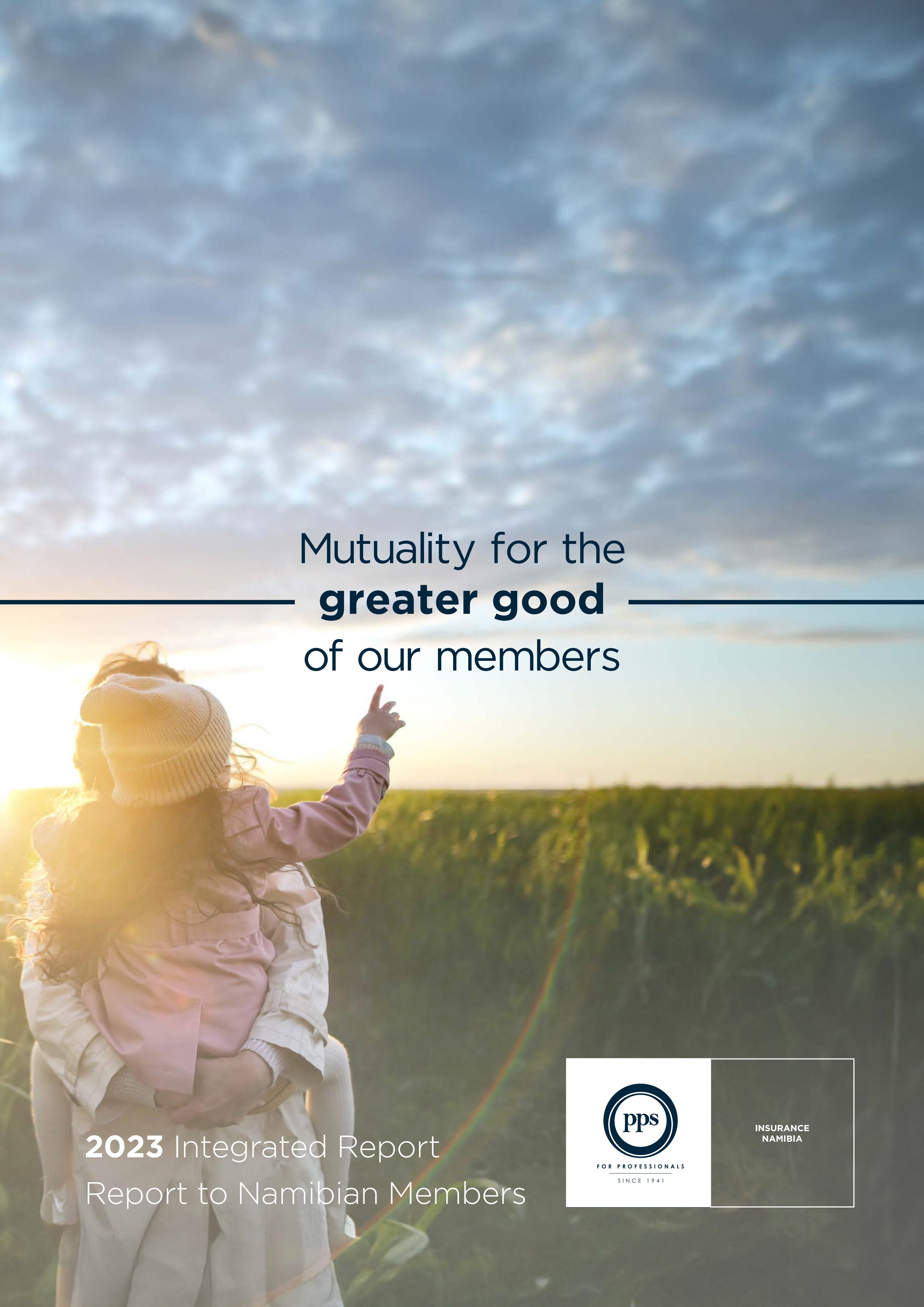

Mutuality for the **greater good** of our members

2023 Integrated Report

Report to Namibian Members

pps

FOR PROFESSIONALS

SINCE 1941

INSURANCE
NAMIBIA

Mutuality for the **greater good**

At PPS we believe that every member of our ecosystem should prosper collectively. At the start of 2023 we asked ourselves how we, as a Group, could deliver even better on our promise of mutuality for our members and financial advisers. The answer? Greater integration for the greater good. The numbers in this report are a reflection of the past year's efforts, from the number of ways we have created value and streamlined service delivery to our 100% commitment to world-class innovation and future-proof sustainability.

Because, when it comes to mutuality, we take it as seriously as our professionals take their professions.

* All references to "PPS" refer to "PPS Group".

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ABOUT OUR INTEGRATED REPORT

Scope and boundary

The PPS Integrated Report 2023 deals with the performance of the PPS Holdings Trust and its subsidiaries (the Group) for the 12 months ended 31 December 2023. It is intended for the information of our members and contains reporting on relevant events up to the date of publication.

The report covers the Group's strategy, operations and performance, and touches on issues such as our approach to sustainability, value creation, employment equity, innovation and service delivery. The goal is to present a thorough and balanced perspective of the financial and non-financial performance. The intention is to provide accessible information about our strategic direction, operating environment, operational management, efficiency, quality, corporate governance, accountability and corporate social responsibility.

The information provided complies with relevant national and international legislation and regulations.

Disclosure and assurance

The PPS Holdings Trust Board of Trustees (the Board), has aimed to achieve the highest standard of disclosure in this report and to provide meaningful, accurate, complete, transparent and balanced information. The Board, together with its committees and management, was actively involved in finalising all disclosures and assumes responsibility for the information contained therein.

The annual financial statements were prepared in accordance with International Financial Reporting Standards and were independently audited by EY South Africa. The non-financial information contained in the report has not been independently assured.

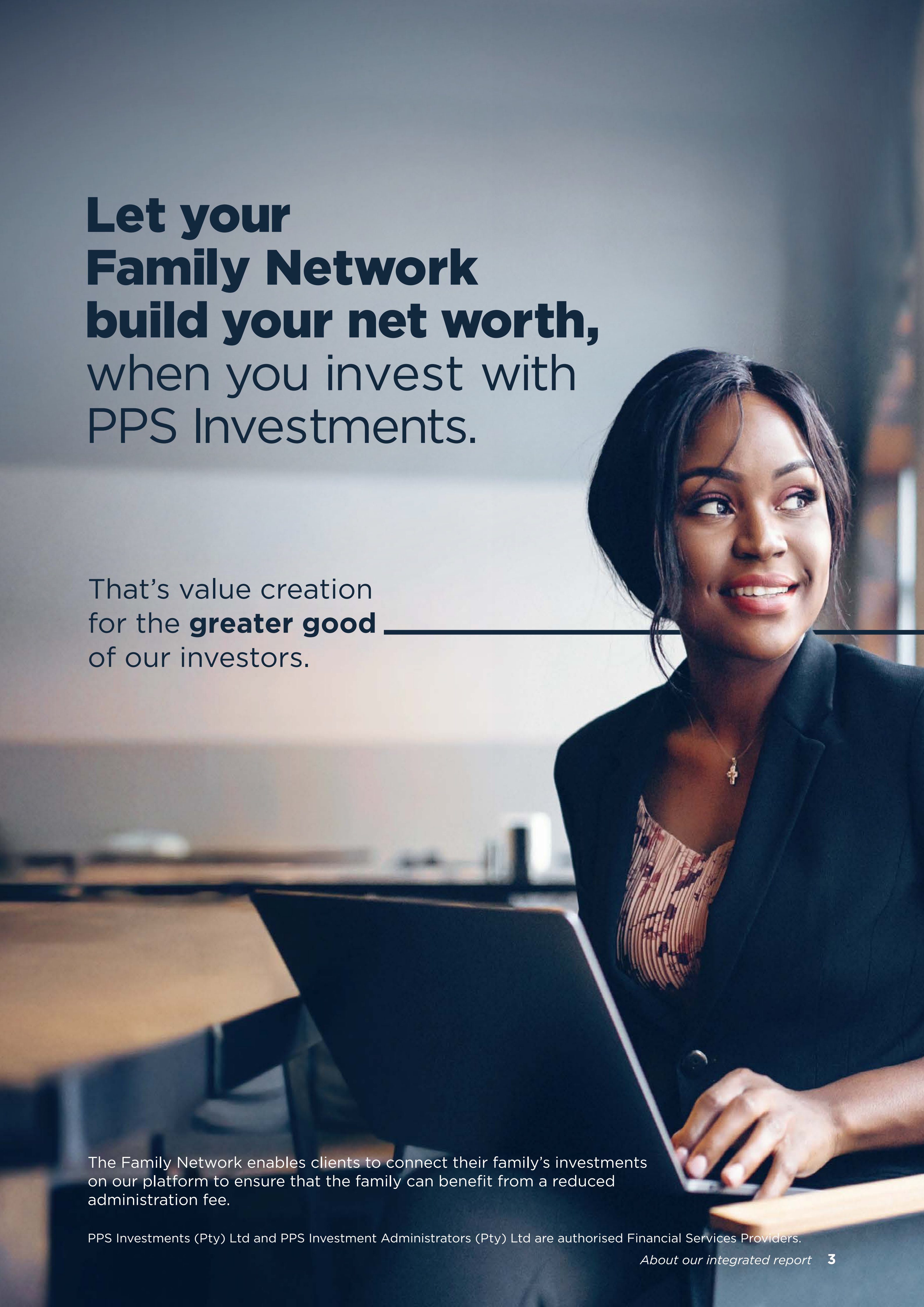
Board responsibility

The PPS Integrated Report 2023 was approved by the PPS Holdings Trust Board of Trustees (the Board) on 3 April 2024.

The Board acknowledges its responsibility for ensuring the accuracy of all information supplied and has applied its collective expertise to the preparation of the report. In the Board's opinion, this report addresses all issues material to members and presents a holistic view of the Group's performance in future.

Forward-looking statements

Some of the remarks contained in this report are forward-looking statements and should not be considered as guarantees or predictions of future performance. Like all businesses, we face risks and other factors beyond our control, which may impact our performance in 2024 and beyond.



Let your Family Network build your net worth, when you invest with PPS Investments.

That's value creation for the **greater good** of our investors.

The Family Network enables clients to connect their family's investments on our platform to ensure that the family can benefit from a reduced administration fee.

PPS Investments (Pty) Ltd and PPS Investment Administrators (Pty) Ltd are authorised Financial Services Providers.

HIGHLIGHTS*

2023
R4.54bn
Total profits allocated to members' PPS Profit-Share Accounts™

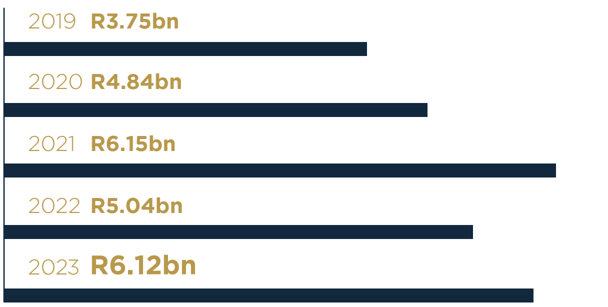
+

2023
R6.12bn
Annual gross benefits paid

=

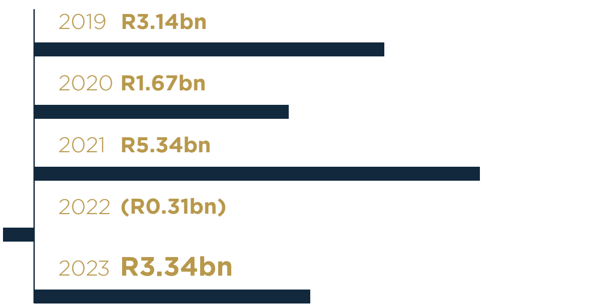
2023
R10.66bn
Annual gross benefits and Profit-Share allocations

Annual gross benefits paid to members**

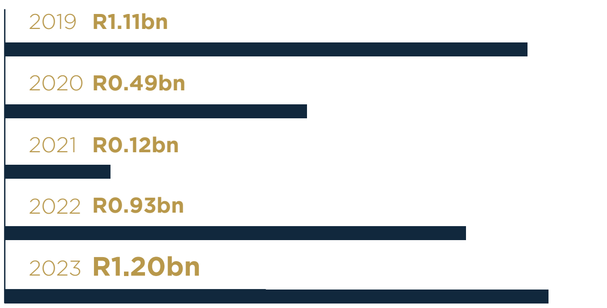


PPS Profit-Share Millionaires

Annual investment profit/(loss) allocations



Annual operating profit allocations



*All numbers are for PPS Insurance Company (South Africa) and PPS Insurance Company (Namibia) unless stated differently.

** Excluding Profit-Share allocations.

WHO WE ARE AND WHAT MAKES US DIFFERENT

"In the South African financial services landscape, PPS takes a distinct approach. Rather than shareholders, we have members – graduate professionals who qualify for membership and the benefits of that membership based on their qualifications. When the Group was established more than 80 years ago, its forward-thinking founders aimed to create a community that would ensure personal security and generate wealth for these professionals.

Our enduring mutuality model, resilient through wars, social upheavals and economic uncertainties, remains steadfast in delivering unwavering services. Each year, we allocate Group returns equitably to qualifying product-holding members, ensuring continuing sustainability."

Izak Smit
Group Chief Executive Officer

The PPS story

For more than eight decades, PPS has demonstrated remarkable resilience, recorded growth and consistently provided valuable services and peace of mind to our members. The fact that we continue to do so today, despite the challenging environment we have navigated in recent years as a business and a society, is testimony to the vision and objectives of our founders.

PPS was established in 1941 by a group of eight forward-thinking dentists who wanted to protect their ability to earn an income. Even at that time, the model they chose was rare in financial institutions; a mutuality model that enables a group of people to benefit from pooled resources. The values inherent in this model still inform every aspect of our business.

In addition to enjoying the benefits of our wide range of solutions, including life and short-term insurance, investments, healthcare, fiduciary and advisory services, members also share in the returns generated by PPS. The greater the members' contributions to and participation in qualifying products, the greater their share in the form of allocations to the notional PPS Profit-Share Account™ (PPS Profit-Share Account™). These allocations grow through investment returns and further allocations to become a valuable asset for members in their personal financial planning.

Starting out with income protection, we have steadily expanded our range over the years to include a comprehensive selection of financial products and solutions. Today, the Professional Provident Society Insurance Company Limited (PPS) is a registered financial services provider. Our multi-generational membership comprises industry leaders and academics, pivotal in serving South Africa's populace and economy.

Our mission and values express our commitment to our members.

WHO WE ARE AND WHAT MAKES US DIFFERENT

Our purpose

All mutual organisations have a clear purpose that defines their existence. PPS, founded in 1941, is no exception.

By providing specific financial solutions within a mutual framework, we aim to assist our members to live the lives they want in a world worth living in. That is why we offer a comprehensive range of financial solutions that cater to graduate professionals' needs. We help our members secure their current and future financial positions by providing peace of mind throughout their professional careers, during their retirement and in leaving their legacies for future generations.

Our values

At PPS, we believe that what we value drives our behaviour. We live by three core values:

- We take **extreme ownership.** We take full responsibility for our impact, avoid blame-shifting, tackle problems with solutions and act as owners of resources. We focus on results and expanding influence and understand that success comes from decisions, not conditions.

- We are **eternally curious.** We are not satisfied with the status quo and are driven to constantly improve the solutions we offer to our members. We are committed to innovation, giving staff the licence to innovate and experiment while recognising and responding to the complex and changing needs of our current and future members.

- We **do the right thing.** We not only conduct our business with empathy, authenticity and care, but also with the highest standards of ethics, fairness, governance and respect for all.

The ethos of mutuality

At PPS we view mutuality as a deep and authentic form of cooperation. A shared benefit and partnership that goes beyond the superficial or transactional aspects of a relationship. It signifies a commitment to creating a genuinely mutually beneficial environment for all stakeholders, including members, advisers and the broader community.

Mutuality is more than a promise. It is our members' path to empowerment, personal transformation, success, growth, prosperity and achievement.

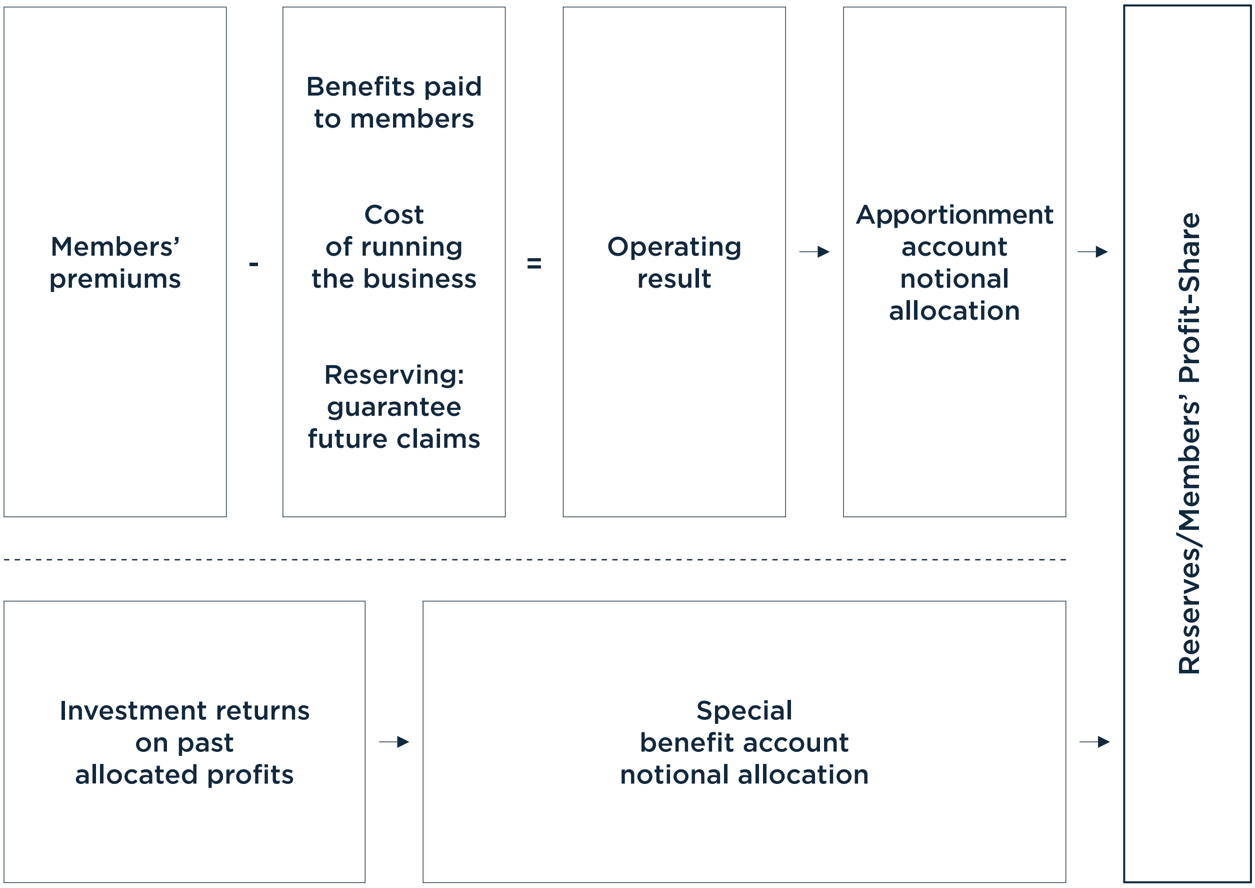
We invest profits and investment returns on behalf of our members, taking a long-term view of wealth creation. When members retire from their professional careers at or after the age of 60, the allocations accumulated in their PPS Profit-Share Accounts™ throughout their membership become available for their use through a Vested PPS Profit-Share Account™. When the Profit-Share vests, many members choose to keep these assets invested with the Group as part of their post-retirement savings to generate further returns and supplement their retirement incomes.

One of the ways in which PPS shares its success with members is through allocations to the PPS Profit-Share Account™.

When a member obtains a qualifying life-risk product, we open a PPS Profit-Share Account™ in their name. As a result, members with a qualifying life-risk product can share our operational and investment returns through annual allocations to their PPS Profit-Share Accounts™. The operational returns feed into the Apportionment Account section of the PPS Profit-Share Account™, while investment returns are directed to the Special Benefit Account section. Over time, these allocations grow to become a valuable asset in personal financial planning.

Thanks to the synergistic power of the PPS Profit-Share Account™ and the PPS Profit-Share Cross-Holdings Booster, many long-standing members have received more in Profit-Share allocations in a particular year than they have paid in premiums for that year, over and above solution benefit payouts they may have received.

PPS Mutual Model



The PPS Profit-Share Cross-Holdings Booster

The PPS Profit-Share Cross-Holdings Booster represents an innovative enhancement designed to elevate the PPS Profit-Share Account™ experience for members. Functioning as a strategic mechanism, this booster amplifies Profit-Share allocations. Members who hold a PPS life-risk product alongside qualifying offerings from our subsidiaries or affiliates, such as PPS Short-Term Insurance, PPS Investments, PPS Health Professions Indemnity and/or Profmed, stand to benefit from enhanced allocations. Operating on a tiered system, the booster increases allocations equal to the diversification of members' portfolios across these entities.

The booster allocations are not fixed and can differ each year and PPS reserves the right to discontinue this offering at its own discretion. In 2023, allocations were boosted by 14%, 20% or 30% depending on whether the member holds products from one, two or three additional subsidiaries/affiliates respectively.

Therefore, diversifying a portfolio across PPS subsidiaries and affiliates not only potentially leads to additional returns allocated to members' PPS Profit-Share Accounts™ from individual products but also "boosts" these allocations, courtesy of the PPS Profit-Share Cross-Holdings Booster.

WHO WE ARE AND WHAT MAKES US DIFFERENT

Professional focus

In addition to the ethos of mutuality, PPS is further defined by its focus on the professional market segment.

Our exclusive membership criteria mean that only graduate professionals with a qualifying postgraduate degree or similar are eligible to become members. This requirement applies across all industries and professions. As a result, PPS is a leading provider of financial services to the professional market segment.

Our services and solutions are specifically tailored to the needs of our graduate professional members. That is why financial advisers go through a strict selection and accreditation process to ensure that they are suitably qualified to market and provide advice on our solutions. PPS-accredited financial advisers have industry-specific knowledge that enables them to offer informed advice on the specific issues and challenges our members face.

MUTUALITY

About

The ethos of mutuality is sacrosanct and core to our identity; it drives everything we do. When individuals join PPS they start a lifelong journey based on trust and reciprocity. In 2023, more than 1 800 PPS members retired. Many of them had been members since their student days and entrusted us with their financial well-being throughout their careers. Over time, they would have faced challenges and experienced life events that led to claims. However, they will attest to the value of our mutual model which is proven by the R353 million that was paid to them, in the form of Profit-Share, as their share of PPS's success.

Review of 2023

In 2023, PPS embarked on a journey to reimagine and expand the concept of mutuality as lived by our company. Naturally, we are keeping the best elements such as sharing PPS's returns with our members through our innovative PPS Profit-Share Account™ and the PPS Profit-Share Cross-Holdings Booster. Mutuality is also finding ways to create more value for members by leveraging the network effect of PPS. For example, Family Network, an investment concept pioneered by PPS Investments, helps members to reduce fees by taking advantage of the collective scale of their family members' individual investments.

Our emphasis on youth and skills development has deepened our connection with universities. Through our University Support programme we allocate grants to universities to fund capital projects, which has helped strengthen our relationship with academic institutions. We are committed to nurturing tomorrow's professionals and have invested in the training and skills development of educators in mathematics and science through our partnership with the Vula and Vuma programmes – both running in KwaZulu-Natal via Hilton College. There are many other initiatives which are housed under the broader mutuality banner.

The launch of the South African Health Business Academy (SAHBA) – a business skills development initiative for medical practitioners – was a resounding success. The Transition to Practice and Practice Growth Strategies programmes were designed to provide members with a better understanding of the business aspects of running a practice. The goal of these programmes is to help practitioners to optimise their time so that they can enjoy the benefits of both running a successful practice and living a fulfilling life. Members who attended the SAHBA programme got a sneak preview of our digital tools under development. These tools aid in crafting financial roadmaps and enhancing overall well-being.

STRATEGY

Vision

The execution of our strategic planning is typically oriented over successive five-year periods (2017 to 2022, 2023 to 2028). At the start of each period, new goals are set and plans are formulated to achieve them. These goals are then executed and tracked. However, we are also focused on defining PPS's vision for the future. We sincerely appreciate the foresight and diligence demonstrated by the past stewards of our business. Hence, in embracing our inter-generational duty, we accept the responsibility of shaping a purposeful and impactful PPS for future generations.

During 2023, in envisioning that future PPS, we embarked on a piece of work that eventually crystallised in the mini-restructuring of some of our business areas and a set of strategic shifts that articulate the essence of our ambitions for the future. The benefit of defining these shifts is that our colleagues throughout the organisation can relate to those who are closest to their individual roles. Consequently, regardless of business unit, geography or functional role, PPS employees are practically aligned with how we intend the PPS purpose to show up in years to come.

These strategic shifts guide our strategic agenda, particularly our five-year strategic plans. Some are internally oriented around how we operate and engage with members and advisers (internal focus); others are broader in their intention (external focus).

Strategic shifts (relating to external focus)

"Being serious about being mutual" is the shift which we believe will deliver added mutuality benefits to members in addition to the unique PPS Profit-Share Account™. As part of our mini-restructure during the year, we created and resourced a dedicated Mutuality capability to design, develop and embed mutuality throughout the organisation.

"Creating the PPS Prism" is a shift within PPS to strengthen relationships with members and financial advisers. Our goal is for PPS to support members throughout their lives with access to specialists and support mechanisms. We aim to provide our financial advisers with top-ranked propositions by leveraging their strengths and our member relationships. This will help fortify the PPS ecosystem.

We recognise PPS members' integral role in South Africa's future. Through our shift, "Paying it forward", we aim to lead mutual growth. Sustainability is vital for personal, corporate and societal futures.

Strategic execution pillars (themes)

To ensure we deliver on our five-year strategic plans, we continue to organise our senior leadership team around strategic pillars and into strategic execution teams (SETs). These SETs have been in place for several years. Collectively, they have significantly accelerated our delivery of strategic objectives. In addition to accelerating execution, they have also proven to be excellent catalysts for keeping the different leadership teams aligned around the common objectives and for individual leadership development to be sustained.

We shared seven strategic themes in previous reports, covering all aspects of our ecosystem. In 2023, we added Sustainability as an eighth focus area, recognising its importance to our business strategy. Sustainability now stands alongside our existing areas of focus, demonstrating our commitment to delivering long-term value to our members and stakeholders. We evaluate our sustainability objectives rigorously, benchmarking them against industry peers and best practices.

To summarise our eight strategic pillars or themes:

1. Exclusive Member Value Proposition

At PPS, we view our members as owners of the business, rather than mere clients. Through our mutuality model, we offer tailored financial and lifestyle solutions, enriching our members' lives. We want to enhance their professional lives and offer industry-leading products while fostering a vibrant community experience.

2. Diversified revenue streams

Diversified revenue streams are pivotal in enhancing member benefits and protecting against external uncertainties. Our strategy involves supporting member uptake of new solutions and services and entering new markets sustainably in other geographies and segments.

3. Holistic solutions

We are committed to offering holistic financial solutions that maximise the benefits of mutuality for our members. We strive to become a trusted partner throughout our members' professional journeys.

4. Adviser Value Proposition

Advisers play a crucial role in our relationships with members. Therefore, empowering them with the right tools and solutions is essential. Our goal is to establish ourselves as the financial services provider of choice for advisers who advise professionals, enabling them to deliver consistently excellent service to their clients (our members).

5. Brand leadership

Effective brand positioning is paramount in attracting new members and establishing PPS as a thought leader in the graduate professional market and as an organisation that contributes to the greater good.

6. Digitalisation

Efficient digital services are essential for meeting the needs of time-starved graduate professionals. At PPS, we are committed to developing an omnichannel sales and service experience that enhances member engagement and satisfaction.

7. Culture

Our high-trust organisational culture is the cornerstone of our success, driving results, learning and caring across different aspects of our business. We strive to create a culture where employees feel empowered and engaged, fostering a learning mindset that drives results while prioritising the member experience.

8. Sustainability

Embedding sustainability principles into our operations showcases our dedication to economic growth, social development and environmental stewardship. Through active engagement with stakeholders and aligning with the United Nations Sustainable Development Goals (SDGs), we actively pursue a positive societal impact while safeguarding our business's enduring success and resilience.

LEADERSHIP COMMENTARY

Group Executive Committee

Front (from left to right)

Mr J A Thomas, *B Com (Hons) (Actuarial Science), FASSA* |

Ms A N Seboni, *B Com, MAP* |

Mr S G Johnson, *B Com Acc (Hons), CA(SA), Postgraduate Diploma in Specialised Accountancy* |

Ms M D Molefe, *B Com, MBA, MSc (HR Management and Development) University of Salford* |

Mr I J Smit, Group Chief Executive Officer, *B Com (Hons), FASSA* |

Mr W Bosman, *B Compt (Hons), CA(SA)* |

Mr J P Loubser, *N Dip Electrical Engineering, B Tech Electrical Engineering* |

Ms S Bassudev, *B Pharm*

Back (from left to right)

Mr A J Fraser, *MBA, BSc (Comp Sci), CFP* **|**
Mr L du Plessis, *B Iuris, LLB, M Com (Business Management)* **|**
Mr J M Nieuwoudt, *B Com (Ins Sc), MBA, IFA* **|**
Mr W J Mouton, *B Proc* **|**
Mr S Ruiters, *B Com (Econ), B Com (Hons) (FAPM)* **|**
Mr N J Battersby, Deputy Group Chief Executive Officer, *BSc Mech Eng, B Com (Hons), MBA, CFP, AMP (Harvard)* **|**
Mr V E Barnard, *B Com* **|**
Mr M M Mtshali, *B Com, MBA, AMP (Harvard)*

CHAIRMAN'S STATEMENT

> Every financial year brings new challenges and new opportunities. 2023 was no exception. We met it with the resilience and vision that PPS is known for. Given the strength and value of our mutual model, we are especially excited about the opportunities. It resonates with our founders' simple but powerful goals: to secure the lives and livelihoods of graduate professionals and their families. It is a privilege to be part of fulfilling that vision.

Dr Sybil Seoka
Chairman: PPS Holdings Trust Board

Overview

It is our ethos of mutuality that has enabled us to deliver exceptional value to our members throughout our long history and to contribute in a meaningful way to the greater good. Now, as we have done many times before, we are evolving in response to changes in the financial services landscape and the changing needs of our members. During 2023, we took bold steps to further position the PPS Group so that it can deliver on its vision and ethos more holistically, offer even greater value for our members and extend the benefits of our solutions and services portfolio into new markets and territories. We have made a few changes to our organisational structure to ensure that it remains fit-for-purpose, enabling us to deliver maximum value as an integrated financial services provider and to introduce the benefits of mutuality to other segments and territories.

The macroeconomic environment

Focusing on the 2023 financial year, low growth continued to hamper economies worldwide, not only in South Africa. However, South Africa has unique challenges, where the unreliable power supply situation has a detrimental socio-economic effect. The weakening rand and above-inflation fuel and food price increases have hit consumers hard, digging deep into disposable income. Consequently, many South Africans have struggled to maintain their insurance and medical aid cover. Although our graduate professional members are more financially resilient than the rest of the population, these pressures have impacted their experience, as well.

Although the unemployment rate declined marginally from the previous year, it remains intractably high. Of most significant concern to us is the high unemployment rate among young people in general and among recent graduates in particular. The PPS Student Confidence Index of 2023 revealed that 53% of recent graduates indicated that they were not confident of finding work within the next three to six months.

The knock-on effect is that new graduates and young professionals are tempted to pursue opportunities overseas, where they feel they will achieve a better quality of life and a more secure future for themselves and their families. Together with the increase in the emigration of older professionals since the pandemic subsided, this represents a burgeoning risk factor for PPS. However, at PPS we have always strived to look for the opportunity in any challenge.

Our strategic approach

Strategically, we are focusing on consolidating our position as a full-service financial services provider in the professional market segment, deepening the value of mutuality in that segment and expanding into new markets and territories. During the year, we revised our organisational structure to support these ambitions.

From a corporate governance and strategic focus point of view, we have added Sustainability to our key strategic themes in recognition of the importance of environmental, social and governance objectives to our organisation and society.

Despite near-universal consensus among scientists that humans globally are currently consuming at a rate above the carrying capacity of our planet to renew itself, which will lead to environmental collapse if we do not urgently come up with better solutions, society in general, for various reasons, finds it challenging to generate those solutions and act on it. At PPS, doing the right thing is one of our core values that we treasure. Hence, we aim to further embed best-practice sustainability principles and standards into our business model. But more so, when the world faces profound challenges and crises, it is often to professionals that it turns. The recent COVID-19 experience served as an example. Professionals are trained to develop the imaginative solutions that the world urgently needs. It humbles us that we serve this market segment. We will continue to challenge ourselves on our responsibility and what we can do to mobilise and assist our members, to in turn assist society as it grapples with these significant challenges.

Business performance

Group performance

PPS continued to provide a high level of stability throughout 2023. As we have always done, we reliably paid all valid claims timeously, enriched our solution and service offerings, strengthened our advisory structures, maintained strong distribution channels and improved our systems to enhance the total member experience consistently.

This year's results again show the effectiveness of mutuality in providing both financial security and unrivalled long-term benefits for our members. I am confident that our members will be pleased with our results – good numbers. We continue to be grateful to our members for their loyalty, demonstrated by low membership attrition rates, policy cancellations and Profit-Share withdrawals. There can be no doubt that our shared resilience is a core strength.

Many of our members remain with PPS for life and, in some cases, members of the same family have been with PPS for multiple generations. We also continue to see a steady increase in new membership numbers, with our membership profile increasingly reflecting the country's demographics. The same is true for the Group itself, which achieved Level 2 B-BBEE accreditation in 2023, demonstrating our firm commitment to internal transformation. This is not only sound corporate practice but also good business management.

Life Solutions and subsidiaries

PPS Life Solutions continued to deliver world-class offerings, unique in the market and bespoke for professionals. This business, which houses our range of life, accidental death, sickness, critical illness and disability solutions, is (still) responsible for more than 90% of the returns annually allocated to members with qualifying life-risk products via their PPS Profit-Share Accounts™.

PPS Investments enjoyed a strong year with assets under management breaching the R80 billion mark for the first time and receiving new investment inflows of R7.6 billion for the year. This was in a year during which many asset managers reported net outflows. Except for certain strategic investments in other markets and territories, PPS Multi-Managers are now overseeing all our members' Profit-Share assets; the transition from external asset managers having been completed in 2023. This move provides a diversified investment approach with a suitable long-term focus, backed by a great track record.

CHAIRMAN'S STATEMENT

PPS Short-Term Insurance operates in a more volatile market segment and, as in the previous period, saw an increase in claims for climate-related events such as floods, fires and heavy hailstorms, as well as in claims for equipment and infrastructure damage caused by loadshedding. Yet, it performed better than planned and due to the scale built over several years, it is now in a break-even position.

PPS Healthcare Administrators (PPSHA) once again delivered superior service to the members of the schemes it administers, including Profmed. A significant development in 2023 was that the business started to provide services to the Botswana Public Officers Medical Aid Scheme (BPOMAS), bringing its first cross-border client on board. This aligns with the Group's strategy of expanding into new markets and territories, both within South Africa and in the Southern African Development Community region and beyond.

And finally, our associate business in Australia, PPS Mutual (Australia) is growing strong. We celebrated our 11 000th professional member in Australia in 2023. It has also recently been voted by the independent financial advisers in that country as the best life insurance business, something we are extremely proud of. Our South African members benefit from fee income and royalties from Australia. Due to our success in Australia, we are currently setting up a similar business next door in New Zealand.

Innovation

Throughout the Group, we continue to innovate to meet the evolving needs of graduate professionals. Our PRO-FiT member engagement platform, for instance, enables our members to have direct control of their PPS portfolios, engage with the larger professional community and explore ways to optimise the value of their PPS Profit-Share Accounts™.

In 2023, we introduced a complementary intermediary engagement platform, which enables independent advisers to engage more efficiently with PPS and to view the portfolios of clients who hold PPS solutions on a convenient dashboard. We are also rolling out an artificial intelligence-assisted workflow engine called Pro-Flow, enabling us to automate and expedite many routine functions, such as claims processing and tracking. In 2024 we will roll out an enhanced Group app, which is currently in pre-release testing. This will give members and independent advisers alike a single mobile point of entry into PPS.

Other innovations unique to PPS include the PPS Profit-Share Cross-Holdings Booster, which consistently adds value for members with qualifying products across the PPS Group. It is important to note that members not only gain from Profit-Share from the new solutions they take up (that is obvious) but also "boosts" the profit from existing holdings. Similarly, the PPS Investments Family Network, a first-in-South-Africa innovation introduced in 2021, promotes the aggregation of individual and family assets, enabling members to enjoy reduced fees due to a larger combined asset base.

The PPS difference

Due to our mutual model, PPS stands out as a distinctive entity in the South African financial services landscape. Since there is no value leakage to shareholders, we can provide a rich value proposition to our members. In an election year that will mark 30 years of democracy, we remain focused on delivering this value to our members. Ours is a hard-won democracy. We encourage our staff, members, the advisers we work with and the nation as a whole to exercise their valuable democratic rights and to cast their votes on election day.

Regulatory changes and compliance

Regarding regulatory issues, there were relatively few changes in 2023 compared to other years. Of note, however, is the fact that the National Health Insurance (NHI) Bill, which was introduced to Parliament in August 2019, was passed by the National Assembly on 13 June 2023 and by the National Council of Provinces's Select Committee on Health and Social Services on 6 December 2023, paving the way for the introduction of a national health insurance scheme. However, our view remains that it will take a very long period to be implemented, with many details still lacking, including sustainable funding. We remain committed to representing the voice of professionals in legislative and regulatory processes. We will continue to monitor developments related to this legislation.

Corporate social responsibility

PPS environmental initiatives

Earlier I noted the environmental challenges we see. In 2022, we installed a hybrid solar electricity system at our corporate offices, reducing our carbon footprint and simultaneously reducing the business interruption risks associated with loadshedding. In 2023, we further upgraded this system, adding additional storage capacity that allows us to store energy generated during sunny periods for use on cloudy days or at night. A third of the electricity used at our head office is now solar-generated. We are installing similar systems at some of our regional offices.

PPS Foundation

The PPS Foundation, which has grown over the years, is the channel through which PPS delivers many of its social initiatives. We focus on key challenges we face as a developing economy, particularly those relating to our large youth population. Education, central to the professional ethos, is a big focus in particular and includes Bursary and University Support programmes. We are grateful for the contributions made by other companies and individuals who co-funded a number of bursaries. Many tertiary students participated in the LEAP Work Readiness Programme (Learned, Engaged, Accelerated Professionals). This programme helps prepare bursary holders and other graduates for the transition to the world of work. The University Support Programme remained dedicated to assisting vulnerable students, partnering with organisations such as Rise Against Hunger to pack and distribute meals for those facing food insecurity.

After a few incubation years, we have started to scale up our **Cultivating Tomorrow's Professionals** programme in partnership with seven schools in Gauteng and three in Cape Town. This learner-led programme is designed to provide matric learners with the resources and information needed to decide on further (hopefully professional) studies and build a skill set that will serve them well throughout their lives. Many staff members give free time over weekends to lecture on this programme, especially in mathematics and science. This demonstrates how deeply embedded our values-driven culture is and how it serves our members and our communities.

In 2023, the PPS Bursary programme supported 70 students, out of which 17 successfully completed their degrees.

The PPS Graduate Internship Programme continues to be popular, and in 2023, 17 participants were offered full-time employment within the Group after completing the one-year programme. These programmes provide excellent learning and employment opportunities and ensure a steady pipeline of talented individuals for the Group and its subsidiaries.

And, as always, we are grateful to many of our professional members, who offer their time and expertise to develop new generations of graduate professionals through the PPS Foundation Mentorship Programme.

PPS Training Academy

The PPS Training Academy, internationally recognised for excellence, continues to be a learning institution we are immensely proud of. Our comprehensive Human Capital Report, available online, has more detail. Of special mention is that this training institution is not only for PPS staff, but also for financial advisers and ultimately also for our members. Our vision is that it will play a meaningful part in developing our members.

Ethics and corporate governance

Founded on the ethos of mutuality and offering holistic financial solutions for graduate professionals, PPS has an essential role in defending the interests of our members and the broader professional community in South Africa and the other territories in which we operate.

In line with this, we consistently comply with all relevant legislation and our corporate governance practices are based on the principles of the King IV™ Code of Corporate Governance for South Africa (2016). In terms of both King IV™ and the Companies Act (No. 71 of 2008), PPS is governed through a unitary structure that includes a main board and its committees, and subsidiary boards and their sub-committees. All boards and their committees operate within the parameters of approved charters and terms of reference, which are reviewed periodically. A well-resourced Company Secretariat also supports them.

CHAIRMAN'S STATEMENT

Changes to the Board

There were several changes to the composition of the PPS Holdings Trust Board during 2023. Mr P Ranchod retired from the Board at the 8 May 2023 Annual General Meeting and Ms JK Myburgh retired by rotation. Advocate LC Haupt SC and Dr R Perumal were elected to the Board as Independent Non-executive Trustees at the Annual General Meeting.

On the PPS Insurance Board, Dr JA van der Merwe's term of office expired on 8 June 2023 at the PPS Insurance Annual General Meeting. Ms A Gounden resigned with effect from 31 August 2023. Mr CE Backeberg, Mr LM de Villiers and Mr AH de Vries were appointed to the PPS Insurance Board on 1 June, 1 January and 8 June 2023, respectively. Prof WJ Maroun was appointed to the PPS Insurance Board on 1 January 2024.

I would like to take this opportunity to thank the Board members who have left PPS for the invaluable contribution they made to the Boards during their tenures. We welcome the new board members and look forward to working with them.

A word of thanks

In closing, I would like to extend my thanks and that of my fellow trustees to our Group CEO, Izak Smit, who, together with our Group executive team and those of our subsidiaries, continues to lead with purpose and care for our members and their communities. Not only has this team ensured that we always stay true to our values and principles, but that we respond to changing needs and circumstances in many proactive and innovative ways. To our hard-working and dedicated staff, who deliver on our ethos of mutuality every day, and have supported them, we say a BIG THANK YOU.

A sincere word of thanks also goes to our members, who trust us with their financial goals and contribute in a committed way to our robust community of professionals.

Finally, I would like to express my gratitude for the advice and support of my deputy, Dr Mannie Kruger, the Chairman of the PPS Insurance Company Board, Charles Erasmus, and that of all the PPS trustees, who continue to ensure that the Board is such an enduring example of cooperation, innovation and good governance, and who remain unfailingly committed to the financial security and well-being of the PPS community. I must also thank my family, whose support for me and my work I can always count on.

Sybil Seoka

Dr Sybil Seoka
Chairman
3 April 2024

With the PPS Profit-Share Account™, your life cover can grow your life savings.

That's innovation for the **greater good** of our members.

The Booster allocations may vary each year and are declared annually with Profit-Share, based on the profitability of PPS and its subsidiary/affiliates products. PPS reserves the right to discontinue this offering at its own discretion.

LEADERSHIP COMMENTARY

The PPS Holdings Trust Board

Front (from left to right)

Mr I Kotzé, *B Pharm* | **Adv L C Haupt SC,** *B Com Law, LLB (Cum Laude), LLD, Admitted as an Advocate of the High Court of South Africa* | **Dr B R Ntshabele,** *BVMCh, Certificate in Entrepreneurship, Diploma in Management Studies, MBA* | **Mr P Ranchod,** *B Compt (Hons), CA(SA), MBL, H Dip Business Data Processing* | **Ms D L T Dondur,** *B Acc (Hons), B Compt, CA(SA), MBA, CD(SA)* | **Dr R E Ngwenya,** *BSc, MBBCH, FCS(SA), M Med (Surg), FC (Plast Surg) (SA), M Med (Plast and Reconstr Surgery)* | **Mr V P Rimbault,** *BSc Eng (Mech)* | **Mr S Trikamjee,** *B Com (Hons), CA(SA)* | **Dr N H P Khosa,** *MB ChB, MBA* | **Dr S N E Seoka,** Chairman, *B Pharm, PhD, FPS*

Back (from left to right)

Dr D P du Plessis, *BSc (QS), MBA, DBA, CD(SA)* | **Prof H E Wainer,** *B Acc, CA(SA), Registered Auditor* | **Dr F Mansoor,** *BDS, MBA* | **Mr J A B Downie,** *BSc, MBA, CFP* | **Dr C M Krüger,** Deputy Chairman, *MB ChB, M Prax Med, M Pharm Med* | **Dr R Perumal,** *MBChB, Master of Public Health (MPH), M Med (Internal Med), M Phil (Pulmonology), D Phil (Medicine), Fellow of the College of Physicians* | **Dr R Putter,** *B ChD, MSc (Dental Public Health), Cert Fin Officer, Cert Dir(SA)* | **Dr A Coetzee,** *B Med Sci, MB ChB, CAHM, ABCD* | **Mr C Erasmus,** *BSc, FIA, FASSA* | **Mr A H De Vries,** *B Acc, CA(SA)*

CEO'S MESSAGE TO MEMBERS

> "As we operationalise our current five-year strategy, our focus will be on expanding and enriching the benefits of mutuality for our members. At the same time, our focus will extend to growth in new market segments and territories. PPS has a unique value proposition to offer its members and our function as custodians of that proposition is to consistently secure and deepen its value."

Izak Smit
Group Chief Executive Officer

Overview

It is my privilege to present the PPS Integrated Report for 2023, celebrating another year of successfully providing our members with customised financial services solutions and returning value to them in many different ways. The strength and resilience of our mutual model continue to prove itself, and as we face new challenges and opportunities, we are building on them to provide even more significant benefits for our members.

Guided by the ethos of mutuality embraced by our founders more than 80 years ago, all premiums paid into our insurance businesses, after the expenses of managing those businesses, are ultimately returned to our members (with investment growth), either through claims, added value or (for members who hold a qualifying life-risk product), through allocations to their PPS Profit-Share Account™. The PPS Investments Family Network provides for the aggregation of individual and family assets, enabling members to enjoy lower fees as the result of a larger, combined asset base. In short, all decisions our Board and executives take are made entirely for the benefit of our members. I can assure you, we as management find much purpose in serving in such a model!

In PPS Life Solutions, the most critical factor influencing operational profits is life, sickness and disability claims, which, since the COVID-19 pandemic has abated, have returned to average levels that are now only slightly above our long-term actuarial expectations. There is still a small pandemic-related impact, and given the tough economic backdrop, the propensity to claim on the sickness side has also increased. However, it is pleasing that operating profit has now recovered to more than a billion rand, the pre-COVID-19 level.

From an investment perspective, markets across the globe remained volatile throughout the year, reacting to geopolitical events. In South Africa, we have our unique challenges and risks. Economic growth remains very low and political risks high. The unstable power supply exacerbates the situation, impacting investor and business confidence. This impacts the valuation of financial instruments (South African equities and bonds). However, after a flat investment performance in 2022, very much expected after a fantastic 2021, we saw much better returns in 2023. Financial markets were especially strong in the first and last quarters of 2023. Given our huge balance sheet, investment returns are a significant component of the overall profit we can allocate to our members' PPS Profit-Share Accounts™. Our (non-Life) subsidiaries are also starting to make a meaningful contribution. Our members should be pleased by the returns we generated in 2023. The overall profit that we can allocate to our members' Profit-Share Accounts™ is one of the strongest ever.

Our members will know from past reports that, after such a strong year in the investment markets, I am always quick to add that the long-term average returns matter and not a single year's performance. It has become a cliché but it remains as true as ever: It is about time in the markets, not timing the markets. At PPS, we have an advantage due to the long-term nature of our members' Profit-Share assets – they often remain on our books for a generation or more. This enables us to take a long-term investment approach, giving us a unique competitive advantage. More specifically, it allows us to focus on investing in growth assets, enabling us to ride out short-term market volatility and corrections. A significant part of our members' Profit-Share portfolio is invested in overseas assets, where the local currency's weakness boosted returns in 2023. Years such as 2023 assist longer-term average returns. We do not want to miss out on these years. But, like a good personal financial adviser, I must again caution against exuberant future expectations. Financial reporting cut-offs are somewhat artificial snapshots in a continuous cycle and the 2023 year-end was again a good cut-off in terms of financial reporting.

That said, the value returned to our members in 2023 remains exceptional. This was delivered through our integrated advisory services, our comprehensive products and services range, the timeous payment of claims, meaningful support in times of need, an expanding range of added values and, for qualifying members, of course, allocations to their PPS Profit-Share Accounts™.

From a membership perspective, members with PPS life products in South Africa and Namibia increased from 131 073 at the end of 2022 to 132 934 at the end of 2023. Members with a product across the Group (including Namibia) increased from 157 440 at the end of 2022 to 161 054 at the end of 2023.

Many of our professional members nevertheless continued to find their businesses under stress due to constrained economic conditions. As a result, we saw a slight uptick in lapses, from 4.07% in 2022 to 4.70% in 2023. These rates are still very low by any standard and our low attrition contributes much to the business's profitability. In keeping with our commitment to assisting members throughout their lives and through all of life's challenges, our advisers – both internal and external – are always on hand to aid our members with advice and solutions that would enable them to manage the difficulties they are facing.

From a business development perspective, it is fair to say that 2023 was as difficult as the previous three periods, with our advisers having to work hard to recruit new members and provide cross-solutioning to existing members. After very good new business numbers in 2022 – bucking industry trends at the time – new life business slipped somewhat in 2023. It was influenced to some extent by a channel restructuring, which we believe is very necessary for future growth and cross-solutioning. This has been completed and we look forward to good new business growth in 2024.

Strategy and opportunities

We remain committed to the seven strategic themes outlined in previous reports, but we have added an eighth: Sustainability. Businesses today cannot afford to ignore sustainability as a theme in their strategy. Integrated reports across companies and industries devote more space every year to this important topic. As an organisation where mutuality stands central and as a business of which one of our three core values is always striving to do the right thing, PPS is able and willing to go much further. It is tough at times for businesses driven by shareholder returns to make the right decisions. At PPS we do not have that type of stakeholder. Our purpose is only focused on our members, assisting them to hedge against life's catastrophes and adding value to their lives, assisting them to live the lives they want to live in a world worth living in. This purpose gels with the sustainability theme. Companies such as PPS where mutuality is a core focus, can play a unique role. This is particularly true when such a company focuses on serving the professional segment, because ultimately, it is professionals who – through their training and experience – will drive the solutions. The younger generations expect environmental responsibility from the brands that they support. Hence, sustainability will and should become essential to our strategy development.

CEO'S MESSAGE TO MEMBERS

In 2023 we also identified the need for a few changes to our organisational structure. This structure is more appropriate for delivering on our objectives, especially our aim of expanding into new markets and territories. There were changes across the structure, but the two most important ones were in the Distribution function and creating a Mutuality division overseeing the total member experience.

Performance snapshots

PPS Life Solutions

PPS Life Solutions oversees our foundational array of offerings, providing long-term life, accidental death, sickness, critical illness and disability insurance for graduate professionals.

In 2023, new life business in South Africa experienced a setback with a 12% decline compared to the previous year. This decline should be contextualised by the significant surge in new sales we reported in 2022, setting an exceptional benchmark. Performance was, however, also affected by the constrained operating environment. The annual premium income of new life insurance business written in South Africa and Namibia in 2023 was R262.9 million, down 12% on the R297.3 million written in the previous period. Due to the nature of the products we offer and the market segment we serve, distribution is exclusively through internal and external (independent) advisers (i.e., face-to-face). Around 74% of new business in South Africa in 2023 was written by independent advisers, who remain essential and valued business partners. The other 26% of new business was written by our own team of PPS advisers.

Although rising slightly, net attrition rates remained industry-leading by global standards and below expectations. Profit-Share undoubtedly contributes to the low lapses, as does quality member service. Attrition is further alleviated by the unique PPS proposition of covering our members worldwide at no extra premium loadings (as many professionals spend significant periods overseas). We also allow our members to retain their PPS policies upon emigration; the only requirement is to maintain premium payments through a South African bank account.

Given the new business and lapse experience, gross life premium revenue in South Africa reached R6.0 billion in 2023, up 8.7% on 2022.

Total gross life claims came in at R3.72 billion for 2023, from R3.25 billion in 2022. It was still around 5% higher than our longer-term actuarial expectation, but this difference has reduced significantly from the COVID-19 years. We unpack life claims in a bit more detail on page 31 of this report.

Assisting our members in times of need by paying valid claims is our primary focus; profit is a secondary objective. It is, however, uplifting to see profitability returning in the life insurance business. Total operating profit allocated to members' PPS Profit-Share Accounts™ was R1.2 billion. This is still lower than before the pandemic but we have seen a steady improvement over the past two years. Management expenses continue to be the only cost from the value that is eventually returned to members, either as a claim payment or as Profit-Share. Efficiency ratios are, therefore, important metrics. Management expenses of R1.36 billion were in line with planned expenditures and the targeted efficiency ratio. IT costs (and much of this due to the soft rand/US$ exchange rate) put pressure on expenses, but lower staff costs helped to pull it closer to the expected numbers.

PPS Investments

PPS Investments is an established asset management business that invests in a diversified range of funds – both locally and offshore – to achieve superior long-term returns for the Group and provide savings, investment and retirement solutions for PPS members. The business more than doubled both assets under management and the number of investors it serves in the previous five-year business cycle, spanning from 2017 to 2022. It aims to do so again over the next five-year cycle that started in 2023.

In 2023, one of its primary objectives was the final transition of PPS Profit-Share assets from external fund managers to PPS Multi-Managers, who are now managing all PPS assets. A further objective was to sustain new business levels during the change in the distribution model and in the face of challenging economic conditions in South Africa.

At the leadership level, the CEO of 16 years, Nick Battersby, was appointed to the newly created Deputy Group CEO post and replaced by Shaun Ruiters. Shaun has previous experience at PPS. This change in leadership was seamlessly handled, a fact evident from the business's results.

Assets under management increased to R84 billion by the end of 2023 from R66.67 billion a year earlier. Gross inflows stayed steady at R7.6 billion, while profit before interest and tax increased to R153 million from R121 million in 2022, surpassing anticipated profit levels.

Members benefit from our investment strategy in two ways: through growth in the value of their individual portfolios and through growth in the contribution the business makes to their PPS Profit-Share Accounts™.

PPS Short-Term Insurance

PPS Short-Term Insurance provides intelligent short-term insurance solutions for our members, including car, home and business insurance. In 2023, its primary objectives were to achieve the gross revenue target for the year in pursuit of its business plan to achieve scale, maintain a loss ratio and lapse rate within predetermined parameters and position itself effectively for growth into new market segments.

As in the previous period, the business and the industry experienced high levels of climate-related claims during 2023. Yet, we are proud that the claims ratio remained below expectations. As I have mentioned in previous reports, we remain convinced that the professional segment is a benign one from a short-term insurance risk perspective due to the ethos of risk management common in many professions. This ultimately benefits our members through profit-share.

We are pleased to report that this business is now close to a break-even position and is projected to be a significant contributor to profits in future.

PPS Health Professions Indemnity

PPS Health Professions Indemnity is a dedicated business operating on our short-term insurance licence, offering indemnity insurance for healthcare professionals registered with the Health Professions Council of South Africa and working in clinical practice.

Launched five years ago, the business is now profitable. It recorded an exceptional increase of 15% in the number of new non-Pharmaceutical Society of South Africa (PSSA) policies written during the reporting period and, partly due to the nature of the cover it offers, recorded an exceptionally low lapse rate. Service is a key differentiator and not only contributes to the low lapse rate but also continues to drive the ongoing growth in the number of insured professionals choosing PPS Health Professions Indemnity as their indemnifier of choice. It continued to generate a profit before interest and tax. It extended its offering to Namibia members, which was well received. It has built a solid book with a good risk mix. By the end of the year, 12 609 (including PSSA members) medical professionals enjoyed the cover provided by this business.

Unlike other providers operating in this market, PPS Health Professions Indemnity uses a risk-adjusted model to assess the risk profile of each practice individually to determine the cost of its indemnity insurance. This reflects our ethos of mutuality, a guiding principle that drives our mission to provide every member with the complete value that PPS has to offer.

PPS Healthcare Administrators

PPS Healthcare Administrators again delivered a very solid performance in 2023. Profit before interest, tax and lease modification were ahead of forecast, and fees continued to track within the industry average. Revenue of R358 million was 4% up on 2022.

A major achievement during 2023 was to roll out administration services to the Botswana Public Officers Medical Aid Scheme (BPOMAS), effective from 1 July 2023. This is the first client of PPS Healthcare Administrators outside of South Africa. The business will pursue other opportunities in neighbouring countries in future.

CEO'S MESSAGE TO MEMBERS

As in the previous year, the challenge of retaining members remained significant across all the schemes the business administers, with Profmed, in particular, being affected by emigration, graduate unemployment and the movement of professionals from private practice into permanent employment.

During the year, the business entered into a new service-level agreement with Profmed, enabling the scheme to provide even greater value for graduate professionals. For example, it now guarantees to resolve member queries within three hours. This comes after introducing benefits such as PPS Wallet, PPS Gap and dental risk management during the previous period.

Uniquely, PPS members with qualifying life-risk products who are also Profmed members benefit from industry-leading administration services at cost, as most of the profit generated from these services is returned to them through their PPS Profit-Share Account™.

The business retained the Level 2 B-BBEE accreditation it achieved last year.

PPS Namibia

In 2023, PPS Namibia delivered a satisfying performance, surpassing most competitors despite navigating a challenging, low-growth economy. In 2023, PPS Namibia recorded an operating profit of N$49.3 million. The total net (of reinsurance) claims increased from N$73.6 million to N$83.3 million. Gross insurance premium revenue increased year on year by 9% from N$213.3 million to N$233.3 million. Expenses were well-managed.

Our members in Namibia also benefitted from the good investment market returns in 2023. Investment returns distributed to members' PPS Profit-Share Accounts™ have increased from N$4.7 million in 2022 to N$176.9 million in 2023. We continue to adhere to the same multi-manager strategy in Namibia that our members benefit from in South Africa.

In 2023, the business expanded its network of independent advisers, especially targeting younger professionals in rural and remote locations. It also increased its engagement with professional associations, corporate entities and state-owned enterprises. It intensified member-facing services, focusing on underwriting, claims and retentions in particular.

Our strategy in Namibia continues to be the introduction of new products, services and solutions into the market shortly after they have been launched in South Africa. Namibian members can, therefore, look forward to many new innovations in 2024.

PPS Mutual (Australia)

PPS Mutual, an associate company established in Australia eight years ago, operates very successfully. Not only does it provide the benefits of PPS's mutual model to its members in Australia, but it also contributes to the Profit-Share allocations of South African members through the payment of fees and royalties. Operationally, it falls under the auspices of the newly formed New Markets and Territories division at PPS, tasked with spearheading PPS's expansion into previously untapped markets in South Africa and into new geographies.

Over the past year, the business demonstrated remarkable resilience under difficult trading conditions and achieved a number of commendable milestones. It now has more than 11 000 members and has attained a highly favourable annual in-force premium of more than A$70 million.

