

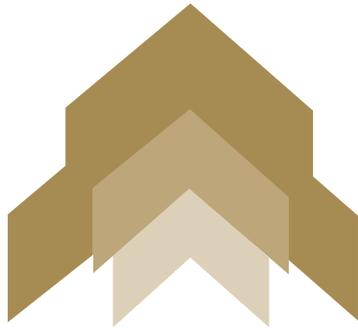
INTEGRATED REPORT

# 2016

ASSUPOL



FINANCIAL HIGHLIGHTS AT A GLANCE 2016



Group embedded value

**R2.91bn**

13.5%



Value of new business

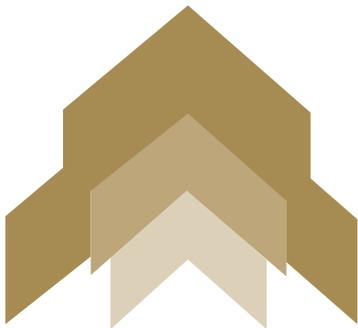
**R220.8m**

22.1%



Return on embedded value

**27.8%**



Ordinary dividend per  
qualifying share

**43 cents**

13.1%

Total dividend of 56 cents included  
a special dividend of 13 cents



Adjusted operating profit

**19.4%**



Return on equity

**21.0%**

March  
20

February  
2013

Over-the-Counter trading of shares

**ASSUPOL**  
SERVING THOSE WHO SERVE SINCE 1913

SAPS Provider

2013

On 15 July Assupol is proudly celebrating 100 years of "serving those who serve".

1988

1914

Founding meeting held on 15 July.

2010

MB Mokwena appointed as CEO of

191

1915

Commissioner of Police sanctions collection of levies through stop orders.

1917

An age limit of 26 is instituted for new members.



## ABOUT THIS REPORT

Assupol Holdings Ltd's integrated report aims to enable stakeholders to better understand the business of Assupol in order to make an informed assessment of the Group's performance. The report provides a consolidated review of the Group's financial, economic and social performance on matters relating to our business strategy as well as our ability to create and sustain value in the interest of our key stakeholders.

The reporting period covered, spans from 01 July 2015 to 30 June 2016.

In this report, the Group's financial results have been condensed to provide an overview. Full audited financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Companies Act. These statements are available on our website.

The Board, with the aid of the Audit Committee, assumes the responsibility for safeguarding the integrity of the integrated report. The Board confirms that it has collectively reviewed the output of the

reporting process as well as the content of the integrated report and believes that the report addresses all the material issues and that it is a fair representation of the combined performance of the Group. The Board has accordingly approved the 2016 integrated annual report for release to stakeholders.

The electronic version of this report can be accessed at [www.assupol.co.za](http://www.assupol.co.za)

# In this report

**07** Performance highlights

**11** Words from

*Jan Janse van Rensburg, Chairperson*

*Rudi Schmidt, Group CEO*

*Bridget Mokwena-Halala, Assupol Life CEO*

**21** Our business

**27** Our leadership

*Board of Directors*

*Executive Committee*

**32** Our stakeholders

**41** Corporate governance

**49** Risk management

**55** Remuneration report

**61** Social and ethics

**63** Condensed financial results

**76** Corporate information



FACTS & FIGURES

Executive Summary  
Financial performance highlights  
Key metrics and indicators  
Strategic objectives



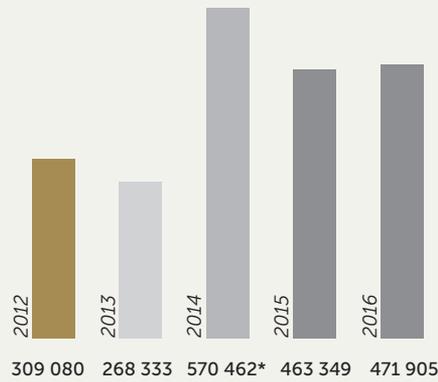
Executive Summary  
Financial performance highlights  
Key metrics and indicators  
Strategic objectives

Performance highlights

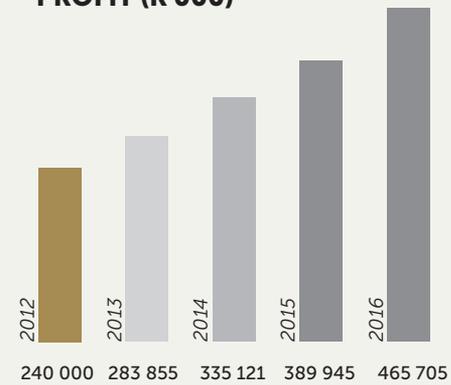
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Financial	% change 2015/16	2016	2015	2014	2013	2012
Net premium revenue (R'000)	21%	2 242 609	1 856 303	1 644 396	1 508 081	1 380 265
Net profit after tax (R'000)	2%	471 905	463 349	570 462	268 333	309 080
Group embedded value (R'000)	13%	2 908 486	2 562 848	2 196 762	1 645 556	n/a
Net value of new business (Assupol Life) (R'000)	22%	220 879	180 922	106 297	86 285	88 843
Capital adequacy cover (Assupol Life)		192%	258%	272%	197%	206%
Economic value added						
Employee cost (R'000)	8%	270 149	249 406	230 706	219 920	203 897
Commission paid to service providers (R'000)	22%	479 591	393 075	332 568	279 898	241 900
B-BBEE score		Level 3	Level 4	Level 4	Level 5	Level 7
Distributed to ordinary shareholders:						
Ordinary dividends (cents)	13%	43	38	30	-	-
Special dividends (cents)		13	61	48	-	-
Employees						
Number of employees	7%	593	555	551	534	543
Number of representatives	-2%	2 613	2 658	2 140	2 423	1 550
Engagement index - people survey	2%	76%	74%	74%	73%	69%
Employee turnover		12%	12%	13%	14%	21%
Total training spend (R'000)	41%	9 761	6 940	5 621	5 000	7 030
Community						
Total sponsorships and donations	34 %	5 359	3 986	3 033	2 655	2 587

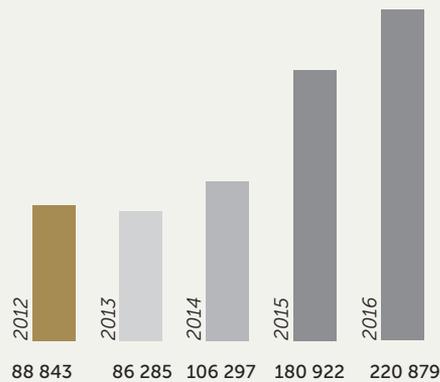
### NET PROFIT AFTER TAX (R'000)



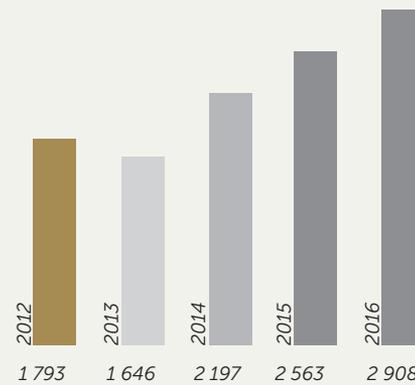
### ADJUSTED OPERATING PROFIT (R'000)



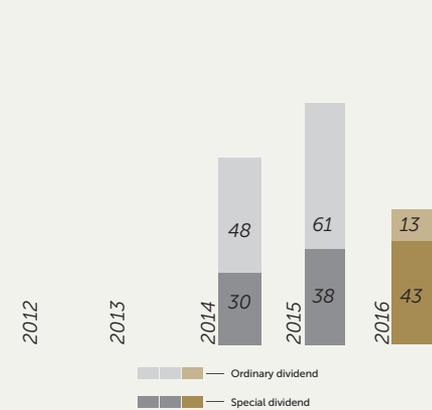
### VALUE OF NEW BUSINESS (R'000)



### EMBEDDED VALUE (Rm)



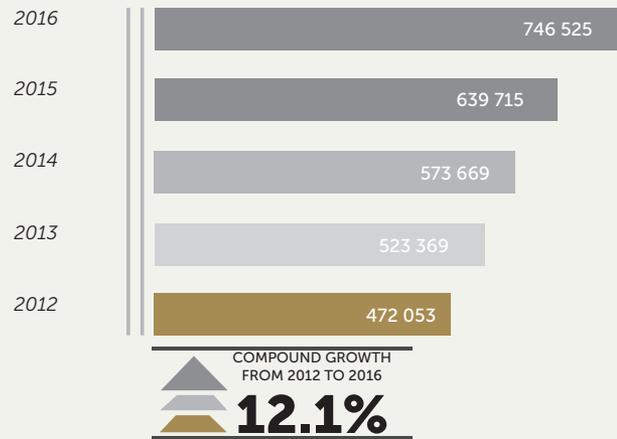
### GROUP - DIVIDEND (Cents)



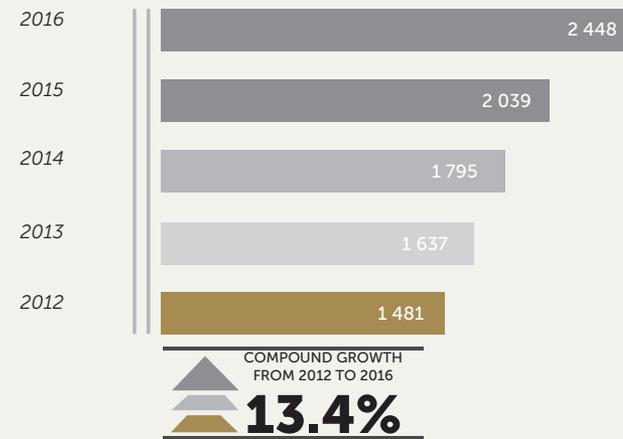
\*2014 net profit included a refinement of the reinsurance modelling which resulted in a once-off increase in profit of R278 million. This was not repeated in subsequent years.



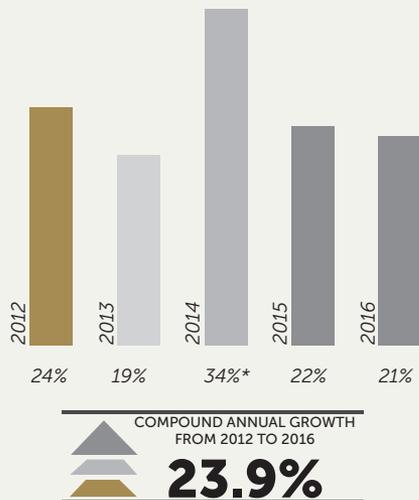
### INDIVIDUAL POLICIES IN FORCE



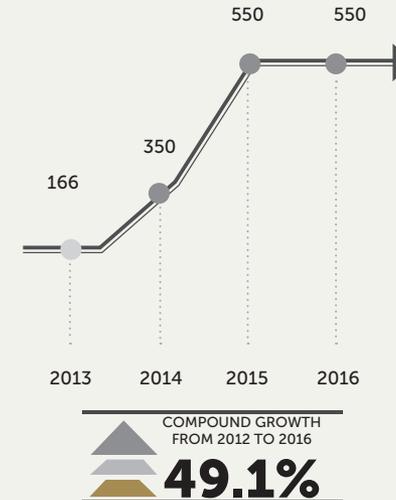
### GROSS PREMIUM INCOME (Rm)



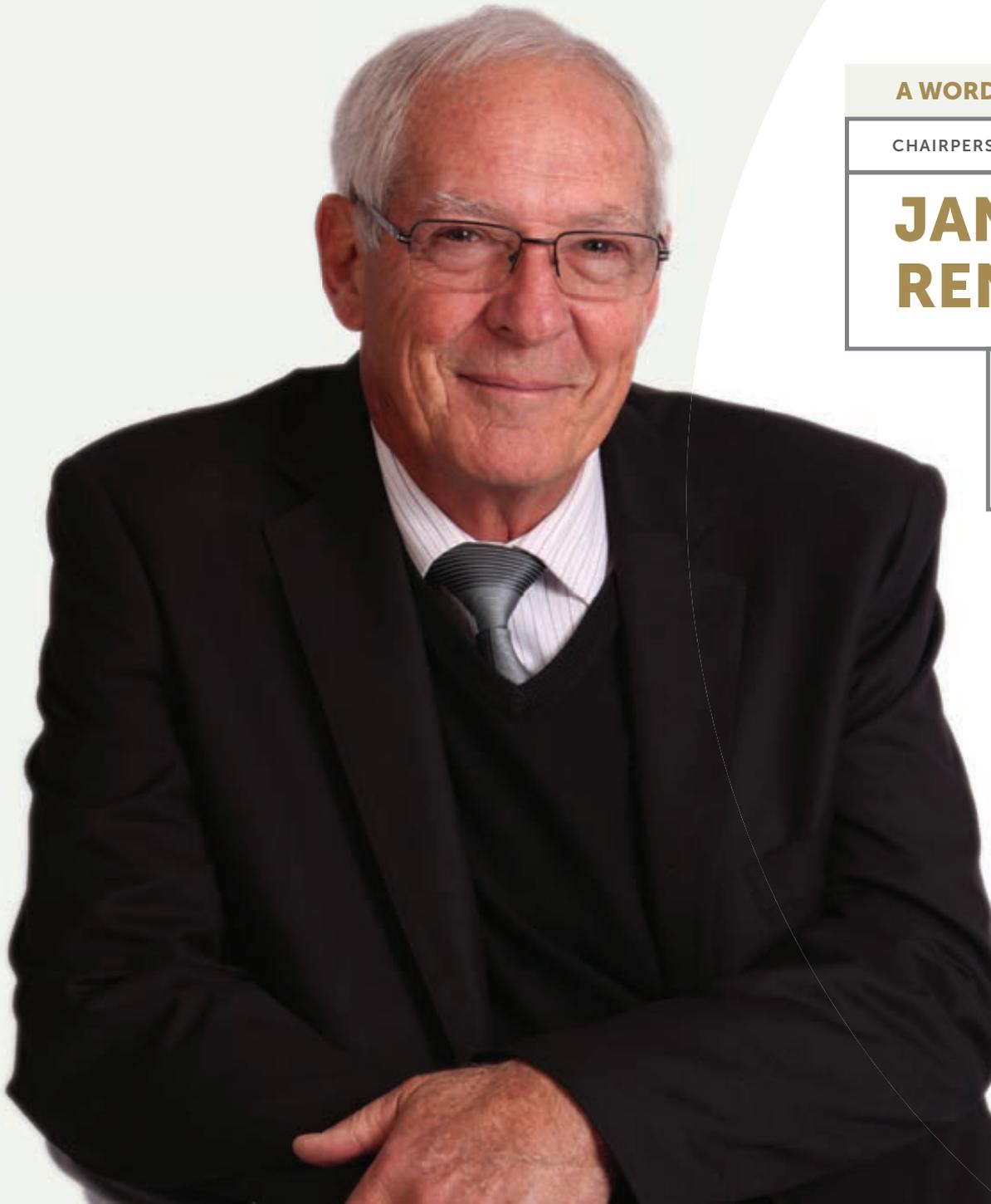
### RETURN ON EQUITY (%)



### OTC PER SHARE (CENTS)



\*2014 net profit included a refinement of the reinsurance modelling which resulted in a once-off increase in profit of R278 million. This was not repeated in subsequent years.



