

2024/25 – 2026/27

CORPORATE PLAN

February 2024



Official Sign-off

It is hereby certified that this Annual Performance Plan:

- i) Was developed by the Management of Sasria SOC Ltd under the guidance of Mr M. Tyikwe, Chief Executive Officer.
- ii) Was prepared in line with the 2025-2029 Strategy.
- iii) Accurately reflects the performance targets which Sasria SOC Ltd will endeavour to achieve given the resources made available in the budget for 2024/25.

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1. EXECUTIVE SUMMARY

- Sasria SOC Limited (Sasria) is a State-owned short-term insurance company, tasked with providing insurance for special risks such as civil commotion, public disorder, strikes, riots and terrorism. Its mandate is prescribed and informed by the Reinsurance of Damages and Losses Act No. 56 of 1989 and the Conversion of Sasria Act No. 134 of 1998.
- The company developed a new 5-year strategy during the year which informs the objectives, initiatives, and key performance indicators (KPIs) for the Corporate Plan.
- One of the key focus areas of the new strategy is the establishment of capabilities in data management and risk intelligence to improve compliance, decision-making and risk management.
- The company recognizes that it faces a hardened reinsurance market which results in reduced reinsurance capacity at a higher cost. The hardened reinsurance market plays a major role in Sasria's selection of the reinsurance treaty and structure. The Corporate Plan assumes that the current quota share treaty would not be required in its present form and will consider a different quota share treaty in closing reinsurance structure gaps and minimizing the level of our retention. Choosing the reinsurance structure will be done so in a balance manner considering the entities financial position.
- The three-year Corporate Plan presents financial performance that continues the positive trajectory of rebuilding the capital base towards the goal of self-sufficiency.
- Gross written premium is expected to grow by 10% in 2024/25, whilst no further quota share structures should be in place, resulting in a profit before tax of R1 607 million increasing to R2 183 million by 2026/27.
- Sasria can play a crucial role in enabling Government to address and deal with special risks, whether man-made or climate change related, facing the country. We also believe that Sasria can help to significantly remove Government from undertaking the above responsibility through different tools such as natural disaster pools and contingency funds.
- For Sasria to be truly effective, we believe that our role needs to go beyond our existing mandate to include the development of a natural disaster pool that, in collaboration with the private sector, which will seek to mitigate the risks of climate change amongst others. To this effect, the Sasria strategy includes an initiative to amend the Conversion of Sasria Act to allow the Minister of Finance to issue regulations towards achieving this.

2. PREAMBLE TO THE CORPORATE PLAN

The Corporate Plan is as per Regulation 29 for the three-year period from 2024/25 – 2026/27 and prioritizes long-term interventions developed through scenario planning of a most probable future.

It is Management and the Board's view that the usage of scenario planning and thereby developing plans that consider all plausible futures, contributes to organizational resilience. Scenario planning is even more important for Sasria given that it ensures special perils that are impossible to reliably predict the frequency and severity thereof. The plan includes the strategy overview and objectives, scenarios, KPIs as well as stakeholder management plan, governance, risks, and a three-year financial plan.

As a Schedule 3B public entity reporting to the National Treasury, the company complies with the statutory requirements to prepare and present a corporate plan annually. The Corporate Plan aims to:

- Comply with the requirements of Section 52 of the Public Finance Management Act (PFMA) (Act 1 of 1999), and
- Comply with Treasury Regulation 29.

3. LEGISLATIVE MANDATE

The legislative mandate of Sasria is found in two acts of Parliament. Firstly, the Conversion of Sasria Act No. 134 of 1998 which establishes Sasria as a public company with shares to be held by the State, and the Reinsurance of Damages and Losses Act No. 56 of 1989, which captures the agreement between the Minister of Finance and Sasria before the Conversion of Sasria Act took effect.

The Reinsurance of Damages and Losses Act No. 56 of 1989 provides that Sasria is the only insurer in South Africa which can enter into an insurance policy related to loss of or damage to property caused by the following:

1. In this Act, unless the context indicates otherwise—
- “loss of or damage to property” means any loss of or damage to property related to or caused by— 5
- (a) any act (whether on behalf of any organization, body, person or group of persons) calculated or directed to overthrow or influence any state or government, or any provincial, local or tribal authority, with force, or by means of fear, terrorism or violence; 10
 - (b) any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause, or to bring about any social or economic change, or in protest against any state or government, or any provincial, local or tribal authority, or for the purpose of inspiring fear in the public, or any section thereof; 15
 - (c) any riot, strike or public disorder (including civil commotion, labour disturbances or lock-outs), or any act or activity which is calculated or directed to bring about a riot, strike or such disorder;
 - (d) any attempt to perform any act referred to in paragraph (a), (b) or (c);
 - (e) the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in paragraph (a), (b), (c) or (d); 20
- “Minister” means the Minister of Finance.

Accordingly, Sasria is a social policy tool to increase the resilience of the South African economy against the cost of damages to property due to acts of Terrorism, Labour Unrest, Political and Civil Protests. In addition, the company has a responsibility to make a positive contribution to transforming the financial services industry in line with the National Development Plan (NDP), to create a better and sustainable economic environment for all South Africans.

4. VISION, MISSION, AND VALUES

Sasria’s vision, mission and values flow from its mandate and its strategic objectives and has been defined as follows:

Vision:

Special risks covered.

Mission:

To provide inclusive and accessible special risk solutions, with agility, for a sustainable South Africa.

Values:

Fairness - Responding to the need for accountability, we practise fairness by treating all our stakeholders impartially.

Ethics - Adopting high standards of open communication, transparency and honesty.

Service excellence - Combining decades of knowledge and experience with data and tailored experiences to create superior output.

Collaboration – Working with a diverse pool of networks to ensure a strong and quality outcome of service delivery.

Innovation - Using creativity and cost-effective technology to come up with new solutions.

5. STRATEGY OVERVIEW

Sasria developed a five-year strategic plan for the 2025 to 2029 financial years. As has become practice, the strategic planning process included scenario planning to comprehensively consider all relevant plausible futures and its associated strategic responses. This allows Sasria the agility and resilience to respond timeously to changes in its operating environment and its outlook.

The plausible scenarios for the 2025 to 2029 periods were a “**Divorcing**” scenario, an “**It’s complicated**” scenario and a “**Honeymoon**” scenario and considers the political, economic, social, technological and legal / regulatory (PESTLE) context Sasria might be faced with.

Table 1: Future scenarios

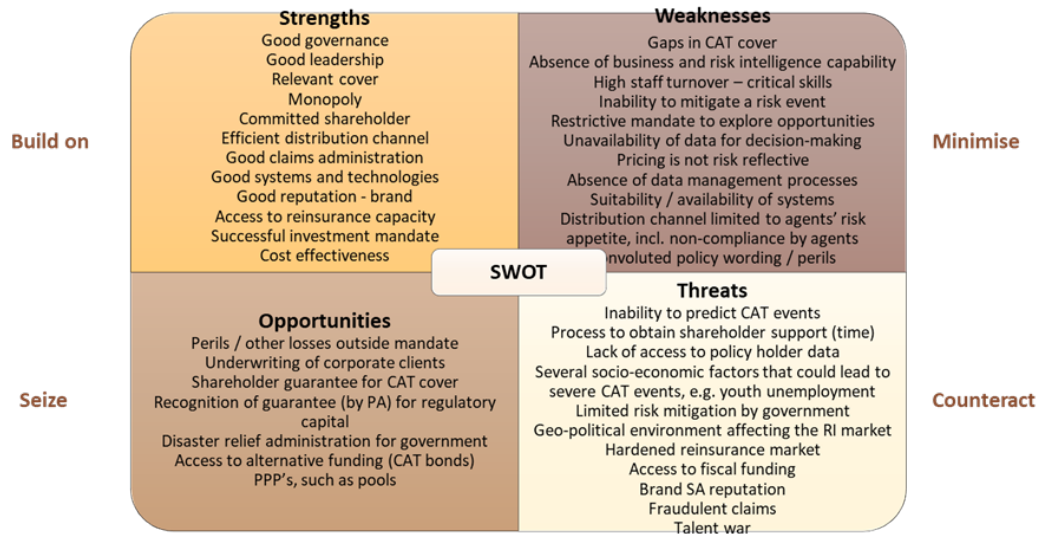
	Divorcing	It’s complicated	Honeymoon
GDP growth	Low or declining	>2%	>5%
Unemployment	High	<=20%	<=10%
Inequality	High	Programmes to address inequality	Effective policies that address inequality
Violence, unrest & crime	High levels	High, but increased policing effectiveness	Peaceful society / social cohesion
Politics	Ruling party maintains majority / coalition with the left	Ruling party maintains majority / multi-party coalition	-
Economic policies	No change / structural reform	Some structural reform	Structural reforms enable private sector competition with regulation
Energy, logistics, rail	Not improving	Some improvement	Improve to pre-2000’s levels
Education, health	Not improving	Some improvement	Improve to pre-2000’s levels
Tax collection	Decline	Slight growth	Growth
Social wage	Continuous to increase	Stabilises	Reduces and addresses poverty

Sasria’s view is that the “**It’s complicated**” scenario appears to be the most probable for the period of the strategy. It’s strategic responses and thus its strategic objectives reflect such a future.

Strategic responses have to consider internal strengths and weaknesses as well as external opportunities and threats related to the scenarios.

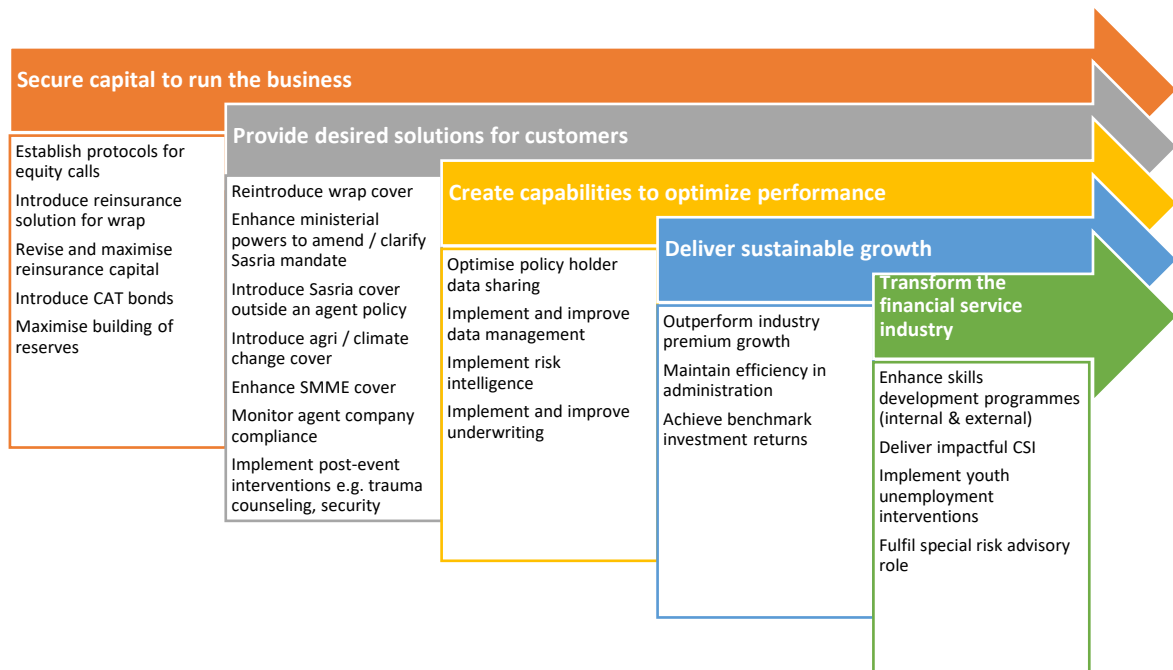
The following have been identified in Sasria’s SWOT analysis:

Figure 1: SWOT analysis



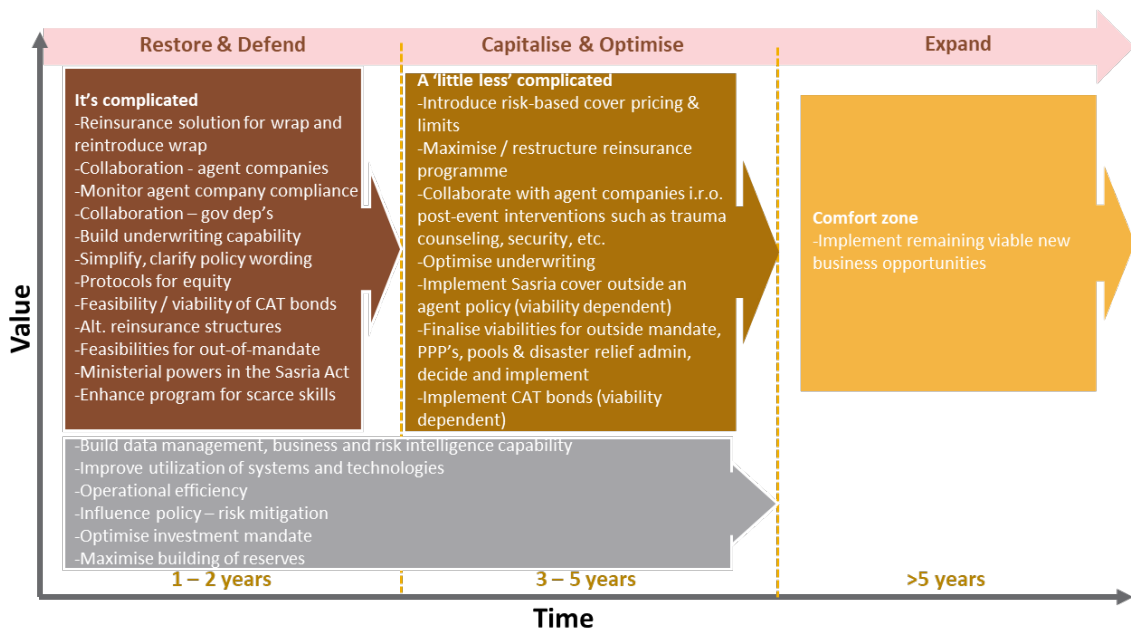
A combination of the scenario-based strategic choices and the SWOT analysis leads to a holistic strategic outcome, which is defined as strategic pillars in Sasria.