It also earned the title of Best Retail Life Insurer from Adviser Ratings, an independent market comparator, securing a place in the top three in all categories. This is particularly noteworthy given that it competes against major global insurers and that back-office administration is located in South Africa to ensure cost efficiencies.

PPS's successful entry into the Australian market has proven the value of the ethos of mutuality in markets outside of South Africa. Of note is that, contrary to initial expectations, only a small number of members are South African expatriates, as the mutual model has proven to be highly attractive to Australian nationals as well. As a result, PPS Mutual (Australia) is now positioned among the leading providers of financial services products to professionals in the country.

New markets and territories

Based on the success of PPS Mutual, PPS is currently preparing to enter the New Zealand market and is on track to open an office in that country in 2024. In South Africa, we are exploring the possibility of extending into previously untapped market segments as part of our growth strategy.

Looking ahead

There is little doubt that the economic climate in South Africa will remain constrained. Growth continues to be sluggish and is only expected to improve to 1% in 2024, while inflation is expected to remain high, dropping marginally from an average of 5.9% in 2023 to an expected average of 5% in 2024. Exacerbated by the ongoing power supply crisis, this pattern is unlikely to change in the short term. The global economy, in turn, continues to be characterised by a high level of uncertainty, with geopolitical conflicts affecting many financial indicators.

Our diversified investment strategy enables us to buffer members against the worst volatility in the markets. However, members must appreciate that growth assets will always be vulnerable to shorter-term market impacts and changes in sentiment. Over the longer term, a well-constructed growth portfolio is likely to outperform.

It has always been our approach to look for the opportunities in challenges. We believe our strategy of extending mutuality to previously untapped market segments and territories is very appropriate in the current climate. In fact, we look forward to the next few years with much optimism and excitement!

Thank you

The past year was a significant one for PPS, positioning us for much future growth, and once again, I was uplifted by the commitment of our employees throughout yet another demanding year. Our core values of taking extreme ownership, of curiosity and openness to new learning and doing the right thing are firmly embedded in everything we do.

While often operating under difficult conditions, our employees continue to deliver the high level of service we pride ourselves on. As importantly, our new organisational structure is fit-for-purpose and our teams are stronger than ever. It continues to be a privilege to lead and be part of a cohort of such talented and dedicated people. I thank all my colleagues for their hard work and determination, as well as for contributing to making 2023 a year during which we could continue to support and return value to our members.

The contribution and input of our non-executive Board members continued to be invaluable. Both the chair of PPS Holdings Trust, Dr Sybil Seoka, and of PPS Insurance, Charles Erasmus, are valued sources of advice and support, as are the chairs of the various subsidiary boards and sub-committees.

Finally, thank you to our members, who continue to trust us with their financial security. We take this trust and responsibility seriously and remain at your service, always.

Izak Smit

Group Executive Officer

3 April 2024

Directors of the PPS Insurance Company Limited

Front (from left to right)

Mr P Ranchod, *B Compt (Hons), CA(SA), MBL, H Dip Business Data Processing* |
Mr C Erasmus, Chairman, *BSc, FIA, FASSA* | **Prof H E Wainer,** Deputy Chairman, *B.Acc, CA(SA) Registered Auditor* |
Dr S N E Seoka, *B Pharm, PhD, FPS* | **Ms D L T Dondur,** *B Acc (Hons), B Compt, CA(SA), MBA, CD(SA)* |
Mr S Trikamjee, *B Com (Hons), CA(SA)* | **Mr J A B Downie,** *BSc, MBA, CFP* |
Mr N J Battersby, Deputy Group Chief Executive Officer, *BSc Mech Eng, B Com (Hons), MBA, CFP, AMP (Harvard)*

Back (from left to right)

Mr L M De Villiers, *Nat. Dip. Electronic Data Processing, GITI - Information Technology & Telecommunications (INSEAD), DIS - Information Technology (Harvard)* | **Dr D P du Plessis,** *BSc (QS), MBA, DBA, CD(SA)* | **Dr N H P Khosa,** *MB ChB, MBA* | **Dr C M Krüger,** *MB ChB, M Prax Med, M Pharm Med* | **Mr E J S Franklin,** *BSc Physics and Applied Mathematics, BSc Elec Eng, M Sc Elec Eng (Manchester), MBA* | **Mr I J Smit,** Group Chief Executive Officer, *B Com (Hons), FASSA* | **Mr A H De Vries,** *B Acc, CA(SA)* | **Mr C E Backeberg,** *BSc (Hons), FIA, FASSA, CFP*

Absent: Prof W J Maroun, Appointed January 2024, *B Acc (Hons), M Acc, PhD, CA(SA)*

GROUP PERFORMANCE

PPS LIFE SOLUTIONS

About PPS Life Solutions

PPS Life Solutions is dedicated to developing and delivering world-class life-risk solutions for our members.

PPS Life Solutions is responsible for a suite of offerings, which provide long-term life, accidental death, sickness, critical illness and disability insurance for graduate professionals, a niche with a distinct profile and unique needs. These solutions are created to provide them with peace of mind, security and wealth protection from as early as their fourth academic year of study through to graduation, throughout their working lives and in retirement.

Further, unlike other offerings on the market, PPS members who have qualifying life-risk products automatically qualify for allocations to the PPS Profit-Share Account™, which is created for them and delivers unparalleled long-term value. Members who make claims do not forfeit this benefit and continue to earn interest and Profit-Share allocations until the age at which their benefits cease or upon their passing.

Informed by the ethos of mutuality, our solutions offer many features and benefits that most competitive solutions do not. For example, our flagship solution, the PPS Sickness and Permanent Incapacity benefit offers far greater cover than similarly positioned solutions available on the market.

The Sickness benefit is designed to support the member during an initial period of illness for up to 728 days. Importantly, to enjoy this benefit, a member must be employed, and uniquely, they do not have to experience a loss of earnings to receive the benefit. Another point of consideration is that PPS will pay the member a Sickness benefit if they cannot (totally) attend to their usual professional duties for seven (or more) consecutive days due to sickness or injury. Additionally, any financial benefit received during a period of illness is not aggregated from any other earnings that the member may have received during that time, nor does it impact any allocations they qualify for to their PPS Profit-Share Account™.

In cases in which a member becomes permanently incapacitated, the Permanent Incapacity benefit replaces or supplements their income through to retirement, while their PPS Profit-Share Account™ balance continues to earn interest and/or allocations, where applicable. And, as our solutions are intended to offer added value that is specific to professionals, they include differentiated features such as international cover and cover for hazardous pursuits that some of our members engage in recreationally, such as scuba diving or piloting private aircraft, at no additional cost.

As importantly, they benefit from a range of support and value-adding services for members, such as expert advisory services, innovative apps designed to meet their specific needs, practice management assistance, informative summits on issues such as retirement planning, wellness programmes, access to life coaching, discipline-specific conferences, workshops and courses that qualify them for continuing professional development (CPD) points, regular member updates and access to a community of like-minded people.

Performance

Factors such as low economic growth, high inflation levels and interest rates, loadshedding and an unstable global geopolitical environment all impacted our members during the reporting period.

These issues notwithstanding, we continued to enhance our life and risk solutions suite. Notable among these was a comprehensive review of our underwriting standards. This will be a major supporting element in the development of a new digital onboarding process. Advisers will also be able to use this platform for members who might not have active solutions with PPS, but who wish to reconnect with us.

Our member engagement platform was enhanced in Quarter 1, 2024 (after the reporting period covered in this report). Members now have access to an automated Profit-Share Account™ calculation feature, which gives them greater insight into their PPS Profit-Share Account™ balance over time. It enables them to calculate the benefit of adding additional qualifying products to their portfolio and what the potential impact on the account balance could be. Related enhancements to our intermediary engagement platform, which was introduced in 2022, further improved efficiencies and enriched our relationships with our intermediaries and, through them, our members.

From a performance point of view, new sales of life and risk solutions decreased by 12% in South Africa compared to the previous period, partly because we reported an exceptional increase in sales during 2022. The macroeconomic environment naturally also had an impact. The actual annual premium income for the year was R245.4 million, representing a decrease of 12% compared to the previous year's figure of R279.6 million. Furthermore, the number of new members joining PPS with products also experienced a year-on-year decline. A total of 7 611 new members joined, marking an increase of 301 members in comparison to 2022 (7 310 in 2022).

Weighted against this, our lapse percentages remained exceptionally low – well below industry standards – mainly due to the lifetime value PPS offers its members.

UP 22% from 2022

R5.74 billion
Total benefits paid to members

UP 15% from 2022

R3.72 billion
Gross risk claims

DOWN 12% from 2022

R245.4 million
New life risk annual premium income

UP 37% from 2022

R2.02 billion
Exit payments

UP 8.7% from 2022

R6.0 billion
Gross premium revenue earned

UP 15% from 2022

10 521
Profit-Share millionaires (South Africa)

The numbers above are for South African operations.

Looking ahead

We are optimistic about our prospects in 2024, although we anticipate that economic growth will remain constrained.

We therefore expect post-pandemic interest in life and risk solutions to remain steady, if not to increase. Further, while emigration continues to have an impact on the graduate market, this is likely to be offset by the Group's focus on new markets and territories, where uptake of our solutions is likely to be good.

We will also be launching a new onboarding and underwriting experience, which will significantly improve the sales experience with PPS.

GROUP PERFORMANCE

PPS ADVICE AND DISTRIBUTION

About

PPS Advice and Distribution is dedicated to providing advisory services for PPS members; we customise the financial services solution for each individual based on their profile, life stage and specific needs. It serves as the primary point of contact for existing and potential members who need advice about any PPS solutions and services or the benefits of being a PPS member.

It also serves as the primary point of contact for external intermediaries who need advice or support on behalf of their clients. We have an active programme of engagement that keeps them fully informed of developments at PPS.

During the year, PPS made organisational changes to align with our current five-year strategy. As part of this effort, we consolidated the distribution channels for our life insurance and investment solutions into PPS Advice and Distribution. This consolidation aims to improve integration in what we offer our members, support our “go-to-market” strategy and enhance operational efficiencies.

It is important to note that the strategic shifts we are implementing all depend on a strong, focused advice and distribution function. For example, the objective of providing our members with holistic solutions that meet their lifetime needs hinges on them being able to access a centralised advisory function as those needs change over time. Whether they do this directly or through external advisers, the benefit is notable. The new structure not only reduces complexity at point of contact but vastly improves the service level we can provide for our members.

From an operational point of view, our teams consistently engage with all the solution houses within the Group, offering feedback about members and their needs to inform how solutions are structured, developed and delivered. In turn, the solution houses keep our teams fully informed of new developments in the solutions and services suite, enabling delivery of tailored solutions to best meet our members’ needs.

Our team of advisers provides a highly personalised service, either directly or through external intermediaries who recommend PPS solutions and services to their clients. In addition, high-net-worth professionals have access to a boutique Wealth Advisory Service, which offers advice and solutions to meet their wealth creation, acceleration and protection needs. We also provide specialist support services to our network of independent advisers to assist with complex financial planning and business assurance.

Performance

Low economic growth, high inflation and high interest rates, coupled with the erratic power supply in the country, undoubtedly impacted members during the reporting period. Naturally, this also had an impact on our performance.

Despite efforts to meet annual projections, performance lags behind the previous period. Empowering advisers with entrepreneurial approaches and investing in their development are part of our strategy to overcome this challenge. This includes a two-year programme to certify financial planners and provide ongoing mentorship. Advisers also have access to an advanced intermediary engagement platform with a user-friendly dashboard for client information.

In addition, we create opportunities for advisers through on-site and hybrid events and by generating qualified leads. We focus on professionals in both private practice and the workplace, a clearly defined and qualified market niche.

INTERNAL DISTRIBUTION

UP 12% from 2022 **R6.37 billion** Total assets under advisement	**UP 6%** from 2022 **R1.04 billion** Gross new inflows	**DOWN 8%** from 2022 **R63.3 million** New life risk annual premium income

EXTERNAL DISTRIBUTION

UP 21.6% from 2022 **R32.5 billion** Total assets under management	**UP 1.8%** from 2022 **R4.46 billion** Investment inflows	**DOWN 13.5%** from 2022 **R182.1 million** New life risk annual premium income

These numbers exclude direct client and direct channels.

Our tailored financial solutions

Risk insurance planning

Risk insurance planning involves planning for unforeseen events – including death, disability and severe illness. By providing appropriate lifestyle protection, PPS Advice and Distribution can help to mitigate the impact of unexpected occurrences such as these on individuals, businesses and practices.

Savings and investments planning

Savings and investments have different purposes but both are crucial for professionals to reach their financial goals in the short, medium and long term. It provides financial security and – the longer the period of saving or investment – the better the return because of compound growth.

Estate and legacy planning

The value of the legacies that professionals leave behind depends on long-term planning. The PPS estate and legacy planning service enables members to create a valuable legacy proactively. An estate plan enables them to protect and grow their assets during their lifetime and to ensure that their assets are available to provide for loved ones after their death.

Retirement planning

There are only approximately 480 salary payments between the time professionals start working in their 20s and the time they retire, typically in their 60s. Since many will live to the age of 85 or more, they will need an income for at least 240 months after retirement. The only way to secure this is to start planning for retirement as early as possible and to select the right investment strategy.

Business planning

Business planning is designed to maximise tax efficiency and to ensure business continuity in the event of serious illness or death. A sound business plan also ensures that the business is covered against such eventualities as accidental damage and personal liability claims.

GROUP PERFORMANCE

Looking ahead

Although the economic environment is expected to remain constrained in 2024, recent changes in how we operate have ensured that we are well-positioned to take advantage of opportunities as they present themselves throughout the year, especially in new markets. We also remain firm in our intention to double the number of new members we bring on board over the five-year period ending 2027. We have strategies in place to achieve this.

We will continue to prioritise the PPS Member Value Proposition, which serves as our commitment to delivering tailored benefits and advantages to our members, aimed at enhancing their overall experience. Additionally, we will leverage the PPS Profit-Share Cross-Holdings Booster to facilitate cross-solutioning, thereby further increasing the value of their portfolios. Operationally, we will continue the process of expanding our presence and entrenching our footprint in all the country's major cities, while simultaneously extending our reach into important regional hubs. We also intend to stimulate growth by continuing to deepen current stakeholder relationships with professional associations, academic institutions and key partner organisations.

PPS Investments Proprietary Limited Board

Mr S Trikamjee, *B Com (Hons), CA(SA)* |
Mr S M Gerber, *B Com (Hons) GDA, CA(SA), C Prac (SA)* |
Dr D P du Plessis, *BSc (QS), MBA, DBA, CD(SA)* |
Ms R G Govender, Chairman, *B Com (Acc), M Com (Tax), Advanced PG Dip in Financial Planning, CFP* |
Mr N J Battersby, *BSc Mech Eng, B Com (Hons), MBA, CFP, AMP (Harvard)* |
Mr S Ruiters, Chief Executive, *B Com: Economics, B Com (Hons) – FAPM* |
Mr I J Smit, *B Com (Hons), FASSA*

GROUP PERFORMANCE

PPS INVESTMENTS

About

As a preferred provider of investment management services, PPS Investments is committed to delivering bespoke, transparent solutions tailored to meet the unique needs of PPS members. We are focused on the creation and management of inter-generational wealth, while striving to enhance financial well-being and foster lasting prosperity for our community.

With a robust track record built over 16 years, PPS Investments is a well-established and trusted asset management entity. Our primary focus lies in providing members with a variety of multi-manager solutions, complemented by our partnership range of funds, which grants access to both local and international single-manager funds.

We use a carefully designed investment process to find the best mix of assets and select top-performing asset managers to achieve our goals. This approach ensures a seamless alignment with the distinctive investment needs, risk tolerance levels and time horizons of our members.

Our investment platform is designed to offer tax-efficient solutions for pre- and post-retirement as well as wealth-creation mechanisms that empower members to pursue specific financial goals at different life stages.

Members benefit from our asset management capabilities through the skillful management of their individual investment portfolios and their PPS Profit-Share Account™, which was successfully transitioned to PPS Multi-Managers in 2023.

Members holding a qualifying PPS life-risk product along with a qualifying investment product are eligible for supplementary allocations to their PPS Profit-Share Account™.

Members who participate in the PPS Investments Family Network enjoy additional benefits. The network allows family members to invest together and to benefit collectively from reduced administration fees and earn additional Profit-Share allocations on those assets.

Performance

At the start of 2023, the markets were preoccupied with inflation, especially in developed economies. In response, central banks persisted in raising interest rates to counteract inflation and safeguard economies against overheating.

In this climate, consumers were the hardest hit as the cost of living, which had increased substantially in 2022, continued to climb. This resulted in a material reduction in disposable income, which limited consumers' ability to save; a trend observed throughout the industry.

While the US economy was more resilient than expected, market strength was rather narrow. Growth was limited to select sectors, with technology – especially artificial intelligence – being a standout performer. The Chinese economic recovery was underwhelming with its over-leveraged property sector continuing to take strain.

In South Africa, the Reserve Bank effectively controlled inflation, although economic growth encountered obstacles such as the persistent power supply crisis and logistical challenges at ports.

Despite this, PPS Investments had another exceptional year with assets under management (AUM) increasing from R66.7 billion to R84.0 billion, exceeding R80 billion for the first time. The number of investors also increased by 8% to 66 546.

Annual gross inflows from individual investors reached an impressive R7.6 billion which was 98% of the previous year's record result, while net flows reached R2.5 billion. Profit before interest and tax (PBIT) increased from R121 million to R153 million, making this a milestone year for the business.

UP from **R66.7 billion** to
R84 billion
Total assets under management

UP from **R121 million** to
R153 million
Profit before interest and tax (PBIT)

DOWN by **2%** from **R7.7 billion** to
R7.6 billion
Gross inflows

STRONG net flows of
R2.5 billion

UP by **8%** from **61 460** to
66 546
Number of investors

Morningstar ratings:
1 fund = 5-star
4 funds = 4-star

Looking ahead

As we look ahead, we acknowledge that forthcoming global and local events may trigger unforeseen market dynamics. However, we maintain confidence in the positioning of all our portfolios to capitalise on prevailing market conditions.

More specifically, PPS Investments will continue to follow a diversified investment strategy to maximise opportunities and mitigate risks, including South Africa's persistently low economic growth rate. We continue to believe that restoring consumer, business and investor confidence in the country is crucial for economic growth and are committed to contributing constructively to this goal.

GROUP PERFORMANCE

PPS Short-Term Insurance Company Limited Board

Mr C Erasmus, *BSc, FIA, FASSA* |
Mr P Ranchod, Chairman, *B Compt (Hons), CA(SA), MBL, H Dip Business Data Processing* |
Dr D P du Plessis, *BSc (QS), MBA, DBA, CD(SA)* |
Dr N H P Khosa, *MB ChB, MBA* |
Mr W Bosman, Chief Executive, *B Compt (Hons), CA(SA)* |
Mr J D van der Sandt, Executive, *B Com (Hons), CA(SA)* |
Mr I J Smit, *B Com (Hons), FASSA*

PPS SHORT-TERM INSURANCE

PPS Short-Term Insurance consists of two divisions – one offering cover for vehicles, homes and businesses and the other professional indemnity insurance for members in medical professions. In this section of the Integrated Report, we will delve into the individual results of each division, highlighting their distinct focus areas.

PPS Short-Term Insurance

(Personal and commercial lines)

PPS Short-Term Insurance is responsible for providing our members with intelligent short-term insurance solutions. Our holistic solutions include car, home and business insurance solutions that are carefully tailored to meet each member's needs and to protect their businesses and assets.

Our operational returns are – as is the case with those of other PPS subsidiaries and affiliates – shared through the PPS Profit-Share Account™ with members holding qualifying life-risk products.

In alignment with PPS's current five-year strategy, we also focus on providing a superior claims and service experience for members. We timeously process and pay all valid claims to support our members through some of the most difficult and challenging times in their lives. We believe in living our business mantra which is: "When you are at your worst, we deliver at our best".

We also offer a range of value-adding services that are meaningful to professionals, a self-service capability available via SMS that allows members to access various functions like amending their policies and submitting claims without having to download an app.

In 2023, we enhanced our concierge services with the introduction of the PPS Cyber Assist Chatbot, which can answer queries members may have about cybercrime or cybersecurity incidents. Furthermore, we enhanced our Protect Me benefit, which is enabled through our partnership with Namola, a popular South African safety app. Policyholders have access to a range of GPS-enabled security services, including advanced family monitoring, armed response and private ambulances, all provided as part of a complementary premium service.

GROUP PERFORMANCE

Performance

During this reporting period, as before, PPS Short-Term Insurance witnessed a surge in weather-related claims, some of which were climate-related. These included claims resulting from the KwaZulu-Natal tornado in June, the Western Cape floods during September and the heavy hailstorm in Gauteng during November. In addition to these, there was also an earthquake that struck Johannesburg in June. We handled the claims promptly and effectively in keeping with our commitment to the overall well-being of our members.

Ongoing loadshedding continues to impact our members and claims for equipment affected by power outages remain high. Loadshedding also has an impact on economic growth which, in turn, places financial strain on our members.

Despite these and other macroeconomic issues, PPS Short-Term Insurance performed ahead of projections, recording a loss of R10.78 million against the business plan of R16.5 million, a favourable variance of 74%. We are, therefore, pleased, that after five years of operation, we are very near to reaching the break-even point for this business. The gross written premium also rose by 14% to R229.8 million compared to the previous year, even though new business volumes were under pressure throughout the period. As a result, the business is only 1.8% behind the plan for net written premiums, largely because we exceeded budgeted average premiums on new business.

We are also proud that we showed a lapse rate of 12.2% which is well below the 15% short-term insurers traditionally plan for.

Gross written premiums of **R229.8 million** **UP 14%** on 2022	**Lower than industry-expected lapse rate** **12.2%**	**9 249** **Insured professionals**

PPS Health Professions Indemnity

PPS Health Professions Indemnity, a short-term insurance solution, is designed for healthcare professionals registered with the Health Professions Council of South Africa and working in clinical practice. The solution was developed in response to member discomfort with steep escalations in indemnity insurance costs in the market due to an increasingly litigious environment. Its aim is to provide the security that health professionals need to be able to focus on their clinical practices, safe in the knowledge that a brand they trust is taking care of their indemnity needs.

Its underwriting philosophy also sets PPS Health Professionals Indemnity apart. Notably, it uses a risk-adjusted model, assessing the risk profile for each practice individually to determine the cost of its indemnity insurance. Each case is assessed by taking into account clinical history, caseload and geography as the business does not simply rely on standard rates based on either location or speciality. In addition, premiums are adjusted according to the risk profile of the individual member. If a practitioner manages their risk well and has a lower probability of claiming, they can choose to use a voluntary claims deductible feature to lower their premiums. PPS Health Professions Indemnity is therefore proud that its book grew from 10 413 insured professionals in 2022 to 12 609 in 2023.

In 2023, PPS Health Professionals Indemnity was able to extend the solution to PPS members in Namibia, who can now benefit from both the cover provided by the solution and the high level of personal service on offer.

There has been impressive uptake of the solution since it was launched and, in the reporting period, there was an increase of 21% in the number of insured professionals. This led to an increase of R112.7 million in gross written premiums in 2023, up 26% compared to 2022. The growth in new business together with low lapses have seen the active policy book grow exponentially since inception.

In 2023, PPS Health Professions Indemnity recorded an operational profit of R14.2 million up 236% from the R4.2 million recorded in 2022.

Looking ahead

Although the economy is expected to remain constrained and we continue to operate in a highly competitive segment, our prospects for 2024 are sound. We will continue to ensure that members have access to best-of-breed short-term insurance solutions, which offer added value that is important to them.

Furthermore, there continues to be scope for cross-solutioning members who hold other PPS solutions, especially retired members who are now able to use their Vested PPS Profit-Share Account™ to directly pay for short-term insurance solutions. There is also scope for growth among newly qualified health professionals who have completed their training and require indemnity insurance. Our association with ProAssurance, a US indemnity assurance provider, ensures that we can offer our members local knowledge and expertise while also providing them with the support of a global partner.

Further opportunities exist for developing innovations that will reach younger graduates as a whole and make them more aware of the long-term benefits of PPS's mutual model. Enhancements to our technology platforms during 2023 have made it possible for both existing and potential members to calculate the illustrative value of the PPS Profit-Share Account™ and the potential effect of the PPS Profit-Share Cross-Holdings Booster on their allocations.

Finally, we will continue to focus strongly on providing competitive pricing and superior levels of member service, as well as timeous settlement of all valid claims.

Profit before interest and tax (PBIT) **R14.2 million** **UP 236%**	**Gross written premiums of** **R112.7 million**	**12 609** **Insured professionals including PSSA members in 2023**

GROUP PERFORMANCE

PPS Healthcare Administrators Proprietary Limited Board

Dr F Mansoor, *BDS, MBA* |
Dr N H P Khosa, Chairman, *MB ChB, MBA* |
Mr S J van Molendorff, Chief Financial, *B Compt (Hons), CA(SA)* |
Ms S Bassudev, Chief Executive, *B Pharm* |
Mr I J Smit, *B Com (Hons), FASSA* |
Mr I Kotzé, *B Pharm* |
Dr R Putter, *B ChD, MSc (Dental Public Health), Cert Fin Officer(SA), Cert Dir(SA)*

PPS HEALTHCARE ADMINISTRATORS

About

PPS Healthcare Administrators (PPSHA) offers medical aid administration and managed healthcare services to several open and restricted medical schemes, as well as tailored solutions that enhance the medical scheme offering while ensuring the long-term sustainability of the scheme.

The medical schemes in our portfolio are:

- **Profmed**, a restricted scheme for graduate professionals only and a solution in the broader PPS suite of solutions. We provide administration and managed healthcare services to the scheme.
- **KeyHealth**, an open scheme that services local government employees and a growing number of private sector members. We provide this scheme with administration and managed healthcare services.
- **Regular Force Medical Continuation Fund (RFCMF),** a prefunded medical scheme that funds healthcare treatment for retired members of the South African National Defence Force, also benefits from our administration and managed healthcare services.
- **De Beers Benefit Society,** a restricted medical scheme for the employees of De Beers, receives managed healthcare services.
- **SEDMED,** a restricted medical scheme for the Seventh Day Adventist Church employees. We provide managed healthcare services for this scheme.
- **Botswana Public Officers' Medical Aid Scheme (BPOMAS),** which receives administration and managed healthcare services from Health Risk Management Botswana (HRMB). We have a shareholding in and provide services to HRMB. Services to this scheme started on 1 July 2023. It is the first client of PPS Healthcare Administrators outside of South Africa.
- We also provide managed healthcare services to other, non-accredited schemes, as well as consulting services to medical schemes outside of South Africa.

Each of these schemes has different member profiles requiring a range of integrated solutions customised to meet the specific needs of the scheme's members. This includes strategic consulting services, which are provided to all schemes in our portfolio. In alignment with PPS's current five-year strategy, we are busy extending our services into new markets and territories; we have recently signed a contract to provide consulting services for BOMAID, a medical scheme provider in Botswana.

In addition, we use our extensive data science capabilities to offer forensic services that are specifically designed to detect and minimise fraud, abuse of benefits and wastage. Within PPS, we are a centre of excellence for forensics and we offer these services where needed to all the subsidiaries and affiliates in the Group.

Customised solutions for schemes based on member needs	**PPS Wallet, PPS Gap and dental risk management for Profmed members**	**Industry-leading response to Profmed member queries**

Performance

PPSHA continually adds to PPS members' PPS Profit-Share Accounts™. Profmed members with qualifying PPS life-risk products earn extra Profit-Share from PPSHA's returns.

During the reporting period, we entered into an enhanced service level agreement with Profmed, enabling the scheme to deliver greater value for graduate professionals.

GROUP PERFORMANCE

In terms of this agreement, we now guarantee that we will respond to member queries via e-mail within three hours, significantly exceeding the industry standard for query resolution. This is in addition to our webchat which provides immediate query resolution.

To be able to do this, we reviewed and enhanced our training for client services consultants (our brand ambassadors for the schemes they service) and introduced innovative technology that enables quicker first contact resolution.

The process of enhancing the benefits offered through the Profmed scheme is ongoing. Added values introduced in the previous period, such as the PPS Wallet, PPS Gap and dental risk management, have all been very well received.

In addition to these enhancements for Profmed, we introduced a full suite of managed healthcare services for the RFCMF, completed in April 2023. Our comprehensive administration and management services have improved the scheme's sustainability.

There were, of course, challenges we encountered during the year. For example, while membership figures increased in some schemes, they continued to decline in others. As in the previous period, this was due to professionals in private practice moving into corporate employment and thus having to join their employers' medical scheme; members coming under financial pressure and having to terminate medical scheme cover altogether; emigration; and the proliferation of unregulated health insurance solutions on the market, which consumers often confuse for medical schemes. We nevertheless remained within total anticipated membership numbers for all the schemes under administration.

We have achieved our service level agreements as required by our clients. As in 2022, we continued to see an increase in claims for elective procedures, many of which had been put on hold during the pandemic. We also continued to see an increase in the number and size of claims for both maternity and cancer admissions. There has also been an increase in delivering hospital-level care safely and effectively at members' homes for a variety of medical conditions, for which they would otherwise be admitted to hospital.

During the year, we have partnered with an international company to provide an artificial intelligence-assisted readmission management programme, which is currently in proof-of-concept stage. This will involve monitoring post-hospitalisation care closely to ensure better treatment outcomes and reduce the need for readmissions.

From an operations point of view, we continued to consolidate recent innovations and developments such as our telehealth services and our digitally enabled, outcomes-based managed care solution. We are also assessing overall capacity to accommodate schemes and members from new markets and territories.

Development-wise, we retain the B-BBEE Level 2 accreditation that we first received in 2022 and continue to contribute funding to the PPS Foundation. This is used to fund bursaries for study in the healthcare disciplines but, where need can be demonstrated, to extend support for studies in other scarce skill disciplines as well.

Our solid performance in 2023 is reflected in the R358 million in revenue we recorded, up 4% compared to that of 2022.

Looking ahead

In 2024, we will continue to implement our strategic goals and enrich our service levels. We will also be focusing on a range of sustainability issues in alignment with Group strategy. This began with a process of benchmarking our environmental footprint against similar companies both locally and internationally.

We will also be focusing on growth beyond the country's borders to expand our footprint.

As always, we will continue to develop innovative ways to manage costs that enhance the member experience. And, from an affordability point of view, we will continue to work with the schemes we administer to ensure that they can offer packages tailored to meet the needs of their members.

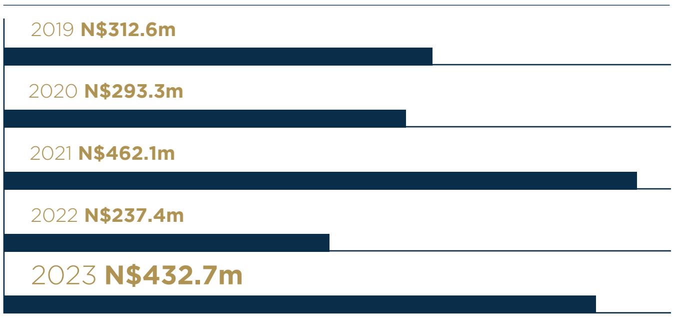
PPSHA continues to meet the high standards of service delivery expected by the schemes we serve and we look forward to a successful year in 2024.

PPS INSURANCE (NAMIBIA) BOARD

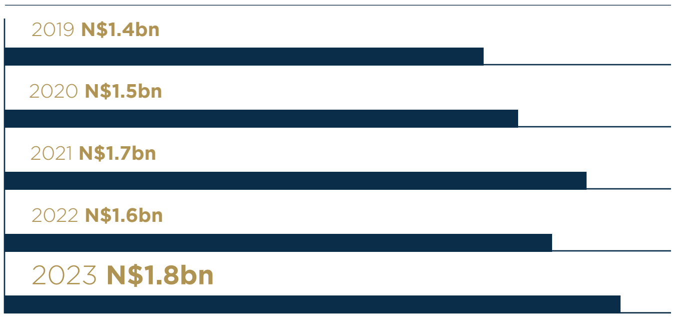
Mr R A van Rooi, *B Econ, B Com (Hons) (Accounting)* |
Mr J van der Westhuizen, Chief Executive, *B Com, HDE, CAIB(SA), CFP* |
Ms M D Erkana, *LLB* |
Mr J A Thomas, *B Com (Hons) (Actuarial Science), FASSA* |
Dr E Maritz, *MB ChB* |
Mr I J Smit, *B Com (Hons), FASSA* |
Mr S I de Bruin, Chairman, *B Com (Hons), CA(Nam/SA), H Dip (Tax)* |

PPS (INSURANCE) NAMIBIA HIGHLIGHTS

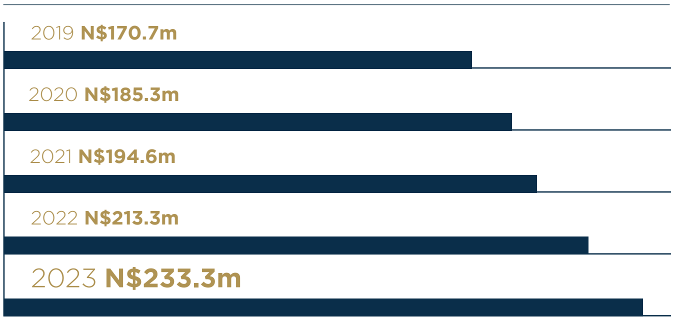
Annual gross benefits paid to members and Profit-Share allocations



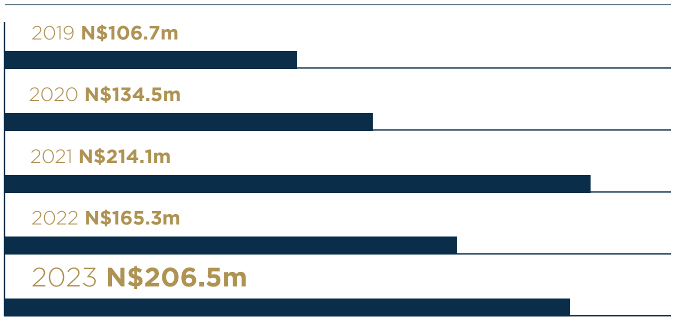
Total assets



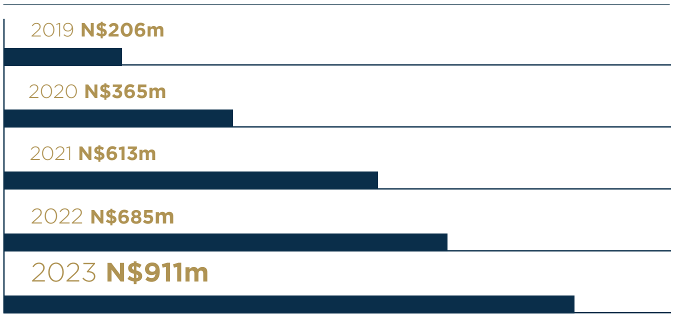
Gross premium revenue



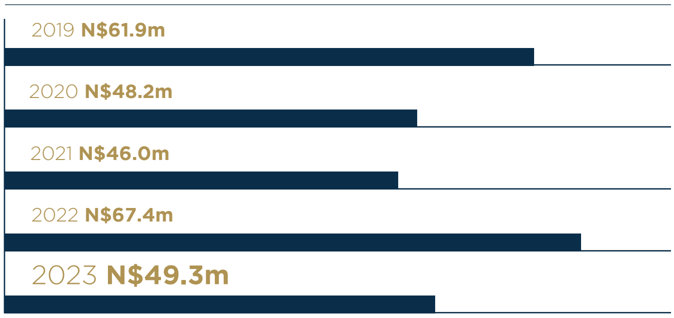
Annual gross benefits paid to members



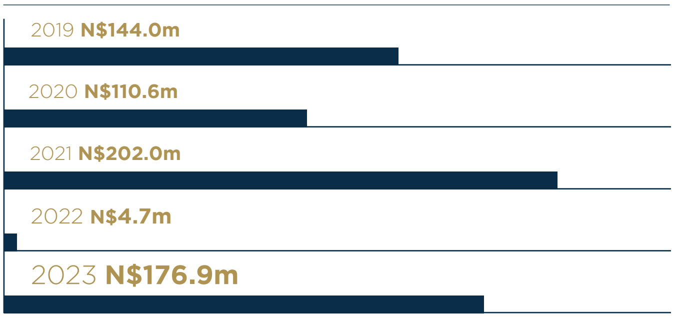
Cumulative Profit-Share allocations for the last five years



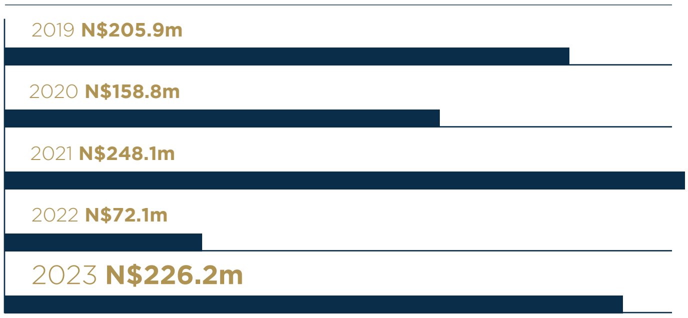
Annual operating profit allocations



Annual investment profit/(loss) allocations



Total annual Profit-Share allocations



R1.3 billion in PPS Profit-Share paid, to our retiring members.

That's wealth creation for the **greater good** of our members.

PPS Vested Profit-Share Account™ for members above 60 years.
Invest your Profit-Share for longer to supplement retirement savings.

MATERIAL MATTERS AND RISK MANAGEMENT

MATERIAL MATTERS

Material matters are issues that can either directly or indirectly create, preserve or erode financial, economic, environmental and/or social value for the Group and its stakeholders. When determining and prioritising material matters and our risk management responses to them, we consider both internal and external factors.

RISK MANAGEMENT

At PPS, our risk approach aligns with our mutuality ethos and ethical operational principles, ensuring compliance with legislative requirements. We integrate risk management across all levels of our activities, identifying potential impacts through various methods like monitoring trends and analysing scenarios. Risks are evaluated based on likelihood, consequence and existing controls, aligning with our risk appetite. We maintain risk registers to track foreseeable and emerging risks, with mitigation plans for each. Our process includes discussions on emerging scenarios, monitoring industry trends and regular reviews of risks faced by similar institutions. Specific risk management strategies are articulated for matters deemed material to the Group and stakeholders.

Operating in a low-growth economy

Defining the issue:
PPS operates in a stagnant economic environment influenced by various global and local factors, including the COVID-19 aftermath, geopolitical tensions and domestic challenges like loadshedding and unemployment. This necessitates constant innovation to thrive amid adversity. Our mutual model provides vital support for professionals, helping them maintain financial resilience amid strains, thus reducing lapses. Existing members may adjust premiums or solutions to cope with budget constraints.

PPS's response:
We prioritise long-term wealth creation for our members, emphasising mutuality and lifetime value. Our multi-manager team employs diverse asset managers and strategies to manage risk effectively and position portfolios for market conditions. This strategy aims for optimal results over the medium to long term, while retention initiatives and cost management help mitigate controllable losses. Additionally, we focus on attracting younger graduates and expanding into new markets to drive growth.

Sustaining stakeholder value

Defining the issue:
PPS's purpose is to create sustainable financial and lifestyle value for members and their families throughout their working lives as well as after retirement.

PPS's response:
We uphold stakeholder value through our ethos of mutuality, Group values, legal compliance and adherence to King IV™ governance principles. Operating for the collective benefit of our members. Our skilled advisers streamline financial planning to evolve solutions that meet members' changing needs. With diversified investments, we ensure consistent returns for our members.

Developing innovative solutions and services

Defining the issue:
In an environment defined by the rapid emergence of innovative technologies, financial services providers can analyse customer data and bring new solutions to market quickly.

PPS's response:
We maintain a deep understanding of our members' needs, consistently designing and launching customised solutions. Through ongoing engagement, we gather insights into their goals and requirements, refining our services across various domains based on their feedback.

Regulatory issues

Defining the issue:
A change in insurance legislation has led the PPS risk product to fall outside the classes of business in the Insurance Act. PPS is currently operating under a temporary exemption to offer this long-standing product.

PPS's response:
PPS continues to engage positively with the regulators regarding legislative changes to accommodate our unique operating model as a mutual insurer. While, in the near term, we anticipate a continuation of current accommodation, our long-term expectation will be to have a globally comparable legislative environment for mutual insurers.

Dealing with rapid technological development

Defining the issue:
Large-scale digitalisation has fundamentally changed the way in which people engage. Professionals have come to expect constant multi-channel access, as well as online applications, speed, efficiency, superior customer service, transparency and data security.

PPS's response:
At PPS, analysing and responding to technological developments is fundamental to our commitment to continuous improvement. Our solutions include a multi-platform internet presence, mobile apps, member and adviser engagement platforms, a customised digital dashboard for each member, an artificial intelligence (AI)-enabled query facility, a tool to calculate actual and potential Profit-Share, a data analytics platform that draws on various data points, an AI-powered security platform and a robotics process automation initiative. We have also recently introduced an enhanced workflow engine that is being used to automate many critical but routine functions within the business. This allows for claims to be submitted and tracked electronically.

MATERIAL MATTERS AND RISK MANAGEMENT

Combating cybersecurity

Defining the issue:

Cybersecurity is a top concern for our business, given the rising threat of breaches worldwide. Factors like digitalisation, remote work and global networks increase our system vulnerability.

PPS's response:

We rigorously update our cybersecurity strategy, centrally manage development and invest in top-tier technology to enhance member experience and protect our business. With the ever-expanding cyber threat landscape, we have significantly bolstered our IT security posture. Continuous monitoring of risk and trust levels, coupled with regular staff training, ensures best-practice cybersecurity. We collaborate with global providers and employ automated responses to mitigate evolving risks. Routine stress tests fortify the stability and security of our IT infrastructure.

Fostering employee satisfaction

Defining the issue:

In a country characterised by a pervasive shortage of skills, the ability to attract, develop and retain talent is vital. We also believe that how we treat our employees ultimately determines how they treat our members. Managing employee satisfaction is, therefore, an especially important material matter for the business.

PPS's response:

Our full response to this challenge is outlined in the Human Capital section on our website. Among other initiatives, we conduct an annual employee satisfaction survey to measure all aspects of employee well-being and development. Engagement in the survey is consistently high and is indicative of our commitment to our Employee Value Proposition – the set of benefits and rewards we offer to attract and retain employees.

Dealing with regulatory issues

Defining the issue:

As a financial institution, we comply with all laws and regulations governing the industry. There should, however, be a balance between protecting customers and supporting the stability of the financial system and dealing with onerous, voluminous legislative requirements, which are constantly changing.

PPS's response:

We have established robust processes to evaluate PPS Group's risks and determine capital needs. This informs our solvency planning, ensuring readiness for various scenarios. Our annual Own Risk and Solvency Assessment, approved by the Board, is submitted to regulators. We actively engage with government and regulators, providing feedback on legislation and collaborating on solutions. Continuously monitoring regulatory changes, we promptly adapt to ensure compliance and effectiveness.

Managing the energy crisis

Defining the issue:

Eskom's inability to meet the country's energy requirements significantly impacts all businesses. The slow approval of the mixed-energy policy also delays alternatives to Eskom being implemented. The overall energy situation in the country is disruptive and costly to all businesses in South Africa, including PPS.

PPS's response:

We secured additional energy supply at our head office by installing solar panels during 2023 to augment the Eskom supply shortfall. A third of our electricity usage at head office is now provided by this facility, reducing our reliance on Eskom. We continue to look to sustainable energy alternatives to decrease our dependency on diesel generators across all properties.

ABRIDGED FINANCIAL STATEMENTS

PPS GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	2023 R'm	2022 Restated R'm	2021 Restated R'm	Description of individual items
ASSETS				
Property and equipment	**546**	556	622	PPS office premises and other fixed assets which are owned and leased.
Investment property	**285**	327	371	Properties held for rental income and capital appreciation.
Intangible assets	**264**	264	244	Primarily Internally developed insurance software.
Deferred tax	**203**	194	192	
Investment in associates and joint ventures	**171**	–	–	New ventures to expand the ethos of mutuality.
Financial assets – Investments at fair value through profit or loss	**59 945**	53 897	52 788	Assets backing insurance liabilities. These mainly comprise investments in equities and bonds. The amount includes assets attributable to unit trust holders.
Reinsurance contract assets	**1 565**	1 382	1 481	Reinsurance contracts where the Group transfers insurance risk to the reinsurance company.
Receivables	**1 885**	1 099	700	Non-insurance amounts owing to PPS.
Current tax asset	**654**	393	262	
Non-current assets held for sale	**29**	–	60	
Cash and cash equivalents	**2 958**	2 915	3 554	Cash resources including cash attributable to unit trust holders.
Total assets	**68 505**	**61 027**	**60 274**	
PROFIT SHARE AND OTHER LIABILITIES	**–**	–	–	
PPS Profit-Share Accounts and insurance contracts	**42 962**	39 823	40 887	
PPS Profit-Share Accounts	**34 684**	32 293	33 291	Members' PPS Profit-Share Accounts comprising cumulative operating profits and investment profits/(losses).
Liability for remaining coverage and incurred claims	**8 006**	7 290	7 295	Capital held to pay future claims including notified claims not yet paid, claims provisions and directly attributable expenses.
Qualifying policyholders residual interest in the net assets of the PPS Group	**272**	240	301	
Short-term insurance policy liabilities	**138**	118	70	Capital held to pay short-term insurance future claims
Investment contract liabilities	**5 529**	4 495	4 205	Members invested in PPS living annuities and endowment products.
Liabilities to unit trust holders	**17 925**	15 086	13 347	Value of outsiders' investments in unit trusts controlled by PPS.
Borrowings	**–**	–	98	
Deferred tax	**614**	502	798	
Retirement benefit obligations	**6**	5	5	
Reinsurance contract liabilities	**17**	13	9	
Employee-related obligations	**361**	341	312	
Payables	**303**	221	258	Non-insurance amounts owed by PPS.
Current income tax liabilities	**650**	423	285	
Total Profit-Share and other liabilities	**68 505**	**61 027**	**60 274**	

PPS GROUP CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME for the year ended 31 December 2023

	2023 R'm	2022 R'm	Description of individual items
Net insurance service result	**574**	645	
Insurance service result	**(5)**	(413)	
Insurance revenue	**5 225**	4 404	Consideration which the Group expects to receive in exchange for insurance services.
Insurance claims and service expenses	**(5 260)**	(4 629)	Gross benefits paid to members and insurance-related expenses.
Net income/(expense) from reinsurance contracts held	**30**	(188)	Expenses paid to reinsurers or income received from reinsurers.
Net finance income/(expense)	**579**	1 058	
Finance income from insurance contracts issued	**687**	1 004	Notional Interest cost in insurance contracts and reinsurance contracts held.
Finance (expense)/income from reinsurance contracts held	**(108)**	54	
	–	–	
	–	–	
Other income relating to the non-insurance business	**758**	637	Administration fees: Long- and short-term insurance, medical aid and retirement annuity. Short-term insurance commissions. Fees earned for asset management.
Operating expenses relating to non-insurance business	**(898)**	(776)	
Finance expense	**(4)**	(7)	
Net investment result	**5 312**	83	
Investment income	**3 078**	2 529	Interest, dividends and realised and unrealised gains on investment assets.
Gains/(losses) on investments	**4 039**	(2 216)	
Attributable to unit trust holders	**(1 427)**	101	Third-party unit trust holders' share of relevant income and revaluation gains.
Asset manager fees	**(378)**	(331)	Expenses related to investment management.
Movement in fair value of policyholder liabilities under investment contracts	**(626)**	84	Changes in the underlying assets linked to investment policyholder contracts, net of expenses.
Share of profits – Associates and Joint Ventures	**5**	–	Share of profits in new ventures to expand the ethos of mutuality.
Profit/(loss) before tax	**5 121**	666	
Tax	**(536)**	(107)	
Profit/(loss) attributable to PPS members for the year	**4 585**	559	
Other comprehensive income	**–**	–	
Revaluation of owner-occupied property net of deferred tax	**(4)**	10	
Total comprehensive income/(loss) for the period attributable to qualifying policyholders	**4 581**	569	
Allocated to qualifying members profit share accounts	**(4 577)**	(619)	Amounts allocated to profit share accounts.
Change in residual net assets arising in the year, attributable to members	**(4)**	50	
Total comprehensive income after allocations to profit share accounts	**–**	–	

KEY PERFORMANCE INDICATORS

		Unit of measure	2023 Performance	2023 Goal	Status	Commentary
Financial stability	Gross premium income	Rand billions	6.2	6.2	Achieved	Group gross premium income is in line with expectations.
	Investment return	%	10.9	10.7	Achieved	Investment return measured over a five-year rolling period performed above the benchmark.
	Efficiency ratio	%	18.90	18.40	Partly achieved	Cost control remains an imperative of the Group. Efficiency ratio in 2023 is slightly above expectations mainly due to currency volatility.
	New annual risk premiums (long-term insurance)	Rand millions	254.4	300.0	Not achieved	New life business in South Africa was 12% down on prior year but performed below the goal set. The South African economic environment in 2023 was challenging for consumers.
	Assets under administration (PPS Investments)	Rand billions	84.0	77.5	Achieved	Assets under administration were above the goal set, and up 26% on prior year.
Membership	Number of new members recruited during the year	Individuals	7 611	9 325	Not achieved	New member recruitment performed below target in 2023.
	Long-term insurance policies lapse rate	%	4.70	4.1	Partly achieved	Policy lapse rates fell short of target due to a challenging economic environment, despite enhanced member retention efforts.
	Health claims	Rand billions	2.5	2.3	Target metric not achieved but members benefitted	Health claims are above budget mainly due to an increase in sickness claims.
	Death claims	Rand billions	1.4	1.2	Target metric not achieved but members benefitted	Death claims are slightly above expectation due to higher sums assured.
Staff	Employee satisfaction survey results	%	73	72	Achieved	Employee satisfaction scores remain in excess of target.
	Training spend as a percentage of payroll	%	5.8	> 4.0	Achieved	Training spend is ahead of target. Investment in human capital continues to be an important strategic objective of the Group.

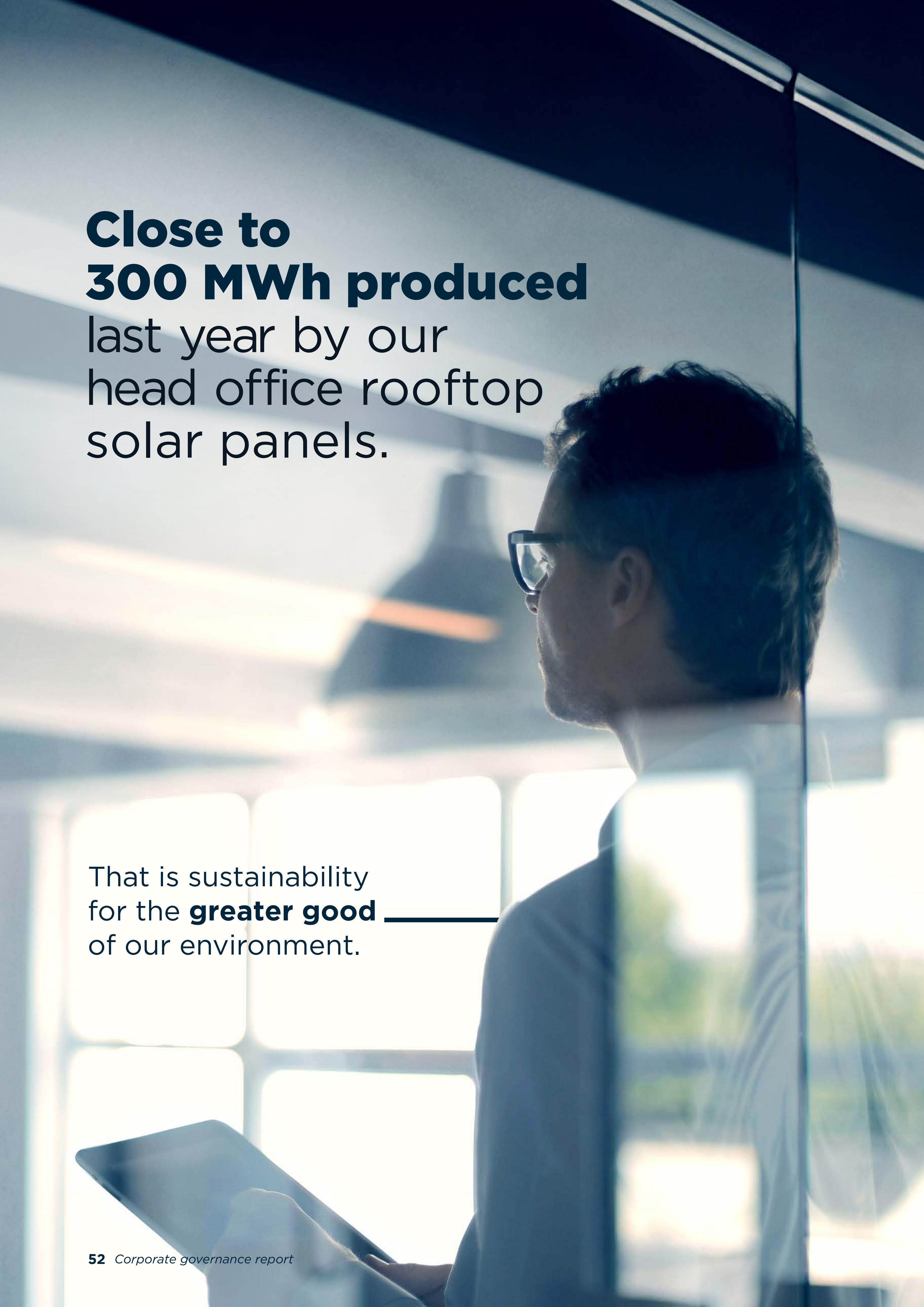
*** Assets in unit trusts for third parties**

Achieved

Partly achieved

Not achieved

Target metric not achieved but members benefitted from the value returned through the payment of additional claims.

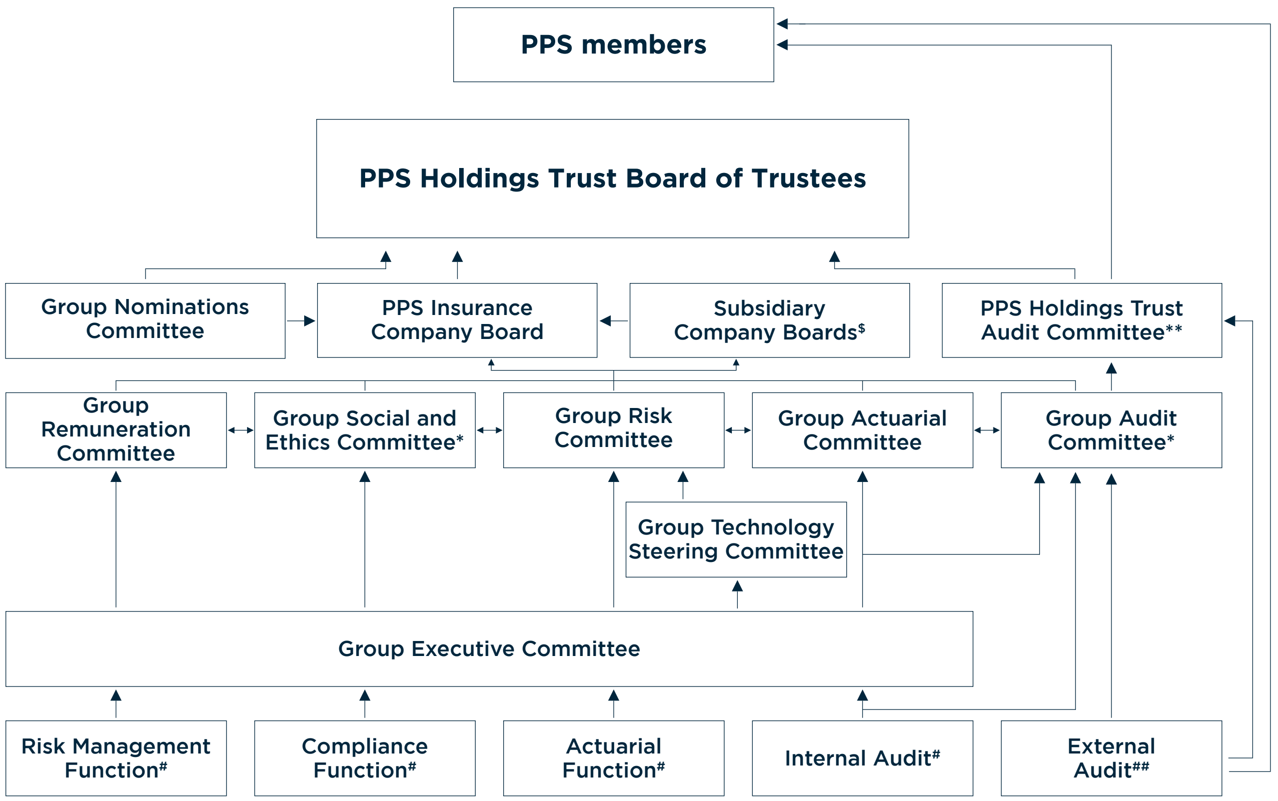


Close to 300 MWh produced last year by our head office rooftop solar panels.

That is sustainability for the **greater good** of our environment.

CORPORATE GOVERNANCE REPORT

Governance structure



* These are statutory committees with a direct reporting line to the PPS Insurance Board.

** This is a statutory committee, required in terms of the Trust Deed of PPS Holdings Trust, with a direct reporting line to the PPS Holdings Trust Board.

These functions also have direct reporting lines to the appropriate board committees.

External audit has a direct reporting line to the boards of PPS Holdings Trust, PPS Insurance and its subsidiaries, and reports primarily to PPS members.

$ Subsidiaries PPS Short-Term Insurance and PPS Investments each have their own combined Risk and Audit Committee, over which the Group Risk and Group Audit Committees have oversight.

Governance

The holding entity of the PPS Group is the Professional Provident Society Holdings Trust (PPS Holdings Trust). Its primary operating subsidiary is Professional Provident Society Insurance Company Limited (PPS Insurance). The key operating subsidiaries of PPS Insurance are Professional Provident Society Investments Proprietary Limited (PPS Investments), Professional Provident Society Insurance Company (Namibia) Limited (PPS Namibia), Professional Provident Society Healthcare Administrators Proprietary Limited (PPS Healthcare Administrators), Professional Provident Society Short-Term Insurance Company Limited (PPS Short-Term Insurance), Financial Solutions 4 Professionals Proprietary Limited (FS4P) and Professional Provident Society Wealth Advisory Proprietary Limited (PPS Wealth Advisory). Good corporate governance is an integral part of the PPS Group's operations and the PPS Group is fully committed to the principles of King IV™ and the Prudential Standards. In terms of the Prudential Standard for Risk Management and Internal Controls for Insurers (GOI 3), PPS Insurance is required to adopt, implement, and document an effective governance framework that provides for the prudent management and oversight of its insurance business and adequately protects the interests of its policyholders.

CORPORATE GOVERNANCE REPORT

Governance framework

PPS Insurance has been designated as an insurance group and controlling company in terms of sections 10(1) and 10(2) of the Insurance Act.

