OUTsurance
Group Limited

INTEGRATED REPORT

for the year ended 30 June 2023

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Further information can be found on our website.

Watch further media content.

Further information can be found in this report.

OUTsurance and OUTsurance Life are licensed insurers and FSPs. OUTvest is an authorised FSP.

About our report

The listing transition from Rand Merchant Investment Holdings Limited (RMI) to OUTsurance Group Limited (OGL) was completed on 6 December 2022. This integrated report is the primary report of OGL to our providers of financial capital, and it covers the period from 1 July 2022 to 30 June 2023. Any material events that occurred after 30 June 2023, and up to and including the board approval date of 12 September 2023, have also been included in this report.

OGL's disposal of Hastings Group (Consolidated) Limited (Hastings) and settlement of preference share debt in December 2021, and unbundling of its interests held in Discovery Limited (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan) in April 2022, have significantly changed the OGL Group's earnings base. The OGL Group's earnings base for the six months to 31 December 2022 and subsequent reporting periods is primarily impacted by the performance of OHL, the OGL Group's 89.8% held subsidiary and owner of the OUTsurance South Africa and Youi Australia insurance operations.

Forward-looking statements

This report contains certain forward-looking information with respect to the OGL Group. These statements and forecasts involve risk and uncertainty as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. All forward-looking statements have not been reviewed or reported on by the Group's external auditors.

Reporting process

Our reporting is intended to provide the information that providers of financial capital require to assess our performance in creating, sustaining, or eroding value during the year under review. In addition, it explains how we create and preserve value over time. We do this by providing a balanced, transparent, and integrated review of the OGL Group's business model, strategy, financial performance and non-financial performance. We also aim to provide information relevant to our other stakeholders, including our employees, customers, government, regulators, and society.

The report is available online at **https://group.outsurance.co.za/** or on request from our investor relations office at **investorrelations@out.co.za**

Reporting frameworks

Our integrated reporting process and the content of this report have been guided by the:

- Updated principles and requirements of the International Integrated Reporting Council's (IIRC) International (<IR> Framework) released on 21 January 2021 and the Sustainability Accounting Standards Board (SASB), which merged with the IIRC to form the Value Reporting Foundation in June 2021
- Listings Requirements of the JSE Limited (JSE Listings Requirements)
- King Code on Corporate Governance 2016 (King IV™). Refer to the OGL King IV application summary for the year ended 30 June 2023.
- South African Companies Act, No 71 of 2008, as amended (Companies Act). The audited consolidated annual financial statements, have been prepared in accordance with International Financial Reporting Standards (IFRS).

Ensuring the integrity of our report

We use a **combined assurance model** to ensure the information we provide, and our underlying processes, support the integrity of information used for internal decision-making and the credibility and integrity of our reporting. The **Audit, Risk and Compliance Committee** is ultimately responsible for OUTsurance's system of internal controls. The Committee monitors the execution of our combined assurance plan and reporting, reports to the Board quarterly on its execution and to shareholders annually in our Annual Financial Statements.

Materiality

The aim of our integrated report is to provide current and prospective investors, and other stakeholders, with the information they need to make an informed assessment of OUTsurance's ability to be resilient and adaptable to unanticipated challenges and create future enterprise value. To ensure we achieve this, the matters we identify as being material to our ability to create or preserve enterprise value for our stakeholders in the short (less than one year), medium (between one and three years) and long term (three years and beyond), and those matters that could erode value if not managed effectively, form the basis of our reporting.

To identify these matters, we engaged both internally and externally as part of our **materiality determination process**, which is an integral part of our ongoing efforts to apply integrated thinking principles in OUTsurance.

Board approval

The Board considered materiality for the purposes of this integrated report and the effect that the presence or absence of an item of information might have on the accuracy or validity of a statement in the report, or a decision by a stakeholder. The Board is of the view that, to the best of its knowledge and belief, our integrated reporting addresses matters material to our providers of financial capital, and provides you with a balanced and transparent view of how the OGL Group has applied its stock of financial, productive, human, intellectual, social and relationship, and natural capital to create sustainable enterprise value. It also takes into consideration the Group's impact on its stakeholders and the environment in which it operates. The consequent outcomes, impacts and trade-offs are described in our business model, through which we have also indicated where we have been able to create or preserve value and where value has been eroded.

The Board collectively acknowledges responsibility for ensuring the integrity of this report. We have applied our collective mind to its preparation and presentation and are of the opinion that it is in accordance with the Integrated Reporting Framework. We have critically assessed the assurance obtained and are satisfied that the assurance in place confirms that there is an adequate and effective control environment, which supports the integrity of information used for internal decision-making by management, the Board and its committees, as well as the integrity of information contained in the integrated report.

Independent non-executive:
Alan Hedding, Buhle Hanise, George Marx, Hantie van Heerden, James Teeger, Johan Burger, Kubandiran Pillay (Lead independent), Mamongae Mahlare, Murphy Morobe, Raymond Ndlovu, Tlaleng Moabi, Venessa Naidoo

Non-executive: Albertinah Kekana, Herman Bosman (Chairperson), Jan Durand, Willem Roos

Alternate: Francois Knoetze, Udo Lucht

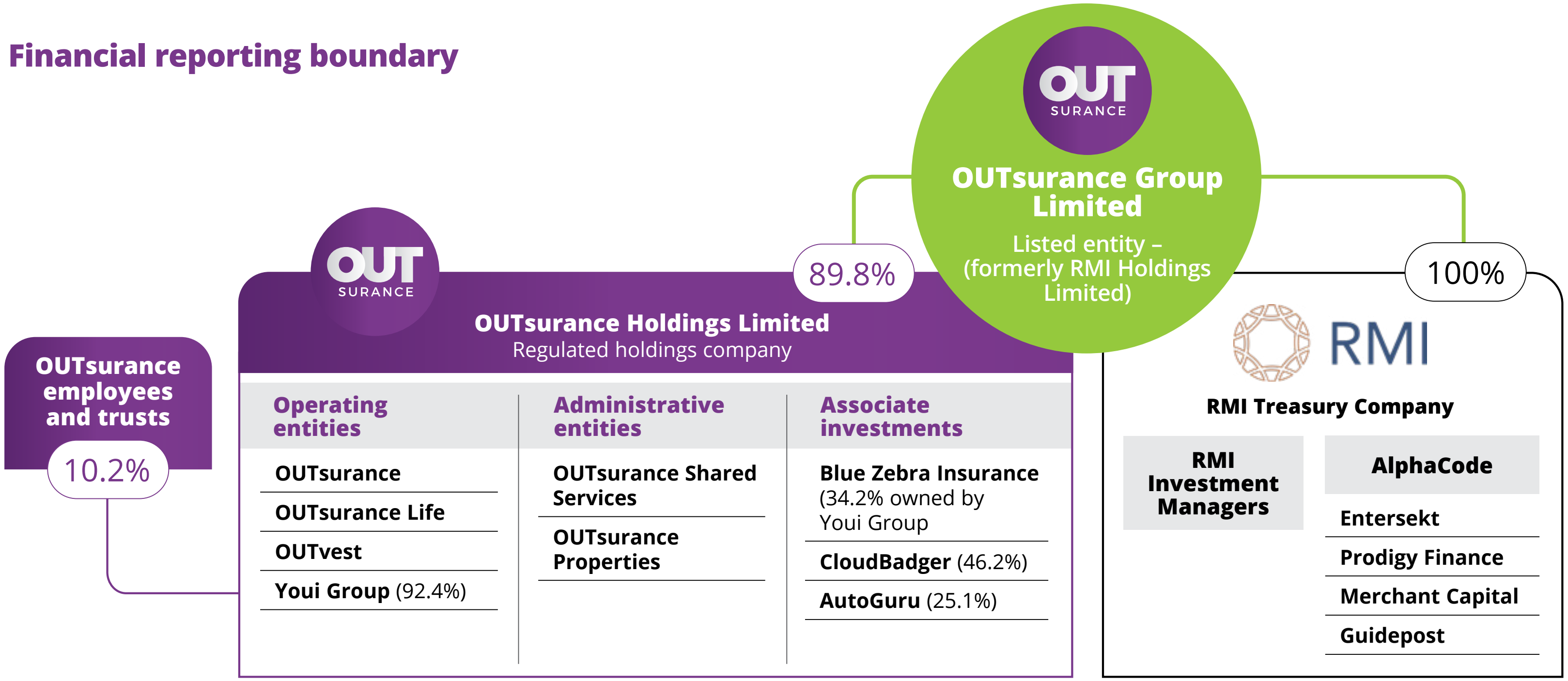
Executive: Jan Hofmeyr (Group CFO), Marthinus Visser (Group CEO)

Boundary and scope

Our integrated reporting boundary covers the risks, opportunities and outcomes arising from:

- Our business model
- Our business strategy
- Our operating context relationships
- Our governance model
- Our material matters
- Our stakeholders

Financial reporting boundary



About our report continued

Icons used in this report

Strategic levers

- S1 Disciplined capital allocation
- S2 Sophisticated pricing and cost discipline
- S3 Trusted brands and awesome customer service
- S4 Product and channel diversification and refinement
- S5 Core systems transformation
- S6 Great company to work for and talent retention
- S7 Suppliers, societies and the natural environment
- S8 Regulatory compliance
- S9 International diversification through organic growth

Read more about our strategy on page 10

Stakeholder groups

- Regulators
- Community
- Shareholders
- Employees
- Customers
- Service providers
- Natural environment

Capitals impacted

- FC Financial capital
- NC Natural capital
- MC Manufactured/ infrastructure capital
- IC Intellectual capital
- SRC Social and relationship capital
- HC Human capital

Material matters

- MM1 Growth strategy for product and channel diversification
- MM2 Climate change
- MM3 Systems and digital transformation
- MM4 Human capital and change in work environment
- MM5 Trust in the operational brands and service proposition
- MM6 Sustainable and value creating supplier relationships
- MM7 Local and international geopolitical environment
- MM8 Macro and socio-economic environment
- MM9 Operational disruption due to external events
- MM10 Compliance in a changing regulatory environment
- MM11 Technological advancement

Read more about our material matters on page 13

Our purpose and values

Our purpose is to ensure our stakeholders always get something out.

The heart of our purpose is to provide our customers with simple, high quality insurance products backed by trust and market-leading service outcomes.

We maintain a leading employee value proposition and a business culture that attracts and rewards a diverse talent pool.

We work with our large network of service providers to create sustainable relationships and growth opportunities which reward alignment with our value of awesome customer service.

We create sustainable and predictable financial value for our shareholders, through pricing discipline, operational efficiency and conservative risk taking through organic growth initiatives.

OUT VALUES

AWESOME SERVICE

We all **own the moment** every time we deal with our customers and colleagues

We **go the extra mile** so our customers come back for more and tell others about it

We **move fast** to ensure we are there for our customers when they need us, and **get things right the first time**

HUMAN

We treat everyone with **respect** and **understanding**

Fairness is central to the way we think, listen and act

We **cultivate a diverse environment** where all our people can succeed

We have a learning culture, a desire to **build our capabilities every day**

PASSIONATE

We **take pride in everything we do**, our performance and in who we are

We passionately **build** and **guard our brand** and reputation

Our **energy drives our thoughts** and **actions**

We take our business seriously, not ourselves

HONEST

We tell it like it is. **Feedback delivered with care** leads to improvement

We **do the right thing** even if no one is watching

We are **as good as our word**

DYNAMIC

We are **innovative** and **agile** in order to shape our future

We **embrace** and are **energized by change**

We **analyse everything we do** in order to **continuously improve our business**. The best idea wins

RECOGNITION

We catch people doing things right

We **value** & **recognise people's contribution** to our culture & success

We **focus on performance** and are **competitive by nature**

Who we are

The OUTsurance Group is a multinational insurance group that specialises in property and casualty insurance.

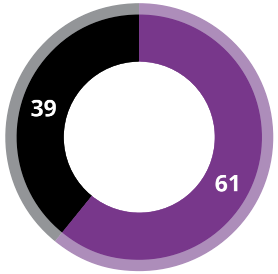
OUTsurance was founded in 1998 by three entrepreneurs and backed by the RMB Holdings Group. The Group's activities are focused on the South African and Australian insurance markets with future expansion planned for the Republic of Ireland.

The Group's primary source of revenue is insurance premiums for risk underwritten in personal lines, commercial lines and life insurance products. Our customer proposition is focused on delivering competitive insurance pricing and leading customer service outcomes that builds customer trust.

We generate financial capital through disciplined pricing and risk selection, a strong focus on cost management and efficient balance sheet management.

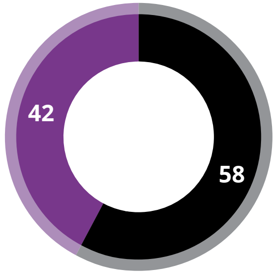
The Group services 2.8 million policies and employs 7 467 employees across South Africa, Australia, New Zealand and Ireland.

NORMALISED EARNINGS (%)



- OUTsurance South Africa (2022: 82%)[1]
- Youi Australia (2022: 18%)[2]

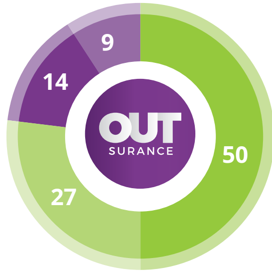
GROSS WRITTEN PREMIUM (%)



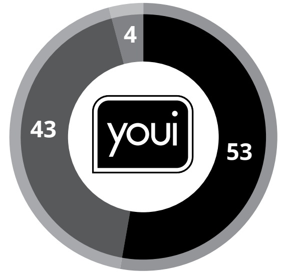
- OUTsurance South Africa (2022: 47%)
- Youi Australia (2022: 53%)

1 OUTsurance South Africa (net of OUTsurance Ireland).
2 Net of Youi minorities.

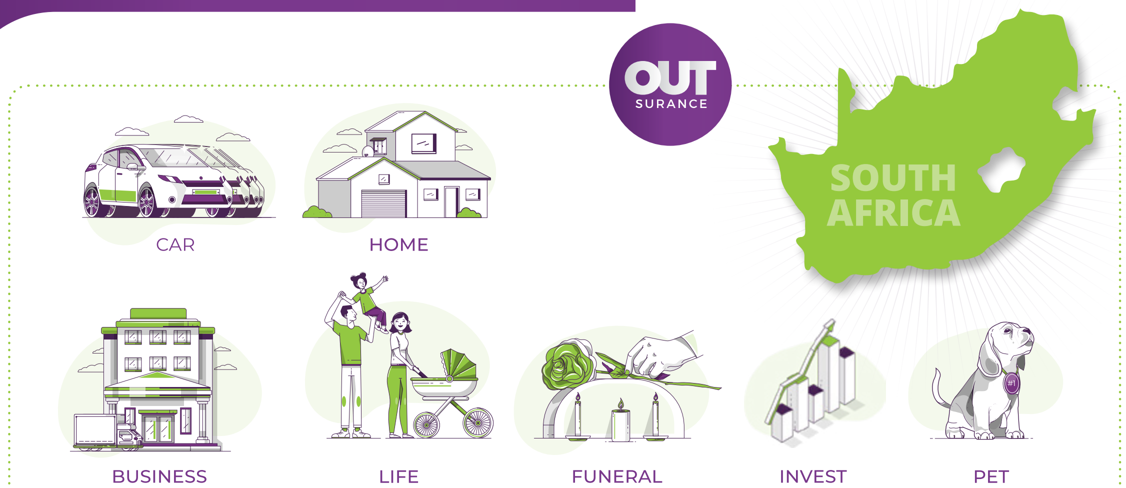
DIVERSIFICATION OF GROSS WRITTEN PREMIUM PER PRODUCT (%)



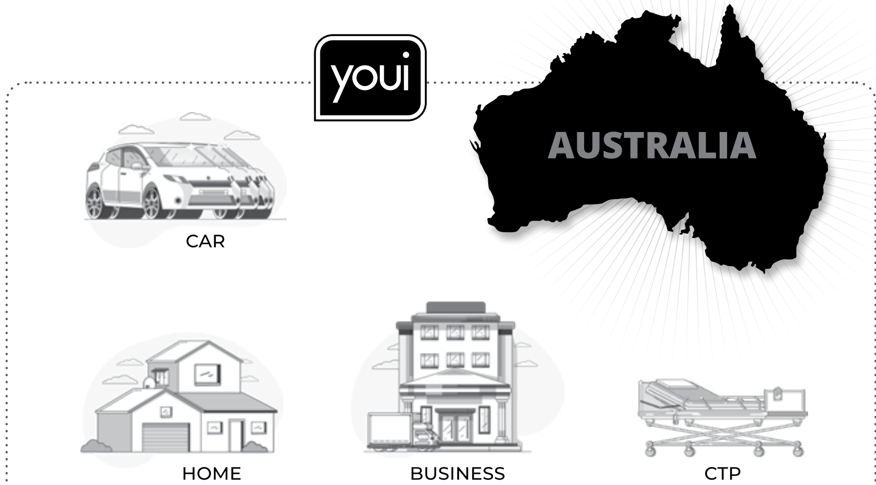
- Personal motor (2022: 52%)
- Personal property (2022: 27%)
- Business motor (2022: 12%)
- Business property (2022: 9%)



- Personal motor (2022: 55%)
- Personal property (2022: 43%)
- Business (2022: 2%)



CHANNELS
Direct (call centre & digital) | OUTsurance Brokers | Partnerships



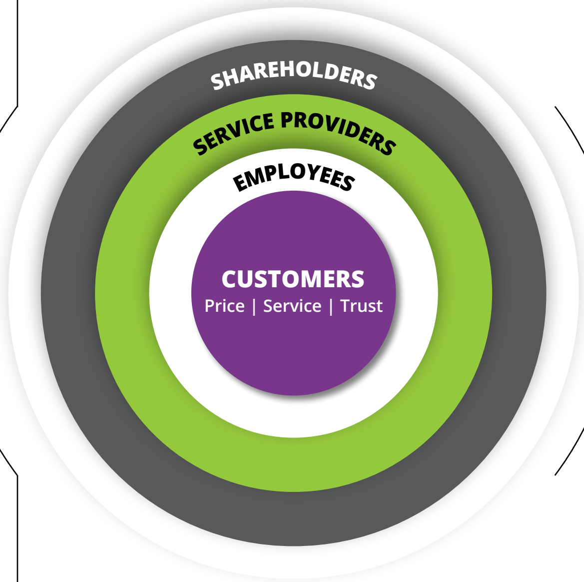
CHANNELS
Direct (call centre & digital) | BZI (broker) | Compulsory Third Party (CTP) (call centre & digital)

Our business model and value creation

Our business model is designed to translate insurance premium revenue to profit through sustainable actions that meets the expectation of our stakeholders. To be sustainable and predictable the business model is dependent on financial risk discipline, excellent operational execution and the delivery of leading customer outcomes.

Organisational inputs that drive our business model

Healthy organisational culture, guided by values	SRC, HC
Best available talent	HC, IC
Simple product and process design	MC
Multi-channel service and distribution	MC
Accurate pricing and risk selection	FC, IC
Low cost operating model	FC
Marketing and branding	SRC
Disciplined capital allocation	FC
Sophisticated technology platforms and data science capability powering data-driven decision making	MC
Relentless focus on customer satisfaction and complaints	SRC, IC
Alignment of employee and service provider incentives with operational excellence and good customer outcomes	MC, SRC
Regulatory compliance	SRC, FC



Outcomes that measure our success

Employee retention, diversity, and alignment with values	HC, SRC
New business success and market penetration	FC
Customer satisfaction and complaints	SRC
Customer retention	SRC, FC
Industry leading claims reputation	SRC
Stability of profit margins and long-term shareholder returns	FC, SRC
Expansion and retention of service provider networks	MC
Responsible regulatory status measured through feedback and active engagement	SRC, FC

External factors that impact our business model

- Global economic and political environment and its impact on the insurance market
- Industry competition
- Technological advancement that impact customer behaviour and insurance markets
- Climate change and the related impact on underwriting and risk retention
- Availability of talent
- Regulatory changes and its related impact on cost and business complexity

Our ESG strategy

Underpinning our ESG strategy is our belief that true value creation stretches beyond economic value and ensures our stakeholders always get something out.

Long-term overall Net-Zero commitment by 2050 enabled by:

- Climate Change Strategy and Roadmap, and Climate Change and Environmental Sustainability Policy

Own operations

- 2050 internal targets with interim targets for reduction of GHG emissions, energy and water use and waste management

Carbon footprint reduction of our service provider network

- Work with service providers to contribute to decarbonisation beyond our direct operational footprint

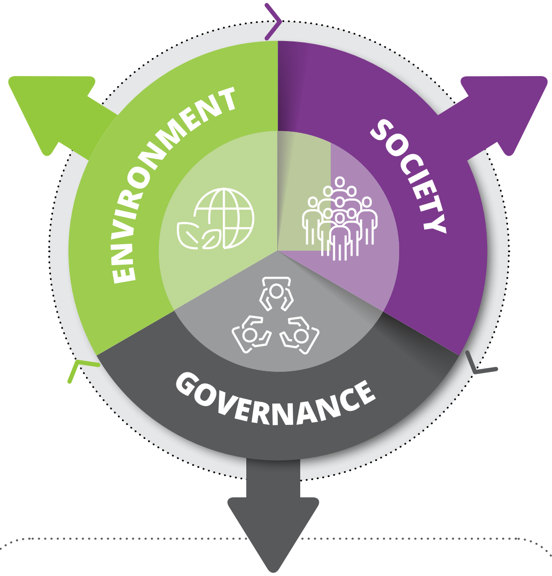
Underwriting

- Opportunity to use stakeholder education to manage climate-related risks and drive change by supporting customers to decarbonise their activities through products and services we offer
- 2050 target with interim targets

Investments

- Support funding decarbonised and green investments

United Nations' 2030 Sustainable Development Goals (SDGs) supported:



Effective governance leading to:

- good performance against financial and non-financial strategy
- effective control and compliance with regulatory standard and expectations
- embedding an ethical culture which is inclusive and diverse and which demonstrated responsible corporate behaviour
- stakeholder inclusivity and alignment
- responsible remuneration practices which are aligned with strategy, regulations and shareholder outcomes
- responsible corporate citizen

For more information, see Our ESG report.

Our people

- Employee health, safety and well-being
- Workplace diversity and inclusion
- Training and career development opportunities
- Human rights

Supply chain

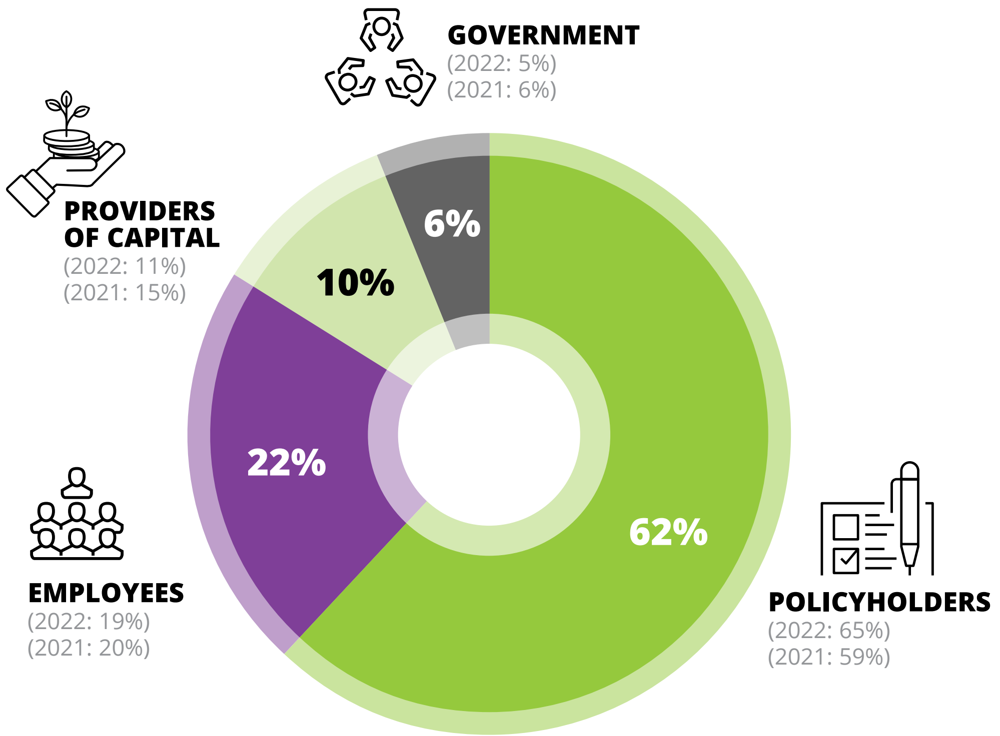
- Diverse and inclusive procurement practices
- Supplier development programmes
- Treating suppliers fairly framework
- Prompt payment, speedy feedback on performance

Our communities, customers, products and services

- Treating customers fairly
- Customer privacy and data security
- Consumer education
- Responsible marketing
- Affordable and accessible products and services
- Staff Helping SA OUT and Pointsmen initiatives to serve our communities

United Nations' 2030 Sustainable Development Goals (SDGs) supported:

Economic impact statement



TOTAL ECONOMIC VALUE CREATED OF

R22 billion
increased by 3.7%

Our strategy

S Strategic lever

Strategic enabler

S1 Disciplined capital allocation

- Strong cash generation profile provides capacity for growth and expansion.
- Entrepreneurial culture that allows for testing and scaling new initiatives.
- Disciplined capital allocation that recognises risk and reward.

Achieved in 2023

- Refined capital management for Youi that allows for more operational flexibility to manage the balance sheet.
- Defined capitalisation strategy and framework for OUTsurance Ireland.
- Decisions to discontinue OUTsurance Life Face-to-face initiative and strategic review of OUTvest.
- Tranche one of Youi minority acquisition completed.
- Improvements to OUTsurance Life asset-management liability strategy.

Focus in 2024

- Complete Youi minority acquisition by October 2023.
- Refine segment level capital allocation to support pricing and reinsurance decision making in the Group.

S2 Sophisticated pricing and cost discipline

- Advanced underwriting systems and data science capability.
- Underwriting discipline, product simplicity and minimum ROE targets for established and new initiatives.
- Efficient operational and claims cost management as a primary input for price competitiveness.

Achieved in 2023

- OUTsurance and Youi responded pro-actively to the rapid increase in claims inflation and general inflation which allowed for a contained impact on claims ratios, particularly in the personal lines operations.
- OUTsurance Business delivered a significant improvement in attritional claims performance on the back of continued claims and underwriting improvements.
- BZI's attritional claims continued to improve owing to actions taken.
- Underwriting actions taken to improve the claims experience related to load-shedding and increased high-value vehicle theft.

Focus in 2024

- Focus on operational and claims cost efficiency as key component in price competitiveness.
- Closely track claims inflation and the general inflationary outlook and remain agile to retain margins and ensure price competitiveness.
- Focus on the quality of underwriting and pricing for BZI, OUTsurance Brokers and CTP to ensure progress is made towards the achievement of target margins.
- Work with owners of high-value vehicles with increasing theft frequency to take mitigation actions to limit the risk of theft.

S3 Trusted brands and awesome customer service

- Culture of operational excellence and achieving industry leading customer outcomes. We aim to be the most trusted insurance brand in the markets we operate.

Achieved in 2023

- OUTsurance and Youi delivered improved customer complaints ratios and service levels.
- OUTsurance again achieved superior Ombudsman complaints and overturned ratios relative to peers.
- Youi commenced the active measurement of its customer brand perception in the market with an improving trend observed over the measurement period.
- OUTsurance and Youi delivered an excellent performance in multiple brand awards (as detailed in the Sustainability Section) with OUTsurance rated one of South Africa's Top 30 most valuable brands by Kantar Brandz.

Focus in 2024

- Incremental improvement in Customer satisfaction scores, Ombudsman and internal complaints ratios in line with management incentive targets.
- Youi will actively monitor its' brand trust perception in the market with the objective of continuous improvement in brand strength over time.
- Improved penetration of digital service channels to achieve improved cost efficiency and generate an adequate return on digital investments made.

***Our strategy** continued*

S Strategic lever
Strategic enabler

S4 Product and channel diversification and refinement

- Opportunities exist to grow our footprint in business insurance, life insurance, pet insurance and CTP insurance. These products enable diversification from our large motor insurance footprint and deeper customer relationships. The fast growing home insurance market is a further catalyst for diversification subject to careful risk selection taking into account natural exposure accumulation. Our small market share in these new product segments provides ample room for future growth. Large customer segments of our insurance markets are intermediated and require face-to-face sales and servicing models.
- Since 2018, large investments have been made in establishing tied-agency distribution in South Africa for OUTsurance Business. Youi's BZI partnership provides access to the independent broker market which is a large growth opportunity for Youi. The CTP products offered by Youi provide a diversification opportunity and deepens customer relationships.

Achieved in 2023

- OUTsurance Business achieved monthly profitability in line with the guidance provided.
- Youi successfully entered the South Australia CTP market and has achieved performance in line with the business plan.
- Discontinued the Life Face-to-face initiative as a result of a review of the prospects of success overlaid with changing market dynamics which points to a less than expected ultimate ROE outcome.
- Completion of a strategic review of OUTvest which has remained sub-scale. A process of identifying strategic options, including a disposal is underway.
- Improvement in attritional claims ratios on the back of pricing and underwriting enhancements.
- Significantly accelerated the new funeral business written through the Shoprite partnership.
- The profitability dynamics of the BZI book continued to improve.
- BZI launched a commercial insurance product on the Steadfast platform.

Focus in 2024

- Grow the distribution footprint of OUTsurance Brokers by partially investing profit to grow tied-agent headcount.
- Youi to focus on achieving a larger share of the Australian motor insurance market through brand, sales and efficiency investments.
- Scale the BZI commercial insurance offering.
- Focus on market penetration in the New South Wales CTP business through improved operational execution.
- Launch OUTsurance Ireland in the further quarter of the 2024 financial year.
- Optimise OUTsurance's partnership opportunities to grow its share of the motor market and to further scale the funeral product penetration.

S5 Core systems transformation

- OUTsurance and Youi are rebuilding core insurance systems to take advantage of modern technology architecture and cloud-infrastructure which will enhance systems agility and cost-efficiency. The build and deployment process is an incremental and multi-year process driven by business priority, strategy and impact.

Achieved in 2023

- Continued roll-out of new functionality and maintained superior system stability and efficiency for the live components of Stratos (newly developed customer servicing platform).
- Substantial completion of the finance systems transformation project through the deployment of a single instance and modern financial reporting infrastructure for the Group.
- Continued roll-out of the new risk management and reporting systems.

Focus in 2024

- Incremental deployment of Stratos modularity at OUTsurance and Youi with a focus on establishing all pricing, underwriting and sales activity on the Stratos platform.
- Launch OUTsurance Ireland systems in line with initial business design and regulatory requirements.

S6 Great company to work for and talent retention

- Our unique business culture, operational excellence and strategic advancement are dependent on the ability to attract and retain top talent in our respective markets. We aim to be the employer of choice in our market and sustain a business culture where individuals and teams can thrive and be empowered to contribute to the success and direction of the business. Demographic diversity and transformation are cornerstones of our employee development and recruitment strategy.

Achieved in 2023

- Successful delivery of the CEO succession programme at Youi.
- OUTsurance successfully adopted a hybrid work model which positively impacted the cultural strength of the business and employee engagement.
- Strengthening of leadership and cultural framework through ongoing senior leadership engagement.
- Approval to adopt a conditional share plan which is more suitable to the listed environment.

Focus in 2024

- Youi will adopt hybrid working model.
- Actively reduce operational staff turnover.
- Continued support in employee wellness, diversity and inclusion initiatives.

Our strategy continued

S Strategic lever
Strategic enabler

S7 Suppliers, societies and the natural environment

- The growth of our business contributes positively to the societies in which we operate through direct and indirect job creation, training and transformation initiatives.
- We believe that climate change is a major threat to the functioning and stability of societies and we are committed to contribute actively to the fight against climate change.

Achieved in 2023

- Attained a Level 1 B-BBEE rating for OUTsurance South Africa together with the continued improvement of employment equity and gender diversity.
- Establishment of the Climate Risk and Resilience Committee with a mandate to execute on the Climate Change Strategy.
- Creation of 561, or 8.1% more, new direct employment opportunities in 2023.
- Reduced our carbon footprint per head from 3.00 TCO_2 to 1.96 TCO_2 over five years.
- Substantial increase in employee study and training assistance support.
- Grew our service provider network by 10.1% or 321 new participants.
- Strategic review of the Staff Helping SA OUT activities and increased funding.

Focus in 2024

- OUTsurance and Youi to include climate change measure to the balanced scorecard which determines employee bonuses.
- Commencement of the project to establish more solar generation capacity at the Youi headquarters in Queensland.
- Targeted actions to continue to reduce carbon emissions for on-the-road employees.
- Incremental improvement to B-BBEE points.
- Continued investment in the Kwande programme which supports the transformation of our direct supplier network.
- Support for environmental project to clean the river system in Centurion.

S8 Regulatory compliance

- OUTsurance and Youi are subject to dynamic regulatory environments which absorb significant resources. Our businesses respond rapidly to changing regulatory conditions and contribute to the processes of regulatory design. Regulatory changes often present opportunities for growth and advancement into new markets.

Achieved in 2023

- Successful completion of Youi’s risk transformation project.
- Successful transition of OUTsurance to a listed entity which entails advanced reporting, internal organisation and enhanced governance processes.
- Reporting on and regulator engagement on specific themes which included cyber risk, operational resilience, succession planning and climate change.

Focus in 2024

- Successfully incorporate OUTsurance Ireland in the regulatory and governance design of the Group and provide the necessary oversight.
- Achieve authorisation to launch a property and casualty insurance operation in Ireland.
- Evaluate reporting requirements related to sustainability reporting to ensure compliance and disclosure in line with stakeholder expectations.
- Continued refinement of operational resilience to mitigate the risk of operational disruption due to cyber threats, and energy and public service delivery failure.

S9 International diversification through organic growth

- The Group is an organic growth company, a strategy which best fits our strengths. A process is underway to prepare to launch OUTsurance in Ireland in 2024. The expansion to Ireland presents a material growth opportunity for the Group to diversify geographically and share in the historically profitable car and home insurance market.

Achieved in 2023

- Established a strong and experienced management team in Ireland to commence preparation activities.
- Submitted an application to the Central Bank of Ireland to become an authorised property and casualty insurer.

Focus in 2024

- Successful entry in line with business plan expectations and market guidance.

Our material matters

	MM1	MM2	MM3	MM4	MM5
	Growth strategy for product and channel diversification	**Climate change**	**Systems and digital transformation**	**Human capital and change in work environment**	**Trust in the operational brands and service proposition**
	The Group's primary strategy for growth is through insurance product, distribution channel and geographical diversification. This opportunity is core to sustainable growth, revenue and profit diversification. Realising scale and profitability in our new ventures is a material focus area.	Climate change brings about uncertainty in the future of underwriting natural event risk. It results in higher pricing risk because of the increased volatility in the frequency and severity of weather patterns. The availability of appropriate reinsurance capacity is also a risk associated with climate change. The effects of climate change are expected to grow the cost of property insurance above GDP growth over time, which is expected to result in real growth in insurance markets globally.	The Group is undergoing a large-scale systems transformation for its core insurance systems. This transformation presents the Group with more agile, modern and cloud-based technology to facilitate its strategies. The risk and cost associated with systems transformation projects are closely managed. The digitalisation without losing the human touch of customer service interactions is a top priority to deliver on modern and efficient service standards.	The Group's success depends on the strength of its human capital and in particular its science, technology, engineering and mathematics (STEM) skills. The current demand for skills and increased mobility of the labour markets, emigration risk, and the post pandemic work preferences, collectively present an elevated risk environment for skills retention across the Group.	Trust in our brands and our market leading service proposition builds strong customer relationships and provides our group companies with competitive advantage. We have a responsibility to provide simple insurance products with quality financial advice and service.
Stakeholders impacted	Shareholders Employees Customers Service providers	Shareholders Natural environment Employees Customers Community Service providers	Customers Service providers Employees	Shareholders Employees	Shareholders Customers
Links to strategy	S1 Disciplined capital allocation S4 Product and channel diversification and refinement	S7 Suppliers, societies and the natural environment	S5 Core systems transformation	S6 Great company to work for and talent retention	S3 Trusted brands and awesome customer service
Links to top risks	Strategy and business plan risk – performance of new ventures Economic risk	Climate change risk Reinsurance availability risk	Systems transformation risk	People risk – employee turnover Regulatory and legislative compliance risk – Employment Equity Amendment Act	Reputational risk
Links to six capitals	**FC** MC SRC NC IC HC	**FC** MC SRC **NC** IC HC	FC **MC** SRC NC IC HC	FC MC SRC NC **IC** **HC**	**FC** MC **SRC** NC IC **HC**

Our material matters *continued*

	MM6	MM7	MM8	MM9	MM10	MM11
	Sustainable and value creating supplier relationships	**Local and international geopolitical environment**	**Macro and socio-economic environment**	**Operational disruption due to external events**	**Compliance in a changing regulatory environment**	**Technological advancement**
	Our large service provider network is a key ingredient to delivering on our customer proposition and maintaining our infrastructure. The sustainability, efficiency and quality of our service provider network materially impact our success.	The geopolitical risk globally has escalated with the Russian/Ukraine war, the outcome of which and future consequences which are unpredictable. The risk of political and social instability in South Africa remains elevated following the social unrest observed in 2021 and overlaid with difficult macro-economic conditions.	Rising global inflation and interest rates are expected to negatively impact economic growth and potentially result in protracted recessionary environment.	Cyber attacks and operational disruptions related to the provision of electricity in South Africa can result in unplanned operational disruption in service and economic loss.	The pace of regulatory change and increasing intensity of regulation increases the cost and complexity of financial services organisations. The Group makes material investments into compliance infrastructure to ensure adaptability and management of this dynamic environment.	Technological advancements, such as self-driving cars, open-banking, digital distribution platforms and risk management technology for property and life insurance risks will incrementally impact the available opportunities and size of the insurance markets in the future.
Stakeholders impacted	Customers; Service providers	Shareholders; Employees; Customers; Community; Service providers	Shareholders; Employees; Customers; Community; Service providers	Shareholders; Customers; Service providers	Shareholders; Regulators; Customers; Service providers	Shareholders; Customers; Service providers
Links to strategy	S3 Trusted brands and awesome customer service; S7 Suppliers, societies and the natural environment	S1 Disciplined capital allocation; S9 International diversification through organic growth	S2 Sophisticated pricing and cost discipline	S7 Suppliers, societies and the natural environment	S8 Regulatory compliance	S5 Core systems transformation
Links to top risks	Strategy and business plan risk – performance of new ventures; Reputational risk	Political risk	Economic risk	Energy and public service delivery failure risk; Cyber and information security risk	Regulatory change and requirements risk; Cyber and information security risk	Systems transformation risk
Links to six capitals	MC, SRC	FC	FC	FC	FC, SRC	FC, IC

Determining our material matters and managing the risks and opportunities they create

Our integrated report should provide current and prospective providers of financial capital and other stakeholders with the information they need to assess OUTsurance's ability to be resilient, adapt to unanticipated challenges and create future enterprise value.

To ensure we achieve this, we identify the matters most material to our ability to create, maintain or erode enterprise value over the short, medium and long term through our annual materiality determination process.

Dynamic and double materiality

We recognise that materiality is a dynamic concept and we take this into account during our materiality determination process. We also recognise and take into consideration the concept of double materiality, which recognises that material matters can impact our business and that our business can impact the same matters externally in terms of society and the environment.

Reporting on matters that reflect OUTsurance's impacts on the environment, society and the economy. **Our Integrated Report: Our ESG**

Reporting on matters that are material for the creation of enterprise value. **Our Integrated Report: Our business**

Reporting on matters that are recognised in financial performance. **Our Integrated Report: Our performance** | **Our Annual Consolidated Financial Statements** | **Our Financial Results presentation**

Our materiality determination process

1 Inputs

We analyse and distil the feedback we receive from engaging with key internal and external stakeholders, which included:

INTERNAL

Feedback from our Exco and our Board of directors.

EXTERNAL

The external stakeholders we engage with throughout the year and from whom we receive feedback include:

- Our customers
- Current and potential investors
- Community representatives
- Government and regulators
- Industry bodies.

2 Assessing trends

- In our operating environment
- Their possible impact on the resources we rely on in the form of the six capitals
- Other factors material to our short, medium and long-term enterprise value.

3 Analysing and distilling

The inputs we received and our trends assessment down to those matters that can create, maintain or erode enterprise value.

4 Agreeing on what is material

- Presentation to Stratco per the Group Governance Framework to effectively manage and monitor material risk
- Presentation of Executive-approved material matters to our Board for its approval.

An integrated report that provides information material to OUTsurance's ability to create future enterprise value based on the matters we identified as most material:

- Growth strategy for product and channel diversification
- Climate change
- Systems and digital transformation
- Human capital and the change in our work environment
- Trust in the operational brands and service proposition
- Sustainable and value creating supplier relationships
- Local and international geopolitical environment
- Macro and socio-economic environment
- Operational disruption due to external events
- Compliance in a changing regulatory environment
- Technological advancement

Context and impact | Mitigation and response

Managing our risks and opportunities for sustainable value creation

To create sustainable value through the management of our risks and opportunities we need to:

- Understand the nature of the risks to which OUTsurance is exposed, the range of outcomes under different scenarios and the capital required for assuming these risks
- Ensure we can create value by providing a long-term sustainable return on the capital required to back the risks assumed
- Protect customers' interests by maintaining adequate solvency and liquidity levels
- Ensure we focus our capital and resources on activities that generate the greatest value on a risk-adjusted basis
- Create a competitive long-term advantage by managing our business in a sustainable manner
- Ensure ongoing compliance with relevant legislative and regulatory requirements
- Protect the interests of all our stakeholders by maintaining practices focused on fair treatment of all and mitigating ESG-related risks

Political risk

Political instability and governance risk including public service delivery failure and corruption, possible state failure, and social unrest create a political environment which is not favourable for business, impacting adversely on customers and business objectives.

Our strategy focuses on our business, our purpose and our ability to make positive contributions to society and the economy. The Group's resilience approach includes a diversification strategy of business outside South Africa and an Organisational Resilience Policy and Framework and associated plans.

Opportunity: Diversification strategy of business internationally.

Regulatory and legislative compliance risk – EE Amendment Act

The Employment Equity (EE) Amendment Act 4 of 2022 stipulations, targets and the impact of non-compliance. Our endeavours to build a proudly South African transformed business continue. In the context of this Act, there may be real or perceived unsatisfactory progress.

This is top of mind for senior management and the Board, driven through the relevant governance structures, a dedicated Employment Equity Plan supported by Human Capital resources, the Transformation department and Forum. There is ongoing monitoring of progress against the Plan and targets and the appropriate focus and commitment at all levels in the business.

Opportunity: Development and growth opportunities for our people.

Reinsurance availability risk

Reinsurance availability challenges including pricing, affordability and terms could cause capital volatility.

Skilled reinsurance specialists, broker and Reinsurance Committee, strong capital position, Underwriting and Reinsurance Policies mitigate the risk together with diversification by product and geographic location which also contributes to stabilising results.

Managing our risks and opportunities for sustainable value creation *continued*

Context and impact | Mitigation and response

Cyber and information security risk

Risks include data breach or data integrity compromise and critical data availability risk.

Our Cyber and Information Security teams provide dedicated and skilled resources supported by world class processes, tools and service providers. These operate within the frameworks of robust governance structures, policies, processes and systems in place to ensure the continuity and stability of our information technology systems, recovery in a possible disaster situation, the security of data and that of our operating systems are aligned with business objectives and strategy. Organisational Resilience Policy Framework and Plans. Regular and ongoing cyber security training, awareness campaigns and tests. Incident Response Plans are in place and tested. Independent reviews are performed to assess effectiveness of controls.

Opportunity: Through our new Organisational Resilience Policy and Framework we can design more robust, end-to-end measures to mitigate information security risk as well as ensure long-term sustainability and availability of critical services.

People risk – employee turnover

Employee turnover, talent drain and availability risk may have different drivers across the respective countries where the companies in our Group operate. The risk is evident in the demand for talent, skilled resources leaving, and greater skills mobility.

Employee value proposition, values-based leadership and retention strategies as well as our endeavours to remain a great Group to work for are in place and are constantly reviewed and updated.

Opportunity: The Group has several employee development and training programmes to ensure talent pipelines are maintained. Initiatives to attract and retain graduates in STEM skillsets. We manage certain key projects at a Group level and our strategy to operate from three countries is expected to contribute to the mitigation of this risk in some areas.

Economic risk

The economic risk refers to the various factors impacting the economic environment and business including recessionary and inflationary conditions, grey listing, volatile markets, elevated credit risk, supply chain challenges and the cost of living. These conditions lead to spending cuts and cancellation of policies or smaller investments.

Our low cost operating model, offering value for money products including our Essential range, our scientific and comprehensive underwriting model which is based on the risk profile of each customer, ensure that we manage costs, offer appropriate premiums and that our customer base is resilient as they manage financial risks well. Our balance sheet strength is stress tested for various economic scenarios and the regulatory capital requirement is sensitive to market risk conditions.

Opportunity: Geographic diversification. By activating new products and markets we opened opportunities for sustained growth from a low base in these areas, as such we are less dependent on strong economic growth.

Systems transformation risks

Systems transformation risks associated with modernisation of core business systems could result in time delays and additional costs.

Close monitoring and leadership is provided by the Group Technology Officer (CTO) as well as CIOs and senior management of the companies in the Group, Stratco and International Systems Forum and Steering Committee oversight with comprehensive and regular reporting. Robust project and risk management practices are in place.

