 The governing body should serve as the focal point and custodian of the corporate governance in the organisation.	The Board fully appreciates that it is primarily accountable for the application of King IV Report on Corporate Governance for South Africa principles and practices in the company. All policies relating to governance matters, required by legislation and the Governance and Operational Standards for Insurers (GOI) are approved by the Board annually. It furthermore understands that its key functions are to set the strategic direction of the Group, to approve appropriate policies and plans to give effect to the approved strategy, to delegate implementation of the aforegoing to management and adequately monitor management's performance and to ensure accountability through reporting and the principle of transparency. The Board serves as the focal point and custodian of corporate governance. The Board is supported by various Committees, which have a delegated responsibility to assist the Board to fulfil specific functions. The Board Committees provide feedback to the Board at each Board meeting. The Board is ultimately accountable for approving the financial reporting of the company and its disclosure to stakeholders. It has unrestricted access to management.

Principle 7 The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The composition of the Board is considered in the filling of vacant positions from the perspective of knowledge, skills, experience, diversity, capacity, judgement free from bias, integrity and independence. The Board has an appropriate mix of executive, non-executive and independent non-executive directors. During July 2020, Ranti Mothapo resigned as an independent non-executive director. Mark Collier was appointed as an independent non-executive director with effect from 6 August 2020. Bridget Duker was appointed as an independent non-executive director with effect from 14 September 2020. On 19 November 2020 the appointment of Lesego Sennelo as independent non-executive director of Assupol was approved by the Board, subject to Prudential Authority approval. On 26 March 2021 the appointment of Sandile Mbili as independent non-executive director of Assupol was approved by the Board, subject to Prudential Authority approval. As at 30 June 2021, the current Board comprises of 12 directors; four executive directors and eight non-executive directors, of which five of the non-executive directors are independent. When determining the number of directors to serve on the Board, the knowledge, skills and resources required as appropriate to the business of the company are considered. The Board is satisfied that it has a sufficient number of members to effectively fulfil the required functions of the Board and its various Committees. The composition of the Board is considered in light of the mandatory requirements stipulated in the applicable prudential standards promulgated by the Prudential Authority, and also the relevant fit and proper requirements that apply. Diversity of the Board is specifically considered in the consideration of new Board candidates. The Board consists of four women of whom one is white and three are black and nine men of whom three are black and five are white. Non-executive directors, other than those nominated for appointment by the three large shareholders (namely MyChina, WDB and the IFC), retire by rotation every three years, and can be re-elected. A lead independent non-executive director has not been appointed. Taking into account that the Chairperson is an independent non-executive director, the Board is satisfied that the functions of the lead independent non-executive director can adequately be fulfilled by a Committee consisting of the independent non-executive directors serving on the Board. The Nominations Committee oversees a formal succession plan for the non-executive directors of the Board and the Remuneration Committee oversees and recommends to the Board, the formal succession plan for the CEO and certain senior executive appointments. The Board receives regular briefings on changes in risks, laws and the business environment. Formal workshops are arranged from time-to-time to address pertinent issues. Formal declarations of interests are requested from directors prior to the commencement of each Board and Board Committee meeting. Formal declarations of interest have also been submitted to Cape Town Stock Exchange (Pty) Limited, and these are required to be updated whenever changes occur. Non-executive directors that are classified as 'independent' by the company are subjected to an annual evaluation of their independence by the Chairperson and the Board based on the requirements for independence set out in King IV.
Principle 8 The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	The delegation of duties and responsibilities are addressed on an ongoing basis. Suitable candidates (which are members of the governing body) are nominated to the respective Board Committees to appropriately address the specific matters forming part of the mandates of the Committees. The various Board Committees have formal terms of reference that are reviewed on an annual basis. The various Committees' terms of reference deal with the composition, objectives, purpose and activities, delegated authorities–including the extent of power to make decisions, tenure, and reporting mechanisms to the Board. The terms of reference of the various Committees provide for regular reporting to the Board. All members of the Board of the company as well as the Committees of the Board have access to resources and information and may request information directly from management. The terms of reference of the various Board Committees clearly address the meeting procedures to be followed at the meetings of the respective Committees. The terms of reference of the respective Board Committees require the annual appraisal of their performance. Directors may take independent advice but this must be authorised by the Board. Effective collaboration is enhanced through cross-membership, where required. To the extent possible, there is coordination of timing of meetings and an avoidance of duplication or fragmentation. Cross-membership occurs in, amongst others the Risk and Audit Committees as well as the Actuarial and Audit Committees. The Board has an appropriate mix of executive, non-executive and independent non-executive directors thereby ensuring that no individual has the ability to dominate decision-making. The fitness and propriety (i.e. knowledge, skills, experience and capacity) of a Board Committee to execute its duties effectively, is considered by the Board on

an ongoing basis in terms of the Board approved fit and proper policy. Each of the Board Committees have at least three members. Members of management are invited to the Board Committee meetings to ensure that the appropriate information and insights are delivered at the meetings. The invitees to the respective Committees are clearly set out and described in the respective terms of reference of the relevant Board Committees.

All Board members are entitled and invited to attend all Board Committee meetings irrespective of whether they are members of the Committee or not. The Board remains accountable for any decisions taken by the Board Committees and by any Board member with a delegated authority. It considers all documentation presented to it and applies its collective mind in the making of decisions. A detailed review of the various Committees is included in the corporate governance report forming part of the integrated report on page 52 thereof. The following Board Committees have been established:

1. Remuneration Committee
2. Audit Committee
3. Risk and Investment Committee
4. Nominations Committee
5. Social and Ethics Committee
6. Actuarial Committee
7. Investment Committee (merged with the Risk Committee on 26 March 2021)
8. Growth and Innovation Committee (Dissolved on 19 November 2020)

Interim Board Committees were required until 1 October 2020. Please refer to corporate governance report from page 52 to 59 to see compositions of the Board Committees and interim Committees, throughout the year.

Where necessary, the Board appoints task teams to consider specific matters. The task team members are appointed based on their expertise and experience. During the 2021 financial year a remuneration task team was established to attend to the amendment of the employees' share incentive scheme.

Principle 9

The governing body should ensure that the evaluation of its own performance and that of its Committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

The Board assumes responsibility for the evaluation of its own performance and that of its Committees, its chair and its individual members. The Board conducts an annual assessment of the Board's performance and the evaluation of the Chairperson is overseen by a Committee of independent non-executive directors. The results are discussed and recommendations for improvement are implemented.

A formal self-evaluation of the Board and Committees' performance was conducted for the financial year ended 30 June 2021. The outcome was satisfactory with no major issues.

Principle 10

The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.

The Board has the authority to exercise all of the powers and perform any of the functions of the Company, except as otherwise provided in the Companies Act 71 of 2008 or the Memorandum of Incorporation of the Company.

The Board appoints the Chief Executive Officer (CEO) of the Company. The CEO is responsible for leading the implementation and execution of approved strategy, policy and operational planning, and serves as the chief link between management and the Board.

The CEO is accountable to, and reports to, the Board. The CEO is an invitee to but not a member of the remuneration, audit and nomination Committees. The CEO liaises with the Board prior to taking up any additional professional positions. There is a formal succession plan in place for the CEO and other senior executives. These succession plans are reviewed periodically. The performance of the CEO is evaluated by the Board at least annually against agreed performance measures and targets.

The delegation of authority is included in the governance framework, and addressed through the various Board approved policies, including specifically the Group Financial Administration Policy and the Assupol Life Financial Administration Policy. Executive Board members are nominated by the Board for election by shareholders.

The CEO oversees that the key management functions are headed by an individual with the necessary competence and authority. The appointment of the key heads of control are further subjected to and addressed in terms of the various legislative requirements set out in, amongst others, the GOI. The CEO is authorised to ensure that the key management functions are adequately resourced.

FluidRock Co Sec (Pty) Ltd (FluidRock) was appointed as the juristic company secretary from 1 January 2020 to 31 March 2021. FluidRock provided professional and independent guidance to the Board on corporate governance and the Board's legal duties. FluidRock further supported and coordinated the functioning of the Board and its Committees.

Thandeka Nkomo was appointed as the Group company secretary on 1 April 2021. The company secretary has unfettered access to the Board, is not a Board member and maintains an arms-length relationship with the Board and its members. As the custodian of corporate governance related matters, the company secretary plays a leading role in governance and King IV related matters.

Principle 11

The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.

The Board's responsibility for the governance of risk is principally expressed through its ownership and continued consideration of the ORSA as well as the Board charter, policy and plan. The Risk and Investment Committee oversees the development and annual review of all risk management policies, risk management framework and strategy as well as risk management plan.

The Board is responsible for approving all risk management policies, risk management framework and strategy and plan. The Board is also responsible for the establishment of an independent risk management function whose responsibilities includes, amongst others, an assessment of risks and opportunities that the organisations faces in pursuit of its strategy. The risks and associated opportunities identified are considered in the setting of the strategic direction of the Company.

Risk management forms an integral part of the decision-making processes of the company, as evidenced by the detailed analysis of the various risks addressed in the ORSA and regular risk management reports.

A detailed risk management framework as is required in terms of the governance and operational standards for insurers has been approved. Assupol's risk appetite is addressed in detail in the Board approved ORSA document. The Board monitors that the risks taken are within the approved tolerance and appetite levels. In addition, the Board sets the levels of risk tolerance every year.

At an executive level, the responsibility for the implementation and execution of effective risk management rests with the head of the risk management function, who also serves as a member of the Executive Committee ("Exco") of the Company. The risk management function is a statutory function required in terms of the Insurance Act, 2017.

The Risk and Investment Committee, overseen by the Board, reviews the progress and maturity of the risk management function within the Company, the effectiveness of risk management activities, the key risks facing the Company, and the mitigating factors identified to address these key risks. Risks that are identified are interrogated through the risk management process to also identify potential opportunities. An independent review of the effectiveness of the risk management function is regularly conducted in line with the Board approved risk management plan.

The Board-approved ORSA document provides detailed oversight of the Company's management of its various forms of capital. The Company also has a detailed capital management policy. Responses to key risks are structured according to the various risk-related policies that form part of the risk management framework and the risk management plan.

From a capital perspective, the ORSA evaluates and addresses various shocks and scenarios and models the associated impact on the company. Based on this modelling, it is possible to plan for various eventualities and shocks that could occur. Assupol specifically also has a business continuity management plan that addresses business interruptions.

Risk awareness initiatives are conducted regularly throughout the organisation. Risk management has a presence at different management levels. A detailed analysis of the various operational risks is addressed in the various departments throughout the organisation. Key risks are identified, measured, rated and tracked through regular meetings between risk management and operational personnel and also reported to the Risk and Investment Committee.

The Board approved business continuity plan is in place to facilitate continued operations under volatile operating conditions.

The reader is also referred to the further disclosures regarding Assupol's risks in the risk report included in the integrated report on page 66.

Principle 12

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

Technology and information governance report is considered at each Board meeting of the Company. The Board, on behalf of the Assupol Group of companies, retains ultimate responsibility for the governance of Information Technology (IT). The Board ensures that IT strategy is integrated with the Company's strategic and business objectives. The Board ensures that the IT governance framework and policies are established. Management is responsible for the implementation of the IT strategy, structures, policies and processes.

Management is assisted in this process by the IT Steering Committee, which consists of the Group CEO, Assupol Life CEO, Group CFO, the Group CIO, the Group CRO and the CEOs of other subsidiaries within the Assupol Group. IT risks form an integral part of the Company's risk management activities. The Risk and Investment Committee assists the Board in carrying out its IT governance responsibilities by ensuring that IT risks are adequately addressed through risk management and monitoring processes. The value and contribution of the various technology initiatives is assessed on an ongoing basis through the oversight function of the IT Steering Committee.

Enterprise architecture principles and standards forms part of decision criteria on all new technology and business solutions to achieve strategic and operational objectives. The use of technology and information is aligned with the current legislative framework and is not in contravention of the Board-approved Code of Conduct.

The protection of personal information is addressed by ensuring that best practice IT security measures are introduced and implemented in alignment with regulatory frameworks. Access and availability of the information is reviewed on a regular basis to ensure optimal and efficient use.

An IT Disaster Recovery testing was conducted on 24 September 2021. Unfortunately the Claims department was not able to test successfully due to unforeseen development issues. The test g will be repeated and completed before the end of 2021. A surprise Cyber-attack simulation test was successfully conducted with management and senior executive management during October 2021. There are action items arising out of the simulation which will be shared with management during the debriefing session. The aim of the action points is defining and improving our approach and response to disasters such as cyber-attacks.

Cyber security is addressed and monitored through various detection controls to identify and manage threats and vulnerabilities. Security by design is central to all business and technology solution architectures.

Management regularly demonstrates to the Board that the Company has adequate business resilience arrangements in place for disaster recovery. The performance of third-party service providers is monitored through good governance principles, regular interaction and duly concluded service level agreements that include the appropriate performance, access and non-disclosure clauses.

A digital programme has been implemented to simplify processes, modernise IT infrastructure and to enhance client experience and business resilience. This will also enable clients to access services through different channels and devices as well as enabling our staff to work remotely and in a secure manner.

Principle 13

The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

Compliance with the applicable legislation is an integral part of the company's business operations. Non-compliance with any legislation is viewed in a serious light. The Board has mandated the compliance function to carry out its functions through a Board approved Compliance Charter. The Board has approved a Compliance Charter that articulates and gives effect to its direction on compliance, and that identifies which non-binding rules, codes and standards the organisation has adopted.

The head of the compliance control function has been duly established as is required in terms of the Insurance Act, 2017. The function is responsible for the proper execution of the compliance function. A good compliance culture is continuously encouraged, with an emphasis placed on the ultimate benefits from a sustainability perspective and also the perspective of positive client outcomes. The compliance function has prepared a detailed regulatory universe that summarises all legislation applicable to the company. The compliance function provides regular reports to the Risk and Investment Committee, the Social and Ethics Committee and the Board. Periodic independent assurance on the effectiveness of compliance management is provided by external independent service providers such as internal auditors and the regulators also conduct periodic on-site inspections to establish the effectiveness of the compliance function.

Principle 14

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.

In line with best practice, shareholders will be requested to provide a separate non-binding advisory vote on the Remuneration Policy and the implementation report at the December 2021 annual general meeting. If 25% or more of the shareholders vote against the Remuneration Policy, or the implementation report, the Remuneration Committee will take measures to engage proactively with shareholders and ascertain their reasons for the dissenting votes. Readers are referred to the detailed remuneration and implementation report included as part of the integrated report on page 80 thereof.

Principle 15 The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	Internal controls are established not only over financial matters but also operational, compliance and sustainability issues. The Board, assisted by the Audit and Risk Committees, ensures that there is independent internal or external assurance to review and report on the internal control environment, integrity of information for management decision-making and external reporting. The Committees and the Board receive regular reports from the external auditor, internal auditor, compliance officer, and the chief risk officer in respect of the matters referred to above.
Principle 16 In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	The Board receives regular feedback regarding the interaction of the company with its stakeholders. A formal stakeholder matrix has been developed to track and measure important interactions with Assupol's various stakeholders. The responsibility for implementation and execution of effective stakeholder relationship management has been delegated to management. Stakeholder relationship management is overseen by the Social and Ethics Committee. Material stakeholders are identified based on the extent to which they affect or are affected by the activities, outputs and outcomes of the organisation. Assupol's interaction with them is then tracked and included in the stakeholder engagement matrix. The Board is assisted by the Social and Ethics Committee in the oversight of the engagements with its stakeholders. Assupol has adopted communication guidelines that support a responsible communication programme, including a Social Media Policy. Stakeholder communication includes communications through the Cape Town Stock Exchange (Pty) Limited news services and the publication of its integrated report and annual financial statements. The main dispute resolution mechanisms utilised by Assupol with its clients is the FAIS and Long-term Ombud.
Principle 17 The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	The Board, through the Risk and Investment Committee, assumes responsibility for governing responsible investing by setting the direction for how it should be approached and conducted by the organisation. Responsible investment and the manner in which it is conducted is one of the matters that are specifically addressed in Assupol's investment policy. The Board has approved an investment policy that specifically addresses its position on responsible investment. The responsibility for implementing and executing the Board's policy on responsible investment is delegated to the Investment Committee (renamed the Risk and Investment Committee from 26 March 2021), management and outsourced serviced providers. The outsourcing of investment mandates is regulated by Assupol's outsourcing policy and formal written investment mandates. The Board, through the Risk and Investment Committee has direct oversight over the activities conducted by investment service providers in terms of the formal written mandates. The performance of these service providers is regularly evaluated against the agreed benchmarks for performance, from a qualitative and quantitative perspective.

EXECUTIVE DIRECTORS OF THE BOARD

ACO	Actuarial Committee	AUDCO	Audit Committee	GICO	Growth and Innovation Committee	INCO	Investment Committee
SECO	Social and Ethics Committee	RCO	Risk Committee	NOMSCO	Nominations Committee	REMCO	Remuneration Committee
RICO	Risk and investment Committee						

RIAAN VAN DYK (55)
Group CEO
BSc (Actuarial Science), FASSA, FFA

Director of Assupol Holdings since July 2017 and non-executive director from September 2013 – June 2017

ACO GICO RCO INCO RICO

BRIDGET MOKWENA-HALALA (56)
Assupol Life CEO
MBL

Director of Assupol Holdings since January 2011

GICO INCO

NIËL DE KLERK (50)
Group CFO
CA(SA)

Director of Assupol Holdings since January 2011

ACO GICO INCO

SIPHIWE NDWALAZA (55)
Group HR Director
MM (HR), MBA, CD(SA)

Director of Assupol Holdings since September 2012

SECO

NON-EXECUTIVE DIRECTORS OF THE BOARD

DR RJ KHOZA (71)
Chairperson
BA (Hons), MA in Marketing, EngD in Business Leadership, LLD (hc), D Econ (hc), CD(SA)

Independent non-executive director and Chairperson since May 2019

SECO | NOMSCO | REMCO

NE GUBB (50)
BCom, PDM (Bus Ad), HDip Tax, CFA

Non-executive director since May 2013

GICO | NOMSCO | INCO | SECO | RCO

MD COLLIER (67)
HND/BA Business Studies, WABC Certified Business Coach, member of Oxford University Business Alumni

Independent non-executive director since August 2020

ACO | AUDCO | GICO | INCO | NOMSCO | RICO

GR BURGER (65)
BAcc, CA(SA), HDip BDP, MBL

Non-executive director since May 2019

AUDCO | RCO

NON-EXECUTIVE DIRECTORS OF THE BOARD

EDJ ASHKAR (44)
CA(SA) and CA(Australia)

Non-executive director since February 2013

ACO | AUDCO | GICO | INCO | SECO | NOMSCO | REMCO

S BRAUDO (49)
BEconSc, BSc (Hons), FIA, CFA

Independent non-executive director since May 2019

ACO | AUDCO | GICO | INCO | RCO | REMCO

NB DUKER (41)
CA(SA)

Independent non-executive director since September 2020

ACO | AUDCO | SECO | RCO | RICO

LJ SENNELO (44)
CA(SA)

Non-executive director since May 2021

NOMSCO | AUDCO

SRL MBILI (66)
BBusSc (Hons), BCom, FASSA

Non-executive director since September 2021

THE ROLE OF THE BOARD

Assupol's approach to governance – relating to Board contribution

a. Good corporate governance is critical for the long-term performance and sustainability of a business, and for protecting and enhancing stakeholders' interests and value. Assupol, under the diligent watch of our Board, upholds the highest standards of corporate governance, and did so in the period under review.
b. Our Board voluntarily applies the King IV Report on Corporate Governance for South Africa, 2016 ("King IV"), which is fully entrenched in our policies, structures and processes.
c. Our Board embraces the principles and practices of King IV as its guide for good corporate governance. Thus, as recommended by King IV, the role and responsibilities of our Board include:
   - Providing effective leadership on an ethical foundation;
   - Ensuring that our company, as a responsible corporate citizen, considers the impact of our business operations on the environment and the community;
   - Ensuring that we have an effective and independent Audit Committee;
   - Ensuring that we perform an effective risk-based internal audit;
   - Overseeing our Board's relationship with management, our shareholders and other stakeholders of our company, according to sound corporate governance principles;
   - Understanding that strategy, risk, performance and sustainability are inseparable, and giving effect to this by:
     i. Contributing to and approving our strategy;
     ii. Thoroughly assessing our strategy and business plans to mitigate risks;
     iii. Identifying key performance and risk areas;
     iv. Ensuring that our strategy will result in sustainable outcomes; and
     v. Considering sustainability as a business opportunity that guides strategy.
   - Maintaining responsibility for the governance of risk;
   - Managing information technology-related governance;
   - Ensuring that our company complies with applicable laws, and considers adherence to non-binding rules and standards;
   - Being aware of how our stakeholders' perceptions affect our company's reputation;
   - Acting in the best interests of our company by ensuring that our directors individually:
     i. Adhere to legal standards of conduct;
     ii. Are permitted to take independent advice in connection with their duties following an agreed procedure;
     iii. Disclose real or perceived conflicts to our Board, and deal with them appropriately; and
     iv. Deal in securities only in accordance with the policy adopted by our Board.
   - Commencing business rescue proceedings immediately should our company become financially distressed;
   - Confirming the integrity of our company's integrated report;
   - Electing a Chairperson of our Board that is an independent non-executive director; and
   - Appointing and evaluating the performance of our Group Chief Executive Officer.

A report from the different Board Committees, members, attendance

a. Our Board has established Committees with specific responsibilities, to assist it in discharging its duties and responsibilities. But ultimate responsibility remains with our Board. The Committees do not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.
b. The following Board Committees oversee the activities of our entire Group:
    - Actuarial
    - Audit
    - Nomination
    - Risk and Investment
    - Remuneration
    - Social and Ethics

Meeting attendance

The tables indicates the attendance of directors at Board and Board Committee meetings held in the year under review. A review of the effectiveness of the Board and chair was conducted post year end.