Figure 2: Strategic pillars



The elements within each pillar of the strategy have also been considered within a time horizon which is presented below:

Figure 3: Vision 2029



The implementation of the strategy will be progressive starting with a **Restore and Defend** period, a **Capitalise and Optimise** period culminating in an **Expand** period. These periods are roughly defined, and some initiatives may complete sooner and / or later depending on changing circumstances. There are often events outside Sasria's control that can significantly impact the company's operations so **agility** will be one of our cornerstones in execution of the plan.

Restore and defend.

Sasria considers the first +/- two (2) years of the strategy as a period of restoration following the unrest of July 2021 which depleted the company of all its reserves and required a R22 billion capital injection by the Government. It further requires Sasria to defend its role as wrap cover provider (the Excess of Loss cover) to the market since the international reinsurers exited the reinsurance structure through which the company was able to provide an additional R1 billion covers to major corporates. The cover was discontinued in the 2021/22 financial year, and we plan to re-introduce it during this period.

Defence also refers to the establishment of improved data management and risk intelligence capabilities to enable risk-based decision-making. This is envisaged to support newly established underwriting and pricing capability for our market segments.

And, influencing change to the Sasria primary legislation to allow the Minister of Finance to issue regulations regarding changes in the Sasria mandate and / or activities outside the current mandate. Sasria was created because the insurance market no longer had the

appetite to cover special risks and this market failure created a gap in the provision of cover when South African property owners needed it the most. We do see this play out once more as the private sector no longer has appetite to cover grid failure and flooding in certain critical areas of the economy. Parliament must empower the Minister to change the Sasria mandate to address these types of market failures.

Capitalise and optimise.

After approximately two (2) years Sasria sees opportunity to expand its offerings to beyond its current mandate, such as other climate-related pools and public-private partnerships. Disaster relief administration (previously referred to as Government claims administration) may also be introduced dependent on stakeholder engagement outcomes.

Feasibilities and viability related to outside mandate activities will already commence during the “**Restore and Defend**” period to allow for early decision-making.

Optimisation of systems and processes remain a key enabler for business excellence.

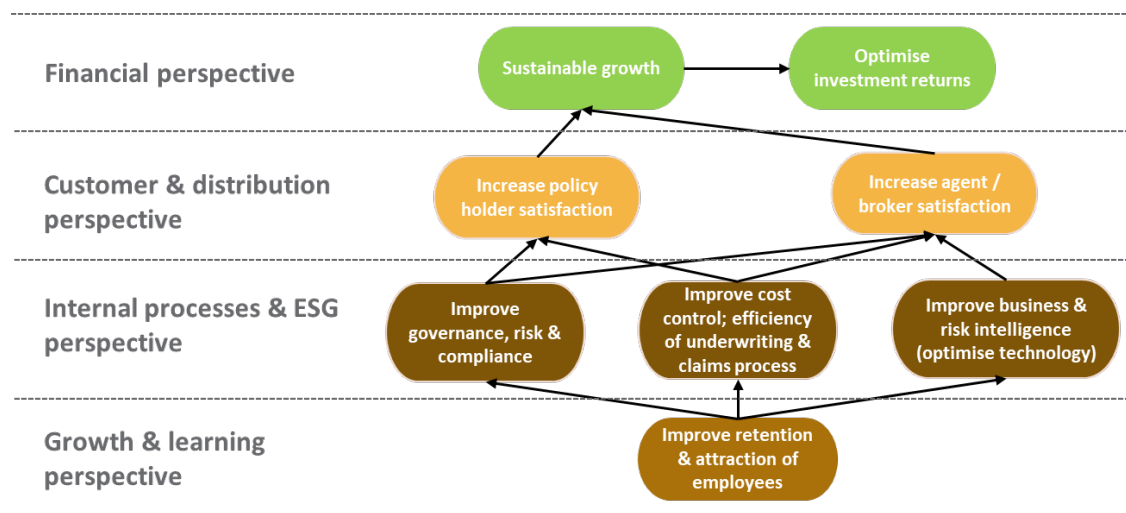
Expand

It is envisaged that expansion beyond the current Sasria core mandate would realistically only occur in a post “**It’s complicated**” context – currently more than five (5) years in the future.

6. STRATEGIC OBJECTIVES AND KEY PERFORMANCE INDICATORS

Sasria utilises the balanced scorecard to measure strategy implementation and performance. The strategic objectives defined within each balanced scorecard perspective are as follows:

Figure 4: Strategic objectives within the balanced scorecard perspectives



The strategic objectives as per the balanced scorecard have been overlayed with the strategic pillars defined in the 5-year strategy.

The key performance indicators for the 2024/25 to 2026/2027 Corporate Plan period are:

KPI #	Weigh ting	Strategic pillar / Objective	KPI	Formula	Performance target		
					2024/25	2025/26	2026/27
1.	15%	Deliver sustainable growth /Sustainable growth	Premium growth (GWP)	Percentage growth of gross written premium income compared to the previous financial year	10%	10%	10%
2.	10%	Deliver sustainable growth / Optimise investment returns	Investment returns	Percentage of net investment income for the year divided by average assets under management for the year	CPI + 2%	5.1%	5.1%
3.	10%	Provide desired solutions to customers / Increase policy holder satisfaction	Claims turnaround by the ombudsman	Claims overturned by the Ombudsman for Short-term Insurance, as a percentage of the total claims received	≤0.5%	≤0.5%	≤0.5%
4.	10%	Provide desired solutions to customers / Increase agent company / broker satisfaction	Net promotor score	Net promotor score as per annual surveys	50	55	60
5.	10%	Create capabilities to optimise performance / Improve cost control; efficiency of the claims process	Fast-track claims effectiveness & efficiency	Fast-track claims ¹ turnaround time	90% of fast-track claims settled within 25 working days (where all relevant information is available)	90% of fast-track claims settled within 20 working days (where all relevant information is available)	95% of fast-track claims settled within 20 working days (where all relevant information is available)
6.	10%	Create capabilities to optimise performance / Improve cost control; efficiency of the claims process	Large loss claims effectiveness & efficiency	Large loss claims turnaround time	70% of large losses finalised within 50 working days (where all relevant information is available)	75% of large losses finalised within 50 working days (where all relevant information is available)	80% of large losses finalised within 50 working days (where all relevant information is available)

¹ Claims below an estimated value of R250,000.

KPI #	Weigh ting	Strategic pillar / Objective	KPI	Formula	Performance target		
					2024/25	2025/26	2026/27
7.	10%	Create capabilities to optimise performance / Employee Retention	Retain Key and Critical skills	Turnover rate of key and critical employees	Not greater than 10%	Not greater than 7%	Not greater than 5%
Business as usual items							
8.	5%	Deliver sustainable growth /Sustainable growth	Operational efficiency	Expenses for administration and marketing (less depreciation, STI and LTI) as a percentage of GWP	6% - 7%	6% - 7%	6% - 7%
9.	5%	'Business as usual' / Improve governance, risk & compliance	Irregular, fruitless, and wasteful expenditure	Reported in the annual financial statements	Nil	Nil	Nil
10.	5%	'Business as usual' / Improve governance, risk & compliance	Unethical behaviour	Reported incidents of unethical behaviour investigated	100%	100%	100%
11.	5%	'Business as usual' / Improve governance, risk & compliance	PFMA compliance	PFMA submissions within the stipulated deadlines	100%	100%	100%
12.	5%	'Business as usual' / Improve governance, risk & compliance	External audit opinion	Audit opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

7. STAKEHOLDER MANAGEMENT

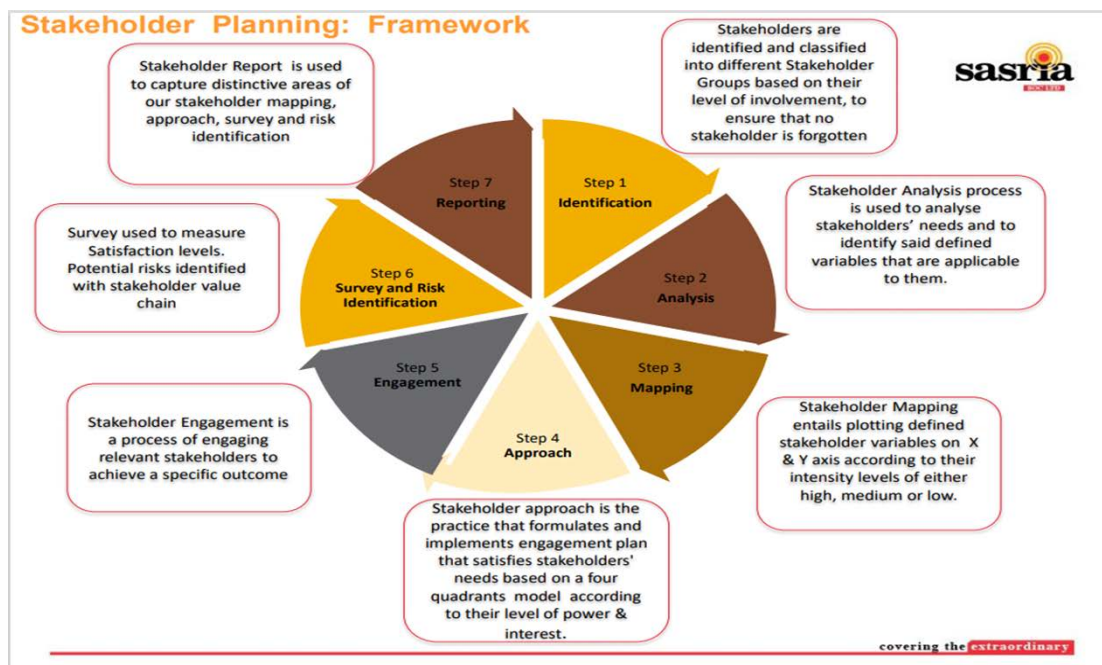
The company has developed a seven-step approach to illustrate how it plans to initiate and sustain constructive relationships with its stakeholders, throughout the organization, creating shared value by engaging early and often to maximize harmonious relations. As such, the following steps are set to guide the organization in its Stakeholder Engagement journey.

Stakeholder management is central to Sasria's business from a revenue, business sustainability and effectiveness points of view.

Sasria's business model places stakeholder management at the heart of its business across the value chain, from product development and distribution, revenue optimization, customer service to regulatory compliance.

A conscious stakeholder management framework is crucial to ensure a coherent and consistent experience of stakeholders in their interactions with Sasria in order to foster positive perceptions and attitudes towards the organisation.

The stakeholder management framework steps from identification through to engagement and reporting as per the graphic below:



Relevant stakeholders are mapped dependent on their level of involvement and intensity.

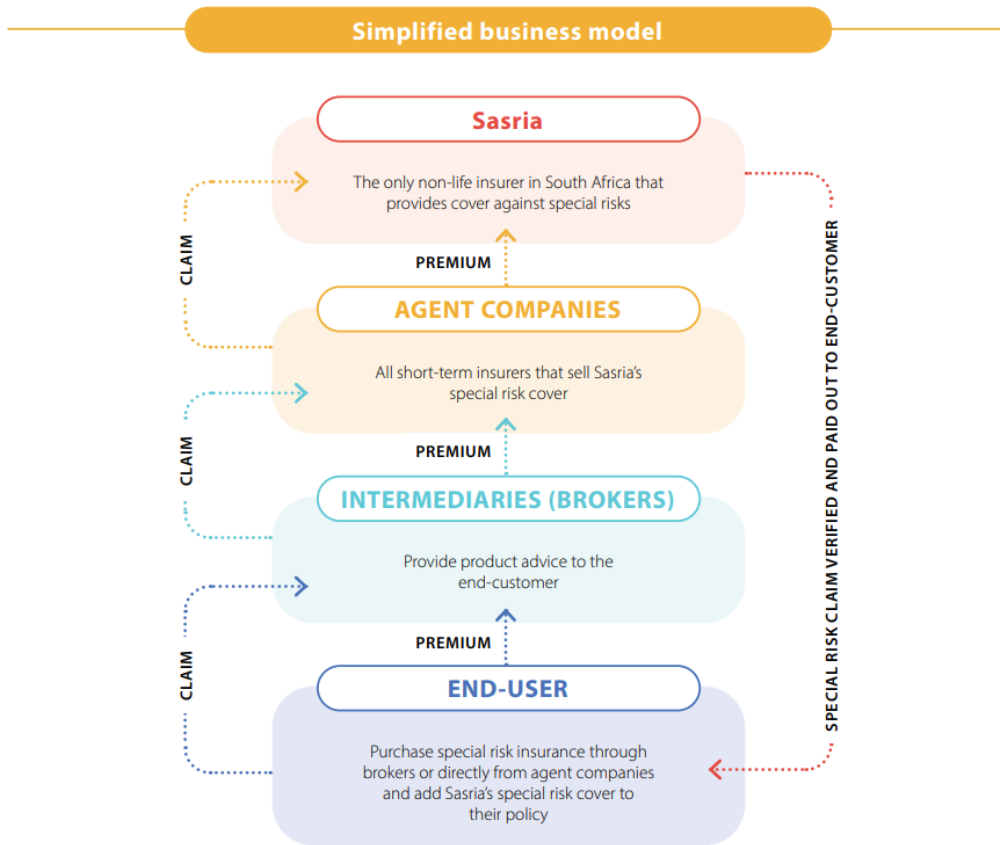
STAKEHOLDERS MAP (KEY TARGET AUDIENCE)



Stakeholder engagement plans are developed for each relevant stakeholder with an aim to focus and link stakeholder engagement to Sasria’s organisational objectives and translate findings, insights and agreements into tangible deeds.