Managing our risks and opportunities for sustainable value creation *continued*

Context and impact Mitigation and response

Strategy and business plan risk – performance of new ventures

The risk relates to the performance of new ventures and the ability to scale new ventures to profitability.

Regular monitoring and reporting against objectives, targets and key performance indicators as well as key risk indicators. The risk is mitigated through our business model, centralised systems, robust and tested underwriting and pricing processes, systemised mandates and controls. We do not outsource core insurance disciplines. Oversight is provided by experienced and skilled resources and governance committees.

Climate change risk

The impact of climate change on people, the economy and business include transition and physical risks:

Transition risks: Transitioning to a lower carbon impact requires changes in policy, reporting, technology and solutions to mitigate climate-related risks. Carbon footprint reporting, reduction and energy efficiency could be costly. Not meeting consumers' expectations in terms of our carbon footprint carries reputational risk.

Physical risks:
Acute physical risks are event-driven such as floods, storms, cyclones or other extreme weather events.

Chronic physical risks are long-term changes in climate patterns causing rising sea levels, heat waves or droughts and prolonged periods of water scarcity.

A Board approved Climate Change and Sustainability Policy giving guidance and setting out 8 key principles. Evolving reporting and disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Climate Change Strategy and Roadmap goals and plans. ESG reporting to governance structures including climate and nature risks. Oversight of Climate Risk Resilience Committee, Board Social and Ethics and Board Audit, Risk and Compliance Committees. Reinsurance and Underwriting policies, processes and agreements. Data driven underwriting to mitigate the underwriting risk component of climate change. Prudent Reinsurance programmes. Stress & scenario testing and reporting. Reporting includes key risk indicators. Diversification by product and geographic location reduces the impact of accumulation risk. Monitoring of carbon footprint and ongoing efforts to reduce carbon emission. Opportunities in environmental clean-up projects, water conservation and recycling projects. Refer to the carbon footprint section.

Opportunity: Through Staff Helping SA OUT we identify environmental clean-up projects, working with communities.

Regulatory change and requirements risk

The significant and increasing impact of regulatory changes, obligations, including more reporting requirements and the associated cost of compliance impacts innovation, business processes, procedures and cost of doing business.

Regulatory compliance describes the goal to ensure that we are aware of and take reasonable steps to comply with the relevant laws and regulations. This becomes a bigger challenge with material levels of changes and requirements.

Dedicated compliance resources, training and awareness programmes are provided. Our governance processes are pro-active in identifying and acting on legislative changes. Compliance consultations and assessments of our business practices and processes support other business efforts. Improved systems, processes and combined assurance model. We maintain regular and transparent engagement with regulators and authorities as key stakeholders. Keeping our products and processes as simple as possible assist us to manage this risk.

Opportunity: Regular constructive engagements and opportunities to comment on changes. Compliance obligations and risks are considered in business decision processes as part of our Risk Culture.

Energy and public service delivery failure risk

Load-shedding impacting households, businesses and insurance claims as well as the possible threat of total grid failure.

Service failures or disruptions by state owned enterprises (SOE's) and municipalities in SA impact communities and business operations and their ability to provide consistent and reliable service to consumers.

Public unrest and rising crime levels are linked threats which have wide-ranging adverse impact on business and society.

Energy crisis and Grid failure Plan in place. Maintain focus on underwriting and claims management relating to load-shedding and failing infrastructure. Organisational Resilience Policy and Framework. Our business continuity plans, disaster recovery plans including alternative energy sources, solar panels, generators, water capture and storage and alternative communication solutions provide some mitigating relief for limited periods of time.

Opportunity: Increasing the use of alternative energy sources, increasing resilience of our disaster recovery plans, ultimately reducing the interruption of services to our customers and avoid incurring unnecessary costs.

Managing our risks and opportunities for sustainable value creation continued

Context and impact · Mitigation and response

Reputational risk

Context and impact

Reputational risk could be due to perceived or real breaches in our service delivery. Awesome service, Trust, Treating Customers and Suppliers Fairly are key themes linked to this risk. Our brand and reputation are important to us. Stakeholders should associate our name with a credible, long-term sustainable and trustworthy insurance group where they always get something out. In a group of companies there is the risk of brand contagion where an event relating to one entity may affect other entities in the Group.

Mitigation and response

Our corporate value of providing awesome service to our customers remains a key focus area where we seek continuous improvement as it is crucial to our efforts to protect our reputation. Behaviour, processes or changes that can harm our reputation, are closely monitored and managed across the business and in several committees and forums. We also have a range of objective internal and external measures to track brand health.

We carefully identify and monitor any possible conduct risk or behaviour which is not aligned with the principles of Treating Customers Fairly (TCF). Reporting on such risks is in place. TCF Forum monitoring. Processes, procedures and performance monitoring tools to support TCF are embedded in our operations. Leadership from the top enables a risk aware culture, innovative improvements and good customer and supplier outcomes. By operating over multiple jurisdictions we monitor TCF developments on a global scale and are able to implement improvements pro-actively.

Opportunity: Creating more and new relationships of trust.

Performance highlights

Financial

OUTsurance Holdings Limited

NORMALISED EARNINGS
R3 238 million
(2022: R2 316 million)

ANNUALISED NEW PREMIUMS WRITTEN
R8 268 million
(2022: R7 052 million)

NET EARNED PREMIUM
R24 468 million
(2022: R20 197 million)

OPERATING PROFIT
R4 068 million
(2022: R2 874 million)

GROSS WRITTEN PREMIUMS
R28 499 million
(2022: R23 532 million)

NORMALISED RETURN ON EQUITY
29.8%
(2022: 22%)

OUTsurance Group Limited

NORMALISED EARNINGS FROM CONTINUING OPERATION
R2 875 million
(2022: R1 773 million)

DISTRIBUTED
134.8 cents
ordinary dividend per share
(2022: 65.5 cents)
8.5 cents
special dividend per share
(2022: 142.0 cents)

DILUTED NORMALISED EARNINGS PER SHARE FROM CONTINUING OPERATIONS
185.2 cents
(2022: 114.7 cents)

OGL SHARE PRICE
R33.99
(2022: R27.84)

For our customers

OUTbonus
PAID TO DATE (2003 – 2022)
R5.6 billion

R536 million
PAID IN 2023
(2022: R530 million)

Exceeding our customers' expectations

OUTsurance CSI
86.1%
(2022: 86.3%)

Youi CSI
86.0%
(2022: 88.2%)

POLICIES IN-FORCE PROVIDING OUR CUSTOMERS WITH PROTECTION
2 771 981
(2022: 2 490 912)

SA Ombudsman for short-term insurance
No. of complaints received per 1 000 OUTsurance claims
1.07/1 000

No. of decisions overturned per 10 000 claims:
0.72/10 000

Australian Ombudsman statistics (Youi)
No. of complaints received per 1 000 claims
2.03/1 000

No. of decisions overturned per 10 000 claims:
6.67/10 000

TOTAL CLAIMS PAID (TOTAL NET VALUE OF CLAIMS PAID TO CUSTOMERS)
R13.2 billion
(2022: R11.7 billion)

Performance highlights continued

For our employees

GROUP EXTERNAL AND STUDY ASSISTANCE TRAINING SPEND
R27.1 million
(2022: R20.3 million)

Jobs created
NEW DIRECT EMPLOYMENT OPPORTUNITIES CREATED OVER THE LAST 12 MONTHS
561
(2022: 845)

Transformation

Employees
79.1% are black
(2022: 76.4%)

53.7% are women
(2022: 52.8%)

Senior managers
61.5% are black
(2022: 55.2%)

Exco
58.3% are black
(2022: 53.8%)

TOTAL EMPLOYEE BENEFITS
R4.8 billion
(2022: R3.9 billion)

For society

CORPORATE SOCIAL INVESTMENT FUNDING RAISED

GROUP CONTRIBUTION
R4 962 364
(2022: 2 347 364)

EMPLOYEE CONTRIBUTION
R815 984
(2022: R692 891)

OVER A DECADE OF ENHANCING ROAD SAFETY THROUGH POINTSMEN
R37.7 million
(2022: 26 million)

TOTAL NUMBER OF POINTSMEN
162
(2022: 132)

TOTAL TAX PAID
R1.4 billion
(2022: R958 million)

Level 2 B-BBEE
OHL STATUS MAINTAINED

OUR SERVICE PROVIDERS PLAY A CRITICAL ROLE IN AN OUTSTANDING CUSTOMER EXPERIENCE IN SOUTH AFRICA B-BBEE PREFERENTIAL PROCUREMENT
125%
(2022: 125%)

For the environment

ONSITE SOLAR ELECTRICITY GENERATED
1 586 total MWh
(2022: 1 581 MWh: 2018: 307 MWh)

Climate change KRI
tCO_2e PER EMPLOYEE
1.96
PER EMPLOYEE
(2018: 3.00 tCO_2e)

Water consumption
PER EMPLOYEE
4.1 kL
(2022: 4.0kL)

Electricity consumption
PER EMPLOYEE
1 038 kL
(2018: 2 216 kWh)

Chief Executive Officer's review

The listing transition was an important milestone in our evolution and offers shareholders a more simplistic and efficient access point to the insurance activities of the OUTsurance Group. Through the support of our Board and shareholders, the transition was successfully navigated and well received by the market, as evidenced by the significant value unlocked over the last year.

The 2023 financial year was marked by strong revenue and profit growth on account of the continued delivery of our strategy to scale our now wider product set through all three major channels – digital, call centre and face-to-face. This strategy has unlocked significant runway for growth in our current markets of South Africa and Australia and is expected to do the same in Ireland.

Our strategy allows for diversification as a second order benefit that mitigates against the potential long-term impact of climate change, technology changes, regulatory changes and changes in consumer behaviour.

In contrast to the most recent years, 2023 provided a more favourable external environment that contributed positively to our growth. Higher premium inflation, interest rates and fewer weather-related losses supported revenue and profit growth. In these respects, 2023 was a contrasting year to 2022, where premium inflation and interest rates were lower and we experienced more pronounced natural catastrophe losses. The weaker Rand also contributed favourably to the increasing contribution from Youi to the Group results.

In my previous update I noted the need for pricing discipline as we stepped into the higher inflationary cycle and the strategy to steer growth segments to profitability by focusing on margin instead of premium growth. I am pleased with how our teams at OUTsurance and Youi have navigated the challenging claims inflationary environment whilst still delivering profitable revenue growth across the large segments.

The Group's gross written premium increased by

21.1%

to **R28.5 billion**

Chief Executive Officer's review *continued*

The OHL Group's operating profit increased by
41.5%
to **R4.068 billion**

The OHL Group's normalised earnings increased by
39.8%
to **R3.238 billion**

Our success is ultimately determined against the effectiveness of capital allocation that ensures appropriate risk-weighted returns for our shareholders. When we launch new initiatives, it is important to have the discipline to withdraw if key success criteria are unlikely to be met. In 2023 we concluded that OUTvest was unlikely to reach the necessary scale to become a viable business. Based on the observation of our average new business premium experience in the OUTsurance Life Face-to-face segment, it became clear the scale of the investment required and the available return to be generated for this initiative had become sub-optimal compared to our business plan.

A disposal process for OUTvest is underway and OUTsurance Life's Face-to-face channel was successfully discontinued in the last quarter of the financial year. These actions will contribute positively to the free cash generation in the Group, and allows our management team to focus on our core operations where significant runway for value generation exists.

Investing for growth

Since 2018, the Group has made substantial investments to deliver on the product and channel strategy. These initiatives include OUTsurance Brokers (tied-agency), Youi's underwriting partnership with Blue Zebra Insurance (Youi BZI), OUTsurance Life's entry into the funeral market, and Youi's Compulsory Third Party (CTP) product.

While these new initiatives have certainly made a material contribution to the revitalisation of the Group's premium growth over the last three years, it was pleasing to note accelerated growth in our core personal lines businesses of OUTsurance Personal and Youi Direct. This growth in our core business units was achieved despite challenging economic circumstances, and in the case of Youi Direct, the scope for future growth remains substantial given its personal lines market share of just below 5%.

The Group delivered 17.2% new business premium growth in 2023 aided by the higher inflationary environment and the refinement of existing distribution channels. The new initiatives contributed 46% to the new business premium written in the year.

A key focus for 2023, was to reach monthly profitability in the OUTsurance Brokers channel. This milestone was achieved in the last quarter as the business reached the required scale and target claims ratio. The profitability of this channel also provides financial capacity to reinvest profits into further sales capacity to grow our distribution footprint whilst managing towards our target margins in the medium term.

OUTsurance Life continues to gain significant traction in the funeral segment owing to the success of the Shoprite partnership. This partnership is sustainably profitable and presents exciting growth potential.

Operating environment

The significant increase in operating profit was primarily attributed to the 2.5% reduction in the net claims ratio from 56.1% to 53.6% and the benefit of the substantial premium growth achieved.

Natural perils losses in Australia represented 8.5% of net premium (2022: 19.6%) and is the lowest in five years. This contrasting experience bolstered the operating profit of Youi and the Group relative to the prior year, which had record natural peril losses.

While the more favourable natural peril experience in Australia provided a welcome tailwind, it was still a challenging year from a claims cost perspective as numerous other headwinds negatively affecting the net claims ratio were still present in the financial year under review. These included:

- Higher reinsurance retention levels and premiums.
- Increased claims cost inflation.
- Reset in vehicle accident frequency post COVID.
- Ongoing wet weather (South Africa only).
- Higher loadshedding-related claims (surge and fires) (South Africa only).
- Ongoing high levels of vehicle theft (South Africa only).

Extensive work had to be done in terms of changes to pricing, underwriting and product design to mitigate these headwinds and ensure resilient claims ratios.

Market interest rates increased substantially over the course of the last two years. This increase, particularly in Australia, was off a historically low base. With the Group's investable assets predominantly invested in interest bearing instruments, the higher rate environment resulted in a large increase in investment income and a useful buffer of earnings that is uncorrelated to claims experience.

Globally the reinsurance markets continued to harden on the back of inflationary conditions and pricing for the global trend in natural disasters. Youi's 2023 renewal was in line with expectations and the OUTsurance renewal resulted in a further increase in risk retention and pricing.

Chief Executive Officer's review continued

Importance of cost management

Prompted by the inflationary cycle and delivering profits in the growth initiatives, cost efficiency enjoyed much focus in 2023. Cost efficiency is a critical factor in delivering a price competitive product. Given the critical importance of cost efficiency, the following actions should provide support for incremental improvement in the cost ratio for the 2024 financial year:

- The discontinuation of unviable business units.
- Further scaling of new ventures.
- The incremental phasing out of quota share reinsurance arrangements on new ventures.
- Ongoing focus on the simplification of processes to improve productivity.
- Ongoing increase of adoption of digital self-service options by customers.

Including the operating cost incurred in preparing OUTsurance Ireland for launch, the operating losses from new business initiatives totalled R379 million or 8.5% of the operating profit of the profitable segments. This is a marked improvement from 17.8% of the prior year when the earnings strain from new initiatives was exacerbated by the unfavourable weather-related claims experience. With the discontinuation of OUTsurance Life's Face-to-face channel, the expectation of full-year profitability of OUTsurance Brokers and the sale of OUTvest, the strain from new initiatives will be largely associated with OUTsurance Ireland and Youi's CTP segment. The Group's appetite for earnings strain of new initiatives is 10% through the weather cycles.

International growth and diversification

In March 2023 we announced our intention to enter the Republic of Ireland's car and home insurance market, subject to obtaining authorisation from the Central Bank of Ireland. Our team is hard at work preparing for a market entry in the first half of the 2024 calendar year. The Irish insurance market has a good track record of profitability and presents market attributes which meet our criteria and business model design.

Technology transformation

We continue to make progress towards the transformation and modernisation of our core systems in the Group. The ability to develop our own systems that are bespoke to our business model and supports our capacity to deliver sophisticated and agile pricing, awesome service and high-quality management information, is a key competitive advantage. A systems transformation project is complex and requires appropriate risk management to avoid operational disruption and loss. Our project is therefore managed in an incremental and modular way and is positioned as a long-term project. Material progress has been made in the last year to migrate all pricing and underwriting to the new platform with the benefits of easier integration with external data sources, better bulk testing and debugging, and higher processing speed.

In 2023, the deployment of a new financial accounting and reporting system, as well as the implementation of a new risk management system, were key milestones in the overall modernisation project.

Our impact on society

As illustrated in our ESG report, 2023 marked another year in which we created a large number of new employment opportunities, expanded our service provider network, and maintained our world-class service levels.

Climate change will be a major theme that impacts society and the insurance markets in the long run. As a responsible business we continue to take actions to reduce our carbon footprint and contribute positively to the climate change dialogue. We have committed to a goal of net zero in 2050 and have included an environmental metric in the balanced scorecards of senior management. Through our efforts over the last five years, we have been able to reduce the tonnes of CO_2 equivalent emissions per employee by 35%. Last year we completed the solar phase three project at the OUTsurance head office to maximise the green power generation capability at the site. This year we plan to commence the next phase of the solar installation at the Youi head office to also maximise the capacity of that site.

The Remuneration Report outlines the changes we have made to our remuneration models to improve shareholder alignment post the listing transition.

Appreciation and outlook

The business has undergone large changes in recent years and have navigated various externalities and disruptions successfully which is testament to the resilience of our employees and the sound business culture which guides us. I would like to thank our 7 500 employees, management team and our Boards for helping to successfully execute our strategy to deliver positive outcomes for our customers, employees, service providers and shareholders.

While the economic environment is expected to remain challenging, we believe the OUTsurance Group is well positioned for profitable growth. This is a function of the large runway for growth of business units like Youi Direct, Youi BZI, Youi CTP, OUTsurance Brokers and OUTsurance Funeral courtesy of the low market share and good profitability prospects of these units. Furthermore, we believe the general insurance market will continue to experience real growth because of factors like climate change, the proliferation of solar panels and the increasing market penetration of electric vehicles driving real claims cost increases. In the medium to longer term, OUTsurance Ireland is expected to positively contribute to the growth potential.

We have made pleasing progress in simplifying the structure of the Group and laying the foundations for sustainable organic growth. It is now all about execution and focusing on our key strengths.

M. G. Visser.

Marthinus Visser
Group Chief Executive Officer
12 September 2023

Chief Financial Officer's review

The primary results and accompanying commentary are presented on a normalised earnings basis which most appropriately reflects the economic performance of the Group and underlying operating units.

The earnings base of OUTsurance Group Limited (OGL) has changed significantly following the disposal of Hastings and the unbundling of interests in Discovery Holdings and Momentum Metropolitan Holdings in the 2022 financial year. For the year under review, the earnings of OGL represents primarily the consolidated performance of OUTsurance Holdings Limited (OHL) coupled with head office costs and the financial performance of RMI Treasury Company where portfolio investments and the interest in RMI Investment Managers are retained.

OGL Diluted normalised earnings per share from continuing operations

61.5% to **185.2 cents**

OGL has adopted the historic reporting approach of the OHL Group to reflect the primary continuing operations after the listing transition. The reporting structure is presented in line with the following segmental structure of the Group.

	Ownership	Overview of activities	Product/channel segments
OUTsurance Group Limited (OGL)	Listed	Listed holding company of the Group with RMI Treasury Company where portfolio investments are held	RMI Treasury Company
OUTsurance Holdings Limited (OHL)	**89.8%** held by OGL (2022: 89.3%)	Regulated Insurance Group Holding Company	
OUTsurance	**100%** held by OHL	South African short-term insurance operation which comprises OUTsurance Personal and OUTsurance Business as operating segments	OUTsurance Personal OUTsurance Business – Direct and Brokers
OUTsurance Life	**100%** held by OHL	South African Life insurance operation that includes Underwritten and Funeral product segments	Underwritten Life – Direct Funeral – Direct and Shoprite partnership
Central and administration services	**100%** held by OHL	Results of non-operating entities, shared services and external contact centre services	
OUTsurance Ireland	**100%** held by OHL	Planned personal lines property and casualty insurance start-up in the Republic of Ireland	
Youi Group	**92.4%** held by OHL (2022: 89.8%)	Australian short-term insurance operation	Youi Personal – Direct Blue Zebra Insurance (BZI) – Brokers CTP New South Wales and CTP South Australia – Direct

The listing transition unlocked significant value for OGL shareholders over the last year and presents a simplification that reduced head office costs.

Chief Financial Officer's review continued

OGL results review

The table below sets out the normalised earnings result of OGL with an emphasis on continued operations which represent the 89.8% interest in OHL and the Central/RMI Treasury Company activities of OGL.

A reconciliation of OGL's normalised earnings is provided on page 41.

The large reduction in the loss realised by the Central and Treasury Company component is associated with the non-recurrence of funding costs linked to the historic funding of the Hastings acquisition and a gradual reduction in head office costs associated with the simplification resulting from the listing transition which was completed in December 2022. OGL's head office costs, decreased from R134 million in 2022 to R80 million in 2023.

R million	2023	2022	% change
OUTsurance excluding Hastings	**2 924**	2 039	43.4%
OUTsurance Holdings including Hastings[1]	**2 924**	2 099	39.3%
OUTsurance Holdings share of Hastings	**–**	(60)	100.0%
Central/Treasury company[2]	**(49)**	(266)	81.6%
Normalised earnings from continuing operations	**2 875**	1 773	62.2%
Normalised earnings per share from continuing operations (cents)	**187.7**	115.8	62.1%
Diluted normalised earnings per share from continuing operations (cents)	**185.2**	114.7	61.5%
Normalised earnings per share from continuing and discontinued operations (cents)	**187.7**	192.8	(2.6%)
Diluted normalised earnings per share from continuing and discontinued operations (cents)	**185.2**	191.1	(3.1%)
Normal dividend per share (cents)	**134.8**	65.5	>100%
Special dividend per share (cents)	**8.5**	142.0	(94.0)%

1 Represents OGL's share of the normalised earnings of OHL.
2 Includes holding company income and expenses, RMI Investment Managers, AlphaCode and also funding costs in the comparative periods.

The director's valuation range for the assets within the RMI Treasury Company is R2.7 billion to R3.1 billion. Included in this range is the expected disposal value of RMI Investment Managers Group which is currently subject regulatory approval.

The OGL dividend composition elaborated on in the dividend section on page 37.

OHL results review

This section outlines the financial performance of OHL and its operating units.

Consolidated financial performance

OHL Group key financial ratios

The table below sets out the key financial outcomes of the consolidated OHL Group:

R million	2023	2022	% change
Gross written premium	**28 499**	23 532	21.1%
Net earned premium	**24 468**	20 197	21.1%
Annualised new business premium written	**8 268**	7 052	17.2%
Operating profit[1]	**4 068**	2 874	41.5%
Investment income generated	**1 017**	450	>100%
Headline earnings	**3 241**	2 326	39.3%
Normalised earnings	**3 238**	2 316	39.8%
Normalised ROE (%)[2]	**29.8%**	22.0%	
Ordinary dividend declared[3]	**2 298**	1 850	24.2%
Claims ratio (%)[4]	**53.6%**	56.1%	
Insurance cost-to-income ratio[5]	**30.6%**	30.4%	
Group cost-to-income ratio[6]	**31.7%**	31.2%	
Combined ratio[7] (%)	**85.1%**	86.5%	

1 Net of investment management fees of R10.9 million (2022: R10.2 million).
2 Attributable to ordinary shareholders.
3 Equates to 60.5 cents per OHL share ordinary dividend (2022: 48.7 cents per ordinary share).
4 Includes the gross movement in long-term policyholder liabilities.
5 Insurance activities excluding external contact centre operation.
6 Group cost-to-income ratio including the external contact centre operation.
7 After profit distributions paid to FirstRand and Shoprite.

***Chief Financial Officer's review/OHL results review** continued*

Sources of operating profit and normalised earnings

The table below sets out the sources of normalised earnings of the OHL Group entities:

Operating profit

R million	2023	2022	% change
OUTsurance[1]	**2 244**	2 109	6.4%
OUTsurance Life	**102**	107	(4.7%)
Youi Group	**1 840**	621	>100%
OUTsurance Ireland	**(56)**	–	(100%)
Administration services[2]	**(57)**	(7)	>(100%)
Central and consolidation adjustments[3]	**(5)**	44	>(100%)
Operating profit	**4 068**	2 874	41.5%

1 Includes OUTsurance Personal, OUTsurance Business, OUTsurance Central costs and is net of FirstRand Homeowners profit share.
2 Net of offshore call centre administration services offered to Hastings and Youi and the operating loss of OUTvest. OUTvest realised an operating loss of R29.4 million in 2023 (2022: R26.7 million).
3 Includes the profits and losses of holding companies and other non-operational entities in the OHL Group.

The table below sets out the key financial outcomes of the consolidated OHL Group:

Normalised earnings

R million	2023	2022	% change
OUTsurance	**1 855**	1 743	6.4%
OUTsurance Life	**110**	100	10.0%
Youi Group	**1 385**	413	>100%
OUTsurance Ireland	**(56)**	–	(100%)
Administration services[1]	**(35)**	(11)	(>100%)
Central (net of consolidation adjustments)[2]	**82**	53	54.7%
Minority interest	**(137)**	(56)	(>100%)
Earnings from associates	**34**	74	(>100%)
OHL Group normalised earnings	**3 238**	2 316	39.8%

1 Net of offshore call centre administration services offered to Hastings and Youi and the operating loss of OUTvest. OUTvest generated a loss of R27.6 million in 2023 (2022: R25.9 million).
2 Includes the profits and losses of holding companies and other non-operational entities in the Group.

To measure the financial success of strategic execution and long-term shareholder value creation, the OHL Group is focused on the following key financial metrics:

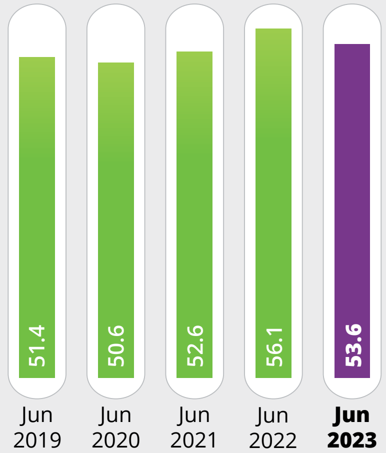
Return on equity (ROE) – which measures the efficiency of capital deployment for growth initiatives and underwriting discipline over time.

Claims ratio – which is the key driver of profitability in the OHL Group's short-term insurance operations. The claims ratio is influenced by our pricing sophistication, risk selection and underwriting discipline. The variability of the claims ratio in the short-term is impacted by weather patterns, particularly in Australia where the frequency and severity of natural weather result in a more volatile claims experience. The claims ratio is also impacted by the efficiency and retention of the reinsurance programmes.

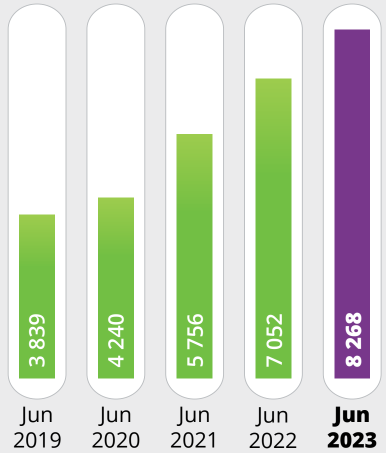
Cost-to-income ratio – the cost to income ratio is an important measure of efficiency in the business which is an enabler to delivering competitive pricing and target profit margins over time. The OHL Group's cost-efficiency is underpinned by a cost-conscious business culture, in-house developed systems and the efficiency of the direct distribution channel which represents the largest channel of business.

Annualised new business premium written – this measure represents the annualised new business premium written in a particular financial year. This measure is an indicator of revenue growth and the competitiveness of the operating model over time. This indicator also measures the effectiveness of our strategy to expand our product and channel capabilities.

OHL GROUP CLAIMS RATIO (%)



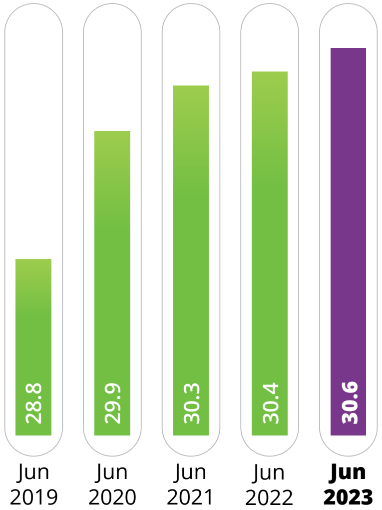
ANNUALISED NEW BUSINESS PREMIUM WRITTEN (R million)



The OHL Group delivered 17.2% growth in new business written for the year under review. This growth was associated with positive organic policy count in the South African and Australian operations coupled with the positive momentum of higher premium inflation.

Chief Financial Officer's review/OHL results review continued

INSURANCE COST-TO-INCOME RATIO (%)

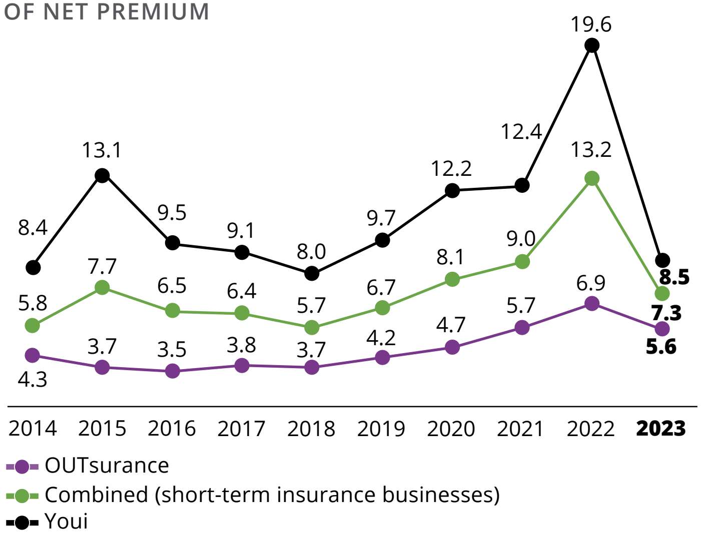


The OHL Group's insurance cost-to-income ratio was slightly higher at 30.6%. Despite delivering an improvement in the cost-to-income ratio, Youi's inherent ratio is higher than the South African operation. As a result of translating the Youi cost base against a weaker Rand in 2023, the Group's cost ratio improvement is not reflective of the gains made by Youi.

The South African cost-to-income ratio was significantly impacted by the adjustment to share-based payments expenses following the share price growth post the listing transition. The share incentive scheme is cash-settled and as a result is marked-to-market which creates volatility. The OUTsurance Life Face-to-face initiative has contributed to OUTsurance Life's higher cost base over the last two years. This cost will be removed from July 2023 as a result of the discontinuation of this segment.

OUTsurance Ireland's start-up losses will impact the OHL Group's cost-to-income ratio until break-even is achieved. The effect of OUTsurance Ireland on the OHL Group's 2023 cost-to-income ratio was 0.2%.

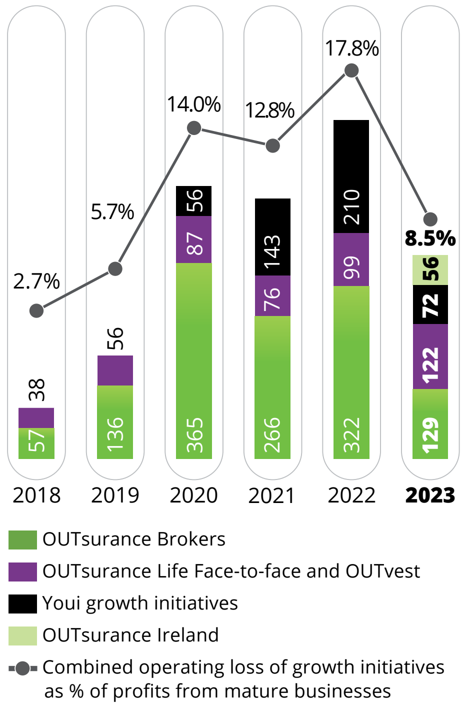
NET RETAINED NATURAL PERILS LOSSES AS % OF NET PREMIUM



Natural perils exposure introduces volatility in the OHL Group's results and particularly the Youi Australia operation where the frequency and severity of retained natural perils losses are more amplified compared to the South African operation. The historic trend of natural perils claims incurred by the OHL Group and its subsidiaries, Youi and OUTsurance, is illustrated above. The OHL Group's claims ratio benefitted from the significantly lower Australian natural perils claims incurred in 2023 compared to the severe events of 2022. The attritional claims performance (excluding natural perils) of the OUTsurance Brokers and BZI segments delivered a pleasing improvement in 2023 following premium action to improve margins coupled with the effect of reduced new business strain. The claims ratios of the mature business units in OUTsurance and Youi showed resilience against the significant increases in claims inflation as pro-active measures were taken to adjust premium rates.

The Group has made substantial investments to open new product and distribution channel activities over the last five years. The graph below illustrates the impact of the investment in new ventures on the operating profit of the OHL Group. The operating loss for 2023 financial year related to new ventures decreased by 40% to R378 million. This reduction is associated with the significant reduction in the operating loss of OUTsurance Brokers and the BZI partnership. OUTsurance Brokers has achieved its objective of generating monthly profitability during the 2023 financial year and BZI delivered an operating profit on account of the continued improvement in claims experience, bolstered by the favourable weather conditions.

LOSSES GENERATED BY GROWTH INITIATIVES AS % OF PROFITS FROM MATURE BUSINESS UNITS

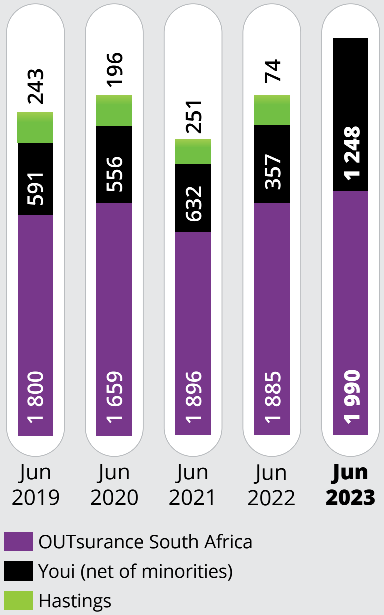


Chief Financial Officer's review/OHL results review *continued*

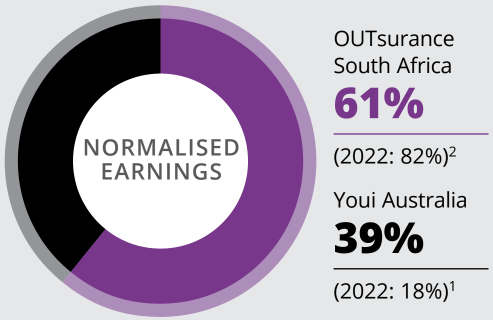
Normalised earnings history

The graphs set out the normalised earnings history of the OHL Group split per the contributions from the South African and Australian operations as well as the historic effect of the Group's indirect investment in Hastings. Excluding the comparative earnings contribution from Hastings, the OHL Group's normalised earnings was 44.4% higher than 2022.

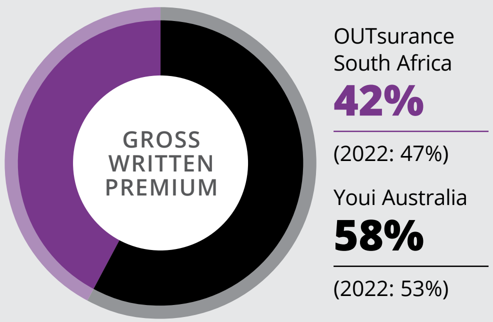
NORMALISED EARNINGS (R million)



The graphs alongside illustrate the diversification of the OHL Group's gross written premium and normalised earnings (excluding Hastings).



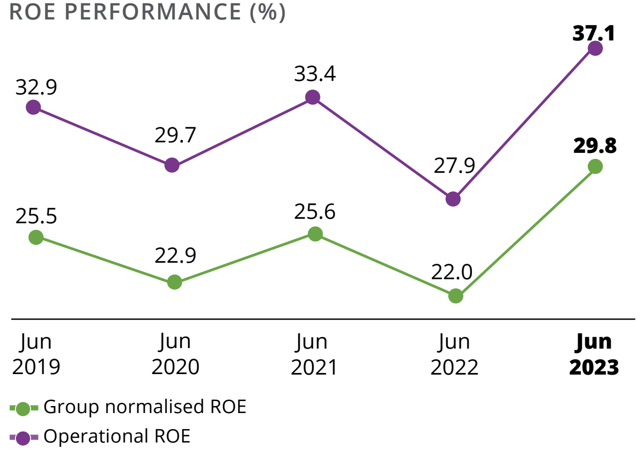
1 Net of Youi minorities.
2 OUTsurance South Africa (net of OUTsurance Ireland).



ROE (%)

The Normalised ROE is the overall ROE of the OHL Group. The operational ROE is the aggregate ROE of the insurance operations and excludes the ROE effect of the OHL Group's historic investment in Hastings (disposed of in December 2021) and surplus capital in the holding company. The surplus capital is maintained centrally to support the Ireland expansion and the completion of the second tranche of the Youi minority acquisition. The Group targets an Operational ROE of 25% to 35% and a Normalised ROE of 20% to 30%. The OHL Group sets minimum hurdle rates for new ventures depending on the relative riskiness of the product, channel or geographic expansion. Generally, a ROE of 20% is set as a minimum marginal investment hurdle.

ROE PERFORMANCE (%)



Business unit performance

OUTsurance

OUTsurance is the OHL Group's South African short-term insurance operation and consists of two main operational segments, OUTsurance Personal and OUTsurance Business.

Accelerating premium inflation contributed positively to the 8.8% growth in gross written premium realised by OUTsurance in aggregate. Increasing premium inflation follows the higher general inflation environment which resulted in higher claims costs and operational expenses being priced for. OUTsurance Broker's strong growth profile continued to drive premium growth and diversification of the book to include commercial insurance. Real growth in the OUTsurance Personal and the direct OUTsurance Business segments were challenging against a difficult South African economic backdrop characterised by rising interest rates and limited economic growth.

The claims performance for the year was impacted by the effects of increased loadshedding hours, a normalisation of motor claims frequencies to pre-pandemic levels, rising reinsurance costs, increasing motor theft experience and rising claims repair costs. OUTsurance exercised pro-active pricing discipline to maintain profit margins as demonstrated by the stable claims ratio.

The cost-to-income ratio increased from 25.3% to 26.1%. The cost-to-income ratio for both the current and comparative periods was impacted by significant adjustments in share-based payments expenses following the impact of the profit realised on the Hastings disposal in 2021 and the strong performance in the OGL share price since the listing transition in December 2022. The share-based payments expense is linked to the indexed performance of the OGL share price. The excess share-based payments expenses for both periods are accounted for in the Central segment. As described in the Remuneration review, shareholders are referred to the planned transition of the OHL Group share option scheme to a conditional share plan. This transition will reduce share incentive expense volatility over the next three years.

Investment income was higher by 37.8% on account of the large increase in yields available in the fixed income market. The majority of OUTsurance's investable assets are exposed to variable rate instruments and invested in the South African money market. The smaller equity portfolio which is calibrated to a maximum of 15% of investable assets delivered an unrealised gain of R81 million (2022: R139 million).

The reduction in the operating loss of OUTsurance Brokers has contributed markedly to the overall OUTsurance Business operating profit for the year. In line with guidance, OUTsurance Brokers has reached monthly profitability which sets this important growth segment up for a positive profit contribution going forward.

OUTsurance key financial ratios

The key financial outcomes of OUTsurance, aggregated for all product segments, are presented below:

R million	2023	2022	% change
Gross written premium	**11 160**	10 253	8.8%
Net earned premium	**10 939**	9 994	9.5%
Operating profit	**2 244**	2 109	6.4%
OUTsurance Personal	**2 224**	2 146	3.6%
OUTsurance Business	**256**	57	>100%
Central[1]	**(236)**	(94)	>(100%)
Investment income generated	**423**	307	37.8%
Headline earnings[2]	**1 855**	1 743	6.4%
Claims ratio (%)	**52.8%**	53.0%	
Accident year claims ratio	**54.3%**	57.1%	
Prior year development[3]	**(1.5%)**	(4.1%)	
Cost-to-income ratio (%)	**26.1%**	25.3%	
Combined ratio[4] (%)	**80.5%**	79.7%	

1 Includes higher than expected share-based payments expenses following the strong OGL share price performance since the listing transition. The share-based payments expense accounted for in Central in 2023 was R191 million higher than in 2022.
2 The headline earnings are equal to the normalised earnings as there are no normalised adjustments.
3 The favourable prior year development on the claims ratio for both the current and comparative periods reflects positive development on prior year reserving estimates. The 2022 prior year effect was larger on account of the substantial reduction of pandemic related prudence allowed for reserving uncertainty.
4 After profit share distributions paid to FirstRand Limited.

Chief Financial Officer's review continued

OUTsurance Personal

OUTsurance Personal is the largest contributor to OHL Group profitability and displays a low earnings volatility profile.

The following salient features were the primary drivers of the OUTsurance Personal results for the financial year under review:

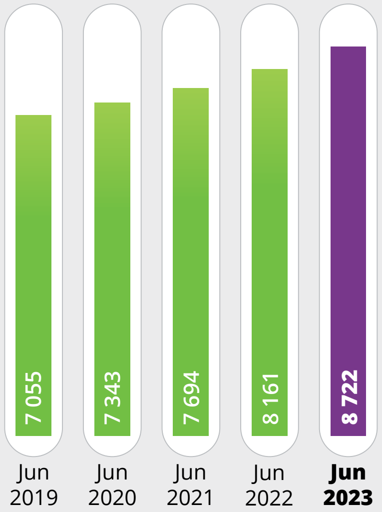
- Gross written premium growth was positively impacted by escalating premium inflation. Excluding the FirstRand Homeowners book, currently in run-off, gross written premium grew by 8.1%.
- The increase in the claims ratio is attributed to post-pandemic motor claims normalisation, higher reinsurance costs, increased loadshedding, elevated theft of high value off-road vehicles and general claims inflation pressure.
- The cost-to-income ratio of 21.1% is marginally higher than the 2022 financial year. An increasing mix of business written through the OUTsurance Broker channel contributed to the higher cost ratio.

The table below sets out the key financial outcomes for OUTsurance Personal:

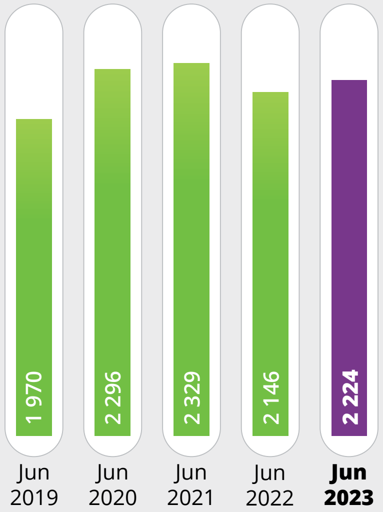
R million	2023	2022	% change
Gross written premium	**8 722**	8 161	6.9%
Net earned premium	**8 559**	7 981	7.2%
Operating profit	**2 224**	2 146	3.6%
Claims ratio (%)	**51.9%**	51.3%	–
Cost-to-income ratio	**21.1%**	20.8%	–
Combined ratio[1] (%)	**75.1%**	73.8%	–

1 After profit share distributions paid to FirstRand Limited.

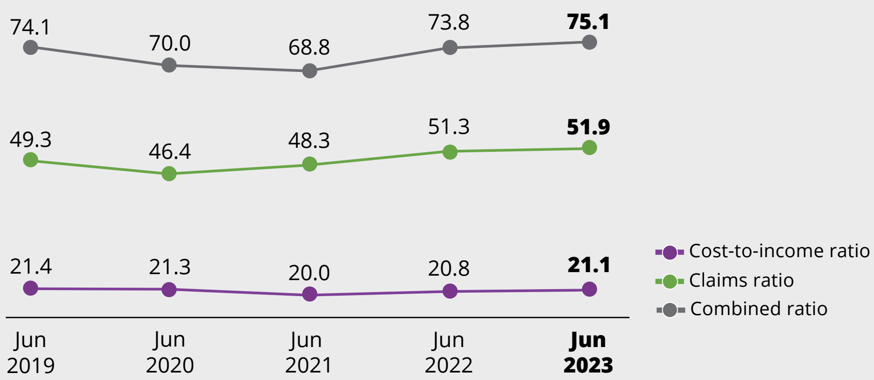
OUTsurance PERSONAL – GROSS WRITTEN PREMIUM (R million)



OUTsurance PERSONAL – OPERATING PROFIT (R million)



OUTsurance PERSONAL – KEY RATIOS (%)



Chief Financial Officer's review continued

OUTsurance Business

OUTsurance Business is segmented into the Direct and OUTsurance Broker (tied-agency) channels. OUTsurance Brokers is focussed on expansion of our commercial market share through face-to-face distribution and is a core part of the growth strategy of the OHL Group. In line with expectations, OUTsurance Brokers achieved monthly profitability in the second half of the financial year on account of the improved economies of scale achieved through continued growth and improvement in the attritional claims costs.

The following salient features were the primary drivers of the OUTsurance Business results for the year under review:

- OUTsurance Business grew gross written premium by 16.6% with OUTsurance Brokers delivering gross written premiums of R1 301 million, which is 33.8% higher than the prior year.
- The claims ratio improved to 56.1% as the in-force book's pricing continued to mature on the back of pricing and underwriting actions to improve margins and take into account the drivers of claims inflation.
- The cost-to-income ratio improvement reflects the economies of scale in the OUTsurance Broker channel which sustained stable headcount throughout the year as management prioritised break-even over premium growth.
- OUTsurance Business delivered a more than four times improvement in operating profit for the year with the OUTsurance Broker segment's operating loss reducing from R322 million in 2022 to R129 million in 2023 as the channel scaled towards profitability. Compared to the first half of 2023 where OUTsurance Brokers realised an operating loss of R100 million, a loss of only R29 million was realised in the second half as the business achieved scale to generate monthly profitability.

