

BREAKING NEW GROUND

DEFYING THE ODDS



INTEGRATED
REPORT 2021





This report covers the 2020/21 financial year and was to be signed off on 30 August 2021. However, publication was postponed to March 2022 to allow time to reveal the full implications of the July 2021 unrest on Sasria's solvency and status as a going concern.

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SCAN this QR code for quick access to the digital version of the Integrated Report 2021



NAVIGATING THIS REPORT



Indicates further information available online, mostly on our website, www.sasria.co.za



Directs readers to a page in this integrated report with supplementary information.

OUR CAPITALS



FINANCIAL CAPITAL



HUMAN CAPITAL



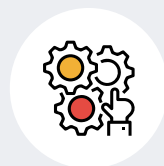
SOCIAL AND RELATIONSHIP CAPITAL



INTELLECTUAL CAPITAL



NATURAL CAPITAL



MANUFACTURED CAPITAL



For more information on the capitals that we employ in our value-creation process, refer to page 13.

OUR STRATEGIC FOCUS AREAS



SUSTAINABILITY



CUSTOMER-CENTRICITY



SOCIO-ECONOMIC IMPACT



DIGITALISATION

OUR STRATEGIC ENABLERS



CAPITAL MANAGEMENT



DISTRIBUTION CHANNELS



TALENT



BUSINESS INTELLIGENCE



Refer to page 36 for a detailed description of our five-year strategy (2020 to 2024).

ABOUT THIS INTEGRATED REPORT

In this integrated report, published amid the persistent Covid-19 pandemic and following a string of destructive and deadly riots that wreaked havoc in KwaZulu-Natal and Gauteng, we are proud to demonstrate to our stakeholders how Sasria remained relevant and created value during 2020/21 and will continue do so into the future.



Theme:

DEFYING THE ODDS! BREAKING NEW GROUND

The odds seemed stacked against economies and corporations both global and domestic during 2020/21. The Covid-19 pandemic would, it appeared, deliver a crushing blow to carefully thought-out targets for profit, productivity and advancement. But the odds did not factor in the resolve of Sasria and its determination to meet them head on, even them out and turn them on their heads. At a time when it should not have been possible, the company recorded its best performance since it was founded in 1979. This year we have broken new ground as never before, growing in headcount and revenue, continuing to be sustainable by delivering on our strategic and business key performance indicators amid change that no-one could have anticipated. From the first day of lockdown, our remote working infrastructure was in place, and we implemented a new enterprise resource planning system and launched a new claims management system during lockdown conditions. In navigating the uncertain ground of 2020/21, we have learnt much about ourselves and we now have no doubt that the roots on which we flourish are strong enough for us to thrive into the distant future.

In this report, we share more about Sasria, its innovative and specialised products and how it assists the nation through its dual mandate to cope with unforeseen scenarios and restore livelihoods, production and hopes.

We elaborate on the capitals at the core of our operation and how each adds value in a way that is impactful, responsible and sustainable. This is influenced by our relationships with stakeholders, the material issues and the risks we face.

We emphasise our most valuable asset, our people, without whom we would not operate, and acknowledge our customers, without whom we would have no purpose.

STRUCTURE OF THIS REPORT

This integrated report is structured as follows:

- The foreword from the Minister of Finance (refer to page 06) who, in his capacity as representative of the shareholder, receives the integrated report for tabling in Parliament;
- The Chairperson's report, in which Moss Ngoasheng presents his impressions of the review year and looks ahead to the implications of the unprecedented demands that will be placed on the company during 2021/22;
- We discuss our business, its purpose and its value-creation strategy and how it is impacted by our capitals, stakeholders, risks and opportunities;
- We review our performance for the financial year ended 31 March 2021, the second year of our five-year strategic cycle, and outline our outlook for the future;
- We explore our environmental, social and corporate governance approach and expand on the activities of the Board and its committees in supporting the sustainability of the company and the economy; and
- Finally, we present our 2020/21 complete annual financial statements with explanatory notes.

MATERIALITY

This report covers all the social, economic and governance aspects that are material to Sasria's ability to create value for its stakeholders over the short-, medium- and long term. A matter is considered material if it can substantively affect our ability to create value. As part of our annual strategy review, we identified and prioritised the issues that could have a material impact on our ability to create value. The process that we followed, as well as the matters that we identified as material issues, are discussed on pages 17 to 19. All material issues have been included and management is not aware of any information that was unavailable or any legal prohibitions to the publication of any information.

The integrated report is informed by the following:

- Constitution of the Republic of South Africa;
- Companies Act 71 of 2008 (Companies Act);
- Conversion of Sasria Act 134 of 1998 (Sasria Act);
- Department of Trade and Industry's Code of Good Practice for Broad-based Black Economic Empowerment (BBBEE);
- Financial Sector Charter (FSC);
- Financial Sector Regulation Act 9 of 2017 (FSRA);
- Insurance Act 18 of 2017 (Insurance Act);
- Integrated Reporting Framework issued by the International Integrated Reporting Council;
- International Financial Reporting Standards (IFRS);
- King IV Report on Corporate Governance for South Africa 2016 (King IV);
- Public Finance Management Act 1 of 1999 (PFMA); and
- Treasury Regulations issued in terms of the PFMA.

APPROVAL AND ASSURANCE

The information in this report was collected and prepared using similar measurement methods and timeframes as in the previous year unless otherwise stated. The annual financial statements were prepared in line with IFRS and audited by our external auditor, SizweNtsalubaGobodo Grant Thornton Inc. Financial information included elsewhere in this report was extracted from the audited annual financial statements.

We followed a combined assurance approach to this report:

- The Executive Committee contributed and contracted the relevant skills and experience to undertake the reporting process in a transparent and complete manner;
- The Integrated Report Steering Committee provided oversight by reviewing the integrated report for completeness and accuracy;

- Internal audit performed agreed procedures to review the content and information included in the report;
- Our external auditor reviewed the integrated report to ensure consistency with the audited annual financial statements, without issuing an opinion thereon;
- The Executive Committee recommended the report; and
- The Audit Committee reviewed and the Board approved the report.

FORWARD-LOOKING STATEMENTS

We make certain statements that are not based on historical facts but rather forecasts of future results that are not yet determinable, such as gross written insurance premium growth levels, underwriting margins and investment returns. Forward-looking statements involve inherent risks and uncertainties and actual results may be very different from those anticipated. Forward-looking statements apply only on the date made and we do not undertake to update or revise any of them, whether as a result of new information, future events or otherwise.

BOARD RESPONSIBILITY AND APPROVAL STATEMENT

The Board acknowledges that it is ultimately responsible for overseeing the integrity and completeness of this report. With the assistance of the Board committees, it has considered the preparation and presentation of the 2020/21 integrated report and the audited annual financial statements. It believes that this report addresses all material issues and fairly presents the company's integrated performance, outlook, strategy and perspective on future value creation in accordance with the Integrated Reporting Framework.

The integrated report was approved by the Board on 17 March 2022:

Moss Ngoasheng
Chairperson

Onkgodisitse Mokonyane
Deputy Chairperson

Cedric Masondo
Managing Director

Bajabulile Mthiyane
Finance Director

Sathie Gounden

Reginald Haman

Japhtaline Mantuka Maisela

Desmond Marumo

Dr Nolwandle Mgoqi-Mbalo

Refilwe Moletsane

Enos Ngutshane

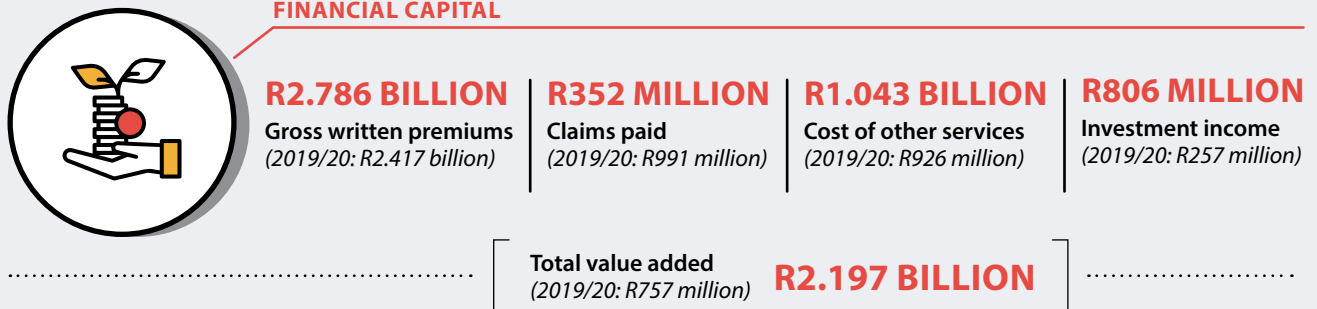
Margaret Phiri
Audit Committee Chairperson

Moipone Ramoipone

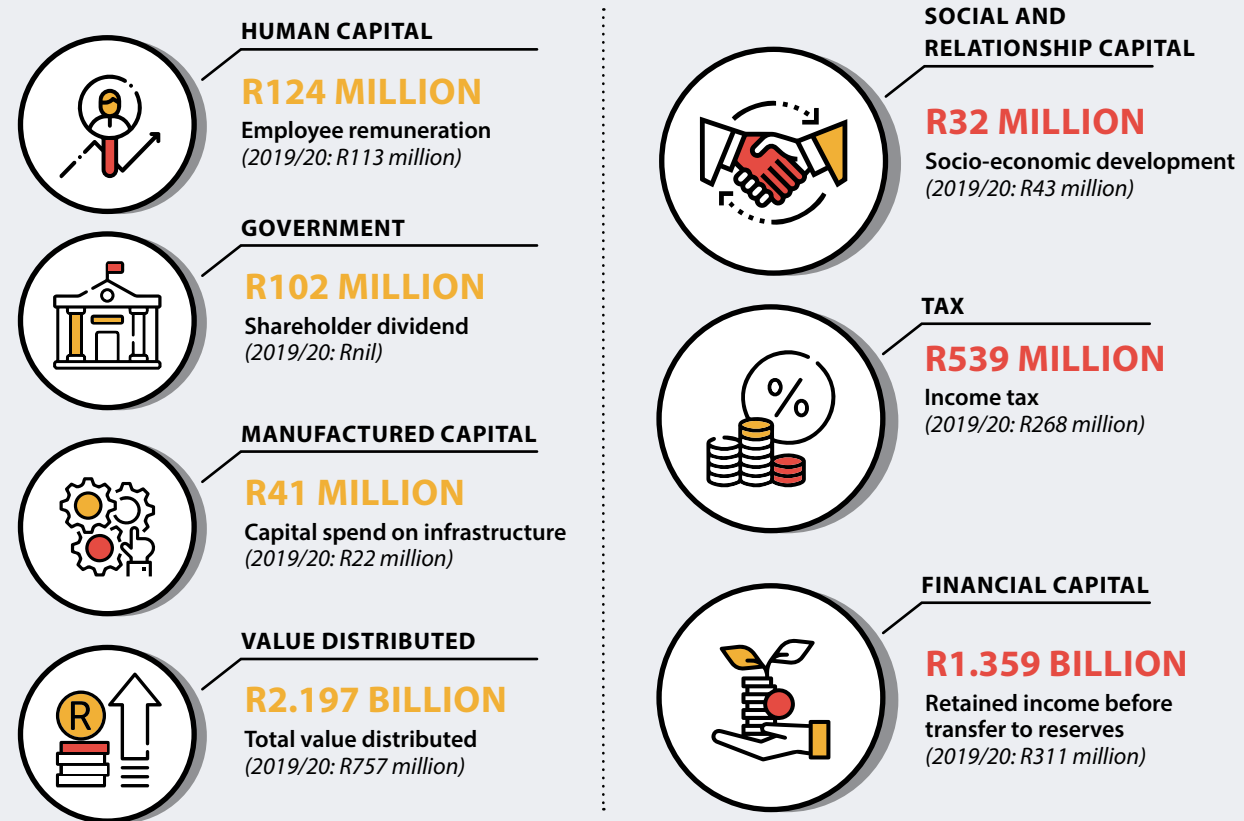
Christiaan van Dyk

OUR HIGHLIGHTS IN 2020/21

Total value added



The value we distributed



Other highlights



The Finance Director's report on page 60 includes a detailed review of the performance for the past year. Refer to page 168 for a list of terminology.

FOREWORD FROM THE MINISTER OF FINANCE

Enoch Godongwana
Minister of Finance



“

In a year that the world will not forget for mostly the wrong reasons, the strength and resolve of South Africa's organisations and people never fail to impress. It is my pleasure to table this account of another productive and positive year for Sasria SOC Ltd.

The sustained onslaught of Covid-19 throughout the year dealt a further severe blow to an economy already on the backfoot and deflated by two ratings agency downgrades, one in March 2020 declaring it to be officially in recession and another in November 2020, when Moody's delivered the hefty insult of a Ba2 rating.

Covid-19's continued havoc during the 2020/21 financial year brought markets and companies to their knees and exacerbated South Africa's already dire unemployment situation, taking it to a sky-high 32.6% by 31 March 2021.

The economy began to fight back mid-2020, with three consecutive quarters of growth, ending the financial year's final quarter 1.1% up for an annualised growth rate of 4.6%. This followed a revised 1.4% (annualised: 5.8%) rise in real gross domestic product (GDP) in the fourth quarter of calendar year 2020.

Although these figures give faint hope of a turnaround, the economy was 2.7% smaller in the first quarter of 2021 than in the first quarter of 2020.

RECONSTRUCTION AND DEVELOPMENT

The government expressed its hopes and plans for the country in the Economic Reconstruction and Recovery Plan, which will contribute an additional 1.7% to the baseline of 1.3% economic growth, taking the average growth over the next 10 years to around 3% a year.

The plan focuses on:

- Creating 800 000 jobs through R1 trillion in investments in infrastructure over four years and mass employment programmes;
- Reindustrialising the economy, growing small businesses;
- Accelerating economic reforms to unlock investment and growth;
- Fighting crime and corruption; and,
- Improving the capability of the state.

As mentioned in the medium-term budget policy statement, by putting all our efforts into implementing the Economic Reconstruction and Recovery Plan, we can accelerate growth probably higher than 3%. This will secure fiscal sustainability and build a better economy than we have experienced in recent years. We expect Sasria to be part of this economic recovery plan as it has been in past years.

ANOTHER STRONG SASRIA PERFORMANCE

Sasria emerged from the world's first full year of Covid-19 with sterling results for 2020/21.

Bucking the global trend, it recorded the best performance in its 42-year history – a remarkable feat in the circumstances – and acquitted itself admirably against its Vision 2024, which is premised primarily on delivering continuing value to a growing range of stakeholders through its strategic focuses and enablers. Through Vision 2024, Sasria has set clear focuses to maintain its growth trajectory amid the risks and opportunities of the marketplace.

During 2020/21, it met almost three quarters of its key performance indicators for the year, notably exceeding its targeted gross premium and actual loss ratios and both its fast-track and large-loss claims targets, reflecting close attention to all-important response times.

The organisation ended the year with a healthy three times solvency cover with strong liquidity and cashflow. It continues to contribute to the fiscus through taxes and dividend payments.



Refer to page 69 for Sasria's socio-economic development activities.

In promoting the socio-economic health of the nation, Sasria invested almost R32 million in the year under review in skills development. Overall, it plays a meaningful role in transforming the financial services industry in line with the National Development Plan (NDP) intentions to create a sustainable economic and social environment for South African citizens.



Refer to page 38 for Sasria's contribution to the SDGs and the NDP.

The NDP has a mere nine years to realise its potential, and Sasria remains steadfast in its commitment to effecting change particularly in the plan's economic, societal and education goals.

Its focus on sustainability and alleviating inequality also makes it a valuable contributor to several of the Sustainable Development Goals.

THE SASRIA OF TOMORROW

Sasria's emphasis on enhancing operational efficiency and advancing digitalisation in its own operation and those of its agents holds the promise of even further improvements to its claims processing and settlement function, while its ongoing culture transformation will better define how things are done and the values to be lived by employees.

Just over halfway through Vision 2024, the organisation is doubling its efforts to create the Sasria envisioned for two years hence – a digitally enabled, efficient and responsive business with the superior skills, high-performance culture and relevant portfolio needed to remain financially sustainable and create shareholder value.

EVENTS OF JULY 2021

The regrettable events of July 2021, when rioting and looting took hold in KwaZulu-Natal and Gauteng, had a profound effect on the lives of helpless victims and the psyche of the nation and dealt the heaviest of burdens to Sasria through an unprecedented number and value of claims.

These events further demonstrate the importance and the role Sasria is playing in the economy. By 17 March 2022, all claims had been received and the estimate for total claims is R36 billion. Sasria has already paid out R21 billion and has received a National Treasury lifeline of R22 billion to honour its obligations. This will restore the status quo of affected customers as quickly as possible.

ACKNOWLEDGEMENTS

The Sasria Board performed its first full year with aplomb and distinction, demonstrating coherence and strong leadership. It guided the effective implementation of strategy and operations that took the organisation to another pleasing performance. My thanks go to chairperson Moss Ngoasheng and his Board members for serving the organisation and South Africa.

The achievement and progress reflected in this report are attributable in no small part to the efforts of Sasria's small, but focused, team under the direction of Cedric Masondo. In a trying and baffling year, the team weighed up the need for productivity with the imperative to preserve human life and achieved the perfect balance.



Enoch Godongwana [Minister of Finance]

CHAIRPERSON'S REPORT



Moss Ngoasheng
Chairperson of the Board



The review year was a good time to be at the helm of this esteemed organisation, which has added so much value over so many years and come to the rescue of countless individuals and groups during their time of greatest need.

The tremendous performance notched up against the year's targets was no coincidence, but the result of many years of foundational work by experts practising finance, insurance, risk, information technology and stakeholder management in the various departments of Sasria, and strong leadership with the foresight to set the company on a determined digitalisation journey and uncompromising transformation path.

It was also a little to do with the strange environment the world found itself living in as the previous year came to an end. Covid-19 has caused so much disarray, grief and uncertainty, yet, ironically, it reduced the stimulus for many of Sasria's usual claims by confining citizens to their homes and away from public gatherings.

VISION 2024

We became acquainted early with Vision 2024, which is now past the halfway mark. It is appropriate to remind ourselves of the cornerstones of this strategy, foremost being sustainability founded on prudent capital management to enable us to satisfy all valid claims and realise planned growth commitments.



Refer to page 36 for Sasria's Vision 2024 roadmap.

Financial strength will create the platform we need to expand our product offering to cover more risks and diversify our customer base, taking tailored insurance solutions to the uninsured and dispelling the perception that insurance is unaffordable. Product

enhancements are always top of mind, and we have proposed to the banks a tailor-made product for their loan book to compensate for income lost through non-support of credit.

An innovation launched into a market gap during the review year is F4, a cost-effective product aimed at small and medium enterprises that could benefit from non-refusable and non-cancellable special risk cover.

We have been working, too, on a Section 54 application for expansion of our mandate that will take the company into a new realm of insurance products, starting with a drought cover option on which we are currently working with SAIA, National Treasury and the Department of Agriculture.

All of these will contribute to the realisation of Vision 2024, the next-era Sasria, with advanced digital capabilities, superior skills and a high-performance culture for which the satisfaction of its mandate is a mere formality; the Sasria with an extended product portfolio, a thirst for continuous change and a record of self-sustainability and delivering shareholder value.

EVENTS POST YEAR-END

The tragically unfortunate followed the unprecedented for South Africa, with the tidal wave of unrest, rioting and looting that erupted in July 2021, claiming lives and unsettling South African society in ways that harked back to pre-democracy unrest and pre-Sasria days. These events put Sasria on full alert as it prepared for its greatest test yet, with an influx of claims running into billions.

But the company had recorded its best-ever year, with a healthy balance sheet and organisational infrastructure in place and showing its worth in efficiency of claims management. With the progress made in digitalisation and in implementing the new claim management system, it was in a better position than it would have been previously to expedite claims promptly and efficiently to assist customers with unimaginable losses to start over again.

We were unable to sign off this report in August 2021 due to material uncertainty about the going concern status of the company. Based on the best estimate, our total claims amount to R36 billion. National Treasury transferred R22 billion, which should enable us to totally satisfy our responsibility to policyholders.

As we counted the cost, we also applied to the Prudential Authority to continue trading while insolvent. This was approved until 30 June 2022 to allow for the implementation of management actions to restore solvency.

Although the true implications will become clearer much further down the line and the figures will be disclosed fully only in next year's annual report, I am confident that Sasria will emerge with its resilience and reputation intact, just as South Africa will use its collective resources to build what has been lost and restore the faith of citizens and the world community in the future of the country.

As Nelson Mandela said: 'It is so easy to break down and destroy. The heroes are those who make peace and build.' South Africa has often proved itself to be a nation of heroes and it will prove so again.

APPRECIATION

I and my Board colleagues appreciate the trust shown by the shareholder in our ability to lead Sasria to successes and guide it through challenges. We remain committed to excelling against the objectives that will elevate the company to new levels of professionalism and service to South African society. I thank my fellow Board members for the robust debates we have had during 2020/21 and for keeping the prize of Vision 2024 in mind at all times.

Cedric Masondo and his executive management team served the company with distinction during the review year. The achievement of Sasria's best year to date is testament to their dedication and drive and to the commitment and hard work of all staff. Congratulations to all on a remarkable effort.

Lastly, my thanks go to our many stakeholders for their invaluable role in our continued success.



Moss Ngoasheng [Chairperson of the Board]
17 March 2022





1

WHO WE ARE

AND THE VALUE WE ADD

In this chapter we tell you more about Sasria, its unique and affordable products and how it is geared to stand behind the nation in meeting its obligation in terms of its dual mandate.

We elaborate on the capitals we have at our disposal and how we use them to add value in a manner that is impactful, responsible and sustainable. This is influenced by our relationships with stakeholders, the material issues and the risks we face.

We emphasise our most valuable asset, our people, and pay tribute to our customers, who give us purpose.

WHO WE ARE

Sasria is the only non-life insurer in South Africa that provides cover against special risks such as civil commotion, public disorder, strikes, riots and terrorism.

As with all other insurance companies in South Africa, we operate within a well-developed framework outlined in the Financial Sector Regulation Act (FSRA), which:

- Gives the South African Reserve Bank (SARB) an explicit mandate to maintain and enhance financial stability through the establishment of the Prudential Authority (PA) to regulate the financial sector; and
- Established the Financial Sector Conduct Authority (FSCA) as a market conduct regulator outside the SARB, replacing the Financial Services Board (FSB) on 1 April 2018.

Sasria is a member of the South African Insurance Association (SAIA) and the International Forum for Terrorism Risk (Re)Insurance Pools.

We are accountable to the Minister of Finance via National Treasury as we are wholly owned by the state.



Vision 2024

Our current five-year strategic cycle covers the years 2020 to 2024, as per National Treasury guidelines.

Sasria has set clear focus areas to continue its **growth** trajectory within the risks and opportunities of the marketplace. We will continue in our endeavour to **add value** to an extending array of stakeholders.

We hope to increase the ambit of our mandate and the **impact** on the NDP even further.



Refer to page 36 for more information on Sasria's Vision 2024 goals.

Vision

Special risk covered

Mission

To provide special risk solutions for stability in South Africa

Our purpose and mandate

Our purpose lies in our dual mandate:



Our legislative mandate is to provide cover for special risk events in terms of the Sasria Act and to research and investigate coverage for any special risk that can be considered to be of national interest.

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Our broader strategic mandate as a state-owned entity is to make a positive contribution to transforming the financial services industry in line with the NDP to create a better, sustainable economic environment for all in South Africa.

Our purpose is to provide peace of mind through doing business in a responsible, disciplined, professional and well-governed manner. We also play a meaningful role in our society by offering products that will assist in the protection of assets in South Africa against potentially catastrophic special risk events. We are proudly South African and passionately committed to accelerating our company's growth and business transformation goals.



Refer to page 70 for more information on Sasria's corporate social investment.

OUR CAPITALS



FINANCIAL CAPITAL

The pool of funds available to Sasria to settle claims, pay suppliers, invest in technology, provide socio-economic development, pay taxes and dividends to the shareholder, make investments and maintain adequate levels of capital to meet current and future liabilities, as required by the regulator. We generate our own financial capital through gross written premiums and investment returns.



HUMAN CAPITAL

Our people's competencies and their commitment to Sasria's mandate and customers enable them to use their skills, knowledge, diversity and experience to improve our products, processes and customer-centric service delivery, and to contribute to fulfilling our strategic mandate.

The value we wish to deliver to our customers drives the selection, management and development of our people.



SOCIAL AND RELATIONSHIP CAPITAL

Our collaborative and transformative relationships with our stakeholders, including our shareholder, customers, agents, intermediaries, regulators, suppliers and citizens, enable us to deliver on our legislative and strategic transformation mandates. Our relationship with our stakeholders is based on mutual respect, shared norms and values, trust, transparency and upliftment.



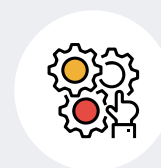
INTELLECTUAL CAPITAL

This capital comprises our intangible infrastructure through which we conduct our business and create value. This includes intangibles such as brand value, goodwill, software, rights and licences, and our tacit knowledge, systems, processes and protocols. Our knowledge includes our ability to price and manage risk. Our understanding of underwriting of special risk is unique. As the only special-risk insurer in South Africa, we are the experts in this area.



NATURAL CAPITAL

This refers to the natural resources impacted by our investment, risks insurance, claims settlement and procurement activities. We are also dependent on natural capital and ecosystem service flows for our investment risk and returns. Climate risk and extreme weather events present opportunities to expand our mandate for common good.



MANUFACTURED CAPITAL

This is our own infrastructure and the physical assets of our customers, which we insure against special risks. We aim to protect those assets from peril and maintain them should insurable events occurring.

OUR STRATEGIC FOCUS AREAS



SUSTAINABILITY

Despite the low growth in our economy and increased social unrest, our product remains affordable and valuable for our growing customer base and we are confident that we will continue to grow. Our capital and cost management remains prudent and we have a strong statement of financial position to support our future commitments in claims and growth initiatives. This is backed by good corporate governance to ensure sustainability.



CUSTOMER-CENTRICITY

We continue to improve our operational efficiencies to increase customer satisfaction. The claims rejection ratio remains negligible and turnaround times have improved markedly, creating a positive experience for the customer. Customers are at the centre of our business and strategy is set with our customers in mind. We want to remain relevant to our customers by delivering products and services that they require.



SOCIO-ECONOMIC IMPACT

New products are being rolled out to a broader customer base to achieve greater financial inclusivity through existing and new channels. Technology will play a significant role in making sure that we deliver these products efficiently. Sasria intends to continue achieving socio-economic impact through other streams, too, including supplier and enterprise development, skills development and graduate development programmes.



DIGITALISATION

Our well-advanced digitalisation journey is enabling us to:

- Devise cost-effective tools to understand our risk;
- Alleviate fraud by enabled identity, Companies and Intellectual Property Commission, bank account details for claims payments;
- Access new customers;
- Become closer to our customers;
- Increase efficiency through our new claims management system; and
- Grow our business.

With investment in technology and information comes investment in the right people with the right skills.

OUR STRATEGIC ENABLERS



CAPITAL MANAGEMENT

We preserve our capital and manage investments prudently to ensure long-term sustainability. This puts us in the foreground of governance among state-owned entities.



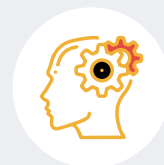
DISTRIBUTION CHANNELS

We develop our channels responsibly and sustainably, constantly reviewing and reinforcing our network of agents and adapting our product portfolio to close market gaps.



TALENT

We ensure that our employees are a strong, united and committed team, operating in a high-performance environment, focused on common goals and equipped through training and development to achieve them. We also prioritise attracting new blood to the company to further our growth plans and ensure a wide scope of expertise and skills for continued sustainability.



BUSINESS INTELLIGENCE

We invest in tools and information that allow us to meet the changing needs of our customers and prepare for influxes of new customers. These investments are underpinned by modern business enterprise systems and internal infrastructure.

OUR CORE VALUES

We endeavour to live up to our core values in all our dealings. They are:



FAIRNESS

treating all stakeholders impartially and with respect, recognising our accountability to them



ETHICS

conducting ourselves in a manner that is transparent and ethical, courageously doing what is right, honouring our commitments and communicating honestly



SERVICE EXCELLENCE

consistently applying our knowledge, experience and best efforts to deliver a relevant and professional service of an exceptional standard



COLLABORATION

engaging with our stakeholders, assuming positive intent, respecting diversity and working together to create uniformly positive outcomes



INNOVATION

applying thought and creativity to the application of new solutions

OUR PRODUCTS

Sasria is the only non-life insurer in South Africa, providing affordable, voluntary cover against special risks such as civil commotion, public disorder, strikes, riots and terrorism. Cover is available to any individual, business, government or corporate entity with assets in South Africa. We work through a network of agent companies and intermediaries that distributes our products on our behalf.

The company constantly reviews its product range to ensure its relevance and suitability. During 2020/21, we added an innovative, new option to our portfolio, F4, aimed at small and medium enterprises with a combined asset value from R500 000 to R2 million.

This product, delivered using existing platforms of selected Sasria agent companies, offers affordable special risk insurance to the uninsured without overburdening the customer with unwanted covers.

The development follows the identification with Sasria agents and associations in partnership, of a gap in the market for cover that is non-refusable and non-cancellable, making it available to all customers regardless of their risk profile. Sasria's agent may not refuse to insure customers and only the insured have the right to cancel the cover.



AFFORDABLE

We charge a standard premium rate per class of business. For example, Sasria cover on a private motor vehicle costs only R2 a month or R20 a year, regardless of the car's value. If the car is destroyed in a special risk event such as a protest, Sasria pays out the retail value of the vehicle.



VOLUNTARY

Our cover for special risk is not compulsory and is available to all customers who require it.



COVER

Our current product range offers R500 million primary cover at set rates in the following classes of insurance business: material damage (including motor and money), business interruption, construction and goods in transit. On request, we also provide our corporate customers with additional cover of up to R1 billion, called Sasria Wrap, which is subject to a separate rating structure.



IN SOUTH AFRICA

The special risk insurance cover is applicable only within South Africa's borders on both land and water. As the only insurer in South Africa that provides special risk cover, Sasria is not allowed to cancel, reject or decline cover, irrespective of the client's claims history or claims trends.

OPERATING PRINCIPLES

We conduct business in a responsible, disciplined, professional and well-governed way. Our operating principles are to:

- operate with a core staff complement;
- operate through an outsourced distribution network comprising agents and intermediaries;
- have sufficient reinsurance cover in place; and
- achieve optimal investment returns.

We also:

- identify the insurance needs of the public through research and development;
- conduct ourselves in a manner that promotes cooperation and mutual understanding and fosters good relationships with relevant third parties, agents, brokers and customers;
- develop and maintain a work environment that encourages employment equity and skills development; and
- establish a cooperative relationship with employees to achieve common goals of profitability and high performance.

INSURANCE INITIATIVES DURING 2020/21

In the previous financial year, the Insurance Operations Division joined forces with Santam in the Partnership for Risk and Resilience (P4RR) to assist municipalities to mitigate risks that could lead to insurance claims. This is aligned to Sasria's focus on equipping communities with tools to address concerns raised during engagement sessions.

During the review year, De Doorns area was identified as a hotspot for trucking claims and via the P4RR, a community risk-based assessment was conducted to understand the triggers for protest action that includes attacks on trucks.

In response to the clearly inadequate community facilities, a multipurpose youth centre was established in the area, equipped with laptop computers, internet connectivity and printing facilities. Sasria will fund the centre for a year, in the hope that it will be a catalyst for change. Its host of services includes health educations, lifeskills training and assistance with high-school projects, CV preparation and job hunting. In addition, a book writing course is presented by established authors, which will culminate in a published work telling the stories of the community's youth in their own words.

Sasria is also playing a leading role in the newly established Goods in Transit Forum, a strategic platform that will bring together freight industry, insurance and government stakeholders to identify and mitigate risks in this vital link of the R480 billion logistics chain.

The forum intends to safeguard the road freight industry from falling into deeper crisis through unresolved issues and initiate work and solicit input on the development of a white paper to be presented to industry stakeholders and ministries.

CREATING VALUE FOR ALL STAKEHOLDERS

MATERIAL ASPECTS INFLUENCING OUR DELIVERY

Material matters have the potential to affect Sasria's ability to create value over the short-, medium- and long term. This allows us to evolve our strategy and tailor our reporting to ensure it is aligned with the interests and needs of our audiences, as well as those of the company.

We address and report on these matters in the context of a constantly changing business environment and of the evolving needs of our customers.

Sasria's Executive Committee annually revisits and determines issues of importance and influence.

The committee looks at the relevance of each issue to value creation and Sasria's purpose, and its impact, both quantitative (ability to pay claims) and qualitative (reputational).

For 2020/21, a consultant was contracted to facilitate the material issue assessment process. This took the form of a materiality workshop attended by the Executive Committee and key internal stakeholders.

MATERIALITY DETERMINATION PROCESS



RESEARCH AND ANALYSIS

A list of potential issues was developed based on the review of:

- Previously identified material issues
- Risks and opportunities
- Stakeholder engagement
- Corporate reports
- Peer reports
- Prevalent industry and general economic issues
- Discussions with executive management



EVALUATE AND REVIEW

A materiality workshop was held with the Executive Committee and key internal stakeholders on 9 June 2021 to discuss and evaluate the risks and impact these material issues will have on Sasria.

As part of the workshop, a cross-check was performed against Sasria's strategic objectives, stakeholder issues, risks and capitals used to create value over the short-, medium- and long term.



CONFIRM THE KEY ISSUES

The risks identified were linked to Sasria's strategic output-oriented goals and then grouped into themes. This was undertaken to prioritise Sasria's material issues. The themes were categorised based on management's view of the potential impact that these issues have on Sasria.






















DISCLOSE

Apply and disclose the identified material issues in the integrated report.

Based on the discussions at the workshop, Sasria management overlaid information on global and sector trends with its view of stakeholder concerns, risks and strategic objectives. The common themes, in essence our material issues, are presented in the table below. In the table, we also show which of our stakeholders are affected by these issues and how we have taken cognisance of these issues in determining our key focus areas in the next strategic cycle.

The material issues below differ from those determined at the materiality workshop of 2020. 'Navigating change' and 'Risk and compliance' have made way for 'Establishing trust, capability, agility and presence' and 'Evolving special risk diversification.' 'Financial sustainability' has been refined to 'Sustainable growth'.

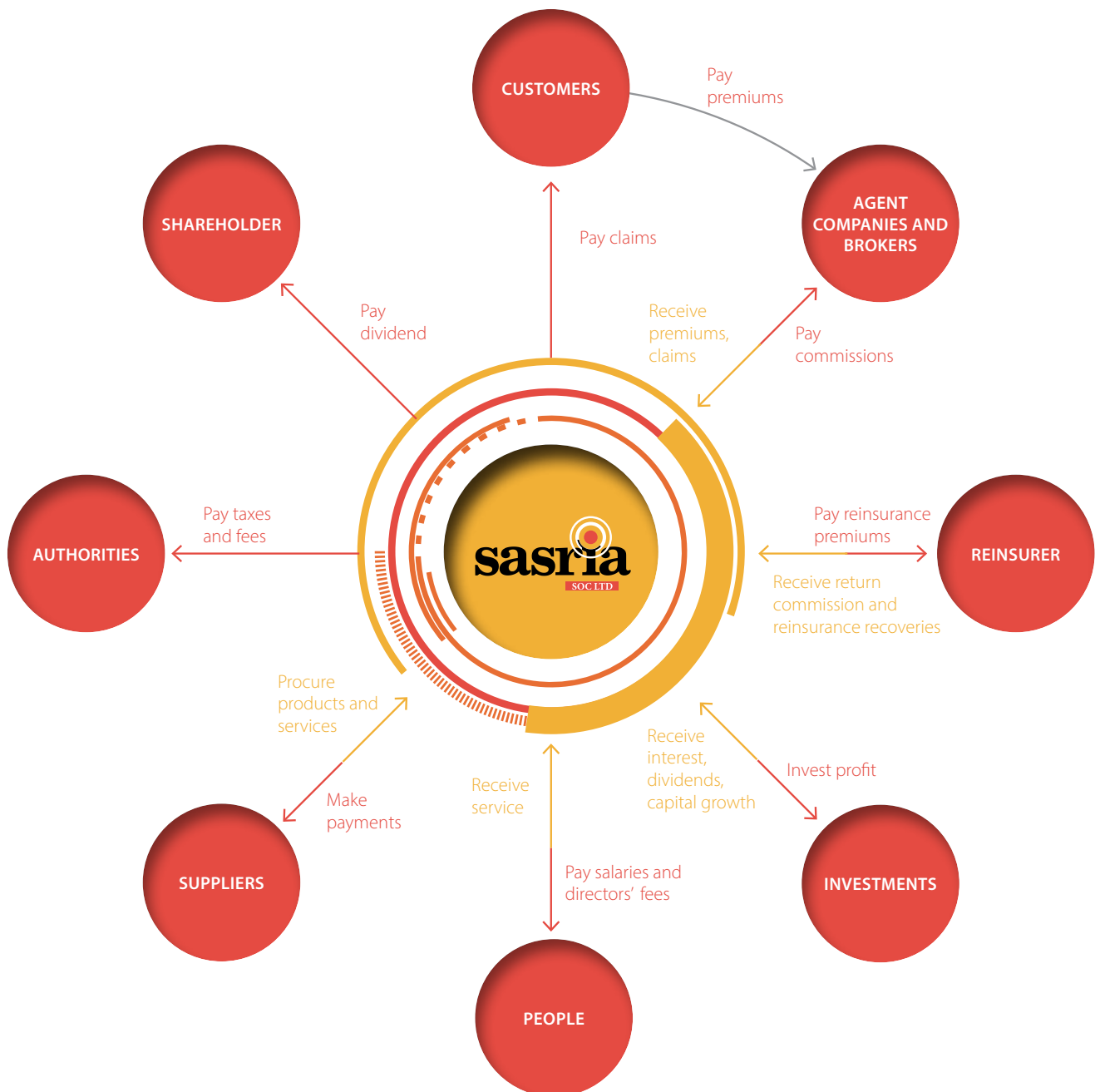
MATERIAL ISSUES	WHY THIS IS MATERIAL	STAKEHOLDERS AFFECTED	STRATEGIC FOCUS AREAS	STRATEGIC ENABLERS
Talent	<p>Talent is the key to the achievement of Sasria's goals. Attracting and retaining specialised skills and special risk experience are essential to strategy implementation. Sasria must be able to compete against the private sector for scarce insurance, actuarial, data and ICT skills and have the ability to develop skills internally. Ensuring appropriate depth and succession planning at leadership level is essential.</p> <p>Our competency framework allows us to acquire, develop and retain the skills that we need, now and in the future. Because organisational culture supersedes strategy, our culture transformation initiatives ensure that our environment is conducive to high performance, and that our people are engaged and motivated to deliver excellent performance.</p>	<ul style="list-style-type: none"> • Customers • Shareholder • Agents • Brokers • Employees • Industry bodies 	 CUSTOMER-CENTRICITY	 TALENT
Establishing trust, capability, agility and presence	<p>As the special risk leader in the insurance sector, Sasria must earn trust and demonstrate capability and service levels with all key stakeholders. Navigating change is key, as is a culture of agility to align with internal and external environment changes such as Covid-19 and manage new risks and regulations. Sasria must demonstrate a solid track record of sound governance, risk management and compliance capability.</p>	<ul style="list-style-type: none"> • Customers • Shareholder • Agents • Brokers • Industry bodies • Regulatory bodies • Media 	 SUSTAINABILITY	 BUSINESS INTELLIGENCE
Technology and digitalisation	<p>Digitalisation streamlines user experience and speeds up interaction between the business and its customers. It also results in better products and superior cost-efficiency. With emerging technologies such as big data and analytics, cloud computing, mobile devices, social media, internet of things, blockchain, machine learning and artificial intelligence changing the playground and rules of competition across industries, new technologies, business process re-engineering and culture transformation will continue to guide the Sasria journey to 2024.</p>	<ul style="list-style-type: none"> • Customers • Agents • Employees • Board • Industry bodies • Media 	 DIGITALISATION	 BUSINESS INTELLIGENCE
Socio-economic impact	<p>Making an impact on society and the economy means Sasria must lead innovation and solutions in its core business of special risk management, looking to proactive risk management approaches to special risk and participating in policy setting, while anticipating special risk trends.</p> <p>Our socio-economic investments reflect our intention of good corporate citizenship and our focuses are education for societal sustainability, industry skills development through learnerships, internships and leaders development, community upliftment and employee volunteerism.</p>	<ul style="list-style-type: none"> • Customers • Agents • Reinsurers • Employees • Regulatory bodies • Shareholder 	 SOCIO-ECONOMIC IMPACT	 TALENT

MATERIAL ISSUES	WHY THIS IS MATERIAL	STAKEHOLDERS AFFECTED	STRATEGIC FOCUS AREAS	STRATEGIC ENABLERS
Customer-centricity	<p>Sasria retains a strong focus on customer, intermediary and business partner needs and experience through understanding of products and anticipation of market needs and expectations.</p> <p>The ultimate aim is to serve customers in the best way and have a positive impact on the value chain through realising efficiencies.</p>	<ul style="list-style-type: none"> • Customers • Agents • Employees 	 CUSTOMER-CENTRICITY	 DISTRIBUTION CHANNELS  TALENT  BUSINESS INTELLIGENCE
Evolving special risk diversification	<p>This entails diversifying and expanding special risk and risk protection gap coverage to evolving areas, considering natural disasters, climate change impacts and cyber-attacks. It includes guiding policy in evolving risk areas and serving as a centre of excellence for special risk management.</p>	<ul style="list-style-type: none"> • Customers • Agents • Shareholder 	 CUSTOMER-CENTRICITY  SOCIO-ECONOMIC IMPACT	 BUSINESS INTELLIGENCE  DISTRIBUTION CHANNELS
Sustainable growth	<p>Key to Sasria's success is the ability to grow and sustain the business across all capabilities of relevance, purpose, brand awareness, customer base, balance sheet and risk management, and to achieve optimal scale and diversification relative to risk and value creation.</p>	<ul style="list-style-type: none"> • Customers • Agents • Industry bodies • Regulatory bodies • Media • Shareholder 	 SUSTAINABILITY	 BUSINESS INTELLIGENCE  DISTRIBUTION CHANNELS






The strategic focus areas and strategic enablers are described on page 14.