8. BUSINESS MODEL

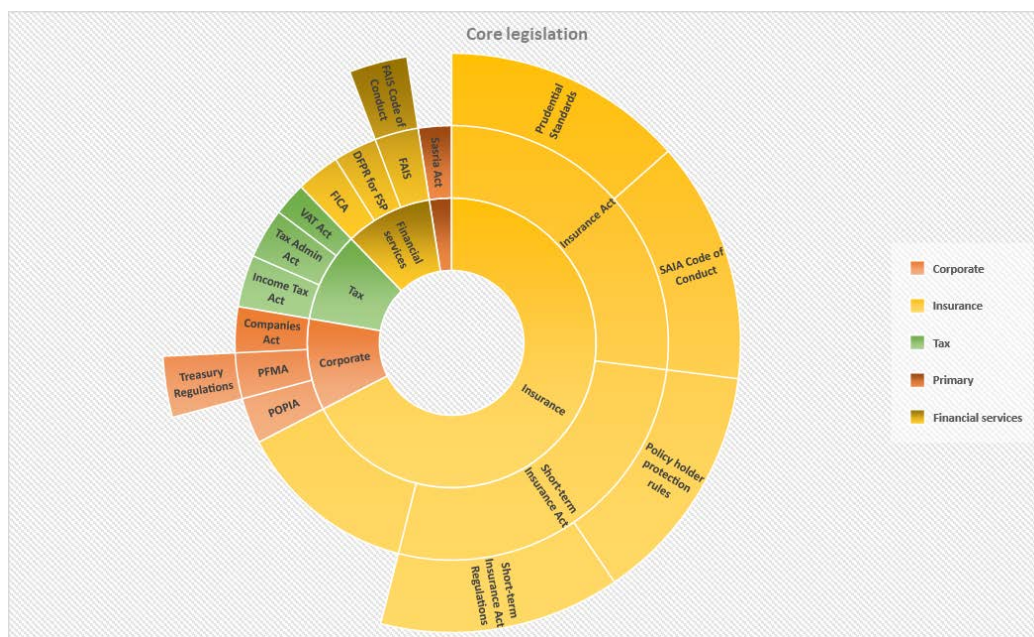
Sasria’s business model places a heavy reliance on the outsourcing of some day-to-day policy administration and maintenance activities, including premium collection and facilitation of the claims process to insurance companies.



9. LEGAL FRAMEWORK

Sasria categorises legislation, regulations, etc into three categories namely core, secondary and topical.

The graphic below provides a view of the core legislation that governs the company.



The Board of Directors of Sasria derives its authority from the following:

- Companies Act No. 71 of 2008
- Conversion of Sasria Act No. 134 of 1998
- Reinsurance of Damage and Losses Act No. 56 of 1989
- Public Finance Management Act No. 1 of 1999
- Short-Term Insurance Act No. 53 of 1998
- King IV Report on Governance for South Africa 2016
- Insurance Act No. 18 of 2017
- Financial Sector Regulation Act No. 9 of 2017
- Prudential Authority and FSCA Regulations
- National Treasury's Significance and Materiality Frameworks
- Financial Advisory and Intermediary Services Act No. 37 of 2002

10. GOVERNANCE FRAMEWORK

Sasria will continue its practice of applying sound governance structures, procedures and processes during the next financial year. We consider these fundamental to the effective delivery of our dual mandate, as well as ensuring our company's long-term sustainability.

The Board

The Board is committed to the principles of openness, transparency, integrity and accountability as advocated in the King IV Report on Corporate Governance for South Africa 2016 (King IV). This commitment to good governance is formalised in the company's charters, policies and procedures.

The Board of Directors comprises twelve (12) Non-Executive Directors and two (2) Executive Directors (Chief Executive Officer and Chief Financial Officer). The Board meets a minimum of four times a year to review the strategic direction of the company. There are three (3) vacant positions, two (2) from the Non-Executive Directors and one (1) Executive Director.

Board members have been assigned committee responsibilities in accordance with the Public Finance Management Act No. 1 of 1999, Companies Act No. 71 of 2008, and the King IV™ Report on Corporate Governance. There are currently three vacancies on the Sasria Board that are in the process of being filled.

Board Member Profiles (abbreviated):

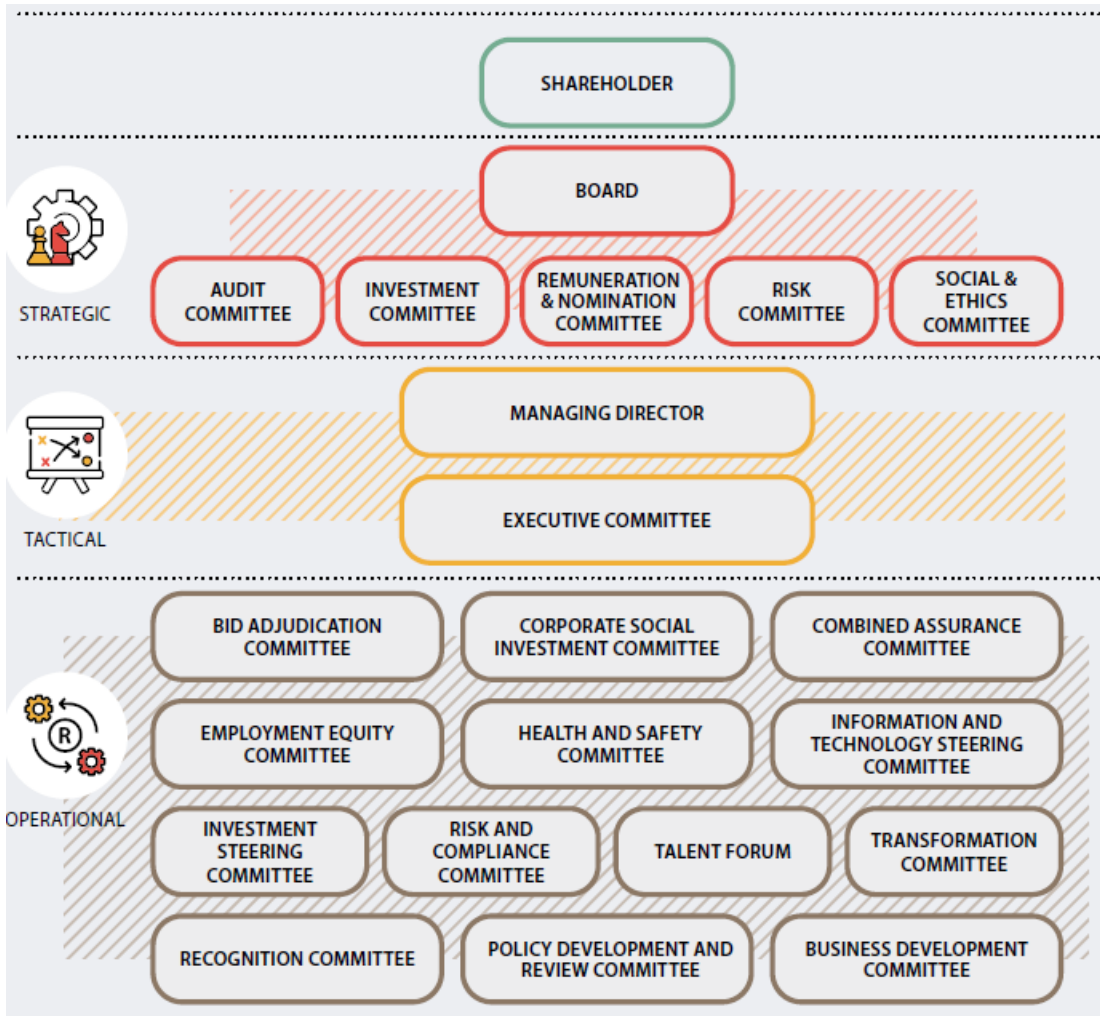
Refer to Annexure 8 for more detailed profiles of the Board members.

Initials	Title / Surname	Full Name	Sasria Designation
D.	Ms Subbiah	Deshni	Non-executive director
N.D.	Mr Marumo	Nakedi Desmond	Social & Ethics Committee Deputy Chairperson
J.M.	Ms Maisela	Japhtaline Mantuka	Remuneration & Nomination Committee Chairperson
J.	Mr Venter	Johannes	Non – executive director
E.S.	Mr Ngutshane	Enos Senise	Remuneration & Nomination Committee Deputy Chairperson
R.T.	Mr Haman	Reginald Thomas	Risk Committee Chairperson
S.	Mr Gounden	Sathiaseelan	Audit Committee Deputy Chairperson
M.M.	Ms Phiri	Margaret Mosibudi	Audit Committee Chairperson
R.	Ms Moletsane	Refilwe	Social & Ethics Committee Chairperson
N.	Dr Mgoqi	Nolwandle	Board Chairperson
M.	Mr Tyikwe	Mpumelelo	Chief Executive Officer (Executive Director)

Board Committees

The Board has five (5) committees which assist it to drive Sasria's strategic mandate. These include four (4) statutory committees, namely the Audit Committee, Risk Committee, Remuneration and Nomination Committee and the Social and Ethics Committee, as well as the Investment Committee.

Our overarching governance structure is as follows:



Executive Committee Members

Sasria's Executive Management comprises the following members and roles:

Title	Name / Surname	Position	Qualifications	Experience
Mr	Mpumelelo Tyikwe (58)	Chief Executive Officer	FIISA, Post Graduate Diploma in Management	Short-term insurance and implementation of strategy
Mr	Jan Dirkse Kunz (51)	Acting Chief Financial Officer	BCom Hons CA(SA), EDP (Henley Business School)	Finance, Investment, statutory reporting and Procurement
Ms	Nkateko Mayimele (35)	Executive Manager: Claims	BCom Hons CA (SA) SMP (GIBS) AMP (INSEAD Business School)	Risk management, Internal and external audit, operational effectiveness, analytics
Mr	Mziwoxolo Mavuso (52)	Executive Manager: Governance	B Proc LLB GMP GEDP	Legal, Compliance and Company Secretariat
Mr	Themba Sibiya (48)	Executive Manager: Strategy and Underwriting	Adv. Diploma in BA SMD (Stellenbosch) PMD (GIBS)	Claims, underwriting and Innovation
Ms	Tshepiso Chocho (43)	Executive Manager: People Management	BA Hons MMDP	Human Capital, Corporate Social

				Investment and Facilities
Mr	Muzi Dladla (42)	Executive Manager: Stakeholder Management	Management Advanced Programme in Economics (Wits Business School), Management Development Programme in Business Management (University of Pretoria), MBA (Henley Business School)	Stakeholder management, marketing & communications and business development
Ms	Fiona Oakley-Smith (43)	Chief Information Officer	Bachelor of Commerce (University of Witwatersrand), Advanced Certificate Programme in Business Analysis (University of Pretoria)	Information Systems and Technology, Programme Management, Business Analysis

11. ORGANISATIONAL STRUCTURE

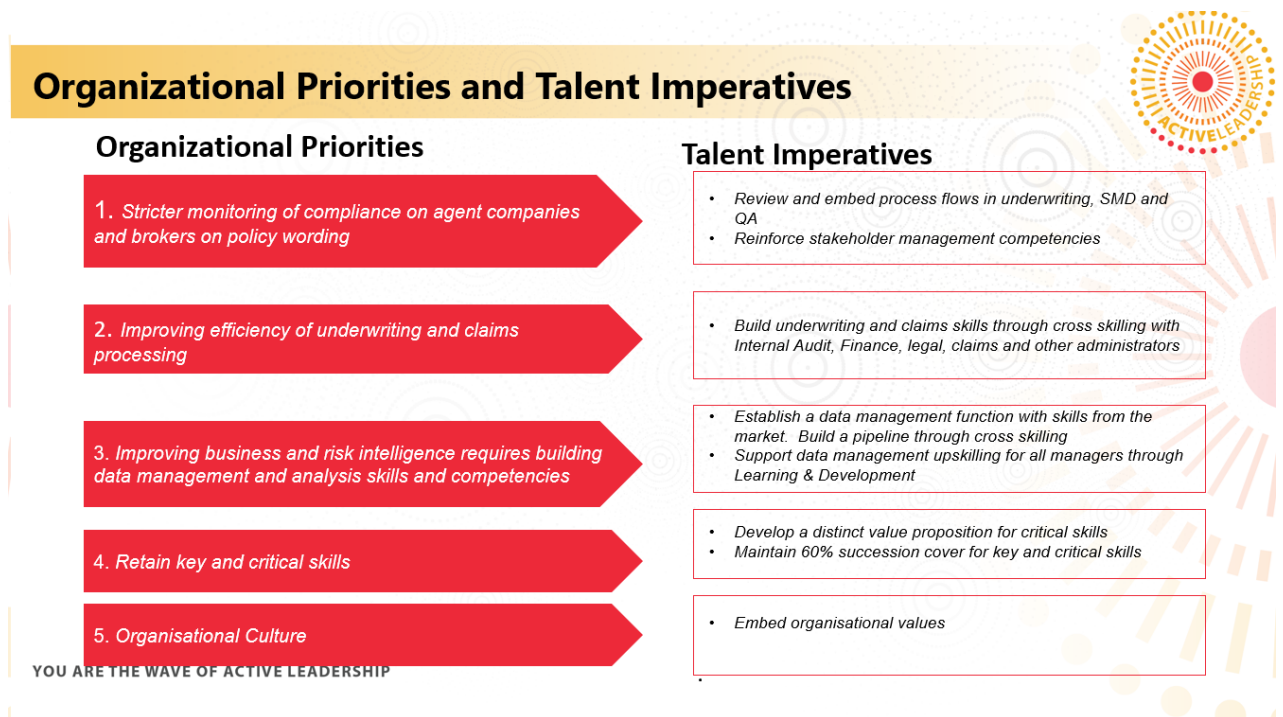
A Values and Skills Based Organisation

A culture grounded in core values guides ethical decision-making, unifies and engages employees, attracts top talent, drives innovation, enhances customer relationships, and strengthens organizational resilience.