A	Absent with an apology	M	Member	C	Chairperson	I	Invitee	AC	Acting Chairperson

General Board meetings

	2020/08/18	2020/09/17	2020/11/18	2020/11/19	2020/12/08	2021/02/12	2021/03/26	2021/05/17	2021/06/04	2021/06/24
Executive directors										
CJ van Dyk	M	M	M	M	M	M	M	M	M	M
MB Mokwena-Halala	M	M	M	M	M	M	M	M	M	M
D de Klerk	M	M	M	M	M	M	M	M	M	M
SL Ndwalaza	M	M	M	M	M	M	M	M	M	M
Non-executive directors										
Dr RJ Khoza	A	C	C	C	C	C	C	C	C	C
EDJ Ashkar	M	M	M	M	M	M	M	M	M	M
NE Gubb	M	M	M	M	M	M	M	M	M	M
NB Duker	N/A	M	M	M	M	M	M	M	M	M
MD Collier	A	M	M	M	A	M	M	A	M	M
LJ Sennelo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	M	M	M
S Braudo	AC	M	M	M	M	M	M	M	M	M
GR Burger	A	M	M	M	M	M	M	M	M	M

Growth and Innovation Committee*

	2020/09/14	2020/11/16
Executive directors		
CJ van Dyk	M	M
MB Mokwena-Halala	M	M
D de Klerk	M	M
Non-executive directors		
EDJ Ashkar	M	M
NE Gubb	AC	M
MD Collier	N/A	C
S Braudo	M	M

* The Growth and Innovation Committee was dissolved on 19 November 2020.

Actuarial Committee

Members

S Braudo (chair since 17 May 2019)
EDJ Ashkar
CJ van Dyk
D de Klerk

Invitees

MB Mokwena-Halala
M Salmon
N Nelwamondo
Other members of senior management as may be required.

Required

Company Secretary
External auditors
Statutory actuary

Meetings and attendance

	2020/08/21	2020/09/14	2020/10/20	2020/11/16	2021/03/01	2021/03/24	2021/05/24
Executive directors							
CJ van Dyk	M	M	M	M	M	M	M
MB Mokwena-Halala	I	I	I	I	I	I	I
D de Klerk	M	M	M	M	M	M	M
Non-executive directors							
EDJ Ashkar	M	M	M	M	M	M	M
S Braudo	C	C	C	C	C	C	C

Role and function

The role of the Committee is to support the Board with its obligations under SAM (Solvency Assessment and Management). It evaluates, considers and where necessary, makes recommendations to the Board and management regarding actuarial assumptions and projections, and their impact on:

- Matters relating to TCF (treating customers fairly);
- Compliance with PPFM (Principles and Practices of Financial Management), including bonus declarations;
- Solvency, valuation assumptions, methodology, results, and analysis of surplus;
- Own Risk and Solvency Assessment (ORSA) projections, stress and scenario testing, and out-of-cycle ORSA requirements;
- Capital requirements and capital management;
- Asset-liability matching and liquidity management;
- Our dividend policy and proposals relating thereto;
- Consideration of actuarial risks, by evaluating completeness of risk register and challenging risk ratings;
- Policies with actuarial content;
- Products, rating, and reinsurance arrangements; and
- Capital funding plans.

Audit Committee

Members
NB Duker (chair appointed on 1 October 2020)
S Braudo
MD Collier (appointed on 1 October 2020)
LJ Sennelo (appointed on 26 March 2021)

Invitees
CJ van Dyk
MB Mokwena-Halala
D de Klerk
M Salmon
S Keetse
Other members of senior management as may be required

Required
Company Secretary
Internal and external auditors
Statutory actuary

Meetings and attendance

	2020/09/16	2020/11/06	2020/11/18	2021/03/03	2021/05/26
Executive directors					
CJ van Dyk	I	I	I	I	I
MB Mokwena-Halala	I		I	I	I
D de Klerk	I		I	I	I
Non-executive directors					
EDJ Ashkar	M	N/A	N/A	N/A	N/A
NB Duker	N/A	C	C	C	C
MD Collier	N/A	M	M	M	M
LJ Sennelo	N/A	N/A	N/A	N/A	M
S Braudo	AC	M	M	M	M
GR Burger	M	N/A	N/A	N/A	N/A

Role and function

The Committee has the following duties:

- Statutory duties as prescribed by section 94(7) of the Companies Act;
- Additional duties over and above the statutory duties, such as:
  - Oversight of integrated reporting;
  - Combined assurance;
  - Evaluation of the finance function;
  - Oversight of internal audit function;
  - Oversight of external audit function; and
  - Oversight of risk management as it pertains to financial reporting.

Nominations Committee

Members EDJ Ashkar (chair)
LJ Sennelo (appointed on 26 March 2021)
NE Gubb
RJ Khoza
MD Collier (appointed on 1 October 2020)

Invitees CJ van Dyk is invited on an ad hoc basis

Meetings and attendance

	2020/07/07	2020/09/04	2021/03/02	2021/05/25
Executive directors				
CJ van Dyk	I	I	I	I
Non-executive directors				
Dr RJ Khoza	M	M	M	A
EDJ Ashkar	C	C	C	M
NE Gubb	M	M	M	M
MD Collier	N/A	N/A	M	M
LJ Sennelo	N/A	N/A	N/A	C

Role and function

The role of the Committee is to consider and recommend to our Board:

- Nominees to serve as non-executive directors on the Board, or fill vacancies as and when they arise;
- Outcome of the annual Board evaluation;
- On an annual basis, any new nominees to replace non-executive directors retiring from the Board; and
- The removal of any non-executive directors serving on the Board from time-to-time.

Remuneration Committee

Members S Braudo (chair)
EDJ Ashkar
RJ Khoza
LJ Sennelo (appointed on 4 June 2021)

Invitees CJ van Dyk
SL Ndwalaza
MB Mokwena-Halala

Required Company Secretary

Meetings and attendance

	2020/08/05	2020/08/25	2020/09/09	2020/09/14	2020/10/29	2020/11/09	2020/12/08	2021/02/05	2021/03/03	2021/04/07	2021/04/22	2021/05/26
Executive directors												
CJ van Dyk	I	I	I	I	I	I	I	I	I	I	I	I
MB Mokwena-Halala						I						
D de Klerk						I						
SL Ndwalaza	I	I	I	N/A	I	I	I	I	I	A	I	I
Non-executive directors												
Dr RJ Khoza	M	M	M	M	M	M	M	M	M	M	M	A
EDJ Ashkar	M	M	M	M	M	M	M	M	M	M	M	M
LJ Sennelo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S Braudo	C	C	C	C	C	C	C	C	C	C	C	C

Role and function

The role of the Committee is to:

- Consider and determine the remuneration policy of all employees of our Group;
- Consider and recommend to shareholders the remuneration paid to non-executive directors; and
- Ensure that the disclosure of director information and remuneration is accurate, complete and transparent.

Risk and Investment Committee

Members MD Collier (appointed on 1 October 2020)
GR Burger
CJ van Dyk
NB Duker (appointed on 1 October 2020

Invitees MB Mokwena-Halala
D de Klerk
M Salmon
N Nelwamondo
Internal and external auditors

Required Company Secretary

Risk and Investment Committee*

Risk Committee				Investment Committee			Risk and Investment Committee
	2020/09/15	2020/11/17	2021/03/02	2020/09/15	2020/11/17	2021/03/02	2021/05/25
Executive directors							
CJ van Dyk	M	M	M	M	M	M	M
MB Mokwena-Halala	I	I	I	M	M	M	I
D de Klerk	I	I	I	M	M	M	I
SL Ndwalaza				I	I	I	
Non-executive directors							
EDJ Ashkar				M	M	M	
NE Gubb	M			AC	M	M	
NB Duker	N/A	M	M				M
MD Collier				N/A	C	C	C
S Braudo	M	C	C	M	M	M	
GR Burger	AC	M	M				M

* The Investment Committee was temporarily merged with the Risk Committee on 26 March 2021

Role and function

The role of the Committee is to assist our Board to ensure that:

- We have implemented an effective policy and plan for risk management that will enhance our ability to achieve our strategic objectives; and
- The disclosure regarding risk is comprehensive, timely and relevant.

Social and Ethics Committee

Members NB Duker (appointed on 1 October 2020)
EDJ Ashkar
NE Gubb
SL Ndwalaza

Invitees MB Mokwena-Halala
CJ van Dyk
S Keetse
Other members of senior management as required

Required Company Secretary

Meetings and attendance

	2020/07/01	2020/09/08	2020/11/10	2021/02/09	2021/05/18
Members					
CJ van Dyk	I	I	I	I	I
MB Mokwena-Halala	I	I	I	I	I
SL Ndwalaza	M	M	M	M	M
Invitees					
Dr RJ Khoza	M	M	N/A	N/A	N/A
EDJ Ashkar	AC	AC	M	M	N/A
NE Gubb	N/A	N/A	N/A	N/A	M
NB Duker			C	C	C

Role and function

The role of the Committee is to assist our Board with the oversight of social and ethical matters relating to our Group, specifically as listed in regulation 43(5) of the Companies Act. The complete report of its activities is included on page 89.

BOARD COMPOSITION AND DIVERSITY

a. As at 30 June 2021, the Boards of Assupol Holdings Ltd and Assupol Life Ltd had changes due to the appointment of Ms LJ Sennelo as an independent non-executive director with effect from 11 May 2021. Post the period under review, Mr S Mbili was appointed as an independent non-executive director with effect from 8 September 2021.
b. Our Board currently comprises of nine non-executive directors, and four executive directors. The non-executive directors were selected through a formal process, with our Nominations Committee identifying suitable candidates to be proposed to our shareholders. Non-executive directors who are not nominated for appointment by one of our three large institutional shareholders (namely MyChina, the IFC or the WDB), retire on a rotational basis, but may be re-elected.
c. The remuneration of non-executive directors is approved by a special resolution of shareholders at our annual general meeting, as required by the Companies Act.
d. The composition of the Board is considered in the filling of vacant positions from the perspective of knowledge, skills, experience, diversity and independence.
e. When determining the number of directors to serve on the Board, the knowledge, skills and resources required as appropriate to the business of the company are considered.
f. The composition of the Board is also considered in light of the mandatory requirements of the various stipulations in the prudential standards promulgated by the Prudential Authority that apply to insurers, and also the relevant fit and proper requirements that apply.
g. Diversity of the Board is given priority in the consideration of new Board candidates.
h. The Nominations Committee oversees a formal succession plan for the non-executive directors of the Board and the Remuneration Committee oversees and recommends to the Board, the formal succession plan for the Group CEO and certain senior executive appointments.

Board independence

a. The non-executive directors that are classified as 'independent' by the company are subjected to an annual evaluation of their independence by the Board.
b. The evaluation is conducted through a critical analysis of the various factors that impact on the independence of directors. These are measured against the definitions of independence as set out in King IV and also the governance standards issued in terms of the Insurance Act, 2017.

The Audit Committee presents its report for the financial year ended 30 June 2021.

APPOINTMENT

The Audit Committee is a statutory Committee of the Board of Directors of Assupol Holdings, in terms of section 94(7) of the Companies Act, 71 of 2008. The members of the Audit Committee are appointed by the shareholders at the annual general meeting.

The Prudential Authority granted Assupol Life exemption from establishing its own Audit Committee in terms of section 66 of the Insurance Act, 18 of 2017, and section 7.3 of the Prudential Standard Governance and Operational Standards for Insurers (GOI 2), subject to the following conditions:

- The composition of the Committee must at all times comply with the requirements of section 94(4) of the Companies Act, 2008, and any deviation thereof will constitute non-compliance and the necessary regulatory actions will be taken against Assupol Life;
- The Committee must formally accept full responsibility and accountability for the functions of the Audit Committee as contemplated in the Companies Act, 71 of 2008 and in GOI 2; and
- The Prudential Authority, through the Board of Assupol Holdings, shall at all times have full access to the work of the Committee and any matters relating to Assupol Life and the Committee shall avail itself to the Prudential Authority at all times to discuss matters pertaining to Assupol Life.

TERMS OF REFERENCE

The Board has approved the terms of reference of the Audit Committee. The Committee has conducted its affairs in compliance with these terms of reference.

MEMBERSHIP, ATTENDANCE AND ASSESSMENT

Members of the Committee satisfy the requirements to serve as members due to their non-executive and independent designation in the governance structures of the Group, which are in compliance with the principles of the King Report on Corporate Governance for South Africa (King IV). In addition, the members have adequate knowledge and experience, to carry out their duties.

Following the resignation of the previous chair, Ms BB Moroole, in May 2020, the Board of Directors temporarily appointed Mr GR Burger, a non-executive director, to the Audit Committee and Mr R Mothapo was appointed as acting chair. During July 2020, Mr R Mothapo resigned and the Board temporarily appointed Mr EDJ Ashkar, a non-executive director, to the Audit Committee and Mr SIM Braudo as the acting chair. Ms NB Duker was appointed as Chairperson in November 2020.

The Audit Committee should meet at least twice a year as required in its terms of reference. The Group Chief Executive Officer, Assupol Life Chief Executive Officer, Group Chief Financial Officer, Chief Risk Officer, Group Legal and Compliance Officer, external auditor, internal auditor, Head of Actuarial Control Function, and other assurance providers (actuarial, legal and compliance) attend meetings by invitation only to provide the Committee with greater insight into specific issues or areas of the Group. The Chairperson of the Committee has regular contact with the management team to discuss relevant matters directly over and above the closed sessions at the interim and year-end reporting periods. The Group's external and internal auditors have direct access to the Committee, over and above closed sessions without management at every meeting, on any matter that they regard as relevant to the fulfilment of the Committee's responsibilities.

The Committee held four meetings and a combined meeting with the Actuarial Committee during the financial year. Details of the members as well as their role, qualifications and attendance at meetings are indicated below:

			Meetings and attendance				
Name of member	Qualifications	Date appointed	2020/09/16	2020/11/06	2020/11/18	2021/03/03	2021/05/26
NB Duker	B Com (Hons), CA(SA)	October 2020	Invitee	Member	Chair	Chair	Chair
SIM Braudo	B Econ Sc, BSc (Hons), FIA, CFA	June 2019	Chair	Chair	Member	Member	Member
MD Collier	HND/BA Business Studies, WABC Business Coach	October 2020	-	Member	Member	Member	Member
LJ Sennelo	B Com (Hons), CA(SA)	May 2021	-	-	-	-	Member
GR Burger (2)	B Acc (Hons), CA(SA), H Dip BDP, MBL	May 2020	Member	-	-	-	-
EDJ Ashkar (2)	B Com (Hons), CA(SA)	July 2020	Member	-	-	-	-

(1) Mr R Mothapo, an independent non-executive director, resigned as non-executive director on 9 July 2020.
(2) Mr GR Burger and Mr EDJ Ashkar, both non-executive directors, were appointed as interim members of the Committee whilst the Board of Directors deliberated the membership of the Committee. Both resigned from the Committee in September 2020.

ROLES AND RESPONSIBILITIES

The Audit Committee's role and responsibilities include statutory duties in terms of the Companies Act and additional responsibilities assigned to it by the Board. The main objective of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities, in particular with regard to evaluation of the adequacy and efficiency of accounting policies, internal controls and financial and corporate reporting processes. In addition, the Committee assesses the independence and effectiveness of the external auditors. This report aims to provide details on how the Audit Committee has satisfied its various statutory obligations during the year, as well as discuss some of those significant matters that arose during the year under review and how these have been responded to by the Committee in order to ensure the integrity of the Group's financial reporting.

External auditor appointment and independence

The Committee is satisfied that the external auditor is independent in accordance with King IV, which includes consideration of previous appointments of the auditor, the extent of non-audit work undertaken by the auditor for the Group and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. The auditor provided requisite assurance that internal governance processes within the audit firm support and demonstrate its claim to independence.

Assupol Holdings is considered a public interest company. The audit firm, PricewaterhouseCoopers, has been the auditor since the demutualisation of Assupol Life in 2010. PricewaterhouseCoopers has an internal rotation requirement whereby the engagement partner is rotated every 5 years. In terms of the mandatory audit firm rotation rule implemented by the Independent Regulatory Board for Auditors (IRBA), PricewaterhouseCoopers will be eligible to audit the Assupol Group until June 2023. The Committee has already started the process to find a replacement firm.

The external auditor had direct and unrestricted access to the chairman of the Audit Committee. The Committee is satisfied with the quality of the external audit work that was performed. The factors considered were specifically the feedback from management as well as the interaction between the Committee and the external auditor.

The Committee, in consultation with executive management, agreed to the engagement letter, including its terms and conditions, audit plan and budgeted audit fees, for the 2021 financial year.

The Committee understood and assessed the procedures performed by PricewaterhouseCoopers as detailed in their audit plan to the Committee and further confirmed in their final report to the Committee. A review of the external auditors' report on the year end audit and the key audit matters was conducted by the Committee (more detail is provided under "Financial statements and accounting practices" below). The monitoring of the effectiveness of the external auditors in terms of their audit quality, expertise and independence, as well as the content and execution of the audit plan was also performed by the Audit Committee. This included reviewing the findings and recommendations of the external auditors and confirming that there were no unresolved matters.

There were no reportable irregularities which were identified and reported by the external auditors in terms of the Auditing Profession Act, 26 of 2005, of South Africa.

All decision letters and explanations issued by the Independent Regulatory Board for Auditors in South Africa (IRBA) or any other regulator, and any summaries relating to monitoring procedures or deficiencies (if applicable) issued by the audit firm, confirm the suitability for appointment of the audit firm and the designated individual partner, Mr L Sihiya. To this end, the Committee recommended the re-appointment of PricewaterhouseCoopers Inc. as the registered independent auditor after satisfying itself through enquiry that PricewaterhouseCoopers and Mr L Sihiya, the engagement partner, are independent as defined in terms of the Companies Act of South Africa, 71 of 2008, and IRBA.

A formal procedure governs the process whereby the auditor is considered for other non-audit related services. For the year ended 30 June 2021, the external auditor provided non-audit services to the Group. The Committee affirms that these services did not impair the external auditor's independence.

Financial statements and accounting practices

The Committee has reviewed the accounting policies and the interim and year-end financial statements of the Group with both management and the external auditor and is satisfied that they are appropriate and comply with International Financial Reporting Standards (IFRS). Accounting estimates and assumptions, accounting treatments, significant unusual transactions and key accounting judgements which have the potential for significant adjustment of the overall financial statements are specifically listed in note 3 of the annual financial statements. The Committee has considered the appropriateness of key audit matters reported in the external audit opinion in the annual financial statements and considered the significant audit matters relating to the Group annual financial statements and how these were addressed by the Committee.

Material matter	Manner addressed by the Committee
Valuation of policyholder assets and liabilities under insurance contracts	The Group's valuation methodologies and practices for the policyholder assets and liabilities under insurance contracts are monitored and implemented by the Risk and Investment Committee and the Actuarial Committee. Both these Committees have reporting responsibilities to the Audit Committee. The work performed by these Committees in this regard included: - A detailed review of the fit and purpose of the valuation practices and methodologies, with a specific focus on impact of Covid-19 on the Group's business and relevant scenarios from the Own Risk and Solvency Assessment (ORSA). - An impact assessment on the reported results, whilst also benchmarking to peers and the industry at large, through independent guidance and feedback from the Head of Actuarial Control Function and external auditors. The Committee also reviewed the accounting policies of the Group, with a particular focus on the valuation requirements arising from IFRS 4 Insurance Contracts and IAS 39 Financial Instruments. Over the course of the financial year, management reported to the Committees of Risk and Investment, Actuarial and Audit on the valuation models and outcomes which formed the basis of the quarterly management reporting as well as interim and year end financial statements reporting. The processes, key areas of judgement and outcomes were found to be appropriate. Refer to notes 2.17.3, 3.1, 4, 5 and 28 on the financial statements.

Based on processes and assurances obtained, the Committee recommended the financial statements to the Board for approval.

Financial controls, actuarial controls and risk management

The Committee reviewed a written assessment on the effectiveness of the design and implementation of internal financial controls, actuarial controls, and risk management as considered through feedback from the Risk and Investment Committee. Nothing has come to the Committee's attention that causes it to believe that the system of internal financial controls, actuarial controls, and risk management is not effective, or has resulted in any material financial loss, fraud, corruption or error; or that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

Going concern

The Committee has reviewed documented assessments prepared by management and presented on a regular basis, on the going concern status of the Assupol Group. Specific attention was placed by the Committee on the impact of the Covid-19 pandemic. Management provided regular feedback to the Board and the Committee on the volatility and uncertainty that were experienced in the operating environment, the markets and economy. Also refer to the Directors' Report for more information of the impact on the Group and actions undertaken by the Group in respect of Covid-19.

The Board of Directors' statement on the going concern status of the Assupol Group, as supported by the Committee, is disclosed in the annual financial statements.

Combined assurance

The combined assurance framework was approved at the Audit and the Risk and Investment Committee meetings in May 2020. The combined assurance strategy entails risk identification, identification of controls, identification of assurance providers, planning, assurance activities, the assurance result, corrective actions, as well as reporting. The combined assurance forum discuss overarching issues and co-ordinate assurance activities. This forms the basis for the assurance plan which is tabled at the Audit Committee as well as the Risk and Investment Committee for approval.

Governance of risk and information technology

The Committee forms an integral part of the risk management framework and the governance of information technology. The Board specifically assigns oversight of the Group's financial risk management function to the Committee in respect of financial reporting risks, internal financial controls, fraud and information technology risks relating to financial reporting, and compliance with laws and regulations.

On a quarterly basis, the Committee received feedback from the chairman of the Risk and Investment Committee on matters pertaining to risk, combined assurance and information technology. No adverse matters were noted.

Internal audit

The Committee is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority within the Group to enable it to discharge its duties. In addition, the Committee oversees co-operation between the internal and external auditors, and serves as a link between the Board and these functions.The execution of the internal audit work was outsourced to Ernst & Young. The internal audit service provider reports directly to the Audit Committee and is responsible for reviewing and providing assurance on the adequacy of the internal control environment. The service provider reports the findings of the internal audit work to the Committee on a regular basis and has direct unrestricted access to the Committee, primarily through its chairman.