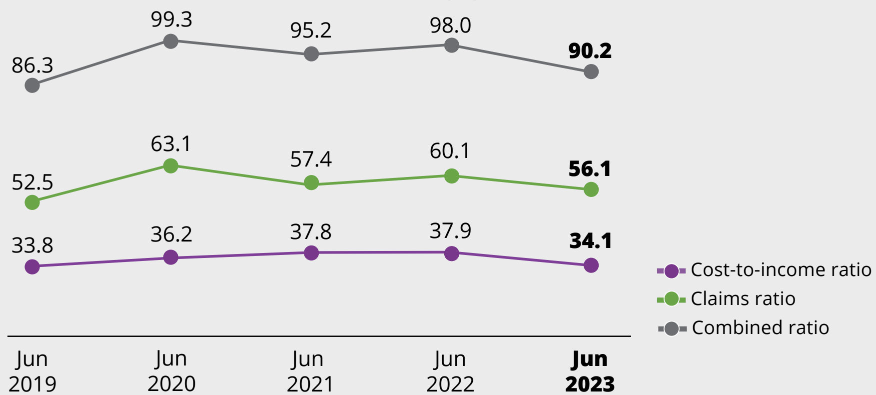
The table below sets out the key financial outcomes for OUTsurance Business:

R million	2023	2022	% change
Gross written premium	**2 438**	2 091	16.6%
Net earned premium	**2 380**	2 013	18.2%
Operating profit	**256**	57	>100%
Direct	**385**	379	1.6%
OUTsurance Broker	**(129)**	(322)	60.0%
Claims ratio (%)	**56.1%**	60.1%	
Cost-to-income ratio (%)	**34.1%**	37.9%	
Combined ratio (%)	**90.2%**	98.0%	

OUTsurance BUSINESS – GROSS WRITTEN PREMIUM (R million)

OUTsurance BUSINESS – OPERATING PROFIT (R million)

OUTsurance BUSINESS – KEY RATIOS (%)



Youi Australia

Youi delivered a pleasing financial and operational result for the year as strong premium growth continued and favourable weather conditions supported the significant increase in profitability. Youi's operations consist of:

- Youi Direct which is the personal lines direct offering and the largest component of the Youi Group.
- Blue Zebra Insurance partnership. BZI is a Managing General Agent in the Australian market and distributes products through a broker network and the Steadfast platform. Youi is the primary underwriter of BZI's personal lines and business products. The BZI relationship was established in the 2020 financial year. Youi owns a 37% interest in BZI. This investment increased from 34% in 2022.
- Compulsory Third Party Insurance (CTP) which are mandatory products to cover third party bodily injury liability. Youi participates in the New South Wales (since December 2020) and the South Australia (since July 2022) CTP markets.

The following salient features were the primary drivers of the Youi results:

- On an aggregated basis, Youi delivered strong gross written premium growth of 31.4% and 21.5% measured in Rand and Australian Dollar terms, respectively. Premium inflation accelerated sharply since the latter part of the 2022 financial year. The higher premium inflation is attributed to rising claims repair costs, pricing changes to reflect the increased frequency of natural events and catering for the effects of the hardening reinsurance market.
- Premium growth is supported by the BZI initiative which contributed to 17.6% of Youi's gross written premiums in 2023. Youi also retained more net premiums in 2023 with the reduction in the quota share reinsurance arrangement from 35% in 2022 to 10% in 2023. This quota share arrangement falls away in 2024.
- Youi entered the South Australia CTP market in July 2022 and is tracking business plan expectations. Youi's overall CTP book grew gross written premium by 62.8% in Australian Dollars.
- The claims ratio decreased significantly from 60.8% in the prior year to 56.4% in 2023. This reduction is primarily attributed to the contrasting weather experience between the two financial years.
- The cost-to-income ratio decreased from 33.5% to 31.6% driven by the higher revenue growth and improved cost containment despite inflationary pressure. Cost efficiency will be a core focus of the Youi management team as a near-term strategy.
- Youi's investment income increased from a gain of R12 million in 2022 to a gain of R365 million in 2023. This significant improvement is as a result of the rapid increase in interest rates linked to aggressive monetary policy actions in Australia to offset rising inflation. The investment income result was further aided by a stronger performance in Australian equities compared to the prior year.
- On average the Rand was 8.1% weaker against the Australian Dollar in 2023 which bolstered the translated impact of Youi's premium growth and profitability on the OHL Group results.

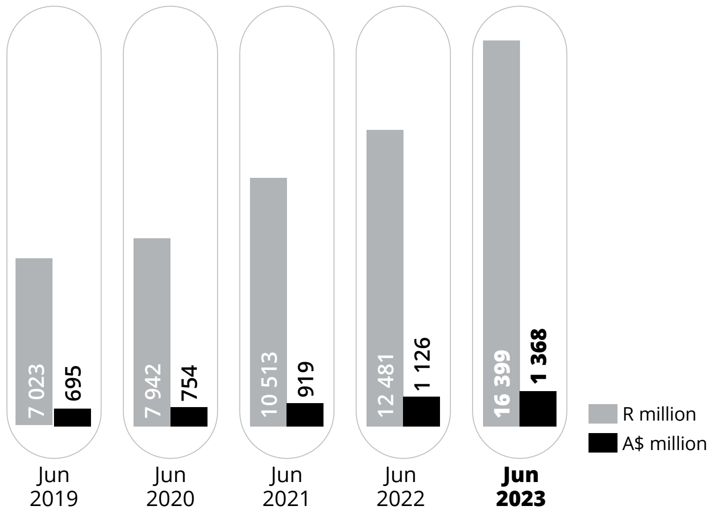
The table below sets out the key financial outcomes for Youi Australia:

	R million			A$ million		
	2023	2022	% change	**2023**	2022	% change
Gross written premium	**16 399**	12 481	31.4%	**1 368**	1 126	21.5%
Personal	**14 955**	11 766	27.1%	**1 247**	1 061	17.5%
Business	**606**	242	>100%	**51**	22	>100%
CTP	**837**	473	77.0%	**70**	43	62.8%
Net earned premium	**12 725**	9 499	34.0%	**1 061**	858	23.7%
Personal	**12 227**	9 292	31.6%	**1 020**	839	21.6%
Business	**315**	148	>100%	**26**	13	100.0%
CTP	**183**	59	>100%	**15**	6	>100%
Operating profit	**1 836**	617	>100%	**153**	57	>100%
Personal	**1 848**	728	>100%	**154**	65	>100%
Business	**59**	(10)	>100%	**5**	(1)	>100%
CTP	**(71)**	(101)	29.7%	**(6)**	(7)	14.3%
Headline earnings[1]	**1 385**	401	>100%	**117**	37	>100%
Ratios						
Claims ratio (%)	**56.4%**	60.8%		**56.4%**	60.8%	
Accident year claims ratio	**59.7%**	64.5%		**59.4%**	64.5%	
Prior year development	**(3.3%)**	(3.7%)		**(3.3%)**	(3.7%)	
Cost-to-income ratio (%)	**31.6%**	33.5%		**31.6%**	33.5%	
Combined ratio[1] (%)	**87.5%**	93.8%		**87.5%**	93.8%	
AUD/ZAR exchange rate						
Closing	**12.56**	11.24	11.7%			
Average	**11.99**	11.09	8.1%			

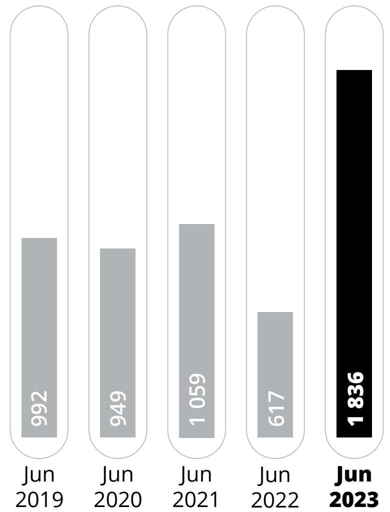
1 The headline earnings are equal to the normalised earnings as there are no normalised adjustments.

***Chief Financial Officer's review/Youi Australia** continued*

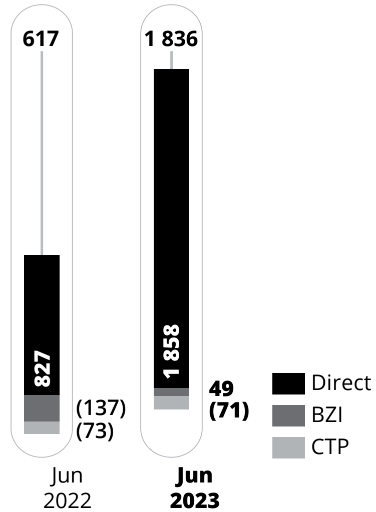
Youi AUSTRALIA – GROSS WRITTEN PREMIUM



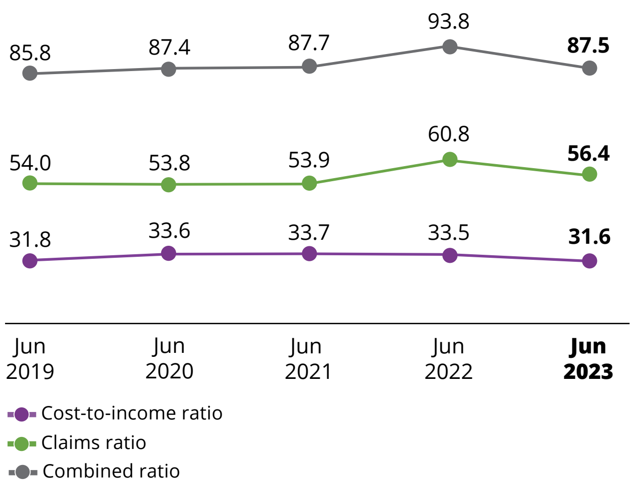
Youi AUSTRALIA – OPERATING PROFIT (R million)



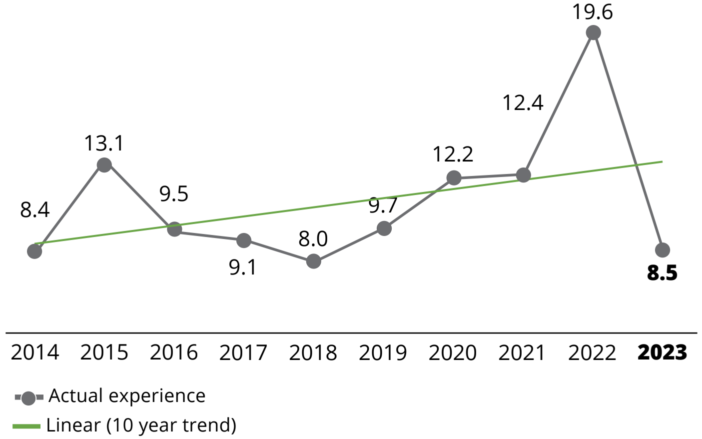
Youi AUSTRALIA – OPERATING PROFIT BY DISTRIBUTION CHANNEL (R million)



Youi AUSTRALIA – KEY RATIOS (%)



Youi AUSTRALIA – NET RETAINED NATURAL PERILS LOSSES AS % OF NET EARNED PREMIUM

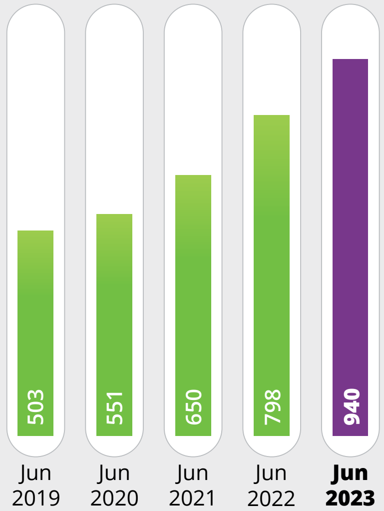


Chief Financial Officer's review continued

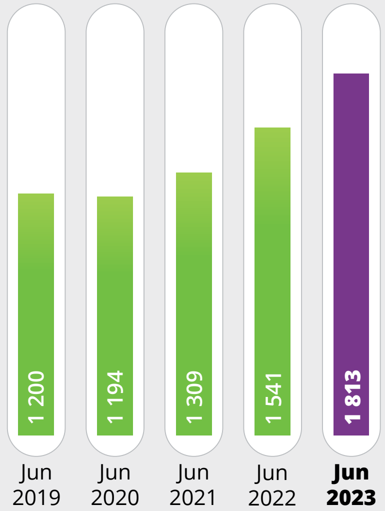
OUTsurance Life

- OUTsurance Life delivered gross written premium growth of 17.8%, with the funeral segment's gross written premium growing by 49.6%.
- A key strategic decision made during June 2023 was to discontinue the face-to-face distribution channel established in July 2021. This decision was influenced by the lack of success in writing appropriate premium levels that would guide to the ultimate scalability and required ROE profile of the channel.
- OUTsurance Life delivered an operating profit of R102 million for the year under review. The 2023 financial year was characterised by severe long-term yield movements which resulted in profit volatility with large offsets between the interim and final results. The funeral segment continued to deliver positive results with the Shoprite Funeral initiative gaining significant traction and delivering a substantial increase in profitability.
- The face-to-face initiative delivered a loss of R93 million compared to R68 million in the prior year. With a discontinuation of this channel, the loss is expected to be extinguished in the next financial year.
- The embedded value of OUTsurance Life improved by 17.5%, primarily on account of the growth in the funeral book.
- IFRS 17 will have a substantial transitional impact on OUTsurance Life. Further information related to the transitional impact is provided in the OGL Consolidated Annual Financial Statements.

OUTsurance LIFE – GROSS WRITTEN PREMIUMS (R million)



OUTsurance LIFE – EMBEDDED VALUE (R million)



The table below sets out the key financial outcomes for OUTsurance Life:

R million	2023	2022	% change
Gross written premium	**940**	798	17.8%
Net earned premium	**804**	704	14.2%
Headline earnings[1]	**110**	100	10%
Operating profit	**102**	107	(4.7%)
Underwritten Life – Direct	**192**	176	9.1%
Funeral (Direct and Shoprite)	**3**	(1)	>100%
Underwritten Life – F2F (Discontinued in June 2023)	**(93)**	(68)	(36.8%)
Embedded value	**1 813**	1 541	17.7%
Return on embedded value (%)	**17.5%**	17.7%	
VNB margin (%)[2]	**9.0%**	15.1%	

1 The headline earnings are equal to the normalised earnings as there are no normalised adjustments.
2 The VNB margin is the outcome before allowing for the initial losses of the new Face-to-face distribution channel which was discontinued from June 2023.

***Chief Financial Officer's review** continued*

Balance sheet and capital management

The OHL Group's primary financial focus is to optimise underwriting margins and associated return on capital. A conservative investment approach is followed to allow for an appropriate level of capital protection, liquidity and ROE optimisation.

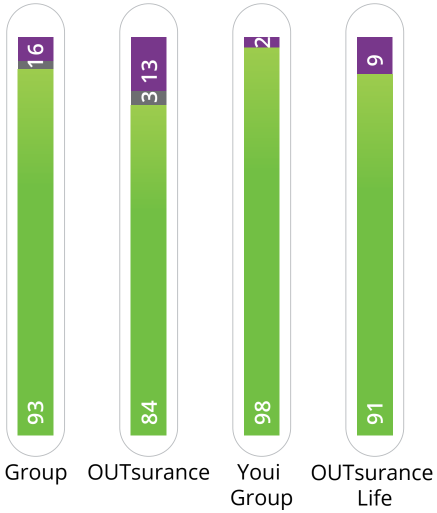
The OHL Group's investment in equities is calibrated to take advantage of the diversification benefits of the risk-based prudential capital requirements. We actively seek diversification of large credit exposures in money markets and bank deposits against a minimum credit quality profile. Financial assets backing insurance liabilities are invested in short-dated cash and near-cash instruments that matches the run-off duration of liabilities.

Equity investments comprise passive exchange traded funds linked to the JSE Top 50 and the ASX 300. Equity investments contribute 4% to the investable assets of the Group.

OUTsurance Life actively hedges the interest rate risk assumed in the policyholder liabilities through an asset-liability matching (ALM) programme which utilises interest rate derivatives and bond exposures. The ALM programme is aimed at matching, as far as possible, the interest rate risk on an economic basis with the primary aim of reducing the capital requirement and the sensitivity of the balance sheet to interest rate movements.

The graph below shows the mix of the investable assets (excluding owner-occupied property) of the Group and the major operating segments:

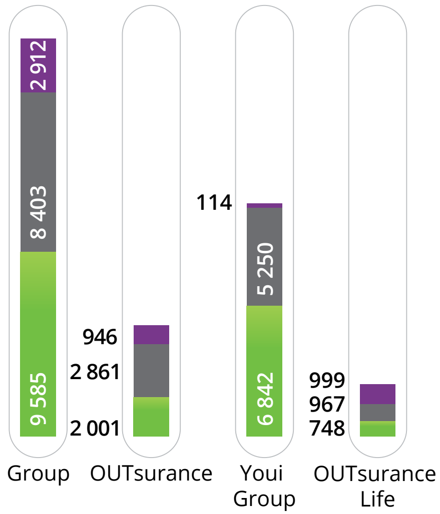
COMPOSITION OF INVESTABLE FINANCIAL ASSETS (%)



Bank deposits, money market instruments
Perpetual preference shares
Equity

The graph below provides a breakdown of the allocation of investable financial assets to insurance liabilities and shareholder assets at 30 June 2023.

ALLOCATION OF INVESTABLE FINANCIAL ASSETS (R million)



Allocation of investable financial assets to Insurance liabilities (net of premium and reinsurance debtors)
Allocation of investable financial assets to Target SCR
Allocation of investable financial assets to surplus shareholder funds

The Group's investment policies set minimum credit quality thresholds for bank and money market deposits which are further disclosed in the OHL Consolidated Annual Financial Results.

Chief Financial Officer's review/Balance sheet and capital management continued

Capital position

The table below shows the solvency position of the OHL Group and its licensed operations at 30 June 2023. The Group has a further R1.1 billion in central capital surplus available which it will deploy toward the capitalisation of OUTsurance Ireland and to conclude the second tranche of the Youi minority acquisition which will be completed by the end of October 2023.

	2023	2022	Target
OHL Group	**2.2**	2.2	1.5
Short-term insurance			
OUTsurance	**1.6**	1.7	1.3
Youi Group	**2.3**	2.3	1.6 – 1.9[1]
Long-term insurance			
OUTsurance Life	**3.2**	3.0	1.5

1 A review of the capital framework for Youi has resulted in the adoption of a minimum target SCR of 1.6 times and an operational buffer of an additional 0.3 times SCR. Youi's capital ratio will therefore be managed within the 1.6 to 1.9 range. The operational buffer allows for unexpected capital strain as a result of higher-than-expected natural perils losses, the risk of increased reinsurance retention at the next renewal and the effect of higher-than-expected premium growth.

Dividends

The following principles impact the free cash generation of the OHL Group:

- The dividend profile is linked to earnings as there is a high correlation between earnings and cash generation.
- Free cash generation is impacted by the rate of premium growth in the business. During a period of high growth, such as the current environment, a larger proportion of earnings is retained to support the growth in the target regulatory capital requirement.
- The OHL Group funds organic growth from retained earnings. Debt is not considered to be part of the permanent capital structure due to the high rate of cash generation and strong ROE profile.
- Term based debt may be utilised to fund large organic initiatives such as the expansion to Ireland. In this regard, OUTsurance Ireland will ultimately be funded by retained earnings. Earnings retention will, as far as possible, be matched to the actual capital consumption of the business. To the extent that OUTsurance Ireland is required to demonstrate surplus capital in excess of actual consumption, the OHL Group is comfortable to match such a surplus with temporary debt raised at an OHL level. As such, it is expected that between R750 million and R1 billion in debt will be raised over the course of the next financial year and which will systematically be repaid over the course of the next five years.

Other than allowing for marginal head office costs we expect that ordinary dividends paid by OHL to OGL to completely flow through to OGL shareholders. Capital surpluses arising from the activities of RMI Treasury Co, such as disposal proceeds or dividends from investee companies, are considered as OGL special dividends. This classification allows for a clear view of the flow of operational dividends from OHL to OGL shareholders.

The table below sets out the full year dividend for OGL and OHL. OGL declared a final dividend of 77.9 cents per OGL ordinary share which results in a full year dividend of 134.8 cents per share. The significant increase in the OGL dividend is representative of the simplification of the OGL structure over the last year following the sale and unbundling of previous associate interests, settling of debt and the reduction in head-office costs following the listing transition. The OGL ordinary dividend for 2023 represents a full flow through of the OHL dividend received.

The OGL special dividend of 8.5 cents per share represents the dividend distributions received by RMI Investment Managers over the course of the financial year.

OHL declared a final ordinary dividend of 35.0 cents per OHL ordinary share resulting in a full year OHL dividend of 60.5 cents per share, which is 24.2% higher than the 2022 financial year. When referenced to normalised earnings growth, the slower dividend growth is associated with higher earnings retention to contribute to the funding profile of OUTsurance Ireland and the acquisition of the Youi minority acquisition, the final tranche to be completed by October 2023.

OUTsurance Group Limited
(per OUTsurance Group Limited share)

	2023	2022	% change
Ordinary dividend (cents per share)	**134.8**	65.5	105.8%
Special dividend (cents per share)	**8.5**	142	(94.0%)

OUTsurance Holdings Limited
(per OUTsurance Holdings Limited share)

	2023	2022	% change
Ordinary dividend (cents per share)	**60.5**	48.7	24.2%
Special dividend (cents per share)	**–**	82.0	(100.0%)

Chief Financial Officer's review/Balance sheet and capital management *continued*

Reinsurance

The procurement of adequate reinsurance is a critical component to manage the Group's risk exposure to large natural perils events or single risk exposures. The reinsurance strategy is the outcome of the interplay between the cost of reinsurance, large event risk retention and the related impact on regulatory capital as well as board appetite for earnings volatility.

The reinsurance market has experienced significant hardening since 2021 on account of increased global natural perils losses and in response to the escalating inflationary environment. This outcome has been particularly prominent in Australia where the reinsurance market responded to a higher frequency and severity of natural perils events. Following the hardening of the reinsurance markets, aggregate natural perils treaties are no longer available at affordable outcomes and are no longer a feature of Youi's reinsurance structure. From 1 July 2023, Youi will participate in the Cyclone Reinsurance Pool which is a government initiative which effectively provides reinsurance cover for cyclone related claim events. This participation will reduce Youi's exposure to large cyclone events and which has impacted the calibration of Youi's reinsurance structure for 2024.

The South African market has also been subjected to significant reinsurance cost inflation following pandemic related business interruption losses and large events such as the KZN storms in 2022. These factors have also placed upward pressure on the OUTsurance catastrophe retention. This higher risk retention does however remain within appetite and is allowed for by the balance sheet.

Youi will remove the remaining 10% quota share on the BZI book with effect 1 July 2023.

The table below summarises the main elements of the 2023 reinsurance programmes and illustrates the changes for the 2024 financial year.

Attachment point for individual catastrophe events

OUTsurance	Events 1 to 3	2024 **R200 million** 2023 R100 million
Reinsurance reinstatement premiums are payable dependent on the utilisation of cover		
Youi	Events 1 and 2	2024 **A$40 million** 2023 A$35 million
Youi	Events 3 and 4	2024 **A$25 million** 2023 A$15 million
Reinsurance reinstatement premiums are payable dependent on the utilisation of cover		

JH Hofmeyr
Group Chief Financial Officer
12 September 2023

The OUTsurance Pointsmen and women are committed to helping you get from point A to point B in no time. Making sure *uVaya Grand** and reach your destination safely. Smile and wave when you see them, and show them #PointsmenLove on social media.

The OUTsurance Pointsmen, brought to you in partnership with Jacaranda FM Traffic FreeFlow, and the cities of Joburg and Tshwane.

*Go well | OUTsurance is a licensed insurer and FSP. Ts and Cs apply. OB22/0413/E

Supplementary financial information

Summary of OGL consolidated annual financial statements

Consolidated statements of profit or loss

R million	2023	2022
Gross insurance premium written	**28 499**	23 532
Outward reinsurance premiums	**(2 195)**	(2 314)
Net premiums	**26 304**	21 218
Gross change in provision for unearned premiums	**(1 582)**	(1 264)
Reinsurance relating to provision for unearned premiums	**(254)**	243
Earned premiums, net of reinsurance	**24 468**	20 197
Non-insurance related fee income	**524**	471
Investment income	**208**	320
Interest income on financial assets using the effective interest rate method	**911**	341
Net fair value gains on financial assets	**80**	118
Fair value gain on loss of control of subsidiary	**–**	37
Expected credit losses on financial assets	**(1)**	(5)
Income	**26 190**	21 479
Policyholder benefits on insurance contracts net of reinsurance	**(13 139)**	(11 325)
Gross policyholder benefits under insurance contracts[1]	**(13 521)**	(13 902)
Reinsurers' share of insurance contracts	**382**	2 577
Transfer to policyholder liabilities under insurance contracts	**(53)**	(3)
Fair value adjustment to financial liabilities	**(196)**	(147)
Marketing and administration expenses	**(8 047)**	(6 868)
Result of operating activities	**4 755**	3 136

R million	2023	2022
Result of operating activities	**4 755**	3 136
Finance costs	**(40)**	(432)
Equity accounted earnings	**20**	27
Loss on change in shareholding of investments in associates	**7**	–
Profit on sale of associates	**57**	–
Impairment of investments in associates	**(23)**	–
Profit before taxation	**4 776**	2 731
Taxation	**(1 431)**	(1 027)
Profit for the year from continuing operations	**3 345**	1 704
Profit for the year from discontinued operations	**–**	21 187
Profit for the year	**3 345**	22 891
Attributable to:		
Equity holders of the company	**2 915**	22 396
Non-controlling interests	**430**	495
Profit for the period	**3 345**	22 891
Earnings per share (continuing and discontinued operations) (cents)	**190.3**	1 463.2
Diluted earnings per share (continuing and discontinued operations) (cents)	**186.6**	1 460.4

1 The provision for non-claims bonuses disclosed separately in the past is now included in the gross policyholder benefits under insurance contracts line to align with IFRS 17. The comparative information has been re-presented.

Supplementary financial information *continued*

Consolidated statement of financial position

R million	Group 30 June 2023	Re-presented Group 30 June 2022	Re-presented Group 1 July 2021
ASSETS			
Property and equipment[1]	**1 198**	1 065	1 056
Intangible assets[1]	**237**	236	213
Right-of-use assets[1]	**65**	70	104
Investments in associates[1]	**788**	692	29 301
Deferred income tax[1]	**537**	425	502
Reinsurers' share of insurance contract liabilities[1]	**1 537**	2 765	1 140
Deferred acquisition costs[1]	**980**	681	513
Financial assets[2]			
Fair value through profit or loss	**4 751**	3 573	4 831
Fair value through other comprehensive income	**6 427**	5 700	3 703
Measured at amortised cost	**11 267**	7 233	6 122
Derivative financial instrument	**9**	68	133
Insurance and other receivables	**6 562**	4 858	3 803
Taxation	**10**	3	25
Assets held for sale	**402**	503	–
Cash and cash equivalents	**1 675**	2 508	2 618
Total assets	**36 445**	30 380	54 064
EQUITY			
Share capital and premium	**15 452**	15 431	15 353
Other equity reserves[3]	**(3 663)**	(3 732)	(3 042)
Retained earnings[3]	**1 184**	(212)	14 927
Total shareholders' equity	**12 973**	11 487	27 238
Non-controlling interests	**1 528**	1 465	1 776
Total equity	**14 501**	12 952	29 014

R million	Group 30 June 2023	Re-presented Group 30 June 2022	Re-presented Group 1 July 2021
LIABILITIES[1]			
Insurance contract liabilities	**16 401**	13 638	10 311
Derivative financial instrument	**81**	6	130
Investment contract liability	**1 231**	64	37
Preference shares	**–**	–	11 514
Lease liabilities	**80**	82	118
Share-based payment liability	**635**	297	258
Employee benefits[4]	**581**	630	486
Deferred income tax	**23**	29	270
Financial liabilities at fair value through profit or loss	**112**	72	125
Taxation	**362**	163	141
Insurance and other payables[4]	**2 367**	2 398	1 660
Liabilities directly associated with assets held for sale	**71**	49	–
Total liabilities	**21 944**	17 428	25 050
Total equity and liabilities	**36 445**	30 380	54 064

1 The order of liquidity for these line items was reassessed to correctly reflect their maturity profile. Prior financial year has been updated for comparability.

2 The split of financial assets are presented per IFRS9 category, without a further split between debt and equity instruments to declutter the face of the consolidated statement of financial position. Comparative information was adjusted accordingly.

3 In the prior financial years, equity accounted earnings net of dividends received were transferred to equity accounted reserves. As a result of the change in accounting policy, only the Group's percentage of post-acquisition movement in reserves other than retained earnings are included in equity accounted reserves.

4 The Group's classification of provision for bonuses, accrued leave and retrenchments was changed to better reflect the nature of the accounts. These are no longer included under provisions and insurance and other payables, but under employee benefits.

Supplementary financial information continued

Earnings and capital reconciliation

Normalised earnings reconciliation

Normalised earnings exclude financial items which are of a once-off or non-operational nature to enable a more accurate reflection of the Group's underlying operational and economic performance. The primary results and accompanying commentary are therefore presented with reference to the normalised earnings performance of the Group and its operating activities.

OUTsurance Group Limited

R million	2023	2022
IFRS profit attributable to equity holders (continuing and discontinued operations)	**3 345**	22 891
Non-controlling interest	**(430)**	(495)
IFRS earnings attributable to ordinary shareholders (continuing and discontinued operations)	**2 915**	22 396
Adjusted for:		
Profit on sale of investments in associates	**(47)**	(4 780)
Impairments of investments in associates	**17**	–
Loss on write-down of intangible assets	**13**	–
Tax effect of headline earnings adjustments	**5**	–
Profit on disposal of property and equipment	**1**	1
Profit on dilution of equity accounted investments	**(6)**	(38)
Profit on distribution of associates	**–**	(15 227)
Impairment of intangible assets by associates	**–**	206
Loss of control of subsidiary	**–**	19
Impairment of owner-occupied building to below cost	**–**	17
Adjustment within equity accounted earnings	**–**	4
Headline earnings (continuing and discontinued operations)	**2 898**	2 598
Adjusted for:		
Group treasury shares	**(24)**	8
Amortisation of intangible assets relating to business combinations	**4**	128
Fair value adjustments on derivative financial instruments	**(3)**	–
Restructuring costs[1]	**–**	352
Economic assumption adjustments net of discretionary margin and interest rate derivative	**–**	(81)
Remeasurement gain on retained interest in CloudBadger	**–**	(53)
Unrealised (gains)/losses on foreign exchange contracts not designated as a hedge	**–**	(15)
Transaction costs related to VitalityLife interest rate derivatives	**–**	12
Time value of money movement of swap contract in VitalityLife	**–**	(11)
Adjustments for iSabelo	**–**	8
Finance costs – Convertible preference shares	**–**	5
Deferred tax raised on assessed losses	**–**	3
Normalised earnings (continuing and discontinued operations)	**2 875**	2 954
Normalised earnings from continuing operations	**2 875**	1 773
Normalised earnings from discontinued operations	**–**	1 181

1 Restructuring costs include breakage dividends on early redemption of fixed rate preference shares, share transfer tax on the redemption of preference shares and staff severance expenses.

OUTsurance Holdings Limited

R million	2023	2022
IFRS profit attributable to equity holders	**3 422**	4 520
Non-controlling interest	**(137)**	(56)
IFRS earnings attributable to ordinary shareholders	**3 285**	4 464
Adjusted for:		
(Reversal of impairment)/impairment of investment in associate	**(13)**	271
Profit on change in shareholding of investment in associates	**(7)**	–
Loss on the loss of control of subsidiary	**–**	21
Profit on sale of investment in associate	**(45)**	–
Profit on sale of underlying investment in associate	**–**	(2 431)
Loss on disposal of property and equipment	**1**	1
Loss on write-down of intangible assets	**14**	–
Tax effect of headline earnings adjustments	**6**	–
Headline earnings	**3 241**	2 326
Adjusted for:		
Remeasurement gain on retained interest in CloudBadger		(58)
Hastings restructuring costs		17
Amortisation of intangible assets related to MS 1353		31
Fair value adjustments on derivative financial instruments	**(3)**	–
Normalised earnings	**3 238**	2 316

Supplementary financial information continued

OUTsurance Holdings Limited – Capital reconciliation

The table below provides a reconciliation and aggregation of the regulatory own funds and solvency capital requirement of the Group at 30 June 2023:

R million	OUTsurance	OUTsurance Life	Youi Group	Central[1]	Group
30 June 2023					
Own funds					
Net asset value – IFRS[1]	**3 215**	**858**	**5 880**	**2 116**	**12 070**
Own funds adjustments per prudential standards	**231**	**1 200**	**484**	**(1 176)**	**739**
Regulatory own funds	**3 446**	**2 058**	**6 364**	**941**	**12 809**
Solvency capital requirement					
SCR per standard formula	**2 201**	**645**	**2 763**	**153**	**5 762**
Additional capital for target and operational buffer	**660**	**322**	**2 487**	**240**	**3 710**
At target	**660**	**322**	**1 658**	**240**	**2 881**
Operational buffer	**–**	**–**	**829**	**–**	**829**
Surplus capital above target	**586**	**1 091**	**1 113**	**547**	**3 337**
SCR ratio	**1.6**	**3.2**	**2.3**	**6.1**	**2.2**
Target SCR ratio	**1.3**	**1.5**	**1.9**	**1.0**	**1.6**
Target	**1.3**	**1.5**	**1.6**	**1.0**	**1.5**
Operational buffer	**–**	**–**	**0.3**	**–**	**–**
30 June 2022					
Regulatory own funds	3 339	1 684	4 637	1 249	10 909
SCR per standard formula	(1 960)	(561)	(2 047)	(311)	(4 879)
SCR ratio	1.7	3.0	2.3	4.3	2.2
Target SCR ratio	1.25	1.3 – 1.7	2.0	1.0	1.6

1 Includes OUTsurance Holdings, non-regulated entities and associates and is net of consolidation entries.

OUTsurance Life – Embedded value

Embedded value results

Definition

Actuarial Practice Note (APN) 107 provides guidance in the way in which embedded values of life insurance companies are reported.

The embedded value (EV) of covered business is the present value of earnings from covered business attributable to shareholders, excluding any value that may be attributed to future new business. It is calculated on an after-tax basis taking into account current legislation and known future changes.

The embedded value of covered business consists of:

- Adjusted net worth (ANW); plus
- The value of in-force covered business (PVIF); less
- The cost of required capital (CoRC).

The ANW of covered business is calculated on the published accounting (IFRS) basis and is defined as the value of all assets attributed to the covered business that are not required to back the liabilities of the covered business. For OUTsurance Life all business is covered business, and therefore the ANW is set equal to the net asset value as per the IFRS balance sheet.

The PVIF is the present value of future shareholder cash flows projected to emerge from the assets backing liabilities of the in-force covered business. The PVIF is calculated as the discounted value of the projected stream of after-tax shareholder profits arising from existing in-force covered business. These shareholder profits arise from the release of margins under the published (IFRS) accounting basis.

The required capital is defined as the level of capital that is restricted for distribution to shareholders. This comprises the required capital on the statutory basis in accordance with the latest Financial Soundness for Insurers Specifications as published by the Prudential Authority, the margins held under IFRS, as well as any additional capital considered appropriate by the Board given the risk of the business. The required capital has been set at 1.5 x SCR (2022: 1.5 x SCR), which is the target SCR ratio.

The CoRC is the difference between the current required capital and the present value, at the risk discount rate, of the projected release of the required capital allowing for investment returns on the assets supporting the projected required capital. This metric is deemed more appropriate than the Prudential Risk Margin given the shareholders' specific needs and expectations, in particular by using the risk discount rate and allowing for a multiple of required capital (the risk margin assumes 1 times the non-hedgeable required capital).

Supplementary financial information/ OUTsurance Life – Embedded value continued

All discounted values are at a risk discount rate based on the prescribed zero-coupon bond yield curve plus a risk premium of 4% p.a. The risk discount rate premium was set using the Capital Asset Pricing Model with a beta of 1.0 and market risk premium of 4%. Money market returns were set to the zero-coupon bond yield curve less 2%. The money market return assumption is used to calculate the investment returns on the assets supporting the projected residual required capital. The value of new business (VNB) is calculated as the discounted value, at point of sale, using the risk discount rate, of the projected stream of after-tax profits for new covered business issued during the past 12 months. The value of new business is also reduced by the cost of required capital for new covered business. The value of new business has been calculated on closing assumptions. Profitability of new covered business (the VNB margin) is measured by the ratio of the net discounted profits arising from new business (after allowing for the cost of capital) to the present value of new business premiums (gross of reinsurance).

Embedded value

The tables below provide a breakdown of the EV on the IFRS basis for OUTsurance Life from June 2022 to June 2023:

Embedded value of covered business	2023 R'000	2022 R'000
Covered business ANW[1]	860 352	747 751
Free surplus	818 308	715 637
Required capital	42 044	32 114
Present value of in-force business (PVIF)	982 897	834 900
Cost of required capital	(30 200)	(41 673)
Embedded value of covered business	1 813 049	1 540 978
Present value of gross premiums (in-force book)	**5 215 804**	4 417 526
Annualised return on embedded value	**17.7%**	17.7%

1 Agrees to IFRS excess assets.

From June 2022 to June 2023, the annualised return on embedded value was 17.7%. This is attributable to positive contributions to the embedded value from the ANW, CoRC and the PVIF.

The ANW increased by R112.6 million over the period and was driven by volatile markets resulting in an increase in the yield curves used in the economic assumptions, as well as new business strain associated with the fast-growing Shoprite Funeral product. The PVIF increased by R148.0 million over the period which was driven primarily by the expected profits generated from new business written over the period as well as the expected return on covered business. The cost of the required capital decreased over the period by R11.5 million due to the decreased economic risk caused by the decreased volatility of the insurance book.

Embedded value earnings

The table below shows the components of the embedded value earnings of OUTsurance Life for the twelve months under review:

Embedded value earnings for the reporting period at June 2023 (12 months)	ANW R'000	PVIF R'000	Cost of required capital R'000	Embedded value R'000
Embedded value at end of the period	860 352	982 897	(30 200)	1 813 049
Dividends paid	–	–	–	–
Preference shares	–	–	–	–
Embedded value at beginning of the period	747 751	834 900	(41 673)	1 540 978
Embedded value earnings for the period	**112 601**	**147 997**	**11 473**	**272 071**
Annualised return on embedded value	**17.7%**			

Embedded value earnings for the reporting period at June 2022 (12 months)	ANW R'000	PVIF R'000	Cost of required capital R'000	Embedded value R'000
Embedded value at end of the period	747 751	834 900	(41 673)	1 540 978
Dividends paid	–	–	–	–
Preference shares	–	–	–	–
Embedded value at beginning of the period	647 767	730 513	(69 161)	1 309 119
Embedded value earnings for the period	99 984	104 387	27 488	231 859
Annualised return on embedded value	17.7%			

Supplementary financial information/ OUTsurance Life – Embedded value continued

From June 2022 to June 2023, the embedded value of OUTsurance Life increased by R272.1 million. A breakdown of the change in embedded value is shown in the analysis of embedded value earnings section below.

Analysis of embedded value earnings

Components of embedded value earnings at June 2023 (12 months)	ANW R'000	PVIF R'000	Cost of required capital R'000	Embedded value R'000
Embedded value operating return	**25 008**	**137 684**	**(3 496)**	**159 196**
Value of new business at point of sale	**(141 933)**	**158 401**	**(6 392)**	**10 076**
Expected return on covered business (unwind)	**–**	**135 717**	**8 224**	**143 941**
Expected profit transfer	**143 926**	**(143 926)**	**–**	**–**
Operating experience variances	**20 548**	**(22 832)**	**(12 660)**	**(14 944)**
Operating model changes	**(10 862)**	**(1 444)**	**5 408**	**(6 898)**
Operating assumption changes	**13 329**	**11 768**	**1 924**	**27 021**
Embedded value non-operating return	**87 593**	**10 313**	**14 969**	**112 875**
Investment return variances	**52 995**	**–**	**–**	**52 995**
Investment income on policyholder liability	**15 979**	**–**	**–**	**15 979**
Investment income on capital	**37 016**	**–**	**–**	**37 016**
Other Revenue Items	**(12 887)**	**–**	**–**	**(12 887)**
Effect of economic assumption changes	**47 485**	**10 313**	**14 969**	**72 767**
Effect on tax changes	**–**	**–**	**–**	**–**
Embedded value earnings	**112 601**	**147 997**	**11 473**	**272 071**

Components of embedded value earnings at June 2022 (12 months)	ANW R'000	PVIF R'000	Cost of required capital R'000	Embedded value R'000
Embedded value operating return	(785)	117 910	(12 604)	104 521
Value of new business at point of sale	(107 871)	170 506	(5 930)	56 705
Expected return on covered business (unwind)	–	90 213	5 330	95 543
Expected profit transfer	87 762	(87 762)	–	–
Operating experience variances	34 822	(11 881)	(3 959)	18 982
Operating model changes	4 954	(1 700)	(10 235)	(6 981)
Operating assumption changes	(20 452)	(41 466)	2 190	(59 728)
Embedded value non-operating return	100 769	(13 523)	40 092	127 338
Investment return variances	23 628	–	–	23 628
Investment income on policyholder liability	477	–	–	477
Investment income on capital	23 151	–	–	23 151
Other Revenue Items	(4 113)	–	–	(4 113)
Effect of economic assumption changes	81 254	(13 523)	40 092	107 823
Embedded value earnings	99 984	104 387	27 488	231 859

Supplementary financial information/ OUTsurance Life – Embedded value continued

Experience variances

The following tables provide additional detail on key movements in the analysis of embedded value. ANW is shown net of CoRC.

	30 June 2023		
	ANW R'000	**PVIF R'000**	**EV R'000**
Persistency	**(19 947)**	**(60 218)**	**(80 165)**
Risk	**45 667**	**32 678**	**78 345**
Expenses	**(17 043)**	**4 708**	**(12 335)**
Other	**(789)**	**–**	**(789)**
Experience variance	**7 888**	**(22 832)**	**(14 944)**

	30 June 2022		
	ANW R'000	PVIF R'000	EV R'000
Persistency	(776)	(40 136)	(40 912)
Risk	22 967	28 019	50 986
Expenses	10 530	236	10 766
Other	(1 858)	–	(1 858)
Experience variance	30 863	(11 881)	18 982

Assumption and model changes

	30 June 2023			30 June 2022		
	ANW R'000	**PVIF R'000**	**EV R'000**	ANW R'000	PVIF R'000	EV R'000
Persistency	**(2 208)**	**12 120**	**9 912**	(18 808)	(5 644)	(24 452)
Risk	**25 640**	**13 756**	**39 396**	17	(952)	(935)
Expenses	**(12 618)**	**(17 451)**	**(30 069)**	1 209	708	1 917
COVID-19 Allowance	**520**	**(59)**	**461**	(16 221)	(20 703)	(36 924)
Model and other changes	**(1 535)**	**1 958**	**423**	10 260	(16 575)	(6 315)
Assumption and model changes	**9 799**	**10 324**	**20 123**	(23 543)	(43 166)	(66 709)

Economic assumption changes

	30 June 2023			30 June 2022		
	ANW R'000	**VIF R'000**	**EV R'000**	ANW R'000	VIF R'000	EV R'000
Economic assumptions impact on liabilities	**62 453**	**10 313**	**72 766**	121 346	(13 523)	107 823
Other Investment variance	**52 996**	**–**	**52 996**	23 629	–	23 629
Economic variance	**115 449**	**10 313**	**125 762**	144 974	(13 523)	131 451

Value of new business

Value of new business (12 months)	**2023 R'000**	2022 R'000
Gross value of new business	**16 469**	62 635
Cost of required capital	**(6 393)**	(5 930)
Value of new business	**10 076**	56 705
Present value of gross premiums (new business)	**774 910**	666 995
New business margin	**1.3%**	8.5%

The total VNB margin for OUTsurance Life decreased over the last 12 months. The total margin, however, is distorted by the heavy new business strain of the face-to-face initiative launched in 2022.

When normalising for the face-to-face initiative, the VNB margin has reduced from 15.1% to 9.0%, due to an increase in per policy acquisition and maintenance expenses across most products.