A BUSINESS MODEL FOR NOW AND THE FUTURE





SASRIA INPUTS, OUTPUTS AND OUTCOMES

	INPUTS	BUSINESS ACTIVITIES	TRADE-OFFS MADE	OUTPUTS
 <p>FINANCIAL CAPITAL</p>	<p>Gross written premiums R2 786 million (2019/20: R2 417 million)</p> <p>Investment income R806 million (2019/20: R257 million)</p>	<ul style="list-style-type: none"> • Sell products • Collect premiums • Pay commissions • Reinsure • Pay claims • Pay suppliers • Manage investments 	<p>Preserve capital or invest in the areas listed below:</p>	<p>Equity R8 358 million (2019/20: R6 958 million)</p> <p>Assets under management R9 584 million (2019/20: R8 528 million)</p> <p>Claims paid and cost of services R1 395 million (2019/20: R1 917 million)</p>
 <p>HUMAN CAPITAL</p>	<p>Employee remuneration R124 million (2019/20: R113 million)</p>	<ul style="list-style-type: none"> • Recruit • Train • Develop • Reward • Retain 	<ul style="list-style-type: none"> • Recruitment • Training • Remuneration 	<p>Staff complement 117 (2019/20: 104)</p> <p>Staff turnover 9.9% (2019/20: 11.70%)</p> <p>Vacancy rate 3.42% (2019/20: 12.50%)</p>
 <p>INTELLECTUAL CAPITAL</p>	<p>New systems and product development R40 million (2019/20: R10 million)</p>	<ul style="list-style-type: none"> • Research • Manage risk • Manage investments • Marketing 	<ul style="list-style-type: none"> • Knowledge • Customer satisfaction • Innovation • Brand value 	<p>Intangible assets R52 million (2019/20: R24 million)</p>
 <p>SOCIAL AND RELATIONSHIP CAPITAL</p>	<p>Dividend paid R102 million (2019/20: R nil)</p>	<ul style="list-style-type: none"> • Invest in corporate social activities • Improve financial literacy • Develop enterprises and suppliers • Pay taxes • Pay dividends 	<ul style="list-style-type: none"> • Financial skills • Transformation • Delivering on the mandate • Compliance 	<p>Socio-economic development R32 million (2019/20: R43 million)</p>
 <p>MANUFACTURED CAPITAL</p>	<p>Capital expenditure R1 million (2019/20: R12 million)</p>	<ul style="list-style-type: none"> • Invest in enhancements to existing IT infrastructure to support mobility and home-based work 	<ul style="list-style-type: none"> • Systems 	<p>Property and equipment R23 million (2019/20: R38 million)</p>
 <p>NATURAL CAPITAL</p>	<p>Carbon footprint (total usage: R824 879) Electricity consumption R694 414 Water consumption R128 395 Paper usage R2 070</p>	<ul style="list-style-type: none"> • Minimising electricity and water • Minimising paper use through digitalisation 	<ul style="list-style-type: none"> • The environment 	<p>Consumption Electricity: 243 537 Kw Water: 3 046 Kl</p>

KEY OUTCOMES 2020/21	CONSTRAINT AND RISKS TO THE AVAILABILITY OF KEY INPUTS	STAKEHOLDERS AFFECTED	STRATEGIC FOCUS AREAS	STRATEGIC ENABLERS
<ul style="list-style-type: none"> Financial stability: Sasria is self-funded Contribute to growth, development and transformation Increased shareholder value 	<ul style="list-style-type: none"> Incomplete and inaccurate revenue Inaccurate value added tax calculations Increased special risks Deterioration of investment markets 	<ul style="list-style-type: none"> Customers Agents Reinsurers Suppliers Employees Regulatory bodies Shareholder 	 SUSTAINABILITY	 CAPITAL MANAGEMENT
<ul style="list-style-type: none"> Qualified and engaged employees Enhanced employee experience High performance Dynamic leadership Strategic business objectives met 	<ul style="list-style-type: none"> Inability to attract and retain critical skills Inability to remain productive Inability to manage change Unconducive environment 	<ul style="list-style-type: none"> Customers Agents Employees Asset managers Shareholder Industry bodies 	 CUSTOMER-CENTRICITY	 TALENT
<ul style="list-style-type: none"> Improved customer satisfaction and increased revenue Responsible corporate citizenship Brand and social relevance Asset growth 	<ul style="list-style-type: none"> Core system failure Non-compliance with claims manual and procedures Market risk Credit risk Cybersecurity risk 	<ul style="list-style-type: none"> Customers Agents Employees Asset managers Industry bodies Media 	 DIGITALISATION	 BUSINESS INTELLIGENCE
<ul style="list-style-type: none"> Relationship with key stakeholders is improved An efficient state-owned entity that delivers on its mandate Skilled and professional sector Employment equity Employment opportunities 	<ul style="list-style-type: none"> Lack of policyholder data Failure to comply with regulatory requirements and governance codes 	<ul style="list-style-type: none"> Customers Agents Industry bodies Regulatory bodies Media SMMEs Shareholder 	 CUSTOMER-CENTRICITY  SOCIO-ECONOMIC IMPACT	 CAPITAL MANAGEMENT
<ul style="list-style-type: none"> Protecting policyholder assets Speedy restitution 	<ul style="list-style-type: none"> Core system failure 	<ul style="list-style-type: none"> Customers Agents Employees 	 DIGITALISATION	 DISTRIBUTION CHANNELS
<p>Doing no harm</p>	<ul style="list-style-type: none"> Increased special risks 	<ul style="list-style-type: none"> Customers Agents Employees Shareholder 	 SUSTAINABILITY	



The strategic focus areas and strategic enablers are described on page 14.

BALANCING IMPACTS AND TRADE-OFFS

FINANCIAL CAPITAL

- Financial capital is key to company sustainability and the foundation that drives all other activity in the corporate plan and strategy.
- Sasria aims to remain a going concern and to contribute positively to the fiscus.
- Sasria must be able to pay claims or it will become irrelevant in the market.
- Sasria needs to be able to collect premiums due from its distribution channels on time.
- Assets in the statement of financial position need to be protected and preserved to be sustainable and available to meet obligations. Cash and investments need to be managed to ensure that Sasria remains liquid and able to meet its obligations as they fall due e.g. the ability to pay suppliers on time.
- Investment decisions are paramount, as are aligning Sasria to the solvency needs of the regulator and protecting capital.
- Investment decisions are increasingly considering governance, social and environmental factors.
- Procurement decisions – right price, in line with governance requirements per National Treasury.
- Irregular fruitless and wasteful expenditure must be avoided.
- Expenditure on intellectual property means less funds to plough back, but not enhancing intellectual capital
- .may cause business stagnation.



HUMAN CAPITAL

- Continued focus on reward and recognition.
- Key is the ability to attract top talent from the market, develop and retain it.
- Sasria needs to identify critical roles and create plans to retain those roles.
- Change capability (linked to digitalisation) is needed to enable teams or functions to cope with organisational change.
- Skills enhancement has increased through effective use of digital platforms for learning.
- Nurturing the right culture is important to see the strategy through, i.e. living Sasria's values, ethical behaviour and mitigating reputational risks.
- Leadership capability and a different type of leadership will be needed for the future.



INTELLECTUAL CAPITAL

- Sasria is a special risk thought leader in the space of special risk.
- Scarce skills related to Sasria's unique business must be optimised and nurtured.
- Intellectual capital is linked to how Sasria operates and its ability to retain its operating licence.



SOCIAL & RELATIONSHIP CAPITAL

- Sasria's ethical leadership approach is working with internal stakeholders to ensure that business is conducted the right way and with the right people.
- This capital focuses on Sasria's culture and living the values in stakeholder engagement.
- Stakeholder relationship are core to Sasria's business model as the company relies on distribution channels and agents to collect its premiums and sell its products.
- A good relationship with the shareholder – the primary stakeholder – ensures Sasria is effective.
- Regular communication with the regulator ensures Sasria's continued licence to operate.
- Sasria takes social responsibility seriously through its corporate social investment programmes.



MANUFACTURED CAPITAL

- Sasria has developed tailored system enhancements to remain effective in special risk.



NATURAL CAPITAL

- Sasria is investigating opportunities to expand its mandate to accommodate extreme weather and natural disasters
- Environmental, social and governance considerations govern investment decisions by the specialised asset team.

OUR KEY RELATIONSHIPS







Stakeholder management is central to Sasria's operations and spans the entire value chain, from product development and distribution to revenue optimisation; from regulatory compliance to customer service.

A comprehensive stakeholder management framework is crucial in ensuring that stakeholders' needs, interests and expectations are thoroughly understood and consistently met. Stakeholders must derive true value from their association with Sasria. They must exit each interaction with a positive perception of and attitude towards the organisation.

Thus, our efforts are channelled into translating our knowledge of our customers into strategies that improve operational efficiencies, differentiate service and deliver through the most effective technology.

Developing and maintaining a brand that resonates with all stakeholders is key, as are upholding our sound governance culture, developing our staff and rewarding and recognising them, and investing in capacity building in the country through youth education.

Our key stakeholders, their needs and our responses to them are detailed in the table below.

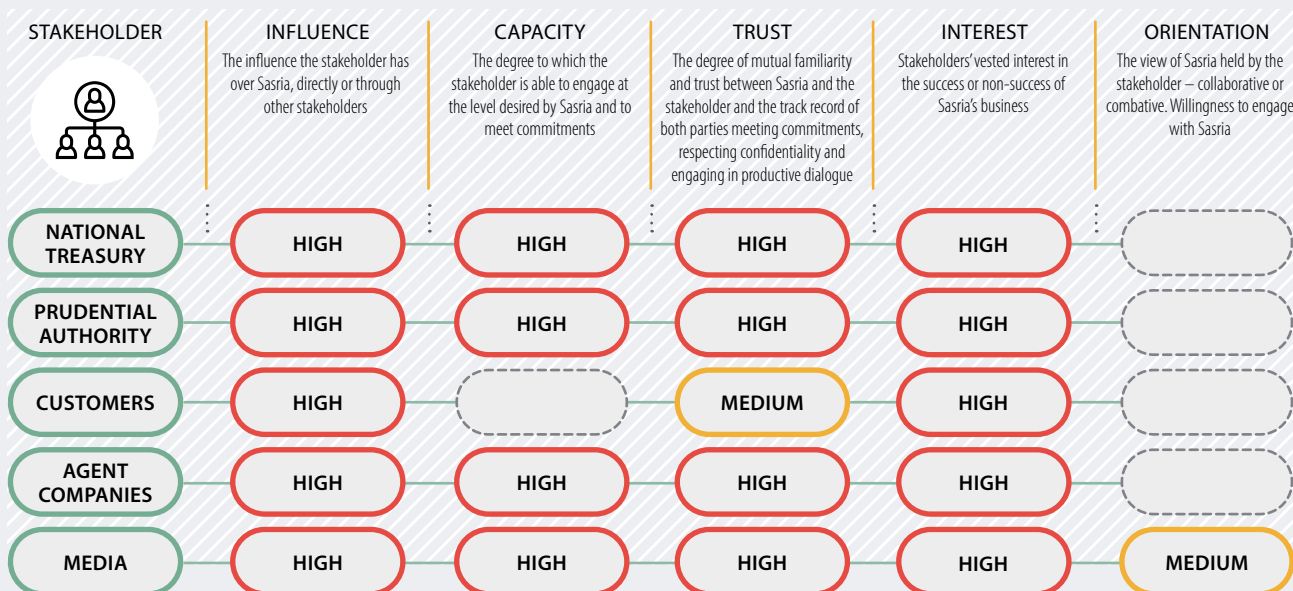
STAKEHOLDER	MATERIAL NEEDS	WHY THESE STAKEHOLDERS MATTER	HOW WE ENGAGE	OUR RESPONSE	STRATEGIC FOCUS AREAS	STRATEGIC ENABLERS
Shareholder	<ul style="list-style-type: none"> • Good corporate governance • Sasria's sustainability • The NDP • Economic and social transformation 	<ul style="list-style-type: none"> • Provide enabling environment for Sasria • Approve company strategy and other key documents • Provide support and guidance 	<ul style="list-style-type: none"> • Regular engagement • Reporting against strategic plans • Participation in public sector forums 	<ul style="list-style-type: none"> • Sound corporate governance practices • Contributing to transformation • Developing inclusive products 	 SUSTAINABILITY	 CAPITAL MANAGEMENT
Customers	<ul style="list-style-type: none"> • Brand awareness • Product satisfaction • Prompt claims settlement 	Influence company growth and sustainability	<ul style="list-style-type: none"> • Engage commercial customers • Consumer education • Monitor complaints • Monitor Ombudsman cases 	<ul style="list-style-type: none"> • Treating customers fairly/ service • Enhanced products/ relevant solutions • Efficient claims management • Communication plan • Insurance solutions 	 DIGITALISATION	
Future customers	<ul style="list-style-type: none"> • Access • Prompt claims settlement 	Instrumental in continued growth	<ul style="list-style-type: none"> • Market research • Consumer education • Monitor customer satisfaction 	<ul style="list-style-type: none"> • New products • Marketing plan 	 CUSTOMER-CENTRICITY	 BUSINESS INTELLIGENCE
Regulators (including Prudential Authority and FSCA)	<ul style="list-style-type: none"> • Compliance • Solvency • Market conduct 	<ul style="list-style-type: none"> • Regulations and monitoring enable us to do business • Power to deregister organisations for non-compliance 	<ul style="list-style-type: none"> • Strategic engagement • Regular meetings with the PA and FSCA 	<ul style="list-style-type: none"> • Zero tolerance to non-compliance • Sound corporate governance practices 	 SOCIO-ECONOMIC IMPACT	

STAKEHOLDER	MATERIAL NEEDS	WHY THESE STAKEHOLDERS MATTER	HOW WE ENGAGE	OUR RESPONSE	STRATEGIC FOCUS AREAS	STRATEGIC ENABLERS
Insurance industry bodies (including FIA and SAIA)	<ul style="list-style-type: none"> • Policy fees • Brand awareness • Product knowledge • Service 	Our growth strategy is dependent on them influencing their members	<ul style="list-style-type: none"> • Obtain feedback on products and services • Participate in industry forums 	<ul style="list-style-type: none"> • Policy fee review • Brand and product communication 	CUSTOMER-CENTRICITY	DISTRIBUTION CHANNELS
Media	<ul style="list-style-type: none"> • Information • Reputation 	Influence company brand and people's perceptions of the company	<ul style="list-style-type: none"> • Ad hoc interactions • Television and radio interviews • Articles on special risk 	<ul style="list-style-type: none"> • Media engagement • Strategic partnerships • Public relations management 	CUSTOMER-CENTRICITY	BUSINESS INTELLIGENCE
Employees Also refer to page 77.	<ul style="list-style-type: none"> • Sasria's sustainability • Development • Wellbeing • Retention • Reward 	<ul style="list-style-type: none"> • Enable us to achieve our strategies and goals • Power to influence our brand • Influence nature of work climate 	<ul style="list-style-type: none"> • Daily interaction • Talent management • Performance management • Wellness programme • Climate and 360° surveys 	<ul style="list-style-type: none"> • Employee value proposition • Talent management • Succession management • Fair remuneration • Conducive environment and culture • Change management 	CUSTOMER-CENTRICITY	TALENT
Agents and intermediaries	<ul style="list-style-type: none"> • Regulatory changes • Brand awareness • Product knowledge • Service 	<ul style="list-style-type: none"> • Influence company growth and sustainability • Influence customer product choice 	<ul style="list-style-type: none"> • Electronic and face-to-face interaction 	<ul style="list-style-type: none"> • Monitoring complaints and service levels • Product training • Insurance solutions 	CUSTOMER-CENTRICITY	DISTRIBUTION CHANNELS

Other significant stakeholders include asset managers, banks, reinsurers, socio-economic development partners and the South African public. The stakeholders above are those with a more direct impact on our business.

SASRIA STAKEHOLDER QUALITY RATING

Sasria sets criteria for identifying, analysing, mapping and prioritising stakeholders, which determine its approach to engaging stakeholders. The approach, logistics and engagement mechanisms are determined according to the rating for each stakeholder. Below are the ratings for the top five stakeholder groups.



OUR LEADERSHIP

Oversight of Sasria's activities rests in the hands of a primarily non-executive, independent Board comprising 50% female members, and with a diverse range of skills and expertise to ensure the company operates optimally. A succession plan facilitates early identification of candidates and on-boarding of both youth and experience.

Our directors have varied skills and business experience in insurance, risk management, actuarial, financial, human capital and strategic leadership. The composition of the Board of Directors is based on principles of transformation and gender representation and also takes into consideration South Africa's diverse society.

BOARD OF DIRECTORS

The Board is responsible for Sasria's strategic direction and adherence to sound ethical business practices and governance processes while safeguarding the interests of the stakeholder. The Board provides the strategic direction, while the Managing Director, assisted by the Executive Committee, is accountable to the Board for implementing the strategy.

Sasria has a delegation of authority that provides an approval framework to ensure that it is optimally managed in a decentralised management environment. The Board delegates the power to run the day-to-day affairs of the company to the Managing Director, who may delegate some of these powers. The delegation of authority policy codifies and regulates any such delegation of authority.

Twelve Board members are non-executive directors, 11 independent. At year-end, there were two executive directors, the Managing Director and the Finance Director.

The Board is balanced in gender, race, age and experience, and sufficiently capitalised in core and critical skills such as insurance, reinsurance, financial, risk, actuarial, investment, leadership, governance and human capital. A Board succession plan guides the orderly rotation of directors that preserves the core skills required of the Board at any time.

The plan calls for early identification of suitable candidates, on-boarding a mix of youth and experienced directors and rotation of responsibilities in the committees to develop and enhance directors' experience and exposure. The succession plans for the Managing Director and the Finance Director are also approved.

The Board has delegated specific functions to committees to assist in oversight. This ensures that Sasria's activities are managed in a manner consistent with its ethical leadership and values. All committees are chaired by independent non-executive directors.

During the past year, the Board:

- approved new and revised policies reserved for Board approval;
- approved the going concern statement contained in the 2020/21 integrated report;
- approved the own risk and solvency assessment results; and
- monitored the second year of implementation of the 2020 to 2024 strategic plan.

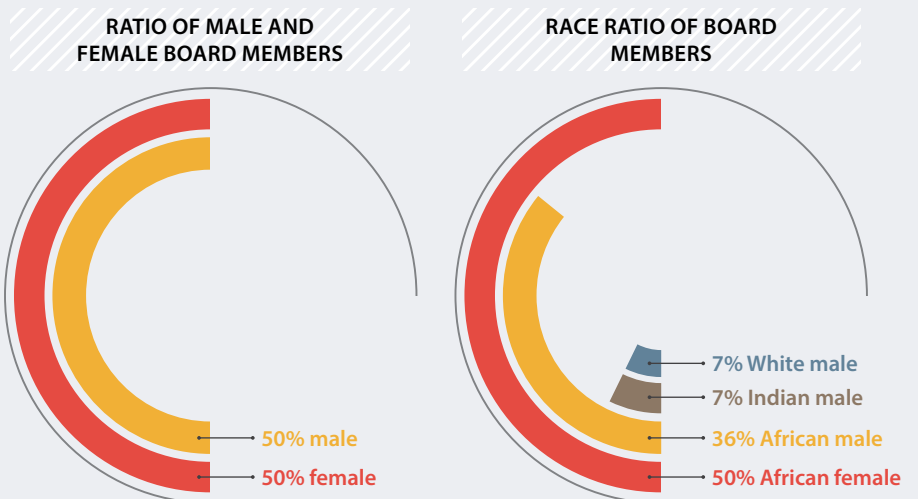
During the coming year, the Board will monitor the fast-tracking of claims arising from the civil unrest of mid-2021 to assist policyholders to rebuild their infrastructure and restore their livelihoods.

To keep the company sustainable, the premium rates on some lines of business will be increased, and additional reinsurance and recapitalisation undertaken.

The Board will also focus on the continued implementation of the new five-year strategy of the company.

BOARD DEMOGRAPHICS

Board of Directors members are profiled below:



BOARD MEMBER PROFILES



MOSS NGOASHENG (63)

BA (Economics and International Politics) BSocSci Hons (Industrial Sociology) MPhil (Development Studies)

CHAIRPERSON AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Moss is an economist who was an economic adviser in the South African Presidency from 1995 to 2000. He consulted to the World Bank and National Housing Forum on economic policy in South Africa.

Moss is currently CEO and deputy chairman of investment holding company Safika Holdings, which he co-founded. He is also the chairman of Investec Property Fund, a listed REIT, and serves on the boards of Sephaku Holdings, the Nelson Mandela Children's Hospital and the Nelson Mandela Children's Fund.



ONKGODITSE MOKONYANE (34)

BSc Hons MCom Actuarial Science AMASSA

DEPUTY CHAIRPERSON AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Onkgoditse is a qualified actuary and Discovery Insure head of strategy responsible for the execution of strategic initiatives and head of value added and ancillary products, a key focus unit for the business. She serves as a trustee on the board of the Nelson Mandela Children's Fund.

Onkgoditse is a past president of the Association of South African Black Actuarial Professionals. Before then, she was founding chair of the Actuarial Women's Committee, which ensures that gender equality and inclusivity are prioritised in the profession and in industries in which actuaries work.



CHRISTIAAN VAN DYK (55)

BSc Actuarial Science FFA FASSA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Christiaan's career spans three decades. He is a Fellow of the Faculty of Actuaries in Scotland and the Actuarial Society of South Africa. He has worked with Natsure, Momentum Wealth and Metropolitan Life. He is currently group CEO of Assupol.



JAPHTALINE MANTUKA MAISELA (66)

Masters in Management PGD Management Production Management (Japan) Executive Development Programme (Wharton Business School)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mantuka has considerable experience as a human resources executive and has contributed extensively to transformation in South African businesses and pension funds. She has served on many boards, including Air Traffic and Navigation Services, Murray & Roberts, the Motor Industry Bargaining Council, the National Consumer Council, South African National Parks and the World Petroleum Council.

Since 2017, Mantuka has been chairperson of the Eskom Pension and Provident Fund, where she was instrumental in the transformation of the fund in terms of black-owned, especially women-owned, asset managers. She is also a trustee of the Motor Industry Fund and the Government Employees Pension Fund.



REGINALD HAMAN (47)

MBA PDBA NHD Diploma in Company Direction Executive Programme

INDEPENDENT NON-EXECUTIVE DIRECTOR

Reginald is an experienced business executive with extensive knowledge and qualifications in business strategy, corporate and business planning, corporate governance, risk management, assurance (internal audit and forensics), regulatory compliance, corporate insurance, business sustainability (environment, social and governance) and general management in various sectors. In addition, he has extensive experience as an independent non-executive director or member of various boards, audit and risk and other board committees.

Reginald is group corporate services officer at Aspen Pharmacare.



MOIPONE RAMOIPONE (39)

National Diploma and BTech Public Finance and Accounting Registered Government Auditor

NON-EXECUTIVE DIRECTOR

Moipone is a member of the Southern African Institute of Government Auditors. She is director: governance monitoring and compliance in the Office of the Accountant-General at National Treasury, in which capacity she improves implementation of the PFMA.

She is currently studying for a Postgraduate Diploma in Business Administration.

Moipone represents National Treasury on the Board of Sasria.

BOARD MEMBER PROFILES (CONTINUED)



REFILWE MOLETSANE (50)

B Juris MAP B Hons Insurance and Risk Management

INDEPENDENT NON-EXECUTIVE DIRECTOR

Refilwe has 27 years' experience in insurance. She served as deputy CEO of the South African Insurance Association (SAIA), where she was responsible for the insurance industry's motor insurance, legal and compliance portfolios. She joined American Insurance Group South Africa in July 2010 as country compliance officer. In 2013, she was appointed compliance leader for Africa responsible for South Africa, Kenya and Uganda, and Middle East and Africa regional head of compliance in 2018. She was also instrumental in the insurance industry's legislation and regulations debates under the Parliamentary Portfolio Committee of Finance until June 2010.

Before joining SAIA in 2007, Refilwe held various portfolios at Hollard Insurance.

She is currently head of compliance at AIG.



ENOS NGUTSHANE (64)

M Public Administration (Liverpool) Postgraduate Diploma Administrative Studies

INDEPENDENT NON-EXECUTIVE DIRECTOR

Enos is a leader in local government, occupational health and safety and risk management, and an expert in leadership, corporate governance, public policy, change management and transformation. He provides thought leadership in organisation development, employment equity, public transport, pension fund governance and investment. He was a trustee and chairperson of the Passenger Rail Agency of South Africa Provident Fund for 17 years.

Enos is currently president of the Institute of Retirement Funds Africa.



DR NOLWANDLE MGOQI-MBALO (50)

BA MSc PhD

INDEPENDENT NON-EXECUTIVE DIRECTOR

Nolwandle has domestic and African experience in strategy development, implementation and monitoring, product development, sales and distribution, marketing and people management in both start-up and growth organisations across short-term insurance, life insurance and group schemes, employee benefits and asset management businesses.

She has a strong track record in increasing sales and growing bottom lines while spearheading operational improvements and driving change in businesses.

Nolwandle is currently chief executive: insurance at Standard Bank.


SATHIE GOUNDEN (62)

BCompt CTA CA(SA) Harvard Business School Executive Leadership Development Programme

INDEPENDENT NON-EXECUTIVE DIRECTOR

Sathie has extensive auditing, accounting, forensics, consulting and tax experience. He is an expert in financial reporting using IFRS and GAAP, with strong ethical and professional values. In addition, he is well versed in risk management, the PFMA and Treasury Regulations, King IV, the Companies Act and BBBEE.

He is a past CEO of Gobodo Inc and past president of the national board of the Association for the Advancement of Black Accountants of Southern Africa.

Currently, Sathie is audit committee chairman of the South African Revenue Service and the National Home Builders Registration Council and serves on other boards.


MARGARET MOSIBUDI PHIRI (47)

CA(SA)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Margaret is managing director of Mohale Seoka Consulting. Her expertise spans external audit, internal audit, investigations, financial statement preparation and review, probity audit, board evaluations, internal financial control and risk management, technology and information governance and corporate governance.

She worked at the Auditor-General of South Africa for 20 years and has a good understanding of the PFMA, MFMA, GRAP, IFRS, Municipal Systems Act, supply chain management, National Treasury Regulations and practice notes, Preferential Procurement Policy Framework Act, BBBEE, Skills Development Levy Act and corporate governance principles. Margaret serves on numerous boards and audit committees.


DESMOND MARUMO (61)

LLM (Corporate Law) Higher Certificate Intellectual Property Law

INDEPENDENT NON-EXECUTIVE DIRECTOR

Desmond is a qualified legal administration professional with extensive experience in drafting and advising on collateral securities on loans, mergers and acquisitions as well as judicial management. He has lectured and delivered papers on intellectual property and has represented South Africa in various countries.

Desmond is a past chief operating officer of the Companies and Intellectual Properties Commission and currently an executive director of DMC, a consultancy specialising in private-public partnerships and intellectual property.

BOARD MEMBER PROFILES (CONTINUED)



CEDRIC MASONDO (53)

BCom FIISA AMLP (Oxford, Saïd Business School)

MANAGING DIRECTOR EXECUTIVE DIRECTOR

Sasria's Managing Director, Cedric Masondo, was appointed in 2011 and reappointed in May 2018 for a further five-year term, ending April 2022. He is the chairperson of SAIA.

Cedric has more than 25 years' leadership experience, working at Allianz, XL Capital and Alexander Forbes before joining Sasria.



BAJABULILE MTHIYANE (48)

BCom Hons CA(SA) AMP (Harvard Business School)

FINANCE DIRECTOR EXECUTIVE DIRECTOR

Bajabulile joined Sasria in May 2018 and was appointed executive director in June 2018. She has more than 25 years (1996 to 2021) of progressively diverse experience in finance and business operations and has served on various boards, including as a non-executive director and audit and risk committee chairperson at the Airports Company of South Africa, Eskom, Union Life and Nestlife. Her current responsibilities include statutory reporting, investments, capital management and procurement.

EXECUTIVE COMMITTEE



CEDRIC MASONDO (53)

BCom FIISA AMLP (Oxford, Saïd Business School)

MANAGING DIRECTOR

Cedric was appointed Managing Director in July 2011 after serving as Executive Manager: Underwriting. Before joining Sasria, he was responsible for all public enterprise business at Alexander Forbes Cre8. Cedric has more than 26 years' experience, both locally and internationally, in the short-term insurance industry.

Role: Executive leadership and implementation of strategy.



BAJABULILE MTHIYANE (48)

BCom Hons CA(SA) AMP (Harvard Business School)

FINANCE DIRECTOR

Bajabulile kick-started her career at Deloitte. In her CFO and financial leadership roles at South African Port Operations, Unilever SA and Hewlett Packard SA, she demonstrated her ability to increase efficiencies while improving profitability and cash flows. She has served on various boards, including as a non-executive director and audit and risk committee chairperson for ACSA and Eskom.

Role: Finance, capital management, statutory reporting, investment and procurement.



FAREEDAH BENJAMIN (48)

EXECUTIVE MANAGER: INSURANCE OPERATIONS

Fareedah joined Sasria as Executive Manager: Insurance Operations in March 2017. She has more than 21 years' experience in the short-term insurance industry.

Role: Claims, underwriting and reinsurance.

EXECUTIVE COMMITTEE (CONTINUED)



MZIWOXOLO MAVUSO (49)

BProc LLB GMP GEDP

EXECUTIVE MANAGER: GOVERNANCE AND COMPANY SECRETARIAT

Mzi was appointed Executive Manager: Governance in December 2014, having served as Senior Manager: Governance and Company Secretary since June 2011. Previously he was company secretary for the Eastern Cape Development Corporation.

Role: Legal, compliance and company secretariat.



SAM NKOSI (51)

Digital Transformation and Strategy (HBS) CIO Academy (Saïd Business School) ITIL (BCS) HDip BS (IBS) MSc IS (Leeds Beckett University)

EXECUTIVE MANAGER: BUSINESS CHANGE AND TECHNOLOGY

Sam joined Sasria in July 2017 from the Auditor-General of South Africa where he was a chief information officer. He gained extensive experience at Barclays Africa Group (Absa), Fujitsu, South African Revenue Service, Wincor Nixdorf in the United Kingdom and the State Information Technology Agency. His career started at Investec.

Role: Information systems, technology and business change.



SUZANNE HARROP-ALLIN (42)

BCom Hons (RAU) CA(SA), SEPA (Harvard Business School)

CHIEF RISK OFFICER

Suzanne joined Sasria in October 2013 from PricewaterhouseCoopers where she was a senior manager in the financial services insurance and investment management divisions.

Role: Risk management, quality assurance, actuarial services and risk intelligence.



TSHEPISO CHOCHO (41)

BA Hons MMDP

EXECUTIVE MANAGER: PEOPLE MANAGEMENT

Tshepiso was appointed Executive Manager: People Management in February 2019 after having worked as Human Capital Manager at Sasria since May 2015.

Role: Human capital, corporate social investment and facilities.



MUZI DLADLA (40)

Management Advanced Programme in Economics (Wits Business School), Management Development Programme in Business Management (University of Pretoria), MBA (Henley Business School).

EXECUTIVE MANAGER: STAKEHOLDER MANAGEMENT

Muzi joined Sasria in June 2021, bringing with him 20 years' managerial and executive experience in areas such as risk, underwriting, and sales and marketing. A highly driven strategic thinker, he has applied his skills across the value chain in non-life and life insurance.

Role: Stakeholder management, marketing and communications and business development.

THE ROAD TO VISION 2024

Our current five-year strategic cycle covers the years 2020 to 2024, as per National Treasury guidelines.

Sasria has set clear focus areas to continue its growth trajectory within the risks and opportunities of the marketplace. We will continue in our endeavour to add value to an extending array of stakeholders.

We hope to increase the ambit of our mandate and the impact on the NDP even further.

STRATEGIC FRAMEWORK

Sasria's strategy is a continuation of the strategy started in 2009, which aimed to transform the organisation into a well-governed,

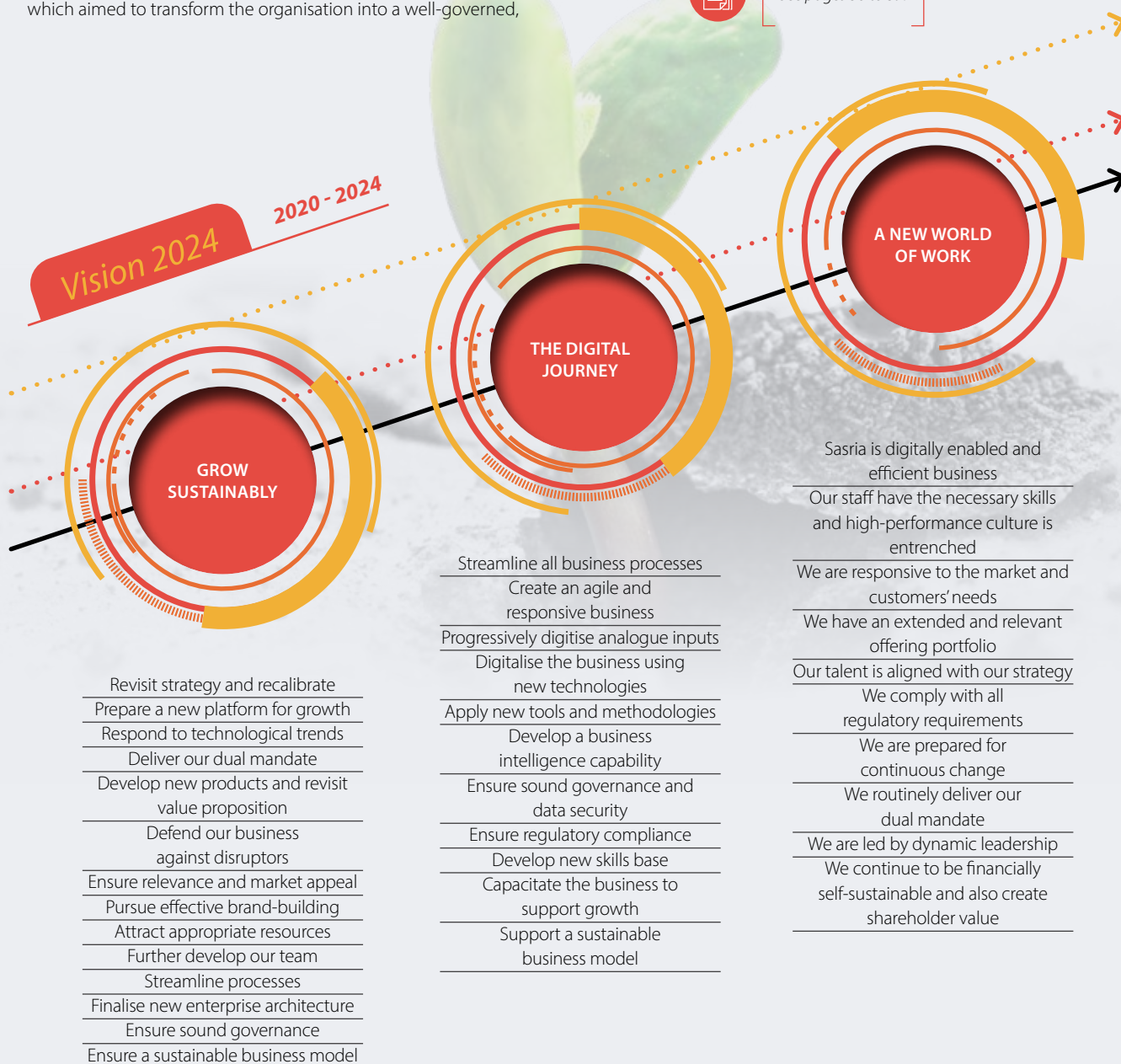
self-sustainable, efficient, innovative special risk company for the citizens of South Africa.

Sasria's strategic framework for the period 2020 to 2024 is portrayed below and illustrates the inter-relationship between vision, mission and strategic focus areas.

The vision will be achieved by addressing each of the strategic objectives under the strategic focus areas, assisted by the strategic enablers.



See pages 38 to 39.







DRIVERS OF CHANGE

South Africa is a unique operating environment with unique challenges, including a persistently ailing economy, rising unemployment, chronic inequality and unsettling incidents of public unrest and business continuity disruption. In addition, state-owned enterprises have a poor performance and accountability track record.

To ensure optimal performance, maintain the standards required of a responsible corporate citizen and operate to the highest environmental and social responsibility standards, Sasria follows a robust strategy based on the strategic drivers, focus areas and goals detailed below:

STRATEGIC OUTCOME-ORIENTED GOALS

KEY DRIVERS OF CHANGE	STRATEGIC FOCUS AREAS	STRATEGIC GOALS
<ul style="list-style-type: none"> National economic underperformance Need for transformation Need for enterprise and supplier development 	 <p>SUSTAINABILITY</p>	<p>Ensuring sustainable growth by:</p> <ul style="list-style-type: none"> Creating cross-sectoral partnerships and collaboration to exploit synergies and new opportunities in previously underserved segments; Potentially outsourcing non-strategic functions; and Creating new distribution channels.
<ul style="list-style-type: none"> Cross-sectoral customer demands Demand from SMMEs for new products Demand for special risk insurance due to natural disasters or pandemics 	 <p>CUSTOMER-CENTRICITY</p>	<p>Ensuring sustainable growth by:</p> <ul style="list-style-type: none"> Developing a segmented portfolio of relevant, affordable and accessible products, incorporating dynamic pricing models and bundled offerings, as well as relevant products for new sectors, e.g. agriculture. Ensuring that Sasria's people are aligned with and sensitive to customer needs within an enabling organisation structure and culture.
<ul style="list-style-type: none"> Increasing social pressure Financial services skills and capacity shortfall High unemployment and growing inequality 	 <p>SOCIO-ECONOMIC IMPACT</p>	<p>Ensuring significant socio-economic impact by:</p> <ul style="list-style-type: none"> Balancing premium growth against affordability and inclusion; Contributing to enterprise and supplier development; Building extended capacity and capability in the financial sector; and Being mindful of its environmental, social and governance responsibilities.
<ul style="list-style-type: none"> Increasing claims volumes Customer demands for speed and efficiency Efficiency gains through technology Data analytics opportunities New business models, channels and platforms 	 <p>DIGITALISATION</p>	<p>Adopting and leveraging fit-for-purpose technologies by:</p> <ul style="list-style-type: none"> Managing or reducing costs through the automation of repetitive processes; Creating a sound basis for analytical and predictive capabilities; Exploring new data monetisation opportunities; Creating targeted distribution platforms; and Mitigating risk.

CREATING A BETTER FUTURE

Sasria's work is not just for the now. The company takes a long-term view of societal and environmental needs and the country's ability to meet them, which will determine the health of communities and, ultimately, the strength of the economy and South Africa's global competitiveness. In this chapter, we consider our contributions to national and international imperatives targeted at meeting the most pressing challenges facing mankind.








OUR LONG-TERM CONTRIBUTION TO THE SDGS AND THE NDP




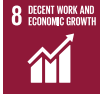






Sasria's mandate to protect the assets of all in South Africa against special risk and assist the country to attract and retain foreign investment is achieved through guaranteed special risk insurance cover at reasonable cost, irrespective of the political risk in South Africa.

The 2030 Agenda for Sustainable Development and the 17 associated Sustainable Development Goals (SDGs) balance economic, social and environmental elements.




The National Development Plan (NDP), launched in 2012, is South Africa's blueprint to eliminate poverty and reduce inequality by 2030. It seeks to unite South Africans, grow an inclusive economy and build capabilities.

