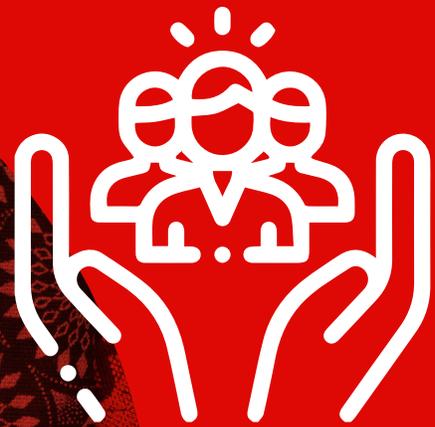


CORPORATE GOVERNANCE

KING IV™ REPORT

2023



ASSUPOL
HOLDINGS

ALimited (“the Company” or “Assupol”)

King IV Report Introductory comments

1. During the period under review, the Board oversaw the continued implementation of King IV™.
2. A summary of Assupol’s application of the King IV™ principles is included below.

The reader is also referred to the corporate governance report which is included in the integrated report for further information regarding corporate governance at Assupol and the activities of the Board and its Committees. The Board and management are satisfied to conclude that Assupol is currently achieving the governance outcomes of King IV™ in all material aspects, based on the policies, frameworks, procedures and practices implemented.

Application	
<p>Principle 1</p> <p>The governing body should lead ethically and effectively.</p> 	<p>The Board Charter commits the Board to effective and ethical leadership. The Board is committed to the highest standards of good corporate governance.</p> <p>The Chairperson of the Board monitors the behaviour of Board members, which occurs, amongst others, at the quarterly Board meetings.</p> <p>The Board approved Code of Ethics ensures that the company is managed and directed on ethical principles based on good faith.</p> <p>The Board collectively takes responsibility for steering the direction of the company and overseeing the execution of the Board approved strategy.</p> <p>The Board is committed to ensuring that the company’s strategy and operations are executed by management based on an ethical foundation that supports ethical and sustainable business in the best interests of the company and all stakeholders.</p> <p>As the custodian of the Company’s Code of Conduct, Board members interrogate the various initiatives and activities of the Company from the perspective of doing the right thing and acting in an ethical manner at all times.</p> <p>Assupol’s core value is to treat its clients fairly in line with the Treating Customers Fairly (TCF) framework set out by the Financial Sector Conduct Authority (FSCA). The TCF outcomes are reported on at the Social, Ethics and Transformation Committee and ultimately to the Board on a quarterly basis. Pursuant to the TCF principles, Assupol has adopted a customer-centric approach in the design of its products.</p>
<p>Principle 2</p> <p>The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p> 	<p>The Board has ensured that Assupol has developed, adopted and embedded a Code of Conduct, through which ethical standards are clearly articulated. The Code of Conduct is based on the values of unity, integrity, commitment and accountability.</p> <p>The Social, Ethics and Transformation Committee is tasked with ensuring that the Group’s ethics are managed effectively.</p> <p>The Board ensures that compliance with the Code of Conduct is integrated into the strategy and operations of the Company.</p> <p>A fit and proper assessment of key persons in terms of the Insurance Act is conducted annually and evaluated by the Social, Ethics and Transformation Committee.</p> <p>Assupol has a whistleblowing initiative that gives aggrieved persons the opportunity to anonymously report incidents of unbecoming conduct. Reports are provided on the complaints to the Social, Ethics and Transformation Committee and the Audit Committee</p>

Principle 3

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



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

The corporate citizenship of Assupol is considered by the Board at various levels.

Assupol's commitment to the improvement of society is evidenced through the community-based initiatives undertaken by the Assupol Cares initiative. Assupol is committed to broad-based black economic empowerment (B-BBEE) and undergoes annual B-BBEE verification. It is with great pleasure that we state that Assupol has retained a level 1 B-BBEE rating. Compliance with the provisions of the Employment Equity Act, B-BBEE legislation and its responsibilities as a corporate citizen, remain important matters that are monitored through proactive reporting to the Social, Ethics and Transformation Committee and the Board on a quarterly basis.

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

Assupol is committed to incorporating Environmental, Social and Governance (ESG) matters in decision making processes as well as investment analysis. Assupol is also committed to considering the ESG implications when investing in financial and non-financial assets. Assupol will also consider seeking appropriate disclosure on ESG by the entities in which investments are made by the company.

The instability of the electricity network has resulted in the installation of inverters at various branches to assist with any policy administration and timeous query resolution. Various other initiatives are being investigated to alleviate the impact of the electricity network on the Group's continued operations.