**A WORD FROM**

**CHAIRPERSON**

# **JAN JANSE VAN RENSBURG**

"Our positive results are a testament to our strong vision, mission, values and commitment to the local market."

## ASSUPOL PREVAILED DESPITE ECONOMIC HEADWINDS

We are pleased to inform all stakeholders that in the face of a year characterised by slow growth and an unrelentingly high level of unemployment, as well as poor consumer and business confidence, the Assupol Group has prevailed and achieved a strong financial and operational performance in the 2016 financial year.

Our continued success, despite these trying circumstances, as well as operating within an increasingly regulated and competitive market, reinforces our exceptional business model, the strength of the Assupol team, and the appropriateness of our product range for the local market.

Our positive results are a testament to our strong vision, mission, values and commitment to the local market. This has also been borne through industry recognition, with Assupol being named by Capital Finance International (CFI.co), a London-based finance publication, as the Best Life Assurer Southern Africa 2016 for the second consecutive year. CFI.co identifies individuals and organisations that contribute significantly to the convergence of economies and add value to all stakeholders. Nominations for the

annual awards are submitted by readers, subscribers, website visitors and other interested parties.

The Group was honoured specifically for its dedication to assist all South Africans regardless of income bracket, its comprehensive suite of insurance and savings products, its service excellence and its unfailingly prompt settlement of claims. This recognition was a significant achievement for Assupol, and we recognise our responsibility to continue to contribute to the economic development of South Africans, which is closely aligned with Treating Customers Fairly (TCF).

### Giving back to our communities

The Group upholds its "Assupol Cares" corporate social investment programme with the greatest of pride. Our staff has been extremely committed to putting in the time and effort to give a helping hand to our surrounding communities in need. The Assupol Cares programme comprises of three complimentary initiatives:

- The Assupol Cares Employee Initiative: a voluntary initiative founded, funded and managed by our employees;
- The Assupol Cares Corporate Social Investment Programme: our corporate programme that aims to support and improve the lives of the

communities in which we operate; and

- The Assupol Community Trust: an independent trust established in terms of the company's demutualisation, focusing exclusively on early childhood development.

The Assupol Community Trust received its second dividend of R14 million on the shares it was allocated as part of the demutualisation process. This enables it to make a major difference in the vital area of early childhood development, which is so important for the future of our country.

We are dedicated to continuously improve the lives and prospects of people in disadvantaged communities across South Africa.

### Commitment to excelling in regulation, governance and compliance observance

As an organisation that is fully committed to meeting all regulatory, governance and compliance requirements, we attempt wherever possible to be proactive and forge ahead so that we can seamlessly deal with changes in our operating environment.

Following the release of the Financial Services Board's discussion paper on Retail Distribution Review (RDR), we as a Group are investigating and

attending to any matters that may require action on our part. The paper proposes a number of far-reaching reforms to the regulatory framework for distributing retail financial products in South Africa.

In addition, the new Financial Sector Regulation Act and the new Insurance Act are expected to come into operation during 2017. These two acts will require a measure of operational adjustment within Assupol. With regard to Solvency and Assessment Management (SAM) legislation, which is also expected to come into force in 2017, we are well prepared to comply with its provisions. In terms of Treating Customers Fairly (TCF), our Group fully supports this legislation and has taken steps to embed these requirements throughout our operations countrywide.

The Board is also compliant with Board Notice 158 issued in 2014, relating to the "Governance and Risk Management framework for Insurers". To ensure that our Group always has an extremely focused eye on the various issues that make up risk in an increasingly complex and diverse business arena, and to align to the framework, a new position of Chief Risk Officer was created and filled.

In terms of our Broad-based Black Economic Empowerment (B-BBEE) profile, ongoing attention

is being given to improving our scorecard and to ensuring that our Group meets the letter and the spirit of transformation objectives.

Our overall goal is to strive for excellence in all areas of regulatory, governance and compliance requirements. If adjustments are needed, we act swiftly to make the amendments that are needed.

### Strong leadership

The 2016 financial year did not see any changes to the composition of our Board. All members have remained staunchly devoted to overseeing the Group. The expertise and efficacy of all members have been a strong contributing factor towards our positive performance this year and will continue to be in the future.

### Appreciation

With this being my outgoing year as Chairperson of the Assupol Group, I would like to offer my sincere gratitude to my fellow Board members, management and staff, whilst also wishing Andrew Birrell, the Group's incoming Chairperson, the best in his new role. It has been an honour to hold this position since 30 September 2013, and I am happy to depart with a deep sense of pride in our achievements. Assupol is extremely well positioned for the future and I believe

that it will continue to play an important role in assisting the country with much-needed insurance and savings related products and services.



**Jan Janse van Rensburg,**

Chairperson, Assupol Holdings Ltd



## A WORD FROM

GROUP CEO

# RUDOLF SCHMIDT

"Our success is rooted in a deep understanding of our customers, allowing the company to build and deliver relevant and affordable products."

## FOCUSING ON OUR CORE MARKET AND LEVERAGING OUR PROVEN BUSINESS MODEL

### Analysing 2016

There is no doubt that the financial year under review will long be remembered for its extreme volatility, uncertainty, poor and deteriorating economic conditions, and political instability. Even with these volatile conditions, Assupol is most pleased to report that the Group delivered good results, rooted in our strategic focus on new business volume growth and improving efficiencies through strong expense management.

Given the weak economic fundamentals, deteriorating consumer confidence, higher personal inflation and reduced discretionary spend, we can only ascribe our robust new business volume growth to the focus and strength of our distribution channels, all of which performed well during the year. Given additional impetus by our innovative product offering, customer centric service model and growing brand name, the Group saw new business volumes increase across all regions and business units. For

the year under review, our new business volumes closed 12 percent ahead of budgeted target and 37 percent higher than the previous year.

Assupol's strategic intent has once again led to our renewal costs per policy increasing by less than the inflation assumption, resulting in a further capital release of R160 million before tax, underpinning net profit after tax (NPAT). NPAT for the year was marginally up by 2 percent, adversely impacted by the higher yield curve, inflation assumption, poor investment market returns, higher lapses and a reserving refinement done on our 4Sure product.

Effective expense management and higher than budgeted volumes allowed Assupol to maintain its new business margins at above eight percent, delivering a value of new business of R221 million, 22 percent higher than the previous year. For the year under review, gross insurance premiums came in at R2,039 billion, 20 percent more than last year. In contrast, our adjusted operating profit (AOP) – which is management's view of the underlying long-term profitability of the Group – showed a 19 percent increase. The unexpected replacement of the Minister of Finance in December 2015 underscored the sensitivity of Assupol's earnings to interest rate changes. At the time of his dismissal, investor confidence was shaken, with the knock-

on effect of bond yields kicking up and investment markets falling. Although this instability did not materially or adversely impact our solvency on the statutory valuation method (SVM), the addition of higher interest rates and weakened investment markets resulted in a decrease in our half-year earnings by R195 million before tax. Most of these losses were reversed over the remaining six months of the financial year, as interest rates and markets recovered closer to levels seen prior to the crisis.

### A look ahead

Looking into the future, Assupol takes cognizance of the uncertain environment into which it is entering. Our business is well established, and as the Group's brand continues to grow, we continuously seek new ways in which to assist our target market in making better choices, a fundamental factor in our ongoing success.

Now in place for a period of three years, our key strategic drivers – quality new business volume growth, maintaining and driving efficiencies through strong expense management and the smarter use of technology, as well as growing our business through strategic initiatives – continue to yield positive results. Of the three identified drivers, the first and second are well entrenched, and the organisation is currently in

the process of building a new division tasked with finding, evaluating and delivering new strategic initiatives that will accelerate our existing growth and improve sustainability.

During the year under review, lapses and cancellations continued to increase as a result of the deteriorating consumer market. This trend is expected to persist as the effects of the weakening economy, combined with the longer-term consequences of the drought, continue to place pressure on consumer's discretionary expenditure. In response to the weakening lapse experience, we have made further investments in our retention and quality assurance team to assist policyholders to make informed decisions.

Our success is rooted in a deep understanding of our customers, allowing the company to build and deliver relevant and affordable products. We continue to strive to evolve our offering in line with our clients' developing needs and ensure that we remain relevant not only to our customers but to the industry. We further continue to contribute to improving financial literacy, something we believe is essential in the evolution of the industry and buying behaviour of our market and, as such, we believe that this segment still offers significant growth.

Over the years we have grown exponentially, with headcount increasing from 135 in 2000 to 593 in 2016. Assupol now occupies a total of six buildings within Menlo Park, Pretoria, and although the area offers further expansion opportunities, it is ineffective and costly to manage a business that thrives on internal communication within a siloed environment. Thus, the Board made a decision during the financial year to sign a 10-year lease for a new, custom-built head office building that is currently under construction next to the N1 freeway. Our new head office building will be a symbol of our aspirations, boost our brand's exposure, and will also be able to house all our staff in one modern, open-plan building.

Besides the cost saving associated with a more efficiently constructed building, we believe that it will drive productivity and profitability as we improve communication, eliminate duplicated infrastructure and limit space wastage. The building further offers sufficient expansion opportunities to cater for our ambitious growth over the next 10 years.

Our internally developed IT platform is highly scalable - one of our critical competitive advantages due to its flexibility - and will be auspicious as we move into a new regulatory environment. In the year ahead

we will invest additional resources to develop our customer engagement and experience through the effective use of mobile technology.

### **A regulatory perspective**

We remain conscious of the evolving regulatory environment, and the uncertainty and challenges this may bring to our business model, as well as the opportunities it may hold. As a business and industry participant, Assupol is fully supportive of the regulators' intention of strengthening the regulatory framework and delivering better outcomes for all stakeholders. To this extent, we have actively been participating and contributing to the proposed changes, sharing our experiences and understanding with the industry bodies and regulatory forums. It is our belief that 2017 will see the introduction of a number of new regulations, the impact and effect of which are as yet unclear. We are however confident that our flexible systems, ability to make quick changes, and innovative approach will stand us in good stead through this phase.

The implementation of SAM has been postponed a number of times and it is possible that it will once again be postponed to beyond the 2016/17 financial year. Regardless of its implementation date, we are ready and do not believe that it will have a material

impact on our solvency or operations. Over the past three years, the Group has grown its internal actuarial capabilities, seamlessly converted the actuarial system from BASYS to Prophet, and is on track to take on the first line of defence internally.

Looking ahead, it is evident that in the current competitive environment the industry is facing a number of challenges, some from the regulatory side, some from the economic side. We believe that Assupol's business model is well positioned to handle most - if not all of the challenges foreseen - including those of a regulatory, financial and competitor related nature. We are a highly focussed niche business operating within an emerging segment of the economy that is both fast growing and volatile, and is also directly exposed to and affected by economic growth (or lack thereof).

### Assupol Cares

Assupol has always maintained the view that to be a great company, we must do good. For the Group, this good work is operated under the umbrella of "Assupol Cares", and during the year under review, the company and its staff have made me proud of the spirit and manner in which they have given their time, money and support to others.

Our employee initiative, which is a staff-driven, voluntary contribution, is now in its fourth year and it is encouraging and heartening to see the good that they have done and continue to do in their communities. Our flagship event each year is Mandela Day in July, which for 2016 was once again a resounding success, with 222 staff participating countrywide on 29 projects.

### Expressing gratitude

After a year of holistic success one must thank the people that have made all this possible. My heartfelt gratitude goes out to all Assupol employees for their dedication, care and effort in treating our customers fairly. To our management team, thank you for your focus, commitment, hard work and leadership. Your guidance to your relevant teams and contribution to our success, is valued. To my fellow executive directors, I would like to recognise your dedication and commitment to the success of our business and the support you have given me. Without your focus and dedication, our positive results would not have been possible. To the Board of Directors, I am grateful for your assistance in creating and driving a stimulating, enabling environment that supports the executive management team, as well as for your contribution to our strategic success.



**Rudolf Schmidt**  
Group CEO



**A WORD FROM**

LIFE CEO

**BRIDGET  
MOKWENA-HALALA**

"Focus on these areas, supported by a high performing team, as well as strong products and services, have cemented our establishment as a well-known and sought-after brand."

## ASSUPOL LIFE CONTINUES ITS POSITIVE TREND

Despite another year beset by challenges at both local and global level, including economic weaknesses, distressed financial markets, increased competition and pressure on consumers' disposable income, we are pleased to announce that Assupol Life has continued with its positive trend of excellent results for the 2016 financial year.

Our continued success can be directly attributed to the growth strategy set in motion during 2014, centering on three operational pillars, namely sales, efficiencies and ratings. Focus on these areas with the support of our high support team, as well as strong products and services, have cemented our establishment as a well-known and sought-after brand.

### The year in review

Building on the consistently strong performance of our traditional field distribution channel, the successful implementation of a revised strategy around our direct distribution channel, has paid dividends, increasing sales by a staggering 257 percent when compared to the 2015 financial year, and contributing 20 percent towards total sales for the first time in history. Jointly, our field distribution

and direct channel increased sales by 37 percent for this financial year.

The newly established alternative distribution channel's performance seems to be on track, and we look forward to seeing its positive contribution moving forward.

Due to regulatory-related concerns, the Group Schemes business remains challenging, with the exception of the Cornerstone Scheme, which continues to add significant value to the business.

Assupol Life maintains its market diversification efforts, both within and outside the public sector. A significant milestone for us last year was the realisation of our goal of owning 25 percent of the government market. We can confirm that this position has been further improved upon into the 2016 financial year. Not only did our government payroll headcount increase over the year, but we also managed to increase our market penetration to 26 percent.

Moreover, our non-government salary stop order (commercial, including private companies and parastatals and debit order business increased by 368 percent and 110 percent respectively albeit from a low base. And while the lapse issue related

to government employee resignations remains, the trend seems to be stabilising with the increase in lapses during the year under review increasing by 12 percent, significantly lower than the 2014 and 2015 financial years, and our in-force book growing by 16.8 percent over 2016.