The Committee approved internal audit's annual audit plan for the 2021 financial year.

The Committee also assesses the performance of the internal auditor and the internal audit function, and is satisfied with the overall effectiveness of the chief audit executive and the arrangements for the internal audit function.

Ernst & Young confirmed, though a negative assurance statement, the strength of the internal control environment that supports the reporting for the year under review. The Committee befittingly used this confirmation in concluding on the control environment and the reported results.

Evaluation of the expertise and experience of the Group Chief Financial Officer and the finance function

The Committee is satisfied that the Group Chief Financial Officer has appropriate expertise and experience. Furthermore, the Committee has considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function, and experience of the senior members of management responsible for this function. In making these assessments, the Committee has obtained feedback from both internal and external audit.

Integrated report

The Committee fulfils an oversight role regarding the Group's integrated report and the reporting process. The Committee considered the Group's sustainability information as disclosed in the integrated report and has assessed its consistency with operational and other information known to the Audit Committee members, and with the annual financial statements.

Regulatory and compliance matters

The impact of pending regulatory and compliance matters that could affect the internal financial and other controls, financial statements, or other matters relating to the roles and responsibilities of the Committee is discussed at the meetings of the Audit Committee.

RISK

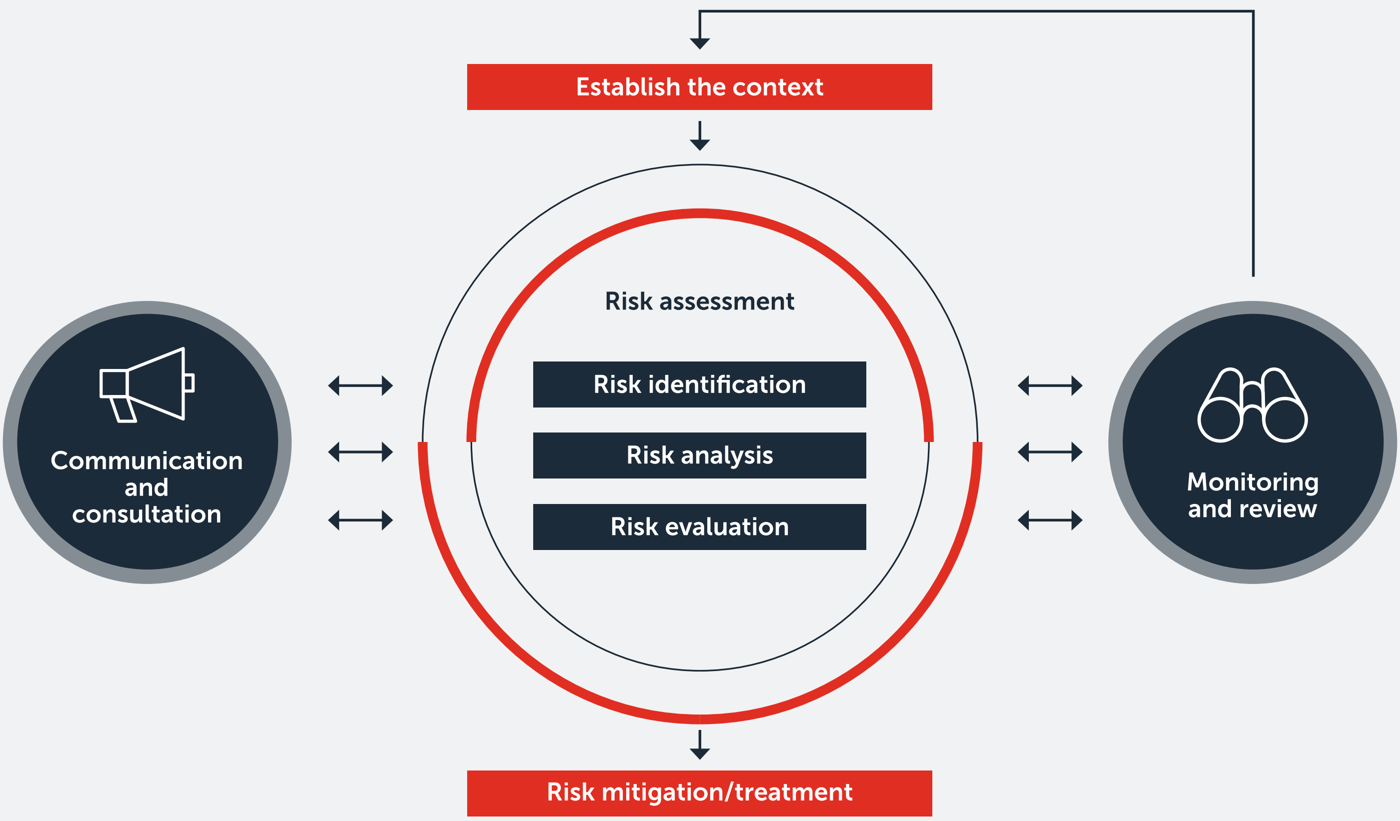
RISK

We focus on managing risk well

As a financial services Group, Assupol is understandably exposed to a variety of risks, hence strong risk management across all disciplines is a critical competence and an integral part of Assupol's good business practice. The Board takes ultimate accountability for the management of risks within the Assupol Group.

Our top priority is to ensure we continue to improve our formal risk management framework, structures and practices, and to increase risk awareness in all areas. The main objective of our risk management strategy as approved by the Board is to ensure Assupol can deliver on its strategic objectives in a sustainable manner where the risks are identified and managed within our appetite.

The risk environment in Assupol is multi-faceted with various types of risk affecting business. These risks are identified at an executive level as well as a business level, and are categorised accordingly. The risks identified by business are linked to the risks identified by the Executive Committee and the combined position represents the Assupol Group risk profile. This provides a bottom-up as well as top-down view of the Group's risk profile.

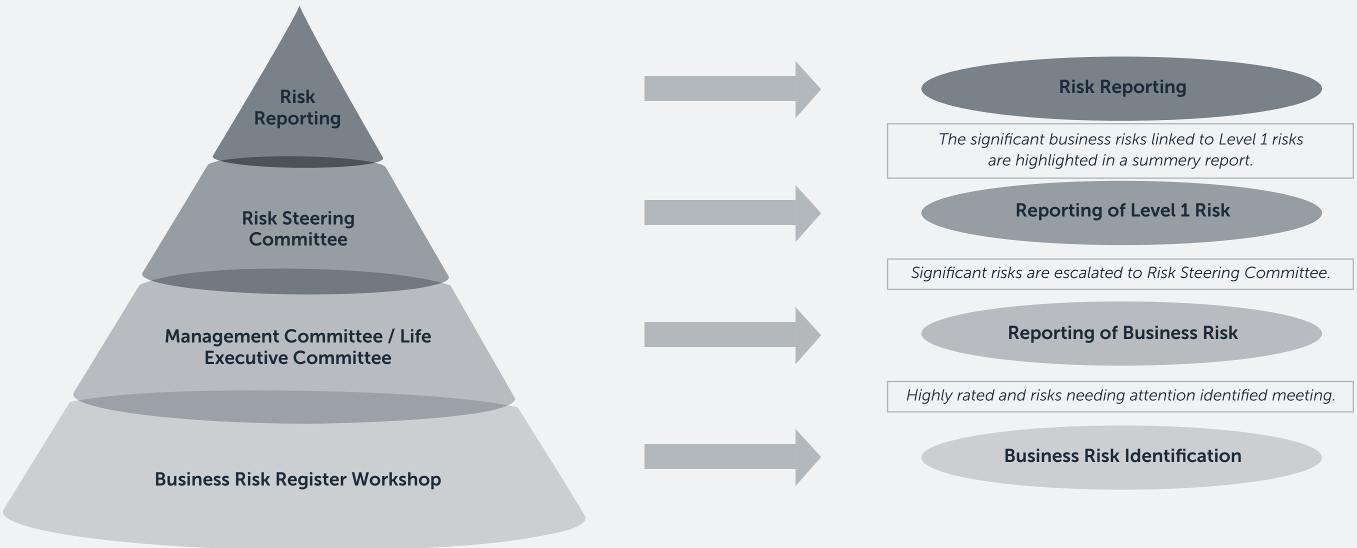


Our risk management programme is aligned with the requirements as set out by the Prudential Authority in the Governance and Operational Standards for Insurers (GOI), the Governance and Operational Standards for Insurance Groups (GOG) and King III and IV.

Key features of our risk management measures

1. The Board Risk and Investment Committee oversees our Group's risk management framework, process and structures. More information about this Committee is given in the corporate governance section on page 58.
2. Our Group Executive Committee (Group Exco) takes primary responsibility for the design, implementation and maintenance of an effective risk programme.
3. Our Risk Steering Committee, comprising the Group Exco and senior executives, considers and reviews all risks from both top-down and bottom-up perspectives.
4. A formal risk management programme is implemented and monitored by our risk management function.
5. Each department is responsible for its individual business functions, and for managing the risks to which it is exposed.
6. Processes are in place to monitor and review the effectiveness of our risk management framework on an annual basis, and to implement improvements where required.

The diagram below gives an overview how risks are raised at the various reporting levels to ensure that the Risk and Investment Committee has a comprehensive overview of Assupol's risk profile:



Covid-19 and risk management

The importance of having implemented our risk management framework and strategy became evident during the Covid-19 crisis. Assupol was able to manage the risks that emerged during this time by utilising our established risk management procedures and processes. A rapid and effective response ensured a negligible impact on business continuity from a client services perspective.

Our prudent approach to capital and expense management, coupled with our loyal customer base contributed to our resilient performance over this period.

We believe that the sustainability of the Group during the crisis was enhanced by our risk management approach and the entrenchment of our risk management processes within our business practices.

Risk appetite

Assupol's risk appetite statement quantifies the levels of different types of risk that Assupol is willing to take and ensures that there is consistency between the various articulated risks, any associated appetite and the Group's strategic objectives.

Assupol's key risk appetite measures revolve around solvency and liquidity risk where quantitative measures are articulated and qualitative measures (compliance, market conduct and reputational risk), where the Group has either a low or zero appetite.

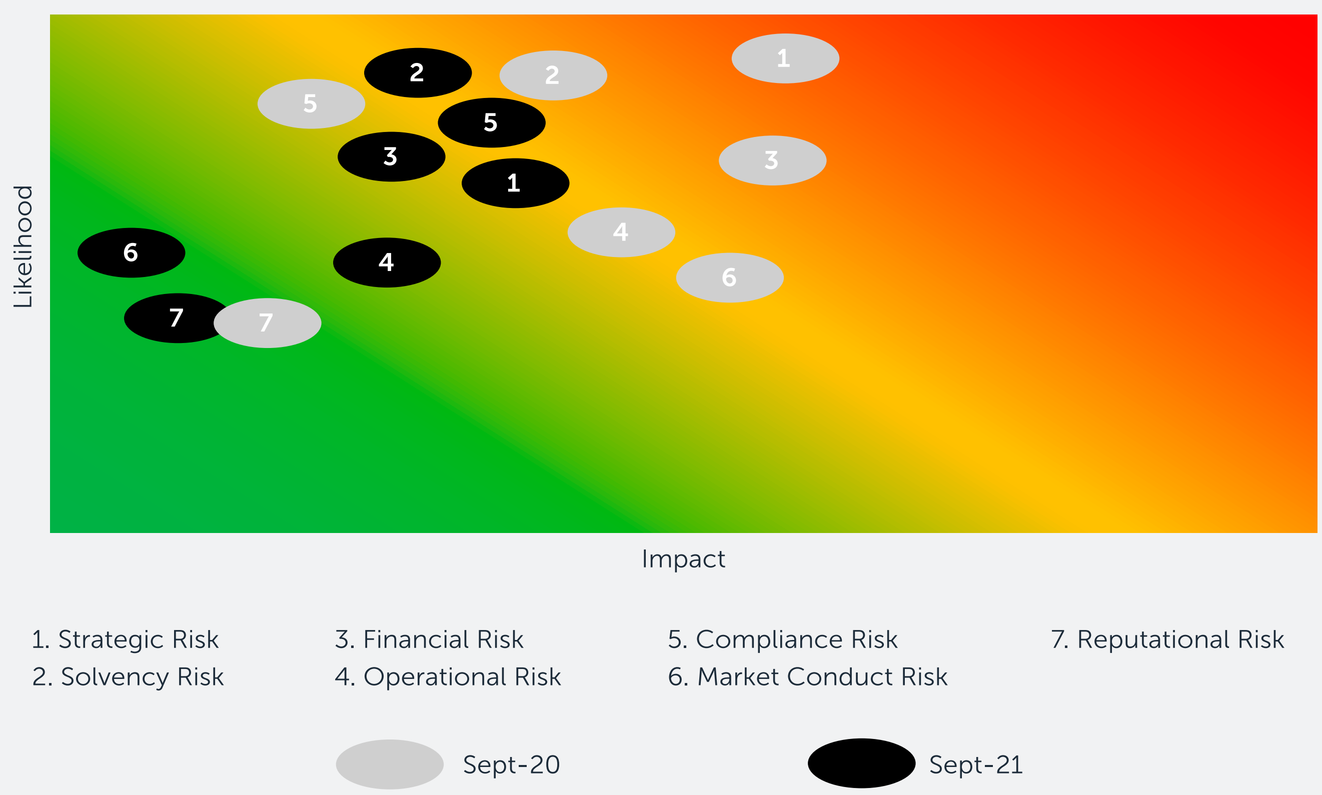
The appetite statement also articulates our risk preferences in respect of the key risks which influence our risk appetite measures. As part of the process whereby the various risk categories and associated risk appetites or risk preferences are measured and managed, Assupol has established various risk metrics that are tracked as part of the Group's various risk management activities.

Risk categories

Risks are classified according to the following categories in our risk management framework:

1. Strategic
2. Solvency
3. Financial
4. Operational
5. Compliance
6. Market conduct
7. Reputational

The following heatmap provides an illustration of how the risk ratings have changed for the above categories from 2020 to 2021:



Our key risks, and brief description of how we manage them

Category	Risk	Mitigation
1. Strategic	Concentration risk in distribution and product	• The concentration risk we face is not just a risk but also a strength. For this reason Assupol does not want to completely mitigate the risk, but we are investigating various options to expand our market. • We have implemented a specific diversification strategy to expand our distribution channels, including a successful direct sales channel.
	Not meeting required sales volumes	• Strategic initiatives have been implemented to diversify our sales channels. • Focused management within each sales channel. • A digital No Touch™ sales solution has been developed to enable face-to-face sales during the lower lockdown levels while minimising the risks to the health and safety of our employees and clients.
	Competitors in our market	• Strategic initiatives have been implemented to diversify our sales channels. • Ongoing product development and innovation.
	Increased expenses per policy	• Vigorous expense management has been implemented. • Budget overspending is monitored by a dedicated Committee.
2. Solvency	Solvency Capital Ratio (SCR) ratio and appetite	• Assupol Life is adequately capitalised, and the SCR is monitored on an ongoing basis. • A variety of sensitivities and stress scenarios over a 5-year projection horizon are produced and analysed. • Our minimum SCR ratio risk appetite (1.35x) is set to ensure a 95% certainty that the SCR ratio will not fall below 1.0x. The actual SCR ratio remains well above this minimum.
	Death and disability not insured at correct levels and premiums	• With our defined application and underwriting process, we accept insurance risk within our risk appetite preferences. • We are able to adjust the pricing of our products should premiums prove to be inadequate.
	Adverse mortality, withdrawal, and expense experience	• We do annual and quarterly experience analysis on claims, withdrawals and expenses, to detect areas of loss and to make necessary adjustments.
	Policyholder liabilities not estimated reliably	• Our internal actuarial team models and sets parameters for the actuarial valuation in accordance with industry guidance and practice. • Our Head of Actuarial Function reviews the parameters and assumptions, and suggests or determines necessary changes.
3. Financial	Possible credit losses from our trading parties	• Credit risk from intermediaries is monitored on a monthly basis by our Credit Control Committee
	Our investments decreasing in value	• We have invested our assets in a diversified portfolio of equities, bonds and cash. • A prudent investment strategy is followed. • Our asset managers may invest only according to mandates that have been approved by our Risk and Investment Committee.
	Group liquidity challenges	• All Group companies do detailed budget modelling prior to Board approval, to ensure that they have sufficient liquid financial resources for the financial year. • A liquidity risk appetite has been articulated to ensure that the Group has sufficient high quality liquid assets to meet unforeseen requirements.

		• Long-term finance requirements can be met by liquidating assets over time, thereby minimising possible losses. • We undertake liquidity stress modelling annually to ensure we hold adequate liquidity, as part of the Own Risk And Solvency Assessment (ORSA) and our regular going concern assessments
	Asset and Liability Management (ALM)	• Our ALM process is governed by our Group Investment Policy and reviewed by the Group Risk and Investment Committee. After appropriate asset portfolios have been constructed for a specific liability class, the most important action is to ensure that the asset portfolios are rebalanced timeously.
	Key dependency on our IT environment	• A three-year IT development and prioritisation plan has been developed to ensure that Assupol evolves and remains technologically relevant, while also ensuring we remain efficient and competitive. • An off-site disaster recovery centre is in place for critical IT services.
4. Operational Risk	Premium collection	• A large proportion of our premiums are collected through payroll deduction systems, which ensures a very high rate of success in the collection of premiums. • We have strategies in place to ensure stable debit order collection.
	Impact of fraud on new business and claims	• We monitor and improve our controls on a continuous basis to ensure that fraud is detected, and fraud losses are therefore minimised. • Monitoring and review of new business and claims has been intensified due to Covid-19 in order to mitigate the increased risk of possible fraudulent business.
	Cyber risk	• A digital optimisation programme has been implemented to simplify the processes, modernise the IT infrastructure to enhance client experience and to ensure business resilience. • Understanding the cyber security threat landscape and maturing the technology and information security program is top priority to enable secure digital client interaction as well as the safeguarding of client and employee information, especially due to employees accessing the system remotely. • A training and awareness strategy has been implemented to assist Board members, senior executives, and employees to make the right decisions when faced with potential threats. • Security by design is now central to business initiatives and the congregated approach to technology and information security architecture is relevant and proportionate to operations.
	Managing critical service provider risk	• Risk evaluation of our critical service providers is done on a regular basis; this was enhanced during the initial part of lockdown. • Contingency plans have been put in place to ensure business can continue if a critical service provider is unavailable.
	Key person dependency and the managing transformation	• Succession planning has been implemented and new staff are trained by key identified personnel. • Transformation is driven and understood through the entire company.
	Attract and retain the right staff with the correct skills	• We conduct competency-based interviews, pay market-related salaries, and have implemented staff retention incentives, whereby staff share in efficiency improvements and good financial performance.

	Keeping abreast of new legislation	• Our legal and compliance departments monitor legislative changes, and alert the Group of applicable changes and the associated business implications.
5. Compliance	Compliance with relevant major legislation	• Our compliance department monitors compliance with relevant major laws and regulations. • Covid-19 related regulations were implemented to ensure compliance.
6. Market Conduct Risk	Client experience	• A number of digital alternatives were implemented during lockdown, which enabled clients to submit claims or contact us with queries. • A market conduct framework has been approved and implemented. • A Market Conduct Committee meeting is held quarterly to discuss and address any conduct related issues as well as risks. • Client experience is a major focus point and actions relating to mitigating identified risks are monitored until implementation.
7. Reputational Risk	Environmental and social	• Assupol has a low carbon footprint. • Assupol has a corporate social investment programme and regular contributions are made to various causes to assist with improving the communities we conduct business with.
	Social media	• We are active on social media. A social media policy has been approved and implemented to manage our social media presence. • Media monitoring also assists in monitoring social media and any reputational risk that might originate from social media.

Combined assurance

King IV defines "assurance" as follows:
The diligent application of mind to evidence, resulting in a statement or declaration concerning an identified subject matter or subject matter information, and that is made for the purpose of enhancing confidence in that subject matter or subject matter information.

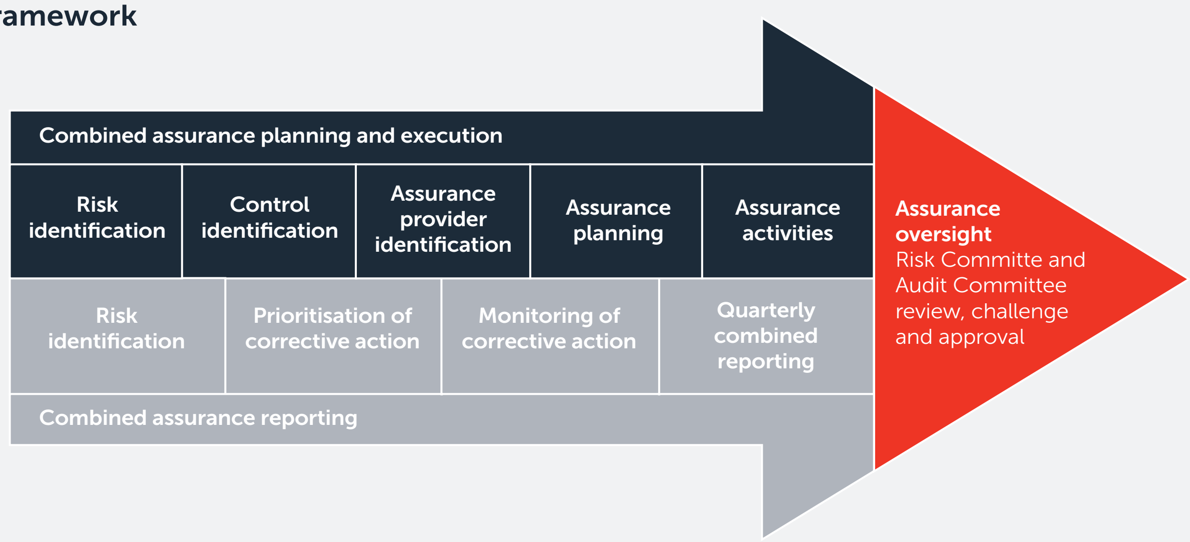
In order to ensure that risks are managed and that the Board gains comfort that controls are effective, a robust combined assurance programme has been implemented. Assupol has adopted the four lines of defence module as per below graphic representation:

The primary purpose of the combined assurance programme is to:

- enable the the Risk and Investment Committee, Audit Committee and executive management to make an informed assessment that there is appropriate and timely assurance on all key risks and material matters facing the company;
- ensure that the issues highlighted through assurance efforts are appropriately reported and addressed; and
- optimise overall assurance to the Board, Audit Committee, Risk and Investment Committee and executive management, taking into account the company's risk appetite.