Sasria's contribution to achievement of SDGs and NDP priorities is detailed below:

STRATEGIC FOCUS AREAS	STRATEGIC ENABLERS	SDG OUTCOMES	NDP OUTCOMES	SASRIA'S CONTRIBUTION
 SUSTAINABILITY	 CAPITAL MANAGEMENT	 9 INDUSTRY INNOVATION AND INFRASTRUCTURE Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	<ul style="list-style-type: none"> An efficient, competitive and responsive economic infrastructure network 	<ul style="list-style-type: none"> Investing profits responsibly and developing infrastructure Special construction risk insurance Investing profits responsibly Schools infrastructure development programmes Donation of technology tools and data to schools
		 11 SUSTAINABLE CITIES AND COMMUNITIES Make cities and human settlements inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> Create a better South Africa and contribute to a better and safer Africa in a better world All people in South Africa are and feel safe 	<ul style="list-style-type: none"> Instilling investor confidence Guaranteeing that all claims will be paid Instilling an ethical culture in Sasria
		 17 PARTNERSHIPS FOR THE GOALS Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development	<ul style="list-style-type: none"> An inclusive and responsive social protection system A diverse, socially cohesive society with a common national identity 	<ul style="list-style-type: none"> Affordable non-life insurance Contributing to growth and transformation Developing asset managers Research
	 TALENT	 4 QUALITY EDUCATION Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> Quality basic education A skilled and capable workforce to support an inclusive growth path 	<ul style="list-style-type: none"> Support for maths programmes Sasria bursary scheme Learnership programmes SAADP Graduates and interns Consumer education on the benefits of financial inclusion and insurance Industry youth programmes Industry leadership development

STRATEGIC FOCUS AREAS	STRATEGIC ENABLERS	SDG OUTCOMES	NDP OUTCOMES	SASRIA'S CONTRIBUTION
		 <p>Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> Economic infrastructure Inclusive rural economy Healthcare for all Building safer communities 	<ul style="list-style-type: none"> Attracting and promoting women in the workplace and in industry programmes, and supporting businesses owned by women in our procurement process
 <p>CUSTOMER-CENTRICITY</p>	 <p>DISTRIBUTION CHANNELS</p>	 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> Decent employment through inclusive economic growth 	<ul style="list-style-type: none"> Ensuring job continuity Paying loss-of-income claims Restoring liquidity Developing financial sector skills Socio-economic development initiatives Talent management
 <p>SOCIO-ECONOMIC IMPACT</p>		 <p>Reduce inequality within and among countries</p>	<ul style="list-style-type: none"> Economy and employment Social protection Building safer communities Nation building and social cohesion 	<ul style="list-style-type: none"> Contributing to transformation Enterprise development Supplier development Preferential procurement Contribution towards education and skills development
		 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> An efficient, effective and development-oriented public service A responsive, accountable, effective and efficient developmental local government system 	<ul style="list-style-type: none"> Contributing to the fiscus of South Africa Dividends and taxation Disciplined state-owned enterprise Delivering on the mandate profitably Researching special perils Strong governance culture New business initiatives
 <p>DIGITALISATION</p>	 <p>BUSINESS INTELLIGENCE</p>	 <p>Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> Economic infrastructure Environmental sustainability and resilience 	<ul style="list-style-type: none"> Research into climate-related perils

In addition, Sasria's CSI projects make a contribution to the following goals

SDG OUTCOMES	NDP OUTCOMES	SASRIA'S CONTRIBUTION
 <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<ul style="list-style-type: none"> Vibrant, equitable and sustainable rural communities contributing to food security for all 	<ul style="list-style-type: none"> Food parcels during the Covid-19 pandemic, benefitting 9 657 families
 <p>Ensure availability and sustainable management of water and sanitation for all</p>	<ul style="list-style-type: none"> Economic infrastructure Environmental sustainability and resilience Transforming human settlements 	<ul style="list-style-type: none"> Sanitation and ablution facilities
 <p>Make cities and human settlements inclusive, safe, resilient and sustainable.</p>	<ul style="list-style-type: none"> Economic infrastructure Environmental sustainability and resilience Transforming human settlements Building a capable and developmental state 	<ul style="list-style-type: none"> Participated in the building of houses

GROUND-LEVEL OPPORTUNITIES

Severe weather patterns, dry conditions and drought play havoc with agriculture production, leading to food scarcity, lower spending on non-food items and inflation.

The South African agricultural insurance market has contracted markedly in recent years through poor results. Only three of about 81 general insurers offer crop and livestock insurance products, with limited reinsurance capacity. This insurance offering is largely for commercial farmers and there are no specific products designed for the smallholder farming community.

The crop and livestock insurance market has traditionally served the risk transfer needs of commercial farmers and currently, only one agricultural insurer offers a product aimed at smallholder farmers, providing only livestock mortality cover. As a result, market penetration of agricultural insurance to smallholder farmers is lower than 2%. The hectareage covered has reduced by more than 50% since 2010, threatening food security.

The loss experience in this market has been so extreme and unstable that primary insurers have derisked from the market, with two of the largest insurers having quit the market in the last six years. There is a real risk that reinsurers will reduce their capacity.

These trends threaten commercial and smallholder farming production, with financiers finding it increasingly difficult to disburse approved loans due to the diminishing capacity availability of crop insurance.

Stepping into a natural risk gap

Sasria is working with SAIA to assess this market challenge and propose a sustainable and long-term solution for the natural risk market. Research and studies involving World Bank, National Treasury and the Department of Agriculture, Land Reform and Rural Development have established that South Africa does not have proactive inclusive risk management mechanisms to reduce reliance on disaster relief, with its accompanying delays.

A proposed sustainable approach is a centralised insurance pool that can be incorporated and mandated to insure crop and livestock insurance products exclusively for commercial and smallholder producers, particularly against drought, the biggest natural risk peril South Africa faces.

RESPONSIBLE INVESTING FOR SUSTAINABLE RETURNS

Sasria maintained its status as a signatory to the United Nations Principles for Responsible Investing (UNPRI), which encourage signatories to become responsible investors by incorporating environmental, social and governance (ESG) factors into investment decisions and processes. Sasria has endorsed the Code for Responsible Investing in South Africa (CRISA) since 2012. We recognise that the generation of long-term sustainable returns is dependent on stable, well-functioning and well-governed social, environmental and economic systems. Responsible investing is an approach to investments that explicitly acknowledges the relevance to the investor of ESG factors, and the long-term health and stability of the market. Sasria lives up to the principles in the following ways:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes

Our external managers are signatories to UNPRI and entrusted with our funds to deliver long-term sustainable returns by taking ESG issues into account. Sasria rigorously investigates and reviews external asset managers' approach to responsible investing through biannual due diligence meetings.

Our external investment managers undergo a stringent appointment process, which incorporates the review of their investment philosophy and processes. We encourage academic enrolment.

Principle 2: We will be active owners and incorporate ESG issues into ownership policies and practices

Asset managers act in a fiduciary capacity, upholding stewardship of the assets they manage on our behalf. We monitor the proxy voting activity on the portfolio quarterly.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest

Our external managers disclose their proxy voting results on their websites. Some of our external asset managers also share their responsible investing policy on their websites.

Principle 4: We will promote acceptance and implementation of the principles within the investment industry

We include a mandatory requirement in requests for proposals for bidders to be UNPRI signatories, encouraging them to adhere to UNPRI standards. We engage with our external managers on various ESG issues to ensure a responsible approach to asset stewardship.

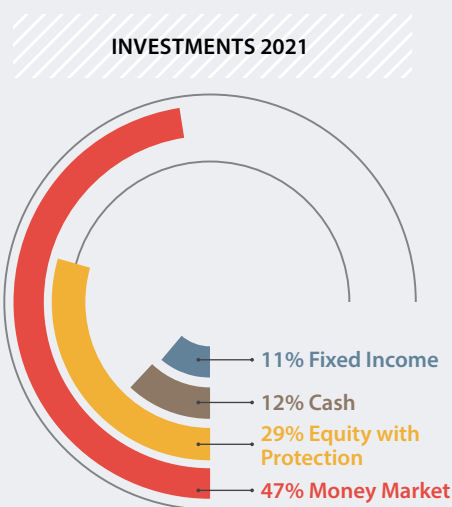
Principle 5: We will work together to enhance our effectiveness in implementing the principles

Sasria is an active member of the UNPRI South Africa network, having participated in both local and global conferences. Some of our external managers are founding members of CRISA.

Principle 6: We will report on our activities and progress towards implementing the principles

We engage with asset consultants to perform a benchmarking exercise on the investment portfolio. This is used as a tool to engage with managers. We report annually on our responsible investing activity.

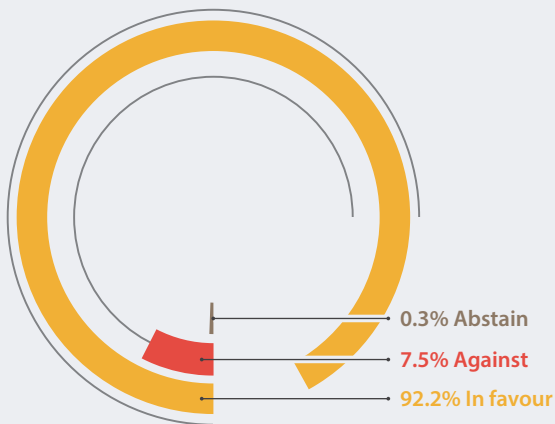
OUR INVESTMENT PORTFOLIO SPREAD



PROXY VOTING 2020/21

Sasria voted on 1 288 resolutions during 2020/21 and 39 companies were engaged. The company delegates its shareholder voting rights to external asset managers who are well-positioned to take on proxy-voting responsibilities and have proxy voting guidelines and policies in place. The external managers perform their fiduciary responsibilities by supporting decisions that will maximise the long-term value of publicly listed companies in which Sasria invests. Proxy voting allows Sasria to exert influence on publicly invested companies and external managers are required to report quarterly on proxy votes cast on behalf of Sasria.

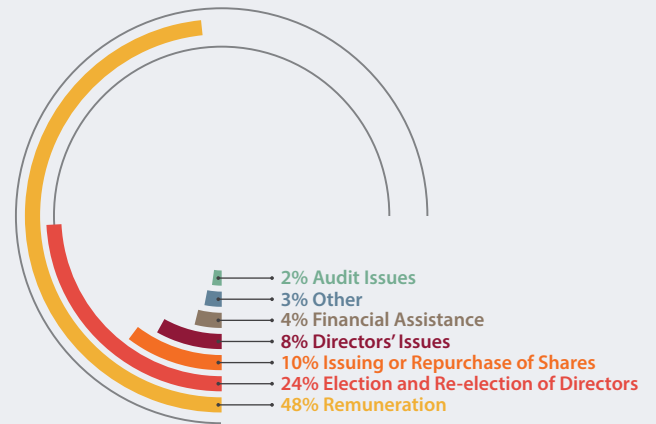
PROXY VOTES RESULTS (%)



In the review year, Sasria’s external asset managers voted in favour of 92% of resolutions. Votes against accounted for 7.5% of resolutions, while 0.3% were abstentions.

AGAINST VOTES

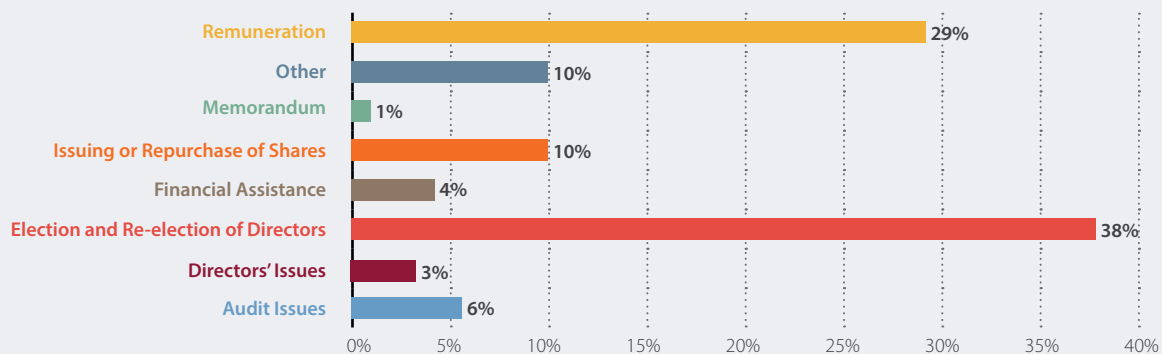
BREAKDOWN OF VOTES AGAINST



The external asset managers opposed resolutions on audit issues, financial assistance, remuneration, issuing or repurchase of shares, election and re-election of directors, among others. Resolutions on remuneration were opposed due largely to excessive pay structures and remuneration policies not commensurate with company performance.

VOTING THEMES

VOTING THEMES %



Resolutions on election and re-election of directors dominated, at 38% of the voting roll. Remuneration also featured highly, at 29% of the voting roll. Remuneration received the most opposition from Sasria’s external managers.

TRANSFORMATION THROUGH PROCUREMENT

Sasria's procurement transformation agenda is underpinned by the need to increase participation of black people entrepreneurially and in the workplace.

Procurement is a key lever to encourage entities to address social issues and does so through:

- Preferential procurement
- Enterprise development and
- Supplier development.

PREFERENTIAL PROCUREMENT

In 2020/21, Sasria conducted its first BBBEE evaluation under the Financial Sector Code and the rating had shifted from level 2 in 2018 to level 8. The key contributor is the low preferential procurement spend versus the high total measured procurement spend (TMPS). This BBBEE rating will continue with the inclusion of commission expenses in TMPS from 2021, which has been excluded since the introduction of the Financial Sector Code. The procurement process plays a very marginal role in the allocation of expenses for acquisition of insurance contracts and policy administration. However, where relevant and practical, we expect our suppliers to achieve at least a level 4 BBBEE status.

SUPPLIER DEVELOPMENT

The Incubation Programme for Asset Managers was established in 2019 and remains the key initiative for supplier development until 2022. In the review year, suppliers benefitted from grants valued at R4.9 million. This support has contributed to growth of asset managers' assets under management (AUM), enabling beneficiaries to create employment opportunities.

In addition, assets are allocated to emerging and black-owned asset managers. A total of R700 million has been allocated to four incubatees since the inception of the programme, R300 million in the review year.



See page 43.

ENTERPRISE DEVELOPMENT

Sasria's enterprise development programme includes a partnership with Association for Savings and Investment South Africa in Edge Growth, in which Sasria has invested R3.7 million and will continue to invest for the next seven years, and allocations to beneficiaries identified from the company's supplier base, leads from other short-term insurance companies, and mechanisms such as calls for applications and unsolicited applications.

INCUBATING TRANSFORMATION

Saria's three-year incubation programme – in its final year – is an important element of its drive for transformation in the asset management industry and for empowerment of emerging black-owned asset managers.

The programme is managed by **27Four** and includes four black-owned asset managers, Balondolozzi Investment Services, Ngwedi Investment Managers, Prowess Investment Managers and Terebinth Capital, selected as deserving beneficiaries of Sasria supplier development support.

PROWESS INVESTMENT MANAGERS

Founded by Kelebogile Moloko in 2009, Cape Town-based Prowess Investment Managers was the first black women-owned and-managed investment management firm in South Africa. Its five investment professionals focus on maximising financial returns for clients while championing social impact.

This vision is achieved by exploring investment opportunities across the continent that unlock wealth for a wide beneficiary base. With industry awards in recent years for emerging asset manager, fixed income fund and leading company, Prowess has grown in leaps and bounds. It received a Sasria allocation in June 2019, when it was managing R5.43 billion. By March 2021, that figure had jumped to R8.9 billion.

Five clients account for about 87% of its diversified AuM. A multi-asset class portfolio was recently added to its product offering.

The Sasria supplier development grant allowed the business to invest in expansion and growth, which it effected by enhancing brand and brand awareness through marketing and advertising initiatives, capacity to offer bespoke, diverse products and improvement of systems, which enabled it to explore new product streams.

NGWEDI INVESTMENT MANAGERS

Ngwedi Investment Managers, also Cape Town-based, was founded in 2018 by a team of industry-leading investment managers, Moneimang Pudumo-Roos, Raphael Nkomo, Farzana Bayat and Teresa Lu, with a shared vision of an inclusive, empowering economy and an investment philosophy of capital preservation through risk management.

The company benefits from ever-increasing client allocations from various asset owners. Before Sasria stepped in with assistance it was managing R940 million. By March 2021, the figure was R8.4 billion. Most asset classes saw an increase during the past year and a multi-asset class portfolio was added to the product range.

Just after year-end, Taquanta Asset Managers acquired Ngwedi's entire issued share capital in a transaction designed to foster strategic transformation and consolidation in the South African black-owned asset manager domain.

The 2019 grant money that helped to create Ngwedi is today financing insurance director and officer liability cover, cybercrime, crime and civil liability cover to ensure that clients receive the highest levels of assurance. The funds also enabled the company to outsource IT services and subscribe to Bloomberg. Marketing, property and office, and accounting and administration costs were also covered.

The grant money for 2020/21 was crucial to the business, given the negative impact of Covid-19 and significant lost opportunities to grow the asset base, which hampered the company's ability to break even.



All four incubation managers have outperformed the benchmark consistently since the inception of the programme.

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BALONDOLOZI INVESTMENT SERVICES

Based in Johannesburg, the seven-strong Balondolozzi team provides asset management, investment strategies and advisory services, offering customised superior risk-adjusted investment returns. The company was named best fixed interest manager of 2017 and best multi-asset class fund manager of 2018.

AuM were R4.9 billion in June 2019, but at the time the company was constrained in its ability to bring in graduates to train and upskill with a clear career path at the firm. The Sasria supplier development grant turned that around and six interns were welcomed in 2019 and 2020, four of whom are now permanent employees.

The funds also allowed Balondolozzi to upgrade its office to create a better working environment. Information technology infrastructure and security were also enhanced, which was a great advantage when Covid-19 took hold.

The company has a strong social conscience and a firm belief in the power of education. It supports the Alexandra Education Committee, which provides five-year bursaries for academically promising high school pupils from low-income families. Seven youngsters are currently being mentored by Balondolozzi analysts.

By 31 March 2021, AuM had reached R6.6 billion.

TEREBINTH CAPITAL

Terebinth Capital is a boutique investment management firm in Cape Town established in 2013. It specialises in eight diversified strategies: money market, enhanced income, strategic income, active bond, inflation tracker, fixed income macro hedge and total return, and offers Terebinth Inflation-linked Tracker and Terebinth SCI (Sanlam Collective Investments) Active Bond Fund.

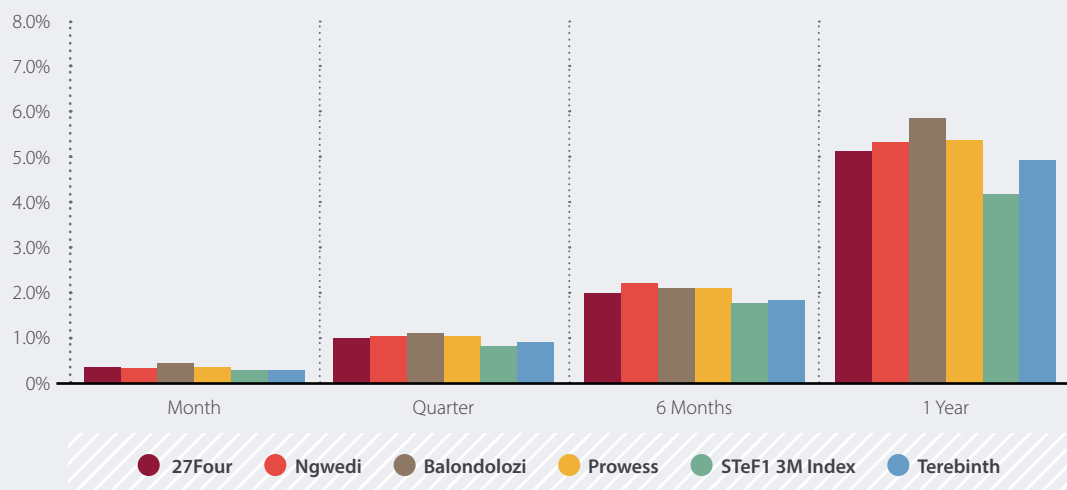
The firm, staffed by five investment professionals, has won several awards recognising its performance in delivering value for investors. As an UNPRI and a CRISA signatory, Terebinth integrates environmental, social and governance principles into every investment decision to reduce the risk to asset valuations and improve long term risk-adjusted returns to meet beneficiary liabilities better.

The fund ended the year in the green as risk-off sentiment at the onset of the pandemic decimated most risky assets, including emerging market bonds and property stocks. While sentiment improved towards the end of the year with the advent of Covid-19 vaccines, it did not offset the losses. However, the Terebinth team showed its ability in security selection and tactical asset allocation as the fund delivered alpha across periods.

As with its fellow Sasria beneficiaries, Terebinth has seen significant growth in the last three years, managing only R3.4 billion in 2019 compared to R12.2 billion by March 2021.

INCUBATOR MANAGER PERFORMANCE

The figure depicts the performance of Sasria's supplier development beneficiaries against benchmark returns at 31 March 2021.



All four incubation managers have outperformed the benchmark consistently since the inception of the programme. Covid-19 caused a sharp and sudden steepening of the yield curve, with the repo rate being reduced to 3.5%. With rates having come down in 2020, the return profile of the incubation managers decreased. Nonetheless, the managers clearly articulated their views on the curve positioning and displayed in-depth knowledge of the South African

macroeconomic backdrop by continuing to deliver alpha returns in the 2020/21 financial year. The fund gained 4.91% for the year.

In spite of lacklustre conditions, Sasria continued to support and trust the emerging investment management firms by increasing their asset allocations.

RISKS AND OPPORTUNITIES

During the review year, Sasria maintained a proactive, integrated approach to managing risks and opportunities in keeping with the drive for continued growth, success and long-term sustainability.

Enterprise risk management practices throughout the company improved decision-making in governance, strategy, objective setting and day-to-day operations and helped to enhance performance by closely linking strategy and business objectives to risk. The diligence invested in this integration points our way to creating, preserving and realising value.

Focus is consistently on building an effective risk culture, and on monitoring achievement to Sasria's strategic objectives, key risk indicators and the risk profile and capital management process to ensure that the company is adequately capitalised.

Sasria was adequately capitalised throughout the year and both the solvency capital requirement and enhanced capital requirement cover exceeded the risk target. The company has not breached

its capital-at-risk measure in the past six years. Our approach is to determine what size catastrophe we can withstand. Worst-case scenarios or catastrophes were calculated as part of Sasria's own risk and solvency assessment and the target was set at 230%. Our assumptions was based on terrorism attacks to two separate high-profile targets with additional protest action occurring after the event. The exposure is calculated based on the probable maximum loss studies performed by specialists.

The limit for the probability of underwriting loss was breached, as the projected loss ratio was set at 50% for the 2021/22 year.

The limit of operational risk measure was breached due to irregular and fruitless and wasteful expenditure of R23 million at 31 March 2021. Refer to note 28.2 for more detail relating to the breach.

SASRIA'S TOP 10 RISKS

#	RISK NAME	RISK CLASSIFICATION	STRATEGIC PILLAR/ENABLER	SIX CAPITALS	RATING SCORE	INHERENT RISK	CONTROL RATING	RESIDUAL RISK
1 (New)	Insufficient capital to meet solvency capital requirements	Strategic risk	Sustainability/capital management	Financial capital	25	Very high	Fair	High
2 (New)	Liquidity risk	Underwriting risk	Sustainability/capital management	Financial capital	25	Very high	Fair	High
3 (2)	Increased insurance risk as a result of volatile strikes, protests and other special risks.	Underwriting risk	Sustainability/capital management	Financial capital	25	Very high	Fair	High
4 (1)	Increase in frequency and severity of claims due to truck-related events	Underwriting risk	Sustainability/capital management	Financial capital	25	Very high	Fair	High
5 (11)	Non-compliance with Sasria claims regulations by the distribution channel (agents and brokers)	Operational risk	Sustainability/capital management	Financial capital	15	High	Fair	Medium
6 (8)	Failure to adhere to manuals and procedures	Operational risk	Talent	Intellectual capital	15	High	Fair	Medium
7 (4)	Cybersecurity risk	Operational risk	Digitalisation	Intellectual capital	15	High	Good	Low
8 (12)	Inadequate service provided to customers	Operational risk	Customer-centricity/distribution channels	Social and relationship capital	15	High	Good	Low
9 (6)	Incomplete and inaccurate Sasria revenue	Underwriting/operational risk	Sustainability/distribution channels	Financial capital	15	High	Fair	Medium
10 (7)	Failure to retain critical skills in the company	Operational risk	Talent	Human capital	12	High	Fair	Medium

(#) Risk ranking for 2019/20 in brackets

KWAZULU-NATAL AND GAUTENG RIOTS

Civil unrest occurred in KwaZulu-Natal and Gauteng from 9 to 17 July 2021, sparked by the imprisonment of former president Jacob Zuma for contempt of court. Resulting protests against the incarceration triggered wider rioting and looting, fuelled by high unemployment and economic inequality worsened by the Covid-19 pandemic.

The unrest began in KwaZulu-Natal on 9 July 2021 and spread to Gauteng on 11 July 2021. It was the worst violence that South Africa had experienced since 1994.

The claim estimates for the claims resulting from these riots amount to R36 billion. This is the highest claim value incurred in the history of Sasria.

The riots impacted the top 10 risk register and increased the inherent risk rating of several risks. Refer below to a summary of inherent risks and responses of some of the key risks that were impacted:

#	RISK NAME	RISK DESCRIPTION	RISK RESPONSE (THIS LIST DOES NOT ENTAIL ALL CURRENT ACTIONS AND MITIGATIONS)
3	Increased insurance risk as a result of volatile strikes, protests and other special risks	<p>Sasria's claims are extremely volatile and are interconnected to various risks facing the country. In the past few years, Sasria has experienced high and increasing loss ratios because of increases in service delivery, student issues and strikes.</p> <p>Socio-economic landscape – unemployment, poverty and inequalities remain the biggest drivers of social unrest. These factors contribute to the increased number of service delivery protest experienced in the past five years.</p>	<ul style="list-style-type: none"> • Scenario analyses are performed annually to determine capital requirements and potential management actions to be implemented should insurance risk increase drastically. A 1-in-10 year event was included as part of the own risk and solvency assessment (ORSA) scenarios. • Regular monitoring of newspapers and media for possible claims. To identify possible Sasria claims/events not yet reported (weekly/monthly) • Annual pricing review conducted • Claims valuations are performed quarterly on a roll-forward basis and annually valuations are reviewed by the auditors and head of actuarial • The loss ratio is monitored monthly for changes compared to budget or changes in trends are investigated • Loss ratios are monitored per class of business based on set thresholds (monthly) • Possible maximum loss (PML) studies on selected known insured properties or scenarios (capping on exposure) are performed to ensure sufficient reinsurance is purchased and these PML studies are used in scenario analysis to determine the impact on Sasria's earnings, solvency and liquidity (annually) • Opinions are given for all claim litigations. Litigation matters are monitored by the Compliance department (ad hoc) • All rejected claims are logged and signed off on. The Claims Rejection Forum, made up of the claims and underwriting seniors and managers, deals with all rejections of claims prior to the letters being sent out to ensure the rejections are fully authorised (weekly/monthly) • Sasria entered into several initiatives with other agents and associations to decrease and mitigate the number of claims (ad hoc) <p>Additional actions:</p> <ul style="list-style-type: none"> • Review of Sasria's underwriting guidelines, policy wordings and schedules • Implementation of new reinsurance structure • Premium rate increases • Converting all assets into cash instruments and • Premium management.

#	RISK NAME	RISK DESCRIPTION	RISK RESPONSE (THIS LIST DOES NOT ENTAIL ALL CURRENT ACTIONS AND MITIGATIONS)
5	Non-compliance with Sasria claims regulations by the distribution channel (agents and brokers)	<p>Below are some of the drivers of this risk, which were compounded by the high influx of claims caused by the July 2021 KwaZulu-Natal and Gauteng riots:</p> <ul style="list-style-type: none"> • Agent companies exceeding their mandate in terms of claims and authorising claims without approval from Sasria; • Accepting liability without Sasria approval; • Appointing unqualified loss adjusters or assessors; • Potential claims leakage due to mandates given to agent companies; • Increased fraud risk sitting with agent companies as a result of these mandates; • Litigation risks, which may come from claims rejected by agent companies; • Potentially increased number of complaints from disagreement on quantum; • General lack of understanding of Sasria products and claims process by the distribution channel; and • Failure by the distribution channel to meet the required turnaround times. 	<ul style="list-style-type: none"> • Outsource agreements are in place with the agent companies, which includes cancellation clauses where there is non-performance by agent company (ad hoc) • Due diligence process is followed on all new agent companies (ad hoc) • Complaints monitoring by the claims department and market conduct (monthly) • Meetings between claims staff and agent staff are held to clear non-compliance with Sasria claim regulations (ad hoc) • Stakeholder training on Sasria claim regulations and technical support (annually) • The claims department checks for accuracy and completeness of information on the agreement of loss (daily) • Reconciliation of the float amounts against mandates and what has been paid by agent companies (monthly).

#	RISK NAME	RISK DESCRIPTION	RISK RESPONSE (THIS LIST DOES NOT ENTAIL ALL CURRENT ACTIONS AND MITIGATIONS)
8	Inadequate service provided to our customers (outsource model risk)	<p>We depend on our stakeholders to write new business, collect premiums and refer claims.</p> <p>There is a risk of ineffective communication with stakeholders and a lack of training of stakeholders.</p> <p>Furthermore, due to the outsource model, we are far removed from the end-customer, which gives rise to the following risks:</p> <ul style="list-style-type: none"> • Inadequate service and advice provided to the end-customer by the distribution channel; • The product sold to the end-customer may be inadequate; • End-customers who thought they had Sasria cover realise at claim stage that they don't as a result of poor advice from the distribution channel, resulting in repudiation of claims due to a lack of cover. This further increases reputational risk for Sasria. <p>Furthermore, this risk is compounded by the high influx of claims due to the July 2021 KwaZulu-Natal and Gauteng riots and is increased by the below drivers:</p> <ul style="list-style-type: none"> • Increase in queries that may not be resolved in a timely manner • Mis-selling wrap-cover by brokers who may ultimately blame Sasria • Increase in litigation risk from rejected claims and dispute in quantum • Increased reputational risk due to possible failure of Sasria to pay claims due to high expectation to pay all claims; and • General communication risk (with internal and external stakeholders). 	<ul style="list-style-type: none"> • Conducting a stakeholder needs analysis to assess product offering needs and overall satisfaction needs (annually) • Feedback from technical visits that identify premium, systems or training issues reported monthly to the Executive Manager: Stakeholder Management Division and interventions are implemented (monthly) • Continuous engagements with the distribution channel (monthly) • Sales and product awareness presentations for the distribution channel (annually/ad hoc) • Stakeholder management and communication policies (completed) • Complaints and queries received are analysed and reported to Exco (monthly) • Annual customer survey <p>Additional actions:</p> <ul style="list-style-type: none"> • Sasria brand and media strategy; • E-learning training to the distribution channel • Communication strategy

EMERGING RISKS

Emerging risks are characterised based on the following: the significance may be uncertain and not well understood; it might be difficult to quantify due to lack of data and volatility; the consequences and implications can be ambiguous; and it may be systemic, outside of organisational control and may be complex.

CURRENT MATERIAL EMERGING RISKS

There are currently four material emerging risks on the emerging risk register:

- **Mozambique growing violence and terrorism**

Background

Northern Mozambique is engulfed in a conflict that is worsening. Violence has slowly escalated over the last four years and has now reached a new intensity.

Concerns have been raised over the extent of power an Islamic State-linked insurgency holds in northern Mozambique. This followed the group's threat to attack South Africa if it became involved in the conflict.

Military action by the Mozambique government, including continued use of mercenaries, had not stopped the attacks and has worsened the plight of civilians. Left unchecked, the insurgency is likely to grow and spill over into neighbouring countries.

MANAGEMENT ACTION

The emerging risk has been included in the 2020/21 ORSA as part of scenario number 4.

EMERGING RISKS IDENTIFIED AS A RESULT OF THE CATASTROPHIC EVENT

The following three emerging risks have been identified as a result of the catastrophic event:

- **Inability to secure future reinsurance capacity and significant increase in reinsurance costs (new)**

Background

This type of event increases the risk of Sasria not being able to secure future reinsurance capacity should some of the big reinsurers have a change in their risk appetite. The reinsurance structure also has the potential of being too expensive for Sasria, should there be some reinsurers with appetite to cover Sasria going forward.

MANAGEMENT ACTION

It is important for Sasria to ensure that regular discussions are held with the reinsurers and good relationships managed.

- **Change in the frequency of Sasria's catastrophe risk (new)**

Background

There is a further increased risk to Sasria's business. The assumption is that the above event is a 1-in-1 000-year event. However, what happens if the frequency changes and it then becomes a 1-in-10- or 1-in 1 000-year event and what would be the impact to Sasria as a business, to its sustainability and to its customers.

MANAGEMENT ACTION

Additional safeguards should be put in place and discussions held with the shareholder to ensure that an event of this nature does not happen again and that actions are proactively taken.

- **Increasing reputational risk from disgruntled stakeholders (new)**

Background

Several activities were noted since the July 2021 catastrophe event, which included:

- Pressure from an independent loss adjustor for Sasria to pay riot-related claims;
- Certain customers challenging Sasria on the interpretation and application of business interruption cover; and
- Certain organisations disgruntled with premium rates increases.

MANAGEMENT ACTION

- Independent loss adjusters are not contracted by Sasria. Sasria appoints contracted loss adjusters (via agent companies) to verify losses. Sasria's claims process is robust, with various lines of defence. It is not obliged to settle on demand with no substantiating evidence.
- Sasria obtained an external legal opinion on the cover provided for business interruption and the cover, wording, coupon and regulations are clear as to what is covered and what is not.
- Sasria has written to the organisations and discussions continue.

SASRIA'S STRATEGIC OPPORTUNITIES

BACKGROUND

In line with the King IV Corporate Governance Code, Sasria acknowledges that strategy, risk and opportunity are inseparable elements. In previous years, the Board started to govern risk and opportunity in a way that supports the company in defining its core purpose and to set and achieve strategic objectives.

Our process of identifying opportunities was based on the risks that the company, the industry and the government is facing. In a world where the impact of climate change is reality, the frequency and severity of disasters are increasing. Special risks, if not adequately addressed, pose a major risk to the economy, social structure and food security.

These also influence the three primary problems facing South Africa, namely poverty, inequality and unemployment. Public-private partnerships (PPPs) are crucial to ensuring the financial resilience to withstand any special risk disasters.

STRATEGIC OPPORTUNITIES

KEY OPPORTUNITIES	UPSIDE AND DOWNSIDE RISK
<p>1. Inclusive insurance project/SMME project</p> <p>The market failure in delivery of insurance products to the vulnerable communities in South Africa presents one of the highest risks facing government in terms of risk exposure.</p> <p>Coupled with the high unemployment rate, lack of basic services and poverty facing many, the tension gives rise to protests and violence that might lead to further losses not covered by general insurance. These losses place an additional burden on local municipalities and government.</p> <p>It can be concluded that there is a need for Sasria to develop a product for the target audience.</p>	<p>Upside risks</p> <ol style="list-style-type: none"> 1. Opportunity to reach the uninsured in a cost-effective manner and to ensure access to Sasria, thereby increasing Sasria's gross written premium. 2. Lessening the additional burden on local municipalities and government. 3. Opportunity to educate LSM 1 to 6 on the benefits of insurance (consumer education). 4. Inclusive insurance (insurance access to LSM 1 to 6) 5. Increased Sasria brand awareness. <p>Downside risks</p> <ol style="list-style-type: none"> 1. Increased underwriting risk as a result of providing cover to LSM 1 to 6. 2. Low culture of insurance within LSM 1 to 6. 3. Providing products that don't meet the needs of LSM 1 to 6. 4. Providing expensive products. 5. Lack of digital application to allow for instant access. 6. Increased capital requirements.
<p>2. Agriculture insurance administration project</p> <p>The government faces certain uninsurable and very volatile risks. In the recent past, the country experienced its worst droughts, followed by floods in various regions. This trend is expected to continue. Drought affects particularly commercial and subsistence farmers. The risk of market failure for the government is, therefore, high. It has, thus, recognised the impact of weather and climate shocks on food security and rural development objectives.</p>	<p>Upside risks</p> <ol style="list-style-type: none"> 1. Reduced risk of market failure for the government. 2. Improved food security and rural development. 3. Reduced systemic risk for South African banks. 4. Increased insurance penetration. 5. Sustainability of insurers and the agriculture sector. 6. Increased income for Sasria (management fees). <p>Downside risks</p> <ol style="list-style-type: none"> 1. Land expropriation without compensation. 2. Failed PPPs. 3. Identifying the wrong partners in the PPP, i.e. partners who do not share a vision and goal. 4. Insufficient capital. 5. Frequency of claims (floods, droughts) increasing at a higher rate than the allocated capital.

KEY OPPORTUNITIES	UPSIDE AND DOWNSIDE RISK
<p>3. Sasria legislation change to cover pandemics</p> <p>The insurance industry's inability to respond to Covid-19 has proven that there is a protection gap that cannot be ignored. The industry is left with no choice but to come up with solutions to respond to future pandemics.</p> <p>This gives Sasria an opportunity to propose changes to legislation that will afford it opportunities outside its current mandate.</p>	<p>Upside risks</p> <ol style="list-style-type: none"> 1. Reduced socio-economic risk for South Africa. 2. Reduced systemic risk for the government. 3. Sustainability of SMMEs and reduced unemployment. 4. Creates relevance for Sasria business and product (products designed to protect the poor). 5. Increased Sasria brand awareness. 6. Combining what the private sector's strength of an insurance mechanism distributing help in a crisis with the government's funding to enable the work to start and be maintained until the global insurance industry can sustain it; 7. Create the necessary data pool for which to learn and better prepare; and 8. Everyone wins, if done efficiently and private and public objectives are aligned and well resourced. <p>Downside risks</p> <ol style="list-style-type: none"> 1. Insufficient capital. 2. Lack of appetite from reinsurers/very expensive reinsurance. 3. Increase in the frequency of pandemics. 4. Sustainability risk for Sasria. 5. Might impede on the Sasria business model if not clearly demarcated. 6. Might be resource heavy, costing Sasria more than the income in fees earned for administratively underwriting the cover. 7. The government may not be able to fund 100% of the payouts (or subsidise a large portion of what society must pay for the cover).





2

PERFORMANCE

AND OUTLOOK

In these pages, we review the activities and achievements that enabled us to record our best performance of the last 42 years, and reflect on the momentous year through the eyes of our Managing Director and Finance Director.