PPS Insurance as the controlling company of the PPS Insurance Group has established an effective governance framework that provides for sound and prudent management of the PPS Group's business, including adequate protection of the interests of policyholders of insurers that are part of the PPS Group, in accordance with the Prudential Standard for Governance and Operational Standards for Insurance Groups (GOG).

The governance framework for the PPS Group is comprehensive and consistent, covering both regulated and non-regulated entities, which:

a. allows for the prudential and legal obligations of individual entities within the PPS Group to be met;

b. appropriately balances any divergence in governance requirements applicable to different entities within the PPS Group.

The PPS Group's governance framework includes adequate policies and processes to enable potential intra-insurance group conflicts of interest to be identified, avoided if possible, and managed if avoidance is not possible.

The governance framework consists of three parts, being:

- Boards and board committees – This pertains to the composition, governance and structure of the PPS Holdings Trust Board of Trustees, the PPS Insurance Board of Directors and the boards of directors of the operating subsidiary companies, with well-defined roles and responsibilities, as well as statutory and other board committees, being the PPS Holdings Trust Audit Committee, the PPS Group Audit, Risk, Social and Ethics, Actuarial, Remuneration, Nominations and Technology Steering Committees, as well as the Risk and Audit Committees established by certain subsidiaries
- Risk management system – The risk management system includes all key risk management policies, as required by Prudential Standard GOI 3: Risk Management and Internal Controls for insurers
- Internal control system.

The PPS Group Governance Framework provides for the prudent management and oversight of the PPS Group, as well as adequately protecting the interests of PPS's members. The framework is appropriate, given the nature, scale and complexity of the PPS Group and its associated risks and is based on key principles as set out in this report.

Transparent organisational structure

The governance framework provides an adequate, transparent organisational structure with a clear allocation and appropriate segregation of responsibilities and controls to ensure that segregation is observed. The roles and responsibilities of persons accountable for the management and oversight of the PPS Group are clearly defined. The PPS Group is governed by a unitary board of trustees, assisted by boards of directors, board committees and management committees.

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

Fit and proper

The PPS Group Boards are ultimately responsible for ensuring that the PPS Group complies with the fitness and propriety principles and requirements.

The PPS Group Fit and Proper Policy read with the Prudential Standard GOI 4: Fitness and Propriety of Key Persons of Insurers and Joint Standard 1 of 2020: Fitness, propriety and other matters related to Significant Owners states that the following persons must, at all times, meet the Fit and Proper requirements:

- Trustees and Directors.
- Key Persons, being Directors and Trustees, the Group Chief Executive Officer (Group CEO) and persons reporting directly to the Group CEO with decision-making powers.
- Heads of Control Functions.
- Auditors.
- Significant owners of insurance companies in the PPS Group.

Fit and proper checks for the aforementioned persons are conducted on an annual basis.

Risk management system

The risk management system comprises the totality of strategies, policies and related procedures, and tools for identifying, assessing, measuring, monitoring, managing, reporting and mitigating of all reasonably foreseeable current and emerging material risks that may affect the PPS Group's ability to meet its strategic objectives. Risk management is part of the day-to-day business activities conducted at the PPS Group. The system takes into account the likelihood, consequences, velocity and control effectiveness and is adapted as the business and the external environment change. The system supports the PPS Group Boards in meeting their responsibilities relating to the promotion of sound risk management, compliance and policyholder protection. The objectives of the PPS Group are aligned with its Sustainability Framework. The risk management system takes into account the alignment of sustaining and growing the business while preserving the environment.

The risk management system comprises the following components:

a. A clearly defined and documented risk management strategy that includes the risk management objectives, principles and approach to assumption setting, and assignment of risk management responsibilities across all activities consistent with the overall business strategy;
b. Adequate written policies consistent with the risk management strategy;
c. Appropriate policies, processes, procedures, controls and tools for identifying, measuring, monitoring, managing and reporting on all material risks;
d. Reports to inform Senior Managers, the Group Risk Committee (Risk and Audit Committee where applicable), the PPS Group Boards and other key persons in control functions on all material risks faced by PPS Group and on the effectiveness of the risk management system itself;
e. Processes for ensuring adequate contingency planning, business continuity and crisis management.

The detailed particulars of the risk management system are set out in the PPS Group Enterprise Risk Management Framework and Standard.

Internal control system

The internal control system consists of the totality of strategies, policies, procedures, and controls to assist the PPS Group Boards and Senior Managers in the fulfilment of their oversight and management responsibilities. The PPS Group has adopted a Five Lines of Assurance model, supported by a combined assurance framework, to facilitate and ensure effective governance across all processes and functions.

The internal control system provides the PPS Group Boards and Senior Managers with reasonable assurance from a control perspective that the business is operated consistently within the following parameters:

- Business objectives of the PPS Group
- Strategy determined by the PPS Group Boards. The detailed particulars of the strategic planning process are set out in the PPS Group Capital Management Policy
- Key business, information technology and financial policies and processes, as well as related risk management policies and procedures, determined by the PPS Group Boards
- Applicable laws, regulations and supervisory requirements.

The internal control system comprises the following components:

a. appropriate accounting policies and controls for all key business processes to ensure the fairness, accuracy, reliability and completeness of the PPS Group's financial and non-financial information;
b. annual compliance plan;
c. appropriate segregation of duties and controls to ensure that such segregation is observed;
d. detailed control processes for complex business activities;
e. training in respect of relevant components of the system of internal controls, particularly for employees in positions of trust or responsibility, or who carry out the PPS Group's activities that involve significant risk;
f. regular monitoring of key controls to ensure that they remain effective, form a coherent system and that the internal control system functions as intended, fits within the overall governance framework and complements the risk identification, risk assessment and risk management activities;

CORPORATE GOVERNANCE REPORT

g. regular, independent testing and assessments to determine the adequacy, completeness and effectiveness of the internal control system and its usefulness to the PPS Group Boards and Senior Managers for controlling the operations.

Control functions

In terms of the Prudential Standard GOI 3: Risk Management and Internal Controls, an insurer must establish and adequately resource at least certain control functions. The following four key control functions are established, resourced and in place within the two PPS Group insurance companies:

- Risk management Function
- Actuarial Function
- Compliance Function
- Internal audit Function.

The control functions are structured to include the necessary authority, independence, resources, expertise, access to the PPS Group Boards and all relevant employees, as well as information to enable them to exercise their authority and perform their responsibilities. The performance of the control functions is reviewed periodically by the PPS Group Boards and/ or relevant committee/s. The control functions are required to complete regular self-assessments of their respective functions.

The roles and responsibilities of the control functions are documented and reviewed on an annual basis and are approved by the PPS Group Boards. The control functions must avoid conflicts of interest and where conflict arises, it will be brought to the attention of the PPS Group Boards.

A control function may be outsourced in accordance with the Prudential Standard GOI 5: Outsourcing by Insurers and the PPS Insurance Outsourcing Policy, taking into consideration the nature, scale, and complexity of the business, risks, and legal and regulatory obligations.

The Actuarial Control Functions are performed by Deloitte in terms of outsourced arrangements. Mr G T Waugh of Deloitte serves as the Head of the Actuarial Control Function for PPS Insurance. Mr R Govender of Deloitte serves as the Head of the Actuarial Control Function for PPS Short-Term Insurance. The Internal Audit Control function is performed by KPMG in terms of an outsourced arrangement. Ms I Fourie of KPMG serves as the Head of the Internal Audit Control Function for both insurance companies in the PPS Group. The Compliance and Risk Management Control Functions are performed in-house. Mr L du Plessis and Ms R Grobler serve as the Heads of the Compliance Function and Risk Management Function for PPS Insurance, respectively. For PPS Short-Term Insurance, Mr H van Heerden serves as the Head of the Risk Management Function, while Mr P Nkosi serves as the Head of the Compliance Control Function.

The existence of the control functions does not relieve the PPS Group Boards, or Senior Management, from their respective governance and related responsibilities. The governance framework will continue to evolve to ensure compliance with emerging legislation and to enhance the ability of the PPS Group Boards, Senior Managers and Heads of control functions to manage PPS soundly and prudently. The PPS Group Actuarial, Audit, Risk, Technology Steering, Remuneration and Social and Ethics Committees fulfil a key role in ensuring good corporate governance within the PPS Group. Processes are reviewed regularly to ensure compliance with legal obligations and codes of governance.

It is confirmed that the heads of the Control Functions:

- Are fit and proper
- Have sufficient seniority and authority to be effective
- Have reporting lines that support their independence
- Have unrestricted access to relevant information
- Have direct access to the PPS Group Boards or relevant committee/s, without the presence of Senior Managers if so requested
- Have the freedom to report to the PPS Group Boards or relevant committee without interference
- Have appropriate segregation of duties from operational business line responsibilities
- Must report regularly to the PPS Group Boards or relevant committee/s, especially on matters of non-compliance with legislation.

There are adequate policies and procedures in relation to the appointment, dismissal and succession of heads of control functions.

The appointment, performance assessment, remuneration, disciplining and dismissal of the head of each control function must be conducted by the relevant committee with the approval of, or after consultation with, the PPS Group Boards.

Governance departments

The following departments ensure good corporate governance throughout the PPS Group:

Group Company Secretariat

The chairmen of the PPS Group Boards, the board sub committees, and the Group CEO are assisted by the Group Company Secretary in ensuring good corporate governance and adherence to the PPS Group's governance policies. By working closely with the respective board Chairmen and the Group CEO, the Group Company Secretary ensures that the agendas for the PPS Group Board and board committees and the Group Executive Committee meetings address the key business and governance issues, and that the PPS Group Boards are adequately informed to enable them to discharge their duties and make informed decisions. The Group Company Secretary is responsible for the determination of the corporate calendar to ensure that all required matters are addressed by the respective PPS Group Boards and committees.

The Group Company Secretary has a significant role in supporting the Group Nominations Committee in the discharge of its duties to ensure that the PPS Group Boards and committees are appropriately constituted and have appropriate Terms of Reference, and that the PPS Group Board and committee members, as well the Group Executive Committee members comply with Fit and Proper requirements, are inducted on appointment and are trained and evaluated. The Group Company Secretary co-ordinates the contents and holding of the annual directors' and trustees' strategy and training programme, as well as access to and attendances at governance programmes by external service providers, in accordance with best practice and King IV™.

All trustees and directors have direct access to the services of the Group Company Secretary, who is also appointed as the Secretary of PPS Holdings Trust and as a member and Secretary of the Group Executive Committee. He advises them on all corporate governance matters, on board procedures, and on compliance with the Trust Deed of PPS Holdings Trust and PPS Group entities' Memoranda of Incorporation and Trust Deeds.

Comprehensive agendas and papers are provided to the PPS Group Boards and committees by the Group Company Secretary (and by subsidiary Company Secretaries, as applicable) in advance of the meetings of the boards and committees, including circulation of committee minutes and reports to the appropriate boards. The Group Company Secretary also has responsibility for the secretarial functions of all subsidiary companies, and an oversight responsibility where subsidiaries have appointed their own Company Secretaries, and to ensure that the minutes and statutory records of all PPS Group Board and board committee meetings are prepared and maintained in the appropriate PPS Group records.

Members of the PPS Group Boards have access to independent professional advice, as may be required, through the office of the Group Company Secretary and with the respective chairmen's consent, at the PPS Group's expense, in order to discharge their responsibilities as directors and trustees.

Group Legal

The Group Legal Department is the centralised legal function, with the main responsibility of identifying and managing legal risks that may arise during the course of the PPS Group's activities and ensuring that these risks are appropriately mitigated across all entities. This is achieved by providing or sourcing appropriate legal advice, ensuring that legal risks are optimally negotiated, documented, and monitored, and that the necessary controls are implemented. The Group Legal Department regularly reports to the Group Executive Committee and the Group Risk Committee on the management and status of all material legal risks. All Group Legal Advisers employed in such capacity report to the Head of Group Legal, who also has an oversight responsibility where subsidiaries have appointed their own legal advisers, who in turn reports to the Group Executive: Legal and Compliance.

The Group Legal Department is also responsible for implementing and maintaining legal policy standards throughout the PPS Group and ensuring that the standards are adopted and followed by all subsidiary companies and their internal legal staff (where applicable).

Group Compliance

The PPS Group Boards are ultimately accountable for overseeing compliance with applicable laws, adopted non-binding rules, codes, and standards and internal policies. The primary objective of the Compliance Function is to assist the PPS Group Boards and Senior Management in discharging their responsibilities and to ensure that the business is run with integrity, complies with all regulatory and best practice requirements and is conducted in accordance with the highest ethical standards. The appointed Head of the Compliance Function is responsible for the effective implementation of the Compliance Function and for facilitating compliance throughout the business by creating awareness, independent monitoring, reporting and the provision of practical solutions or recommendations. However, the primary responsibility for complying with any regulatory requirement lies with all members of staff conducting the particular transaction or activity to which the requirement applies.

PPS implemented a combination of a centralised and a decentralised compliance function. Group Compliance is the central department, with the main role of developing the compliance policy (the PPS Group Boards approve such policy) and related standards to ensure a consolidated compliance risk management and reporting process throughout the PPS Group. The decentralised compliance function consists of business units' compliance functions that are responsible for implementing the PPS Group policies, monitoring the activities of the business units and reporting the status of compliance to Group Compliance. PPS Investments, PPS Healthcare Administrators, PPS Short-Term Insurance and PPS Namibia have their own business unit compliance officers with oversight by Group Compliance for compliance-related matters. Group Compliance assumes direct responsibility and oversight for compliance risk management in PPS Insurance and its divisions.

The compliance function performs its activities in accordance with these five principles:

- Compliance requirements, including legislative requirements, such as acts, regulations, bills, directives, practice notes, industry codes of conduct, and relevant discussion documents, which impose obligations on PPS are identified and interpreted continuously
- Compliance requirements are addressed in business processes
- Management and staff are trained on the compliance requirements relevant to their roles
- Compliance monitoring is conducted and reported to provide assurance on the level of compliance
- Compliance incidents or suspected incidents are reported and managed.

Group Risk Management

The taking of risk, in an appropriate manner, is an integral part of business. Success relies on optimising the trade-off between risk and reward, following an integrated risk management process, and by considering all internal and external risk factors. While conducting its business, the PPS Group is exposed to, and needs to take on, a variety of risks. The long-term sustained growth, continued success, and reputation of the PPS Group are critically dependent on the quality of risk management. Management is committed to applying best practice and standards, including the implementation of the ISO 31000 standard on Risk Management, Prudential Standards, Risk Management and Internal Controls for Insurers (GOI 3) and King IV™. The PPS Group Enterprise Risk Management Framework, read with the PPS Group Enterprise Risk Management Standard, is aligned to such standards.

The PPS Group's risk philosophy is underpinned by its objective of member value creation, meeting member benefit expectations and achieving sustainable profitable growth, in a manner that is consistent with members' expectations of the PPS Group's risk appetite. This means the PPS Group must ensure that a high-quality risk management culture is instilled throughout its operations, built on the following main elements:

- Adherence to the value system of PPS
- Proactive risk management
- A risk awareness culture via management of the business units
- Disciplined and effective risk management processes and controls, and adherence to risk management standards and limits
- Compliance with the relevant statutory, regulatory, and supervisory requirements by way of a robust compliance risk management process
- Regular monitoring by Compliance
- Review of control measures by Internal Audit
- Oversight of the risk management process by the Group Risk Committee.

The PPS Group Boards ensure that the PPS Group has implemented an effective ongoing process to identify risk, measure its potential outcome and then implement what is necessary to proactively manage these risks. This responsibility includes setting the risk appetite and tolerance of the PPS Group, measuring the relevant risks against it, and ensuring that the necessary controls and service level agreements are in place, are effective and are adhered to at all times. Assurance of good corporate governance is achieved through the regular measurement, reporting, and communication of risk management performance, which includes progress with risk management plans and improvements to risk management maturity.

Management and employees are responsible for the management of risk in accordance with the Enterprise Risk Management Framework, read with the PPS Group Risk Management Standard, and incorporating risk management into the day-to-day operations of the PPS Group. Management is assisted by the risk management function in performing annual risk assessments and updating these quarterly, and agreed mitigating actions are managed using CURA software. Risk registers are produced from CURA and Risk Reports are reviewed monthly by the Group Executive Committee and quarterly by the Group Risk Committee for strategic and major operational risks. A Risk Report containing the findings and conclusions of the risk environment of the PPS Group is prepared on a quarterly basis and is reviewed by the Group Risk Committee and the respective Boards. Other operational risk registers are continuously managed by the relevant business areas.

An opportunity assessment methodology has been implemented by PPS. The purpose of using this methodology is to identify opportunities and the material risks associated with new opportunities to enhance the quality and depth of the risk management process. This methodology also enables an assessment of current strategic objectives against those derived, based on opportunities and the prioritisation of the efforts to get maximum return based on readily accessible resources. The opportunity assessment process is integrated in the strategic planning process of the Group.

The PPS Holdings Trust Audit Committee, the PPS Group Nominations, Risk, Audit, Actuarial, Remuneration, Social and Ethics and Technology Steering Committees, as well as the Risk and Audit Committees of subsidiaries, make reports and recommendations to the PPS Group boards, enabling them to discharge their responsibilities in regard to risk management.

Management of fraud and corruption risk and confidential reporting

The PPS Group maintains a PPS Group Fraud and Corruption Policy and Response Plan, and a PPS Group Confidential Reporting Policy to manage fraud and corruption risk in the PPS Group, and to ensure that employees are able to report suspicious activities without fear of retribution. An anonymous reporting hotline, operated independently from the PPS Group by Deloitte, provides a facility to enable employees to report suspicious activities and unethical behaviour in a safe environment. All financial crime-related suspicious transactions and reports are managed by the Fraud Committee and other unethical behaviour is managed by the Human Resources Department.

Principles and practices of financial management

PPS Insurance issues insurance policies with a discretionary element of bonuses and is required to establish and maintain a document setting out its Principles and Practices of Financial Management (PPFM) and provide this document to policyholders. This document outlines PPS Insurance's principles and practices of financial management, in order that policyholders can better understand the profit distribution principles and practices in place at PPS Insurance, as well as the investment strategy adopted by the PPS Insurance Board. The PPFM document is available to all policyholders on the PPS Group website at www.pps.co.za.

Technology and information governance

The PPS Group, under the guidance of the Group Technology Steering Committee (GTSC), a subcommittee of the Group Risk Committee (GRC),demonstrates a steadfast commitment to robust technology governance and controls. This governance-centric approach encompasses strategic oversight, risk management, and compliance measures aligned with industry standards. The GTSC, an integral component of the overarching governance structure, proactively addresses global geopolitical risks affecting cloud-based platforms. Rigorous IT control audits and adherence to King IV™ governance principles underscore the organisation's unwavering dedication to regulatory compliance and the highest industry standards.

CORPORATE GOVERNANCE REPORT

Operational excellence is showcased through the successful cloud-enabled production workloads and targeted enhancements to essential business applications, notably the PPS Insurance platforms. Rigorous disaster recovery tests serve as a testament to the organisation's commitment to operational resilience. The ongoing documentation and architecture designs meticulously follow industry best practices, solidifying the foundation for a governance-focused technological landscape.

Collaboration between Group IT and business stakeholders remains pivotal, ensuring that IT interventions are intricately woven into overarching business priorities. The resolute commitment to cybersecurity, including the introduction of additional programs related to Information Security in 2023, underscores a relentless pursuit of enhanced cyber maturity within a sound governance framework.

The foundation laid for modular systems and application programming interfaces development, positions the organisation for impactful customer-focus rollouts in 2024 and exemplifies a governance-minded approach to future-proofing technology initiatives. This further highlights the organisation's unwavering commitment to governance excellence and its preparedness for the industry's evolving landscape of technology governance.

Regulatory developments

During the year under review, there was a significant volume of proposed legislation and amendments to existing legislation, all of which will impact the governance and reporting of governance within the PPS Group. This has placed additional responsibilities on the PPS Group Boards and management to ensure adherence to, and compliance with, the new requirements.

The most important upcoming legislative items for PPS are highlighted below:

1. Anti-money Laundering and Combating of Terrorism

The General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Bill and the Protection of Constitutional Democracy Against Terrorist and Related Activities Amendment Bill were passed by the National Council of Provinces and signed into law by the President. The passage of these Bills demonstrates the government’s commitment to fight corruption and terror financing and represents a giant step towards South Africa complying with the 40 Financial Action Task Force (FATF) recommendations. The amendment of five pieces of legislation which are administered by different Ministers seeks to fully satisfy the technical compliance deficiencies (deficiencies relating to the adequacy of laws and legal frameworks related to the 40 FATF Recommendations) that were identified in the Mutual Evaluation Report. South Africa received a poor ratings assessment in its mutual evaluation, and as a result has been placed in an enhanced follow-up process, which involves more frequent reporting to the FATF, until South Africa has addressed all the deficiencies that were identified. The amendments will be focused on:

- The Financial Intelligence Centre Act 38 of 2001 (FICA);
- The Non-Profit Organisations Act;
- The Trust Property Control Act (TPCA);
- The Companies Act; and
- The Financial Sector Regulations Act.

The published regulations to the TPCA expands on the details to be captured on the Beneficial Owner’s register as well as the register of Accountable Institutions utilised by the trustees of trust entities as provided for in section 11 of the TPCA. The amendments also seek to align the definition of Beneficial Owner across the pieces of legislation listed above.

The General Laws Amendment Act (GLAA) amendments that related to FICA have been implemented through the updating of the FICA Risk Management and Compliance Programme (RMCP). The amendments related to the TPCA have been assessed for impact, a gap analysis for implementation was done and implementation is underway. The amendments related to the Companies Act have also been implemented through the Company Secretariat.

A new Directive (ID 1 of 2022) was published by the Prudential Authority (PA) in terms of section 43A (2) of the FICA on the requirement to obtain the identity of the beneficiaries of life insurance policies and to incorporate the beneficiaries as a risk factor when determining the overall money laundering and terrorist financing risk rating of a client. Among others, in addition to the customer due diligence measures required to be undertaken in terms of the FICA, life insurers must obtain particulars of the beneficiaries of life insurance policies, as soon as the beneficiaries are identified, designated, or amended by clients.

The Financial Intelligence Centre (FIC) published Directive 8 under the FICA. The Directive:
(a) applies to all accountable institutions; and
(b) requires accountable institutions to screen prospective employees and current employees for competence and integrity, as well as to scrutinise employee information against the targeted financial sanctions lists, to identify, assess, monitor, mitigate and manage the risk of money laundering, terrorist financing and proliferation financing.

2. Employment Equity (EE) Act 55 of 1998

Comment was invited on new proposed five-year sector targets for the various economic sectors prescribed in terms of the Employment Equity Amendment Act 4 of 2022, relating to population groups and gender for the four upper occupational levels and employees with disabilities. The proposed sector employment equity numerical targets for the various population groups and gender must be proportional to the demographics of the economically active populations, whether national or provincial. PPS has reviewed these targets, completed a gap analysis, and is comfortable that it will be able to meet the targets.

The Financial Sector Transformation Council (FSTC) issued a notice wherein they conveyed that they have, due to legal challenges, reconsidered the previous decision to withdraw the group reporting exemption provisions and the group reporting guidance note GN 000(a), and resolved to reinstate the group reporting exemption provisions as provided for in the Financial Sector Code and in guidance note GN 000(a). Measured entities have been invited to submit applications for group exemptions again.

3. Retirement Reform

National Treasury and the South African Revenue Services (SARS) published the revised 2023 Draft Revenue Laws Amendment Bill and 2023 Draft Revenue Administration and Pension Laws Amendment Bill for public comment. These draft bills provide the necessary legislative amendments required to implement the first phase of the “two-pot” retirement system, and also take into account public comments received on the 2022 Draft Revenue Laws Amendment Bill. PPS submitted its comments through the Association for Savings and Investments South Africa (ASISA).

4. Environmental, Social and Governance (ESG)

The PA published two Guidance Notices for comment namely 1) Proposed Guidance on climate-related risk practices for insurers and 2) Proposed Guidance on climate-related disclosures for insurers.

The Proposed Guidance on climate-related risk practices for insurers sets out guidelines aimed at assisting insurers in complying with the requirements of Governance and Operational Standards for Insurers (GOI 3) (Risk Management and Internal Controls for Insurers) and GOI 3.1 (Own Risk Solvency Assessment (ORSA) for Insurers) as these prudential standards apply to climate-related risk for insurers. The Guidance Notice illustrates approaches that should be considered in managing an insurer's climate-related risks and provides guidance to insurers on integrating climate-related risks into their governance and risk management frameworks, including guidance on the insurer's ORSAs.

The purpose of the Proposed Guidance on climate-related disclosures for insurers is to provide guidance to insurers regarding climate-related disclosures, taking into account the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD) and the International Sustainability Standards Board (ISSB), under the four thematic areas of governance, strategy, risk management, metrics and targets. The PA is following international reporting developments, and these will be incorporated into future disclosure requirements as necessary. The PA also stressed that climate risk management is a developing area and approaches will evolve and mature over time. It is therefore important that insurers build the necessary capacity and capabilities to assess, manage and disclose climate-related risks and opportunities within existing risk management and governance frameworks.

Group Compliance conducted impact assessments and provided a high-level overview to the Group Executive and Group Risk Committee of the impact across the Group. More analysis is underway with Group Compliance and Group Risk embarking on running workshops in 2024 to further embed the requirements of these guidance notices.

APPLICATION OF THE PRINCIPLES OF KING IV™

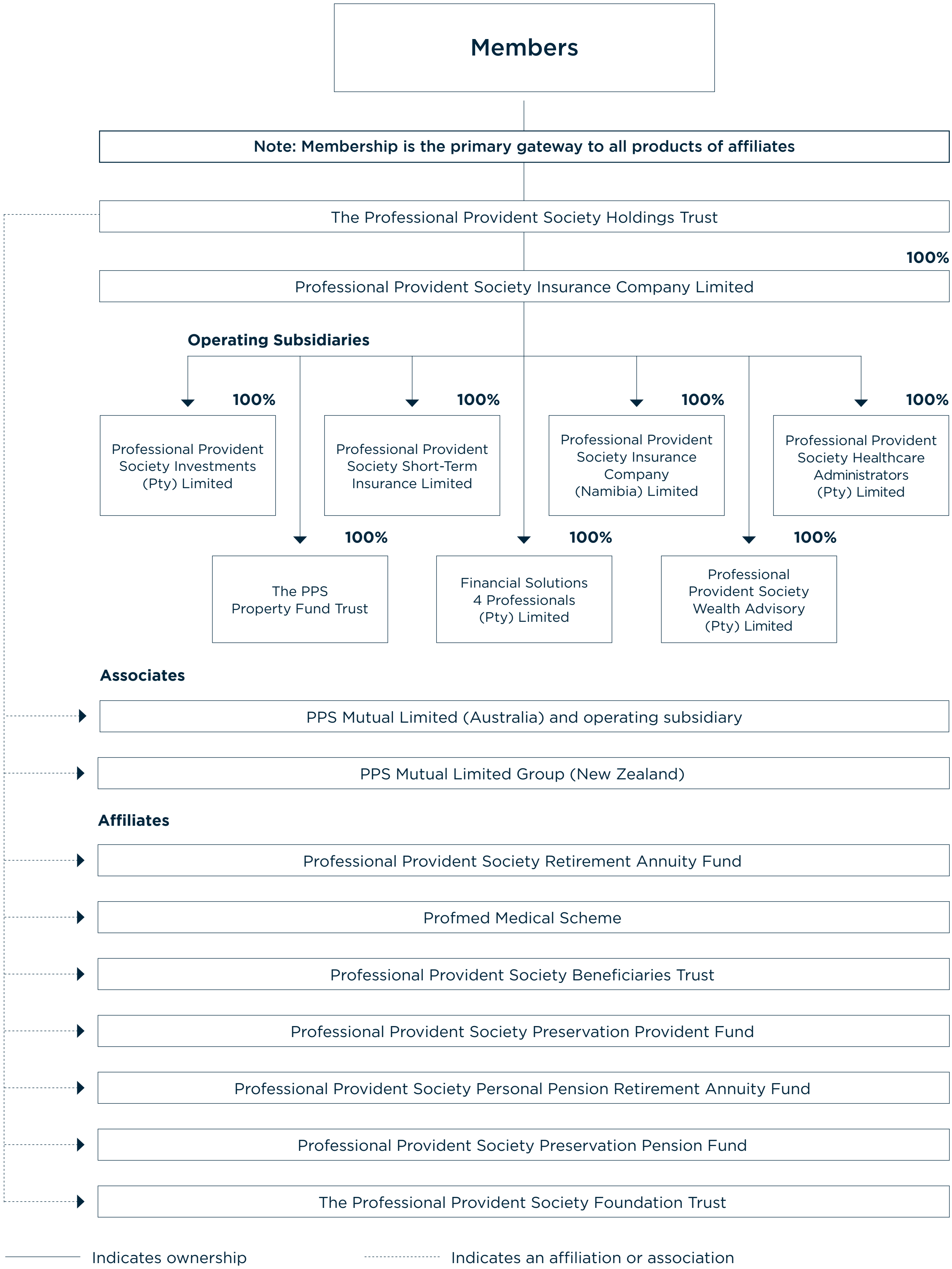
The King IV™ Report on Corporate Governance replaced King III in its entirety, and unlike its predecessors, the King IV™ Report is outcome-based. Four governance outcomes, *viz:* ethical culture, good performance, effective control and legitimacy, are guided and supported by 17 principles and over 400 recommended practices.

An assessment of the application of the King IV™ principles by the PPS Group was conducted as part of the 2023 Group Compliance Programme, using the King IV™ Governance assessment instrument. The results of the assessment indicated that the PPS Group had satisfactorily applied 390 of the recommended practices, with 10 practices not being applicable to PPS and five practices which had not been applied.

Practice 36.a	The chair of the governing body should not be a member of the Audit Committee. **Commentary**: The Chairman of PPS Insurance is a member, but not the Chairman, of the Group Audit Committee where he provides actuarial expertise and a link between the Actuarial and Group Audit Committees.	Not Applied
Practice 83.a	The notice period stipulated in the CEO's employment contract and the contractual conditions related to termination should be disclosed. **Commentary**: Particulars of the Group CEO's employment contract are considered to be competitive information and are not publicly reported.	Not Applied
Practice 34.c	The overview of the remuneration policy should include a description of the framework and performance measures used to assess the achievement of strategic objectives and positive outcomes, including the relative weighting of each performance measure and the period of time over which it is measured.	Not Applied
Practice 34.d	The overview of the remuneration policy should include an illustration of the potential consequences on the total remuneration for executive management, on a single, total figure basis, of applying the remuneration policy under minimum, on-target and maximum performance outcomes.	Not Applied
Practice 35.b	The implementation report must include an account of the performance measures used and the relative weighting of each, as a result of which awards under variable remuneration incentive schemes have been made, including: the targets set for the performance measures and the corresponding value of the award opportunity; and for each performance measure, how the organisation and executive managers, individually, performed against the set targets. **Commentary**: Detailed particulars of the above remuneration aspects are considered to be competitive information and are not publicly disclosed.	Not Applied

CORPORATE GOVERNANCE REPORT

Group structure



Governance of the PPS Group by the Boards

The PPS Group is ultimately governed by PPS Holdings Trust, which has a unitary board of trustees, assisted by the boards of directors and trustees of PPS Group entities and the committees as detailed below.

The wholly-owned principal operating subsidiary, PPS Insurance, has a majority of independent non-executive directors, eight of whom are nominated members of the PPS Holdings Trust Board (including two *ex officio* appointees), and includes directors with specialist skills appropriate to the insurance, investment and financial services industries. The PPS Insurance Board is accountable to the PPS Holdings Trust Board for the achievement of strategic objectives determined by the PPS Holdings Trust Board in furthering the interests of its members. These objectives pertain to:

- Financial soundness and inter-generational fairness
- Operational efficiency
- Assets and investment returns
- Membership and sales growth
- Value and service to PPS members.

The primary operating subsidiaries of PPS Insurance are set out in the Trustees' Report and their boards are comprised of executive and non-executive directors and trustees as set out in this report.

Board composition, appointments and succession planning

The PPS Holdings Trust Board is comprised of 20 trustees, all of whom are independent non-executive trustees. In terms of its Trust Deed, PPS Ordinary Members may nominate and elect 10 Ordinary Members to the PPS Holdings Trust Board at its annual general meeting. At the invitation of the PPS Holdings Trust Board, up to a further six members of the current Board of PPS Holdings Trust are, subject to the recommendations of the Group Nominations Committee and the approval of the PPS Holdings Trust Board in accordance with the provisions of the Trust Deed, nominated to serve on the PPS Holdings Trust Board by professional associations whose members are significantly represented in the PPS membership base. The PPS Holdings Trust Board has co-opted a further two members for their specific skills, as provided for in the Trust Deed, which also stipulates that the Chairman and Deputy Chairman of PPS Insurance are appointed *ex officio* to the PPS Holdings Trust Board. All PPS Holdings Trust Board members are appointed for specific terms and re-appointment is not automatic. Five professional associations are currently invited by the PPS Holdings Trust Board to nominate a representative to serve on the PPS Holdings Trust Board.

The PPS Holdings Trust Board appoints the members of its board committees, as well as the members of the PPS Insurance, the PPS Retirement Annuity Fund, the PPS Namibia Retirement Annuity Fund and the PPS Beneficiaries Trust Boards. In turn, the PPS Insurance Board appoints the members of its board committees and the members of its subsidiaries' boards. The subsidiary boards appoint the members of their own board committees, where applicable.

Under delegated authority of the PPS Holdings Trust Board, the Group Nominations Committee, within its powers, evaluates, selects and recommends for appointment the PPS Group trustees and directors, including the Group CEO, executive directors and non-executive directors/trustees and board committee members. This takes into account the Fit and Proper and other regulatory requirements for the appointment of directors/trustees of long-term and short-term insurance companies and their holding entities.

The Group Nominations Committee considers trustee and director succession planning and makes appropriate recommendations to the PPS Group boards. This encompasses an evaluation of the skills, knowledge, diversity and experience required to add value to the PPS Group, as well as compliance with Fit and Proper requirements, for all trustees and directors, including PPS Holdings Trust Trustees standing for re-election, as well as candidates standing for election for the first time. All elections of Trustees of PPS Holdings Trust are made in terms of a formal and transparent procedure and are subject to approval by the Ordinary Members of PPS Holdings Trust at its annual general meeting.

The Group Nominations Committee periodically considers the factors determining the suitability of professional associations for invitation to nominate representatives to serve on the PPS Holdings Trust Board, to further the relationship of the PPS Group with the members of such professional associations, and makes recommendations in this regard to the PPS Holdings Trust Board. The current professional associations who have representation on the PPS Holdings Trust Board are:

- The South African Medical Association
- The South African Dental Association
- The Pharmaceutical Society of South Africa
- The South African Institute of Chartered Accountants
- The Professional Engineers' Societies.

The PPS Holdings Trust Board has considered and is of the view that the PPS Group Boards and committees are appropriately constituted to meet statutory requirements and the PPS Group's needs.

Candidates who have been nominated for service on PPS Group Boards are required to clearly identify any conflict, or potential conflict, of interest with the activities of PPS Holdings Trust, its subsidiaries and affiliates. Candidates who are financial advisors or intermediaries, or hold any office or interest, directly or indirectly, in any entity which competes in the same sphere of business as the PPS Group, do not qualify for appointment to any of the PPS Group Boards.

Chairman and Deputy Chairman of the PPS Holdings Trust Board of Trustees

The PPS Holdings Trust Board elected Dr S N E Seoka, who had held the position of Deputy Chairman of the PPS Holdings Trust Board since 2012, as its Chairman on 13 June 2018. Dr C M Krüger, who has served on the PPS Holdings Trust Board since 2004, was elected as Deputy Chairman of the PPS Holdings Trust Board on 13 June 2018. The Chairman and Deputy Chairman were re-elected to their respective positions at the 8 June 2023 PPS Holdings Trust Board meeting.

In terms of PPS Insurance's Memorandum of Incorporation, the Chairman and Deputy Chairman of the PPS Holdings Trust Board are appointed *ex officio* to the PPS Insurance Board and form part of the eight trustees of PPS Holdings Trust who are nominated annually by the PPS Holdings Trust Board to serve on the PPS Insurance Board.

Chairman and Deputy Chairman of the PPS Insurance Board of Directors

Mr C Erasmus has held the position of Chairman of the PPS Insurance Board since 2014. Prof H E Wainer has held the position of Deputy Chairman of the PPS Insurance Board since 2015. The Chairman and Deputy Chairman were re-elected to their respective positions at the 19 June 2023 PPS Insurance Board meeting.

In terms of the Trust Deed of PPS Holdings Trust, the Chairman and Deputy Chairman of PPS Insurance are appointed *ex officio* to the PPS Holdings Trust Board.

Group Chief Executive Officer of the PPS Group

Mr I J Smit has held the position of Group CEO of the PPS Group since 25 July 2016.

Board charters and trust deed

In accordance with the principles of sound corporate governance, the Board Charters for the PPS Holdings Trust, the PPS Insurance and the subsidiary boards, modelled on the charter principles recommended by King IV™ and adapted to the requirements of the PPS Group, incorporate the powers of the boards, providing a clear and concise overview of the division of responsibilities and accountability of PPS Group Board members, collectively and individually, to ensure a balance of power and authority. The Board Charters are reviewed regularly to ensure continued compliance with regulation and best practice.

The Trust Deed of PPS Holdings Trust incorporates key elements of the Companies Act, 2008, and its trustees have similar responsibilities and duties to those of company directors, including the statutory responsibilities imposed on directors by the Companies Act, in addition to their responsibilities and duties as trustees.

Committees of the PPS Group Boards act in accordance with board approved Terms of Reference and the Chairman of each committee reports, as appropriate, to the board which constituted such committee at the scheduled meetings of that board. These Terms of Reference are reviewed annually to ensure continued compliance with regulation and best practice. Where appropriate, the minutes of the committee meetings are tabled at subsequent board meetings. The chairmen of the PPS Holdings Trust and PPS Insurance Boards are independent non-executive trustees/directors. At PPS Insurance, the roles of Chairman and Group CEO are separated, with a clear division of responsibility to ensure distinction between their respective duties and responsibilities. The Chairmen have no executive functions. The role of all trustees and directors is to bring independent judgement and experience to the boards' decision-making process and to act in the best interests of the trust or company on whose board such trustee/director serves.

Functioning of the boards and board committees

The Group Executive Committee and various other management sub-committees, established by the Group Executives, provide ongoing input and support to the PPS Group Boards and board committees and the Group CEO as and when required.

The members of the PPS Group Boards receive timely, accurate and relevant information to enable them to fulfil their duties. All new directors and trustees undergo a formal induction process, which includes meeting the PPS Group's senior management to discuss key aspects of the business and the governance thereof, with comprehensive documentation regarding the governance and management structures of the PPS Group. All directors and trustees are encouraged to undertake continuing professional development, training and education throughout their term of office. The PPS Group sponsors membership of the Institute of Directors for its board members. Board members are provided, on an ongoing basis, with information and training relevant to the business of the PPS Group and the industries in which it operates. Board members also participate in the PPS Group's annual programme for the development of strategy and attend an annual strategy session, which includes training on pertinent aspects of the business, regulation and the environment in which the PPS Group operates.

The Chairmen's key responsibilities are to provide leadership to the boards, to oversee the determination of strategy, to guide the process to ensure a balance in the composition of the boards, to ensure sufficient and open discussion of matters before the boards and to promote effective communication between executive and non-executive directors/trustees.

The Group CEO has overall responsibility for the management of the PPS Group's business and its operations, in line with the policies and strategic objectives set and agreed on by the PPS Insurance Board. The Group CEO reports to the PPS Insurance Board on the performance of the PPS Group and any other material matters at regular Board meetings, which are scheduled six times per annum. He reports on how the PPS Group has performed against key indicators following the monthly meetings of the Group Executive Committee, which manages the PPS Group's business on a day-to-day basis. Key reports are reviewed at the meetings of the PPS Insurance Board when the Group CEO highlights significant issues and other executive and non-executive directors, as well as members of senior management who attend by invitation, are invited to contribute, as appropriate. Additional meetings of the PPS Group Boards are scheduled as may be required.

The Group CEO also reports on the performance of PPS Insurance to the PPS Holdings Trust Board, which meets quarterly, against the strategic objectives determined for PPS Insurance by the PPS Holdings Trust Board.

Additional papers on issues upon which the boards are required to make decisions are submitted, as appropriate, and members of senior management regularly attend board meetings by invitation to present papers and to deal with issues raised by the boards.

Board performance assessment

The Group Nominations Committee is mandated by the PPS Holdings Trust and PPS Insurance Boards to institute formal and comprehensive board evaluation programmes for the assessment of the PPS Group's trustees and directors in accordance with regulatory requirements. In terms of these programmes, the PPS Group Boards and Board Committees, as well as the individual trustees and directors serving on those boards, are evaluated regularly with the assistance of independent consultants, in accordance with best local and international governance and board evaluation practices, including the Fit and Proper requirements stipulated by the PA.

The results of the evaluations are reported to the boards and any identified areas for improvement are incorporated into the board training programmes and agendas for scheduled meetings of the boards and the annual PPS Group Board Strategy Day.

The most recent assessments in November 2023 indicated that the PPS Group Boards were effective in discharging their duties.

CORPORATE GOVERNANCE REPORT

Retirement of board members by rotation

One-third of the maximum of ten elected PPS Holdings Trust trustees who are in office as at the date of the annual general meeting, are subject to retirement by rotation at least every three years, but may stand for re-election at the annual general meeting, subject to the recommendation of the Group Nominations Committee and the approval of the PPS Holdings Trust Board. There are currently ten elected trustees in office. The names of the three trustees who are retiring by rotation and the abbreviated curricula vitae of the retiring trustees and new nominees who are eligible to stand for election or re-election at the forthcoming annual general meeting to be held on 6 May 2024, are stated in the notice of annual general meeting included in this Integrated Report.

In accordance with the provisions of the Trust Deed, PPS Holdings Trust trustees who are representatives of professional associations and trustees who are co-opted to the board are also appointed for a three-year term, after which they are required to retire, but may be nominated by the professional associations, or be co-opted, subject to the Nominations Committee's recommendation, for re-appointment by the PPS Holdings Trust Board.

Interests in contracts and conflicts of interest

PPS Group trustees and directors are required to avoid conflicts of interest, where possible, and where it cannot be avoided, to inform the respective board/s on which they serve timeously of any conflicts or potential conflicts of interest that they may have in relation to particular items of business, and they are obliged to recuse themselves from discussions or decisions in relation to such matters. Trustees and directors are also required to disclose their interests in, and directorships of, other companies/entities in accordance with statutory requirements and to inform the boards when any changes occur.

During the year ended 31 December 2023, none of the directors/trustees had disclosed any interest in contracts or arrangements entered by the PPS Group. The Group CEO is required to disclose any appointments to non-PPS Group boards. Directors and trustees are required to submit and maintain written declarations of interests, which are presented to the respective boards at each board meeting and board members are required to acknowledge in writing that they have read the written disclosures submitted.

Professional indemnity insurance

Adequate Directors' and Officers' liability insurance and indemnity cover has been effected by the PPS Group in respect of all its trustees, directors and officers. No claims under the relevant policies were lodged during the year under review.

Trustees of the Professional Provident Society Holdings Trust

Trustee	Age*	Qualification	Classification	Term of Office
Dr S N E Seoka (Chairman) Independent Non-executive	68	B Pharm, PhD, FPS	Co-opted for a three-year term	Appointed 15 August 2005 Ends AGM 2026
Dr C M Krüger (Deputy Chairman) Independent Non-executive	58	MB ChB, M Prax Med, M Pharm Med	Elected for a three-year term	Appointed 21 June 2004 Ends AGM 2024
Dr A Coetzee Independent Non-executive	64	B Med Sc, MB ChB, CAHM, ABCD	Elected for a three-year term	Appointed 11 August 2022 Ends AGM 2025
Mr A H de Vries Independent Non-executive	46	B Acc, CA(SA)	Elected for a three-year term	Appointed 27 October 2021 Ends AGM 2024
Ms D L T Dondur Independent Non-executive	57	B Acc (Hons), B Compt, CA(SA), MBA, CD(SA)	Nominated for a three-year term(1)	Appointed 6 July 2011 Ends AGM 2026
Mr J A B Downie Independent Non-executive	65	B Sc, MBA, CFP	Co-opted for a three-year term	Appointed 15 April 2010 Ends AGM 2026

Trustees of the Professional Provident Society Holdings Trust

Trustee	Age*	Qualification	Classification	Term of Office
Dr D P du Plessis Independent Non-executive	69	B Sc (QS), MBA, DBA, CD(SA)	Elected for a three-year term	Appointed 3 June 2013 Ends AGM 2025
Mr C Erasmus Independent Non-executive	72	B Sc, FIA, FASSA	Appointed *ex officio*	Appointed 1 June 2015 Ends N/A
Adv L C Haupt SC Independent Non-executive	54	B Com Law, LLB (*cum laude*), LLD, Admitted as an Advocate of the High Court of South Africa	Elected for a three-year term	Appointed 4 August 2023 Ends AGM 2026
Dr N H P Khosa Independent Non-executive	42	MB ChB, MBA	Elected for a three-year term	Appointed 19 June 2018 Ends AGM 2024
Mr I Kotzé Independent Non-executive	67	B Pharm	Nominated for a three-year term(2)	Appointed 27 August 2001 Ends AGM 2026
Dr F Mansoor Independent Non-executive	44	BDS, MBA	Nominated for a three-year term(3)	Appointed 17 July 2017 Ends AGM 2026
Ms J K Myburgh Independent Non-executive	55	B Proc, Admitted Attorney	Elected for a three-year term	Appointed 23 September 2020 Not re-elected 8 May 2023
Dr R E Ngwenya Independent Non-executive	38	BSc, MBBCH, FCS (SA), M Med (Surg), FC (Plast Surg (SA)), M Med (Plast and Reconstr Surgery)	Nominated for a three-year term(4)	Appointed 11 August 2022 Ends AGM 2025
Dr B R Ntshabele Independent Non-executive	51	BVMCh, Certificate in Entrepreneurship, Diploma in Management Studies (Buckinghamshire Chiltern University College), MBA	Elected for a three-year term	Appointed 11 August 2022 Ends AGM 2025
Dr R Perumal Independent Non-executive	37	MBChB, Master of Public Health (MPH), M Med Internal Med, M Phil (Pulmonology), D Phil (Medicine), Fellow of the College of Physicians	Elected for a three-year term	Appointed 4 August 2023 Ends AGM 2026
Dr R Putter Independent Non-executive	45	B ChD, M Sc (Dental Public Health), Cert Fin Officer (SA), Cert Dir (SA)	Elected for a three-year term	Appointed 10 July 2019 Ends AGM 2025
Mr P Ranchod Independent Non-executive	68	B Compt (Hons), CA(SA), MBL, H Dip Business Data Processing	Elected for a three-year term	Appointed 6 June 2011 Retired 8 May 2023
Mr V P Rimbault Independent Non-executive	60	B Sc Eng (Mech)	Nominated for a three-year term(5)	Appointed 12 September 2011 Ends AGM 2026
Mr S Trikamjee Independent Non-executive	45	B Com (Hons), CA(SA)	Elected for a three-year term	Appointed 8 June 2009 Ends AGM 2026
Prof H E Wainer Independent Non-executive	62	B Acc, CA(SA), Registered Auditor	Appointed ex *officio*	Appointed 1 June 2015 Ends N/A

** As at 3 April 2024.*

N/A = Not applicable

Note: Trustee nominated by:
1. The South African Institute of Chartered Accountants
2. The Pharmaceutical Society of South Africa
3. The South African Dental Association
4. The South African Medical Association
5. The Professional Engineers' Societies

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Directors of Professional Provident Society Insurance Company Limited

Director	Age*	Qualification	Appointed
Mr C Erasmus (Chairman) Independent Non-executive	72	B Sc, FIA, FASSA	19 February 2007
Prof H E Wainer (Deputy Chairman) Independent Non-executive	62	B Acc, CA(SA), Registered Auditor	30 November 2009
Mr C E Backeberg Independent Non-executive	65	B Sc (Hons), FIA, FASSA, CFP	1 June 2023
Mr L M de Villiers Independent Non-executive	68	Nat. Dip. Electronic Data Processing, GITI – Information Technology & Telecommunications (INSEAD), DIS – Information Technology (Harvard)	1 January 2023
Mr A H de Vries Independent Non-executive	46	B Acc, CA(SA)	8 June 2023
Ms D L T Dondur Independent Non-executive	57	B Acc (Hons), B Compt, CA(SA), MBA, CD(SA)	24 June 2013
Mr J A B Downie Independent Non-executive	65	B Sc, MBA, CFP	24 June 2013
Dr D P du Plessis Independent Non-executive	69	B Sc (QS), MBA, DBA, CD(SA)	19 June 2017
Mr E J S Franklin Independent Non-executive	61	B Sc Physics and Applied Mathematics, B Sc Elec Eng, M Sc Elec Eng (Manchester), MBA	1 March 2019
Dr N H P Khosa Independent Non-executive	42	MB ChB, MBA	10 June 2020
Dr C M Krüger Independent Non-executive	58	MB ChB, M Prax Med, M Pharm Med	29 June 2015
Prof W J Maroun Independent Non-executive	39	B Acc (Hons), M Acc, PhD, CA(SA)	1 January 2024
Mr P Ranchod Independent Non-executive	68	B Compt (Hons), CA(SA), MBL, H Dip Business Data Processing	24 June 2013
Dr S N E Seoka Independent Non-executive	68	B Pharm, PhD, FPS	26 June 2006
Mr S Trikamjee Independent Non-executive	45	B Com (Hons), CA(SA)	29 June 2015
Dr J A van der Merwe Independent Non-executive	68	MB ChB, MBL, DBL, PED. (IMD)	18 June 2018 (Appointment terminated 8 June 2023)
Mr I J Smit (Group Chief Executive Officer) (Executive)	56	B Com (Hons), FASSA	25 July 2016
Mr N J Battersby (Deputy Group Chief Executive Officer) (Executive)	56	B Sc Mech Eng, B Com (Hons), MBA, CFP, AMP (Harvard)	28 September 2016
Ms A Gounden (Group Chief Financial Officer) (Executive)	46	B Com (Hons), CA(SA), Higher Diploma in Auditing	1 October 2022 (Resigned 31 August 2023)

* As at 3 April 2024.

Note: *Ad hoc Board committee meeting*

In addition to the above Board meetings, the following *ad hoc* Board committee meeting was held:

– 8 March 2023, a sub-committee of the Board met to discuss the finalisation of the PPS Mutual transaction.

Directors/Trustees of Subsidiaries and Affiliates:

PPS Namibia	PPS Healthcare Administrators	PPS Short-Term Insurance
Directors	**Directors**	**Directors**
Mr S I de Bruin (Chairman) Ms M D Erkana Dr E Maritz Mr I J Smit Mr J A Thomas Mr R A van Rooi Mr J van der Westhuizen (Chief Executive)	Dr N H P Khosa (Chairman) Ms S Bassudev (Chief Executive) Ms A Gounden (Resigned 31 August 2023) Mr I Kotzé Dr F Mansoor Dr R Putter Mr I J Smit Mr S J van Molendorff (Executive)	Mr P Ranchod (Chairman) Mr W Bosman (Chief Executive) Dr D P du Plessis Mr C Erasmus Ms A Gounden (Resigned 31 August 2023) Dr N H P Khosa Mr I J Smit Mr J D van der Sandt (Executive)

PPS Investments	PPS Investment Administrators	PPS Multi-Managers	PPS Management Company	PPS Nominees
Directors	**Directors**	**Directors**	**Directors**	**Directors**
Ms R G Govender (Chairman) Mr N J Battersby Dr D P du Plessis Mr A J Fraser (Executive) (Resigned 9 September 2023) Mr S M Gerber Ms A Gounden (Resigned 31 August 2023) Mr S Ruiters (Chief Executive) (Appointed 1 October 2023) Mr I J Smit Mr S Trikamjee	Ms R G Govender (Chairman) Mr N J Battersby Dr D P du Plessis Mr A J Fraser (Executive) (Resigned 9 September 2023) Mr S M Gerber Ms A Gounden (Resigned 31 August 2023) Mr S Ruiters (Chief Executive) (Appointed 1 October 2023) Mr I J Smit Mr S Trikamjee	Ms R G Govender (Chairman) Mr N J Battersby Dr D P du Plessis Mr A J Fraser (Executive) (Resigned 9 September 2023) Mr S M Gerber Ms A Gounden (Resigned 31 August 2023) Mr S Ruiters (Chief Executive) (Appointed 1 October 2023) Mr I J Smit Mr S Trikamjee	Ms R G Govender (Chairman) Mr N J Battersby Dr D P du Plessis Mr A J Fraser (Executive) (Resigned 9 September 2023) Mr S M Gerber Ms A Gounden (Resigned 31 August 2023) Mr S Ruiters (Chief Executive) (Appointed 1 October 2023) Mr I J Smit Mr S Trikamjee	Ms R G Govender (Chairman) Mr N J Battersby Dr D P du Plessis Mr A J Fraser (Executive) (Resigned 9 September 2023) Mr S M Gerber Ms A Gounden (Resigned 31 August 2023) Mr S Ruiters (Chief Executive) (Appointed 1 October 2023) Mr I J Smit Mr S Trikamjee

PPS Personal Pension Retirement Annuity Fund	PPS Preservation Provident Fund	PPS Preservation Pension Fund
Trustees	**Trustees**	**Trustees**
Ms R G Govender (Chairman)	Ms R G Govender (Chairman)	Ms R G Govender (Chairman)
Mr H P du Toit (Deputy Chairman)	Mr H P du Toit (Deputy Chairman)	Mr H P du Toit (Deputy Chairman)
Mr A Bosch	Mr A Bosch	Mr A Bosch
Mr J A B Downie	Mr J A B Downie	Mr J A B Downie
Mr S Trikamjee	Mr S Trikamjee	Mr S Trikamjee

CORPORATE GOVERNANCE REPORT

PPS Retirement Annuity Fund	PPS Beneficiaries Trust
Trustees	**Trustees**
Mr J A B Downie (Chairman) Ms R G Govender (Deputy Chairman) Ms D L T Dondur Mr H P du Toit Dr S N E Seoka Mr S Trikamjee	Mr S Trikamjee (Chairman) Ms D L T Dondur Mr J A B Downie

PPS Foundation Trust	PPS Wealth Advisory	The PPS Property Fund Trust
Trustees	**Directors**	**Trustees**
Dr S N E Seoka (Chairman) Dr D P du Plessis Ms M D Molefe (Executive)(Resigned 30 June 2023) Mr P Ranchod Ms A N Seboni (Executive) (Appointed 1 July 2023)	Mr M M Mtshali (Chairman) Mr N J Battersby Mr L du Plessis Ms L Sherlock (Executive) Mr I J Smit Mr M Spies (Resigned 31 January 2024)	Mr J A Thomas (Chairman) (appointed 1 July 2023) Mr N J Battersby Ms A Gounden (Resigned 31 August 2023) Mr S G Johnson (Appointed 20 October 2023) Mr I J Smit (resigned 30 June 2023)

Financial Solutions 4 Professionals	Six Anerley Road Holdings
Directors	**Directors**
Mr W Mouton (Chairman) Mr N J Battersby Mr L du Plessis Mr I E L McMaster (Executive) Mr M M Mtshali (Appointed 1 January 2024) Mr M Spies (Resigned 31 January 2024)	Mr I J Smit (Chairman) Ms A Gounden (Resigned 31 August 2023)

Meetings and attendance

The schedule below sets out the PPS Holdings Trust and PPS Insurance Board meetings held during the year and attendance thereat:

The PPS Holdings Trust	29 March 2023	8 June 2023	27 Sep 2023	29 Nov 2023
Dr S N E Seoka (Chairman)	✓	✓	✓	✓
Dr C M Krüger (Deputy Chairman)	✓	✓	✓	✓
Dr A Coetzee	✓	✓	✓	✓
Mr A H de Vries	✓	✓	✓	✓
Ms D L T Dondur	✓	✓	✓	✓
Mr J A B Downie	✓	✓	✓	✓
Dr D P du Plessis	✓	✓	✓	✓
Mr C Erasmus	✓	✓	✓	✓
Adv L C Haupt SC (Appointed 4 August 2023)	N/A	N/A	✓	✓
Dr N H P Khosa	✓	✓	✓	✓
Mr I Kotzé	✓	✓	✓	✓
Dr F Mansoor	✓	✓	✓	✓
Ms J K Myburgh (Not re-elected 8 May 2023)	✓	N/A	N/A	N/A
Dr R E Ngwenya	✓	✓	✓	AP
Dr B R Ntshabele	✓	✓	✓	✓
Dr R Perumal (Appointed 4 August 2023)	N/A	N/A	✓	✓
Dr R Putter	✓	✓	✓	✓
Mr P Ranchod (Retired 8 May 2023)	✓	N/A	N/A	N/A
Mr V P Rimbault	✓	✓	✓	✓
Mr S Trikamjee	AP	✓	✓	✓
Prof H E Wainer	✓	✓	✓	✓

N/A = Not Applicable

AP = Apology

CORPORATE GOVERNANCE REPORT

PPS Insurance Company Limited	27 Feb 2023	29 March 2023	19 June 2023	28 Aug 2023	27 Sep 2023	29 Nov 2023
Mr C Erasmus (Chairman)	✓	✓	✓	✓	✓	✓
Prof H E Wainer (Deputy Chairman)	✓	✓	✓	✓	✓	✓
Mr C E Backeberg (Appointed 1 June 2023)	N/A	N/A	✓	✓	✓	✓
Mr N J Battersby	✓	✓	✓	✓	✓	✓
Mr L M de Villiers (Appointed 1 January 2023)	✓	✓	✓	✓	✓	✓
Mr A H de Vries (Appointed 8 June 2023)	N/A	N/A	✓	✓	✓	✓
Ms D L T Dondur	✓	✓	✓	✓	✓	✓
Mr J A B Downie	✓	✓	✓	✓	✓	✓
Dr D P du Plessis	✓	✓	✓	✓	✓	✓
Mr E J S Franklin	✓	✓	✓	✓	✓	✓
Ms A Gounden (Resigned 31 August 2023)	✓	✓	✓	AP	N/A	N/A
Dr N H P Khosa	✓	✓	✓	✓	✓	✓
Dr C M Krüger	✓	✓	✓	✓	✓	✓
Mr P Ranchod	✓	✓	✓	✓	✓	✓
Dr S N E Seoka	✓	✓	✓	✓	✓	✓
Mr I J Smit	✓	✓	✓	✓	✓	✓
Mr S Trikamjee	✓	AP	✓	✓	✓	✓
Dr J A van der Merwe (Appointment terminated 8 June 2023)	✓	✓	N/A	N/A	N/A	N/A

AP = Apology

N/A = Not Applicable

Note: *Ad hoc Board committee meeting*

In addition to the above Board meetings, the following *ad hoc* Board committee meeting was held:

- 8 March 2023, a sub-committee of the Board met to discuss the finalisation of the PPS Mutual transaction.

Board committees

A number of standing board committees have been established to assist the boards in discharging their responsibilities. The boards are satisfied that the members of the respective committees have sufficient recent and relevant experience and are appropriately qualified to enable them to discharge their respective duties and responsibilities.

The membership and principal functions of these committees are set out below.