Driving operational efficiencies has enabled us to remain competitive in an aggressive environment, not only by reducing costs but also by enhancing our customers' experience.

As a proudly customer-centric company, Assupol Life's policy is to settle valid funeral claims in record time to alleviate pressure and concern from the family. We are pleased to announce that, over the period under review, we paid R1.102 billion in benefits, an 11 percent increase on the previous financial year. Of the valid funeral claims submitted, 87 percent were paid within 24 hours.

### Highlights of the 2016 financial year

Highlights over the last financial year for Assupol Life included increasing individual sales by 37 percent, a positive book growth of 16.8 percent and reducing our renewal costs from R307 to R298 per policy, which in particular demonstrates greater efficiencies.

Furthermore, as a result of our unique On-Call Plus product, we have been selected as one of the three finalists in the Accenture Innovation Index competition, while also increasing the number of lives insured adding the On-Call Plus benefit by 167 percent to just under 312,000 as of 30 June 2016.

An externally managed customer satisfaction survey undertaken during the year under review revealed that our customers are generally satisfied with our services and offerings, with our sales process scoring 85 percent and the overall score reaching 79 percent.

### Continued internal focus

Assupol Life recognises the critical role that our staff and representatives play in the success of our business.

In line with this, an external service provider, PureSurvey, was commissioned during 2016 to conduct a staff engagement survey. The overall score achieved was 76 percent, firmly placing Assupol within the "top company" category as an employer of choice.

### Moving forward to 2017

While market conditions are not likely to improve

during the 2017 financial year, Assupol Life embraces the challenges of the new year head-on, with all of the correct elements in place to maintain our excellent results.

Business retention will continue to be a core focus of the organisation, as well as our emphasis on improving efficiencies and customer experience. Part of this will be identifying the use of technology as an enabler. We are currently in the process of running a number of projects to achieve this.

As from 1 October 2016, a revised strategy for group business was implemented. This new approach will see our exit from the funeral parlour business, with the retention of only a few selected funeral parlours administered by intermediaries that meet our stringent profit, customer services and compliance standards.

In addition, we are pleased to note that the Board has approved the establishment of an Innovation Hub to support our growth strategy. Amongst other benefits, the Innovation Hub will consider distribution opportunities to alleviate pressure from the existing channels.

As a financial services company, Assupol Life

operates within an environment that is governed by an ever-evolving regulatory environment. The latest changes, which include a new Long-term Insurance Act that will be promulgated during 2017, are carefully monitored for possible new opportunities.

We look forward to embracing the next financial period with renewed enthusiasm and confidence.



**Bridget Mokwena-Halala**  
Assupol Life CEO



Our business

**21**

## OUR BUSINESS

### Assupol

We are a leading authorised financial services provider offering funeral, life, savings and retirement annuity products, primarily to the emerging sector of the economy.

Established in 1913 as a burial society for members of the South African Police Service, we have grown into one of the leading providers of life insurance products to the broader market, focusing on serving those who serve. Today, after 104 years of serving the South African communities, Assupol has become a household name synonymous with unparalleled service and affordable, relevant products to our chosen markets.

Assupol has been recognised for the second year running by Capital Finance International (CFI.co) as the Best Life Assurer Southern Africa 2016. Capital Finance International is a leading finance publication based in London which focuses on news, analysis and commentary relating to business, economics and finance worldwide. Assupol is proud to have been awarded this prestigious award.

Assupol's effective and professional sales team is accessible through an extensive branch network countrywide.

## Our philosophy



## Group at a glance

- 1 Assupol Holdings Ltd**  
is the holding company of the Assupol Group of Companies. Our Group operates through two wholly-owned subsidiaries, namely Assupol Life Ltd and Assupol Investment Holdings (Pty) Ltd.
- 2 Assupol Life Ltd**  
is a life insurance company registered in terms of the Long-term Insurance Act. It provides affordable funeral, life, savings and retirement products primarily to the emerging segment of the South African market.
- 3 Assupol Investment Holdings (Pty) Ltd**  
is our investment holding company. It holds our Group's strategic investments.
- 4 Prosperity Life Ltd**  
was the first registered black owned insurance company in South Africa. Assupol acquired its first interest in 2004, and acquired the remaining interest from its founders in 2012, whereafter the business of Prosperity Life Ltd was transferred to Assupol Life Ltd. Assupol owns the Prosperity Life trademark.
- 5 Cornerstone Brokers Corporate (Pty) Ltd**  
was established in 1995. It offers affordable funeral cover primarily to pensioners who receive a social grant from government.



## Business partners and professional service providers

External auditors

PricewaterhouseCoopers

Internal auditors

KPMG

Statutory actuary

Deloitte (Carl van der Riet)

Reinsurers

Hannover Re and Munich RE

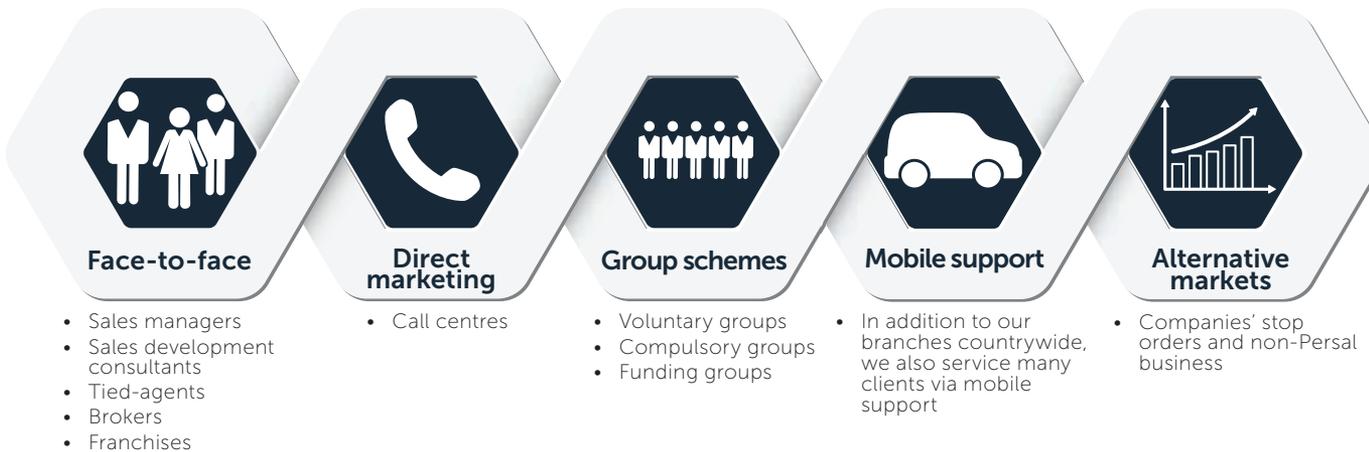
### Assupol – setting trends

- We were the first life insurer to commit to paying benefit claims within 48 hours. In the 2016 financial year we succeeded in paying 87 percent of claims within 24 hours.
- We were the first to introduce a “cash-back” product. Our product pays back all premiums after 10 claim-free years.
- We introduced *instantGroceries* – a first-in-the-market product that provides money for groceries and other necessities via digital vouchers on cell phones, within minutes after a valid death claim has been recorded with us.
- We were the first to use Persal (government’s salary payment system) as a payment method for policies.
- We started to pay benefits via the Post Office.

### Our focus areas – 2016 and beyond

- Market diversification
- Distribution diversification
- Product diversification
- Other strategic alliances
- Drive efficiencies

## Sales distribution channels





**Long-term insurance**

Life products	Funeral	Death and Disability	Critical illness or Dread Disease	Family Income	Premium Waiver	Cashback	Assupol On-Call	On-Call Plus	RA Maturity Reward
Excellence Family Funeral Plan									
Absolute Advantage Family Funeral Plan									
Progress 4Sure Plan									
Progress Legacy Plan									
Progress Accident Plan									
Pensioner Plan									
Solutions Plan									

Investment products		Savings/ Investments	Regular withdrawals	Premium Waiver	RA Maturity Reward	Assupol One Bonus
Assupol One Savings Policy						
Assupol One Tax-free Savings Policy						
Guaranteed-return Single-premium Policy						
Carefree Life Retirement Annuity						



Our leadership

**27**



**RF SCHMIDT**

**Group CEO**  
B.Com (Hons), Investment Management, AGA (SA)

Assupol Life non-executive director since November 2000, and executive director of Assupol Life and Assupol Holdings since January 2011.

**MB MOKWENA-HALALA**

**Assupol Life CEO**  
MBL (Unisa)

Assupol Life executive director since July 2000, and executive director of Assupol Holdings since January 2011.

**D DE KLERK**

**Group CFO**  
CA (SA)

Assupol Life executive director since July 2000, and executive director of Assupol Holdings since January 2011.

**SL NDWALAZA**

**Group HR**  
MM (HR), MBA

Executive director of Assupol Holdings since September 2012 and Assupol Life executive director since May 2013.

**JA JANSE VAN RENSBURG**

**Chairperson**  
BA LLB

Assupol Life director since July 2003, and independent non-executive director of Assupol Holdings since January 2011.

**IO GREENSTREET**

BSc (Hons), FCA

Shareholder nominee, appointed as non-executive independent director in June 2013.

-  Executive directors
-  Non-executive directors
-  Independent non-executive directors (as per Board assessment in November 2015)



**EDJ ASHKAR**

**NE GUBB**

**ILM BARNETT**

**AS BIRRELL**

**T MURANDA**

**CJ VAN DYK**

CA (SA) & CA (Australia)

BComm, PDM (Bus Ad),  
HDip (Tax), CFA

BCom Honours  
(Finance)

B.Bus. Sc (Hons), FASSA,  
FFA, ASA, CERA

CA (SA)

BSc (Actuarial Science),  
(cum laude), FASSA, FFA,  
ASA

Shareholder nominee,  
appointed as non-  
executive director in  
February 2013.

Shareholder nominee,  
appointed as non-  
executive director in  
May 2013.

Shareholder nominee,  
appointed as non-  
executive director in  
February 2013.

Shareholder nominee,  
appointed as non-  
executive director in  
May 2013.

Independent non-executive  
director appointed in  
September 2013.

Independent non-executive  
director appointed in  
September 2013.



 Audit Committee	 Remuneration Committee
 Investment Committee	 Risk Committee
 Nomination Committee	 Social and Ethics Committee



## EXECUTIVE COMMITTEE

The Executive Committee (Exco) is responsible for implementing, managing and monitoring the business affairs of the group (in line with board-approved plans, budgets, delegations and limits of authority), prioritising the allocation of capital and other resources, reviewing and approving acquisitions, disposals and investments, and establishing best management and operating practices. It is also mandated, empowered and held accountable for implementing the strategies, business plans and policies as determined by the board. Our Exco members have extensive business experience within the industry and their particular fields of expertise.



### **RF SCHMIDT**

**Group CEO**

**B.Com (Hons), Investment Management, AGA (SA)**

Rudi was a non-executive director of Assupol from 2000 to May 2010, when he was appointed Group CEO. He brought with him a wealth of experience gained over a number of years holding senior positions at UAL, SCMB and BoE Securities. Prior to accepting the appointment as Group CEO at Assupol in May 2010, he was managing director of SEI Investments (South Africa) Ltd where he also served on the global management team of SEI – a position he held for eight years.



### **MB MOKWENA- HALALA**

**Assupol Life CEO**

**MBL (Unisa)**

Bridget has been with our group for 16 years. Before her permanent appointment at Assupol, she was employed by the South African Police Service as senior manager of human resource management. In February 1999, Bridget joined Assupol permanently and held various positions, including acting as Prosperity Life CEO. She was appointed as Assupol Life CEO and an executive director of Assupol Holdings in 2010. She is a director at Cornerstone Brokers Corporate (Pty) Ltd and the Association of Savings and Investment South Africa (Asisa). She currently acts as chairperson of the Financial Sector Charter Council and Assupol Community Trust.



**D DE KLERK**

**Group CFO**  
CA (SA)

Niel has been with the Assupol Group since 1998 and has acted as its finance director since 2000. Prior to joining Assupol he served his SAICA training contract at PricewaterhouseCoopers for three years. In this important role, he has developed Assupol's financial department into an efficient asset through the development of structures, systems, policies, budget control and accounting procedures. He was instrumental in the development of in-house actuarial, investment management, risk management capabilities. He is a member of the South African Institute of Chartered Accountants (SAICA).



**SL NDWALAZA**

**Group HR**  
MM (HR), MBA

Siphiwe joined Assupol in September 2011 to head up the human resources (HR) function, and to develop and implement our Group's strategic HR roadmap. A highly experienced HR practitioner over the past 20 years, Siphiwe has also held senior positions at several other organisations including Sentech, Sony South Africa and General Electric South Africa. He obtained a master's degree in business administration (MBA) from the University of the Witwatersrand's Graduate School of Business Administration. Siphiwe also graduated with a masters degree in human resources management (MM) from the Wits Business School.



**GFM WESSELS**

**Group Sales**  
N Dip State accounting and finances, BA Policing, B.Compt, Certificate in taxation

Gert has been with our Group for more than 35 years. He held the position of CEO until July 2010, which he decided to relinquish in the interests of a new succession plan which included the strategy alignment of Assupol Life following demutualisation. During his term as CEO, Gert led Assupol Life from a small niche insurer to a diversified insurance company with assets in excess of R2 billion. He is currently responsible for our Group's sales strategy. Directorships he holds includes the Blue Bulls Company.



**J DIPPENAAR**

**Chief Risk Officer**  
B Com, FASSA

Johan joined Assupol on 1 September 2015 to take charge of our group's risk management. Johan has actuarial and related experience in a broad spectrum of functions among others: product development, retirement fund consultancy and trusteeship, actuarial valuations, investment management and balance sheet management. Johan held many senior positions, notably that of statutory and chief actuary of Momentum, and served on many committees, including chairing the Actuarial Society of South Africa's (ASSA) tax committee. He was also closely involved in mergers and other corporate actions.



Our stakeholders

**32**

We broadly classify our various stakeholders into five categories

#### Shareholders

Corporate shareholders, the Assupol Community Trust, employees and other shareholders.

#### Customers

All the various customers of our businesses.

#### Employees and representatives

All the employees and representatives of the Assupol Group.

#### Community

The communities in which we operate our business.

#### Regulators

Foremost the Financial Services Board (FSB) and the South African Revenue Services (SARS).