Sasria aims to promote a climate where leaders and employees live the company values and where employees yearn for continuous improvement and collaboration, an organisation where talent can thrive, and career aspirations of employees can be supported.

The goal in 2024/25 is to produce critical talent outcomes that will facilitate the organisational strategy.

Organizational Priorities and Talent Imperatives



The 2024/2025 Talent Management focus ensures the development of skills and competencies in business-critical areas such as business and risk intelligence, data management, underwriting and claims using the following approach:

Building our own timber – Ensuring a sustainable talent pipeline, especially for specialist in key or critical and scarce skills. The Sasria graduate programmes will develop a specialist pipeline for critical functions such as IT, Actuarial, Internal Audit and Finance. Sasria will recruit young ambitious graduates into a two year long graduate programme that will prepare the graduates for the specialist roles.

The plans for existing employees include reskilling and cross skilling through project based multi-functional teams that will expose talented and keen employees to data analytics, data management and re-insurance.

Developing Short Term Insurance competence and claims processing capability throughout the organisation is a priority. The two-year target is to ensure that 50% of

Sasria staff are competent to process claims and can be drafted in the event of an emergency capacity shortage.

Buy – Where there are no skills internally, Sasria sources senior and specialist skills from the Short-Term Insurance industry. Specialist skills that do not exist within Sasria will also be sourced externally in the relevant market (e.g., Data and Analytics specialists) where the market dictates the total guaranteed pay.

Borrow – The war on talent has made it difficult to afford senior Actuarial skills. In such cases contingent workers and fixed term contractors will come in to perform time-based projects.



Sasria’s business and functional structure for 2024/25 is included in Annexure 5.

12. RISK MANAGEMENT

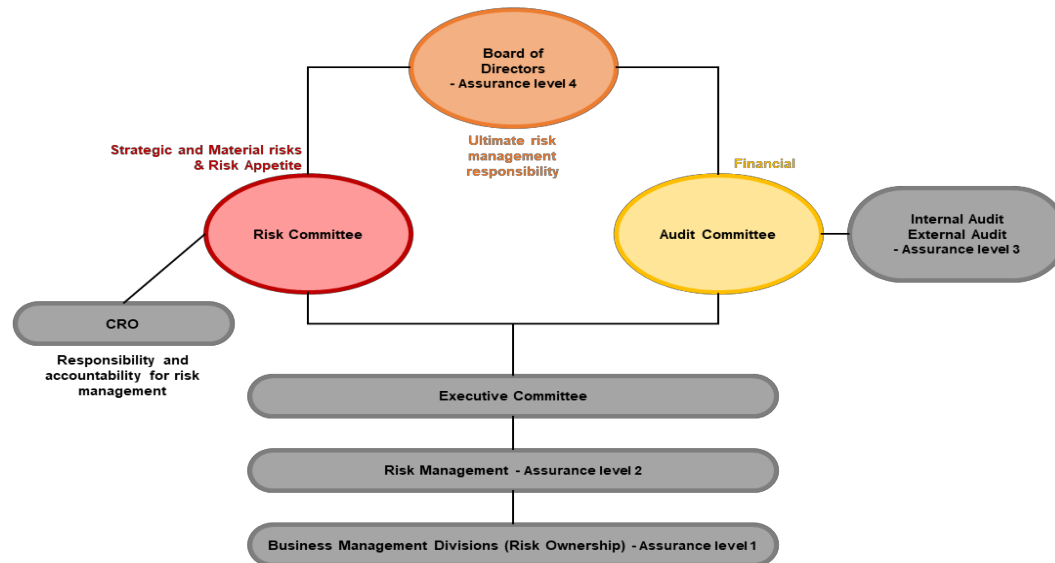
Enterprise Risk Management (ERM) enables management to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to build value.

Effective risk management is crucial to the company’s continued growth and success, and this can only be achieved if all three elements of risks – namely threat, uncertainty and opportunity – are recognised and managed accordingly.

In executing its business strategy, Sasria is exposed to a range of risks which need to be managed within its risk appetite and tolerances. This assists the Board and Management in achieving its business goals and objectives.

Sasria aims to align strategy, processes, people and technology for the purpose of evaluating and managing the uncertainties that are faced by the company.

Risk Governance



Risk Management

Accountability for risk management ultimately lies with the Board of Directors.

Oversight of risk resides primarily with the Risk Committee and the Audit Committee. The Risk Committee assists the Board in fulfilling its responsibilities in managing risk and complying with the relevant requirement of the Insurance Act. The Risk Committee determines and recommends the risk appetite to the Board and reviews and monitors the risk profile against the risk appetite. The Audit Committee assists the Board with regard to financial information, selecting and applying accounting principles and policies and monitoring the internal control systems.

Oversight of risk management at Sasria's divisional level takes place through the Executive Committee.

Assurance Level 1

Each business division executive is responsible and accountable for risk management within their area and may delegate specific responsibilities to the divisional risk champions. This serves as the first level of assurance.

Assurance Level 2

Sasria’s Head of Risk Management is responsible and accountable for Sasria’s ERM process. The Head of Risk Management has direct access to the chairperson of the Risk Committee in the absence of executive management to discuss matters relating to risk management.

Dedicated risk management, quality assurance, compliance and actuarial functions have been established as the second level of assurance to effectively facilitate risk management within the company, to improve the risk culture within the organisation and to monitor and measure the risks that are within the company’s risk appetite.

The Head of Compliance also has direct access to the Key Individual and the Chairperson of the Risk Committee to discuss matters relating to compliance.

Assurance Level 3

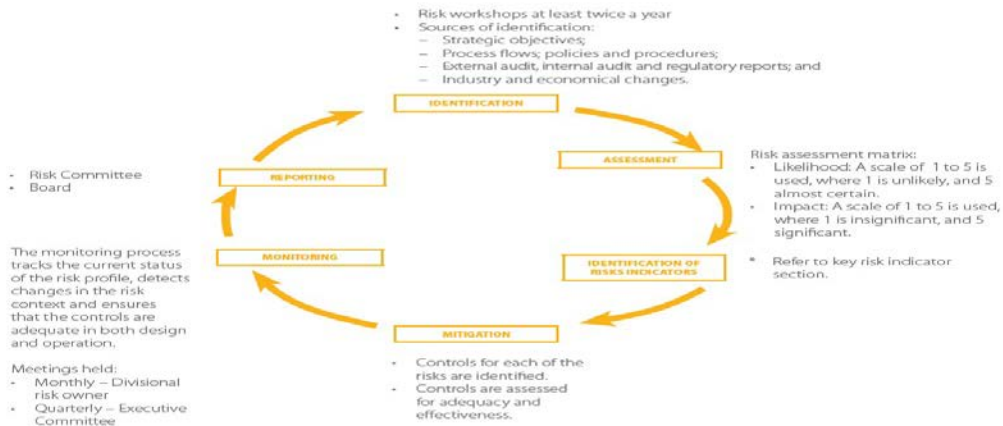
The Board has ensured that Sasria has an effective risk-based and independent internal audit function governed by an internal audit charter, approved by the Board, that adheres to the Standards and Code of Ethics set out by the Institute of Internal Auditors.

The Internal Audit function reports to the Audit Committee and provides reports at Audit Committee meetings. The Internal Audit function, among others, evaluates the company’s governance processes and objectively assesses and reports on the effectiveness of risk management and the internal control environment.

Assurance Level 4

Accountability for risk management ultimately lies with the Board.

- Risk identification and assessment



- Risk identification

Risk identification is the process of analyzing all material activities across Sasria to determine the potential exposure to key risks. This must include consideration of both internal and external factors.

In the first instance, each division is involved in the risk identification process and is responsible for ensuring that all material risks, causes and controls associated with its activities are identified and documented.

The Risk Function conducts monthly meetings with the risk champions from each division to challenge and assess each division on the completeness of the risks identified.

- Risk assessment

Risk assessment involves developing an understanding of the likelihood of risk events materializing and the potential impact the risks may have on the business. It is the responsibility of the Risk Function to develop and maintain the identification and assessment tools and to ensure these are consistently applied across all divisions.

- Monitoring and reporting

The monitoring process tracks the current status of the risk profile, detects changes in the risk context and ensures that the controls are adequate in both design and operation.

Reporting is done on a quarterly basis to the Executive Committee, Risk Committee and the Board.

Sasria's top risks

A table of Sasria's top risks is attached in Annexure 3. The Head of Risk Management meets with the Risk Champions from each business Division on a monthly basis. Quarterly meetings are held with the Executive Managers of all Divisions.

Sasria also applies the Own Risk and Solvency Assessment (ORSA) as defined by the Prudential Authority (PA) as the entirety of processes and procedures employed to identify, assess, monitor, manage, and report the short- and long-term risks an insurance undertaking faces or may face. It also defines the process to determine the own funds necessary to ensure that insurers' overall solvency needs are always met and are sufficient to achieve business objectives.

The regulatory balance sheet is currently projected once a year as part of the ORSA stress testing and risk budgeting process. Projected regulatory capital requirements are considered together with the risk appetite, to ensure that Sasria's business is managed within the risk appetite on an ongoing basis.

A key part of Sasria's ORSA process is to evaluate the potential adverse impact to the current and future financial condition of the company resulting from changes to key risk factors from unexpected events.

Sasria is currently in the process of further embedding the ORSA process into the business for the next business cycle.

13. THREE-YEAR FINANCIAL PLAN

The three-year Corporate Plan presents financial performance that continues on the positive trajectory of rebuilding the capital base towards the goal of self-sufficiency.

Gross written premium is expected to grow by 10% in 2024/25, whilst no further quota share structures should be in place, resulting in a profit before tax of R1 607 million increasing to R2 183 million by 2026/27.

Sasria's secondary source of income relate to the investment income from assets under management and is also expected to perform well due to the improvements in capital. Net investment income of R822 million is budgeted for 2024/25 from assets under management expected to exceed R15 billion by March 2025.

The company's capital adequacy has improved well over the past two (2) years and is expected to exceed internal targets by March 2024. There are currently no regulatory capital concerns, which allowed for the abandonment of the quota share arrangement.

CAT cover is being maintained for a potential (but improbable) CAT event. In 2023/24, only 63% of the required CAT cover programme of R9 billion (R10 billion with a retention of R1 billion) was placed. The current budget is based on 100% placement of R9 billion CAT cover.

KEY RATIOS

Description	Actual 2023 %	Forecast 2024 %	Budget 2025 %	Budget 2026 %	Budget 2027 %
Loss ratio	-33,8%	24,1%	45,0%	45,0%	45,0%
Combined Loss Ratio	34,5%	72,7%	84,8%	83,3%	82,3%
Expenses for administration and marketing as a percentage of GWP	6,9%	5,2%	6,3%	6,0%	5,8%
Expenses for administration and marketing & policy administration fees as a percentage of GWP	19,1%	15,9%	16,8%	16,5%	16,3%
Salaries expenses as a percentage of administration and marketing expenses	48,0%	45,7%	38,3%	38,7%	39,1%
Consulting fees as a percentage of administration and marketing expenses	4,7%	3,9%	6,4%	6,4%	6,5%
Salaries + consulting fees as a percentage of administration and marketing expenses	52,8%	49,6%	44,6%	45,0%	45,6%
Salaries expense as a percentage of GWP	3,3%	3,3%	3,3%	3,3%	3,3%
Return on investments	4,9%	6,5%	5,1%	5,1%	5,1%

- The loss ratio is challenging, and management has no control over it. External factors drive its severity, and any peril can trigger a larger than expected event increasing the claims frequency and severity. Although this is the case management will endeavor to improve the policy wording, monitor frequent claimants, and identify classes of business that require a rate review. These initiatives will also be supported by initiatives that address challenges faces by communities.
- The current expenses are below the 6% target. However, these can increase as the implementation of the strategic projects and initiatives takes place. To provide comfort on the plans, projects will be supported by a business that will management approval.