Following engagement with the Regulators, the Group is considering the impact of a total grid failure on all aspects of the business and will remain close to developments in this regard.

Principle 4

The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.



The Board is deeply aware of the expectation for value creation across various elements of the business and any discussions of strategy, risk and opportunities and is ultimately responsible for it, as well as the business model and performance based on the prerequisite for long-term sustainability and sustainable development. This is also within the context of the difficult operating conditions faced by the local economy over an extended period of time partly due to Covid-19.

The Board informs and approves the Company and Group strategy. Matters relating to the Company and Group strategy are debated at formal Board strategic sessions that are arranged at least once every second year. Matters of a strategic nature are then prioritised and discussed at quarterly Board meetings.

The Board takes steps to ensure that long-term planning will result in sustainable outcomes taking account of economic, environmental and social considerations.

The continued consideration of risks and opportunities in the context of sustainable business operations forms an important component of the setting of the strategic direction of Assupol. Identified risks and opportunities are deliberated at length at strategic sessions, as well as the various steps identified to address them. The Risk Committee plays an important part in the consideration of risks and opportunities and the execution of action steps identified. Strategy is translated into key performance and risk areas, including finance, ethics, compliance and sustainability. These are considered and approved by the Remuneration Committee. The potential negative consequences of Assupol's activities and outputs are monitored on a continuous basis through the relevant Board structures.

The relevant financial metrics are considered on a regular basis by the Board and the various Board Committees, including the Audit, Risk and Actuarial Committees. The Audit Committee reviews a documented assessment by management of the going concern status of the Company. The Audit Committee in turn reports on the going concern status to the Board.

Application

Principle 5

The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.



Assupol is focused on providing all stakeholders with transparent, consistent and correct information in its integrated report. The integrated report of the Company is subject to the approval by the Aud Committee and the Board.

The Board ensures that the reporting framework complies with the Companies Act, 2008 and all other requirements that may be applicable from time-to-time, taking into account the needs of various stakeholders.

The Board approves Assupol's annual financial statements, interim financial report and integrated report and expressly accepts ultimate responsibility for these reports.

PricewaterhouseCoopers ("PWC") was appointed as the auditors on 10 November 2010 and resigned on 6 December 2022. KPMG Inc ("KPMG") was appointed as the auditors on 6 December 2022. PWC's resignation followed the mandatory audit firm rotation, effective 1 April 2023.

Assupol's integrated report and its interim and annual financial statements are made available on its website and are accessible to all relevant stakeholders. PWC issued an unqualified audit report on Assupol's financial statements for the year ended 30 June 2022.

Principle 6

The governing body should serve as the focal point and custodian of the corporate governance in the organisation.



The Board fully appreciates that it is primarily accountable for the application of King IV™ principles and practices in the Company.

The Board is ultimately accountable for approving the financial reporting of the Company and its disclosure to stakeholders

All policies relating to governance matters, required by legislation and relevant subordinate legislation such as the Governance and Operational Standard for Insurance Groups (GOG) issued by the Prudential Authority are approved by the Board annually.

The Board understands that its key functions are to set the strategic direction of the Group, to approve appropriate policies and plans to give effect to the approved strategy, to delegate implementation of the foregoing to management– adequately monitoring management's performance–and to ensure accountability through reporting and the principle of transparency.

The Board serves as the focal point and custodian of corporate governance.

The Board is supported by various Committees, which have a delegated responsibility to assist the Board to fulfil specific functions. The Board Committees provide feedback to the Board at each Board meeting.

Principle 7

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.



The Board has an appropriate mix of executive, non-executive and independent non-executive directors with the requisite knowledge, skills, and experience.

As at 30 June 2023, the Board comprises 12 directors; three executive directors and nine non-executive directors, of which six of the non-executive directors are independent.

The Board is satisfied that it has a sufficient number of members to effectively fulfil the required functions of the Board and its various Committees.

The composition of the Board is considered in light of the mandatory requirements stipulated in the applicable prudential standards promulgated by the Prudential Authority and also the relevant fit and proper requirements that apply.

Diversity of the Board is specifically considered in the consideration of new Board candidates. The Board consists of four women of whom are all black, and eight men of whom three are black and five are white.

A lead independent non-executive director assists the chairperson with his duties and responsibilities.

Application

The Nominations Committee oversees a formal succession plan for the non-executive directors of the Board and the Remuneration Committee oversees and recommends to the Board, the formal succession plan for the GCEO and certain senior executive appointments.

The Board receives regular briefings on changes in risks, laws and the business environment.

Formal declarations of interests are requested from directors prior to the commencement of each Board and Board Committee meeting. Formal declarations of interest have also been submitted to the Cape Town Stock Exchange (Pty) Ltd on whose trading venue Assupol shares are listed, and these are required to be updated whenever changes occur.