Value of new business (12 months) – (excluding Face-to-face)	**2023 R'000**	2022 R'000
Gross value of new business	**68 775**	103 702
Cost of required capital	**(4 744)**	(5 312)
Value of new business	**64 031**	98 390
Present value of gross premiums (new business)	**713 498**	649 532
New business margin	**9.0%**	15.1%

Supplementary financial information/ OUTsurance Life – Embedded value continued

Sensitivities analysis

The table below provides an analysis of the sensitivities as, prescribed by APN 107, of the embedded value of the in-force book:

Value of in-force sensitivity analysis at June 2023	Gross value of in-force R'000	Cost of required capital R'000	Net value of in-force R'000	% Change R'000
Base	982 897	(30 200)	952 697	
1% increase in the risk discount rate	941 887	(30 215)	911 672	(4.3%)
1% decrease in the interest rate environment	949 047	(60 294)	888 753	(6.7%)
10% decrease in maintenance expenses	1 016 757	(29 489)	987 268	3.6%
10% decrease in new business acquisition expenses	982 897	(30 200)	952 697	–
10% decrease in lapse rates	993 391	(29 808)	963 583	1.1%
5% decrease in morbidity and mortality rates	1 034 086	(26 798)	1 007 288	5.7%

Value of in-force sensitivity analysis at June 2022	Gross value of in-force R'000	Cost of required capital R'000	Net value of in-force R'000	% Change R'000
Base	834 900	(41 673)	793 227	
1% increase in the risk discount rate	797 707	(41 641)	756 066	(4.7%)
1% decrease in the interest rate environment	806 898	(83 327)	723 571	(8.8%)
10% decrease in maintenance expenses	859 847	(39 268)	820 579	3.4%
10% decrease in new business acquisition expenses	834 900	(41 673)	793 227	–
10% decrease in lapse rates	849 797	(46 855)	802 942	1.2%
5% decrease in morbidity and mortality rates	879 547	(37 071)	842 476	6.2%

The table below provides an analysis of the sensitivities, as prescribed by APN 107, of new business written:

Value of new business sensitivity analysis at June 2023	Gross value of in-force R'000	Cost of required capital R'000	Net value of in-force R'000	% Change R'000
Base	16 469	(6 393)	10 076	
1% increase in the risk discount rate	9 075	(6 400)	2 675	(73.5%)
1% decrease in the interest rate environment	27 253	(8 255)	18 998	88.5%
10% decrease in maintenance expenses	21 167	(6 085)	15 082	49.7%
10% decrease in new business acquisition expenses	43 776	(6 393)	37 383	271.0%
10% decrease in lapse rates	38 598	(5 346)	33 252	230.0%
5% decrease in morbidity and mortality rates	20 684	(6 082)	14 602	44.9%

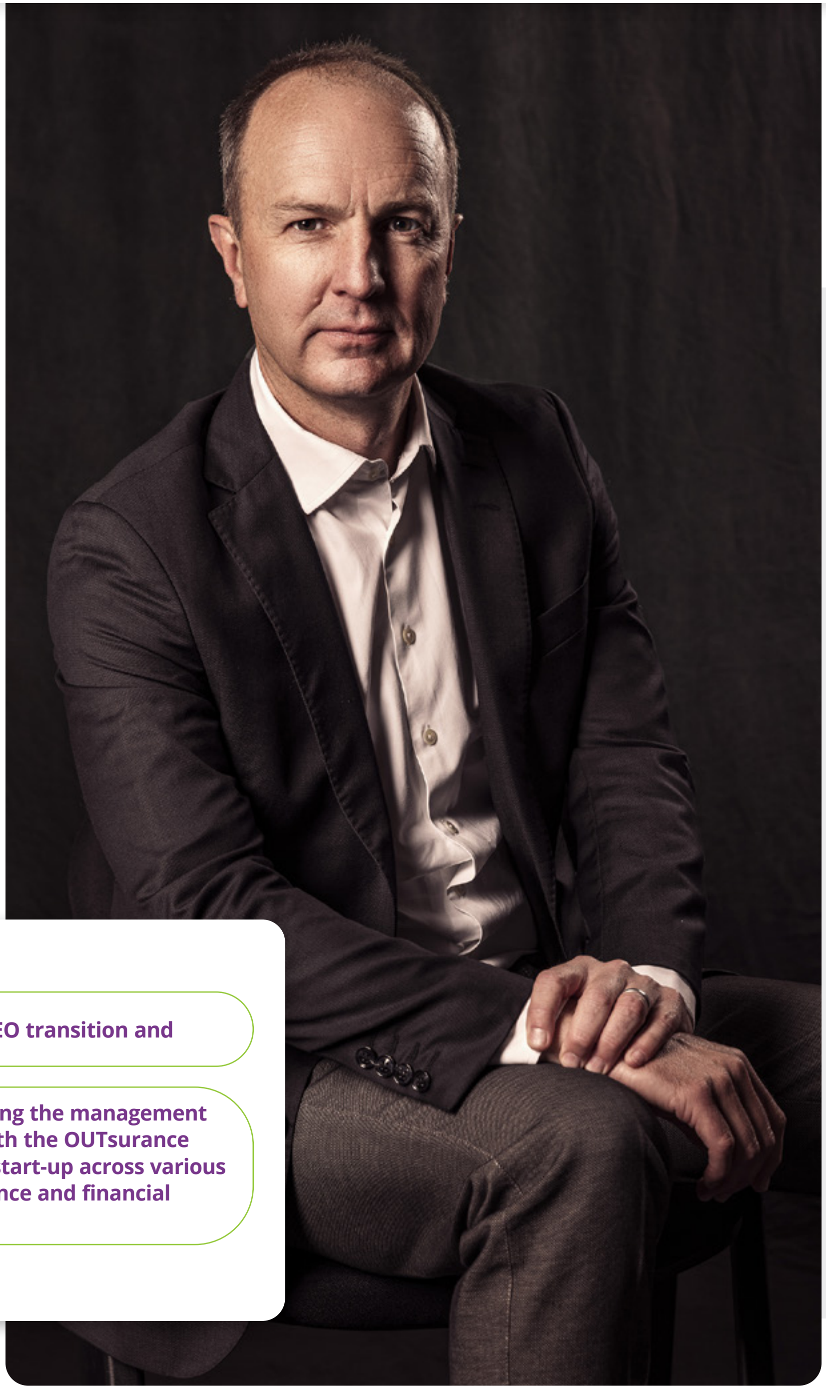
Value of new business sensitivity analysis at June 2022	Gross value of in-force R'000	Cost of required capital R'000	Net value of in-force R'000	% Change R'000
Base	62 635	(5 930)	56 705	
1% increase in the risk discount rate	47 911	(5 935)	41 976	(26.0%)
1% decrease in the interest rate environment	64 583	(7 558)	57 025	0.6%
10% decrease in maintenance expenses	59 134	(5 608)	53 526	(5.6%)
10% decrease in new business acquisition expenses	76 548	(5 930)	70 618	24.5%
10% decrease in lapse rates	77 275	(5 281)	71 994	27.0%
5% decrease in morbidity and mortality rates	66 916	(5 594)	61 322	8.1%

Economic assumptions

	30 June 2023	30 June 2022
Yield on securities backing non-bonus liabilities	12.3%	11.5%
Yield on securities backing bonus liabilities	9.7%	9.4%
Inflation rate	7.1%	7.9%
Risk discount rate	16.3%	15.5%

The discount mean term resulting from the above yield assumptions is 8.3 years (2022: 9.2 years).

Chairman's review



The 2023 year was a successful year for OUTsurance, with outstanding results across the Group. It was a year of organisational consolidation and transition, with the highlight of the year the success of the listing which was completed in December 2022.

The listing transition and preceding corporate actions, which included the unbundling of Discovery and MomentumMetropolitan and the sale of Hastings, have unlocked significant value for our shareholders and presents a simplified investment case for a fast growing and leading insurance group.

The board's focus for 2023 were on:

1. monitoring progress with the investment in growth and diversification
2. the impact of the listing transition on our governance structures and reporting
3. a review of our long-term incentives model to align with the listed nature of the business
4. Youi's CEO transition and
5. supporting the management team with the OUTsurance Ireland start-up across various governance and financial vectors.

Governance and succession

The listing transition enabled a strengthening of the Group's governance structures through the combination of the previous RMI Holdings and OUTsurance Holdings boards to ensure the appropriate blend of skills, listed experience and tenure. I am pleased with the seamless manner in which the governance structure has adapted to the demands of the listed environment.

Management and board succession is one of the board's primary roles. Youi's thorough CEO succession process was well executed and managed by the Youi board and management team. We would like to thank Hugo Schreuder for his immense role in stewarding Youi successfully as a start-up in 2008 to a sustainable and successful business. We welcome Nathaniel Simpson as the new Youi CEO, and Peter Broome as the CEO of OUTsurance Ireland.

Chairman's review continued

"The opportunity to establish OUTsurance Ireland in 2024 will provide the Group with long-term growth within a developed economy and established market which we believe is a good business model and core competency fit for OUTsurance."

Economic environment

The external environment, albeit marked by difficult economic conditions, favoured our financial results this year. The return of premium inflation and normalisation of investment income are notable economic drivers of our value. The financial results are testament to the strength of the operational execution and the agility of our business model to adapt to the dynamic external environment.

Investment in growth and diversification

Investments made to stimulate diversified growth within our core competency of insurance have started to contribute positively to our earnings profile as the new ventures move out of their respective start-up loss positions. Importantly these initiatives provide for diversified growth towards non-motor insurance which, strengthens our resilience towards the long-term sectoral themes such as changes in vehicle technology and consumer behaviour as well as the effects for global warming.

The opportunity to establish OUTsurance Ireland in 2024 will provide the Group with long-term growth within a developed economy and established market which we believe is a good business model and core competency fit for OUTsurance. The board supported the selection of an experienced and independent board in Ireland to support the business through the exciting start-up phase.

The discontinuation of OUTsurance Life's Face-to-face initiative and the project to monetise OUTvest supports our focus on efficient capital allocation whilst supporting an appetite to organically test new initiatives.

Our social and environmental impact

As a growing organisation we recognise the increasing responsibility of our role within the social, environmental, and economic structures that we operate. This year the Group created 561 new employment opportunities and added 321 new service providers to its vast procurement networks.

Transformation and the diversity of our workforces remain a top priority. We believe in the internal development of talent and future leaders to ensure the strength of our unique business culture and operational excellence. The board is pleased with the progress which the South African operation has made towards improved BBBEE credentials, management, and employee transformation.

Customer trust and service excellence are two critical drivers of growing and sustaining a leading financial services organisation. The board considers these metrics carefully when considering remuneration models and achieving an appropriate balance between financial and non-financial measures of success.

In 2023 we continued to take steps to increase the prominence of our GHG emissions profile across the Group. These actions include the introduction of a climate change measure within the bonus balanced scorecards and defined action plans to continue to reduce our emissions and generate more green energy. We are committed to our stated goal to achieve net zero emissions by 2050.

Looking forward

Over the last five years, the Group has laid strong foundations for diversified growth. Our focus now shifts towards execution with the objective of achieving profitable expansion and optimising the growth opportunity within each business unit.

Our business model has proved to be resilient through economic cycles and we have an appropriately calibrated risk appetite to ensure sustainable organic growth is achieved.

Our relentless focus on treating customers fairly and sustaining market leading service levels, allows us to build a competitive advantage as a leading financial services brand. Our customer outcomes and the positive impact we wish to have on society and the natural environment will remain focal points for the board and management team.

I wish to congratulate and thank our more than 7 500 colleagues in South Africa and Australia on an excellent financial and operating performance.

Herman Bosman
Chairman
12 September 2023

Our stakeholder engagement

Our main stakeholder groups are intrinsically linked to our purpose to disrupt, simplify and serve. The quality of our engagements is crucial for true value creation which stretches beyond economic value and defines the sustainable relationships of trust with our stakeholders. It is evident in world-class service, uncomplicated and value for money products for our customers, being a top employer and a great company to work with for our service providers. As a dynamic and innovative Group, seeking continuous improvements, we aim to deliver strong returns to our shareholders and to uphold the image and reputation of our industry. Caring for the environment, society, good corporate governance, ethics and relationships with our Regulators are always top of mind.

Our people (Permanent and temporary employees)

MATERIAL NEEDS

- Great company to work for
- A safe and healthy work environment
- Open and honest communication
- Innovative culture
- Recognition, fair remuneration and performance management
- Training and career development opportunities
- Equal, diverse and inclusive workplace
- Human and labour rights protected
- Flexible working arrangements

HOW WE ENGAGE

- Induction and on-boarding
- Wellness initiatives and onsite vaccination programmes
- Regular engagement with management and senior management
- Surveys
- Departmental meetings and workshops
- Electronic and mobile communication
- Open door policy
- Digital engagement platforms
- Committees, forums and diversity dialogues
- Employee centred focus groups (Talk-OUTs)
- Training, recognition and development programmes
- OUTGrow career days to aid career planning

ADDED VALUE

- Increased employee satisfaction measured through positive value scores
- Increased engagement
- Improved employee longevity
- Fostering an innovative and digital culture
- Access to employee benefits
- Access to hybrid and remote working options (where applicable)
- Enhanced potential through training and development programmes
- Sustained focus on mental health interventions
- Improved employee retention
- Better remuneration outcomes for employees
- Growth opportunities, as result of internal mobility and promotion
- Better customer outcomes as a result of fewer staff errors

Key challenges in review period

- Mental health and wellbeing
- Transformation and employee equity as a key strategic people focus area
- Employee retention in science, technology, engineering and mathematics (STEM) skills as a result of emigration

Our response to key challenges identified

- Flexible ways of working
- Improved employee assistance programme offering
- Onsite vaccination site
- Ongoing mental health awareness initiatives including emotional impact interventions
- Revised OUTsurance employment equity plans in line with expectations of the Department of Labour (DoL)
- Hybrid work arrangements as a key employee retention tool in STEM skills and benchmarking of earnings and benefits

***Our Stakeholder engagement** continued*

Our customers

(Existing and prospective customers including individuals and businesses)

MATERIAL NEEDS

- Value for money products and services
- Fair treatment and awesome service
- Innovative and relevant insurance products
- Value added digital services

HOW WE ENGAGE

- Call centres and face to face employees
- Advertising
- Social media
- Policy and contract documentation
- OUTsurance and Youi app
- SMS messages and email communication
- MyOUTsurance and Youi customer portals
- Customer satisfaction surveys
- YouiRewards email and in-app messages
- Youi mobilised claims teams to Insurance Council of Australia (ICA) recovery centres quickly during catastrophe events
- Claims tracker

ADDED VALUE

- 24 hour contact centres and assistance
- Increased customer satisfaction
- Increased longevity of customers
- Increased customer value
- Easier access to information and assistance on multiple platforms
- Settling all valid claims
- Providing financial protection for covered losses
- Paying an OUTbonus to qualifying customers
- YouiRewards offering customers exclusive discounts
- A wide bouquet of cover from personal to business to life to pet that allows us to be able to cover most of customers' insurance needs
- Ensuring employees are adequately trained to improve customer service and therefore satisfaction

Key challenges in review period

- Lapsing/cancelling of cover due to financial pressure
- Decreased customer interest in the reduced YouiRewards programme

Our response to key challenges identified

- Review customers' portfolios
- Restructure cover
- Increase maximum available excesses with appropriate guidance to assist with lowering premiums
- Business investigation into viability options for the YouiRewards programme

Our Stakeholder engagement continued

Our service providers

(Service providers and suppliers)

MATERIAL NEEDS

- Access to market
- Prompt and accurate payment
- Feedback on business performance
- Ease of communication, including digitisation

HOW WE ENGAGE

- Self-payment systems
- Online quotation system
- Personal interaction via call centre
- Roadshows
- Electronic communication
- Regular audits and guidance
- KWANDE Enterprise and Supplier Development (ESD) programme
- Dedicated service provider relationship managers
- Induction and on-boarding sessions
- Focus groups
- OUTsurance work allocation model
- Improved contract management and application processes
- Due diligence processes

ADDED VALUE

- Faster quotation process
- Accurate and timeous payment
- Real-time problem resolution
- Increased customer satisfaction
- Growth opportunities for our suppliers
- Sustainable service provider base
- Determining win-win scenarios with key suppliers
- Improved service provider capacity
- Service providers gain insight of business performance and cost management practices
- Enabling service providers to make changes to their businesses to secure contracts and top-line growth
- Cost reduction and improved profitability supported by the work allocation model
- Enhanced access to new market entrants with a specific focus on business with owners who are historically disadvantaged individuals
- Minimise supplier risks
- Home Panel Contracts extended to three years
- Full revision of Motor Cost Structure designed for sustainable mutually beneficial relationship
- Centralisation of non-driveable vehicles to hub sites
- Primary or sole supplier relationships
- Structured meetings and data sharing

Key challenges in review period

- Loadshedding: motor body repairers, glass fitment centres, builders and plumbers rely on stable supply of electricity both on their own premises and other places of work. Scheduling appointments reliably and having uninterrupted production processes are key in great customer outcomes and efficiency
- Labour and material cost increases
- Unprecedented catastrophe events
- Market shifts in repair network including emerging consolidators and restructures
- Alignment of internal and external expectations on key results

Our response to key challenges identified

- Information gathering to understand service providers' circumstances better
- Inclusion of service providers in risk response plans as service providers are an integral part of our goal to deliver awesome service
- Long-term plans to integrate renewable energy into our ESD programmes
- Renegotiated rates and allowances
- Increased service provider mandates to reduce administration and delays
- Revision of network and consolidator strategy
- Improved data sharing and cross referencing of results to ensure alignment

Our Stakeholder engagement continued

Our community

(Communities in which the Group's offices operate, including charity organisations)

MATERIAL NEEDS

- Responsible corporate citizenship, contributing positively to environmental and social matters
- Charitable initiatives
- Access to insurance services
- Employment opportunities
- Consumer education
- Sectoral education and training

HOW WE ENGAGE

- Staff Helping SA OUT (SHSAO)
- OUTsurance pointsmen
- Youi@Hand
- Sponsorships and events
- Internships
- Advertising and marketing
- Social media contact

ADDED VALUE

- Giving back to the community
- High visibility
- Procurement opportunities
- Educating the public about insurance
- New jobs created
- Successful initiatives to reduce our impact on the environment including environmental clean-up projects
- Introduce Givar platform in Australia that allows 100% of our donations to reach given charities with zero A$ deducted for fees

Key challenges in review period

- Despite the ease in COVID-19 restrictions, there was a decrease in attendance numbers for sponsorships and events as people were still hesitant to attend big events
- Financial donations from employees for SHSAO
- For consumer education, it was difficult to engage with communities face-to-face
- Increased demand for Pointsmen due to the increase in loadshedding stages
- Ensuring ongoing partnerships with employees, non-profit organisations and communities across South Africa
- Dispersed workforce which lead to a lack of internal visibility

Our response to key challenges identified

- Placed key focus on food security by partnering with Genesis across the country to provide nutritious, healthy, instant meals
- Gun Run ATL Media, focussed specifically on KFM to drive entries since it is the highest listenership station in Cape Town
- Social media and radio engagements with communities for consumer education
- Expansion of Pointsmen to Paarl and Stellenbosch to assist with traffic congestion
- Internal communication drive within the organisation to create more awareness of projects, volunteering opportunities and how to contribute to the SHSAO fund
- Youi provided both digital and physical solutions where possible through Givar and reliance on digital communication solutions (YourNews, Yammer etc)

Our Stakeholder engagement continued

Government, regulators and industry bodies

(Regulators, industry bodies, government departments, associations and Ombud schemes)

MATERIAL NEEDS

- Comply with laws, regulations, standards and codes of conduct
- Timely regulatory reporting including breach reporting
- Transparent communication to the benefit of the industry and consumers
- Keeping abreast of regulatory developments, active participation in regulatory engagements and consultation
- Payment of fees, levies and taxes
- Resolution of regulatory complaints

HOW WE ENGAGE

- Engagement through various monthly and quarterly committee, board and forum meetings
- Supervisory meetings with various Regulators
- Electronic and telecommunications
- Dedicated delegations for direct liaison with Ombud schemes, regulatory and industry bodies
- Early engagement on matters to ensure constructive and open communication to Regulators

ADDED VALUE

- Implementation of regulatory changes
- High level of cooperation
- Healthy and transparent external relationships
- Contribute to the design and content of new laws, regulations, standards and codes of conduct
- Appropriate and consistent oversight of regulatory activities
- Constructive engagements and feedback with Regulators
- Positive engagement with Regulators has led to positive feedback on regulatory activities

Key challenges in review period

- The introduction of the Twin Peaks model in South Africa necessitated a drive to harmonise financial services legislation, exacerbated by the grey listing of South Africa by the Financial Action Task Force. A number of regulatory changes are required in order to give effect to this
- Keeping abreast of regulatory developments
- The volume of non-routine regulatory developments and activities

Our response to key challenges identified

- The harmonisation of financial services legislation requires operational processes to continuously be aligned to these requirements, as and when introduced. We continue to track regulatory changes and ensure to prepare and implement such changes when required
- Regulatory affairs function within Compliance and Legal to support on-going regulatory correspondence and engagement
- Early and proactive engagement
- Clear roles and responsibilities throughout the business
- Open communication with internal stakeholders on upcoming matters for prioritisation and planning
- Awareness and training

Our Sustainability Strategy

Our Sustainability Strategy supports the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 to be achieved by 2030. In this report we demonstrate our commitment to the global goal to ensure a sustainable future by linking our activities and efforts to support the SDGs.

OUTsurance considers the impact of climate change on our business ("outside in") as well as the impact of business activities on the environment ("inside out"), also known as the concept of double materiality.

Our overall sustainability strategy is summarised below in terms of the environmental, social and governance (ESG) dimensions:

ESG dimension		Themes and associated initiatives	Enabling policies, strategies, plans	Oversight/committee	SDGs
Environmental	**Long-term overall net-zero commitment by 2050**	➥ We aim to achieve net-zero by 2050. Action is required for the reduction in greenhouse gas (GHG) emissions to help limit global warming to below 1.5°C. Our ambition is to reduce emissions by 50% by 2030 on our journey to net-zero by 2050.	Climate Change Strategy and Roadmap (CCSR), Climate Risk and Environmental Sustainability Policy (CRESP), Own Risk and Solvency Assessment (ORSA) Policy	Internal Risk Committee (IRC), Climate Risk Resilience Committee (CRRC), StratCo, Social and Ethics Committee (SEC), Board	
	Own operations	➥ Own operations Scope 1, 2 and 3 GHG emissions and initiatives around energy, water usage and waste management are measured and reported. 2050 target with interim targets.	CRESP, CCSR, Flexible Work Policy	IRC, CRRC, StratCo, SEC, Board	
	Supply chain incl. claims and non-claims service procurement	➥ Existing claims supply chain management practices to be augmented. ➥ Support service providers (SPs) and contribute towards decarbonisation beyond our own operational footprint. Lack of access to reliable data currently prevents accurate measuring and reporting supply chain emissions. This is a targeted future enhancement. 2050 target with interim targets.	Procurement Policy, CCSR	IRC, StratCo, SEC, Audit, Risk and Compliance Committee (ARC)	
	Underwriting and investments	➥ OUTsurance sees opportunity for stakeholder education to manage climate related risks and drive change, supporting customers to decarbonise their own activities through the products and services we offer. Support funding decarbonised and green investments. 2050 target with interim targets.	CCSR, Underwriting, Reinsurance and Investment Policies	IRC, ARC, SEC, Stratco, Reinsurance, Asset, Liability and Capital Committee (ALCCO)	

Our sustainability strategy *continued*

ESG dimension		Themes and associated initiatives	Enabling policies, strategies, plans	Oversight/committee	SDGs
Social	**Stakeholder engagement**	➥ Our stakeholders, their needs, how we engage and achieved objectives		All	
	Workforce	➥ Job creation and retention, employee value proposition ➥ Labour relations ➥ Fair remuneration practices ➥ Recognition and reward programmes ➥ Values and values based Leadership Framework	Recruitment Policy, Remuneration Policy, Occupational Assessment Policy, Disciplinary Philosophy, Leave Policy	Operational Committee (OPSCO), Executive Committee (EXCO), IRC, SEC, other management committees	1 No Poverty 8 Decent Work and Economic Growth
		➥ Workplace diversity and inclusion ➥ Transformation plan ➥ Employment Equity (EE) plan	Transformation Policy, Diversity and Inclusion Policy, B-BBEE Policy, EE Policy, Harassment Policy	Transformation and EE Forums, IRC, Stratco, EXCO, SEC, ARC, Board	5 Gender Equality 10 Reduced Inequalities
		➥ Health and safety and well-being programmes ➥ Programmes for employees to speak out	Health and Safety Policy, BCM Policy and Plan, Disability Policy, Pandemic Plan, Flexible Work Policy, Harassment Policy, other related policies	Occupational Health and Safety (OHS) Committee, IRC, SEC, ARC	3 Good Health and Well-Being
		➥ Human Capital development: training and development programmes, skills development	Learning and Development Policy	OPSCO, IRC, SEC, Other management committees	4 Quality Education
	Supply chain and distribution	➥ Labour rights (including freedom of association, health and safety, human rights, modern slavery) ➥ Diverse and inclusive procurement practices ➥ Supplier development programmes ➥ Platforms and channels for clear communication, fast payments, speedy feedback on performance ➥ Treating Suppliers Fairly Framework	Transformation Policy, Procurement Policy, Employee Gifts and Conflict of Interest Policy	Transformation, Claims EXCO Sub -, SteerCo's, Actuarial, Procurement Forums	4 Quality Education 8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure
	Community, customers, products and services	➥ Customers – awesome service initiatives and reporting ➥ Treating customers fairly (TCF) ➥ Consumer education ➥ Customer privacy and data security ➥ Affordable and accessible products and services ➥ Digital service channels ➥ Responsible marketing campaigns ➥ Sponsorships, donations, charitable giving ➥ SHSAO and Youi@Hand strategies ➥ Pointsmen Project, sponsorships, internships ➥ Blood donations drives on campus	Claims Management Framework, Complaints Management Framework, Data Management Framework, IT and Cybersecurity Policies	OPSCO, EXCO, IRC, SEC, ARC	1 No Poverty 2 Zero Hunger 3 Good Health and Well-Being 6 Clean Water and Sanitation 11 Sustainable Cities and Communities

Our sustainability strategy *continued*

ESG dimension		Themes and associated initiatives	Enabling policies, strategies, plans	Oversight/committee	SDGs
Governance	**Governance, oversight, accountability, independence**	➥ Board, board committee and management committee composition, governance, fitness and propriety – leading to good performance against strategy; effective control, ethical culture, stakeholder inclusivity and responsible corporate citizenship	Charters of Board and Committees, Group Governance Framework, Delegation of Authority, Internal Controls System Policy, Succession Policy, ESG Goals included in senior management bonus score cards, Succession Plans for Board and Senior Management	EXCO, IRC, Stratco, SEC, ARC, RemCo, NomCo, Board, Combined Assurance Forum, Fraud Focus Forum	
	Reporting and transparency	➥ Reporting to various governance structures ➥ Risk management, risks and opportunities ➥ Combined Assurance Model ➥ Our Capitals, Material Matters ➥ Include TCFD, link SDGs to our themes in reports	Governance Framework, Policy Framework, Remuneration Policy, Group Risk Management Strategy and Risk Appetite, Tax Risk Policy, Internal Financial Controls (IFC) Framework, Combined Assurance Forum Charter		
	Ethical behaviour	➥ Risk and corporate culture linked to values in Risk Management Strategy and Framework ➥ Gifts and conflicts of interest monitoring ➥ Fraud monitoring, reporting ➥ Compliance Officer with ethics responsibilities ➥ Internal and external whistle-blowing platforms	Ethics Policy, Debarment Policy, Social Media Policy, Employee Gifts and Conflicts of Interest Policy, Fit and Proper Policy, Fraud Risk Management Policy, Whistle-blowing Policy		

Environmental, Social and Governance Report

(Incorporating the Social and Ethics Report)

Our environment

Climate change, nature risk and environmental sustainability

Climate change materialises globally through acute physical risk or from longer term shifts in climatic patterns known as chronic physical risk. Our businesses are exposed to acute physical risks, driven by weather-related events such as storms, floods, droughts or wildfires which increase in severity and frequency. The chronic risks are evident through continuous changes in climate and weather patterns including changes in precipitation and temperature which could lead to rising sea levels, water scarcity, loss of biodiversity and changes to soil productivity. These risks impact our customers, business and reinsurers. We observe increasing expectations from various stakeholders such as regulators, communities and shareholders regarding our response, policies, strategies and disclosures.

Climate related risks are prudently considered across the Group's operations in strategic decisions, through our scientific risk-based approach to insurance pricing and underwriting as well as the continuous improvements in terms of sustainability and environmentally friendly initiatives, projects and reporting. OUTsurance's Climate Risk Strategy and Roadmap sets out commitments, actions, goals and targets for our transition journey to net-zero by 2050.

Through our efforts to respond and adapt to climate change we identify opportunities to explore as well as risks to mitigate and manage.

OUTsurance monitors with great interest the developments around the Taskforce on Nature-related Financial Disclosures (TNFD) and its Framework. In the context of environmental sustainability, we need to mitigate both climate risk and nature risk. We recognise the synergies between nature and climate and the importance of protecting biodiversity and to contribute to the restoration of nature. Some of OUTsurance's activities to clean and protect the environment are reported to illustrate our existing contributions to mitigate nature risk as an important foundation for future strategies.

15 LIFE ON LAND

The Financial Stability Board (FSB) assembled the Taskforce on Climate-related Financial Disclosures (TCFD) to develop a voluntary framework for climate-related financial disclosures.

The next table provides a summary of OUTsurance's response to the TCFD recommendations. More details are provided in the various report sections.

TCFD reporting

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

GOVERNANCE

Describe the Board's oversight of climate-related risks and opportunities

PROGRESS	
	The Board is responsible for the overall governance of risk. In terms of environmental and climate change risks, the Board is supported by the Audit, Risk and Compliance (ARC) and the Social and Ethics Committee (SEC) board sub-committees.
	The Board approved Climate Risk and Environmental Sustainability Policy includes the 8 principles that provide guidance for the continued adoption of environmentally responsible practices and management of climate related risks and opportunities. TCFD recommendations are adopted in the policy. The policy is reviewed and updated annually.
	Other Board risk management policies are also relevant: Reinsurance, Underwriting, Own Risk and Solvency Assessment (ORSA), Investment and Capital policies.
	The Climate Change Strategy and Roadmap is approved by the SEC and supported by the Board, setting out the strategy and roadmap for our transition plans to destination net-zero by 2050.

Describe management's role in assessing and managing climate-related risks and opportunities

PROGRESS	
	Climate change risks and opportunities are assessed, monitored, managed and reported to several relevant management committees across the Group. These include the Group Strategic Committee, the Executive Committees, the Internal Risk Committees, Reinsurance Committees and Asset, Liability and Capital Committee (ALCCO).
	The Group Climate Risk Resilience Committee as established in terms of the Climate Change Strategy and Roadmap, had its inaugural meeting in the second half of 2022, with two subsequent meetings to date.
	Executive oversight by the Group Chief Risk Officer (CRO) of climate change risk, policies and strategies.
	Continuous focus and upskilling regarding the impact of climate change and TCFD recommendations.

STRATEGY

Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

PROGRESS	
	Climate related risks & opportunities are considered in our Business Strategy and more specifically also in the Group's Climate Change Strategy and Roadmap since May 2022.
	The Climate Change Resilience Committee is tasked to assist stakeholders with the plans that will support the Strategy. Collaboration and engagement is taking place to ensure better understanding of risks and opportunities of climate related risks.
	Risks and opportunities are documented in various reports including this report, regular risk management reports and the ORSA report.

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

PROGRESS	
	Physical risks, specifically acute risks associated with extreme weather related events, have the biggest impact on the business and reinsurance arrangements.
	Opportunities in capital planning, superior pricing and underwriting, diversification by line of business and geography.
	Increased solar insurance needs, with increased volatility of claims costs due to larger event costs. Opportunity in supporting customers and accurate pricing.
	Other risks include regulatory and reputational risks.

Use scenario analysis to describe the resilience of the organisation's strategy under different global warming scenarios, including a 2°C or lower scenario

PROGRESS	
	Our ORSA stress tests include climate related risk and their impact on our capital and financial planning. Assessment of our climate resilience.

RISK MANAGEMENT

Describe the processes for identifying and assessing climate-related risks

Describe the processes for managing climate-related risks

PROGRESS	Climate related risks are defined in our Risk Classification System. They are identified, assessed, monitored, managed and reported on in line with the Group Risk Management Strategy and Framework like all other types of risks.

Describe how processes for identifying, assessing and managing climate-related risks are integrated into overall risk management

PROGRESS	Climate related risks are captured in our risk registers and are also marked with a special tag if captured under other risk types for easy reporting purposes.
	Our Risk Appetite Framework and Statement give due consideration to climate related risks.
	A special section is dedicated to climate related risk in our ORSA report.
	Climate stress and scenario testing performed and reported on.

METRICS AND TARGETS

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management

PROGRESS	We report on metrics relating to energy, water use and waste management. Key risk indicators linked to climate related risks include those associated with GHG emissions, reinsurance arrangements, and underwriting risks.

Disclose Scope 1 and 2 and if appropriate Scope 3 GHG emissions and the related risks

PROGRESS	Own operations Scope 1, 2 and 3 GHG emissions are measured and reported.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

PROGRESS	Goals and targets are identified in our Climate Change Strategy and Roadmap and will continue to evolve. These are supported by detailed plans as required by the Strategy. This includes the long term target of net-zero emissions by 2050 with interim targets.
	We aim to ensure that our own house is in order in terms of minimising our own footprint. Electricity and fuel consumption are our largest opportunities in terms of the journey to net-zero with short to medium terms focus areas.
	We can assist service providers and customers to make a difference, opportunities to provide insurance cover for EV's and solar panels with disciplined pricing of these risks.

We continue to align our Environmental, Social and Governance efforts with the TCFD, Sustainable Development Goals (SDGs) and the Insurance Council of Australia (ICA) climate change roadmap.

Climate change-related risk governance and strategy

Our Board approved Climate Risk and Environmental Sustainability Policy as well as the Climate Change Strategy and Roadmap set the framework for our response and strategy. The Board and management are committed to environmentally responsible practices, identifying and managing climate-related risks and opportunities with reference to the principles listed in our policy:

Principle 1 – Governance and leading from the top
The Board and management have clear roles, accountability, oversight and governance of climate-related risks and opportunities.

Principle 2 – Strategies and decisions
We include climate-related considerations in strategies and decisions.

Principle 3 – Climate-related risk management
We maintain systems and processes to identify, assess, mitigate, manage and report on climate-related risks and opportunities.

Principle 4 – Increase sustainability, reduce impact
We implement measures to reduce our impact on the environment, focus on sustainability, manage and measure GHG emissions.

Principle 5 – Be informed, metrics and targets
We stay informed about regulatory and global climate-related risks developments and expectations, shaping strategies and sustainability efforts. We set targets, measure and monitor metrics accordingly.

Principle 6 – Influence stakeholders
We communicate with stakeholders (e.g. community, staff, customers and suppliers) regarding climate risk, sustainability goals, efforts and outcomes as well as their roles.

Principle 7 – Monitoring and reporting
We continue to seek ways to improve monitoring as well as internal and external reporting and disclosures in integrated reporting.

Principle 8 – Compliance and disclosure
We put measures in place to ensure compliance with regulatory requirements, company policies and disclosure frameworks.

OUTsurance applies these principles through several governance structures, policies, strategies, processes, projects, commitments and initiatives.

Governance structures

- Boards of Directors (Group and Entities)
- Board Committees incl. Audit and Risk, Social and Ethics (SEC), RemCo, NomCo
- Group Strategic Committee (StratCo)
- Group Climate Risk Resilience Committee (CRRC)
- Management Committees: Incl. EXCOs, Risk, Actuarial, Reinsurance, ALCCO

Strategies and plans

- OUTsurance Group Strategy
- Environmental, Social and Governance (ESG) Strategy
- Climate Change Strategy and Roadmap (CCSR)
- Underlying plans to execute on CCSR

Policy documents

- Charters of the Board; Board Risk and Audit Committees; Board SEC; Board Remco; Internal Risk Committees (IRCs); CRRC
- Climate Risk and Environmental Sustainability Policy
- Group Risk Management Strategy and Framework
- Risk Appetite Framework, Risk Appetite Statement, and KRIs
- Other Risk Policies, eg Underwriting, Pricing, Product Dev., Insurance, Reinsurance, Procurement, Investment Policies

Key reports

- ESG Report in Integrated Report, incl. GHG Emissions, metrics and TCFD Disclosures
- ORSA/ICAAP Reports incl. Climate Risks, KRIs, Scenarios and Stresses, Reinsurance
- Other ad-hoc Regulatory reports/ Info Requests
- Management Reports to Boards, Audit and Risk Committees, SEC, IRCs and EXCOs, Actuarial Forums

Metrics, goals and targets

Our Climate Change Strategy and Roadmap (CCSR) sets out several objectives and goals on our journey to net-zero emissions by 2050.

Key goals for our Group in this regard include:

1. Providing leadership and influence utilising communication to all our stakeholders supported by skilled resources and appropriate reporting and disclosures.
2. Limit our impact on the environment, reducing our carbon footprint of own operations, with electricity and fuel consumption our largest opportunities in terms of the journey to net-zero.
3. Continue to find environmental sustainability projects to support and build on previous efforts' successes such as our water consumption, waste management, environmental clean-up and recycling efforts.
4. Identify, assess, mitigate, manage and report on climate related risks and opportunities relating to own operations, supply chain and distribution, community, customers, products and service providers. Through collaboration with suppliers and repairers we can contribute to decarbonisation beyond our own operational footprint.
5. Considering the environment and climate related risks in our strategies and decisions according to the CCSR.
6. We monitor as a key risk indicator, the tCO_2e per employee. The tCO_2e is simply: the (global warming potential) x (tonnes of specific GHG). Our aim is to maintain this metric below three and the tolerance upper bound of our key risk indicator is set at five. Our carbon footprint reporting includes Scope 1, 2 and 3 greenhouse gasses (GHG) emissions.

Our carbon footprint

Excessive GHG emissions keep the earth too warm and disturb the delicate balance required for sustainable life on earth. There are different types of GHGs and they vary in terms of their impact.

The purpose of expressing measurements around carbon footprint in terms of "tonnes of carbon dioxide equivalent" (tCO_2e) allows us to compare apples with apples. Carbon dioxide (CO_2) is a common GHG which is produced when something that contains carbon (C) combusts in an atmosphere that contains oxygen (O_2). We use various conversion factors for each type of emission to get to the tCO_2e we show in the carbon footprint table.

The GHG Protocol **(http://www.ghgprotocol.org/)** divides GHGs into three scopes based on their sources and whether there is direct or indirect emission of GHGs:

SCOPE 1 refers to all direct emissions including fuel used in equipment owned or controlled such as fleet vehicles, generators, air conditioning and refrigerator gas refills.

SCOPE 2 refers to indirect GHG emissions from consumption of purchased electricity, heat, or steam.

SCOPE 3 are all the other indirect emissions including business travel in employee-owned vehicles, on commercial airlines and paper consumption.

Reporting information around our methodology and resources:

Carbon Footprint Reporting Period	Methodology and Resources	
OUTsurance Holdings Group's Financial Year (1 July 2022 to 30 June 2023)	The Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard (revised edition)	Electricity emission factors were sourced from: Eskom's 2022 Integrated Report for SA
	Emission factors by Defra, GHG Conversion factors for Company Reporting, 2022	The Australian National Greenhouse accounts factors – February 2023
	Other resources were consulted where applicable or more specifically relevant for South Africa, Australia and New Zealand.	New Zealand August 2022 Emission Factors
		GHG Consolidation approach: Operational Control

Measurements include	Exclusions
Information relating to all the South African entities in the Group and their employees	Where reliable data is currently not available such as employee commuting it is excluded – noted for future improvement
Information relating to Youi Australia and New Zealand and their employees	

Key metrics for 2023 against baseline year (2018)

Emissions tCO_2e per employee down 34.6% to **1.96** (2023) from 3.00 (2018)

Green energy consumption as % of total energy consumed **up** at **17%** of total energy consumption in 2023 compared to 3% in 2018

Scope 1 business fleet fuels & refrigerants tCO_2e down 17.7% at **1 022.8** (2023) compared to 1 243 (2018)

Water consumed per person hour worked (kL/HW) down 48.4% from Water consumed baseline year (2019)*

*2019 reliable base year for water consumption

Electricity consumed in kWh per employee **down 53.1%** to **1 038** (2023) from 2 216 (2018)

Solar electricity generated MWh **up 416%** was 1 586 (2023) compared to 307 (2018)

Paper usage per employee (Kg) down 53% at **1.81** (2023) from 3.9 (2018)

Scope 3 business air and road travel (tCO_2e) per employee up* 48% at **0.69** (2023) from 0.47 (2018)

* This is mainly attributed to strategic plans including the growth of the inhouse broker force and international expansion to Ireland .

Our carbon footprint measurements are tabled below:

Carbon footprint

	Source	Emissions 2023	2022	2021	2020	2019	2018	% Change (2022/2023)
Scope 1	Fleet petrol	**441.6**	305.9	286.8	356.8	524.8	728.6	44.4%
	Fleet diesel	**232.7**	277.5	322.5	390.8	511.6	402.6	(16.1%)
	Generator diesel	**38.9**	60.9	18.8	16.5	45.7	18.7	(36.1%)
	Liquid petroleum gas	**0**	0	0	0	0	5.8	
	R22 refrigerants	**36.2**	10.9	45.3	63.4	38.0	45.3	232.1%
	R410A refrigerants	**60.6**	188.8	125.3	304.8	146.2	41.8	(67.9%)
	HFC-134a refrigerants	**104.4**	379	85.8	n/a	n/a	n/a	(72.5%)
	R407C refrigerants	**69.2**	175.6	127.7	n/a	n/a	n/a	(60.6%)
	R404A refrigerants	**39.2**	0	n/a	n/a	n/a	n/a	
Scope 1 total	**Business fleet fuels and refrigerants**	**1 022.8**	**1 398.6**	**1 012.2**	**1 132.3**	**1 266.3**	**1 242.8**	**(26.9%)**
Scope 2	Electricity – generated	**7 493.4**	7 769.9	7 738.0	8 956.5	9 548.1	8 871	(3.6%)
Scope 2 total	**Electricity**	**7 493.4**	7 769.9	7 738.0	8 956.5	9 548.1	8 871	(3.6%)
Scope 3	Electricity – transmission and distribution	**946.5**	961.0	841.8	963.7	985.2	868.4	(1.5%)
	Paper	**12.5**	11.1	11.3	18.2	22.1	15.7	12.6%
	Business air (domestic)	**184.1**	141.7	122.0	228.0	420.5	293.0	29.9%
	Business air (international)	**162.5**	48.2	3.8	98.6	206.7	194.8	237.1%
	Employee claimed – petrol	**3 583.7**	2 933.4	2 123.3	1 614.9	1 565.5	1 063.8	22.2%
	Employee claimed – diesel	**1 245.5**	1 159.9	869.7	624.0	607.5	484.0	7.4%
Scope 3 total	**Electricity, paper, business air and road travel**	**6 134.8**	**5 255.3**	**3 971.9**	**3 547.5**	**3 807.5**	**2 919.7**	**16.7%**

		2023	2022	2021	2020	2019	2 018	% Change (2022/2023)
Total emissions	Total carbon emissions per annum (tCO_2e)	**14 651.0**	14 423.8	12 722.1	13 636.2	14 621.9	13 034	1.6%
	Number of employees	**7 467**	6 906	5 954	5 380	5 411	4 342	8.1%
	tCO_2e per employee	**1.96**	2.09	2.14	2.53	2.70	3.00	(6.1%)
	Total number of person hours worked (HW)*	**13 619 808**	12 596 544	10 860 096	9 813 120	9 869 664	7 919 808	8.1%
	Tons CO_2e/HW**	**0.00108**	0.00115	0.00117	0.00139	0.00148	0.00165	(6.1%)

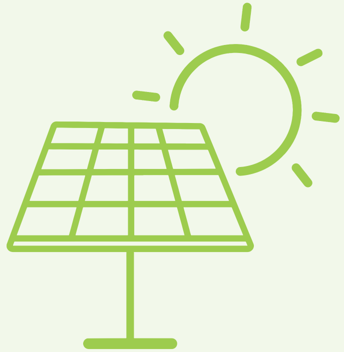
* Calculated: 1 824 HW multiplied by number of employees at year end.
** Average volume of carbon emissions per person hours worked.

The following comments are pertinent to our carbon footprint table:

The total carbon emissions (tCO_2e) per employee was 6.1% lower in the last financial year at 1.96 compared to 2.09 in 2022.

SCOPE 1 Emissions reduced by 26.9% from the previous year. Emissions from fleet fuels increased in the last year as a result of growth in the number of vehicles on the fleet due to growth. We also saw that our claims assessing teams had to drive more than prior years recovering to more normal pre-COVID levels. Generator diesel utilisation decreased but we still required diesel for various power outages. Refrigerants decreased by 58.96% in 2023 compared to 2022.

SCOPE 2 Electricity emissions decreased in 2023 by 3.6% compared to 2022 due to more energy efficient solutions and green energy produced at the main campus. The total electricity consumption across the Group reduced in the last year as tabled below:



Key additional energy consumption information is tabled below:

Additional energy consumption information	**2023**	2022	2021	2020	2019	2018	% Change (2022/2023)
Total electricity consumption (kWh)	**7 753 977**	7 862 120	8 162 015	9 338 821	10 615 286	9 623 831	(1.4%)
Total indirect energy consumption (Gigajoules, GJ) – electricity	**27 914**	28 304	29 383	33 620	38 215	34 646	(1.4%)
Total indirect energy consumed per person hour worked (MJ/HW)	**0.0000020**	0.0000022	0.0000027	0.0000034	0.0000039	0.000004	(8.8%)
Total electricity consumed per person hour worked (kWh/HW)	**0.57**	0.62	0.75	0.95	1.08	1.22	(8.8%)
Total electricity consumed in kWh per employee	**1 038**	1 138	1 371	1 736	1 962	2 216	(8.8%)
Energy consumption MWh	**7 754**	7 862	8 162	9 339	10 615	9 624	(1.4%)
Onsite solar renewable energy – total MWh	**1 586**	1 581	1 479	917	275	307	0%

The total electricity consumed per person hour worked (kWh/HW) reduced by 8.8% in the last year.