PERFORMANCE 2020/21

PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2021

STRATEGIC OBJECTIVE	WEIGHTING	KEY PERFORMANCE INDICATOR	WHY THIS IS IMPORTANT	PERFORMANCE TARGET 2019/20	ACTUAL PERFORMANCE 2019/20	PERFORMANCE TARGET 2020/21	ACTUAL PERFORMANCE 2020/21	VARIANCE
1. Sustainability – sustainable growth	10%	Maintain gross written premium income and income drop by no more than 20%	Generating financial capital enables Sasria to serve its customers by honouring claims, being self-sufficient in covering its operational requirements and meeting the expectations of its shareholder	R2 352 million	R2 417 million	Maximum of 20%/ R2 085 094 000 (inclusive) drop in premium based on prior year	Achieved. Actual income gross written premium (annual): R2 785 825 000	
2. Sustainability – capital growth	10%	% average gross incurred loss ratio over a three-year rolling period, excluding (claims) incurred but not reported (IBNR) reserve	By accepting the possibility of a higher-than-usual loss ratio while still generating a (lower-than-usual) underwriting profit for the period in review	≤46%	41.90%	50% to 75%	Achieved. Actual loss ratio: 36.3%	
3. Sustainability – good corporate governance	5%	No irregular, fruitless and wasteful expenditure	Denotes sound corporate governance	0% of expenditure (irregular, fruitless, wasteful and unauthorised expenditure)	Fruitless and wasteful expenditure: R1.472 million Irregular expenditure: R543 041	Zero irregular, fruitless and wasteful expenditure	Not achieved. Actual fruitless and wasteful expenditure: R26 million Irregular expenditure: R804 000	The fruitless and wasteful expenditure relates mainly to penalties and interest levied by SARS for various tax-related transgressions. In August 2021, SARS remitted interest and penalties to the value of R17.5 million from the R26 million fruitless and wasteful expenditure
4. Sustainability – sound corporate governance	5%	% of unethical behaviour incidents/cases by any staff member investigated and action taken	Drives ethical behaviour both internally and with external stakeholders	All allegations of unethical behaviour investigated and action taken	All allegations of unethical behaviour investigated and action taken	100%	Achieved. All reported incidences/cases were investigated by internal audit	
5. Sustainability – sound corporate governance	5%	Submit all PFMA submissions within the stipulated deadlines	Denotes sound corporate governance	All submissions on time	All submissions on time	Submit all PFMA submissions within the stipulated deadlines	Not achieved.	The annual procurement plan was submitted after the stipulated PFMA deadline

STRATEGIC OBJECTIVE	WEIGHTING	KEY PERFORMANCE INDICATOR	WHY THIS IS IMPORTANT	PERFORMANCE TARGET 2019/20	ACTUAL PERFORMANCE 2019/20	PERFORMANCE TARGET 2020/21	ACTUAL PERFORMANCE 2020/21	VARIANCE
6. Sustainability – sound corporate governance	5%	Achieve unqualified audit opinion for the financial year ending March 2021, without matter of emphasis	Denotes sound corporate governance and provides the stakeholder with a third-party view of the operational and financial position of the company as a going concern	Unqualified, without matter of emphasis	Unqualified, without matter of emphasis	Achieve unqualified audit opinion for the financial year ending March 2021, without matter of emphasis	Achieved.	
7. Customer-centricity – conducive culture	5%	% implementation of the culture project	Assurance to customers that the organisation is committed to service and is serious about creating a culture to enable the achievement of its short-term and long-term goals	-	-	100%	Achieved.	
8. Socio-economic impact – capacity building in the financial sector	5%	Score achieved relating to the Financial Sector Code for skills development	Assurance that the organisation is staffed by capable, competent and knowledgeable individuals	23 out of 25	25 out of 25	23 out of 25	Not achieved. Actual performance: 16.95 out of 25	The performance was impacted by the lockdown as this limited the availability of training programmes
9. Customer-centricity – deliver value-add to the customer	10%	Fast-track claims turnaround time	Satisfying claims without delay enables customers to resume operations with minimum disruption	90% settled within 25 days	83.68% settled within 25 days	90% of fast-track claims settled within 25 days	Achieved. Actual performance: 90.45% of fast-track claims received were settled within 25 days.	
10. Customer-centricity – deliver value-add to the customer	10%	Large loss claims turnaround time	Satisfying claims without delay enables customers to resume operations with minimum disruption	70% within 50 days	82.6% within 50 days	70% of large losses finalised within 50 days	Achieved. Actual performance: 82.97% of large loss claims received were settled within 50 days	
11. Customer-centricity – deliver value-add to the customer	5%	% of total claims received overturned by Ombudsman for Short-term Insurance	Fair and transparent liability decisions on claims minimise the chance that they will be overturned	0.1% of all claims	0.1% of all claims	≤0.5% of 2 956	Achieved. Actual performance: Only one complaint was overturned by the Ombudsman	

STRATEGIC OBJECTIVE	WEIGHTING	KEY PERFORMANCE INDICATOR	WHY THIS IS IMPORTANT	PERFORMANCE TARGET 2019/20	ACTUAL PERFORMANCE 2019/20	PERFORMANCE TARGET 2020/21	ACTUAL PERFORMANCE 2020/21	VARIANCE
12. Customer-centricity – deliver value-add to the customer	5%	% reduction of complaints about customer service in the claims department from customers, brokers and agent companies, against the 2019/20 baseline	Minimises claims-related complaints to truly serve the customer better	>50% reduction	63% reduction	≥50% of 33 complaints received in 2019/20	Not achieved. Actual performance: The number of complaints for the period ended 31 March 2021 was 37, which is above the target of 16	The number of claim complaints received exceeded the baseline limit. The claims department has implemented an intervention to reduce customer complaint numbers. Compliance office will continue to monitor
13. Digitalisation - distribution capability	5%	Expand Sasria's digital reach/ footprint (%)	Increases traffic to the Sasria social media platforms to keep stakeholders up-to-date with the latest, correct information	25% website traffic increase to social media footprint	>25% website traffic increase	25% increase in website and social media traffic against the 2019/20 baseline	Achieved. Actual performance: Actual total website and social media traffic footprint is 56%, website: 45% of annual target achieved, Facebook: 115% of annual target achieved, Twitter: 30% of annual target achieved, LinkedIn: 56% of annual target achieved	
14. Sustainability – sustainable growth	5%	% operational expense ratio excluding depreciation, binder fees, corporate social investment and bonus provision for both short-term and long-term incentive	Creates a balance between driving down operational expenses and delivering on our mandate	≤9%	7.4%	≤12% expense ratio	Achieved. Actual performance: 7.02% expense ratio	
15. Digitalisation – operational excellence	10%	% implementation of the new claims management system (CMS)	Digitalisation enhances efficiency, which translates into a better customer experience			100% completion and implementation of CMS system	Achieved. Actual performance: 100% of completion phase 1 of CMS project within timelines and budget	

MANAGING DIRECTOR'S REPORT

Cedric Masondo
Managing Director



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Covid-19 took the 'newsmaker of the year' award hands down in 2020/21, but Sasria's performance was newsworthy in a far more positive way and made this a period in our history that we will reflect on with great pride well into the future.

In a year in which circumstances changed the outlooks, livelihoods and comfort of all global citizens and the order of the day was contingency plans, with focus changing from growth, expansion and diversification to, for some enterprises, plain survival, South Africa was hit for a triple six with the dismal state of the economy and the escalating unemployment rate threatening the fabric of society.

In this scenario, Sasria's achievement of its best year in four decades in business – headed by its top line double digit growth – was nothing short of phenomenal.

I am exceedingly proud to sign my name to this report, as the performance detailed here is a testament to the foresight of the Board, the translation by the executive and management team of the Board's visions into operational achievements and the carry through by our people on the ambitious plans contained in our five-strategic journey and their open-mindedness to the changes that are taking place in the company.

While governments walked a tightrope between keeping economies open and protecting life, the South African business community had to make quick decisions with limited information to ensure business proceeded as close to normal as humanly possible. Sasria managed this admirably, its recent strides in digitalisation proving a godsend and enabling staff to pack up, head home and enter a virtual world of work immediately and almost seamlessly.

The company's financial outlook was hastily re-evaluated to factor in the foreseeable impact of the pandemic and the strong possibility of continued economic gloom, with a gross domestic product of -7% and retrenchments further increasing the already-abysmal unemployment rate.

At the start of the lockdown, our underwriting team was proactively communicating to the market the nature of our cover for business interruption and looting. Ultimately though, the ban on gatherings and the forced isolation that kept potential claimants socially isolated showed in our claim volumes.

While service delivery protests claim numbers increased, trucking claims remained a concern, with most claims stemming from service delivery strikes and truck attacks.

STRATEGIC AND OPERATIONAL PERFORMANCE FOR 2020/21

During the review year, we delivered on both our primary and secondary mandates.









We continued to generate own revenue through premiums.

Overall, we satisfied a commendable 73% of our key performance indicators, with outstanding achievements such as gross written premium growth of 15.3% to R2.786 billion against a budget of R2.085 billion and return on investment on assets under management of R806 million.

Through our corporate social investment initiatives, we have changed the lives and prospects of many young aspirant insurance sector employees, having spent more than R32 million on well-established and proven initiatives during the review year.

Our workforce increased to 117 from 104 in 2019/20 and our staff turnover was lower than 10%. The climate survey conducted in 2020 showed an improvement in the mood in the company. This can be attributed to employees' receptiveness to our employee value proposition, which is based on opportunities, benefits and rewards.

All projects were completed on time and within budget.

STRATEGIC FOCUS AREAS	STRATEGIC ENABLERS	PERFORMANCE IN THE PAST YEAR (2020/21)	OUTLOOK TO 2024
 CUSTOMER-CENTRICITY	 DISTRIBUTION CHANNELS	<ul style="list-style-type: none"> Improved turnaround on fast-tracked claims (>90%) and large losses claims (>82%). Introduction of a three-year culture transformation strategy to instil a culture of customer-centricity Number of client complaints referred to Ombudsman for Short-term Insurance negligible. 	<ul style="list-style-type: none"> Prioritising and expediting speedily claims resulting from the civil unrest of mid-2021. Ensuring uninterrupted service during the continuing Covid-19 pandemic. Continued implementation of three-year culture transformation strategy. Improved customer service.
 DIGITALISATION		<ul style="list-style-type: none"> Additional network infrastructure upgrade completed to enable the new claims management system. Enterprise resource planning finance, human capital, and customer relationship modules enhanced. Claims management system implemented. Several cybersecurity and governance measures and awareness initiatives launched. 	<ul style="list-style-type: none"> Bedding down new technology investments. Enhancing existing technological capabilities. Bring new claims management system to full functionality.
 SOCIO-ECONOMIC IMPACT	 BUSINESS INTELLIGENCE	<ul style="list-style-type: none"> F4 product launched for small businesses. Other new product development in progress. Supporting transformation. 	<ul style="list-style-type: none"> New product launched. Make a social impact. Research protection from future pandemics.
	 TALENT	<ul style="list-style-type: none"> Staff complement growth from 104 to 117. R124 million spent on staff remuneration. 	<ul style="list-style-type: none"> Focus on culture change and retaining the right skills. Building management capability.
		<ul style="list-style-type: none"> Invested R32 million in different corporate social investment initiatives aimed at helping young people. Of this R32 million, R12 million was channelled into Covid-19 relief efforts. 	<ul style="list-style-type: none"> Continued support for initiatives targeting youth education.
 SUSTAINABILITY	 CAPITAL MANAGEMENT	<ul style="list-style-type: none"> Double digit growth for gross written premium and above-budget performance. Loss ratio below our risk appetite and achieved underwriting profit. Increased investment income and maintained capital preservation. Increase in value of assets under management. Culture of good corporate governance consolidated. Unqualified audit report. 	<ul style="list-style-type: none"> Aid the post-Covid-19 recovery. Regain the ability to become self-sufficient in settling valid claims.



Refer to pages 54 to 56 for our key performance indicators for the past year.

NEW OPPORTUNITIES

As we progress through the second half of what we call our Vision 2024, we have established the strongest foundation possible to bring all our plans and goals to fruition to create a fortified Sasria committed through digital excellence, a transformation track record and claims management efficiency to better the life of stakeholders and citizens.

To fully automate and streamline our processes, we have launched a business process reengineering initiative, which starts with a detailed analysis of the company's workflows and identification of areas needing improvement. In November 2020, we launched the first phase of our new claims management system designed to enhance claims processing efficiency. The system will not only reduce costs but will boost customer-centricity. The second phase, currently being deployed, will allow our partner agents to register and track claims with Sasria, keeping customers fully informed of claim progression. To complement this approach, we have launched a new e-learning platform through which all customer-facing business partners will be trained to understand and explain Sasria products.

As new processes typically adopt new value systems, we have also introduced a culture transformation project, which has started well and will continue for two years to build a truly ethical, high-performance company that places the greatest value in its customers.

The project aims to align leadership and to establish an environment that is ethical, fair, customer-centric, innovative and service-oriented. Already, the executives have been assessed against a new leadership effectiveness model and a behavioural competency framework.

LESSONS LEARNT

The July 2021 events have taught us we can never stop innovating because the society we serve never stops evolving and needing more carefully considered and sharply focused solutions.

Before the word Covid-19 was uttered for the first time, we were well into discussions on growing our portfolio outside its current mandate by crafting products around natural disasters such as health crises and the fallouts of climate change.

Before the events that unfolded in July 2021, we were already rolling out a pioneering product for small businesses such as many of those caught up in the mayhem.

As things stood at the time of publication of this report, those events and their impact were receiving attention at the highest level. Internally, we had resolved early to ensure that our agent companies settle all claims below R1 million as promptly as possible. All claims and the related loss adjustors' reports had been received and we have already paid out R21 billion from the total estimate of R36 billion.

We are now in no doubt that our plans for the coming years are based on sound arguments and assumptions. The Sasria of the future must be one that is ready at any time to deal with catastrophic losses however they materialise. The large number of uninsured small business is a big worry for Sasria despite having developed F4 for small business. It is clear to us that we need to do much in financial literacy especially about Sasria products and develop new platforms to reach these small businesses.

APPRECIATION

For a year that was both extremely challenging and immensely rewarding, my heartfelt thanks go to my executives, managers and staff, who showed the Covid-19 pandemic what they were made of by shaking off their fears and uncertainties and adapting fully and committedly to operating from home. By so doing, they demonstrated yet again what South Africans are capable of during times of adversity. One thing Covid-19 has taught us is that productivity is not confined to the four walls of a traditional office. Most of the team will continue to work remotely until the end of the 2022 financial year. In addition, as an organisation, we were hit hard in the current financial year and experienced the lowest of the low in the 42 years of Sasria's existence. Despite this, we are standing, we continue to push forward, we remain committed to being of service to our clients and stakeholders and our resilience is demonstrated daily!

To the Board, which completed its first year, albeit only nine months, in 2020/21, we are grateful for the diversity you have brought to the organisation, not only in race and gender, but in skills and experience. Your commitment to driving and enthusiasm for Vision 2024 were evident early and we will not let you down in translating the faith you have placed in us into action and results.

As we leave a year of tremendous achievement and head into one of challenges of a magnitude never faced in our 42-year history given the current upheaval in South Africa, I know that I can rely on the support of all stakeholders to ensure that we don't lose momentum and that we continue to prove our worth and value to the nation.

South Africa will rebuild and Sasria will ensure that it does so without complication or delay.

Cedric Masondo [Managing Director]

17 March 2022

FINANCE DIRECTOR'S REPORT

Bajabulile Mthiyane
Finance Director



“

Sasria can truly claim relevance, having demonstrated during 2020/21 the wisdom and worth of reviewing its pricing, tightening up processes, channelling its spend to priority areas to drive the business during lockdown, overhauling the claims management system and making great strides in its digitalisation journey. A particular highlight of the year was the implementation of a new enterprise resource planning system as the lockdown took effect.

Maintaining the momentum of a successful year in 2019/20, the company exceeded all expectations in 2020/21, ending the year with solid reserves and a balance sheet bursting with health. It also paid out a dividend of R102 million during the year, a noteworthy achievement by itself in the current economic climate.

Liquidity was exceptionally well managed, with finance and investment functions working closely together to ensure maximum returns to pay creditors and claims as they became due. Although our interest-earning capability took a 24.8% knock with the South African Reserve Bank's frequent repo rate drop response to muted inflation and worsening recession due to Covid-19, we could pull money for our long-term investments when it was needed.

The highlights included:

- **Gross insurance premium** written increased by 15.3% from the previous year's R2.417 billion to R2.786 billion, 34% above the budget for the review year and premium performed well against budget. The bulk of the growth was driven by multiple category rate increases.

- **Gross insurance claims** decreased by 65% compared to 2019/20 to 72% below budget. We received almost 3 000 claims for the financial year, a 31% decrease from the previous year and the lowest in four years. With the easing of lockdown restrictions, claim volumes picked up, the biggest driver being service delivery protests, especially in Western Cape and Gauteng, and conflict in the trucking industry.
- **Underwriting profit** increased from R401 million to R1.249 billion, with a loss ratio of 13%.
- **Net investment return** increased from R242 million to R792 million, 234% above budget and 227% above the corresponding period in 2019/20.
- **Net profit** reached R1.503 billion.
- Value of **assets under management** was R9.584 billion.
- **Solvency capital requirement** and **enhanced capital requirement** stood at 320% and 301% respectively.

SUMMARISED FINANCIAL PERFORMANCE

For the year ended 31 March 2021

		2020/21	Movement 2020/2021	2019/20	Movement 2019/2020	2018/19
	Note	R'000	%	R'000	%	R'000
Gross insurance premiums written	1	2 785 825	15.3	2 416 914	11.4	2 168 955
Unearned premium reserve movement		(5 117)	89.8	(50 191)	(1719.6)	3 099
Acquisition of insurance contracts expenses		(408 429)	(17.6)	(347 301)	(8.6)	(319 814)
Administration and marketing expenses	2	(583 109)	(18.9)	(490 485)	(17.4)	(417 727)
Gross claims incurred	3	(351 718)	64.5	(991 799)	37.2	(1 578 805)
GROSS UNDERWRITING RESULTS		1 437 452	167.6	537 138	472.3	(144 292)
Insurance premiums ceded to reinsurers		(225 860)	(23.8)	(182 411)	1.9	(185 865)
Reinsurance portion of claims incurred		-	(100.0)	592	55.4	381
Commission earned from reinsurers		37 179	(17.8)	45 212	18.1	38 277
NET REINSURANCE EXPENSE	4	(188 681)	(38.1)	(136 607)	7.2	(147 207)
Net underwriting results		1 248 771	211.8	400 531	237.4	(291 499)
Net investment income	5	792 271	226.5	242 626	(1.2)	245 664
Other income		253	(58.9)	616	222.5	191
Corporate social investment		(160)	99.6	(43 077)	(60.3)	(26 874)
Profit/(Loss) before tax		2 041 135	239.8	600 696	928.3	(72 518)
Income tax expense		(538 574)	(101.0)	(267 893)	(476.6)	71 135
PROFIT AFTER TAX		1 502 561	351.5	332 803	24163.8	(1 383)
Claims ratio		12.6%		41.0%		72.8%
Management expenses ratio		20.9%		20.3%		19.3%
Cost of acquisition ratio		14.7%		14.4%		14.7%
Underwriting ratio		51.6%		22.2%		(6.7%)
Gross written premium per employee		23 810		23 240		21 909
Effective tax rate		26.4%		44.6%		98.1%
Reinsurance as a % of gross premium		8.1%		7.5%		8.6%

Notes

- Gross written premium has grown due to organic growth and premium rate increases.
- Administrative and marketing expenses increase is mainly attributable to an increase in employee costs, the amortisation of the new CMS, an increase in marketing expenses, directors' fees and SARS interest and penalties for non-compliance.
- Claims decreased dramatically, although service delivery protests and trucking-related claims remain concerning.
- The net reinsurance expense increased as a result of the lower claims expenses and increased premiums.
- The net investment income increased significantly due to most of our investment yielding returns way above the set benchmark.

SUMMARISED FINANCIAL POSITION

As at 31 March 2021

		2020/21	Movement 2020/2021	2019/20	Movement 2019/2020	2018/19
	Note	R'000	%	R'000	%	R'000
ASSETS						
Property, equipment and intangible assets	1	74 871	20.9	61 933	299.0	15 522
Deferred acquisition costs		129 516	1.2	127 990	12.5	113 734
Deferred income tax		-	(100.0)	30 816	(37.6)	49 387
Financial assets at fair value through profit or loss and held for trading	2	6 346 952	51.5	4 190 416	9.1	3 842 110
Reinsurance contracts		37 175	7.1	34 719	17.7	29 509
Cash and cash equivalents	2	3 166 600	(18.3)	3 875 469	(6.9)	4 162 225
Other assets		293 238	(51.1)	599 576	130.4	260 274
TOTAL ASSETS		10 048 352	12.6	8 920 919	5.3	8 472 761
EQUITY						
		8 358 455	20.1	6 958 209	5.0	6 625 406
LIABILITIES						
Deferred income		10 972	7.2	10 236	15.7	8 850
Deferred income tax		59 740	100.0	-	(100.0)	70 112
Insurance contract liabilities	3	1 315 963	(22.4)	1 696 512	0.9	1 680 839
Other payables		303 222	18.5	255 962	192.3	87 554
TOTAL LIABILITIES		1 689 897	(13.9)	1 962 710	6.2	1 847 355
TOTAL EQUITY AND LIABILITIES		10 048 352	12.6	8 920 919	5.3	8 472 761

Notes

- Property, equipment and Intangibles have increased due to the acquisition of new computer equipment for infrastructure replatforming and the CMS development cost incurred.
- Sasria has R9.6 billion assets under management as at 31 March 2021, compared to R8.4 billion in the prior year. The increase is attributable to unrealised gains and concentration rebalancing as per Sasria's investment strategy.
- Insurance contract liabilities consists of claims reported, claims incurred but not yet reported and unearned premiums. The decrease in the liability is due to decrease in outstanding claims and IBNR reserve.

SUMMARISED CASH FLOW

For the year ended 31 March 2021

	Note	2020/21	Movement	2019/20	Movement	2018/19
		R'000	2020/2021	R'000	2019/2020	R'000
			%		%	
OPERATING ACTIVITIES						
Cash generated from operations		870 956	133.5	373 000	143.1	(866 093)
Investment Income received		439 096	(19.2)	543 133	3.9	522 721
Income tax paid		(460 277)	(177.3)	(165 985)	(787.9)	24 128
Interest paid		(5 066)	(100.0)	-	0.0	-
NET CASH FROM(USED IN) OPERATING ACTIVITIES	1	844 709	(2.8)	868 688	(372.1)	(319 244)
INVESTING ACTIVITIES						
Net purchase of property, equipment and intangible assets		(40 794)	(37.1)	(29 745)	(82.4)	(16 312)
Net sale/(purchase) of financial assets		(1 685 506)	(170.2)	(623 732)	(124.4)	2 557 007
CASH FROM (USED IN) INVESTING ACTIVITIES	2	(1 726 300)	(123.6)	(772 017)	(130.4)	2 540 695
FINANCING ACTIVITIES						
Cash payment relating to principal lease liability		(6 734)	5.9	(7 155)	(100.0)	-
Dividends paid		(102 325)	(100.0)	-	0.0	-
CASH USED IN FINANCING ACTIVITIES	3	(109 059)	(1424.2)	(7 155)	(100.0)	-
NET MOVEMENT IN CASH		(990 650)	(1206.7)	89 516	(96.0)	2 221 451
Cash and cash equivalents at the beginning of the year		3 875 469	(6.9)	4 162 225	114.5	1 940 774
Assets held for trading		281 781	174.9	(376 272)	0.0	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	3 166 600	(18.3)	3 875 469	(6.9)	4 162 225

Notes

1. Net cash flow from operating activities decreased mainly due to a decrease in investment income received and an increase in income tax paid.
2. Cash flow used in investing activities reflects the implementation of Sasria's investment strategy.
3. Cash used in financing activities increased due to an ordinary dividend of R102 million that was paid to the shareholder in the current year.
4. Sasria holds significant cash balances in line with the investment strategy and liquidity parameters.

OUTLOOK

The 2021/22 results will bear little resemblance to those we celebrate in this report, as we are facing claim payouts on a scale never experienced by the business, given the riots and unrest of July 2021. The strength of our financial position and the support of government through National Treasury should enable Sasria to meet all valid claims and remain sustainable.

The finance function's other primary focus into 2021/22 is preparation for the implementation of IFRS 17 – insurance contracts in January 2023. By 2022, we must be aligned to the new standard,

which combines current measurement of future cash flows with the recognition of profit over the period that services are provided under the contract, presents insurance service results separately from insurance finance income or expenses, and requires us to make an accounting policy choice of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some in other comprehensive income.

The implications of this standard are far-reaching for Sasria and demand that we revisit our systems and collate and structure our data in a different way.

GRATITUDE

The finance team appreciates the support and encouragement of the Board and the Executive Committee during the review year and the contribution made by all Sasria employees to enable the company to prove, beyond a shadow of a doubt, that it is relevant to South Africa, probably more relevant than ever.



Bajabulile Mthiyane [Finance Director]

17 March 2022



DynaFoam
Gengor Ltd



3



OUR ETHICS MANAGEMENT

AND SOCIAL PERFORMANCE

FRAUD AND ETHICS MANAGEMENT

ETHICS FUNCTION

Sasria has established an ethics function that promotes an ethical culture in the organisation. Its mandate includes managing the ethics performance of the organisation and reporting on its activities to the Executive Committee and the Social and Ethics Committee. Sasria's Executive Manager: Governance, the organisation's ethics champion, is responsible for ethics management. The ethics function is supported by an Ethics Officer who deals with ethics-related issues.

ETHICS MATURITY ASSESSMENT

During the 2020/21 financial year, Sasria subjected itself to an ethics maturity assessment to identify gaps and areas for improvement in the ethics function.

The recommendations for 2021/22 included implementation of ethics risk assessment and remedial opportunities, which necessitated a separation of the ethics and compliance functions.

In addition, it is recommended that from 2021/22, a separate, independent ethics report be submitted to the Board, the Social and Ethics Committee, Risk Committee and Audit Committee.

ETHICS POLICIES

Sasria has approved the Ethics Management Policy, Conflict of Interest Management Policy, Fraud Prevention Policy and Whistleblowing Policy that inform employees on ethical conduct. These policies are reviewed every three years to ensure their relevance and alignment with legal and governance requirements.

ETHICS AWARENESS

Employees are trained annually on ethics-related policies and procedures, including fraud prevention and whistleblowing. Regular communications on policies is also undertaken. Annual Governance Week, which promotes awareness and reinforces adherence to policies, was held from 15 to 19 March 2021. The following key areas were discussed :

- Ethics and conflicts of interest
- Forensic Investigation Policy
- Whistleblowing Policy
- Outsourcing Policy and Legal Procedures

- Social Media Policy and Procedures
- Protection of Personal Information Act and Privacy Procedures

CONFIDENTIAL FRAUD HOTLINE

Sasria has a confidential reporting line managed by an external provider that accepts reports of all ethics and fraud issues. Employees are encouraged to use the hotline. All matters reported are investigated by the internal audit function and reported to the Audit Committee.

MARKET CONDUCT MATTERS

During the period under review, Sasria ensured that all complaints were handled in line with Treating Customers Fairly (TCF) principles. Thirty-seven customer complaints were received compared to 33 in 2019/20. Complaints were related mainly to claims administration, including registrations of claims and claims progress update. A Sasria/FSCA quarterly conduct meeting was held on 9 April 2021, where the Authority reviewed, among other issues, the customer complaints, which were negligible compared to the total number of claims for the reporting period. The Authority commended Sasria for upholding TCF principles and ensuring adherence to the complaints framework.

SOCIO-ECONOMIC DEVELOPMENT

Sasria's socio-economic development activities are integral to the value creation process and also assist in creating employment. As a proud corporate citizen, Sasria is committed to uplifting the country by enhancing the lives of all who call South Africa home. Sasria aligns its activities to the objectives of National Development Plan 2030, whose primary objectives are to reduce unemployment, banish inequality and alleviate poverty. Sasria is keen and continues to build capacity of the finance industry and contribute to the transformation of the sector and society.

All initiatives undertaken in the year under review were financed through a budget approved by the Social and Ethics Committee and the Sasria Board. The budget was adjusted to accommodate the demands of the Covid-19 pandemic.

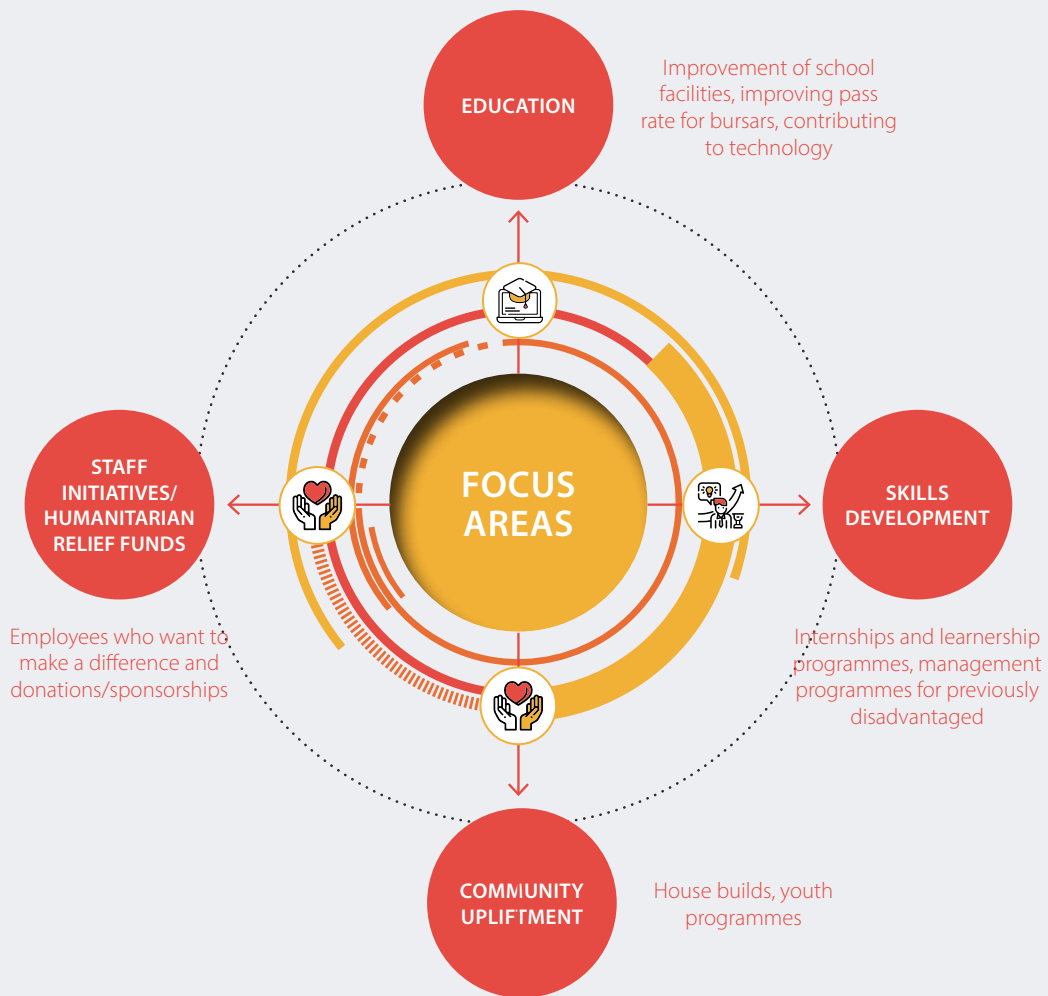
Over R30 million was invested during the year, R9 million above the budget spent in the previous year. More than 95% of objectives were achieved, notwithstanding the challenges of Covid-19.

The following highlights Sasria's achievements:

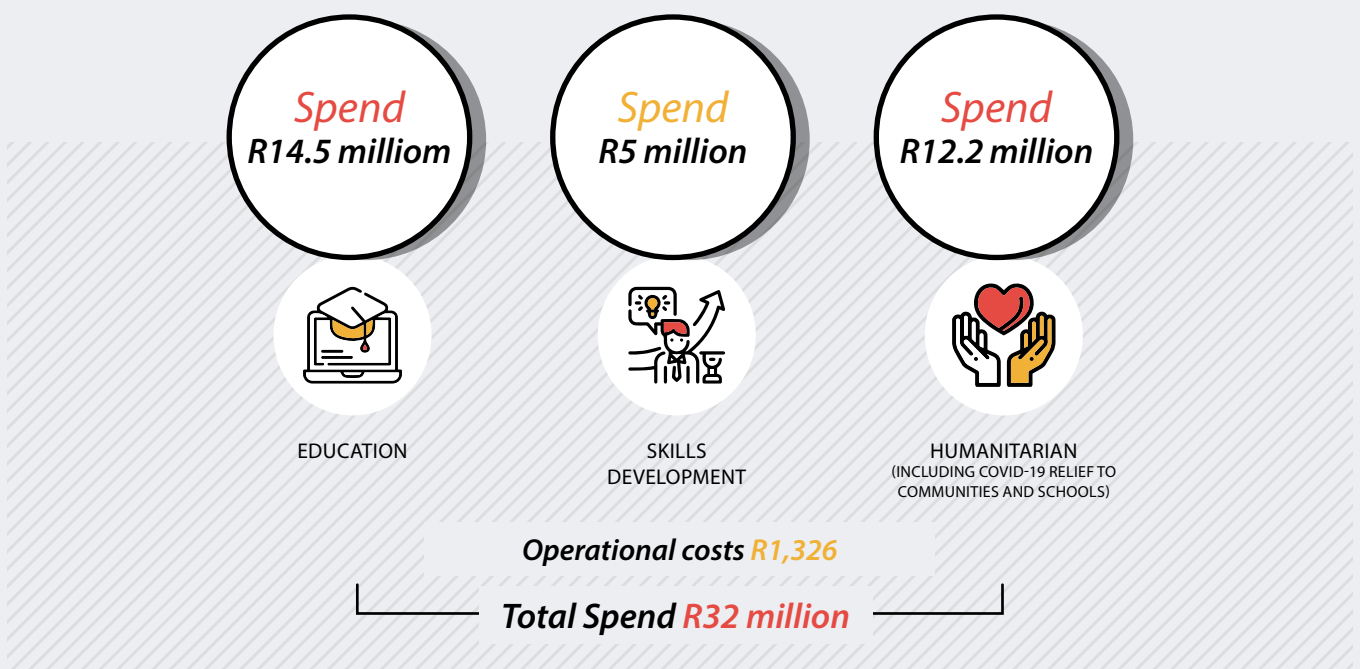
SASRIA ACHIEVEMENTS

INITIATIVE	OUTCOME
Insurance Leadership Development Programme	A total of 25 candidates graduated from Gordon Institute of Business Science
Learnership and mentorship programmes	Sasria partly sponsored 98 industry youths through the short-term insurance industry youth development programmes.
Sasria Mathematics and Science Programme	The programme assisted 20 139 pupils
Actuarial development programme	Sasria continued to support a total of 71 actuarial students through the programme
Sasria Bursary Scheme	The scheme supported 29 students
Thuthuka Bursary Fund	The fund supported 39 students
School infrastructure project	Two ablution facilities were built for schools in Eastern Cape and North West
School data and tablets sponsorship	A total of 300 Maths Centre learners benefitted from Sasria-sponsored data and tablets
Consumer education campaign	A 0.4% of profit after tax was paid to SAIA for the consumer education campaign
Covid-19 Pandemic Relief Fund	The fund benefitted 9 657 families
Community upliftment	Houses were built for three families in the Delmas community

FOCUS AREAS OF CORPORATE SOCIAL INVESTMENT 2020/21



CORPORATE SOCIAL INVESTMENT SPEND FOR 2020/21



EDUCATION



Education empowers communities and empowered communities, in turn, strengthen the economy. More than 70% of Sasria corporate social investment spend is devoted to education, channelled through schools and tertiary programmes.

During 2020/21, Sasria supported 4 472 schools through extra classes, renovations and provision of digital technology. Bursaries were awarded to 29 students to pursue university studies in commerce.

SAVING THE MATRIC CLASS OF 2020

South Africa desperately needs more science and engineering graduates and, with the class of 2020 at risk of being derailed by Covid-19, Sasria's longstanding investment in mathematics and science ramped up a gear when it partnered with Primestars, whose maths and science programme prepares disadvantaged youth for matric examinations.

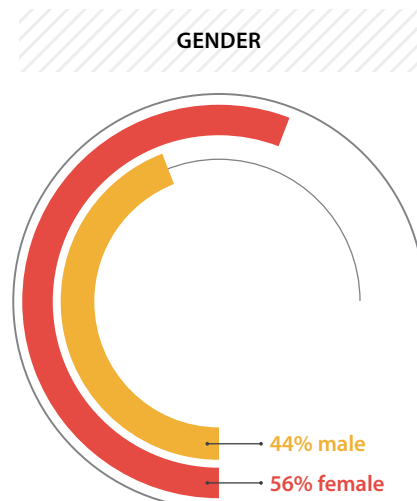
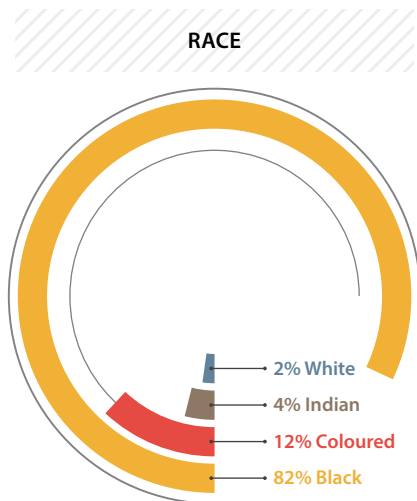
In 2020, the programme was extended through television broadcasts and smartphones, particularly in rural areas with no cinemas. The initiative ran from September to November 2020 and involved 390 teachers in 285 schools across nine provinces. It reached more than 20 000 pupils through cinemas, with a further

29 000 students tuned in via television broadcasts and 19 000 receiving tuition via WhatsApp.

The Primestars programme started four years ago and has consistently improved maths and science marks by a minimum of 10% in all participating schools.

In addition, Sasria partnered with Maths Centre, providing data and tablets to assist Grade 12 pupils to prepare for matric exams outside their usual school environment. The initiative helped 300 youngsters with online tuition using WhatsApp, YouTube and various virtual meeting platforms. The graph below shows the beneficiaries of the Maths Centre programme.

BENEFICIARIES BY RACE AND GENDER





SCHOOL INFRASTRUCTURE DEVELOPMENT

Sasria participated in upgrading school infrastructure and the replacement of unsanitary and sometimes deadly pit latrines, proudly contributing to the government priority of high-quality school ablutions. During the year, work continued on two ablution facilities at disadvantaged schools in North West and Eastern Cape.

SASRIA BURSARY SCHEME

The funding burden placed on the National Student Financial Aid Scheme prompted Sasria to continue with its bursary scheme. Although no new beneficiaries were accepted, the company continued to fund 29 students from 10 universities during 2020, while it remodelled the scheme to improve the pass rate. Beneficiary support was strengthened and tutors were brought in to help struggling students online.

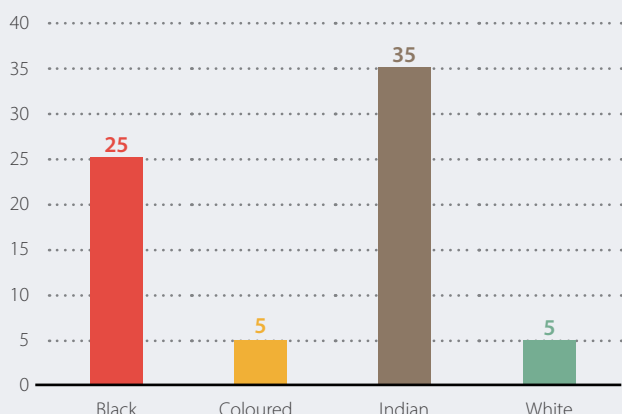
Despite the challenges of the pandemic, students were also given laptops, data, psycho-social and work-readiness bootcamps, plus personal development guidance.

The 2020 cohort performed well, with 23 beneficiaries progressing to the next level and four completing their studies.

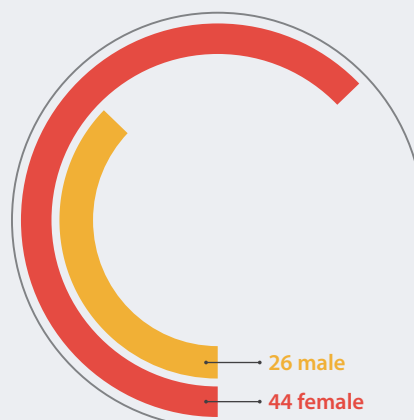
SOUTH AFRICAN ACTUARIES DEVELOPMENT PROGRAMME (SAADP)

A Sasria flagship programme, SAADP addresses the acute shortage of black actuarial skills. Since inception in 2003, the programme has produced 71 graduates. The company sponsored 30 of the 115 students enrolled for the 2020 academic year.

SAADP QUALIFIED ACTUARIES BY RACE



SAADP QUALIFIED ACTUARIES BY GENDER



THUTHUKA BURSARY FUND

Thuthuka funds first-year chartered accountant students. Beneficiaries are chosen from the top accounting matriculants identified by the Department of Education and Labour across all provinces.

In the 2020 academic year, Sasria supported 10 students from different universities.

2020 STUDENT RESULTS

The table below shows the 2020 Thuthuka student results across all years of study:

YEAR OF STUDY	STUDENT NUMBERS	TOTAL PASSED	2020 PASS RATE
1st year	265	221	83%
2nd year	198	147	74%
3rd year	194	130	67%
CTA	452	225	52%

Despite the challenges of the 2020 academic year, on average students achieved better results than in 2019. This can be attributed to additional support initiatives implemented at the beginning of the Covid-19 pandemic lockdown. The initiatives included sessions on resilience to assist students to cope with study and academic year disruptions and to adapt to studying from home.

CONSUMER EDUCATION

Sasria contributes 0.04% of its net profit after tax to SAIA's consumer education programmes, including financial education that uplifts particularly low-income communities by enabling citizens to make better-informed financial choices, improve their financial status and use insurance appropriately. It ensures that consumers understand and have more confidence in the financial sector and its products and services, which ultimately promotes financial inclusion. Delivery methods include radio, television and face-to-face interactions such as industrial theatre, workshops, seminars and onsite sessions.

SKILLS DEVELOPMENT



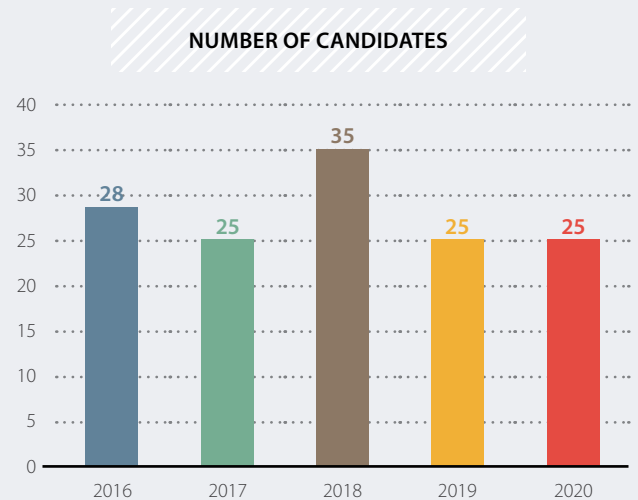
INSURANCE LEADERSHIP DEVELOPMENT PROGRAMME (ILDP)

During 2020/21, 25 candidates were enrolled for the ILDP, which addresses the shortage of scarce skills among future leaders in the short-term insurance industry.

Since 2016, the programme has produced 116 graduates, advancing industry professionalism while steering individuals to educational excellence and personal growth.

A Triologue survey of ILDP graduates indicated that 45% had been given increased job responsibilities, 30% had been promoted and 27% had received salary adjustments.

The graph on the right shows the number of ILDP students enrolled per year since 2016:



SASRIA GRADUATE PROGRAMME

The programme equips graduates to move seamlessly from tertiary institutions to workplaces and is part of Sasria's contribution to skills development in the industry. The 10 graduates who completed the programme at the end of 2019/20 were absorbed into the Sasria workforce in April 2021.