The resultant income statements, balance sheets and cash flow statements for the three years are presented below:

INCOME STATEMENT

Description	Actual 2023	Variance	Forecast 2024	Variance	2024/2025	Variance	2025/2026	Variance	2026/2027
	R'000		R'000		R'000		R'000		R'000
INSURANCE INCOME									
Gross written insurance premium	4 570 818	14%	5 191 094	10%	5 710 203	10%	6 281 223	10%	6 909 345
Unearned premium reserve movement	(103 431)	-100%	-		-		-		-
Intermediary fees	(646 665)	-2%	(634 319)	8%	(685 224)	10%	(753 747)	10%	(829 121)
Administration fees	(558 128)	0%	(556 225)	8%	(599 571)	10%	(659 528)	10%	(725 481)
Administration and marketing expenses	(313 366)	-14%	(270 181)	33%	(358 405)	5%	(377 412)	5%	(397 763)
Gross claims incurred	1 544 737	-181%	(1 250 160)	106%	(2 569 591)	10%	(2 826 550)	10%	(3 109 205)
Gross underwriting results	4 493 965		2 480 209		1 497 412		1 663 986		1 847 775
Insurance premiums ceded to reinsurers	(2 758 446)	-6%	(2 600 695)	-73%	(697 500)	0%	(697 500)	0%	(697 500)
Commission earned from reinsurers	1 011 564	0%	1 007 177	-93%	69 750	20%	83 700	-17%	69 750
Reinsurance portion of claims incurred	178 655	197%	530 018	-100%	-	0%	-	0%	-
Net reinsurance expense	(1 568 227)		(1 063 500)		(627 750)		(613 800)		(627 750)
Net underwriting results	2 925 738		1 416 709		869 662		1 050 186		1 220 025
INVESTMENT AND OTHER INCOME									
Net Investment income	693 824	18%	821 585	-5%	783 681	16%	906 015	12%	1 013 297
Corporate Social Investment	(5 901)	381%	(28 371)	64%	(46 400)	5%	(48 488)	5%	(50 670)
Total Investment and Other Income	687 923		793 214		737 281		857 527		962 627
NET PROFIT/(LOSS) BEFORE TAX	3 613 661		2 209 923		1 606 943		1 907 713		2 182 652

BALANCE SHEET

Description	Actuals	Budget	Forecast	Budget	Budget	Budget
	year ending 31 Mar 2023	year ending 31 Mar 2024	year ending 31 Mar 2024	year ending 31 Mar 2025	year ending 31 Mar 2026	year ending 31 Mar 2027
	R'000	R'000	R'000	R'000	R'000	R'000
Assets						
Property, plant and equipment	7 593	32 586	9 093	10 593	12 093	14 593
Intangible assets	60 138	176 897	72 638	89 849	106 999	123 035
Deferred acquisition costs	189 657	252 087	211 893	252 087	277 484	299 769
Deferred income tax	940 808	935 295	940 808	940 808	940 808	940 808
Financial assets						
- at fair value through profit and loss	6 546 617	8 551 213	9 198 599	11 750 842	13 873 259	16 011 260
- loans and receivables	104 962	23 207	104 962	104 962	104 962	104 962
Prepayments	196 420	4 129	4 129	4 129	4 129	4 129
Insurance receivables	348 557	306 850	432 591	475 850	523 435	575 779
Reinsurance contracts	1 944 678	254 942	254 942	-	-	-
Other receivables	62 391	-	-	-	-	-
Cash and cash equivalents	4 127 328	1 798 788	4 305 757	3 307 997	3 229 718	3 437 745
Total assets	14 529 149	12 335 994	15 535 412	16 937 117	19 072 887	21 512 080
Equity and liabilities						
Accumulated Loss	(11 516 136)	(12 392 366)	(9 306 213)	(7 699 270)	(5 818 557)	(3 662 905)
Shareholder Capital Contribution	22 000 000	22 000 000	22 000 000	22 000 000	22 000 000	22 000 000
Total equity	10 483 864	9 607 634	12 693 787	14 300 730	16 181 443	18 337 095
Lease Liabilities	-	8 610	-	-	-	-
Deferred income	162 584	165 617	165 617	2 827	-	-
Employee benefit liability	38 124	36 779	38 124	38 124	38 124	38 124
Insurance contracts	3 316 930	2 103 052	2 284 081	2 512 489	2 763 738	3 040 112
Trade and other payables	527 648	414 303	353 802	82 947	89 582	96 749
Total liabilities	4 045 286	2 728 360	2 841 625	2 636 387	2 891 444	3 174 985
Total equity and liabilities	14 529 150	12 335 994	15 535 412	16 937 117	19 072 887	21 512 080

CASH FLOW STATEMENT

	Budget year ending 31 Mar 2024 R'000	Forecast year ending 31 Mar 2024 R'000	Budget year ending 31 Mar 2025 R'000	Budget year ending 31 Mar 2026 R'000	Budget year ending 31 Mar 2027 R'000
Cash flows from operating activities					
Cash generated from / (used in) operations	(484 862)	2 022 825	789 513	1 156 774	1 351 267
Investment income	478 176	821 585	783 681	906 015	1 013 297
Income tax paid	-	-	-	-	-
Interest paid	-	-	-	-	-
Net cash generated from / (used in) operating activities	(6 686)	2 844 410	1 573 194	2 062 789	2 364 564
Cash flows from investing activities					
Purchase of property, plant and equipment / intangibles	(12 350)	(30 000)	(31 280)	(30 219)	(29 105)
Proceeds on disposal of property and equipment	(89 780)	-	-	-	-
(Purchase) / sale of investments	107 220	(2 635 981)	(2 539 674)	(2 110 848)	(2 127 432)
Net cash (used in) / generated from investing activities	5 090	(2 665 981)	(2 570 954)	(2 141 067)	(2 156 537)
Net increase / (decrease) in cash and cash equivalents	(1 596)	178 429	(997 760)	(78 278)	208 027
Cash and cash equivalents at beginning of year	1 824 830	4 127 328	4 305 757	3 307 997	3 229 718
Cash and cash equivalents at end of year	1 823 234	4 305 757	3 307 997	3 229 718	3 437 745

14. DIVIDEND POLICY

Sasria advocates the regular payment of dividends in order to return excess reserves to shareholders, while retaining earnings for value creation without impairing the company's financial viability, solvency and future strategy.

Sasria can consider an ordinary or special dividend payment. An ordinary and/or special dividend declaration should be cognisant of internal and external factors that should be considered, which may result in dividends not being declared. Sasria might therefore decide to retain capital for specific strategic objectives due to an increase in appetite, which can include new product developments; new markets; business model changes; investments in new ventures or acquisitions and development of operational efficiencies in the business. Other factors include the increase in terrorism exposure, the reduction in reinsurance capacity and significant increases in underwriting risk.

The ordinary dividend to be declared annually equals the product of the profit after tax of the previous financial year multiplied by a pay-out ratio, which is based on the medium-term return and medium-term growth expectation.

A special dividend declaration could be considered whenever deemed necessary by the Board and when Sasria's solvency capital requirement (SCR) coverage ratio exceeds the risk target +10%.

For any dividend declaration, Sasria's sustainability should be assessed and Sasria should always maintain liquidity and solvency after any payment. It is unlikely that a dividend declaration will be considered for the Corporate Plan period due to the need to build capital in the absence of 100% reinsurance placement given a hardened reinsurance market.

15. BORROWING PLAN

Should the requirement for borrowings arise, the company will duly request the Minister of Finance to approve borrowing authorisation and related limit in line with section 66(3)(b) of the PFMA that would enable the company to access borrowings from the financial markets.

ANNEXURES

ANNEXURE 1: SIGNIFICANCE & MATERIALITY FRAMEWORK

A. SIGNIFICANCE FRAMEWORK

National Treasury will be informed in writing and the relevant particulars of the transaction will be submitted for approval if the transaction entails any of the following, irrespective of the rand amount involved:

Establishment or participation in the establishment of a company:

- Participation is not specified in the 2024/25 Corporate Plan.

Participation in a significant partnership, trust, unincorporated joint-venture or similar arrangement:

- Participation is not specified in the 2024/25 Corporate Plan.

Acquisition or disposal or a significant shareholding in a company:

- Acquisition or disposal is not specified in the 2024/25 Corporate Plan.
- Acquisition or disposal is significant if:
 - a) It affects ownership control.
 - b) Sasria's right to pass or block a special resolution is affected.
 - c) There is a change of at least 20% in shareholding.
 - d) For an acquisition, any transaction resulting in shareholding of at least 20% in a company.

Acquisition or disposal of a significant asset:

- Acquisition or disposal is not specified in the 2024/25 Corporate Plan and participation is for more than or equal to 2% of gross written premium.

Commencement or cessation of a significant business activity:

- Such activity is not specified in the 2024/25 Corporate Plan.

A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint-venture or similar arrangement:

- Of 20% of total issued shares or more if not specified in the 2024/25 Corporate Plan.
- Ownership control is affected, if not specified in the 2024/25 Corporate Plan.
- The ability to pass or block a special resolution is affected, if not specified in the 2024/25 Corporate Plan.

B. MATERIALITY FRAMEWORK

National Treasury will be informed in writing and the relevant particulars of the expenditure/recovery/loss will be submitted if any of the following conditions are triggered:

Irregular expenditure:

- Any irregular expenditure incurred.

Fruitless or wasteful expenditure:

- Any fruitless and wasteful expenditure incurred.

Material losses through criminal conduct:

- Any individual item that is more than or equal to 2% of gross written premium.
- Any class of closely related items that collectively are more than or equal to 2% of gross written premium.

Losses recovered or written off:

- Any individual item that is more than or equal to 2% of gross written premium.
- Any class of closely related items that collectively are more than or equal to 2% of gross written premium.

ANNEXURE 2: THREE-YEAR FINANCIAL PLAN

BUDGETED FINANCIAL RESULTS FOR THE YEAR ENDING 31 MARCH 2025

Assumptions and Key ratios

In preparation of this budget, the following assumptions were used, and the outcome thereof is depicted in the key ratios:

Table 1: Assumptions used.

ASSUMPTIONS USED	Forecast 2024	Budget 2025	Budget 2026	Budget 2027
1 GWP (Growth)	13,6%	10,0%	10,0%	10,0%
2 Commission (% of GWP)	12,00%	12,00%	12,00%	12,00%
Binder fees (% of GWP)	10,5%	10,5%	10,5%	10,5%
3 CPI	4,8%	4,8%	4,5%	4,5%
4 Salaries and wages (Growth)	-18,1%	11,1%	6,5%	6,5%
5 Performance bonus Provision (% of CTC)	20,0%	20,0%	20,0%	20,0%
6 Loss Ratio	24,1%	45,0%	45,0%	45,0%
7 Investment Return	6,5%	5,1%	5,1%	5,1%
8 Prop Reinsurance Treaty (Ex Sasria Wrap)				
- Ceded (% of Sasria Premium)	42,4%	0,0%	0,0%	0,0%
- Commission (% of Ceded Premium)	44,3%	0,0%	0,0%	0,0%
9 CAT				
-10 Bn CAT Premium	412 180	697 500	697 500	697 500
- Structured Deal	-	-	-	-
10 Technical Reserves				
- Gross OCR (% of GEP)	24,3%	24,3%	24,3%	24,3%
- Net OCR (% of GEP)	24,3%	24,3%	24,3%	24,3%
- Gross IBNR (% of GEP)	1,0%	1,0%	1,0%	1,0%
- Net IBNR (% of GEP)	1,0%	1,0%	1,0%	1,0%
- ULAE (% of OCR and IBNR)	2,9%	2,9%	2,9%	2,9%

- The 11% growth on the salaries and wages will result from filling current positions that are vacant, and these include the following positions with were not filled at the time of formulating the budget – Chief Financial Officer, Chief Information Officer and Chief Actuarial Officer.

Table 2: Key ratios

Description	Actual 2023 %	Forecast 2024 %	Budget 2025 %	Budget 2026 %	Budget 2027 %
Loss ratio	-33,8%	24,1%	45,0%	45,0%	45,0%
Combined Loss Ratio	34,5%	72,7%	84,8%	83,3%	82,3%
Expenses for administration and marketing as a percentage of GWP	6,9%	5,2%	6,3%	6,0%	5,8%
Expenses for administration and marketing & policy administration fees as a percentage of GWP	19,1%	15,9%	16,8%	16,5%	16,3%
Salaries expenses as a percentage of administration and marketing expenses	48,0%	45,7%	38,3%	38,7%	39,1%
Consulting fees as a percentage of administration and marketing expenses	4,7%	3,9%	6,4%	6,4%	6,5%
Salaries + consulting fees as a percentage of administration and marketing expenses	52,8%	49,6%	44,6%	45,0%	45,6%
Salaries expense as a percentage of GWP	3,3%	3,3%	3,3%	3,3%	3,3%
Return on investments	4,9%	6,5%	5,1%	5,1%	5,1%

Income Statement**Table 3: Budgeted income statement for the year ending 31 March 2024 (Comparative: Forecast YE March 2023)**

Description	Actual 2023	Variance	Forecast 2024	Variance	2024/2025	Variance	2025/2026	Variance	2026/2027
	R'000		R'000		R'000		R'000		R'000
INSURANCE INCOME									
Gross written insurance premium	4 570 818	14%	5 191 094	10%	5 710 203	10%	6 281 223	10%	6 909 345
Unearned premium reserve movement	(103 431)	-100%	-		-		-		-
Intermediary fees	(646 665)	-2%	(634 319)	8%	(685 224)	10%	(753 747)	10%	(829 121)
Administration fees	(558 128)	0%	(556 225)	8%	(599 571)	10%	(659 528)	10%	(725 481)
Administration and marketing expenses	(313 366)	-14%	(270 181)	33%	(358 405)	5%	(377 412)	5%	(397 763)
Gross claims incurred	1 544 737	-181%	(1 250 160)	106%	(2 569 591)	10%	(2 826 550)	10%	(3 109 205)
Gross underwriting results	4 493 965		2 480 209		1 497 412		1 663 986		1 847 775
Insurance premiums ceded to reinsurers	(2 758 446)	-6%	(2 600 695)	-73%	(697 500)	0%	(697 500)	0%	(697 500)
Commission earned from reinsurers	1 011 564	0%	1 007 177	-93%	69 750	20%	83 700	-17%	69 750
Reinsurance portion of claims incurred	178 655	197%	530 018	-100%	-	0%	-	0%	-
Net reinsurance expense	(1 568 227)		(1 063 500)		(627 750)		(613 800)		(627 750)
Net underwriting results	2 925 738		1 416 709		869 662		1 050 186		1 220 025
INVESTMENT AND OTHER INCOME									
Net investment income	693 824	18%	821 585	-5%	783 681	16%	906 015	12%	1 013 297
Corporate Social Investment	(5 901)	381%	(28 371)	64%	(46 400)	5%	(48 488)	5%	(50 670)
Total Investment and Other Income	687 923		793 214		737 281		857 527		962 627
NET PROFIT/(LOSS) BEFORE TAX	3 613 661		2 209 923		1 606 943		1 907 713		2 182 652

Sasria plans to achieve net profit before tax of R1,607 billion for the financial year ending 31 March 2025. This is 27% below the forecast net profit before tax of R2,210 billion for the financial year ending 31 March 2024. The decrease is attributable to favourable July 2021 claims estimate adjustments that are reported in the forecast for the financial year ending 31 March 2024.