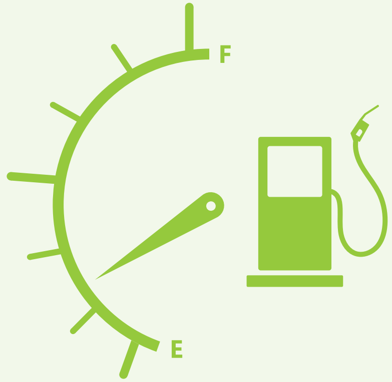
7 AFFORDABLE AND CLEAN ENERGY

Solar energy	**2023**	2022	2021	2020	2019	2018	% Change (2022/2023)
OUTsurance – solar total MWh	**1 448**	1 445	1 340	865	275	307	0.2%
Youi – solar total MWh	**138**	136	139	52			1.6%
Group total solar (Green energy)	**1 586**	1 581	1 479	917	275	307	0.3%
Grid electricity consumption MWh	**7 754**	7 862	8 162	9 339	10 615	9 624	(1.4%)
Total energy consumption (including Green) MWh	**9 340**	9 443	9 641	10 256	10 890	9 931	(1.1%)
Green energy ratio (solar as % of total energy consumption)	**17.0%**	16.7%	15.3%	8.9%	2.5%	3.1%	

The solar panels generated 1 586 MWh of renewable energy in the last 12 months. We are in the process of increasing our photovoltaic (PV) capacity further at the Embankment campus.

OUTsurance has identified measures for more efficiencies in solar energy generation and Youi's plans to install additional solar panels in the coming year will further improve the overall green energy as a percentage of energy consumption.

Environmental, Social and Governance Report *continued*



Scope 3 Emissions increased by 16.73% in the last year.

Business air travel: We recorded an increase in domestic and international air travel due to relaxation of COVID-19 restrictions, an increase in flights to support our international expansion plans, succession consolidation and the inhouse broker force travelling requirements in SA.

Employee claimed petrol and diesel: An increase of 18% in emissions was noted in the last year and initiatives are underway to find long term sustainable solutions to reduce our footprint whilst supporting business strategies. We had more employees driving in 2023 for business purposes with the biggest increase in 2023 noted in the Life Face to face and OUTvest teams.

Emissions associated with paper materials increased by 4% in the last year however if compared to the 2018 baseline year, a significant reduction is noted of 53% in terms of paper use per employee.

Paper	2023	2022	2021	2020	2019	2018	% Change (2022/2023)
Paper (kg) usage	**13 543**	12 099	12 321	19 091	23 110	16 923	12%
Paper (kg) per employee	**1.81**	1.75	2.07	3.55	4.27	3.90	4%

6 CLEAN WATER AND SANITATION

Water consumption and conservation

TOTAL WATER CONSUMPTION (KILOLITRES, kL)

30 449 kL

(2022: 27 390)
% Change 2022/2023: 11.2%

2022	27 390
2021	43 854
2020	39 249
2019	42 788

WATER CONSUMPTION OUTsurance

20 151 kL

(2022: 20 282)
% Change 2022/2023: (0.6%)

WATER CONSUMPTION Youi

10 298 kL

(2022: 7 108)
% Change 2022/2023: 44.9%

OUTsurance	Year	Youi
20 282	**2022**	7 108
33 842	**2021**	10 012
20 900	**2020**	18 349
33 412	**2019**	9 376

WATER CONSUMPTION (kL) PER EMPLOYEE

4.1 kL

% Change 2022/2023: 2.8%

2022	4.0
2021	7.4
2020	7.3
2019	7.9

WATER CONSUMED PER PERSON HOUR WORKED (kL)

0.002236 kL/HW

% Change 2022/2023: 2.8%

2022	0.002174
2021	0.004038
2020	0.004000
2019	0.004335

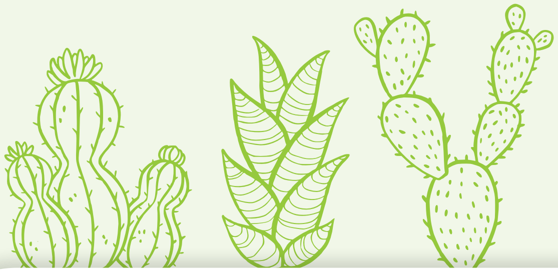
Comparing the **2023** water consumption with the baseline year of 2019, we see **48.4% reduction** in water consumed per person hour worked.

The Group's total water consumption was higher in 2023 compared to 2022 despite a marginal reduction in water usage by OUTsurance. The overall increase is mainly attributed to the fact that 2022 was an anomaly year for Youi because employees were working rotational shifts due to COVID-19 in Australia which was at a high during a different time period than in SA. There were a few months before the rotational shift months where all employees were working from home in 2022. 2023 shows the water usage returning to more normal levels after employees started to return to the office more regularly.

Water saving initiatives are in place at OUTsurance and Youi. Both OUTsurance and Youi have water tanks and systems to collect rainwater for irrigation and other uses.

OUTsurance's 605kL back-up water tank is filled with rainwater from a roof area. The water is filtered before it is used in the building. On rainy days, the municipal supply is manually closed so that we can utilise the water tank. We installed sensors on all our water supplies to the buildings including mains, feed per floor and irrigation so that we can monitor usage and detect and repair possible leaks. The latest project explores more ways to save water through aerators on water taps in the bathrooms.

Gardens at the OUTsurance campus contain mainly waterwise and drought tolerant plants and we use a water saving irrigation system to reduce evaporation and split into zones and 2-3 times a week depending on the season.



***Environmental, Social and Governance Report** continued*

15 LIFE ON LAND

Waste management and recycling

Recycling and waste management initiatives are key components of our strategy to limit our impact on the environment, including:

General waste recycling with the objective to reduce waste to landfill

Secure paper documents destruction and recycling boxes

Environmentally friendly destruction and waste management of **electronic** and **hazardous items**

● Waste to landfill ● Waste recycled

● Waste to landfill ● Waste recycled

GROUP TOTAL RECYCLED PAPER
24 048
(2022: 17 472)
% Change 2022/2023: 37.6%

OUTsurance RECYCLED PAPER
21 920
(2022: 15 814)
% Change 2022/2023: 38.6%

Youi RECYCLED PAPER
2 128
(2022: 1 658)
% Change 2022/2023: 28.3%

GROUP TOTAL RECYCLED WASTE
39 054
(2022: 34 555)
% Change 2022/2023: 13.0%

OUTsurance RECYCLED WASTE
22 768
(2022: 18 269)
% Change 2022/2023: 24.6%

Youi RECYCLED WASTE
16 286
(2022: 16 286)
% Change 2022/2023: 0.0%

Social matters

Our people

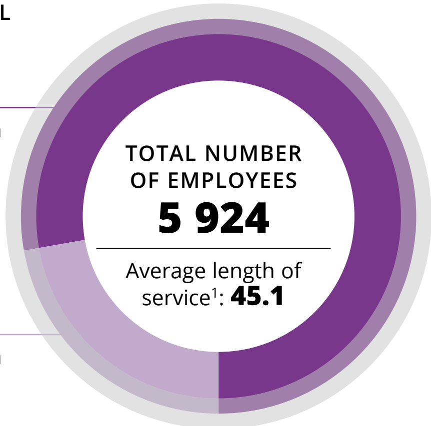
South Africa

OPERATIONAL EMPLOYEES
88.0%

Average length of service[1]:
39.5

SUPPORT EMPLOYEES
12.0%

Average length of service[1]:
85.7



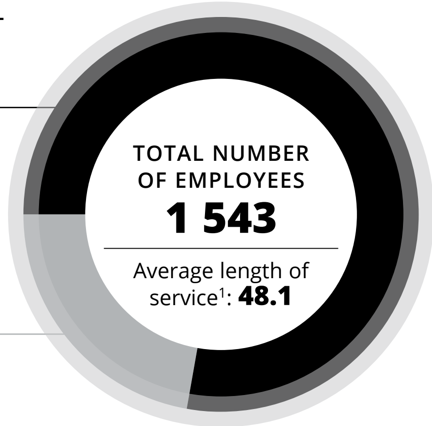
Australia and New Zealand

OPERATIONAL EMPLOYEES
65.7%

Average length of service[1]:
42.8

SUPPORT EMPLOYEES
34.3%

Average length of service[1]:
58.2



TOTAL GROUP WORKFORCE[2]
7 467
2022: 6 906/2021: 6 061
% Change 2022/2023: 8.1%

DIRECT JOB OPPORTUNITIES OFFERED BY **THE GROUP** INCREASED IN THE LAST YEAR BY
8.1%

Residence of employees and employees permanently employed

79.3%
of our **total Group** employee complement resides in South Africa

99.7%
of our **total Group** workforce is permanently employed

1 Average length of service was determined in months.
2 Employees in South Africa, Australia and New Zealand.

Our people *continued*

Employee value proposition

Our employee value proposition (EVP) is a set of benefits our employees receive in return for the experience and skills they offer the Company. We believe that by creating a working environment where employees feel valued, supported, and empowered, we will attract and retain employees who share our Company values and create a sustainable future.

The organisation provides access to the following benefits to achieve the above:

GROUP

- Effective and values-based leadership
- Mental, emotional and financial wellness service providers and wellness events
- Reward and recognition programmes
- Product, systems and industry specific training programmes
- Study support for employees
- Internally facilitated leadership bridging programmes
- Various charity drives and initiatives
- Family focused wellness resources
- Employee benefits and dedicated expert guidance service
- On-site sports and recreation facilities

OUTSURANCE

- Clinic staffed by a nurse, physiotherapist, psychologist and doctor
- Accredited learning academy
- Employment Equity and Transformation Forums
- OUTGrow career days
- Graduate recruitment initiatives
- Graduate learnerships and internships (with high employment absorption rates)
- On-site canteens and coffee shops
- On-site OUTsurance branded merchandise shop

youi

- Accredited traineeship course for new sales, retention and client service department (CSD) advisors
- Commitment to internal career opportunities (all roles advertised internally)
- 12 weeks paid parental leave (eligibility criteria apply) – Australia and New Zealand
- One day additional annual birthday leave per year – Australia
- One day paid volunteer leave per year – Australia
- Access to YouiRewards via app – Australia
- On-site coffee shop

OUTsurance Heritage Day 2022

Life at Youi

Diversity and inclusion

The ultimate objective of our transformation journey is to foster a diverse, equitable, and inclusive culture that nurtures respect, belonging and equity. This objective is based on the four key pillars of:

- Inclusive leadership
- Communication and awareness
- Training and development
- Employee engagement

Some of the key activities to realise these objectives include:

The OUT-Enabled engagement groups continue to allow for engagement between employees living with disability, policy makers and management, provide insight and influence policy direction.

OUT-Pride (LGBTQI+) engagement group continues to engage and provide workplace insights and awareness relating to improved inclusion practises and fostering a sense of belonging for all.

Women have various support groups in the business. In August 2022, a successful women's conference named Shifting the Needle was held, where issues relating to career development, gender relations, women in leadership, addressing the gender pay gap as well as engagement as allies for equitable and inclusive gender practises were covered in depth.

Men@OUT have engagement groups with a key focus on men's mental health.

Diversity dialogues are held online providing education and awareness of intersectional diversities and life experiences.

***Our people** continued*

Workplace diversity and inclusion

5 GENDER EQUALITY
10 REDUCED INEQUALITIES

	2023	2022	2021	% Change 2022/2023
GROUP FEMALE RATIO				
	53.7%	52.8%	49.9%	1.7%
SOUTH AFRICA				
ACI[1] RATIO				
	79.1%	76.4%	72.6%	3.6%
ACI MANAGEMENT[2]				
	61.5%	54.7%	55.2%	12.5%
ACI EXCO MEMBERS				
	58.3%	53.8%	50.0%	8.4%
DISABLED EMPLOYEES				
	48	55	45	(12.7%)

1 African, Coloured and Indian.
2 Management excluding Exco members.

Transformation plan

Broad-Based Black Economic Empowerment (B-BBEE) status

An external accredited verification agency conducted the B-BBEE score card verification for OUTsurance Holdings Limited for the period of 1 July 2021 to 30 June 2022. The verification and scorecard is valid until 27 September 2023. A summary is tabled below:

*The full B-BBEE certificate is available on our **website.***

OUTsurance Holdings Limited scorecard – based on the Financial Sector Charter (FSC)

			Target score
OWNERSHIP	**28.00**	(2021: 28.00)	23.00
ENTERPRISE AND SUPPLIER DEVELOPMENT	**35.58**	(2021: 34.40)	35.00
MANAGEMENT AND CONTROL	**10.15**	(2021: 10.40)	20.00
SOCIO-ECONOMIC DEVELOPMENT	**4.03**	(2021: 4.01)	5.00
SKILLS DEVELOPMENT	**15.73**	(2021: 15.19)	20.00
ACCESS TO FINANCIAL SERVICES	**8.80**	(2021: 8.80)	12.00

OVERALL SCORE
102.29
(2021: 100.80)
Target score: **115.00**

EQUIVALENT SCORE
96.95
(2021: 95.54)
Target score: **109.00**

B-BBEE STATUS
Level 2
(2021: Level 2)

***Our people** continued*

Employment equity plan

Employment equity is an essential component of achieving OUTsurance's transformation objective to build a diverse, inclusive, high-quality employee complement throughout the business. In terms of the Employment Equity Act, an employment equity plan is in place and reviewed on an annual basis. During the reporting period, the Department of Employment and Labour (DoEL) conducted a review in terms of the provisions of the Employment Equity Act on OUTsurance. This review looked at our compliance with both the procedural and substantive requirements of the legislation within the business and was successfully concluded with the DoEL approving our one-year employment equity plan.

In terms of our employment equity priorities, OUTsurance commits to:

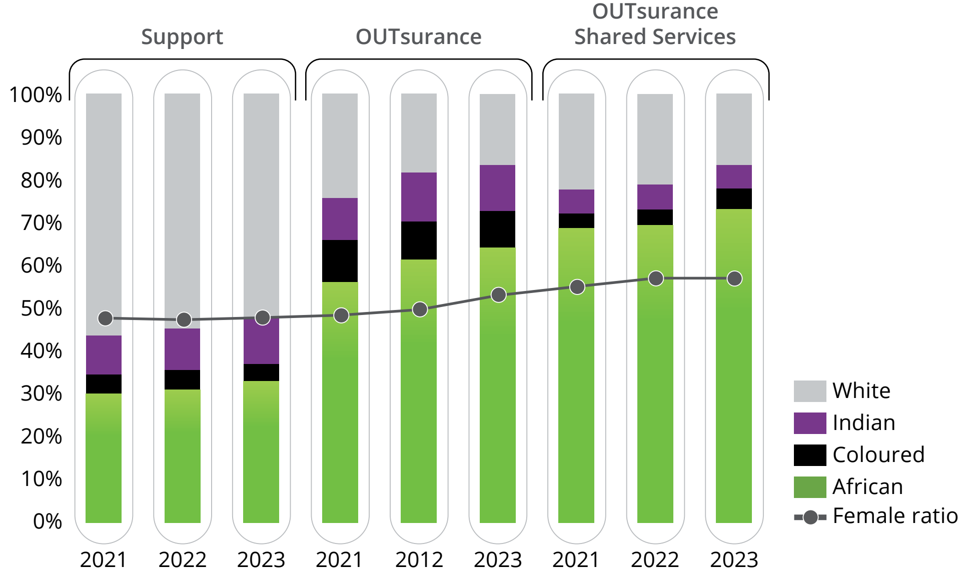
Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination.

Implementing positive measures, through our employment equity plan and the day-to-day management of employees, to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in the organisation.

Maintaining dispute resolution mechanisms where employees who feel that they have been discriminated against can lodge a complaint in writing to be addressed.

Employment equity is an important focus area for OUTsurance and we have made noticeable progress on this front over the last four years.

EMPLOYMENT EQUITY PROGRESSION %



We continue to see gains being made with overall black and female representation and are on course to achieve the one-year targets we have committed to achieve in our approved employment equity plan.

***Our people** continued*

4 QUALITY EDUCATION

Developing our people

We invest in the development and training of our employees by providing internal and external learning opportunities. Financial support is provided for external training whereas internal training is facilitated face to face or online. Our internal training efforts do not only comprise of product specific training but also include lifelong skills development. This is to equip our employees with the necessary tools to develop their personal career path and reach their business goals. We hereby ensure that our employees comply with ever-changing industry practices and regulatory requirements.

Our development efforts are facilitated via:

GROUP

- Internally facilitated leadership bridging programmes
- A learning management system to deliver online training
- Financial support for external studies

OUTsurance

- Accredited learning academy
- Executive coaching for senior leaders
- Learnership programmes and internships
- Induction, Product and Systems training for new employees
- Compliance training
- IT Cyber security training
- FAIS training
- Leadership Training for all levels of management

Youi

- External and internal instructor led short course learning programmes available to all employees
- Comprehensive on-boarding programme for new and remote employees delivered face to face and online
- Tier 2 accreditation for all claims employees, Igniters and leaders

GROUP TRAINING SPEND (R'000)
65 185
(2022: 33 974/2021: 19 878)
% Change 2022/2023: 91.9%

GROUP EXTERNAL TRAINING SPEND (R'000)
16 525
(2022: 16 797/2021: 12 638)
% Change 2022/2023: (1.6%)

EXTERNAL TRAINING AND COACHING SPEND SOUTH AFRICA (R'000)
2 336
(2022: 2 705/2021: 3 721)

EXTERNAL TRAINING SPEND AUSTRALIA (R'000)
14 189
(2022: 14 092/2021: 8 917)

GROUP STUDY ASSISTANCE SPEND (R'000)
10 817
(2022: 3 721/2021: 4 588)
% Change 2022/2023: 190.7%

STUDY ASSISTANCE SPEND SOUTH AFRICA (R'000)
8 325
(2022: 3 721/2021: 4 588)

STUDY ASSISTANCE SPEND AUSTRALIA (R'000)
2 492
Study assistance spend from Youi unavailable for 2022 and 2021.

LEARNERSHIP SPEND SA (R'000)
4 351
(2022: 2 423/2021: 1 256)

INSETA INTERN SPEND SA (R'000)
33 492
(2022: 11 033/2021: 1 396)

Skills development is recognised as a critical component of South Africa's transformation and economic growth. A significant component of the company's skills development programme is a focus on:

- **Learnerships:** Formal, work-based qualification which incorporates theory and practical elements in training
- **Internships:** Informal work experience programmes

The results of the company's efforts is evident in the improvement of the skills development ratio.

SKILLS DEVELOPMENT RATIO[1]
78.7%
(2022: 76.0%/2021: 63.0%)
% Change 2022/2023: 3.6%

1 The ratio is expressed as a percentage of total possible points available. The figure is externally calculated and confirmed by Empowerdex (Economic Empowerment verification agency).
The B-BBEE certificate is available on the OUTsurance website.

Promoting health and wellbeing

Health and safety

Health and safety responsibilities in the Group includes ensuring adherence to legislation, promoting a positive safety culture and acting on incidents and hazards. The health and safety of our employees and visitors is of utmost importance. Our policy and primary focus are to ensure safe work conditions and to eliminate hazards. Health and safety measures in place include, but are not limited to:

- management commitment to health and safety
- compliance with regulations
- health and safety committees
- health and safety representatives
- internal monitoring
- third party audits
- incident investigations
- first aid (mental and physical) and fire safety

Well-being programmes

The Group has various programmes available to our employees promoting physical, mental, emotional and financial well-being. Our wellness programmes encourage employees to adopt healthier lifestyles not only to improve their physical health but also focus on mental, emotional and financial affairs.

The preventive wellness programmes help employees identify and address concerns early on which can promote positive work-life balance, stress management, better overall health and a supportive culture within the Group.

Group

HEALTH INSURANCE
- Medical aid/private health insurance

PULSE SURVEYS
- Staff engagement surveys to gauge the well-being of employees

CONNECTION WELL-BEING
- Volunteering and fundraising
- Flexible working arrangements
- Events and celebrations
- Business technology and communication platforms
- Inclusive work environment

OUTsurance

FINANCIAL WELLNESS
- Free virtual, telephonic or face to face coaching sessions
- Monthly webinars

WELLNESS CLINIC
- Mental and emotional support services
- Onsite clinic – health check-ups and chiropractic services

OUTLIVE
- Wellness programme with incentives for healthy life choices
- Biggest loser 12 week challenge with prizes
- Various sporting activities provided on campus

WELLNESS APPS
- Expert counselling and support (live chat and call function)
- Extensive library of wellness information
- Wellness assessments

youi

CAREER WELL-BEING
- Career conversations
- Personal growth programmes
- Professional development
- Recognition tools

PHYSICAL WELL-BEING
- Access to classes online and onsite
- Fitness passport
- Bikes to hire
- Challenges
- Skin and health checks
- Social sports

FINANCIAL WELL-BEING
- Retail discounts
- Insurance discount
- Free onsite and online home loan consults
- Financial coaching and self-help tools

MENTAL WELL-BEING
- Education
- News
- Mental health first aiders
- Speak up
- Awareness days
- Employee assistance programme
- Boost well-being potential with YourLife calendar

***Our people** continued*

Business continuity management

Business continuity management (BCM) describes our business approach to ensure that critical business functions can be maintained or restored in a timely fashion, in the event of material disruptions arising from internal or external events.

The BCM Framework integrates the disciplines of business continuity planning and preparation, business continuity response and business continuity recovery and comprises of policies, plans and procedures. Our BCM aims to minimise any financial, reputational, legal, regulatory or other material consequences arising from a business disruptive event to protect our employees and brand, minimising disruption to customer service.

Depending on the length of time and the severity of the disruptive event, additional alternate working arrangements are included in our plans through the utilisation of technology.

Emergency evacuation preparedness

The Group's emergency evacuation preparedness aims to reduce the effects caused by disruptive events such as fire, natural disasters and medical emergencies, amongst others.

Our emergency action plan outlines what action needs to be taken should a disruptive event occur with the key focus on the wellbeing and safety of our employees. The plan outlines steps that can be taken during various emergency scenarios that will enable us to save lives, limit injuries and reduce property damage.

Our emergency evacuation preparedness also includes but is not limited to:

- Trained health and safety representatives
- Regular health and safety checks/inspections
- Appropriate emergency equipment
- Emergency action plans
- Emergency evacuation drills/simulations

Labour relations

As a Group we aspire to be a great company to work for and with. It is therefore one of our main goals to treat all our employees with fairness and respect. In the exceptional instance where there might be a labour dispute the Group's policies and procedures are aligned to this goal to ensure that these matters are dealt with in a transparent, consistent and fair-minded manner in accordance with applicable legislation and our values-based approach.

In the interest of fairness, balance and management capacity in all OUTsurance disciplinary matters an independent third-party labour law specialist company facilitates all disciplinary, incapacity and grievance hearings. The Human Resources (HR) team also pro-actively train employees to serve as employee-representatives to support employees in any disciplinary related matters.

Should the matter not be resolved satisfactory internally, options for escalations are provided. Youi and OUTsurance disputes are referred to the Fair Work Commission and the Commission for Conciliation, Mediation and Arbitration (CCMA) respectively. Matters will only proceed to arbitration if there are strong merits in favour of the company.

Our service providers

4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Indirect employment opportunities

Indirect employment opportunities increased by **10%**

Our service providers	2023	2022	2021	% change (2022/2023)
OUTsurance	**3 084**	2 774	2 534	11.2%
Youi	426	415	449	**2.7%**
Total service providers	**3 510**	3 189	2 983	10.1%

Demonstrating our commitment to Broad-Based Black Economic Empowerment

OUTsurance supports procurement practices that promote fair inclusion of qualifying suppliers to achieve and maintain a diverse supplier database.

This is achieved through various initiatives such as:

- continuously identify opportunities to consolidate, and allocate spend to ≥51% black owned, and/or ≥30% black women owned suppliers, for both claims and non-claims related spend development and support of the small, medium and micro enterprises and promote their inclusion in the procurement value chain
- creating job opportunities through supplier or enterprise development initiatives

BEE SPEND[1]

97.35%

(2022: 85.44%/2021: 88.72%)

% Change 2022/2023: 13.94%

1 The score is expressed as a percentage of total possible points available. Total BEE procurement with Empowering Supplier as a percentage of total measured procurement spend.

OUTsurance claims service providers

The table below lists the major service provider (SP) categories, the number of providers per category and the spend distribution between categories. A total number of 1 708 preferred claims SPs in the major categories are currently used, of which 1 286 are EME and QSE. 80% of spend in 2023 was allocated to service providers classified as EME and QSE.

Number of claims service providers

Service provider category	2023	2022	2021	% change (2022/2023)	Percentage of spend (2023)
EME	**1 014**	1 049	927	(3.3%)	39.0%
LRG	**422**	382	385	10.5%	20.0%
QSE	**272**	265	227	2.6%	41.0%
Total	**1 708**	1 696	1 539	0.7%	100%

EME: Exempted Micro Enterprises, LRG: Large Corporations, QSE: Qualifying Small Enterprises.

Onsite contractors

Onsite contractors provide services to ensure a safe, hygienic and well-balanced work environment for our employees. The graphic below summarises the number of permanent onsite contractual workers and indicates the gender and race per contractor:

	TOTAL NUMBER OF CONTRACTING COMPANIES	TOTAL NUMBER OF CONTRACTORS
2023	**10**	**236**
2022	8	228
2021	6	213

	AFRICAN		COLOURED		WHITE		INDIAN	
2023	**101**	**118**	**–**	**2**	**2**	**12**	**–**	**1**
2022	95	109	1	3	2	17	1	–
2021	96	99	–	3	5	10	–	–

This reporting period had 236 contractors which is an increase of 3.5% from the previous reporting period of 2022. African contractors made up 92.8% of the total contractors on site.

Youi has two onsite contractors Good Bean Café and AMC Cleaning that employs approximately 14 people on weekdays.

Our service providers continued

Pointsmen

The OUTsurance Pointsmen programme in partnership with Traffic Free Flow (TFF) was introduced in 2005 to assist with road congestion. Since inception the project has experienced tremendous growth and today there are 162 Pointsmen operating nationally.

Following the success in Gauteng, OUTsurance expanded the Pointsmen programme in January 2023 to Paarl and Stellenbosch, employing a total of 15 OUTsurance Pointsmen in Paarl and 15 in Stellenbosch. The focus for the next financial year is to investigate the expansion of the programme into other key metropolitan regions in South Africa.

	NUMBER OF POINTSMEN	AFRICAN	FEMALE
2023	**162**	**100%**	**53.7%**
2022	132	100%	46.2%
2021	132	100%	43.2%

Performance of our service providers

Service providers are a critical component for customer experience. Both OUTsurance and Youi measure the service delivery of service providers through a Customer Satisfaction Index (CSI) survey process.

Service provider CSI ratio

OUTSURANCE

90.4%

(2022: 90.8%/2021: 90.7%)

% Change 2022/2023: (0.4%)

YOUI

79.7%

(2022: 82.9%/2021: 87.3%)

% Change 2022/2023: (3.9%)

Treating suppliers fairly

Our suppliers are valued stakeholders to our business. Treating our service partners fairly is imperative to ensure great service and cost outcomes sustainably into the future. Initiatives to embed this culture include:

OUTSURANCE

- A “Performance delivered!” campaign was launched at our annual roadshow in October 2022. This emphasizes the key performance areas:
  - Awesome service
  - Efficient cost outcomes
  - Sustainability with a focus on transformation
- Modernisation of the contracting process. This aims to reduce contract durations which incentivise quicker recoveries in underperforming contract holders, thereby providing access to the market for new entrants.
- Restructure of the supplier relationship management (SRM) process to ensure that our service providers are informed of and held accountable for their performance via reliable and valid data. Fair decisions require actionable insight provided by a strong team of actuarial, engineering and administrative personnel.

youi

- Third-party management and supplier governance frameworks ensure that third-parties within the supply chain are assessed fairly, regularly and consistently.
- Suppliers are assessed and re-assessed on an ongoing basis to ensure any changes to supplier engagements are captured.
- Market based and competitive Request for Proposal (RFP) engagements are completed where applicable to support the supplier selection process.
- Suppliers are paid promptly, with 97.6% of supplier invoices paid in less than 21 days within the 2023 financial year.

***Our service providers** continued*

KWANDE Futhi Programme

The KWANDE Futhi programme for plumbers and maintenance businesses was designed to enhance performance and growth in two distinct phases.

PHASE 1: DISCOVER

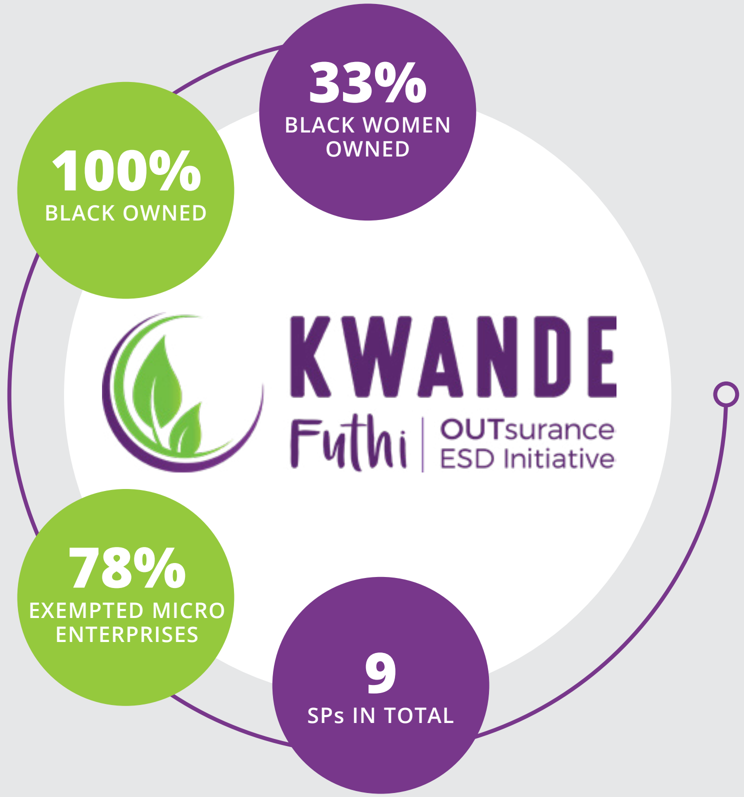
	Analyse	Objective
OUTsurance metrics	➥ Understand factors influencing scores ➥ Identify gaps	➥ Equipment with necessary skills and tools ➥ Optimise metrics ➥ Deliver outstanding service
Business metrics	➥ Finances ➥ Operations ➥ Skills ➥ Capacity	➥ Improve efficiency and effectiveness ➥ Identify potential areas for expansion

PHASE 2: ACCOMPLISH

Three pillars	Mentorship	Special projects	Bootcamps
Achievements of programme	➥ Successfully completed by all SPs	➥ Increase in business maturity ➥ Target number of projects exceeded	➥ Excellent score achieved ➥ Commendable attendance
OUTsurance metrics	➥ CSI improvement		
Business metrics	➥ Procurement weighted average growth rates lower primarily due to seasonality and data outliers ➥ Profit weighted growth rates were high – indicative of improved efficiencies		

This phase delivered tailored support designed to meet the unique needs of each service provider (SP), while focusing on implementing and sustaining the outcomes identified in the Discover Phase.

Grant funds were successfully distributed to all nine SPs, with the programme providing additional resources to support their growth, guidance and oversight to ensure responsible distribution and effective management of the funds in the Accomplish phase.



* The definitions of black owned and black women owned suppliers are as per the Financial Sector Charter.

Overall, the KWANDE Futhi programme demonstrated its effectiveness in helping plumbers and maintenance businesses improve their operations, enhance their sustainability, foster growth and create employment opportunities.

Our customers

In-force policies

OUTsurance

COMBINED IN-FORCE POLICIES
2 771 981
(2022: 2 490 912)
% Change 2022/2023: 11.3%

OUTSURANCE IN-FORCE POLICIES*
1 144 128
(2022: 1 068 949)
% Change 2022/2023: 7.0%

* Includes OUTvest contracts.

YOUI IN-FORCE POLICIES
1 627 853
(2022: 1 421 963)
% Change 2022/2023: 14.5%

Rewarding loyalty

OUTbonus

For 25 years we have not only serviced the needs of our customers, but also rewarded our loyal customers for being claim-free. The OUTbonus is a standard product feature available to our Personal and Business short-term insurance customers. The OUTbonus for Personal short-term insurance customers is calculated at 10% of paid premiums, within a defined claims-free OUTbonus cycle. Once a claim has been submitted, the current OUTbonus cycle will be forfeited, however, a new cycle will commence following the incident date.

With the Business OUTsurance OUTbonus, customers can still enjoy the benefit of receiving an OUTbonus despite submitting minor claims as their loss ratio (the total claims payment on a policy after three consecutive years divided by the total premium collection on the policy for the same period) is used to calculate their OUTbonus rather than their claims-free period. A customer with a loss ratio of 30% or less will qualify for an OUTbonus*.

Making use of our Help@OUT emergency home, roadside or panic assistance does not affect a customer's OUTbonus.

OUTbonus payments

TOTAL OUTbonus PAID TO DATE
R5 571 380 200

OUTbonus PAID PER ANNUM 2023
R536 417 174
% Change 2022/2023: 3%

* New Business OUTbonus structure is applicable to fleet policies sold from October 2021 and other business policies sold from mid-March 2022.

***Our customers** continued*

Digital service channels

Digital channels provide our customers with 24/7 access to products, services and support. The enhanced functionality available on our digital platforms makes transacting on a wide range of insurance offerings simple and convenient for our customers.

OUTsurance digital offering

A TOTAL OF 494 533 CUSTOMERS
have registered on OUTsurance digital platforms at the end of the reporting period.

The following are some digital functionalities available on either the OUTsurance app, portal or website:

- Help@OUT assistance
- Submit/self-service on claims
- SmartDrive programme
- View policy details
- Policy updates
- Refer and Earn

Some noticeable enhancements made during the financial year include:

- Changing debit order dates
- Missed premium payments
- Requesting and tracking towing services
- Website quote capture flows for vehicle, building and contents

DIGITAL CLAIMS
31.0%
(2022: 27.2%/2021: 21.3%)

TRADITIONAL CLAIMS
69.0%
(2022: 72.8%/2021: 78.7%)

It is pleasing to note that digital claims increased by 14.0% and more customers are taking advantage of our digital claiming services.

Google play | Download on the App Store

Youi digital offering

A TOTAL OF 680 202 POLICIES
are digitally linked to the Youi app and portal.

Youi's digital platforms makes life easier for customers by providing them the opportunity to:

- View policy details
- Manage their policy
- Contact YouiAssist
- SmartDrive programme
- Submit claims
- Request quotes
- Access YouiRewards partner offers and redeem rewards
- Cancellation functionality

DIGITAL CLAIMS
27.8%
(2022: 25.8%/2021: 21.6%)

TRADITIONAL CLAIMS
72.2%
(2022: 74.2%/2021: 78.4%)

It is pleasing to note that digital claims increased by 7.8% and more customers are taking advantage of our digital services.

Google play | Download on the App Store

Awesome service to customers

Customer Satisfaction Index

We make use of an automated process through innovative technology to measure our customers' and prospective customers' feedback via a Customer Satisfaction Index (CSI). After an interaction on a claim, policy amendment, quote or sale we invite our customers to evaluate our service.

The CSI is calculated by deducting the number of "detractors" (sum of the bad and very bad responses) from the number of "promoters" (sum of the good and awesome responses) and dividing it by the total number of responses received. This number includes the Customer Satisfaction survey responses only. The criteria for the experience are categorised as: awesome, good, acceptable, bad or very bad.

OUTsurance
86.1%
(2022/2023: 86.3%)
% Change 2022/2023: (0.3%)

Youi
86.0%
(2022/2023: 88.2%)
% Change 2022/2023: (2.5%)

We strive to provide an awesome experience to all customers in every interaction. Where we lapse on this, we are quick to resolve the experience and to understand why the lapse occurred so we can prevent a recurrence. The decline in the OUTsurance CSI was driven mainly by a combination of factors which included internal and external employee turnover, as well as process and system changes. These factors have been investigated and addressed, as customer experience remains at the centre of what we do. A decline noted in the Youi CSI can be attributed to a decline in prospective customer CSI, the current tenure of frontline employees, along with an increase in average quote value and a decrease in overall response ratio. These factors have been investigated and strategies are being implemented to ensure the customer remains at the forefront of every interaction.

Our customers *continued*

Let your voice be heard

With awesome service being a core value of the Group, it is great when we are recognised by our customers for a memorable and awesome experience. We receive accolades for our service on various platforms, including social media and the Talk@OUT and Youi walls on our websites. Being able to see the impact and difference we make in customers' lives is prime motivation to continuously strive for excellence. We have shared a few of these experiences.

OUT SURANCE

CUSTOMER SUPPORT

"I was very impressed by the service we received from the call centre. We were having a problem with the debit order from our account. We sent an email to the call centre and within 2 minutes they phoned back. They were very helpful, polite and sympathetic. They are a credit to OUTsurance..."

IMMENSELY IMPRESSED BY THE SERVICE

"...I would like to compliment OUTsurance as a company, for the support and professionalism while I moved my late Mother's policy into my name and moved insurance from her previous company to yours. I am immensely impressed by the service I have received from OUTsurance and I would appreciate it if you would pass on that message to the 'Powers That Be'. ... I needed pet insurance for my mother's 3 German Shepherds (who I inherited on her passing). Jonathan was not only patient and understanding, but he also went above and beyond to understand my personal circumstances and managed to approach me on a personal level. He is a credit to OUTsurance. He related to me, and the needs of my pets, listened intently (not just because he had to), and responded compassionately while maintaining such a high level of professionalism..."

EXCEPTIONAL SERVICE

"I am an OUTsurance client. Recently I had a claim to be processed. The service I received by the claims advisor was awesome. From the beginning, she was so pleasant and ever willing to help me. Within no time and on the same day she had my claim processed and sorted out. This is exceptional service. Furthermore, she kept in contact with me all the time and her commitment as well as her proficiency is the best I have seen recently..."

TOP NOTCH SERVICE

"I had a car accident a while back and from the moment after the impact OUTsurance has been there and they've been transparent throughout the process of claiming and never too busy to answer calls or emails. Top notch service, will definitely stay with and highly recommend OUTsurance for motor vehicle insurance. To the ladies and gents at OUTsurance who helped with my claim etc. you're all stars!"

Read more awesome comments

youi

NOTHING BUT PRAISE

"Can't speak more highly regarding the friendliness, efficiency and professionalism that Youi have shown dealing with this and another claim. I gave nothing but praise and thanks and no hesitation in saying they are second to none."

PROFESSIONAL CUSTOMER SERVICE

"Wonderful, professional customer service. I felt at ease with the whole process of making a claim. Friendly and competent. I appreciated his response to my claim."

AWESOME SERVICE – ALWAYS

"Awesome service today as always. Very happy Youi customer once again. All our policies are held with you and I have never had a problem with any of your customer service people. Very professional and friendly."

HIGHLY RECOMMENDED

"Every time I connect with someone at Youi I come away smiling! Why? Because I always get through, I always get a great person to work with and I always get action. That's why I recommend Youi to everyone."

WORTH MORE THAN GOLD

"We are overwhelmed how Youi has made us feel. They are 100% and more worth their weight in gold. Thank you to all people we have dealt with, simply amazing customer service."

PERFECT

"I was extremely apprehensive when I had the accident as I feared the worst outcome, however my claim was dealt with professionally, compassionately and to my great satisfaction. I couldn't recommend more highly. Everything was perfect."

Read more awesome comments

***Our customers** continued*

Ombudsman for Short-Term Insurance and Ombudsman for Long-Term Insurance

The Ombudsman for Short-Term Insurance (OSTI) and the Ombudsman for Long-Term Insurance (OLTI) have amalgamated and a service agreement is shared between the two offices. This translated into a single port of entry for all insurance related complaints and a combined annual report being issued which includes statistics of both the OSTI and OLTI.

OSTI

The OSTI is a non-profit industry Ombud scheme. OSTI provides the insured public with a free, efficient and independent alternative dispute resolution mechanism should a customer feel aggrieved by their non-life insurer. OSTI also deals with lower quantum commercial insurance disputes for small businesses and sole proprietors.

The annual industry statistics are published in the combined 2022 annual report that can be found on their website **www.osti.co.za.** The OSTI had 57 subscribing members at the time of releasing their annual report for 2022.

The OSTI annually reports on the statistics of personal lines complaints attended to by their office. The below statistics are compiled for the 2022 calendar year in line with the OSTI reporting period.

NUMBER OF PERSONAL LINES COMPLAINTS RECEIVED BY OSTI PER 1 000 CLAIMS	OVERTURN RATE[1]	NUMBER OF OVERTURNED COMPLAINTS PER 10 000 CLAIMS[2]
1.07/1 000	**8.0%**	**0.72/10 000**
(2021: 0.87/1 000)	(2021: 4.8%)	(2021: 0.37/10 000)
Industry **2.07/1 000**	**Industry** **15.5%**	**Industry** **2.74/10 000**

OUTsurance remains committed to providing fair customer outcomes and continue to analyse complaints information on an ongoing basis to ensure root causes of complaints are addressed.

1 Number of complaints resolved with benefit to the insured divided by total finalised matters.
2 Company calculated number, derived from expressing the OSTI complaints overturned rate per 10 000 claims.

OLTI

The OLTI provides a similar service regarding disputes arising from life insurance policies. Any policyholder, beneficiary, successor in title, premium payer, or life assured may approach the offices of the OLTI in order to complain against a subscribing member, the insurer.

The annual industry statistics are published in the combined 2022 annual report that can be found on their website **www.ombud.co.za.** The OLTI had 53 subscribing members at the time of releasing their annual report.

The below statistics are compiled for the 2022 calendar year in line with the OLTI reporting period:

	OUTsurance	Industry
COMPLAINTS RECEIVED	**41** (2021: 34)	**16 476**
CASES FINALISED	**18** (2021: 24)	**3 510**
OVERTURN RATE[1]	**22.2%** (2021: 20.8%)	**29.0%**

1 Number of complaints resolved with benefit to the insured divided by total finalised matters.

Australian Financial Complaints Authority (AFCA)

The AFCA independently assists consumers and small businesses to make and resolve complaints about financial firms. AFCA considers complaints related to credit, finance and loans, insurance, banking, investments and financial advice, as well as superannuation. AFCA publishes industry complaints data however it has not released their industry results at the time of reporting and comparative industry figures are therefore not available.

The below statistics are compiled for the financial year spanning from 1 July 2022 to 30 June 2023 in line with the AFCA's reporting period.

NUMBER OF COMPLAINTS RECEIVED BY AFCA PER THOUSAND CLAIMS
2.03/1 000
(2022: 1.72/1 000)

OVERTURN RATE[1]
21.1%
(2022: 10.4%)

NUMBER OF CLAIMS DECISION OVERTURNED PER 10 000 CLAIMS[2]
6.67/10 000
(2022: 2.72/10 000)

An increase in all metrics is observed which can be attributed to a more challenging environment with an increased rigor and scrutiny around claims decisions and claims handling, as well as for an internal drive to resolve matters and avoid further escalations.

1 Number of complaints resolved with benefit to the insured divided by total finalised matters.
2 Company calculated number, derived from expressing the number of AFCA complaints overturned rate per 10 000 claims.

***Our customers** continued*

Treating Customers Fairly (TCF)

As a responsible financial institution the Group has an obligation to ensure that we deliver specific, clearly set out fairness outcomes for our customers. We place the customer at the heart of everything we do and we consider it a key imperative for business success. Due to the regulatory context being different for OUTsurance and Youi, the approaches are customised to ensure these fair outcomes.

OUTsurance

TCF is a regulatory framework set by the Financial Sector Conduct Authority (FSCA) in South Africa. This framework governs the way we conduct daily dealings with our customers ensuring that all customers are treated fairly, during all stages of the product life-cycle and advice process. Customer centricity is achieved by incorporating the various TCF outcomes into all our internal processes, which in turn supports a positive customer experience.

Our embedded values are aligned to the principles of TCF and in addition we have set up various processes and committees which enable us to conduct our business in the best interest of our customers and stakeholders. All our products and services are fit for purpose and monitored continuously to track how we deliver on our promises. Our employees are appropriately skilled and trained with supporting procedures and frameworks to ensure that customers will experience that they are truly at the heart of what we do. We provide clear communication that is in plain language to avoid uncertainty and which makes it easy to understand.

We monitor TCF outcomes with reference to all the related policies, procedures, risk indicators, key performance indicators, monitoring activities and governance structures which include a TCF Forum and the Board's Social and Ethics Committee. All of these measures align to create an environment where TCF principles are engrained in every employee which is the personification of our corporate culture.

6 TCF OUTCOMES

1 Culture and governance	2 Marketing	3 Clear communication	4 Suitable advice	5 Product performance and service standards	6 Amendments, claims and complaints
Customers are confident that they are dealing with firms where TCF is central to corporate culture	Products and services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly	Customers are provided with clear information and kept appropriately informed before, during and after point of sale	Where advice is given, it is suitable and takes account of customer circumstance	Products perform as customers have been led to expect, and service is of an acceptable standard and as they have been led to expect	Customers do not face unreasonable post-sale barriers imposed by firms to change product, switch providers, submit a claim or make a complaint

TCF embedded in:

- Our values
- Our culture
- Tone from the Top
- Training & Coaching
- Policies & Procedures
- Claims Philosophy

Measure and monitor

- Qualitative feedback from customers
- Quantitative metrics including: CSI and Ombud statistics
- Various audits
- Data based root cause analysis
- Several Key Risk Indicators
- Other Key Performance Indicators

Report and oversight

- Claims Committee & Operational Committee
- TCF Forum, Operational Committee and Board Reporting
- Other Management Committees including Marketing, Actuarial, Product
- Internal Risk Committee, TCF Forum and Operational Committee Reporting
- Stratco, EXCO and EXCO Sub-Committees
- Board and Operational Committee Reporting
- Board

Youi

Youi similarly has a responsibility to its stakeholders and customers to ensure engagements are honest, efficient and transparent.