YOUTH DEVELOPMENT PROGRAMMES

Sasria sponsors three youth-development programmes of the Insurance Institute of Gauteng:

- Roots and Wings, a mentorship programme that gives candidates access to experienced professionals in the short-term insurance

industry. Emerging from the programme, learners are better equipped to take charge of their careers and enhance their business acumen. They also enjoy networking opportunities and are better able to handle the work-life balance, and approach challenges and opportunities positively. In 2020, the programme registered 26 mentees from the industry.

- Class of 2020 was a one-year programme that exposed 28 young industry employees to professionals, experience and leadership development.
- The Graduate Institute of Financial Services one-year learnership through which school leavers or those with an NQF 4 qualification complete their RE level 5 board exams and secure permanent employment. In the 2020 academic year, 44 delegates were enrolled.

HUMANITARIAN RELIEF FUNDS

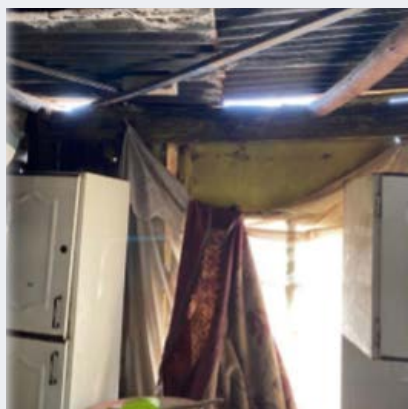


COVID-19 INITIATIVES

Sasria, in partnership with the Bryan Habana Foundation, Amor Community of Hope, Afrikka Tikkun, Youth in Free Enterprise and Balance the Future in collaboration with Pick n Pay, Boxer Superstores and Adidas, initiated food security projects in KwaZulu-Natal, Gauteng, Western Cape and Limpopo, which benefitted 9 657 families.

COMMUNITY UPLIFTMENT

Sasria, partnering with Amor Community of Hope, a non-profit organisation providing affordable housing for families in need in Delmas, facilitated the building of three houses, bringing the number of houses built by the partnership since 2015 to 18.







HUMAN CAPITAL

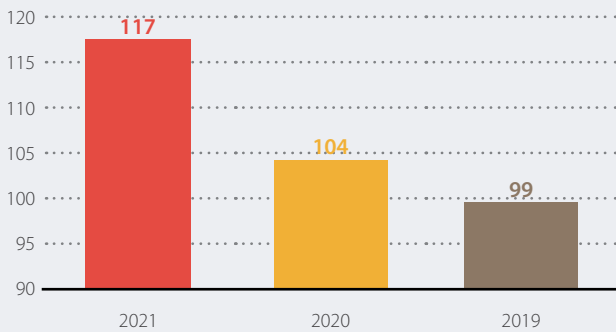


Sasria contributes to transformation by attracting, developing and retaining young professionals from disadvantaged backgrounds. This it does through its employee value proposition.

The proposition is premised on four core pillars:

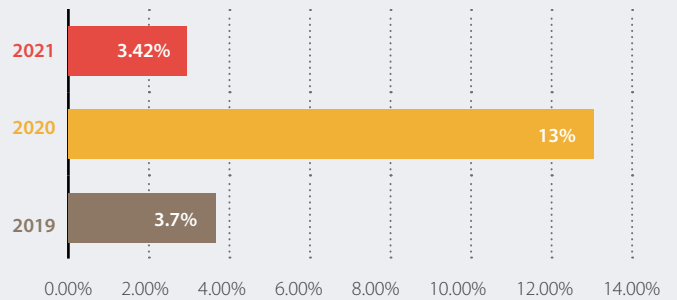
PILLAR	DIMENSIONS
Rewards	Competitive remuneration offering
	Generous employee benefits
Work environment	Flexible work practices
	Stimulating work environment
Work content	Meaningful work that contributes to business success
	Career opportunities
Development	Skills development
	Professional and sectoral affiliation opportunities

HEADCOUNT OVER A THREE-YEAR PERIOD



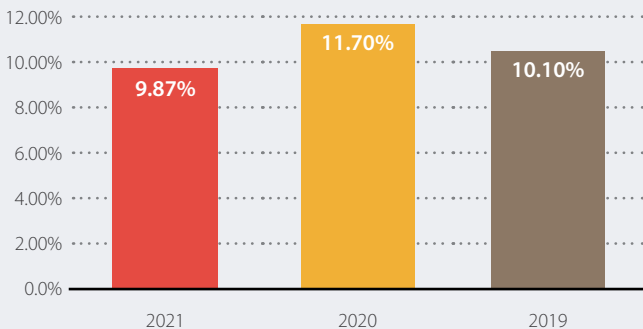
Since 2019, our headcount has grown by 18% through building capacity and capability in the Business Change and Technology division to fulfil our digitalisation strategy. We have also built capacity and capability in our support functions.

VACANCY RATE OVER A THREE-YEAR PERIOD



Our vacancy rate, at 3.42%, has remained consistently low, as Sasria has become an attractive employer in the short-term insurance industry.

TURNOVER RATE OVER A THREE-YEAR PERIOD



The turnover rate dropped from the previous year to below the tolerance level of 10%.

MANAGEMENT CONTROL

Sasria consistently meets the BBBEE management control target in the Financial Sector Code through appointment and promotion of people from previously disadvantaged groups. Females dominate the Sasria workforce, at 62%, and 97% of the workforce are black (86% African, 6% coloured, 5% Indian) and 3% white.

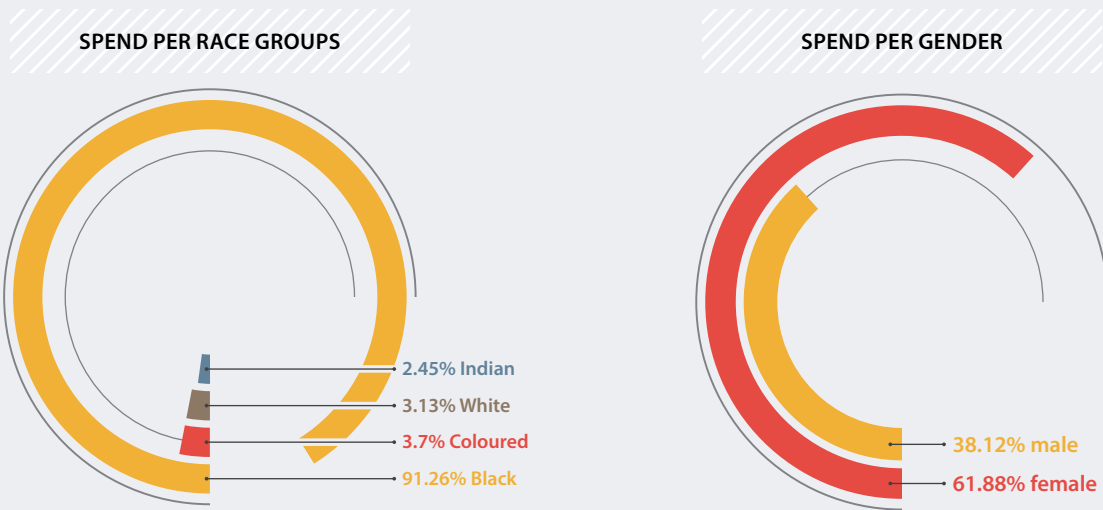
Sasria's score against FSC targets at 31 March 2021:

CRITERIA	POINTS	TARGETS	ACTUAL	SCORE
BOARD PARTICIPATION				
Exercisable voting rights of black members	1.00	50.00%	100.00%	1.00
Exercisable voting rights of black women members	1.00	25.00%	50.00%	1.00
Black executive directors as a % of all executive directors	2.00	50.00%	100.00%	2.00
Black women executive directors as a % of all executive directors	1.00	25.00%	50.00%	1.00
Senior management and other executive management combined				
Black executive management as a % of other executive management	4.00	60.00%	80.00%	4.00
Black women executive management as a % of other executive management	2.00	30.00%	40.00%	2.00
African executive management (applies only when combining management levels)	1.00	51.96%	60.00%	1.00
COMBINED WITH OTHER EXECUTIVE MANAGEMENT				
Black employees in senior management	0.00	0.00%	66.67%	0.00
Black women employees in senior management	0.00	0.00%	33.33%	0.00
African employees in senior management (employee assistance programme (EAP) applied)	0.00	0.00%	0.00%	0.00
MIDDLE MANAGEMENT				
Black employees in middle management	2.00	75.00%	100.00%	2.00
Black women employees in middle management	1.00	38.00%	66.67%	1.00
African employees in middle management (EAP applied)	1.00	64.95%	95.56%	1.00
JUNIOR MANAGEMENT				
Black employees in junior management	1.00	88.00%	97.30%	1.00
Black women employees in junior management	1.00	44.00%	60.81%	1.00
African employees in junior management (EAP applied)	1.00	76.20%	87.84%	1.00
DISABLED EMPLOYEES				
Black disabled employees	1.00	2.00%	2.22%	1.00
TOTAL	20.00			20.00

SKILLS DEVELOPMENT

The philosophy to promote members of previously disadvantaged groups extends to our learning and development. While all employees are provided with an opportunity for development, there is a bias towards females and black people. We are contributing to transformation of the industry and also contributing to NDP 2030. The 2020 academic year was focused on developing leadership and building management capability. The ability to meet the skills development target was thrown off track by Covid-19, as we could not carry out face-to-face training and travel was restricted.

SPEND BY RACE AND GENDER 2020/21



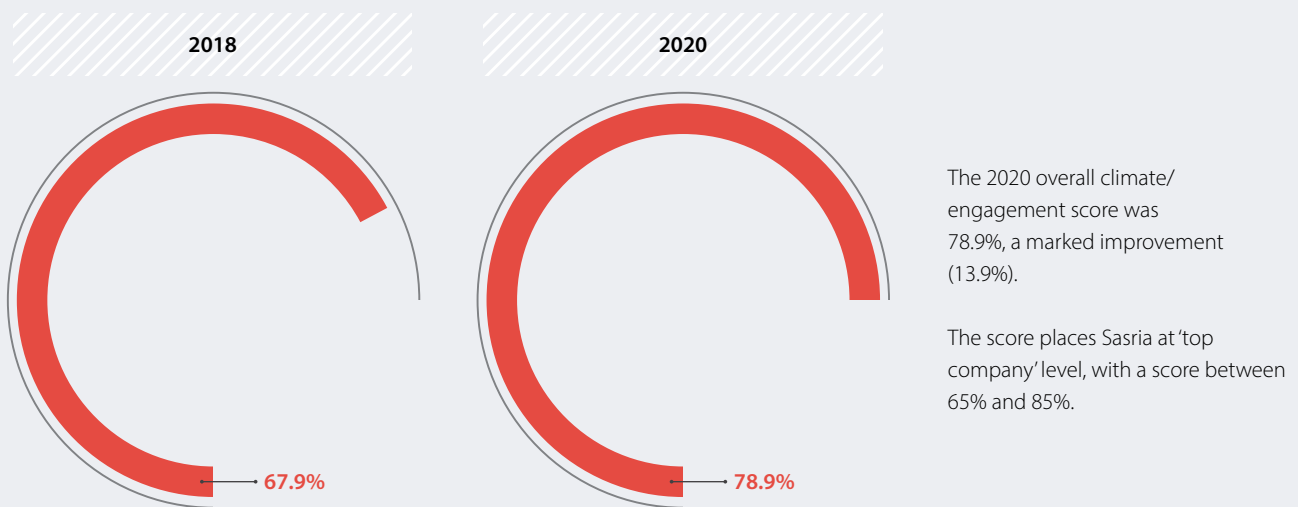
Sasria score against FSC targets for skills development at 31 March 2021:

CRITERIA BASED ON RSA OVERALL DEMOGRAPHIC REPRESENTATION	POINTS	TARGET	ACTUAL	SCORE
SKILLS DEVELOPMENT EXPENDITURE AS % OF LEVIABLE AMOUNT FOR THE LEVEL				
Expenditure on learning programmes for black senior and executive management	2.00	2.00%	0.01%	0.01
Expenditure on learning programmes for black female senior and executive management	1.00	1.00%	0.01%	0.01
Expenditure on learning programmes for black middle management	2.00	3.00%	1.26%	0.40
Expenditure on learning programmes for black female middle management	1.00	1.50%	0.55%	0.30
Expenditure on learning programmes for black junior management	3.00	5.00%	8.82%	2.80
Expenditure on learning programmes for black female junior management	2.00	2.50%	4.85%	2.00
Expenditure on learning programmes for black people and non-management staff	3.00	8.00%	4.52%	1.36
Expenditure on learning programmes for black female and non-management staff	1.00	4.00%	4.52%	0.91
Expenditure on learning programmes for disabled black employees	2.00	0.30%	0.03%	2.00
Number of black people (employed or unemployed) participating in learnerships	8.00	5.00%	9.09%	8.00
BONUS POINTS				
Number of black people absorbed at the end of learnership programmes	3.00	100%	100%	3.00
TOTAL	28.00			20.79

ORGANISATIONAL CLIMATE

The organisational climate was tested through the 2020 climate survey, which indicated a 16% improvement in climate since 2018. The journey since 2018 to improve the climate had four focus areas:

- Driving values-led behaviour
- Building faith in leadership
- Building management competence
- Building change management capability.

CONSOLIDATED CLIMATE SURVEY SCORE COMPARISON 2020 / 2018**EMPLOYEE WELLNESS**

Our employee wellness programmes were enhanced in 2020 to nurture and promote a physically and mentally healthy workforce. The pandemic and its lockdowns evoked emotions akin to grieving, including anger and denial. In September 2020, we conducted a survey to determine how our people were coping and what measures could be put in place to support them. A quarter of the workforce was feeling lonely and isolated, and plans were put in place to support those employees.

CORPORATE GOVERNANCE

With the pressure on state-owned enterprises (SOEs) in recent years and the spotlight being cast on many for lapses in governance and judgment, Sasria remains proud that it can claim an unblemished corporate governance record. In this section, we highlight the vital role of our Board committees in ensuring we are beyond reproach, reiterate our commitment to upholding the principles of King IV and reinforce the transparency of our approach to remuneration.

CORPORATE GOVERNANCE FRAMEWORK

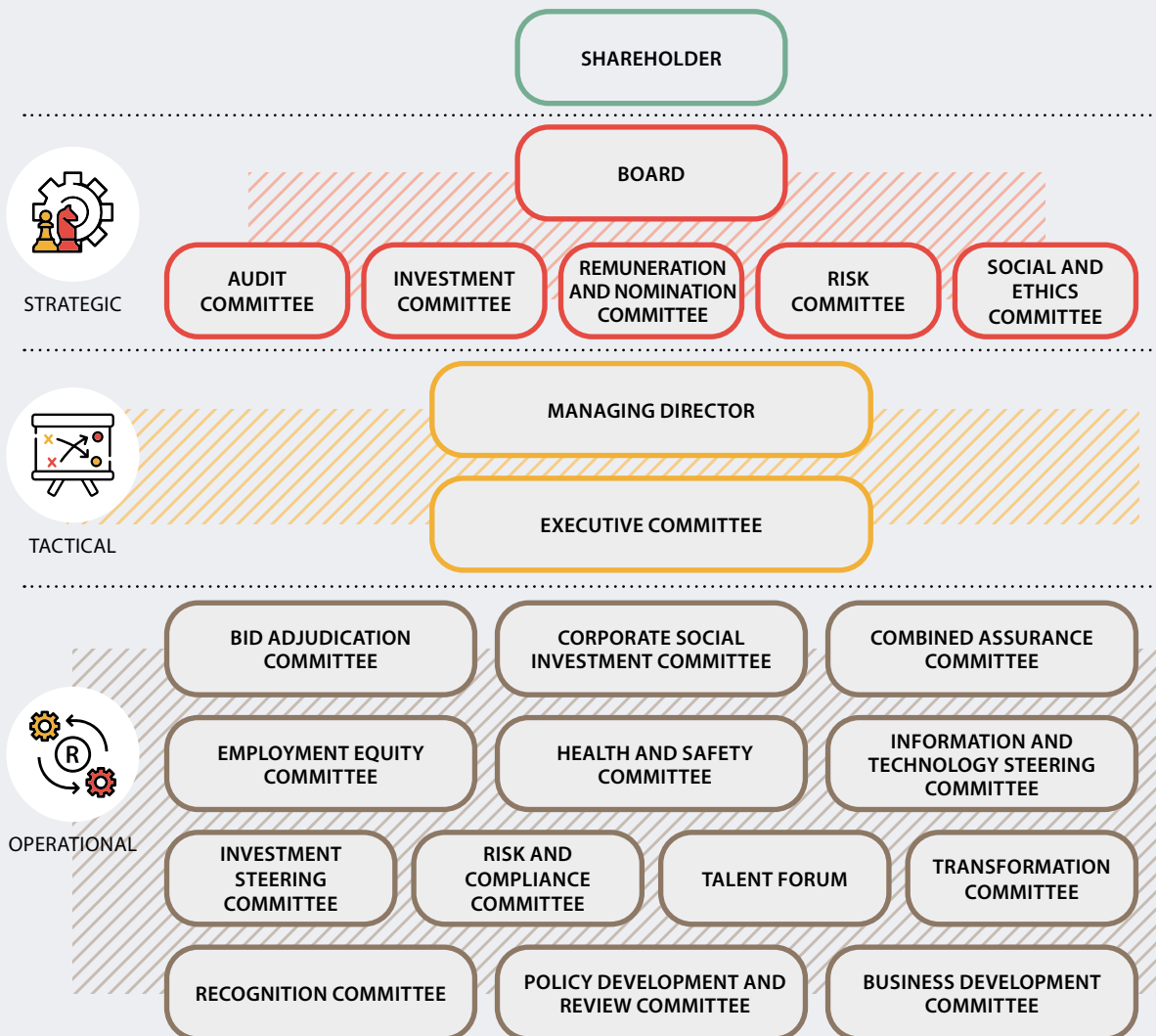
Sasria continued to apply sound governance structures, procedures and processes during the period under review, as these are fundamental to the effective delivery of its dual mandate, and to ensure its long-term sustainability.

The Board, as the accounting authority, is committed to the principles of openness, transparency, integrity and accountability

advocated in King IV. This commitment is formalised in our company's charters, policies and procedures.

To achieve the principles of corporate governance and ensure that these are embedded throughout strategic and operational processes, the company has four statutory Board committees, namely the Audit Committee, Remuneration and Nomination Committee, Risk Committee and Social and Ethics Committee. The roles of the committees and the Investment Committee are embedded in their charters.

OUR OPERATIONAL STRUCTURE



BOARD COMMITTEES

BOARD MEMBER ATTENDANCE AT BOARD MEETINGS: 1 APRIL 2020 TO 31 MARCH 2021

All Board members were appointed on 24 June 2020

BOARD MEMBER	AREAS OF EXPERTISE	ORDINARY MEETING		SPECIAL BOARD MEETING	ORDINARY MEETING	ANNUAL GENERAL MEETING (AGM)	ORDINARY MEETING	TOTAL MEETINGS	TOTAL ATTENDED	PERCENTAGE ATTENDED
		29 JUL 2020	28 SEP 2020	10 NOV 2020	30 NOV 2020	27 JAN 2021	18 MAR 2021	6		
Moss Ngoasheng (Chairperson)	Investments	√	√	√	√	√	√	6	6	100%
Onkgodisitse Mokonyane (Deputy Chairperson)	Governance, investments, risk, actuarial, recruitment and human capital	√	√	√	√	√	√	6	6	100%
Christiaan van Dyk	Life insurance, short-term insurance, asset management, investment product and administration, reinsurance, actuarial, own risk and solvency assessment, risk finances audit, remuneration strategy	√	√	√	√	√	√	6	6	100%
Japhtaline Mantuka Maisela	Human capital, investment, social and ethics	√	√	√	√	√	√	6	6	100%
Reginald Haman	Risk management, business strategy, risk financing, insurance, governance, internal audit, forensic audit, information technology, human capital, remuneration	√	√	√	√	√	√	6	6	100%
Moipone Ramoipone	Finance, accounting	√	√	√	√	√	√	6	6	100%
Refilwe Moletsane	Governance, compliance, regulatory affairs	√	√	√	√	√	√	6	6	100%
Enos Ngutshane	Risk, human capital, governance, fraud and fraud prevention	√	√	√	√	-	√	6	5	83%
Dr Nolwandle Mgoqi-Mbalo	Short-term and life insurance, employee benefits, asset management, strategy development and execution, management	√	√	√	√	√	√	6	6	100%
Sathie Gounden	Audit, finance, risk, governance, fraud and fraud prevention	√	√	√	√	√	√	6	6	100%
Margaret Mosibudi Phiri	External and internal audit, financial accounting, risk management, governance, investigations, board evaluations	√	√	√	√	√	√	6	6	100%
Desmond Marumo	Law	√	√	√	√	√	√	6	6	100%

AUDIT COMMITTEE

The Audit Committee assists the Board to discharge its responsibilities effectively to achieve Sasria's objectives. The committee oversees financial management, internal control and governance. By reviewing financial statements, reports from the internal and external auditors, status of internal control and risk management, it ultimately provides meaningful advice on sustainability of the company to the Board and the shareholder.



The Audit Committee report appears on page 97.

MEMBER	ORDINARY MEETING	SPECIAL MEETING	ORDINARY MEETING	ORDINARY MEETING	TOTAL MEETINGS	TOTAL ATTENDED	PERCENTAGE ATTENDED
	16 Sep 2020	9 Nov 2020	19 Nov 2020	23 Feb 2021	4		
Margaret Mosibudi Phiri (Chairperson)	√	√	√	√	4	4	100%
Sathie Gounden (Deputy Chairperson)	√	√	√	√	4	4	100%
Onkgoditse Mokonyane	√	√	√	√	4	4	100%
Reginald Haman	√	√	√	-	4	3	75%
Moipone Ramoipone	√	√	√	√	4	4	100%
Japhtaline Mantuka Maisela	-	√	√	√	4	4	100%

* All members appointed 29 July 2020

Activities during the year and priorities for the year ahead:

ACTIVITIES IN 2020/21	PRIORITIES IN 2021/22
The committee is satisfied that it fulfilled its mandate during the 2020/21 financial year	
Reviewed the committee's mandate, reassessed the adequacy of this mandate and recommended proposed changes to the Board	
Reviewed its charter for relevance and recommended to the Board for approval	
Reviewed and approved workplan and standard agenda	
Reviewed and recommended to the Board the reappointment of the external auditor for the year ended 31 March 2021	Review and recommend to the Board the reappointment of the external auditor for the year ending 31 March 2022
Reviewed and approved the external audit plan, terms of engagement and fees for the year ended 31 March 2021	
Reviewed, approved and/or recommended policies to the Board within its mandate	
Reviewed the quality of financial information produced to ensure reliability and integrity	
Reviewed and recommended to the Board for approval the going concern assessment	Review and recommend to the Board for approval the going concern assessment
Reviewed and recommended to the Board the declaration of an ordinary dividend	
Reviewed and recommended to the Board the 2019/20 integrated report	
Reviewed and recommended for Board approval the annual financial statements for the year ended 31 March 2020	Monitor the tax and fruitless and wasteful expenditure matters
Monitored the implementation process of the impending IFRS 17	Continue to monitor the implementation process of the impending IFRS 17
Monitored the implementation and progress of the IT strategy	Monitor full implementation of the IT projects, particularly the claims management system
Approved the internal audit charter and internal audit plan and reviewed and discussed the internal audit reports	Approve changes made to the internal audit plan
Reviewed and recommended to the Board the 2021/22 budget	

INVESTMENT COMMITTEE

This committee assists the Board in its oversight of the asset management responsibility by monitoring, evaluating and reviewing the investments of Sasria. The committee ensures that the appointed asset managers perform adequately and continue to produce good returns on the Sasria investments under their control.

MEMBER	ORDINARY MEETING	ORDINARY MEETING	ORDINARY MEETING	TOTAL MEETINGS	TOTAL ATTENDED	PERCENTAGE ATTENDED
	8 Sep 2020	17 Nov 2020	18 Feb 2021	3		
Dr Nolwandle Mgoqi-Mbalo (Chairperson)	√	√	√	3	3	100%
Moss Ngoasheng (Deputy Chairperson)	√	√	√	3	3	100%
Sathie Gounden	√	√	√	3	3	100%
Christiaan van Dyk	√	√	√	3	3	100%
Desmond Marumo	√	√	√	3	3	100%

* All members appointed 29 July 2020

ACTIVITIES IN 2020/21	PRIORITIES IN 2021/22
The committee is satisfied that it fulfilled its mandate during the 2020/21 financial year	
Monitored the overall investment portfolio and updated the Board quarterly on performance and any material deviations	Monitor and provide guidance on rebalancing the strategic asset allocation
Reviewed and monitored the implementation of investment policy and investment strategy	Monitor transformation and ensure that new entrants are appointed to the incubation programme
Reviewed its charter for relevance	
Reviewed and monitored strategic asset allocation and deviations due to Covid-19, and investment goals and objectives	
Monitored and provided guidance on the transformation of the asset management industry	
Monitored adherence to credit and market risks limits	
Reviewed the implementation of UNPRI and its integrated report	
Reviewed and provided feedback on the investment income and expenses budget	
Evaluated the role and mandate of the committee, performance of the committee and effectiveness, contribution and performance of the committee and individual members	
Reviewed and approved its annual work plan and agenda	
As part of the periodic review of policies, reviewed and approved all investment policies in its mandate and recommended others to the Board for approval	

RISK COMMITTEE

The committee oversees Sasria's governance, internal control and risk management processes. It ensures that disclosure on risk and opportunity is comprehensive, timely and relevant and thus enhances stakeholder confidence in the governance of Sasria. It ensures that disclosure does not compromise sensitive information. The committee also considers technical insurance and reinsurance matters, making recommendations to the Board.

MEMBER	ORDINARY MEETING	ORDINARY MEETING	ORDINARY MEETING	TOTAL MEETINGS	TOTAL ATTENDED	PERCENTAGE ATTENDED
	9 Jul 2020	18 Nov 2020	24 Feb 2021	3		
Onkgodisitse Mokonyane (Chairperson)	√	√	√	3	3	100%
Reginald Haman (Deputy Chairperson)	√	√	√	3	3	100%
Refilwe Moletsane	√	√	√	3	3	100%
Christiaan van Dyk	√	√	√	3	3	100%

* All members appointed 29 July 2020

ACTIVITIES IN 2020/21	PRIORITIES IN 2021/22
The committee is satisfied that it fulfilled its mandate during the 2020/21 financial year	
Approved the 2020/21 strategic risks	Monitor the enhancement of the cyber-attack crisis management plan
Reviewed its charter for relevance	Monitor and provide guidance on the analysis of the remote working environment and ensure that controls are adequate to prevent fraud
Approved the technical valuation methodology and results	Monitor the implementation/acquisition of an intelligent risk system based on data acquisition
Reviewed and approved its annual work plan and agenda	Monitor and provide guidance on the development of key risk indicators aligned to emerging risks
Reviewed and recommended to the Board for approval the reinsurance assessment	
Exercised oversight over the risk management, compliance and insurance operations report and made recommendations for improvements where applicable	
Recommended the 2020/21 risk appetite limits for Board approval	
Recommended the 2020/21 own risk and solvency assessment report for Board approval	
As part of the periodic review of policies, reviewed and approved all risk policies in its mandate and recommended others to the Board for approval	
Monitored progress of the data acquisition project	
Monitored the progress of the Sasria business intelligence unit	
Approved the 2020/21 key risk indicators	
Ensured that risk governance encompasses: <ul style="list-style-type: none"> • The opportunities and associated risks to be considered when developing strategy; and • The potential positive and negative effects of the same risks in the achievement of organisational objectives 	
Evaluated the role and mandate of the committee, its performance and effectiveness, and the contribution and performance of committee members as a whole and as individuals	

REMUNERATION AND NOMINATIONS COMMITTEE

The committee oversees the human resource requirements necessary to achieve Sasria's strategic objectives. It considers, reviews and advises the Board on human capital management and remuneration policies, staff development and trends in significant human capital indicators, and proposes to the Board required policy amendments. It also nominates and recommends eligible board members to the Shareholder.

MEMBER	SPECIAL MEETING	ORDINARY MEETING	ORDINARY MEETING	ORDINARY MEETING	TOTAL MEETINGS	TOTAL ATTENDED	PERCENTAGE ATTENDED
	14 Aug 2020	17 Sep 2020	12 Nov 2020	17 Feb 2021	4		
Japhtaline Maisela (Chairperson)	√	√	√	√	4	4	100%
Enos Ngutshane (Deputy Chairperson)	√	√	√	√	4	4	100%
Dr Nolwandle Mgoqi-Mbalo	√	√	√	√	4	4	100%
Margaret Phiri	√	√	√	√	4	4	100%
Moss Ngoasheng	√	√	-	√	4	3	75%

* All members appointed 29 July 2020

ACTIVITIES IN 2020/21	PRIORITIES IN 2021/22
The committee is satisfied that it fulfilled its mandate during the 2020/21 financial year	
Reviewed and reassessed the adequacy of the committee's mandate and charters and recommended changes to the Board	Monitor and provide guidance to ensure that a skilled and fit-for-purpose managing director is appointed
Reviewed and approved workplan and standard agenda	
Oversaw the development of the human capital strategy and plans	
As part of the periodic review of policies, reviewed and approved all human capital policies in its mandate and recommended others to the Board for approval	
Monitored awareness of labour relations legislation developments and assessed their impact on human capital policies and their implementation	
Monitored and reviewed succession planning for critical positions and executives, and talent management	
Reviewed the total rewards policy (effectiveness of remuneration, incentives and benefits in driving strategy and behaviour)	
Reviewed and recommended to the Board for approval annual salary reviews and their link to performance management	
Reviewed executive management remuneration (salary and incentives)	
Reviewed the climate survey results and action plans (satisfaction, engagement, retention)	
Reviewed and provided guidance on human capital risk identification strategic and operational risks reporting	
Evaluated the role and mandate of the committee, its performance and effectiveness, and the contribution and performance of committee members as a whole and as individuals	

SOCIAL AND ETHICS COMMITTEE

The committee monitors activities pertaining to social and ethics matters. It ensures that the company conducts itself responsibly in a commercially and environmentally sound manner, in adherence to legislation and codes of good best practice.

MEMBER	ORDINARY MEETING	ORDINARY MEETING	ORDINARY MEETING	TOTAL MEETINGS	TOTAL ATTENDED	PERCENTAGE ATTENDED
	10 Sep 2020	11 Nov 2020	22 Feb 2021	3		
Refilwe Moletsane (Chairperson)	√	√	√	3	3	100%
Desmond Marumo (Deputy Chairperson)	√	√	√	3	3	100%
Enos Ngutsane	√	√	√	3	3	100%
Moipone Ramoipone	√	√	√	3	3	100%

* All members appointed 29 July 2020

ACTIVITIES IN 2020/21	PRIORITIES IN 2021/22
The committee is satisfied that it fulfilled its mandate during the 2020/21 financial year	
Reviewed the committee's mandate, reassessed its adequacy and recommended changes to the Board	
Reviewed its charter for relevance and recommended it to the Board for approval	
Reviewed and approved the annual workplan and standard agenda	
Reviewed, approved and recommended to the Board its policies and its mandate	
Reviewed and approved its section of the integrated report for the year ended 31 March 2020 (including for the annual general meeting)	
Oversaw the development and implementation of an overarching transformation plan	Monitor the implementation of the company's three-year transformation plan
Oversaw ethics performance (including training, disclosures of interests, results of ethics assessments, and fit-and-proper checks of staff and Board)	
Oversaw the application of the ethics maturity assessment across the company	Monitor the implementation of the ethics strategy
Oversaw the implementation of the procurement plan and policy	
Oversaw the implementation of skills development	
Oversaw the implementation of community upliftment projects	
Oversaw the monitoring of fraud reported via the independent fraud line	
Oversaw the handling of claims and customer complaints	Monitor the implementation of remedial actions taken to address claims complaints

KING IV

Sasria has benchmarked its practices against the principles of the King IV Report on Corporate Governance for South Africa 2016 (King IV). Below is a summary of our progress in achieving the 17 principles and desired governance outcomes. The Board is satisfied that Sasria has applied the requisite principles.

PRINCIPLES	COMPLIANT	BRIEF EXPLANATION
Governance outcome: ethical culture		
1. The Accounting Authority should lead ethically and effectively	Yes	Sasria's directors hold one another accountable for decision-making and act in a way that displays the ethical characteristics stated in King IV
2. The Accounting Authority should govern the ethics of the SOE in a way that supports the establishment of an ethical culture	Yes	Sasria has an ethics policy in place that applies to Board members and employees
3. The Accounting Authority should ensure that the SOE is and is seen to be a responsible corporate citizen	Yes	The Board has delegated to the Social and Ethics Committee, among others, the responsibility for monitoring the overall responsible corporate citizenship performance of Sasria For more detail on how Sasria addresses responsible citizenship, refer to the activities of the Social and Ethics Committee on page 87
Governance outcome: performance and value creation		
4. The Accounting Authority should appreciate that the SOE's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process	Yes	The Board assesses continually the positive and negative outcomes resulting from its business model and responds to them as highlighted in this integrated report
5. The Accounting Authority should ensure that reports issued by the SOE enable stakeholders to make informed assessments of the SOE's performance and its short-, medium- and long-term prospects	Yes	This integrated report provides users with a holistic, clear, concise and understandable presentation of Sasria's performance in sustainable value creation in the economic, social and environmental context in which it operates
Governance outcome: adequate and effective control		
6. The Accounting Authority should serve as the focal point and custodian of corporate governance in the SOE	Yes	The role and responsibilities of the Board are as set out under principle 6 of King IV. These roles and responsibilities are articulated in the Board Charter
7. The Accounting Authority should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively	Yes	The Board is satisfied that there is a balance of skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities For more detail on the composition of the Board of Directors, refer to page 82
8. The Accounting Authority should ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with the balance of power and the effective discharge of its duties	Yes	The composition of the Board committees and the distribution of authority between the Chairperson and other directors is balanced and does not lend itself to individuals dominating decision-making in governance structures or undue dependency For more detail on the composition of the Board's committees, refer to pages 83 to 87
9. The Accounting Authority should ensure that the evaluation of its own performance and that of its committees, its Chairperson and its individual members support continued improvement in its performance and effectiveness	Yes	Evaluations of the performance of the Board structures and their members are conducted simultaneously every three years

PRINCIPLES	COMPLIANT	BRIEF EXPLANATION
10. The Accounting Authority should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	Yes	A detailed delegation of authority is in place. The Board is satisfied that Sasria is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised
11. The Accounting Authority should govern risk in a way that supports the SOE in setting and achieving its strategic objectives	Yes	The Board adopted an enterprise resource management framework and approach to managing risk. The Risk Committee assists the Board with the governance of risk. Refer to page 45 for more information about risk management at Sasria.
12. The Accounting Authority should govern technology and information in a way that supports the SOE setting and achieving its strategic objectives	Yes	The Board is aware of the importance of technology and information as they are inter-related to Sasria's strategy, performance and sustainability. The Audit Committee assists the Board with the governance of information technology
13. The Accounting Authority should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the SOE being ethical and a good corporate citizen	Yes	There were no material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations
14. The Accounting Authority should ensure that the SOE remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long term	Yes	Sasria remunerates fairly, responsibly and transparently to deliver on its strategic initiatives and to promote the creation of value in a sustainable manner. Refer to the remuneration report on page 90
15. The Accounting Authority should ensure that assurance services and functions enable an effective control environment, and that these support integrity of information for internal decision-making and of the SOE's external reports	Yes	The Board is satisfied that the combined risk assurance model results in an adequate and effective control environment and integrity of reports for better decision-making
Governance outcome: trust, good reputation and legitimacy		
16. In the execution of its governance role and responsibilities, the Accounting Authority should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the SOE over time	Yes	Sasria has identified key stakeholder groupings and their legitimate and reasonable needs, interests and expectations. Refer to the section our key relationships on page 25
17. The Accounting Authority should ensure that responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests	Yes	Sasria continues to be a proud signatory of UNPRI and has supported CRISA since 2012. Refer to page 40 for more information

COMPLIANCE WITH LAWS

Sasria is driven by prescribed legislative and regulatory frameworks and standards, including its own regulatory framework aligned with the overarching policies.

During the review period, the Board and its committees continued to monitor the implementation of Sasria's compliance policy and legal compliance processes. The Board is comfortable that it achieved a satisfactory level of compliance throughout the year, including submission of compliance reports to all regulatory structures.

DISCLOSURE IN TERMS OF SECTION 55(2)(B) OF THE PFMA

During the year under review, no:

- material loss was suffered through criminal conduct;
- criminal charges arose through such losses or expenditure; and

- no financial assistance was received from the state nor any commitments made by the state on its behalf.

We maintain a zero-tolerance approach to fraud and corruption. Employees are made aware of the latest trends and the code of ethics applies to all.

Irregular, fruitless and wasteful expenditure was recorded in 2020/21 as a result of insufficient tax payments. This is also reported as part of the annual financial statements (note 28). Policies and procedures are in place to ensure that this will not recur and corrective measures are being put in place.

REMUNERATION REPORT

Sasria recognises that rewards have a direct link to performance and retention. The Remuneration and Nomination Committee continues its oversight of the Sasria employee value proposition to ensure consistently fair and competitive remuneration and benefits to attract and retain valued employees.

REMUNERATION APPROACH

Sasria's remuneration approach is aligned to its total rewards framework, which ensures that remuneration practices support business objectives. The remuneration policy applies to the Managing Director, Finance Director, executives and all employees and is aligned with the State-owned Enterprises Remuneration Guidelines, Financial Sector Conduct Authority and King IV to ensure that directors and executives are remunerated fairly and responsibly. The remuneration of the Managing Director, Finance Director and executive managers is approved by the Minister of Finance.

All salaries are managed by salary bands and are benchmarked every other year against industry standards and participation in salary surveys on the national and short-term insurance labour market.

This ensures that employees receive market-related remuneration for their grade, role and level of experience. The remuneration and benefit benchmark review is conducted in November of every other year. The 50th percentile is regarded as the most appropriate market reference point for Sasria, but the 75th percentile is used to attract and retain rare and critical skills.

SALARY INCREASES FOR 2020

During 2020/21, an average increase of 4.5% was approved for all employees. This process is informed by affordability and individual employees' performance. Executive managers' salaries were increased by 3.5% and the Managing Director's by 0%.

The table below reflects the average salary increases:

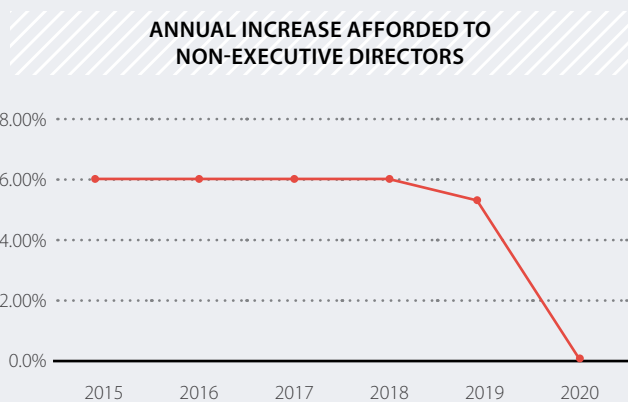
AVERAGE SALARY INCREASE

STAFF CATEGORIES	2020/21	2019/20
Top management – Managing Director	-	5%
Senior management – executives	3.5%	3.5% – 5%
Middle management	4.5%	5.5%
Specialists	4.5%	5.5%
Skilled technically/junior management	4.5%	5.5%
Semi-skilled	4.5%	6%
Unskilled	4.5%	6%

BOARD REMUNERATION

Directors' remuneration is reviewed annually by the shareholder and approved at the annual general meeting. In considering the revision of Board remuneration, the shareholder takes into account the Board's performance against the strategy and corporate plan of the company, its effectiveness in executing the strategy, Board annual assessment results and meeting attendance by each director.

The increase is effective in January. The following graph shows the annual increase granted to non-executive directors since 2015.



COMPANY AND INDIVIDUAL PERFORMANCE

Short-term incentives of 2019/20 administered in 2020/21

The total rewards policy focuses on two key elements when determining individual short-term incentive payments, namely business and personal performance metrics.

The business metric is based on the following key performance indicators (KPIs), which are critical to the achievement of our business objectives:

- Measures of underwriting profit;
- Gross written premium growth;
- Reducing claims turnaround times;
- Driving employee engagement;
- Increasing brand awareness;
- Implementing a new ICT strategy; and
- Improving transformation scores against the targets set by the Financial Sector Code.

The personal metric focuses on an individual employee's performance, determined through the performance management process.

The implementation of incentive schemes takes into account the different hierarchical levels informed by complexity, decision-making and judgment. This results in a higher weighting towards financial outcomes and is applied to the most senior management individuals, who have a more significant influence on these outcomes. Individuals at the lower levels of the organisation, with limited ability to influence such outcomes, have little or no weighting assigned to financial achievements.

Weightings for business and personal performance metrics to determine short-term incentives were:

PARTICIPANTS	BUSINESS (%)	PERSONAL (%)
Executives (levels 8 – 9)	50	20
Senior management (level 7)	35	25
Middle management (level 7)	20	30
Employees (levels 1 – 6)	-	40

PERFORMANCE BONUSES

The bonus pool for the year ending 31 March 2021 was capped at 6% of the budgeted net profit after tax (actual 2020/21: 1.6%, actual 2019/20: 8.8%, actual 2018/19: 2.8%, actual 2017/18: 1.9%, actual 2016/17: 2.2%). The bonus pool for the year ending 31 March 2021 was capped at 20% of total employee expenditure, including bonuses (actual 2020/21: 21%, 2019/20: 26%, actual 2018/19: 27%, actual 2017/18: 16.8%, actual 2016/17: 27.7%).