The various committee members, as well as their attendance at the relevant committee meetings, are provided in this Corporate Governance Report, the Report of the Audit Committees, the Report of the Group Social and Ethics Committee and the Remuneration Report by the Group Remuneration Committee.

PPS Holdings Trust Standing Board Committees

The PPS Holdings Trust Board has established the following standing board committees:

- PPS Holdings Trust Audit Committee
- Group Nominations Committee.

PPS Insurance Standing Board Committees

The PPS Insurance Board has established the following standing board committees:

- Group Actuarial Committee
- Group Audit Committee
- Group Remuneration Committee
- Group Risk Committee
- Group Technology Steering Committee
- Group Social and Ethics Committee.

PPS Holdings Trust Audit Committee (TAC) and Group Audit Committee (GAC)

The composition, roles, responsibilities and attendance at meetings of the TAC and GAC are set out in the Audit Committees' Report included in this Integrated Report.

Group Risk Committee (GRC)

Members

- Dr D P du Plessis B Sc (QS), MBA, DBA, CD(SA) (Appointed as Chairman on 19 June 2023)
- Mr L M de Villiers DIS Information Technology Harvard, GITI Information Technology & Telecommunications INSEAD, National Diploma in Electronic Data Processing
- Mr C Erasmus B Sc, FIA, FASSA
- Mr I J Smit B Com (Hons), FASSA
- Dr J A van der Merwe MB ChB, MBL, DBL, PED. (IMD) (former Chairman) (appointment terminated 8 June 2023)

The role of the GRC is to assist the PPS Group boards in discharging their fiduciary duties regarding risk management within the PPS Enterprise Risk Management and Governance Frameworks, which include:

- Risk policy and the implementation of risk management
- Risk governance structures
- Risk infrastructure, processes and culture
- The setting of risk appetite and tolerances
- Risk assessment, profiling, mitigation and reporting
- Assurance and stakeholder disclosures.

The GRC is comprised of three independent non-executive PPS Insurance directors, who are risk management specialists, and the Group CEO. The GRC is chaired by an independent non-executive director. The GRC is scheduled to meet at least four times a year. There is overlap in the non-executive membership of the GRC, the GAC and the Group Actuarial Committee. The internal auditors and Heads of the Compliance and Risk Functions are present at each meeting, when reports are tabled outlining the progress in terms of the risk management framework, internal audit plans and an overview of the PPS Group's risk profile. The GRC is satisfied that the risk assessments, responses and interventions for the PPS Group are effective. The GRC is responsible for the statutory compliance monitoring functions and makes reports to the GAC and Group Social and Ethics Committee on risk matters pertaining to those committees. The GRC considers and recommends the PPS Group Solvency Assessment and Management ORSA Report for approval by the PPS Insurance Board. The GRC also receives reports by the Risk and Audit Committees of the PPS Insurance subsidiaries which have such committees.

The GRC established the Group Technology Steering Committee (GTSC) as a sub-committee of the GRC to, *inter alia,* assist and enable the GRC to discharge its responsibilities in relation to the management of Information Technology (IT) delivery and risks. There is overlap in the non-executive membership of the GRC and the GTSC. Further particulars of the GTSC are provided in this Integrated Report.

The GRC meetings held during the year and the attendance thereat were as follows:

Group Risk Committee	**1 Mar 2023**	**22 May 2023**	**4 Sep 2023**	**7 Nov 2023**
Dr D P Du Plessis (Chairman)	✓	✓	✓	✓
Mr L M de Villiers (Appointed 1 January 2023)	✓	✓	✓	✓
Mr C Erasmus	✓	✓	✓	✓
Mr I J Smit	✓	✓	✓	✓
Dr J A van der Merwe (Appointment terminated 8 June 2023)	✓	✓	N/A	N/A

CORPORATE GOVERNANCE REPORT

Group Technology Steering Committee (GTSC)

Members

- Mr L M de Villiers (Chairman) National Diploma in Electronic Data Processing, GITI – Information Technology & Telecommunications (INSEAD), DIS – Information Technology (Harvard)
- Dr J A van der Merwe MB ChB, MBL, DBL, PED. (IMD) (Appointment terminated 8 June 2023)
- Mr E J S Franklin (former Chairman) B Sc Physics and Applied Mathematics, B Sc Elec Eng, M Sc Elec Eng (Manchester), MBA
- Mr A Nel B Com (Computer Science, Management Accountancy)
- Mr N J Battersby (Deputy Group Chief Executive Officer) B Sc Mech Eng, B Com (Hons), CFP, MBA, AMP (Harvard)
- Mr J P Loubser (Group Chief Information Officer) N Dip Electrical Engineering, B Tech Electrical Engineering

The role of the GTSC is to assist and enable the GRC to discharge its responsibilities in relation to the management of Information Technology (IT) delivery and risks. The Committee has an independent oversight role, with delegated responsibility for interrogating and monitoring IT Risks, associated ratings and responses in a manner that promotes engagement between IT and business and to report thereon to the GRC. The Committee must perform all the functions necessary to fulfil this role and is responsible for governing technology and information in a way that supports the organisation setting and achieving its strategic objectives, as set out in the recommended practices under Principle 12 (Technology and information governance) of the King IV™ Report on Corporate Governance for South Africa, 2016. The Committee is responsible for reviewing the IT Governance Policy (and the underlying IT Policies to which it refers) and for recommending it to the Group Risk Committee for approval. The specific responsibilities as assigned to the Committee by the GRC are set out in its Terms of Reference.

The GTSC is comprised of:

i. at least one non-executive member of the GRC, being the IT specialist GRC member, who is appointed as the Chairman of the GTSC;

ii. an additional technology specialist who is an independent non-executive member of the PPS Insurance Board may be appointed as a member of the Committee;

iii. one or more independent technology specialists (who are not members of the PPS Insurance Board or GRC) may be co-opted by the GRC to serve on the Committee;

iv. the Deputy Group Chief Executive Officer;

v. the Group Chief Information Officer.

The GTSC is scheduled to meet at least four times a year. There is overlap in the non-executive membership of the GRC and the GTSC.

The GTSC meetings held during the year and the attendance thereat were as follows:

Group Technology Steering Committee	8 Feb 2023	3 May 2023	17 Aug 2023	21 Oct 2023	20 Nov 2023
Mr L M de Villiers (Chairman)	✓	✓	✓	✓	✓
Mr N J Battersby	✓	✓	✓	✓	✓
Mr E J S Franklin	✓	✓	✓	✓	✓
Mr J P Loubser	✓	✓	✓	✓	✓
Mr A Nel	✓	✓	✓	✓	✓
Dr J A van der Merwe (Appointment terminated 8 June 2023)	✓	✓	N/A	N/A	N/A

Group Actuarial Committee (AC)

Members

- Mr C Erasmus B Sc, FIA, FASSA (Chairman)
- Mr C E Backeberg B Sc, FIA, FASSA, CFP (appointed 1 June 2023)
- Prof H E Wainer B Acc, CA(SA), Registered Auditor
- Mr I J Smit B Com (Hons), FASSA

The AC is chaired by an independent non-executive director and is comprised of three independent non-executive directors of PPS Insurance and the Group CEO.

The AC has an important role in overseeing the integrity of actuarial processes and the proper assessment from an actuarial perspective of PPS Insurance Group companies' risk philosophy, strategy, policies, financial and operational processes and controls, and assessments of major risks. The AC's activities are focused on considering actuarial assumptions and experience, product pricing and design, valuation results, risk metrics and reporting guidelines and practices adopted by the Heads of the Actuarial Function and the Group Executives: Actuarial Services, as well as other actuarial matters as applicable to PPS Insurance and any of its subsidiaries operating a life or short-term insurance licence.

The AC acts as an adviser to the PPS Insurance, PPS Namibia and PPS Short-Term Insurance Boards and has the following primary responsibilities:

- To assist the boards in fulfilling their oversight responsibilities regarding:
  - the accuracy and integrity of the actuarial statements;
  - compliance with actuarial, legal and regulatory requirements from an actuarial perspective; and
  - the performance of the Actuarial Functions of PPS Insurance and PPS Short-Term Insurance.
- To assist the boards in the execution of their fiduciary duties regarding the oversight of the reinsurance arrangements and risk transfer processes
- To assist the boards with the execution of their responsibilities relating to the Own Risk and Solvency Assessment (ORSA)
- To provide a sounding board for the Head of the Actuarial Function and the Actuarial Functions in making recommendations to the boards and to consider, for tabling at board meetings, the recommendations of the Heads of the Actuarial Function and the Executives: Actuarial Services.

The AC meetings held during the year and attendance thereat were as follows:

Group Actuarial Committee	23 Feb 2023	1 Jun 2023	4 Sep 2023	7 Nov 2023
Mr C Erasmus (Chairman)	✓	✓	✓	✓
Mr C E Backeberg (Appointed 1 June 2023)	N/A	✓	✓	✓
Mr I J Smit	✓	✓	✓	✓
Prof H E Wainer	✓	✓	✓	✓

Group Remuneration Committee (Remco)

The composition, roles, responsibilities and attendance at meetings of the Remco are set out in Remco's Remuneration Report included in this Integrated Report.

CORPORATE GOVERNANCE REPORT

Group Nominations Committee (GNC)

The GNC is a sub-committee of the PPS Holdings Trust Board, mandated with responsibility for PPS Holdings Trust and its subsidiaries.

Members

- Dr S N E Seoka (Chairman)
- Mr C Erasmus (Deputy Chairman)
- Dr C M Krüger
- Mr V P Rimbault
- Mr S Trikamjee

The GNC is chaired by an independent non-executive trustee and comprises solely of independent non-executive trustees of PPS Holdings Trust.

It is the responsibility of the GNC to ensure that succession plans are in place for appointments to the Boards of PPS Holdings Trust and its subsidiaries that will maintain an appropriate balance of qualifications, skills and experience and achieve compliance with Fit and Proper requirements. The GNC leads the process for the appointment and re-election of trustees and directors and makes recommendations to the boards for the appointment of PPS Group boards and committees, except in regard to the appointment of the members of the GNC itself, which is the sole prerogative of the PPS Holdings Trust Board, ensuring that there is a formal, rigorous and transparent procedure for all appointments. The PPS Holdings Trust Board is satisfied that the range and balance of expertise, experience and qualifications of the PPS Group board members are appropriate for the current needs of the business, but keeps these matters under regular review.

The GNC annually considers the continued service of board members with a period of appointment in excess of nine years and is satisfied that such board members still meet the requirements for independence.

The GNC considers the suitability of trustees nominated by professional associations at the invitation of the PPS Holdings Trust Board, for appointment to the PPS Holdings Trust Board and makes recommendations in this regard for consideration by the PPS Holdings Trust Board.

The PPS Holdings Trust Board is responsible for ensuring that an effective system for succession planning and development is in place, covering trustees and directors. It has delegated this task to the GNC. In considering an appointment, the GNC assesses and defines the characteristics, qualities, skills and experience it believes would complement the overall balance and composition of the PPS Holdings Trust Board, subsidiary boards and board committees, ensuring compliance with Fit and Proper requirements. The GNC may appoint external consultants to assist it in the identification and recruitment of an individual who satisfies the GNC's criteria. Where the GNC is considering matters relating to an individual who is a member of the GNC, such individual is recused from the discussion of that item.

The GNC is satisfied that the non-executive trustees and directors demonstrate the commitment required to properly discharge their responsibilities. The PPS Group directors and trustees have continued to update their skills and knowledge, both within the PPS Group and externally. The GNC has been mandated to perform, and is responsible for, the regular evaluation of the boards and board members, including ethics, performance and compliance with the enhanced requirements regarding independence and being Fit and Proper for serving on an insurance company board in terms of regulation.

The GNC meetings held during the year and the attendance thereat were as follows:

Group Nominations Committee	9 Mar 2023	23 May 2023	5 Oct 2023
Dr S N E Seoka (Chairman)	✓	✓	✓
Mr C Erasmus (Deputy Chairman)	✓	✓	✓
Dr C M Krüger	✓	✓	✓
Mr V P Rimbault	✓	✓	✓
Mr S Trikamjee	✓	✓	✓

Group Social and Ethics Committee (GSEC)

Particulars of the composition, role and responsibilities of the GSEC and attendance at meetings are set out in the GSEC's Report included in this Integrated Report.

Group Executive Committee (Group Exco)

Members

- Mr I J Smit (Chairman) (Group Chief Executive Officer)
- Mr Q J Augustine (Group Executive: Member Value Proposition)(resigned from Group Exco 31 March 2023)
- Mr V E Barnard (Group Company Secretary)
- Ms S Bassudev (Chief Executive: PPS Healthcare Administrators)
- Mr N J Battersby (Deputy Group Chief Executive Officer)
- Mr W Bosman (Chief Executive: PPS Short-Term Insurance)
- Mr L du Plessis (Group Executive: Legal and Compliance)
- Mr J Fraser (Group Executive: Operations and Digital)(appointed 1 September 2023)
- Ms A Gounden (Group Chief Financial Officer)(resigned 31 August 2023)
- Ms K Govender (Group Executive: Life Operations) (resigned from Group Exco 31 October 2023)
- Mr S G Johnson (Acting Group Chief Financial Officer) (appointed 1 September 2023)
- Mr J P Loubser (Group Chief Information Officer)
- Ms M D Molefe (Group Executive: Human Resources)
- Mr M M Mtshali (Group Executive: Advice and Distribution)
- Mr W J Mouton (Group Executive: Life Solutions)
- Mr S Ruiters (Chief Executive: PPS Investments) (appointed 1 October 2023)
- Ms A N Seboni (Group Executive: Mutuality)
- Mr B Thomas (Group Executive: Actuarial Services)

Composition and meeting procedures

Group Exco is chaired by the Group CEO and has regular input from executives in Advice and Distribution, Finance, Actuarial, Information Technology, Human Resources, Compliance, Governance, Mutuality, Business Change and Strategic Development, Life Solutions, Operations and Digital, the Group Company Secretary, the subsidiary businesses of PPS Investments, PPS Short-Term Insurance, PPS Healthcare Administrators, PPS Namibia, FS4P and PPS Wealth Advisory, as well as the associates PPS Mutual Australia and PPS Mutual New Zealand. Group Exco meetings are held at least monthly and additional meetings are scheduled as required. Group Exco is responsible for the implementation of day-to-day strategy and the operations of the PPS Group, within the parameters defined by the PPS Group boards.

Group Exco is supported by a number of management committees throughout the PPS Group.

R6.12 billion paid
in gross benefits
to members.

That's peace of mind
for the **greater good**
of this generation,
and the next.

ANNUAL FINANCIAL STATEMENTS

CONTENTS

This report comprises of the audited consolidated annual financial statements of The Professional Provident Society Holdings Trust and its subsidiaries.

The report was prepared under the supervision of S G Johnson CA(SA). An audit was performed by Ernst & Young Inc. in line with requirements of the Trust Deed.

Published: 3 April 2024

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES
for the year ended 31 December 2023

The Trustees accept responsibility for the fair presentation of the financial statements of The Professional Provident Society Holdings Trust, comprising the financial statements of the trust itself and the consolidated financial statements of the trust and its subsidiaries (The Group). These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and in the manner required by the Insurance Act of 2017, the South African Companies Act of 2008, and the Trust Deed. The Trustees are of the opinion that the financial statements are fairly presented in the manner required. The independent auditors are responsible for reporting on these financial statements and were given unrestricted access to all financial records and related data including minutes of the Annual General Meeting of members, minutes of the Board of Trustees and Committees of the Board. The Trustees have no reason to believe that any representations made to the independent auditors during the audit were not valid and appropriate. The Trustees accept responsibility for the maintenance of accounting records and systems of internal financial control.

The Trustees are satisfied that no material breakdown in the operations of the systems of internal financial controls and procedures occurred during the year under review.

Nothing has come to the attention of the Trustees to indicate that the Group, or any company within the Group, will not remain a going concern for at least the ensuing financial year except for Six Anerley Road Holdings Proprietary Limited, a dormant company that will be wound down and deregistered in the coming year. The financial statements have been prepared on the same basis.

The annual financial statements, which appear on pages 102 to 237, were approved by the Board of Trustees and are signed on its behalf by:

Dr S N E Seoka	**DR C M Krüger**
Chairman	*Deputy Chairman*

The Professional Provident Society Holdings Trust

Johannesburg
3 April 2024

CERTIFICATE BY THE SECRETARY

In my capacity as the Secretary of The Professional Provident Society Holdings Trust, I hereby certify in terms of section 88(2)(e) of the Companies Act of 2008 and the Trust Deed that for the year ended 31 December 2023, the Group has lodged with the Companies and Intellectual Property Commission all such returns as are required in terms of this Act. I also confirm that all returns to the Master of the High Court's office, required for The Professional Provident Society Holdings Trust in terms of its Trust Deed and the Trust Property Control Act of 1988, are to the best of my knowledge and belief true, correct and up to date.

Mr V E Barnard
Group Company Secretary

The Professional Provident Society Holdings Trust

Johannesburg
3 April 2024

STATEMENT OF RESPONSIBILITY BY THE GROUP CHIEF EXECUTIVE OFFICER AND GROUP CHIEF FINANCIAL OFFICER

for the year ended 31 December 2023

The PPS Group Executives, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 102 to 237 fairly present in all material respects the financial position, financial performance and cash flows of the Group in terms of IFRS;
- No facts have been omitted, or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to the Trust and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the Group; and
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to the principle of King IV. Where we are not satisfied, we have disclosed to the Group Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the necessary remedial action.

Mr I J Smit
Group Chief Executive Officer

Mr S G Johnson
Acting Group Chief Financial Officer

The Professional Provident Society Holdings Trust

Johannesburg
3 April 2024

INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Professional Provident Society Holdings Trust

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Professional Provident Society Holdings Trust and its subsidiaries ('the group') set out on pages 102 to 237, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 December 2023 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Trust Deed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the 264 page document titled "The Professional Provident Society Holding Trust Annual Financial Statements for the year ended 31 December 2023", which includes the Statement of responsibility by the Board of Trustees, Certificate by the Secretary, Statement of responsibility by the Group Chief Executive Officer and Group Chief Financial Officer, Investment returns and profit allocation to policyholders' PPS Profit-Share Account, Trustees' Report, Audit Committees' Report, Group Social and Ethics Committee's Report and Remuneration Report by the Group Remuneration Committee. The other information does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of the Trustees for the Consolidated Financial Statements

The Trustees are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Trust Deed, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Trustees are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of The Professional Provident Society Holdings Trust for two years.

Ernst & Young Inc.

Sunel Jacobs
Director
Registered Auditor
10 April 2024

102 Rivonia Road
Sandton
2146

INVESTMENT RETURNS AND PROFIT ALLOCATION TO POLICYHOLDERS' PPS PROFIT-SHARE ACCOUNT

for the year ended 31 December 2023

At the end of each year policyholders' PPS Profit-Share Account, comprising the Apportionment Accounts and the Special Benefit Accounts, are allocated the profit or loss, net of movements in insurance policy liabilities earned over that year. The PPS Profit-Share Account accumulates from year to year until a policyholder reaches retirement age. On retirement, death or exit, policyholders can access an amount based on the balance accumulated in their PPS Profit-Share Account. This is over and above the cover enjoyed by them as policyholders. This represents a valuable pool of retirement assets for members, particularly retiring members.

The PPS Profit-Share Account represents an allocation of surplus and investment returns. This account vests upon retirement, death or exit, and is then payable. The total assets backing the PPS Profit-Share Account belong to PPS at all times until they have vested to the members.

The investment returns or losses and net operating income allocated each year may be positive or negative, depending on investment return as well as the operating experience of PPS Insurance and/or PPS Namibia. Therefore, the PPS Profit-Share Account may increase or decrease in any year. Possible variations in the PPS Profit-Share Account are set out in the accounting policies and notes to these financial statements. No guarantees can be given by PPS Insurance or PPS Namibia that the allocations of operating results or investment returns will always be positive, or that the PPS Profit-Share Account will not reduce in any year.

The net operating income is allocated with reference to the qualifying products a policyholder holds and in accordance with the allocation rules for the specific products held. The investment returns are allocated in proportion to the size of the policyholders' PPS Profit-Share Account.

For all policyholders from age 60 to 65, the full value of the PPS Profit-Share Account is available through the Vested PPS Profit-Share Account to such policyholders on termination of cover or resignation, subject to the vesting rules as contained in the policy document. On death of a member, at any age, the PPS Profit-Share Account is paid to the policyholders' beneficiaries or their estates. For all policyholders aged 66 or older, the fair value of the PPS Profit-Share Account becomes available through the Vested PPS Profit-Share Account, for inclusion in the financial plans of such policyholders, and it is paid to the policyholders' beneficiaries or their estates on death. On surrender of a policy prior to the age of 60, policyholders are entitled to receive a lump sum termination payment determined as a proportion of the PPS Profit-Share Account at the time subject to an early access charge, if the exit is before age of 60.

Total Allocations to PPS Insurance Profit-Share Accounts

PPS Insurance	2023 R'm	2022 R'm
Allocation to Special Benefit Accounts	2 556	(586)
Allocation to Apportionment Accounts	1 548	1 148
Allocation to Vested Profit-Share and Unclaimed Benefits	247	(15)
Total allocations to PPS Profit-Share Accounts	4 351	547

Total Allocations to PPS Namibia Profit-Share Apportionment Accounts

PPS Namibia	2023 N$'m	2022 N$'m
Allocation to Special Benefit Accounts	169	5
Allocation to Unclaimed Benefits	2	–
Allocation to Apportionment Accounts	55	67
Total allocations to PPS Profit-Share Accounts	226	72

The allocations at 31 December to policyholders' Apportionment Accounts are set out as follows:

PPS Insurance	2023 R'm	2022 R'm
Investment income allocation to Apportionment Accounts	366	286
PPS Sickness and Permanent Incapacity Benefit	417	348
Hospital benefits	21	16
PPS Provider	566	349
Bonus allocation for PPS Investments' portfolios and products	59	49
Bonus allocation for PPS Medical Aid products	20	27
Bonus allocation for PPS Short-term products	8	6
PPS Profit-Share Cross-Holdings Booster allocation	89	65
BEE allocation	2	2
Total profit allocation	1 182	862
Total allocated	1 548	1 148

PPS Namibia	2023 N$'m	2022 N$'m
Investment income allocation to Apportionment Accounts	6	–
PPS Sickness and Permanent Incapacity Benefit	33	48
Hospital Benefits	2	2
Broadening Mutuality Products – percentage of premium	8	10
Sickness and Permanent Incapacity	6	7
Total profit allocation	49	67
Total allocated	55	67

Allocation to Special Benefit Accounts

The following investment returns for 2023 were allocated to the Special Benefit Accounts:

PPS Insurance	2023 R'm	2022 R'm
PPS BEE investment income gains	8	(4)
Investment income and gains	2 548	(582)
Vested PPS Profit-Share	203	(15)
Allocation to Unclaimed Benefits *	44	–
Total allocated	2 803	(601)

**Interest allocated to Unclaimed benefits, in alignment with ASISA guidelines*

PPS Namibia	2023 N$'m	2022 N$'m
Investment income and gains	169	5
Allocation to unclaimed benefits*	2	–
Total allocation to Special Benefit Accounts	171	5

**Interest allocated to Unclaimed benefits, in alignment with ASISA guidelines*

TRUSTEES' REPORT

Holding entity

The holding entity for the PPS Group is The Professional Provident Society Holdings Trust, registration number IT 312/2011 (PPS Holdings Trust or the Trust), which controls all the entities in the PPS Group.

COVID-19 pandemic

COVID-19-related claims observed have decreased compared to 2020, 2021 and 2022. While this was largely expected following the increased levels of immunity, it is also because of a general reduction in testing from prior years. Our view on COVID-19 has moved from a pandemic to an endemic nature, resulting in us strengthening our morbidity and mortality assumptions informed by in-depth research and discussions with our reinsurance partners. We will continue to monitor the evolution of COVID-19.

Going concern and solvency

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The solvency position of the PPS Group remains resilient.

Principal activities

PPS Holdings Trust is a trust registered by the Master of the High Court in terms of the Trust Property Control Act of 1988. PPS Holdings Trust's sole investment is 100% of the shares of Professional Provident Society Insurance Company Limited (PPS Insurance). The beneficiaries of PPS Holdings Trust are the PPS Group companies. Membership of PPS Holdings Trust is acquired through participation in PPS Group products. The Ordinary Members of PPS Holdings Trust control the PPS Group through the election of trustees. All the profits of the PPS Group are allocated to the Ordinary Members of PPS Holdings Trust through their participation in their policyholder PPS Profit-Share Accounts.

PPS Insurance is a wholly-owned subsidiary of PPS Holdings Trust and is a long-term insurance company registered in South Africa in terms of the Insurance Act, which offers a broad range of insurance products, including sickness and incapacity benefits, life and disability benefits, critical illness benefits and business assurance policies. PPS Insurance also issues linked living annuities and endowment policies to PPS members.

Professional Provident Society Investments (Pty) Limited (PPS Investments) and its subsidiaries are wholly-owned subsidiaries of PPS Insurance which provide, *inter alia*, savings and investment products primarily to PPS members. During 2023 PPS Insurance transitioned the remaining assets backing the PPS Profit-Share Account to the in-house multi-manager, PPS Multi-Managers, a wholly-owned subsidiary of PPS Investments. PPS Multi-Managers has managed the assets underlying the Risk Reserves since 2010.

Professional Provident Society Insurance Company (Namibia) Limited (PPS Namibia) is a wholly-owned subsidiary of PPS Insurance providing insurance products exclusively to the Namibian market. PPS Namibia currently has over 5 400 Namibian policyholders. Prior to 2023 a reinsurance agreement between PPS Insurance and PPS Namibia was in place to protect the security and benefit expectations of the Namibian policyholders from fluctuations in claims experience. This reinsurance agreement was terminated in 2023 following a review of the reinsurance structures of PPS Namibia where it was decided that this agreement with PPS Insurance is no longer required.

Professional Provident Society Healthcare Administrators (Pty) Limited (PPS Healthcare Administrators) is a wholly-owned subsidiary of PPS Insurance, which administers Profmed and other medical schemes. PPS Healthcare Administrators' objective is to provide professional service and to support the sustainability of the schemes by applying scheme benefit and tariff rules properly and managing clinical risk, to enable medical schemes to provide for the health care needs of members when they need it most. The administered medical schemes have their own independent boards of trustees.

Professional Provident Society Short-Term Insurance Company Limited (PPS Short-Term Insurance) is a wholly-owned subsidiary of PPS Insurance and is a fully-fledged short-term insurer, offering personal lines, commercial lines and, through its Health Professions Indemnity Division, professional indemnity products, to PPS members.

PPS Mutual Limited (Australia) and its operating subsidiary launched in Sydney, Australia in February 2016, are associates of PPS Insurance. The company's operating model replicates the PPS Group in South Africa's mutual model, focusing on the insurance needs of graduate professionals in Australia.

The PPS Mutual Limited (New Zealand) group was incorporated during 2023 in Auckland, New Zealand and is an associate of PPS Insurance. The company's operating model replicates the PPS Group in South Africa's mutual model, focusing on the insurance needs of graduate professionals in New Zealand.

The PPS Property Fund Trust (PPS Property Trust) is a trust controlled by PPS Insurance, registered in terms of the Trust Property Control Act of 1988, which invests in certain investment property for the benefit of PPS Insurance.

Financial Solutions 4 Professionals (Pty) Limited (FS4P) is a wholly-owned subsidiary of PPS Insurance, established as a brokerage, to provide a vehicle for supporting agents that are not able to sell PPS products due to Retail Distribution Review regulation, which came into effect on 1 January 2018, and enables the continuity of insurance services to members.

PPS Wealth Advisory (Pty) Ltd is a wholly-owned subsidiary of PPS Insurance, which obtained its Financial Services Provider licence during 2022, and provides wealth advisory services to PPS' clients.

The Professional Provident Society Foundation Trust is a trust founded by PPS Insurance and registered by the Master of the High Court in terms of the Trust Property Control Act of 1988. It has the principal objectives of working with strategic partners to improve access to Science, Technology, Engineering and Mathematics (STEM) related professions and build the professional pipeline, especially the scarce skills disciplines, making a measurable contribution to sustainable development within South Africa's communities (as defined in the DTI B-BBEE Codes of Good Practice) and the Financial Sector Charter and ensuring that the Foundation's funds are spent on real sustainable, measurable benefits in support of the professional pipeline being created.

Unit Trusts and pooled funds for which the Group renders asset management services are consolidated as required by IFRS. These include the PPS Collective Investment Scheme (South African Unit Trust), PPS Global Equity Fund (Irish Unit Trust) and PPS Namibia Portable Fund (South African Pooled Fund).

Events after financial year-end

No circumstances have arisen, or events occurred, between the statement of financial position date and the date of this report in respect of matters which would require adjustment to, or disclosure in, the annual financial statements, or which should be disclosed through some other medium, except as disclosed elsewhere in the financial statements.

Going concern

The Trustees/Directors assess the Group's future performance and financial position on an ongoing basis and have no reason to believe that the Group will not be a going concern in the reporting period ahead. For this reason, these financial statements are prepared on a going concern basis.

Financial results

The financial results on pages 102 to 237 set out the results of the PPS Group (comprising PPS Holdings Trust and all its subsidiaries) for the financial year ended 31 December 2023.

AUDIT COMMITTEES' REPORTS

Introduction

The PPS Holdings Trust Audit Committee (TAC) and the PPS Group Audit Committee (GAC) are committees of the PPS Holdings Trust and PPS Insurance Boards, respectively. The responsibilities of these committees are prescribed by the Trust Deed and the Companies Act, and are outlined in their written Terms of Reference, which are in line with King IV, and are reviewed and updated annually. The Committees have an independent role, with accountability to both the Boards and PPS members in terms of the Companies Act and the Trust Deed of PPS Holdings Trust.

The TAC has oversight over PPS Holdings Trust and the PPS Group, while the GAC has oversight over PPS Insurance and its subsidiaries. This includes oversight over the separate Risk and Audit Committees of PPS Investments and PPS Short-Term Insurance, which provides reports to the GAC.

The report of the TAC and GAC is presented to the members in terms of section 94(7)(f) of the Companies Act, No 71 of 2008 (the Companies Act), and a similar provision in the Trust Deed.

Composition of the PPS Holdings Trust Audit Committee

Members:

Independent Non-executive Trustees of PPS Holdings Trust:

Ms D L T Dondur (Chairman), B Acc (Hons), B Compt, CA(SA), MBA, CD(SA), Member of the TAC since 2012

Dr D P du Plessis, B Sc (QS), MBA, DBA, CD(SA), Appointed as a Member of the TAC on 8 May 2023

Mr P Ranchod, B Compt (Hons), CA(SA), MBL, H Dip Business Data Processing, Member of the TAC since 2014 (Retired 8 May 2023)

Prof H E Wainer, B Acc, CA(SA), Member of the TAC since 2020

The appointment of the current Members of the TAC was confirmed by PPS members at the annual general meeting held on 8 May 2023.

The TAC was established pursuant to the Trust Deed of PPS Holdings Trust and comprises three independent non-executive trustees of PPS Holdings Trust. The members of the Committee are elected annually by the members of PPS Holdings Trust at its annual general meeting, after being nominated for election by the Nominations Committee and being approved by the PPS Holdings Trust Board for election. As PPS Holdings Trust is not an operating company, but consolidates the financial results of PPS Insurance and its subsidiaries, the TAC considers the recommendations of the GAC in regard to the integrated report and the annual financial statements of PPS Insurance and its subsidiaries. There is an overlap in membership of the TAC and the GAC to ensure appropriate information is exchanged between the two audit committees, and the TAC does not replicate the work performed by the GAC in regard to PPS Insurance and its subsidiaries.

Meetings of the TAC held during the year and attendance thereat:

Trust Audit Committee	2 Mar 2023	8 Nov 2023
Ms D L T Dondur (Chairman)	✓	✓
Dr D P du Plessis	N/A	✓
Mr P Ranchod	✓	N/A
Prof H E Wainer	✓	✓

N/A = Not applicable

Composition of the PPS Group Audit Committee

Members:

Independent Non-Executive Directors of PPS Insurance:

Prof H E Wainer (Chairman), B Acc, CA(SA), Member of GAC since 2001

Ms D L T Dondur, B Acc (Hons), B Compt, CA(SA), MBA, CD(SA), Member of GAC since 2013

Dr D P du Plessis, BSc, MBA, DBA, CD(SA) Member of GAC since 2020

Mr C Erasmus, BSc, FIA, FASSA, Member of GAC since 2009

Prof W E Maroun, B Acc (Hons), M Acc, PhD, CA(SA), Appointed as a member of the GAC on 1 January 2024

Mr P Ranchod, B Compt (Hons), CA(SA), MBL, H Dip Business Data Processing, Member of the GAC since 2014

Dr J A van der Merwe, MB ChB, MBL, DBL, PED. (IMD), Member of GAC since 2018 (Appointment terminated 8 June 2023)

Specialist consultant:

Dr C E Rabin, D Phil, CA(SA), specialist consultant to the GAC since 2011, formerly a member of the GAC from 2005 to 2011 (Retired 19 June 2023).

Meetings held during the year and attendance thereat:

Group Audit Committee	2 Mar 2023	1 June 2023	5 Sep 2023	8 Nov 2023
Prof H E Wainer (Chairman)	✓	✓	✓	✓
Ms D L T Dondur	✓	✓	✓	✓
Dr D P du Plessis	✓	✓	✓	✓
Mr C Erasmus	✓	✓	✓	✓
Mr P Ranchod	✓	✓	✓	✓
Dr J A van der Merwe (Appointment terminated 8 June 2023)	✓	✓	N/A	N/A
Dr C E Rabin* (Retired 19 June 2023)	✓	✓	N/A	N/A
Prof W E Maroun (Appointed 1 January 2024)	N/A	N/A	N/A	N/A

N/A = Not applicable

** Consultant*

Note: Ad hoc committee meetings:

In addition to the above meetings, an ad hoc committee meeting of the sub-committee of the members of the GAC was held on 1 June 2023 in regard to a possible restructure of a subsidiary.

The GAC comprises of six Non-Executive PPS Insurance Directors, all of whom are independent. Dr Rabin, who had formerly served as a member of the GAC from 2005 to 2011, and subsequently served as a consultant to the GAC from 2011, retired on 19 June 2023. Four of the members of the GAC are Chartered Accountants. The remaining members of the GAC are an actuary and a risk management specialist, respectively.

The Boards are satisfied that the members of these Committees have sufficient recent and relevant financial experience to enable them to carry out their duties and responsibilities and that the members of the Committees bring a wide range of relevant experience and expertise. The GAC meets at least four times a year, while the TAC is scheduled to meet at least twice a year. The Chairmen of the Group Risk Committee and the Group Actuarial Committee are also members of the GAC. The Head of the Actuarial Function and Statutory Actuary, the Executive: Actuarial Services, the external auditors, the Head of the Internal Audit Function, the Head of the Risk Management Function and other relevant role players are present at each meeting of the GAC. The external auditors are present at each meeting of the TAC. The GAC has an oversight role in regard to the Risk and Audit Committees of PPS Investments and PPS Short-Term Insurance, which report to the GAC at its quarterly committee meetings.

AUDIT COMMITTEES' REPORTS (continued)

The TAC and GAC meet both the external and internal auditors separately in private sessions, without executive management being present. The Group Chief Executive and the Group Chief Financial Officer, along with other members of senior management, attend Committee meetings, as necessary, at the invitation of the Chairmen of the Committees.

The PPS Group's policy on non-audit services, which is reviewed annually by the Committees, sets out what services may be provided to PPS by the external auditors. All non-audit services are pre-approved by the GAC. The Committees conduct a formal external auditor evaluation process. This evaluation occurs annually and includes various criteria and standards such as independence, audit planning, technical abilities, audit process/outputs and quality control, business insight and general factors (such as black economic empowerment credentials). The Committees keep abreast of current and emerging trends in international accounting standards.

Both committees have satisfied themselves:

- as to the effectiveness of the PPS Group's system of financial controls;
- that the financial statements of PPS Holdings Trust, PPS Insurance and its subsidiaries have been prepared in accordance with IFRS and the requirements of the Companies Act, 2008; and
- that the external auditor is independent of PPS Holdings Trust, PPS Insurance and its subsidiaries.

Role of the Audit Committees

The Committees, *inter alia*, assist the trustees and Directors in discharging their responsibilities relating to the safeguarding of assets, the operation of adequate and effective systems and control processes and the preparation of the integrated report and fairly presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards.

The Committees performed their functions required in terms of the Companies Act and the Trust Deed and executed their responsibilities in accordance with their terms of reference. The Committees, *inter alia*:

- Reviewed and recommended for approval the annual financial statements.
- Considered the factors and risks that might affect the financial reporting of PPS Holdings Trust and the PPS Insurance Group.
- Confirmed the going-concern basis of preparation of the annual financial statements.
- Reviewed and recommended for approval the integrated report.
- Assessed the effectiveness of internal financial control systems and formed the opinion that there were no material breakdowns in internal control.
- Ensured that a combined assurance model was applied to provide a coordinated approach to all assurance activities.
- Reviewed the Group Internal Audit Policy in line with King IV recommendations and recommended the approval thereof to the PPS Insurance Board.
- Approved the internal audit plan for the financial year.
- Reviewed and evaluated reports relating to internal audit and risk management.
- Nominated Ernst & Young Inc. (EY) as the PPS Group's external auditors.
- Determined the external auditors' terms of engagement in the external audit engagement letter and determined the audit fees payable to the external auditors.
- Reviewed the quality and effectiveness of the external audit process and the audit plan and assessed the competence of the external auditors.
- Obtained and considered a statement from the independent auditors confirming that their independence was not impaired.
- Confirmed that no reportable irregularities had been identified or reported by the independent auditors under the Auditing Profession Act.
- Ensured no limitations were imposed on the scope of the external audit.

- Determined the nature and extent of non-audit services that the external auditors may provide and pre-approved any such services.
- Maintained oversight over fraud and corruption risk management and established a protocol for confidential reporting.
- Considered whether there were any concerns or complaints whether from within or outside the PPS Group relating to the accounting practices and internal audit of the PPS Group, the content or auditing of the PPS Group's financial statements, the internal financial controls of the PPS Group or any related matter.
- Made submissions to the Boards on matters concerning the PPS Group's accounting policies, financial control, records and reporting.

Implementation of IFRS 17 'Insurance contracts'

IFRS 17: 'Insurance Contracts' is a new accounting standard impacting long- and short-term insurers, with an effective date of 1 January 2023. PPS, at a group level, has adopted the standard in preparation of the 2023 financial year results. Impact of the adoption and transition is presented in Group Accounting policies note 2.

External auditors

EY served as the PPS Group's external auditors for the 2023 financial year. The auditors' terms of engagement were approved prior to the audit. The Committees satisfied themselves that the external auditors' appointment complies with the Companies Act and in particular Section 90(2) thereof, as well as the Auditing Profession Act.

The Committees are satisfied that both EY and the audit partner are independent. The external auditors provided assurance that their internal governance processes within their audit firm support and demonstrate their claim to independence.

The GAC was comfortable that the non-audit services work was justified and necessary and that it did not give rise to any self-review threat for the external auditors.

Expertise and experience of the Acting Group Chief Financial Officer and the finance team

The Committees are satisfied that the expertise and experience of the Acting Group Chief Financial Officer are appropriate to meet the responsibilities of the position.

The Committees considered the expertise, resources and experience of the PPS Group's finance function and concluded that these are appropriate to meet the requirements of the PPS Group.

Approval of the report

The TAC and GAC confirm for the 2023 financial year that they have functioned in accordance with their Terms of Reference and as required by the Companies Act and Trust Deed of PPS Holdings Trust and that their reports have been approved by the Directors and trustees.

On behalf of the Audit Committees:

Ms D L T Dondur
Chairman of TAC

Prof H E Wainer
Chairman of GAC

3 April 2024

GROUP SOCIAL AND ETHICS COMMITTEE'S REPORT

Introduction

The PPS Group Social and Ethics Committee (GSEC) is a statutory committee of the PPS Insurance Board established by the Board in terms of section 72(4) of the Companies Act (71 of 2008) (Companies Act) and has the functions set out in Regulation 43(5) of the Companies Act.

The GSEC is tasked with monitoring specific activities of the PPS Insurance Group as set out below and to advise the PPS Insurance Group Boards in relation to such matters. The GSEC meets at least twice a year. The GSEC is supported in discharging its duties by the Group Remuneration Committee, the Group Risk Committee and the Group Audit Committee.

Members

Ms D L T Dondur (Chairman), Independent Non-Executive Director

Mr L du Plessis, Group Executive: Legal and Compliance

Mr C Erasmus, Independent Non-Executive Director (Resigned 30 June 2023)

Dr C M Krüger, Independent Non-Executive Director (Appointed 1 July 2023)

Mr R Putter, Independent Non-Executive Director (Appointed 1 July 2023)

Mr I J Smit, Group Chief Executive Officer, Executive Director

Functions

The GSEC performs all the functions as are necessary to fulfil the following statutory duties:

Monitoring the PPS Insurance Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

- Social and economic development
- Good corporate citizenship
- Assessment of the ethical risk profile
- Labour and employment
- Consumer relationships
- The environment, health and public safety
- The implementation of Treating Customers Fairly regulation
- Drawing matters within its mandate to the attention of the PPS Insurance Group boards as may be required

Reporting, through one of its members, to the members of PPS Insurance at its annual general meeting on the matters within its mandate.

The GSEC meetings held during the year and attendance thereat were as follows:

Group Social and Ethics Committee	2 Mar 2023	8 Nov 2023
Ms D L T Dondur (Chairman)	✓	✓
Mr L du Plessis	✓	✓
Mr C Erasmus (Resigned 30 June 2023)	✓	N/A
Dr C M Krüger (Appointed 1 July 2023)	N/A	✓
Dr R Putter (Appointed 1 July 2023)	N/A	✓
Mr I J Smit	✓	✓

N/A = Not applicable

Report to PPS Insurance members by the GSEC

During 2023, the committee discharged its statutory duties and considered reports from the various contributors regarding the relevant functions and the following items were specifically noted:

Social and economic development	• The United Nations Global Compact Principles are not legislation, but reflect international best practice. PPS conducts its business in accordance with the principles regarding human rights, labour standards, the environment and anti-corruption. • Compliance with the Employment Equity Act is managed in accordance with a report and a plan submitted to the Department of Labour, which are frequently tracked at executive management and board level. • Various action plans are in place to address the requirements of the sectoral Broad-Based Black Economic Empowerment Act and Financial Services Charter.
Good corporate citizenship	• PPS promotes equality and prevents unfair discrimination against both employees and members. • Various corporate social investment initiatives are in place to develop the professional community and students studying towards qualifying degrees. • Various sponsorships, donations and charitable initiatives are undertaken and are regularly reviewed. • Advocacy and influencing public policy.
Assessment of the ethical risk profile	• Corruption and fraud management is a priority for PPS and a Fraud and Corruption Policy, as well as a confidential reporting facility, operated by an independent third party, are in place, and have been appropriately communicated to staff.
Consumer relationships	• PPS has implemented Treating Customers Fairly (TCF) regulation and has fully integrated it into its operations, achieving a high score using the self-assessment tool provided by the FSCA for this purpose. • Industry-specific consumer protection legislation is in place (FAIS, Insurance Act, etc.) and compliance therewith is actively managed and high levels of compliance have been achieved.
Health and public safety, labour and employment	• The occupational health and safety of employees and members in buildings occupied by PPS are monitored and a high level of compliance is achieved. • Excellent working conditions are in place for all employees. • Employment relationships are valued at PPS and programmes for continued improvements to maintain best employee practices are in place and effective, as evidenced by the results of regular employee surveys. • Educational development of employees is achieved through various initiatives including internal and external training, induction programmes and bursary schemes.
Sustainability	• As a mutual company, PPS recognises its unique position in fostering long-term sustainability, prioritising the well-being of its members, employees, and the communities it serves. This report highlights PPS's progress in integrating sustainability into its core business operations, reflecting its dedication to transparency, accountability, and continuous improvement. • Sustainability Journey: While PPS has always pursued various aspects of sustainability in its business, in 2022, PPS embarked on a comprehensive sustainability journey, driven by its commitment to corporate responsibility and environmental stewardship. This initiative is aligned with PPS's core values and strategic objectives, reinforcing PPS's role as a responsible corporate citizen. During 2023, PPS established a Sustainability Framework to formalise PPS's approach to how it considers Environmental, Social and Governance (ESG) factors across the PPS Group by embedding key principles, adopting core protocols and putting the necessary structures in place, to ensure its future sustainability. Its overriding intention is to meet the sustainability challenges facing society, by purposefully incorporating ESG factors into its business practices, and thereby holistically servicing the needs of its current and future professional membership base and its stakeholders, and will evolve over time.

- Carbon Emission Calculation: One of PPS's key focus areas has been to understand and quantify its environmental impact. PPS has conducted a thorough assessment of its carbon emissions across its operations, including Scope 1, Scope 2, and Scope 3 emissions. This calculation serves as a baseline for future improvement and demonstrates PPS's dedication to reducing its carbon footprint. PPS has implemented initiatives to reduce its carbon footprint.
- Benchmarking against Peers: To gauge PPS's progress and identify areas for improvement, PPS undertook two benchmarking exercises:
    - In South Africa, PPS benchmarked itself against its peers within the financial services sector.
    - Globally, through ICMIF (International Cooperative and Mutual Insurance Federation), PPS is able to measure insurance sustainability impact against the insurance United Nations Sustainable Development Goals (SDG).

  These comparative analyses allows PPS to measure its sustainability initiatives against industry best practices and identify opportunities to enhance its performance.
- As PPS navigates the complex and evolving landscape of sustainability, PPS acknowledges the challenges ahead. These challenges will be met with a proactive approach, leveraging opportunities for innovation and collaboration. PPS is committed to learning from its experiences, adapting its strategies, and continuously improving its sustainability performance. PPS recognises the importance of staying resilient in the face of economic uncertainties, regulatory changes, and emerging sustainability issues.
- This report reflects PPS's steadfast commitment to a sustainable and responsible future. As a mutual organisation, PPS embraces the interconnectedness of economic, social, and environmental sustainability, recognising that PPS's success is inseparable from the well-being of its members, employees and communities. PPS looks forward to continuing this journey with its stakeholders, working collaboratively to build a sustainable legacy for future generations.

The committee is satisfied with the reporting and governance framework to ensure compliance with its statutory responsibilities in terms of the Companies Act.

No complaints were received by the GSEC during the year ended 31 December 2023 and based on the above monitoring reports, the GSEC concluded that there were no specific issues under its purview which required reporting to the PPS Insurance Board or members of the PPS Group.

On behalf of the PPS Group Social and Ethics Committee:

Ms D L T Dondur
Chairman of GSEC
3 April 2024

REMUNERATION REPORT

Introduction

The PPS Group Remuneration Committee (Remco) has been established as a subcommittee of the PPS Insurance Board with delegated responsibility for overseeing the implementation of the PPS Group Remuneration Policy, as approved by the PPS Insurance Board from time to time, and to determine employee and non-executive director/trustee remuneration which is reported to the PPS Group Boards for consideration and final approval.

Remco is responsible for advising the PPS Group in relation to:

- Executive, senior management and staff remuneration.
- The remuneration of non-executive directors and trustees of the PPS Holdings Trust and its subsidiaries, as well as their respective related entities.
- Key human resources and employee-related matters, including employment equity and transformation.

Members

Dr D P du Plessis (Chairman) – BSc (QS), MBA, DBA, CD (SA)

Mr C Erasmus – BSc, FIA, FASSA

Dr S N E Seoka – B Pharm, PhD

Prof H E Wainer – B Acc, CA(SA), Registered Auditor

Functions

The role of Remco is to assist the PPS Group boards to ensure that:

- The PPS Group remunerates non-executive directors and trustees, the Group Chief Executive, executives, management and staff fairly, responsibly and competitively.
- The disclosure of director/trustee and executive remuneration by the PPS Group is accurate and in accordance with the Companies Act and IFRS.
- The functions prescribed by the Prudential Authority in terms of the Prudential Standards are performed.

Remco is chaired by an independent non-executive director and is comprised of independent non-executive directors of PPS Insurance. No employee is involved in deciding their own remuneration. The Group Chief Executive Officer and the Group Executive: Human Resources attend the meetings of Remco by invitation, but are recused from any discussions and/or decisions pertaining to their own remuneration.

Remco does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of the senior management. Remco operates in accordance with the Terms of Reference approved by the PPS Insurance Board. Remco has complied with the obligations as set out in its Terms of Reference and is satisfied that the objectives of the Remuneration Policy have been achieved.

The Remco meetings held during the year and attendance thereat were as follows:

Group Remuneration Committee	20 Feb 2023	5 June 2023	15 Nov 2023
Dr D P du Plessis (Chairman)	✓	✓	✓
Mr C Erasmus	✓	✓	✓
Dr S N E Seoka	✓	✓	✓
Prof H E Wainer	✓	✓	✓

Report to the PPS Insurance members by Remco

This report covers the key activities undertaken by the Remco during the year, including the PPS Group's Remuneration Philosophy and Policy. Remco is satisfied that it fulfilled its duty to provide independent oversight on remuneration related matters.

Some highlights for the year include:

- The successful implementation and transition of the One PPS annual remuneration review for all staff to take place in the same period across the Group to ensure the achievement of efficiency, good governance and consistency in approach as it relates to remuneration decisions.

- In line with the growth ambitions and moving into new markets, long term retention incentives were considered and awarded to the respective senior leaders to ensure there is commitment to the long-term strategic goals.
- With PPS's vision to grow the business significantly and capitalise on its unique mutual model, parts of the organisation were restructured, referred to as Project Khula (growth), to enable its vision for 2027. Where there were job role impacts, a remuneration benchmarking was conducted to ensure that the remuneration levels remain competitive and recognise the added scope of the roles.
- Continuous efforts in increasing the number of senior management staff and critical key skills to participate in the long-term retention scheme to ensure that we remain competitive at this level.

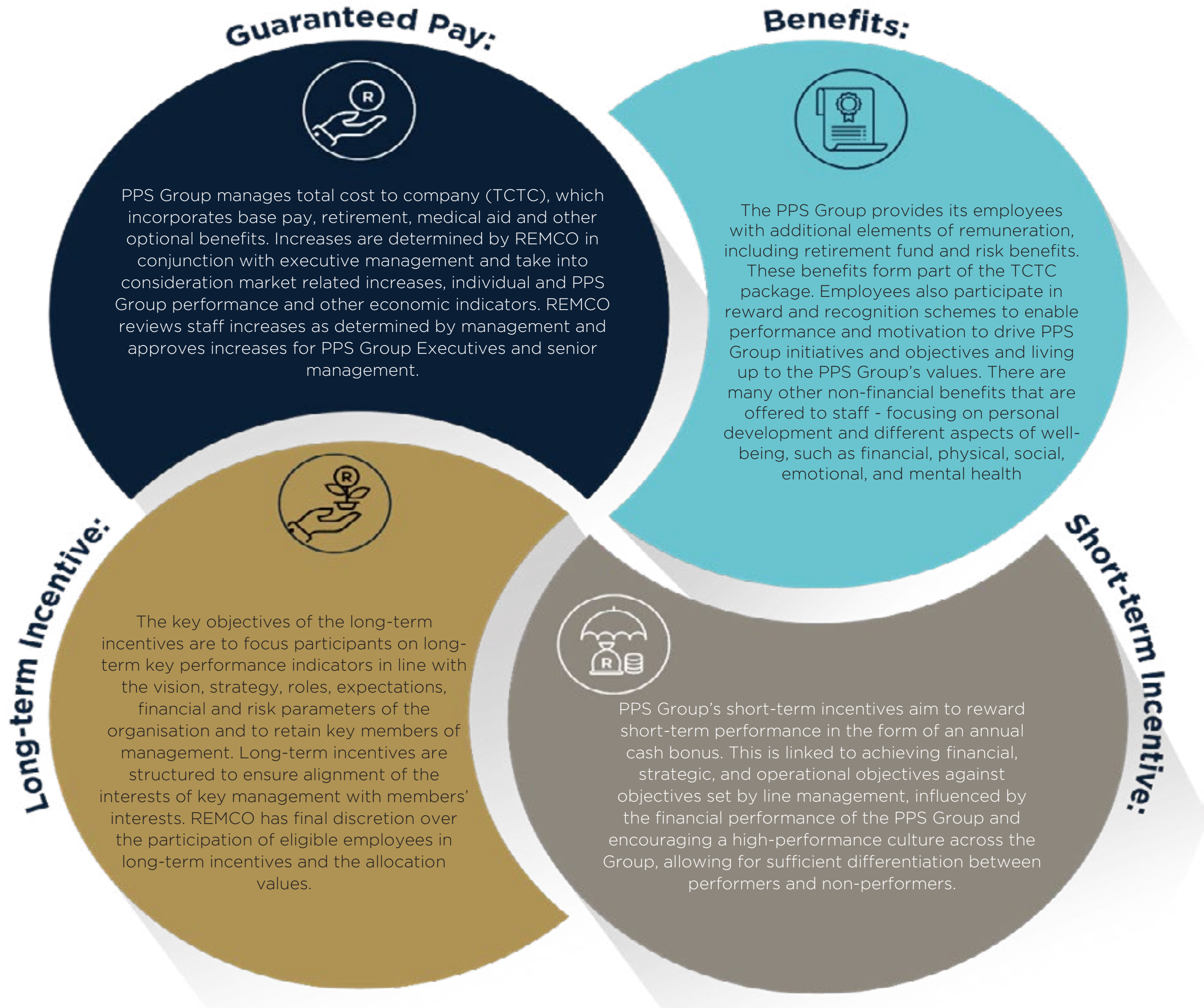
Remuneration Philosophy and Policy

The PPS Group is committed to a remuneration philosophy that is competitive in the market and focuses on rewarding individual and corporate performance. People are one of the PPS Group's strategic differentiators and the achievement of the PPS Group's objectives is supported by the way in which it rewards people for their contributions. Remuneration is not only important when recruiting people into the organisation, but also in retaining, engaging and motivating them, and therefore forms part of the foundation of the psychological contract between employee and employer. This policy is important for the PPS Employee Value Proposition.

Remuneration Framework

The determination of the total remuneration packages of employees is overseen on an annual basis by Remco within the context of a total reward approach, balanced design and pay mix. The PPS Group remuneration structure is based on the following remuneration principles:

- Driving a high-performance culture: Performance contracts include financial and non-financial, qualitative and quantitative, as well as lag and lead metrics. Performance measurement metrics are set annually and reviewed for broad alignment to the PPS Group's objectives and strategies. The mix of short-term and long-term incentives is aligned to appropriate risk management principles, in order that management's performance is aligned with members' long-term interests and the remuneration structure does not induce excessive or inappropriate risk-taking.
- Balance between fixed and variable remuneration: The mix of guaranteed pay and short- and long-term incentives is in line with the risk appetite and culture of the company and is designed to meet the PPS Group's operational needs and strategic objectives, based on targets that are stretched, verifiable and relevant.
- Long-term value creation: Given the long-term nature of the business, the remuneration structure needs to support both long-term value creation and the achievement of short-term objectives.
- Pay fairness: PPS strives for a total reward offering that is aligned with the principle of equal pay for equal work.



Remuneration of non-executive directors and trustees

Non-executive directors/trustees are remunerated based on annual retainers, as well as attendance fees for each meeting attended. The value of the annual retainers and the attendance fees are benchmarked against fees paid in the financial and insurance industry by companies of a similar size to PPS. Non-executive directors/trustees do not participate in the PPS Group's long-term or short-term incentive schemes. The trustees' fees for the PPS Holdings Trust Board and its committees are subject to the ultimate approval by the Ordinary Members of PPS Holdings Trust at its annual general meeting (AGM) and for the remainder of the PPS Group companies at their respective AGMs.

On behalf of the PPS Group Remuneration Committee:

Dr D P du Plessis
Chairman of Remco

3 April 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Note	Group 2023 R'm	2022 Restated* R'm	1 Jan 2022 Restated* R'm
Assets				
Property and equipment	2	546	556	622
Investment property	3	285	327	371
Intangible assets	5	264	264	244
Deferred tax	17	203	194	192
Investment in associates and joint ventures	6	171	–	–
Financial assets – Investments at fair value through profit or loss	7	59 945	53 897	52 788
Attributable to Group		44 480	40 725	41 171
Attributable to unit trust holders	16	15 465	13 172	11 617
Reinsurance contract assets	9.1	1 565	1 382	1 481
Receivables	13	1 885	1 099	700
Attributable to Group		1 358	830	553
Attributable to unit trust holders	16	527	269	147
Current income tax asset		654	393	262
Non-current assets held for sale	4	29	–	60
Cash and cash equivalents	14	2 958	2 915	3 554
Attributable to Group		814	1 146	1 852
Attributable to unit trust holders	16	2 144	1 769	1 702
Total assets		68 505	61 027	60 274
Profit-Share and other liabilities				
PPS Profit-Share accounts and long -term insurance contract liabilities	10	42 962	39 823	40 887
PPS Profit-Share accounts	10	34 684	32 293	33 291
Liability for remaining coverage and incurred claims		8 006	7 290	7 295
Qualifying policyholders' residual interest in the net assets of the PPS Group		272	240	301
Short-term insurance liabilities	9.1	138	118	70
Investment contract liabilities	15	5 529	4 495	4 205
Liabilities to outside unit trust holders	16	17 925	15 086	13 347
Borrowings		–	–	98
Deferred tax	17	614	502	798
Retirement benefit obligations	18	6	5	5
Reinsurance contract liabilities	9.1	17	13	9
Employee-related obligations	19	361	341	312
Payables	20	303	221	258
Current income tax liabilities		650	423	285
Total Profit-Share and other liabilities		68 505	61 027	60 274

* The initial application of IFRS 17 has a material effect on the information in 1 January 2022 financial position. The Group is presenting a statement of financial position as of 1 January 2022 to reflect the initial application and a restated 31 December 2022 position as required by IFRS 17.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2023

	Note	Group 2023 R'm	2022 Restated* R'm
Net insurance service result		574	645
Insurance service result	21	(5)	(413)
Insurance revenue		5 225	4 404
Insurance claims and service expenses		(5 260)	(4 629)
Net income (expense) from reinsurance contracts held		30	(188)
Net finance income/(expense)	25	579	1 058
Finance income from insurance contracts issued		687	1 004
Finance (expense) / income from reinsurance contracts held		(108)	54
Other Income - non - insurance business	22	758	637
Operating expenses - non - insurance business	26	(898)	(776)
Finance expense	28	(4)	(7)
Net Investment result		5 312	83
Investment income	23	3 078	2 529
Gains / (Losses) on investments	24	4 039	(2 216)
Attributable to unit trust holders	16	(1 427)	101
Asset manager fees		(378)	(331)
Movement in fair value of policyholder liabilities under investment contracts		(626)	84
Share of profit - Associates and joint ventures		5	–
Profit before tax		5 121	666
Tax	29	(536)	(107)
Profit Attributable to PPS qualifying policyholders for the year		4 585	559
Other comprehensive income			
(Deficit) / Surplus on revaluation of owner-occupied property, net of deferred tax		(4)	10
Total comprehensive income/(loss) for the period to be allocated to qualifying policyholders profit share accounts and change in the residual net assets		4 581	569
Allocated to qualifying members' profit-share accounts		(4 577)	(619)
Change in residual net assets arising in year, attributable to members		(4)	50
Total comprehensive income after allocations to profit-share accounts and change in residual net assets		–	–

* The initial application of IFRS 17 has a material effect on the information in the prior period, 31 December 2022. The Group is presenting a restated 31 December 2022 Statement of Profit or Loss and Other Comprehensive income to reflect the initial application of IFRS 17 as required by IFRS 17.