Expenses for administration and marketing expenses increase at a rate that is above inflation. This is attributable to professional and consulting expenses, computer expenses and software licensing expenses. Professional and consulting expenses increase because of the P4RR (Partnership for risk and resilience) which is not included in the forecast. The P4RR is a partnership between Sasria and Santam spearheaded by the Claims Department which is meant to capacitate municipalities to deal with fire and flood risks.

The Income Statement is discussed in further detail below.

Gross insurance premium written (GWP)

The following factors were taken into consideration in the GWP budget for 2025 - 2027:

- Insurance industry growth.
- Internal initiatives to grow premium.
- Property inflation.

The GWP forecast for the 2024 financial year was calculated using 01 April 2023 to 31 August 2023 actual gross written premium and forecast from 01 September 2023 to 31 March 2024. A constant growth rate of 10% per annum has been assumed for period of the budget based on the above factors.

Gross claims incurred (Claims) and Loss Ratio

Insurance claims for the 12 months ending 31 March 2024 is forecasted to be R1,250 billion (a loss ratio of 24%). The low loss ratio in the 2024 financial year forecast is due to the changes in estimates related July 2021 unrest claims amounting R300 million. The adjusted loss ratio excluding the effect of the reversal is 30%.

Reinsurance expense and reinsurance commission income

Sasria implemented a new reinsurance strategy during the financial year ending 31 March 2022 which it plans to discontinue from the 1 April 2024. The new strategy was one of the management actions taken to restore the company's solvency status.

The reinsurance structure for the budgeted period is a R9 billion CAT cover at 100% placement with a R1 billion deductible. The cost of the required cover is assumed to be 7,75%.

Commission expense / Intermediary fees and binder fees

The commission/intermediary fee and administration/binder fee expense is a function of GWP.

Administration and marketing expenses

The budgeted administration and marketing expenditure for the year ending 31 March 2025 is expected to increase by 33% from the 2024 financial year forecast mainly as a result of an increase

in professional and consulting expenses, computer expenses and software licensing expenses. However, it is worth noting that the increase is only 1% above the approved budget for 2024.

In real terms the expense budget for the 2025 financial year is lower than the previously approved budget for 2024. The 33% increase on the 2024 financial year forecast indicates the impact of 17 vacancies and lower than anticipated expenditure in computer expenses and licencing fees.

Table 4: Administration and marketing expenses Forecast 2024 & Budget 2025 to 2027

Description	Forecast 2024	2024/2025		2025/2026		2026/2027	
	R'000		R'000	R'000	R'000	R'000	R'000
Advertising	12 022	80%	21 684	0%	21 724	5%	22 767
Amortisation & Depreciation	12 540	-8%	11 569	-9%	10 569	0%	10 569
Bank Charges	112	4%	117	4%	122	5%	128
Computer expenses	24 014	50%	35 949	-2%	35 356	5%	36 970
Professional & Consulting	11 638	186%	33 273	3%	34 388	6%	36 336
Departmental events	596	127%	1 350	5%	1 411	4%	1 474
Repairs and maintenance	1 543	5%	1 618	5%	1 691	4%	1 766
Director fees	5 694	28%	7 260	4%	7 524	5%	7 863
Insurance expense	915	18%	1 083	10%	1 191	10%	1 310
Performance Bonuses	24 675	11%	27 420	6%	29 202	6%	31 100
Recruitment Costs	2 157	5%	2 261	5%	2 363	4%	2 469
Rent	7 454	5%	7 811	5%	8 163	4%	8 530
Salaries And Wages	123 375	11%	137 100	6%	146 011	7%	155 502
Security	258	5%	271	4%	283	4%	295
Software License	16 906	100%	33 831	26%	42 544	4%	44 326
Staff training and seminars	6 539	55%	10 150	5%	10 608	5%	11 087
Staff Welfare	1 234	5%	1 294	4%	1 352	5%	1 413
Strategic Projects	2 916	-55%	1 322	-75%	336	4%	350
Subscriptions	6 858	-16%	5 792	35%	7 823	4%	8 140
Telephone expense	1 674	50%	2 513	4%	2 613	4%	2 716
Travelling and accommodation	3 307	95%	6 454	4%	6 682	4%	6 962
Utilities	2 048	5%	2 146	5%	2 243	5%	2 344
Other expenses	1 706	260%	6 137	-48%	3 213	4%	3 346
TOTAL ADMINISTRATION AND MARKETING EXPENSES	270 181		358 405		377 412		397 763

Notes

- The significant increase in advertising expense in the 2025 budget follows the newly adopted strategy to create brand identity and development, brand differentiation and positioning and enhanced public relations.
- The increase in computer expenses is attributable to second and third level support of newly implemented software (for example, the support of the IFRS 17 and risk management tools), a focus on cyber security and back-up and disaster recovery solutions.
- Professional and consulting fees increased significantly in the budget; however, the main drivers are -
 - Audit fees of R5,1 million.
 - Legal fees of R7,1 million.
 - PML study of the R3,6 million.
 - Reinsurance brokering services at R2,8 million.

- Asset management and treasury management services at R1,5 million.
- The increase in employee expenses is attributable to the acquisition of requisite skills to enable the organisation to achieve its objectives.
 - Current vacancies amount to 17, and these are earmarked to be filled by the end of the 2024 financial year.
 - A further 3 vacancies and 3 new positions are planned to be filled in the 2025 financial year.
 - A vacancy factor of 8% has been provided for in the employee expenses.
 - An increase in licence costs is attributable to additional software licensing. Below is the listing of software licence that are more than R500k:

<i>Description</i>	<i>Amount</i>
<i>Guidewire</i>	R 8 million
<i>Aris cloud</i>	R 2 million
<i>Remetrica</i>	R 0,96 million
<i>Highbond</i>	R 0,9 million
<i>Reserving tool</i>	R 1,3 million
<i>Darktrace Enterprise Security</i>	R 1,5 million
<i>Mimecast services</i>	R 1 million
<i>Microsoft</i>	R 13,1 million
<i>Amazon web services</i>	R 1,6 million

- Staff training and seminars budget is geared towards supporting the organisation with developing skills, knowledge and behaviours that are required for Sasria to implement the strategy. Further to that it remains an essential part of the EVP as it supports career development.
- Sasria has sufficient controls in place to ensure that it stay within in budget as far as expenses is considered.

Investment income

The investment income is calculated based on the forecasted strategic asset allocation and the five-year assumptions forecasted investment return.

*Budgeted net investment income **

Description	Actual 2023	Forecast 2024	Estimate 2025	Estimate 2026	Estimate 2026
	R'000	R'000	R'000	R'000	R'000
Assets under Management [^]	12 412 036	12 688 026	15 379 878	17 647 456	19 936 425
Net Investment income	488 622	821 585	783 681	906 015	1 013 297

* - The Net Investment Income figures in the table above are net-of-investment management fees.

[^] - Asset under Management differ slightly with the financial assets and cash in the balance sheet due to assumption differences.

- Projections are based on the actuals of 30 September 2023.

- R1 billion is allocated to Bucket 5 every financial year from 2026 to 2028. Of this R1 billion, 30% is allocated to Government Bonds while 70% is allocated to Protected Equity.
- Additionally, R1 billion is allocated to Bucket 3-4 (Money Market) every financial year from 2026 to 2028.
- Technical provisions are projected to be kept constant at R2 billion throughout the period under review.
- Realised Capital Gains are projected to be 4% of Net Investment Income on a conservative basis, which is based on past historical figures.
- Net Investment Income as of financial year-end is the total of the monthly figures during a particular financial year.
- The below are projected annual growth figures are used for each asset class:
 - Cash: 4%
 - Money market assets: 6%
 - Government Bonds: 7%
 - Equity: 10%
- Currently, the South African repo rate is 8.25% and is historically high. Post the Covid-19 epidemic, the repo rates have increased substantially, and the analysis considers the shift to a normalised repo rate (approximately 6%) by 2025.

Corporate Social Investment (CSI)

The CSI provision is aligned to the CSI strategy to be approved by the Board.

Balance Sheet

Table 5: forecasted Statement of Financial Position as of 31 March 2024 and Budget numbers for 2025-2027

	Actuals year ending 31 Mar 2023 R'000	Budget year ending 31 Mar 2024 R'000	Forecast year ending 31 Mar 2024 R'000	Budget year ending 31 Mar 2025 R'000	Budget year ending 31 Mar 2026 R'000	Budget year ending 31 Mar 2027 R'000
Assets						
Property, plant and equipment	7 593	32 586	9 093	10 593	12 093	14 593
Intangible assets	60 138	176 897	72 638	89 849	106 999	123 035
Deferred acquisition costs	189 657	252 087	211 893	252 087	277 484	299 769
Deferred income tax	940 808	935 295	940 808	940 808	940 808	940 808
Financial assets						
- at fair value through profit and loss	6 546 617	8 551 213	9 198 599	11 750 842	13 873 259	16 011 260
- loans and receivables	104 962	23 207	104 962	104 962	104 962	104 962
Prepayments	196 420	4 129	4 129	4 129	4 129	4 129
Insurance receivables	348 557	306 850	432 591	475 850	523 435	575 779
Reinsurance contracts	1 944 678	254 942	254 942	-	-	-
Other receivables	62 391	-	-	-	-	-
Cash and cash equivalents	4 127 328	1 798 788	4 305 757	3 307 997	3 229 718	3 437 745
Total assets	14 529 149	12 335 994	15 535 412	16 937 117	19 072 887	21 512 080
Equity and liabilities						
Accumulated Loss	(11 516 136)	(12 392 366)	(9 306 213)	(7 699 270)	(5 818 557)	(3 662 905)
Shareholder Capital Contribution	22 000 000	22 000 000	22 000 000	22 000 000	22 000 000	22 000 000
Total equity	10 483 864	9 607 634	12 693 787	14 300 730	16 181 443	18 337 095
Lease Liabilities	-	8 610	-	-	-	-
Deferred income	162 584	165 617	165 617	2 827	-	-
Employee benefit liability	38 124	36 779	38 124	38 124	38 124	38 124
Insurance contracts	3 316 930	2 103 052	2 284 081	2 512 489	2 763 738	3 040 112
Trade and other payables	527 648	414 303	353 802	82 947	89 582	96 749
Total liabilities	4 045 286	2 728 360	2 841 625	2 636 387	2 891 444	3 174 985
Total equity and liabilities	14 529 150	12 335 994	15 535 412	16 937 117	19 072 887	21 512 080

Notes

1. Property, plant and equipment and intangible assets

The forecasted and budgeted **capital expenditure** depicted on the table below mainly relates to computer equipment and software.

Table 6: Capital expenditure

	Budget year ending 31 March 2024 R'000	Forecast year ending 31 March 2024 R'000	Budget year ending 31 March 2025 R'000	Budget year ending 31 March 2027 R'000	Budget year ending 31 March 2027 R'000
Computer hardware	11 350	2 200	4 460	4 674	4 898
Computer software	89 780	27 500	24 400	25 571	26 799
Motor vehicles	800	0	800	838	879
Office furniture	200	300	1 620	1 698	1 779
Total	102 130	30 000	31 280	32 781	34 355

Included in the CAPEX budget are the following projects:

<i>Description of asset</i>	<i>Estimated Cost</i>
<i>IFRS17 enhancements</i>	3 000 000,00
<i>CDM & TM1 Upgrade/Replacement</i>	2 000 000,00
<i>Human Capital & Talent Management System</i>	5 000 000,00
<i>Rating Calculation Engine</i>	5 000 000,00
<i>CWP Replacement</i>	2 500 000,00
<i>Compliance System</i>	1 500 000,00
TOTAL	19 000 000,00

2. Deferred income tax is a consequence of the assessed loss following the significant loss incurred in the 2022 financial year.
3. Financial assets and cash and cash equivalents reflect the growth in the assets under management which translates into investment income. The investment policy determines allocation of assets under management in allocation buckets. Cash investments for technical reserves are retained in Bucket 1-2, money market instruments for the SCR and MER (maximum event retention) Bucket 3-4 and protected equity and government bonds in Bucket 5.
4. Reinsurance contracts reduce to nil as the three-year Corporate Plan does not budget for a CAT event.
5. Insurance contracts reflect the growth in premium as the three-year Corporate Plan budget assumes a constant loss-ratio of 45%.