The following diagram provides an overview of how the framework is implemented:

ERM Framework



Own Risk and Solvency Assessment

On an annual basis, as part of our Own Risk and Solvency Assessment (ORSA) process, Assupol projects its expected Solvency Assessment Management (SAM) solvency position forward for a period of five years, using as a base its business plans and budgets. In addition, at the request of the Board, the projected solvency position is tested under a range of more than 20 sensitivities and scenarios, including scenarios with high new business growth rates; a number of unlikely but extremely negative scenarios; and severe but plausible Covid-19 related scenarios.

The assessments done during the period under review confirmed again that Assupol is expected to maintain a robust SAM solvency position with a very high degree of certainty.

Key milestones during the period under review

1. We reviewed and improved our risk management framework, our risk management policies and their implementation. We also made and implemented enhancements to our risk management strategy.
2. The risk appetite statement was reviewed and improved. The appetite statement now includes various appetites and monitors risk metrics for all seven risk categories.
3. The combined assurance framework was reviewed and expanded. Combined assurance reporting has been improved to give the relevant Board Committees assurance on the activities performed.
4. An improved and reviewed business continuity management (BCM) programme has been implemented, this includes training and awareness campaigns to ensure that all employees know what is required of them in a BCM event.
5. The capital management framework and the internal capital management model were further enhanced and used in decision-making.
6. Our ORSA 2021-2025, covering various sensitivities and scenarios, was submitted to the Prudential Authority. The Board's mid-year meetings included consideration of scenarios in preparation for ORSA 2022-2026.
7. Key risk indicators were further refined to assist operational units in managing their risks.
8. We undertook ongoing risk training and awareness campaigns to ensure that our employees have the knowledge, awareness and inclination to identify and manage the risks in their business areas.

COMPLIANCE

COMPLIANCE

Regulatory requirements and implementation

At Assupol, we pride ourselves in serving those who serve and in serving, compliance plays a pivotal role. The introduction of Twin Peaks regulation on 1 April 2018, for the South African financial services industry, has brought about significant changes into our business. In particular, Assupol Group became subject to regulation and supervision by two regulators, namely; the Prudential Authority (PA) and Financial Sector Conduct Authority (FSCA). The PA regulates and supervises Assupol Group in terms of the Insurance Act (No. 18 of 2017) which came into effect on 1 July 2018 and established a legal framework for the prudential regulation and supervision of insurers and insurance groups in terms of the Twin Peaks Framework.

The objectives of the Act are, *inter alia,* the safety and soundness of insurers, transformation, and contributing to the stability of the financial system in general. The Insurance Act repealed all prudential requirements that were in the Long-term Insurance Act, 1998. Pursuant to Twin Peaks, the FSCA became solely responsible for the conduct of financial institutions towards their customers. Another significant change which affected our business was effected in October 2017, prior to Twin Peaks, when the Financial Intelligence Centre Act, 2001 was amended to introduce the new risk-based approach to compliance, particularity, client due diligence (CDD). The move was effected through the Financial Intelligence Centre Act, 2017 (FIC Amendment Act).

Other notable regulatory developments that have impacted our business include:

- Joint Standard 1 of 2020: Fitness, propriety and other matters relating to significant owners which was published on 1 June 2020 and became effective on 1 December 2020.
- The commencement of the Protection of Personal Information Act No 4 of 2013 (POPIA) as proclaimed by the President of the Republic of South Africa.
- Financial Sector Conduct Authority (FSCA) Financial Advisory Intermediary Services (FAIS) Notice 20 of 2020: Exemptions to facilitate payment of remuneration in the context of direct premium collection models.

The FIC Amendment Act

The Financial Intelligence Centre Act No. 38 of 2001 (FICA) was initially introduced in South Africa to fight financial crime such as money laundering, tax evasion and terrorist financing activities.

The FIC Amendment Act was published on 2 May 2017 and introduced a number of amendments to FICA. Certain sections of the Amendment Act became effective on 13 June 2017, while certain other sections became effective on 2 October 2017. As already mentioned, the Amendment Act introduced a risk-based approach to money laundering and terrorist financing (ML/TF), replacing the rules-based approach set by FICA internal rules. The risk based approach incorporates three key elements:

a. Strengthening anti-money laundering and combating the financing of terrorism (AML/CFT) through a more consultative approach based on partnerships between stakeholders in both the public and private sectors.
b. Improving co-ordination and collaboration to ensure more effective preventative and better enforcement measures.
c. More customer-friendly and cost-efficient approach to implementation of AML/CFT in line with the Treating Customers Fairly initiative.

The key objective of FICA is to improve the protection of the integrity of South Africa's financial system and strengthen its ability to prevent and punish financial crimes like money laundering, illicit capital flows, tax evasion, corruption and bribery, and financing of terrorism. It ensures that the SA framework is more closely aligned to the Financial Action Task Force.

The most significant amendment introduced by FICA is the introduction of the risk-based approach to identifying and assessing money laundering and terrorist financing risks as opposed to the former rules-based approach. FICA further requires accountable institutions (AIs) to develop and implement a Risk Management and Compliance Programme (RMCP), in line with the risk-based approach. This is a document that sets out how an AI is going to combat ML/TF risks effectively, repealing the previous internal rules. The purpose of a risk-based approach ensures that measures are proactively introduced to identify and mitigate ML/TF activities that are commensurate with the risks identified. The principles set out in FICA provide flexibility to regulated entities to decide what they deem as high or low risk and how to appropriately manage these risks.

The scope of the amendments introduced by FICA can mostly be categorised as relating to client due diligence (CDD). The purpose of CDD is for an AI to know who its clients are and to understand their business with it through identification, verification and ongoing due diligence. This ongoing due diligence would include monitoring, periodically obtaining fresh client information and regularly reviewing certain categories of clients. Included in the scope of CDD is the identification of beneficial owners, which requires the identification of natural persons (who ultimately own and use legal structures, e.g. companies and trusts) to make tax evasion more difficult. CDD in business relationships with foreign prominent public officials and domestic prominent influential persons, is also required. Amendments were also introduced to provide for the implementation of the UN Security Council Resolutions on the freezing of assets relating to persons associated with terrorism, the safeguarding of personal information in line with the requirements of POPIA, inspection powers for regulatory compliance purposes and enhanced administrative and enforcement mechanism.

The RMCP then sets out how AIs will mitigate the risks, conduct CDD, maintain records, deal with reporting obligations, and ensure how ongoing training for all staff will be conducted. AIs had to implement the amended legislative requirements in terms of the FIC Amendment Act by 2 April 2019.

The Board of Directors approved Assupol Group's RMCP in 2019 and Assupol has provided confirmation to the Financial Intelligence Centre that the RMCP has been implemented within the deadline. The RMCP is undergoing further review pursuant to the Prudential Authority (PA) on-site inspection in 2020.

The Insurance Act

The Insurance Act came into effect on 1 July 2018. The Insurance Act establishes a legal framework for the prudential regulation and supervision of insurers and insurance groups in terms of the Twin Peaks framework. The main purpose of the Act is to promote and enhance the safety and soundness of regulated financial institutions, ultimately for the benefit and protection of policyholders. The Insurance Act repealed all prudential requirements that were previously provided for in the Long-term Insurance Act No. 52 of 1998 (LTIA) and Short-term Insurance No. 53 of 1998 and provided for a two-year transition period for insurers to migrate from existing legal framework for long-term insurers under the LTIA to the new legal framework. Non-prudential sections in the LTIA remained in force parallel to the new prudential requirements, to provide an interim conduct of business legal framework for insurers pending the enactment and implementation of the envisaged Conduct of Financial Institutions Bill.

In terms of the Twin Peaks framework the PA is responsible for the prudential regulation and supervision of insurers whilst the Financial Sector Conduct Authority is responsible for the regulation and supervision of the conduct of insurers in terms of the LTIA and relevant subordinate legislation. The Insurance Act introduces new authorisation classes for the insurance industry which are different from the classes of insurance business (types of policies) provided for under the LTIA. During the two-year period transitional from the effective date of the Insurance Act, insurers underwent a process with the PA to convert their licences and where applicable, apply for a micro-insurance licence, which can include a number of different life and non-life classes of insurance as set out in the Insurance Act. Assupol Life Limited received confirmation of the conversion of its registration under the LTIA to registration under the Insurance Act on 29 June 2020. The PA has also confirmed that Assupol Group has been designated an insurance group in terms of the Insurance Act.

The PA in terms of its Regulatory Strategy for 2018-2021 has set as one of its objectives the prudential regulation and supervision of insurers by embedding the insurance Solvency Assessment and Management principles and issuing further regulatory instruments as per the Insurance Act. In pursuance thereof, the insurance standard setting out the fees payable for applications made in terms of the Insurance Act came into effect on 1 January 2020. Assupol is committed to comply with all relevant regulatory instruments issued by the PA, including the insurance standard setting out the fees payable for applications made in terms of the Insurance Act.

Joint Standard 1 of 2020: Fitness, propriety and other matters relating to significant owners

The Prudential Authority (PA) and the Financial Sector Conduct Authority (FSCA) published Joint Standard 1 of 2020 on 1 June 2020: Fitness, propriety and other matters relating to significant owners (Joint Standard), in terms of the Financial Sector Regulation Act 9 of 2017.

The Joint Standard became effective on 1 December 2020 and applies to significant owners of financial institutions as well as financial institutions. A person is a significant owner of a financial institution if the person, directly or indirectly, alone or together with a related or inter-related person, has the ability to control or influence materially the business or strategy of the financial institution. It amends Prudential Standards GOI 1, GOI 3, GOI 4 and GOI 5, with necessary changes, in so far as they deal with the fitness and propriety of Significant Owners of Insurers.

The Joint Standard sets out the criteria that must be met by significant owners in order to be considered fit and proper as well as factors that would constitute, on a *prima facie* basis, evidence of the absence of fitness and propriety. The authorities (i.e. FSCA and PA) recognise that the assessment of fitness and propriety requires an application of judgement, therefore the Joint Standard sets out the factors to be considered when exercising such judgement. The Joint Standard also places specific reporting obligations on significant owners.

The Protection of Personal Information Act (POPIA)

POPIA gives effect to the constitutional right of access to information and aims to promote the protection of personal information processed by public and private bodies by, among others, introducing certain conditions for the lawful processing of personal information, thereby establishing minimum requirements for the processing of such information. Parliament of the Republic of South Africa assented to POPIA on 19 November 2013. The commencement date of section 1, Part A of Chapter 5, section 112 and section 113 was 11 April 2014. The commencement date of the remaining sections of POPIA was 1 July 2021 (with the exception of section 110 and 114(4)), following the one-year grace period to comply which ended on 30 June 2021.

The President of South Africa proclaimed the POPIA commencement date to be 1 July 2021. During May 2021, Assupol Group senior management procured the services of audit firm Ernst & Young (EY) to do a high-level maturity assessment of Assupol Group's privacy implementation project against the key requirements of POPIA. The overall finding of EY was that although 53 of the measures assessed were not yet adequate to meet the requirements of the POPIA, they could however be closed before the deadline of 1 July 2021. As at the due date of 1 July 2021 management was satisfied with the measures put in place to meet the requirements of POPIA and continues to monitor compliance with the POPIA requirements on an ongoing basis.

FSCA FAIS Notice 20 of 2020

On 30 October 2020, the FSCA published two notices, namely; FAIS Notice 19 of 2020 (short-term insurers) and FAIS Notice 20 of 2020 (life insurers) that affect premium collections by independent intermediaries. The two notices prescribe the extent and conditions of exemptions from certain sections of the Long-term and Short-term Insurance Acts and their respective regulations. The exemption notices introduce the term "accounting for premium" which is described as activities performed by an independent intermediary in support of the collection of premiums directly into the account of the insurer which includes technological systems of the independent intermediary that enable the direct collection method.

The Consultation Report on the subject matter clarifies that the scope of the exemption has been revisited since the draft versions were published and consultation phase completed. It clarifies that only intermediaries and binder holders that perform all the activities as referred to in the definition of "accounting for premium" and that meet all the conditions in the exemption, will be so exempted.

The exemptions contain strict conditions for insurers and independent intermediaries that rely on the exemptions. These conditions include requirements around pre-agreement procedures, that the consideration accepted or offered for performing direct collection of premiums, must meet specified criteria, governance requirements applicable to the technological systems that enable the direct collection method, record-keeping infrastructures and oversight requirements.

Conclusion

The management of compliance risk plays a significant role in the overall risk management framework of Assupol Group; hence Assupol Group management takes compliance very seriously and acts proactively with regards to understanding the impact of new regulatory changes.

IT

GOVERNANCE

IT GOVERNANCE

As an insurer to the people, Assupol's Information Technology (IT) capability needs to enable more efficient ways of conducting business, but also to increase access to financial services for clients, while making it easier for the business to comply with the relevant rules and regulations that govern the long-term insurance industry.

We embrace and incorporate the relevant technologies in our business processes to ensure that Assupol remains competitively relevant in a digital age.

Assupol regards IT as a strategic enabler and partner in a changing operating environment. In support of the larger Assupol strategy, we continued to make progress on our digital journey to create or modify existing business processes, ways of working and client experiences that will strengthen Assupol's ability to respond to changing business and market requirements.

There are currently several initiatives under way in support of Assupol's digital modernisation journey. Some of the key objectives for these initiatives are:

Enabling multiple channels
- Improving client engagement for a better and consistent experience.
- Enabling the use of different technology devices as part of sales and client services.
- Opening marketing segments by embracing social media and online platforms.
- Creating online self-service portals to streamline claims and client services.

Working towards efficiency
- Partnering with digital service providers for the identification and verification of clients.
- Enabling automated quality control measures throughout the onboarding processes.
- Introducing risk management capabilities to ensure compliance with legislation and regulations.
- Centralising and automating management of leads and campaigns.
- Using new digital technologies to solve business requirements.

Data as an asset
- Protecting strategic assets by incorporating security by design and continuing to enhance our security posture.
- Enabling data driven decision-making using advanced analytics to understand client segments for upsell or cross sell product lines, to achieve diversification.

To this end, it is imperative that Assupol has appropriate governance, risk and compliance practices in place that are managed through our IT Steering Committee, Risk and Investment Committee and ultimately by the Assupol Board.

REMUNERATION

REMUNERATION

The Remuneration Committee ("Remco") is pleased to present the Assupol remuneration report for the year ended 30 June 2021.

King IV Code on Corporate Governance

We have considered the impact of the King IV Code on Corporate Governance on the remuneration policy and have consequently further enhanced the relevant disclosures in our remuneration policy.

Fair and responsible remuneration

Assupol is committed to fair and responsible remuneration for all employees. During the course of the period under review, we have implemented benchmark salary adjustments based on a benchmark study that was conducted during the course of the last financial year. In essence we have ensured that no deserving employee is remunerated below the industry-benchmarked median as determined by a reputable independent remuneration advisory consultancy, 21st Century Pay Consultants.

ROLES AND ACCOUNTABILITIES

Board of Directors

The Board is ultimately responsible for the remuneration policy. To assist the Board in fulfilling its responsibilities, it has appointed and mandated a Remuneration Committee.

The Remuneration Committee

The Remuneration Committee ("Committee"), which functions as a subcommittee of the Board in terms of an agreed mandate, evaluates and monitors the Group's remuneration philosophy and practices to ensure consistency with governance principles and corporate strategy. Its mandate is reviewed and approved by the Board annually.

It comprises of four non-executive directors who are tasked with guiding and overseeing the structure and implementation of the Group's remuneration policy. Ms L Sennelo was appointed a member of the Committee on 4 June 2021. The Group Chief Executive Officer, the Chief Executive Officer of Assupol Life Limited and the Human Resources Director are the standing invitees of the Committee. The Committee ensures that the remuneration philosophy, policy and human capital practices support Assupol's strategic objectives to enable the attraction, motivation and retention of high calibre employees and senior executives in order to maximise shareholder value while also complying with legislation. It ensures that the Group's remuneration philosophy and policy are competitive and meet best practice standards, in support of the Group's strategic objectives.

Three of the four non-executive directors on the Committee are independent, and one of the independent directors serves as the Committee Chair. The membership of the Remuneration Committee therefore complies with both King IV and the Cape Town Stock Exchange (Pty) Limited Listing Requirements which advocate a majority of independent non-executive directors. The Group Chief Executive Officer, the Chief Executive Officer of Assupol Life Limited, and Executive Director: Human Resources attend the meetings by invitation, but they do not form part of the Remuneration Committee's formal decision-making process.

The Committee has an independent oversight role in respect of all remuneration and employee related matters for the Group. It determines the policy for remunerating executives and non-executive directors.

The Chairperson of the Remuneration Committee provides feedback to the Board after each Remuneration Committee meeting.

The Board recommends the fees for non-executive directors to shareholders for approval at the annual general meeting (AGM). Non-executive directors' fees are benchmarked at least biennially against fees published by a peer group of companies in their most recent AGM notices. Services of an independent remuneration consultancy are utilised, where required, for benchmarking of non-executive director fees.

Group Executive Committee

The Group Executive Committee proposes reward programmes and remuneration structures to the Remuneration Committee. They also ensure the oversight and implementation of approved remuneration programmes.

KEY PRINCIPLES OF OUR REMUNERATION PHILOSOPHY

- The Remuneration Committee's key objectives are to enable Assupol to reward performance in the context of appropriate risk management, align the interests of executives and staff with those of shareholders and to build and maintain a sustainable performance-based culture within the organisation.

- Importantly, the remuneration philosophy supports the Group's business strategy by aligning strategic goals with organisational behaviour based on meritocracy and performance. Focus is also placed on ensuring compliance of the remuneration policies with the relevant regulatory requirements, including those of the Financial Sector Conduct Authority (FSCA), as well as aligning the remuneration policies with the King IV Code of Corporate Governance.

- As a Group, Assupol strives to remunerate successful executives and employees between the median and upper quartile and measured on a total reward basis (i.e. on the total remuneration package), including the guaranteed as well as short and long-term incentive elements thereof.

- Within the total reward context, the benchmarking bias will always be towards the incentive (at risk) elements of the remuneration packages, with less emphasis on the benchmarking of the guaranteed element of the total remuneration package.

- We recognise that the executive management team has a material influence on our Group's performance and growth, and as such the variable compensation (short and long-term incentives) makes up a meaningful part of their total compensation. Variable compensation is directly linked to the performance of our Group. An optimal balance between short and longer-term incentives is sought to ensure the alignment of the interests of executives and the interests of shareholders. This balance is also based on a total reward concept and ensures that short-term success is not striven for at the cost of undue risk or adversely affecting long-term sustainability.

- A single incentive pool scheme is utilised to cover both short and long-term incentives for all executives and other employees. Effectively, there is one incentive scheme for both short and long-term incentives, with the bias towards the deferment of rewards.

- Critically important for the Group and its shareholders is the fact that all incentives incorporate metrics related to the management of our existing business as well as reward management for growth. Strict alignment with the interests of shareholders is gained through the creation of an incentive pool that is driven by return on embedded value as well as on growth in the value of new business.

- By employing a blended and measured approach to incentives, there is strong mitigation against undue risk taking to achieve short-term objectives, which can undermine longer-term goals.

The key principles that shape our policy are:

- That the Group has the ability to attract, retain and motivate the exceptional talent required to achieve positive operational outcomes, strategic objectives, and adherence to an ethical culture and good corporate citizenship. Both short and long-term incentives are used to this end.

- A significant portion of senior management's reward is designed to be variable and aligned with stakeholder interests. This is prescribed by the achievement of realistic financial targets together with, where applicable, the individual's personal contribution to the growth and development of their immediate department, their division or the wider Assupol Group.

- Long-term incentives align the objectives of management and shareholders and other stakeholders for a sustainable period.

- Salary structures and policies, cash as well as share-based incentives, motivate superior performance and are linked to realistic performance objectives that support sustainable long-term business growth.

Compliance with all applicable laws and regulatory codes

The Remuneration Committee has discretion–when warranted by exceptional circumstances and where considerable value has been created for shareholders and stakeholders of Assupol by employees–to award special bonuses or other *ex gratia* payments to general staff, excluding management. In exercising this discretion, the Remuneration Committee satisfies itself that such payments are fair, justifiable and defendable and are disclosed to shareholders as required by remuneration governance principles.

REMUNERATION POLICY

Scope of the policy

The policy is Board-approved and forms part of our operating philosophy, policies and standards. It sets out how total remuneration must be managed in the Group.

Aims of the policy

- Our reward arrangements aim to enable us to attract, motivate and retain people of high calibre, with the right mix of experience, skill and knowledge to deliver on the strategy, support and reinforce our desired culture and encourage ethical behaviour consistent with our values, thereby stimulating employee engagement.
- It also aims to create appropriate balance and alignment between the needs, expectations and risk exposures of our stakeholders, including our staff members, clients, shareholders, regulators and communities, to ensure the creation of sustainable long-term value for each of these.
- It incentivises employees to deliver sustained high levels of performance and excellent execution of our strategic priorities, while being cognisant of the impact this delivery has on the risk profile and exposure of the organisation.
- It enables appropriate transparency in the development of remuneration programmes and the distribution of individual remuneration awards to ensure equity and fairness (ethical outcomes) based on valid and appropriate external and internal benchmarks.
- It aligns with the principles of good corporate and remuneration governance, ensuring an appropriate share of value for the relevant stakeholders in its business. We believe that there should be appropriate sharing of value among stakeholders. Therefore, while employees should not be prejudiced as a result of remuneration design issues, remuneration programmes should equally not be designed to favour or benefit employees at the expense of other stakeholders.
- We are committed to ensuring that remuneration of executive management is fair and responsible in the context of overall employee remuneration.