Complaints and disputes handling practices are aligned with the Australian Securities and Investments Commission's (ASIC) expectations and the General Insurance Industry Code of Practice. Youi works closely with the Australian Financial Complaints Authority (AFCA) to ensure to accept decisions and escalate disputes when required, which in turn results in fair outcomes for customers.

Products and services are fit for purpose with a regular review schedule to ensure product offerings that represents our brand and philosophy. Youi claims handling employees are appropriately trained with supporting procedures, frameworks, and principles to ensure all valid and eligible claims are handled and processed efficiently. Communication with customers is in plain language and supported by third-parties who approves plain language in Product Disclosure Statements.

Customer privacy and data security

Customer privacy and data security is a key priority and non-negotiable for the Group. Under oversight from several governance structures, we strive to safeguard data collected and processed from stakeholders such as customers, employees and service providers in a secure and compliant manner.

OUTsurance

OUTsurance's cyber and information security initiatives are designed by means of established industry standards such as the following:

- Center for Internet Security (CIS)
- International Organisation for Standardization (ISO)
- National Institute of Standards and Technology (NIST)

We make use of technology to contribute towards the securing of personal data, aligned with several relevant internal policies designed and implemented to ensure we protect and preserve the confidentiality, integrity, and availability (CIA) of all the information owned and entrusted to OUTsurance.

We train our employees to prevent mismanagement of information and continuously monitor the progressing data privacy and protection legislation worldwide and update our policies and procedures to comply with the current regulations. We pride ourselves on maintaining a compliant state with the below among others:

- Protection of Personal Information Act, 2013 (Act No 4 of 2013)
- SARB/PA – Cloud Computing and the offshoring of data (D3/2018 & G5/2018)

Youi

Cyber and information security at Youi is a high priority. The Cyber Security Strategy endorsed by Youi's Board sets the direction, while oversight is provided at both Board and Executive levels via the Internal- and Board Technology Committees respectively. Youi maintains a compliant state with regulatory obligations regarding the confidentiality, integrity and availability of our data including the below, among others:

- CPS 234 Information Security (APRA)
- CPS 232 Business Continuity (APRA)
- PCI-DSS (Payment Card Industry Data Security Standard)
- Australian Privacy Act (OAIC)

Ensuring data confidentiality, integrity, and availability ultimately results in preserving customer privacy and adequate data security.

Responsible marketing

At the heart of the OUTsurance and Youi brands is our commitment to marketing our brands for the advancement of our customers and employees. For 25 years, the Group has put customers at the centre of everything we do to provide innovative, value-for-money insurance products backed by awesome service. With regards to all marketing efforts, the aim is to be honest, transparent, considerate, and most of all, relevant. In order to adhere to the regulations governing advertising, steps are taken to safeguard that marketing is done responsibly and that it continues to build trust with customers and the general public. Both the OUTsurance and Youi marketing strategy includes internal employees who assists in designing and producing marketing material. These employees are embedded in the business culture which further strives to ensure good outcomes for customers.

The Group's policies, procedures and processes sees that all campaigns, executions and communications go through a stringent review process before they are disseminated to the broader public. The principles of treating customers fairly and other regulatory requirements are adhered to, to ensure transparency and present products and services as authentically as possible. This process allows the Group to take great care to remain relevant, clear, and concise.

Our customers *continued*

Awards

OUTSURANCE

Beeld Jou Keuse Awards Auto/Car Insurance

Insurance
Platinum – 1st (2023)

Pet Insurance
Gold – 2nd (2023)

News24 Business Awards

Short Term Insurer of the Year
Winner (2023)

Ask Africa Icon Brands Award

Auto/Car Insurance
Winner (2022/2023)

Building and Content Insurance
Winner (2022/2023)

Ask Africa Orange Index Award

Long-term: Funeral
Winner (2022)

Rekord Best of Pretoria Readers' Choice Awards

Best Insurance Company (Home and Car)
Winner (2022)

Rapport Leserskeuse Award

Insurance
Platinum – 1st (2022)

Sunday Times Gen Next Awards

Coolest Insurance Companies
Ranked 4th (2022)

City Press Readers' Choice Awards

Insurance
Platinum – 1st (2022)

Daily Sun Readers' Choice

Financial Services: Short Term Insurance
Platinum – 1st (2022)

Financial Services: Long-term Insurance
Gold – 2nd (2022)

The Star Readers' Choice Best of the Best Awards

Best Business Insurance
Runner Up (2022)

Best Home Insurance
Winner (2022)

Best Personal Insurance
Runner Up (2022)

Best Vehicle Insurance
Winner (2022)

Pretoria News Readers' Choice Best of the Best Awards

Best Business Insurance
Winner (2022)

Best Home Insurance
Winner (2022)

Best Personal Insurance
Winner (2022)

Best Vehicle Insurance
Winner (2022)

youi

Mozo Experts Choice Award

Exceptional Value Car Insurance
Winner (2022)

Finder Car Insurance Awards

Best Car Insurance Features
Winner (2023)

Finalist (Highly Commended) – Finder Best Car Insurance – Value

Best Car Insurance – Value
Finalist: Highly Recommended (2023)

Finalist (Highly Commended) – Finder Roadside Assistance Award

Roadside Assistance Award
Finalist: Highly Recommended (2023)

Mozo People's Choice Awards

Outstanding Customer Satisfaction
Winner (2023)

Reader's Digest Quality Service Award

Home and Contents Insurance
Winner (2023)

Car Insurance
Winner (2023)

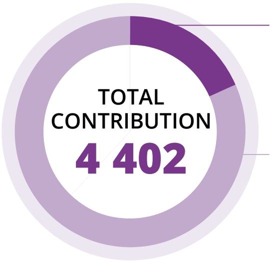
Our community, sponsorships and donations

1 NO POVERTY
2 ZERO HUNGER
6 CLEAN WATER AND SANITATION
15 LIFE ON LAND

Improving our communities' quality of life is a fundamental part of the Group's culture. We are fully committed to sustainable development and giving back, not only through the provision of funds and goods, but also through efforts by our employees on community projects. Employees are involved through actively participating in projects and nominating potential future projects.

Our Corporate Social Investment (CSI) funding raised 2023 (R'000)

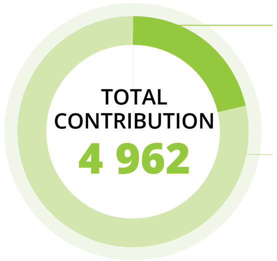
South Africa



EMPLOYEE CONTRIBUTION
816

COMPANY CONTRIBUTION
3 586

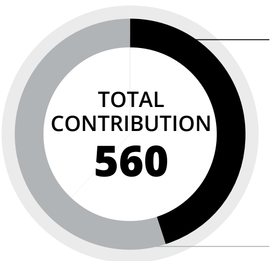
Group



EMPLOYEE CONTRIBUTION
1 069

COMPANY CONTRIBUTION
3 893

Australia and New Zealand



EMPLOYEE CONTRIBUTION
253

COMPANY CONTRIBUTION
307

By utilising the hands-on effort of our people together with funds raised through employee contributions and company fund matching, the Group is able to make an impact in the community. The Group was involved in various initiatives in the past year, contributing towards the community at large in line with our value of Human.

CSI funding spend 2023

	South Africa (R'000)	Australia and New Zealand (R'000)	Group (R'000)
BASIC NEEDS AND SOCIAL DEVELOPMENT	1 038	546	1 584
EDUCATION PROJECTS	853	0	853
HEALTH AND OR HIV/AIDS	178	14	192
INFRASTRUCTURE DEVELOPMENT	207	0	207
ENVIRONMENTAL PROJECTS	25	0	25
TOTAL VALUE OF CSI/SED* SPEND	**2 301**	**560**	**2 861**

* Social and Economic Development (SED).

***Community, sponsorships and donations** continued*

Staff Helping South Africa OUT ESG Alignment Strategic Framework
Pillars & associated strategies, Plans, Initiatives, Projects

ESG dimension	Strategic pillar	Description	Intent	SDGs
Environmental	**Environmental Health**	Earth Day – Hennops Revival: Earth Day Hennops Earth Day Warriors	OUTies volunteer their time to clean the Hennops River on Earth Day. Long-term project to clean the area around the OUTsurance campus.	6 Clean water and sanitation; 15 Life on land
Environmental	**Animal Welfare**	Staff nominated projects in partnership with the SPCA and Woollies	Volunteering, food donation and cash donation. Branded kennels, upgrading infrastructure, herbivore self feeding facility.	
Sustainable (Society)	**Food Security**	Partnership with NGO Genesis Nutrition to hand out food in South African communities where hunger is a daily challenge	Cash donation to allow the NGO to distribute sachets on behalf of SHSAO. OUTies get involved by helping hand out sachets when they can.	1 No poverty; 2 Zero hunger; 3 Good health and well-being
		Rise Against Hunger meal packing	OUTies gather to pack meals for those in need on Nelson Mandela Day.	
		Little Brinks Home	Care home for vulnerable/abused/neglected children in Cape Town. Genesis food drop off and OUTies volunteering.	
		Summerhill House KZN – Caring for abandoned, orphaned or displaced children	Monthly staff drive for contributions. SHSAO will match donations and arrange drop off etc.	
		KZN Floods Disaster	OUTies rallied together to donate food and water.	
Sustainable (Society)	**Health (all round)**	Xola Disability Day and Night Care Centre	Monthly payment of rental premises.	3 Good health and well-being; 5 Gender equality
		CHOC Childhood Cancer Foundation	Cash donation to the foundation; OUTies involvement.	
		SANBS Blood Drive	Quarterly blood donation with OUTies.	
		Tears Foundation	Cash donation towards Gender Based Violence.	
		Sanitary pads drive	OUTies rallied together to donate sanitary pads and deodorants. SHSAO matched the donation.	
		Cancer: Pink Drive Stiletto Run/Flip Flop/Shavathon	OUTies enter the race with a cash amount and OUTsurance matches the total amount; Match funding.	
Sustainable (Society)	**Education**	Santa Shoe Box Project	OUTies donate stationary, educational and hygiene supplies to children in impoverished communities.	1 No poverty; 4 Quality education; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 10 Reduced inequalities
		Paratus Primary and Anchorage Academy	Renovate or donate infrastructure of a school in need.	
		Phila Primary School (KZN)	School for underprivileged/disadvantaged youth who require donations for school shoes and sanitary products.	
Sustainable (Society)	**Community**	The OUTsurance Pointsmen initiative aims to employ and empower people from disadvantaged communities with employment & skills	Partner with Traffic Free Flow in growing the project into new areas. Content strategy.	
Governance	**STRATEGIC IMPERATIVE: Managing, tracking and reporting**	Bi annual SHSAO Steering Committee. Content plan and internal communications to all OUTies – all paperless	All paperless process: ➥ Manage and track funds. ➥ Report on a monthly basis. ➥ Content planning and reporting. ➥ Internal communications reporting. ➥ Reporting in integrated report. ➥ Report to Board Social and Ethics Committee (SEC).	12 Responsible consumption and production; 16 Peace, justice and strong institutions

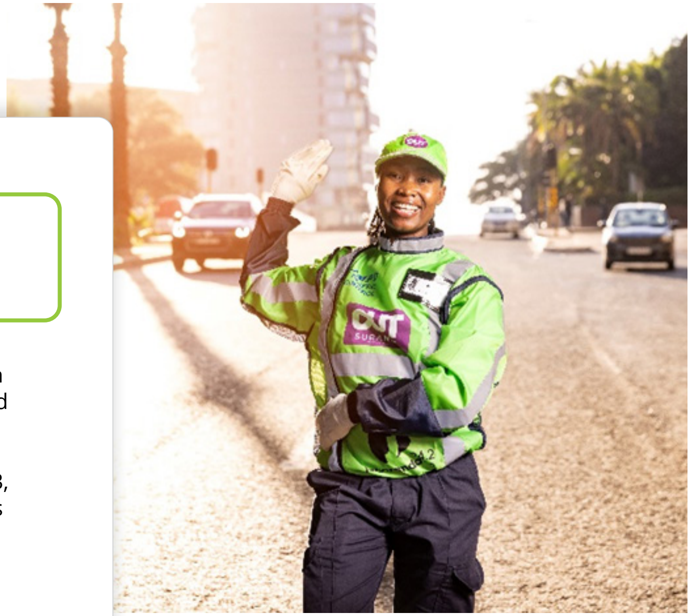
***Community, sponsorships and donations** continued*

Pointsmen project

Road users in metropolitan areas are faced with traffic congestion on a daily basis. The dedicated OUTsurance Pointsmen provide relief to commuters in traffic congested areas within Johannesburg, Tshwane, and since January 2023, Paarl and Stellenbosch. Heavily congested areas with regular traffic jams and intersections affected by cable theft and loadshedding are serviced by static Pointsmen, whilst the mobile Pointsmen are assigned to changing hotspot areas whenever requested by road users.

PROGRAMME SPEND

	R'000	% Change in spend
2023	37 704	4.7%
2022	35 996	38.1%
2021	26 060	5.2%



Community, sponsorships and donations *continued*

Staff Helping SA OUT

Food security initiatives

Staff Helping SA OUT (SHSAO) partnered with Rise Against Hunger Africa on the 18 July 2022 to pack meals for donation to early childhood development centres. OUTsurance staff members volunteered on the day to pack the food parcels.

OUTsurance also partnered with Genesis Nutritional Products to help alleviate food insecurity in disadvantaged communities throughout South Africa. Between August 2022 and March 2023, a total of 161 575 meals were donated providing nutritious, balanced instant meals to various humanitarian organisations and Non-Profit Organisations (NPO).

The list of organisations include: Little Brinks, National SPCA, National Council of and for Persons with Disabilities, SOS Children's Homes, Paediatric Care Africa, The Ark City of Refuge, Vita Nova Residential Home, Childhood Cancer Foundation (CHOC), Hannah Charity and the Empowerment Foundation.

River revival

On the 20th of April 2023, a group of SHSAO volunteers joined forces with the Hennops Revival group to clean the area around the Hennops river in Centurion.

OUTsurance has been partnering with Hennops Revival on a number of projects over the past few years and have now committed to a long-term partnership with the aim of making a bigger, more sustainable impact.

As part of this partnership SHSAO will provide funding for members from the local community to be employed by Hennops Revival on a permanent basis to clean up a designated section of the river bank adjacent to the Hennops river in Centurion, and more specifically the area around the OUTsurance head office. All administrative and project duties will be overseen and managed by Hennops Revival.

Watch

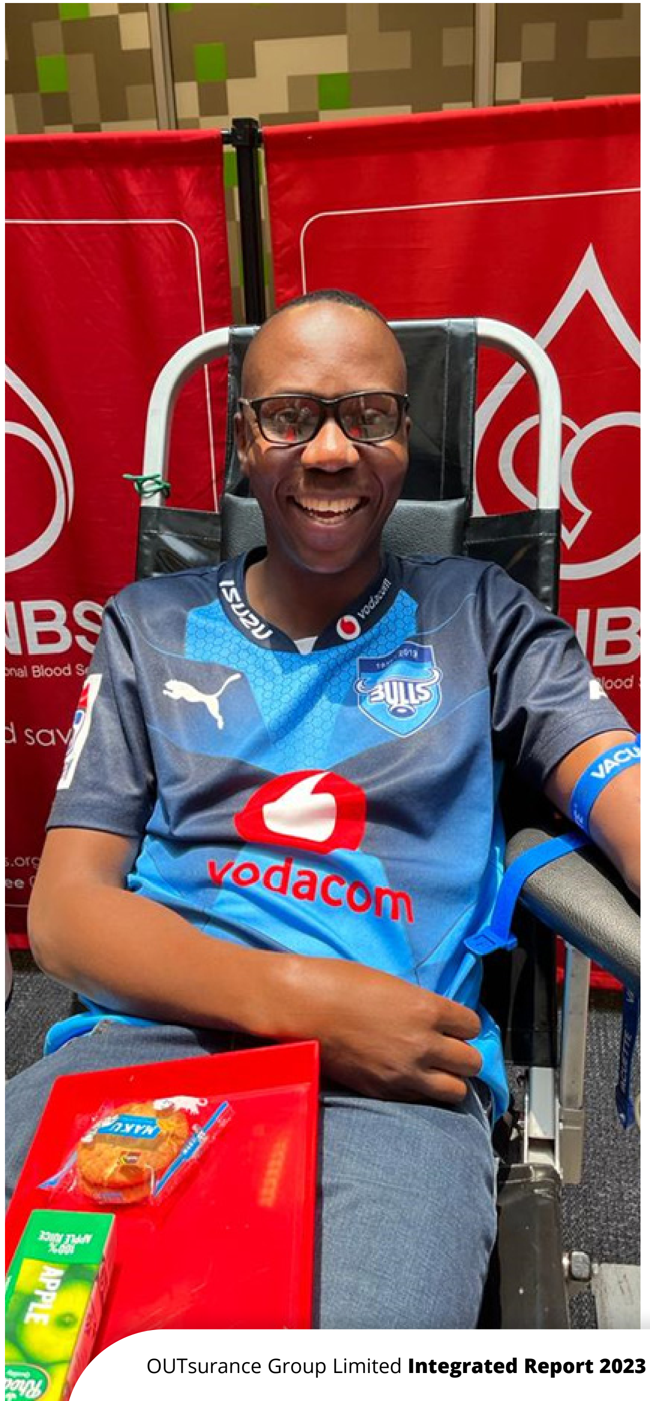
Community, sponsorships and donations *continued*

Blood donations

Blood donation drives have become an essential aspect of our Group's efforts to make a meaningful impact on society. Employees are encouraged to participate in blood donation drives, contributing to saving 3 552 lives, demonstrating their commitment to community welfare. Blood shortages remain a concern across various continents, therefore blood donations from individuals play a vital role in maintaining an adequate supply for blood services or medical facilities. By hosting blood drives our Group actively contributes to blood stock numbers and through the collective efforts, we ensure that lifesaving blood is available. Participating in a common cause fosters a sense of unity, collaboration and team spirit among employees that extend beyond their regular job responsibilities. Knowing that their workplace actively supports community welfare gives our employees a sense of pride and purpose, further boosting employee morale.

GROUP UNITS BLOOD DONATED

	Units	% Change 2022/2023
2023	1 184	23.1%
2022	962	
2021	749	



Community, sponsorships and donations *continued*

Youi@Hand

Compass Institute car wash

Youi contributed towards The Compass Institute, a charity on the Sunshine Coast. Our team organised an on-site car wash, uniting everyone in their support for individuals with intellectual and/or physical disabilities. It was an incredible day of fundraising, and we extend our heartfelt gratitude to all those who joined us in backing this worthy cause.

Sydney Wildlife Rescue

During National Volunteer Week, our Sydney team united to support Sydney Wildlife Rescue, a remarkable volunteer-led charity dedicated to rescuing, rehabilitating, and releasing wildlife. With sleeves rolled up, they diligently mowed lawns, tended gardens, and maintained animal enclosures, forging bonds with adorable furry companions along the way. The Mobile Wildlife Clinic, an impressive accomplishment, stands as a testament to the charity's commitment. We extend our heartfelt gratitude to our Sydney team for their unwavering dedication and support of this local organisation.

Our Governance

Corporate governance framework

Good governance is the foundation of prudent business management. Strong governance arrangements provide effective oversight of the way in which organisations operate their business and manage their risks. In order to ensure the prudent management and oversight of the insurance business of the OUTsurance Group and to serve and to protect the interests of our customers and other stakeholders, the Group adopted, implemented and continually maintains an effective governance framework.

Effective governance arrangements are supported by the Group's corporate culture, which is closely aligned with our objectives and values. Good governance starts with the Board of Directors (the Board) and senior management. Various committees support the Board by providing specific expertise for considering complex or specialised matters and making recommendations for consideration. The Board is responsible for the governance of risk, information and technology, ethics management as well as comprehensive reporting to shareholders. The Board is therefore a focal point of the corporate governance structure and is the link between the stakeholders and the company.

The Group prioritises ethical practices and integrates them into its corporate governance and sustainability approach, considering the needs of stakeholders and the operational environment. By upholding good corporate governance and sustainability principles, the Group effectively manages its reputation, drives strategic and technological advancements and fosters value for stakeholders. The commitment also guarantees the attainment of our desired corporate governance framework outcomes, as indicated by the other sections of this report.

Risk management

The successful delivery of the Group's business strategy and objectives hinges on our ability to recognise opportunities and manage risks related to those opportunities.

Risk governance and culture

The Board-approved Group Risk Management Strategy and Framework (GRMS) comprises the structures, risk management system, policies and processes to effectively identify, monitor and manage the current and emerging material risks that the Group faces that might adversely affect our objectives. Exposure to such risks is mitigated by our understanding of the risk and the maintenance of appropriate, assessed controls.

The Group Governance Framework describes the various governance structures, assigns and clarifies roles, delegates responsibilities, prioritises regulatory matters and is a robust policy framework that supports the management of risk in the Group. The risk management system and system of internal controls are supported by the control functions in the Group, namely risk management, compliance, internal audit and actuarial function. We ensure that each control function has adequate and skilled resources.

Maintaining a risk-aware culture is achieved by collaboration between the Board, senior management, the risk management department and the business risk owners. This way, risk management is embedded in all business strategies, operations and decisions which is key to ensure that risks and opportunities are managed in line with the Board-approved Risk Appetite Statement.

The business profits from taking desired risks within its appetite. The risk appetite describes the nature and level of risk that the Group and respective entities are willing to take in pursuit of strategic objectives.

Our risk culture is the system of values and norms of behaviour that influence decisions and actions of employees and their ability to identify, understand and act on the risks that the company faces. It guides us to make educated, risk-related decisions on a consistent basis within the risk appetite and ultimately achieve the strategic goals and objectives of the company. It is values based and ethics driven.

The tone is set from the top. Through regular leadership communications our purpose, values, acceptable behaviour and risk appetite is communicated and understood. All the important information is documented in policies, processes, procedures, guidelines and training. These serve as culture enablers which reinforce and support the leadership message shared around the desired risk culture.

We monitor indicators of the risk culture including those relating to our values, conduct, relationships and various business and performance indicators, which continue to be at high levels of risk awareness in the business.

Regular risk management reports are submitted to the Board, its committees, the regulators, senior management and other internal stakeholders to provide oversight of the risk profiles of the respective companies as well as the Group.

Material risks can hinder or prevent the achievement of business objectives or values. The main risk classes used to categorise risks in our Risk Classification System are the Strategic, Financial, Operational and Compliance risk classes.

Our material risks

- **Political risk**
- **Regulatory and legislative compliance risk – EE Amendment Act**
- **Reinsurance availability risk**
- **Cyber and information security risk**
- **People risk – employee turnover**
- **Economic risk**
- **Systems transformation risks**
- **Strategy and business plan risk – performance of new ventures**
- **Climate change risk**
- **Regulatory change and requirements risk**
- **Energy and public service delivery failure risk**
- **Reputational risk**

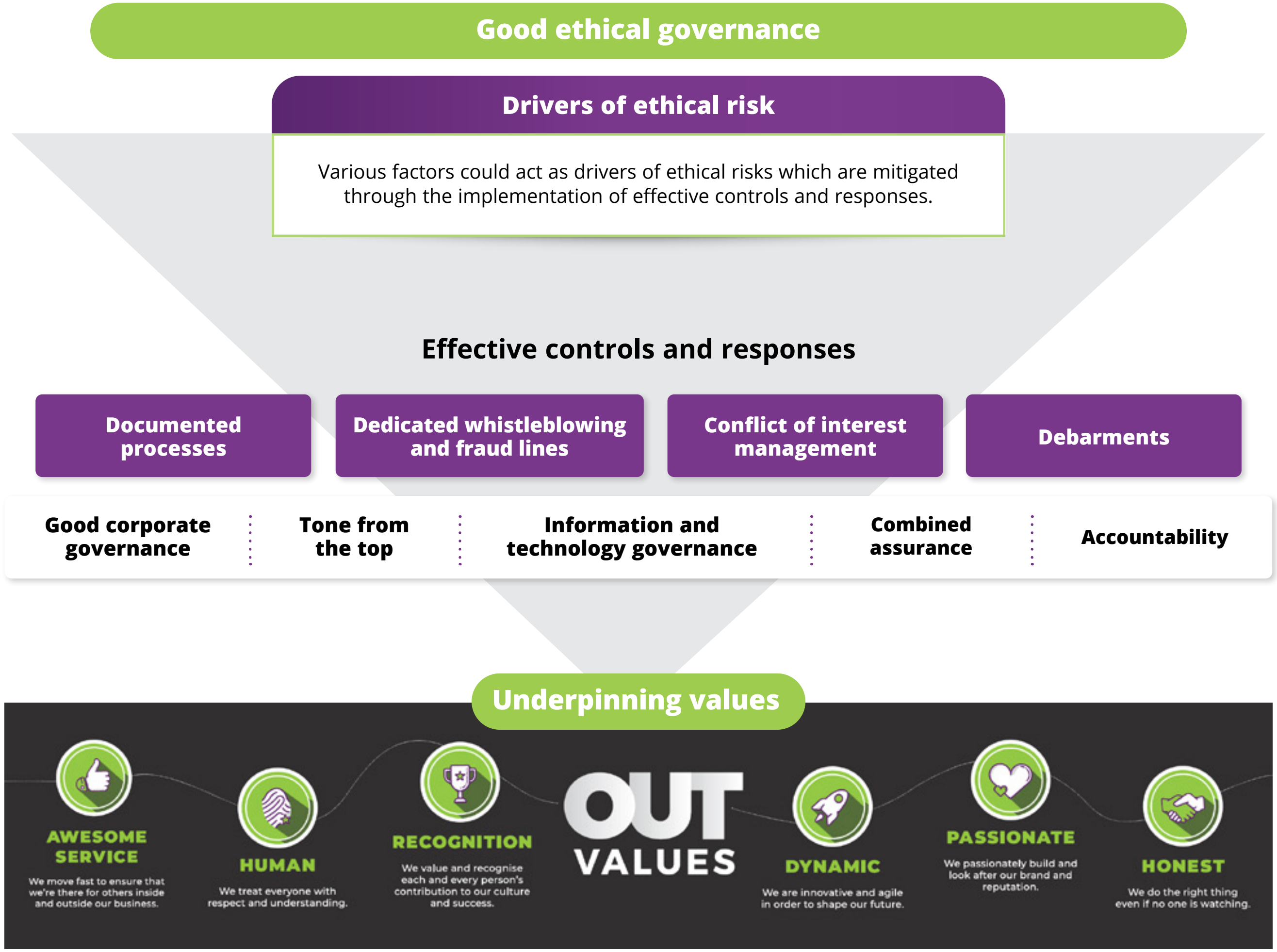
Our material risks are unpacked on page 16.

Ethical and effective leadership

Our values and ethics

Upholding integrity and ethical principles is paramount for all directors, committee members, employees and service providers. We have established various internal policies that clearly outline the obligations and responsibilities of each individual towards our customers, our people, the wider public and other stakeholders and we are committed to not only provide awesome service to our customers, but to all stakeholders. Ethics and integrity lie at the heart of our business, significantly influencing our approach to risk management, managing stakeholder relationships and overall success.

To ensure adherence to risk management, ethical behaviour and compliance, our leaders consistently set the right tone, which is further reinforced by the meticulous implementation and monitoring of our comprehensive policies and procedures. In rare instances where a breach of these commitments occurs, we take it seriously and treat each matter on its own merits. Our disciplinary philosophy outlines appropriate actions that may be taken in response to such breaches, underscoring commitment to maintaining high standards of conduct and accountability.



Risk governance and culture continued

Conduct and ethics risk management

In order for the Group to maintain high ethical standards, it is the duty of every employee to take due care in the way they conduct themselves, and to report any actual or perceived unethical behaviour. Regular monitoring, awareness and interactions with the various stakeholders ensure that risks relating to unethical behaviour are identified and addressed.

Whistleblowing

We have an independent whistleblowing line, which allows employees and other stakeholders that wish to raise a concern to anonymously and confidentially report unethical behaviour.

Disclosures

In line with our conflict of interest policies and adherence to various applicable regulations, financial interests, gifts and business relationships must be declared. This drives transparency and independence.

Inclusion

Embracing diversity, creating workplaces that are inclusive, that allow all our people to contribute and prosper, as well as offering equal opportunities for all. Any form of offensive behaviour, particularly harassment, bullying, discrimination, and vilification is not tolerated.

Cyber security

The overall objective of the Group Cyber Security framework is to define measures that are required to manage cyber and information security risks consistently across the Group. This is done by implementing and monitoring controls throughout the business to identify and curb cyber incidents.

Accountable to regulators

The Group has adequate controls in place to identify applicable regulations and regulatory changes. The Group adheres to regulations and provides feedback to regulators when required. This establishes good stakeholder relationships and open communications.

Preventing financial crime

The Group has no tolerance for bribery and corruption or anti-competitive behaviour. We each play a role in protecting our community by identifying and reporting suspicious activity, including suspected internal or external fraud, as well as meeting broader anti-bribery and corruption obligations.

Key focus areas: Driving ethical governance

- Continuously striving to enhance our procedures and strategies to align with inclusion and diversity requirements in the industry.
- Continue to identify, reward and celebrate good behaviour.

Internal Audit Validation

The OUTsurance Group Internal Audit conducted an independent validation of the information contained in the OUTsurance Group Ltd FY2023 Environmental, Social and Governance (ESG) Report. The independent validation included, validation of the data quality and accuracy of information contained within the ESG Report, where possible, by comparing it to the relevant supporting documents, underlying data or Management assertions. In addition, Internal Audit assessed the overall governance around the process to prepare the ESG Report.

The following key areas were validated within the ESG Report:

- Sustainability Strategy
- Environmental
  - Climate Strategy, Disclosure and Reporting
  - Company Controlled Operations
  - Products, Services, Underwriting and Investments.
- Social
  - Our Stakeholders
  - Workforce
  - Supply Chain and Distribution
  - Products and Services.
- Governance
  - Risk Management
  - Transparency
  - Accountability
  - Independence.

Internal Audit performed the independent validation with the objective of giving limited assurance on the data quality and accuracy of information contained within the ESG Report. This key focus of this engagement was to verify whether the information captured in the ESG Report by the Risk and Compliance teams agrees to information received from their relevant stakeholders in the business as well as certain external stakeholders. No underlying data or processes from internal or external stakeholders were subjected to audit.

It should be noted that included within the scope of Internal Audit's validation was the validation of the carbon footprint information as included within the ESG report, for the financial reporting period 1 July 2022 to 30 June 2023, as part of the Group's Climate Change Strategy. Internal Audit recalculated where appropriate the relevant emissions based on the Group's underlying data and the relevant factors such as the Greenhouse Gas (GHG) conversion factors. Based on the limited assurance activities performed by Internal Audit we can confirm that the OUTsurance Group's carbon footprint in all material aspects is a fair, complete and accurate representation of the GHG emissions data and information for the Group's financial reporting period.

Any discrepancies identified by Internal Audit during the independent validation were communicated to Management in order for the ESG Report to be amended to ensure that the report is free from material misstatement for the financial period.

Our leadership

The board of directors

The Board's paramount responsibility is to oversee, direct and control the affairs and positive performance of the Group's operations in a transparent and responsible manner and to drive the sustainable growth of shareholder interests.

The Board recognises its responsibility to ensure that there is effective corporate governance and risk management in the Group and to uphold high standards in terms of regulatory compliance, risk management, social, environmental and ethical matters. Our Board is committed to full compliance with all applicable laws and regulations and it supports the application of certain non-binding codes and standards.

Board members have full and unrestricted access to management, information and property and are guided by a formal charter, which provides the Board with effective control, which it uses to ensure business accountability. The charter provides the Board with responsibilities to set and steer the Group's strategic direction and approve corporate strategy. Its responsibilities also include approving business plans and policies and procedures that contribute to good governance, corporate responsibility, effective risk management and governance, reliable and transparent financial and regulatory reporting and an ethical culture. The Board's oversight and monitoring contributes value to the business and its stakeholders by ensuring a fair, responsible and transparent approach. The Board is ultimately accountable for the governance and performance of the organisation.

The outcome of the Board's effective governance leads to:

- good performance against financial and non-financial strategy
- effective control and compliance with regulatory standard and expectations
- embedding an ethical culture which is inclusive and diverse and which demonstrated responsible corporate behaviour
- stakeholder inclusivity and alignment
- responsible remuneration practices which are aligned with strategy, regulations and shareholder outcomes
- responsible corporate citizen.

The Board confirms that the Group complied with the provisions of the Companies Act and JSE Listings Requirements and is operating in conformity with the requirements of its memorandum of incorporation.

The Board is supported by insurer boards and Board committees in performing its oversight responsibilities and ensuring that the company activities and culture are aligned with our corporate values and policies.

The company secretary ensures that the provisions of the Companies Act, 2008, the Johannesburg Stock Exchange Listings Requirements (JSE LR) and its associated regulations, are complied with. The company secretary provides guidance to the Board in discharging their responsibilities and advises on business ethics and good governance.

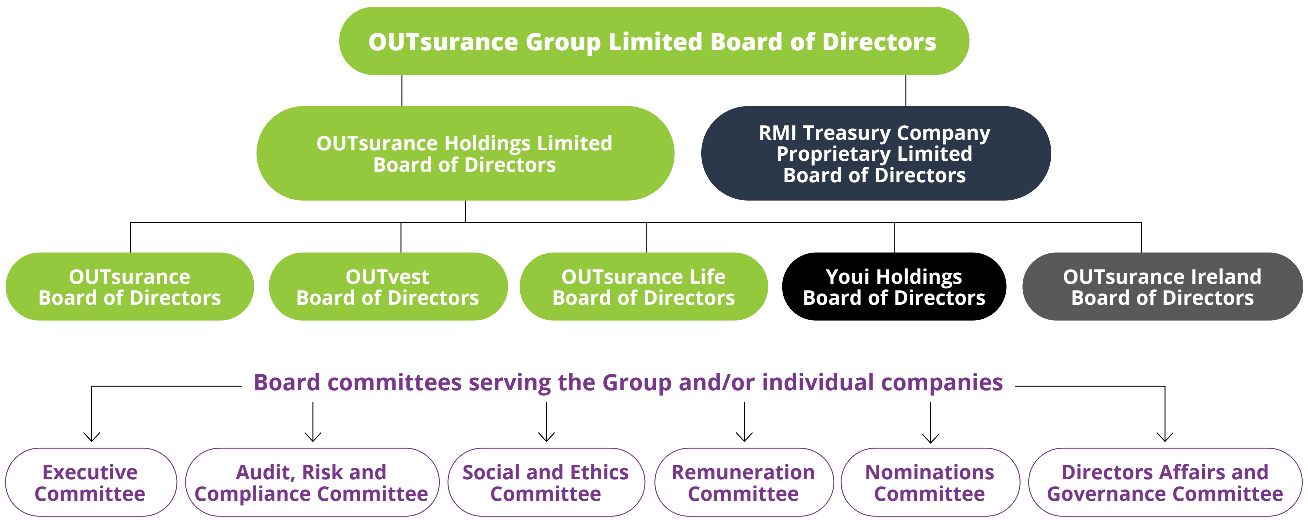
Delegation of authority

The Board delegates its authority as stipulated in the delegation of authority policy which is reviewed and approved by the Board annually. This allows efficient management of the daily affairs of the companies in the Group within the delegation of authority framework. Other governance policies, as well as company procedures, are maintained in a central register and are routinely reviewed by the respective governance structures.

__Our leadership__ continued

Insurer and licenced entities boards and board committees

The Group's performance in respect of financial and non-financial objectives are overseen by the respective Boards of Directors and Board committees in the Group as depicted below:



The Board Investment Committee was dissolved during the year.

The various Board and management committees, which exist to ensure effective governance and oversight for insurers and other licenced entities in the Group in the South African, Ireland and Australian operations, respectively, all ultimately report back into the Board. The Board committees facilitate the discharge of specific Board responsibilities and provide dedicated and skilled focus on particular areas. The Board subcommittees have the appropriate resources, skills, expertise, diversity, independence and authority.

Board and committee evaluation

Evaluations for the Board, Board committees, company secretary and control functions are performed annually, through a formal evaluation process, These are concluded through the provision of comprehensive reports to the relevant governance structures. The evaluations conducted for the year revealed no material concerns and the feedback provided indicated that the Board, the Board committees and the control functions operated effectively and as stipulated by the respective charters.

The directors confirmed that the Board has established high ethical standards and that Board reports were detailed, informative and comprehensive and that all relevant aspects of the business were dealt with in the reports and that the meetings were reported to be well organised and effectively run.

The company secretary is Schalk Human, MCom (Accounting), CA(SA), a full-time appointee. The audit and risk committee, on behalf of the board, reviewed the performance of the company secretary and found that he has the requisite competence, experience, stature and independence to fulfill his role and recommended his ongoing appointment as company secretary.

Declaration of interest

Directors are required to declare any interests that may give rise to potential or perceived conflict. These include multiple directorships, business relationships or other circumstances that could interfere with the exercising of objective judgement. A register of declared conflicts of interest is maintained and updated regularly by the company secretary. In an effort to drive transparency and independence, the Charters of the Board and sub-committees sets out the principles for the identification, disclosure and management of these interests.

Board Committee

Key Board achievements areas during 2023

LISTING TRANSITION ● □

2023

The Board effectively exercised oversight over the listing transition on the JSE and ensured compliance with the listing requirements. As a result, the quality of external reporting was significantly improved. Furthermore, a fit for purpose remuneration policy and report were developed and received support from shareholders.

2024

The Board will continue monitoring the listing and ensuring compliance with the Listings Requirements and shareholder expectations on reporting.

FOCUS ON OF ESG AND CLIMATE CHANGE ● ▲

2023

The Board enhanced its focus on the integration of ESG factors across various areas of the business. This includes the incorporation of ESG considerations into the remuneration metrics. Furthermore, the Board has placed significant emphasis on addressing climate risks leading to the establishment of the Group Climate Risk Resilience Committee.

2024

Focus on organisational resilience, climate change strategy, associated risks and opportunities aligning to the Prudential Authority focus areas.

CORE SYSTEMS MODERNISATION AND TRANSFORMATION ● □

2023

The Board monitored and evaluated the progress of the core system transformation project at Youi and OUTsurance and the implementation of the financial system transformation project which concluded in 2023.

2024

Continue to oversee the implementation and adoption of the core systems transformation and the performance of the Group financial reporting system against expectations.

REGULATORY COMPLIANCE ● □

2023

The Board ensured compliance across geographies and proactively engaged with stakeholders. With the assistance of management, they collaborated with regulatory bodies within the industry to facilitate the development of policies and address prevailing market challenges. Key legislative changes were implemented.

2024

Continue to monitor changing regulations and the impact on the Group's risk profile.

INTERNATIONAL EXPANSION – OUTSURANCE IRELAND ● □

2023

The Board monitored the execution of establishing operations in Ireland and the application for authorisation submitted to the Central Bank of Ireland. The board approved a capital management strategy to support the deployment of capital to Ireland and oversaw the appointment of an independent board of directors.

2024

The Board will actively monitor the progress of OUTsurance Ireland in line with the business case.

GREAT COMPANY TO WORK FOR ● ▲

2023

The Board addressed the evolving labour market dynamics by ensuring management were implementing strategies to attract and retain talent. This included providing ongoing support for employee wellness initiatives, and there was notable dedication to establish succession plans.

2024

Continue to prioritise succession planning and the attraction and retention of top talent.

TRUSTED BRANDS AND AWESOME CUSTOMER SERVICE ● ▲

2023

The Board monitored incremental improvement in customer satisfaction scores and ombudsman complaints ratios.

2024

Continue to prioritise incremental improvement in achieving leading customer outcomes.

REINSURANCE LANDSCAPE ● □

2023

The Board actively monitored effects of the hardening reinsurance markets and the impact and risks it posed to the business.

2024

The Board will also continue to focus on suitable reinsurance programs for both South Africa and Australia due to the hardening of the global reinsurance market.

2023 *Achieved in 2023* **2024** *Focus areas for 2024*

Committees: ● *Board* □ *ARC* ▲ *Social and Ethics Committee*

Board activities

The Board met
4 times
during the period under review

Attendance ratio for the year
97%

The strategy session provides the Board with the opportunity to deliberate the strategy, execution and discuss or approve required changes.

All directors have unlimited access to the services of the company secretary, who is responsible to the Board for ensuring that proper corporate governance principles are adhered to.

Board composition

The Board consists of an appropriate mix of executive and non-executive directors. The Board ensures 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. The roles of the Chair of the Board and the Group CEO are separate. The composition of the board ensures a balance of authority, precluding any one director from exercising unfettered powers of decision-making.

The Board continues to pursue diversity from an age, race and gender perspective as well as an overall spread and level of knowledge, skills and expertise to promote balanced views and differing problem-solving approaches. The Board includes six female non-executive directors and eight of the non-executive directors are from the historically disadvantaged South Africans (HDSA) group.

COMPOSITION

20
Number of directors

18
Non-executives

2
Executives

BOARD INDEPENDENCE

60%
Independent non-executive directors
2022 OHL: 75%

30%
Non-executive directors
2022 OHL: 17%

10%
Executive directors
2022 OHL: 8%

RACIAL DIVERSITY

40%
Black

60%
White

GENDER DIVERSITY

30%
Female

70%
Male

Average age
54.8

Board succession plans are in place for directors reaching retirement age. The succession will see further improvement to the racial and gender diversity of the board.

***Our leadership** continued*

OGL OHL

Independent, non-executive

1 **Mr Kubandiran Pillay**

BA, LLB, MCJ (USA)

Appointed: 19 February 2014
Appointed: 8 November 2022
Appointed: Lead independent director: 1 July 2020
Appointed: Lead independent director: 1 December 2022

Kuben is currently retired but serves as the Chairperson, Lead and Non-Executive Independent Director on several public company boards.

Prior to retiring as Chairperson of Cell C Limited in 2019, Kuben was the CEO of the Primedia Group from 2009 to 2014 and its Chairperson from 2014 to 2017.

His corporate career commenced as the founding Executive Director of Mineworkers Investment Company (MIC) in 1996, and later its Chairperson.

2 **Ms Buhle Hanise**

BCom CA(SA)

Appointed: 29 June 2018
Appointed: 8 November 2022

Buhle is currently the Chief Operations Officer of Business Restructuring Services at BDO South Africa and the President of the African Women Chartered Accountants (AWCA). She was previously Chief Financial Officer of an automotive company BAIC South Africa. Before joining BAIC she was a senior business rescue specialist at the IDC having previously held credit management positions at Standard Bank and Nedbank.

3 **Mr Alan Hedding**

BCom, BCompt (Hons), CA(SA)

Appointed: 10 October 2013
Appointed: 8 November 2022

Alan was the Chief Financial Officer of FNB from 2003 to 2007 and the Group Head of Finance for FirstRand Limited 2007 to 2013. Alan retired in 2013.

4 **Mr George Marx**

BSc (Econ) Cum Laude; FASSA; Chartered Enterprise Risk Actuary (CERA)

Appointed: 20 August 2008
Appointed: 8 November 2022

George has been practicing as an actuary since 1981 in both corporate insurance business and consulting in risk management across various disciplines. He was professor and head of actuarial science at University of Pretoria 1988 to 2001.

5 **Ms Tlaleng Moabi**

MSc Engineering (Transport), BSc Engineering (Electrical), B Engineering (Management of Technology)

Appointed: 29 June 2018
Appointed: 8 November 2022

Tlaleng is a seasoned entrepreneur and has served on a number of boards and independent advisory roles. Her career spans more than twenty years having started as an engineer. She has been involved in some milestone projects in South Africa including Gautrain and the Renewable Energy IPP Procurement Programme in various capacities.

6 **Mr Raymond Ndlovu**

B.Business Studies (Hons)

Appointed: 28 August 2018
Appointed: 8 November 2022

Raymond is the former Group Chief Executive Officer at Community Investment Ventures Holdings (CIVH). Prior to that, he was an investment executive and Management Board member at Remgro Limited.

7 **Ms Sharron Venessa Naidoo**

B Acc, Dip (Acc), CA(SA)

Appointed: 1 November 2021
Appointed: 8 November 2022

Venessa is an entrepreneur and a seasoned financial executive. She currently serves on various corporate boards in financial services and consumer packaged goods as independent director. She has served as Chief Financial Officer for various companies in the telecommunications and media and entertainment sectors. Her experience covers strategy, finance and operations in key African markets.

***Our leadership** continued*

OGL OHL

Independent, non-executive

OGL OHL

8 Mr James Teeger

BCom BAcc CA(SA) HDip Tax

Appointed: 31 March 2018
Appointed: 1 November 2022

James leads the investment activities of the Oppenheimer family. He was previously a director of De Beers and spent 12 years at RMB where he held the position of co-head of structured finance.

9 Ms Hantie van Heerden

BCom (Hons) Actuarial Science FIA, FASSA

Appointed: 3 May 2022
Appointed: 8 November 2022

Hantie is currently a senior Actuary at SNG ARGEN. Prior to this she worked as an Actuary for Momentum and the Financial Services Board. From 2013 she served as the Head Actuary for AIG South Africa and from 2015 to 2021 as the Head of Corporate Actuarial for Old Mutual Insure.