Cash flow Statement

Table 7: forecasted Statement of Financial Position as of 31 March 2024 and Budget numbers for 2025-2027

	Budget year ending 31 Mar 2024	Forecast year ending 31 Mar 2024	Budget year ending 31 Mar 2025	Budget year ending 31 Mar 2026	Budget year ending 31 Mar 2027
	R'000	R'000	R'000	R'000	R'000
Cash flows from operating activities					
Cash generated from / (used in) operations	(484 862)	2 022 825	789 513	1 156 774	1 351 267
Investment income	478 176	821 585	783 681	906 015	1 013 297
Income tax paid	-	-	-	-	-
Interest paid	-	-	-	-	-
Net cash generated from / (used in) operating activities	(6 686)	2 844 410	1 573 194	2 062 789	2 364 564
Cash flows from investing activities					
Purchase of property, plant and equipment / intangibles	(12 350)	(30 000)	(31 280)	(30 219)	(29 105)
Proceeds on disposal of property and equipment	(89 780)	-	-	-	-
(Purchase) / sale of investments	107 220	(2 635 981)	(2 539 674)	(2 110 848)	(2 127 432)
Net cash (used in) / generated from investing activities	5 090	(2 665 981)	(2 570 954)	(2 141 067)	(2 156 537)
Net increase / (decrease) in cash and cash equivalents	(1 596)	178 429	(997 760)	(78 278)	208 027
Cash and cash equivalents at beginning of year	1 824 830	4 127 328	4 305 757	3 307 997	3 229 718
Cash and cash equivalents at end of year	1 823 234	4 305 757	3 307 997	3 229 718	3 437 745

ANNEXURE 3: TOP 11 RISK REGISTER

A detailed summary of the inherent risk responses (mitigations) follows the risk register table.

#	Risk Name	Risk Classification	Cost of Risk (R)	Rating Score	Inherent Risk	Control Rating	Residual Risk
1	Increased insurance risk as a result of volatile strikes, protests and other special risks including CAT events e.g., Eskom grid failure/blackout	Underwriting Risk	R32 bn	20	Very High	Fair ²	High
2	Failure to retain critical skills in the company	Operational Risk	R2 m	20	Very High	Poor ³	High
3	Simultaneous occurrence of non-connected events (increasing underwriting risk)	Underwriting Risk	R712 m	15	High	Fair ⁴	High
4	Cyber security risk	Operational Risk	R20 m	15	High	Fair ⁵	Medium

² The overall control rating has been rated as fair due to the external and volatile nature of the risk and the deteriorating socio-political and economic conditions that is linked to strikes, protests and other special risks, including CAT events. Reinsurance renewal discussions with reinsurers for the 2023/2024 financial year were finalised in April 2023 and discussions with the National Treasury to strengthen the reinsurance capacity and to ensure we are able to withstand adverse events and shocks to Sasria's balance sheet are also ongoing. Sasria was not able to achieve 100% reinsurance capacity based on the placement. Only 63% was achieved, down from 65% in the prior year.

³ The overall control rating was rated as poor in the May 2023 report due to the loss of the Chief Actuarial Officer and Chief Information Officer. The Chief Financial Officer resigned, and her last day was on 30 September 2023. The Senior Manager Governance, Risk and Cyber Security resigned in June 2023, while the Head of Finance also resigned in August 2023. This takes the turnover rate for critical skills to 26.3% (5/19).

⁴ The overall control rating has been rated as fair due to the external and volatile nature of the risk and the deteriorating socio-political and economic conditions that is linked to strikes, protests and other special risks. Sasria is also in phase 2 of the business intelligence project which will enable Sasria to get exposure to external data in order to analyse customer behaviour, provide predictive analysis and provide real-time trends. This will assist with risk profiling, loss prevention strategies, drive premium rates that are more accurate, portfolio growth, capability to better predict liabilities and provision of claims and assist Sasria to interpret, assess and organise the claims data to gain valuable location insight and deliver business value.

⁵ The overall control rating is rated fair due to the increase in cyber-attacks and data breaches globally and in South Africa, the external threat landscape which is not predictable since a lot of companies are being hacked, existence of legacy systems such as CWP and the phishing proneness for quarter 2 was at 7.5% compared to the industry proneness of 4.5%.

#	Risk Name	Risk Classification	Cost of Risk (R)	Rating Score	Inherent Risk	Control Rating	Residual Risk
5	Inadequate management of our distribution channel (agents and brokers)	Operational Risk	R410 m	15	High	Fair ⁶	Medium
6	Data management risk	Strategic Risk	R44 m	15	High	Fair ⁷	Medium
7	Inability to secure increased reinsurance capacity and lack of explicit commitment from the State as insurer of last resort	Strategic Risk	R4.9 bn	15	High	Fair ⁸	Medium
8	Failure to comply with regulatory requirements and governance codes	Operational Risk	R10 m	15	High	Fair ⁹	Medium
9	Incomplete and Inaccurate Sasria revenue	Underwriting/operational Risk	R15.25 m	15	High	Fair ¹⁰	Medium

⁶ Sasria previously focused on stakeholder management when relating with the distribution channel, however, have now changed its focus and implement portfolio management. This will ensure that Sasria plays an outsource oversight role to enforce the outsource and intermediary agreements and manage Sasria's outsource model risks. The Portfolio Management Function has also been established and a Portfolio Compliance Monitoring Framework has been put in place. This is to provide an additional layer of support and guidance on existing activities amongst all lines of defence in terms of agent company monitoring and quality assurance.

⁷ Overall control rating is rated as fair due to the data governance framework and strategy project being in progress and phase 2 of the business intelligence project is also underway and the Data Acquisition Project (DAP) team continues to collect data from agent companies on a monthly basis. A target of 60% of the agent companies has been set for January 2024, to ensure that accurate and usable data is available for decision making and ready to be presented for the next reinsurance renewal programme of 2024/2025.

⁸ The overall control has been rated as fair. The reinsurance renewal process was finalised in April 2023 and Sasria could not improve the reinsurance capacity from 65% to 100% and there are still gaps within the renewed reinsurance structure totalling R3.9 billion. Furthermore, workshops have taken place with the National Treasury to find long term solutions to enhance capacity in Sasria and for government to become an explicit insurer of last resort. This will further assist in increasing reinsurance capacity in the international market. These discussions with the National Treasury are ongoing.

⁹ The overall control rating has been rerated from "Good" to "Fair".

¹⁰ Our internal audit team performed onsite audits at our agent companies for the period April 2023 to September 2023. The overall control rating has been kept at fair based on overall internal audit ratings for the reviews that have been performed and due to the fact that there is still a risk that controls may not always operate effectively and can still fail if controls and operating guides are not followed consistently, tested and monitored. Especially in typically manual environments.

#	Risk Name	Risk Classification	Cost of Risk (R)	Rating Score	Inherent Risk	Control Rating	Residual Risk
10	Loss of confidence in Sasria (Institutional credibility)	Strategic Risk	R1 bn	12	High	Fair ¹¹	Medium
11	Failure to ensure sustainable GWP growth	Strategic Risk	R4.7 bn	12	High	Good ¹²	Low

¹¹ The overall control has been rated as fair. Workshops have taken place with the National Treasury to find long term solutions to enhance capacity in Sasria and for government to become an explicit insurer of last resort. This will further assist in increasing reinsurance capacity in the international market. This will also assist in ensuring we are able to provide the XoL cover and reach the uninsured market. Discussions with the National Treasury are ongoing. The aggregator project has experienced delays due to challenges in respect of legal opinion received, that indicated that aggregators that are not registered as FSPs may not provide advice on behalf of Sasria and in selling Sasria's products. There is also a dependency on the Insurance Suite which will assist in ensuring that the product reaches the SMME market.

¹²The overall control rating has been rated from "Good" due to GWP growth of 46.7% as of 31 March 2023, 38.1% in June 2023 and 23.3% as at August 2023.

ANNEXURE 4: FRAUD PREVENTION PLAN

1. Introduction

Sasria SOC Ltd (Sasria) values the integrity and efforts of all its employees in dealing with suppliers, stakeholders and other employees. To this end Sasria has adopted these organisational values that are embedded in the business and also form part of staff performance measurements: Fairness, Ethics, Service excellence, Collaboration and Innovation. Sasria supports and fosters a culture of zero tolerance for the commission or concealment of fraudulent or illegal acts. Allegations of such acts will be investigated and pursued to their logical conclusion, including legal action, criminal prosecution, and disciplinary action where warranted.

Principle 2 of the King IV™ Report on Corporate Governance recommends that the Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

Principle 11 of the King IV™ Report on Corporate Governance further recommends that the Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

Being cognisant of its responsibility for setting the tone for effective leadership based on an ethical foundation, the Sasria Board accepts the need to manage organisational ethics and integrity, to build an ethical corporate culture that is zero tolerant to fraud. All Sasria employees have a responsibility with respect to the fight against fraud and other illegal acts. In this light Sasria employees are specifically prohibited from participating in anything that involves fraud and/or illegal activities. The Board has adopted the following ethics promotion/anti-fraud policies: Conflict of Interest Management Policy, Fraud Prevention and Whistleblowing Policy, Ethics Management Policy, Fit and Proper Requirements Policy.

The Social and Ethics Committee of the Board is mandated by the Board to drive ethics and anti-fraud promotion in the organisation. In terms of its charter, this committee drives Sasria's standing in terms of the goals and purposes of –

- The anti-corruption protocols of the Organisation for Economic Development.
- Good Corporate Citizenship, including promotion of equality, prevention of unfair discrimination and reduction of corrupt activities.

The Social and Ethics Committee further reports to the Shareholder through its Chairperson at the Annual General Meeting of Sasria in terms of the Companies Act No. 2008. In this

regard the Committee submits a formal written report on its activities for the financial year under review.

Section 52 of the Public Finance Management Act No 1 of 1999, read with Treasury Regulations 29.1 requires public entities to submit a Corporate Plan which must include a fraud prevention plan.

2. Purpose of the Fraud Prevention Plan

The purpose of the fraud prevention plan is to provide:

- Guidelines within the existing legal framework, to deal with fraud and corruption within Sasria.
- An outline of what may constitute fraud, theft, corruption and dishonesty, and to detail the procedures where these acts are suspected or discovered.
- An overview of Sasria's approach to the prevention and detection of fraud and corruption.
- Encouragement to all employees and other stakeholders to strive towards the prevention and detection of fraud and corruption impacting or potentially impacting Sasria.

3. Scope of the Fraud Prevention Plan

The fraud plan applies to any actual or suspected acts of fraud, theft, corruption and dishonesty involving all Sasria's employees as well as directors, consultants, vendors, contractors, employees with outside agencies and/or any other stakeholders having a business relationship with Sasria. Crime in its broadest definition will not be tolerated, irrespective of a person's position or number of years of service and will be uniformly and severely dealt with.

4. Definition of Fraud and Corruption

4.1 Fraud

The legal definition of fraud is based on South African law. For the purpose of this plan, the definition of "Fraud" encompasses a broad range of conduct involving intentional deception in connection with:

- Misleading financial statements or other accounting-related matters.
- Misappropriation of Company or customer assets.

- Other actions by Employees, agents, or third parties (e.g., consultants, vendors, registered representatives, or contractors) that derive an unauthorized personal or financial benefit to the detriment of the Company; and
- Insurance fraud, which occurs in connection with an insurance policy.

Insurance fraud involves any deliberate act committed by the insured, third-party claimant, or other external party for the purpose of obtaining some benefit or advantage (financial or otherwise) not otherwise due to them. Fraud can be perpetrated either internally by persons within the employment of the Sasria, or by clients or other external third parties.

The Prevention and Combating of Corrupt Activities Act, No. 12 of 2004, provides that “any person who gives or accepts or agrees or offers to accept or receives any gratification from another person in order to influence such other person in a manner that amounts to”:

The illegal or unauthorised performance of such other person’s powers, duties or functions.

- o An abuse of authority, a breach of trust, or the violation of a legal duty or set of rules.
- o The achievement of an unjustified result; or
- o Any other unauthorised or improper inducement to do or not to do anything is guilty of the offence of corruption.

4.2 Corruption

For purposes of the Sasria fraud plan, corruption is defined as lack of integrity or honesty (especially susceptibility to bribery) including use of a position of trust for dishonest gain.

Corruption in its wider meaning, includes any conduct or behaviour where a person accepts, agrees, or offers any gratification for him/her or for another person where the purpose is to act dishonestly or illegally. This may include agreeing to give any other person any gratification to influence that person directly or indirectly to exercise their powers, duties, or legal obligations in a manner which is/amounts to:

- Illegal, dishonest, unauthorised, incomplete, or biased behaviour.
- Misusing or selling of information or material acquired.
- Abusing a position of authority.
- Breaching of trust.
- Violating a legal duty or set of rules.

- Designing the achievement of an unjustified result; and
- Any other unauthorised or improper inducement to do or not to do anything.

The fraud prevention plan in summary prohibits:

“The abuse of a position of employment to gain an advantage in contravention of duty. It includes the offering/giving/soliciting or accepting of an inducement or reward for certain improper actions and any improper approach or solicitation, either directly or through a nominee to act in any way which could be to Sasria’s disadvantage”.

Forms of Corruption

Bribery – involves the promise, offering or giving of a benefit that improperly affects the actions or decisions of public servants.

Embezzlement – this involves theft of resources by persons who control such resources.

Fraud – the unlawful and intentional making of a misrepresentation which causes actual prejudice, or which is potentially prejudicial to another.

Extortion – Coercion of a person or entity to provide a benefit to a public servant, another person or an entity, in exchange for acting or failing to act in a particular manner.

Abuse of power – The use by a public servant of his or her vested authority to improperly benefit another public servant, person or entity or using the vested authority to improperly discriminate against another public servant, person or entity.

Conflict of interest – The failure by a public servant to act or to consciously fail to act on a matter where the public servant has an interest or another person or entity that has some form of relationship with the public servant has an interest.

Abuse of privileged information – This involves the use, by a public servant of privileged information and knowledge that a public servant possesses as a result of his or her office to provide unfair advantage to another person or entity to obtain a benefit.

Favouritism – The provision of services or resources according to personal affiliation of a public servant.

Nepotism – A public servant ensuring that family members are appointed to public service positions or that family members receive contracts from the State is regarded as nepotism.

5. Regulatory Framework

5.1 Public Finance Management Act, No. 1 of 1999, as amended.

This Act requires the Accounting Authority of a public entity to exercise utmost care, act with fidelity, honesty and integrity, disclose all material facts, including those reasonably discovered, and seeks to prevent any prejudice to the financial interests of the state. The accounting authority must also ensure that there is an effective, efficient and transparent system of internal audit and risk management, financial and internal control.