Principle 8

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

The delegation of duties and responsibilities are addressed on an ongoing basis. The members of the Board Committees appropriately address the specific matters forming part of the mandates of the Committees.

The various Board Committees have formal terms of reference that are reviewed on an annual basis. The terms of reference of the various Committees provide for regular reporting to the Board.

Effective collaboration is enhanced through cross-membership, where required. All Board and Committee members have access to resources and information and may request information directly from management.

The Board has an appropriate mix of executive, non-executive and independent non-executive directors, thereby ensuring that no individual has the ability to dominate decision-making.

All Board members are entitled and invited to attend all Board Committee meetings irrespective of whether they are members of the Committee or not. The Board remains accountable for any decisions taken by the Board Committees and by any Board member with a delegated authority. It considers all documentation presented to it and applies its collective mind in the making of decisions.

A detailed review of the various Committees is included in the corporate governance report forming part of this integrated report. The following Board Committees have been established:

1. Remuneration Committee
2. Audit Committee
3. Risk Committee
4. Nominations Committee
5. Social, Ethics and Transformation Committee
6. Actuarial Committee.

Refer to the Integrated Annual Report from page 44 to 50 to see compositions of the Board Committees and interim Committees, throughout the year.



Principle 9

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

The Board assumes responsibility for the evaluation of its own performance and that of its Committees, its chair and its individual members.

The Board conducts an annual assessment of the Board's performance and the evaluation of the Chairperson is overseen by a Committee of independent non-executive directors. The results are discussed and recommendations for improvement are implemented.

A formal self-evaluation of the Board and Committees' performance was conducted for the financial year ended 30 June 2022. The outcome was satisfactory with no major issues. A formal self-evaluation will be conducted early in the 2024 financial year for the financial year ended 30 June 2023.

Application

Principle 10

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



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

The Board appoints the Group chief executive officer (GCEO) of the Company. The GCEO is responsible for leading the implementation and execution of approved strategy, policy and operational planning, and serves as the chief link between management and the Board. The GCEO liaises with the Board prior to taking up any additional professional positions. There is a formal succession plan in place for the GCEO and other senior executives. GCEO is evaluated by the Board at least annually against agreed performance measures and targets.

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

The GCEO oversees that the key management functions are headed by an individual with the necessary competence and authority. The appointment of the key heads of control are further subjected to and addressed in terms of the various legislative requirements set out in, amongst others, the relevant Prudential Governance Standard for Insurance Groups.

FluidRock Co Sec (Pty) Ltd ("FluidRock") was appointed as the juristic company Secretary on 1 February 2022 and resigned on 31 October 2022. Wilna van Zyl was appointed as the company secretary from 1 November 2022. FluidRock and Wilna van Zyl provided professional and independent guidance to the Board on corporate governance and the Board's legal duties. FluidRock and Wilna van Zyl further supported and coordinated the functioning of the Board and its Committees. The company secretary has unfettered access to the Board, is not a Board member and maintains an arms-length relationship with the Board and its members. As the custodian of corporate governance related matters, the company secretary plays a leading role in governance and King IV™ related matters.

Principle 11

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



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

The risks and associated opportunities identified are considered in the setting of the strategic direction of the Company. Risk management forms an integral part of the decision-making processes of the company, as evidenced by the detailed analysis of the various risks addressed in the ORSA and regular risk management reports.

Assupol's risk appetite is addressed in detail in the Board approved ORSA. The Board monitors that the risks taken are within the approved tolerance and appetite levels. In addition, the Board sets the levels of risk tolerance every year.

The risk management function is a statutory function required in terms of the Insurance Act, 2017. The Risk Committee, overseen by the Board, reviews the progress and maturity of the risk management function within the Company, the effectiveness of risk management activities, the key risks facing the Company, and the mitigating factors identified to address these key risks.

An independent review of the effectiveness of the risk management function is regularly conducted in line with the Board approved risk management plan. The ORSA provides detailed oversight of the Company's management of its various forms of capital. The Company also has a detailed capital management policy. Responses to key risks are structured according to the various risk-related policies that form part of the risk management framework and the risk management plan.

The business continuity management plan addresses business interruptions. Risk awareness initiatives are conducted regularly throughout the organisation. The business continuity plan is in place to facilitate continued operations under volatile operating conditions.

Principle 12

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



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

Management is responsible for the implementation of the IT strategy, structures, policies and processes. Management is assisted in this process by the IT Steering Committee, which consists of the Group CEO, Group CFO, the Group CIO, the Group CRO and the CEOs of other subsidiaries within the Assupol Group. IT risks form an integral part of the Company's risk management activities.