THE STRUCTURE OF OUR REMUNERATION OFFERING

Our approach to reward is holistic based on the total reward approach and includes the following elements: guaranteed (cash) packages, variable short-term incentives, variable long-term incentives, various recognition programmes, individual learning and development opportunities, a stimulating work environment and a well-designed and integrated employee wellness programme.

Guaranteed package

The guaranteed package is delivered to the employee as a cash salary and a mix of compulsory and discretionary benefits. It is reviewed annually based on performance against agreed objectives and market surveys. The guaranteed package is benchmarked against a comparator group and positioned on average at the 50th percentile.

Variable short-term incentive

In respect of employees who do not participate in the company incentive pool scheme, the variable short-term incentive, in the form of an annual cash bonus, is linked to the employee's performance against individually agreed objectives.

In respect of employees who do participate in the company incentive pool scheme, a pre-defined portion of the individual bonus that has been allocated to the employee is paid to the employee in the form of a cash bonus. The remainder of the bonus so allocated to the employee (if any) is deferred and allocated to the employee in the form of restricted shares and restricted phantom shares in the Group.

Variable long-term incentive

The deferred element (as described above) of the bonus allocated to participants of the company incentive pool scheme makes up the variable long-term incentive portion of the specific employee's total reward package. The intention of the long-term incentive portion is to achieve closer alignment of participant and shareholder interests. Our long-term incentive encourages ownership and loyalty and supports our objective to retain valued employees. It is designed to align executive performance to shareholders' interests.

Various recognition programmes

Every financial year, the Group runs a reward and recognition programme that is open to all employees except those who qualify to participate in the company incentive bonus pool (i.e. senior and executive management). The Assupol reward and recognition programme aims to recognise employees who make a significant contribution to the achievement of Assupol's strategic objectives and values. It is aimed at honouring and celebrating exceptional performance within Assupol. It offers an opportunity for employees to nominate fellow workers who go above and beyond the call of duty, and who live the Assupol values to the maximum. Employees are nominated for their significant contributions in a particular pre-defined category.

The categories are:

Team player: As a team player, contribute to achieving the Group and departmental goal of serving our clients fairly and selflessly.
Integrity: Maintain utmost integrity by having our clients' needs at heart whenever dealing with them.
Innovation: Always think of ideas to better current services, products and processes to best meet the needs of our clients.
Service excellence: Serve with passion, enthusiasm and an energetic attitude at all times.
Respect: Treat all stakeholders with respect and give them all the attention they deserve when dealing with them.

Nominations are reviewed and quarterly winners are selected per category. An annual winner is then selected from the quarterly winners. The programme cycle is aligned with the Assupol financial year and runs from July to June. A successful winner is eligible to receive a tax adjusted amount of fifty thousand rands as a reward.

Individual learning and development opportunities

Assupol affords all its employees the opportunity to develop and grow through the study assistance programme that enables any qualifying employee to enrol for tertiary studies. The company pays for tuition fees and affords employees paid time off for preparation and writing of the exams.

A stimulating work environment

As a Group, we have long understood that our employees play a critical role to our continued success. We are continuously searching for ways to provide the 'ultimate' employee experience and have regularly opened ourselves up for scrutiny, by competent external (independent) verification entities, to assess our employment practices and provide us with valuable scientific assessment on how we match up when compared to other "best employers" in the country.

We seek to attract the most talented of employees and fully understand that the most talented employees strive for the most stimulating and challenging environments to work in–more so than the less talented ones–and it is our job to keep providing it. To this end we have regularly participated in the Deloitte Best Company Survey which is arguably the most prestigious and respected of its kind in South Africa.

We have constantly exceeded all the critical benchmarks in the survey and have never, since our participation, attained a level lower than the gold status. In the latest survey, we achieved platinum status, reflecting the commitment made to listening to our staff and to creating a stimulating work environment.

A well-designed and integrated employee wellness programme

The primary aim of our employee wellness programme is to establish an understanding of the current health and wellness status of our senior employees and to further provide guidance on how best to enhance their future health, their quality of life and their level of productivity. Comprehensive wellness assessments have been conducted on the eligible participants. Key areas of risk, objectives and lifestyle action plans have been identified. Participants have received face-to-face feedback and were given the appropriate advice at the time by the attending medical professionals.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors do not have service contracts and do not participate in any of the Group's short-term incentive (STI) or long-term incentive (LTI) schemes. No shares are granted to them. The non-executive Board member fee structure has two components namely, an annual retainer component and a Board or Board Committee meeting attendance fee. The Chairperson of the company is paid an all-in retainer that is not structured into the aforementioned components.

Fee structures are reviewed biannually. The Remuneration Committee reviews the fees paid to non-executive directors by taking into consideration the individuals' responsibilities and Board Committee membership. The Chairperson is not present when his or her remuneration is reviewed. In addition, from time-to-time, the fees are benchmarked against other financial services companies to ensure that the fees remain competitive and fair. Recommendations are made to the Board for consideration and taken to the annual general meeting for shareholder approval.

EXECUTIVE CONTRACTS

Assupol executive directors and members of the executive Committee are contracted as full-time, permanent employees for employment contracting purposes. As standard elements of these contracts, a 12-month restraint of trade as well as a 6-month notice period are included. Bonus payments and the vesting of long-term incentives that are in place at the time of an individual's termination of service are subject to the rules of the relevant scheme with some discretion being allowed to the Remuneration Committee based on the recommendations of the Group Chief Executive.

REPORT ON ACTIVITIES

The impact of Covid-19 on remuneration

Given the unprecedented times that we have faced as a business and the profound effect that the Covid-19 pandemic has had on our business, annual salary adjustments which normally would have been implemented at the beginning of the financial year (July 2020) were delayed until the second half of the financial year (January 2021). At the beginning of 2021, we were yet to understand what the full impact of the second wave would be on our operations. The number of claims lodged were significantly in excess of the quantum that we had been receiving over the previous corresponding period. We were also in the process of finalising our financial statements for the first half of the financial year and there was significant uncertainty given the unknowns relating to the pandemic. Based on our stated commitment to ensure that our employees and clients are shielded from the most adverse impact of the pandemic, and given the uncertainty presented by the second wave, it was decided as a precautionary measure, to postpone the implementation of salary increases that were due for implementation in January 2021. This affected only the senior management of the company including executive management. This decision was taken to give us sufficient time to assess what the impact of the second wave would be on our expenses.

This decision was not taken lightly given its potential effect on morale and the confidence of employees in our business sustainability. It was implemented to help ensure our sustainability as a company and to protect continued employment given the unprecedented pandemic-induced situation. After a clearer understanding of the impact of the second wave was obtained, salary adjustments for the affected employees were implemented during the month of March 2021.

Changes to the Committee

Ms L Sennelo was appointed a member of the Committee on 4 June 2021.

The new Assupol Group Incentive Scheme

In our report last year, it was disclosed that a task team had been set up by the Remuneration Committee to review the company's Incentive Bonus Scheme for senior management. The previous Assupol Staff Incentive Scheme had been designed in 2013, and given material shifts around executive rewards since then, it was deemed appropriate to review the scheme.

The task team has since completed the review with its recommendation having been accepted by the Remuneration Committee. On the recommendation of the Remuneration Committee, the Board has approved the new Assupol Group Incentive Scheme (AIS) and this new scheme was implemented with effect from 1 July 2020. The objectives and workings of this scheme are detailed on the next page.

Objectives of the scheme

- Drive the delivery of the Assupol Group's strategy;
- Motivation of participants to deliver upon the stated strategies of the Assupol Group;
- Alignment of participants' interests with shareholder interests;
- Attraction and retention of scarce human resources;
- Link levels of variable remuneration directly to the levels of performance delivered.

Components of the scheme

The proposed scheme consists of an incentive pool determined using the following formula:

Incentive pool = formula amount[A] x strategic performance score[B] x relative performance score[C]
Each component is determined as follows:

Each year, a "formula pool" is determined based on a formula using the adjusted return on embedded value (RoEV) as well as the adjusted growth in value of new business (VNB).

The adjustments made reflect normalisation for economic factors which are outside of management's control (e.g. interest rates), as well as unusual "headwinds and tailwinds" faced by the business. These adjustments are subject to a strict oversight process including review by the Actuarial and Audit Committees.

The size of this formula-determined pool has been benchmarked using 21st century pay solutions data (calibrated on a biennial basis) and targets the 50th percentile at adjusted RoEV of 25% and adjusted VNB growth achieved of 15%.

In calculating this formula pool, the adjusted RoEV has a weighting of 75% and adjusted VNB has a 25% weighting.

This pool is then adjusted by a "strategic factor score", which has a 20% weighting, which reflects management's achievement of three strategic items relative to the budget, namely:

- Dividend growth (10% weighting)
- Income diversification (5% weighting)
- Client engagement (5% weighting)

Importantly, this adjustment is downwards only as the formula pool assumes 100% achievement of both the strategic factors above as well as KPIs agreed to. As such, after adjusting for these strategic factors, the minimum size of the pool is 80% of the formula pool (i.e. 80% x formula pool assumes a zero score for the strategic factors).

The selection of which strategic factors to be included will be reviewed annually by the Board although the intention is that (given the strategic i.e. longer-term, nature thereof) the factors should not change too frequently.

At Remco's discretion, the pool can then be further adjusted by a "performance relative to competitor score" if required. This adjustment will be made after the strategic factor score adjustment. It is important that peer group metrics are considered in assessing relative performance in our market space. This could result in an increase or decrease in the formula pool.

We then multiply the pool by 90% which will be allocated with the remaining 10% being retained as a discretionary reserve for Remco to allocate and/or carry forward.

This pool is then allocated amongst the number of participants in the scheme (taking their individual KPIs into account) and is used to pay their annual bonus (STI) in cash, as well as to fund their LTI.

The split between STI and LTI is determined according to a fixed table that is dependent on job grade, with the principle being that the higher the grade, the lower the STI and the higher the LTI component, as set out in table below:

Grade	STI	Physical Share LTI	Phantom Share LTI
F Upper	40%	30.0%	30.0%
F Lower	45%	27.5%	27.5%
E Upper	50%	25.0%	25.0%
E Lower	55%	22.5%	22.5%
Other participants	60%	20.0%	20.0%

The STI portion is capped and cannot exceed 75% of the individual's annual package. Any STI portion that exceeds the cap, will automatically be added to the LTI portions of the incentive pool allocation.

Where a discretionary allocation is made to a participant, Remco has discretion as to whether it will go into the STI or/and the two LTI components. If the total of the incentive pool allocation, before the STI and the two LTI allocations, is less than R250,000, the entire amount will be paid as STI. The amount of R250,000 shall be reviewed annually by Remco.

An AIS participant may select a lower allocation for the STI with a greater allocation to the two LTI schemes. This may only be done at the allocation date and will be subject to a minimum amount, at Remco's discretion. The shares (physical as well as phantom) allocated to participants will remain restricted until they vest. Shares will vest over 5 years from the award thereof, with a phase-in as follows:

	After 2 years	After 3 years	After 4 years	After 5 years
F2021 LTI Award	30% (2023)	30% (2024)	20% (2025)	20% (2026)
F2022 LTI Award	25% (2024)	25% (2025)	25% (2026)	25% (2027)
F2023 LTI Award and onwards	15%	25%	30%	30%

The LTI portions will be settled by two separate and distinct schemes:

- By issuing physical Assupol Holdings shares equivalent in value to 50% of such total LTI portion (the "Physical Share Scheme");
- By issuing phantom Assupol Holdings shares equivalent in value to 50% of such total LTI portion (the "Phantom Share Scheme").

King III provisions recommend that vesting starts after three years. We have intentionally departed from such to assist in motivating our senior team, particularly due to the current Covid-19 environment creating additional uncertainties and difficulties for our senior management team, and also to assist our executives with the change management associated with a new scheme. This vesting period will be reviewed in 3 years' time.

Upon vesting:

A. The physical shares vesting will be delivered to participants who are free to sell and/or retain such shares;
B. Participants would be liable for the tax arising on the vesting of the physical shares;
C. The following will be paid to participants, net of all relevant taxes:
    a. The value of the phantom shares that are vesting, plus
    b. The actual dividend equivalents accumulated on the physical shares that are vesting, plus
    c. The actual dividend equivalents accumulated on the phantom shares that are vesting.

All shares vest immediately upon change of control of Assupol Holdings.

- If a participant leaves the employ of Assupol, all unvested shares (plus accumulated dividend equivalents thereon) are forfeited, unless the participant is agreed to be a good leaver (i.e. a "No-Fault" Termination);
- Because LTI shares and dividend equivalents will only vest if the participant is in the employ of Assupol at the date of vesting, they are only taxable in participants hands when (if) they vest;
- The value of the vested shares plus accumulated dividend equivalents at vesting will be fully taxable in the hands of participants.

The Assupol Group has adopted this malus and clawback policy with the intention of aligning shareholder interests and the variable remuneration outcomes of participants. It allows the company to reduce or recoup the AIS allocations in specified circumstances defined herein.

Malus provisions apply before AIS allocations have vested or been paid to a participant whilst clawback provisions apply to allocations that have already vested or been paid to a participant.

"Clawback" means where AIS allocations have already vested, been settled, paid or otherwise made available, a trigger event which indicates an error is discovered and the Board seeks to fulfil its fiduciary duty to shareholders by invoking its discretion to seek recoupment of an AIS allocation.

"Malus" means the reduction and/or cancellation of unpaid, unvested or unsettled AIS allocations when a trigger event is discovered, and the Board seeks to fulfil its fiduciary duty to shareholders by invoking its discretion to reduce and/or cancel the AIS allocation.

Meetings

The Remuneration Committee met five times during the past financial year to June 2021. This excludes a number of additional meetings by the task team that were required in relation to the review of the company's incentive bonus scheme.

SOCIAL AND ETHICS

SOCIAL AND ETHICS

The Social and Ethics Committee ("the Committee") is constituted as a statutory Committee of the Board in line with section 72(4) of the Companies Act, 71 of 2008 (the Companies Act), as amended, read together with regulation 43 of the Companies Regulations, 2011 and the King IV Report on Corporate Governance for South Africa, 2016. The Committee assists the Board in protecting the Group's reputation as a good, ethical and responsible corporate citizen. This report gives an overview of the Committee's performance in our financial year that ended on 30 June 2021 (year under review) and is prepared in compliance with the requirements of the Companies Act. The Committee has reviewed its terms of reference in the year under review, which was approved by the Board.

Attendance and composition

The Committee met four times during the year under review and comprised of two non-executive directors and one executive director as members. An independent non-executive director chairs the Committee. With effect from 1 July 2020 to 1 October 2020 Eddie Ashkar was serving as the acting Chairperson and was replaced by Bridget Duker who assumed the position of Chairperson. The members of the Committee were Bridget Duker (Chairperson), Nicola Gubb and Siphiwe Ndwalaza as at the end of year under review. Attendance at the meetings is reflected under the governance section of the integrated report.

Role and responsibilities

The Committee's role and responsibilities are governed by the terms of reference as approved by the Board.

The main objectives of the Committee are to assist the Board in monitoring the Group's performance in respect of the ethics, responsible corporate citizenship, compliance, stakeholder relationships and sustainable developments as set out below, thereby assisting the Board in achieving its objectives.

Monitoring of sustainable development practices

In the execution of its duties, the Committee has reviewed the sustainable development practices of the Group, specifically relating to:

- Implementation of the Group's Code of Conduct;
- Compliance with the Employment Equity Act;
- Labour relations and working conditions;
- Training and skills development;
- Broad-Based Black Economic Empowerment Act;
- Health and public safety;
- Ethics and compliance; and
- Social and community investment initiatives.

Ethical conduct

Our Group, in its interaction with our policyholders, service providers, competitors and employees, exercises the highest standard of ethical behaviour. All conduct must also comply with applicable laws and regulations, in accordance with their letter and purpose.

The King IV Code of Corporate Governance ("King IV") defines ethics as considering "what is good and right for the self and the other". This can be expressed in terms of the golden rule: treat others as you would treat yourself. In the context of organisations, ethics refers to ethical values applied to decision-making, conduct, and the relationship between the organisation, its stakeholders and the broader society.

King IV also defines the concept of "integrity", as being honest and having strong moral principles–which includes consistency between stated moral, ethical standards, and actual conduct.

Our Board is ultimately responsible for the establishment and upholding of an ethical culture in our Group. It gives direction on how we must approach and apply ethics. To this end, our Board has approved the Code. Adherence to the Code is a significant indicator of an employee's judgement and competence. The Code requires that appropriate action be taken against those who disregard its principles.

The Committee continued to investigate and oversee our market-conduct risks. In this regard, it has overseen the establishment of a market conduct framework to ensure that the Group has outcomes that are fair to its clients.

During the year under review, the Committee continued to monitor Assupol's adherence to King IV Sustainability. The Committee also undertook to play an oversight role in future with regards to reporting on the sustainability of economic, environment and social fronts. The legal and compliance manager is responsible for the sustainability reporting in the organisation.

The Committee considered the procurement practices of the organisation to ensure fair treatment of all service providers. Our company is currently rated as a level 1 contributor. This demonstrates our commitment to broad-based black economic empowerment (B-BBEE).

Employment equity

We continue to make considerable progress with the transformation of our company. In the year under review the composition of African, Indian and Coloured (AIC) employees has increased to 88.1% of our overall workforce. Sixty-four percent (64%) of our total employees are female.

	African	Coloured	Indian	White	Total
Assupol Life	775	53	17	114	**959**
% Totals	**80.8%**	**5.5%**	**1.8%**	**11.9%**	**100.00%**

As at the end the year under review, Assupol was 90,75% compliant with the Regulations of the Occupational Health and Safety Act 85 of 1993.

The Committee is required to report, through one of its members, to the shareholders on the matters within its mandate at the annual general meeting (AGM). In the notice of the AGM, shareholders are referred to this report.

ASSUPOL SUPPORTS THE UNITED NATIONS GLOBAL COMPACT PRINCIPLES

ASSUPOL'S STANDING IN TERMS OF THE TEN UNITED NATIONS GLOBAL COMPACT PRINCIPLES AND THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD) RECOMMENDATIONS REGARDING CORRUPTION

United Nations (UN) Global Compact Principles

Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and the planet, but also setting the stage for long-term success. The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Human Rights	
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights.	• Assupol subscribes to the Bill of Rights enshrined in the Constitution of the Republic of South Africa Act No. 108 of 1996. The Bill of Rights is the supreme law of the Republic of South Africa and the cornerstone of our democracy. It enshrines rights of all people in our country and affirms the democratic values of human dignity, equality and freedom. • Any law or conduct inconsistent with it is invalid and the obligations imposed by it must be fulfilled. When interpreting the Bill of Rights, a court, tribunal or forum is required to, among others, consider international law. Accordingly, it is submitted that the Bill of Rights is consistent with internationally proclaimed human rights.
Principle 2 Businesses should make sure that they are not complicit in human rights abuse.	• Assupol directly supports principles 1 and 2 through the way that it conducts its business and the stipulations of its Code of Conduct. • In its Code of Conduct it is stipulated that: - Assupol should provide an environment free of discrimination, where individual's rights, dignity, aspirations and interests are respected; - Assupol must comply with applicable human rights legislation; - Assupol should create a culture of joint participation, valuing diversity and individual contributions to decision-making to ensure ownership and participation. Employees are required to treat each other with dignity and respect; - Assupol should provide a healthy and safe working environment, complying with all related statutes, regulations and policies; and - any form of harassment is strictly prohibited.
Labour	
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	• Assupol supports this principle in that its employees are free to establish and join organisations of their own choosing without previous authorisation and are not prevented or discouraged from joining associations or labour unions.
Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labour.	• Assupol supports this principle and does not engage in or condone forced and compulsory labour practices.
Principle 5 Businesses should uphold the effective abolition of child labour.	• Assupol supports this principle and does not engage in or condone child labour practices.
Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation.	• Assupol supports this principle directly through its adherence to the provisions of the Employment Equity Act 55 of 1998, and specifically as listed in sections 5 and 6 of such Act.

Environment

Principle 7 Businesses should support a precautionary approach to environmental challenges.	• Assupol supports a precautionary approach to environmental challenges as a matter of principle and subscribes to King IV particularly insofar as it relates to the environment and sustainability. To this end, Assupol acknowledges that it is an integral part of society and therefore has corporate citizenship status. This status, confers rights, obligations and responsibilities on the organisation towards society and the natural environment on which society depends. Refer to Principle 8 below for initiatives undertaken to promote greater environmental responsibility.
Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility.	As an insurer and provider of financial services Assupol does not have a significant environmental footprint. However, we have undertaken the following initiatives to promote greater environmental responsibility: • At the Assupol Head Office, we recycle paper ourselves and take our scrap paper to a paper recycling factory in Pretoria West. • The building landlord at Assupol's Head Office makes use of LED lights in the building to save on energy and electricity. • Assupol also has installed LED lights at its branches to save on energy and electricity. • The building landlord at Assupol's Head Office implemented access cards to replace the fingerprint biometric system, in order to minimise the spread of germs during the Covid-19 pandemic. • We have put measures in place to reduce the amount of pollution by our vehicles by encouraging our representatives to work as a team and travel together in 7-seater vehicles, instead of them travelling in separate vehicles. This also helps reduce the number of vehicles on the road. • Instead of relying solely on a diesel-powered generator, we make use of UPS systems to keep the lights and electricity on during load shedding, which is very energy efficient. The UPS systems provide a 2/3-hour electricity back-up to enable business operations to continue when power is down. Approximately 30 Assupol branches are using UPS systems. • We communicate with our clients largely through letters. Aside from being expensive, this method of communication has an impact on the environment in terms of the printing of paper and usage of envelopes. We are currently busy with a project to significantly reduce posting printed letters, to sending out emails and SMSes to communicate with our clients. The usage of email and SMS will also reduce spend on postage, envelopes, printing and paper. • Assupol's policy application forms are paper based. Digitisation of the application process will result in gradual reduction of paper usage, scanning of printed documents and associated costs. • Digitisation of application forms will also reduce exposure to ink and toner substances and will thereby reduce toxic waste in landfills. • Assupol's Procurement Committee assesses eco-friendliness and sustainability as one of the criteria for procurement of products and services from vendors as recommended by the Social and Ethics Committee.
Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies.	• As an insurer and provider of financial services, Assupol does not have a significant environmental footprint. • We however, employ environmentally-friendly technologies where cost-effective and efficient.