## SHAREHOLDERS

### Demutualisation

In terms of the Assupol demutualisation scheme, Assupol redeemed all qualifying members' shares who did not elect to retain their shares at fair market value. The proceeds of R891 million were paid to the Members Trust for the benefit of the qualifying members. Of the 237 105 qualifying members, 12 408 had elected to retain their shares. Payments are made to qualifying members once they have confirmed their particulars, including their bank details, in line with the provisions of the demutualisation scheme. At year end, the Trust still held R228.1 million (excluding interest) on behalf of 70 484 qualifying members who must still confirm their particulars whereafter they will receive their redemption payment.

	Shareholders	Redeemed shares paid	Gross value paid (R)	Net value paid (R)*
June 2013	98 298	183 881 489	459 703 722.50	427 413 829.92
June 2014	38 557	54 670 505	136 676 262.50	130 615 057.01
June 2015	13 302	17 091 172	42 727 930.00	43 016 005.00
June 2016	4 056	5 690 126	14 225 315.00	15 244 682.15
<b>Cumulative</b>	<b>154 213</b>	<b>261 333 292</b>	<b>653 333 230.00</b>	<b>616 289 574.08</b>
Unpaid @ 30 June 2016	70 484	91 225 510		

*Net payment is gross payment of R2.50 per share, plus interest, less dividend withholding tax and payment costs.*

### Current Shareholding

The shareholding as at 30 June 2016 is stratified as follows

Name	Restrictions	Category	Director nomination rights	Shares held	% holding
IEP Portfolio 1 Propriety Limited	None	Corporate	3	150 591 783	36.6%
International Finance Corporation	Yes	Corporate	2*	82 711 565	20.1%
WDB Investment Holdings Propriety Limited	Yes	B-BBEE	1	44 202 985	10.7%
WDB Investment Holdings Propriety Limited	None	Free float		5 622 672	1.4%
Assupol Community Trust	None	CSI		25 200 000	6.1%
Staff incentives and restraint of trade/shares	Yes	Employees		31 483 474	7.7%
Other shareholders	None	Free float**		71 705 034	17.4%
				<b>411 517 513</b>	

\* The IFC has only exercised one appointment right.

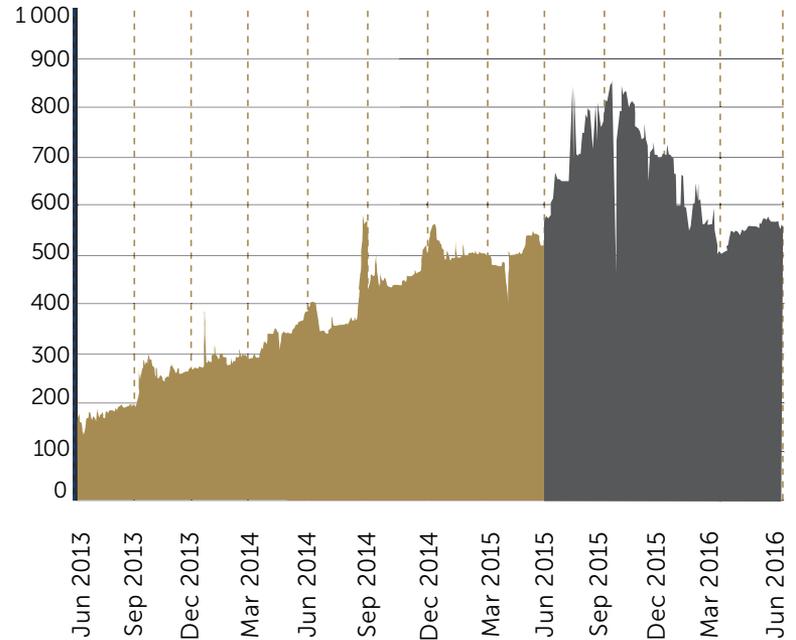
\*\* These shares are unrestricted, some held by staff.

### Over The Counter (OTC) trading platform

During the year under review, shares in Assupol Holdings have continued to trade actively at between R4.52 and R8.60 per share. The monthly trading statistics are summarised in the table below. The Registrar of Security Services during November 2014 granted an initial exemption to Assupol Holdings from the provisions of the Financial Markets Act. At the end of October 2016 Assupol Holdings implemented a new platform operating on the basis of bi-lateral negotiations. This change was necessary to ensure that the trading platform does not constitute an “exchange” as defined in the Financial Markets Act. The adjustment of the platform to operate on the basis of bi-lateral negotiations was the culmination of a process followed by the Board to investigate all available options. The investigation was required after the Registrar of Security Services advised that the trading platform of Assupol Holdings was regarded as an exchange in terms of the Financial Markets Act.

Month	Trades	Volume	Value	VWAP
2015/07	186	1 671 110	R 9 629 412	R 5.76
2015/08	132	228 175	R 1 571 204	R 6.89
2015/09	188	476 244	R 3 729 519	R 7.83
2015/10	211	622 255	R 4 968 103	R 7.98
2015/11	125	322 748	R 2 615 994	R 8.11
2015/12	141	657 583	R 4 664 674	R 7.09
2016/01	77	224 278	R 1 522 498	R 6.79
2016/02	98	216 167	R 1 302 453	R 6.03
2016/03	88	642 874	R 3 593 597	R 5.59
2016/04	101	27 153 804	R 149 337 555	R 5.50
2016/05	129	289 658	R 1 630 859	R 5.63
2016/06	87	522 233	R 2 944 787	R 5.64

### Daily closing price (cent per share)



### Dividend declaration

On 30 September 2016, following the approval of the Annual Financial Statements for the year ended 30 June 2016, the Board of Directors of Assupol Holdings Ltd declared an ordinary dividend of 43 cents per share, and a special dividend of 13 cents per share.

## CUSTOMERS

### Entrenching the Assupol brand

World-renowned music personality, Hugh Masekela, has been Assupol's premier brand ambassador since 2012 and continues to help us to embed our brand across South Africa. This icon has contributed significantly in the world music arena and has inspired generations of musicians and general communities around the globe. "Bra Hugh's" contribution does not end in music, but extends to the promotion and preservation of African culture, heritage and the indigenous languages. It is imperative that this legacy is properly archived in the annals of history and made available to current and future generations.

Further to this, he has a strong connection with people and that is why he is vital to our successful brand ambassador programme. We have more than a century of serving the hard-working people of South Africa behind us and believe there is a great fit between our brand and that of Hugh Masekela. Importantly, he also endorses our core value of "serving those who serve" – he does it through his music, whereas we do it through the key financial services we provide to society. We have partnered with him in staging his successful annual heritage musical festival since 2012. Like Assupol, he is passionate about the people of South Africa and their proud heritage. Although his music and brand appeals to a wide cross-section of people, including those within our target market, his strong stance on

heritage and its preservation has enabled Assupol to combine the two brands through the not-for-profit annual Hugh Masekela Heritage Festival. Over the past year, several initiatives were undertaken to align the two brands and maximise on the relationship through various print and TV advertisement campaigns.

Through our frequently aired television campaigns with Hugh Masekela, we intend to break the mould of deploying "emotional appeals" and "people-orientation" in insurance advertisements. We want to encourage our existing and potential target markets to take control of their financial futures before it is too late. By doing this, we believe we will reach new frontiers for brand exposure and recognition in the future.

### Marketing and advertising partnerships

#### Skeem Saam (SABC1)

This SABC1 educational drama series gives us a great platform to speak to a wide audience and we are delighted to be involved with such exciting programming for another year. This successful partnership shows that not only are we targeting the right market, but also that there is a great need for our valuable products and services.

### Relocation of the Assupol head office

The new Assupol head office, situated in the heart of the metropolitan business node in Menlyn, Pretoria, is a visual representation of the exponential growth and success that we have

achieved as a company over the last decade. The expansion into the new building also suitably represents our company's ongoing strategic commitment to providing comprehensive solutions. Neo Trend Property Developers is responsible for the construction of the 14,354m<sup>2</sup> headquarters at Summit Place Office Park, on the corner of Garsfontein Road and the N1 freeway. It will be one of the tallest buildings outside of the Pretoria CBD. Designed by award-winning architects Boogertman + Partners, the new building features a modern and innovative design. It is set to become a new landmark in the Pretoria East area for its height as well as its high visibility from the N1. The ground-breaking ceremony was held at the building site with various stakeholders and Assupol employees. A time-capsule was buried with Assupol's key historic information to educate – and most probably entertain – future generations about the company. Contents included items such as the newspaper of the day, wine, marketing material, and integrated reports.

As from the proposed occupation in the first quarter early 2017, Assupol will occupy four of the 10 floors in the building – a total area of 6,250m<sup>2</sup>. Assupol currently employs nearly 400 Pretoria residents – and in excess of 600 countrywide across all nine provinces – and continues to grow as a financial services provider.

### Branch refurbishments and accessibility

While much of our branch refurbishment exercise has been completed, we have continued to upgrade

our branches where necessary. By making our branches more aesthetically pleasing, we have definitely been able to utilise them more effectively as “walk-in” facilities where customer engagement has become the major focus. Our goal is to continue ensuring that our branches are accessible, attractive and appropriate venues for our staff to interact with our customers in pleasant surroundings.

### Product development

As a dynamic and forward-thinking company, we are always looking at ways to improve and broaden our product offerings. During the past year, significant enhancements were made to our funeral, life and savings products.

#### Notable features implemented include:

- combining four of our savings products into the Assupol One Savings Policy
- increased cover of up to R75 000 now available on our funeral products
- the new Instant Accidental Death benefit on our funeral products
- the reduction of Excellence Family Funeral Plan benefit premiums for children, parents and large funeral benefit amounts.

Our aim and aspiration is to continue to be tuned in to what the market needs, enabling us to provide best of breed products that ideally satisfy the requirements of our policyholders.

### Treating Customers Fairly (TCF)

Assupol continues to measure our performance in terms of TCF on a regular basis. In 2015/16 we underwent a satisfaction survey with results clearly

indicating a very satisfied and loyal client base. Overall the majority of touchpoints in the survey was positive. Moreover, the overall sentiment of clients is that Assupol is a caring, responsible company to whom they feel loyal and would recommend to others.

Notwithstanding this positive background, it was decided that it would be useful to identify opportunities to enhance client’s experiences, ensuring that they have a consistently good customer journey through all stages of their interactions with Assupol.

A professional service provider, DMSA (Data Management & Statistical Analysis) together with Assupol management have started a process to assess the customer journey. This survey is to increase the frequency of communication with members, as we have identified that some feel that we do not communicate with them frequently enough. It would be valuable to unpack this to identify the underlying needs that clients would like to address through more frequent communication. Do they want information about the status of their savings? Would they like a closer relationship with Assupol in general? And if so, what would they like to gain from a closer relationship? It is envisaged that focus groups will assess what additional communication members want. Do they want more two way communication, or are they more interested in just receiving more information? If they want to receive more information, what kind of additional

information would they like to receive? We endeavour to implement the customer experience survey early in 2017.

## EMPLOYEES AND REPRESENTATIVES

### Employee and representative development

As the battle for top talent within the insurance sector intensifies, employee training and development programmes are becoming increasingly important. At Assupol, we believe that the development of our employees directly impacts the company’s bottom line. Employee training and development is therefore critical to our continued success as a leading niche insurer in our market and an enabler to remain legislatively compliant.

Assupol has always been passionate about the development of our employees and representatives. We understand that hiring top talent takes time and money. The way that we engage with and develop employees, impacts employee retention and our business growth. We have remained focussed on compliance, technical and leadership skills in our training initiatives.

#### Learning interventions included:

- **Technical:** products, processes, sales, legislation, English and new systems;
- **Compliance:** FAIS regulatory examinations, NQF 4 long-term insurance qualification, as well as health and safety; and
- **Leadership:** life coaching and XYZ generation

management.

### **Study assistance programme**

Our study assistance programme allows employees to study towards a national qualification with a recognised tertiary institution. Over the year under review, 43 employees were assisted through this programme.

### **Actuarial programme**

Assupol is a registered training office with the Actuarial Society of South Africa (ASSA), dedicated to developing local actuarial skills and supporting employees with their actuarial studies. Our students are making excellent progress, as is evident from the fact that Assupol now boasts three qualified actuaries and eight actuarial students.

### **SAICA (South African Institute of Chartered Accountants)**

Assupol is also an approved SAICA training provider, enabling Chartered Accountant (SA) students to complete the training programme necessary for qualification. To date, three of our trainees have progressed to the level of CA (SA)s, while an additional six trainees completed their training successfully.

We furthermore offer a highly successful internship programme within the focus areas of actuarial science, underwriting, claims, financial risk, legal services, compliance, IT development, marketing support and sales intelligence, corporate affairs and client services. More than 85 percent of interns that successfully completed their internship have been

appointed into permanent positions.

## **Employee engagements**

### **Engagement survey**

Assupol once again underwent an engagement survey during the year, conducted via the Internet, e-mail and fax-606 Assupol employees partook in the exercise. The research was split into four categories, each comprising 15 sections. Participants were required to answer 60 questions.

The response rate to this year's survey saw a 3 percent increase in response rate to 83 percent. The highest scoring areas were effort, strategy, brand affinity and personal growth.

### **Take a Girl Child to Work Day 2016**

Assupol joined forces with the Glen High School in Pretoria to participate in this year's iteration of the Cell C Take a Girl Child to Work Day. Twenty girls from Grade 11 and 12 visited Assupol's head office on 26 May 2016, where they received a warm welcome and motivational talk from our Life CEO, Bridget Mokwena-Halala, and group executive director, Human Resources, Siphwe Ndwalaza. Following this the girls proceeded to gain valuable information from a number of different departments about their future careers.

## **Employee wellness**

### **Careways employee assistance programme**

In line with our vision of being an employer of choice, Assupol provides an employee assistance programme through Careways. By way of this programme, our employees, as well as their

immediate family members and dependants, are granted access to registered clinical, legal and financial professionals on a 24-hour basis, 7 days a week. The programme caters for wellness on a physical level, in addition to emotional, legal and financial wellness. It was developed with the intention of creating a healthy working environment that is extended beyond the workplace to encompass our employees' personal lives in order to promote happy, confident individuals who are motivated and work more effectively and efficiently.

### **Discovery wellness day**

205 employees participated in the Discovery wellness event that took place on 14 April 2016. A number of tests were done. Through these tests, Discovery Vitality members were given the advantage of achieving vitality points to boost their statuses with Discovery Health.