10 Mr Johan Burger

BCom (Hons) CA(SA)

Appointed: 30 June 2014
Appointed: 1 November 2022

Johan joined RMB in 1986, where he performed a number of roles before being appointed Financial Director (FD) in 1995. Following the formation of FirstRand in 1998, he was appointed FD of the FirstRand banking group and in 2002 was appointed CFO of the FirstRand group. In addition to his role as group CFO, Johan was also appointed group COO in 2009 and deputy CEO in October 2013. He was appointed CEO in October 2016 and held this role until March 2018. He was appointed non-executive director at FirstRand from September 2018.

11 Ms Mamongae Mahlare

BSc (Chemical Engineering) MBA (Harvard)

Appointed: 31 March 2018
Appointed: 1 November 2022

Mamongae is the CEO of Takealot Group. She was previously managing director of Illovo Sugar SA and has held previous executive positions at Coca-Cola Beverages South Africa, SABMiller and was an associate consultant at Bain & Company.

12 Mr Murphy Morobe

Diploma in Project Management MCEF (Princeton)

Appointed: 1 August 2014
Appointed: 1 November 2022
Resigned as Lead Independent Director:
1 December 2022

After finishing a seven-year stint as CEO of Kagiso Media Limited, Murphy assumed the role of chairperson and national director of the Programme to Improve Learning Outcomes (PILO) in 2013. As a committed social and development activist, Murphy has, since his release from Robben Island in 1982, continued to involve himself with various social causes, mainly relating to youth development through City Year South Africa. His roles in the public service included being CEO & Chairperson of the Financial and Fiscal Commission (1994 – 2004) and Non-Executive Director of various private sector companies.

Our leadership continued

OGL OHL

Non-executive




13 **Mr Herman Bosman**

Chairperson

BCom (Law), LLB, LLM, CFA

Appointed: 2 April 2014
Appointed: 5 November 2015
Appointed as Chairperson: 1 July 2020
Appointed as Chairperson: 1 December 2022

Herman was with RMB for 12 years and ultimately headed up its corporate finance practice between 2000 and 2006. He returned to the group in 2014 as CEO of RMB Holdings and RMI Holdings after serving as Chief Executive Officer of Deutsche Bank South Africa from 2006 to 2013.

14 **Mr Willem Roos**

BCom (Hons) (Actuarial Science); FASSA

Served as executive director:
30 April 2001 to 1 January 2018
Appointed: 1 January 2018
Appointed: 8 November 2022

Willem is one of the founders of OUTsurance which launched in 1998. After two decades of leading OUTsurance, Willem joined the mobile operator rain as the Chief Executive Officer and retired in 2021. He remains a non-executive director of both OUTsurance and rain.

15 **Mr Jan Durand**

BAcc (Hons) CA(SA) MPhil (Oxford)

Appointed: 8 December 2010
Appointed: 1 November 2022
Resigned as Chairperson: 1 December 2022

Jannie joined the Rembrandt Group in 1996, became FD of VenFin Limited in 2000 and CEO in May 2006. Jannie was appointed Chief Investment Officer of Remgro in November 2009 and CEO from 7 May 2012.

16 **Ms Albertinah Kekana**

BCom (Hons) CA(SA) PGDA AMP (Harvard)

Appointed: 1 September 2017
Appointed: 1 November 2022

Albertinah is the CEO of Royal Bafokeng Holdings. She has extensive asset management, investment banking and business leadership experience. She was previously the COO of the Public Investment Corporation.

Executive


17 **Mr Marthinus Visser**

BCom (Hons) (Actuarial Science), FASSA, FIA

Appointed: 1 January 2018
Appointed: 8 November 2022

Marthinus is currently the OUTsurance Group Chief Executive Officer. His career started at OUTsurance in 1998 as a senior actuary and being appointed as Chief Actuary in 2001 and Group Chief Actuary in 2008. In January 2018 he was appointed Group CEO.

18 **Mr Jan Hofmeyr**

BCom (Acc); Post-Grad Diploma Accounting; CA(SA)

Appointed: 1 November 2022
Appointed: 8 November 2022

Jan is currently the OUTsurance Group Chief Financial Officer. He started his career at OUTsurance in 2007 and was appointed as the Group Chief Financial Officer in 2008.

Alternate non-executive


19 **Mr Udo Lucht**

BCom (Hons) CA(SA) CFA

Appointed: 3 September 2019
Appointed: 1 November 2022

Udo joined Royal Bafokeng Holdings (RBH) in 2016 and currently heads the investment department as Chief Investment Officer. In this role, he is responsible for the implementation of RBH's investment strategy. He serves as RBH nominated director on various existing RBH investee companies. Prior to joining RBH, he gained investment banking experience during his 13 years at Rand Merchant Bank.

20 **Mr Francois Knoetze**

BCom (Hons) FIA

Appointed: 1 April 2016
Appointed: 1 November 2022

After starting his actuarial career at Sanlam in the pensions division and later as a marketing actuary in the life business, Faffa spent most of his working career at Alexander Forbes, where he was the valuator and consulting actuary to several pension and provident funds. He joined Remgro in December 2013 and focuses on the company's interests in the financial services (insurance and banking) and sport industries.

Board changes

As a result of the listing transition during December 2022, the Boards of RMI and OUTsurance Holdings Limited (OHL) were combined resulting in the following directors being appointed to the OGL and OHL Boards.

OGL Board changes

Mr Alan Hedding
Independent director
Appointment: 8 November 2022

Ms Buhle Hanise
Independent director
Appointment: 8 November 2022

Mr George Marx
Independent director
Appointment: 8 November 2022

Ms Hantie van Heerden
Independent director
Appointment: 8 November 2022

Mr Kubandiran Pillay
Independent director
Appointment: 8 November 2022

Mr Raymond Ndlovu
Independent director
Appointment: 8 November 2022

Ms Tlaleng Moabi
Independent director
Appointment: 8 November 2022

Ms Venessa Naidoo
Independent director
Appointment: 8 November 2022

Mr David Frankel
Non-executive director
Resigned: 8 November 2022

Mr Per Lagerström
Non-executive director
Resigned: 8 November 2022

Mr Peter Cooper
Non-executive director
Resigned: 8 November 2022

Mr Willem Roos
Non-executive director
Appointment: 8 November 2022

Mr Jan Hofmeyr
Executive director
Appointment: 8 November 2022

Mr Marthinus Visser
Executive director
Appointment: 8 November 2022

The Board would like to thank Ms Mamokete Ramathe, Mr Peter Cooper, Mr Per Lagerström and Mr David Frankel for their dedication and contributions over the years.

There were no further changes to board composition for the period 1 July 2022 to 30 June 2023.

OHL Board changes

Mr James Teeger
Independent director
Appointment: 1 November 2022

Mr Johan Burger
Independent director
Appointment: 1 November 2022

Ms Mamokete Ramathe
Independent director
Resigned: 1 November 2022

Ms Mamongae Mahlare
Independent director
Appointment: 1 November 2022

Ms Albertinah Kekana
Non-executive director
Appointment: 1 November 2022

Mr Jan Durand
Non-executive director
Appointment: 1 November 2022

Mr Murphy Morobe
Non-executive director
Appointment: 1 November 2022

Mr Francois Knoetze (alternate)
Non-executive director
Appointment: 1 November 2022

Mr Udo Lucht (alternate)
Non-executive director
Appointment: 1 November 2022

Mr Jan Hofmeyr
Executive director
Appointment: 1 November 2022

Annual rotation

In terms of the company's Memorandum of Incorporation (MoI), one-third of all non-executive directors must retire by rotation annually. The appointment of a new director is subject to approval by shareholders at the first AGM held following their appointment.

Lead independent director

The Board comprises mostly independent, non-executive directors. In terms of the principles of good corporate governance, Mr Kubandiran Pillay was appointed lead independent director to strengthen and support the responsibilities of the chairperson of the board. Mr Pillay's responsibilities includes:

- providing leadership and advice to the Board in respect of matters where the chairperson has a conflict of interest or perceived conflict of interest
- presiding at meetings of the Board from which the chairperson is absent or in respect of which the chairperson has a conflict of interest
- chair discussions and decision making by the Board on matters where the chairperson is conflicted
- providing a sounding board for the chairperson to discuss confidential issues related to governance, board performance, the performance of individual directors, and deals with concerns raised by directors, shareholders or employees
- leading the annual performance assessment of the chairperson.

The role and responsibilities of the lead independent director are included in the Board charter, which is reviewed and approved annually by the board.

We thank Mr Morobe for his dedication and contribution during his tenure as Lead Independent director for RMI.

Audit, Risk and Compliance Committee

The committee has discharged its responsibilities as mandated by the Board and performed its statutory duties in compliance with the Companies Act 71 of 2008 and JSE LR and fulfilled its governance role and responsibilities by applying the principles relevant to our committee, as set out in the King IV Report on Corporate Governance™ for South Africa 2016 (King IV™*).

The committee's terms of reference are aligned with the legislation, regulations and the code set out above.

The committee's membership comprises seven independent non-executive directors. Brief profiles of the committee members are available on page 97 to 99 of our 2023 integrated report. The Group's Chief Executive Officer, Group Chief Financial Officer, Chief Risk Officer, Chief Audit Executive, Head of Actuarial functions, external auditors and other assurance providers attend committee meetings, by invitation in an ex-officio capacity.

The heads of the Control Functions meet at least quarterly with the Chairperson of the committee. The Chief Risk Officer, Chief Audit Executive and external auditors meet independently with the committee members as and when required.

The committee's objectives for 2023 included oversight of:

- the business continuity plan
- the internal financial controls attestation project
- the Group's own risk and solvency assessments
- the reinsurance renewal process and terms
- material accounting developments, specifically IFRS 17
- assessing risks associated with the core systems modernisation and transformation project.

The committee intends to maintain their oversight of these projects throughout 2024.

The committee met six times during the reporting period. The current membership and attendance at year-end was as follows:

Audit, Risk and Compliance Committee		OHL	RMI	OGL
Mr George Marx (Chairperson)	Independent director	2/2		4/4
Mr Alan Hedding	Independent director	2/2		4/4
Ms Buhle Hanise	Independent director	2/2		4/4
Ms Hantie Van Heerden	Independent director	2/2		4/4
Mr Johan Burger	Independent director		1/1	4/4
Ms Tlaleng Moabi	Independent director	2/2		4/4
Ms Venessa Naidoo	Independent director	2/2		4/4

Refer to the Consolidated Annual Financial Statements for the year ended 30 June 2023 for the full report of the Audit, Risk and Compliance Committee.

Social and Ethics Committee

The purpose of the Social and Ethics Committee is to monitor the Group's social and ethics responsibilities as set out in Regulation 43(5) of the Companies Act 2008. The committee's membership comprises three non-executives, of which two are independent. The committee is responsible for:

- the oversight of the Group's transformation strategy with the overall business strategy of the Group
- governance and approval of the Group policies in respect of employment equity, climate change and environmental sustainability, diversity, and ethics, amongst others
- the oversight of and reporting on the Group's social and ethics activities, responsible corporate citizenship, sustainable development and stakeholder relations
- the needs, interests and expectations of all material stakeholders, in the best interest of the Group
- the oversight of a corporate culture suitable for offering quality learning and career advancement opportunities
- ensuring a continued focus on employment equity.

Activities during the past year

The committee's primary focus centred on the transformation strategy, which encompasses the aspects of people and culture, specifically staff turnover and retention. Additionally, attention was dedicated to the climate change strategy and roadmap leading to the establishment of a Climate Risk Resilience Committee to facilitate coordinated efforts. The committee continued to prioritise the promotion of employment equity within OUTsurance South Africa and the sectoral targets that were promulgated. Furthermore, significant emphasis was placed on the projects currently being undertaken by Staff Helping South Africa Out (SHSAO).

The committee meets bi-annually or at the request of the chairperson, any member of the committee or the board. The current committee met twice during the reporting period and attendance is set out below:

Social and Ethics Committee members		OHL	RMI	OGL
Mr Tlaleng Moabi (Chairperson)	Independent director	1/1		1/1
Mr Murphy Morobe	Independent director		1/1	1/1
Mr Herman Bosman	Non-executive director	1/1		1/1

***Our leadership** continued*

Remuneration Committee

The Board has delegated oversight of the remuneration to the Remuneration Committee, in accordance with King IV™, to ensure fair, transparent and responsible remuneration.

The committee determines and approves the remuneration policy for all employees of the Group. The chairperson of the Board is a member of the committee. The Group chief executive officer stepped down as a member of the Committee during November 2022 and now together with the Group CFO attends the meetings by invitation. The Group CEO and Group CFO do not participate in any deliberations regarding their own remuneration.

The committee is mandated to assist the Board in ensuring that:

- the remuneration policy is aligned to and promotes the achievement of the Group's overall strategic objectives and encourages performance
- the annual guaranteed pay, benefits and incentives are appropriately benchmarked to ensure the Group remains a competitive employer
- the evaluation of the Group CEO and the executive committee against agreed deliverables
- the incentive schemes are aligned to the creation of shareholder value creation and that the schemes are administered in terms of the scheme rules
- the remuneration of the non-executive directors is benchmarked appropriately and approved by shareholders at the next annual general meeting.

The terms of reference of the committee stipulates that there must be a minimum of three members of the Board serving as members of the committee, and they must all be non-executive directors. The chairperson of the committee must be an independent non-executive director of the board.

The committee meets at least twice a year and additional meetings are convened as required. In the year under review, six meetings were held. The composition of the committee and attendance of members is noted in the table below:

Remuneration Committee members		OHL	OGL
Mr Kubandiran Pillay (Chairperson)	Lead Independent director	2/2	4/4
Mr Johan Burger	Independent director		4/4*
Mr Raymond Ndlovu	Independent director	2/2	4/4
Mr Herman Bosman	Non-executive director	2/2	4/4
Mr Jan Durand	Non-executive director		4/4
Mr Francois Knoetze	Alternate director		2/2
Mr Marthinus Visser	Executive director	2/2	

* Mr Burger attended 3/4 meetings and provided feedback separately for 1/4 meetings.

Nominations Committee

The Nominations Committee is mandated to assist the Board in ensuring that:

- the Board and its committees have the appropriate composition to effectively execute its duties
- succession planning is considered and executed as required
- the directors, Chief Executive Officer, Chief Financial Officer and Heads of Control Functions are appointed through a formal process and recommended by the committee to the Board for approval
- the company retains an appropriate size, composition and balance of skills to support the business
- effective induction training is completed by new directors.

The committee meets at least annually and met three times during the reporting period. The composition and attendance of the committee is set out below:

Nominations Committee members		OHL	RMI	OGL
Mr Raymond Ndlovu (Chairperson)	Independent director	1/1		3/3
Mr Kubandiran Pillay	Lead Independent director	1/1		3/3
Mr Johan Burger	Independent director		1/1	3/3*
Mr Herman Bosman	Non-executive director	1/1		3/3
Mr Jan Durand	Non-executive director		1/1	3/3
Mr Francois Knoetze	Alternate director			1/1
Mr Marthinus Visser	Executive director	1/1		

* Mr Burger attended 2/3 meetings and provided feedback separately for 1/3 meetings.

Our leadership *continued*

Directors Affairs and Governance Committee

The Director's Affairs and Governance Committee is responsible for monitoring the adequacy and effectiveness of the Group's corporate governance structures and processes. They are also responsible for assessing whether the processes of corporate governance implemented by the company successfully achieves the objectives determined by the board.

The committee comprises all the Group's non-executive directors and they meet after every board meeting.

Strategic and Executive Committees

The Strategic Committee is a Group committee represented by the CEO's of the respective business units and the Group CFO. This committee provides specific oversight of the implementation and execution of strategy across the Group.

The OUTsurance South Africa Executive Committee (EXCO) is responsible for implementing the strategies approved by the Board and for overall management of the day-to-day affairs of the South African Group. They also ensure that the organisation operates under sound governance principles and practices. Both the Chief Executive Officer and the EXCO receive clearly defined mandates from the Board in terms of the delegation of authority. The EXCO is chaired by the OUTsurance South Africa Chief Executive Officer.

The EXCO oversees and guides various internal committees including the following:

- Asset, Liability and Capital Committee, which is responsible for the management oversight of asset investment, liability measurement and regulatory capital compliance and optimisation of the Group and its regulated entities
- Claims Committee, which supports the claims supply chain by treating customers and suppliers fairly through delivering a seamless and simple claims process across multiple channels
- Internal Risk Committee which monitors internal audit, risk management, compliance and governance matters against policies, directives and procedures
- Operational Committee, where business strategies and milestones are set and the progress is monitored closely through data driven key performance indicators
- Reinsurance Committee, which supervises the strategy and effectiveness of the company's reinsurance program including placement, contract management and compliance with all relevant policies and regulations.
- Climate Risk Resilient Committee which ensures the execution of plans associated with the Climate Change Strategy and Roadmap.

Other internal forums include:

- Actuarial Forum – Product Control Cycle
- Chief Financial Officer Forum
- Combined Assurance Forum
- Cyber Security Forum
- Group Research and Development Forum
- International Systems Forum
- International Actuarial Forum
- Transformation Forum

The table below provides more information regarding the OUTsurance Executive Committee:

OUTsurance South Africa Executive Committee

Mr Danie Matthee Chief Executive Officer	**Mr Jan Hofmeyr** Group Chief Financial Officer	**Mr Jason Kay** Chief Information Officer
Ms Lynette Bisschoff Group Chief Risk Officer	**Mr Suren Naidoo** Chief People Officer	**Mr Carl Louw** Chief Marketing Officer
Ms Keneiloe Selamolela Chief Transformation Officer	**Ms Natasha Kawulesar** Head of Client Relations	**Mr Wilbur Smith** Chief Operating Officer – Sales and Client Care
Mr Riyaad Loonat Chief Operating Officer – Business OUTsurance	**Mr Micky Maharaj** Chief Operating Officer – Claims and Legal	

Mr Paul Myeza resigned effective 30 June 2023.

The Youi Holdings Executive Committee is chaired by the Youi Chief Executive Officer and comprises the following members:

Youi Executive Committee

Mr Nathaniel Simpson* Chief Executive Officer	**Mr Brett McLachlan** Chief Financial Officer	**Mr Bert Bakker** Chief Operating Officer
Mr Anthony Antonucci Chief Product & Distribution Officer	**Mr Russell Redsell*** Chief of Corporate Affairs and Governance	**Ms Angela Greenwood** Chief Marketing Officer
Mr Steven Nichols Chief Information Officer	**Ms Debra Kraft** Chief People & Culture Officer	**Mr Andrew White** Chief Actuarial & Analytics Officer
Ms Rana Williams* Chief Risk Officer		

* The appointments were effective 1 July 2023.

Remuneration review

Part 1
Statement from the Group's Remuneration Committee Chairman

Group Remuneration Philosophy

Our performance driven culture is core to the OUTsurance Group Limited (OUTsurance/Group), where outcomes are matched with a fair and balanced financial reward. We have a responsibility to ensure that the design and structure of our total reward elements align with the interests of our shareholders, regulatory authorities, employees, customers, communities, and service providers.

To ensure compliance with good corporate governance and standard reporting within a listed environment, this Remuneration Report and associated disclosures are prepared in sufficient detail to fully disclose the Group remuneration principles as well as practices.

Our employee rewards are designed to balance financial outcomes and non-financial outcomes and stimulate short-term to long-term decision making that builds sustainable value for our shareholders. Our Group Remuneration Policy (the policy) continuously evolves to meet the strategy of the Group and our focus on continually improving our financial and non-financial outcomes.

Our short-term incentive (STI) and long-term incentives (LTIPs) are linked to drivers of sustainable value creation and do not reward risk-taking which is outside the Board's risk appetite and approved long-term strategy.

The Group prides itself on its entrepreneurial culture and its founding ethos of being an owner-managed business which drives performance, encourages responsible behaviour, accountability and aligns with the long-term interests of our shareholders.

Our ability to generate market leading and sustainable outcomes is dependent on a talent pool of high performing, highly skilled and scarce technical professionals, experienced managers, including a strong executive management team. Therefore, the design of our remuneration is focused on our objectives of attracting, motivating, retaining, and incentivising the top tier talent in our respective markets.

The Remuneration Committee continues to refine the remuneration strategy to align with the new listed status of the business to ensure that shareholder expectations and disclosure practices are considered. The change of the OUTsurance LTIP scheme from a call option scheme "OUTsurance ESOP" to a conditional share plan "OUTsurance CSP" is the major change to our remuneration strategy. This change also introduces suitably stretching performance conditions for vesting which are calibrated to long-term value creation and improve alignment with shareholder outcomes. The adoption of the OUTsurance CSP is a prospective change for LTIP allocations to be awarded from the 2024 financial year.

Shareholders will be requested to approve the introduction of this plan at the upcoming Annual General Meeting.

The Group delivered a pleasing operational and financial performance for the 2023 financial year. Of particular importance was management's delivery against the strategic plan that supports future growth and expansion. The earnings performance for the year was aided by benign natural event losses in Australia in contrast to the elevated event losses in 2022.

The strong operational performance has resulted in good outcomes for our balanced scorecards which drive our STI outcomes and focus on the short-term strategic execution within a financial year.

The listing transition of the OUTsurance Group has unlocked significant value for our shareholders and consequently the value of the unvested LTIP instruments which will vest in the 2024 to 2025 financial years. Should the equity value of the Group be sustained, the vested earnings of LTIP participants over this period may also be elevated compared to historic and targeted outcomes.

Remuneration review: part 1 *continued*

Shareholder engagement and voting outcomes

Due to the fundamental importance of shareholder support for our policy and implementation thereof, OUTsurance engaged its shareholders to provide insight to its remuneration strategy and receive feedback. In the context of our listing, to create alignment of management with shareholder interests, shareholders recommended the following:

Shareholder feedback	Action taken
Recommendation for the adoption of a long-term incentive which is appropriate for the listed environment in the form of a conditional share plan.	The OUTsurance CSP will be implemented prospectively for awards made from the 2024 financial year. Implementation is subject to shareholder approval. The scheme will reference the value of OUTsurance Group Limited shares which is in line with the medium-term strategy to convert the minority shareholders of OUTsurance Holdings Limited to OUTsurance Group Limited shareholders.
Recommendation to adopt defined performance conditions for the LTIP to ensure closer alignment between management and shareholder outcomes.	The OUTsurance CSP includes defined Performance conditions that ensure variable pay outcomes linked to performance.

The table below shows the voting outcomes for the Group Remuneration Policy and Implementation Report at the Annual General Meeting held in November 2022.

Rand Merchant Investment Holdings Limited (RMI) (subsequently renamed to OUTsurance Group Limited)			OUTsurance Holdings Limited		
	Votes For	Votes Against		Votes For	Votes Against
Remuneration Policy	No vote cast*.		Remuneration Policy	95.22%	4.88%
Implementation Report	82.75%	17.25%	Voluntary vote on implementation report	85.92%	14.08%

* Shareholders voted on the OUTsurance Holdings Limited policy pursuant to the listing transition.

Group Remuneration Committee annual activities

As per the mandate of the Board, the Group Remuneration Committee (the Remuneration Committee) has the duty to apply its discretion to deliver appropriate remuneration decisions which result in the alignment of management with shareholder interest to ensure the best outcomes for all stakeholders.

As mandated by the Board the Remuneration Committee took the following actions during the 2023 financial year.

- Approved the Group's Remuneration Report.
- Performed an annual review and approved the Group's Remuneration Policy which will be tabled at the Annual General meeting in November as the forward-looking policy of the Group in the listed environment.
- Approved the annual targets for the STI balanced scorecards.
- Approved the annual salary increase for all employees effective 1 July 2023.
- Reviewed the Executive Directors' and Non-executive Directors' benchmarking exercise outcomes.

In addition to its regular mandated actions for the 2023 financial year, the Remuneration Committee applied its discretion and recommended the following actions to the Board:

Key decisions taken in 2023	Rationale
Adoption of the OUTsurance CSP	Shareholder alignment and reduction in volatility of participant outcomes.
Approved an appropriate pay mix for our Executive Directors that sets LTIP as a higher proportion of overall earnings.	Enhances alignment with long-term strategic goals.
Introduction of a malus and clawback policy for our executive management to be applied to all short-term and long-term incentives.	To ensure that an employee is not unjustifiably enriched through receiving incorrect incentive payments and therefore better aligning employee remuneration outcomes with shareholder interests.
Approval of a percentage increase for Guaranteed Pay aligned with CPI as a reference taking into account individual performance and market benchmarking.	To mitigate the impact on our employees of the persistent increase in the cost of living.
Introduction of a climate change strategy as an environmental non-financial measure.	Aligns management actions with the societal goals to reduce greenhouse gas emissions and achieve our stated objective of net zero emissions by 2050.

The Remuneration Committee met three times during the year to debate and approve the above matters. Bowmans was retained as the independent remuneration adviser. Bowmans reviewed the design of the conditional share plan, performed an Executive Director remuneration benchmark and reviewed the Non-executive Director fee benchmark. We are satisfied that their advice is objective and independent.

The Remuneration Committee is confident that the 2023 Group Remuneration policy has achieved its stated objectives for the year.

Future focus areas for 2024

The Remuneration Committee will focus on the following items of the 2024 financial year:

- Provide oversight of the implementation of the OUTsurance CSP and the implementation of the OUTsurance Ireland ESOP.
- Refine the governance processes concerning the setting of balanced scorecard targets.
- Work with the Social and Ethics Committee to refine the setting of objectives and measurement of the scorecard element pertaining to environmental and climate change actions.
- Provide oversight to the establishment of remuneration practices for OUTsurance Ireland.

Part 2
OUTsurance Group Remuneration Policy

Introduction

The Remuneration Policy outlines key components, principles and objectives of how OUTsurance and its subsidiaries consider, review and approve the remuneration of all its employees including, the Group Chief Executive Officer (GCEO), OUTsurance South Africa CEO (CEO SA), Group Chief Financial Officer (GCFO).

These principles are considered by the remuneration forums of the Group and associated entities to ensure the design of fair, responsible and transparent remuneration practices which encourage:

- talent attraction, motivation and retention; and
- sustainable short and long-term shareholder value creation.

There should be a clear link between the strategy of the Group and the determination of the employees' remuneration. To this end:

- the fixed salaries offered to our employees are competitive and encourage the attraction, motivation and retention of executive management, senior management and high performing top talent.
- the balanced scorecards applied in the determination of the STI align with our core strategy of incremental growth and improvement of our operations together with annual approved budgets.
- the LTIPs align with the achievement of growth and sustainable shareholder value creation.

Remuneration governance

The Group's remuneration is governed by the Group Remuneration Committee (the Remuneration Committee). The Remuneration Committee sets and reviews the policy to which the Group's subsidiary companies are required to adhere. The Remuneration Committee incorporates the responsibilities of the South African operations. Youi's remuneration policy and implementation thereof, is governed by the Youi Holdings Pty Limited Remuneration Committee (Youi Remuneration Committee), the activities of which are noted by the Remuneration Committee. From the 2024 financial year, the remuneration of OUTsurance Ireland will be overseen by the OUTsurance Ireland remuneration committee.

As financial services organisations, the remuneration practices of the Group are governed by various regulations, and which are subject to ongoing compliance assessments. In addition, the Remuneration Policy and practices are aligned with King IV and the JSE listing requirements. The applicable legislative and regulatory bodies which govern our remuneration practices are in the adjacent table.

Legislative and regulatory context

The remuneration practices of the Group's subsidiaries are subject to the following legislative and regulatory requirements:

South Africa	Australia
Companies Act, 2008	Fair Work Act 2009
King IV Code on Corporate Governance, 2016	Fair Work Regulations 2009
Long-term and Short-term Insurance Acts, 1998	Banking, Finance and Insurance Award 2010 [MA000019]
Prudential Standard GOG – Governance and Operational Standard for Insurance Groups	Corporations Act 2001
Prudential Standard GOI 3 – Risk Management and Internal Controls	Corporations Regulations 2001
The Employment Equity Act, 1998	ASIC Regulatory Guide RG246: Conflicted and Other Banned Remuneration
The Insurance Act, 2017	Australian Prudential Regulatory Authority – Prudential Standard 510 (Governance)
The Basic conditions of Employment Act 75 of 1997	

Fair, transparent and responsible remuneration

The Group is committed to remunerating employees fairly, responsibly and transparently within the context of the Group's strategic objectives. To create shareholder value, the Group's philosophy is to align remuneration equity with output, skills and role responsibility.

The Remuneration Committee is responsible for ensuring that executive management and all employees' remuneration remains justifiable in the context of the principles set out in King IV.

In striving to be a responsible corporate citizen, the Group continuously considers initiatives to nurture the principle of fair, responsible and transparent remuneration and improve employment conditions of all employees in the Group. The Group reserves the right to adopt progressive measures to address identified pay disparities, as may be deemed necessary from time to time.

The fairness of the remuneration practices is considered by the Remuneration Committee on a continuous basis and will be benchmarked against best practice and market disclosures.

Objectives and principles

OUTsurance considers remuneration design and management as a key business competence which enjoys the appropriate focus as well as resources. The Group's key remuneration principles and objectives are as follows:

- The Group's remuneration policies are approved by the Remuneration Committee and the Board to ensure that the policies and related practices are aligned with shareholder value creation. Ultimately, any structural changes to organisation-wide remuneration strategies and total rewards offered to the executive management and heads of group control are approved by the Remuneration Committee.
- The total remuneration payable by OUTsurance must be commensurate with its business plan, affordability, risk appetite, human capital and social objectives and importantly align with long-term shareholder value creation. Therefore, the total remuneration must not limit OUTsurance from achieving key growth and profitability targets, or its ability to strengthen its capital base.
- Remuneration incentives should encourage short to long-term growth by the incorporation of adequate performance measures that account adequately for the risk taken in producing revenue and profits.
- To achieve fairness and equity, there should be the consistent application of company-wide remuneration practices which ensure that the remuneration offered reflects equal pay for work of equal value. This is achieved through annual performance reviews which are performed to determine whether individual performance and skill is rewarded by a fair salary offering. In determining executive management, heads of group control function and senior management performance, both financial and non-financial performance are considered. Any underperformance is managed in line with agreements, policies and objectives. This approach ensures alignment to shareholder interests and value creation.
- Setting of remuneration must be viewed in conjunction with the wider people-management practices to achieve the desired culture of organisation-wide recognition leading to appropriate behaviour in the organisation.
- Remuneration must promote positive social and environmental outcomes which include an ethical culture and responsible corporate citizenship.

Remuneration components

The table below summarises the components of remuneration applicable to executives, senior management, and all other employees.

Element and definition	Participation	Link to strategy	2023 Policy changes
Guaranteed Pay (Fixed income) We strive to offer a total guaranteed package in the form of a cost-to-company pay structure which includes the cost of all retirement, medical insurance and group life insurance benefits.	Guaranteed pay applies to all employees	This cost to company pay structure has been designed to be competitive and aligned to our human capital strategy which strives to attract, motivate and retain the best talent in the market taking into consideration, skills, experience and performance.	Guaranteed pay policy was consistent with the prior year apart from a review of the South African Group Life benefit which provides more flexibility in choice to match employee affordability.
Short-term incentives (STI) (Variable income) STIs are determined annually with reference to balanced scorecards which are customised to be business unit specific and to align with roles and responsibilities. The calculation of the bonus pool for each subsidiary is informed by the aggregate balanced scorecard outcome for each business unit making use of various metrics which take into consideration an appropriate balance between financial and non-financial objectives. The performance targets set are consistent with each subsidiary's business plan and non-financial objectives. The participation of the individual in the bonus pool is then informed by their annual review against agreed objectives. Financial performance targets of the scorecards are set in line with the annual Board approved budget. Non-financial targets are set in line with current performance and incentivises incremental improvement. For the Executive Directors, the on-target annual STI is up to 100% of annual CTC before the application of the Group executive scorecards. Inclusive of the Group Executive scorecards, the maximum STI outcome for 2024 is capped at 115% of annual CTC (2023:115%).	Senior management and above, inclusive of selected employees with managerial functions	The performance targets set for the STIs are focused on financial and non-financial outcomes to encourage a high-performance culture that motivates and rewards employees for the successful achievement of short-term strategic goals.	From 2024, the scorecards for the Executive Directors (GCEO, GCFO and CEO SA), including the Group Chief Risk Officer and Group Chief Information Officer are a weighted outcome of the scorecards for OUTsurance and Youi. For 2024, the weighting applied will be 60% of the OUTsurance combined scorecard and 35% of the Youi scorecard. This weighting will be applied to outcome of each scorecard and aggregated for an overall score. In addition a 5% weighting will be applied towards the launch milestones of OUTsurance Ireland. The climate change strategy has been incorporated under the ESG component as an additional non-financial component to the scorecards. This measure was developed in conjunction with the Social and Ethics Committee and is evaluated based on management's execution against its climate change strategy, efforts to reduce its footprint and support the greater societal goals related to the environment. The Remuneration Committee will have the oversight to assess the outcome of management's performance in this regard. This measure applied from 2023 for Executive Directors and will be adopted by the broader executive teams from the 2024 financial year.

Fixed income *Variable income*

Remuneration review: Part 2/Remuneration components *continued*

Element and definition	Participation	Link to strategy	2023 Policy changes
Long-term incentives			
OUTsurance Holdings Limited Employee Share Option Scheme (OUTsurance ESOP) (Variable income) (discontinued with effect from 1 July 2023) A call option-type incentive with a three-year vesting period.	Senior management and above, inclusive of selected employees with managerial functions	The Participant value is dependent on the growth in the share price between issue and vesting date.	The OUTsurance ESOP, will be discontinued once the proposed Conditional Share Plan is approved at the AGM to be held in November 2023. Therefore, no further awards will be made under this ESOP and the last 'in-flight' options will vest in 2025.
OUTsurance Group Limited Conditional Share Plan (OUTsurance CSP) (Variable income) A long-term incentive designed to award conditional shares to participants in the form of Performance Shares and Restricted Shares.	Senior management and above, inclusive of selected employees with critical functions	This incentive is designed to enable participants to share in the growth of the Group and create alignment between the interests of shareholders and participants. The intention of the incentive is to drive performance of the participants through a strong link between remuneration, financial, strategic performance and corporate sustainability. The OUTsurance CSP is more suitable for a listed environment by reducing volatility in cost and asymmetrical outcomes relative to shareholders. The plan rules allow for specific vesting conditions which improves alignment with shareholder objectives and sustainable value creation.	Designed to replace the OUTsurance ESOP scheme. To be approved by shareholders by a majority of at least 75% at the Annual General Meeting to be held in November 2023.

Fixed income *Variable income*

***Remuneration review: Part 2/Remuneration components** continued*

Element and definition	Participation	Link to strategy	2023 Policy changes
Long-term incentives continued			
Youi Holdings ESOP (Variable income) A call option-type incentive with a three year vesting period.	Senior management and above, inclusive of selected employees with critical functions	The Participant value is dependent on the growth in the share price between issue and vesting date.	There are no policy changes governing the Youi Holdings ESOP. The ESOP remains an appropriate incentive for Youi for the 2024 financial year.
OUTsurance Ireland ESOP (Variable income) (with effect 1 July 2023) A three year call option that can be exercised up to five years from issue date. The strike price is set equal to the capital contribution required by the business plan and escalated by a hurdle of 8.5% per annum up to the vesting date.	Senior management and above	The Participant value is dependent on the growth in the share price between issue and vesting date.	This scheme was introduced with effect from 1 July 2023 and is designed to incentivise the key Group and local individuals responsible to drive the success of the OUTsurance Ireland initiative. The timing of the introduction of the scheme aligns with the co-investment principle similar to the approach followed when Youi and OUTsurance were established. This principle allows for the participation of the management team to contribute capital to the business which is aligned with the corporate investment made by the Group.
Divisional Incentive scheme (DIS) (Variable income) The objective of this scheme is to create a long-term incentive which aligns management with the growth initiatives, as identified in 2018 that will drive long-term outperformance and diversification.	Senior management and above	Participants share in the excess value created above the weighted average cost of capital over the vesting period. Value therefore only arises to the extent that cumulative growth in excess of the cost of capital over the vesting period.	There were no policy changes in the 2023 financial year.

Fixed income *Variable income*

***Remuneration review: Part 2/Remuneration components** continued*

The components of remuneration are explained further below:

Guaranteed pay

Employees are remunerated in terms of a fixed cost-to-company (CTC) salary which is referred to as guaranteed pay and includes the cost of retirement, life insurance and medical benefits.

Guaranteed pay is benchmarked against an appropriate peer group with Executive Directors' remuneration benchmarked at least every three years, unless the Remuneration Committee deems it necessary to perform a benchmark earlier.

Short-term incentives

Executive Directors, senior management, selected managers and skilled employees receive annual STIs. The STIs are paid retrospectively based on performance over the previous financial year which takes into account financial metrics, non-financial metrics as well as individual performance considerations which are annually determined by the Remuneration Committee. STI's are not guaranteed and are subject to the discretion of the Remuneration Committee at an individual executive level.

Any STI payable must in the opinion of the Remuneration Committee be fair and reasonable and in the case of the Executive Directors will be adequately disclosed to shareholders in accordance with regulated or generally accepted disclosure principles for listed companies.

The calculation of the STI bonus pool for each subsidiary is informed by the aggregate balanced scorecard outcome for each business unit making use of various metrics which take into consideration an appropriate balance between financial and non-financial objectives. The performance targets set are consistent with each subsidiaries business plan and non-financial objectives. The participation of the individual in the STI bonus pool is then informed by the annual review against agreed objectives.

For 2024, the balanced executive scorecards are determined with reference to the following:

OUTsurance South Africa – Combined Scorecard (incorporates short-term and life insurance operations)

Category	Metric	Weighting	Target setting
Financial Performance 60% weighting	Net Earned Premium Growth	**30%**	Board approved budget for FY 2024
	Cost Ratio	**15%**	Board approved budget for FY 2024
	Net claims ratio (incl OUTbonus)	**15%**	Board approved budget for FY 2024
Environmental, Social & Governance 40% weighting	Client Experience	**10%**	Target set in line with current client satisfaction index and complaints ratio experience and incentivises ongoing improvement
	Great Company to Work For	**10%**	Target set in line with current staff turnover experience and incentivises ongoing improvement
	Governance and Risk	**7.5%**	Severe incidents of regulatory non-compliance
	Diversity, Equity and Inclusion	**7.5%**	BBBEE scorecard outcomes with a target that sustains current performance and promotes ongoing improvement
	Climate Change Strategy	**5%**	Execution against identified projects to reduce emissions and encourage green energy generation

***Remuneration review: Part 2/Remuneration components** continued*

Short-term incentives *continued*

Youi Scorecard

Category	Metric	Weighting	Target setting
Financial Performance 60% weighting	Gross written premium	**25%**	Board approved budget for FY 2024
	Net cost ratio	**15%**	Board approved budget for FY 2024
	Net claims ratio	**15%**	Board approved budget for FY 2024 and partially adjusted for lower and higher natural perils experience
	Operating profit	**5%**	Board approved budget for FY 2024
Environmental, Social & Governance 40% weighting	Customer satisfaction index	**10%**	Target set in line with current client satisfaction index and complaints ratio experience and incentivises ongoing improvement
	Staff turnover	**10%**	Target set in line with current staff turnover experience and incentivises ongoing improvement
	Customer trust	**10%**	Results of external surveys that illustrates ongoing improvement
	Severe incidents of non-compliance	**5%**	Severe incidents of regulatory non-compliance.
	Climate Change Strategy	**5%**	Execution against identified projects to reduce emissions and green energy generation

1. Net retained losses from natural event exposure in any given year is limited to the ten-year average experienced by each subsidiary. Participants will only share in 20% of natural event losses which are better or worse than the historic average.

Subject to Remuneration Committee discretion, employees are required to be employed within the Group at the time of the payment of the annual STI.

If required by local legislation or regulatory standards, STI payments are subject to a deferred payment structure.

For 2024, the STI of the GCEO, GCFO, CEO SA and other group employees will be weighted 60% to the South African Combined Scorecard, 35% to the Youi scorecard and 5% towards the OUTsurance Ireland milestones.

Long-term incentives

Executive Directors, senior management and high skilled, high performing individuals are invited to participate in the Company's long-term incentives (LTIP's) where the success and performance of the Company as a whole, as well as existing, new and emerging business units are rewarded. This serves to ensure long term motivation and retention of these individuals as well as alignment to shareholder value creation. The LTIPs are an important component for executive remuneration as they promote long-term decision making and an owner-managed culture within the operating companies.

The LTIP's applicable to executive management are as follows:

The new OUTsurance CSP (effective 1 July 2023)

Employee Share Options Plans comprising:

- OUTsurance ESOP (phased out with effect 1 July 2023)
- Youi Holdings ESOP
- OUTsurance Ireland ESOP
- Divisional Incentive Schemes (DIS)

The listing transition and shareholder preference for an appropriate LTIP in this environment, prompted a review of the appropriateness of the OUTsurance ESOP. The OUTsurance ESOP, will be discontinued once the proposed OUTsurance CSP is approved at the AGM to be held in November 2023. Therefore, no further awards will be made under ESOP and the last 'in-flight' options will vest in 2025.

Compared to the ESOP, which operated in an unlisted environment, the advantage of a CSP in a listed environment is that it allows for more predictable and less volatile outcomes in comparison to a share option type plan where value is derived in from the gain of the share over the vesting period. Therefore, the OUTsurance CSP will reduce uncertainty for both the participants and the company from a cost perspective. The OUTsurance CSP also allows for outcomes that are better aligned with the requirements of listed shareholders and appropriately links vesting conditions to the participant's benefit derived.

It is the intention to convert the current OUTsurance Holdings minorities to OUTsurance Group shareholders within three years from the listing transition. This conversion will coincide with the process to monetise the portfolio of non-core technology investments held by RMI Treasury Company. As a result of this stated intention and to allow for the effective hedging of the expense associated with issuing LTIP instruments, the CSP is referenced to OUTsurance Group listed shares. This compares to the ESOP which has historically referenced the unlisted OUTsurance Holdings shares.

Remuneration review: Part 2/Remuneration components *continued*

Long-term incentives *continued*

We provide a summary of the salient features of the Group Long-term incentive plans below.

OUTsurance Group 2023 Conditional Share Plan

Description

The following instruments will be awarded in terms of the CSP:

- Performance Shares – full value conditional share awards, which will vest on condition that participants fulfil pre-determined performance conditions and remain in the employment of the company for the duration of the performance period. Executive Directors and core senior management will only receive Performance shares.
- Restricted Shares – full value conditional share awards which are awarded based on the performance of an employee and will vest on condition that a participant remains in the employment of the company for the duration of the performance period. Restricted Shares are awarded to employees below executive committee level and to CSP participants who do not receive Performance Shares.

Eligibility

- Senior management and high performing, highly skilled employees who hold critical and strategic roles.
- Executive Directors only receive Performance Shares.

Performance conditions

Performance conditions are set for Executive Directors which take into account the performance of the overall Group. A separate set of performance conditions are calibrated for executives and senior management of the South African operation, which is specific to their area of influence. The adjacent table illustrates the Group performance conditions

Performance condition	Weighting	Performance level	Performance measure	Vesting%
Normalised Return on Equity (NROE) (measured as a 3-year average)	**40%**	Below Threshold	NROE < 20%	0%
		Threshold	NROE = 20%	50%
		Target	NROE = 30%	100%
		Stretch	NROE =>35%	130% maximum vesting
Normalised Earnings Growth (measured on a 3-year CAGR basis and adjusted for Natural perils adjusted)	**40%**	Below Threshold	Below Real GDP + 5%	0%
		Threshold	Real GDP + 5%	50%
		Target	Real GDP + 12%	100%
		Stretch	Real GDP + 17%	130% maximum vesting
Balanced scorecard outcome: (measured as a 3-year average of the ESG scores (out of 40) achieved in the STI scorecards. Weighted 65% OUTsurance combined and 35% Youi	**20%**	Below Threshold	<25 points	0%
		Threshold	25 points	50%
		Target	40 points	100%
		Stretch	50	130% maximum vesting

Overall outcome (additive) = (NROE vesting % × 40%) + (Normalised earnings vesting % × 40%) + (Balanced Scorecard vesting % x 20%).

As a gatekeeper, if any of the vesting thresholds are not met on an individual vesting conditions it will result in 0% overall vesting of the CSP award. The final calibration of these target may be adjusted based on the impact of IFRS 17 on the earnings base of the Group.

Performance period and vesting period

- Three year performance period
- Three year vesting period

Company limits

- The maximum number of shares issued, or treasury shares used to settle CSP awards shall not exceed 5% of the issued share capital of OUTsurance Group Limited.
- The maximum number of shares that can be settled to any one participant under the CSP is 0.5% of the issued share capital.

Malus and clawback

The CSP awards will be subject to malus and clawback provisions.

Termination of employment

- Fault termination: dismissal, resignation, early retirement All unvested awards shall be forfeited in their entirety and will lapse immediately on the date of termination. Remuneration committee discretion to apply.
- No-fault termination: Retirement, ill health, disability, retrenchment or death. The participants will qualify for a pro-rated award based on performance and time served.

Governance

The CSP is governed by the applicable Rules and policies and subject to the oversight of the Remuneration Committee.