The mutual nature of PPS should be noted. The allocation to PPS Insurance and PPS Namibia policyholders – described above as “Allocated to qualifying members' profit share accounts” of R4 577 million (2022: R619 million) – is the annual allocation to members' PPS Profit-Share Account in their capacity as policyholders.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Group		
	Accumulated funds R'm	Revaluation reserve R'm	Total R'm
Balance at 31 December 2021, as previously reported	296	11	307
Impact of initial application of IFRS 17: Short-Term Insurance	(6)	–	(6)
Reclassification due to the initial application of IFRS 17	(290)	(11)	(301)
Restated balance as at 01 January 2022*	–	–	–
Restated balance as at 31 December 2022*	–	–	–
Balance at 31 December 2023	–	–	–

* The initial application of IFRS 17 has a material effect on the information in 1 January 2022. The Group is presenting a statement of changes in equity as of 1 January 2022 to reflect the initial application and a restated 31 December 2022 position as required by IFRS 17.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Note	Group 2023 R'm	Group 2022 Restated* R'm
Cash flows from operating activities			
Cash utilised by operations	30	(888)	(893)
Interest received		1 236	948
Dividends received		844	899
Interest paid	28	(4)	(7)
Tax paid	31	(463)	(393)
Net cash from / (used in) operating activities		725	554
Cash flows from investing activities			
Purchases of property and equipment	2	(43)	(26)
Acquisition of associated company	6	(166)	–
Purchase of options		(432)	–
Improvements to investment property	3	(1)	(2)
Software development	5	(83)	(62)
Purchase of financial assets	7	(79 063)	(59 565)
Proceeds from disposal of financial assets	7	79 034	58 588
Proceeds from sale of investment property, assets for sale, and furniture		–	71
Decrease/(Increase) in non-current loan receivables		65	(159)
Net cash (used in) / from investing activities		(689)	(1 155)
Cash flows from financing activities			
Decrease in lease liabilities		(20)	(20)
Decrease in borrowings		–	(98)
Net cash used in financing activities		(20)	(118)
Net increase / (decrease) in cash and bank		16	(719)
Effect of exchange rate changes on cash and cash equivalents		27	80
Cash and cash equivalents at beginning of year		2 915	3 554
Cash and cash equivalents at end of year	14	2 958	2 915

* The initial application of IFRS 17 has a material effect on the information in the prior period, 31 December 2022. The Group is presenting a restated 31 December 2022 Consolidated statement of cash flows to reflect the initial application of IFRS 17.

GROUP ACCOUNTING POLICIES

The principal accounting policies applied are set out below:

1. Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 36.

All monetary information and figures presented in these financial statements are stated in millions of Rand (R'm), unless otherwise indicated.

Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2024 or later periods:

- Classification of Liabilities as Current or Non-Current: Amendments to IAS 1
- General Sustainability-related Disclosures: New Standard IFRS S1
- Climate-related Disclosures: New Standard IFRS S2

2. Changes in accounting policies and disclosures

2.1 New and amended standards and interpretations

In these financial statements, the Group has applied IFRS 17 for the first time.

2.1.1. IFRS 17 Insurance Contracts

IFRS 17 'Insurance Contracts' replaces IFRS 4 with implementation for annual periods beginning on or after 1 January 2023. The new standard has no impact on qualifying members' PPS Profit-share accounts, nor the methodology for allocation of profits to these accounts.

The Group has restated comparative information for 2022 by applying the transitional provisions in IFRS 17. The nature of changes in accounting policies, as a result of compliance with IFRS 17 is described below:

2.1.1.1 Changes to classification and measurement

The adoption of IFRS 17 does not change the classification of the Group's insurance contracts.

IFRS 4 permitted the continuation of previously implemented accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

The key principles of IFRS 17 are that the Group:

- identifies insurance contracts as those under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- divides the insurance and reinsurance contracts into groups it will recognise and measure;

2. Changes in accounting policies and disclosures (continued)

2.1 New and amended standards and interpretations (continued)

- recognises and measures groups of insurance contracts at:
  - a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information, plus
  - an amount representing the unearned profit in the group of contracts (the contractual service margin or CSM), where applicable; and
  - recognises surplus from a group of insurance contracts over each period that the Group provides insurance contract services, as the Group is released from risk, where applicable.

The Group's classification and measurement of insurance and reinsurance contracts is explained in Note 9.1.

2.1.1.2 Changes in presentation and disclosure

For presentation in the Statement of Financial Position, the Group aggregates portfolios of insurance and reinsurance contracts held and presents separately:

- Portfolios of reinsurance contracts held that are assets;
- Portfolios of reinsurance contracts held that are liabilities; and
- Portfolios of insurance contracts that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line-item descriptions in the Statement of Profit or Loss and Other Comprehensive Income have been changed significantly compared to the previous reporting period. Previously the Group reported the following line items:

- Net insurance premium revenue;
- Net insurance benefits and claims; and
- Movement from/(to) Insurance policyholder liabilities.

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue;
- Insurance service expenses;
- Insurance finance income or expenses; and
- Income or expenses from reinsurance contracts held.

The Group provides disaggregated qualitative and quantitative information in the notes to the financial statements detailing:

- Amounts recognised in its financial statements from insurance contracts; and
- Significant judgements, and changes in those judgements, when applying the standard.

2.1.1.3 Transition

On transition date, 1 January 2022, the Group:

- identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied, unless impracticable;
- identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 had always applied. However, no recoverability assessment was performed before the transition date;
- derecognised any existing balances that would not exist had IFRS 17 always applied; and
- as part of its mutual operating model, recognised any resulting net difference as part of Long-term insurance liabilities.

2. Changes in accounting policies and disclosures (continued)

2.1 New and amended standards and interpretations (continued)

On transition, the Group has applied the full retrospective approach to its groups of insurance contracts unless impracticable as described in IFRS 17.

The following approaches are followed for measuring opening balances of insurance contracts on transition:

<table>
<tr><th></th><th colspan="4">Life Contracts</th></tr>
<tr><th></th><th>Contracts with Discretionary Participation Features (DPF) (participating portfolio)</th><th>Contracts without Discretionary Participation Features (non-participating portfolio)</th><th>Reinsurance contracts held</th><th>Reinsurance contract issued – Namibia treaty</th></tr>
<tr><td>Present value of Expected Future Cash Flows</td><td rowspan="2">Full retrospective</td><td rowspan="3">Fair value for contracts incepted prior to 31 December 2014 (point of impracticability)

Full retrospective contracts inception from 1 January 2015 onwards</td><td rowspan="3"></td><td>Full retrospective</td></tr>
<tr><td>Risk adjustment</td><td rowspan="4"></td></tr>
<tr><td>Contractual Service Margin</td><td rowspan="3"></td></tr>
<tr><td>Asset for Remaining Coverage</td><td rowspan="2"></td><td>Fair value for contracts incepted prior to 31 December 2014 (point of impracticability)

Full retrospective from 1 January 2015 onwards</td></tr>
<tr><td>Asset for Incurred Claims</td><td>Full retrospective</td></tr>
</table>

Not applicable

3. Consolidation

The financial statements include the assets, liabilities, and results of the operations of PPS Holdings Trust ('Parent') and its subsidiaries (together 'the Group').

Subsidiaries

Subsidiaries are entities over which the Group directly or indirectly has control. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee.

Subsidiaries are consolidated from the date on which the Group obtains control. Subsidiaries are deconsolidated when control ceases.

All the Group subsidiaries were established by the Group. There are no acquired subsidiaries and there is no goodwill arising on consolidation.

All unit trusts and pooled funds under the control of a PPS entity, are consolidated based on the IFRS 10 definition of control. Third party unit trust holders' interests in unit trusts are liabilities of the unit trust and are classified as such in the Group.

Intra-group transactions, balances and unrealised gains on transactions are eliminated on consolidation.

Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. In the Parent's separate annual financial statements, the interests in subsidiaries are accounted for at cost. A provision for impairment is recognised if there is evidence of impairment.

Interests in associates and joint ventures

An associate is an entity over which the Group has the ability to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the entity. Judgement is applied in assessing which entities the Group has the ability to exercise significant influence over. The Group has no shareholding in the associate, and therefore has no rights to either net profits/losses, or net assets of this associate.

PPS Mutual Limited and PPS Mutual Insurance Proprietary Limited (PPS Mutual Limited Group) are associates of the Group. PPS Insurance Company has significant influence over PPS Mutual Limited Group through its representation on their boards. The PPS Group has no shareholding in PPS Mutual Limited Group and therefore no rights to either net profits/losses, or net assets.

Joint ventures are entities over which the Group has joint control, but not control, and are accounted for using the equity method after initially being recognised at cost in the consolidated statement of financial position.

The Group determines the dates of obtaining or losing joint control of another entity based on an assessment of all pertinent facts and circumstances that affect the ability to jointly control the relevant activities of that entity.

Facts and circumstances that have the most impact include the contractual agreements agreed with the counterparty, the manner in which those arrangements are expected to operate in practice, and whether regulatory approval is required (including the nature of such approval). The acquisition or disposal date does not necessarily occur when the transaction is closed or finalised under the law.

The Group currently holds 10% of the shares in Ausmanco (Pty) Ltd and Mr MG Pillemer currently holds 53.1%. Practically, the Group and Mr MG Pillemer will both be required to give approval and unanimous consent before all decisions are taken. This investment constitutes a joint arrangement and the Group accounts for the investment in Ausmanco (Pty) Ltd as a joint venture on the basis of exercising joint control. The Group uses the equity accounting method to account for its share of Ausmanco (Pty) Ltd's profit after tax.

The Group has a 49% equity interest, with equal voting power, in Health Risk Management Botswana Proprietary Limited (HRMB), a joint venture in the business of healthcare administration and risk management services in Botswana. The Group and Reagile must act together to direct the activities that significantly affect the returns of HRMB. The Group and Reagile have rights to the net assets of the arrangements as profits made by HRMB will be distributed 100% to the Group and Reagile based on their proportionate shareholding. The Group accounts for its 49% investment in HRMB as an Investment in a Joint Venture and recognises its Share of Profit in the Joint Venture.

4. Financial instruments

4.1 General

The Group initially recognises financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss), when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments recognised in the Consolidated Statement of Financial Position include financial assets through profit or loss, other receivables, cash and cash equivalents, investment contract liabilities, borrowings, accruals, third-party liabilities arising on consolidation of unit trusts, and other payables.

4.2 Financial assets

The Group has the following financial asset categories: financial assets at fair value through profit or loss, as well as financial assets at amortised cost.

All financial assets are initially measured at fair value including, for financial assets not at fair value through profit or loss, any directly attributable transaction costs. All financial asset purchases and sales are initially recognised using trade date accounting.

Financial instruments at fair value through profit or loss

A financial asset is placed into this category if so designated by management upon initial recognition.

Financial assets classified as fair value through profit or loss, consist of local and foreign equities, money market instruments, government bonds, corporate bonds and unit trusts. Subsequent to initial recognition, these financial assets are accounted for at fair value. Fair value gains and losses arising from changes in fair value are included in the Consolidated Statement of Profit or Loss and other Comprehensive Income as net fair value gains on financial assets in the period in which these arise.

Equity fair values are based on regulated exchange quoted bid prices at the close of business on the last trading day on or before the reporting date. Bond fair values are based on regulated exchange quoted closing prices at the close of business on the last trading day, on or before the reporting date. Unit trust fair values are based on the net asset value (price) on the reporting date.

Financial assets at amortised cost

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Other receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method less impairment adjustments (accounting policy note 14).

4.3 Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities include other payables, borrowings categorised as financial liabilities at amortised cost, investment contract liabilities and liabilities to outside unit trust holders (arising on consolidation of unit trusts, accounting policy note 3), designated on initial recognition as measured at fair value through profit and loss.

4. Financial instruments (continued)

4.3 Financial liabilities (continued)

Other payables are initially measured at fair value less transaction costs that are directly attributable to the raising of the funds, and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds, net of transaction costs is recognised in the Consolidated Statement of Profit or Loss and other Comprehensive Income over the period of the borrowing.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss and other Comprehensive Income over the period of the borrowings using the effective interest method.

Investment contract liabilities are initially measured at fair value less transaction costs and are subsequently measured at fair value.

Third-party financial liabilities arising on consolidation of unit trusts are measured at fair value, which is the unquoted unit values as derived by the fund administrator, with reference to the rules of each particular fund. Fair value gains or losses are recognised in the Consolidated Statement of Profit or Loss and other Comprehensive Income.

4.4 Derecognition of financial assets and financial liabilities

The Group derecognises an asset:

- when the contractual rights to the cash flows from the asset expires;
- where there is a transfer of contractual rights to receive cash flows on the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred; or
- where the Group retains the contractual rights to the cash flows from these assets, but assumes a corresponding liability to transfer these contractual rights to another party and consequently transfers all or substantially all the risks and benefits associated with the assets.

Where the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group continues to recognise the asset.

The Group derecognises a financial liability when its contractual obligations are discharged, or cancelled, or expire.

4.5 Fair value hierarchy of financial statement line items held at fair value

IFRS 13 indicates a three-tier hierarchy for fair value measurement disclosures:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities. These prices are readily available in the market and are normally obtainable from multiple sources.
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3:	Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

5. Insurance, investment and reinsurance contracts

5.1 Classification of contracts

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Such contracts may also transfer financial risk (the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, credit rating or other variable). The Group defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that is significantly more than the benefits payable if the insured event did not occur.

The classification of contracts is performed at the inception of each contract. The classification of the contract at inception remains for the remainder of its lifetime unless the terms of the contract change to such an extent that it is treated as an extinguishment of the existing contract and the issuance of a new contract.

In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Insurance contracts are classified into two main categories, depending on the type of insurance risk exposure, namely long-term insurance and short-term insurance.

The Group also issues long-term insurance contracts that transfer insurance risk and some insurance contracts that contain a discretionary participation feature (DPF) component, otherwise referred to as a participating portfolio. Such contracts may also transfer financial risk. The DPF component in the Group's insurance contracts cannot be determined and separated from the insurance component from inception. The Group accounts for these contracts under IFRS 17.

DPF feature entitles the contract holder to receive, as a supplement to guaranteed benefits, additional benefits:

- That are likely to be a significant portion of the total contractual benefits;
- Whose amount or timing is contractually at the discretion of the Group; and
- That are contractually based on:
  a) The performance of a specified pool of contracts or a specified type of contract;
  b) Fair value investment returns on a specified pool of assets held by the issuer; or
  c) The profit and loss of the relevant company, fund or other entity that issues the contract.

These criteria are assessed at the individual contract level based on the Group's expectations at the contract's inception, and they are not reassessed in subsequent periods, unless the contract is modified. The variability in the cash flows is assessed over the expected duration of a contract.

The Group uses judgement to assess whether the amounts expected to be paid to the policyholder constitute a substantial share of the fair value returns on the underlying items.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

All references to insurance contracts in these consolidated financial statements apply to insurance contracts issued or acquired and reinsurance contracts held, unless specifically stated otherwise.

5. Insurance, investment and reinsurance contracts (continued)

5.1 Classification of contracts (continued)

5.1.1 Unit of account including separating components and level of aggregation

The Group manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks. These risks include premium risk, reserve risk and catastrophe risk amongst others. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of product lines. The Group has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, these represent a portfolio of contracts.

All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

a) contracts that are onerous at initial recognition;
b) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
c) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

a) contracts for which there is a net gain at initial recognition, if any;
b) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
c) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Group tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

Before the Group accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct services other than insurance contract services.

The Group applies IFRS 17 to all remaining components of the contract. The Group does not have any contracts that require further separation or combination of insurance contracts.

As a result of the PPS' mutual operating model, accumulated profits/losses belong to qualifying policyholders of PPS Insurance Company Limited and PPS Insurance Company (Namibia) Limited, allocated to their PPS Profit-Share accounts. All of the policyholder "equity" in their capacity as policyholders and those with the most residual interest is therefore reported as a component of PPS Profit-Share accounts and Liability for remaining coverage under IFRS 17.

Each year, any profits or losses arising on the non-participating portfolio are allocated to the participating portfolio as part of the profit and losses attributable to PPS members for the year, qualifying members who form part of the participating portfolio. Participating insurance contracts have a PPS Profit-Share feature and non-participating contracts do not have this feature.

5. Insurance, investment and reinsurance contracts (continued)

5.1 Classification of contracts (continued)

Summary of measurement approaches

The Group uses different measurement approaches, depending on the type of contract, as follows:

PPS insurance policy	Portfolio	IFRS17 Measurement model
PPS Provider Policy - Sickness and permanent incapacity benefit - Professional Life Provider - Critical Illness Cover - Professional Disability Provider - PPS Education Cover	Life Risk: Participating	Variable Fee Approach (VFA)
Legacy PPS Life and Disability Policy Legacy Professional Health Preserver PPS Provider Policy Business Provider	Life Risk: non-participating	General Measurement Model (GMM)
Personal Lines Commercial Lines Value Added Services Health Professional Indemnity	Non-Life insurance	Premium Allocation Approach (PAA)

Short-Term Insurance applies the premium allocation approach (PAA) to all the insurance contracts that it issues, as the coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary. For a group of contracts that is not onerous at initial recognition, Short-Term Insurance measures the liability for remaining coverage as the premiums, if any, received at initial recognition.

Short-Term Insurance applies a policy of expensing all insurance acquisition cash flows as they are incurred for all insurance contracts measured using the PAA.

Short–Term Insurance does not discount the liability for remaining coverage to reflect the time value of money and the effect of financial risk due to the expected time between providing each part of the services and the related premium due date being no more than a year.

5.1.2 Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:

  (i) the beginning of the coverage period of the group; and
  (ii) the initial recognition of any underlying insurance contract.

5. Insurance, investment and reinsurance contracts (continued)

5.1 Classification of contracts (continued)

5.1.2 Recognition and derecognition(continued)

- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held; unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the Fulfilment Cash Flows (FCF), unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

a) if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
    (i) is not within the scope of IFRS 17;
    (ii) results in different separable components;
    (iii) results in a different contract boundary; or
    (iv) belongs to a different group of contracts;
b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
c) the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of IFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the VFA eligibility, component separation requirements and contract aggregation requirements.

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Group:

a) adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;

5.1.2 Recognition and derecognition(continued)

b) adjusts the CSM in the following manner, depending on the reason for the derecognition:

   (i) if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
   (ii) if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or
   (iii) if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (1) adjusted for the premium that the Group would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification; when recognising the new contract in this case, the Group assumes such a hypothetical premium as actually received; and

c) adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

5.1.3 Measurement

Fulfilment cash flows within contract boundary

The Fulfilment Cash Flows (FCF) are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. The estimates of future cash flows:

a) are based on a probability-weighted mean of the full range of possible outcomes;
b) are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
c) reflect conditions existing at the measurement date.

Due to the mutual operating model of the Group, the expected future cash flows are split into two separate components with various sub-components. These are:

I. Estimates of present value of future cash flows; and
II. PPS Profit-share Accounts

Surpluses or deficits arising in component (i) above as well as surplus arising from non-participating contracts, reinsurance contracts and cash flows not directly related to an insurance contract, emerge as the change in fair value of underlying items attributable to policyholders disclosed as insurance finance income or expenses.

Profit allocations for the year, in line with the bonus basis, are processes in the statement of comprehensive income from the change in fair value of underlying items attributable to policyholders not resulting from financial risk or time value of money after reserving for statutory solvency requirements.

The expected future cash flows are therefore a combination of cash flows that do not vary with the underlying items and the fair value of the residual interest. The cash flows that do not vary with the underlying items are modelled in the actuarial valuation system. The fair value of the residual interest is sourced from the insurance administration system and is not modelled.

5. Insurance, investment and reinsurance contracts (continued)

5.1 Classification of contracts (continued)

5.1.3 Measurement (continued)

Best estimate of expected future cash flows include:

- Premiums
- Expenses including:
  - Allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
  - Claims handling costs
  - Policy administration and maintenance costs
  - Allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Payments to policyholders including:
  - Death benefits
  - Accidental death benefits
  - Sickness benefits
  - Permanent incapacity benefits
  - Disability benefits
  - Dread disease benefits

Risk adjustment: An explicit risk adjustment for non-financial risk is estimated separately from the other estimates.

Discount rates: The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Risk of the Group's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if these arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services.

5. Insurance, investment and reinsurance contracts (continued)

5.1 Classification of contracts (continued)

5.1.3 Measurement (continued)

A substantive obligation to provide insurance contract services ends when the Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks or when the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio and the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

The reinsurance agreements remain in place until the underlying contracts expire. As such, the coverage period of the reinsurance agreement would mirror the contract boundary of the underlying agreement and would be longer than one year. The combination of the contract boundary and coverage period of the reinsurance agreements as they relate to already ceded contract will be aligned to the contract boundary and coverage periods of the ceded contracts.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

Insurance acquisition costs

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows for contracts not measured under PAA are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

a) to that group; and
b) to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Acquisition cash flows are included in the present value of future cash flows in order to calculate the CSM at initial recognition for the non-participating and reinsurance business and present value of policyholder share of the change in the fair value of the underlying items for the participating business. The Insurance acquisition cash flows amortisation for the non-participating and participating contracts will be based on the expected run-off of the sum assured over the life of the contracts for each cohort. This amortisation of the acquisition costs has no effect on the total profit and loss as the portion released as a recovery into insurance revenue matches the expense amortisation in insurance expenses.

5. Insurance, investment and reinsurance contracts (continued)

5.1 Classification of contracts (continued)

5.1.3 Measurement (continued)

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer. Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in Note 36.

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses arising from:

a) the initial recognition of the FCF;
b) cash flows arising from the contracts in the group at that date;
c) the derecognition of any insurance acquisition cash flows asset; and
d) the derecognition of any other pre-recognition cash flow;
e) Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

a) the initial recognition of the FCF; and
b) cash flows arising from the contracts in the group at that date;
c) the amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash;
d) cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
e) any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

No CSM is required for PPS' participating contracts as all net cash flows of the Group are returned to qualifying policyholders via the PPS Profit-share account, a policy feature.

5. Insurance, investment and reinsurance contracts (continued)

5.1 Classification of contracts (continued)

5.1.4 Subsequent measurement

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

a) the LRC, comprising:

   (i) the FCF related to future service allocated to the group at that date; and
   (ii) the CSM of the group at that date; and

b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

a) the remaining coverage, comprising:

   (i) the FCF related to future service allocated to the group at that date; and
   (ii) the CSM of the group at that date; and

b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

Changes in fulfilment cash flows

The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates. The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

a) changes that relate to current or past service are recognised in profit or loss; and
b) changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts the following adjustments relate to future service and thus adjust the CSM:

a) experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
b) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
c) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing:
   (i) the actual investment component that becomes payable in a period with
   (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
d) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (a), (b) and (d) above are measured using discount rates determined on initial recognition (the locked-in discount rates).

5. Insurance, investment and reinsurance contracts (continued)

5.1.4 Subsequent measurement

For insurance contracts under the GMM, the following adjustments do not adjust the CSM:

a) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
b) changes in the FCF relating to the LIC;
c) experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and
d) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

a) The effect of any new contracts added to the group.
b) For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
c) Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC.
d) The effect of any currency exchange differences.
e) The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

a) The effect of any new contracts added to the group.
b) Interest accreted on the carrying amount of the CSM.
c) Income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.
d) Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
e) Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.
f) The effect of any currency exchange differences.
g) The amount recognised in profit or loss for insurance contract services received during the period, determined after all other adjustments above.

Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The coverage period is defined as a period during which the entity provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the policyholder, if applicable (investment-return service) for the contracts under the GMM, and the management of underlying items on behalf of the policyholder (investment-related service) for the contracts under the VFA.

5. Insurance, investment and reinsurance contracts (continued)

5.1.4 Subsequent measurement

Coverage units

The number of coverage units is the quantity of services provided by the contracts in the Group, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units is reviewed and updated at each reporting date. The Group determines coverage units as follows:

PPS Insurance Company non-participating portfolios	Benefits	Coverage units
Business Provider	Range of benefits including death disability, and critical illness under one contract.	Weighted average discounted expected sum assured
Legacy PPS Life and Disability Policy	Death and disability benefits	
Legacy Health Preserver	Critical illness benefits	

5.1.5 Non-life insurance contracts measurement

The non-life insurance contracts liabilities are measured using the PPA approach, these include measurement of the liability for incurred claims ("LIC) determined by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable, and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay Unallocated Loss Adjustment Expenses (ULAE) incurred.

For contracts measured under the PPA approach the Group elected to expense its insurance acquisition cash flows for its insurance product lines immediately upon payment being incurred.

For reinsurance contracts held the Group applies the PAA to measure its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. The Health Professions Indemnity reinsurance held, group of contracts for a period of one year with risk attaching, resulting in a coverage period greater than one year. However, based on the eligibility assessment, there is no material difference in the measurement between PAA and the general model, therefore, these qualify for PAA.

Under the PAA, the initial measurement of the asset for remaining coverage equals the reinsurance premium paid. The Group measures the amount relating to remaining service by allocating the premium paid over the coverage period of the group. For all reinsurance contracts held, the allocation is based on the passage of time.

5.1.6 Insurance revenue

As the Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

5. Insurance, investment and reinsurance contracts (continued)

5.1.6 Insurance revenue (continued)

For contracts not measured under the PAA, insurance revenue comprises the following: Amounts relating to the changes in the LRC:

a) claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
   - o repayments of investment components and policyholder rights to withdraw an amount;
   - o amounts of transaction-based taxes collected in a fiduciary capacity;
   - o insurance acquisition expenses; and
   - o amounts related to the risk adjustment for non-financial risk (see (b));

b) changes in the risk adjustment for non-financial risk, excluding:
   - o changes included in insurance finance income (expenses);
   - o changes that relate to future coverage (which adjust the CSM); and
   - o amounts allocated to the loss component;

c) amounts of the CSM recognised for the services provided in the period; and

d) experience adjustments – arising from premiums received in the period other than those that relate to future service.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

5.1.7 Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

a) the effect of the time value of money and changes in the time value of money; and

b) the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

a) interest accreted on the FCF and the CSM; and

b) the effect of changes in interest rates and other financial assumptions.

For contracts measured under the VFA, insurance finance income or expenses comprise changes in the value of underlying items (excluding additions and withdrawals).

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

For the contracts measured under the GMM, the Group includes all insurance finance income or expenses for the period in profit or loss that is, the profit or loss option (the PL option) is applied.

The changes include changes in the measurement of cohorts of contracts caused by changes in the value of underlying items (including additions and withdrawals). This is particularly relevant to movements in the PPS profit-share accounts, including exits net of forfeitures, and allocations of profit to PPS Profit-share accounts.

5. Insurance, investment and reinsurance contracts (continued)

5.1.8 Insurance service expenses

Insurance service expenses include the following:

a) incurred claims and benefits, excluding investment components reduced by loss component allocations;
b) other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
c) insurance acquisition cash flows amortisation;
d) changes that relate to past service – changes in the FCF relating to the Liability for incurred claims;
e) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
f) insurance acquisition cash flows assets impairment, net of reversals.

5.2 Valuation and recognition

5.2.1 Insurance contracts

Insurance contracts

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus the amount recognised as insurance revenue for the services provided in the period.

The Group estimates liabilities for incurred claims by considering the cash flows associated with those claims. The cash flow projections take into account all relevant and reasonable information without excessive costs or effort, including the amount, timing, and uncertainty of future cash flows. These estimates are made from the Group's perspective and include an adjustment for non-financial risk (the risk adjustment).

The Group adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Insurance acquisition cash flows are fully expensed to profit or loss (through insurance service expenses).

5.2.2 Investment contracts

Investment contracts are recognised as financial liabilities in the Statement of Financial Position at fair value when the Group becomes party to their contractual provisions. Contributions received from policyholders are not recognised in profit or loss but are accounted for as deposits. Amounts paid to policyholders are recorded as deductions from the investment contract liabilities.

All investment contracts issued by the Group are designated by the Group on initial recognition as at fair value through profit or loss. This designation eliminates or significantly reduces a measurement inconsistency that would otherwise arise if these financial liabilities were not measured at fair value, since the assets held to back the investment contract liabilities are measured at fair value.

Changes in the fair value of investment contracts are included in profit or loss in the period in which they arise. The change in fair value represents a change in the fair value of the assets linked to these investment contracts. The fair value of the investment contract liability is equal to that of the assets in the unitised fund underlying the policies, as reflected by the value of units held by each policyholder. The carrying amount of the assets backing the investment contract liabilities under investment contracts reflect the fair value of the assets concerned, thus the actuarial valuation of the investment contract liabilities under unmatured investment contracts also reflect the fair value of the contractual liabilities.

5. Insurance, investment and reinsurance contracts (continued)

5.2 Valuation and recognition (continued)

5.2.2 Investment contracts (continued)

Receivables and payables related to investment contracts

Amounts due from and to policyholders and agents in respect of investment contracts are included in other receivables and payables.

5.3 Presentation

The Group has presented separately in the statement of financial position the carrying amount of portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are assets.

The Group disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Group does not disaggregate insurance finance income or expenses into amounts presented in profit loss and amounts presented in other comprehensive income.

The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

The PPS Profit-share account is presented separately as part of the Life contracts with DPF.

5.3.1 Insurance finance income and expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

The Group systematically allocates expected total insurance finance income or expenses over the duration of the group of contracts to profit or loss using discount rates determined on initial recognition of the group of contracts.

The changes include changes in the measurement of cohorts of contracts caused by changes in the value of underlying items (including additions and withdrawals). This is particularly relevant to movements in the PPS profit-share accounts, including exits net of forfeitures, and allocations of profit to PPS Profit-share accounts.

5.3.2 Net income or expense from reinsurance contracts held

The Group presents aggregated on the face of the statement of profit or loss and other comprehensive income the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

6. Foreign currency translation

6.1 Transactions and balances

The consolidated financial statements are presented in Rands ('the functional currency' in terms of IFRS), which is the Group's presentation currency. Foreign currency transactions are translated into Rands using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

6.2 Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities presented are translated at the closing rate at the date of that entity's most recent statement of financial position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

7. Direct and indirect tax

Direct tax includes South African and foreign jurisdiction corporate tax payable, as well as capital gains tax.

The charge for current tax is based on the results for the year. It is calculated using taxation rates that have been enacted or substantively enacted by the reporting date, in each particular jurisdiction within which the Group operates.

Tax in respect of South African life insurance operations is determined using the five-fund method applicable to life insurance companies.

8. Cash and cash equivalents

Cash comprises cash on hand and demand deposits at call with banks and similar instruments.

9. Property and equipment

Owner-occupied property represents offices held for administrative purposes and for capital appreciation, occupied by the Group. Owner-occupied property is initially recorded at cost, and is subsequently shown at fair value, based on annual year-end valuations by an external independent appraiser. Any accumulated depreciation on the buildings at the date of revaluation is eliminated against the carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. The revaluation movement is allocated to the revaluation reserve. To avoid an accounting mismatch, the related movement in insurance policy liabilities is mirrored to the revaluation reserve.

Changes to the carrying amount arising on revaluation of land and buildings are recognised through other comprehensive income.

Other fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

9. Property and equipment (continued)

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	50 years
Vehicles	5 years
Computer hardware	3 years
Furniture and fittings	6 years
Office equipment	5 years
Leasehold improvements	the lesser of 5 years or the period of the lease
Right-of-use assets	the lesser of the life of the asset or lease term

Land is not depreciated.

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are included in the Statement of Profit or Loss and Other Comprehensive Income and are determined by comparing sales proceeds with the carrying amount.

10. Intangible assets

Computer software development costs

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as an intangible asset when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Direct costs include the external software development team's costs. Computer software acquired as part of the software development project is capitalised on the basis of the acquisition costs and related costs to bring it to use. All other costs associated with acquiring, developing or maintaining computer software programmes are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised, from the date the asset is available for use, using the straight-line method over their useful lives, not exceeding a period of five years and acquired software not exceeding a period of three years. The useful lives of the assets are reviewed at each reporting date and adjusted if appropriate.

10. Intangible assets (continued)

Customer relationships

Customer relationships consist of acquired rights to income streams on an existing financial adviser book of business. These customer relationships are recognised at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the estimated useful lives of an average eight years.

The useful life of customer relationships is estimated based on the cancellation experience of the acquired book of business at a product level.

11. Investment property

Investment properties are held for the purpose of earning rental income and for capital appreciation. Investment properties are initially recorded at cost and include transaction costs on acquisition. Subsequent expenditure is capitalised to the asset's carrying value, only when it is probable that the future economic benefits associated with the item will flow to the group and the cost can be measured reliably.

Investment properties are valued annually, by external independent valuers, and adjusted to fair value as at the reporting date, except for properties purchased within six months of the year-end which are valued at cost, unless an independent valuation is performed.

Properties under construction, which are excluded from investment property valuations, are carried at cost where the PPS Property Fund Trust is satisfied that cost is a reasonable approximation of fair value. On completion, the cost is transferred to the carrying value of investment property and subsequently valued independently.

Any gain or loss arising from the fair value of the investment property is included in the Statement of Profit or Loss and Other Comprehensive Income for the period to which it relates.

Gains and losses on the disposal of investment properties are recognised in the Statement of Profit or Loss and Other Comprehensive Income and are calculated as the difference between the sale price and the carrying value of the property.

12. Non-Current Assets held for sale

Non-current assets, or disposal groups, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to financial assets and investment property, which continue to be measured in accordance with the Trust's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in the Statement of Profit or Loss and Other Comprehensive income.

Any gain or loss arising from the fair value of the investment property is included in the Statement of Profit or Loss and Other Comprehensive Income for the period to which it relates.

13. Leases

Leases where a Group entity is the lessee

The Group leases various offices. Rental contracts are typically made for fixed periods of one month to five years. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

In terms of IFRS, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of offices are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Leases for low value assets are expensed.

13. Leases (continued)

Leases where a Group entity is the lessor

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Rental income from other property is classified as part of other income, recognised on a straight-line basis.

14. Impairment of assets

Financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such indicators include continued losses, changes in technology, market, economic, legal and operating environments.

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is measured using the higher of fair value less costs to sell and value-in-use. Value-in-use is the present value of projected cash flows covering the remaining useful life of the asset. The carrying amount of the asset is reduced by the impairment loss. The amount of the loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the impairment provision account. The amount of the reversal is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

15. Deferred taxation

Deferred tax is provided, using the liability method, on temporary differences arising between the tax value of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not recognised on initial recognition of the assets and liabilities where it does not impact either accounting or taxable profit. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. For Investment Property measured at fair value, deferred tax is provided at rates applicable to capital gains. The principal temporary differences arise from the revaluation of financial assets held at fair value through profit or loss and provisions.

Deferred tax assets relating to the carry forward of unutilised tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised.

Deferred tax liabilities and assets are not discounted.

16. Employee benefits

16.1 Retirement obligations

The Group provides for retirement benefits of employees by means of a defined contribution provident fund. The assets are held in a separate umbrella fund controlled by trustees appointed by the administrator.

16.2 Post-retirement medical obligations

The Group provides for the unfunded post-retirement healthcare benefits of a small number of retirees, their spouses and dependents. For past service of employees, the Group recognises and provides for the actuarially determined present value of post-retirement medical aid employer contributions on an accrual basis using interest rates with reference to the market yield of government bonds at reporting date.

An independent actuary performs valuations of the defined benefit obligation, annually at reporting date, using the projected unit credit method to determine the present value of its post-retirement medical obligations and related current and past service costs.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

16.3 Termination benefits

Termination benefits are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income and a liability in the Statement of Financial Position when the Group has a present obligation relating to termination.

16.4 Leave pay provision

The Group recognises employees' rights to annual leave entitlement in respect of past service accumulated at reporting date.

16.5 Management bonuses

Management bonuses are recognised as an expense in staff costs as incurred when it is probable that the economic benefits will be paid and the amount can be reliably measured. Management bonuses arise as a result of a contractual obligation, but the amount of the bonus is at the discretion of the employer.

16.6 Retention schemes

Long-term incentive and retention schemes are in place for qualifying employees. The entitlement to these benefits is based on the employee remaining in service of the Group for a period of three to five years, depending on the scheme. The growth of the benefit under the executive retention schemes are based on the five-year rolling historical average return of the PPS Profit-Share Account.

Other long-term employee benefits include employee benefits payable more than 12 months after the related service is rendered. These provisions are measured at present value, using actuarial assumptions. The discount rate is the yield at reporting date of AA-rated government bonds that have maturity dates approximating the terms of the obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

17. Revenue

17.1 Other income

Other income is recognised in line with IFRS 15, 'Revenue from contracts with customers'.

Other income is measured at the fair value of the consideration received or receivable and is recognised as services are rendered and the performance obligation to the customer is met.

Royalties are earned from a licence agreement with PPS Mutual Australia. Long-term Insurance policy administration services are rendered to Noble Oak, a long-term insurance company incorporated in Australia.

Administration fees include fees charged to medical aid schemes for administration services rendered to these entities.

Investment management fees include service fees earned in respect of investment management services rendered.

Commission received is recognised in the accounting period in which it accrues.

Financial advice and Fiduciary service fees are earned for investment advice services as well as activities related to will and estate planning.

17.2 Investment income

Investment income comprises interest, dividends, as well as net fair value gains or losses on financial assets held at fair value through profit or loss.

Interest is recognised as income on the effective interest method. Interest income on financial assets at fair value through profit or loss is recognised as part of the fair value movement. Interest from unit trusts are recognised when distributed by the unit trust.

Dividends are recognised as income on the last day to register in respect of listed shares. Dividends include shares received in terms of capitalisation issues, irrespective of whether there is an option to receive cash in lieu of shares. Dividends from unit trusts are recognised when distributed by the unit trust.

17.3 Gains on financial assets and investment property

Gains (both realised and unrealised) on financial assets held at fair value through profit or loss comprise of gains on disposal or revaluation of assets to fair values and are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2023

1. Fair value analysis of financial statement line items with a fair value

The tables analyse each class of financial statement line iteam per category as well as provide their fair values, where applicable.

	Group					
R'm	Note	Financial assets and liabilities classified as fair value through profit or loss on initial recognition	Financial assets and liabilities at amortised cost	PPS Profit-Share accounts and reinsurance contracts	Total carrying amount	Fair value
2023						
Equity securities[(a)]						
Local listed	7	15 809	–	–	15 809	15 809
International listed	7	10 610	–	–	10 610	10 610
Debt securities[(a)]					–	–
Government and local bonds	7	19 666	–	–	19 666	19 666
International listed	7	1 499	–	–	1 499	1 499
Unit trusts and pooled funds[(a)]	7	12 361	–	–	12 361	12 361
Reinsurance contract assets	9	–	–	1 565	1 565	1 565
Receivables	13	–	1 842	–	1 842	1 842
Cash and cash equivalents	14	–	2 958	–	2 958	2 958
PPS Profit-Share accounts	10	–	–	(34 684)	(34 684)	(34 684)
Liability for remaining coverage and incurred claims		–	–	(8 006)	(8 006)	(8 006)
Qualifying policyholders' residual interest in the net assets of the PPS Group		–	–	(272)	(272)	(272)
Short-term insurance policy liabilities	9	–	–	(138)	(138)	(138)
Investment contract liabilities	15	(5 529)	–	–	(5 529)	(5 529)
Liabilities to unit trust holders	16	(17 925)	–	–	(17 925)	(17 925)
Reinsurance contract liabilities	9	–	–	(17)	(17)	(17)
Payables	20	–	(303)	–	(303)	(303)

(a) Debt securities are designated at fair value through profit and loss and Equity securities and Unit trusts and pooled funds are mandatorily held at fair value through profit and loss.

1. Fair value analysis of financial statement line items with a fair value (continued)

		Group				
R'm	Note	Financial assets and liabilities classified as fair value through profit or loss on initial recognition	Financial assets and liabilities at amortised cost	PPS Profit-Share accounts and reinsurance contracts	Total carrying amount	Fair value
2022 Restated*						
Equity securities[(a)]						
Local listed	7	15 691	–	–	15 691	15 691
International listed	7	6 607	–	–	6 607	6 607
Debt securities[(a)]						
Government and local bonds	7	20 042	–	–	20 042	20 042
International listed	7	57	–	–	57	57
Unit trusts and pooled funds[(a)]	7	11 500	–	–	11 500	11 500
Reinsurance contract assets	9	–	–	1 382	1 382	1 382
Receivables	13	–	1 069	–	1 069	1 069
Cash and cash equivalents	14	–	2 915	–	2 915	2 915
PPS Profit-Share accounts	10	–	–	(32 293)	(32 293)	(32 293)
Liability for remaining coverage and incurred claims		–	–	(7 290)	(7 290)	(7 290)
Qualifying policyholders' residual interest in the net assets of the PPS Group		–	–	(240)	(240)	(240)
Short-term insurance policy liabilities	9	–	–	(118)	(118)	(118)
Investment contract liabilities	15	(4 495)	–	–	(4 495)	(4 495)
Liabilities to unit trust holders	16	(15 086)	–	–	(15 086)	(15 086)
Reinsurance contract liabilities	9	–	–	(13)	(13)	(13)
Payables	20	–	(221)	–	(221)	(221)

(a) Debt securities are designated at fair value through profit and loss and Equity securities and Unit trusts and pooled funds are mandatorily held at fair value through profit and loss.

* The note has been restated to align with IFRS 17 disclosures and to remove prepayments from the table

2. Property and equipment

	Owner-occupied property R'm	Computer hardware R'm	Vehicles, office furniture & equipment R'm	Leasehold improvements R'm	Right-of-use assets: Buildings R'm	Total R'm
Year ended 31 December 2022						
Opening net carrying value	481	57	20	11	53	622
Additions	3	17	5	1	4	30
Reclassification to intangible assets		(31)				(31)
Disposals: Cost	–	(25)	(5)	(20)	(4)	(54)
Disposals: Accumulated Depreciation	–	25	5	15	4	49
Depreciation charge	(16)	(15)	(8)	(3)	(19)	(61)
Revaluation surplus	1	–	–	–	–	1
Closing net carrying value	469	28	17	4	38	556
At 31 December 2022						
Cost or valuation	485	84	80	17	95	761
Accumulated depreciation	(16)	(56)	(63)	(13)	(57)	(205)
Net carrying value	469	28	17	4	38	556
Non-current	469	28	17	4	38	556
Year ended 31 December 2023						
Opening net carrying value	469	28	17	4	38	556
Additions	11	26	6	–	9	52
Disposals: Cost	–	(14)	(9)	(2)	(14)	(39)
Disposals: Accumulated Depreciation	–	14	9	1	12	36
Depreciation charge	(16)	(17)	(6)	(2)	(29)	(70)
Revaluation surplus	11	–	–	–	–	11
Closing net carrying value	475	37	17	1	16	546
At 31 December 2023						–
Cost or valuation	507	96	77	15	90	785
Accumulated depreciation	(32)	(59)	(60)	(14)	(74)	(239)
Net carrying value	475	37	17	1	16	546
Non-current	475	37	17	1	16	546

2. Property and equipment (continued)

Owner-occupied property

The land and buildings revaluation surplus / (deficit) represents the capital appreciation/(depreciation) on the owner-occupied properties. As the properties are held to back insurance policy liabilities, with discretionary participation features, the movement in insurance policy liabilities as a result of the revaluation is recognised in other comprehensive income.

Deferred tax has been recognised on the revaluation difference arising on owner-occupied property owned by PPS Insurance Company Limited, based on the amounts and at the rate applicable to recovery through use.

Owner-occupied property is carried at fair value and is classified as level 3 in terms of the IFRS 13 hierarchy.

All of the Group's owner-occupied property consisting of office blocks situated at 6 and 7 Anerley Road, Parktown, and PPS Centurion Square were valued at 31 December 2023 by Quadrant Properties (Pty) Limited.

Independent valuations were performed using the discounted cash flow of future income stream method. The discounted cash flow method takes projected cash flows and discount them at a rate which is consistent with comparable market transactions. Refer to note 36.5 for valuation assumptions. The opening carrying value is depreciated for the year, and the year-end carrying value is then adjusted to reflect market value at year-end.

If the owner-occupied properties were stated on a historical cost basis, the amounts would be as follows:

	Group	
	2023 R'm	2022 R'm
Cost	471	459
Accumulated depreciation	(70)	(48)
Net carrying value as at 31 December	401	411

2. Property and equipment (continued)

Leases

Amounts recognised in the Statement of Financial Position

The Statement of Financial Position includes the following amounts related to leases:

	Group	
	2023 R'm	2022 R'm
Right-of-use assets (included in property and equipment)		
Buildings	16	38
Lease Liabilities (note 20)		
Current	17	21
Non-current	15	25
Total lease liabilities	32	46

Amounts recognised in the Statement of Profit or Loss and Other Comprehensive income

The Statement of Profit and Loss and Other Comprehensive Income includes the following amounts related to leases:

	Group	
	2023 R'm	2022 R'm
Depreciation – Right-of-use assets: Buildings (included in expenses – Note 26)	29	19
Interest expense (included in finance costs – Note 28)	3	4
Expenses relating to short-term leases (included in expenses – Note 26)	6	12

The total cash outflow for leases in 2023 was R22.8 million (2022: R28.6 million).

3. Investment property

	Group	
	2023 R'm	2022 R'm
Opening net carrying value	327	371
Additions	1	2
Revaluation deficit	(14)	(33)
Disposals	–	(13)
Transfer to assets held for sale	(29)	–
Net carrying value at end of year	285	327

Investment properties were valued using the discounted cash flow of future income stream method. Investment property is carried at fair value and is classified as level 3 in terms of the IFRS 13 hierarchy.
Refer to note 36.5 for further information.

Amounts recognised in profit or loss

Rental income generated by the Group from income-generating properties during 2023 was R40.3 million (2022: R47.0 million) and was included in Other income.

4. Non - Current Assets held for sale

	Group	
	2023 R'm	2022 R'm
Opening net carrying value	–	–
Transfer from investment property	29	–
Closing net carrying value	29	–

The transfer to Non-Current Assets held for sale of R29.5 million in 2023 is as a result of the intention to sell the investment property Erf 651, 13 Eton Road with an agreement and final transfer expected before the year ending 31 December 2024.

The asset held for sale is stated at fair value less costs to sell. The non-recurring fair value measurement of the non-current asset held for sale has been categorised as a Level 3 fair value, based on the inputs to the valuation technique used. The non-current asset held for sale was valued using the current offer price from potential buyer.

5. Intangible assets

	Computer Software R'm	Customer Relationships R'm	Total R'm
Year ended 31 December 2022			
Opening net carrying value	237	7	244
Additions	62	–	62
Obsolete and written off: Cost	(57)	–	(57)
Obsolete and written off: Accumulated amortisation	57	–	57
Amortisation	(72)	(1)	(73)
Reclassification from property and equipment	31	–	31
Closing net carrying value	258	6	264
At 31 December 2022			
Cost	486	9	495
Accumulated amortisation and impairment	(228)	(3)	(231)
Net carrying value at end of year	258	6	264
Year ended 31 December 2023			
Opening net carrying value	258	6	264
Additions	83	–	83
Obsolete and written off: Cost	(22)	–	(22)
Obsolete and written off: Accumulated amortisation	18	–	18
Amortisation	(78)	(1)	(79)
Closing net carrying value	259	5	264
At 31 December 2023			
Cost	547	9	556
Accumulated amortisation and impairment	(288)	(4)	(292)
Net carrying value at end of year	259	5	264

Intangible assets are internally generated

Computer Software with a cost of R22 million (2022: R57 million) and accumulated amortisation of R18 million (2022: R57 million) was deemed obsolete and written off during the year.

6. Investment in Associates and Joint Ventures

	Ausmanco (Pty) Ltd R'm	Health Risk Management Botswana (Pty) Ltd R'm	Total R'm
Carrying amount of equity investment with no provision for impairment	167	4	171
Total investment in joint venture[(a)]	167	4	171

(a) Represents the carrying value after equity-accounted profit.

The Group acquired a 10% interest in Ausmanco (Pty) Ltd and accounts for this investment as a joint venture on the basis of exercising joint control through its Board representation and shareholder voting rights.

Ausmanco (Pty) Ltd is a strategic partnership for the Group, providing local management expertise to assist with the management of PPS Mutual in Australia.

The Group also has a 49% equity interest, with equal voting power, in Health Risk Management Botswana Proprietary Limited (HRMB), a joint venture in the business of healthcare administration and risk management services in Botswana.

PPS Insurance Company has significant influence over PPS Mutual Limited Group, through its representation on their boards. The PPS Group has no shareholding in PPS Mutual Limited Group and therefore no rights to either net profits/losses, or net assets. The Group earned R24.5 million (R10.6 million) of royalties, R30.9 million (2022: R21.3 million) of administration fees, and R53.1 million (2022: R26.2 million) of interest for the year on loan funding of R760.1 million (2022: R558.6 million) provided to PPS Mutual Limited Group, of which R234.4 million (2022: R234.4 million) has been impaired.

Summarised information of interest in material associate and joint venture is as follows:

			Measurement Method		Ownership interest	
Name of entity	**Principal activity**	**Principal place of business**	2023	2022	2023 %	2022 %
Ausmanco (Pty) Ltd	Management company	Australia	Equity Accounting	Not applicable	10	–
Health Risk Management Botswana (Pty) Ltd	Healthcare administration company	Botswana	Equity Accounting	Not applicable	49	–

6. Investment in Associates and Joint Ventures (continued)

Reconciliation to carrying value as at 31 December 2023:

	Ausmanco (Pty) Ltd R'm	Health Risk Management Botswana (Pty) Ltd R'm	Total R'm
Opening balance	–	–	–
Addition of equity investment	166[(a)]	*[(c)]	166
Share of profit after tax and other income	1[(b)]	4[(d)]	5
Closing balance	167	4	171

* Denotes a value less than R1 million
(a) Translated at transaction spot rate of AUD/ZAR at 12.7954
(b) Translated at average rate of AUD/ZAR at 12.2587
(c) Translated at transaction spot rate of BWP/ZAR at 1.3677 on 31 March 2023 and BWP/ZAR at 1.3879 on 31 November 2023
(d) Translated at average rate of BWP/ZAR at 1.3651

The table below provides summarised financial information for the Group's material joint ventures. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not PPS`s share of those amounts.

	2023		
Summarised statement of comprehensive income	Ausmanco (Pty) Ltd R'm	Health Risk Management Botswana (Pty) Ltd R'm	Total R'm
Revenue	10	49	59
Interest income	2	–	2
Interest expense	–	(1)	(1)
Income tax expense	–	(3)	(3)
Net profit/(loss) for the year	8	11	19

	2023		
Summarised statement of financial position	Ausmanco (Pty) Ltd R'm	Health Risk Management Botswana (Pty) Ltd R'm	Total R'm
Current Assets	27	18	45
Non-Current Assets	36	9	45
Current liabilities	(2)	(10)	(12)
Non-current liabilities	(36)	(10)	(46)
Net Assets	25	7	32

7. Financial assets – investments at fair value through profit or loss

	Group	
	2023 R'm	2022 R'm
Financial assets attributable to the Group	44 480	40 725
Financial assets attributable to outside unit trust holders (Note 16)	15 465	13 172
Total financial assets at fair value through profit or loss	59 945	53 897
Analysis of financial assets held at fair value through profit or loss		
Level 1 fair value financial assets		
Equity securities:		
– local listed	15 809	15 691
– international listed	10 610	6 607
Total level 1 fair value financial assets	26 419	22 298
Level 2 fair value financial assets		
Debt securities – fixed interest rate:		
– government bonds and local listed	19 666	20 042
– international listed	1 499	57
Total debt securities	21 165	20 099
Unit trusts and pooled funds:		
– local unit trusts and pooled funds	7 443	6 300
– international equity unit trusts	4 775	5 127
– international fixed interest unit trusts	102	35
Total Unit trusts and pooled funds	12 320	11 462
Total level 2 fair value financial assets	33 485	31 561
Level 3 fair value financial assets		
Unit trusts and pooled funds:		
- local unlisted	41	38
Total level 3 fair value financial assets	41	38
Total financial assets at fair value through profit and loss	59 945	53 897

At 31 December 2023, investments classified as Level 2 comprise approximately 55.9% (2022: 58.6%) of financial assets measured at fair value through profit or loss. Debt securities are classified as level 2 as directly observable market inputs other than level 1 have been used to value these financial assets. The observable inputs used to determine the fair value of unit trusts and pooled funds classified as Level 2 are the unit prices published by the unit trust fund managers. The investments classified as Level 3 comprise less than 0.1% (2022: 0.1 %) of financial assets measured at fair value through profit or loss and represents the Group's investment in the Old Mutual Midina Fund.

7. Financial assets – investments at fair value through profit or loss (continued)

The following valuation approaches are applied for the subsequent measurement of the fair value of the underlying investments of the Old Mutual Midina Fund:

- Discounted cash flow model
- Comparable company valuation multiples
- Comparable market pricing

Inter-relationship between key unobservable inputs and Level 3 fair value measurement:

Key unobservable input	Fair value measurement impact
Future cash flows	Higher cash flows = Higher fair value
Discount rate	Lower discount rate = higher fair value
Adjustment to multiples comparable companies	Higher multiple = Higher fair value
Market value of properties not completed	Higher estimated value = higher fair value
Comparable sales of houses in the area	Higher comparable sales value = higher fair value

International investments denominated in foreign currencies were translated to Rands at the closing exchange rates at 31 December 2023 of:

$1 = R18.28 (2022: $1 = R16.93)

N$1 = R1.00 (2022: N$1 = R1.00)

	Group	
Analysis of movements in financial assets held at fair value through profit or loss:	2023 R'm	2022 R'm
Opening balance	53 898	52 788
Additions	88 049	66 961
Disposals at carrying value	(86 467)	(61 781)
Fair value net gains/ (losses)	3 612	(4 703)
Foreign currency translation gains	444	304
Accrued interest movements	409	328
Closing balance	59 945	53 897
The spread of investments by sector:		
Industrial (%)	39.3%	44.5%
Financial (%)	35.9%	26.2%
Resources (%)	24.8%	29.3%
Maturity profile of fixed interest investments:		
Due in 1 year or less	2 262	2 354
Due between 1 year and 5 years	6 987	6 215
Due between 5 years and 10 years	4 162	3 277
Due after 10 years	7 754	8 253
	21 165	20 099

7. Financial assets – investments at fair value through profit or loss (continued)

Cash proceeds on disposal of financial assets presented in the Consolidated Statement of Cash Flows

	2023 R'm	2022 R'm
Disposals at carrying value	86 467	61 781
Net realised gains on disposal of financial assets	285	2 405
Redemptions by outside unit trust holders (Note 16)	(1 860)	(420)
Foreign exchange realised gains on financial assets	117	56
Non-cash disposal of financial assets – script transfer between asset managers and Life funds (Note 32)	(5 975)	(5 234)
Proceeds on disposal of financial assets	79 034	58 588

Cash purchases of financial assets presented in the Consolidated Statement of Cash Flows

	2023 R'm	2022 R'm
Acquisitions at carrying value	88 049	66 961
Investments by outside unit trust holders (Note 16)	(2 793)	(1 939)
Non-cash acquisitions: script transfer between asset managers and Life funds (Note 32)	(5 948)	(5 234)
Non-cash dividends re-invested (Note 32)	(69)	(103)
Non-cash interest re-invested (Note 32)	(176)	(120)
Cash purchases of financial assets	79 063	59 565

8. Short-term insurance liabilities

8.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims

Non-life risk	Short Term Insurance Motor & Household			Short Term Insurance Healthcare Professional Indemnity			
		Liabilities for incurred claims			Liabilities for incurred claims		
2023 R'm	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities as at 1 January	–	32	1	2	66	17	118
Insurance revenue							
Other contracts [(a)]	(2)	–	–	(101)	–	–	(103)
Insurance service expenses							
Incurred claims and other directly attributable expenses	–	134	6	–	30	(6)	164
Changes that relate to past service	–	(2)	(6)	–	(31)	–	(39)
Total Insurance service expenses	–	132	–	–	(1)	(6)	125
Insurance service result	(2)	132	–	(101)	(1)	(6)	22
Finance expenses (income) from insurance contracts issued	–	–	–	–	4	1	5
Total amounts recognised in profit or loss	(2)	132	–	(101)	3	(5)	27

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2023

8. Short-term insurance liabilities (continued)

8.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Non-life risk

	Short Term Insurance Motor & Household			Short Term Insurance Healthcare Professional Indemnity			
		Liabilities for incurred claims			Liabilities for incurred claims		
2023 **R'm**	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Cash flows							
Premiums received	2	–	–	101	–	–	103
Claims and other directly attributable expenses	–	(128)			(3)		(131)
Total cash flows	2	(128)	–	101	(3)	–	(28)
Other movements	–	–	–	–	21	–	21
Insurance contract liabilities at 31 December	–	36	1	2	87	12	138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2023

8. Short-term insurance liabilities (continued)

8.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Non-life risk

	Short Term Insurance Motor & Household			Short Term Insurance Healthcare Professional Indemnity			
		Liabilities for incurred claims			Liabilities for incurred claims		
2022 **R'm**	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities as at 1 January	1	23	1	2	34	9	70
Insurance revenue							
Other contracts [a]	(2)	–	–	(70)	–	–	(72)
Insurance service expenses							
Incurred claims and other directly attributable expenses	–	116	(5)	–	27	(1)	137
Changes that relate to past service	–	–	5	–	5	9	19
Total Insurance service expenses	–	116	–	–	32	8	156
Insurance service result	(2)	116	–	(70)	32	8	84
Finance expenses (income) from insurance contracts issued	–	–	–	–	1	–	1
Total amounts recognised in profit or loss	(2)	116	–	(70)	33	8	85

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2023

8. Short-term insurance liabilities (continued)

8.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

Non-life risk

2022 **R'm**	Short Term Insurance Motor & Household			Short Term Insurance Healthcare Professional Indemnity			
		Liabilities for incurred claims			Liabilities for incurred claims		
	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Liability for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Cash flows							
Premiums received	2	–	–	70	–	–	72
Claims and other directly attributable expenses	–	(107)	–	–	(1)	–	(108)
Total cash flows	2	(107)	–	70	(1)	–	(36)
Other movements	(1)	–	–	–	–	–	(1)
Insurance contract liabilities at 31 December	–	32	1	2	66	17	118

(a) The short-term insurance contracts applied the full retrospective transition approach

8. Short-term insurance liabilities (continued)

8.2 Short-term insurance contracts – assumptions (continued)

Liability for remaining coverage

Insurance acquisition cash flows

The Group is eligible and chooses to recognise acquisition cash flows as an expense immediately as incurred for the short-term insurance contracts issued. This is because all insurance contracts issued have a coverage period of one year or less.

Onerous groups

Where applicable, for groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods, as well as an expected Ultimate Loss Ratio method.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses based on the observed development of earlier years and expected loss ratios. Historical claims are analysed by origin period. Large or catastrophe claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future to arrive at the estimated ultimate cost of claims that present the expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The Group also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered in the measurement of ultimate claims costs.