5.2 Prevention and Combating of Corrupt Activities Act, No. 12 of 2004

This Act provides for the strengthening of measures to prevent and combat corruption and corrupt activities; and also outlines the offences in respect of corruption and offences relating to corrupt activities.

5.3 Prevention of Organised Crime Act, No. 121 of 1998 (POCA)

This Act contains provisions that are aimed at achieving the following:

- The combating of organised crime, money laundering and criminal gang activities.
- The criminalisation of conduct referred to as “racketeering”.
- The provision of mechanisms for the confiscation and forfeiture of the proceeds of crime.
- The creation of mechanisms for the National Director of Public Prosecutions to obtain certain information required for the purposes of an investigation; and
- The creation of mechanisms for co-operation between investigators and the South African Receiver of Revenue.

5.4 Financial Intelligence Centre Act, No. 38 of 2001 (FICA)

The Act establishes a Financial Intelligence Centre and a Money Laundering Advisory Council. The purpose of these entities is to combat money laundering activities.

5.5 Protection of Constitutional Democracy Against Terrorist and Related Activities Act, No. 33 of 2004

The Act criminalises terrorist activities and terrorist financing and gave Government investigative and asset seizure powers in cases of suspected terrorist activity.

5.6 Protected Disclosures Act, No. 26 of 2000

The Act facilitates reporting by employees of fraud, corruption or other unlawful or irregular actions by their employers or co-employees without fear of any discrimination or reprisal by their employers or co-employees.

6. Fraud and Corruption Strategies

6.1 Structural Strategies – The actions to be undertaken in order to address fraud and corruption at a structural level.

6.1.1 Board of Directors – The Board of Directors gives direction, approves policy, command oversight and report on the Executive management of fraud, corruption and risk within Sasria. This includes the coordination of risk assessments, overseeing the investigation of suspected fraud and corruption, and facilitation for the reporting of such instances.

6.1.2 An ethical culture – Sasria is required to conduct itself in an ethical and moral way. Ethical conduct is based on a set of principles referred to as values and norms. The collective ethical conduct of all the individual employees of Sasria reflects Sasria's ethical conduct. Good governance indicates that institutions should develop code of conduct as part of their corporate governance frameworks. At Sasria, all employees are expected to abide by the Code of Conduct of Sasria.

6.1.3 Executive Management Commitment – The Executive Management of Sasria is committed to eradicating fraud and corruption and ensuring that Sasria strives to be perceived as ethical in all its dealings with the public and other interested parties. Senior management will also ensure that all the employees and stakeholders are made aware of its overall anti-fraud and corruption activities through various initiatives of awareness and training.

6.2 Operational Strategies

6.2.1 Internal Controls – Internal controls are the first line of defence against fraud and corruption. These are essential elements in the overall Anti-Fraud and Corruption Strategy. The Internal Audit Department will be responsible for implementing an audit program which will incorporate steps to evaluate adherence to internal controls.

6.2.2 Employee Awareness – Awareness of Sasria's Anti-Fraud and Corruption Strategy, Code of Conduct, Whistle Blowing policy and the manifestation of fraud and corruption in the workplace will assist in the creation of an environment which may be hostile to a would-be transgressor.

6.2.3 Pre-employment Screening and Recruitment Procedures – To be carried out for all the appointments, and evidence of such screening will be maintained by the People Management Department. Recruitment will be conducted in accordance with the requisite recruitment procedures.

6.2.4 Internal Audit Plan – A robust internal Audit Plan which focuses on the prevalent high fraud and corruption risk serves as an effective preventative and detective measure.

6.2.5 Fraud and Corruption Prevention Plan – The actions set out in this plan are all focused at mitigating the risk of fraud and corruption in the company.

6.2.6 Disclosure of Interest – All Sasria staff are required to bi-annually disclose their business interests. Directors are required to disclose their business interests annually. The register of directors' disclosures is kept by the Company Secretary and the one for staff is kept by the Ethics Officer. Disclosure of conflict of interests is also done at all Board and Committee meetings and management committees and forums at which the employees sit either as members or by invitation.

6.3 Detection Strategies

Detection of fraud and corruption may occur through:

- Vigilance on the part of all employees.
- The Internal Audit functions.
- Ad hoc management reviews.
- Anonymous reports.
- Application of detection techniques.
- External audits.

6.4 Response Strategies

6.4.1 Reporting fraud and corruption – Fraud prevention and Whistle Blowing Policy.

The key obstacle in fighting fraud and corruption is the fear by employees of being intimidated to identify any corrupt or unethical practices witnessed at the workplace. Those who often do whistle blowing end up being victimised and intimidated. For this reason, Sasria adopted a Fraud prevention and Whistle Blowing Policy setting out the detailed procedure to be followed in order to report any incidents of fraud and corruption.

6.4.2 Investigating fraud and corruption

In the event when fraud or corruption is detected or suspected, investigations will be initiated, and if warranted, the disciplinary proceedings, prosecution or action aimed at the recovery of losses will be initiated.

6.5 Maintenance Strategies

6.5.1 Fraud and Ethics Awareness Campaigns

Sasria holds an Ethics Awareness/Anti-Fraud campaign at least annually to ensure that staff members are aware of ethics and fraud prevention strategic within Sasria.

Ethics is assigned to the Compliance Function of Sasria, which is responsible for ethics awareness campaigns, ethics awareness assessments and initial review of ethics management and fraud prevention policies.

6.5.2 Review of the effectiveness of the Anti-Fraud and Corruption Strategy and the Prevention Plan

Sasria will conduct a review of the Anti-Fraud and Corruption Strategy and Prevention to determine the effectiveness thereof. The Board of Directors is ultimately accountable for this review and may appoint a person to take the responsibility for this.

6.5.3 Review and updating the Anti-Fraud and Corruption Strategy and Prevention Plan

The fraud prevention plan (fraud plan) is reviewed annually to incorporate relevant changes in the operating environment. The fraud prevention plan is included in the Sasria annual corporate plan to the Shareholder.

This will involve ongoing review of fraud and corruption risk exposures. Fraud and Corruption risk assessments are conducted annually. The Board of Directors is accountable for the review and may delegate a person to take the responsibility.

7. Approval

This Plan was approved by the Board on 30 November 2023.

ANNEXURE 5: ORGANISATIONAL STRUCTURE



ANNEXURE 6: BOARD COMMITTEE RESPONSIBILITIES AND COMPOSITION

The Committees roles and responsibilities and composition are as follows:

Audit Committee

Responsibilities

- Evaluate adequacy and efficiency of the internal control systems, accounting practices, information systems, auditing and actuarial valuation practices of the company.
- Facilitate interaction between Board and senior management, internal auditors and external auditors, on matters referred to in section 8.1 of Prudential Standard GOI 2.
- Recommend measures to enhance the credibility and objectivity of financial statements and reports on the insurer's business.
- Advise the Board on any matter referred to the committee by the Board.
- Assess the effectiveness of the internal audit function.
- Assess the adequacy if the resources of the internal audit function.
- Promote and maintain an effective relationship with the external auditor.
- Ensure that policies are in place to ensure the independence of the external auditor.
- Oversee development of, and approve, the internal and external audit plans to ensure all risks are considered and statutory and financial reporting requirements are met.
- Monitor implementation of internal and external audit plans.
- Review all internal and external audit reports and ensure that all issues identified are managed and rectified in an appropriate and timely manner.
- Provide input on scope of audit work.

Composition

- The Committee consists of five (5) Non-Executive Directors.

Risk Committee

Responsibilities

- Risk strategy development.
- Evaluate effectiveness of risk management system.
- Identify build-up and concentration of risk.

- Identify and monitor all material risks to help the Board in ensuring its decision-making capability and accuracy of its reporting is maintained.
- Ensure appropriate segregation of risk function from other operational business line functions.
- Measures to enhance adequacy and effectiveness of the risk management system.

Composition

- The Committee consists of four (4) Non-Executive Directors and one Executive Director.

Remuneration and Nomination Committee

Responsibilities

- Develop and review appropriate remuneration policy.
- Monitor implementation of the remuneration policy and compliance with the GOI 2 Prudential Standard.
- Make annual recommendations to the Board on remuneration of:
 - The Chief Executive Officer.
 - Senior managers reporting directly to the Chief Executive Officer.
 - Other persons whose activities may, in the committee's opinion, affect the financial soundness of the insurer.
 - Any other person specified by the Prudential Authority.

Composition

- The Committee consists of four (4) Non-Executive Directors.

Investment Committee

Responsibilities

- Ensure that investments are made in terms of the Investment Policy.
- Ensure that appointed asset managers perform adequately and continue to produce good returns for Sasria investments under their control.
- Ensure responsible investment is practiced promoting good governance and creation of value by companies that Sasria invests in.

- Review appropriateness of the investment policy in light of economic and business conditions affecting Sasria and making recommendations to the Board as appropriate.

Composition

- The Committee consists of four (4) Non-Executive Directors.

Social and Ethics Committee

Responsibilities

- Social and economic development.
- Environment, health and public safety.
- Oversee labour and employment matters.
- Promote consumer relationships.
- Fair treatment of customers by Sasria and its distribution channels.
- Ensure that accounting authority leads ethically and effectively.
- Reporting to the Board and Shareholder, at the annual general meeting, on matters falling within its mandate.
- Ensure that the accounting authority ensures that the SOC is and is seen to be, a responsible corporate citizen.
- Ensure that the accounting authority governs the ethics of the SOC in a way that supports the establishment of an ethical culture.
- Ensure that it compiles and submits its annual report in line with legal requirements.
- Invite members of the executive and senior managers by standing invitation or ad hoc basis to provide pertinent information and insights in their areas of responsibility.
- Execute its statutory duties and any other duties assigned or delegated to it by the governing body.

Composition

- The Committee consists of four (4) Non-Executive Directors and one (1) Executive Director.

ANNEXURE 7: DIRECTORS' PROFILES

Surname	Names and Preferred Name	Race and Gender	Current and or past fulltime Position	Current Board Membership	Qualifications	Areas of Expertise
1. Venter	Johannes (54)	White –Male	Director: Wealth Succession Independent Actuarial Consultant	Bidvest Life AVBOB South Africa	BSc Hons (Mathematical Statistics) Fellow of the Society of Actuaries (Scotland), Advanced Management Program (Insead) Fellow of the Institute of Directors	Actuarial and Entrepreneurial
2. Subbiah	Deshni (40)	Black – Female	Qualified Actuary and Certified Director	Land and Agricultural Development Bank of South Africa Life Insurance SOC LTD, Land and Agricultural Development Bank of South Africa SOC Ltd, Capitec Life.	BSc Actuarial Science (Cum Laude), FASSA, Chartered Enterprise Risk Actuary, Post MBA, Graduate Diploma, Certificate in Investments from the Institute of Actuaries (UK).	Actuarial and Risk Management
3. Maisela	Japhtaline Mantuka (65)	Black -Female	Khomolema Consulting	Motor Industry Retirement Funds. Which comprises of: Auto Workers Provident Fund	Masters in management, PGD Management Wharton Business School Leadership Development Programme	Human Capital Investment. Social and Ethics
			Petro SA	Motor Industry Retirement Funds. Which comprises of: Auto Workers Provident Fund		
4. Dr Mgoqi	Codelia Nolwandle (50)	Black – Female	CEO/ Executive Management at Standard Bank	Standard Insurance Limited	MSc PhD	Short Term insurance Life insurance Employee Benefits Asset Management

						Strategy development, execution, and management
5. Phiri	Margaret Mosibudi (47)	Black- Female	Managing Director of Mohale Seoka Consulting	Council for Mineral Technology	CA(SA)	External Audit Internal Audit Financial accounting Risk Management Corporate governance Investigations Board evaluations
6. Haman	Reginald Thomas (47)	Coloured – Male	Group Corporate Services Officer at Aspen Pharma Group	Services Officer Aspen Pharmacare Holdings Chairperson: Audit & Risk Committee (Department of Public Enterprises) Chairperson: Department of Sports and Recreation Rural Housing Loan Fund SOC Royal Bafokeng Resources Properties - Waterkloof Utilities Company - RBR Env Rehab Trust - Department of Transport (ARC) Driving Licence Trading Account Department of Home Affairs (ARC)	MBA PDBA NHD Diploma in Company Direction Executive Programme	Risk Management Business Strategy Risk Financing / insurance Corporate Governance Internal Audit Forensic Audit - Information Technology HR – Remuneration
7. Sathie	Gounden (62)	Indian – Male	Non-Executive Director of Sci-Bono Discovery Centre MPC	Sci – Bono Discovery Centre. The Playhouse company. SARS. NHBRC	BCompt CTA CA(SA) Harvard Business School Executive Leadership Development Programme	Audit Finance Risk Governance Fraud and Prevention
8. Moletsane	Refilwe (51)	African - Female	Middle East and Africa Head of Compliance AIG	SAIA (Alternate Board Member)	B Juris MAP B Hons Insurance and Risk Management	Governance, Compliance, Regulatory Affairs

9. Ngutshane	Enos (65)	African - Male	Executive Manager Prasa (current)	IRFA Board Chairperson CCMA	M Public Administration (Liverpool) PGD Administrative Studies	Risk Human Resource Safety Investment
10. Marumo	Desmond (62)	African - Male	Self - Employed	DMC	LLM (Corporate Law) Higher Certificate Intellectual Property Law	Law
11. Tyikwe	Mpumelelo (58)	African - Male	Chief Executive Officer	Shumi Investments Sichukama Investments	FIISA, Post Graduate Diploma in Management	Executive leadership, turnaround, insurance, formulation and implementation of strategy



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