Anti-Corruption

Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.	• Assupol supports this principle directly through its adherence to legislation such as the Financial Intelligence Centre Act (FICA) no 38 of 21 and the Prevention and Combating of Corrupt Activities Act no 12 of 2004. • In addition, it has an Anti-Kickback Policy and Conflict of Interest Policy in place which addresses matters relating to personal enrichment. The Assupol Group Financial Policy addresses conflict of interest as it pertains to tender procedures. • Assupol's Code of Conduct contains provisions addressing improper payments, corruption and bribery.

OECD recommendations regarding corruption

- Assupol's Social and Ethics Committee considers the recommendations issued by the OECD and applicable to South Africa from time-to-time.
- In addition to the anti-corruption measures that have been implemented, it could be noted that money-laundering related issues are addressed through Assupol's FICA policies.
- Assupol also has a whistleblowing facility available which is addressed through the Deloitte ethics line.

OUR STAKEHOLDERS

INTRODUCTION

Principle 16 in the King IV Report on Corporate Governance for South Africa highlights the importance of stakeholder engagement: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

There is an interdependent relationship between the organisation and its stakeholders. The organisation's ability to create value for itself depends on its ability to create value for others. (King IV: 2016)

In continued fulfilment of implementing King IV, in 2021, Assupol adopted a stakeholder policy recognising the imperative of and dependence on continuously cultivating and maintaining effective, impactful and robust reciprocal stakeholder engagement across the spectrum of governmental and societal institutions and individual representatives. This, in order to deliver on Assupol's strategic intent of playing a meaningful role in transforming South Africa for the benefit of all her citizens.

Stakeholder engagement is part of the Assupol Group's day-to-day business. The Group and its subsidiaries depend on and are impacted by constructive relationships with a broad and diverse range of stakeholders, whose expectations the business needs to understand and whose material impact on the business, needs to be identified, monitored and understood.

King IV requires a company to have a formally documented stakeholder engagement policy. Accordingly, our stakeholder engagement policy defines the role that stakeholder engagement plays within Assupol's strategy and ongoing management of the business. It also aims to align the company's executive team on its role, scope, value, management and governance processes.

It is imperative that Assupol proactively engages its stakeholders to manage social impacts arising from its activities and to deliver shared value through proactive and strategic engagement.

This stakeholder engagement report is structured to showcase how Assupol delivers value to its key stakeholder relationships.

Assupol now has a centralised focus on its inter and intra dependent relationships with its stakeholders and on its ability to contribute to a transformed South Africa. We adopted a systematic and comprehensive approach stakeholder engagement in order to cultivate trust, as well as to strengthen and reaffirm Assupol's legitimacy and relevance as a responsible and socially active corporate citizen. Our inclusive approach is designed to manage social and commercial impacts arising from Assupol activities, to deliver value through proactive strategic stakeholder engagement.

At the time of introducing this approach, the business was adapting to a new way of working with stakeholders, in compliance with Disaster Management Regulations pertaining to the Covid-19 pandemic.

For Assupol, engaging identified government stakeholders is an integral part of the way to conduct business in an evolving socio-economic, political, policy, legislative and regulatory environment, that directly impacts on the regulator as a key enabler of Assupol's license to operate.

This reality has also changed the way in which we view our stakeholder constellation and advance the interests of our clients and business objectives within the prevailing socio-economic climate and environment.

THE ETHICAL CONDUCT THAT ANCHORS HOW WE SERVE

In our interaction with our policyholders, service providers, competitors and employees, Assupol exercises the highest standard of ethical behaviour. All conduct must also comply with applicable laws and regulations, in accordance with their letter and purpose.

In enforcing strict adherence to ethical behaviour, Assupol is guided by the King IV governance principles, United Nations Global Compact Ten Principles and recommendations regarding corruption as provided by the Organisation for Economic Cooperation and Development. The various internal policies enforced within Assupol are informed by these as well as legislation, to expressly define conduct that is acceptable, discouraged and prohibited for employees and sales representatives.

Further detail is provided on this in the Social and Ethics Committee report, Compliance report and King IV Report of Corporate Governance of this integrated report.

THOSE WHO SERVE: OUR EMPLOYEES AND REPRESENTATIVES

At Assupol, we recognise that our employees and representatives are an embodiment of our organisational wealth. Therefore, a committed employee and representative workforce is the cornerstone of our continued success in the market.

Accordingly, we continue to ensure our employees and representatives remain healthy and safe while we maintain the execution of our services to clients and stakeholders.

Our continued response to the Covid-19 pandemic

As at the end of the financial year, we had just been through the second wave of the Covid-19 pandemic and in the midst of the third one. By the end of June 2021, an accumulated total of 172 employees had tested positive for Covid-19, the accumulated number of deaths stood at 17 and we had an accumulated number of 155 employees that had been infected and had since recovered. We continue to encourage those employees that can work from home to continue doing so. Where possible, we have made arrangements for branch employees to be transported to and from work. Face-to-face delivery of learning material (e.g. classroom training) has been reduced drastically. It has been replaced by online delivery and we continue to address shortcomings that we experience in this regard which include lack of connectivity, outdated and obsolete equipment, load shedding and general stresses associated with change. We have increased the number of interactions with our employees. Our internal communications department has been very active in ensuring that employees continue to be engaged. The safety protocols that we have developed for our employees and sales representatives, aimed at preventing infections, remain in place and are continuously monitored for adherence and effectiveness.

Assupol has not implemented any salary cuts during the crisis. None are envisaged in the short to medium-term. At the beginning of the 2021 calendar year, we were yet to understand what the full impact of the second wave would be on our operations. The number of claims lodged were more than double (in one of the weeks, three times) the rate that we had been receiving the previous corresponding period. We, also, were in the process of finalising our financial statements for the first half of the financial year and the picture, at the time, was still not clear as to where we were going to land. Based on our stated commitment to ensure that our employees and clients are shielded from the most adverse impact of the pandemic and given the uncertainty presented by the second wave, we decided as a precautionary measure, to postpone the implementation of salary increases that were due for implementation in January 2021.

This affected only the senior management of the company including executive management. This decision was taken to give us sufficient time to assess what the impact of the second wave would be on our expenses.

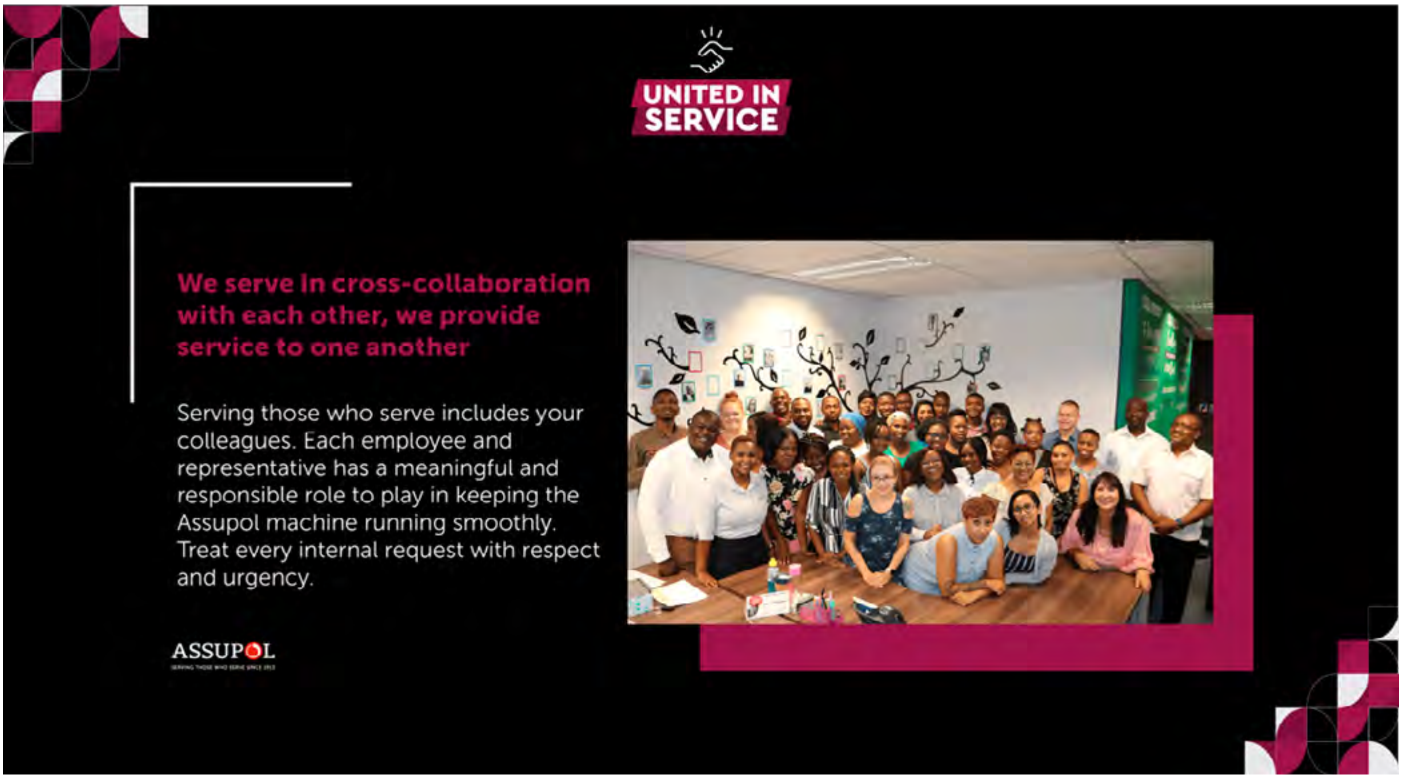
This decision was not taken lightly given its potential effect on the morale and confidence of employees in our sustainability as a business. It was implemented to help ensure our sustainability as a company and to protect continued employment. We have since obtained a clearer understanding of what the impact of the second wave was on our expenses and subsequently implemented the adjustments for the affected employees during the month of March 2021 backdated to January 2021. All employees, however, only received 50% of adjusted salaries in the last financial year.

Our culture

We continue to ensure that the impact of working from home does not adversely affect the 'Assupol Way' in terms of shaping attitudes and behaviours on our collective action and decision-making. It is important for us that our values and expectations continue to be clear and that everyone understands what it means to be part of Assupol, irrespective of location, when carrying out one's responsibilities.

We have, during the period under review, continued with our culture roll out program, "United in Service". In essence, we aim to create a work environment that is warm, collaborative and welcoming where employees help and support one another. The aim is to encourage an environment where employees are united by loyalty to one another and where sincerity, teamwork, and positive relationships are fostered.

This internal branding campaign is not meant to be a tactical "feel good" initiative, in response to Covid-19, but rather a long-term strategic positioning of our culture as part of the toolkit in maintaining our competitive edge in our market. We have so far observed a positive reaction to the campaign, and we intend to use it as part of our long-term internal branding strategy in our quest to remain an employer of choice in our sector.



Employee wellness

Our employee-assistance programme

In line with our vision of being the preferred employer in the financial services sector, we provide an employee-assistance programme through Life Employee Health Solutions. Through this programme our employees, as well as their immediate family and dependants, enjoy access to registered clinical, legal, and financial professionals on a 24-hour basis, seven days a week.

This composite programme caters for physical, emotional, legal, and financial wellness. Its aim is to create a healthy work environment, and to extend beyond the workplace to nurture happy and confident employees who are motivated, effective and efficient.

Employee engagement

We have improved on our status as an employer of choice

At Assupol, we have long understood that our employees play a critical role to our continued success. We are continuously searching for ways to provide the 'ultimate' employee experience and have regularly opened ourselves up for scrutiny, by competent external (independent) verification entities, to regularly assess our employment practices and provide us with valuable scientific assessment on how we match compared to other best employers in the country.

We seek to attract the most talented of employees and fully understand that the most talented employees want feedback more so than the less talented ones and it is our job to keep providing it. To this end we have regularly participated in the Deloitte Best Company Survey which is probably the most prestigious and respected of its kind in South Africa.

Assupol performed exceptionally in this year's survey. Not only did we attain the Deloitte Platinum Seal of Achievement, the highest possible, with a 75.2% engagement score, but we also had the highest employee participation rate of 79.5%.

Employee development

We have continued to invest and reinvest in developing our employees with successful onboarding and ongoing training helping them reach their full potential. Their skills, experience and diversity enable us to provide competitive and reliable products and services to our clients. We invested over R8.4 million in employee training and development in the year under review.

The development of our employees and representatives are of utmost importance to the growth and success of our organisation. We have continued to provide learning opportunities to all through face-to-face events, online interventions and distance learning. With great success, we also dealt with moving from classroom events to a digital learning experience in support of the business to continue during the Covid-19 lockdown environment.

The following programmes drive our initiatives on people development:

Programme	Outcome
Actuarial	Assupol is registered as an actuarial training office with the Actuarial Society of South Africa. As such we support employees with their actuarial studies and are dedicated to developing their actuarial skills. We have made excellent progress as a training office. Assupol now boasts four (4) qualified actuaries and ten (10) actuarial students.
Chartered accountancy	Assupol is also registered as an approved training provider with the South African Institute of Chartered Accountants (Saica). As such we enable students to complete the training programme to qualify as chartered accountants (SA). To date, five (5) of our trainees have gone on to become CA(SA)s, while an additional ten (10) trainees completed their training successfully.

SUPPORTING THE TRANSFORMATION AGENDA FOR EMPLOYEES AND COMMUNITY

Broad-based black economic empowerment (B-BBEE)

Following revisions to the Codes of Good Practice implemented in 2019, Assupol Life completed its broad-based black economic empowerment (B-BBEE) verification process and was awarded a Level 1 rating.

Since inception, Assupol has put in extensive work in recognising that the long-term success and sustainability of its business is inherently tied to the socio-economic transformation of the country as well as its success as a nation.

Assupol is committed to B-BBEE and undergoes annual B-BBEE verification.

We maintained our B-BBEE rating of a level 1 contributor in the period under review, even though the new scorecard was being measured under the stricter Amended Financial Services Sector Codes (Gazetted on 1 December 2017).

Our transformation mandate

Assupol believes that transformation goes beyond compliance requirements and measurements. It is present in everything we do and guides our approach to serving those who serve. While we continue to make substantive progress in advancing the transformation of our company, we continue to pursue pathways to drive our transformation agenda, which is centred on enabling financial inclusion and empowerment in terms of access to financial services and products.

Compliance with the provisions of B-BBEE legislation as well as the Employment Equity Act remain important matters that are monitored through proactive reporting to the Social and Ethics Committee and the Board on a quarterly basis.

Our African, Indian and Coloured (AIC) employee composition is not about percentages but living our transformation agenda and setting a standard within our sector and among peers.
In our view, B-BBEE and related legislation are but one of the mechanisms to achieve change and realise true transformation. At a company level, we measure transformation by our level of compliance as well as the initiatives we implement and support that further our transformation agenda.

Assupol continues to work closely with the Financial Sector Transformation Council (FSTC) as the body tasked with overseeing transformation in the financial sector, in the application of, reporting on, and review of the Amended Financial Sector Code (FSC).

We are also participating in the FSTC process to review the amended codes, which is currently underway to ensure that key components of good practice outlined in the empowerment framework of the country, are advanced.

We look forward to the establishment of an expert panel to review the BEE framework as announced in May 2021 by the Minister of Trade, Industry and Competition including participating in the related processes to further contribute to driving social and economic change within the society and communities we serve to the benefit of all citizens and our country.

THE COMMUNITIES WE SERVE

Principle 3 of the King IV Report states that *The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.*

The community within which we operate remains a critical component of our stakeholder universe, in order to continue to play a meaningful role in transforming South Africa for the benefit of all her citizens. Our value and relevance as a responsible and socially active corporate citizen is embedded in the communities we serve.

INVESTING IN OUR COMMUNITIES

STAFF CONTRIBUTIONS

R189,146 spent on ACEI projects in 2021, from R67,698 in 2020

EDUCATION AND SKILLS DEVELOPMENT

R10 million: SAFE initiative
R1 million: CSI initiatives

SPORTS

R214,574 spent on sports initiatives

As a brand that serves, we do more than just sell products and services. We believe that we have a duty to contribute towards resolving the challenges our communities are faced with.

Through Assupol Cares, we focus our strategy and concentrate our resources to make a meaningful and substantial difference in our communities.

Assupol's corporate social investment (CSI) efforts are anchored on education as the conduit for advancing the lives of people living in rural and township areas. Assupol's strategic approach to CSI seeks to empower South African citizens and uplift communities by focusing on three areas: education and skills development, sports, and health.

Education and skills development

We believe education is key in improving not only of the lives of those involved but society in general. We aim to contribute to education and development through partnerships and investments aligned with national priorities that are focused on providing equal access to education for all. In our flagship programme, we are a financial partner in government's Sanitation Appropriate for Education initiative, in partnership with the Department of Basic Education and the National Education and Collaboration Trust. Our commitment is to build safe and dignified ablution facilities for 100 schools in rural areas across Limpopo, KwaZulu-Natal and the Eastern Cape.

We also partner with organisations to provide vital skills development through training programmes. We prioritise education and training opportunities for women and children who are at risk of being denied access to quality education as a result of their socio-economic status. In addition to this, we identify schools that require financial assistance to create a quality learning environment. Assupol provides basic provisions such as education tools, school shoes, sanitary towels for girls and opportunities for career mentorship/guidance for these schools.

Health

Through the Assupol Cares Employee Initiative, we support healthcare-focused initiatives that provide quality healthcare to individuals in need.

Sports

We focus on improving extra-curricular activities in townships and schools in rural areas, through financial donations and donations-in-kind. Our involvement in sports is aimed at combating poverty, crime and substance abuse in the low-income areas, but also serves to inspire youth to strive to achieve personal goals, learn to work in synergy with others and commit to development for their own success.

<table>
<tr><th colspan="2">Noteworthy moments for 2021</th></tr>
<tr><th></th><th>Actions</th></tr>
<tr><td>Education and skills development</td><td>

Sanitation Appropriate for Education (Safe) initiative: In the year under review, 20 schools in the Eastern Cape were identified as schools that urgently required safe and dignified ablution facilities. As a financial partner in government's Safe initiative, Assupol in partnership with the Department of Basic Education and the National Education and Collaboration Trust, successfully completed the third phase of construction of sanitation facilities at 16 primary schools and 4 high schools. This brings the total number of schools assisted to 50, which is half way towards Assupol's commitment of assisting 100 schools since inception of the project in 2018.

Assupol has provided funding to the value of R50 million over five years and R10 million for the 2020/21 financial year as part of phase 3 of the project.



School shoes project: Selected schools in all provinces were surveyed to identify the greatest needs for their learners. With school shoes having been the identified as most urgent, the focus for Assupol's school shoes project was primary schools with less than 500 learners. This initiative benefited 710 learners from 24 schools across all provinces.


Basadi Skills Development: Machines, material and other haberdashery donated.

</td></tr>
</table>

	Actions
	Conquest For Life – Youth Enrichment Project (YEP): Life skills books and stationery donated. 
	Amatullah Orphan Home Trust: school packs donated.  
Assupol Community Week	The second annual Assupol Community Week initiative focused on skills development centres, as well as health and medical care for women and children. We appreciate the support from our employees who helped to make every beneficiary feel valued. 10 tonnes of food aid was provided for communities directly impacted by the Covid-19 pandemic. 150 care packs were handed over to staff working in the Covid-19 ward at George Mukhari Hospital.   50 food parcels were delivered to communities in Mamelodi and 100 to communities in Hercules.   Assupol branches participated in the distribution of food parcels and care packages.   
Health	**Girls Impacting:** toiletries donated.  

	Actions
	Girls Matter Drive: Sanitary pads donated.

Touws River: food parcels donated to identified families.

Baby Moses: stationery donated for abused, abandoned and orphaned children.

Reach for a Dream Foundation: clothes donated to children.

United Cerebral Palsy Association of SA: 18kg washing machine, surgery gloves and masks donated.

Sports	**Sosha Boys United:** new soccer kits, soccer balls, whistles, ball pumps and a first aid kit donated.

Assupol Cares Employee Initiative (ACEI)

ACEI is funded and managed by employees in the Assupol Group. It is aimed at providing financial or other assistance to charitable causes as nominated by the employees. ACEI is managed by the ACEI Committee and consists of members who are elected by employees and representatives appointed by the Assupol Group. ACEI Committee members serve for a term of 3 years. The Committee is responsible for the consideration of applications in accordance with its criteria and procedures.

Initiative	Actions
	Victorius Attitudes ACEI initiatives: 10 wheelchairs, 10 walking sticks and 3 walkers donated to families in rural areas 
	Nkuna community: 18 wheelchairs, 4 walkers and 6 sets of crutches were donated. 3 special wheelchairs for 3 children with Cerebral Palsy, were donated at the end of November 

SERVING THROUGH EARLY CHILDHOOD DEVELOPMENT

Serving through early childhood development

The Assupol Community Trust ("the Trust") is a registered public benefit organisation in terms of the Income Tax Act of 1962, established in 2010 to benefit communities in areas where a significant number of Assupol Life policyholders resided at the time of Assupol Life's demutualisation. The Trust is a shareholder in Assupol Holdings Limited and functions independently. Only designated communities may benefit from the Trust. The designated communities are those communities of which at least 85% of the members are black people and were insured under group schemes underwritten by Assupol Life. The Trust aims to support the South African government in attaining its goal of ensuring universal access to early childhood development (ECD) for all children by 2030, as prescribed in the National Development Plan (NDP).