### **National Business Relay Challenge**

The National Business Relay Challenge, held on 3 October 2015 in Rietondale Park, Pretoria, saw 28 Assupol employees compete against other organisations in the running and walking marathons.

### **Executive wellness programme**

In order to help its senior management maintain a more balanced lifestyle, Assupol partnered with Careways to provide an executive wellness programme to our directors and senior executive managers. Ten men and three women participated.

**South African National Blood Services (SANBS)**

Assupol is a regular supporter of the SANBS' Blood Drive endeavours, with around 10 of our employees regularly donating blood during monthly site visits by the SANBS.

**Transformation**

**Employment equity**

Assupol has made considerable progress regarding the transformation of the company for the year under review. The composition of African, Indian and Coloured (AIC) employees has increased from 74 to 75.6 percent of the overall workforce. We are happy that this progress is in line with our current employment equity plan, as accepted by the Department of Labour.

**Broad-based black economic empowerment (B-BBEE)**

We are pleased to announce that, during the period under review, Assupol improved its B-BBEE rating from a previous rating of Level 4, to secure a Level 3 contributor status.

**Assupol scored well in the following areas:**

Element	Score	Target score
Ownership	17	15
Enterprise development	5	5
Management control	8	8
Access to financial services	12.5	14

**Areas requiring attention include:**

Element	Score	Target score
Preferential procurement	13.06	16
Employment equity	7.15	15
Skills development	7.3	10

Moving forward, Assupol's low staff turnover and stable senior management headcount should equate to a steady employment equity rate. On the other hand, the area of skills development remains a structural issue as the great majority of skills spend is devoted to sales agents who are not regarded as employees.

**Occupational health and safety (OHS)**

The role of the health and safety representatives is to inform employees of safety procedures and policies, as well as to conduct inspections and emergency evacuations.

Assupol OHS officials have received training as:

- Emergency and evacuation wardens
- First aiders
- Fire marshals
- Safety, health and environment (SHE) representatives
- Risk assessors
- Incident and accident reporting.

At this stage, Assupol has 119 trained OHS officials, with 89 employees on the OHS register.

**COMMUNITIES**

**Assupol Cares**

As a highly committed and involved corporate citizen, we have decided to house the three legs of our community and corporate social investment activities under the over-arching "Assupol Cares" umbrella. This includes the Assupol Cares employee initiative and our Group's targeted CSI projects.

**The Assupol Community Trust**

Initiated as a direct result of our successful demutualisation process, the Assupol Community Trust was established to make a meaningful contribution to society and the communities in which Assupol was represented prior to demutualisation.

Importantly, it was decided that the Trust needed to have a specific focus to maximise its impact. The Trust's purpose and mission is Early Childhood Development (ECD), certainly one of the most vital areas of need in our country.

Hugely significant for the Trust is that it has been awarded Public Benefit Organisation (PBO) status which enables it to operate on a tax exempt basis. The Trust owns 25.2 million Assupol shares which were allocated to it as part of the demutualisation. The dividends from these shares have started to flow to the Trust, enabling it to fund its ECD interventions. The five trustees - Bridget Mokwena-Halala (chairperson), Taurai Muranda, Tebogo Malatji, Ntjantja Ned and Célest van Niekerk (executive trustee) – are overseeing the Trust's operations.

We are excited about the role that the Trust will play in improving prospects for children, who are the adults of tomorrow.

### **The Assupol Cares employees initiative**

Now in its fifth year of existence, this initiative demonstrates the genuine compassion and strong spirit of “Ubuntu” that exists within Assupol. The great thing is that not only do employees provide the funds, they also oversee the entire initiative, from receiving requests for assistance to deciding on which applicants to benefit, to appointing project managers to run selected projects.

The committee meets once a month to evaluate applications and make financial allocations. Funded, managed and monitored by Assupol staff – with a matching financial contribution from Assupol head office every six months – this initiative has a broad focus and benefits worthy recipients in communities located in various parts of South Africa. Ideally, Assupol branches across the provinces are involved in finding suitable beneficiaries in their local communities. Complementing the financial contributions made by our employees is the generous time and effort they put into making their projects so worthwhile and successful.

### **Corporate social investment (CSI) projects**

These have grown over the past few years. Our major CSI projects have been focused on Mandela Day, the Nellmapius soup kitchen and Kwasa school in Springs. The emphasis continues to be on assisting young people,

but we have also broadened our reach to include other beneficiaries. While we fully support the concept of giving 67 minutes back to society in recognition of what Nelson Mandela did for our country, we continue to ensure that our assistance is extended beyond this time limit. Our staff regularly volunteer at the Nellmapius soup kitchen, Kwasa and various other identified projects. Going forward, we will implement and assess our clearly defined CSI policy that will incorporate critical elements such as sustainability and resilience with the emphasis on helping people to help themselves.

In addition, we want to broaden the geographic scope of our CSI footprint even more. In the past financial year we managed to expand our reach to our regional branches and selected rural areas that are in urgent need of assistance.

### **Sponsorship**

During the 2016 financial year, we continued our sponsorship focus on mainly benefiting grassroots sports development. We invested more than R2.8 million in this important area. Excellent results followed.

Assupol TuksCricket, which we have supported for more than a decade, continues to perform well and is a team of which we are extremely proud. Assupol has gained considerable exposure through this sponsorship. They represented South Africa at the Red Bull Campus World Finals in Sri Lanka in October 2016. The team was also crowned as the first ever

Varsity Cricket winners.

Rugby development remains high on our agenda as we continue to add value with our annual sponsorship of the Blue Bulls Rugby Union. This contribution assisted the Blue Bulls organisation to contribute to the Limpopo Vodacom team, the Limpopo Under 19 and Under 21 teams, the Blue Bulls and Limpopo country districts development efforts, the Blue Bulls and Limpopo women’s and Under 16 and Under 18 girls’ rugby teams, the Blue Bulls men’s and ladies’ sevens teams, as well as Blue Bulls and Limpopo amateur rugby teams. The significant annual investment made to the Assupol Club Tournament greatly contributes to development of club rugby teams that usually do not compete against each other. Donations were also made to benefit the Blue Bulls Primary Schools Rugby Day as well as Pretoria Correctional Services rugby. This year has also seen the launch of our involvement with rugby at Tshwane University of Technology. We believe that South African rugby will continue to reap fruits from our involvement at school, club, tertiary and provincial levels.

Other sponsorships during the year included contributing to the Correctional Services staff recognition awards, various golf days, including charity golfing events. Around 20 percent of our sponsorship was invested in sporting and training events associated with the South African Police Service (SAPS), which is still one of Assupol’s biggest customer bases. Our sporting contributions to SAPS were directed at the annual netball championships, as well as Pretoria Police rugby. We were instrumental in making the SAPS

annual prestige awards a great success.

Sponsorships remain a priority for Assupol as it is an area where we can plough back into the communities we serve. We are extremely pleased that the investment made through our sponsorship contributions makes a meaningful difference in the lives of those who benefit from it.

## *REGULATORS*

Assupol has achieved compliance with the relevant financial services legislation, enjoying a good relationship in particular with the Financial Services Board.



Corporate  
governance

41

**Reporting is critical to the long-term performance and sustainability of a business, and protecting and enhancing stakeholders' interests and value. During the period under review, the Board upheld the highest standards of corporate governance.**

## ***KING III***

The Board confirms that, during the period under review, it voluntarily applied the 2009 King Code of Governance Principles (King III). King III is already fully entrenched within our processes, policies and procedures.

In order to ensure that every recommended practice in King III has been considered, Assupol utilises the Governance Assessment Instrument (GAI) web-based tool developed by the Institute of Directors Southern Africa (IoDSA), which serves as both a measure and an enabler of good corporate governance structures, policies and procedures.

Assupol's latest internal assessment was completed in August 2016, and we achieved an "AAA-rating", the highest application available. The results of the assessment were made available to both the Audit Committee and the Board for review and independent assurance purposes.

## ***BOARD OF DIRECTORS***

### **Board composition**

As at 30 June 2016, the Board membership of both Assupol Holdings Ltd and Assupol Life Ltd comprised of the same directors.

Our Board is currently comprised of eight non-executive directors, and four executive directors (as appointed by the full Board). The non-executive directors were selected using a formal process, with the Nomination Committee identifying suitable

candidates to be proposed to the shareholders. Non-executive directors retire on a rotational basis, but are permitted to be re-elected.

Remuneration paid to non-executive directors is approved by a special resolution of shareholders at the Annual General Meeting (AGM), as required by the Companies Act, 2008.

## Meeting attendance

The table below records the attendance of directors at Board and Board Committees meetings held over the year. A review of the effectiveness of the Board was conducted in respect of the period under review.

	B				A				Ri			I			Rem			N			S							
	22/09/2015	24/11/2015	23/02/2016	10/05/2016	21/09/2015	23/11/2015	22/02/2016	23/05/2016	17/09/2015	23/11/2015	17/02/2016	18/05/2016	19/08/2015	17/11/2015	15/02/2016	17/05/2016	01/09/2015	21/09/2015	22/02/2016	23/05/2016	14/07/2015	16/02/2015	19/05/2015	11/08/2015	12/11/2015	19/02/2016	10/05/2016	
<b>Executive</b>																												
<b>De Klerk, D</b>																												
<b>Mokwena-Halala, MB</b>																												
<b>Ndwalaza, SL</b>																												
<b>Schmidt, RF</b>																												
<b>Non-executive</b>																												
<b>Ashkar, EDJ</b>																												
<b>Barnett, ILM</b>																												
<b>Birrell, AS</b>																												
<b>Greenstreet, IO</b>																												
<b>Gubb, NE</b>																												
<b>Janse van Rensburg, J</b>	C	C	C	C																								
<b>Muranda, T</b>					C	C	C	C																				
<b>Van Dyk, CJ</b>									C	C	C	C	C				C	C	C	C								

**C** Chairman of the meeting

Attended meeting

Did not attend meeting

Attended as invitee

Resigned / Not yet appointed

Not relevant

- Board Committee**
- B - Board
  - A - Audit Committee
  - Ri - Risk Committee
  - I - Investment Committee
  - Rem - Remuneration
  - N - Nomination Committee
  - S - Social and Ethics Committee

## Role of the Board

Our Board embraces the principles and practices set out in the King III Report as its guideline for good corporate governance. Thus, as recommended by King III, the role and responsibilities of the Board include:

- providing effective leadership on an ethical foundation;
- ensuring that the company is seen to be a responsible corporate citizen by considering the impact that business operations have on the environment and the community;
- assuring an effective and independent Audit Committee;
- ensuring that there is an effective risk-based internal audit;
- overseeing its relationship with management, the shareholders and other stakeholders of the company along sound corporate governance principles;
- understanding that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
  - contributing to and approving the strategy;
  - thoroughly assessing strategy and business plans in order to mitigate risks;
  - identifying key performance and risk areas;
  - ensuring that the strategy will result in sustainable outcomes; and
  - considering sustainability as a business opportunity that guides strategy formulation;
- maintaining responsibility for the governance of risk;
- managing information technology-related (IT)

governance;

- ensuring that the company complies with applicable laws and considers adherence to non-binding rules and standards;
- being aware of how the stakeholders' perceptions affect the company's reputation;
- acting in the best interests of the company by ensuring that individual directors:
  - adhere to legal standards of conduct;
  - are permitted to take independent advice in connection with their duties following an agreed procedure;
  - disclose real or perceived conflicts to the Board and deal with them accordingly; and
  - deal in securities only in accordance with the policy adopted by the Board.
- commencing business rescue proceedings immediately should the company become financially distressed;
- confirming the integrity of the company's integrated report;
- electing a chairman of the Board that is an independent non-executive director;
- appointing and evaluating the performance of the chief executive officer.

## Committees of the Board

Assupol's Board established committees with specific responsibilities, in order to assist in discharging its duties and responsibilities. However, ultimate responsibility remains with the Board. The committees do not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

### Board tasks

Assupol Holdings Limited has the following Board committees that oversee the activities of the entire Assupol Group:

- Audit
- Risk
- Investment
- Remuneration
- Nomination
- Social and Ethics

In the tables on the following pages summarised information about the various Board committees as at 30 June 2016 is shown.

## Audit Committee

<b>MEMBERSHIP</b>	T Muranda (Chairperson) AS Birrell IO Greenstreet
<b>INVITEES</b>	RF Schmidt MB Mokwena-Halala D de Klerk J Dippenaar Other members of senior management as may be required Company secretary Internal and external auditors Statutory Actuary
<b>ROLE AND FUNCTION (BROADLY)</b>	The committee has the following duties: <ul style="list-style-type: none"> <li>• statutory duties as prescribed in section 94(7) of the Companies Act (2008);</li> <li>• additional duties over and above the statutory duties, such as: <ul style="list-style-type: none"> <li>– oversight of integrated reporting;</li> <li>– combined assurance;</li> <li>– evaluation of the finance function;</li> <li>– oversight of internal audit function;</li> <li>– oversight of external audit function; and</li> <li>– oversight of risk management as it pertains to financial reporting</li> </ul> </li> </ul>

## Risk Committee

<b>MEMBERSHIP</b>	CJ van Dyk (Chairperson) IO Greenstreet ILM Barnett
<b>INVITEES</b>	RF Schmidt MB Mokwena-Halala D de Klerk J Dippenaar Company secretary Internal and external auditors

## ROLE AND FUNCTION (BROADLY)

The role of the committee is to assist the Board to ensure that:

- the company has implemented an effective policy and plan for risk management that will enhance the company's ability to achieve its strategic objectives; and
- the disclosure regarding risk is comprehensive, timely and relevant.

## Investment Committee

<b>MEMBERSHIP</b>	T Muranda (Chairperson) EDJ Ashkar D de Klerk NE Gubb RF Schmidt MB Mokwena-Halala CJ van Dyk
<b>INVITEES</b>	Asset management specialists Company secretary Other members of senior management as may be required
<b>ROLE AND FUNCTION (BROADLY)</b>	The role of the committee is to generally oversee the investment of assets by the Assupol Group, including but not limited to: <ul style="list-style-type: none"> <li>• the review of investment objectives, philosophy and strategy;</li> <li>• the formulation of strategies relating to the allocation of assets; and</li> <li>• the oversight of asset managers and the asset management process.</li> </ul>

## Remuneration Committee

### MEMBERSHIP

CJ van Dyk (Chairperson)  
AS Birrell  
JA Janse van Rensburg

### INVITEES

Group CEO  
HR director

### ROLE AND FUNCTION (BROADLY)

The role of the committee is to:

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

## Nomination Committee

### MEMBERSHIP

EDJ Ashkar (Chairperson)  
IO Greenstreet  
NE Gubb

### INVITEES

None

### ROLE AND FUNCTION (BROADLY)

The role of the committee is to consider and recommend to the Board:

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

## Social and Ethics Committee

### MEMBERSHIP

JA Janse van Rensburg (Chairperson)  
EDJ Ashkar  
SL Ndwalaza

### INVITEES

RF Schmidt  
MB Mokwena-Halala  
Other members of senior management as may be required

### ROLE AND FUNCTION (BROADLY)

The committee has the following duties:

- The main objective of the committee is to assist the Board with the oversight of social and ethical matters relating to the company, specifically as listed in regulation 43(5) of the Companies Act, 2008.