The Risk Committee assists the Board in carrying out its IT governance responsibilities by ensuring that IT risks are adequately addressed through risk management and monitoring processes. The value and contribution of the various technology initiatives is assessed on an ongoing basis through the oversight function of the IT Steering Committee.

Enterprise architecture principles and standards form part of decision criteria on all new technology and business solutions to achieve strategic and operational objectives. The use of technology and information is aligned with the current legislative framework and is not in contravention of the Board-approved Code of Conduct. The protection of personal information is addressed by ensuring that best practice IT security measures are introduced and implemented in alignment with regulatory frameworks.

Cyber security is addressed and monitored through various detection controls to identify and manage threats and vulnerabilities. Security by design is central to all business and technology solution architectures. Management regularly demonstrates to the Board that the Company has adequate business resilience arrangements in place for disaster recovery.

A digital programme has been implemented to simplify processes, modernise IT infrastructure and to enhance client experience and business resilience.

Principle 13

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



Compliance with the applicable legislation is an integral part of the Company's business operations. Non-compliance with any legislation is viewed in a serious light.

The Board has mandated the compliance function to carry out its functions through a Board approved Compliance Charter. The Board has approved a Compliance Charter that articulates and gives effect to its direction on compliance, and that identifies which non-binding rules, codes and standards the organisation has adopted.

The head of the compliance control function has been duly established as is required in terms of the Insurance Act, 2017. The function is responsible for the proper execution of the compliance function.

The compliance function has prepared a detailed regulatory universe that summarises all legislation applicable to the company, including but not limited to conduct legislation (e.g. FAIS Act) and standards administered by the Financial Sector Conduct Authority, the Insurance Act, 2017 and the Prudential Governance Standards administered by the Prudential Authority. It has also prepared a detailed Risk Management Compliance Plan that sets out the money laundering and terrorist financing risks faced by Assupol as per its own risk assessment. The compliance function provides regular reports to the Risk Committee, the Social, Ethics and Transformation Committee and the Board.

Periodic independent assurance on the effectiveness of compliance management is provided by external independent service providers.

Application

Principle 14

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



In line with best practice, shareholders will be requested to provide a separate non-binding advisory vote on the Remuneration Policy and the implementation report at the December 2023 annual general meeting. If 25% or more of the shareholders vote against the Remuneration Policy, or the implementation report, the Remuneration Committee will take measures to engage proactively with shareholders and ascertain their reasons for the dissenting votes. Readers are referred to the detailed remuneration and implementation report included as part of the integrated report on pages 76 to 85 thereof.

Principle 15

The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.



Internal controls are established, not only over financial matters but also operational, compliance and sustainability issues.

The Board, assisted by the Audit and Risk Committees, ensures that there is independent internal or external assurance to review and report on the internal control environment, integrity of information for management decision-making and external reporting.

The Committees and the Board receive regular reports from the external auditor, internal auditor, compliance officer, and the chief risk officer in respect of the matters referred to above.

Principle 16

In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.



The Board receives regular feedback regarding the interaction of the company with its stakeholders. A formal stakeholder matrix has been developed to track and measure important interactions with Assupol's various stakeholders.

The responsibility for implementation and execution of effective stakeholder relationship management has been delegated to management. Stakeholder relationship management is overseen by the Social, Ethics and Transformation Committee.

Material stakeholders are identified based on the extent to which they affect or are affected by the activities, outputs and outcomes of the organisation. Assupol's interaction with them is then tracked and included in the stakeholder engagement matrix. The Board is assisted by the Social, Ethics and Transformation Committee in the oversight of the engagements with its stakeholders.

Assupol has adopted communication guidelines that support a responsible communication programme, including a Social Media Policy.

Stakeholder communication includes communications through the Cape Town Stock Exchange (Pty) Ltd News Service and the publication of its integrated report and annual financial statements. The main dispute resolution mechanisms utilised by Assupol with its clients is the FAIS and Long-term Ombud.

Application

Principle 17

The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.



The Board, through the Risk Committee, assumes responsibility for governing responsible investing by setting the direction for how investment decisions should be approached and conducted by the organisation.

The Board has approved an investment policy that specifically addresses its position on responsible investment. The responsibility for implementing and executing the Board's policy on responsible investment is delegated to the Risk Committee, management and outsourced serviced providers.

The performance of these service providers is regularly evaluated against the agreed benchmarks for performance, from a qualitative and quantitative perspective.

The Board, through the Risk Committee, has direct oversight over the activities conducted by investment service providers in terms of the formal written mandates.