8. Short-term insurance liabilities (continued)

8.2 Short-term insurance contracts – assumptions (continued)

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates are determined with reference to the yields published by the Prudential Authority and prescribed for use within the Prudential Standards.

Discount rates applied for discounting of future cash flows are listed below:

		1 year			3 year		
Product	**Currency**	2021	2022	2023	2021	2022	2023
Personal Lines	ZAR	5.5%	8.1%	8.6%	6.7%	8.7%	8.9%
Commercial Lines	ZAR	5.5%	8.1%	8.6%	6.7%	8.7%	8.9%
Health Professional Indemnity	ZAR	5.5%	8.1%	8.6%	6.7%	8.7%	8.9%

		5 year			10 year		
Product	**Currency**	2021	2022	2023	2021	2022	2023
Personal Lines	ZAR	8.3%	9.6%	9.7%	10.7%	11.9%	12.1%
Commercial Lines	ZAR	8.3%	9.6%	9.7%	10.7%	11.9%	12.1%
Health Professional Indemnity	ZAR	8.3%	9.6%	9.7%	10.7%	11.9%	12.1%

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at least at the 60th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to at least the 60th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

8. Short-term insurance liabilities(continued)

8.3 Claims development

Disclosure of actual claims compared with previous estimates

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the below claims development disclosure as at 31 December 2023:

	Accident year						
R'm	2018	2019	2020	2021	2022	2023	Total
Gross of reinsurance							
Estimates of undiscounted gross cumulative claims	106	113	100	104	153	198	773
At end of accident year							
One year later	109	122	104	121	163	198	–
Two years later	104	116	113	114	153	–	–
Three years later	104	116	99	104	–	–	–
Four years later	104	112	100			–	–
Five years later	104	113				–	–
Six years later	106					–	–
Cumulative gross claims paid and other directly attributable expenses paid	(104)	(110)	(96)	(89)	(118)	(110)	(628)
Gross cumulative claims liabilities for accident years from 2014 to 2023	1	2	4	14	35	88	144
Effect of discounting							(10)
Gross liabilities for incurred claims	1	2	4	14	35	88	134
Net of reinsurance							
Estimates of undiscounted net cumulative claims	106	113	99	102	149	192	760
At end of accident year							
One year later	109	122	102	118	158	192	
Two years later	104	116	110	111	149		
Three years later	104	116	98	102			
Four years later	104	112	99				
Five years later	104	113					
Six years later	106						
Cumulative net claims paid and other directly attributable expenses paid	(104)	(110)	(95)	(89)	(117)	(110)	(625)
Net cumulative claims liabilities for accident years from 2014 to 2023	1	2	4	13	32	82	134
Effect of discounting							(9)
Net liabilities for incurred claims	1	2	4	13	32	82	125

9. Insurance contract liabilities and reinsurance contracts

9.1 Portfolios of insurance and reinsurance contract assets and liabilities

	2023				2022			
R'm	Insurance contract liabilities	Re-insurance contract assets	Short-Term insurance contract liabilities	Re-insurance contract liabilities	Insurance contract liabilities	Re-insurance contract assets	Short-Term insurance contract liabilities	Re-insurance contract liabilities
Life Risk: Participating	41 076	–	–	–	38 282	–	–	–
Life Risk: Non-participating	1 886	–	–	–	1 541	–	–	–
Short-Term products	–	–	138	–	–	–	118	–
Life Risk: Reinsurance contracts held	–	1 479	–	–	–	1 310	–	–
Short-term: Reinsurance contracts held	–	86	–	17	–	72	–	13
Total	42 962	1 565	138	17	39 823	1 382	118	13
Note	10.1, 10.2, 12	11.1, 11.2, 11.3	8.1	11.3	10.1, 10.2, 12	11.1, 11.2, 11.3	8.1	11.3

9. Insurance contract liabilities and reinsurance contracts

9.2 Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts for the year.

Insurance contracts

	Profitable contracts		
2023 **R'm**	Life Risk: Participating	Non-participating	Total
Claims and other insurance service expenses payable	248	78	326
Insurance acquisition cash flows	621	9	630
Estimates of present value of cash outflows	869	87	956
Estimates of present value of cash inflows	(1 151)	(183)	(1 334)
Risk adjustment for non-financial risk	282	3	285
CSM	–	93	93
Losses recognised on initial recognition	–	–	–

	Profitable contracts		
2022 **R'm**	Life Risk: Participating	Life Risk: Non-participating	Total
Claims and other insurance service expenses payable	5 509	113	5 622
Insurance acquisition cash flows	599	8	607
Estimates of present value of cash outflows	6 108	121	6 229
Estimates of present value of cash inflows	(6 621)	(246)	(6 867)
Risk adjustment for non-financial risk	513	9	522
CSM	–	116	116
Losses recognised on initial recognition	–	–	–

Reinsurance contracts

2023 **R'm**	Contacts without loss-recovery component	Contracts initiated with loss-recovery component	Total
Estimates of present value of cash inflows	(642)	–	(642)
Estimates of present value of cash outflows	726	–	726
Risk adjustment for non-financial risk	(26)	–	(26)
CSM	(58)		(58)
Income recognised on initial recognition	–	–	–

2022 **R'm**	Contacts without loss-recovery component	Contracts initiated with loss-recovery component	Total
Estimates of present value of cash inflows	(953)	–	(953)
Estimates of present value of cash outflows	1 073	–	1 073
Risk adjustment for non-financial risk	(42)	–	(42)
CSM	(78)	–	(78)
Income recognised on initial recognition	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2023

10. PPS Profit-Share accounts and Long-term insurance contract liabilities
10.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims

The following table presents the reconciliation from the opening to the closing balances of the liability for the remaining coverage and the liability for incurred claims component:

	Life Risk: Participating			Life Risk: Non-participating		
2023 R'm	Liability for remaining coverage excluding Profit-Share accounts	PPS Profit-Share accounts	Liability for incurred claims	Liability for remaining coverage	Liability for incurred claims	Total
Insurance contract liabilities as at 1 January	4 986	32 293	1 001	1 457	86	39 823
Insurance revenue	(4 255)	–	–	(595)	–	(4 850)
Contracts under the fair value transition approach	(122)	–	–	(578)	–	(700)
Other contracts	(4 133)	–	–	(17)	–	(4 150)
Insurance service expenses						
Incurred claims and other directly attributable expenses	–	–	4 552	–	391	4 943
Insurance acquisition cash flows amortisation	(43)	–	43	(1)	1	–
Total Insurance service expenses	(43)	–	4 595	(1)	392	4 943
Insurance service result	(4 298)	–	4 595	(596)	392	93
Finance expenses (income) from insurance contracts issued	(1 286)	–	–	593	–	(693)
Total amounts recognised in profit or loss	(5 584)	–	4 595	(3)	392	(600)
Movements related to PPS Profit-Share Accounts						
Cessation benefits: PSA	–	(2 114)	2 114	–	–	–
Early access charges	–	(27)	–	–	–	(27)
Year end allocations	–	4 532	45	–	–	4 577
Total movements related to the PPS Profit-Share Account	–	2 391	2 159	–	–	4 550

10. PPS Profit-Share accounts and Long-term insurance contract liabilities

10.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

	Life Risk: Participating			Life Risk: Non-participating		
2023 **R'm**	Liability for remaining coverage excluding Profit-Share accounts	PPS Profit-Share accounts	Liability for incurred claims	Liability for remaining coverage	Liability for incurred claims	Total
Transfers						
Transfer to Property, plant and equipment	–	–	(27)	–	(1)	(28)
Transfer to Intangible assets	–	–	(57)	–	(14)	(71)
Transfer to Employee-related obligations	–	–	(80)	–	(4)	(84)
Transfer from Revaluation reserve	(4)	–	–	–	–	(4)
Total transfers	(4)	–	(164)	–	(19)	(187)
Other movements	(297)	–	(35)	–	516	184
Cash flows						
Premiums received	5 854	–	–	320	–	6 174
Claims and other directly attributable expenses	–	–	(3 464)	–	(848)	(4 312)
PPS Profit-share accounts paid to policyholders	–	–	(1 948)	–	–	(1 948)
Insurance acquisition cash flows	–	–	(709)	–	(13)	(722)
Total cash flows	5 854	–	(6 121)	320	(861)	(808)
Insurance contract liabilities at 31 December	4 955	34 684	1 435	1 774	114	42 962

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2023

10. PPS Profit-Share accounts and Long-term insurance contract liabilities

10.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

	Life Risk: Participating			Life Risk: Non-participating		
2022 R'm	Liability for remaining coverage excluding Profit-Share accounts	PPS Profit-Share accounts	Liability for incurred claims	Liability for remaining coverage	Liability for incurred claims	Total
Insurance contract liabilities as at 1 January	5 175	33 290	1 072	1 175	175	40 887
Insurance revenue	(3 716)	–	–	(384)	–	(4 100)
Contracts under the fair value transition approach	–	–	–	(364)	–	(364)
Other contracts	(3 716)	–	–	(20)	–	(3 736)
Insurance service expenses						
Incurred claims and other directly attributable expenses	–	–	3 871	–	458	4 329
Insurance acquisition cash flows amortisation	(33)	–	33	(1)	1	–
Insurance service expenses	(33)	–	3 904	(1)	459	4 329
Insurance service result	(3 749)	–	3 904	(385)	459	229
Finance expenses (income) from insurance contracts issued	(1 390)	–	–	384	–	(1 006)
Total amounts recognised in profit or loss	(5 139)	–	3 904	(1)	459	(777)
Movements related to the PPS Profit-Share Account						
Cessation benefits: PSA	–	(1 616)	1 616	–	–	–
Year end allocations	–	619	–	–	–	619
Total movements related to the PPS Profit-Share Accounts	–	(997)	1 616	–	–	619

10. PPS Profit-Share accounts and Long-term insurance contract liabilities

10.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

2022 R'm	Life Risk: Participating Liability for remaining coverage excluding Profit-Share accounts	PPS Profit-Share accounts	Liability for incurred claims	Life Risk: Non-participating Liability for remaining coverage	Liability for incurred claims	Total
Transfers						
Transfer to Property, plant and equipment	–	–	(25)	–	(1)	(26)
Transfer to Intangible assets	–	–	(53)	–	(13)	(66)
Transfer to Employee-related obligations	–	–	(77)	–	(3)	(80)
Transfer from Revaluation reserve	9	–	–	–	–	9
Total transfers	9	–	(155)	–	(17)	(163)
Other movements	(462)	–	495	–	164	197
Cash flows						
Premiums received	5 403	–	–	283	–	5 686
Claims and other directly attributable expenses	–	–	(3 210)	–	(681)	(3 891)
PPS Profit-Share accounts paid to policyholders	–	–	(2 014)	–	–	(2 014)
Insurance acquisition cash flows	–	–	(707)	–	(14)	(721)
Total cash flows	5 403	–	(5 931)	283	(695)	(940)
Insurance contract liabilities at 31 December	4 986	32 293	1 001	1 457	86	39 823

	2023 R'm	2022 R'm
Insurance contract liabilities at 31 December	42 962	**39 823**
Current	1 274	**911**
Non-current	41 689	**38 912**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2023

10. PPS Profit-Share accounts and Long-term insurance contract liabilities

10.2 Reconciliation of measurement components of insurance contract liabilities

The following table presents the reconciliation from the opening to the closing balances of the insurance contract liability analysed by components:

	Life Risk: Participating			Life Risk: Non-Participating				
						CSM		
2023 R'm	Estimates of present value of future cash flows	PPS Profit-Share accounts	Risk adjustment for non-financial risk	PV of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	Other contracts	Total
Insurance contract liabilities as at 1 January	(155)	32 294	6 142	(2 808)	733	3 272	346	39 823
Changes that relate to current service								
CSM recognised for the services provided	–	–	–	–	–	(444)	(23)	(467)
Change in risk adjustment for the risk expired and notional interest accreted	–	–	208	–	17	–	–	225
Experience adjustments - relating to insurance service expenses	422	–	–	(126)	–	–	–	296
	422	–	208	(126)	17	(444)	(23)	54
Changes that relate to past service								
Experience adjustments - premiums that relate to past service	(333)	–	–	372	–	–	–	39
	(333)	–	–	372	–	–	–	39
Insurance service result	89	–	208	246	17	(444)	(23)	93
Finance (income) expenses from insurance contracts issued	187	–	(1 472)	378	–	193	21	(693)
Total amounts recognised in profit or loss	276	–	(1 264)	624	17	(251)	(2)	(600)

10. PPS Profit-Share accounts and Long-term insurance contract liabilities

10.2 Reconciliation of measurement components of insurance contract liabilities (continued)

	Life Risk: Participating			Life Risk: Non-Participating				
						CSM		
2023 R'm	Estimates of present value of future cash flows	PPS Profit-Share accounts	Risk adjustment for non-financial risk	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	Other contracts	Total
Movements related to the PPS Profit-Share Account								
Cessation benefits: PSA	2 114	(2 114)	–	–	–	–	–	–
Early access charges	–	(27)	–	–	–	–	–	(27)
Year end allocations	45	4 532	–	–	–	–	–	4 577
	2 159	2 391	–	–	–	–	–	4 550
Transfers	(169)			(18)				(187)
Changes that adjust the CSM through the statement of financial position	–	–	–	(3 259)	(211)	3 434	36	–
Changes that adjust the Risk adjustment through the statement of financial position	–	–	–	80	(80)	–	–	–
Other movements	(332)	–	–	516	–	–	–	184
Cash flows								
Premiums received	5 854	–	–	320	–	–	–	6 174
Claims and other directly attributable expenses	(3 464)	–	–	(848)	–	–	–	(4 312)
Cessation benefits: PSA	(1 948)	–	–	–	–	–	–	(1 948)
Insurance acquisition cash flows	(709)	–	–	(13)	–	–	–	(722)
Total cash flows	(267)	–	–	(541)	–	–	–	(808)
Insurance contract liabilities at 31 December	1 512	34 685	4 878	(5 406)	459	6 455	380	42 962

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2023

10. PPS Profit-Share accounts and Long-term insurance contract liabilities

10.2 Reconciliation of measurement components of insurance contract liabilities (continued)

2022 R'm	Life Risk: Participating			Life Risk: Non-Participating				
						CSM		
	Estimates of present value of future cash flows	PPS Profit share accounts	Risk adjustment for non-financial risk	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	Other contracts	Total
Insurance contract liabilities as at 1 January	670	33 291	5 576	(2 995)	685	3 471	189	40 887
Changes that relate to current service								
CSM recognised for the services provided	–	–	–	–	–	(206)	(19)	(225)
Change in risk adjustment for the risk expired and notional interest accreted	–	–	34		3	–	–	36
Experience adjustments - relating to insurance service expenses	490	–	–	(80)	–	–	–	410
	490	–	34	(80)	3	(206)	(19)	221
Changes that relate to past service								
Experience adjustments - premiums that relate to past service	(369)	–	–	377	–	–	–	8
	(369)	–	–	377	–	–	–	8
Insurance service result	121	–	34	297	3	(206)	(19)	229
Finance (income) expenses from insurance contracts issued	(1 922)	–	532	230	–	142	12	(1 006)
Total amounts recognised in profit or loss	(1 801)	–	566	527	3	(64)	(7)	(777)

10. PPS Profit-Share accounts and Long-term insurance contract liabilities

10.2 Reconciliation of measurement components of insurance contract liabilities (continued)

	Life Risk: Participating			Life Risk: Non-Participating				
						CSM		
2022 R'm	Estimates of present value of future cash flows	PPS Profit-Share accounts	Risk adjustment for non-financial risk	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	Other contracts	Total
Movements related to the PPS Profit-Share Account								
Cessation benefits: PSA	1 616	(1 616)	–	–	–	–	–	–
Year end allocations	–	619	–	–	–	–	–	619
	1 616	(997)	–	–	–	–	–	619
Transfers	(146)			(17)				(163)
Changes that adjust the CSM through the statement of financial position	–	–	–	11	(40)	(135)	164	–
Changes that adjust the RA through the statement of financial position	–	–	–	(85)	85	–	–	–
Other movements	34	–	–	163	–	–	–	197
Cash flows								
Premiums received	5 403	–	–	283				5 686
Claims and other directly attributable expenses	(3 210)	–	–	(681)				(3 891)
Cessation benefits: PSA	(2 014)	–	–	–				(2 014)
Insurance acquisition cash flows	(707)	–	–	(14)				(721)
Total cash flows	(528)	–	–	(412)	–	–	–	(940)
Insurance contract liabilities at 31 December	(155)	32 294	6 142	(2 808)	733	3 272	346	39 823

10. PPS Profit-Share accounts and Long-term insurance contract liabilities (continued)

10.3 Assumptions, change in assumptions and sensitivities

(a) Process used to decide on assumptions

The assumptions used for the insurance contracts disclosed in this note are as follows:

- *Mortality*

  Estimates are determined as to the expected future mortality experience. The estimates of mortality claims are derived from the experience of the Company over the preceding three to five years. The main sources of uncertainty are epidemics such as AIDS and wide-ranging lifestyle changes, such as eating, smoking and exercise habits. These uncertainties could result in future mortality being significantly worse than in the past. However, continuing improvements in medical care and social conditions could result in improvements in longevity.

- *Morbidity*

  Estimates are determined as to the expected number of temporary and permanent incapacity claims for each of the years in which the Group is exposed to risk. The estimates of disability and dread disease claims are derived from the experience of the Group over the preceding three to five years. The main source of uncertainty is epidemics such as AIDS, SARS, economic conditions and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits. These uncertainties could result in future morbidity being worse than in the past for the age groups in which the Group has significant exposure to morbidity risk. The estimated morbidity experience determines the value of the future benefit payments in the policy liabilities.

- *Persistency*

  Estimates are determined as to the future rate at which policyholders will terminate their contracts prior to the original maturity date. These estimates are based on the experience of the business over the preceding three to five years. The future termination rates will vary with economic conditions, the profitability of the business and with changes in consumer behaviour.

- *Investment returns*

  Risk-free fixed interest securities: the risk-free rates are based on the gross redemption yield of the Prudential Authority's nominal yield curve.

- *Renewal expense level and inflation*

  Estimates are determined as to the future level of administration costs to be incurred in administering the policies in force at the current year-end, using a functional cost approach. This approach allocates expenses between policy and overhead expenses and within policy expenses, between new business, maintenance and claims. These future costs are assumed to increase each year in line with an assumed inflation rate. The assumed inflation rate is set at a level consistent with the assumed future investment returns. Variations in administration costs will arise from any cost reduction exercises implemented by management or from cost overruns relative to budget.

  The current level of expenses is taken as an appropriate expense base. Expense inflation is derived from the Prudential Authority's nominal and real yield curves.

- *Tax*

  It has been assumed that current tax legislation and rates continue unaltered. Allowance is made for future tax and tax relief.

- *Future profit allocations*

  The assumed future profit allowance on the liabilities is in line with the Group's past practice and members' reasonable expectations.

10. PPS Profit-Share accounts and Long-term insurance contract liabilities (continued)

10.3 Assumptions, change in assumptions and sensitivities (continued)

- *Incurred but not reported (IBNR)*

  The IBNR liability calculation is based on run-off tables using historical data from 2013 to 2023. Due to the short term over which these liabilities will be settled, no allowance is made for claims handling expenses, claims inflation, adjustments for trends, unusual claims or loss ratios. Furthermore, the IBNR liability is undiscounted.

- *Change in assumptions*

  The assumptions used to calculate the liabilities are updated annually to reflect current best estimates of future experience. Changes to the assumptions will result in changes to the amount of the liability for remaining coverage and incurred claims. The impact of the changes are offset against the allowance in the liability for future bonus allocations. Consequently the aggregate value of the policy liabilities will be unchanged as a result of changes to the assumptions.

(b) Sensitivity analysis

The following tables present the sensitivity in the key valuation assumptions of the value of the future bonuses included in the insurance contract liabilities disclosed in this note to movements in the assumptions used in the estimation of these liabilities. The impact of a deviation from the best estimate assumption for all future years on a per policy basis on the liability is shown. This basis differs from the IFRS17 basis and hence the liability is not included elsewhere in the financial statements

Variable	Change in Variable	Change in liability 2023 R'm	% change	Change in liability 2022 R'm	% change
Liability		5 383		5 017	
Worsening in mortality	10%	1 279	23.80%	1 605	32.00%
Worsening of morbidity rates	10%	2 394	44.50%	2 586	51.54%
Worsening of PI inception rate	10%	1 696	31.50%	921	18.36%
Lowering of investment returns	-1%	1 755	32.60%	1 750	34.89%
Lowering of terminations	-10%	504	9.40%	329	6.56%
Worsening of maintenance expense level	10%	1 376	25.60%	1 175	23.42%
Worsening of expense inflation rate	10%	1 960	36.40%	1 124	22.40%

The above analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in interest rate and change in market values; change in lapses and future mortality.

The size of the sensitivities were chosen to illustrate the impacts for changes in key variables that would have a significant impact on the future bonuses, as well as mainly chosen to facilitate comparison with the sensitivities disclosed by other major insurers.

10. PPS Profit-Share accounts and Long-term insurance contract liabilities (continued)

10.3 Assumptions, change in assumptions and sensitivities (continued)

(b) Sensitivity analysis

2023 R'm	Change in Assumptions %	Impact on CSM Gross of reinsurance	Impact on CSM net of reinsurance
Mortality	10%	(940)	(719)
Morbidity	10%	(224)	(164)
Terminations	-10%	322	317
Maintenance expenses	10%	(98)	(98)
Expense inflation	10%	(5)	(5)

2022 R'm	Change in Assumptions %	Impact on CSM Gross of reinsurance	Impact on CSM net of reinsurance
Mortality	10%	(1 588)	(1 206)
Morbidity	10%	(266)	(198)
Terminations	-10%	(57)	(60)
Maintenance expenses	10%	(106)	(106)
Expense inflation	10%	(2)	(2)

The sensitivities above illustrating the impact on the CSM in key valuation assumption of the non-participating portfolio which relates to a small portion of the total liabilities as the participating portfolio does not have a CSM.

11. Reinsurance contract assets

11.1 Reconciliation of the remaining coverage and incurred claims

The following table presents the reconciliation from the opening to closing balances of the net asset for the remaining coverage and the assets for incurred claims recoverable from reinsurance.

2023 R'm	Remaining coverage component	Incurred claims component	Total
Reinsurance contract assets as at 1 January	1 029	281	1 310
Incurred claims recovery	–	720	720
Reinsurance expenses	(645)	–	(645)
Changes in incurred claims risk adjustment	–	7	7
Net income/(expenses) from reinsurance contracts held	(645)	727	82
Finance income from reinsurance contracts	(113)	–	(113)
Total amounts recognised in profit or loss	(758)	727	(31)
Cash flows			
Premium paid net of ceding commissions and other directly attributable expenses	673	–	673
Recoveries from reinsurance	–	(473)	(473)
Total cash flows	673	(473)	200
Reinsurance contract assets as at 31 December	944	535	1 479

2022 R'm	Remaining coverage component	Incurred claims component	Total
Reinsurance contract assets as at 1 January	1 011	436	1 447
Incurred claims recovery	–	466	466
Reinsurance expenses	(639)	–	(639)
Changes in incurred claims risk adjustment	–	(1)	(1)
Net income/(expenses) from reinsurance contracts held	(639)	465	(174)
Finance income from reinsurance contracts	52	–	52
Total amounts recognised in profit or loss	(586)	465	(121)
Other movements			
Non-cash reinsurance movement	–	(14)	(14)
Cash flows			
Premium paid net of ceding commissions and other directly attributable expenses	604	–	604
Recoveries from reinsurance	–	(607)	(607)
Total cash flows	604	(607)	(3)
Reinsurance contract assets as at 31 December	1 029	281	1 310

11. Reinsurance contract assets (continued)

11.2 Reconciliation of measurement components of reinsurance contract balances

The following table presents the reconciliation from the opening to the closing balances of the net asset for reinsurance contracts held analysed by component:

			CSM		
2023 **R'm**	Estimate of Present value of future cash flows	Risk adjust-ment for non-financial risk	Contracts under fair value approach	Other contracts	Total
Reinsurance contract assets as at 1 January	(2 057)	905	1 840	621	1 310
Changes relating to current service					
CSM recognised for the services received	–	–	(59)	(45)	(104)
Change in risk adjustment for non-financial risk for the risk expired and notional interest accreted		32	–	–	32
Experience adjustments - relating to incurred claims and other directly attributed expenses recovery	153	–	–	–	153
Total changes relating to current service	153	32	(59)	(45)	81
Net income/(expenses) from reinsurance contracts held	153	32	(59)	(45)	81
Finance income (expenses) from reinsurance contracts held	(239)	–	88	39	(112)
Total amounts recognised in profit or loss	(86)	32	29	(6)	(31)
Changes that adjust the CSM through the statement of financial position	848	(45)	(713)	(90)	–
Changes that adjust the RA through the statement of financial position	100	(100)	–	–	–
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	673	–	–	–	673
Recoveries from reinsurance	(473)	–	–	–	(473)
Total cash flows	200	–	–	–	200
Reinsurance contract assets as at 31 December	(995)	792	1 156	525	1 479

11. Reinsurance contract assets (continued)

11.2 Reconciliation of measurement components of reinsurance contract balances (continued)

			CSM		
2022 **R'm**	Estimates of Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value approach	Other contracts	Total
Reinsurance contract assets as at 1 January	(1 660)	748	1 619	740	1 447
Changes relating to current service					
CSM recognised for the services received	–	–	(97)	(46)	(144)
financial risk for the risk expired and notional interest accreted	–	19	–	–	19
Experience adjustments – relating to incurred claims and other directly attributed expenses recovery	(49)	–	–	–	(49)
Total changes relating to current service	(49)	19	(97)	(46)	(174)
Net income/(expenses) from reinsurance contracts held	(49)	19	(97)	(46)	(174)
Finance income (expenses) from reinsurance contracts held	(50)	–	66	37	52
Total amounts recognised in profit or loss	(99)	19	(32)	(10)	(121)
Changes that adjust the CSM through the statement of financial position	(207)	63	253	(109)	–
Changes that adjust the RA through the statement of financial position	(74)	74	–	–	–
Other movements					
Non-cash reinsurance movement	(14)	–	–	–	(14)
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	604	–	–	–	604
Recoveries from reinsurance	(607)	–	–	–	(607)
Total cash flows	(3)	–	–	–	(3)
Reinsurance contract assets as at 31 December	(2 057)	905	1 840	621	1 310

11. Reinsurance contract assets

11.3 Reconciliation of the remaining coverage and incurred claims

The following table presents the reconciliation from the opening to closing balances of the net asset for the remaining coverage and the assets for incurred claims recoverable from reinsurance.

	Short-Term Insurance Reinsurance held			
		Amounts recoverable for incurred claims		
2023 **R'm**	Asset for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contract assets/(liabilities) as at 1 January	(13)	57	15	59
Allocation of reinsurance premiums paid	(104)	–	–	(104)
Incurred claims recovery	–	26	10	36
Changes in incurred claims risk adjustment	–	(17)	(16)	(33)
Net income/(expenses) from reinsurance contracts held	(104)	9	(6)	(101)
Finance income from reinsurance contracts	–	4	1	5
Total amounts recognised in profit or loss	(104)	13	(5)	(96)
Cash flows				
Premium paid net of ceding commissions and other directly attributable expenses	100	(10)	–	90
Recoveries from reinsurance	–	(2)	–	(2)
Total cash flows	100	(12)	–	88
Other Movements	–	18	–	18
Reinsurance contract assets/(liabilities) as at 31 December	(17)	76	10	69

11. Reinsurance contract assets (continued)

11.3 Reconciliation of the remaining coverage and incurred claims (continued)

	Short-Term Insurance Reinsurance held			
		Amounts recoverable for incurred claims		
2022 **R'm**	Asset for remaining coverage	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contract assets/(liabilities) as at 1 January	(9)	27	7	25
Allocation of reinsurance premiums paid	(71)	–	–	(71)
Incurred claims recovery	–	29	(0)	29
Changes in the loss-recovery component	–	1	8	9
Changes in incurred claims risk adjustment	–	2	(1)	1
Net income/(expenses) from reinsurance contracts held	(71)	31	7	(33)
Finance income from reinsurance contracts	–	1	0	1
Total amounts recognised in profit or loss	(71)	32	8	(31)
Cash flows				
Premium paid net of ceding commissions and other directly attributable expenses	67	(1)	–	66
Total cash flows	67	(1)	–	66
Reinsurance contract assets/(liabilities) as at 31 December	(13)	57	15	59

12. Contractual service margin

The following table shows an analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss.

2023 R'm	Less than 1 year	In 1 to 3 years	In 4 to 5 years	> 5 years	Total
Insurance contracts					
Life Risk: Non-participating	163	335	356	5 980	6 834
Total CSM for insurance contracts	163	335	356	5 980	6 834
Reinsurance contracts					
Reinsurance contracts outwards	(26)	(53)	(55)	(1 546)	(1 680)
Total CSM for reinsurance contracts	(26)	(53)	(55)	(1 546)	(1 680)

2022 R'm	Less than 1 year	In 1 to 3 years	In 4 to 5 years	> 5 years	Total
Insurance contracts					
Life Risk: Non-participating	69	144	155	3 249	3 617
Total CSM for insurance contracts	69	144	155	3 249	3 617
	–	–	–	–	–
Reinsurance contracts	–	–	–	–	–
Reinsurance contracts outwards	(33)	(68)	(71)	(2 288)	(2 461)
Total CSM for reinsurance contracts	(33)	(68)	(71)	(2 288)	(2 461)

The CSM represents the unearned profit of a group of contracts and, when measured at inception, results in no profit arising at the outset. A CSM is not required to be set up for PPS' participating contracts as the net cash flows of these contracts are eventually returned to policyholders with a residual interest whether these are current or future policyholders. The participating contracts will not be reflected in this note as a result thereof.

13. Receivables

	Group 2023 R'm	Restated* 2022 R'm
Receivables	1 842	1 070
accrued interest	523	213
accrued dividends	8	27
loan to PPS Mutual and related parties [c]	814	582
less allowance for impairment loss of loan to PPS Mutual [a]	(234)	(234)
receivables from investment property lessees	7	9
less allowance for impairment of receivables from investment property lessees [b]	(4)	(4)
sundry receivables[d]	728	477
Prepayments	43	29
Total receivables including prepayments	1 885	1 099
Current	930	606
Non-current	955	493
Fair value of receivables held at amortised cost	1 842	1 070
[a] Allowances for impairment losses of loan to PPS Mutual		
Specific allowances for impairment		
At beginning of year	(234)	(234)
At end of year	(234)	(234)
[b] Allowances for impairment losses of receivables from investment property lessees		
Specific allowances for impairment		
At beginning of year	(4)	(3)
Impairment loss recognised	–	(2)
Impairment loss written off	–	1
At end of year	(4)	(4)

(c) Included in the 2023 related party balance is an additional loan of R201 million to PPS Mutual in Australia. This loan is part of the funding of PPS Mutual's capital requirements.
There's also R30 million related party balance with PPS New Zealand.

(d) An amount of R429 million is included in sundry receivables relating to an upfront payment to acquire 50% of the issued shares of Ausmanco Proprietary Limited in 2026. This upfront deposit serves as security to the Group's agreed commitment to acquire those shares. The deposit is held under restricted conditions and classified as non-current.

* The initial application of IFRS 17 has a material effect on the information in the prior period, 31 December 2022. The Group is presenting a restated 31 December 2022 receivables to reflect the initial application of IFRS 17.

14. Cash and cash equivalents

	Group 2023 R'm	Group 2022 Restated* R'm
Cash and cash equivalents		
Attributable to Group	814	1 146
Attributable to Unit trusts and pooled funds managed for third parties (Note 16)	2 144	1 769
Total cash and cash equivalents	2 958	2 915
Cash at bank and in hand[c]	2 685	1 936
Cash on call[a]	273	979
Total cash and cash equivalents	2 958	2 915
Unrestricted Cash	2 895	2 915
Restricted Cash	63	–
Total Cash and Cash equivalents [b]	2 958	2 915

(a) Included in the 2023 cash on call is operational cash in the escrow in Australia. This deposit is used to fund the required drawdowns for PPS Mutual's operational needs. As at 31 December 2023 the balance meets the requirements of cash and cash equivalents in terms of IAS 7 and has been presented as such.

(b) The proportion of cash held within the Group's operational bank accounts to fund the working capital of the Group is 89.7% (2022: 65.4%) of total cash and cash equivalents. The balance of the cash is held in bank accounts which are part of the investment portfolio.

(c) The 2022 restated balance includes the impact of foreign currency translation of foreign currency denominated bank account

15. Investment contract liabilities

	Group 2023 R'm	Group 2022 R'm
Level 2 fair value investment contract liabilities		
Linked investment contracts	5 529	4 495
Current	349	436
Non-current	5 180	4 059

All investment contracts are designated on initial recognition as at fair value through profit or loss. The liabilities relating to linked contracts are measured with reference to the underlying assets linked to these contracts. PPS is contractually required to pay linked investment contract holders an amount equal to the fair value of the assets linked to these contracts. Linked contracts do not include any minimum guarantees and hence, there will be no difference between the carrying amount of the assets and the amount payable at the maturity date.

Investment contract liabilities are classified as Level 2, as the assets backing up these liabilities are unit trust funds of which the fair values are derived from the unit prices published by the unit trust fund managers.

Movement table for investment contract liabilities	Group 2023 R'm	Group 2022 R'm
Linked contracts		
Balance at beginning of the year	4 495	4 205
Contributions received during the year	940	793
Fair value of assets backing policyholder liabilities under investment contracts	626	(84)
Administration and other fees	(56)	(39)
Gains/(losses) on financial assets	682	(45)
Benefit payments	(532)	(419)
Balance at end of the year	5 529	4 495

16. Liabilities to outside unit trust holders

	Group 2023 R'm	Group 2022 R'm
Liabilities to outside unit trust holders		
Balance at beginning of the year	15 086	13 347
Investment by outside unit trust holders	2 793	1 939
Redemptions by outside unit trust holders	(1 860)	(420)
Foreign currency translation gains	479	321
Total comprehensive income/(losses) attributable to outside unit trust holders	1 427	(101)
Investment income (dividends and interest income)	1 285	1 049
Gains/(losses) on financial assets	500	(862)
Expenses[(a)]	(358)	(288)
Balance at end of the year	17 925	15 086
Current	17 925	15 086

(a) Expenses comprise asset manager fees, income tax expense and other professional service fees

Liabilities to outside unit trust holders are classified as Level 2, as the fair value of the unit trust funds are derived from unit prices published by the unit trust fund managers.

	Group 2023 R'm	Group 2022 R'm
Net assets backing up liabilities to unit trust holders	17 925	15 086
Financial assets – Investments at fair value through profit or loss (Note 7)	15 465	13 172
Receivables	527	269
Cash and cash equivalents (Note 14)	2 144	1 769
Payables	(211)	(124)

17. Deferred tax

	Group 2023 R'm	Group 2022 R'm
Deferred tax assets attributable to:		
Provisions	93	93
Tax losses carried forward	110	99
End of year [(a)]	203	192
Deferred tax liabilities attributable to:		
Unrealised gains on investments	612	494
Unrealised gains on land and buildings revaluation	2	8
End of year [(b)]	614	502
Non-current asset	203	192
Non-current liability	614	502

The movement in the deferred tax assets and liabilities during the year is as follows:

(a) Deferred tax assets on provisions and computed tax losses

	Group R'm
At 1 January 2022 restated	192
Recognised in profit or loss	4
At 31 December 2022	192
Recognised in profit or loss	11
At 31 December 2023	203

The utilisation of the deferred tax asset in respect of the tax losses is dependent on the relevant Group entities making future taxable profits. The deferred tax asset is assessed as recoverable based on the probability of the future taxable profits of the relevant Group entities.

(b) Deferred tax liabilities

	Group		
	Investments R'm	Land and buildings R'm	Total R'm
At 1 January 2022	791	7	798
Recognised in profit or loss	(296)	–	(296)
Recognised directly in other comprehensive income/(loss)	–	1	1
At 31 December 2022	494	8	502
Recognised in profit or loss	117	–	117
Recognised directly in other comprehensive income/(loss)	–	(5)	(5)
At 31 December 2023	611	3	614

18. Retirement benefit obligations

	Group 2023 R'm	2022 R'm
Statement of Financial Position obligations for:		
– post-employment medical benefits	6	5
	6	5
Statement of profit or loss and comprehensive income charge for (Note 27):		
– post-employment medical benefits	1	1
	1	1

Post-employment medical benefits

The Group provides for the unfunded post-retirement healthcare benefits of those employees and a small number of retirees employed before 4 October 1999, as well as their spouses and dependants. The entitlement to post-retirement healthcare benefits is based on an employee remaining in service up to retirement and completion of a minimum service period.

The amounts recognised in the Statement of Financial Position were determined as follows:

	Group 2023 R'm	2022 R'm
Present value of unfunded obligations	6	5
Liability in the Statement of Financial Position	6	5

The latest actuarial valuation of the Group's post-employment benefits, carried out as at 31 December 2023 indicated a present value of projected future employee benefits amounting to R5.7 million (2022: R5.1 million).

The movement in the post-employment medical benefit obligation was as follows:

	Group 2023 R'm	2022 R'm
Post-employment medical benefit obligations at beginning of the year	5	5
Notional interest cost	2	1
Benefits paid	(1)	(1)
Actuarial (gain)/loss recognised during the year	*	*
Post-employment medical benefit obligations at end of the year	6	5

**Less than R1 million*

18. Retirement benefit obligations (continued)

The amounts recognised in the Statement of Profit or Loss and Comprehensive Income are as follows:

	Group	
	2023 R'm	2022 R'm
Notional interest cost	1	1
Actuarial (gain)/loss recognised during the year	*	*
Total included in employee costs (Note 27)	1	1
The principal actuarial assumptions used in valuing the obligation were as follows:		
Discount rate based on the Long-term Bond Index (%)	10.17	10.53
Medical cost inflation (%)	7.29	7.49

**Less than R1 million*

The assumed rates of mortality are as follows:

During employment:	SA85-90 (Light) ultimate table
Post-employment:	PA(90) ultimate table rated down two years plus 1% improvement per annum (from a base year of 2006)

19. Employee-related obligations

	Group	
	2023 R'm	2022 R'm
Leave pay accrual		
Opening balance	46	43
Charged to the Statement of Profit or Loss and Other Comprehensive Income		
Additional provisions	19	28
Utilised during the year	(14)	(25)
Closing balance	51	46
Current	51	46
Provision for performance-related incentives		
Opening balance	295	270
Additional provisions (executive directors and employees)	215	180
Settled during the year	(200)	(155)
Closing balance	310	295
Current	143	172
Non-current	167	123
Total employee-related obligations	361	341

20. Payables

	Group	
	2023 R'm	2022 Restated* R'm
Foreign currency translation balance	(2)	2
Other payables	273	173
accruals	236	137
employees tax	22	24
sundry creditors	15	12
Lease liabilities [(a)]	32	46
Total payables	303	221
Current	287	196
Non-current	16	25
[(a)] **Reconciliation of lease liabilities**		
Opening balance	46	62
Additions	6	4
Interest	3	4
Payments	(23)	(24)
Closing balance	32	46

* The initial application of IFRS 17 has a material effect on the information in the prior period, 31 December 2022. The Group is presenting a restated 31 December 2022 payables to reflect the application of IFRS 17.

Lease liabilities – Maturity analysis

Group R'm	Carrying amount	Contractual undiscounted cash flows Total cash flows	Within 1 year	2 – 5 years
2023	32	35	20	15
2022	46	50	23	27

21. Analysis of Revenue, Insurance Service Expenses and Net Expenses From Reinsurance Contracts Held

2023 R'm	Participating	Non-participating	Reinsurance outwards	Short-Term Insurance	Short-Term Insurance Reinsurance outwards	TOTAL
INSURANCE REVENUE						
Contracts not measured under the PAA						
Amounts relating to changes in the LRC:						
Expected incurred claims and other directly attributable expenses	4 130	517	–	–	–	4 647
Change in risk adjustment for non-financial risk for the risk expired and notional interest accreted	(208)	(17)	–	–	–	(225)
CSM recognised for the services provided	–	467	–	–	–	467
Experience adjustments arising from premiums received in the period other than those that relate to future service	333	(372)	–	–	–	(39)
Insurance acquisition cash flows recovery	43	1	–	–	–	44
Insurance revenue from contracts not measured under the PAA	4 298	596	–	–	–	4 894
Insurance revenue from contracts measured under the PAA	–	–	–	331	–	331
Total insurance revenue	4 298	596	–	331	–	5 225
Insurance service expenses						
Incurred claims and other directly attributable expenses	(4 553)	(390)	–	(279)	–	(5 222)
Experience adjustments arising from acquistion cash flows	–	(1)	–	–	–	(1)
Changes that relate to past service - changes in the FCF relating to the LIC	–	–	–	7	–	7
Insurance acquisition cash flows amortisation	(43)	(1)	–	–	–	(44)
Total insurance service expenses	(4 596)	(392)	–	(272)	–	(5 260)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2023

21. Analysis of Revenue, Insurance Service Expenses and Net Expenses From Reinsurance Contracts Held (continued)

2023 R'm	Participating	Non-participating	Reinsurance outwards	Short-Term Insurance	Short-Term Insurance Reinsurance outwards	TOTAL
Net income/(expenses) from reinsurance contracts held						
Reinsurance expenses - contracts not measured under the PAA						
Amounts relating to the changes in the remaining coverage:						
Expected incurred claims and other directly attributable expenses recovery	–	–	(541)	–	–	(541)
Change in the Risk adjustment for non-financial risk for the risk expired	–	–	32	–	–	32
CSM recognised for the services received	–	–	(104)	–	–	(104)
Experience adjustments arising from ceded premiums paid in the period other than those that relate to future service	–	–	(25)	–	–	(25)
Reinsurance expenses - contracts not measured under the PAA	–	–	(638)	–	–	(638)
Other incurred directly attributable expenses						
Incurred claims recovery	–	–	720	–	14	734
Reinsurance expenses - contracts measured under the PAA	–	–	–	–	(66)	(66)
Total net expenses from reinsurance contracts held	–	–	82	–	(52)	30
Total insurance service result	(298)	204	82	59	(52)	(5)

21. Analysis of Revenue, Insurance Service Expenses and Net Expenses From Reinsurance Contracts Held (continued)

2022 R'm	Participating	Non-participating	Reinsurance outwards	Short-Term Insurance	Short-Term Insurance Reinsurance outwards	TOTAL
INSURANCE REVENUE						
Contracts not measured under the PAA						
Amounts relating to changes in the LRC:						
Expected incurred claims and other directly attributable expenses	3 380	537	–	–	–	3 918
Change in risk adjustment for non-financial risk for the risk expired and notional interest accreted	(34)	(3)	–	–	–	(36)
CSM recognised for the services provided	–	226	–	–	–	226
Experience adjustments arising from premiums received in the period other than those that relate to future service	369	(377)	–	–	–	(8)
Insurance acquisition cash flows recovery	32	1	–	–	–	33
Insurance revenue from contracts not measured under the PAA	3 748	385	–	–	–	4 133
Insurance revenue from contracts measured under the PAA	–	–	–	271	–	271
Total insurance revenue	3 748	385	–	271	–	4 404
Insurance service expenses						
Incurred claims and other directly attributable expenses	(3 873)	(456)	–	(249)	–	(4 578)
Experience adjustments arising from acquistion cash flows	2	(2)	–	(18)	–	(18)
Insurance acquisition cash flows amortisation	(32)	(1)	–	–	–	(33)
Total insurance service expenses	(3 903)	(459)	–	(267)	–	(4 629)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2023

21. Analysis of Revenue, Insurance Service Expenses and Net Expenses From Reinsurance Contracts Held (continued)

2022 **R'm**	Participating	Non-participating	Reinsurance outwards	Short-Term Insurance	Short-Term Insurance Reinsurance outwards	TOTAL
Net income/(expenses) from reinsurance contracts held						
Reinsurance expenses - contracts not measured under the PAA						
Amounts relating to the changes in the remaining coverage:						
Expected incurred claims and other directly attributable expenses recovery	–	–	(474)	–	–	(474)
Change in the Risk adjustment for non-financial risk for the risk expired	–	–	19	–	–	19
CSM recognised for the services received	–	–	(144)	–	–	(144)
Experience adjustments arising from ceded premiums paid in the period other than those that relate to future service	–	–	(40)	–	–	(40)
Reinsurance expenses - contracts not measured under the PAA	–	–	(639)	–	–	(639)
Incurred claims recovery	–	–	466	–	37	503
Reinsurance expenses - contracts measured under the PAA	–	–	–	–	(52)	(52)
Total net expenses from reinsurance contracts held	–	–	(173)	–	(15)	(188)
TOTAL INSURANCE SERVICE RESULT	(155)	(74)	(173)	4	(15)	(413)

22. Other income

	Group 2023 R'm	Group 2022 Restated* R'm
Revenue from contracts with customers [(a)]	718	590
Rental income	40	47
Total other income [(b)]	758	637
[(a)] **Disaggregation of revenue with customers:**		
Primary geographical markets		
South Africa	663	557
Australia	55	33
Revenue from contracts with customers	718	590
[(b)] Major service lines		
Royalties from licence agreement	25	12
Administration fees	392	364
Investment management services and advice fees	214	140
Financial advice & fiduciary services	87	74
Rental income	40	47
Total other income	758	637

* 2022 has been restated due to the adoption of IFRS 17. The amounts relating to the insurance business have been re-allocated to the insurance service results section.

23. Investment income

	Group	
	2023 R'm	2022 R'm
Financial assets held at fair value through profit or loss and at amortised cost		
Interest income	2 184	1 523
Dividend income	894	1 006
Total investment income [(a)]	3 078	2 529

(a) Included in the total investment income is non-cash interest of R176 million (2022: R120.7 million) and non-cash dividends of R69 million (2022: R102.7 million) distributed by unit trusts which are directly reinvested in lieu of receiving cash and cash equivalents. Refer to Note 32.

24. Gains / (Losses) on financial assets and investment property

	Group	
	2023 R'm	2022 Restated* R'm
Financial assets held at fair value through profit or loss		
Net fair value gains/(losses) on financial assets[(a)]	4 014	(2 242)
Investment property		
Fair value losses on investment property	(14)	(34)
Financial assets at amortised cost		
Net fair value gains on financial assets	39	60
Total gains/(losses) on financial assets and investment property	4 039	(2 216)

(a) The significant gains in the current year are as a result of market performance. The significant losses in the prior year were as a result of market performance and the transitioning of assets between fund managers during that year.

* This disclosure note has been improved from prior year to show the total fair value movement during the year on financial assets and investment property. This improvement does not change the key elements of the Statement of Financial Position and Statement of Comprehensive Income.

25. Finance Income/(Expense) from Insurance Contracts Issued

The table below presents an analysis of the net insurance finance income/(expense) recognised in profit or loss in the period for insurance contracts issued and reinsurance contracts held:

	Insurance Related			
2023 **R'm**	Life Risk: Participating	Life Risk: Non-Participating	Non-insurance related	TOTAL
Investment income				
Amounts recognised in profit or loss				
Interest income	1 170	83	931	2 184
Dividends	530	2	362	894
Total Investment income	1 700	85	1 293	3 078

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2023

25. Finance Income/(Expense) from Insurance Contracts Issued (continued)

2023 **R'm**	Life Risk Participating	Life Risk Non-Participating	Life Reinsurance outwards	Short term insurance	TOTAL
Insurance finance income/(expenses) from insurance contracts issued					
Member (surplus)/deficit allocated to profit share accounts					
Changes in fulfilment cashflows of contracts measured applying VFA due to changes in fair value of underlying items	1 287	–	–	–	1 287
Notional interest accreted	–	74	–	(6)	68
Effect of changes in interest rates and other assumptions	–	(196)	–	–	(196)
Effect of changes in fulfilment cash flows at current rate when CSM is unlocked at locked-in rate	–	(472)	–	–	(472)
Finance expenses from insurance contracts issued	1 287	(594)	–	(6)	687
Finance income/expenses from reinsurance contracts held					
Notional interest accreted	–	–	34	5	39
Effect of changes in interest rates and other financial assumptions	–	–	54	–	54
Effect of changes in fulfilment cash flows at current rate when CSM is unlocked at locked-in rate	–	–	(201)	–	(201)
Finance income from reinsurance contracts held	–	–	(113)	5	(108)
Net insurance finance expenses	1 287	(594)	(113)	(1)	579

25. Finance Income/(Expense) from Insurance Contracts Issued (continued)

2022 R'm	Insurance Related Life Risk: Participating	Life Risk: Non-Participating	Non-insurance related	TOTAL
Investment income				
Amounts recognised in profit or loss				
Interest income	857	63	603	1 523
Dividends	590	5	411	1 006
Total Investment income	1 447	68	1 014	2 529

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2023

25. Finance Income/(Expense) from Insurance Contracts Issued (continued)

2022 R'm	Life Risk Participating	Life Risk Non-Participating	Life Reinsurance outwards	Short term insurance	TOTAL
Insurance finance income/(expenses) from insurance contracts issued					
Member (surplus)/deficit allocated to profit share accounts					
Changes in fulfilment cashflows of contracts measured applying VFA due to changes in fair value of underlying items	1 390	–	–	–	1 390
Notional interest accreted	–	(70)	–	(2)	(72)
Effect of changes in interest rates and other assumptions	–	(443)	–	–	(443)
Effect of changes in fulfilment cash flows at current rate when CSM is unlocked at locked-in rate	–	129		–	129
Finance expenses from insurance contracts issued	1 390	(384)	–	(2)	1 004
Finance income/expenses from reinsurance contracts held					
Notional interest accreted	–	–	31	2	33
Effect of changes in interest rates and other financial assumptions	–	–	34	–	34
Effect of changes in fulfilment cash flows at current rate when CSM is unlocked at locked-in rate	–	–	(13)	–	(13)
Finance income from reinsurance contracts held	–	–	52	2	54
Net insurance finance expenses	1 390	(384)	52	–	1 058

26. Expenses

2023 R'm	Total	Expenses relating to insurance acquisition cash flows[(a)]	Expenses relating to other directly attributable insurance expenses[(a)]	Other operating expenses
Acquisition of insurance contracts:				
Long-term insurance	351	351	–	–
Short-term insurance	27	27	–	–
Marketing and administrative expenses include:				
Amortisation and impairment of intangible assets (note 5)	79	–	73	6
Auditor's remuneration	21	–	16	5
– Audit fees	21	–	16	5
Data processing and information technology systems maintenance	390	48	213	129
Depreciation on property and equipment (note 2)	69	27	29	13
Directors'/Trustees' and executives' remuneration	45	10	16	19
– Directors/Trustees – non-executive	14	3	5	6
– Executive directors of PPS Insurance	22	5	8	9
– Directors of other subsidiaries	9	2	3	4
Employee costs (note 27)	1 298	309	449	540
Fees for services	28	1	19	8
– Actuarial	13	–	9	4
– Legal	11	1	6	4
– Internal audit	4	–	4	–
Other administration, maintenance and product development expenses	369	73	118	178
Lease rentals	7	6	1	–
Total expenses	2 684	852	934	898

26. Expenses (continued)

2022 Restated R'm	Total	Expenses relating to insurance acquisition cash flows[a]	Expenses relating to other directly attributable insurance expenses[a]	Other operating expenses
Acquisition of insurance contracts:				
Long-term insurance	348	348	–	–
Short-term insurance	16	16	–	–
Marketing and administrative expenses include:				
Amortisation and impairment of intangible assets (note 5)	73	–	68	5
Auditor's remuneration	15	–	12	3
– Audit fees	15	–	12	3
Data processing and information technology systems maintenance	328	42	185	101
Depreciation on property and equipment (note 2)	61	18	27	16
Directors'/Trustees' and executives' remuneration	44	–	18	26
– Directors/Trustees – non-executive	13	–	9	4
– Executive directors of PPS Insurance	23	–	9	14
– Directors of other subsidiaries	8	–	–	8
Employee costs (note 27)	1 152	292	423	437
Fees for services	23	1	15	7
– Actuarial	10	–	6	4
– Legal	9	1	5	3
– Internal audit	4	–	4	–
Other administration, maintenance and product development expenses	302	74	47	181
Lease rentals	5	–	5	–
Total expenses	2 367	791	800	776

(a) Expenses relating to insurance acquisition cash flows and other directly attributable expenses comprise expenses incurred by the Group in the reporting period that relate directly to the fulfilment of contracts issued within IFRS 17's scope. These expenses are recognised in the consolidated statement of profit or loss based on IFRS 17 measurement requirements. Refer to accounting policy note 5.1.3 and 5.1.8

Value-Added Tax which cannot be recovered from the relevant taxation authority is expensed together with the related expense.

27. Employee costs

	Group 2023 R'm	Group 2022 R'm
Salaries and related costs	965	874
Pension costs – defined contribution plans	113	100
Other post-employment benefits (note 18)	1	1
Performance-related incentives	219	177
Total employee costs (excluding executive directors)	1 298	1 152

28. Finance costs

	Group	
	2023 R'm	2022 R'm
Interest expense - other	1	3
Notional interest expense on lease liabilities	3	4
Total finance costs	4	7

29. Tax

	Group	
	2023 R'm	Restated* R'm
Current income tax	332	293
– Current year tax	331	290
– Prior years (over-provision) / under-provision	1	3
Dividend withholding tax - Individual policyholder fund	95	111
	427	404
Deferred tax	109	(297)
Total tax	536	107
Tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to South African/Namibian companies as follows:		
Profit before tax	5 121	666
Tax calculated at domestic tax rates applicable to profits in South Africa/Namibia	1 383	186
Tax effect of income not subject to tax	(2 169)	(1 476)
Tax effect of non-deductible expenses	1 225	1 279
Tax effect of tax rate on Dividend Withholding Tax on deemed dividends being different to tax rate on the individual policyholder fund ("IPF")	95	111
Prior years under-provision / (over-provision)	2	4
Tax effect of CF tax rate being different to IPF tax rate	–	3
Total tax per Statement of Profit or Loss and Other Comprehensive Income	536	107

* The Group is presenting a restated 31 December 2022 deferred tax to reflect the initial application of IFRS 17 for Short Term insurance.

The applicable tax rate was 27% (2022: 28%) for South African companies and 32% (2022: 32%) for Professional Provident Society Insurance Company (Namibia) Limited. Professional Provident Society Insurance Company Limited has five separate tax funds: the individual policyholders' fund (taxed at 30%), the Company policyholders' fund (taxed at 27%), the untaxed policyholder's fund (not taxed), the risk-policy fund (taxed at 27%) and the corporate fund (taxed at 27%). The tax reconciliation is done on total tax on all funds. The Professional Provident Society Holdings Trust is taxed at 45%. Deferred tax is raised at 27% for the Corporate Fund.

Dividend withholding tax is payable on dividends received in the individual policy fund.

The Group has accumulated losses of R387.2 million (2022: R370.6 million) available in certain subsidiaries for offset against future taxable income in those subsidiaries.

30. Cash generated from / (utilised by) operations

	Group	
	2023 R'm	2022 Restated R'm
Reconciliation of profit before movement in insurance policy liabilities to cash (utilised by)/generated from operations:		
Profit before tax	5 121	666
Attributable to unit trust holders (note 16)	1 427	(101)
Investment contract receipts (note 15)	940	793
Investment contract surrenders (note 15)	(532)	(419)
Adjustments for other non-cash items:		
Depreciation (note 26)	42	43
Fair value of policyholder liabilities under investment contracts (note 15)	626	(84)
Amortisation and impairment of intangible asset	83	73
Realised loss on disposal of property and equipment	–	5
Investment income (note 23)	(3 078)	(2 529)
Finance expenses (note 28)	4	7
Total gains on financial assets and investment property held at fair value through profit or loss (note 24)	(4 039)	2 216
Impairment losses recognised on receivables	–	8
Increase in non-current payables	45	1
Share of profit after tax on Joint Ventures	(5)	–
Changes in working capital (including non cash adjustments):		
Receivables	(34)	(111)
Payables	72	(81)
Reinsurance contract assets	(179)	81
Short-term insurance contract liabilities	20	(36)
Long-term insurance contract liabilities	(1 401)	(1 425)
Cash utilised by operations	(888)	(893)

The initial application of IFRS 17 has a material effect on the information in the prior period, 31 December 2022. The Group is presenting a restated 31 December 2022 Cash generated from/ (utilised by) operations to reflect the initial application of IFRS 17 as required by IFRS 17.

31. Tax paid

	Group	
	2023 R'm	2022 R'm
Net tax (payable) / receivable at beginning of year	30	23
Current tax as per Statement of Profit or Loss and Other Comprehensive Income (note 29)	427	400
Net tax payable at end of year	6	(30)
Total tax paid	463	393

32. Non-cash transactions

	Group 2023 R'm	Group 2022 R'm
Disposal of financial assets- script transfer between asset managers and Life funds (Note 7)	(5 975)	(5 234)
Acquisition of financial assets- script transfer between asset managers and Life funds (Note 7)	5 948	5 234
Non-cash dividends earned	50	108
– Non-cash dividends from unit trusts reinvested	69	103
– Movement on accrued dividends (Note 13)	(19)	5
Non-cash interest earned	948	574
– Non-cash interest from unit trusts reinvested	176	120
– Non-cash interest capitalised on loans granted	53	26
– Movement on accrued interest on investments (Note 7)	409	328
– Movement on accrued interest on receivables (Note 13)	310	100
Total Non-cash transactions	971	682

33. Commitments

	Group 2023 R'm	Group 2022 R'm
(a) Capital expenditure contracted for at the reporting date but not yet incurred is as follows:		
– Committed but not contracted for	982	672
This expenditure relates to the capital commitments to finance the Group's strategic investments. These funds will be utilised to capitalise the strategic investments to diversify the Group's revenue streams for the future.		
(b) Operating lease commitments – where a Group entity is the lessor		
The Group leases out its investment property (see note 3) under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.		
The lease revenue charged to the Statement of Profit or Loss and Other Comprehensive Income during the year is disclosed in note 22.		
The future aggregate minimum lease receipts under non-cancellable operating leases are as follows:		
Due in one year or less	10	15
Due between one year and five years	3	13
Due after five years	1	1
(c) Irrevocable loan commitments		
Authorised and contracted	–	169

34. Trustees' remuneration

The PPS Holdings Trust trustees' remuneration from the Group

	2023			2022		
Trustees	The PPS Holdings Trust (including committees) R'000	Subsidiary Companies (including committees) R'000	Total remuneration (including committees) R'000	The PPS Holdings Trust (including committees) R'000	Subsidiary Companies (including committees) R'000	Total remuneration (including committees) R'000
Dr A Coetzee	239	–	239	119	–	119
Mr AH de Vries	239	106	345	222	–	222
Ms D L T Dondur	394	330	724	372	294	666
Mr J A B Downie	547	491	1 038	508	398	906
Dr D P du Plessis	254	1 577	1 831	221	1 384	1 605
Mr C Erasmus	111	2 360	2 471	104	2 205	2 309
Adv L C Haupt	131	–	131	–	–	–
Dr N H P Khosa	238	470	708	221	424	645
Mr I Kotzé	238	32	270	211	27	238
Dr C M Krüger	491	171	662	456	144	600
Dr F Mansoor	238	44	282	221	34	255
Ms J K Myburgh	72	–	72	221	–	221
Dr R E Ngwenya	226	–	226	108	–	108
Dr B R Ntshabele	238	–	238	119	–	119
Mr N Nyawo	–	–	–	92	–	92
Dr R Perumal	131	–	131	–	–	–
Dr R Putter	238	59	297	221	34	255
Mr P Ranchod	85	1 069	1 154	249	784	1 033
Mr V P Rimbault	281	–	281	262	–	262
Prof L C Snyman	–	–	–	92	–	92
Dr S N E Seoka	843	278	1 121	784	259	1 043
Mr S Trikamjee	399	502	901	343	443	786
Prof H E Wainer	76	1 196	1 272	70	1 114	1 184
Total	5 709	8 685	14 394	5 216	7 544	12 760

35. Related parties

Holding Company

The Professional Provident Society Holdings Trust is the holding entity of the group. The Professional Provident Society Holdings Trust is a trust incorporated in South Africa and has as its sole investment in 100% of the shares of Professional Provident Society Insurance Company Limited, which it acquired from Professional Provident Society NPC during 2011. Professional Provident Society NPC formerly was a company "limited by guarantee" and has been deregistered.