The bonus pool is paid only if two gatekeepers are achieved:

- Unqualified audit report; and
- 60% of the company's KPIs against the corporate plan.

Other benefits that form Sasria's employee value proposition

In addition to competitive remuneration, Sasria offers other comprehensive benefits.

The Sasria pension fund is administered by Momentum and had assets of R78 933 406.81 million at 31 March 2021. The performance of the fund is monitored by the advisory body within Sasria, which meets quarterly. One hundred and seventeen people are registered on the fund. Eleven withdrawals, ten resignations and one retirement were recorded during the year. The pension fund covers group life, dread disease, temporary- and permanent disability and funeral.





4

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

The annual financial statements were internally prepared by the Statutory Reporting Manager: Sibusiso Shongwe CA(SA).

The annual financial statements were reviewed by the Finance Director: Bajabulile Mthiyane CA(SA).

The annual financial statements have been audited in compliance with section 30 of the Companies Act 71 of 2008 of South Africa.

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APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Board, assisted by its Audit Committee, is responsible for the preparation, integrity and fair presentation of the annual financial statements. The external auditor independently reviews and reports on the annual financial statements.

The annual financial statements set out in this report were prepared by management in accordance with the provisions of the Companies Act, 2008 (Act No 71 of 2008) (Companies Act) and the Public Finance Management Act (Act No 1 of 1999) (PFMA) and comply with International Financial Reporting Standards (IFRS). They are based on appropriate accounting policies that have been consistently applied and are supported by reasonable and prudent judgments and estimates.

The going concern basis was adopted in preparing the annual financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources. Its viability is supported by the annual financial statements.

The company's internal controls and systems are designed to provide reasonable assurance on the integrity and reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets. Such controls are based on established written policies and procedures that are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring that the company's business practices are conducted in a manner that, in all reasonable circumstances, is above reproach.

Sasria's 2021 annual financial statements were audited by independent auditor SizweNtsalubaGobodo Grant Thornton Inc.

The auditor was given unrestricted access to all financial records and related data, including minutes of meetings with the shareholder, the Board and Board sub-committees. The Board is comfortable with the integrity of all information and representations made to the independent auditor during its audit.



[The unqualified audit report is presented on page 100.]

The Board, assisted by its sub-committees, also considered and approved the issues material to Sasria's continued sustainability, which included key non-financial outcomes attributable to or associated with stakeholders other than the shareholder. It considered risks, opportunities and material matters. The directors did not note anything to indicate any material breakdown in the functioning of internal controls, systems and procedures during the year under review. The directors believe that Sasria's risk management process is effective.

The company's 2020/21 integrated report and its annual financial statements, set out on pages 105 to 167, were approved by the Board of Directors in accordance with its responsibilities and were signed on its behalf by:

Moss Ngoasheng
[Chairperson of the Board]
17 March 2022

Cedric Masondo
[Managing Director]
17 March 2022

COMPANY SECRETARY CERTIFICATE

.....

In accordance with section 88(2)(e) of the Companies Act 71 of 2008, as amended (the Companies Act), it is hereby certified that the company has lodged with the Registrar of Companies all returns required of a public company in terms of the Companies Act. However due to delays in finalising the audit for the financial year, the annual returns filed were based on the latest audited annual financial statements, being those of 2019/20. Sasria took note of the contents of Guidance Notice 2 of 2019 issued by the Commissioner and filed the previous year's (2019/20) audited annual financial statements while awaiting finalisation of the 2020/21 audited annual financial statements. The 2019/20 audited annual financial statements were the latest financials available by the due date for lodgement of the annual return.

Mziwoxolo Mavuso [Company Secretary]
17 March 2022

DIRECTORS' REPORT

The directors are pleased to submit the annual financial statements of Sasria SOC Limited for the year ended 31 March 2021.

NATURE OF THE BUSINESS

Sasria is the only non-life insurer that offers special risk cover to all individuals and businesses that own assets in South Africa and to government entities.

This is unique cover against risks such as civil commotion, public disorder, strikes, riots and terrorism, making South Africa one of the few countries in the world that provides this insurance, particularly at affordable premiums.

By enabling businesses to restore their liquidity or operations quickly and efficiently after experiencing loss or damage due to special risk events, Sasria plays a significant role in preventing job losses, maintaining livelihoods, restoring pride and dignity and facilitating economic stability.

A state-owned company, Sasria has a legislative mandate that governs day-to-day business operations and a broader strategic mandate to make a positive contribution to transformation within the industry and South Africa. There were no material changes to the nature of the company's business during the year.

FINANCIAL AFFAIRS

The statement of comprehensive income of the company shows a profit of R1.503 billion for the year ended 31 March 2021 compared to R333 million for the previous year. The annual financial statements for the year ended 31 March 2021 appear on pages 105 to 167 and comply with International Financial Reporting Standards and the requirements of the Companies Act and PFMA.

DIVIDENDS

Sasria has adopted a steady, consistent and transparent dividend policy that will not place undue strain on its cash resources and liquidity, or result in inadequate cash reserves to meet future growth requirements. The Board declared a

dividend of R102 million during the financial year ended 31 March 2021, (2020: R0).

SHARE CAPITAL

There were no changes to the authorised or issued share capital. Further details on authorised and issued share capital appear in note 12 to the annual financial statements.

DIRECTORS AND COMPANY SECRETARY

During the year under review, no contracts were entered into in which directors of the company had an interest.

At the date of this report, the directors of the company were as follows:

Chairperson and independent non-executive director

Moss Ngoasheng

Deputy Chairperson and independent non-executive director

Onkgodisitse Mokonyane

Independent non-executive directors

Sathie Gounden

Reginald Haman

Japhtaline Mantuka

Maisela Desmond Marumo

Dr Nolwandle Mgoqi-Mbalo

Refilwe Moletsane

Enos Ngutshane

Margaret Mosibudi Phiri

Christiaan van Dyk

Non-executive director

Moipone Ramoipone

Executive directors

Cedric Masondo (Managing Director)

Bajabulile Mthiyane (Finance Director)

DIRECTORS' REPORT CONTINUED

Company Secretary is Mziwoxolo Mavuso and his business and postal addresses appear on the inside back cover of this integrated report.

SPECIAL RESOLUTIONS

The following special resolutions were passed by the company during the year:

- Approval of remuneration of executive directors and executive managers of Sasria SOC Limited; and
- Approval of annual inflationary adjustment remuneration of non-executive directors.

REGULATORY MATTERS

The Audit Committee and Risk Committee discharged all functions delegated to them in terms of their mandate and section 94(7) of the Companies Act.



The roles and functions of the Audit Committee and the Risk Committee are detailed on pages 83 and 83 respectively.

AUDITOR

SizweNtsalubaGobodo Grant Thornton Inc was Sasria's external auditor for the year ended 31 March 2021. Refer to the inside back cover for further details.

EVENTS AFTER THE REPORTING DATE

Civil unrest broke out in KwaZulu-Natal and Gauteng during July 2021, the country's worst violence since 1994. This resulted in an unprecedented number of claims that has had a profound effect on the company. Events after the reporting date are discussed in note 30 of the annual financial statements.

GOING CONCERN

The Board believes that the company will continue as a going concern in the year ahead and, consequently, adopted the going-concern basis in preparing the annual financial statements. Factors that were considered by the Board when conducting the going concern assessment are discussed in note 31 of the annual financial statements.

AUDIT COMMITTEE REPORT

for the year ended 31 March 2021

The Audit Committee is pleased to present its report for the financial year ended 31 March 2021.

AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee complied with its responsibilities arising from the Sasria Board and section 51 of the PFMA, Treasury Regulation 27.1 and the Companies Act. It has adopted appropriate, formal terms of reference as its Audit Committee Charter, which have been approved by the Board. It regulated its affairs in compliance with this charter and discharged the responsibilities in the charter.

MEMBERSHIP

The Audit Committee is an independent statutory committee whose members are appointed at the annual general meeting by the shareholder. Members and their attendance of meetings during the year are reflected on page 83.

COMBINED ASSURANCE

King IV recommends a combined assurance model to enable an effective control environment to strengthen decision-making. Sasria has addressed this. Horizontal assurance includes internal audit, risk and compliance, while vertical assurance comprises line managers. The committee ensures that the assurance functions of management and internal and external audit are sufficiently integrated. The committee reviewed and approved the annual combined assurance plan and is satisfied with the combined assurance model arrangements in place.

EFFECTIVENESS OF INTERNAL CONTROLS

The system of internal controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. The effectiveness of internal controls and the system of internal controls were reviewed principally through management self-assessment, including formal confirmation through representation letters by executive management. Other relevant input to the review included reports from Sasria's

internal and external auditors, and on its compliance and ERM processes. Where necessary, programmes for corrective action were initiated. Nothing material came to the attention of the Audit Committee, or to the attention of the external or internal auditors, to indicate that any material breakdown in the functioning of the internal controls and systems (including financial controls) occurred during the period under review.

EFFECTIVENESS OF INTERNAL AUDIT

Internal audit remains a pivotal part of governance relating to assurance. Internal audit is an effective independent appraisal function using a risk-based audit approach. The internal audit function is relied on to contribute not only insight into the organisation, but foresight. The effectiveness of the internal audit function and the head of internal audit are assessed annually by the Audit Committee and further tested through an external quality assessment review in line with international standards for the professional practice of internal auditing. The head of internal audit has direct access to the chairpersons of the Audit Committee and the Board. The committee is satisfied with the independence and effectiveness of internal audit.

ENTERPRISE RISK MANAGEMENT

The Board considers reports on the effectiveness of risk management activities. A strategic and operational risk assessment was conducted for the year under review. The Audit Committee reviewed the risk registers quarterly.

QUALITY OF MONTHLY AND QUARTERLY REPORTS

The Audit Committee is satisfied with the content and quality of the reports prepared and submitted to it by Sasria management. It reviewed the integrated report for the year ended 31 March 2021 and confirms that management is presenting an appropriate view of the company's position and performance.

AUDIT COMMITTEE REPORT CONTINUED

Thus, the committee believes, based on the information provided by management and the results of audits performed by the internal and external auditors, that the financial information provided by management to the users of such information is adequate, reliable and accurate.

REGULATORY COMPLIANCE

The Audit Committee is satisfied with Sasria's compliance with the applicable legal, regulatory and other responsibilities.

INDEPENDENT EXTERNAL AUDIT

Each year of its five-year term, the auditor is assessed and formally reappointed. The Minister of Finance reappointed SizweNtsalubaGobodo Grant Thornton Inc at the annual general meeting of 27 January 2021. In line with the Companies Act, the Audit Committee reviewed and is satisfied with the independence, skills and competence of the external auditor.

To assess the effectiveness of the external auditor, the Audit Committee reviewed:

- The fulfilment of the agreed audit plan and variations from the plan; and
- The robustness of the external auditor in its handling of key accounting and audit judgments.

In overseeing the external audit process, the committee reviewed:

- The areas of responsibility and scope of the audit;
- Issues that arose from the audit and their resolution;
- Key accounting and audit judgments; and
- Recommendations made by the external auditor and management's response.

The Audit Committee is satisfied with the audit work of the external auditor.

EFFECTIVENESS OF THE FINANCE FUNCTION

The effectiveness of the Finance Director and the finance function is assessed annually. The Audit Committee believes that Bajabulile Mthiyane CA(SA) has the appropriate expertise and experience to meet the responsibilities of the role.

Furthermore, the committee has considered and satisfied itself of the appropriateness, adequacy and effectiveness of the resources of the finance function.

EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS IN ACCORDANCE WITH THE FRAMEWORK

The committee reviewed and discussed with the external auditor and the finance director queries relating to the audited annual financial statements to be included in the integrated report.

Based on the processes and assurance obtained, the committee believes that the accounting practices applied in the period under review were effective.

The Audit Committee concurs with and accepts the opinion of the external auditor on the annual financial statements and believes that the audited annual financial statements should be accepted and read together with the report of the independent auditor.

REVIEW OF THE INTEGRATED REPORT

The Audit Committee reviewed the integrated report for the year ended 31 March 2021 and confirms that management is presenting an appropriate view of the company's position and performance. Based on the information provided by management and the results of audits of the internal and external auditors, the committee verifies that the financial information provided by management to the users of such information is adequate, reliable and accurate.

IT GOVERNANCE

The Board's accountability for governance of information technology (IT) is delegated to the Audit Committee. The committee's responsibilities include ensuring that the IT strategy supports Sasria's strategic objectives and IT investments are made within acceptable risk parameters, enabling achievement of compliance and business cyber-resilience. IT performance is monitored through quarterly reports submitted to the Audit Committee.

CONCLUSION

Based on information provided by management, the internal and external auditors, the Audit Committee considers that these statements comply, in all material respects, with the require-

ments of the PFMA and the basis of preparation set out in the accounting policies in note 1 to the annual financial statements. The Audit Committee concurs that adopting the going concern assertion in preparing the annual financial statements is appropriate.

The Audit Committee recommends the approval of the annual financial statements and the integrated report to the Board.

Signed on behalf of the Audit Committee:

Margaret Phiri [*Audit Committee Chairperson*]
07 March 2022

INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON SASRIA SOC LTD

Report on the audit of the financial statements

Opinion

1. We have audited the financial statements of Sasria SOC Ltd (the public entity) set out on pages 105 to 167, which comprise the statement of financial position as at 31 March 2021, the statement of comprehensive income, statement of changes in equity and statement cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of Sasria SOC Ltd as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No 1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No 71 of 2008) (the Companies Act).

Basis of opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of this auditor's report.
4. We are independent of the public entity in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards).

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

6. We draw attention to note 31 in the annual financial statements, which indicates that the public entity has estimated claims of R36 billion from the recent civil unrest looting and destruction of property in KwaZulu-Natal and certain identifiable hotspots in Gauteng after the end of the reporting period ended 31 March 2021. As stated in note 31, these events or conditions, along with other matters as set forth in note 31, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the accounting authority for the financial statements

7. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the PFMA and the Companies Act, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Report on the audit of the annual performance report*

Introduction and scope

11. In accordance with the Public Audit Act of South Africa, 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objective presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.
12. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. We have not evaluated the completeness and appropriateness of the performance indicator included in the planning documents. Our procedures do not examine whether the actions taken by the public entity enabled service delivery. Our procedures also did not extend to any

disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

13. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the annual performance report of the public entity for the year ended 31 March 2021.

Objective	Pages in the annual performance report
Objective 1 – Sustainability-substantial growth: gross written premium (GWP) income growth as a % of budget	54

14. We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
15. We did not identify any material findings on the usefulness and reliability of the reported performance information for this objective.

Other matters

16. We draw attention to the matter below. Our opinions are not modified in respect of this matter.

* As reported in the integrated report

INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT **CONTINUED**

Achievement of planned targets

17. Refer to the annual performance report on pages 54 to 56 for information on the achievement of planned targets for the year.

Report on the audit of compliance with legislation

Introduction and scope

18. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.
19. The material finding on compliance with specific matters in key legislation is as follows:

Annual report and financial statements

20. The accounting authority for the public entity did not submit within the prescribed period to the relevant treasury, to the executive authority responsible for that public entity and to the Auditor-General, as required by the section 55(1) (d) of the PFMA, the following:
21. An annual report on the activities of that public entity during that financial year (annual report);
22. The financial statements for that financial year after the statements have been audited (audited financial statements); and
23. The report of the auditors on those statements (auditor's report).
24. This material finding on compliance with specific matters in key legislation did not result in a modification in our audit opinion.

Other information

25. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the financial statements, the auditor's report and those selected objective presented in the performance report that have been specifically reported on in the auditor's report.
26. Our opinion on the financial statements and my findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.
27. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objective presented in the annual performance report, our knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. If based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Internal control deficiencies

29. We considered internal control relevant to our audit of the financial statements and reported performance information with applicable legislation. However, our objective was not to express any form of assurance on it.
30. The matters reported below are limited to the significant control deficiency that resulted in the finding on compliance with legislation included in this report.

Annual report and financial statements

31. The accounting authority was unable to exercise adequate oversight responsibility regarding compliance with section 55(1)(d) of the PFMA due to the late finalisation of the going concern assumption as a result of the events described in note 30 and 31 of the annual financial statements.

Other reports

32. We draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

33. We were engaged to perform the following audit-related services:

34. *Quantitative reporting template in compliance with the Insurance Act 18, of 2017 (the Insurance Act) for the year ended 31 March 2021.*

Report on other legal and regulatory requirements

Solvency capital requirement

35. As at the date of this report, the public entity has breached its minimum solvency capital requirement (SCR) as per Insurance Act. Refer to note 31 in the annual financial statements for the disclosures applicable to this matter.

Auditor tenure

36. In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, I report that SizweNtsalubaGobodo Grant Thornton Incorporated has been the auditor of Sasria SOC Ltd for four years.

SizweNtsalubaGobodo Grant Thornton Inc

Director: Nhlanhla Sigasa
Chartered Accountant (SA)
Registered Auditor
17 March 2022

20 Morris East Street
Woodmead
2191

ANNEXURE – AUDITOR’S RESPONSIBILITY FOR THE AUDIT

As part of an audit in accordance with the ISAs, we exercise professional judgment and maintain professional scepticism throughout our audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the public entity’s compliance with respect to the selected subject matters.

Financial statements

In addition to our responsibility for the audit of the financial statements as described in this auditor’s report, we also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
- Conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Sasria SOC Limited’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease continuing as a going concern.

Communication with those charged with governance

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

We also confirm to the accounting authority that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, related safeguards.

From the matters communicated with the accounting authority, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

		2021	2020
	Note(s)	R'000	R'000
ASSETS			
Property and equipment	5	23 277	37 967
Intangible assets	6	51 594	23 966
Deferred acquisition costs and administration fees	7	129 516	127 990**
Deferred income tax	16	-	30 816
Financial assets			
- at fair value through profit or loss – designated	8.1	6 252 461	4 190 416
- loans and receivables	8.2	74 851	27 135**
- held for trading	8.3	94 491	376 272*
Prepayments	9.1	2 004	2 670
Insurance receivables	9.2	216 383	193 499
Reinsurance contracts	10	37 175	34 719
Cash and cash equivalents	11	3 166 600	3 875 469*
TOTAL ASSETS		10 048 352	8 920 919
EQUITY			
Share capital	12	-	-
Retained earnings		8 358 445	6 958 209
TOTAL EQUITY		8 358 445	6 958 209
LIABILITIES			
Lease liability	5.1	13 360	20 094
Deferred income tax	16	59 740	-
Deferred income	15	10 972	10 236
Employee benefit liability	14	29 196	31 978
Insurance contract liabilities	10	1 315 963	1 696 512
Current income tax payable		148 169	139 509
Trade and other payables	13.1	64 984	63 567
Reinsurance payables	13.2	47 523	814
TOTAL LIABILITIES		1 689 907	1 962 710
TOTAL EQUITY AND LIABILITIES		10 048 352	8 920 919

* The prior year held for trading derivatives were reclassified from cash and cash equivalents to financial assets held for trading. Refer to note 32.

** The prior year deferred administration fees were reclassified from loans and receivables to deferred acquisition costs and administration fees. Refer to note 32.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

		2021	2020
	Note(s)	R'000	R'000
Gross insurance premiums written	17	2 785 825	2 416 914
Insurance premiums ceded to reinsurers	17	(225 860)	(182 411)
NET INSURANCE PREMIUMS INCOME		2 559 965	2 234 503
Change in gross unearned premiums provision	17	(7 572)	(54 809)
Change in reinsurers' share of unearned premiums provision	17	2 456	4 618
NET INSURANCE PREMIUMS EARNED	17	2 554 849	2 184 312
Commission earned from reinsurers		37 179	45 212
Investment income	18	805 924	256 556
Other income		253	616
NET INCOME		3 398 205	2 486 696
Gross insurance claims and loss adjustment expenses	19	(351 718)	(991 799)
Claims and loss adjustment expenses recovered from reinsurers	19	-	592
NET INSURANCE CLAIMS		(351 718)	(991 207)
Expenses for the acquisition of insurance contracts	20	(408 429)	(347 301)
Expenses for administration and marketing	21.1	(587 804)	(547 492)
TOTAL EXPENSES		(996 233)	(894 793)
PROFIT BEFORE FINANCE COST AND TAX		2 050 254	600 696
Finance costs	21.2	(9 119)	-
PROFIT BEFORE TAX		2 041 135	600 696
Income tax expense	23	(538 574)	(267 893)
PROFIT / (LOSS) FOR THE YEAR		1 502 561	332 803
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Ordinary shareholder		1 502 561	332 803

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital	Retained earnings	Total equity
	R'000	R'000	R'000
BALANCE AS AT 1 APRIL 2019	-	6 625 406	6 625 406
Comprehensive income/(loss) for the year	-	332 803	332 803
BALANCE AS AT 31 MARCH 2020	-	6 958 209	6 958 209
BALANCE AS AT 1 APRIL 2020	-	6 958 209	6 958 209
Comprehensive income/(loss) for the year	-	1 502 561	1 502 561
Dividend paid	-	(102 325)	(102 325)
BALANCE AS AT 31 MARCH 2021	-	8 358 445	8 358 445

Note 12

STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note(s)	2021 R'000	2020 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	26	870 956	373 000
Dividends received		63 921	68 487
Interest received		375 175	474 646
Income tax paid	27	(460 277)	(165 985)
Interest paid		(5 066)	-
NET CASH FROM OPERATING ACTIVITIES		844 709	750 148
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5	(1 005)	(7 521)
Proceeds on disposal of property and equipment and intangible assets		187	-
Purchases relating to intangible assets	6	(39 976)	(22 224)
Net sale/(purchase) of financial assets		(1 685 506)	(623 732)*
NET CASH USED IN INVESTING ACTIVITIES		(1 726 300)	(653 477)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash payment relating to principal lease liability	5.1	(6 734)	(7 155)
Dividends paid		(102 325)	-
NET CASH FLOW FROM FINANCING ACTIVITIES		(109 059)	(7 155)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(990 650)	89 516
Cash and cash equivalents at the beginning of the year	11	3 875 469	4 162 225
Assets held for trading		281 781	(376 272)**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	3 166 600	3 875 469

* The prior year realised gains on investments were reallocated from realised gains on investments to net sale/(purchases) of financial assets. Refer to note 32.

** The prior year held for trading derivatives were reclassified from cash and cash equivalents to financial assets held for trading. Refer to note 32.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

1 Introduction

Sasria SOC Limited underwrites short-term insurance risks generally not covered by a traditional insurance company. These risks include loss of or damage to property, directly related to or caused by:

- Any act (whether on behalf of any organisation, body or 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;
- Any act that 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; or
- Any riot, strike or public disorder, or any act or activity that is calculated or directed to bring about a riot, strike or public disorder.

These products are offered only to the domestic market.

Sasria is a state-owned company incorporated and domiciled in the Republic of South Africa.

1.1 Statement of compliance

The annual financial statements are prepared in accordance with the requirements of the Companies Act 71 of 2008, the Public Finance Management Act 1 of 1999 (PFMA), and International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee interpretations issued and effective at the time of preparing these annual financial statements.

1.2 Basis of presentation

The annual financial statements have been prepared on a going concern basis in compliance with IFRS. The historical cost basis has been used for measurement purposes except where financial instruments are measured at fair value through profit

or loss. The company has consistently applied the accounting policies to the current and prior periods presented. The new accounting standards, interpretations and amendments to existing accounting standards and interpretations in the current year that have a material impact on the company have been disclosed. The amendments to the standards not yet effective as at 31 March 2021 are not expected to have a significant impact except for IFRS 17: Insurance Contracts.

Sasria prepares and reports its annual financial statements in Rand thousands.

The company's statement of financial position is not presented using a current/non-current classification. Rather it is disclosed using the liquidity basis.

The following asset balances are current: cash and cash equivalents, insurance receivables, deferred acquisition costs and administration fees, and reinsurance contracts prepayments.

The following asset balances are generally considered to be non-current: property and equipment, intangible assets and deferred income tax.

The following asset balances are a mixture of current and non-current: financial assets at fair value through profit or loss and loans and receivables.

The following liabilities balances are current: current income tax payables, payables, insurance contract liabilities, employee benefit liabilities and deferred income.

The following liabilities balance is generally considered to be non-current: deferred income tax and lease liability.

1.3 Use of estimates and judgments

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates of certain assets and liabilities. It also requires management to exercise its judgment in the process of applying the company's accounting policies. This is specifically true for the estimation of liabilities from insurance contracts, including the estimate of the

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES **CONTINUED**

provision for claims incurred but not reported (IBNR). The estimates and assumptions are based on historical experience and various factors that may be relevant at the time. Actual results may subsequently be different from the estimates. Estimates and judgments are annually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.15.

2 Accounting policies

2.1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except as noted below:

a) New and amended standards adopted by Sasria effective in the current financial year and have an impact on Sasria

IASB effective date	Standards
1 January 2020	<p>IAS 1: Presentation of Financial Statements</p> <p>Definition of material: the amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS.</p>
1 January 2020	<p>IAS 8 Accounting: Policies, Changes in Accounting Estimates and Errors</p> <p>Definition of material: the amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS.</p>

b) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are available but neither effective nor early adopted. These have not been applied in preparing the financial statements for the year ended 31 March 2021. None of these is expected to have a significant effect on the financial statements of the company, except the ones set out below:

IASB effective date	Standards
1 January 2023	<p>IFRS 17: Insurance Contracts</p> <p>The standard supersedes IFRS 4 Insurance Contracts.</p> <p>IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. It requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainties relating to insurance contracts.</p> <p>The financial statements of any entity will reflect the time value of money in estimated payments required to settle incurred claims.</p>

IASB effective date	Standards
1 January 2023	<p>IFRS 17: Insurance Contracts <i>continued</i></p> <p>Insurance contracts are required to be measured based on the obligations created by those contracts.</p> <p>An entity is required to recognise profits as an insurance service is delivered rather than on receipt of premiums.</p> <p>The new standard will have a significant impact on Sasria's recognition, measurement, presentation and disclosure in the financial statements of insurance contracts issued.</p> <p>Management has begun assessing the impact of this standard on Sasria.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2023 and has to be applied retrospectively. Early adoption is permitted. Sasria is expecting to adopt IFRS 17 in its financial statements for the year ending 31 March 2023.</p>
1 January 2023	<p>IFRS 4: Insurance Contracts</p> <p>Extension of the temporary exemption from applying IFRS 9 defers the fixed expiry date of the following temporary exemptions from applying IFRS 9 to annual periods beginning on or after 1 January 2023.</p> <ul style="list-style-type: none"> - A temporary exemption from IFRS 9 granted to an insurer that meets the specified criteria and - An optional accounting policy choice allowing an insurer to apply the overlay approach to designated financial assets when it first applies IFRS 9. <p>Management has begun assessing the impact of this standard on Sasria.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2023 and has to be applied retrospectively. Sasria is expecting to adopt it in its financial statements for the year ending 31 March 2023 in line with IFRS 17.</p>
1 January 2022	<p>IFRS 9: Financial Instruments</p> <p>Annual Improvements to IFRS Standards 2018-2020</p> <p>The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability.</p> <p>Management has begun assessing the impact of this standard on Sasria.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2022 and Sasria will adopt it in its financial statements for the year ending 31 March 2023.</p>

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES **CONTINUED**

IASB effective date	Standards
1 January 2022	<p>IAS 16: Property, Plant and Equipment: Proceeds before Intended Use</p> <p>The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.</p> <p>Management has begun assessing the impact of this standard on Sasria.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2022 and Sasria will adopt it in its financial statements for the year ending 31 March 2023.</p>
1 January 2022	<p>IAS 37: Provisions, Contingent Liabilities and Contingent Assets</p> <p>Onerous contracts – cost of fulfilling a contract.</p> <p>The amendments specify which costs should be included in an entity's assessment of whether a contract will be loss-making.</p> <p>Management has begun assessing the impact of this standard on Sasria.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2022 and Sasria will adopt it in its financial statements for the year ending 31 March 2023.</p>
1 January 2023	<p>IAS 1: Presentation of Financial Statements</p> <p>Classification of liabilities as current or non-current: narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.</p> <p>Management has started to assess the impact of this standard on Sasria.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2023 and Sasria will adopt it in its financial statements for the year ending 31 March 2024.</p>
1 January 2023	<p>IAS 1: Presentation of Financial Statements</p> <p>Disclosure of accounting policies: the amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.</p> <p>Management has started to assess the impact of this standard on Sasria.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2023 and Sasria will adopt it in its financial statements for the year ending 31 March 2024.</p>

IASB effective date	Standards
1 January 2023	<p>IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors</p> <p>Definition of accounting estimates: the amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. The requirements for recognising the effect of change in accounting prospectively remain unchanged.</p> <p>Management has started to assess the impact of this standard on Sasria.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2023 and Sasria will adopt it in its financial statements for the year ending 31 March 2024.</p>
1 January 2023	<p>IAS 12: Income Taxes</p> <p>Deferred tax related to assets and liabilities arising from a single transaction: the amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendment is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.</p> <p>Management has started to assess the impact of this standard on Sasria.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2023 and Sasria will adopt it in its financial statements for the year ending 31 March 2024.</p>

2.2 Property and equipment

The cost of an item of property and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property and equipment is initially recognised and measured at cost.

Costs include costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, or replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property and equipment, the carrying amount of the replaced part is derecognised. Property and equipment is carried at cost less accumulated depreciation and any impairment losses. Subsequent expenditure is capitalised when it is probable that it will give rise to future economic benefits.

Depreciation on property and equipment, including other owned assets, is calculated using the straight-line method to allocate cost over the estimated useful lives (limited to residual values). Depreciation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date that the asset is derecognised.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES **CONTINUED**

The useful lives of items of property and equipment have been assessed as follows:

Item	Estimated useful life
Computer equipment	3 years
Furniture and fittings	10 years
Leasehold improvements	5 years
Motor vehicles	5 years
Office equipment	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The gain or loss arising from derecognition of an item of property and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. The carrying amount of an item of property and equipment shall be derecognised on disposal, or when no future economic benefits are expected from its use or disposal.

Right of use asset

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use-asset is depreciated on a straight-line basis from the lease commitment date to the earlier of its useful life or the end of the lease as this most closely reflects the expected pattern of consumption of the future economic benefits.

In addition, the right-of-use asset is periodically reduced by impairment

losses, if any, and adjusted for certain remeasurements of the lease liability.

2.3 Leases

At inception of a contract, Sasria assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Sasria has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

Sasria recognises a right-of-use asset and a lease liability at the lease commencement date.

The lease term includes periods covered by an option to extend if Sasria is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Sasria's incremental borrowing rate. Generally, Sasria uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Sasria's estimate of the amount expected to be payable under a residual value guarantee, or if Sasria changes its assessment of whether it will exercise a purchase, extension or termination option.

Measurement of the lease liability is based on the discount rate, which is the implicit interest rate in the lease. If this is not available, the incremental borrowing rate is used. Subsequently the carrying amount of the lease liability is increased by interest and reduced by the lease payments made.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Sasria has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or fewer and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term. The threshold of these assets is R75 000.

2.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads. Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. To the extent that subsequent costs are incurred in the development phase, these are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be reliably measured. All maintenance is charged to profit or loss during the financial period in which it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight-line basis to their residual values as follows:

Item	Useful life
Computer software	3 – 10 years

2.5 Financial assets and liabilities

2.5.1 Classification

The company classifies its financial assets into the following categories: financial assets held at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

2.5.1.1 Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated as at fair value through profit or loss at inception. A financial asset is classified as a trading instrument if acquired principally for selling in the short-term and/or forms part of the portfolio of financial assets in which there is evidence of profit-taking, or if so designated by management. Derivatives are also categorised as held for trading.

Financial assets designated as at fair value through profit or loss at inception are the following:

Financial assets that are managed and their performance is evaluated on a fair value basis

Information about these financial assets is provided internally on a fair value basis to Sasria's key management personnel. Sasria's investment strategy is to invest in equity and debt securities, and to evaluate them with reference to their fair value. Assets included in these portfolios are designated upon initial recognition as at fair value through profit or loss.

Recognition and measurement of financial asset purchases and disposals are recognised on trade date – the date on which Sasria commits to purchase or sell the asset. Financial assets are initially recognised at fair value. Transaction costs are recognised in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and Sasria has transferred substantially all the risks and rewards of ownership.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES **CONTINUED**

Financial assets at fair value through profit or loss are subsequently carried at fair value. Unrealised movements arising from changes in the fair value of financial assets at fair value through profit or loss are included in the statement of comprehensive income in the period in which they arise. Dividend income and interest accrued from financial assets at fair value through profit or loss are recognised in the statement of comprehensive income as part of investment income when Sasria's right to receive payments is established. Realised gains on financial assets at fair value through profit or loss are calculated as the difference between proceeds received and cost. Realised gains are recognised as part of net loss/gain on financial assets and liabilities at fair value through profit or loss in investment income.

The fair values of quoted investments are based on current stock exchange closing prices at the close of business on the reporting date. If the market for a financial asset is not active or if it is unquoted, Sasria establishes fair value by using valuation techniques. These include discounted cash flow analysis, recent arm's length transactions, premium/discount to net asset value and price-earnings techniques. Sasria's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data. Debt securities are measured at fair value based on the market rate of an equivalent non-convertible bond. Unit trusts are measured at fair value based on the quoted repurchase prices.

Derivatives

Derivatives are initially recognised in the statement of financial position at fair value on the date on which the contract is entered into and subsequently measured at their fair value. These derivatives are regarded as non-hedge derivatives. Changes in the fair value of such derivative instruments are recognised immediately in the statement of comprehensive income. Quoted derivative instruments are valued at quoted market prices, while unquoted derivatives are valued independently using valuation techniques such as discounted cash flow and option models. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

2.5.1.2 Assets at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell in the short-term or that it has designated as held at fair value through profit and loss.

Trade receivables and payables

The carrying values of trade receivables (less impairment provision) and payables are assumed to approximate their fair values. Fair values are determined by reviewing the spreads internally by the committees of the respective asset managers. Subsequent changes to these valuations would result in fair value adjustments.

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method.

Trade and other payables are recognised when Sasria has a present obligation arising from past events, settlement of which is expected to result in an outflow of economic benefits from Sasria. Trade and other payables are initially recorded at fair value plus transaction costs and subsequent to initial recognition they are carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held on call with banks. Cash equivalents comprise highly liquid investments that are convertible to cash with insignificant risk of changes in value and with original maturities of less than three months. Cash and cash equivalents are carried at amortised cost.

2.5.2 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there

is a legally enforceable right to offset the recognised amounts and there is an intention and ability to settle on a net basis, or to realise and settle the asset and liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.5.3 Derecognition of financial assets and financial liabilities

The entity shall derecognise a financial asset when the contractual rights to the cash flow from the financial assets expire or it transfers the financial assets, and the transfer qualifies for derecognition. An entity shall derecognise a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

2.5.4 Impairment of financial assets

The carrying amounts of all Sasria's assets, other than those classified as fair value through profit and loss, are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the carrying value is reduced to the estimated recoverable amount by means of a charge to the statement of comprehensive income.

2.5.5 Receivables

Receivables are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that receivables are impaired includes observable data that comes to the attention of Sasria about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in

payments;

- It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the financial asset because of financial difficulties; and/or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual assets in the group, including:
 - adverse changes in the payment status of issuers of debtors in the group; and/or
 - national or local economic conditions that correlate with defaults on the assets in the group.

Sasria first assesses whether objective evidence of impairment exists individually for assets that are individually significant. If Sasria determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it includes the asset in a group of assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised through profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, Sasria may measure impairment on the basis of an instrument's fair value using an observable market price. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES **CONTINUED**

cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed. The amount of the reversal is recognised through profit or loss.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. In the case of non-financial assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The reversal is taken through profit or loss unless the asset is carried at revalued amount in accordance with another standard. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.7 Insurance classification

Sasria issues contracts that transfer insurance risk or financial risk or, in some cases, both. Insurance contracts are those contracts under which Sasria (as insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects them. Such contracts may also transfer financial risk. Receipts and payments under insurance contracts are accounted for in the statement of comprehensive income in accordance with the requirements of IFRS 4 - 'Insurance Contracts'. The insurance contracts that Sasria underwrites are classified and described below:

2.7.1 Short-term insurance

Short-term insurance provides benefits under short-term policies, which include special risk cover for engineering, fire, transportation, motor and guarantee or a contract comprising a combination of any of those policies. Short-term insurance contracts are further classified into the following categories:

- Personal insurance, consisting of insurance provided to individuals and their personal property; and
- Commercial insurance, providing cover on the assets of business enterprises.

2.8 Recognition and measurement of insurance contracts

2.8.1 Gross written premiums and outward reinsurance premium

Gross written insurance premiums exclude value added tax and comprise the premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period and are disclosed gross of commission payable to intermediaries. Gross written insurance premiums include adjustments to premiums written in prior accounting periods. Premiums are earned from the date the risk attaches,

over the indemnity period, based on the pattern of the risk underwritten. Outward reinsurance premiums are recognised as an expense in accordance with the risk pattern of cover ceded.

2.8.2 Provision for unearned premiums

The provision for unearned premiums represents the portion of the current year's premiums that relates to risk periods extending into the following year. As the majority of the underwriting risks are incurred uniformly over the term of the contract, the unearned premium liability is calculated on the straight-line basis, using the 365th method.

2.8.3 Deferred acquisition costs (DAC), administration fees and deferred income

The costs of acquiring new and renewal insurance business that are primarily related to the production of that business are deferred and recognised when they can be identified and measured reliably, and it is probable that they will be recovered. The costs are subsequently amortised to the income statement as the premium income is earned. Deferred income relates to the deferred reinsurance acquisition revenue. This is recognised in respect of fees paid at inception of the contract by the policyholder that are directly attributable to a contract. A liability is raised and released to revenue as the services are provided over the expected duration of the contract.

2.8.4 Commission paid

Commissions paid to intermediaries are accounted for over the risk period of the policy to which they relate. The portion of the commission which is deferred to subsequent accounting periods is termed deferred acquisition revenue.

2.8.5 Liability adequacy test

At each end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any

deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision). Any DAC written off as a result of this test cannot subsequently be reinstated.

2.8.6 Claims incurred

Claims incurred exclude value added tax and consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims and provision for claims incurred but not reported (IBNR). Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to Sasria.

2.8.7 Provision for outstanding claims and reinsurance recoveries

Provision is made on a prudent basis for the estimated final cost of all claims that had not been settled on the accounting date, less amounts already paid. Sasria's own assessors or contracted external assessors individually assess claims. The claims provision includes an estimated portion of the direct expenses of the claims and internal and external handling expenses. Claims provisions are not discounted.

Claims provisions are determined based upon previous claims experience, knowledge of events, the terms and conditions of the relevant policies and on the interpretation of circumstances. Each notified claim is assessed on a separate case-by-case basis with due regard to the specific circumstances, information available from the insured and/or loss adjuster and past experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions. Sasria employs individuals experienced in claims handling and rigorously applies standardised policies and procedures to claims assessments. The ultimate cost of

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES **CONTINUED**

reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Therefore, case estimates are reviewed regularly and updated when new information becomes available.

The provision for outstanding claims is initially estimated at a gross level. A separate calculation is carried out to estimate reinsurance recoveries. The calculation of reinsurance recoveries considers the type of risk underwritten, the year in which the loss claim occurred and under which reinsurance programme the recovery will be made, the size of the claim and whether the claim was an isolated incident or formed part of a catastrophe reinsurance claim.

2.8.8 Provision for claims incurred but not reported (IBNR)

Provision is also made for claims arising from insured events that occurred before the close of the accounting period, but that had not been reported to Sasria at that date. This provision is calculated using actuarial modelling with at least five years' historical claims experience where possible. Sasria adopts multiple techniques to estimate the required level of provisions. This assists in developing a greater understanding of the trends inherent in the data being projected. Sasria does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to Sasria and statistical analyses for the IBNR claims, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

2.8.8.1 The basic chain-ladder methodology, Bornhuetter-Ferguson and average cost per claim methods

Sasria uses the basic chain-ladder, Bornhuetter-Ferguson and the average cost per claim methods to estimate the ultimate cost of claims. The basic technique involves analysing historical claims development factors, net of reinsurance, and selecting estimated development factors based on this historical pattern. The selected development factors are applied to cumulative internal claims data for each incident year that is not yet fully developed to produce an estimated ultimate claims cost for each incident year.

A stochastic process is applied to the choice of development factors for each incident year in accordance with standard statistical practices. Numerous simulations are performed to obtain a distribution of the ultimate claims cost.

The claims provisions are subject to close scrutiny within Sasria. In addition, for major classes where the risks and uncertainties inherent in the provisions are the greatest, regular and ad hoc detailed reviews are undertaken by advisers who are able to draw upon their specialist expertise and a broader knowledge of current industry trends in claims development. The results of these reviews are considered when establishing the appropriate levels of provisions for the outstanding claims and unexpired periods of risk.