The committee is satisfied that it has fulfilled all its duties during the year under review. During the year under review, the committee amongst others -

- revised its terms of reference and submitted it to the board for approval;
- finalised its annual work plan;
- considered Assupol's employment equity plan and its relationship with assupol employees;
- considered its relationship with its clients and the progress made with the Treat the Customers Fairly (TCF) initiative;
- the principles applicable to Assupol's sponsorships, donations and charitable giving; and
- Assupol black-economic empowerment status.

## AUDIT COMMITTEE REPORT

The Audit Committee is an independent statutory committee, as appointed by the shareholders.

Further duties are delegated to the Audit Committee by the Board of Directors of the company in the formally adopted “terms of reference” as approved by the Board of Directors. This report includes both these sets of duties and responsibilities.

### Audit Committee members, meeting attendance and assessment

The Audit Committee is independent and consists of three non-executive directors, meeting at least twice per year as per the committee’s terms of reference. During the year under review, four meetings were held.

The Assupol Group Chief Executive Officer, Group Chief Financial Officer, other members of senior management, external and internal auditors and other assurance or service providers (actuarial, legal and compliance) attend these meetings by invitation only.

### Duties of the committee

The Audit Committee’s role and responsibilities include statutory duties as per the Companies Act, 2008, the Long-term Insurance Act, 1998, as well as further responsibilities assigned to it by the Board.

### Statutory duties

#### External auditor appointment and independence

The Audit Committee is satisfied that the external auditor was independent of the company, as set out in section 94(8) of the Companies Act, 2008, which includes consideration of previous appointments of the auditor, the extent of other work undertaken by the auditor for the company, and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2016 financial year.

#### Financial statements and accounting practices

The Audit Committee has reviewed the accounting policies and financial statements of the company and is satisfied that they are correct and comply with International Financial Reporting Standards (IFRS).

An Audit Committee process has been established to receive and deal appropriately with any concerns and complaints relating to the reporting practices of the company. No matters of significance have been raised in the past financial year.

#### Internal financial controls

The Audit Committee has overseen the assessment of the effectiveness of the company’s internal

control (including internal financial controls) by the internal auditors. The audit gives negative assurance, which means that nothing came to the attention of the internal auditors that would indicate a material breakdown in controls.

### Other duties

#### Integrated report

The Audit Committee oversees the compilation of the company’s integrated report and reporting process. It considered the company’s sustainability information, as disclosed in the integrated report, and has assessed its consistency with operational and other information known to Audit Committee members, and for equivalence with the annual financial statements.

The committee is satisfied that the sustainability information is reliable and consistent with the financial results, and recommends the integrated report for approval by the Board of Directors.

#### Going concern

The Audit Committee has reviewed a documented assessment, including key assumptions, prepared by management on the going concern status of the group. The Board’s statement on the going concern status of the Assupol Group, as supported by the Audit Committee, is documented in the Annual Financial Statements.



### **Internal audit**

The Audit Committee is responsible for ensuring that the company's internal audit function is independent and possesses the necessary resources and authority within the company to enable it to appropriately fulfil its duties. The internal audit function has been outsourced to KPMG, which has direct access to the Audit Committee, primarily through its chairperson. The Audit Committee approved the internal audit function's annual audit plan for the new financial year, and KPMG is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the Audit Committee on a regular basis.

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

The Audit Committee is satisfied that the Group Chief Financial Officer has appropriate expertise and experience.

The Audit Committee has considered, and is also convinced of the appropriateness of the expertise and adequacy of finance resources and the experience of the senior members of management responsible for the financial function.



Risk  
management

49

## RISK

As a financial services group, Assupol is exposed to a variety of risks, making risk management an integral part of good business practice. Over the past year, we have continued to enhance our formal risk management practices and structures, as well as embarked on a risk awareness campaign rolled out across all operational areas.

Assupol has successfully implemented the revamped risk management framework (based on the ISO31000 standard) devised last year and the formal policies as required by Board Notice 158 (issued by the Financial Services Board). In formalising the risk management process and entrenching it within our business practices, we

aim to further enhance the sustainability of the Group's business.

### Three lines of defence

Assupol's "three lines of defence" approach to risk management ensures that we remain aware of and proactively manage risks.

#### 1 FIRST LINE

- Individual business departments
- Responsible to identify, assess, monitor and manage the risks arising in the business.
- Bulk of action plans and controls are implemented at this level.

#### 2 SECOND LINE

- Chief Risk Officer and Actuarial, Risk management, Compliance and Legal departments.
- Responsible to assist first line in identifying and managing risks.
- Identify key risks and controls to be monitored.
- Report to committees, the Board and the regulatory authorities.

#### 3 THIRD LINE

- Internal auditors, external auditors and statutory actuary.
- Independent review and assurance of the functioning and effectiveness of the first two levels.

## RISK MANAGEMENT FRAMEWORK

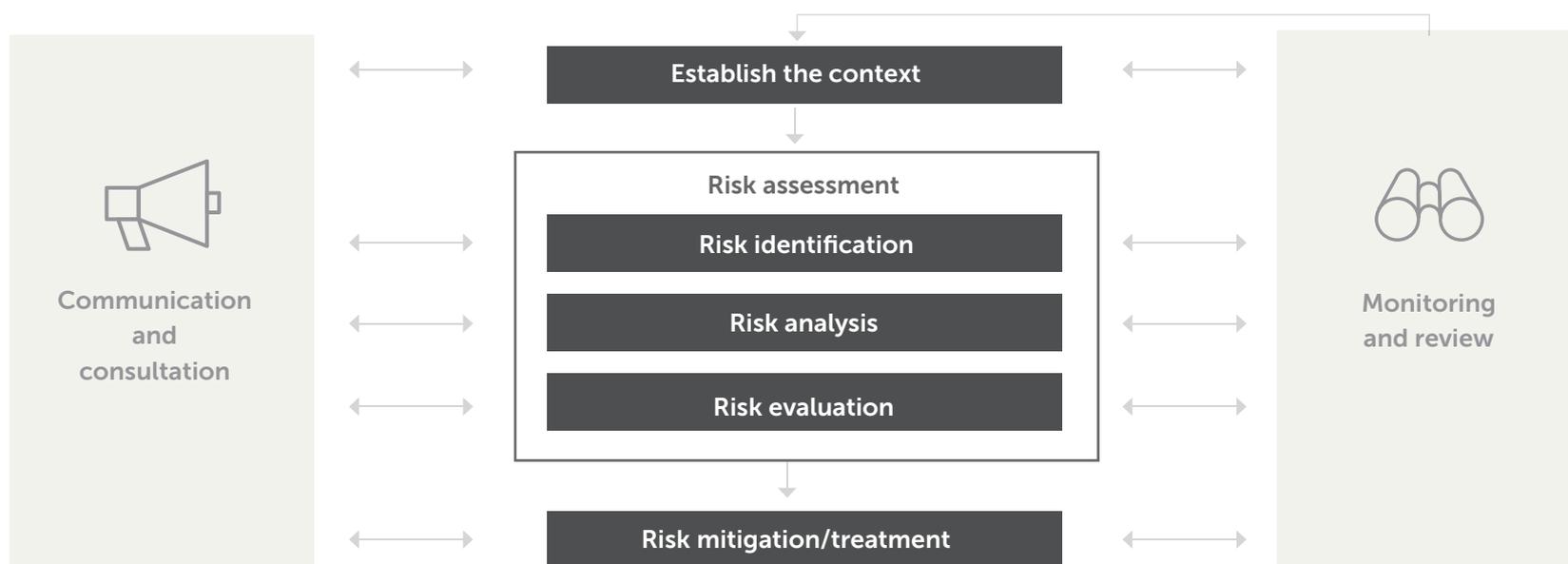
The combination of Assupol's risk management framework and the associated policies required by Board Notice 158 currently embodies the formal risk management efforts of the Group. This is in compliance with the Financial Services Board's (FSB) Solvency Assessment and Management (SAM) framework.

## Key features of our risk management measures

- 1 The establishment of a Risk Committee by the Board of Directors in order to oversee risk management efforts (for more information on this committee, refer to the Corporate Governance section on page 45).
- 2 Primary responsibility for the design, implementation and maintenance of an effective risk programme has been given to the Group Exco.
- 3 The risk management function implements and monitors a formal risk management process.
- 4 Each department is responsible for the performance of its individual business function and the management of risks to which it is exposed.
- 5 Processes are in place to monitor and review the effectiveness of the risk management framework on an annual basis, and to implement improvements where required.

## Implementing risk management

The following diagram represents the execution of Assupol's risk management process:



## RISK CATEGORIES

Our risk management framework allows for risk classification into the following categories:

1. Strategic
2. Insurance risk (underwriting, reserving, reinsurance, asset liability matching)
3. Financial (market, credit, liquidity, concentration)
4. Operational
5. Regulatory and compliance

CATEGORY	RISK	MITIGATION
STRATEGIC	Not meeting customer expectations	<ul style="list-style-type: none"> <li>We have dedicated resources to drive our “Treat Customers Fairly” assessment and identify any necessary improvements</li> </ul>
	Concentration risk exists in distribution	<ul style="list-style-type: none"> <li>We have implemented a specific diversification strategy in order to expand our distribution channels, including a successful direct sales channel</li> </ul>
INSURANCE	Insuring death and disability at correct levels and at correct premiums	<ul style="list-style-type: none"> <li>We have a defined application and underwriting process whereby we only accept insurance risk up to certain limits</li> <li>We are able to re-price our products should the premiums become inadequate</li> </ul>
	Adverse mortality, withdrawal and expense experience	<ul style="list-style-type: none"> <li>We perform annual and quarterly experience analyses on claims, withdrawals and expenses in order to detect areas of loss and to make the necessary adjustments</li> </ul>
	Policyholder liabilities to be estimated reliably	<ul style="list-style-type: none"> <li>Our internal actuaries model and set parameters for the actuarial valuation are in accordance with guidance and industry practice</li> <li>Our independent statutory actuary reviews the parameters and assumptions, and suggests or decides on any necessary changes</li> </ul>
	Not meeting solvency requirements	<ul style="list-style-type: none"> <li>Assupol Life is adequately capitalised, and the CAR and SCR ratios are monitored on an ongoing basis</li> <li>A variety of sensitivities and stress scenarios over a five-year projection horizon are produced and analysed</li> </ul>

CATEGORY	RISK	MITIGATION
FINANCIAL	We could lose money from investments as a result of bad credit	<ul style="list-style-type: none"> <li>We have a conservative investment strategy, and our asset managers may only invest in investment-grade instruments</li> </ul>
	We face possible credit losses from our trading parties	<ul style="list-style-type: none"> <li>Insurance policies are subjected to a monthly lapse test that uses criteria as approved by the Actuarial Committee</li> <li>Our reinsurers meet the credit rating requirements as set by the Board from time to time.</li> </ul>
	Investments may decrease in value	<ul style="list-style-type: none"> <li>We have invested our assets in a diversified portfolio of equities, bonds and cash so that the risk is spread</li> <li>A conservative investment strategy is followed</li> <li>The asset managers may invest only according to mandates that have been approved by the Investment Committee</li> </ul>
	The Assupol Group may suffer liquidity problems	<ul style="list-style-type: none"> <li>All companies in the Group have approved budgets for the new financial year which do not forecast any cash shortages</li> <li>Short-term finance can be implemented to cover any immediate need, should the need arise</li> <li>Long-term finance requirements can be met by liquidating invested assets over time, and thereby minimising possible losses</li> </ul>
OPERATIONAL	Key dependency on our IT environment	<ul style="list-style-type: none"> <li>Our IT server environment has been largely virtualised, thereby ensuring redundancy</li> <li>An off-site disaster recovery centre has been implemented for critical IT services</li> </ul>
	Premium collection	<ul style="list-style-type: none"> <li>The bulk of our premiums are collected via the PERSAL system which ensures a very high rate of success in the collection of premiums</li> </ul>
	Impact of fraud on new business and claims	<ul style="list-style-type: none"> <li>We monitor and improve our controls on a continuous basis to ensure that fraud is detected and therefore fraud losses are minimised</li> </ul>
	Attract and retain the right staff with the correct skills	<ul style="list-style-type: none"> <li>We conduct competency-based interviews, and pay market-related salaries. We also have staff retention incentives in place</li> </ul>
REGULATORY AND COMPLIANCE	Keeping abreast of new legislation	<ul style="list-style-type: none"> <li>The legal department investigates and prepares the business for pending legislative changes</li> <li>We are specifically engaging new legislation relating to micro-insurance and RDR</li> </ul>
	Compliance with relevant major legislation	<ul style="list-style-type: none"> <li>Our compliance department monitors compliance with all relevant major laws</li> </ul>

## Key milestones during the period under review:

- 1 A Chief Risk Officer has been appointed to oversee and improve risk management implementation in Assupol.
- 2 We have reviewed and improved the risk management framework, as well as the various risk management policies and their implementation.
- 3 The risk universe consisting of 20 "level 1" risks as defined by Exco and 60 "level 2" risks as defined by the Risk Steering Committee, has been developed and will assist in managing Assupol's risks from top to bottom.
- 4 The second mock ORSA, covering an extensive range of sensitivities and scenarios was submitted to the FSB on the due date.
- 5 Risk training and awareness have been implemented in Assupol to ensure all employees have the knowledge to identify and manage the risks in their departments.

The primary focus of the Risk Management function remains to achieve a level where risk management informs strategy, and to ensure the optimal allocation of and return on Assupol's capital by measuring and understanding the key risk-reward relationships.



Remuneration  
report

55

## REMUNERATION REPORT

### Background statement

Constituted as a Committee of the Board of Directors of Assupol Holdings Ltd, the Remuneration Committee is comprised of three non-executive directors tasked with guiding and overseeing the structure and implementation of the Group's remuneration policies. The Committee has an independent oversight role in respect of all remuneration and related matters for the Company and is chaired by an independent non-executive director. The balance of the committee constitutes of an independent non-executive director and a non-executive director.