The impact of Covid-19

The Trust's ability to deliver on its mandate to support government in accelerating universal access to ECD was significantly impacted. With ECD centres having been unable to operate for most of 2020, most children were disconnected from formal ECD services and a structured developmental approach. Since remote learning was not an option for the majority of families within the Trust's designated areas, children were often under-stimulated, and gains achieved by the Trust in the previous years regressed significantly. When schools reopened in the third quarter of 2020, attendance remained well below pre-Covid-19 levels. Parents were cautious and did not want to risk their children's safety, and economic pressures meant many could not afford fees. The reopening of ECD centres was also delayed and complicated by a stringent set of guidelines issued by the Department of Health and Department of Social Development.

As the lockdowns were extended and the impact of the pandemic grew, the focus of the Trust shifted to short-term support for those most affected, instead of delivery on its medium and long-term strategic objectives. With the closure of schools and ECD centres, the ECD sector lost income required to pay salaries and operational costs such as water, electricity and rent. In addition, it was faced with the costs of ensuring the safety of staff and children upon their return. The Trust therefore identified three areas in which it could most meaningfully support the sector in the short term. In total, R1.9 million was spent on Covid-19 relief. The Trust focused on the following three areas:

- Payment of monthly stipends to 258 ECD staff over a period of six months to address loss of personal income;
- Assisted 95 ECD centres with the day-to-day operational costs;
- Provided personal protective equipment (PPE) and hygiene equipment to 211 ECD centres.

Progress on strategic objectives

The pandemic and the resultant lockdowns and restrictions on movement and businesses had a severe impact on the ability of the Trust to deliver on its strategic objectives. The Trust's progress against each of its five objectives is discussed below:

Objective	Noteworthy moments
To improve access to ECD for children between the ages of 0-5 years in Nellmapius, Msinga and Nquthu by 2022	More than 40% of children did not return to school when schools reopened, and for most of the year they were unable to attend any formalised ECD programme. This negatively impacted the target set by the Trust. In the previous years the Trust had increased access to ECD services through activities like awareness campaigns. Due to Covid-19 restrictions, these activities could not be held and this had a significant impact on achieving this objective. Despite this, the Trust continued on its drive to appoint more non-centre-based ECD practitioners (day mothers and playgroup facilitators), and in this regard saw some success.
To improve the quality of ECD services in Nellmapius, Msinga and Nquthu by 2022	The Trust aims to improve the quality of ECD services by bolstering three aspects of ECD-training of ECD practitioners, provision of learning materials, and nutrition. All three aspects were severely impacted in the year under review. All training was halted, except for the continued training of 34 NQF Level 4 learners, as a result of the prohibitions on travel and gatherings. Distribution of learning materials was likewise affected by restrictions on travel. In terms of nutrition, it quickly became apparent that lockdowns and the suspension of formal ECD programmes were likely to have an acute and serious effect on the ability of children to access regular nutritious meals. Faced with a child-hunger crisis, the Trust, through its partnership with JAM South Africa (JAMSA), managed to continue to feed both children and their families. To this effect 1,594 children were fed during the year under review.
To facilitate compliance with basic standards of registration, health, and safety in line with the Children's Act and municipal by-laws in ECD facilities in Nellmapius, Msinga and Nquthu by 2022	One of the objectives of the Trust to facilitate compliance has been to improve infrastructure of the ECD centres. Lockdown restrictions impacted negatively on realisation of this objective. The Trust managed to complete the renovation of six centres, and the installation of ceiling boards in 25 centres in KwaZulu-Natal.
To advocate for models that accelerate universal access to ECD	Due to Covid-19 restrictions, the Trust could not perform its advocacy activities, particularly awareness campaigns that assist the Trust in recruiting potential day mothers and playgroup facilitators, in order to increase access to ECD services. Its importance remains clear, and the Trust looks forward to recommitting its support once it is appropriate. The Trust team worked together in navigating the challenges of new ways of working and a previously unimaginable set of challenges.
To promote good governance, partnerships and stakeholder relations in the City of Tshwane and uMzinyathi District Municipality	The Trust worked closely with its partners and stakeholders to gather and analyse the impact of Covid-19 on ECD service delivery. This contributed enormously in identifying gaps that most urgently needed to be addressed. The professional relationship with uMzinyathi District Municipality, Msinga Local Municipality and Nquthu Local Municipality continued to contribute significantly to the work of the Trust.

CLIENTS

Assupol has over 3 million individual lives insured through 1,4 million individual policies. Our clients are South Africans from all walks of life. We pride ourselves in understanding our clients' needs and responding to this in a meaningful way to positively impact socio-economic inclusion and participation.

In good times and bad times, Assupol is focused on the needs of the people of South Africa, because the people of South Africa have made Assupol the success it is today. Our ambition to be the insurer to the people and to live our values in treating our clients fairly has been the driver behind why Assupol has been proudly serving those who serve for over a century.

REGULATORS

Maintaining good, reciprocal and transparent relations with industry Regulators is vital to ensure that Assupol remains compliant in the delivery of its products and services and maintains its licence to operate.

At its most practical level this involves structured policy-relevant dialogue and engagement with public policy, legislative and regulatory decision-makers, be they civil servants, politicians and/or regulators.

On policy and regulatory matters that impact our operations and operating environment, Assupol seeks to support evidence based policy-making and dialogue and ensure effective compliance.

We recognise that policy, legislative and regulatory processes impact on Assupol's business activities, operations and sustainability. Therefore, we engage with our key regulators in support of the strategic management of regulation and financial sector policy to ensure compliance, operational alignment and our reputational value.

Assupol is regulated by various entities including:

The Prudential Authority, responsible for monitoring compliance with the Insurance Act. The Prudential Authority is a juristic person operating within the administration of the South African Reserve Bank. The Prudential Authority has two principal departments:
- The Banking, Insurance and Financial Market Infrastructure (FMI); and
- Supervision Department and the Policy, Statistics and Industry Support Department.

The Prudential Authority's main prudential regulatory strategy for the insurance market up to 2021 is to implement the Insurance Solvency Assessment and Management (SAM) framework and establish a supervisory framework for significant owners.

The Financial Sector Conduct Authority (FSCA) is responsible for monitoring market conduct compliance with Short-term Insurance Act (STIA), Long-term Insurance Act (LTIA) and the Pension Funds Act. The FSCA's regulatory strategy for the insurance market up to 2021 is wide-ranging but includes enhancing the efficiency of the insurance market and promoting fair customer treatment and customer education.

Other key stakeholders Assupol engages with include:
- National Credit Regulator
- National Consumer Commission
- Office of the Ombud for Financial Services Providers
- Ombudsman for Long-Term Insurance
- Ombudsman for Short-Term Insurance
- Consumer Goods and Services Ombud

Assupol's noteworthy actions on these key legislative and regulatory amendments include:

Legislative and regulatory amendments	Activities
The FIC Amendment Act	The Board of Directors approved Assupol's Risk Management and Compliance Programme (RMCP) in 2019 and Assupol has provided confirmation to the Financial Intelligence Centre that the RMCP has been implemented within the deadline. The RMCP is undergoing further review pursuant to the PA on-site inspection in 2020.
The Insurance Act	Assupol Life Limited received confirmation of the conversion of its registration under the LTIA to registration under the Insurance Act on 29 June 2020. The PA has also confirmed that the Group has been designated an insurance group in terms of the Insurance Act.

The Protection of Personal Information Act (POPIA)	During May 2021, Assupol Group senior management procured the services of audit firm Ernst & Young (EY) to do a high-level maturity assessment of Assupol's privacy implementation project against the key requirements of POPIA. The overall finding of EY was that although 53 of the measures assessed were not yet adequate to meet the requirements of the POPIA, they could however be closed before the deadline of 1 July 2021. As at the due date of 1 July 2021 management was satisfied with the measures put in place to meet the requirements of POPIA and continues to monitor compliance with the POPIA requirements on an ongoing basis.

GOVERNMENT

Notwithstanding the flux in the political environment, Assupol engages across party lines and with various government stakeholders irrespective of their political affiliation. Maintaining a political agnostic approach to our government stakeholder engagement complex ensures that we sufficiently insulate Assupol from the impact of political dynamics in the delivery of our products and services.

Assupol seeks to entrench Assupol's license to operate within society, with government being a key and primary stakeholder. We strive to cultivate and maintain relationships with government, both as a partner in growth and as a key client.

Assupol seeks to remain a proactive, positive and constructive partner to government, contributing to the economic and financial well-being, health and safety of the public sector workforce. We engage with government as a public sector client through various national departments.

Assupol has built and continues to cultivate a relationship of trust with government in the interests of maintaining open dialogue on legal, policy, regulatory, and commercial issues. We therefore continue to participate in key forums within national and local governmental structures in the interests of our clients and shareholders.

SHAREHOLDERS AND TRADING IN ASSUPOL SHARES

Our demutualisation

The demutualisation scheme effectively ran from 1 January 2010 to 31 December 2020, and we managed to transfer 90,03% of the shares issued in terms of the demutualisation scheme (by value) to qualifying members. The funds remaining in the Assupol Members' Trust will be transferred to a charitable trust as soon as the administrative processes relating to the Trust are completed.

In terms of Assupol's demutualisation scheme, 236 927 qualifying members received shares in Assupol Holdings Ltd (Assupol). 12 408 of them elected to retain their shares. The rest elected to redeem their shares at a fair market value.

The redemption proceeds of R891 million were paid to the Assupol Members' Trust for the benefit of these members. From the Trust, cash payments were made to them once they had confirmed their particulars, including their bank details, as required by the demutualisation scheme.

	Shareholders	Redeemed shares paid	Net value paid (R)
June 2013	98 298	183 881 489	427 413 829
June 2014	38 557	54 670 505	130 615 057
June 2015	13 302	17 091 172	43 016 005
June 2016	4 056	5 690 126	15 244 682
June 2017	12 582	20 756 928	57 197 132
June 2018	22 757	25 778 528	71 354 807
June 2019	2 561	2 964 228	9 043 855
June 2020	4 731	5 696 420	19 500 402
June 2021	587	640 069	2 267 575
			775 653 344

Net payment is gross payment at R2.50 per share, plus interest, less dividend withholding tax, payment costs and tracing fees if applicable

CURRENT SHAREHOLDING

The shareholding as at 30 June 2021 is stratified as follows:

Name	Restrictions	Category	Director nomination rights	Shares held	% Holding
MyChina (Pty) Ltd	None	Corporate	3	194 256 530	45.6%
International Finance Corporation (IFC)	Yes	Corporate	2	82 711 565	19.4%
WDB Investment Holdings (Pty) Ltd	None	Corporate	1	54 575 657	10.4%
Assupol Community Trust	None	CSI		18 700 000	2.4%
Staff incentives and restraint of trade/ shares	Yes	Employees		6 142 232	1.4%
Assupol Investment Holdings (Pty) Ltd	None	Treasury		1 275 843	0.3%
Other shareholders	None	Free float*		68 500 148	16.1%
				426 161 975	

** These shares are unrestricted, and some are held by employees.*

Trading in Assupol shares

During the year under review, the volume weighted average monthly price fluctuated between R7.59 and R8.99 per share.

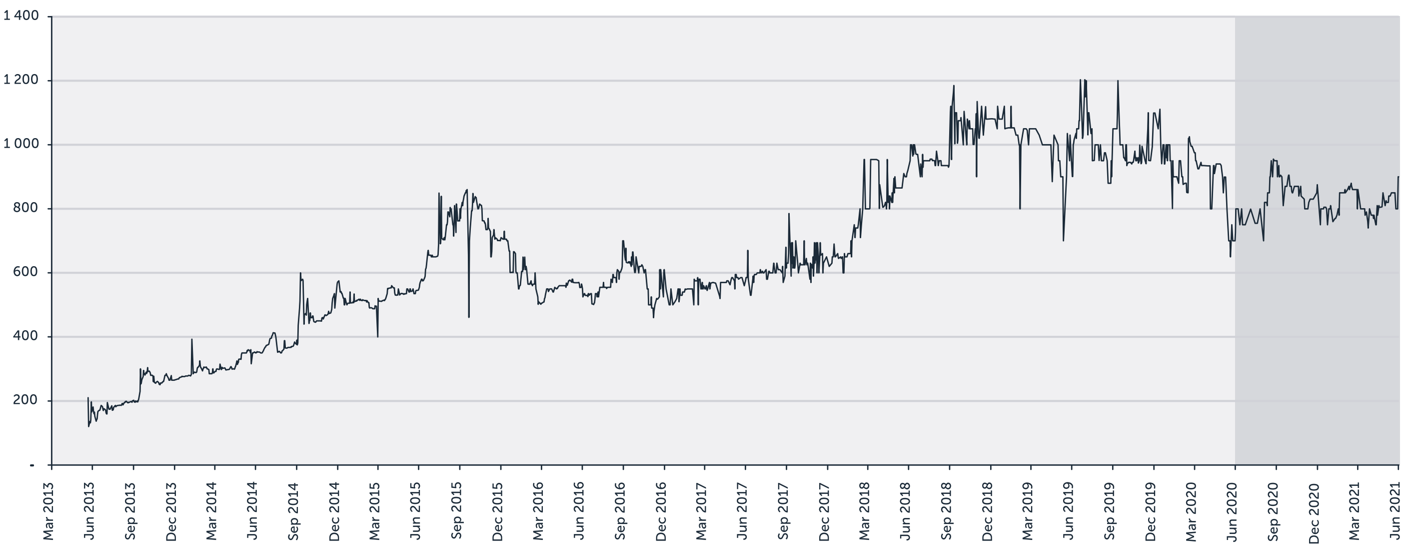
The trading statistics for the year under review can be summarised as follows:

Month	Trades	Volume	Value (R)	VWAP* (R)
2020/6	35	27 856	208 077	7,47
2020/7	20	38 257	299 785	7,84
2020/8	10	8 245	64 134	7,78
2020/9	27	171 031	1 335 846	7,81
2020/10	16	1 774 771	15 954 450	8,99
2020/11	13	107 790	926 953	8,60
2020/12	25	16 180	133 823	8,26
2021/1	20	104 306	791 715	7,59
2021/2	17	40 022	330 397	8,26
2021/3	29	66 639	570 132	8,56
2021/4	39	169 766	1 342 621	7,91
2021/5	37	113 090	897 071	7,93
2021/6	47	144 387	1 197 389	8,29

**VWAP means 30-day volume weighted average price*

Share-trading platform

Assupol completed its second year as a listed company on the exchange operated by Cape Town Stock Exchange (Pty) Limited during the year under review. The platform provided a secure facility for shareholders to buy and sell their shares in Assupol.



Dividend declaration

On 28 September 2021, following the approval of the annual financial statements for the year ended 30 June 2021, Assupol's Board declared an ordinary dividend of 42 cents per share.

INDUSTRY, BUSINESS AND TRADE ASSOCIATIONS

As a diversified Group, Assupol engages with industry, sector, business and trade associations such as the Association for Savings and Investment South Africa (ASISA) and South African Insurance Association (SAIA), on a regular basis.

We leverage our membership of, and participation within, these bodies to elevate the voice and concerns of Assupol and to promote Assupol perspectives on key matters of common and collective interests.

Maintaining our share of voice and seat at the table during these dialogues and engagements, is vital to support and facilitate Assupol's market objectives in driving a collective agenda in the interest of all South Africans.

MEDIA AND REPUTATION MANAGEMENT

Assupol engages with media across all platforms, including digital, print and TV. Our communications strategy enables us to navigate the media matrix and effectively communicate with our internal and external stakeholders as well as advise Assupol on imperative issues such as: reputation management and brand equity; remaining a relevant brand; thought leadership and being the voice for our selected market; cultivating trust and confidence; maintaining our societal relevance and our social licence to operate; as well as delivering Assupol's mission, vision and values within public and industry forums in a responsible, thoughtful and pioneering manner.

Noteworthy moments for 2021

Area of interest (of stakeholder i.e. media)	Our thoughts
Crisis communication on matters of risk	Assupol has dedicated spokespeople assigned with the responsibility of communicating with the media. We have also undertaken media training for our spokespeople in preparation for any proactive or reactive media engagements.
Building relationships with the media	We continue to cultivate relationships and maintain contact with our media stakeholders in the interests of enhancing understanding of Assupol's objectives within the financial sector in South Africa. We adopt an open-door policy to media engagement and dialogue, with a view to increase our share of voice with key media stakeholders.

SUPPLIERS

Assupol is committed to realising economic inclusion and participation at every level within society. This includes the manner in which we engage with our suppliers and develop and empower the supplier value chain within which we operate.

During the year under review, the Social and Ethics Committee continued to monitor Assupol's adherence to King IV sustainability. The Committee also undertook to play an oversight role in future with regards to reporting on the sustainability of economic, environment and social fronts.

The legal and compliance manager is responsible for the sustainability reporting in the organisation. The Committee considered the procurement practices of the organisation to ensure fair treatment of all service providers. We expect our service providers, employees and clients to uphold the values of Assupol in their interaction and conduct.

Assupol's commitment regarding the Organisation for Economic Co-Operation and Development (OECD) recommendations on corruption is further implemented in our interaction with and procurement practices applicable to service providers to uphold our principles on anti-corruption and ethical conduct at all levels within our company.

CONDENSED FINANCIAL RESULTS

CONDENSED FINANCIAL RESULTS

GROUP REVIEW

for the year ended 30 June 2021

Assupol Holdings Limited and its subsidiaries ('the Group') present the condensed financial results for the year ended 30 June.

Assupol Holdings Limited ('Assupol Holdings') is incorporated and domiciled in South Africa. Its registered office and principal place of business is at Summit Place Office Park, Building 6, 221 Garstfontein Road, Menlyn, Pretoria. The company's shares are listed on the exchange operated by Cape Town Stock Exchange (Pty) Limited. The directors are aware of their responsibilities in terms of the Cape Town Stock Exchange (Pty) Limited Listing Requirements and confirm that Assupol Holdings complies with these requirements.

CORPORATE ACTIVITIES

Update on the impact of the Covid-19 pandemic

After nearly two years since the first reported case of an infection, the Covid-19 pandemic continued to impact the previously perceived "normal" business and economic environment globally. The Group has experienced various challenges in its sales activities and operations that were exacerbated by the second and third waves of the pandemic that swept through South Africa during the Group's financial year. Although the vaccine rollout has commenced and begun gaining traction in South Africa, the uncertainty related to evolution and impact of the pandemic and its associated waves still remains.

The lockdown restrictions imposed by the South African government, especially during the peak of these waves curbed the Group's normal face-to-face sales activities. Management, through the assistance of a motivated and committed Information Technology team, were quick to respond, in an innovative manner, by providing its sales force with a "no touch" solution to enable the sales team to service clients remotely.

The Group's death claims exceeded its long-term expectations by 30%. Management continuously performed assessments of the appropriateness of the Covid-19 reserve. Based on the Group's own mortality experience since the start of the pandemic, the statistics of the South African Medical Research Council and the expectations of the industry in South Africa, the explicit reserve was adjusted and amounted to R228 million (2020: R108 million) at the end of the financial year. The Group's persistency experience was monitored but no notable adverse impact was experienced with the exception of the Direct Marketing distribution channel.

The Group reported a decrease of 2.5% in expenses that can be partially be attributed to the impact of lockdown restrictions on business activities but also to specific management actions to preserve capital in uncertain circumstances. Covid-19 related spend, such as providing connectivity to employees that work from home, amounted to R13.2 million (2020: R9.9 million).

Assupol prides itself in always understanding and remaining aware of the underlying cultural and socio-economic factors in the communities in which it operates and where its policyholders reside and work. Since the pandemic reached South Africa, the Group was acutely aware of the hardships that our clients, including essential workers, and their communities experienced. At the onset of the pandemic Assupol financially supported its tied sales force when face-to-face sales were restricted. Furthermore the Group has made a specific effort to continue paying claims within 24 hours despite a significant increase in claims, especially during the peak of the waves.

Direct Marketing distribution channel

This distribution channel continued to generate new business for the Group when restrictions were placed on face-to-face interactions. However the unique challenges in this environment such as the cost of lead generation and the survival rate of policies on book necessitated a revisitation of the channel's strategy.

Cornerstone distribution channel

At the outset of the financial year, an agreement was reached to enhance the premium collection method in this distribution channel. As a result the sales activities in this channel have returned to levels experienced in the past.

GROUP RESULTS

Despite the adverse impact of the Covid-19 pandemic on the businesses within the Group, the financial results for the year ended 30 June 2021 demonstrate a resilience as a testament to impeccable management under incredibly trying circumstances.

Actuarial assumption and modeling adjustments detracted R353.5 million (2020: R123.6 million) from the profit after taxation.

This included the following significant adjustments:

- Explicit Covid-19 reserving for the remainder of the third wave and a possible fourth wave amounting -R164.5 million (2020: -R77.9 million).
- The renewal expense per policy was increased for individual business as well as the Cornerstone business channel and amounted to -R79.0 million (2020: Rnil). The main reason for this increase was due to the strain that the pandemic has placed on the growth in new business units.
- The investment return assumptions for both the unit and non-unit reserves were increased, as well as the inflation assumption increasing actuarial reserves by -R96.4 million (2020: R121.2 million).

The after taxation returns on shareholders assets outperformed the long-term investment return assumption by R43 million (2020: Underperformance of R68 million). The investment return achieved on shareholders funds was 16.97% (2020: 1.22%).

The Group contributed to South Africa's social development agenda by upgrading the ablution facilities of rural schools in South Africa to an amount of R10.0 million.