35. Related parties (continued)

Subsidiaries

PPS's related parties are its subsidiary company Professional Provident Society Insurance Company Limited, as well as Professional Provident Society Insurance Company (Namibia) Limited, Professional Provident Society Healthcare Administrators Proprietary Limited, Professional Provident Society Short-Term Insurance Company Limited, Professional Provident Society Investments Proprietary Limited, Professional Provident Society Multi-Managers Proprietary Limited, Professional Provident Society Investment Administrators Proprietary Limited, PPS Nominees Proprietary Limited, Professional Provident Society Wealth Advisory Proprietary Limited, Professional Provident Society Management Company (RF) Proprietary Limited, PPS Property Fund Trust, Financial Solutions 4 Professionals Proprietary Limited and Six Anerley Road Holdings Proprietary Limited, which are subsidiary companies/trusts of Professional Provident Society Insurance Company Limited.

Other controlled entities

Entities listed below are controlled through board representation:

Professional Provident Society Foundation Trust and Professional Provident Investments Long-term incentive Trust. The following unit trusts and pooled fund is controlled either through a group subsidiary rendering asset management services, or a group subsidiary owning 100% of the underlying net assets of the fund: PPS Collective investment scheme, PPS Global Equity Fund, PPS Namibia Portable fund.

Associates and joint ventures

The Trust owns 10% shareholding of the Intembeko HoldCo Proprietary Limited Group. PPS Mutual Limited and PPS Mutual Insurance Proprietary Limited (Australian entities) are Associates of the Group. PPS Insurance Company has significant influence over PPS Mutual Limited Group, through its representation on their boards. The PPS Group has no shareholding in PPS Mutual Limited Group and therefore no rights to either net profits/losses, or net assets. The Group earned R53.1 million (2022: R26.2 million) of interest for the year on loan funding of R760.1 million (2022: R558.6 million) provided to PPS Mutual Limited Group, of which R234.4 million (2022: R234.4 million) has been impaired.

The Group has a 49% equity interest, with equal voting power, in Health Risk Management Botswana Proprietary Limited (HRMB), a joint venture in the business of healthcare administration and risk management services in Botswana. The Group holds a 10% interest in Ausmanco (Pty) Ltd and accounts for this interest as a joint venture on the basis of exercising joint control through its Board representation and shareholder voting rights.

Transactions between Group entities

Transactions between related parties are concluded on terms equivalent to those that prevail in arm's-length transactions. Transactions that take place between Group entities, are eliminated on consolidation, and are disclosed in the separate annual financial statements of those entities.

Key management information

Key management personnel have been defined as all trustees of The Professional Provident Society Holdings Trust and group executive committee members, their families (as defined in IAS 24) and entities significantly influenced or controlled by key management personnel. A complete list of trustees of The Professional Provident Society Holdings Trust is disclosed in the Corporate Governance Report.

The PPS Group appoints its prescribed officers at the PPS Insurance entity level.

Aggregate details of insurance between The Professional Provident Society Holdings Trust, any of its subsidiaries, and key management personnel, their families (as defined in IAS 24) and entities significantly influenced or controlled by key management personnel are set out below:

35. Related parties (continued)

	Group 2023 R'000	2022 R'000
Life and disability		
– Premiums	2 543	2 725
Sickness benefit		
– Premiums	1 410	1 547
– Claims	1 494	1 943
PPS Profit-Share Account	17 133	17 211
Motor and household		
– Premiums	1 028	1 122
– Claims	193	893
Assets under management	117 614	94 638

The transactions with related parties are concluded on terms equivalent to those that prevail in arm's length transactions with all members.

The aggregate compensation of The Professional Provident Society Holdings Trust trustees and Professional Provident Society Insurance Company Limited executives paid by the Group is set out below:

	Group 2023 R'000	2022 R'000
Salaries and other employee benefits	53 063	52 273
Performance payments	25 400	27 675
Trustees' remuneration	14 394	12 760
	92 857	92 708

36. Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities at reporting date as well as affecting the reported income and expenses for the year. Estimates and judgements are evaluated annually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

36.1 Valuation of insurance contract liabilities

The determination of the liabilities under insurance contracts is dependent on estimates and assumptions set by the Group. In determining the value of these insurance policy liabilities assumptions regarding mortality, persistency, investment returns, expense level and inflation, tax and future profit allocations have been made. For detail on these assumptions refer to Note 10.3.

No allowance was made for any assumed deterioration in mortality and morbidity due to HIV/AIDS.

36.1.1 Contractual Service Margin (CSM)

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group will recognise as it renders insurance services in the future for the non-participating portfolio. An amount of the CSM for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- identifying the coverage units in the insurance group;
- allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future; and
- recognising in profit or loss the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of life insurance contracts, the quantity of benefits is the contractually agreed sum insured over the period of the contracts. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. These are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum probable loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation is similar to the reinsurance contracts issued up to December 2022 and reflected the expected pattern of underwriting of the underlying contracts because the level of service provided depended on the number of underlying contracts in-force. Reinsurance contracts issued is relevant up to 31 December 2022 when the reinsurance treaty between PPS Namibia and PPS Insurance Company concluded.

36. Critical accounting estimates and judgements in applying accounting policies (continued)

36.1 Valuation of insurance contract liabilities (continued)

36.1.2 Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The Group applies a confidence level Value-at-risk (VaR) approach on a variance-covariance matrix basis which can be converted into a single scenario. This approach produces output which is consistent with the Group's economic capital (as reported in the Own Risk Self-Assessment to the Prudential Authority (PA) annually) results, is based on a confidence level which is constant over time and is a good fit for the Group's operating environment. The simplification of assumptions underlying the applied approach does not impact the results materially, making this approach tractable and operationally straightforward. The confidence level applied is 80%.

36.1.3 Discount rates

Products with cash flows that do not vary with underlying items

These products include the non-participating and reinsurance contracts. The Group applies a bottom up approach for the discount rate. The PA Government bond curve represents a bottom up approach and meets the requirements of IFRS 17. The PA Government bond curve is readily available and is therefore used to discount the expected future cash flows. The discount rate for contracts with cash flows that do not vary with underlying items (non-participating contracts and reinsurance contracts) does not have a liquidity premium as the contracts are liquid.

Products with cash flows that vary with underlying items

The aggregate carrying value of the participating contracts is made up of the cash flows that do not vary with any underlying items plus the fair value of the residual statement of financial position. Any impact of the discount rate on the cash flows that do not vary with the underlying items will be neutralised by changes in the underlying items. Therefore, the carrying value of the participating contracts is independent of the discount rate used. The roll forward of the financing cost of the participating contracts is determined with reference to the change in fair value of underlying items which is independent of the discount rate. Where discounting is required the PA government bond curve is used.

2023	1 year	3 years	5 years	10 years	20 years
Life Insurance Contracts Issued					
ZAR	8.6%	10.2%	11.9%	16.8%	15.1%

36. Critical accounting estimates and judgements in applying accounting policies (continued)

36.1 Valuation of insurance contract liabilities (continued)

36.1.3 Discount rates (continued)

2022	1 year	3 years	5 years	10 years	20 years
Life Insurance Contracts Issued					
ZAR	8.3%	9.7%	12.5%	14.9%	12.5%

36.2 Valuation of short-term insurance policy liabilities

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events.

Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of the insurance company, principally in respect of the insurance liabilities of the company. For details on assumptions applied to Short-Term insurance policy liabilities, refer to note 8.2.

36.3 Income tax

The Group is subject to tax in South Africa and Namibia. There may be transactions and calculations for which the ultimate tax determination has an element of uncertainty during the ordinary course of business. The Group recognises liabilities based on objective estimates of the amount of tax that may be due. Where the final tax determination is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination was made. The corporate tax rate in South Africa was 27% for the year under review, 32% in Namibia and 45% for trusts in South Africa. PPS Insurance Company Limited has five separate tax funds, the individual policyholders' fund (taxed at 30%), the company policyholders' fund (taxed at 27%), the risk-policy fund (taxed at 27%), the corporate fund (taxed at 27%) and the untaxed policyholders' fund (taxed at 0%). Dividend withholding tax is payable on dividends received in the individual policyholders' fund (taxed at 20%). Deferred tax is recognised at 27% for the Corporate Fund. Additional information is provided in Note 29 of these financial statements.

36.4 Employee benefit liabilities

The cost of the benefits and the present value of post-retirement medical obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions.

The Group, through the input of an independent actuarial consultant, determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of the estimated future cash flows expected to be required to settle the post-retirement medical obligations. In determining the appropriate discount rate, the Group considers the interest rate on high quality corporate bonds and government bonds that have terms to maturity approximating the terms of the related liability. Additional information is provided in note 18 of these financial statements.

36. Critical accounting estimates and judgements in applying accounting policies (continued)

36.5 Valuation of owner-occupied property, investment property and Non - Current Assets held for sale

The value of owner-occupied property, investment property, and assets held for sale depends on a number of factors that are determined using a number of assumptions. The assumptions used in determining the value was based on a yield range of 8.16% to 13.71% (2022: 8.49% to 13.79%), an exit capitalisation range of 10.00% to 11.75% (2022: 10.25% to 11.50%), a revenue escalation range of 3.01% to 6.72% (2022: 3.49% to 9.26%) and an expense escalation range of 4.52% and 10.27% (2022: 5.75% to 10.00%). Any change in these assumptions will impact the values of the buildings. Additional information is provided in Note 2, Note 3 and Note 4 of these financial statements.

36.6 Deferred tax asset

Deferred tax assets are recognised for unused tax losses and on deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these can be utilised. Additional information is provided in Note 17 of these financial statements.

36.7 Valuation of retention scheme

The assumptions used in determining the charge to the Statement of Profit or Loss and Other Comprehensive income arising from obligations in terms of the Executive Retention Scheme include the expected growth in the PPS Profit-Share Account (rolling five-year average historical growth 9.4% (2022: 12.2%)), and the turnover of staff participating in the scheme (nil) (2022: nil). Additional information is provided in Note 19 of these financial statements. In respect of the Namibia long-term incentive and retention scheme, the cost of the benefits of the long-term incentive scheme depends on a number of assumptions used in calculating the present value under the projected unit credit method. The assumptions used in determining the charge to the statement of profit or loss and comprehensive income arising from these obligations include the expected growth in the Apportionment Account (rolling 5-year average historical growth) of 18.0% (2022: 16.8%), the turnover of staff participating in the scheme (nil) and the discount rate (an appropriate market-related yield curve as at the statement of financial position date). Any changes in these assumptions will impact the charge to the statement of profit or loss and comprehensive income.

Other long-term employee benefits include employee benefits payable more than 12 months after the related service is rendered. These provisions are measured at present value, using actuarial assumptions. The discount rate is the yield at reporting date of local AA-rated government bonds that have maturity dates approximating the terms of the obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in the statement of comprehensive income in the period in which they arise.

36.8 Discounting of lease liability

Lease liabilities are discounted at each Group entity's incremental borrowing rate. These rates are set at South African Banks' Prime lending rate less 100 bps, which is a best estimate of the rate which Group entities would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. Additional information is provided in Note 2 and Note 20 of these financial statements.

37. Management of risks

37.1 General

The PPS Boards have overall responsibility for the Group's systems of internal control and risk management. The Chief Executives and executive management are responsible for the management and implementation of the PPS Group Enterprise Risk Management Framework and Governance Frameworks.

To assist the PPS Boards in the execution of its fiduciary duties in regard to risk management, legal and compliance accountabilities, as set out in detail in policies and frameworks adopted by the PPS Group, the Group Risk Committee has the following responsibilities:

- Assisting the PPS Board in setting risk strategy policies in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting;
- Assisting the PPS Board in overseeing the Group's compliance with applicable legislative and regulatory requirements, industry standards and the Group's Codes of Conduct;
- Facilitating and ensuring appropriate segmentation of duties of the risk management function from operational business line responsibilities and ensuring that the segregation is observed;
- Assisting the PPS Board in identifying any build-up and concentration of the various risks to which the Group is exposed;
- Monitoring external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts;
- Providing an independent and objective oversight and view of the information presented by management on corporate accountability and associated risk, also taking account of reports by management, the Group Actuarial Committee and the Group Audit Committee to the Board on all categories of identified risks facing PPS;
- Performing the functions as may be prescribed by the Regulators and in particular, ensuring that PPS has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to proactively manage these risks and to recommend to the PPS Boards, PPS's appetite and tolerance for risk;
- Discharging the specific responsibilities ascribed to the Committee in terms of policies and frameworks adopted by the Group in regard to Solvency Assessment and Management in compliance with the Prudential Standard;
- Recommending the Strategic and Operational Risk Policy, the Enterprise Risk Management Framework and relevant Risk Appetite Policies to the PPS Boards for approval;
- Setting the standard for the Enterprise Risk Management Framework and risk management component policies;
- Ensuring the establishment of an independent risk management control function, reviewing its adequacy and effectiveness;
- Approving the risk management plan and reviewing progress against it;
- Recommending any deviations or changes from the risk management strategy, risk appetite and risk management procedures and tools as documented in the risk management policies and frameworks to the PPS Boards for approval;
- Approving the combined assurance plan and reviewing and overseeing all assurance activities, including the effectiveness of combined assurance arrangements;
- Annually reviewing the risk bearing capacity of the Group in the light of its reserves, insurance coverage, guarantee funds or other such financial structures for approval by the PPS Boards;
- Overseeing that a process to conduct regular periodic independent assessments of the risk management function and risk management system is in place;

37. Management of risks (continued)

37.1 General (continued)

- Reviewing the risk reports and adequate disclosure of the Group's risks and opportunities;
- Considering, in particular, the management of Information Technology risks;
- Providing feedback to PPS Group Boards and their committees on identified risks that may be relevant for those particular Boards and their committees;
- Providing assistance to the Board in discharging its responsibilities for disclosure in relation to risk management in the integrated report;
- Assisting the Board in developing its risk management strategy;
- Assisting the Board in evaluating the adequacy and effectiveness of the risk management system;
- Assisting the Board in identifying and monitoring all material risks to ensure that its decision-making capability and accuracy of its reporting is adequately maintained;
- Introducing measures to enhance the adequacy and effectiveness of the risk management system.

The PPS Boards have delegated to the PPS Group Audit Committee an oversight role of financial reporting, accounting, the external auditor, appropriate internal controls and the internal auditors, and regulatory compliance, *inter alia* to ensure the integrity of reporting and financial controls. The internal control systems continue to be enhanced and developed to safeguard the assets of PPS and to ensure timely and reliable monitoring and reporting. These controls encompass suitable policies, processes, tasks and behaviours with the aim of ensuring compliance with applicable laws and regulations to meet the needs of an ever-changing business environment. The PPS Group Audit Committee's mandate from the Board is indicated on pages 92 to 95.

The following control functions within the Group are responsible for discharging the operations of risk management:

Risk management

- Assessing the appropriateness of the Group's policies, processes, and controls in respect of risk management and the effective monitoring thereof by the Group;
- Directing and assisting in the co-ordination and monitoring of risk management activities within the Group;
- Ensuring adherence to the Risk Management Plan;
- Maintaining the Enterprise Risk Management Framework and Plan for approval by the Board in terms of the appropriate international standards (ISO 31000) and King IV of Governance Principles;
- Update the PPS Group Enterprise Risk Management Framework;
- Attend to recommendations from the Board, Risk Committee, Management and applicable regulators;
- Providing technical guidance to management in executing their risk management duties;
- Maintain and update the risk matrix for the Group. This includes the identification, assessment, monitoring, mitigation and reporting around the current and emerging risks emanating from regulated and non-regulated entities within the Group on an individual and aggregated level;
- Report on the Group's risk profile, material changes to the risk profile and details on the risk exposure and mitigating actions;
- Report to the Audit Committee and Risk Committee on the implementation of the combined assurance framework;

37. Management of risks (continued)

37.1 General (continued)

- Assist with all systematic, documented and formal risk assessments;
- Identify risk owners in the different areas of the business to integrate risk management into the day-to-day activities of the Group;
- Develop systems for monitoring risk management including regular self-assessments of the risk management control function;
- Drive risk management in the PPS Group by promoting awareness of risk management to both management and employees;
- Provide a holistic view of all material risks facing the PPS Group including risk concentrations within individual entities, business lines or geographic location across the Group and intra-insurance Group transactions between the Group entities that could impact the overall soundness of the PPS Group;
- Facilitating and administrating Control Self Assessments in line with the combined assurance framework; and
- Ensure effective risk management training programmes are established.

Compliance

- Monitors and reports on compliance with legislative and regulatory requirements;
- Monitors that systems and controls are in place to ensure that the Group's exposure to legal and/or regulatory risk is minimised and managed;
- Employs a risk-based compliance monitoring plan/risk matrix;
- Keep a record of all monitoring and other activities conducted;
- Manages the Group's relationship with its regulators;
- Evaluates the impact of forthcoming legislative regulatory changes and provides advice on required processes and controls enhancements and the adequacy of the proposed controls;
- Reports to Group Risk Committee and the Executive Committee on the status of compliance of the Group;
- Track and report on compliance incidents;
- Operates in accordance with an approved Compliance Plan;
- Assists with implementing procedures for reporting compliance incidents;
- Ensure effective compliance training programmes are established; and
- Facilitates the confidential reporting by employees and other stakeholders of concerns, shortcomings or potential violations in respect of PPS policies, regulatory obligations and ethical considerations.

Internal audit

- Provides independent and objective assurance on, and evaluation of, the overall effectiveness of the Group's systems of internal financial control;
- Develops a risk-based annual audit plan based on a three-year testing rotation of the control environment for review at the Group Risk Committee and approval at the Group Audit Committee;
- Provides an independent assessment of the effectiveness of management's implementation of the PPS Group Enterprise Risk Management Framework to the Group Risk Committee; and
- Reports to the Audit Committee on the adequacy and effectiveness of the various departments processes for controlling its activities and managing its risks.

37. Management of risks (continued)

37.2 Insurance product risk management

General

The Group issues contracts that transfer significant insurance risk. This section summarises these risks and the way the Group manages these risks.

The risk under any one insurance contract is the uncertainty surrounding the timing and amount of the claim resulting from the insured event. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The table below provides an overview of the types of products and the terms and conditions of life insurance contracts written by the Group:

Type of contract	Terms and conditions
Sickness and permanent incapacity benefit (PPS Provider Policy)	The PPS Provider Policy offers a variety of sickness and incapacity benefit options. The premiums for these benefits are level or age-rated premiums and are payable monthly. However, premiums are level for the old unit of benefit product. Premium rates and benefits are not guaranteed and may be revised at the discretion of the insurer. These benefits entitle a policyholder to claim for periods of sickness and incapacity. The amount of cover obtainable is limited by the applicant's annual gross professional income and maximum limits applied by the Company. The sickness benefit continues as long as the member continues to practice their occupation. The sickness and incapacity benefits are part of the liability for remaining coverage.
Professional Life Provider (PPS Provider Policy) PPS Life And Disability Policy	The PPS Provider Policy also offers lump sum life and disability cover for a specified term or whole life. The premiums are payable monthly, and either an age-rated or level option may be selected as the premium pattern. PPS Insurance is the risk carrier. The PPS Life and Disability Policy which replaced the previous PPS Life Disability Assurance Scheme, is insured by PPS Insurance and is closed to new business. The previous generation of policies (PPS Life and Disability Assurance Scheme) was classified as being part of a grouped individual policy. The premiums and benefits under both generations of policies are not guaranteed and may be revised at the discretion of the insurer. Reinsurance agreements are in place to reduce the impact on PPS of variability in claims experience. The life and disability benefits are part of the liability for remaining coverage.
Professional Critical Illness (PPS Provider Policy) Professional Health Preserver	These products pay a lump sum benefit according to severity levels on assessment of standard dread disease conditions and physical impairment events. The premiums are payable monthly and either age-rated or level may be selected as the premium pattern. The Professional Health Preserver is closed to new business. The premiums and benefits are not guaranteed and may be revised at the discretion of the insurer. Reinsurance agreements are in place to reduce the impact on PPS of variability in the claims experience. The dread disease and physical impairment benefits are part of the liability for remaining coverage.

37. Management of risks (continued)

37.2 Insurance product risk management (continued)

Type of contract	Terms and conditions
Professional Disability Provider (PPS Provider Policy)	The Professional Disability Provider offers lump sum disability cover for a specified term. At age 66, or earlier retirement (if this is over the age of 60), the Professional Disability Provider converts automatically into a severe illness benefit. This is a benefit that pays a one-off lump sum benefit if the policyholder becomes permanent and significantly disabled and as a result can no longer carry out his profession. The premiums are payable monthly and are level or age-rated. The premiums and benefits are not guaranteed and may be revised at the discretion of the insurer. Reinsurance policies are in place to reduce the variability of the claims experience. The disability benefits are part of the liability for remaining coverage.
PPS Provider Policy	The PPS Provider Policy contains a DPF component, being the PPS Profit-Share Account™. This component continues until retirement, and policyholders can gain access to funds from the age of 60, or earlier cancellation of the policy. No premium is payable for the DPF component.
Business Provider (PPS Provider Policy)	The Business Provider Policy provides for the Business Life Provider and the Business Health Provider. The Business Life Provider product provides benefits very similar to those of the Professional Life Provider. The Business Health Provider product provides benefits similar to those of the Professional Health Provider, but tailored to payout for the more severe critical illness and physical impairment conditions only. The premiums and benefits are not guaranteed and may be revised at the discretion of the insurer. Reinsurance policies are in place to reduce the variability of the claims experience. The policies transfer insurance risk only and do not contain a DPF component.
PPS Education Cover	The Education Cover Policy pays the actual public or private school and university fees of the child beneficiary, up to PPS determined maximums, directly to the education facility at the beginning of the academic year, upon receipt of a valid invoice, in the event of death, disability or severe illness of the life insured. The premiums and benefits are not guaranteed and may be revised at the discretion of the insurer. Reinsurance agreements are in place to reduce the impact on PPS of variability in claims experience. The Education Cover benefits are part of the liability for remaining coverage
PPS Endowments	The PPS Endowment and PPS Corporate Endowment afford policyholders the ability to save in a cost effective, transparent and flexible manner. The underlying investments are unit trusts, and no guarantees are offered on these products. The policies do not transfer insurance risk and do not contain a DPF component. These products are available to individuals and corporates respectively.
PPS Living Annuity	The PPS Living Annuity is a compulsory purchase linked living annuity and does not offer risk benefits or investment guarantees. The underlying investments are unit trusts. The policies do not transfer insurance risk and do not contain a DPF component.

37. Management of risks (continued)

37.2 Insurance product risk management (continued)

The PPS Provider Policy includes a DPF element. The participating nature of these contracts results in the insurance risk being carried by the insured parties. All variations in claims, persistency or termination rates are carried by the insured parties by means of variations in the amounts allocated to the DPF element.

However, the Group continues to manage the insurance risk in order to sustainably provide for the insurance benefits and to grow the DPF benefits available to policyholders.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the allowance made for the payments of these benefits. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year-to-year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to appropriately charge for the insurance risks accepted.

The Group has implemented a comprehensive reinsurance strategy to mitigate the risks of variability in the frequency and severity of claims on different portfolios of insurance contacts. This strategy continues to be effective in reducing the impact on PPS of variability in claims.

The table below provides an overview of the types of products and the terms and conditions of short-term insurance contracts written by the Group:

Type of contract	Terms and conditions
Motor	Covers damage or loss resulting from the possession, use or ownership of motor vehicles operating on land, excluding railway rolling stock and warranty business.
Property	Covers damage to or loss resulting from the possession, use or ownership of property, other than business covered under other classes indicate in the Insurance Act, 2017.
Legal expense	Covers legal expenses in costs of litigation.
Transport	Covers damage or loss resulting from the conveyance, storage, treatment and handling of goods in transit, irrespective of the form of transit.
Liability	Covers liability to another person, including professional indemnity.
Accidental and health	Covers costs or loss of income resulting from a disability or death event caused by an accident or a health event other than costs or services regulated under the Medical Schemes Act, 1988.
Reinsurance	Proportional reinsurance in respect of professional indemnity liability business (until June 2022).

37. Management of risks (continued)

37.2 Insurance product risk management (continued)

Insurance contracts – Long-term

(a) Frequency and severity of claims

The most significant factors that could increase the overall frequency of mortality and morbidity claims are diseases (such as AIDS), epidemics (such as Covid-19), economic conditions, abnormal weather conditions, quality of healthcare and widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected.

The Group has comprehensive claims assessing processes and protocols in terms of which all claims received are assessed. Delegation of authority levels are applied to ensure that larger claims and repeat claims are assessed by senior assessors and management, and the forensics team if required, before being paid. The Group also conducts regular claims investigations to monitor experience.

The Group manages these risks through its underwriting strategy. The underwriting strategy ensures that the risks accepted are in line with PPS's risk appetite. Medical risk selection is included in the underwriting protocols. Premium loadings and benefit exclusions may be imposed which reflect the health and medical history of the applicant. The Group has maximum exposure limits in respect of any single life insured. Maximum exposures are determined relative to gross professional income to ensure that policyholders are not overinsured. These limits are increased annually in line with expected salary inflation for professionals. Policyholders are reminded each year of their benefits and asked to review these benefits to ensure they are not over insured relative to their income as this may impact on future claims.

In some instances, maximum exposures are not increased annually where not appropriate.

Where appropriate, reinsurance contracts are in place to limit the Group's liability. There is a Board approved reinsurance strategy in place, which is regularly reviewed by the Group Actuarial Committee for its ongoing appropriateness.

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holder behaviour. On the assumption that contract holders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour. For example, it is likely that contract holders whose health has deteriorated significantly will be less inclined to terminate contracts insuring death benefits than those contract holders remaining in good health. This results in an increasing trend of expected mortality, as the portfolio of insurance contracts reduces due to voluntary terminations.

The Group has factored the impact of contract holders behaviour into the assumptions used to measure these liabilities (refer note 10.3).

37. Management of risks (continued)

37.2 Insurance product risk management (continued)

(b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity and the variability in contract holder behaviour.

The Group uses appropriate base tables of standard mortality and morbidity rates. An investigation into the actual experience of the Group over the last or previous year is performed, to determine a best estimate of the expected morbidity and mortality for the future. The best estimate of future mortality is based on standard industry tables adjusted for the Group's overall experience and where no such table exists, tables are developed specifically on PPS historic experience.

Lapse experience can have a significant impact on the Group. To manage lapse risk, the Group conducts monthly lapse analyses for each of the product lines. Where experience is worse than long-term valuation expected lapse experience management intervention is taken, over and above normal ongoing retention efforts to reduce overall lapse and exits.

Risk exposure and concentrations of risk

The following table shows the Group's exposure to insurance risk (based on the carrying value of the long-term insurance liabilities at the reporting date) per category of business. The table also shows the extent to which the Group has mitigated this risk by reinsurance:

Group **2023** **R'm**	Liability of remaining coverage and incurred claims components	PPS Profit-Share accounts component	Total
South Africa			
Gross insurance contracts	8 128	33 018	41 146
Reinsurance contract assets	(1 445)	–	(1 445)
Net of reinsurance contract assets	6 683	33 018	39 701
Namibia			
Gross insurance contracts	388	1 404	1 792
Reinsurance contract assets	(34)	–	(34)
Net of reinsurance contract assets	354	1 404	1 758

37. Management of risks (continued)

37.2 Insurance product risk management (continued)

Group 2022 R'm	Liability of remaining coverage and incurred claims components	PPS Profit-Share accounts component	Total
South Africa			
Gross insurance contracts	7 385	30 755	38 140
Reinsurance contract assets	(1 267)	–	(1 267)
Net of reinsurance contract assets	6 118	30 755	36 873
Namibia			
Gross insurance contracts	356	1 277	1 633
Reinsurance contract assets	(43)	–	(43)
Net of reinsurance contract assets	313	1 277	1 590

Insurance contracts – Short-term

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the allowance made for the payments of these benefits. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year-to-year from the estimate established using statistical techniques.

The Group believes that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to appropriately charge for the insurance risks accepted.

Pricing for the Group's short-term insurance products is generally based upon historical claims frequencies and claim severity averages, adjusted for inflation and modelled catastrophes trended forward to recognise anticipated changes in claim patterns. While claim remain the Group's principal cost, the Group also makes allowance in the pricing procedures for acquisition expenses, administration expenses, investment income, the cost of reinsurance and for a profit loading that adequately covers the cost of the capital.

Underwriting limits are set to ensure that the underwriting policy is consistently applied. Underwriting performance is monitored continuously and the pricing policy is revised accordingly. Risk factors considered as part of the review would typically include factors such as age of the insured person, past loss experiences, past insurance history, type and value of asset covered, security measures taken to protect the asset and major use of the covered item. The Group has the right to reprice and change the conditions for accepting risks on renewal and/or 30 days. The underwriting strategy aims to ensure that the risks underwritten are well diversified in terms of type and amount of risk, size and geography.

Expenses are monitored by business unit based on an approved budget and business plan.

Insurance risk is further mitigated by ensuring that insurance reserve and reinsurance risk is adequately managed. Reserve risk relates to the risk that the claim provisions held for both reported and unreported claims as well as their associated expenses may prove insufficient.

37. Management of risks (continued)

37.2 Insurance product risk management (continued)

The Head of Actuarial Function reviews and attests annually on the reliability and adequacy of technical provisions and the Solvency Capital Requirement. He expresses an opinion on the Underwriting Policy as well as the soundness of the premium rates in use and the profitability of the business.

The Group currently calculates its short-term insurance technical reserves on two different methodologies, namely the 'percentile approach' and the 'cost-of-capital approach'. The 'percentile approach' is used to evaluate the adequacy of technical reserves for financial reporting purposes, while the 'cost-of-capital approach' is used as one of the inputs for regulatory reporting purposes.

a) Percentile approach

Under this methodology, reserves are held to be at least sufficient at the 60th percentile of the ultimate loss distribution. The first step in the process is to calculate a best-estimate reserve. Being a best-estimate, there is an equally likely chance that the actual amount needed to pay future claims will be higher or lower than this calculated value. The next step is to determine a risk margin. The risk margin is calculated such that there is now at least a 75% probability that the reserves will be sufficient to cover future claims. For more detail on the reserving techniques used in this approach, refer to note 36.2.

b) Cost-of-capital approach

The cost-of-capital approach to reserving is aimed at determining a market value for the liabilities on the statement of financial position. This is accomplished by calculating the cost of transferring the liabilities, including their associated expenses, to an independent third party. The cost of transferring the liabilities off the statement of financial position involves calculating a best-estimate of the expected future cost of claims, including all related run-off expenses, as well as a margin for the cost of capital that the independent third party would need to hold to back the future claims payments.

Two key differences between the percentile and cost-of-capital approaches are that under the cost-of-capital approach, reserves must be discounted using a term-dependent interest rate structure and that an allowance must be made for unallocated loss adjustment expenses.

The cost-of-capital approach will result in different levels of sufficiency per class underwritten so as to capture the differing levels of risk inherent within the different classes. This is in line with the principles of risk-based solvency measurement.

The net claims ratio for the Group, which is important in monitoring short-term insurance risk is summarised below:

Group	2023	2022
Loss history		
Net claims paid and provided % of net earned premiums	65.1%	64.9%

Reinsurance Risk Management

Reinsurance risk is the risk that the reinsurance cover placed is inadequate and/or inefficient relative to the Group's risk management strategy and objectives. The Group obtains third-party short-term reinsurance cover to reduce risks from single events or accumulations of risk that could have a significant impact on the current year's earnings or the Group's capital. It is believed that the reinsurance programme suits the risk management needs of the business.

37. Management of risks (continued)

37.2 Insurance product risk management (continued)

The core components of the reinsurance programme comprise:

- A Whole Account Clash & Catastrophe Excess of loss treaty with five layers. PPS Short-term Insurance ('PPS STI') retains the first R5 million of each and every claim, excluding reinstatement premiums as a result of a claim against the cover;
- A 10%/90% Quota Share Arrangement in respect of the Health Professions Indemnity liability product. PPS STI retains 10% of all premiums and claims.

The Head of Actuarial Function reviews and attests annually on the adequacy of reinsurance risk transfer. The latest report concluded that the reinsurance arrangements adequately cover the insurance risks faced by PPS Short-Term Insurance.

The PPS Short-term Insurance board approves the reinsurance renewal process on an annual basis. The reinsurance programme is placed with external reinsurers that are registered with the Prudential Authority, or enjoy equivalent jurisdiction status under the Prudential Authority, and have a domestic credit rating /rating equivalent to a domestic credit rating, of no less than A-.

Risk exposure and concentrations of risk

The following table shows the Group's exposure to short-term insurance risk (based on the carrying value of the insurance liabilities at the reporting date) per category of business:

Group	% of Net Earned Premium 2023	% of Net Earned Premium 2022
Motor	59%	60%
Property	35%	35%
Liability	5%	5%
Other	<1%	<1%
	100%	100%

Risk management relating to investment contracts

The Group commenced selling investment products from 2007 through its subsidiary PPS Investments (Proprietary) Limited ('PPS Investments'). For these contracts the investment risk is carried by the policyholders. In PPS Investments there is a risk of reduced income from fees where these are based on the underlying value of the invested assets. There is furthermore a reputational risk if actual investment performance is not in line with contract holders' expectations. These risks are managed through a rigorous multi-manager investment research process applied by PPS Investments' investment managers, which includes both technical and fundamental analysis.

The investment contracts underwritten by PPS Insurance are the PPS Endowment, the PPS Corporate Endowment and the PPS Living Annuity.

37. Management of risks (continued)

37.3 Financial risk management

The Group is exposed to financial risk through its financial assets, financial liabilities (including investment contracts), reinsurance contract assets, reinsurance contract liabilities and insurance contract liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are market risk (comprising interest rate risk, equity price risk and foreign currency risk), liquidity risk and credit risk. The participating nature of the contracts issued results in the financial risk being carried by the insured parties by means of variations in the amounts allocated to the DPF element. However, the Group continues to manage the financial risk in order to maximise the benefits available to policyholders.

These financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The primary risk that the Group faces arises from the impact of volatility in equity prices and interest rates on the value of assets and liabilities.

The Group manages exposure to investment volatility as part of a regular review of the assets held to back the insurance policy liabilities using asset-liability modelling techniques. The asset-liability risk management policy allows for asset-liability modelling to drive the optimal long-term asset class composition. This approach ensures the expected return on assets is sufficient to fund the required return on the risk reserves and to maximise the rate of return on the balance of the policy liabilities subject to acceptable levels of risk. Asset class composition is reviewed on a quarterly basis with the respective asset managers.

37. Management of risks (continued)

37.3 Financial risk management (continued)

Credit and counterparty risk

Credit risk refers to the risk of loss arising from the inability of the counterparty to service its debt obligations. The Group's key areas of exposure to credit risk include:

- debt securities and cash and cash equivalents;
- amounts due from insurance and investment contract policyholders;
- amounts due from intermediaries;
- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of payments already paid to policyholders; and
- amounts due from insurance and other receivables.

The nature of the Group's exposures to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior period.

In monitoring credit risk, amounts receivable are grouped according to their credit characteristics. The Group also limits its exposure to credit risk by only investing in liquid debt securities and only with counterparties that have a local credit rating as set out below as well as only investing with reputable banks which are assessed quarterly.

The Group only enters into insurance contracts with eligible professional individuals. PPS Group operates a Credit Control Policy regarding outstanding long-term insurance premiums, which is formulated on the relevant provisions of the Policyholder Protection Rules ("PPRs") set under section 62 of the Long-Term Insurance Act 52 of 1998, as substituted and/or amended from time to time and agreed in contracts with our members. In terms of this policy, a formal communication is sent to members after the first month and second month of premium defaults. In the third month of default, members are informed that premium collections have ceased and all benefits are suspended. In the event of default on the part of the individual, where the Apportionment Accounts has vested to the individual, there is a legal right of offset of the Apportionment Account against any outstanding premiums payable. This significantly reduces the credit risk on insurance policyholder recoverables.

The Group only enters into reinsurance agreements with reinsurers registered with the Prudential Authority. The reinsurers contracted with, represent subsidiaries of large international reinsurance companies. No instances of default have been encountered. As such the Group has selected reinsurers with a minimum credit rating of A+ for Long-Term insurance and A- for Short-Term insurance.

Cash and cash equivalents are invested with financial institutions holding credit ratings within the guidelines set by the Board, similar to corporate and government debt indicated below, as well as restrictions in the Collective Investment Schemes Control Act, No. 45 of 2002, as amended. The spread of cash between financial institutions is determined in line with limits specified in the Insurance Act 18 of 2017, as substituted and/or amended from time to time. The financial soundness of counterparties holding the Group's cash is monitored by management on a monthly basis.

37. Management of risks (continued)

37.3 Financial risk management (continued)

Exposure to credit risk

The maximum exposure to credit risk at the reporting date from financial assets, including unit trusts, and insurance contracts was:

Group R'm	2023	2022 Restated*
Debt securities (including assets held in unit trust funds) [(a)]	25 035	22 436
Reinsurance contract assets	1 565	1 382
Cash and cash equivalents (including assets held in unit trust funds)	4 311	4 302
Receivables	1 842	1 070
Total	32 753	29 190

[(a)] ***Debt securities***

Included in the category designated at fair value through profit or loss are interest-bearing instruments of corporate and government debt. Management recognises and accepts that losses may occur through the inability of debt issuers to service their debt. To mitigate this risk, management has formulated guidelines based on ratings from Standard & Poor's, an industry accepted credit ratings agent.

* The impact of initial application of IFRS 17 resulted in 31 December 2022 amounts changing for Reinsurance contract assets and receivables.

The Group's total exposure to corporate and government debt amounted to R25.0 billion (2022: 22.4 billion) at 31 December 2023. The following represent the major industry sectors to which the Group is exposed as at 31 December:

Group R'm	2023	2022
Government	7 672	10 611
Banks	971	5 304
Utilities	11 965	538
Corporate	4 427	5 983
Total	25 035	22 436

37. Management of risks (continued)

37.3 Financial risk management (continued)

Concentrations of credit risk

The maximum exposure to credit risk for its financial assets, including unit trusts, at the reporting date by credit rating category was as follows:

Group 2023 R'm	AAA and Government	Below AAA but no lower than A	Below A but no lower than BBB-	BBB- and Below	Unrated	Total
Debt securities (including assets held in unit trust funds)	11 806	1 949	1 059	5 636	4 585	25 035
Cash and cash equivalents (including assets held in unit trust funds)	1	1 265	414	781	1 850	4 311
Receivables	–	–	–	–	1 842	1 842
Reinsurance contract assets	–	1 559	–	6	–	1 565

Group Restated 2022 R'm	AAA and Government	Below AAA but no lower than A	Below A but no lower than BBB-	BBB- and Below	Unrated	Total
Debt securities (including assets held in unit trust funds)	11 627	7 428	42	291	3 048	22 436
Cash and cash equivalents (including assets held in unit trust funds)	–	3 252	419	476	155	4 302
Receivables	–	–	–	–	1 070	1 070
Reinsurance contract assets	–	1 375	–	7	–	1 382

37. Management of risks (continued)

37.3 Financial risk management (continued)

Ageing of financial assets

The following table provides information regarding the credit quality of assets(including unit trust fund assets) which expose the Group to credit risk:

Group 2023 R'm	Neither past due nor impaired	Financial assets that are past due Between 0 – 2 months	Between 2 – 5 months	More than 5 months	Carrying value
Reinsurance contract assets	1 180	133	42	210	1 565
Receivables	1 842	–	–	–	1 842
Cash and cash equivalents	4 311	–	–	–	4 311

Group Restated 2022 R'm	Neither past due nor impaired	Financial assets that are past due Between 0 – 2 months	Between 2 – 5 months	More than 5 months	Carrying value
Reinsurance contract assets	1 334	16	21	11	1 382
Receivables	1 070	–	–	–	1 070
Cash and cash equivalents	4 302	–	–	–	4 302

The Group does not have collateral or other credit enhancements for its credit risk exposure from financial assets and insurance contract assets during the current or prior year. Insurance receivables can be settled from the Profit-Share Account on arrangement with the policyholder. When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Group's experience and informed credit assessment, that includes forward-looking information such as forecasts which include the impact of macro-economics. Expected credit losses on Insurance receivables are determined using a provision matrix. Receivables are categorised per individual policyholder arrangement. Impairment rates applied to various categories are set out below:

Category 1	Balances older than 60 days in excess of recoverable Profit-Share Account balance
Category 2	Balances in excess of recoverable Profit-Share Account balance
Category 3	Arrangement Debtor balances for members aged 51 and older. Before age 51, balances in excess of recoverable Profit-Share Account balance

37. Management of risks (continued)

37.3 Financial risk management (continued)

The Group writes off the gross carrying amount of the financial assets and insurance contract assets (net of the remaining Profit-Share Account balance) when it has no reasonable expectations of recovering the asset or portion thereof. The Group expects no significant recovery from the amount written off. There are no financial assets where the terms have been renegotiated for the current or prior year.

Individually impaired assets

The analysis of overall credit risk exposure indicates that the Group has receivables from contract holders that are impaired at the reporting date. The impaired asset balances are analysed below:

Group R'm	2023 Gross	2023 Impairment losses	2023 Net	2022 Gross	2022 Impairment losses	2022 Net
Loan to associate company (note 13)	760	(234)	526	559	(234)	325
Due from investment property lessees (note 13)	7	(4)	3	9	(4)	5

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments to policyholders under policy contracts and in respect of financial liabilities.

The Group's approach to managing its liquidity risk is as follows:

- Policyholder funds are invested in assets that in aggregate match the reasonable benefit expectation of policyholders, which includes the expectation that funds will be available to pay out benefits as required by the insurance contract.
- Policyholder funds are primarily invested in assets that are listed financial instruments on various stock and bond exchanges and cash or cash equivalents that are actively traded on the various stock and bond exchanges, resulting in the ability to liquidate most of these investments at relatively short notice to be able to timeously pay out benefits as required by the policy contract. Some policyholder funds are invested in less liquid assets, such as fixed property, but not to the extent that this creates a material liquidity risk in meeting commitments to policyholders.
- Furthermore, the operational cash flow is sufficient to cover cash flow of a normal operational nature for example, in order to settle outstanding trade creditor balances.

37. Management of risks (continued)

37.3 Financial risk management (continued)

The following are the contractual maturities of financial liabilities and insurance contract liabilities, including interest payments and excluding the impact of netting agreements:

For long-term obligations, the amounts in the table represent the estimated cash flows, consistent with the valuation methodology followed by the calculation of the insurance contracts on the published reporting basis. All the cash flows are shown net of reinsurance. Nominal cash flows are shown and the effect of discounting is taken into account to reconcile to total policy liabilities under insurance contracts. Since the PPS Profit-share accounts are a retrospective accumulation of past profit declarations, the current value is taken as the value of the underlying assets (shown in the tables below).

Group 2023 R'm	Contractual cash flows						
	Carrying amount	Total cash flows	Within 1 year	2 – 5 years	6 – 10 years	11 – 20 years	Over 20 years
PPS Profit-Share accounts[(a)]	34 684	34 684	1 945	5 228	7 510	13 130	6 871
Liability for remaining coverage and incurred claims [(a)]	8 006	(906 514)	(2 033)	(771)	(257)	(11 441)	(892 012)
Short-term Insurance liabilities	138	138	117	21	–	–	–
Third-party financial liabilities arising on consolidation of unit trusts	17 925	17 925	17 925	–	–	–	–
Investment contract liabilities	5 529	5 529	349	1 395	1 842	1 943	–
Other financial liabilities	273	273	273	–	–	–	–
Lease liabilities	32	35	20	15	–	–	–

[(a)] These have been disaggregated in the below table to align with IFRS 17 disclosure requirements

37. Management of risks (continued)

37.3 Financial risk management (continued)

Group Restated 2022 R'm	Carrying amount	Contractual cash flows Total cash flows	Within 1 year	2 – 5 years	6 – 10 years	11 – 20 years	Over 20 years
PPS Profit-Share accounts[(a)]	32 293	32 293	2 074	4 865	6 988	12 217	6 149
Liability for remaining coverage and incurred claims [(a)]	7 290	(373 489)	(1 476)	(305)	2 051	3 416	(377 175)
Short-term Insurance liabilities	118	118	63	55	–	–	–
Third-party financial liabilities arising on consolidation of unit trusts	15 086	15 086	15 086	–	–	–	–
Investment contract liabilities	4 495	4 495	287	1 146	1 506	1 556	–
Other financial liabilities	173	173	173	–	–	–	
Lease liabilities	46	46	21	25	–	–	–

[(a)] These have been disaggregated in the below table to align with IFRS 17 disclosure requirements

(a)

Group 2023 R'm	Carrying amount	Contractual cash flows Total cash flows	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	> 5 years years
PPS Profit-Share accounts	34 684	34 684	1 945	1 176	1 265	1 351	1 437	27 510
Liability for remaining coverage and incurred claims	8 006	(901 877)	2 605	(337)	(256)	(160)	(18)	(903 711)

(a)

Group 2022 R'm	Carrying amount	Contractual cash flows Total cash flows	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	> 5 years years
PPS Profit-Share accounts	32 293	32 293	1 811	1 094	1 177	1 257	1 337	25 617
Liability for remaining coverage and incurred claims	7 290	(370 240)	1 774	(249)	(150)	(52)	146	(371 709)

37. Management of risks (continued)

37.3 Financial risk management (continued)

Market risks

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and equity prices will affect the value of the Group's financial assets and the amount of the Group's liabilities as well as the Group's insurance contract assets and liabilities. Market risk arises in the Group due to fluctuation in the value of liabilities and the value of investments held.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on assets. The nature of the Group's exposure to market risk and its objectives, policies and procedures for managing market risks have not changed significantly from the prior period although rigour has been applied to these in light of current market conditions and volatility. Refer below for more detail.

Management of market risk

The management of each of these major components of market risk and the exposure of the Group at the reporting date to each major risk is addressed below.

a. Interest rate risk

Interest rate risk arises primarily from the Group's investments in debt securities, cash and cash equivalents and its long-term debt obligations. However, changes in investment values attributable to interest rate changes are mitigated by corresponding and partially offsetting changes in the economic value of insurance and investment contract liabilities. As a result of this, the exposure to interest rate risk is managed by the asset managers and multi managers through the limit in the investment mandates with regard to investing in debt securities, as well as the internal benchmark performance that the asset managers and multi managers are measured against.

The nature of the Group's exposure to interest rate risk and its objectives, policies and procedures for managing interest rate risk have not changed significantly from the prior period.

The cash and cash equivalents and debt securities (including unit trust funds assets) interest rate sensitivity on profit before tax is shown below:

Group	2023 R'm	2022 Restated R'm
Cash and cash equivalents		
Interest rate decrease: 1%	(30)	(61)
Interest rate increase: 1%	30	61
Debt Securities		
Interest rate decrease: 1%	(250)	(224)
Interest rate increase: 1%	250	224
Insurance contracts gross of reinsurance		
Interest rate decrease: 1%	171	(228)
Interest rate increase: 1%	(162)	179
Insurance contracts net of reinsurance		
Interest rate decrease: 1%	168	(230)
Interest rate increase: 1%	(159)	181
Total interest rate risk		
Interest rate decrease: 1%	59	(743)
Interest rate increase: 1%	(41)	645

37. Management of risks (continued)

37.3 Financial risk management (continued)

Fluctuations in the value of assets held to back the PPS Profit-share accounts and investment components of the policy liabilities will affect the allocations to PPS Profit-share accounts and investment policyholder liabilities each year. The choice of assets to back the PPS Profit-share accounts of the policy liabilities reflects the Group's interpretation of the investment risk appetite of the policyholders. The assets held in this regard are as follows:

Group **2023**	PPS Profit-share accounts and Investment policies excluding Investment Choice R'm	%	Investment Choice R'm	%
Equity - local	10 787	34	1 541	26
Interest - local and international	8 990	28	2 778	46
Cash - local and international	1 683	5	505	8
Equity - international	10 681	33	1 174	20
Total	32 141	100	5 998	100

Group **2022**	PPS Profit-share accounts and Investment policies excluding Investment Choice R'm	%	Investment Choice R'm	%
Equity - local	8 255	32	1 750	27
Interest - local and international	10 020	39	3 072	48
Cash - local and international	1 794	7	400	6
Equity - international	5 521	22	1 220	19
Total	25 590	100	6 442	100

37. Management of risks (continued)

37.3 Financial risk management (continued)

The assets held to back the non-DPF component of the liabilities similarly reflect the Group's risk appetite and the results of the asset liability modelling exercises undertaken in the past. Investment profits or losses arising from the impact of fluctuations in market values of assets and interest rates on the value of assets and the liability for remaining coverage and incurred claims will be transferred to policyholders by adjusting the allocations made to the DPF component of their benefits.

Younger policyholders have more time to recover from the volatility in the financial markets. For that reason the strategic asset allocation for the invested portfolio representing these policyholders has a higher exposure to equity and thus risk. Older policyholders have less time to recover from negative market performance, and are thus given a voluntary option each year to switch to more conservative investment portfolios from age 55 ('Investment Choice'), i.e. portfolios where there is reduced exposure to equities.

The assets held to back the liability for remaining coverage and incurred claims are as follows:

	2023 R'm	%	2022 R'm	%
Equity - local	515	9	752	14
Interest - local and international	5 080	84	4 171	78
Cash - local and international	80	1	62	1
Equity - international	405	7	336	6
Total	6 080	100	5 321	100

The assets backing the liability for remaining coverage and incurred claims are invested in such a manner as to try and minimise the asset liability mismatch for interest rate risk and duration risk.

37. Management of risks (continued)

37.3 Financial risk management (continued)

b. Currency risk

The Group's operations in Namibia does not result in additional sources of foreign currency risk due to the fact that there is no exchange difference between the Namibian Dollar and the South African Rand.

The asset managers and multi managers actively manage the currency risk when decisions are made in regard to investing internationally. All international investment returns are shown in US Dollars and the effect of the trading in different currencies is reflected in the investment performance which is measured against an internal benchmark. In terms of legislation, up to 45% of the South African long-term insurance company's investments may be invested in foreign currency and hence that Company has less than 45% exposure to currency risk. The limit for the Namibian long-term insurance company in terms of local legislation is 55% of assets can be invested outside of Namibia.

The potential impact of currency movements on the share prices of domestic equities with significant foreign currency earnings is addressed by the asset managers and multi managers in their assessment of the appropriate equities to hold in their mandates with PPS.

The Group has some exposure to the Australian Dollar due to the income from the Australian associate. The income from this territory mitigates the currency not on foreign currency denominated expenses incured by the Group and provides income in hard currency to the Group. The assets held at year-end in Australian Dollars is not material.

The international assets' currency sensitivity on profit before tax is shown below:

Group	2023 R'm	2022 R'm
Currency risk		
South African Rand exchange rate decrease: 1%	123	(136)
South African Rand exchange rate increase: 1%	(123)	136

c. Equity price risk

The Group holds a significant portfolio of equities which are subject to price movements. The majority of these assets are held to support contractual liabilities arising from unit-linked insurance contracts, contracts with DPF and investment contracts and therefore the price movements are matched with corresponding movements on contractual obligations.

The exposure to equities is managed to ensure that the Group's internal capital requirements are met at all times, as well as those mandated by the Group's external regulators.

Benchmarks and risk parameters are set against which the Group measures the asset managers and multi managers. A monthly compliance statement is provided by each asset manager and regular updates from the multi-manager are received stating their adherence to the investment mandate, and highlighting any deviations and the corrective action to be taken to rectify the deviations. The performance of the assets against benchmarks, and the adherence to mandates, are monitored monthly by management. The asset managers and multi managers present the performance against benchmarks and adherence to mandates,

The nature of the Group's exposures to equity risk and its objectives, policies and processes for managing equity risk have not changed significantly from the prior period. The assets have performed well compared to the benchmark. This coupled with the long-term view that PPS takes towards its investments, means that the long-term asset strategy and asset allocations have remained unchanged.

The Equity price risk sensitivity on profit before tax is shown below:

37. Management of risks (continued)

37.3 Financial risk management (continued)

Group	2023 R'm	2022 R'm
Equity price risk		
Price decrease: 1%	312	(283)
Price increase: 1%	(312)	283

Assumptions, methodology and limitations of sensitivity analysis

The effects of the specified changes in factors are determined using actuarial and statistical models, as relevant. The level of movements in market factors on which the sensitivity analysis is based were determined based on economic forecasts and historical experience of variations in these factors.

The sensitivity table demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. However, the occurrence of a change in a single market factor may lead to changes in other market factors as a result of correlations.

The sensitivity analyses do not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the sensitivity analysis is based on the Group's financial position at the reporting date and may vary at the time that any actual market movement occurs. As investment markets move past pre-determined trigger points, management action would be taken which would alter the Group's position.

37. Management of risks (continued)

37.3 Financial risk management (continued)

Underwriting risk: Long-Term Insurance

Underwriting risk is the risk that the actual exposure to mortality, disability and medical risks in respect of policyholder benefits will exceed prudent exposure.

Underwriting risk is controlled by underwriting principles. The underwriting process takes into account actual and prospective mortality, morbidity and the expense experience.

The Head of Actuarial Function ('HAF') reviews and attests annually on the reliability and adequacy of technical provisions and the Solvency Capital Requirement. The HAF expresses an opinion on the Underwriting Policy as well as the soundness of the premium rates in use and the profitability of the business, taking into consideration the reasonable benefit expectation of policyholders. All new rate tables are approved and authorised by the Executive: Actuarial Services prior to being issued. Regular investigations into the mortality and morbidity experience are conducted. All risk-related mortality lump sum, disability and critical illness liabilities in excess of specified monetary limits are reinsured. A sickness experience report is annually presented analysing claim patterns and trends. The latest report indicated no significant deterioration in claim patterns.

Reinsurance outwards: Long-Term Insurance

A comprehensive, Board approved, reinsurance strategy is in place for the Group. Certain life, disability, dread disease and physical impairment risks are reinsured. The risks to be reinsured have been decided upon by balancing the need to reduce variability of claims experience against the cost of reinsurance. The reinsurers contracted with have been assessed on their ability to provide the Group with product, pricing, underwriting and claims support, as well as on their global credit rating.

Claims risk: Long-Term Insurance

Pro-active training of staff takes place to ensure that fraudulent claims are identified and investigated timeously. The legitimacy of claims is verified by internal, financial and operating controls that are designed to contain and monitor claims risks. The forensic investigation team also advises on improvements to internal control systems and performs forensic investigations on perceived fraudulent claims. The Forensic Investigations department investigates all suspected fraudulent claims.

Products and pricing risk: Long-Term Insurance

Some of the mitigating measures in place to address this risk include:

- Ongoing analysis of risk experience (such as the sickness and mortality investigations).
- Use of reinsurance – this protects the insurer in that some of the risk of insufficient rates is passed onto a reinsurer.
- Margins in the premium rates – generally additional margins are included in the setting of premium rates to arrive at a more prudent set of rates and should protect against experience being slightly worse than anticipated.
- Non-guaranteed rates allows the Group to change its rates should the experience worsen significantly or be anticipated to worsen significantly.
- The thorough testing of proposed products upfront, including testing expected expenses and volumes of business, provides a sense of the expected parameters within which the product pricing will remain appropriate. If expenses or volumes are significantly different from the business plan then the overall offering and position is revisited and consideration given to making appropriate changes to remedy worsening positions.
- Valuation – the annual valuation provides valuable information about changing parameters (such as mortality, morbidity, long-term investment returns, yields, etc.).

37. Management of risks (continued)

37.3 Financial risk management (continued)

Expense risk

There is a risk that the Group may suffer a loss from actual expenses being higher than those assumed when pricing or valuing contracts. This may be caused by factors increasing the expense charge in running the business, higher than expected expense inflation, or by an in-force policy book smaller than expected. Alternatively, lower than expected volumes of new business or higher than expected contract terminations may result in higher than expected unit costs per policy.

Expense investigations are performed annually and valuation expense assumptions are set based on the results of this investigation, taking cognisance of the budgeted expenses per policy for the next financial year. Actual expenses are compared against budgeted expenses on a monthly basis. Due to the mutual nature of the Group, expense savings or expenses losses compared to expected expenses will respectively result in a higher or lower profit allocation to the policyholders.

Business volume risk

There is a risk that the Group may not cover the costs of acquisition and distribution if insufficient volumes of new business are sold. A mitigating factor is that a substantial portion of these costs are variable costs. Actual sales volumes are compared against budgeted and annual targeted sales on a monthly basis. This enables management to determine whether there are any factors that could impact the delivery of the targeted volumes. Where these are identified, an investigation occurs and the appropriate corrective action is taken.

Data and model risk

There is a risk that the Group may suffer a loss if the model used to calculate the insurance liabilities does not project the expected cash flows on the contracts accurately. This risk is mitigated by comparing the actual cash flows with the expected cash flows on a product basis at least annually. All new contract designs are also incorporated into the model. Detailed investigations are performed annually to ensure the integrity of the data used in the valuation process. Automated systems have been implemented to flag any anomalous transactions on an ongoing basis.

Capital management

Long-Term Insurance

The Group's capital management objectives are:

- To comply with the insurance regulatory capital requirements in the countries in which the Group operates.
- To safeguard the entity's ability to continue as a going concern.
- To continue to provide acceptable returns for policyholders and members, and benefits for other stakeholders.

The Board's policy is to maintain a strong capital base to protect policyholders' and creditors' interests and satisfy regulators whilst still creating value for policyholders.

The level of accumulated funds required by the Group is determined by the Insurance Act 18 of 2017 in South Africa and Namibian legislation (Act 5 of 1998) in Namibia, together with the Group's licence requirements.

The minimum capital requirements must be maintained at all times during the year. The table below summarises the minimum accumulated funds requirements across the Group and the actual accumulated funds held.

37. Management of risks (continued)

37.3 Financial risk management (continued)

R'm	2023 South Africa	2023 Namibia	2022 South Africa	2022 Namibia
Capital held	518	6	459*	6*
Regulatory capital	246	4	144*	4*

* Unaudited numbers

During 2023, the PPS Insurance Board supported a proposal to retain the required capital cover of 2.1 times which still provides adequate capital cover based on the analysis performed. This decision has resulted in R59 million allocated from (2022: R49 million allocated to) total comprehensive income/(loss).

Short-Term Insurance

The Board's policy is to maintain an adequate capital base to protect policyholders' and creditors' interests and satisfy regulators whilst still creating value for shareholders.