2.8.8.2 IBNR provision is held so as to be at least sufficient at the 75th percentile

As this method uses historical claims development information, it assumes that the historical claims development pattern will occur again in future. There are reasons why this may not be the case. Such reasons include:

- change in processes that affect the development/recording of claims paid and incurred;
- economic, legal, political and social trends;
- changes in mix of business; and
- random fluctuations, including the impact of large losses.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks and the cost of a claim will be determined by the actual loss suffered by the policyholder. There may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to Sasria. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. The establishment of insurance liabilities is an inherently uncertain process and, as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims can vary substantially from the initial estimates. Sasria seeks to provide appropriate levels of claims provisions taking the known facts and experience into account.

2.8.9 Reinsurance contracts held

Reinsurance arrangements do not relieve Sasria of its direct obligations to its policyholders. Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that Sasria may not recover all amounts due and there is a reliably measurable impact on the amounts that Sasria will recover from a reinsurer. Impairment losses are recognised through the statement of comprehensive income.

Reinsurance contracts are recognised as such only when they give rise to significant transfer of insurance risk from Sasria to the reinsurers. These reinsurance contracts meet the definition of an insurance contract as defined above. Contracts that do not meet these classification requirements are classified as financial assets. Claims that are recoverable under such contracts are recognised in the same year as the related claims. The benefits to which Sasria is entitled under its reinsurance contracts held are recognised as reinsurance assets.

These assets consist of short-term balances due from reinsurers on settled claims, as well as estimates that are dependent on the outcome of claims experiences related to the reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when incurred. The reinsurer's share of unearned premiums represents the portion of the current year's reinsurance premiums that relates to risk periods covered by the related reinsurance contracts extending into the following year. The reinsurers' share of unearned premium is calculated using the 365th method.

2.8.10 Reinsurance commission

Reinsurance commission is deferred in line with the reinsurance premium expense. Profit commissions receivable should be taken into account when they are likely to be realised and are measurable.

2.8.11 Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from intermediaries.

2.8.12 Salvage reimbursements

Some insurance contracts permit Sasria to sell (usually damaged) property acquired in settling a claim (i.e. salvage). Sasria may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the property. Subrogation reimbursements are also considered as an allowance in determining the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2.8.13 Impairment of insurance contracts

Insurance contracts are assessed for impairment when there is objective evidence of impairment.

2.9 Taxation

Income taxation expense comprises current and deferred taxation. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

2.9.1 Current income tax

The current income tax charge is calculated on the basis of the South African tax laws enacted or substantively enacted at the statement of financial position date, and any tax payable in respect of prior years. Management periodically evaluates

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES **CONTINUED**

positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Current tax for current and prior period shall to the extent unpaid be recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

2.9.2 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred income tax is provided on temporary differences arising, except where Sasria controls the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. The tax effects of unused losses carried forward or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

2.10 Employee benefits

2.10.1 Pension obligations

Sasria provides for the retirement benefits of its employees through a defined contribution plan. The assets are held in separate trustee-administered funds. Sasria pays defined contributions into these funds and thereafter, has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is assured.

2.10.2 Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Sasria recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

2.10.3 Bonus plan

Sasria recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to Sasria's shareholders after certain adjustments. Sasria recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.10.4 Leave pay

Employees' entitlement to annual leave and long-service leave is recognised when they accrue to employees. Provision is made for the estimated liability of this leave as a result of services rendered by employees up to the statement of financial position date.

2.10.5 Salaries

Salaries are recognised as an expense in profit or loss during the reporting period in which the employee renders the related services.

2.11 Provisions

Provisions are recognised when Sasria has a present legal or constructive obligation of uncertain timing or amount as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured as the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. When the effect of discounting is material, provisions are discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions are not recognised for future operating losses. When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Claims benefits payable and the provision for claims that have occurred but have not yet been reported as at the reporting date are disclosed under insurance liabilities.

2.12 Revenue recognition

The accounting policy relating to the recognition of revenue from insurance contracts is disclosed as part of 2.7 above, which

describes the recognition and measurement of insurance contracts in detail.

2.12.1 Interest income and expenditure

Interest income and expenditure for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, is recognised within investment income and finance costs in the profit and loss using the effective-interest method.

2.12.2 Dividend income

Dividend income for equities is recognised when the right to receive payment is established, which is the last day of trade in respect of quoted shares, and when declared in respect of unquoted shares. Dividends include shares received in terms of capitalisation issues, irrespective of whether there is an option to receive cash in lieu of the shares.

2.13 Short-term leases

Leases are for 12 months or less. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or operating lease liability.

2.14 Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in Sasria's financial statements in the period in which they are approved by the company's Board of Directors.

2.15 Critical accounting estimates and judgments in applying accounting policies

2.15.1 Ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is Sasria's most critical accounting

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estimate. Several sources of uncertainty have to be considered in estimating the liability that Sasria will ultimately be exposed to for such claims. The risk environment can change quickly and unexpectedly owing to a wide range of events or influences. Sasria is constantly refining the tools with which it monitors and manages risks to place the company in a position to assess risk situations appropriately, despite the greatly increased pace of global changes. The growing complexity and dynamism of the environment in which we operate, however, means that there are natural limits. There cannot and never will be absolute security when it comes to identifying risks at an early stage, measuring them sufficiently, or correctly estimating their real hazard potential. Refer to notes 3 and 4 – management of insurance and financial risks – for further detail on the estimation of the claim's liability.

With the onset of Covid-19, the methods for calculating the ultimate liability from claims have not been amended.

2.15.2 Valuation of unlisted investments

The unlisted equity investment is reviewed by management for reasonableness on an annual basis. Sasria accounts for its share of the fair value movements as described in 4.3.1 below. The

unlisted bond investments, which are held through appointed asset managers, are valued based on market observable data and expert judgment. The valuations are also reviewed by management for reasonableness. The market observable data would be the interest rate at which a listed liquid government bond will trade.

Covid-19

The full year results coincided with the one-year anniversary of the outbreak of the Covid-19 pandemic in South Africa, our country's first hard lockdown. The unprecedented stimulus that was propelled into economies by central banks globally buoyed capital markets, resulting in record-breaking short-term returns.

As at 31 March 2021, most major indices were up well over 50% from their March 2020 lows.

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3 Management of risk

As an insurance company, Sasria is exposed to various insurance and financial risks.

3.1 Risk and capital management

Strategic risk is the risk of the current and prospective impact on earnings or capital arising from Sasria's inability to implement appropriate business plans, proper market conduct processes, strategies, decisions, improper implementation of decisions, or lack of responsiveness to industry changes. Sasria's capital management philosophy is to maximise the return on the shareholder's capital within an appropriate risk management framework and ensure that our policyholders' assets are protected against special and catastrophic risks. Management will continue to monitor Sasria's solvency levels and required solvency range in light of industry changes and regulatory requirements. Sasria is committed to efficient capital management and a decision was taken by the Board to maintain an appropriate level of capital with the balance of the required capacity being made up of reinsurance in line with the company's risk appetite.

Risk appetite defines the amount of risk that Sasria is willing to accept in pursuit of shareholder value and the attainment of strategic objectives including the fair treatment of customers. It provides a mechanism by which the Board of Director can set the boundaries within which the businesses should operate. It articulates the amount of risk the Board is willing to accept. Risk appetite balances the expectations and interests of a variety of stakeholder. These include shareholders, policyholders and staff as well as regulators and outsourced functions. Risk appetite drives reporting and therefore decision making.

Sasria manages its capital through different methods or tools, which include the following:

3.1.1 Own risk and solvency assessment (ORSA)

The Prudential Standards for Insurers introduces a requirement for insurers licensed under the Insurance Act to conduct an

ORSA. ORSA is 'the entirety of the processes and procedures employed to: identify, assess, monitor, manage and report the short-and long-term risks an insurance undertaking faces or may face and determine the own funds necessary to ensure that the undertaking's solvency needs are met at all times'.

ORSA is one of the primary tools used to test whether the company operates within or outside the risk appetite over the business planning horizon. Part of the ORSA includes carrying out stress and scenario testing over the business planning horizon. The ORSA process requires Sasria to identify the most significant risks facing the organisation, quantifying the capital requirements for these risks and finally comparing the capital requirement to the own funds available on its statement of financial position. The ORSA process allows management to identify appropriate management actions and embed these actions in the event of a specific event realising.

Sasria performed an ORSA report of the business over the planning horizon and presented the results to its executive management, Risk Committee and the Board. Stress scenarios include economic stresses, demographic stresses and stresses resulting from operational risk.

3.1.2 Capital at risk

Sasria will always hold sufficient eligible financial resources to ensure it meets the relevant solvency capital required (SCR), as well as its internal (economic) assessment of the capital required (ECR) to deliver on its business plans, reasonable policyholder expectations and claim payments as they fall due.

The company has established risk appetite measures for the capital at risk as well as limit and threshold allocations to manage the key risk (non-life underwriting risk, credit risk and market risk) identified within the organisation. The establishment of the risk appetite measure is to ensure that the directors have appropriate risk management practices in place. The management of risk within the organisation is governed by the Board and overseen by the Risk Committee.

When determining capital requirements, the company uses a risk appetite measure of capital at risk over a one-year time

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period. The company's capital at risk measurement is based on the higher of the SCR or the ECR. The company aims to hold adequate capital to remain solvent in the event of substantial deviations, such as a 1-in-200-year event.

3.2 Economic Capital Required

The company has developed tools for the purpose of calculating an internal economic view of risk and capital requirements as well as capital projections. The company has therefore aligned itself to a more appropriate calculation of capital through the development of an economic capital model.

The economic capital model is used to support, inform and improve the company's decision-making. It is used to determine the optimum capital structure, the investment strategy and its reinsurance programme.

3.3 Solvency Capital Requirement (SCR)

SCR is a formula-based figure calibrated by the Prudential Authority (PA) to ensure that all quantifiable risks are taken into account, including non-life underwriting, market, credit, operational and counterparty risks. Insurers are required to maintain minimum required capital at all times throughout the year.

Sasria's Board of Directors targets an economic capital coverage ratio of between 180% and 230%. In addition, the regulatory capital coverage ratio must exceed predefined threshold levels.

The company reports to the PA only on the SCR and not on the ECR.

3.4 Insurance risk

Insurance risk refers to the risk of loss as a result of underwriting insurance contracts. Insurance risk includes:

- Underwriting risk
- Reinsurance risk

3.4.1 Underwriting risk

Underwriting risk is the risk that claims, and related expense experience is worse than anticipated in the pricing and reserving of the underlying products. For Sasria the drivers of underwriting risk include changes in the political, social and labour climate of South Africa, as well as economic changes such as higher than expected inflation.

The company manages underwriting risks through its underwriting strategy, appropriate pricing, adequate reinsurance arrangements and proactive claims handling.

The company underwrites risks that natural persons, corporate or other entities wish to transfer to an insurer. While the company provides cover relating to conventional fire, motor and engineering, the specific risks covered are restricted to material damage arising from riots, strikes, labour disturbances and terrorism.

As such the company is exposed to uncertainty surrounding the timing and severity of claims under insurance contracts that would be impacted by circumstances such as political unrest, downturn in the state of the economy and organised labour issues. These insurance events are, by their nature, random and given the type of risks that the company underwrites, the actual number and size of events during any one year may vary from those estimated. The actual amounts in any one year may be greater than what has been provided for.

In accordance with Sasria's business model, the administration is outsourced to Sasria's agents. This includes the issue of Sasria coupons, as well as the collection of Sasria premiums. The Sasria agents allow the Sasria coupons to attach to their policies. A Sasria agent is typically a registered conventional short-term insurer or short-term insurer underwriter that has entered into an agreement with the company. The agent agreement clearly sets out the manner in which the agent company should administer the Sasria business. The agents are also provided with a comprehensive set of guidelines detailing the processes and procedures relating to the issue of the Sasria's coupons, the

collection of premiums and reporting of claims on its behalf, and the method of payment of the premiums to Sasria.

The company underwrites primarily short-tail risks, which means that the majority of claims are typically settled within one year of the occurrence of the event/s giving rise to the claims. Risks that are long-tail in nature represent an insignificant portion of the company's insurance portfolio.

The product features of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts underwritten by the company are set out below:

- Fire:** Provides indemnity for loss of or damage to immovable property. This includes commercial and residential properties.
- Transportation:** Provides indemnity for loss of or damage to goods-in-transit, marine cargo and marine hull, which includes ships and small craft as well as the marine or inland transit of cargo.
- Motor:** Provides indemnity for loss of or damage to all types of motor vehicles.
- Guarantee:** Provides indemnity to banks for default by their clients due to the occurrence of a Sasria peril and is sold by the home loan guarantee company.
- Engineering:** Provides indemnity for loss of or damage sustained to machinery and equipment or damage to buildings or structures during the course of construction.

Claims management

The Claims department monitors most of the media on a daily basis to consider all events likely to result in claims against the company. The outstanding claims provision is monitored on a monthly basis by management. No provision for an outstanding claim estimate is reversed until the company is reasonably assured that no litigation will occur. The outstanding claims provision is annually tested for adequacy as part of the liability adequacy test noted in 2.8 above. The process regarding the claims development is discussed in note 10, which includes sensitivities.

3.4.1.1 Limiting exposure to underwriting risk

Due to the business model followed by Sasria, there is no direct underwriting performed on the coupons up to R500 million. Sasria directly underwrites all the coupons in excess of R500 million but not exceeding R1.5 billion. Sasria offers cover on a non-refusable basis. The premium rates that the agent companies use are set by Sasria in its underwriting guidelines. The underwriting risk is mitigated by the fact that the Sasria cover, being a coupon policy, attaches to a conventional insurer's underlying policy. If no cover is provided by the Sasria agent, then no Sasria cover attaches.

The insured have an option to take up the Sasria cover at the holding company level or at subsidiary level. Adequate reinsurance has been arranged to mitigate the increased exposure.

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For the year ended 31 March 2021

3.4.1.2 Underwriting strategy and limits and policies for mitigating underwriting risk

The legislated monopoly enjoyed by Sasria, as well as the underwriting philosophy of the company, results in the company underwriting a large number of diverse risks, with a balanced portfolio spread across personal and commercial policyholders.

By using gross written premiums in each class as an indicator, the table below illustrates the company's distribution of risks underwritten:

Category of risk policy	2021	2020
	%	%
Property	81.59	79.27
Motor	11.77	13.84
Engineering	3.97	4.81
Other	2.67	2.08
TOTAL FOR ALL CATEGORIES	100.00	100.00

3.4.1.3 Concentration of insurance risks

The company has a diversified insurance portfolio of risks across South Africa's geography, and across all types of industrial and commercial enterprises as well as personal lines. As a result of Sasria's predominant presence in this particular market and the types of risks covered, any single event could result in a large number of claims. The maximum any one insured can claim is R1.5 billion. Losses arising from an event (where more than one insured is affected by the same event) in excess of R500 million will trigger Sasria's catastrophe reinsurance.

By using gross written premiums as an indicator, the company's insurance portfolio could also be divided between personal and commercial (all insureds other than natural persons) policies as follows:

Split by type of policyholder	2021	2020
	%	%
Personal policies	21.80	20.85
Commercial policies	78.20	79.15
TOTAL PERSONAL AND COMMERCIAL POLICIES	100.00	100.00

The company ensures that agent companies adhere to the set underwriting guidelines through bi-annual audits conducted at each agent company. In addition, the company's own Internal audit department conducts reviews of the Sasria process carried out on the company's behalf by agent companies, their underwriting managers and brokers. Follow-up reviews are performed by the Quality Assurance department to ensure that findings are resolved and closed within a reasonable time and no additional risks are encountered.

During the past year quality assurance performed proactive reviews on agents in addition to their follow-up reviews.

Any changes to the guidelines are communicated to all agent companies and their underwriting managers by way of written circulars. The ability to adjust rates, either for monthly or annual business (depending on the contract term), allows the company to mitigate the risk of underwriting losses. These adjustments would be from renewal date on annual policies and over a period of a few months on monthly policies. The company monitors the incidence of claims per insured, class and sector and if necessary has the ability to impose deductibles.

Pricing is based on historical claims, frequency and severity and includes catastrophe modelling. The methodology used estimates the anticipated cost per policy. Claims remain the company's most significant cost. Further adjustments are made in the pricing estimate for expenses, commission, cost of capital and profit allowance, investment income and expenses and reinsurance allowance.

Catastrophe risk is managed and mitigated through the use of reinsurance.

The split between annual and monthly premiums written is as follows:

Split by type of policy	2021	2020
	%	%
Annual policies	44.17	48.68
Monthly policies	55.83	51.32
TOTAL ANNUAL AND MONTHLY POLICIES	100.00	100.00

The incidence of fraud is reduced by robust claims handling processes and regular review of these processes. The company's internal audit department conducts annual reviews of the in-house Claims department to ensure adherence to the company's internal controls procedures. On a monthly basis the underwriting results per class of business are monitored against pre-determined budgets. The premium income and reversals are also monitored for each agent on a monthly basis and compared to the previous period. Any major fluctuations are investigated.

3.4.2 Reinsurance risk

Reinsurance risk is the risk of loss due to insufficient or inappropriate reinsurance cover relative to the risk management strategy and objectives.

Reinsurance is used to manage underwriting risk. This does not however, discharge the company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the company remains liable for the payment to the policyholder.

Sasria's reinsurance strategy is driven by the desire to use capital efficiently, protect the statement of financial position and hence ensure a sustainable business. The strategy is to retain as much premium as possible subject to a solvency ratio target.

Reinsurance is placed on the local and international reinsurance markets. Reinsurance arrangements in place include proportional and non-proportional reinsurance which include catastrophe cover. The reinsurance programme is aimed at reducing the volatility of the company's underwriting results and protecting its capital. The company purchases catastrophe reinsurance to protect itself against losses arising from major catastrophes. The level of catastrophe reinsurance purchased is based on the company's maximum probable loss and capital adequacy exercise, which is performed annually. Sasria evaluates and monitors the type and amount of reinsurance to be purchased within its company's risk appetite framework and measures.

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For the year ended 31 March 2021

4 Management of risk

The company is exposed to financial risk through its financial assets, reinsurance assets, financial liabilities and insurance liabilities. The most important components of this financial risk are market risk, credit risk and liquidity risk. These risks arise from investments in various asset classes whose values are exposed to the current macro-economic environment resulting in market price movements.

For the discussions below, the following financial instruments and insurance balances, excluding reinsurance contracts and insurance contract liability, are disclosed in classes based on their similar characteristics:

	2021	2020
	R'000	R'000
FINANCIAL AND INSURANCE ASSETS		
Listed and quoted equity securities	2 696 942	1 393 556
TOTAL EQUITY SECURITIES	2 696 942	1 393 556
Money market fund (>3 months)	2 192 698	1 949 099
Government and semi-government bonds	1 080 520	779 970
Other bills and bonds (fixed rate)	282 301	67 791
TOTAL DEBT AND MONEY MARKET SECURITIES	3 555 519	2 796 860
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	6 252 461	4 190 416
Insurance receivables	216 383	193 499
Loans and receivables	74 851	27 135
TOTAL LOANS AND RECEIVABLES INCLUDING INSURANCE RECEIVABLES	291 234	220 634
Reinsurance assets	37 175	34 719
Assets for held for trading	94 491	376 272
Cash and cash equivalents	3 166 600	3 875 469
TOTAL FINANCIAL AND INSURANCE ASSETS	3 298 266	4 286 460
FINANCIAL AND INSURANCE LIABILITIES		
Deferred income	10 972	10 236
Insurance contracts	1 315 963	1 696 512
Payables	112 507	64 381
TOTAL FINANCIAL AND INSURANCE LIABILITIES	1 439 442	1 771 129

Derivatives are entered into solely for risk management purposes and not as speculative investments. The company investment policy specifies approved instruments that may be used to economically hedge the company's exposure to variability interest rates to manage and maintain market risk exposures within the parameters set out in the investment strategy.

Such instruments are recognised at fair value on the date on which a derivatives contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. All gains and losses from changes in the fair value of derivatives are accounted for immediately in profit or loss.

4.1 Market risk

Market risk is defined as the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices and foreign currency exchange rates. The company uses several sensitivities or stress-tests to understand the impact of the above risks on earnings and capital in normal and stressed conditions.

Market risk arises due to fluctuations in both the value of financial liabilities and the value of investments held. The management of the company is tasked with the responsibility of managing key market risks to which the company is exposed. Sasria's investment portfolio is structured to withstand shocks such as the credit rating downgrade through its strategic asset allocation, which allows for diversification and flexibility to reduce a significant drag on relative performance. Sasria's investment philosophy is centred on an asset-liability matched investment approach that ensures that the underlying assets into which the funds are invested are matched to meet the duration and Rand value of the liabilities at a given point in time. When a suitable asset-liability matched position is achieved, Sasria will optimise returns on the non-liability matching assets within the risk appetite limits. The investments' market positions are monitored daily by the external investment managers and reviewed monthly by the Finance Director, the Risk department and quarterly by the Investment Committee. For each of the major components of market risk, described in more detail below, the company's Board has put in place policies and procedures to set out how each risk should be managed and monitored, and the approach to setting an appropriate risk appetite.

4.1.1 Interest rate risk

Interest rate risk arises from the net effect on assets and liabilities due to a change in the level of interest rates. The company is exposed to interest rate risk on its investments due to variable rate instruments such as other bills and bonds, which exposes the company to fair value risk. Other interest-bearing securities such as cash on fixed deposits, call accounts and other money market instruments expose the company to interest rate risk. This risk is limited through a well-diversified portfolio that allows for flexibility to ensure that managers can adopt a defensive stance in the current environment.

The risk is further limited by regular trading of the portfolio, providing diversification in terms of yield profit and an asset and liability matching strategy. A hypothetical 2% decline or increase in the interest rate relating to cash and interest-bearing securities would result in an increase/decrease in interest earned of R109.12 million (2020: R37.2 million – at 2% sensitivity) or an increase/decrease in profit before tax of R109.12 million (2020: R37.2 million – at 2% sensitivity) respectively. A 2% increase in interest rates would expose the company to the risk of losing value in other bills and bonds by R27 million (2020: R106 million – at 2% sensitivity), while a decrease would expose the company to the risk of gaining value by R27 million (2020: R106 million – at 2% sensitivity). Loans and receivables and trade and payables are not sensitive to interest rate fluctuations as they are expected to be settled within three months when they fall due. Exposure to interest rate risk is monitored and managed by management.

The repo rate was reduced to a record low 3.5% by the South African Reserve Bank due to Covid-19. This has resulted in the current low-interest environment.

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4.1.2 Equity price risk

The company's objective is to earn competitive relative returns by investing in a diverse portfolio of high-quality, liquid securities. Portfolio characteristics are analysed regularly and equity price risk is actively monitored and managed by management.

Investments in listed equities, which are carried at fair value on the reporting date, have exposure to price risk, being a potential loss of market value resulting from adverse change in prices. Investments in marketable securities are valued at fair value and are therefore susceptible to market fluctuations.

All of the company's investments are managed through outsourced reputable investment managers. Each of these managers is given a mandate to ensure that market risk is mitigated through diversification and investing in reputable companies and institutions. Equity price risk (downside risk) is also mitigated through put options.

Investment decisions are made by the Board's Investment Committee, which has ultimate responsibility for determining the investment portfolio's strategy and taking investment decisions within the risk profile and risk appetite.

Sensitivities

As at 31 March 2021, the company had quoted ordinary share investments that have been disclosed at their fair values. A hypothetical 10% decline or increase in quoted investments would result in a decrease/increase in profit before tax by R269.7 million (2020: R139.4 million). A hypothetical 10% was used during the current financial year due to the expected movements in the equity market. The full impact of a decrease or increase in individual prices of instruments would affect the company's profit or loss since these investments are in the company's capital portfolio.

The table below clearly illustrates the impact of the assumptions above:

	2021	2020
	R'000	R'000
QUOTED INVESTMENTS		
Effect on profit before tax at 10% (fluctuation)	270	139
Effect on profit before tax at 15% (fluctuation)	405	209

4.2 Credit risk

Credit risk is the risk that Sasria will experience a loss due to a counterparty being unwilling or unable to meet its financial or contractual obligations when they fall due.

The company has exposure to credit risk, which is the risk that a counterparty will default on debt, failing to make payments when due. The key areas which give rise to credit risk exposure for the company are:

- reinsurers' share of insurance liabilities that have not yet been paid;
- reinsurers' share of claims already paid;
- amounts due from insurance contract holders;

- premiums and other amounts due from agent companies; and
- amounts invested with investment counterparties.

The company conducts its business only with reputable reinsurers rated above a certain level as shown in the ratings table below. The credit risk exposure of agent companies is managed by conducting business only with approved agents. Such risks are subject to an annual review and ongoing monitoring.

The creditworthiness of reinsurers is considered on a monthly basis, along with their external ratings as indicated below.

4.2.1 Credit risk on reinsurance contracts

Reinsurance risk arises due to uncertainty regarding the timing and amount of future cash flows from reinsurance contracts. This could be due to the financial standing of the reinsurer, or due to changes in the appropriateness of cover in the future.

The credit risk that originates from the reinsurance transactions is managed as follows:

Independently published credit ratings of all existing and prospective reinsurers are monitored prior to entering into reinsurance transactions. The credit ratings of all existing reinsurers are also monitored on an ongoing basis throughout the year and remedial action taken if required. In addition, reinsurance contracts make allowance to replace reinsurers in the case of a downgrade of the reinsurers rating, below an acceptable level.

The table below shows the company's five largest reinsurers on the reinsurance programme.

Reinsurer 2021	% of total cover provided	Credit risk rating*
Lloyd Syndicate 2001 (CSL)	17.00	A+
Lancashire Insurance Company (UK) limited	15.00	A-
Hannover Reinsurance Africa Limited, South Africa	8.00	AA-
Munich Reinsurance Company of Africa Limited, South Africa	8.00	AA-
Santam Re: A division of Santam Ltd	8.00	BB

Reinsurer 2020	% of total cover provided	Credit risk rating*
Swiss Reinsurance Company Limited, Switzerland	22.26	AA-
Lloyd's Underwriters	9.14	A+
Hannover Reinsurance Africa Limited, South Africa	11.3	AA-
Munich Reinsurance Company of Africa Limited, South Africa	8.96	AA-
SCOR Africa Limited	11.34	AA-

* The company does not have any foreign currency risk exposure as the reinsurance contracts are denominated in Rand.

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4.2.2 Credit risk of financial assets

Sasria qualifies for the temporary exemption in IFRS 9 due to the decision taken to adopt IFRS 9 concurrently with IFRS 17 and is applying the temporary exemption. Sasria qualifies to apply the temporary exemption as it has not previously applied any version of IFRS 9, other than the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss and because its activities are and were predominantly connected with insurance at its annual reporting date immediately preceding 1 April 2016 because the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities was less than or equal to 90% but greater than 80%. The company does not have collateral, credit enhancements or renegotiated financial assets.

The credit rating of an individual instrument is an indication of the issuer's ability to meet its debt obligation; a lowered rating will affect the cost of borrowing (interest rates) as well as the cost of serving its debt, which herefore, constrains the ability to borrow. Sasria's investment portfolio is impacted by South Africa's sovereign credit rating downgrade as government's ability to borrow money to fund projects has been constrained. This risk is mitigated by the investment mandates managed through outsourced reputable investment managers. Mandates include credit rating exposure limits, duration limits and the use of derivative instruments to hedge the portfolio without having to dispose of the underlying instruments. Each of these managers is given a mandate to ensure that credit risk is mitigated through diversification and flexibility, which allows for a defensive strategy in the current economic environment.

Issuer default and credit concentration risk with regard to cash investments, debt instruments, bonds, preference shares, over-the-counter derivatives and instruments used for equity protection risk mitigation are managed by the Risk department in conjunction with the Investment department.

Credit risk from balances with banks and financial institutions is managed by the Investment Committee in accordance with the company's investment policy. Investments in surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis and maybe updated throughout the year subject to approval of the Investment Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2021 and 2020 is the carrying amounts as illustrated in the table below:

Financial and insurance assets 2021	Aaa	Aa	A	Ba	Caa	WR	Not rated	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Government bonds	6 239	987	49 440	1 007 620	12 357	-	3 877	1 080 520
Other bills and bonds	145 852	35 055	-	5 561	-	88 009	7 824	282 301
Money market fund	1 874 054	-	-	318 644	-	-	-	2 192 698
Insurance receivables	-	-	-	-	-	-	216 383	216 383
Loans and receivables	-	-	-	-	-	-	74 851	74 851
Derivatives asset	-	-	-	94 491	-	-	-	94 491
Cash and cash equivalents	1 366 023	-	923 106	827 961	-	-	49 510	3 166 600
	3 392 168	36 042	972 546	2 254 277	12 357	89 009	352 445	7 107 844

Financial and insurance assets 2020	A	Baa	Ba	B	Caa	WR	Not rated	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Government bonds	-	-	775 348	-	-	-	4 622	779 970
Other bills and bonds	-	16 587	34 813	-	-	-	16 391	67 791
Money market fund	-	694 694	1 243 589	-	-	-	10 816	1 949 099
Unitised linked investments	-	-	-	-	-	-	-	-
Insurance receivables	-	-	-	-	-	-	193 499	193 499
Loans and receivables	-	-	-	-	-	-	27 135	27 135
Derivatives asset	-	-	376 272	-	-	-	-	376 272
Cash and cash equivalents	888 502	2 243 439	687 389	-	-	-	56 139	3 875 469
	888 502	2 954 720	3 117 411	-	-	-	308 602	7 269 235

The financial assets analysed above are based on published external credit ratings.

The rating scales are based on long-term investment horizons from rating agency Moody's under the following broad investment grade definitions:

- AAA – prime grade, subject to low credit risk;
- AA – very good quality and is subject to very low credit risk;
- A – upper medium grade, subject to low credit risk;
- BA – judged to be speculative, subject to substantial credit risk;
- BAA – medium grade, subject to moderate risk;
- CAA – speculative of poor standing and subject to very high credit risk;
- WR – withdrawn rating
- Not rated: amounts falling within the not-rated category are managed by the finance department on a daily basis to ensure recoverability of amounts.

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The company has an Investment Committee that reviews the credit risk on all the financial instruments and measures are put in place to minimise the credit risk. The risk on our investments is further minimised through limiting the dependency of the company on any one investment manager and through requiring depth and breadth of resources and financial stability in respect of any investment manager appointed by the company.

The company monitors its exposure to its counterparties for regulatory reporting and policy adherence purposes. Credit risks are further monitored to ensure that there are no risk appetite breaches. Reporting is provided to the Executive Committee and the Risk Committee on a quarterly basis.

4.3 Liquidity risk

The company is exposed to daily calls on its available cash resources mainly from claims arising from short-term insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The majority of the company's investments are maintained in short-term liquid investments that can be converted into cash at short notice with insignificant risk of changes in value and would be available to match liabilities that are short-term in nature.

For the purposes of the liquidity analysis below, financial instruments are presented on an undiscounted, contractual and worse-case basis while insurance assets and liabilities are presented based on expected cash flows.

The following liquidity analysis provides details on the expected settlement of the financial and insurance liabilities recognised at reporting date:

2021	Within	3 months	1 to 2 years	More than	Total
	0 to 3 months	to 1 year		2 years	
	R'000	R'000	R'000	R'000	R'000
Deferred income*	10 972	-	-	-	10 972
Trade and other payables	64 984	-	-	-	64 984
Reinsurance payables	47 523	-	-	-	47 523
Lease liabilities	2 086	6 260	9 014	-	17 360
TOTAL	125 565	6 260	9 014	-	140 839

2020	Within	3 months	1 to 2 years	More than	Total
	0 to 3 months	to 1 year		2 years	
	R'000	R'000	R'000	R'000	R'000
Deferred income*	10 236	-	-	-	10 236
Trade and other payables	63 567	-	-	-	63 567
Reinsurance payables	814	-	-	-	814
Lease liabilities	1 932	5 796	8 346	9 014	25 088
TOTAL	76 549	5 796	8 346	9 014	99 705

*The unearned premiums and the deferred revenue are being realised on a straight-line basis over the period of one year.

The following maturity analysis provides details on the expected maturities of the financial and insurance assets held at reporting date:

2021	Within 0 to 3 months R'000	3 months to 1 year R'000	More than 3 years R'000	Total R'000
Financial assets at fair value through profit or loss	6 252 641	-	-	6 252 641
Loans and receivables	74 851	-	-	74 581
Insurance receivables	216 383	-	-	216 383
Reinsurance contracts	37 175	-	-	37 175
Financial assets held for trading	94 491	-	-	94 491
Cash and cash equivalents	3 166 600	-	-	3 166 600
TOTAL	9 841 961	-	-	9 841 961

2020	Within 0 to 3 months R'000	3 months to 1 year R'000	1 to 3 years R'000	More than 3 years R'000	Total R'000
Financial assets at fair value through profit or loss	1 406 070	2 017 947	-	766 399	4 190 416
Loans and receivables	25 987	-	1 148	-	27 135
Insurance receivables	193 499	-	-	-	193 499
Reinsurance contracts	34 719	-	-	-	34 719
Financial assets held for trading	376 272	-	-	-	376 272
Cash and cash equivalents	3 875 469	-	-	-	3 875 469
TOTAL	5 912 016	2 017 947	1 148	766 399	8 697 510

4.3.1 Fair value hierarchy

This requires the company to classify fair-value measurements using a fair-value hierarchy that reflects the significance of the inputs used in making the measurements. The fair-value hierarchy has the following levels:

Level 1

Quoted prices (unadjusted in active markets for identical assets or liabilities that an entity can access at the measurement date);

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

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Level 3

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair-value hierarchy within which the fair-value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair-value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair-value measurement in its entirety. If a fair-value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair-value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the company. The company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair-value hierarchy the company's financial assets (by class) measured at fair-value at 31 March 2021.

Asset 2021	Level 1	Level 2	Total
	R'000	R'000	R'000
- Equity securities – listed and quoted	2 696 942	-	2 696 942
- Debt securities	161 015	1 201 806	1 362 821
- Money market fund	-	2 192 698	2 192 698
TOTAL FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	2 857 957	3 394 504	6 252 461

Asset 2020	Level 1	Level 2	Total
	R'000	R'000	R'000
- Equity securities – listed and quoted	1 393 556	-	1 393 556
- Debt securities	821 915	25 846	847 761
- Money market fund	-	1 949 099	1 949 099
TOTAL FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	2 215 471	1 974 945	4 190 416

Level 1

The fair value of financial instruments traded in an active market is based on quoted market prices at reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on arm's length basis.

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities. The money market fund does not adjust the quoted price for these instruments.

Level 2

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include investment-grade corporate bonds, money market instruments and over-the-counter derivatives. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Level 3

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include private equity and corporate debt securities. As observable prices are not available for these securities, the company has used valuation techniques to derive the fair value. The Level 3 equity amount consists of a single private equity position. The main inputs into the fund's valuation model for these investments include earnings multiples (based on the historical earnings of the issuer over the past decade) and discounted cash flows. The company also considers original transaction price, recent transactions in the same or similar instruments and completed third party transactions in comparable instruments. It adjusts the model as deemed necessary. The company also considers other liquidity, credit and market risk factors. It adjusts the model as deemed necessary. Discounted cash flows are calculated using the average rate of inflation during the financial year.

4.4 Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people and systems, or from external events. These risks are mitigated through a comprehensive system of internal controls, comprising policies and standards, procedures, systems and information to assist in achieving established objectives and goals.

Sasria manages operational risk using a range of techniques and tools to identify, monitor and mitigate its operational risk in accordance with the risk appetite. These tools include risk and control self-assessments and questionnaires, key risk indicators, scenario and sensitivity analyses and loss data collection/notification. In addition, Sasria has developed a number of contingency plans including Incident/loss notification and a business continuity management (BCM) plan, which is tested on a regular basis. The BCM is reviewed by internal audit every three years.

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5 Property and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer equipment	19 769	(13 515)	6 254	18 370	(9 563)	8 807
Furniture and fittings	4 280	(2 978)	1 302	4 280	(2 651)	1 629
Motor vehicles	565	(444)	121	565	(409)	156
Office equipment	2 671	(2 437)	234	2 671	(2 317)	354
Leasehold improvements	16 297	(13 825)	2 472	16 297	(12 775)	3 522
Capital work in progress	-	-	-	4 158	-	4 158
Right-of-use asset	25 788	(12 894)	12 894	25 788	(6 447)	19 341
TOTAL	69 370	(46 093)	23 277	72 129	(34 162)	37 967

Reconciliation of property and equipment 2021	Opening net book amount	Additions	Disposals	Transfers	Adjustments	Depreciation charge	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Computer equipment	8 807	1 005	(89)	648	-	(4 117)
Furniture and fittings	1 629	-	-	-	-	(327)	1 302
Motor vehicles	156	-	-	-	-	(35)	121
Office equipment	354	-	-	-	-	(120)	234
Leasehold improvements	3 522	-	-	-	-	(1 050)	2 472
Capital work in progress	4 158	-	-	(648)	(3 510)	-	-
Right-of-use asset	19 341	-	-	-	-	(6 447)	12 894
TOTAL	37 967	1 005	(89)	-	(3 510)	(12 096)	23 277

* A portion of prior year capital work in progress was reallocated to accruals in the current year.

Reconciliation of property and equipment 2020	Opening net book amount	Additions	Disposals	Depreciation charge	Total
	R'000	R'000	R'000	R'000	R'000
	Computer equipment	4 290	7 105	(116)	(2 472)
Furniture and fittings	2 054	92	(149)	(368)	1 629
Motor vehicles	-	177	-	(21)	156
Office equipment	389	140	-	(175)	354
Leasehold improvements	5 121	7	-	(1 606)	3 522
Capital work in progress	-	4 158	-	-	4 158
Right-of-use asset	-	25 788	-	(6 447)	19 341
TOTAL	11 854	37 647	(265)	(11 089)	37 967

5.1 Lease

	2021	2020
	R'000	R'000
Leases		
Minimum lease payments due		
- within one year	8 346	7 728
- one year to five years	9 014	17 360
TOTAL UNDISCOUNTED LEASE LIABILITY	17 360	25 088

Lease payments represent rentals payable by the company for its office properties. Leases are negotiated for an average term of five years and escalate at 8% on average. No contingent rent is payable.

	2021	2020
	R'000	R'000
Right-of-use asset	12 895	19 341
Lease liability as disclosed in separate line in the liabilities	13 360	20 094
Interest expense disclosed under admin and marketing	993	313
Cash payments relating to principal portion of the lease liability under finance activities	6 734	6 842
TOTAL CASH OUTFLOW FOR LEASE LIABILITY	7 727	7155

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6 Intangible assets

	2021			2020		
	Accumulated		Carrying value	Accumulated		Carrying value
	Cost	amortisation		Cost	amortisation	
	R'000	R'000	R'000	R'000	R'000	R'000
Software	78 158	(35 021)	43 137	40 284	(26 731)	13 553
Capital work in progress	8 457	-	8 457	10 413	-	10 413
TOTAL	86 615	(35 021)	51 594	50 697	(26 731)	23 966

Reconciliation of intangible assets 2021	Opening net				Amortisation		Total
	book amount	Additions	Transfers	Adjustments*	charge		
	R'000	R'000	R'000	R'000	R'000	R'000	
Software	13 553	31 519	6 355	-	(8 290)	43 137	
Capital work in progress	10 413	8 457	(6 355)	(4 058)	-	8 457	
TOTAL	23 966	39 976	-	(4 058)	(8 290)	51 594	

* A portion of prior capital work in progress was reallocated to licence expenses.

Reconciliation of intangible assets 2020	Opening net			Amortisation		Total
	book amount	Additions	Disposals	charge		
	R'000	R'000	R'000	R'000	R'000	
Software	3 668	22 224	(8 260)	(4 079)	13 553	
Capital work in progress		10 413	-	-	10 413	
TOTAL	3 668	32 637	(8 260)	(4 079)	23 966	

7 Deferred acquisition costs (DAC) and administration fees

	2021			2020		
	Administration		Total	Administration		Total
	DAC	Fee		DAC	Fee	
	R'000	R'000	R'000	R'000	R'000	R'000
Balance at the beginning of the year	69 405	58 585	127 990	61 325	52 409	113 734
Cost deferred during the year	409 548	349 853	759 401	362 405	308 450	670 855
Cost expensed during the year	(408 988)	(348 887)	(757 875)	(354 325)	(302 274)	(656 599)
BALANCE AT THE END OF THE YEAR	69 965	59 551	129 516	69 405	58 585	127 990

8 Financial assets

The company's financial assets are summarised by measurement category in the table below.

		2021	2020
		R'000	R'000
Fair value through profit or loss	8.1	6 252 461	4 190 416
Loans and receivables	8.2	74 851	27 135
Financial assets held for trading	8.3	94 491	376 272
TOTAL FINANCIAL ASSETS		6 421 803	4 593 823

The assets classified as held at fair value through profit or loss are detailed in the tables below:

8.1 Financial assets at fair value through profit or loss

		2021	2020
		R'000	R'000
EQUITY SECURITIES		2 696 942	1 393 556
Listed and quoted		2 696 942	1 393 556
MONEY MARKET FUND		2 192 698	1 949 099
Money market fund		2 192 698	1 949 099
OTHER BILLS AND BONDS			
Debt securities – fixed interest rate:			
Other bills and bonds		282 301	67 791
Government and semi-government bonds		1 080 520	779 970
		1 362 821	847 761
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		6 252 461	4 190 416

All the above assets have been designated by the company as held at fair value through profit or loss.