The Committee reviews and recommends to the Board all remuneration and incentive matters related to executive management and non-executive directors, and delegates authority to executive management to propose remuneration in respect of general staff, subject to the rules set by, and final approval from, the Committee.

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

The remuneration philosophy supports the Group's business strategy by aligning strategic goals with organisational behaviour based on meritocracy and performance. Focus is also placed on ensuring alignment of the remuneration policies with the relevant regulatory and governance requirements, including those of the King Code of Corporate Governance.

The members of the Remuneration Committee are also members of other key Board Committees, in order to ensure that the Board Committees interact and integrate their activities. In particular, the Chair of the Remuneration Committee chairs the Risk Committee, the Board Chair is a member of the Remuneration Committee and the Nomination Committee Chair is a member of the Remuneration Committee.

The Committee engages external advisors in order to undertake benchmarking and to ensure that the Group's remuneration policies align the interests of stakeholders, focus on group-wide performance, maintain consistency and transparency across all group incentive structures and adopt industry best practice models. The present advisors are 21st Century Remuneration Consultants.

In the year in question, the key decision areas related to the understanding of the underlying performance, in particular the releases of reserves resulting from better than expected mortality experience, and from achieved expense efficiencies. Given the impact of actuarial judgement on the

overall financial results, which in turn influence the determination of the bonus pool, the company has, at the recommendation of the Remuneration Committee, agreed to appoint the two independent non-executive director members of the Board, who have an actuarial background and both serve on the Remuneration Committee, to the company's Actuarial Committee.

The Committee is satisfied with the independence and objectivity of its consultants, and is satisfied that the remuneration and incentive arrangements and policies are delivering the desired objectives in terms of alignment with policyholder and shareholder outcomes.

### Overview of remuneration policy

#### Executive and employee remuneration policy

Assupol strives to remunerate successful executives and employees between the median and upper quartiles (as defined by an independent remuneration survey), measured on a total reward basis (i.e. on the total remuneration package), considering the guaranteed and potential short and long-term incentive elements in aggregate.

Within the context of total reward, the Committee's benchmarking bias is towards the increasing amount of at risk incentive component of total remuneration, with a lower emphasis on benchmarking the guaranteed element of the total remuneration package.

The Committee recognises that the executive management team has a material influence on our Group's performance and growth, and as such the variable compensation (short and long-term incentives) make up a meaningful part of their total compensation. The variable compensation component is directly linked to the performance of our Group. An optimal balance between short and long-term incentives is sought to ensure the alignment of the interests of executives and the interests of shareholders.

We determine a total incentive amount for executives, which is split between a short-term component paid in cash and a long-term component where restricted shares are purchased with the balance of the incentive amount, at the OTC share price prevailing at the time of allocation. The restricted shares vest after three years.

We believe that this approach achieves a balance between short-term reward and a long-term alignment with shareholders. The long-term component grows in value if the share price increases, which is the primary measure of whether management has increased value over the long term. We believe that this ensures that management are not rewarded for taking undue risk, or delivering unsustainable results, in the short term. The allocation to long-term incentives increases with seniority, meaning that the more senior executives are obliged to defer a greater proportion of their incentive remuneration.

The arrangements described above were implemented following a comprehensive, external review of the Group's remuneration policies undertaken in the 2014 financial year. As a result of this review, a single incentive pool scheme was introduced, which determines a single pool to be used to fund all short and long-term incentives, based on solid risk adjusted return on capital principles, and which seeks to ensure that incentives are only paid on sustainable long-term returns achieved in excess of the required risk adjusted return on capital. Minor fine-tuning amendments have been required since then, and we are of the view that the arrangements implemented remain appropriate for delivering on the objectives, as is demonstrated by the company's superior growth over the period. All executives have entered into permanent employment contracts, with appropriate restraint of trade terms and conditions. These contracts allow for six-month termination periods.

**General staff**

The single incentive pool funds all incentive amounts paid in the company, whether for executives or general staff (staff other than executives). In respect of the latter category, executive management makes recommendations for the consideration of the Remuneration Committee.

The Remuneration Committee considers these recommendations to ensure that the allocation is fair and equitable, with particular consideration to the position of staff in functions such as Risk

and Compliance, and to ensure key staff are being adequately remunerated. In the last year, all general staff received a non-guaranteed 13th cheque, as well as an additional 14th cheque to reflect the company's exceptional performance in expense efficiencies, but linked to appropriate conditions to ensure achievement of broad corporate objectives.

**Non-executive director remuneration**

Non-executive directors continue to be remunerated on the same basis as before, on terms approved by the shareholders at the Annual General Meeting (AGM). Non-executive directors receive a Board membership fee and a fee per Board Committee they serve on. The Board Chair, and Committee Chairs, receive an additional fee in order to compensate them for the additional work they are required to do.

Non-executive director fees are benchmarked at the median, as defined by independent research. Non-executive directors do not receive variable compensation and do not participate in any bonus, profit or other short or long-term incentive schemes.

**Remuneration Implementation Report**

The tables on the following page represent the single total remuneration figure for the executive directors, Chief Risk Officer and Prescribed Officer, as well as the restricted incentives as at 30 June 2016. There were no termination payments to this group in the period.

## Executive directors and prescribed officer remuneration

R'000	RF Schmidt	D de Klerk	MB Mokwena- Halala	SL Ndwalaza	GFM Wessels	J Dippenaar	Total
<b>30 June 2016</b>							
<i>Fixed</i>							
Salary	3 058	2 314	2 409	2 248	2 672	1 745	14 446
Other benefits	10	10	10	10	10	8	58
Pension fund contributions	325	262	275	257	305	203	1 627
<i>Variables</i>							
Cash bonus	2 390	1 476	2 024	1 436	6 500	1 420	15 246
Restraint of trade	-	-	-	-	-	1 000	1 000
<i>Restricted incentives <sup>(1)</sup></i>							
Deferred bonus	1 898	1 415	1 694	1 380	920	-	7 307
Share incentive scheme	120	97	97	259	118	-	691
Restraint of trade	1 790	1 790	1 791	1 791	-	1 208	8 370
<b>Total</b>	<b>9 591</b>	<b>7 364</b>	<b>8 300</b>	<b>7 381</b>	<b>10 525</b>	<b>5 584</b>	<b>48 745</b>
Accrued and settled	5 783	4 062	4 718	3 951	9 487	3 376	31 377
Restricted incentives <sup>(1)</sup>	3 808	3 302	3 582	3 430	1 038	1 208	16 368

## Summary of restricted incentives (units)

	Balance allocated at the beginning of year	Allocated during the year	Unrestricted during the year	Balance allocated at end of year
Deferred bonus structure	1 259 379	3 644 328	-	4 903 707
RF Schmidt	272 298	971 598	-	1 243 896
D de Klerk	204 223	723 425	-	927 648
MB Mokwena-Halala	238 261	868 452	-	1 106 713
SL Ndwalaza	544 597	551 336	-	1 095 933
GFM Wessels	-	529 517	-	529 517
<b>Share incentive scheme</b>	<b>34 921 887</b>	<b>-</b>	<b>29 691 305</b>	<b>5 230 582</b>
RF Schmidt <sup>(1)</sup>	8 233 405	-	8 233 405	-
D de Klerk <sup>(1)</sup>	6 677 241	-	6 677 241	-
MB Mokwena-Halala <sup>(1)</sup>	6 677 241	-	6 677 241	-
SL Ndwalaza <sup>(2)</sup>	5 230 582	-	-	5 230 582
GFM Wessels <sup>(1)</sup>	8 103 418	-	8 103 418	-
<b>Restraint of trade</b>	<b>5 333 332</b>	<b>1 000 000</b>	<b>2 666 668</b>	<b>3 666 664</b>
RF Schmidt	1 333 333	-	666 667	666 666
D de Klerk	1 333 333	-	666 667	666 666
MB Mokwena-Halala	1 333 333	-	666 667	666 666
SL Ndwalaza	1 333 333	-	666 667	666 666
J Dippenaar	-	1 000 000	-	1 000 000

(1) All of the shares that were allocated became unrestricted during the year and were discharged in terms of the Trust Deed of the share Incentive Scheme.

(2) Two thirds of the shares that were allocated to the directors are unrestricted but not discharged in terms of the Trust Deed.

The following table indicates the remuneration paid to non-executives for the year ended 30 June 2016

## Non-executive directors

R'000	Board fees	Committee fees	Total
<b>30 June 2016</b>	4 340	1 838	6 178
JA Janse van Rensburg (Chairperson)	1 533	161	1 694
EDJ Ashkar	401	314	715
ILM Barnett	401	81	482
AS Birrell	401	161	562
NE Gubb	401	161	562
IO Greenstreet	401	242	643
T Muranda	401	332	733
CJ van Dyk	401	386	787

## Voting at Annual General Meeting

*The Annual General Meeting (AGM), held on Thursday 24th November 2016, approved all remuneration related resolutions with no votes against.*



Social  
and ethics

61



## SOCIAL AND ETHICS

**The Social and Ethics Committee assists Assupol's Board in safeguarding the organisation's reputation as a good, responsible corporate citizen. It is made up of three members, namely Eddie Ashkar, Sipiwe Ndwalaza, and Jan Janse van Rensburg, who not only serves as the chairperson of the committee but also as non-executive director and chairperson of the Assupol Group.**

The committee's role and responsibilities are governed by a formal terms of reference.

Throughout the year, it has carried out its duties, numbered amongst which are the reviewing of its

terms of reference, approval of Assupol's code of conduct, monitoring of the company's compliance with the Employment Equity Act and its standing in terms of the Broad-based Black Economic Empowerment (B-BBEE) Act, supervision of its labour relations, evaluation of Assupol's social and community investment initiatives, and reviewing of reports relating to the training and development of its employees.

The Social and Ethics Committee's report denoting the financial year ended 30 June 2016 is prepared in accordance with the requirements of the Companies Act (No. 71 of 2008), and outlines how

the committee has conducted its statutory duties over this period. The report also states that it remains satisfied with the fulfillment of all required duties during the year under review.



Condensed  
financial results

**63**

## GROUP REVIEW

### for the year ended 30 June 2016

The Assupol Group produced exceptional results for the year ended 30 June 2016. Key statistics relating to the financial position and profit of the Assupol Group for the year are set out below.

Earnings performance	2016	2015	% Change
Gross insurance premium revenue (R'm)	2 448	2 039	20.06%
Adjusted operating profit (R'm) <sup>(a)</sup>	466	390	19.43%
Net profit attributable to ordinary shareholders (R'm)	472	462	2.16%
Value of new business (R'm)	221	181	22.09%

Mortality experience improved further consistent with the trend experienced in recent years. Further actuarial assumption adjustments were made during the year to reflect the impact. The withdrawal experience continued to deteriorate during the first half of the year and is partially a result of the effect of the economic circumstances on individuals.

South African equities and bonds exhibited periods of intense volatility and yielded poor results. The Group achieved investment returns on total assets of 3.7 percent (2015: 2.7 percent) for the year under review. There is a continued focus and disciplined approach to the management of expenses.

Financial position	2016	2015	% Change
Total assets (R'm)	4 596	4 233	8.58%
Net asset value per share (cents)	573	526	8.94%
Return on equity	21 %	23%	

Share statistics	2016	2015	% Change
Group embedded value per share (R)	7.07	6.22	13.63%
Share price - closing (R) <sup>(b)</sup>	5.50	5.50	0.00%
Number of ordinary shares in issue ('000)	411 518	412 040	-0.13%
Market capitalisation (R'm) <sup>(b)</sup>	2 263	2 266	-0.13%
Earnings per share (R)	1.57	1.56	0.63%
Diluted earnings per share (R)	1.36	1.33	2.75%
Dividends per qualifying ordinary shares (cents) <sup>(c)</sup>	56	99	-43.43%

(a) The adjusted operating profit reflects management's view of the underlying long-term profitability of the Group. It is calculated by adjusting the reported profit to exclude the impact of market fluctuations on the investment returns on excess assets, as well as non-recurring transactions or events such as the discontinuation of a business relationship, non-recurring actuarial adjustments and non-core transactions. The calculation does not take into account the economic impact of actuarial adjustments on new business during a financial period.

(b) Market information is based on the over-the-counter platform on which the company's shares are trading.

(c) On 27 September 2016, the Board of Directors declared a cash dividend of 43 cents per qualifying ordinary share and a special dividend of 13 cents per qualifying ordinary share for the year ended 30 June 2016. The dividend is payable on 28 October 2016 to qualifying shareholders registered on 21 October 2016. The dividends have been declared from income reserves.

The qualifying ordinary shares on 27 September 2016 excluded the ordinary shares issued to the Assupol Share Incentive Trust and the 'A2' ordinary shares.