The level of capital required by the Group is determined by the Prudential Standards under the Insurance Act 18 of 2017.

The minimum capital requirements are maintained at all times during the year. The Board considers the capital of the Group to be the total of all accumulated funds held.

The Group has a level of SCR cover at 1.60 times (2022: 1.60 times).

The Group has complied with all externally and internally imposed capital requirements throughout the period.

PPS Collective Investment Scheme funds managed by PPS Multi-Managers (Pty) Ltd

The Group invests in various registered unit trusts in order to match obligations provided in policyholder contracts.

Each fund has its own legal constitution and operates within a defined fund mandate delegated to the appointed fund manager. Market and credit risks assumed within the assets held are controlled by various protection mechanisms within the mandate and in law. For example, the Collective Investment Schemes Control Act, No. 45 of 2002 as amended, in South Africa prescribes maximum limits for the concentration of risk exposures.

The Collective Investment Scheme's oversight board appoints administrators who are responsible to ensure that the fund's mandate and any internal and legislated control procedures are adhered to. In the event of a breach they are obligated to immediately bring it to the attention of the fund's trustees, Board and management for remedial action.

The unit trust fund vehicle and related procedures for offering investments is mature within South Africa and is well-regulated.

The unit trust funds which are defined as portfolios are grouped under entities named Professional Provident Society Collective Investment Scheme and Prescient Global Funds ICAV (PPS Global Equity Fund). Described below is the unit trust subsidiary manager and asset manager and its respective mandate and objective.

37. Management of risks (continued)

37.3 Financial risk management (continued)

Funds managed by PPS Multi-Managers (Pty) Ltd

PPS Investments Group employs a combination of single- and multi-manager investment approach that is designed to generate acceptable levels of returns at lower than average levels of risk. This is achieved by:

- thorough and ongoing quantitative and qualitative research of potential managers in the market;
- selecting specialist and multi-asset managers and multi managers, taking their investment style and specific areas of expertise into consideration;
- determining the optimal blend of selected managers within the portfolio through a portfolio construction and optimisation process;
- writing segregated investment mandates with selected managers to tightly control portfolio risk;
- continuous monitoring of the portfolio risk and return characteristics of each selected manager as well as of the overall portfolio; and
- making manager changes where PPS Investments feels this is in the best interest of investors.

The Collective Investments Scheme Control Act also imposes specific restrictions which the underlying managers have to comply with and also restricts the interest rate and credit risk, where applicable, that they are able to take.

a. **PPS Conservative Fund of Funds**

Investment objective

To maximise total portfolio return while outperforming a conservative return target of CPI + 2% per annum over the medium term.

Investment mandate

This multi-managed fund invests in a number of underlying managers with the specific mandate to employ real return strategies to provide real capital growth. Flexible asset allocation provides diversification across all asset classes and sectors, with equity exposure limit to not more than 40% of the portfolio value.

Typical investments

The managers invest in fixed instruments such as money market and bonds, as well as local and international equities.

Risk exposure

A conservative fund exposed to credit risk, interest rate risk, local and international equity price risk and currency risk.

37. Management of risks (continued)

37.3 Financial risk management (continued)

b. PPS Moderate Fund of Funds

Investment objective

To maximise total portfolio return while outperforming a moderate return target of CPI + 4% per annum over the medium term.

Investment mandate

This multi-managed fund invests in a number of underlying managers with the specific mandate to employ real return strategies to provide real capital growth. Flexible asset allocation provides diversification across all asset classes and sectors, with equity exposure limit to not more than 60% of the portfolio value.

Typical investments

The managers invest in fixed instruments such as money market and bonds, as well as local and international equities.

Risk exposure

A moderate fund exposed to credit risk, interest rate risk, local and international equity price risk and currency risk.

c. PPS Enhanced Yield Fund

Investment objective

To provide an enhanced level of income in excess of a broad short-term fixed interest benchmark.

Investment mandate

This specific mandate to actively manage the fund by investing in instruments across various maturities, but limiting the weighted average maturity to less than one year. Asset allocation is defensive with exposure primarily to floating rate instruments, including high-yielding corporate bonds and securities, government bonds and cash.

Typical investments

The manager typically invests in income-yielding floating rate domestic big five bank paper as well as money market and government bonds.

Risk exposure

An enhanced yield income fund exposed to credit risk and interest rate risk.

37. Management of risks (continued)

37.3 Financial risk management (continued)

d. PPS Flexible Income Fund

Investment objective

To provide investors with a total return with a strong income bias while also seeking to protect capital in terms of bond market index and be competitive with funds in multi-asset income space.

Investment mandate

This multi-managed flexible income fund invests in a number of underlying managers with the specific mandate to actively manage the fund by investing without prescribed maturity limits. Asset allocation is defensive with exposure to fixed interest instruments, including high-yielding corporate bonds and securities, government bonds, listed property, preference shares and inflation-linked bonds and to the extent as allowed by the Act.

Typical investments

The manager invests in income-yielding fixed instruments such as money market, bonds and preference shares. The fund may invest in offshore fixed interest assets.

Risk exposure

A flexible income fund exposed to credit risk, interest rate risk and currency risk.

e. PPS Equity Fund

Investment objective

To provide long-term capital growth that exceeds the return provided by a broad South African equity market index.

Investment mandate

This multi-managed fund invests in a number of underlying managers with the specific mandate to actively manage exposures to domestic listed equities in order to deliver long-term performance.

Typical investments

This multi-managed fund invests in domestic listed equities and cash.

Risk exposure

An equity fund exposed to local equity price risk, company-specific risk and indirect currency risk.

37. Management of risks (continued)

37.3 Financial risk management (continued)

f. PPS Balanced Fund of Funds

Investment objective

To maximise total portfolio returns while outperforming a peer-relative benchmark over the medium to long term.

Investment mandate

This multi-managed fund invests in a number of underlying managers who invest in a spectrum of local and international securities within the parameters of Regulation 28 of the Pension Funds Act, No 24 of 1956 with the specific focus on long-term growth.

Typical investments

The managers invest in local and international equities, bonds, property, as well as money market instruments.

Risk exposure

A medium to high risk fund, exposed to credit risk, interest rate risk, local and international equity price risk, company-specific risk and currency risk.

g. PPS Worldwide Flexible Fund of Funds

Investment objective

To maximise total portfolio returns while outperforming a return target of CPI+6% per annum over the long term.

Investment mandate

This multi-managed fund invests in a number of underlying managers who invest in a spectrum of local and international securities with the specific mandate to provide real capital growth. Flexible asset allocation provides diversification across asset classes and sectors.

Typical investments

The managers invest in local and international equities, bonds, property, as well as money market instruments.

Risk exposure

A medium to high risk fund, exposed to credit risk, interest rate risk, local and international equity price risk, company-specific risk and currency risk. The fund can hold up to 100% offshore, but in general is expected to be between 40% and 60% invested in international assets.

37. Management of risks (continued)

37.3 Financial risk management (continued)

h. PPS Global Balanced Fund of Funds

Investment objective

To maximise total portfolio returns while outperforming a composite industry benchmark (comprising 60% global equities and 40% global bonds) over the medium to long term.

Investment mandate

This multi-managed fund invests in a number of underlying managers who invest in a spectrum of international securities with the specific focus on long-term capital growth and income.

Typical investments

The managers invest in international equities, bonds, property, as well as money market instruments.

Risk exposure

A medium to high risk fund, exposed to credit risk, interest rate risk, international equity price risk, company-specific risk and currency risk.

i. PPS Balanced Index Tracker Fund

Investment objective

To track the customised PPS Balanced Index, a published multi-asset high equity composite index that is diversified across a number of constituent indices, and calculated and published daily by a recognised index compiler.

Investment mandate

This index tracker invests in the type of securities necessary to effectively track the index.

Typical investments

The multi-asset, high equity composite index that the PPS Balanced Index Tracker Fund tracks includes local and international equities, domestic bonds, domestic cash and domestic property.

Risk exposure

A medium to high risk fund, exposed to credit risk, interest rate risk, international equity price risk, counterparty risk and currency risk.

37. Management of risks (continued)

37.3 Financial risk management (continued)

j. PPS Institutional Multi-Asset Low Equity Fund

Investment objective

Deliver a consistent benchmark beating return over a rolling 36-month period, while aiming to minimise capital loss over any 12-month period.

Investment mandate

This institutional multi-managed fund has a focus on capital protection and diversification. Flexible asset allocation provides diversification across all asset classes and sectors, with equity exposure limit to not more than 40% of the portfolio value.

Typical investments

The manager invests in fixed instruments such as money market and bonds, as well as local and global property and equities.

Risk exposure

A low to medium risk fund exposed to equity price risk, credit risk, currency risk, liquidity risk and interest rate risk, both domestically and internationally.

k. PPS Bond Fund

Investment objective

To outperform the broad bond market index within defined duration limits relative to the benchmark, with more consistency than a typical bond fund.

Investment mandate

This multi-managed bond fund invests in underlying managers that invests in a spectrum of fixed interest securities with the focus on benchmark relative performance, together with a regular and high level of income. Inflation protection over the long-term forms part of the investment mandate.

Typical investments

The portfolio will invest in a spread of listed and unlisted bonds, inflation-linked bonds, fixed deposits and other interest-bearing securities. The portfolio may invest in short, intermediate and long-dated securities.

Risk exposure

A bond fund exposed to credit risk, interest rate risk and inflation risk.

37. Management of risks (continued)

37.3 Financial risk management (continued)

l. PPS Institutional Multi-Asset Flexible Fund

Investment objective

To maximise total portfolio return while outperforming CPI for all urban areas over a rolling three-year period. The portfolio has a focus on capital growth and diversification.

Investment mandate

This institutional multi-managed fund invests in a number of underlying managers with a specific mandate to allocate assets based on their best investment view. Flexible asset allocation provides diversification across all asset classes and sectors, with equity exposure limited to not more than 75% of the portfolio value.

Typical investments

The managers may invest in a flexible combination of listed and unlisted investments across equity, bond, money and property market.

Risk exposure

A moderate to high risk fund exposed to credit risk, interest rate risk and local equity price risk.

m. PPS Stable Growth Fund

Investment objective

The primary objective is to outperform ASISA SA MA Medium equity while preserving capital over the medium- to long-term. The investment horizon for this fund is greater than five years.

Investment mandate

This portfolio will be managed using a single-manager investment process. This fund has an absolute return focus and the fund will aim for medium- to long-term growth.

Typical investments

The portfolio can include domestic equities, domestic bonds, domestic cash and domestic property. The portfolio may also invest in any listed or unlisted financial instruments, and international cash, international bonds, international property and international equities. Equity exposure is limited to not more than 60% of the portfolio value.

Risk exposure

A medium risk fund exposed to equity price risk, credit risk, currency risk, liquidity risk and interest rate risk, both domestically and internationally.

37. Management of risks (continued)

37.3 Financial risk management (continued)

n. PPS Defensive Fund

Investment objective

To outperform the ASISA SA Multi Asset Low Equity category average and will aim for low short-term volatility with long-term capital growth. The investment horizon for this fund is greater than three years.

Investment mandate

This portfolio will be managed using a single-manager investment process with a risk conscious mindset and a focus on protecting capital by maintaining a diversified asset class exposure to the extent that the Act allows.

Typical investments

The portfolio can include domestic equities, domestic bonds, domestic cash and domestic property. The portfolio may also invest in any listed or unlisted financial instruments, and international cash, international bonds, international property and international equities.

Risk exposure

A low to medium risk fund exposed to equity price risk, credit risk, currency risk, liquidity risk and interest rate risk, both domestically and internationally. Equity exposure is limited to not more than 40% of the portfolio value.

o. PPS Managed Fund

Investment objective

To aim for medium- to long-term capital growth of at least CPI for all urban areas plus 5%. The benchmark of the portfolio will be CPI for all urban areas plus 5% per annum, with an investment horizon greater than six years.

Investment mandate

This portfolio will be managed using a single-manager investment process that seeks to achieve medium- to long-term capital growth and can invest in a spectrum of local and international securities within the parameters of Regulation 28 of the Pension Fund Act, No 24 of 1956.

Typical investments

The portfolio can include domestic equities, domestic bonds, domestic cash and domestic property. The portfolio may also invest in any listed or unlisted financial instruments, and international cash, international bonds, international property and international equities.

Risk exposure

A medium to high risk fund exposed to equity price risk, credit risk, currency risk, liquidity risk and interest rate risk, both domestically and internationally. Equity exposure is limited to not more than 75% of the portfolio value.

37. Management of risks (continued)

37.3 Financial risk management (continued)

p. PPS Global Equity Fund

Investment objective

The Fund's primary investment objective is to outperform the MSCI All Country World Index (net of fees), with an investment horizon of greater than seven years.

Investment mandate

This is a USD denominated portfolio and will be managed using a single-manager investment process that seeks to achieve long-term capital growth by investing in the listed equities of companies in both developed and emerging market economies.

Typical investments

The Fund will invest in a diversified portfolio of global equity and equity-related securities. The Fund may also hold ancillary liquid assets, collective investment schemes and hold cash positions. Investments will have a global focus insofar as investments are not confined or concentrated in any particular geographic region or market.

Risk exposure

A medium to high fund exposure to Market risk, Currency risk, Derivative risk, Liquidity risk, Counterparty risk and Developing market risk.

q. PPS Global Equity Feeder Fund

Investment objective

The Fund's primary investment objective is to outperform the MSCI All Country World Index (net of fees), with an investment horizon of greater than seven years.

Investment mandate

The PPS Global Equity Feeder Fund invests in the foreign-domiciled PPS Global Equity Fund, established under the Prescient Global Funds ICAV, approved by the Irish Regulator.

Typical investments

The rand-denominated fund offers exposure to the global equity market and may also invest in financial instruments for the exclusive purpose of hedging against exchange rate risk. The underlying fund (The PPS Global Equity Fund) will invest in a diversified portfolio of global equity and equity-related securities. The underlying fund may also hold ancillary liquid assets, collective investment schemes and hold cash positions. Investments will have a global focus insofar as investments are not confined or concentrated in any particular geographic region or market.

Risk exposure

A medium to high fund exposure to Market risk, Currency risk, Derivative risk, Liquidity risk, Counterparty risk and Developing market risk.

38. Going concern

The Trustees / Directors assess the Group's future performance and financial position on an ongoing basis and have no reason to believe that the Group will not be a going concern in the reporting period ahead. For this reason, these financial statements are prepared on a going concern basis.

Going concern and solvency

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The solvency position of the Group remains resilient.

ACTION REQUIRED BY MEMBERS IN REGARD TO THE 2024 ANNUAL GENERAL MEETING

The annual general meeting (AGM) of members of The Professional Provident Society Holdings Trust (PPS Holdings Trust) will be held at 18:00 on Monday, 6 May 2024. In the interest of improving participation by members, the PPS Holdings Trust Board has decided that this Annual General Meeting will be held entirely virtually. This AGM will consider and, if deemed fit, approve the ordinary and special resolutions set out in the notice convening the AGM, which is attached to and forms part of this Integrated Report. A form of proxy, enabling members to vote on the respective resolutions proposed, has also been included in this Integrated Report.

In terms of the Trust Deed of PPS Holdings Trust, only Ordinary Members of PPS Holdings Trust have the right to vote at meetings of its members. The votes of Ordinary Members of PPS Holdings Trust are determined in the manner set out in clause 22.6.2.2 of the Trust Deed, which is available at www.pps.co.za.

It is proposed to amend the Trust Deed of PPS Holdings Trust in order to enable the PPS Group to provide products to individuals that do not qualify to become Ordinary Members, by making provision for such individuals to become Associate Members of the Trust, who do not have voting rights. Accordingly, the notice of the annual general meeting incorporated in this Integrated Report includes a special resolution for approval by members authorising the proposed amendment of the Trust Deed and sets out the reasons for the proposed amendment.

While it is permissible for individuals who are nominated for election as Trustees to canvas Ordinary Members of the PPS Holdings Trust for votes in favour of their election, the provision or offer of any form of inducement for votes or any inducement to obtain votes on their behalf (whether in cash or in kind) is inconsistent with the qualification criteria for prospective Trustees and may result in ineligibility to stand for election. Members are requested to report any such inducement or offer of such inducement by or on behalf of a prospective Trustee to the Trust Secretary at companysecretary@pps.co.za as soon as reasonably practicable after the occurrence of such an event.

You may attend and vote at the AGM by attending virtually, or you may appoint a proxy to represent you virtually by completing the form of proxy included in this Integrated Report (please also refer to the notes to the form of proxy) and forwarding it, marked for the attention of the Trust Secretary, to one of the addresses below, or via facsimile or e-mail, to be received by the Trust Secretary by no later than 18:00 on Tuesday, 30 April 2024 and you are also permitted to withdraw submitted proxy forms up to that date and time.

Physical address
6 Anerley Road
Parktown
Johannesburg

Postal address
PO Box 1089
Houghton
2041

Telephone
011 644 4200

Facsimile
011 644 4641

E-mail
AGMproxies@pps.co.za

Ordinary Members who have not submitted a form of proxy by 18:00 on 30 April 2024, may cast their vote electronically at the AGM. For the convenience of attendees at the AGM, they will be able to load their votes on the electronic voting system from 15:00 on Monday, 6 May 2024 and those votes will then be exercised at the AGM. Voting will be closed by the Chairman of the AGM during the course of the meeting.

Ordinary Members will on 6 May 2024 be provided with a link enabling them to register for, participate in and vote (if they have not submitted a form of proxy) electronically at the 6 May 2024 AGM.

The results of the voting at the AGM will be announced at the AGM as soon as they have been verified by the appointed scrutineers, KPMG, or will be published on the PPS website as soon as possible after the meeting.

Please take careful note of the provisions relating to the action required by members regarding the AGM. If you are in any doubt as to what action to take, please consult your professional adviser.

NOTICE TO THE MEMBERS OF THE ANNUAL GENERAL MEETING AND CVS OF CANDIDATES STANDING FOR ELECTION

The Professional Provident Society Holdings Trust

(Registration number: IT312/2011)
(the Trust)

Notice is hereby given that the fourteenth annual general meeting (the meeting) of the members of the Trust will be held VIRTUALLY on Monday, 6 May 2024 at 18:00, for the purposes set out below. Please refer to the section titled "Action required by members in regard to the 2024 annual general meeting" included in this Integrated Report for particulars regarding participation in the annual general meeting.

1. **To adopt, by ordinary resolution, the annual financial statements for the year ended 31 December 2023, including the reports of the trustees and the auditors of the Trust.**

2. **To appoint, by ordinary resolution, Ernst & Young Incorporated as the auditors of the Trust for the financial year ending 31 December 2024.**

3. **To pass the following special resolution approving the amendment of the Trust Deed constituting the Trust:**

"RESOLVED THAT the Members of the Trust, in terms of clauses 12.3 and 31.1.3 of the existing deed of trust constituting the Trust, being the Second Amended and Restated Trust Deed as further amended by resolution adopted on 22 May 2017 and by resolution adopted on 8 May 2023 ("Trust Deed"), hereby approve the amendment of the Trust Deed, with effect from the end of the AGM at which this resolution is adopted but subject to the Prudential Authority confirming in terms of clause 31.1.4 of the Trust Deed that it does not object to the amendment, by:

(i) the insertion of the words "amendment or" after the words "unless such" in the fifth line of clause 12.3; and

(ii) the replacement of clause 17.2 with the following new clause 17.2:

"17.2 Save as provided in 17.1, a Person shall only be entitled to become a Member of the Trust if such Person is, and continues to be, -

17.2.1 a Professional Person who is a member, or who is eligible for membership, of one of the Recognised Professional Organisations; and/or

17.2.2 a juristic Person which provides Professional services;

provided that the Board shall be entitled to admit such other Persons as Members as it deems fit."; and

(iii) the replacement of clause 18.3 with the following new clause 18.3:

"18.3 Only Members who are referred to in 17.2.1 or 17.2.2 and who are -

18.3.1 ordinary participants, from time to time, as defined in the Master Contract;

18.3.2 accident participants, from time to time, as defined in the Master Contract; or

18.3.3 special participants, from time to time, as defined in the Master Contract,

shall be Ordinary Members."; and

(iv) the replacement of clause 20.2 with the following new clause 20.2:

"20.2 The Board shall, with effect from such date as the Board may determine for such purpose, be entitled to terminate a Member's membership of the Trust -

20.2.1 if such Member is not a participant in any Product provided by the Group; or

20.2.2 if, in the case of an Ordinary Member, such Member ceases to be a member, or ceases to be eligible for membership, of a Recognised Professional Organisation; or

20.2.3 if, in the case of an Ordinary Member, such Member ceases to be registered with, or ceases to be eligible for registration with, the statutory registering authority for his Profession; or

20.2.4 if such Member is, in the opinion of the Board, guilty of improper or unworthy or disgraceful conduct; or

20.2.5 upon his death; or

20.2.6 if, in the case of an Ordinary Member, he changes his Profession to one other than a Profession referred to in 17.2; or

20.2.7 if, in the case of an Ordinary Member that is a Corporate Member, it ceases to provide Professional services; or

20.2.8 for any other reason which the Board deems sufficient to warrant such termination,

provided that the Board may, in its sole and absolute discretion, decide to allow any Member to continue as a Member notwithstanding the occurrence of an event referred to in this 20.2."

EXPLANATORY NOTE ON THE AMENDMENT OF THE TRUST DEED

The proposed amendments to the Trust Deed are necessary for the reasons explained below.

- The proposed amendment to clause 12.3 corrects a typographical error whereby the words "amendment or" had been omitted from the existing Trust Deed.
- In order to enable the PPS Group to provide products to individuals that do not qualify to become Ordinary Members, provision will be made for such individuals to become Associate Members of the Trust, who do not have voting rights. In order to facilitate that proposal, it is proposed to amend the following three aspects of the current Trust Deed of the Trust:
    - the restriction in the proviso at the end of clause 17.2 that requires all Members to be "Professional and/or juristic Persons" will be removed;
    - the reference to "Professional Persons and juristic Persons that provide Professional services" in clauses 17.2.1 and 17.2.2 will however be retained, as those clauses operate in conjunction with clause 18.3, where the amendment will provide that only those Professional Persons and juristic Persons that provide Professional services will be Ordinary Members. Persons who do not qualify to become Ordinary Members will therefore be categorised as Associate Members pursuant to clause 18.4.4; and as a consequence of allowing Persons who are not Professionals to become Associate Members, there is also a need to clarify in clause 20.2 of the Trust Deed the basis on which different classes of Membership can be terminated.

NOTICE TO THE MEMBERS OF THE ANNUAL GENERAL MEETING AND CVS OF CANDIDATES STANDING FOR ELECTION (continued)

4. **To elect and appoint trustees, by ordinary resolutions, in place of those trustees retiring in accordance with the Trust Deed which established and governs the Trust (Trust Deed).**

   Dr D P du Plessis will be retiring from the PPS Holdings Trust Board at the conclusion of this annual general meeting. In addition, Mr A H de Vries, Dr N H P Khosa and Dr C M Krüger are retiring by rotation at the meeting in terms of the Trust Deed.

   The following Trustees, being eligible for re-election and appointment, offer themselves for re-election and appointment as trustees of the Trust:

   4.1 Mr A H de Vries

   4.2 Dr N H P Khosa

   4.3 Dr C M Krüger

   In addition, the following candidates have been nominated for election and appointment as trustees of the Trust in terms of the Trust Deed:

   4.4 Mr K Elliott

   4.5 Mr D R Govender

   4.6 Dr A Huggett

   4.7 Dr A Mayekiso

   4.8 Prof N Mofolo

   4.9 Mr A L Peter

   4.10 Dr K H Rapetswa

   4.11 Ms M J Vermeulen

   (Abbreviated biographical details of the persons referred to above are set out on pages 244 to 256 of this Integrated Report).

EXPLANATORY NOTE ON THE APPOINTMENT OF THE TRUSTEES

The Trust Deed provides for a maximum of 20 Trustees, all of whom are appointed in accordance with the Trust Deed. In terms of clause 5.3.1 of the Trust Deed, a maximum of ten Trustees may be appointed by the members in general meeting. There are currently 10 elected Trustees, of whom three are required to retire by rotation in terms of clause 7.2.1 of the Trust Deed. Following these retirements by rotation and Dr D P du Plessis' retirement, there will be six elected trustees in office. There are therefore four vacancies and there are 11 nominees for these vacant positions (including the three Trustees who retire by rotation and who offer themselves for re-election and appointment). The Trust Deed provides that:

(i) Each candidate will be voted upon by a separate election resolution and if the election resolution is not approved then that candidate is not appointed.

(ii) If the number of candidates whose election resolutions are approved exceeds the above-mentioned number of vacancies, the result of the voting shall be determined in accordance with the number of votes cast in favour of each approved election resolution so that the vacancies will be filled by those candidates whose approved election resolutions received the highest number of favourable votes.

5. **To elect the Audit Committee of the Trust by ordinary resolutions. The following trustees, who meet the requirements of paragraph 26.1 of the Trust Deed, nominated by the Group Nominations Committee and recommended by the Board, have offered themselves for election:**

   5.1 Ms D L T Dondur

   5.2 Mr S Trikamjee

   5.3 Prof H E Wainer

NOTICE TO THE MEMBERS OF THE ANNUAL GENERAL MEETING AND CVS OF CANDIDATES STANDING FOR ELECTION (continued)

6. **To approve, by special resolution, the following remuneration of the trustees (exclusive of VAT) for the period commencing 1 July 2024 until such time as this remuneration is amended by a further special resolution:**
   - remuneration of the chairman, comprising an annual retainer of R604 350 and an attendance fee of R26 100 per meeting;
   - remuneration of the deputy chairman, comprising an annual retainer of R402 900 and an attendance fee of R19 575 per meeting;
   - remuneration of the co-opted members of the Board of Trustees, comprising an annual retainer of R302 175 and an attendance fee of R13 050 per meeting;
   - remuneration of the remainder of the members of the Board of Trustees, comprising an annual retainer of R201 450 and an attendance fee of R13 050 per meeting;
   - remuneration of the chairman of the Trust Audit Committee, being an attendance fee of R32 625 per meeting;
   - remuneration of the remainder of the members of the Trust Audit Committee, being an attendance fee of R16 313 per meeting;
   - remuneration of the chairman of the Group Nominations Committee, being an attendance fee of R32 625 per meeting;
   - remuneration of the deputy chairman of the Group Nominations Committee, being an attendance fee of R24 469 per meeting; and
   - remuneration of the remainder of the members of the Group Nominations Committee, being an attendance fee of R16 313 per meeting.

Voting

In voting or passing any resolution:

- Associate Members (as defined in clause 18 of the Trust Deed) do not have any votes; and
- Ordinary Members (as defined in clause 18 of the Trust Deed) shall have 100 (one hundred) votes each, plus 1 (one) additional vote for each completed R200 (two hundred Rand) standing to his/her credit in his/her Apportionment Account (as defined in the Trust Deed), as at the most recent date prior to the meeting when the Apportionment Accounts of Ordinary Members were adjusted, provided that an Ordinary Member who is at the date of the vote 3 (three) months or more in arrears with the payment of his/her premiums (payable in terms of the Master Contract (as defined in clause 1.2.25 of the Trust Deed)) shall only have 1 (one) vote at the meeting.

A member who has more than 1 (one) vote may not split votes to exercise his/her votes in voting on any particular resolution but shall exercise all his/her votes either for or against the resolution or the member may abstain from voting on it.

An ordinary resolution is a resolution which has to be approved by a majority of votes exercised on that resolution. A special resolution is a resolution which has to be approved by at least 75% of the votes exercised on that resolution.

Proxies

Any member who is entitled to attend and vote at the meeting may appoint a proxy (who need not be a member of the Trust) to attend, speak and on a poll to vote or abstain from voting in his/her stead.

A form of proxy is included in this Integrated Report on pages 259 to 260 and is also available for downloading from www.pps.co.za. The form of proxy is accompanied by notes indicating the requirements for its completion. Forms of proxy which do not comply with these requirements will be rejected.

Forms of proxy must be delivered at one of the following addresses physically or via facsimile or e-mail, to be received by, and marked for the attention of, the Trust Secretary, by no later than 18:00 on Tuesday, 30 April 2024 (please note that additional requirements apply to proxies submitted in terms of a Power of Attorney or Order of Court, as set out in the notes to the form of proxy):

NOTICE TO THE MEMBERS OF THE ANNUAL GENERAL MEETING AND CVS OF CANDIDATES STANDING FOR ELECTION (continued)

- Physical address: 6 Anerley Road, Parktown, Johannesburg
- Postal address: PO Box 1089, Houghton, 2041
- Facsimile: 011 644 4641
- E-mail: AGMproxies@pps.co.za

By order of the Board of Trustees

V E Barnard

Trust Secretary

The Professional Provident Society Holdings Trust

3 April 2024

ABBREVIATED CURRICULUM VITAE FOR NOMINATED CANDIDATE

MR ABRAHAM HERMANUS (ARMAND) DE VRIES

DATE OF BIRTH

14 December 1977

PROFESSION

Chartered Accountant (SA)

TERTIARY QUALIFICATIONS

- B Acc.
- B Compt. (Acc) (Hons)
- Prince II Practitioner
- CA (SA)

CURRENT POSITION

- Group Executive: Corporate Services – Intercare Group (2020 – to date)
- Member of the South African Institute of Chartered Accountants
- Non-Executive Director – PPS Insurance Company Limited (2023 – current)
- Trustee – PPS Holdings Trust (2021 – current)

FORMER POSITIONS

- Group Chief Financial Officer – Gendac Group (2016–2020)
- Principal Management Consultant – KPMG (2008–2015)
- Group Finance Manager – Dialogue Group Limited (2006–2007)
- Audit Manager – KPMG (2002–2006)
- Actuarial Assistant – Genesis Actuarial Solutions (2001)

ABBREVIATED CURRICULUM VITAE FOR NOMINATED CANDIDATE

(continued)

DR NKHENSANE HUBERT PETER KHOSA

DATE OF BIRTH

27 APRIL 1981

PROFESSION

Medical Doctor

TERTIARY QUALIFICATIONS

- MBChB (2005)
- MBA (2017)
- Certified Director, IoDSA (2019)

CURRENT POSITION

- Member of the Board of Trustees, The Professional Provident Society Holdings Trust (Since 2018)
- Member of the Board, The Professional Provident Society Insurance Company Limited (Since 2020)
- Member of the Board , The Professional Provident Society Short Term Insurance Limited (Since 2020)
- Member of the Board, The Professional Provident Society Healthcare Administrators Proprietary Limited (Since 2019)
- Managing Director and General Practitioner of Hopewell Med Inc. (Since 2009)
- Deputy President of Limpopo Independent Practitioners Association (Since 2015)
- Member of the Institute of Directors of South Africa (Since 2017)
- Director of Khosa & Mathebula Inc. Netcare Pholoso Emergency services (Since 2014)
- Non-Executive Director, Medicoop-CFI (since 2023)

FORMER POSITIONS

- Independent Non-executive Director, Medicoop CFI (2015–2019)
- Member of the Community Development Committee of Medicoop CFI (2015–2019)
- TB, HIV Clinician and Senior Clinical Advisor at Foundation for Professional Development, Limpopo (2008–2009)
- Clinical Manager at Khosa & Mathebula Emergency Services in partnership with Polokwane Municipality (2014–2017)

ABBREVIATED CURRICULUM VITAE FOR NOMINATED CANDIDATE
(continued)

DR CHRISTIAN MARTIN (MANNIE) KRüGER

DATE OF BIRTH

15 December 1965

PROFESSION

Medical Doctor

TERTIARY QUALIFICATIONS

- University of Pretoria: MB ChB 1989
- University of Pretoria: M Prax Med 1995
- University of Pretoria: M Pharm Med 2000

PROFESSIONAL AFFILIATIONS

- Private practice in Pietersburg / Polokwane as Family Physician from (1992–2024)
- Branch Councillor, Soutpansberg Branch, South African Medical Association (SAMA), from (1992–2015)
- President, SAMA Soutpansberg Branch, 1994
- National Councillor, SAMA, 2000 to 2015
- Councillor, HPCSA, from (1998–2003)
- Member of the Medical and Dental Professions Board (MDB), from (1998–2003)
- MDB Committee for General Practice, (1998–2003)
- Chairperson, SA Academy of Family Practice, Limpopo Province, from (1999–2007)
- National Councillor, Society of General / Family Practice (SGFP), from (1993–2013)
- Executive Committee Member of National Council on Dispensing (NCD), from 2003 to present

PROFESSIONAL EXPERIENCE

- Trustee of PPS Holdings Trust, (2011–2024)
- Director of PPS Limited Holdco, from (2004–2011)
- Deputy Chairman of PPS Holdings Trust Board of Trustees from (2018–2024)
- Independent non-executive Director of PPS Insurance Company from (2015–2024)
- PPS Nominations Committee Member from (2014–2024)
- PPS Group Social and Ethics Committee Member (2023–2024)
- Director of Professional Medical Scheme Administrators (PMSA), from (2009–2016)
- Director of PPS Healthcare Administrators (PPSHA) from (2016–2019)
- PPS Board Director's Training / Strategic Planning, annually from (2004–2023)

ABBREVIATED CURRICULUM VITAE FOR NOMINATED CANDIDATE

(continued)

MR KEITH ELLIOTT

DATE OF BIRTH

29 May 1964

PROFESSION

Pharmacist, Business Owner, and Consultant

TERTIARY QUALIFICATIONS

- Master of Business Leadership (MBL), University of South Africa (1997)
- B.Sc. Pharmacy, University of Natal (1986)

CURRENT POSITION

- Co-Owner and CEO of Tony Ferguson Weightloss SA Pty Ltd (since 2009)
- Director and Current Board Chairperson of Millstream Farm Shareblock (since 2013)
- Trustee of Fedhealth Medical Scheme (2013–2017 and since 2020)
- Trustee of Family Trust 2 (since 2014)
- Trustee of Family Trust 1 (since 2008)
- Trustee of Testamentary Trust (since 2007)

FORMER POSITIONS

- Director of Cedar Creek Home-Owners Association (2014–2016)
- Sales and Marketing Executive of New United Pharmaceutical Distributors (2006–2009)
- Operations Manager of Africa X-Ray Industrial and Medical (2000–2006)
- Director of New United Pharmaceutical Distributors (1999–2000)
- Director of Ginsberg Malan and Carsons (1997–1999)
- National Sales and Marketing Manager of Direct Medicines AFROX Healthcare (1996–1997)
- Procurement Director of Home and Hospital Dispensaries AFROX Healthcare (1995–1996)
- Assistant General Manager of National Medical Plan (1992–1995)
- Owner/Manager of Pinetown Pharmacy (1990–1992)
- Pharmacist Officer of SANDF (1988–1990)
- Locum Manager of Pharmacy Groups (1987–1988)

ABBREVIATED CURRICULUM VITAE FOR NOMINATED CANDIDATE

(continued)

MR DEENA GOVENDER

DATE OF BIRTH

27 December 1976

PROFESSION

Engineering

TERTIARY QUALIFICATIONS

- Master of Science in Engineering (MSc Mech), University of Natal, Durban (UKZN) (2003)
- Bachelor of Science in Engineering (BSc Mech), University of Natal, Durban (UKZN) (1999)
- Diploma, Performing Arts (Drama), Trinity College of London (Trinity Laban) (1996)
- Diploma / Certificate, Financial Modelling and Analysis, University of Cape Town (UCT) (2021)

CURRENT POSITION

- Strategy development in the office of the CEO, BMW South Africa (since 2023)
- Director: German International School, Johannesburg (since 2015)

FORMER POSITIONS

- General Manager: Corporate Communications, Governmental & External Affairs, BMW South Africa (2022)
- Member of the Board of Management, BMW South Africa (2022)
- Employer Appointed Trustee: BMW Retirement Fund (BMW RBP) (2022)
- Employer Appointed Trustee: BMW Employees Medical Aid Scheme (BEMAS) (2022)
- Manager: Retail Network - South Africa & Sub-Saharan Africa, BMW South Africa (2021)
- Manager: Customer Relations and Customer Officer, BMW South Africa (2017)
- Chairperson: Electric Vehicle Committee, National Association of Automobile Manufacturers of South Africa (2015)
- Manager: BMW i (BMW electric vehicle brand), BMW South Africa (2015)
- Specialist Engineer: Electric Vehicle Development, BMW AG, Munich (2010)
- Specialist Engineer: Vehicle NVH and Acoustics, BMW South Africa (2006)
- Newspaper Section Editor: Independent on Saturday, Independent Newspapers (2000)
- Freelance Reporter: Independent on Saturday, Independent Newspapers (1999)

ABBREVIATED CURRICULUM VITAE FOR NOMINATED CANDIDATE

(continued)

DR ANDREA HUGGETT

DATE OF BIRTH

6 August 1974

PROFESSION

Consultant Project Manager/Data Analyst/Report Writer/Researcher

TERTIARY QUALIFICATIONS

- Bachelor of Medicine and Bachelor of Surgery (MBChB), University of Cape Town (1998)
- Diploma in Primary Emergency Care (DIPPEC), South African College of Medicine (2000)
- Master of Business Administration (MBA) (Cum Laude), University of Cape Town (2004)
- Postgraduate Diploma in Financial Planning, University of the Free State (2006)
- Registered to complete Certified Director, Institute of Directors South Africa in August 2024

CURRENT POSITION

- Non-executive Director, Western Cape Blood Service (since 2014)
- Chair, Oakhurst Girls' Primary School Governing Body (since March 2024)
- Independent Consultant (since 2014)

FORMER POSITIONS

- Secretary, Oakhurst Girls' Primary School Governing Body (2021-2024)
- Operations Manager, Genre (2013-2014)
- Manager, HR MIS and Recruitment, Allan Gray (2011-2013)
- Domain Owner, CRM development team, Allan Gray (2008 to 2013)
- Lead CRM Business Analyst, Allan Gray (2007-2008)
- Manager of corporate wellness programme (Direct AIDS Intervention), Alexander Forbes (2006-2007)
- Senior Medical Officer Accident and Emergency, Royal Cornwall Trust (2001-2003)

ABBREVIATED CURRICULUM VITAE FOR NOMINATED CANDIDATE

(continued)

DR AVELA ZUKISWA MAYEKISO

DATE OF BIRTH	PROFESSION
26 January 1976	Practicing Medical Doctor (Specialist in Dermatology) /Consultant

TERTIARY QUALIFICATIONS

- Medical Doctoral Degree (MBCHB), University of Natal – Medical School (1999)
- Medical Specialist Certificate – Dermatology, University of the Witwatersrand – Medical School (2007)
- Master of Business Administration, University of the Witwatersrand (2018)
- Postgraduate Diploma in Health Technology, University of Cape Town (2020)
- Postgraduate Diploma in Public Health, University of Pretoria (2023)
- Certificate in Occupational Health and Safety, University of Cape Town (2020)
- Certificate in Management Advanced Programme, University of the Witwatersrand (2014)
- Certificate in Project Management, University of the Witwatersrand (2010)
- Certificate in Good Clinical Practice, Academic Advance – Wits Health Consortium (2018)
- Certificate in Good Clinical Practice (Renewal), Ardent Consulting (2023)
- Certificate in Training and Development, University of Cape Town (2019)
- Certificate in Property Development and Investment, University of Cape Town (2019)
- Member of Institute of Directors of South Africa (2015)
- Member of Directors Association of South Africa (2023)

CURRENT POSITION

- Medical Specialist in Dermatology at Netcare Sunninghill and Sunward Park Hospital (since 2007)
- Consultant Dermatologist at the National Institute of Occupational Health (since 2023)
- Sub-Investigator in Sanofi LTS17789 Clinical trial (since 2023)
- Member of the Clinical Conduct Committee of (HPCSA) Health Professions Council of South Africa (since 2023)
- Non-Executive Advisory Board Member – Kitso Lesedi (NGO) – (since 2018)
- Non-Executive Advisory Board Member – Dorcas Page Foundation (NGO) – (since 2019)
- Chairperson of the Fourways Circuit (Methodist Church of Southern Africa) Health and Wellness Portfolio (since 2024)
- Volunteer Council Member of the (SAMA) South African Medical Association (since 2024)

FORMER POSITIONS

- Non-Executive Advisory Board Member – Netcare Sunward Park: (2010–2020)
- Non-Executive Advisory Council Member – St John's College: (2019–2022)
- Treasurer of Thursday Manyano – Bryanston Methodist Church: (2014–2023)
- Medical Education – Jansen: (2021–2023)
- Medical Education – Procter and Gamble: (2013-2015)

ABBREVIATED CURRICULUM VITAE FOR NOMINATED CANDIDATE

(continued)

PROF NATHANIEL MOFOLO

DATE OF BIRTH

01 December 1974

PROFESSION

Medical Doctor – Registered Independent Practice
(Specialist) Family Medicine

TERTIARY QUALIFICATIONS

- Bachelor of Science, University of the Free State (UFS), 1997
- Bachelor of Medicine and Bachelor of Surgery, UFS, 2001
- Magister in Family Medicine, UFS, 2007
- Management Development Programme, UFS, 2008
- Assessment of Learning in Higher Education, UFS, 2010
- Leadership and Professional Development Programme, UFS, 2015
- Doctor of Business Administration, University of Bath, 2023, United Kingdom

CURRENT POSITION

- 2022 to date: Member of the South African Committee of Medical Deans (SACOMD) and Chairman of the Clinical Training Platform Subcommittee
- 2020–2025 Member of the Health Professions Council of South Africa (HPCSA) nominated by South African University Vice-Chancellors Association (USAf), member of Executive and Management Committees and chairperson of the Professional Practice Committee of HPCSA
- 2022 to date: Member of SMU Senate and its subcommittees – ICT, Teaching and Learning, Postgraduate and Research and ECS, chair of the Disciplinary Committee in the School of Medicine, chair of School Board, chair of the Executive Committee of the School of Medicine, member of the Senior Management Committee. Member of the Medical Advisory Committee for Dr George Mukhari Academic Hospital. Task Team member for Dr George Mukhari Academic Hospital Revitalisation Steering Committee

FORMER POSITIONS

- 2020–2022 Member of USAf strategy group for Work Integrated Learning
- 2019–2022
  - Panel member of the Accreditation Committee and chaired both the University of Limpopo's Postgraduate Accreditation, and Clinical Medical Practice Degree Accreditation at the University of Pretoria.
  - Member and chairperson of the UFS Practice Management, Joint Advisory Committee Task Team
  - Member of the National Health Department Steering Committee on Cuban Training Programme (representing FSDoH and UFS School of Medicine Executive Committee)
- 2016–2022 Member of the HPCSA Postgraduate Accreditation Committee
- 2012–2020 Member of the South African Medical Association (SAMA), Free State branch, immediate past Chairperson, and president (2014-2017), branch counsellor
- 2009–2017 Member of the HPCSA Internship subcommittee

ABBREVIATED CURRICULUM VITAE FOR NOMINATED CANDIDATE

(continued)

- 2009–2013 Member and immediate past chairperson of the Bloemfontein Netcare Physician Advisory Board
- 2008–2020 Member of the Free State Health Department Clinical Governance Review Committee
- 2006–2016 Founding member and director of Groupmed; offered emergency care services to Bloemfontein Netcare Hospitals
- 2016–2018 Member and chair of the Universitas Academic Hospital Skills Development Committee
- 2016–2017 Member of the Council of Medical Scheme Expert Advisory Panel
- 2015–2017 Member and chairperson of the Mangaung Community Orientated Primary Health Care Task Team. Member and chairperson of the UFS Community Engagement Committee
- 2014–2018 Immediate past president of FSDoH Emergency Medical College Council
- 2013–2022 Member of the South African Academy of Family Physicians and member of the Education Committee
- 2020 – 2022 Member of UFS Honorary Degrees Working Group UFS Faculty of Health Sciences Turnaround Strategy Steering Committee member and Task Team chairperson
- 2020–2022 Member of UFS Executive Committee of Senate
- 2019–2021 Member of the Universities Consortium NHI and chair of Finance Steering Committee
- 2018–2022 Member of UFS Senate

ABBREVIATED CURRICULUM VITAE FOR NOMINATED CANDIDATE

(continued)

MR ALVIN LLOYD PETER

DATE OF BIRTH

3 February 1975

PROFESSION

Strategy, Change and Business Transformation Professional
Banking Executive

TERTIARY QUALIFICATIONS

- Bachelor of Commerce, University of KZN (1995)
- Post Graduate Diploma in Management Accounting, University of KZN (1996)
- Leadership Executive Programme (LEP), UCT Graduate School of Business (2013)
- Executive Education: Digital Transformation Programme, Massachusetts Institute of Technology (2016)
- Executive Masters in Change, INSEAD Business School (2021)

CURRENT POSITION

- Strategy, Change and Business Transformation Advisor (Since 2023)
- Banking Strategy & Risk Advisor/Consultant (Since 2023)
- Managing Director at Sapientia Naturae (PTY) Ltd (Since 2023)
- Member of the Western Cape Consumer Affairs Tribunal (Since 2024)
- Member of the INSEAD International Directors Network (Since 2021)
- Member of the INSEAD Mastering Change Global Club (Since 2022)
- Member of Delta Search and Rescue (Since 2024)

FORMER POSITIONS

- Executive Head: Group Strategy, Change and Business Transformation, Standard Bank Group (2015–2023)
- Principal: Risk Strategy and Advisory – Corporate & Investment Banking, Barclays Africa Group (2014–2015)
- Chief Operation Officer, Corporate Banking, Standard Bank Group (2013–2014)
- Executive: Business Manager & Strategy planner to the CEO, Corporate & Investment Banking, Standard Bank Group (2006–2013)
- Business Manager to the Head of Risk & Credit Risk, Standard Bank Group (2003 to 2006)
- Basel II Credit Risk Analyst & Project Manager, Corporate & Investment Banking, Standard Bank Group (2003–2004)
- Member of the Group Strategy Programme Committee and Group Digital Oversight Committee, Standard Bank Group (2019–2023)

ABBREVIATED CURRICULUM VITAE FOR NOMINATED CANDIDATE

(continued)

- Secretary of CIB Executive Committee and Global Pre-Credit Committee, Standard Bank Group (2006–2013)
- Senior Financial Services Management Consultant, Accenture (1999–2003)
- Financial Management Consultant, Special Services Group, Deloitte (1997–1999)
- Trustee of the Argyle Green Body Corporate (2006–2010)

ABBREVIATED CURRICULUM VITAE FOR NOMINATED CANDIDATE

(continued)

DR KAGISO HELLEN RAPETSWA

DATE OF BIRTH

11 October 1987

PROFESSION

Engineer and Technology Consultant

TERTIARY QUALIFICATIONS

- Doctor of Philosophy (Ph.D) Information and Electrical Engineering, Wits University (2023)
- Certified in COBIT5 (Control Objectives for Information Technologies) and TOGAF 9 (The Open Group Architecture Framework) (2017)
- Master of Science (MSc) in Engineering(Telecommunications), Wits University (2015)
- Certified in Enterprise Technology Management, North-West University (2010)
- BSc (Honours) in Computational and Applied Mathematics, Wits University (2009)
- BSc (Computer Science), Wits University (2008)

CURRENT POSITION

- Vodacom Group Head of Vodacom Business Sales and Marketing (since 2024)
- Non-executive Director: Ana-digi Systems (since 2021)
- Director: Kagiso & Company (since 2018)
- Seasonal Lecturer: School of Information and Electrical Engineering (Artificial Intelligence): Wits University (since 2024)

FORMER POSITIONS

- Vodacom Group Head: Acceleration Unit (since 2022)
- Vodacom Group: Commercial Lead (since 2021)
- Vodacom Business, South Africa: Executive Head: Key Accounts and SoEs (since 2019)
- Department of Defence, South Africa: Director Enterprise Information Systems Architecture (since 2016)
- McKinsey & Company: Associate (2014–2016)
- Vodacom Business South Africa: Key Accounts Manager (2013–2014)
- Vodacom Business South Africa: Senior Specialist Solutions Architect (2011–2013)
- Director: Risima Consulting and Risima Group
- Non-executive Director: Advanced Call
- Non-executive Director: Ovations
- Non-executive Director: Advanced Aerial

ABBREVIATED CURRICULUM VITAE FOR NOMINATED CANDIDATE

(continued)

MS MARGARET JEANE VERMEULEN

DATE OF BIRTH

13 September 1985

PROFESSION

Practicing Legal Practitioner

TERTIARY QUALIFICATIONS

- Bachelor of Laws (LLB), University of the Free State (2008)
- Master of Laws (LLM) University of the Free State (2009)
- Admitted to practice in the High Court of Namibia (2011)
- Qualified as Conveyancer (2013)
- Right of Appearance in the Supreme Court (2016)
- Notary Public (2016)
- Court accredited mediator (2018)

CURRENT POSITION

- Director at Ellis Shilengudwa (since 2021)
- Trustee of JC Trust (since 2023)
- Trustees of Cliffs Rest Home Association (since 2019)
- Secretary of the Namibian Electronic Sports Association (since 2017)
- Owner of F45 Franchise (since 2022)

FORMER POSITIONS

- Completed Justice Training while attached to Koep & Partners as a Candidate Attorney – 2010
- Practiced as Legal Practitioner at Nederlof Inc – February 2011 to August 2013
- Practiced as Legal Practitioner and Conveyancer at Van der Merwe-Greeff Andima Inc –September 2013 to February 2018
- Practiced as a Senior Associate and now a Director at Ellis Shilengudwa Inc – March 2018 – to date

FORM OF PROXY 2024

The Professional Provident Society Holdings Trust

(Registration number IT312/2011) (the Trust)

PPS Member's details:
Full name:
Identity number:
Membership number:
E-mail address:
Postal address:
Cellphone number:

I, the above member of the Trust, hereby appoint:	
Proxy's name:	Proxy's identity number:

or failing him/her, the Chairman of the meeting, as my proxy to attend, speak and on a poll vote for me and on my behalf at the virtual annual general meeting of the Trust to be held at 18:00 on Monday, 6 May 2024 and at any adjournment thereof, as follows:

No.	Business		In favour of	Against	Abstain
1.	Ordinary resolution for the adoption of the annual financial statements of the Trust for the year ended 31 December 2023				
2.	Ordinary resolution for the appointment of the auditors of the Trust				
3.	Special resolution approving the amendment of the Deed of Trust constituting the Trust**				
4.	Ordinary resolutions for the election and appointment of trustees#:				
	4.1	Mr A H de Vries*			
	4.2	Dr N H P Khosa*			
	4.3	Dr C M Krüger*			
	4.4	Mr K Elliott			
	4.5	Mr D R Govender			
	4.6	Dr A Huggett			
	4.7	Dr A Mayekiso			
	4.8	Prof N Mofolo			
	4.9	Mr A L Peter			
	4.10	Dr K H Rapetswa			
	4.11	Ms M J Vermeulen			
5.	Ordinary resolutions for the appointment of the members of the Trust Audit Committee				
	5.1	Ms D L T Dondur			
	5.2	Mr S Trikamjee			
	5.3	Prof H E Wainer			
6.	Special resolution for the approval of trustees' remuneration for the period commencing 1 July 2024 as set out in the notice of the annual general meeting**				

\# *There will be four vacancies on the Board of Trustees to be filled by elected Trustees. These four vacancies will be filled by the four candidates receiving the highest number of favourable votes. Refer to the Notice of the Annual General meeting for an explanation in this regard.*

* *Trustees who will retire by rotation at the meeting, in accordance with the Trust Deed and, being eligible, offer themselves for re-election.*

** *Authorisation of at least seventy-five (75) per cent of the votes cast by members present (in person or represented by proxy) at the meeting is required.*

Signed this day of 2024

Signature

NOTES TO FORM OF PROXY

Instructions and requirements for completion of the form of proxy

1. The form of proxy must be signed, dated and returned so as to be received at the registered office of the Trust by 18:00 on Tuesday, 30 April 2024.
2. Forms of proxy are required to be completed and signed by the Member appointing the proxy, or by his attorney or agent duly authorised in terms of a court order, or a power of attorney which was signed by the Member. If the form of proxy is completed in terms of a power of attorney or authority, the ORIGINAL, OR A CERTIFIED COPY of such power of attorney or authority has to be lodged with the form of proxy by 18:00 on Thursday, 25 April 2024.
3. The signatory may insert the name of any person whom the signatory wishes to appoint as his/her proxy in the blank space provided for that purpose. If no name is inserted, the chairman of the meeting shall be appointed as the member's proxy.
4. By completing and lodging of the form of proxy, it will not preclude the member who is appointing the proxy from attending the annual general meeting and speaking and voting in person thereat, to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
5. Members are encouraged to indicate how they wish their proxy to vote on their behalf by completing the form of proxy in respect of all the resolutions. If the member does not indicate in the appropriate places on the face hereof how he/she wishes to vote in respect of any resolutions, his/her proxy shall be entitled to vote as he/she deems fit in respect of that resolution. In regard to the ordinary resolutions for the election of trustees, any indication of how the member wishes to vote in regard to the candidates will be deemed to be the entire vote of the member, i.e. if the member has only indicated a vote for, or against, or to abstain for one or more candidate(s), the proxy holder shall not be entitled to exercise additional votes in respect of candidates for whom no votes were indicated by the member.
6. In respect of the election of Trustees, each candidate will be voted upon by a separate resolution, either 'For', 'Against' or 'Abstain'. In terms of the Trust Deed, if the number of persons approved by such resolutions exceeds the number of vacancies (being three), the result of the voting shall be determined in accordance with the number of votes cast in favour of each resolution so that the vacancies will be filled by the elected candidates receiving the highest number of favourable votes, as set out in the Notice of the Annual General Meeting.

RETURN OPTIONS

Either

Deliver to:	The Trust Secretary 6 Anerley Road Parktown, 2193 Johannesburg
or Post to:	The Trust Secretary PO Box 1089 Houghton 2041
or Fax to:	The Trust Secretary at 011 644 4641
or E-mail to:	AGMproxies@pps.co.za

ADMINISTRATIVE INFORMATION

The Professional Provident Society Holdings Trust and Professional Provident Society Insurance Company Limited

Principal place of business:	6 Anerley Road Parktown, Johannesburg, 2193
Postal address:	PO Box 1089 Houghton, 2041
Web address:	www.pps.co.za

Professional Provident Society Insurance Company (Namibia) Limited

Principal place of business:	Office No. 4002 to 4005, Fourth Floor, Maerua Mall Office Tower, Jan Jonker Road Windhoek Namibia
Postal address:	PO Box 1407 Windhoek, Namibia
Web address:	www.pps.com.na

HEAD OF ACTUARIAL FUNCTION
AND STATUTORY ACTUARY OF
PPS INSURANCE AND PPS NAMIBIA
(in terms of the Insurance Act)
Mr G T Waugh

HEAD OF ACTUARIAL FUNCTION
OF PPS SHORT-TERM INSURANCE
(in terms of the Insurance Act)
Mr R Govender

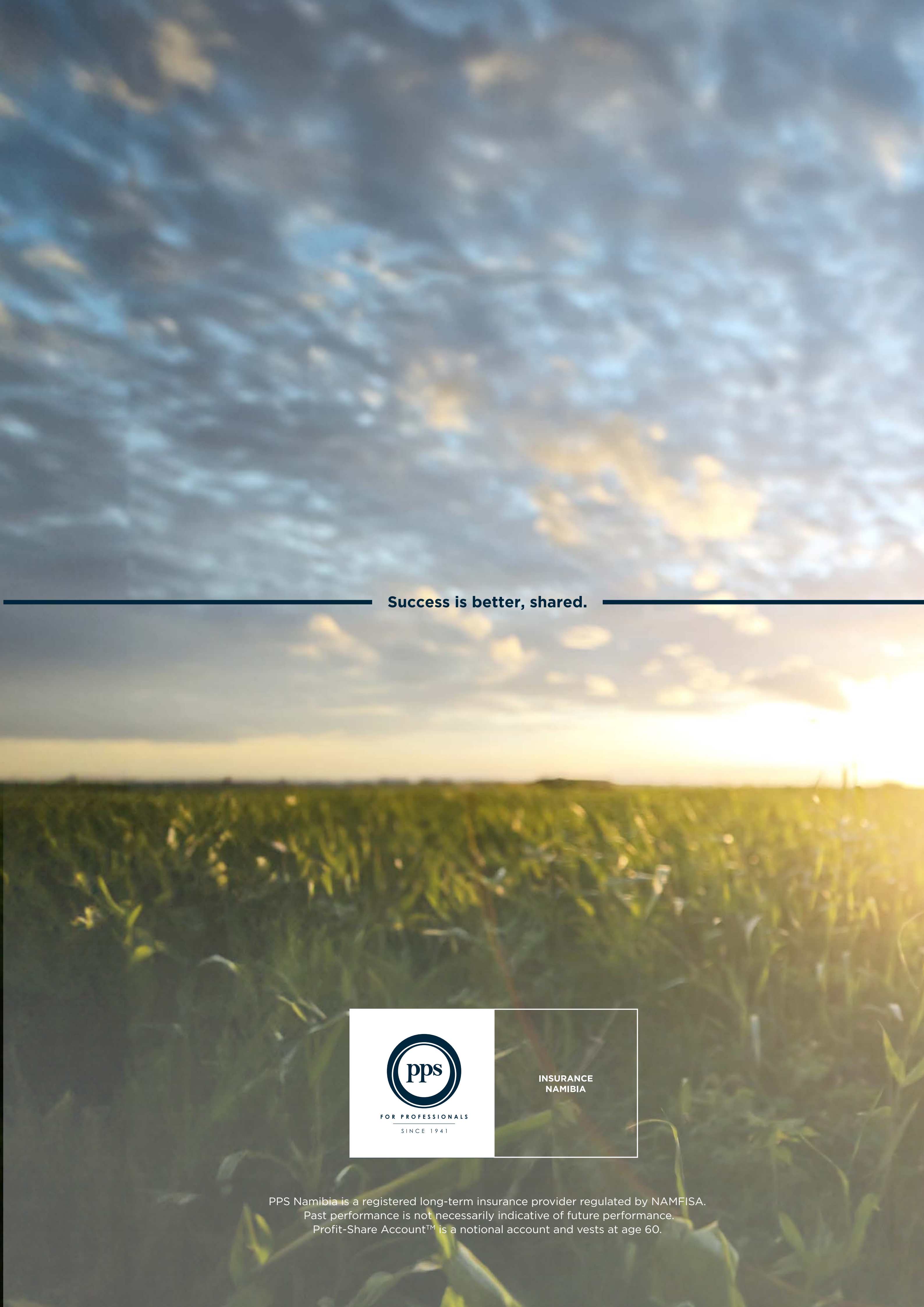
EXTERNAL AUDITOR
Ernst & Young Inc.
102 Rivonia Road
Sandton, 2146, South Africa

INTERNAL AUDITOR
KPMG Services (Pty) Limited
85 Empire Road
Parktown, Johannesburg, 2193, South Africa

LEGAL ADVISERS
Webber Wentzel
90 Rivonia Road
Sandton, Johannesburg, 2196, South Africa

ACTUARIAL ADVISERS
Deloitte
5 Magwa Crescent,
Waterfall City,
Waterfall, 2090, South Africa

FUND MANAGERS
PPS Multi-Managers (Pty) Limited
PPS House, Boundary Terraces
1 Mariendahl Lane
Newlands, 7700, South Africa



Success is better, shared.

pps
FOR PROFESSIONALS
SINCE 1941

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