The key financial performance statistics for the Assupol Group for the year under review are set out below:

Earnings performance	2021	2020	Change
Gross insurance premium revenue (R'm)	4 359	4 004	8.87%
Profit attributable to ordinary shareholders (R'm)	353	564	-37.41%
Value of new business (R'm) (IFRS base)	394	390	1.16%
Adjusted operating profit (AOP) (R'm) [(a)]	799	813	-1.72%
Return on equity	8%	13%	

(a) The adjusted operating profit is calculated by adjusting the reported profit to exclude the impact of short-term market fluctuations on the investment returns of excess assets (shareholder funds), as well as non-recurring transactions or events such as the discontinuation of a business relationship, non-recurring actuarial adjustments and non-core transactions. The calculation does not take into account the economic impact of actuarial adjustments on new business during a financial period. Where a non-recurring transaction continues to occur in a subsequent financial year, the transaction is reassessed to determine whether or not it should be included in the adjusted operating profit. The metric calculated in the previous financial year was reassessed as more information regarding the impact of the pandemic became available and as a result the calculation of the previously reported 2020 adjusted operating profit of R790 million was revised to be R813 million.

New business	2021	2020	Change
Recurring premiums (R'm)	549	959	-42.74%
Single premiums (R'm)	224	444	-49.59%
Total new business premiums (R'm)	773	1 403	-44.91%
Annual premium equivalent (APE) (R'm)	571	1 003	-43.07%
Present value of new business premiums (PV NBP) (R'm)	4 225	4 703	-10.16%
Value of new business margin	9.3%	- *	- *

* The value of new business margin of 2020 was 7.4% on the previous statutory basis and cannot be compared to the 2021 reported number. Refer to the change in the calculation noted below.

In June 2021 the Board approved a change in the calculation of the embedded value to replace the use of the previous statutory basis ('SVM base') in the calculation of covered business with an IFRS based approach ('IFRS base').

Group embedded value (R'm)	2021 IFRS base	2020 IFRS base	2020 SVM base
Shareholders' funds	4 582	4 417	1 141
Value of in-force business	1 939	2 066	4 851
Gross	2 494	2 589	5 325
Cost of required capital	(555)	(522)	(474)
Embedded value of covered business[(a)]	6 520	6 483	5 992
Embedded value of other Group operations[(b)]	3	10	10
Group embedded value at year end	6 523	6 493	6 002
Return on embedded value (%)	4.19%	17.80%	18.40%

a) Covered business is business written under a life insurance license and is valued by using the methodology outlined in the Advisory Practice Note, APN 107, of the Actuarial Society of South Africa.
(b) Other Group operations include the value of Assupol Holdings as well as other subsidiaries in the Group that are not included in the value of covered business.

As disclosed below, the impact of the change in the calculation of the embedded value for covered business at 30 June 2020 increased the previous reported value of R5 992 million, using the statutory basis, to R6 483 million on the IFRS based approach.

	2021				
	Adjusted net worth	Value of in-force	Cost of required capital	Total	2020
Covered business EV					
As previously reported (SVM base)	1 141	5 325	(474)	5 992	5 388
Adjustment for the change in base	3 276	(2 736)	(48)	491	-
Opening EV (IFRS base)	4 417	2 589	(522)	6 483	-
Opening adjustments	15	-	-	15	7
Opening EV (adjusted)	4 432	2 589	(522)	6 498	5 395
Dividends paid[c]	(232)	-	-	(232)	(336)
Deferred bonus shares	25	-	-	25	34
EV after adjustments	4 225	2 589	(522)	6 291	5 093
Unwinding of risk discount rate	-	277	(53)	224	480
Expected profits	447	(447)	-	-	-
New business	98	392	(96)	394	350
Operating experience variations	(246)	(194)	95	(345)	41
Taxation	(28)	-	-	(28)	7
Assumption changes	(278)	(142)	(65)	(485)	62
Investment experience	347	12	86	445	(46)
Miscellaneous	15	9	-	24	5
Closing EV	4 580	2 496	(555)	6 520	5 992
Other Group operations					
Opening EV	3	7	-	10	34
Dividends paid[c]	1	-	-	1	(18)
EV after adjustments	4	7	-	11	16
Net profits	(1)	-	-	(1)	13
Holdings company expense adjustment	-	(51)	-	(51)	(44)
Market value adjustment	-	44	-	44	25
Closing EV	3	-	-	3	10
Total closing group EV	**4 583**	**2 496**	**(555)**	**6 523**	**6 002**

Key statistics relating to the issued shares of Assupol Holdings are provided below:

Share statistics	Note	2021	2020	Change
Share price - closing (R)[1]		8.00	7.25	10.34%
Number of ordinary shares in issue ('000)		426 162	421 975	0.99%
Market capitalisation (R'm)[1]		3 409	3 059	11.44%
Earnings per share (cents)		84	140	-39.81%
Diluted earnings per share (cents)		83	138	-39.93%
Group embedded value per share (R)		15.31	15.39	-0.51%
Dividend per qualifying ordinary share (cents)[2]		42	55	-23.64%

1. *Market information is based on the Cape Town Stock Exchange (Pty) Limited on which the company's shares trade.*
2. *It is the policy of the company to declare a dividend on an annual basis. The dividends per qualifying share were declared as follows:*
   - *In respect of the year ended 30 June 2020: The dividend was declared on 22 September 2020 and paid on 12 October 2020: An ordinary dividend of 55 cents per qualifying share.*
   - *In respect of the year ended 30 June 2021: On 28 September 2021 the Board declared an ordinary dividend of 42 cents per qualifying share (Payable on 18 October 2021).*

The qualifying shares for the dividend declaration of September 2021 included the listed ordinary shares but excluding shares held by the Share Incentive Trust. It will also include those 'B' shares that qualify to be converted to ordinary shares after the restricted period ends in September 2021 and that are unrestricted at record date.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2021

R'000	2021	2020
Insurance premium revenue	4 359 112	4 003 620
Insurance premium ceded to reinsurers	(145 113)	(122 411)
Net insurance premium revenue	4 213 999	3 881 209
Commission received on outward reinsurance	74	6 783
Fee income	75 183	81 489
Investment income on financial assets		
- at fair value through profit or loss	226 360	255 200
- at amortised cost	157 073	143 517
Net fair value gains on financial assets	367 539	(156 442)
Other income	692	3 542
Income	5 040 920	4 215 298
Insurance benefits and claims	(2 016 378)	(1 189 242)
Insurance claims recovered from reinsurers	261 272	97 814
Net insurance benefits and claims	(1 755 106)	(1 091 428)
Commission expenses	(888 404)	(823 150)
Operating and administrative expenses	(1 221 934)	(1 252 635)
Investment management expenses	(11 850)	(13 411)
Change in insurance contract provisions	(279 036)	(21 418)
Fair value adjustments on investment contract liabilities	(322 265)	(191 247)
Expenses	(4 478 595)	(3 393 289)
Result of operating activities	562 325	822 009
Finance charges	(38 312)	(35 523)
Profit before taxation	524 013	786 486
Income taxation expense	(171 685)	(222 381)
PROFIT FOR THE YEAR	**352 328**	**564 105**
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**352 328**	**564 105**
Profit attributable to:		
Owners of Assupol Holdings Ltd	352 680	564 152
Non-controlling interests	(352)	(47)
	352 328	564 105
Total comprehensive income attributable to:		
Owners of Assupol Holdings Ltd	352 680	564 152
Non-controlling interests	(352)	(47)
	352 328	564 105
Group earnings per share (cents)		
Basic earnings per share (cents)	84.2	139.9
Diluted earnings per share (cents)	83.0	138.1

STATEMENT OF FINANCIAL POSITION
as at 30 June 2021

R'000	2021	2020
ASSETS		
Property and equipment	200 085	235 119
Intangible assets	181 269	151 168
Financial assets: Investments		
At fair value through profit or loss		
Equity securities	1 564 654	1 418 923
Debt securities	2 222 110	1 573 542
Deposits and money market securities	1 051 868	1 031 739
At amortised cost		
Deposits and money market securities	1 869 308	1 622 487
Policyholder assets		
Insurance contracts	2 596 284	2 953 398
Reinsurance asset	100 593	22 515
Insurance and other receivables	204 421	141 370
Current taxation	2 612	-
Cash and cash equivalents	384 400	424 550
TOTAL ASSETS	10 377 604	9 574 811
EQUITY		
Share capital	682 095	640 484
Treasury shares	(45 615)	(39 498)
Employee benefits reserve	203 651	210 047
Black Economic Empowerment reserve	14 300	14 300
Retained earnings	3 813 346	3 689 366
Capital and reserves attributable to owners of Assupol Holdings	4 667 777	4 514 699
Non-controlling interest	(399)	(47)
TOTAL EQUITY	4 667 378	4 514 652
LIABILITIES		
Policyholder liabilities: Investment contracts		
At fair value through profit or loss	1 995 293	1 684 556
At amortised cost	1 925 292	1 692 321
Other liabilities	412 046	428 301
Employee benefits	76 404	75 265
Deferred revenue liability	478	610
Deferred taxation liability	798 961	809 208
Insurance and other payables	501 752	360 101
Current taxation	-	9 797
TOTAL LIABILITIES	5 710 226	5 060 159
TOTAL EQUITY AND LIABILITIES	10 377 604	9 574 811

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2021

R'000	Share capital	Treasury shares	Employee benefits reserve	BEE reserve	Retained income	Non-controlling interest	Total capital
Balance at 30 June 2019	639 533	(68 106)	204 367	14 300	3 477 328	-	4 267 422
Cost of incentive shares	-	-	1 026	-	-	-	1 026
Share incentive options exercised	-	1	(1)	-	-	-	-
Deferred bonus recognition	-	-	33 262	-	-	-	33 262
Dividend paid	-	-	-	-	(353 038)	-	(353 038)
Vesting of deferred bonus shares	-	28 607	(28 607)	-	-	-	-
Adjustment of redemption on preference shares	951	-	-	-	924	-	1 875
Profit for the year	-	-	-	-	564 152	(47)	564 105
Balance at 30 June 2020	640 484	(39 498)	210 047	14 300	3 689 366	(47)	4 514 652
Cost of incentive shares	-	-	536	-	-	-	536
B2' shares issued	39 791	(39 791)	-	-	-	-	-
Treasury shares acquired	-	(1 676)	-	-	-	-	(1 676)
Deferred bonus recognition	-	-	28 418	-	-	-	28 418
Dividend paid	-	-	-	-	(230 468)	-	(230 468)
Vesting of deferred bonus shares	-	35 350	(35 350)	-	-	-	-
Adjustment of redemption on preference shares	1 820	-	-	-	1 768	-	3 588
Profit for the year	-	-	-	-	352 680	(352)	352 328
Balance at 30 June 2021	682 095	(45 615)	203 651	14 300	3 813 346	(399)	4 667 378

CONDENSED STATEMENT OF CASH FLOWS
for the year ended 30 June 2021

R'000	2021	2020 Restated
Cash flows from operating activities		
Cash generated from operations *	820 411	1 304 685
Net acquisition of financial instruments		
At fair value through profit or loss	(446 889)	(610 903)
At amortised cost *	(101 233)	(339 797)
Interest received	202 916	214 621
Dividends received	34 929	59 183
Dividends paid	(230 468)	(353 038)
Finance charges	(38 312)	(35 523)
Taxation paid	(194 388)	(290 575)
Net cash flows from operating activities	46 966	(51 347)
Cash flows from investing activities		
Acquisition and disposal of property and equipment	(18 619)	(39 561)
Acquisition of intangible assets	(44 000)	(13 609)
Proceeds on disposal of equipment	3 417	2 713
Net cash flows from investing activities	(59 202)	(50 457)
Cash flows from financing activities		
Increase in treasury shares	(1 676)	-
Increase in subordinated debt *	-	124 137
Payment of subordinated debt *	-	(44)
Payment of principal lease payments	(26 238)	(22 551)
Net cash flows from financing activities	(27 914)	101 542
Net increase in cash and cash equivalents	(40 150)	(262)
Cash and cash equivalents at beginning of the year	424 550	424 812
Cash and cash equivalents at end of the year	384 400	424 550

* The consolidated number reported in the previous financial year was restated to exclude the non-cash increase in financial assets carried at amortised cost and a non-cash amount included in subordinated debt.

SEGMENT REPORT
for the year ended 30 June 2021

The Group's operating segments are based on the legal entities within the Group and are categorised according to similar business activities. The chief operating decision maker, makes decisions about resource allocation on the performance of an entity and financial information is provided on that basis. Reporting adjustments are those accounting reclassifications and entries that are required to produce IFRS compliant results. These adjustments also include the results of the Group's holding company as well as the company where the investments in the non-life entities are held.

R'000	2021	2020
Revenue		
Segment revenue	5 037 453	4 212 809
Life insurance	5 037 290	4 212 217
Intermediaries	153	572
Other	10	20
Reporting adjustments	3 467	2 489
Group revenue for the year	**5 040 920**	**4 215 298**
Profit after taxation		
Segment profit after taxation	359 984	574 889
Life insurance	360 733	574 563
Intermediaries	(25)	396
Other	(724)	(70)
Reporting adjustments after taxation	(7 656)	(10 784)
Group profit for the year	352 328	564 105
Group comprehensive income for the year	**352 328**	**564 105**
Assets and liabilities		
Segment assets	10 271 538	9 536 809
Life insurance	10 267 467	9 503 585
Intermediaries	2 589	32 763
Other	1 482	461
Reporting adjustments	106 066	38 002
Group assets	**10 377 604**	**9 574 811**
Segment liabilities	5 694 016	5 085 873
Life insurance	5 691 667	5 085 265
Intermediaries	52	200
Other	2 297	408
Reporting adjustments	16 210	(25 714)
Group liabilities	**5 710 226**	**5 060 159**

1. GENERAL INFORMATION

Assupol Holdings Limited and its subsidiaries operate in the financial services industry and all products and services are offered only in the Republic of South Africa.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group has applied the provisions of the Companies Act, no 71 of 2008 as amended, which allows for summarised financial results as disclosed in this report.

This condensed financial report for the year ended 30 June 2021 has been prepared in accordance with the International Financial Reporting Standard IAS 34 and the reporting requirements of Cape Town Stock Exchange (Pty) Limited.

The condensed financial results have not been audited.

The condensed financial report does not include all the notes normally included in the annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements for the year ended 30 June 2021. The accounting policies adopted are consistent with those used in the annual financial statements for the year ended 30 June 2021.

The Group elected to defer the implementation of IFRS 9 - Financial Instruments to coincide with the implementation of IFRS 17 - Insurance Contracts as a result of an assessment performed by management in line with the deferral provisions in IFRS 4 - Insurance Contracts. Based on this assessment it was concluded that the Group meets these provisions due to the fact that the Group's insurance liabilities exceed 80% of total liabilities. There has been no change in the Group's activities that warrants a reassessment of applying the temporary exemption from IFRS 9. The Group has not previously applied IFRS 9 and qualified for the exemption from the period preceding 1 April 2016.

The condensed financial results have been compiled by R Boonzaaier CA(SA), Senior Executive Manager: Group Finance under supervision of D de Klerk CA(SA), Group Chief Financial Officer.

3. SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

The Group makes estimates and assumptions concerning the future. The resulting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1 Policyholder liabilities / assets under long-term insurance contracts

The determination of the liabilities/assets under long-term insurance contracts is dependent on assumptions and estimates made by the Group. The full details of these assumptions and estimates are in note 4 to the Group's annual financial statements for the year ended 30 June 2021.

The aspects considered by and the response to the impact of the Covid-19 pandemic on the Group's mortality experience, included:

- A scenario was established to quantify the best estimate of the most likely financial outcome based on all relevant and reliable external data sources, whilst recognising that the range of outcomes is large.
- Consideration was given to the Group's own actual experience compared to the long term assumptions and the experience published by the South African Medical Research Council.
- The rate at which the South African government intends to vaccinate the population and the fact that a large portion

of the Group's policyholders are first line workers, were considered.

- A reserve of R109.6m for individual business and R30.6m for group business was set up for the remainder of the third wave.
- A further reserve was set up for the possibility of a fourth wave towards the end of the 2021 calendar year at R65.4m and R20.4m for individual and group business respectively.

The assets under long-term insurance contracts decreased by R279.0 million resulting in a net year-end asset balance of R2 696.9 million (net of reinsurance).

3.2 Other assumptions and estimates

Other assumptions and estimates for the year ended 30 June 2021 addressed the following items:

- Impairment tests are performed on all cash generating units to which goodwill is allocated;
- The calculation of current and deferred taxation; and
- Measurement and accounting of lease assets, liabilities and finance charges in terms of IFRS16.

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and interest rate risk), credit risk and liquidity risk. These risks can affect the values of the Group's financial assets and liabilities, as well as the Group's insurance contract assets and liabilities.

4.2 Liquidity risks arising out of the subordinated debt agreement

The table below analyses the settlement value for the subordinated debt agreement differentiating between relevant maturity groupings, based on the remaining period at the end of the reporting period to the contractual maturity date.

R'000	2021	2020
Contractual undiscounted cash flows		
Within 1 year 2	25 401	25 403
1 to 2 years 2	25 401	25 403
3 to 5 years	253 417	278 819
Total	304 219	329 625

4.3 Fair value estimation

The tables below analyses each class of financial instrument and insurance contracts, per category.

June 2021 (R'000)	Financial assets and liabilities at FVTPL on initial recognition	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying amount	Fair value
Financial assets - Investments	4 838 632	1 869 308	-	6 707 940	6 792 302
Insurance and other receivables	-	204 421	-	204 421	204 421
Cash and cash equivalents	-	384 400	-	384 400	384 400
Investment contract liabilities	1 995 293	-	1 925 292	3 920 585	3 836 222
Other liabilities	-	-	412 046	412 046	429 127
Accounts payable	-	-	69 180	69 180	69 180
June 2020 (R'000)					
Financial assets - Investments	4 024 204	1 622 487	-	5 646 691	5 796 630
Insurance and other receivables	-	141 370	-	141 370	141 370
Cash and cash equivalents	-	424 550	-	424 550	424 550
Investment contract liabilities	1 684 556	-	1 692 321	3 376 877	3 226 937
Other liabilities	-	-	428 301	428 301	451 015
Accounts payable	-	-	59 683	59 683	59 683

4.4 Fair value hierarchy

The measurement at fair value, grouped into levels 1 to 3, is based on the degree to which the fair value is observable:

- Level 1: Valued with reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data thus unobservable inputs.

The valuation techniques and assumptions applied for purposes of measuring fair value of financial assets and liabilities are determined as follows:

For level 1:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

For level 2:

- The fair value of other financial assets and financial liabilities (excluding derivatives) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- Observable inputs generally used to measure the fair value of securities classified as level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data.
  The specific inputs used are:
  - Risk free rate: 3.75% to 4.55%
- The fair value of derivatives is calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The specific inputs used are:
  - Dividend yield: 3.25% to 4.18%;
  - Risk free rate: 3.75% to 4.55%
  - Equity index level strike: 49 869 to 61 600 (index level 60 162 at year-end);
  - Equity volatility: 19.6% to 30.0%;

- The fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from the market-based credit information and the amount of loss, given the default.

For level 3:

- When classifying fair value measures within level 3 of the valuation hierarchy, the determining factors are generally based on the significance of the unobservable factors when compared to the overall fair value measurement. The Group applies various due diligence procedures, as considered appropriate, to validate the underlying information used in the valuations.

The table below analyses financial instruments carried at fair value by valuation method. There were no transfers between the various levels during the current and previous financial years.

June 2021 (R'000)	Level 1	Level 2	Level 3	Total
Local listed shares	995 210	-	-	995 210
Derivatives: Equity options	-	199 549	-	199 549
Unit trusts	369 895	-	-	369 895
Debt securities	489 776	1 732 334	-	2 222 110
Deposits and money market securities*	922 583	2 082 955	-	3 005 538
Receivables	-	-	24 939	24 939
Total financial assets	2 777 464	4 014 838	24 939	6 817 241
Net investment contract liabilities*	-	3 836 222	-	3 836 222
Other liabilities - Subordinated debt	267 151	-	-	267 151
Total financial liabilities	267 151	3 836 222	-	4 103 373
June 2020 (R'000)	**Level 1**	**Level 2**	**Level 3**	**Total**
Local listed shares	941 141	-	-	941 141
Derivatives: Equity and bond options	-	151 428	-	151 428
Unit trusts	326 910	-	-	326 910
Debt securities	59 143	1 513 843	-	1 572 986
Deposits and money market securities*	950 478	1 853 687	-	2 804 165
Receivables	-	12 258	36 639	48 897
Total financial assets	2 277 672	3 531 216	36 639	5 845 527
Net investment contract liabilities*	-	3 226 937	-	3 226 936
Other liabilities - Subordinated debt	272 784	-	-	272 784
Total financial liabilities	272 784	3 226 937	-	3 499 721

* Includes financial instruments designated as 'at amortised cost' as the fair values have been estimated in accordance with note 4.3.

5. RELATED PARTY TRANSACTIONS

R'000	2021	2020
Loans to key management		
Balance at end of year	5 984	6 100

Assupol Life granted a loan to an executive director for the purchase of shares in Assupol Holdings. This was approved as required by the Companies Act, no 71 of 2008, and the Long Term Insurance Act, no 52 of 1998. The loan bears interest at the official prime rate of interest levied by the bankers of Assupol Life, and is repayable over 5 years. The Group has sufficient security over this loan.

R'000	2021	2020
Remuneration and restricted incentives - Executive directors and prescribed officers		
Salary, pension fund contributions and other benefits	27 214	28 177
Cash bonus	1 034	-
Restricted incentives	13 876	18 534
Non-executive directors' fees[1]		
Board fees	6 990	6 844
Committee fees	4 703	5 031

(1) The fees include deemed VAT applicable to non-resident non-executive directors.

Units ('000)	2021	2020
Securities held by directors and prescribed officers		
Direct beneficial	21 548	19 471
Indirect beneficial	905	1 243

cfi.co 2015-2019
ASSUPOL
BEST
LIFE ASSURER
WINNER SOUTHERN AFRICA

CORPORATE INFORMATION

Company Secretary - Thandeka Nkomo

Summit Place Office Park,
Building 6,
221 Garstfontein road,
Menlyn,
Pretoria, 0181

P O Box 35900
Menlo park
Pretoria
0102