## Statement of comprehensive income

for the year ended 30 June 2016

R'000	Notes	2016	2015
Insurance premiums revenue		2 447 832	2 038 737
Insurance premiums ceded to reinsurers		(205 223)	(182 434)
Net insurance premium revenue		2 242 609	1 856 303
Commission received on outward reinsurance		12 220	13 364
Fee income		56 467	60 100
Investment income		142 242	166 770
Net fair value gains on financial assets		28 186	(50 706)
Other income		3 681	7 693
<b>Income</b>		<b>2 485 405</b>	<b>2 053 524</b>
Insurance benefits and claims		(1 040 480)	(873 657)
Insurance claims recovered from reinsurers		184 033	152 968
Net insurance benefits and claims		(856 447)	(720 689)
Acquisition costs		(479 591)	(393 075)
Operating and administrative expenses		(750 605)	(662 656)
Investment management expenses		(8 805)	(5 718)
Change in insurance contract provisions	3.1	327 882	402 079
Fair value adjustments on investment contract liabilities		(52 490)	(35 593)
<b>Expenses</b>		<b>(1 820 056)</b>	<b>(1 415 652)</b>
Result of operating activities		665 349	637 872
Finance charges		(105)	(356)
Share of profit from associate		174	425
Profit before taxation		665 418	637 941
Income tax expense		(193 513)	(174 592)
<b>Profit for the year</b>		<b>471 905</b>	<b>463 349</b>
<b>Other comprehensive income</b>			
Gains on property revaluation		(2 186)	-
Income tax relating to other comprehensive income		612	-
Other comprehensive income for the year		(1 574)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<b>470 331</b>	<b>463 349</b>
<b>Profit attributable to:</b>			
Shareholders		472 003	462 239
Non-controlling interests		(98)	1 110
		471 905	463 349
<b>Total comprehensive income attributable to:</b>			
Shareholders		470 429	462 239
Non-controlling interests		(98)	1 110
		470 331	463 349

## Statement of financial position

as at 30 June 2016

R'000	Notes	2016	2015
<b>Assets</b>			
Owner-occupied properties	6	-	28 940
Equipment		44 889	41 026
Deferred tax asset		47 567	45 587
Intangible assets		103 875	96 726
Interest in associate	7	-	4 619
Financial assets: Investments			
Equity securities		1 092 261	1 112 310
Debt securities		875 631	1 206 337
Deposits and money market securities		731 713	324 689
Policyholder assets: Insurance contracts		1 316 463	988 581
Insurance and other receivables		101 217	104 742
Current taxation		10 613	-
Cash and cash equivalents		245 554	279 236
Non-current assets held for sale	6	26 229	-
<b>Total assets</b>		<b>4 596 012</b>	<b>4 232 793</b>
<b>Equity</b>			
Ordinary shareholders' interest		2 357 008	2 165 134
Share capital and premium		572 965	568 104
Treasury shares		(30)	(77)
Employee benefits reserve		45 756	28 324
Black Economic Empowerment reserve		14 300	14 300
Retained earnings		1 720 370	1 549 262
Revaluation reserve		3 647	5 221
Non-controlling interests		-	3 342
<b>Total equity</b>		<b>2 357 008</b>	<b>2 168 476</b>
<b>Liabilities</b>			
Policyholder liabilities: Investment contracts		1 298 259	1 258 945
Employee benefits		107 609	97 006
Deferred revenue liability		346	278
Deferred tax liability		561 081	450 855
Insurance and other payables		271 709	247 284
Current taxation		-	9 949
<b>Total liabilities</b>		<b>2 239 004</b>	<b>2 064 317</b>
<b>Total equity and liabilities</b>		<b>4 596 012</b>	<b>4 232 793</b>

## Statement of changes in equity

for the year ended 30 June 2016

R'000	Share capital	Treasury shares	Employee benefits reserve	BEE reserve	Retained income	Revaluation reserve	Non-controlling interest	Total capital and equity
<b>Balance at 30 June 2014</b>	577 546	(78)	23 770	14 300	1 326 284	5 221	2 232	1 949 275
Cost of incentive shares	-	-	4 554	-	-	-	-	4 554
Share incentive options exercised	-	1	-	-	-	-	-	1
Repurchase of ordinary shares	(9 442)	-	-	-	-	-	-	(9 442)
Dividend paid	-	-	-	-	(239 261)	-	-	(239 261)
Profit for the year	-	-	-	-	462 239	-	1 110	463 349
<b>Balance at 30 June 2015</b>	568 104	(77)	28 324	14 300	1 549 262	5 221	3 342	2 168 476
Cost of incentive shares	-	-	2 061	-	-	-	-	2 061
Share incentive options exercised	-	47	(47)	-	-	-	-	-
Repurchase of ordinary shares	(1)	-	-	-	-	-	-	(1)
Correction of redemption of preference shares	4 862	-	-	-	4 724	-	-	9 586
Deferred bonus recognition	-	-	15 418	-	-	-	-	15 418
Dividend paid	-	-	-	-	(304 859)	-	-	(304 859)
Sale of subsidiary	-	-	-	-	(760)	-	(3 244)	(4 004)
Profit for the year	-	-	-	-	472 003	-	(98)	471 905
Other comprehensive income for the year	-	-	-	-	-	(1 574)	-	(1 574)
<b>Balance at 30 June 2016</b>	572 965	(30)	45 756	14 300	1 720 370	3 647	-	2 357 008

## Condensed statement of cash flows

for the year ended 30 June 2016

R'000	2016	2015
<b>Cash flows from operating activities</b>		
Cash generated from operations	259 884	169 788
Investment income	142 242	166 770
Finance charges	(105)	(356)
Dividends paid	(304 859)	(239 261)
Taxation paid	(105 434)	(118 517)
<b>Net cash flows from operating activities</b>	<b>(8 272)</b>	<b>(21 576)</b>
<b>Cash flows from investing activities</b>		
Acquisition and disposal of equipment	(14 232)	(17 051)
Additions to intangible assets	(8 000)	-
Disposal of investment in subsidiary	4 480	-
Net acquisition of financial instruments at fair value through profit or loss	(28 083)	122 966
Net decrease in loan receivables	10 792	5 302
<b>Net cash flows from investing activities</b>	<b>(35 043)</b>	<b>111 217</b>
<b>Cash flows from financing activities</b>		
Decrease in treasury shares	47	-
Repurchase of ordinary shares	(1)	(9 442)
Correction of redemption of preference shares	9 586	-
Decrease in borrowings	-	(22)
<b>Net cash flows from financing activities</b>	<b>9 632</b>	<b>(9 464)</b>
Net increase / (decrease) in cash and cash equivalents	(33 683)	80 177
Cash and cash equivalents at beginning of the year	279 236	199 059
<b>Cash and cash equivalents at end of the year</b>	<b>245 554</b>	<b>279 236</b>

## Condensed segment report

for the year ended 30 June 2016

R'000	2016	2015
<b>Revenue</b>		
Segment revenue	2 536 953	2 110 738
Life insurance	2 476 190	2 043 913
Brokers	54 421	49 144
Other	6 342	17 681
Reporting adjustments	(51 548)	(57 214)
<b>Group revenue for the year</b>	<b>2 485 405</b>	<b>2 053 524</b>
<b>Segment profit</b>		
Segment profit after taxation	482 309	503 535
Life insurance	467 781	485 682
Brokers	14 875	11 862
Other	(347)	5 991
Reporting adjustments after taxation	(10 404)	(40 187)
Group profit for the year	471 905	463 349
Other comprehensive income	(1 574)	-
<b>Group comprehensive income for the year</b>	<b>470 331</b>	<b>463 349</b>
<b>Segment assets and liabilities</b>		
Segment assets	4 443 586	4 097 088
Life insurance	4 358 717	4 002 712
Brokers	56 299	50 756
Other	28 570	43 620
Reporting adjustments	152 426	135 705
<b>Group assets</b>	<b>4 596 012</b>	<b>4 232 793</b>
Segment liabilities	2 131 855	1 969 268
Life insurance	2 121 116	1 948 556
Brokers	3 705	3 289
Other	7 034	17 423
Reporting adjustments	107 149	95 049
<b>Group liabilities</b>	<b>2 239 004</b>	<b>2 064 317</b>



## 1 General information



Assupol Holdings Ltd and its subsidiaries (“The Group”) operate in the financial services industry and all products and services are offered only in the Republic of South Africa.

## 2 Basis of preparation and accounting policies



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

The condensed financial results do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 30 June 2016. The condensed financial results have not been audited. The accounting policies adopted are consistent with those of the previous financial year.

## 3 Summary of critical accounting estimates



The Group makes estimates and assumptions concerning the future. The resulting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. Assumptions and estimates included in the Group financial results for the year ended 30 June 2016 relate to the items listed below.

### 3.1 Policyholder liabilities or assets under long-term insurance contracts:

The determination of the liabilities or assets under long-term insurance contracts is dependent on assumptions and estimates made by the Group. The full details of these assumptions and estimates are in note 4 to the Group’s annual financial statements for the year ended 30 June 2016.

### 3.2 Other assumptions and estimates:

Other assumptions and estimates included in the Group annual financials

statements for the year ended 30 June 2016 addressed the following items:

- Impairment tests are performed on all cash generating units to which goodwill is allocated;
- The calculation of current and deferred tax; and
- The determination of expense and liabilities concerning share-based payments.

## 4 Financial risk management and financial instruments

### 4.1 Financial risk factors

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

### 4.2 Fair value estimation

The tables below analyse each class of financial instrument and insurance contracts, per category, as well as provide the fair values, where applicable for both the Group and the company.

JUNE 2016 (R'000)	Financial assets and liabilities at FVTPL on initial recognition	Loans and receivables	Financial liabilities at amortised cost	Insurance contract assets and liabilities	Total carrying amount	Fair value
Financial assets - Investments	2 699 605	-	-	-	2 699 605	2 699 605
Insurance and other receivables	-	25 085	-	76 132	101 217	101 217
Cash and cash equivalents	-	245 554	-	-	245 554	245 554
Insurance contract assets	-	-	-	1 316 463	1 316 463	1 316 463
Investment contract liabilities	1 298 259	-	-	-	1 298 259	1 298 259
Deferred revenue liability	346	-	-	-	346	346
Payables	-	-	57 465	214 244	271 709	271 709

JUNE 2015 (R'000)	Financial assets and liabilities at FVTPL on initial recognition	Loans and receivables	Financial liabilities at amortised cost	Insurance contract assets and liabilities	Total carrying amount	Fair value
Financial assets - Investments	2 643 336	-	-	-	2 643 336	2 643 336
Insurance and other receivables	-	35 986	-	68 756	104 742	104 742
Cash and cash equivalents	-	279 236	-	-	279 236	279 236
Insurance contract assets	-	-	-	988 581	988 581	988 581
Investment contract liabilities	1 258 945	-	-	-	1 258 945	1 258 945
Deferred revenue liability	278	-	-	-	278	278
Payables	-	-	49 022	198 262	247 284	247 284

### 4.3 Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The measurement at fair value, grouped into levels 1 to 3, is based on the degree to which the fair value is observable:

#### **Level 1:**

Valued with reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

#### **Level 2:**

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

#### **Level 3:**

Inputs for the asset or liability that are not based on observable market data thus unobservable inputs.

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

#### > **For level 1:**

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

#### > **For level 2:**

- The fair value of other financial assets and financial liabilities (excluding derivatives) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

- Observable inputs generally used to measure the fair value of securities classified as level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data. The specific inputs used are:

- > Risk free rate: Ranging from 2.75 percent to 11.86 percent
- > Credit spread: Ranging from 1.15 percent and 3.80 percent
- > Liquidity premium: Ranging from 0.20

percent to 0.60 percent.

- The fair value of derivatives is calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.
  - The fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from the market-based credit information and the amount of loss, given the default.
- #### > **For level 3:**
- When classifying fair value measures within level 3 of the valuation hierarchy, the determining factors are generally based on the significance of the unobservable factors when compared to the overall fair value measurement. The Group applies various due diligence procedures, as considered appropriate, to validate the underlying information used in the valuations.

### 4.3 Fair value hierarchy (continued)

JUNE 2016 (R'000)	Level 1	Level 2	Level 3	TOTAL
Financial assets designated as 'at fair value through profit or loss'	1 451 188	1 248 417	-	2 699 605
Local listed shares	774 985	206 702	-	981 687
Unit trusts	110 574	-	-	110 574
Debt securities	68 008	807 623	-	875 631
Deposits and money market securities	497 621	234 092	-	731 713
Financial liabilities designated as 'at fair value through profit or loss'	-	1 298 259	-	1298 259
Net investment contract liabilities	-	1 298 259	-	1 298 259
JUNE 2015 (R'000)	Level 1	Level 2	Level 3	TOTAL
Financial assets designated as 'at fair value through profit or loss'	2 131 340	473 361	38 635	2 643 336
Local listed shares	992 173	9 278	-	1 001 451
Unit trusts	110 859	-	-	110 859
Debt securities	1 022 303	145 399	38 635	1 206 337
Deposits and money market securities	6 005	318 684	-	324 689
Financial liabilities designated as 'at fair value through profit or loss'	-	1 258 945	-	1 258 945
Net investment contract liabilities	-	1 258 945	-	1 258 945
The table below shows the transfer between the various levels	From Level 1 to Level 2		From Level 2 to Level 1	
Change in validity of quoted prices				
June 2016 (R'000)			-	-
June 2015 (R'000)			88 345	24 149

### 4.3 Fair value hierarchy (continued)

The table below analyses the movement of assets measured 'at fair value through profit or loss' on level 3 for the period under review.

R'000	2016	2015
Opening balance	38 635	-
Reclassification from level 1	-	28 824
Reclassification from level 2	-	9 811
Disposals / derecognised	(38 635)	-
Closing balance	-	38 635

The assets measured 'at fair value through profit or loss' in level 3 in 2015 consisted of certain African Bank senior debt instruments where the trading has been suspended. These instruments were derecognised and replaced with new instruments in the new African Bank.

### 4.4 Fair value of financial assets and liabilities measured at amortised cost

R'000	2016	2015
Other payables	57 465	49 022

The fair values of the following financial assets and liabilities approximate their carrying amount: Investment in subsidiaries, other receivables and cash and cash equivalents.

## 5 Segment information



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

## 6 Non-current asset held for sale



The non-current assets held for sale relate to the owner-occupied properties that are in the process of being sold. The Group's head office is relocating to new premises.

## 7 Investment in associate



The Group's 70.99 percent interest in Pan-African Asset Management was sold during the year. Pan-African Asset Management had significant influence over the Pan African IP Income Hunter Fund. It was recorded as an associate until the interest in the subsidiary was sold.

## 8 Dividend



R'000	2016	2015
In respect of the preceeding financial year, a cash dividend of 38 cents (2014: 30 cents) and special dividend of 61 cents (2014: 48 cents) per qualifying ordinary share, paid on 23 October 2015 (2014: 31 October 2014).	304 859	239 261

Refer to note 10 (Events after reporting date) for the dividend declared in respect of the 2016 financial year.

## 9 Related party transactions

### Remuneration and restricted incentives - Executive directors and prescribed officers



R'000	2016	2015
Salary, pension fund contributions and other benefits (R'000)	16 131	13 278
Cash bonus (R'000)	15 246	9 743
Restricted incentives (units) at end of year ('000)	13 801	41 515

## 10 Events after reporting date



On 27 September 2016, the Board of Directors declared a cash dividend of 43 cents per qualifying ordinary share and a special dividend of 13 cents per qualifying ordinary share for the year ended 30 June 2016. The dividend is payable on 28 October 2016 to qualifying shareholders registered on 21 October 2016.

The qualifying ordinary shares at the date that these financial statements were approved excluded the ordinary shares issued to the Assupol Share Incentive Trust and the 'A2' ordinary shares.

The dividends have been declared from income reserves. A dividend withholding tax of 15 percent will be applicable to all shareholders who are not exempt.



## **CORPORATE INFORMATION**

Company Secretary - SJ de Beer

308 Brooks street  
Menlo Park  
Pretoria  
0081

P O Box 35900  
Menlo Park  
Pretoria  
0102

**Registration number**  
2010/015888/06  
**Website**  
[assupol.co.za](http://assupol.co.za)