Remuneration review: Part 2/Remuneration components *continued*

Long-term incentives *continued*

Employee Share Option Plans

Description

There are three ESOP's in place for the Group's subsidiaries, i.e. OUTsurance ESOP (discontinued in 2023), the Youi Holdings ESOP and OUTsurance Ireland ESOP (incepted in 2023):

- OUTsurance ESOP – cash settled share option scheme references the gain in the share price from issue date to vesting date. The vesting term is three years. At vesting, participants have the right to acquire an amount of shares equal to the number of options issued at the market price upon vesting.
- Youi Holdings ESOP – equity settled share scheme option scheme referencing the gain in the share price form the issue date to the vesting date. The vesting term is three years.
- OUTsurance Ireland ESOP – equity settled share option scheme referencing the gain in the value of OUTsurance Irish Insurance Holdings over the exercise period. The vesting term is three years and exercise can be deferred up to five years from issue date. The strike price is set equal to the planned capital contribution is required by the business plan and escalates at a hurdle rate.

Eligibility

- Executive Directors and Senior Management
- Managerial skilled employees

Performance targets

OUTsurance ESOP

A minimum normalised ROE of 20% applies as a vesting condition.

Youi Holdings ESOP (Australian Dollar denominated instruments)

A minimum normalised ROE of 12% applies as a vesting condition. The application of the ROE vesting condition is with reference to normalised earnings and at the Remuneration Committee's discretion may be modified to adjust for periods of extreme weather volatility.

OUTsurance Ireland ESOP (Euro denominated instruments)

The hurdle rate of 8.5% acts as a performance condition whereby participants will only share in excess value created. The hurdle rate will compound annually and will increase the strike price of the share options up to the exercise date. If considered over the three-year vesting period, participants will share in value only to the extent that the OUTsurance Ireland initiative has created intrinsic value of more than 27% over the capital invested by the Group. The hurdle allows for risk sharing between participants and the Group during the start-up phase of the business and the time value of money benefit linked to the vesting profile of the options.

Termination of employment

Subject to the Remuneration Committee's discretion, all unvested options are forfeited should one terminate employment.

Governance

The ESOP is governed by an individual scheme rules and subject to the oversight of the respective Remuneration Committees in the Group.

As a collective, the proportion of Youi Holdings shares owned by the Youi Holdings minorities and potentially available as share options is capped at 10% of the issued share capital of Youi Holdings. Similarly, the OUTsurance Ireland scheme is capped at 15%.

Remuneration review: Part 2/Remuneration components continued

Long-term incentives *continued*

Divisional Incentive Scheme (DIS)

Description

The objective of the DIS is to incentivise divisional executives and senior managers based on new and emerging business units. The DIS is designed to align management and shareholders by mirroring an equity participation in new and emerging business units.

The DIS is exposed to the net economic value created by the four DIS schemes. The realised gain is calculated as the difference between the increase in the valuation of the business unit and a capital charge levied, on a cumulative basis, on the valuation of the business unit as at 1 July 2019.

The capital charge is referenced to the weighted average cost of capital and reduced for any dividend distributions deemed to have been made from the business unit. Subsequent capital contributions also attract the capital charge.

Excess economic value therefore must be created for participant value to be generated which aligns with shareholder value creation and limits potential dilution.

The four DIS incentive sub-schemes are as follows:

- OUTsurance Business – DIS participants share in 6.3% of the gain realised.
- OUTsurance Life (including OUTvest) – participants share in 11.1% of the gain realised.
- Youi commercial (incl BZI) – participants share in 11.1% of the gain realised.
- Youi CTP – DIS participants share in 11.1% of the gain realised.

At the time of establishing the DIS, it was considered as a remuneration component over and above the OUTsurance long-term incentive schemes and positioned as such to the DIS participants in South Africa and Australia.

Instruments

One million notional incentive units have been created for each DIS scheme to reference individual participation in each of the four DIS schemes as outlined above.

These notional incentive units are valued annually in accordance with the net measurement above. The valuation technique applied to derive the valuation of the business units is a discounted cash flow model and is independently reviewed by a Board appointed valuation specialist.

A notional incentive unit will have a positive value to the extent that the growth in value of the business unit exceeds the cumulative capital charge which implies excess value creation for shareholders.

Eligibility

- Executive Directors
- Senior managers based on new and emerging business units

Performance period and vesting period

There is a seven year performance period with the scheme vesting in three tranches as follows:

- 50% of the notional incentive units vest on the 5th anniversary
- 25% of the notional incentive units vest on the 6th anniversary
- 25% of the notional incentive units vest on the 7th anniversary

Exercise

Participants in the DIS may elect to defer the exercise of the vested notional incentive units up to the 10th anniversary of the DIS.

Upon exercise, participants will receive the gains in either OUTsurance Holdings Limited and/or Youi Holdings Pty Limited ordinary shares depending on their participation in the business units. Such shares are subject to a minimum one year holding period and claw back provisions.

Termination of employment

Subject to the Remuneration Committee's discretion, all unvested awards are forfeited should employment be terminated subject to good leaver provisions.

Governance

The DIS is governed by an expanded set of rules subject to the oversight of the Remuneration Committee.

***Remuneration review: Part 2** continued*

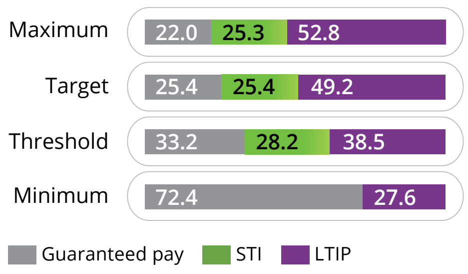
Executive Remuneration

Benchmark Exercise

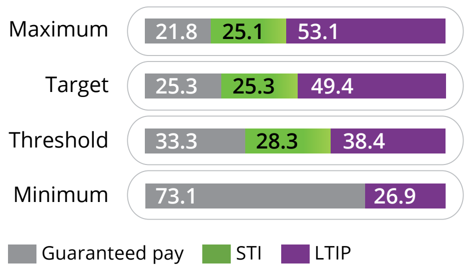
Due to OUTsurance's transition into the listing environment, the Remuneration Committee undertook to review the Executive Director pay structure to ensure that it was comparable to industry peers, therefore fair and competitive. To assist in determining the fair compensation for the Executive Directors, a bespoke benchmark was conducted by an independent expert (Bowmans) who were appointed by the Remuneration Committee. An appropriate comparator group was selected relative to the size and complexity of the Group and the total remuneration for the Executive Directors was benchmarked to the median of the market. The outcomes of the benchmark assisted the Remuneration Committee in determining appropriate pay mixes. From this exercise the Remuneration Committee recommended a pay mix which is reflective of the LTIP having a greater weighting to align with benchmarking outcomes and long-term strategic alignment.

The graphs alongside outline the indicative maximum and minimum remuneration outcomes ultimately expected from the 2023 remuneration awards and calibration for Executive Directors if the STI's and the CSP components of the LTIP are varied compared to different performance outcomes.

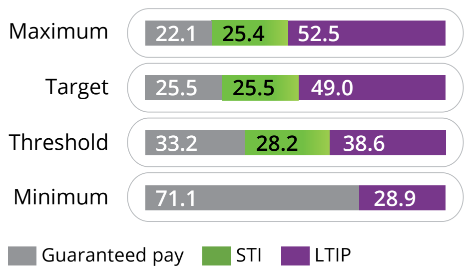
GCEO PAYMIX (%)



SA CEO SA PAYMIX (%)



GCFO PAYMIX (%)



LTIP Award Allocations

Up to the 2023 financial year, the Award Value of LTIP awards at grant date was calibrated to 100% (excluding the DIS) of Guaranteed Pay for on-target performance. The on-target performance of 100% was applied before considering the expected benefit of the DIS scheme.

For CSP Awards made in the 2024 financial year, based on the Executive Director benchmark, the Remuneration Committee revised the calibration of the Award Value for on-target performance at approximately 133% of Guaranteed Pay. The maximum allocation should be applied inclusive of the expected value of the historic DIS Awards granted in 2019 and the new OUTsurance Ireland scheme to be initiated in the 2024 financial year.

The Award Value is the value that is expected to be derived for on-target performance and is determined as follows:

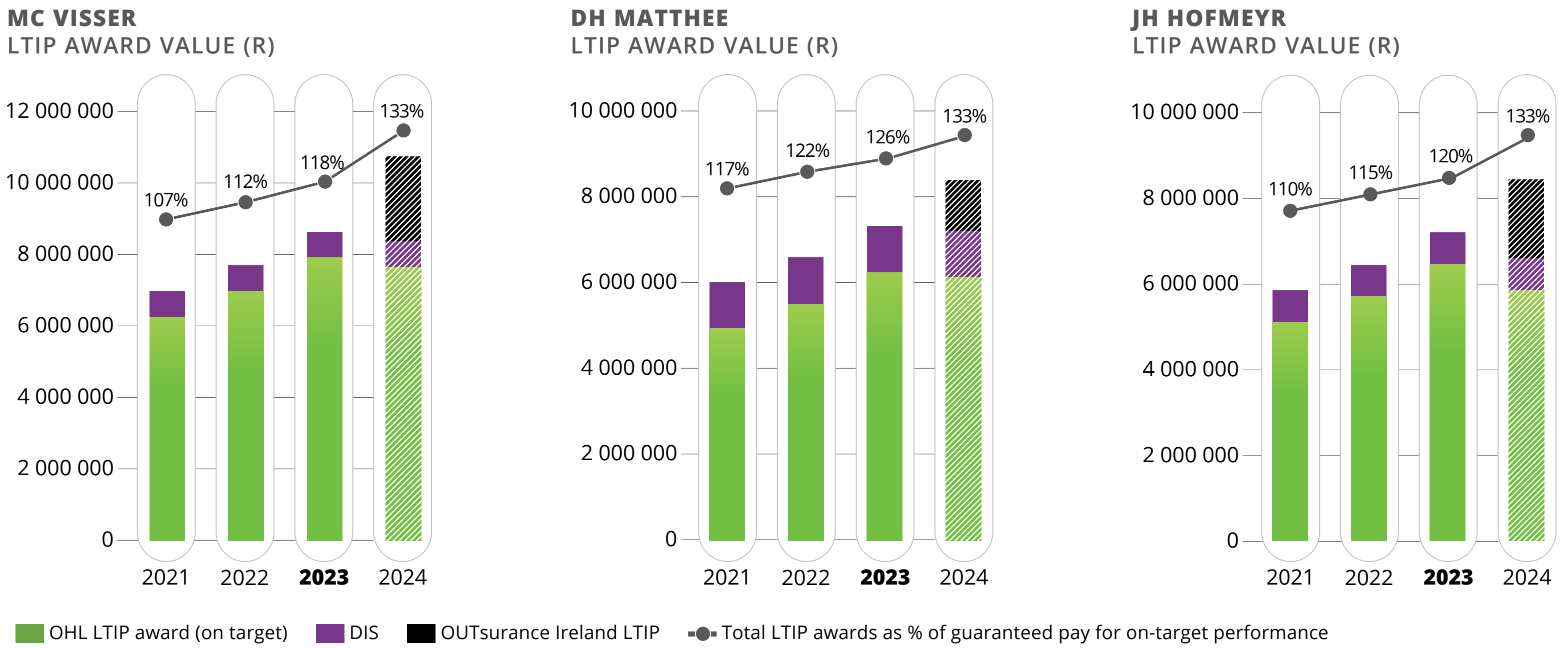
- For ESOP awards, the Black-Scholes formula is applied to determine the fair value per option granted. The number of options is then derived by dividing the Award Value by the fair value per option.
- For the new CSP awards to be introduced in 2024, the Award Value for on-target performance is fixed. The number of shares represented by the Award Value is determined on grant date by dividing the award value by the 15-day volume weighted share price of OUTsurance Group in grant date. With the transition from the OUTsurance ESOP to the OUTsurance CSP the following transitional considerations are allowed for:
  - The ESOP had an inherent performance condition of growing the share price with a limited reference to performance outcomes.
  - With the introduction of the CSP, more stringent vesting conditions are introduced, as outlined above, which reduces the probability of vesting. As result, the number of CSP shares granted reflects probability of achieving on-target performance.

***Remuneration review: Part 2/LTIP Award Allocations** continued*

The transition from the ESOP to the CSP was a key focus for the 2023 year. The departure point for the scheme transition was that participants should be economically neutral to the scheme transition, as measured on an expected outcome basis which takes into account the probability of vesting conditions being met. For this purpose, the Remuneration Committee consulted Bowmans to derive a conversion percentage from which ESOP exposure will be converted to CSP shares depending on whether the CSP participation are Performance Shares or Restricted Shares. The conversion percentage for Performance Shares was sensitive to on-target performance and the probability of differential and below threshold vesting when contrasted to the limited vesting condition (i.e. growth in the nominal share price) applicable to the historic ESOP.

Furthermore, the Remuneration Committee has provided for Executive Directors to participate in the newly established OUTsurance Ireland ESOP scheme. The rationale behind this is that the Remuneration Committee believes the Executive Directors' participation in LTIPs should be structured to allow for alignment in the potential value creation from this large strategic investment by the Group that requires significant effort from these individuals over the long-term to achieve business plan objectives. In considering participation, to keep the Executive Director salaries in line with market, the Remuneration Committee required that other LTIP components are sacrificed to enjoy OUTsurance Ireland specific exposure. For FY 2024 and over the exercise period, Executive Directors participating in the OUTsurance Ireland ESOP will reduce their OUTsurance CSP allocation by the annual equivalent value of the OUTsurance Ireland ESOP. This value is determined as the value of the options determined at issue date and spread over the exercise period.

To illustrate the gradual enhancement of our LTIP policy, the tables below provide a four year view of LTIP allocations for on-target performance, expressed as a percentage of the Guaranteed Pay. Although the 2024 year is outside of the disclosure approach of the Remuneration Report, it is included for reference given the above policy changes adopted.



Minimum Shareholding Policy

A policy for a minimum shareholding in Group related equity instruments for Executive Directors and key executives involved in setting strategy (members of Stratco) is in place.

This shareholding is determined as a percentage of their cost to company salary and will be equal to:

- 300% of annual guaranteed pay for GCEO
- 200% of annual guaranteed pay for the GCFO and CEO SA
- 100% of annual guaranteed pay other members of Stratco

For new appointments, this requirement is effective from the date of appointment and the participant will be given a five-year period in which to build up their shareholding in OUTsurance Group Limited. The participant will be required to maintain this shareholding for the duration of their employment. The minimum shareholding will be built up from the equity received from participation in the Group related incentives from:

- Collectively OUTsurance Group Limited and OUTsurance Holdings Limited.
- Youi Holdings (where the individual's primary executive responsibility is linked to Youi).
- OUTsurance Irish Insurance Holdings (where the individual's primary executive activity is linked to OUTsurance Ireland).

Malus and Clawback

From 2023, the Group's short-term and long-term incentive payments made to executive management are subject to malus and clawback principles. The Remuneration Committee has the discretion to apply these malus and clawback principles based on the following trigger events:

- An error in the payment of incentive awards resulting from the calculation of any performance condition which was based on error, or inaccurate or misleading information.
- Serious misconduct which is inconsistent with the values of OUTsurance.
- Material misstatement or error of public information or material and foreseen breach of regulations.
- A material risk management or compliance failure.
- Serious reputational damage.

Non-executive directors' remuneration and fees

Non-executive Directors of the Company are paid a directors' fixed fee as determined annually by the Remuneration Committee which fees are subsequently approved by shareholders at the Company's Annual General Meeting. The fee is payable quarterly in arrears.

The fixed fee is a standard fee for Board membership, as well as further fees to reflect for Board sub-committee membership.

Additional fees are provided tor the Chairpersons of the Board and board sub-committees as well as the Lead Independent Director.

Executive directors, Non-executive Directors and designated prescribed officers' remuneration will be disclosed in the annual financial statements in compliance with the Companies Act, 2008.

Non-executive Directors do not receive any short-term incentives nor participate in any of the Company's long-term incentives.

Non-executive Director fees are reviewed annually and benchmarked at least every three years against the fees of similar listed financial services companies. A benchmarking exercise was conducted in 2023 to consider the appropriateness of the fee structure given the listing transition. A consistent comparator group was referenced for executive and non-executive benchmarking. From the benchmark results it was resolved that a glidepath should be followed to achieve a targeted percentage of the median but where the fees were lagging materially, as is the case with the Remuneration Committee, nomination committee and social and ethics committee, a more material initial adjustment is to be made.

Service contracts and termination payments

Executives and senior management are employed on an indefinite basis with notice periods of three months in the event of resignation, subject to reaching the age of retirement. There are no post-employment restrictions, such as restraint of trade, which apply to employment contracts. A 90-day notice period applies to senior managers.

Termination payments are not provided for in employment contracts and are subject to the discretion of the Remuneration Committee.

At the discretion of the Remuneration Committee, such executive's contracts may be extended upon agreement once the executive passes the age of retirement.

Termination payments are based on specific contractual arrangements of the executive prescribed in their employment contract or as required by law. Should termination payments be required to be paid outside of their employment contract, these payments will be approved by the Remuneration Committee.

Shareholder approval and engagement

This policy and the Implementation Report shall be presented to the shareholders for approval at the upcoming Company's Annual General Meeting.

Should 25% or more of the votes recorded be against the Remuneration Policy and/or the Implementation Report, the Company shall engage with shareholders which disapproved thereof to determine and engage on the reasons for their disapproval.

Part 3
Implementation Report

This report details the Remuneration Committee's implementation of the Remuneration Policy for the 2023 financial year with specific reference to the remuneration of the Executive Directors, prescribed officers and non-Executive Directors.

For the purposes of reporting, it must be noted that the designation of the Group Executive Directors is as follows:

- The GCEO is an Executive Director of OUTsurance Group Limited.
- The SA CEO is an Executive Director of OUTsurance Insurance Company Limited and OUTsurance Life Insurance Company Limited. He is considered a prescribed officer.
- The GCFO is an Executive director of OUTsurance Group Limited.

Guaranteed pay

For the 2023 reporting period, the Remuneration Committee deemed the guaranteed pay packages of all employees including Executive Directors to be fair relative to the financial services market.

Short-term incentive (STI)

The table below summarises the application of the scorecards in the determination of the STI's for the Executive Directors. A prospective view is also provided for the application of scorecards for 2024 where the balance towards Youi is further increased and OUTsurance Ireland is introduced. The OUTsurance Ireland scorecard will be a milestone-based score given the start-up phase of the business.

	GCEO	SA CEO	GCFO
2022	**100%** OUT SA Combined Scorecard	**100%** OUT SA Combined Scorecard	**100%** OUT SA Combined Scorecard
2023	**70%** OUT Combined Scorecard	**100%** OUT SA Combined Scorecard	**70%** OUT Combined Scorecard
	30% Youi Scorecard		**30%** Youi Scorecard
2024 (prospective)	**60%** OUT SA Combined Scorecard	**60%** OUT SA Combined Scorecard	**60%** OUT SA Combined Scorecard
	35% Youi Scorecard	**35%** Youi Scorecard	**35%** Youi Scorecard
	5% OUTsurance Ireland	**5%** OUTsurance Ireland	**5%** OUTsurance Ireland

The claims ratio is a core component of the balanced scorecard, and this ratio is impacted by the following:

- The attritional claims component or every day claims, which is within management's control and is impacted by everyday pricing, product design and underwriting decisions.
- The second component is the natural perils losses which are largely driven by natural disasters or catastrophes. These events are generally outside of management's control.

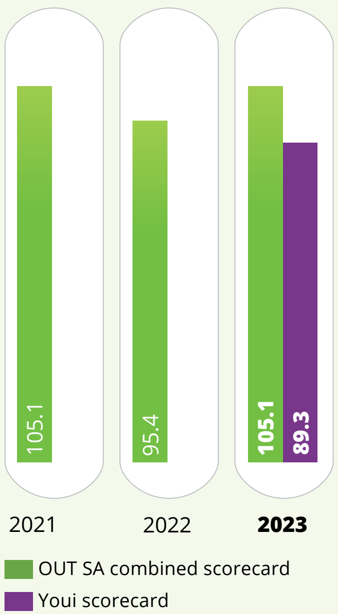
Management does however have a responsibility to ensure adequate claims handling and cost management and to protect the business through adequate reinsurance structures. The balanced scorecard therefore limits the impact of either higher or lower than expected net natural perils losses. This is done by only allowing for 20% of either the higher or lower than expected natural perils losses to contribute to the scorecard performance. This expectation is measured against the ten year average incurred natural perils losses. For 2023, the claims ratios for the Combined and Youi scorecards were adjusted upwards to reflect the lower than expected natural perils losses incurred. In 2022, the opposite applied when natural perils losses were elevated relative to expectation.

Remuneration review: Part 3 *continued*

Short-term incentive (STI) *continued*

The performance factor outcome for the OUT SA Combined Scorecard for the 2023 financial year was 105.1% on account of outperformance of the majority of performance factors. The graph below compares the outcomes of the previous three years since adoption of the scorecards. To determine the STI's payable to an Executive Director, the performance factor is applied to the on-target STI.

SCORECARD OUTCOMES (%)



The 2023 outcomes for the OUT SA Combined Scorecard are as follows:

Category	Metric	Threshold	Threshold achieved	Actual outcome	Weighting	Score
Financial Performance **60% weighting**	Net earned premium growth	80% of target	Yes	10.7%	**30.0%**	35.9%
	Cost ratio	105% of target	Yes	27.1%	**15.0%**	13.2%
	Net claims ratio (incl OUTbonus)	105% of target	Yes	53.1%	**15.0%**	14.7%
Environmental, Social & Governance **40% weighting**	Customer complaints ratio	105% of target	Yes	4.1%	**8.8%**	9.6%
	Customer Satisfaction Score	95% of target	Yes	86.0%	**6.6%**	6.3%
	Staff turnover	110% of target	Yes	19.5%	**6.6%**	6.6%
	Material incidents of non-compliance	0%	Yes	–	**6.6%**	6.6%
	BBBEE scorecard outcome	95% of target	Yes	102.3	**6.6%**	7.3%
	Execution of environmental strategy	Board assessment	Yes	100%	**5.0%**	5.0%
						105.1%

The 2023 outcomes for the Youi Scorecard are as follows:

Category	Metric	Threshold achieved	Weighting	Score
Financial Performance **60% weighting**	Gross written premium – Youi Direct	Yes	**20.00%**	20.1%
	Gross written premium – New ventures	Yes	**10.00%**	9.9%
	Net working claims ratio	Yes	**5.00%**	5.0%
	Net natural perils claims ratio	Yes	**5.00%**	5.3%
	Cost ratio	Yes	**10.00%**	10.0%
	Underwriting profit	Yes	**10.00%**	12.0%
Environmental, Social & Governance **40% weighting**	Customer Satisfaction Scores	Partially	**10.00%**	5.0%
	Customer complaints ratio	Yes	**5.00%**	6.8%
	Staff turnover	No	**10.00%**	0.0%
	Values and leadership survey results	Ys	**10.00%**	10.2%
	Material incidents of non-compliance	Yes	**5.00%**	5.1%
				89.4%

Long-term Incentive

The transition from the ESOP to the CSP is outlined in Part II of the Remuneration Report. The first vesting of the CSP is in 2026. For 2023 to 2025, the historical ESOP allocations will continue to vest. The OUTsurance ESOP which vested in the 2023 financial year generated positive value for participants with the reference share price increasing from R9.52 to R11.95 per share over the three year period. The Executive Director exposure under the various ESOP schemes are outlined on page 124.

Remuneration outcomes for Executive Directors

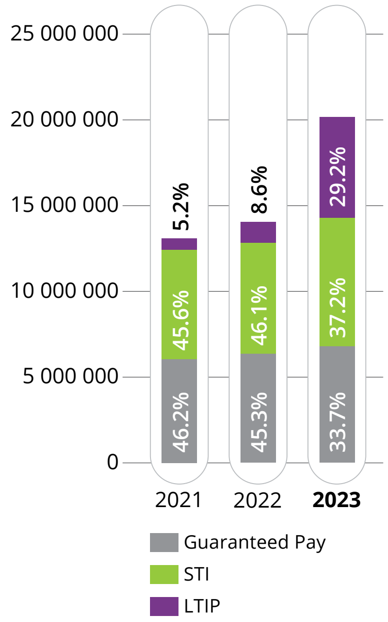
The table below provides a detailed overview of the remuneration for the Executive Directors for the 2023 and 2022 financial years. The benefit derived from the LTIP represents the realised, before-tax value upon the exercise of the incentive instruments within the 2023 financial year.

2023 Single Figure Remuneration summary

MC Visser	2023	2022	2021	Comments
Basic salary and benefits (guaranteed pay)	**6 785 210**	6 347 250	6 045 000	
Short-term incentive[2]	**7 492 597**	6 473 091	6 353 295	Actual STI realised for the financial year and settled in the next financial year
Expected for on target performance	**7 463 731**	6 785 211	6 045 000	Expected in line with STI remuneration target set at 100% of Guaranteed Pay
Performance differential	**28 866**	(312 120)	308 295	Difference arising from application of the financial year balanced scorecards
Benefits derived from LTIP schemes	**5 875 740**	1 206 150	679 000	Actual benefit realised from LTIP instruments vesting and settled in the financial year
Expected for on target performance[1]	**4 857 085**	1 988 633	1 373 610	Expectation of future value assessed at grant date and calibrated to 100% of guaranteed pay
Performance differential	**1 018 655**	(782 483)	(694 610)	Difference between the LTIP benefits realised at vesting and the expected outcome based the growth in the share price between grant and vesting date.
Total remuneration	**20 153 547**	14 026 491	13 077 295	

1 This estimate is derived from the Black-Scholes valuation which estimates an option value of 21.1% of the strike price.
2 Paid in 2024 financial year related to performance outcomes for the 2023 financial year.

MC VISSER
SINGLE FIGURE THREE YEAR VESTING OUTCOME (R)



***Remuneration review: Part 3** continued*

2023 Single Figure Remuneration summary *continued*

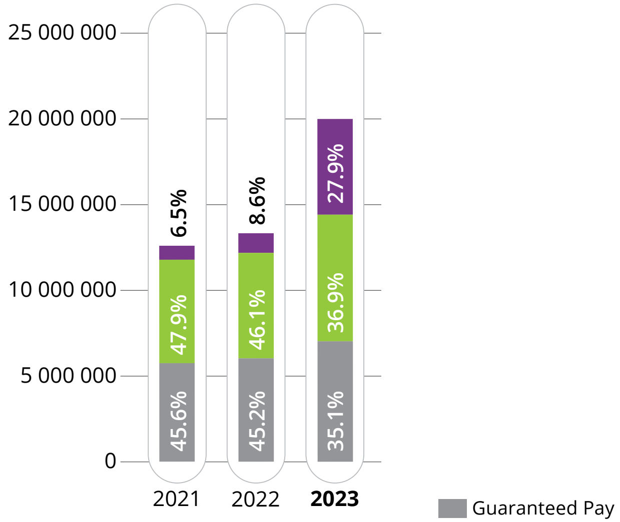
DH Matthee	2023	2022	2021	Comments
Basic salary and benefits (guaranteed pay)	**5 849 412**	5 020 050	4 781 000	
Short-term incentive[2]	**6 148 317**	5 119 578	5 024 831	Actual STI realised for the financial year and settled in the next financial year
Expected for on target performance	**5 849 412**	5 366 434	4 781 000	Expected in line with STI remuneration target set at 100% of Guaranteed Pay
Performance differential	**298 905**	(246 856)	243 831	Difference arising from application of the financial year balanced scorecards
Benefits derived from LTIP schemes	**4 648 590**	954 600	679 000	Actual benefit realised from LTIP instruments vesting and settled in the financial year
Expected for on target performance[1]	**3 842 681**	1 988 633	1 373 610	Expectation of future value assessed at grant date and calibrated to 100% of guaranteed pay
Performance differential	**805 909**	(1 034 033)	(694 610)	Difference between the LTIP benefits realised at vesting and the expected outcome based the growth in the share price between grant and vesting date.
Total remuneration	**16 646 319**	11 094 228	10 484 831	

1 This estimate is derived from the Black-Scholes valuation which estimates an option value of 21.1% of the strike price.
2 Paid in 2024 financial year related to performance outcomes for the 2023 financial year.

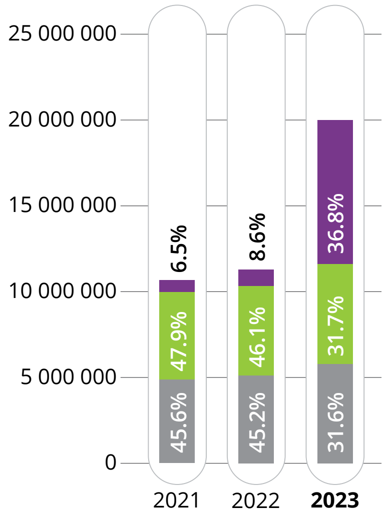
JH Hofmeyr	2023	2022	2021	Comments
Basic salary and benefits (guaranteed pay)	**5 677 687**	5 020 050	4 781 000	
Short-term incentive[2]	**5 699 645**	5 119 578	5 024 831	Actual STI realised for the financial year and settled in the next financial year
Expected for on target performance	**5 677 687**	5 366 434	4 781 000	Expected in line with STI remuneration target set at 100% of Guaranteed Pay
Performance differential	**21 958**	(246 856)	243 831	Difference arising from application of the financial year balanced scorecards
Benefits derived from LTIP schemes	**6 616 929**	954 600	679 000	Actual benefit realised from LTIP instruments vesting and settled in the financial year
Expected for on target performance[1]	**3 200 951**	1 988 633	1 373 610	Expectation of future value assessed at grant date and calibrated to 100% of guaranteed pay
Performance differential	**3 415 978**	(1 034 033)	(694 610)	Difference between the LTIP benefits realised at vesting and the expected outcome based the growth in the share price between grant and vesting date.
Total remuneration	**17 994 261**	11 094 228	10 484 831	

1 This estimate is derived from the Black-Scholes valuation which estimates an option value of 21.1% of the strike price.
2 Paid in 2024 financial year related to performance outcomes for the 2023 financial year.

DH MATTHEE
SINGLE FIGURE THREE YEAR VESTING OUTCOME (R)



JH HOFMEYR
SINGLE FIGURE THREE YEAR VESTING OUTCOME (R)



***Remuneration review: Part 3** continued*

Long-term incentive participation

As described in Part 2, the Group operates the following four primary long-term incentive plans:

- OUTsurance ESOP
- Youi Holdings ESOP
- Divisional Incentive Scheme (granted in 2019)
- OUTsurance Ireland ESOP (introduced in the 2024 financial year)

The ESOP plans are call option structures where the strike price is determined with reference to the deemed market value on issue date The participants of the OUTsurance and Youi Holdings ESOP's realise value through the growth of the nominal share price between the issue date and the vesting date.

With effect 1 July 2022, the market price for the OUTsurance ESOP is indexed to changes in the 15-day volume weighted average share price of OUTsurance Group Limited. This method was adopted due to OUTsurance Holdings Limited representing the vast majority of the intrinsic value of OUTsurance Group Limited. The market prices for the Youi Holdings and Divisional Incentive Schemes, the market prices are determined with reference to discounted cash flow models and based on a detailed financial forecast which align with the financial and operating experience of the entities and divisions. The valuation is determined every six months and approved by the Board of directors. The valuation is independently reviewed by the respective company auditors at least annually.

The table alongside shows the exposure of the Executives to the ESOP schemes for awards made up to 30 June 2023, the gains realised options vested in 2023 and the intrinsic value of unvested gains at 30 June 2023. The OUTsurance Ireland allocations to be made in the 2024 financial year will be disclosed from the next Remuneration Report.

	Strike price Rand	Issue date	Vesting period (years)	Final exercise date	Settlement type	Opening balance – 1 July 2022 Number of notional shares/ options	Exercised during the financial year	Granted during the financial year	Closing balance – 30 June 2023 Number of notional shares/ options	**Gain realised Rand**	Intrinsic value of unexercised options at 30 June 2023[1] Rand
MC Visser											
OHL LTIP	9.52	01/09/2019	3	01/09/2022	Cash	2 418 000	(2 418 000)		–	**5 875 740**	–
OHL LTIP	9.47	01/09/2020	3	01/09/2023	Cash	2 901 600			2 901 600		15 929 784
OHL LTIP	10.55	01/09/2021	3	01/09/2024	Cash	2 901 600			2 901 600		12 796 056
OHL LTIP	11.95	01/09/2022	3	01/09/2025	Cash			2 901 600	2 901 600		8 733 816
Total OHL LTIP									8 704 800	**5 875 740**	37 459 656
DH Matthee											
OHL LTIP	9.52	01/09/2019	3	01/09/2022	Cash	1 913 000	(1 913 000)		–	**4 648 590**	–
OHL LTIP	9.47	01/09/2020	3	01/09/2023	Cash	2 295 600			2 295 600		12 602 844
OHL LTIP	10.55	01/09/2021	3	01/09/2024	Cash	2 295 600			2 295 600		10 123 596
OHL LTIP	11.95	01/09/2022	3	01/09/2025	Cash			2 295 600	2 295 600		6 909 756
Total OHL LTIP									6 886 800	**4 648 590**	29 636 196
JH Hofmeyr											
OHL LTIP	9.52	01/09/2019	3	01/09/2022	Cash	1 579 347	(1 579 347)		–	**3 837 813**	–
OHL LTIP	9.47	01/09/2020	3	01/09/2023	Cash	1 946 488			1 946 488		10 686 219
OHL LTIP	10.55	01/09/2021	3	01/09/2024	Cash	2 295 600			2 295 600		10 123 596
OHL LTIP	11.95	01/09/2022	3	01/09/2025	Cash			2 295 600	2 295 600		6 909 756
Total OHL LTIP									6 537 688	**3 837 813**	27 719 571
Youi LTIP	A$0.45	01/07/2018 – 1/07/2020	3-5	01/09/2024	Equity	5 250 000	(300 000)		4 950 000	**623 381**	11 380 028
CloudBadger Technologies LTIP[2]	99.88	01/07/2019	1-4	01/09/2023	Equity	19 600	(9 100)		10 500	**2 155 734**	1 444 969
Total OTHER LTIP										**2 779 115**	12 824 997

1 Measured against the indexed OHL share price at 30 June 2023 of R14.96 per OHL share. The index, which was implemented with effect 1 July 2022, is derived form changes in the 15-day VWAP of the listed OGL share price. Foreign currency related gains are calculated with reference to the monthly average exchange rate over the vesting period.

2 CloudBadger Technologies is an associate company of OUTsurance Holdings Limited. Mr Hofmeyr sacrificed OUTsurance Holdings ESOP participation in 2019 and 2020 to participate in the scheme. All instruments will be fully vested by 2024.

***Remuneration review: Part 3** continued*

Divisional Incentive Scheme

The table below shows the DIS exposures of the Executives. In total 1,000,000 units were created for management and highly skilled individual participation. The mechanics of the DIS scheme is set out in the Remuneration Policy. The negative intrinsic value of the OUTsurance units is explained by the growth in the valuation of the underlying business units being lower than the cost of equity applied to the notional loan component of the DIS Units. The four DIS schemes are measured and ultimately settled independently.

	DIS Incentive Unit				
	OUTsurance Business	OUTsurance Life	Youi Commercial and BZI	Youi CTP	**Total intrinsic value Rand**
Issue date	01/07/2019	01/07/2019	01/07/2019	01/07/2019	
DIS unit value at issue date	–	–	–	–	
Vesting term	5 – 7 years	5 – 7 years	5 – 7 years	5 – 7 years	
Latest exercise date	01/07/2029	01/07/2029	01/07/2029	01/07/2029	
DIS unit value at 30 June 2023 – Rand	(92.8)	(23.2)	149.0	26.0	
DIS unit value at 30 June 2022 – Rand	(60.9)	5.2	16.0	17.5	
DIS unit value at 30 June 2021 – Rand	(27.9)	(16.3)	14.9	13.9	
Executive interest – current intrinsic value					
MC Visser					
Number of units	75 000	75 000	75 000	75 000	
Intrinsic value – Rand	(6 960 000)	(1 741 500)	11 175 962	1 947 327	**4 421 788**
DH Matthee					
Number of units	125 000	125 000	25 000	25 000	
Intrinsic value – Rand	(11 600 000)	(2 902 500)	3 725 321	649 109	**(10 128 071)**
JH Hofmeyr					
Number of units	75 000	75 000	75 000	75 000	
Intrinsic value – Rand	(6 960 000)	(1 741 500)	11 175 962	1 947 327	**4 421 788**

For foreign currency denominated DIS units the unit value is translated to Rand with reference to the monthly average exchange rate since issue.

Executive and non-executive ownership interests

At 30 June 2023, the Executives' ownership interests, measured in aggregate of OUTsurance Holdings Limited and OUTsurance Group Limited instruments, were in excess of the minimum ownership requirements set out in the remuneration policy.

Further disclosure of interests in OUTsurance Group Limited are provided in the OGL Consolidated Annual Financial Statements.

Non-Executive Directors' remuneration

The table below sets out the OUTsurance Group Limited's non-Executive Directors remuneration for the 2023 financial year for all fees earned from OUTsurance Group subsidiaries over the course of 2023. The Non-Executive Directors are remunerated on a fixed fee basis paid in quarterly amounts.

	Services as directors of OUTsurance Group and its subsidiaries	Cash package
Mr Herman Bosman (Chairman)[1]	465 786	4 848 000
Mr Kubandiran Pillay	717 663	
Mr Alan Hedding	577 218	
Mr George Marx	740 688	
Mr Willem Roos	367 320	
Ms Buhle Hanise	577 218	
Ms Tlaleng Moabi	650 202	
Ms Venessa Naidoo	577 218	
Ms Hantie van Heerden	577 218	
Mr Raymond Ndlovu	527 391	
Mr Johan Burger	556 455	
Mr Jan Durand	536 314	
Ms Albertinah Kekana	324 755	
Mr Murphy Morobe	383 826	
Mr James Teeger	351 296	
Ms Mamongae Mahlare	324 755	
Mr Udo Lucht (alternate)[2]	16 379	
Mr Francois Knoetze (alternate)[3]		
Ms Mamokete Ramathe	151 057	

1. Herman Bosman received cash package due to employment at RMI. The amount is inclusive of a payment for accrued leave and net of recovery from RMH.
2. Alternative to Jan Durand.
3. Alternative to Albertinah Kekana.

Termination of employment payments

There were no termination payments made to Executive Directors or Non-executive directors in the 2023 financial year.

Approval of Remuneration Report

This Remuneration Report was approved by the Remuneration Committee which acknowledges that there were no deviations from the Group Remuneration policy.

Shareholder information

Our shareholding

	As at 30 June 2023			As at 30 June 2022		
	Number of share-holders	Shares held (000's)	%	Number of share-holders	Shares held (000's)	%
Analysis of shareholding						
Remgro	1	469 449	30.6	1	469 449	30.6
Royal Bafokeng Investment Holding Company Proprietary Limited	2	216 935	14.2	2	216 935	14.2
Public Investment Corporation	5	153 923	10.0	5	129 492	8.5
Coronation Fund Managers (on behalf of clients)			*	1	121 209	7.9
Total of shareholders holding more than 5%	8	840 307	54.8	9	937 805	61.2
Other	24 440	692 102	45.2	23 217	594 003	38.8
Total	24 448	1 532 409	100.0	23 226	1 531 808	100.0
Shareholder type						
Corporates		686 384	44.8		686 384	44.8
Unit trusts		274 258	17.9		302 763	19.8
Pension funds		194 244	12.7		188 169	12.3
Private investors		43 360	2.8		39 141	2.5
Insurance companies and banks		42 819	2.8		45 900	3.0
Other		291 344	19.0		269 451	17.6
Total		1 532 409	100.0		1 531 808	100.0
Public and non-public shareholders						
Public	24 439	843 100	55.0	23 219	839 488	54.8
Non-public	9	689 309	45.0	7	692 320	45.2
– Corporates	3	686 384	44.8	3	686 384	44.8
– Directors and associates	6	2 925	0.2	4	5 936	0.4
Total	24 448	1 532 409	100.0	23 226	1 531 808	100.0
Geographic ownership						
South Africa		1 339 312	87.4		1 391 856	90.9
International		193 097	12.6		139 952	9.1
Total		1 532 409	100.0		1 531 808	100.0

* Less than 5%.

The information above is extracted from the shareholder analysis provided by Orient Capital Limited.

Our performance on the JSE

	2023	2022
Number of shares in issue at the end of the year (000's)	1 532 409	1 531 808
Market price (cents)		
– Closing	3 399	2 784
– High for the year	3 759	5 321
– Low for the year	2 645	2 434
– Weighted average for the year	3 221	3 645
Closing price/net asset value per share		3.7
Closing price headline earnings per share		16.4
Volume of shares traded (million)	747	793
Value of shares traded (R million)	24 054	28 887
Market capitalization (R million)	52 087	42 646

Our shareholders' diary

Reporting	
Interim results for the 2023 financial year	
Announcement for the six months ending 31 December 2023	March 2024
Final results for the 2023 financial year	
Announcement for the year ending 30 June 2024	September 2024
Posting of financial results and AGM notice	October 2024
Annual general meeting	November 2024
Dividends	
Interim dividend for the 2023 financial year	
Declare	March 2024
Payable	April 2024
Financial dividend for the 2023 financial year	
Declare	September 2024
Payable	October 2024

Glossary

Actuarial Practice Note (APN) 107
The guidance note on embedded value financial disclosures of South African long-term insurers issued by the Actuarial Society of South Africa.

Adjusted net worth (ANW)
Excess value of all assets attributed to covered business but not required to back the liabilities of covered business.

Annualised premium income
Annualised premium value of all new client policies incepted during the period under review. This measure excludes the renewal of existing client policies.

Claims ratio
Net incurred claims including non-claims bonus costs divided by net earned premium. The Group claims ratio measure includes policyholder liability transfers relating to long-term insurance business.

Combined ratio
Net incurred claims (including non-claims bonuses) plus total operating expenses plus profit share distributions divided by net earned premium. This ratio provides a measure of the surplus generated from the Group's insurance activities. The Group's combined ratio is calculated inclusive of other revenue items in addition to net earned premium.

Cost-to-income ratio
Total operating expenses divided by insurance income. Insurance income includes net earned premium, reinsurance commissions earned and government grants. Total operating expenses excludes profit share distributions to FirstRand Limited relating to the Homeowners Cover product. The Group's cost-to-income ratio is measured inclusive of the revenue and cost of OUTsurance Shared Service and CloudBadger, which are non-insurance activities.

Cost of required capital (CoRC)
The present value, at the risk discount rate, of the projected release of the required capital allowing for investment returns on the assets supporting the projected required capital.

Covered business
Business regulated by the Prudential Authority as long-term insurance business.

Embedded value (EV) of covered business
The present value of earnings from covered business attributable to shareholders, excluding any value that may be attributed to future new business.

Consists of:
> Adjusted net worth, plus
> Value of in-force covered business, less
> The cost of required capital.

Free surplus
ANW less the required capital attributed to covered business.

Normalised earnings
Normalised earnings adjustments are applied where the Group believes that certain transactions create a mismatch between the Group's accounting and economic performance. Normalised earnings is therefore considered to most accurately reflect the Group's economic performance.

Normalised ROE
Normalised earnings divided by average normalised ordinary shareholders equity.

OGL
OUTsurance Group Limited.

OHL
OUTsurance Holdings Limited.

Present value of new business premiums
The discounted value, using a risk-adjusted discount rate, of expected future premiums on new recurring premium business.

Profitability of new covered business
Ratio of the net value of new business to present value of new business premiums (gross of reinsurance).

Solvency capital requirement (SCR) / Required capital
The amount of regulatory capital required as determined by the local regulatory authorities.

Underwriting results
Net earned premium less net claims loss, management and administrator expenses

Value of in-force covered business (PVIF)
The discounted value of the projected stream of after tax shareholder profits arising from existing in-force covered business.

Value of new business
Present value of the expected after-tax shareholder cash flows less cost of required capital arising at the point of sale in respect of new covered business contracts sold in the reporting period.

Weighted number of ordinary shares
Weighted number of ordinary shares in issue during the reporting period.

Our corporate information

OUTsurance Group Limited (OGL)
(formerly Rand Merchant Investment Holdings Limited (RMI))

Registration number:	2010/005770/06
JSE ordinary share code:	OUT
ISIN code:	ZAE000314084

Directors

Chairman:	HL Bosman
Lead Independent:	K Pillay
Independent:	AW Hedding, B Hanise, ET Moabi, GL Marx, JA Teeger, JE van Heerden, JP Burger, MM Mahlare, M Morobe, RSM Ndlovu, SV Naidoo
Non-executive:	A Kekana, JJ Durand, WT Roos
Executive:	MC Visser *(CEO)*, JH Hofmeyr *(CFO)*
Alternates:	F Knoetze, UH Lucht

During the year ended 30 June 2023, Messrs Cooper, Frankel and Lagerström stepped down as directors. Messrs Hedding, Hofmeyr (CFO), Marx, Ndlovu, Pillay (lead independent), Roos and Visser (CEO) and Mses Hanise, Moabi, Van Heerden and Naidoo were appointed as directors. Mr Bosman succeeded Mr Durand as chairman.

Secretary and registered office

JS Human

Physical address:	1241 Embankment Road, Zwartkop Ext 7, Centurion, South Africa, 0157
Postal address:	PO Box 8443, Centurion, South Africa, 0046
Contact:	investorrelations@out.co.za
Web address:	https://group.outsurance.co.za/

Sponsor
(in terms of JSE Listings Requirements)

Rand Merchant Bank
(a division of FirstRand Bank Limited)

Physical address:	1 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton, 2196

Transfer secretaries

Computershare Investor Services Proprietary Limited

Physical address:	Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Postal address:	Private Bag X9000, Saxonwold, 2132
Telephone:	+27 11 370 5000
Telefax:	+27 11 688 5221

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