MOVEMENT IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Balance at the beginning of the year		4 190 416	3 842 110
Transfer from/(to) cash and cash equivalents		1 321 013	580 055
Interest received		309 934	339 805
Dividends received		63 921	68 487
Realised net fair value gains/(losses)		(101 559)	25 292
Unrealised net fair value gains/(losses)		481 940	(651 403)
Investment administration expense		(13 204)	(13 930)
		6 252 461	4 190 416

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8.2 Loans and receivables

	2021	2020
	R'000	R'000
Other loans and receivables	74 851	27 135
	74 851	27 135

8.3 Financial assets held for trading

	2021	2020
	R'000	R'000
DERIVATIVE ASSETS		
At fair value	94 491	376 272
DERIVATIVE LIABILITIES		
At fair value	-	-

The derivative assets and liabilities relate to put options.

9. Other assets

9.1 Prepayments

	2021	2020
	R'000	R'000
Prepayments	2 004	2 670

9.2 Insurance receivables

	2021	2020
	R'000	R'000
Profit commission	17 607	25 283
Outstanding premiums	198 776	168 216
TOTAL INSURANCE RECEIVABLES	216 383	193 499

	2021		2020	
	Gross	Impairment	Gross	Impairment
	R'000	R'000	R'000	R'000
The trade receivables due from agents at reporting date was:				
Not past due	198 776	-	168 216	-
Past due	-	-	-	-
TOTAL	198 776	-	168 216	-

The above balances are receivable within 12 months. Fair value therefore approximates carrying value. The outstanding premiums past due are premiums not yet received from agents a month after being raised. The outstanding premiums have been received after year end. Therefore, the company does not deem it necessary to provide for impairment.

10. Insurance contract liabilities and reinsurance contracts

	2021	2020
	R'000	R'000
GROSS		
Claims reported and loss-adjustment expenses	812 495	1 125 768
Claims incurred but not yet reported	24 098	98 947
Unearned premium provision	473 591	468 615
Unexpired risk provision	5 779	3 182
TOTAL INSURANCE CONTRACT LIABILITIES	1 315 963	1 696 512
RECOVERABLE FROM REINSURERS		
Claims reported and loss-adjustment expenses	600	600
Unearned premium provision	36 575	34 119
TOTAL REINSURERS' SHARE OF INSURANCE LIABILITIES	37 175	34 719
NET INSURANCE CONTRACT LIABILITIES		
Claims reported and loss-adjustment expenses	811 895	1 125 168
Claims incurred but not yet reported	24 098	98 947
Unearned premium provision	437 016	434 496
Unexpired risk provision	5 779	3 182
TOTAL INSURANCE CONTRACT LIABILITIES (NET)	1 278 788	1 661 793

The outstanding claims and loss adjustment expenses and the claims incurred but not yet reported above are net of expected recoveries from salvage and subrogation. The amounts for salvage and subrogation as at 31 March 2021 are R4.9 million and for 31 March 2020 are R13.4 million. These are not material and therefore are not separately disclosed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

10 Insurance contract liabilities and reinsurance contracts (continued)

Movements in insurance liabilities and reinsurance assets

The movements for the year are summarised below:

a) Claims reported and loss-adjustment expenses

	2021			2020		
	Gross	Reinsurance Asset	Net	Gross	Reinsurance Asset	Net
	R'000	R'000	R'000	R'000	R'000	R'000
AT 31 MARCH						
Balance at the beginning of the year	1 125 768	600	1 125 168	1 193 949	8	1 193 941
Claims paid	(751 176)	(3)	(751 173)	(1 030 631)	(318)	(1 030 313)
Claims raised	437 903	3	437 900	962 450	910	961 540
BALANCE AT THE END OF THE YEAR	812 495	600	811 895	1 125 768	600	1 125 168

b) Claims incurred but not yet reported (IBNR)

	2021			2020		
	Gross	Reinsurance Asset	Net	Gross	Reinsurance Asset	Net
	R'000	R'000	R'000	R'000	R'000	R'000
AT 31 MARCH						
Balance at the beginning of the year	98 947	-	98 947	69 902	-	69 902
Movements for the year	(74 849)	-	(74 849)	(25 768)	-	(25 768)
Claims raised	-	-	-	54 813	-	54 813
BALANCE AT THE END OF THE YEAR	24 098	-	24 098	98 947	-	98 947

c) Unearned premium provision

	2021			2020		
	Gross	Reinsurance Asset	Net	Gross	Reinsurance Asset	Net
	R'000	R'000	R'000	R'000	R'000	R'000
AT 31 MARCH						
Balance at the beginning of the year	468 615	34 119	434 496	416 988	29 501	387 487
Premiums written during the year	2 785 825	233 203	2 552 622	2 416 914	(184 811)	2 601 725
Less: premiums earned during the year	(2 780 849)	(230 747)	(2 550 102)	(2 365 287)	189 429	(2 554 716)
BALANCE AT THE END OF THE YEAR	473 591	36 575	437 016	468 615	34 119	434 496

d) Unexpired risk provision

	2021			2020		
	Gross	Reinsurance Asset	Net	Gross	Reinsurance Asset	Net
	R'000	R'000	R'000	R'000	R'000	R'000
AT 31 MARCH						
Balance at the beginning of the year	3 182	-	3 182	-	-	-
Movement during the year	2 597	-	2 597	3 182	-	3 182
BALANCE AT THE END OF THE YEAR	5 779	-	5 779	3 182	-	3 182

These provisions represent the liability for short-term insurance contracts for which the company's obligations are not expired at year-end.

Short-term insurance contracts – assumptions, change in assumptions and sensitivity**e) Process used to decide on assumptions**

Underwriting insurance risks incorporate unpredictability, and the company recognises that it is impossible to predict future claims payable under existing insurance contracts with absolute certainty. To this end, the company has over time, developed a methodology that is aimed at establishing insurance provisions that have a reasonable likelihood of being adequate to settle all its insurance obligations.

10.1 Claim provisions

The company's outstanding claims provisions include notified claims, IBNR claims as well as unallocated loss-adjustment expenses.

The claims provisions:

- reflect the 'best estimate' of likely future claims experience;
- include an allowance for 'pure IBNR' (late reported claims) and 'IBNER' (development of known claims);
- implicitly allow for claims inflation; and
- include allowance for direct claims handling expenses (e.g. loss adjuster fees).

In addition to the best estimate, a risk margin is included to bring the claims provision up to the 75% probability of sufficiency level. In other words, a provision is held against the worst outcome expected in any one year over a four-year period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

Notified claims

Each notified claim is assessed on a separate, case-by-case basis with due regard to the specific circumstances, information available from the insured and/or loss adjuster and past experience with similar claims. The company employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment. The provision for each notified claim includes an estimate of the associated claims handling costs but excludes value added tax.

The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Case estimates are therefore reviewed and updated as new information becomes available.

IBNR claims

Assumptions for each line of business are determined based on historic data. The expected claims liabilities are estimated for specific lines of business.

For motor, property and engineering classes, there was sufficient data to enable the valuation of the claims provisions using actuarial methods, gross and net of reinsurance claims data.

The provision for the notified claims and IBNR are initially estimated at a gross level. A separate calculation is then carried out to determine the estimated reinsurance recoveries. The calculation of the reinsurance recoveries considers the type of the risk underwritten, which year the gross claim occurred and therefore under which reinsurance programme the recovery will be made, the size of the claim and whether the claim was an isolated incident or forms part of a catastrophe reinsurance claim. A liability adequacy test was performed where the gross insurance premiums were compared to the claims incurred and an additional provision was deemed unnecessary.

10.2 Assumptions

The assumptions that have the greatest effect on the measurement of insurance contract provisions are:

- the selected development factors for the basic chain ladder and Bornhuetter-Ferguson methods;
- loss ratios used in the Bornhuetter-Ferguson method;
- large loss frequency and severity; and
- risk margin assumptions.

10.3 Changes in assumptions and sensitivity analysis

Large losses were analysed separately from attritional losses during the current year. Sasria's experience shows that large losses develop at a different rate to attritional claims.

The reasonableness of the estimation process is tested by management and reviewed on an annual basis. The source data used in the estimation process is the past claims experience. The company believes that the liability for claims carried at period-end is adequate.

As part of the process of estimating the provision for outstanding claims, the company prepares a sensitivity analysis. The analysis provides an indication of the adequacy of the company's claims estimation process. During the current financial period an analysis was done to determine the sensitivity of profit assuming an additional 25% in outstanding claims including IBNR. The gross impact on profit before tax would be a reduction of R209 million (2020: R306 million). The net impact after reinsurance on profit before tax would be R209 million (2020: R306 million).

Due to there being no specific claims trends, an assumption of 25% was used.

In addition, the sensitivity of IBNR was calculated based on the loss ratios for the motor and property classes.

The sensitivity was based on the following:

- the loss ratios are 10% higher than those chosen in the base, i.e. multiplied by 1.1 (Sensitivity 1); and
- the loss ratios are 10% lower than those chosen in the base, i.e. multiplied by 0.9 (Sensitivity 2).

The following table shows the sensitivity by class of business, gross of reinsurance.

Sensitivity analysis – gross

Gross	Base (recommended)	Sensitivity 1 (loss ratio – 10% higher)			Sensitivity 2 (loss ratio – 10% lower)		
	Sensitivity 2 (loss ratio – 10% lower)	IBNR	Change	% change	IBNR	Change	% change
Sensitivity 1 (loss ratio – 10% higher)	R'000	R'000	R'000	%	R'000	R'000	%
Engineering	12 874	2 086	-10 789	-84%	23 663	10 789	84%
Motor	9 900	-2 444	-12 344	-125%	22 244	12 344	125%
Property	1 086	-719	-1 805	-166%	2 892	1 805	166%
Other	237	-849	-1 087	-458%	1 324	1 087	458%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

10.4 Claims development tables

The presentation of the claims development tables is based on the actual date of the event that caused the claim (accident year basis). The claims development tables represent the development of actual claims paid over ten years.

Payment development – gross 2021

	Total	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012 & prior
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
REPORTING YEAR ACTUAL CLAIMS COSTS											
2021	751 176	216 043	323 053	183 436	17 573	9 163	1 046	844	-	17	-
2020	1 030 631		355 401	511 137	123 312	31 049	8 120	22	-	1 591	-
2019	1 079 049			668 230	284 975	101 177	21 225	769	-	2 674	-
2018	708 218				263 403	262 700	171 440	8 361	498	1 816	-
2017	650 995					297 447	290 826	55 871	6 109	771	(28)
2016	421 884						196 415	179 076	38 255	6 848	1 290
2015	300 156							162 141	105 950	31 932	134
2014	506 774								139 265	305 987	61 523
2013	252 372									149 387	102 986
2012	167 378										167 378
Cumulative pay- ments to date		216 043	678 454	1 362 803	689 263	701 536	689 072	407 084	290 077	501 023	333 283

Payment development – net 2021

	Total	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012 & prior
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
REPORTING YEAR ACTUAL CLAIMS COSTS											
2021	751 172	216 043	323 053	183 436	17 573	9 163	1 046	844	-	14	-
2020	1 030 313		355 401	511 137	123 312	31 049	8 120	22	-	1 273	-
2019	1 078 514			668 230	284 975	101 177	21 225	769	-	2 139	-
2018	707 855				263 403	262 700	171 440	8 361	498	1 453	-
2017	650 847					297 447	290 826	55 871	6 109	617	(23)
2016	420 239						196 415	179 076	38 255	5 478	1 015
2015	293 731							162 141	105 950	25 545	95
2014	432 692								139 265	244 789	48 638
2013	198 778									119 509	79 269
2012	126 297										126 297
Cumulative pay- ments to date		216 043	678 454	1 362 803	689 263	701 536	689 072	407 084	290 077	400 817	255 291

Reporting development – gross 2021

	Total	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012 & prior
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
REPORTING YEAR PROVISION RAISED											
2021	799 889	380 875	140 584	147 895	110 124	9 791	6 605	46	(15)	3 985	-
2020	1 111 139		463 534	475 299	140 263	17 430	11 613	-	-	3 000	-
2019	1 178 162			777 490	324 085	63 058	12 400	1 088	-	42	-
2018	719 294				430 502	222 924	62 017	3 184	126	541	-
2017	747 216					438 264	269 667	36 951	1 647	687	-
2016	587 990						460 855	107 702	15 380	4 052	-
2015	427 936							307 060	109 772	11 104	-
2014	252 070								205 665	45 126	1 279
2013	476 577									381 369	95 207
2012	174 093										174 093
Cumulative payments to date		380 875	604 118	1 400 684	1 004 974	751 467	823 157	456 031	332 575	449 906	270 579

Reporting development – net 2021

	Total	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012 & prior
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
REPORTING YEAR PROVISION RAISED											
2021	799 889	380 875	140 584	147 895	110 124	9 791	6 605	46	(15)	3 188	-
2020	1 110 539		463 534	475 299	140 263	17 430	11 613	-	-	2 400	-
2019	1 178 154			777 490	324 085	63 058	12 400	1 088	-	33	-
2018	719 186				430 502	222 924	62 017	3 184	126	433	-
2017	747 079					438 264	269 667	36 951	1 647	550	-
2016	587 179						460 855	107 702	15 380	3 242	-
2015	425 715							307 060	109 772	8 883	-
2014	242 770								205 665	36 101	1 005
2013	380 933									305 096	75 838
2012	135 753										135 753
Cumulative payments to date		380 875	604 118	1 400 684	1 004 974	751 467	823 157	456 031	332 575	359 926	212 596

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

11 Cash and cash equivalents

	2021	2020
	R'000	R'000
Cash and cash equivalents comprise:		
Call account	233 723	1 826 295
Money market instruments with maturities of less than three months	1 837 295	1 764 314
Bank and cash balances	1 095 582	284 860
	3 166 600	3 875 469

The effective interest rate on short-term bank deposits with maturities of less than three months ranges between 3.50% and 6.28% (2020: 4.5% and 7%). The effective interest rate on the call account at the reporting date ranges between 5.25% and 6.75% (2020: 5.25% and 6.75%) and on the SARB account between 3.35% and 5.78% (2020: 5.58% and 7.26%).

12 Share capital

	2021	2020
	R'000	R'000
AUTHORISED		
1 ordinary share of 100 cents	-	-
ISSUED		
1 ordinary share of 100 cents	-	-

The issued share capital consists of one ordinary share with a par value of 100 cents and is unchanged from the previous financial year. The share is fully paid for.

13 Payables

13.1 Trade and other payables

	2021	2020
	R'000	R'000
Trade payables and accrued expenses	35 498	49 186
Value added tax	29 486	14 381
TOTAL TRADE AND OTHER PAYABLES	64 984	63 567

13.2 Reinsurance payable

Amounts due to reinsurers	47 523	814
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All payables are current liabilities. Fair values therefore largely approximate carrying values.

14 Employee benefit liability

	Opening balance	Additions	Utilised during the year	Total
	R'000	R'000	R'000	R'000
Reconciliation of employee benefit liability 2021				
Leave pay	2 733	1 460	(509)	3 684
Bonus	29 245	19 058	(22 791)	25 512
TOTAL	31 978	20 518	(23 300)	29 196

	Opening balance	Additions	Utilised during the year	Total
	R'000	R'000	R'000	R'000
Reconciliation of employee benefit liability 2020				
Leave pay	2 279	559	(105)	2 733
Bonus	12 049	17 196	-	29 245
TOTAL	14 328	17 755	(105)	31 978

The leave pay provision relates to vested leave pay that employees may become entitled to when they leave the employment of the company or use as accrued leave.

The bonus provision consists of a performance bonus accrual based on the achievement, prior to year-end, of predetermined financial and qualitative targets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

15 Deferred income

	2021	2020
	R'000	R'000
Balance at the beginning of the year	10 236	8 850
Movement in income statement	736	1 386
	10 972	10 236

16 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The gross movement on the deferred income tax account is as follows:

	2021	2020
	R'000	R'000
At beginning of the year	30 816	(20 725)
Income statement charge	(90 556)	51 541
	(59 740)	30 816

	Balance 31 March 2020	(Charged)/ credited to the income statement	Balance 31 March 2021
	R'000	R'000	R'000
Provisions	9 428	(881)	8 547
Deferred acquisition costs	(32 983)	32 983	-
Unrealised appreciation of investments	54 371	(122 658)	(68 287)
TOTAL	30 816	(90 556)	(59 740)

	2021	2020
	R'000	R'000
Deferred income tax assets	-	30 816
Deferred income tax liabilities	(59 740)	-
NET DEFERRED TAX BALANCE	(59 740)	30 816

17 Net insurance premium earned

	2021	2020
	R'000	R'000
INSURANCE CONTRACTS		
Gross insurance premium written	2 785 825	2 416 914
Change in gross unearned premium provision	(7 572)	(54 809)
PREMIUM REVENUE ARISING FROM INSURANCE CONTRACTS	2 778 253	2 362 105
REINSURANCE CONTRACT		
Insurance premium ceded to reinsurers	(225 860)	(182 411)
Change in reinsurers' share of unearned premium provision	2 456	4 618
PREMIUM REVENUE CEDED TO REINSURERS	(223 404)	(177 793)
NET INSURANCE PREMIUM EARNED	2 554 849	2 184 312

Excess of loss reinsurance cover was purchased for 2021 at a cost of R117.43 million (2020: R95.04 million). There were no events in either 2021 or 2020 that prompted losses of sufficient size to trigger a recovery from these contracts.

18 Investment income

	2021	2020
	R'000	R'000
INVESTMENT INCOME ON CASH AND CASH EQUIVALENTS:		
Interest income	65 241	134 842
INVESTMENT INCOME ON FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH INCOME:		
Dividend income	68 543	68 487
Interest Income	291 759	339 804
Unrealised net fair value (losses)/gains	481 940	(405 117)
Realised net fair value (losses)/gains	(101 559)	118 540
	740 683	121 714
	805 924	256 556

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

19 Insurance claims and loss-adjustment expenses

	2021	2020
	R'000	R'000
GROSS		
Gross insurance claims and loss-adjustment expenses	426 567	(1 030 631)
Movement in outstanding claims and IBNR	(74 849)	2 022 430
	351 718	991 799
REINSURERS' SHARE		
Reinsurers' share of gross insurance claims and loss-adjustment expenses	-	318
Movement in outstanding claims and IBNR and loss-adjustment expenses recovered from reinsurers	-	274
	-	592

20. Expenses for the acquisition of insurance contracts

	2021	2020
	R'000	R'000
Gross commission paid	408 988	353 995
Movement in net deferred acquisition cost	(559)	(6 694)
	408 429	347 301

21. Expenses for administration and marketing and finance costs

21.1 Expenses for administration and marketing

	Note(s)	2021	2020
		R'000	R'000
EXPENSES FOR ADMINISTRATION AND MARKETING INCLUDE:			
Advertising expenses		9 366	3 239
Auditor remuneration: statutory audit		3 234	2 657
Depreciation – property and equipment	5	5 649	4 642
Depreciation – right of use asset	5	6 447	6 447
Interest on lease liabilities		-	1 095
Investment administration expenses		13 653	13 930
Employee benefit expense	22	123 886	113 171
Social responsibility allocation ¹		160	43 077
(Profit)/Loss on sale of property and equipment and intangible assets		-	2
Consulting and professional fees		10 014	7 054
Policy administration fees		347 964	296 096
Operating lease expense		25	247
Amortisation – intangible assets	6	8 290	4 079
Software licences ²		9 980	-

¹ The actual spend for social responsibility is R32 million, the amount above includes accrual adjustments.

² A portion of software licences was reallocated from capital work in progress on note 6.

21.2 Finance costs

	2021	2020
	R'000	R'000
Interest on lease liability	933	-
Interest on late payment of taxes	8 126	-
	9 119	-

22 Employee benefit expense

	2021	2020
	R'000	R'000
Wages and salaries	91 401	65 596
Medical aid	3 656	3 015
Leave pay accrual	1 594	454
Post-employment benefits: pension – defined contribution plan	8 177	14 861
Bonus expense	19 058	29 245
	123 886	113 171
Number of employees (full-time)	117	104

23 Income tax expense

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

	2021	2020
	R'000	R'000
MAJOR COMPONENTS OF THE TAX EXPENSE		
CURRENT		
Current year normal tax	422 986	278 788
Prior year adjustment	25 032	40 647
	448 018	319 435
DEFERRED		
Current year deferred income tax	135 824	(51 541)
Prior-year adjustment	(45 268)	-
	538 574	267 893
RECONCILIATION OF THE TAXATION		
Profit / (loss) before tax	2 041 135	600 696
Tax at the applicable tax rate of 28% (2020: 28%)	571 517	168 194
EFFECTS OF: INCOME NOT SUBJECT TO TAX:		
Other income exempt/expenses not allowable	-	18 741
Disallowable expenses ¹	7 773	-
Exempt dividend income	(18 316)	-
Deductible operating lease expenses	(2 164)	-
Previous year under provision: current tax ²	25 032	40 647
Previous year under/(over) provision: deferred tax ³	(45 268)	40 311
TAX CHARGE FOR THE PERIOD	538 574	267 893
Effective rate (%)	26	44.60

Notes:

1. Disallowable expenses relate mainly to fruitless and wasteful expenditure and depreciation of right-of-use asset
2. Previous year under provision: current tax relates to immaterial prior year current tax adjustments that were identified and corrected in the current year.
3. Previous year under/(over) provision: deferred tax relates to immaterial prior year deferred tax adjustments that were identified and corrected in the current year.

24 Related-party transactions and balances

Relationships

The company is 100% owned by its shareholder, the government of the Republic of South Africa, represented by National Treasury.

Sasria is a schedule 3B public entity in terms of the PFMA, 1999, as amended. The related party disclosure is in terms of the requirements of IAS 24, Related Party Disclosures.

The related parties of Sasria consist mainly of government departments, state-owned enterprises, and other public entities in the national sphere of government and key management personnel of Sasria or its shareholder and close family members of these related parties. The list of public entities in the national sphere of government was provided by National Treasury on its website www.treasury.gov.za. It also provided the names of subsidiaries of public entities.

Sasria does not have any prescribed officers as defined per IAS 24: Related Party Disclosures.

The comparative information has been based on the list of public entities and their subsidiaries effective at 31 March 2021.

The following transactions were carried out with related parties:

Sales of goods and services

Sasria does not make any direct sales to related parties. All sales are made indirectly through the agents and passed on to Sasria in total through a bordereaux without disclosing the identities of the individual insureds. Sasria would interact with individual insureds only in the event of a claim being presented through the agents.

	2021	2020
	R'000	R'000
PURCHASE OF GOODS AND SERVICES		
Shareholder and others	4 910	88
SOUTH AFRICAN REVENUE SERVICES (SARS)		
Taxation paid to SARS (income, valued added and pay-as-you-earn tax)	665 494	425 922
FINANCIAL SECTOR CONDUCT AUTHORITY (FSCA)		
Fees paid to FSCA	1 002	1 121
INTEREST AND REFUNDS RECEIVED (SARB AND NSURANCE SECTOR EDUCATION AND TRAINING AUTHORITY)	134	557
YEAR-END BALANCES ARISING FROM TRANSACTIONS		
ASSETS INCLUDED IN THE STATEMENT OF FINANCIAL POSITION		
Bonds issued by government and semi-government	1 080 520	779 970
Money market instruments issued by government and semi-government	-	-
Cash held at government and semi-government	-	-
Cash(payable)/receivable to SARS	(177 655)	(153 891)
CLOSING BALANCE	902 865	626 079

Dividend payment

A dividend of R102.3 million (2020: R0) was declared and paid to the shareholder during the year.

Key management compensation

Key management is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Refer to note 25, for directors' and executive management emoluments.

25 Director and executive management emoluments

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

Non-executive 2021	Salary/fees	Total
	R'000	R'000
M Ngoasheng	776	776
O Mokonyane	379	379
S Gounden	333	333
R Haman	320	320
J M Maisela	461	461
Dr N Mqoqi-Mbalo	369	369
E Ngutshane	309	309
R Moletsane	356	356
M Phiri	417	417
C van Dyk	309	309
M Ramoipone ²	320	320
D Marumo	309	309
	4 658	4 658

Non-executive 2020	Salary/fees	Total
	R'000	R'000
BJ Mkgangisa ¹	31	31
MO Ndlovu	48	48
T Mbatsha	213	213
MT Moutlane	147	147
JM Nair ²	120	120
T Baloyi	377	377
O Mokonyane	165	165
C van Dyk	201	201
	1 302	1 302

¹ Resigned by rotation

² Fees paid to National Treasury

	Salary/fees	Bonus and retention	Contributions	Car allowance	Total
Executive 2021	R'000	R'000	R'000	R'000	R'000
CM Masondo	3 765	1 496	392	76	5 728
B Mthiyane	2 944	761	239	-	3 944
	6 709	2 257	631	76	9 673

	Salary/fees	Bonus and retention	Contributions	Car allowance	Total
Executive 2020	R'000	R'000	R'000	R'000	R'000
CM Masondo	3 601	-	374	76	4 051
B Mthiyane	2 845	-	231	-	3 076
	6 446	-	605	76	7 127

	Salary/fees	Bonus and retention	Contributions	Car allowance	Total
Key management 2021	R'000	R'000	R'000	R'000	R'000
T Chocho	2 031	562	257	-	2 850
S Harrop-Allin	2 266	614	185	21	3 086
M Mavuso	2 036	605	424	-	3 065
F Benjamin	2 165	546	283	-	2 994
AS Nkosi	2 853	767	231	-	3 851
	11 351	3 094	1 380	21	15 846

	Salary/fees	Bonus and retention	Contributions	Car allowance	Total
Key management 2020	R'000	R'000	R'000	R'000	R'000
T Chocho	1 782	-	230	-	2 012
S Harrop-Allin	2 167	-	177	21	2 365
M Mavuso	1 966	-	400	-	2 366
F Benjamin	2 095	-	270	-	2 365
AS Nkosi	2 731	-	221	-	2 952
	10 741	-	1 298	21	12 060

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

26 Cash generated from operations

	2021	2020
	R'000	R'000
(Loss)/Profit before tax	2 041 135	600 696
ADJUSTMENTS FOR:		
Investment income	(805 924)	(256 556)
Finance costs	9 119	-
Depreciation	12 096	11 089
Amortisation of intangible assets	8 290	4 079
Profit/(Loss) on sale of assets	(98)	2
Software licences	4 058	-
Capital work in progress adjustment	3 510	-
Penalties payable to SARS	16 867	-
Movements in employee benefit liabilities	(2 782)	17 649
Operating profit before working capital changes	1 286 271	376 959
Reinsurance contracts	(2 456)	(5 210)
Deferred acquisition costs and administration fees	(1 526)	(66 665)
Insurance receivables	(22 219)	(5 985)
Loans and receivables	(49 918)	79 345
Insurance contract liabilities	(380 549)	(15 673)
Deferred income	736	1 385
Payables	40 617	8 844
	870 956	373 000

27 Tax paid

	2021	2020
	R'000	R'000
Balance at the beginning of the year	139 509	(13 941)
Current tax for the year recognised in profit or loss	448 018	319 435
Interest and penalties payable	20 919	-
Balance at the end of the year	(148 169)	(139 509)
	460 277	165 985

28 Fruitless and wasteful and irregular expenditure

28.1 Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when it is confirmed. The amount recorded equals the value of irregular expenditure incurred.

Irregular expenditure is defined in section 1 of the PFMA as 'expenditure other than unauthorised expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- This Act; or
- The State Tender Board Act 86 of 1968 or any regulations made in terms of this Act'.

Irregular expenditure during 2021 related to payments made that were not aligned to Sasria policies.

	2021	2020
	R'000	R'000
Balance at the beginning of the year	1 106	563
Current year expenditure	804	543
Amounts condoned	-	-
BALANCE AT THE END OF THE YEAR	1 910	1 106

28.2 Fruitless and wasteful expenditure

Section 1 of the PFMA defines fruitless and wasteful expenditure as 'expenditure which was made in vain and would have been avoided had reasonable care been exercised'.

	2021	2020
	R'000	R'000
Balance at the beginning of the year	1 530	1 330
Current year expenditure	25 946	1 472
Amounts recovered	-	(1 272)
BALANCE AT THE END OF THE YEAR	27 476	1 530

The fruitless and wasteful expenditure identified relates to the penalty and various interest levied by South African Revenue Service.

In all instances, management has instituted preventive and corrective measures, including disciplinary action, as considered appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

29 Contingencies

The company, as with all other insurers, is subject to litigation in the normal course of business. The company does not believe that such litigation will have a material effect on its profit or loss and the financial condition at year-end. However, it is difficult to assess the ultimate outcome of such litigation.

30 Events after the statement of financial position date

30.1 Claims from the July 2021 civil unrest

The company received claims from the July 2021 civil unrest looting and destruction of property that occurred in KwaZulu-Natal and certain hotspots in Gauteng. The estimated value of the claims as at 17 March 2022 was R36 billion. A portion of the losses has been ceded to reinsurers and the reinsurance recoveries amount to R9.2 billion. In addition, the company received an equity injection of R22 billion from National Treasury to settle all claims due to policyholders and to restore its SCR.

The impact of the claims from the July 2021 unrests has resulted in the company's SCR falling below 100% and necessitated it to apply to the Prudential Authority (PA) for permission to continue to trade while in breach of the SCR. The PA allowed the company to continue writing new business until 30 June 2022 while financially unsound and implementing management actions to restore its SCR to 100%.

This event is a non-adjusting event since it occurred after the end of the financial year. Therefore, the financial statements for the period ended 31 March 2021 are not adjusted.

30.2 South African Revenue Service interest and penalties

SARS has remitted interest and penalties to the value of R17.5 million from the R26 million fruitless and wasteful expenditure reported in note 28.2.

The event is a non-adjusting event since it occurred after the end of the financial year. Therefore the financial statements for the period ended 31 March 2021 are not adjusted.

31 *Going concern*

The Board assessed of the company's ability to continue as a going concern in the foreseeable future. It considered the following during the assessment:

- The performance of the company for the period ended 31 March 2021, including the net profit after tax of R1.5 billion, total assets of R10 billion and total equity of R8.4 billion;
- The estimated claims from the July 2021 civil unrest in KwaZulu-Natal and hotspots in Gauteng shall not exceed R36 billion and settlements are projected to take place over the next 12 months;
- The settlement of the contractual reinsurers' share of the estimated claims from the unrest, which amounts to R9.2 billion, shall be fully settled over the next 12 months;
- The introduction of a new reinsurance programme;
- The company received an equity injection of R22 billion from National Treasury to settle all claims due to policyholders and to restore its SCR;
- The impact of the July 2021 unrest on the gross written premiums and capacity requirements to cater for the associated activities;
- The forecasted written premium incorporates the rate increase that is effective from 1 February 2022 and its collectivity is not significantly impacted by the unrest;
- The impact of the cash flow forecast for the next 12 months. The forecast has been revised and updated with the latest expectations, including the expected impact of the unrest and the shareholder support received;
- The company's SCR by the PA will be below the regulatory levels until the process of issuing additional shares for the R22 billion is complete;
- The PA's approval for the company to continue writing new business until 30 June 2022 while financially unsound and implementing management actions; and
- The impact of the above factors on the financial performance, financial position and the cash flow for the next 12 months.

The company challenges are being addressed through the following mitigation strategies and actions:

- continuous engagement with:
 - National Treasury to ensure that challenges affecting the company's going-concern status are addressed satisfactorily within a reasonable timeframe;
 - Reinsurers to ensure that their share of claims is settled within a reasonable timeframe and on the implementation of the new insurance programme;
 - Non-mandated intermediaries and insurance brokers to ensure that claims are assessed and settled satisfactorily within a reasonable timeframe and to facilitate the premium rates adjustment that are effective from February 2022; and
 - PA to provide regular updates on progress made on the proposed management actions implemented following its approval for the company to continue writing new business until 30 June 2022 while financially unsound and implementing the management actions.

The Board is satisfied that the company risks will be satisfactorily addressed with the mitigation strategies. The Board continues to prioritise the management of these strategies as it is important that they materialise as envisaged. The Board is satisfied that the company has the ability to continue its operations as a going concern for the foreseeable future. Consequently, the going concern basis was adopted in preparing the annual financial statements. This basis presumes that funds will be available to finance future

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

operations, with shareholder support, to be able to continue its operation for the foreseeable future as a going concern and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

32 Prior year reclassifications

32.1 Reclassification of deferred administration fees

Deferred administration fees were presented and disclosed as part of loans and receivable on the statement of financial position and the related notes in the prior year. The prior year deferred administration fees have been reclassified from loans and receivables to deferred acquisition and administration fees. This reclassification results in improved disclosures as the deferred administration fees are not loans and receivables, which is consistent with the entity's policies. The reclassification resulted in an increase in deferred acquisition and administration fees and a decrease in loans and receivables as follows:

Restatements of the statement of financial position	Presented as	Reclassifications	Restated
	at 31 March 2020		at 31 March 2020
	R'000	R'000	R'000
Deferred acquisition and administration fees	69 405	58 585	127 990
Loans and receivables	85 720	(58 585)	27 135

32.2 Reclassification of derivatives

Derivative assets have been appropriately accounted for as detailed in the accounting policies. Derivatives were presented and disclosed as part of cash and cash equivalents on the statement of financial position and the related notes in the prior year. The prior year derivatives have been reclassified from cash and cash equivalents to financial assets: held for trading. This reclassification results in improved disclosures as the derivative asset is reflected in financial assets, which is consistent with the entity's policies. The reclassification resulted in an increase in held for trading assets and a decrease in cash and cash equivalents as follows:

Restatements of the statement of financial position	Presented as	Reclassifications	Restated
	at 31 March 2020		at 31 March 2020
	R'000	R'000	R'000
Financial assets: held for trading	-	376 272	376 272
Cash and cash equivalents	4 251 741	(376 272)	3 875 469

32.3 Reclassification of realised gains on investments

The realised gains on investments were presented as cash flow from operating activities on the statement of cash flow in the prior year. The realised gains on investments were reclassified from cash flow from operating activities to cash flow from investing activities. This reclassification has no impact on the net cash and cash equivalents. This reclassification results in improved disclosures as the gains are now reflected in the same asset class from which they were earned. The reclassification resulted in a decrease of net purchase of financial assets.

	Presented as at 31 March 2020	Reclassifications	Restated at 31 March 2020
Restatement of statement of cash flow	R'000	R'000	R'000
Cash flows from operating activities			
Realised gains on investments	118 540	(118 540)	-
Cash flows from investing activities			
Net sale/(purchase) of financial assets	(742 272)	118 540	(623 732)

33 *Approval of financial statements*

The annual financial statements were authorised for issue by the company's Board of Directors on 17 March 2022.

TERMINOLOGY

Term	Description
Acquisition cost	Costs primarily related to the acquisition of new or renewal of insurance contracts e.g. commissions and management expenses. Acquisition costs are often expressed as a percentage of earned premiums and referred to as the acquisition cost ratio.
Agent	A registered short-term insurer or underwriter that has entered into an agreement with Sasria to sell its products, collect premiums on its behalf and perform certain administrative duties.
Binder	An authority issued by an insurer to another party to enter into, vary or renew a short-term policy on behalf of that insurer; to determine the wording of a short-term policy; to determine premiums under a short-term policy; to determine the value of policy benefits under a short-term policy; or to settle claims under a short-term policy.
Bordereau	A bordereau (plural – bordereaux) is a report providing premium or loss data with identified specific risks. Bordereaux are prepared submissions to reinsurers by the ceding insurers or reinsurers.
Claim	A demand on the insurer for indemnification for a loss incurred from an insured peril.
Claims incurred	Claims cost for an accounting period, made up of: <ul style="list-style-type: none"> • Claims paid for the period, including claims handling expenses; • Less outstanding claims provision at the end of the preceding accounting period, including IBNR provision; • Plus outstanding claims at the end of the current accounting period, including IBNR.
Claims incurred but not reported (IBNR)	Claims resulting from loss events that occurred prior to year-end, for which the insurer has not yet received notices or reports of loss by the end of the accounting period. An estimate is made of the amount of these claims based on previous experience.
Claims ratio (loss ratio)	The ratio that expresses the relationship between claims and premiums: <ul style="list-style-type: none"> • The net claims ratio expresses claims net of recoveries from reinsurers as a percentage of premiums net of premiums ceded to reinsurance; • The gross claims ratio reflects the position before reinsurance is taken into account; and • This is also referred to as the loss ratio.
Combined ratio	The combined ratio is a measure of performance used by underwriters/insurance companies. A combined ratio of less than 100% indicates underwriting profitability, while anything over 100% indicates an underwriting loss. To calculate the combined ratio, the loss ratio (claims ratio) is added to the expense ratio.
Companies Act	Companies Act 71 of 2008
Deferred acquisition costs (DAC)	Acquisition costs relating to unearned premiums, disclosed as a separate asset on an insurer's balance sheet.
Earned premium	The proportion of premium attributable to the period of risk that relates to the current accounting period. It represents written premium adjusted by the unearned premium provision at the beginning and end of the accounting period.
Expense ratio	The percentage of premium used to pay all the costs of acquiring, writing and servicing insurance and reinsurance.

Term	Description
Gross written premium (GWP) or gross written insurance premium	The premium that an insurer has received from the insured party in relation to contracts of insurance or from other insurers in relation to inwards reinsurance contracts. These are premiums on contracts entered into during the accounting period or adjustments from prior years. Also defined as premiums written and received but before deduction of reinsurance ceded.
King IV	King IV Report on Corporate Governance for South Africa 2016
Insurance Act	Insurance Act 18 of 2017
Intermediary	A person who negotiates contracts of insurance or reinsurance with the insurer or reinsurer on behalf of the insured or reinsured.
Outstanding claims provision	A provision for claims resulting from loss events that occurred prior to year-end that have not been paid by the insurer by the end of the accounting period.
Prudential Authority (PA)	Regulating authority for the financial sector established by the Financial Sector Regulation Act 9 of 2017.
Reinsurance premium	The premium paid by the ceding company to the reinsurer in consideration for the liability assumed by the reinsurer.
Salvage	The amount received by an insurer from the sale of (usually damaged) property on which the insurer has paid a total loss to the insured.
Sasria Act	Conversion of Sasria Act 134 of 1998.
Short-term insurance	Defined in the Short-term Insurance Act 53 of 1998 as providing benefits under short-term policies, which means engineering policies, guarantee policies, liability policies, miscellaneous policies, motor policies, accident and health policies, property policies or transportation policies or a contract comprising a combination of any of those policies.
Solvency assessment and management (SAM)	The project launched to develop a new solvency regime for the South African long- and short-term insurance industries, in order to align these industries with international standards, specifically, the Solvency II initiative underway in Europe.
SAM solvency capital requirement cover ratio	The anticipated solvency capital requirements (SCR) expected under the eventual SAM regime. It is calibrated to ensure that an insurer could withstand a 1-in-200-year stress event. It represents the actual capital held, expressed as a percentage of the SCR.
Unallocated loss adjustment expenses	Expenses that are not attributed to the processing of specific insurance claims. Unallocated loss adjustment expenses are part of an insurer's expense reserves.
Underwriting	The process of examining, accepting or rejecting insurance risks, and classifying or segmenting those selected, in order to charge the proper premium for each.
Underwriting result	The underwriting profit or loss calculated by deducting claims incurred, net of commission and management expenses, from premium earned.
Unearned premium provision	The portion of premium attributable to the periods of risk that relate to subsequent accounting periods and that are carried forward to such subsequent accounting periods.

ACRONYMS AND ABBREVIATIONS

Abbreviation	Description
BBBEE	Broad-based black economic empowerment
BCM	Business continuity management
Covid-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
CRISA	Code for Responsible Investing in South Africa
CSI	Corporate social investment
DAC	Deferred acquisition costs
ECR	Equity capital requirement
EME	Exempted micro enterprise
ERM	Enterprise risk management
ERP	Enterprise resource planning
ESG	Environmental, social and governance
FIA	Financial Intermediaries Association of Southern Africa
FSB	The Financial Services Board – the regulator of insurance companies in South Africa up to 31 March 2018. Superseded by FSCA on 1 April 2018.
FSC	Financial Sector Charter
FSCA	The Financial Sector Conduct Authority is the market conduct regulator of financial institutions. It superseded the FSB on 1 April 2018.
FSRA	Financial Sector Regulation Act 9 of 2017
GAAP	Generally Accepted Accounting Principles
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IBNER	Incurred but not enough reported reserve provision
IBNR	(Claims) incurred but not reported
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
ISAs	International Standards on Auditing
IT	Information technology

Abbreviation	Description
KPI	Key performance indicator
MFMA	Municipal Finance Management Act 56 of 2003
NDP	National Development Plan
ORSA	Own risk and solvency assessment
PA	Prudential Authority
PAA	Public Audit Act 25 of 2004
PFMA	Public Finance Management Act 1 of 1999
PPP	Public-private partnership
QSE	Qualifying small enterprise
RFQ	Request for quotation
SAADP	South African Actuaries Development Programme
SAIA	South African Insurance Association
SARB	South African Reserve Bank
SARS	South African Revenue Service
SCM	Supply chain management
SCR	Solvency capital requirement
SDG	Sustainable Development Goal
SMME	Small, medium and micro enterprise
SOE	State-owned enterprise
UNPRI	United Nations Principles for Responsible Investments

COMPANY INFORMATION



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