ANNUAL REPORT

FOR THE YEAR ENDED **31 DECEMBER 2025**

90 YEARS

FEM

MAKING A MEANINGFUL DIFFERENCE

CELEBRATING
90 YEARS

FEM is proud to celebrate 90 years of providing Workmen's Compensation Benefits to the construction industry, as well as being a major social impact player in the education sector of South Africa.

The company is looking forward to the future and will continue its vision and mission of adding meaningful value to construction workers, and to enhance lives across South Africa through education and health & safety initiatives.

INDEX.

01. INTRODUCING FEM

Introduction 5
Celebrating 90 Years of FEM 7
Financial Highlights 8

02. SOCIAL IMPACT

FEM Education Foundation NPC 10
Health and Safety within construction 14
Social Impact Overview 20
Rehabilitation and Social Upliftment 25

03. CORPORATE GOVERNANCE

Board of Directors 31
Executive Committee 32
Corporate Governance Report 38

04. ANNUAL FINANCIAL STATEMENTS

Report of the Chairman 41
Report of the Chief Executive Officer 42
Directors' Report 43
Certificate by Company Secretary 46
Financial Statements 60

05. ANNEXURES TO THE FINANCIAL STATEMENTS 100

The accompanying annual financial statements have been prepared for the Company only and do not include consolidated financial information. The primary annual financial statements are the consolidated annual financial statements, which have been prepared separately and can be obtained from the Company's offices.

These separate annual financial statements were prepared under the supervision of the Chief Financial Officer, Mattheus Spies, CA (SA) and have been audited in compliance with Section 30 of the Companies Act 71 of 2008, as amended.

01.

Introducing FEM

Who Are We

The Federated Employers Mutual Assurance Company (RF) (Pty) Ltd (FEM) was established as a mutual insurer in 1936. FEM provides workmen's compensation insurance for the construction industry under a special licence granted by the Minister of Employment and Labour. FEM carries out its statutory functions within the broader workers' compensation system administered by the Compensation Fund, an entity of the Department of Employment and Labour.

Workmen's compensation is a mandatory form of insurance providing wage replacement and medical benefits to employees or their dependents, in the case of injuries or diseases sustained in the course of their employment and is governed by the Compensation for Occupational Injuries and Diseases Act 130 of 1993, as amended ("COIDA").

FEM supports injured workers in the construction industry, and their dependents, while promoting health, safety and well-being in the workplace and beyond.

Our business operations are essentially confined to the insurance of employers against their liabilities under COIDA.

FEM is licensed to conduct non-life insurance business and cover policyholders against claims for occupational injuries and diseases in terms of the COIDA.

FEM Promotes Health and Safety and the prevention of occupational accidents. It provides support to various companies and industry bodies in the form of training, grants, and platforms for the sharing of current best practice.

In addition, the company provides education assistance to its pensioners and their dependants, as well as making a significant investment in Corporate Social Investment in a variety of different social impact spheres.

Strategic Vision

We strive to grow and diversify our offerings to add meaningful value to construction workers, while cultivating a culture of excellence, collaboration and integrity.

Mission Statement

Through a skilled and empowered workforce, we aim to transform into a dynamic, sustainable business in our industry that enhances lives across South Africa through education and health & safety initiatives - becoming both a trusted COIDA benefits provider and a preferred employer.

Values

Respect

Continuous Improvement

Customer Focus

Accountability

Ethics

Employee Recognition

Who Are We continued.

FEM ("the Company") has pleasure in presenting its annual financial statements for the 2025 financial year.

These annual financial statements cover the financial position and financial performance of the Company for the period 1 January 2025 to 31 December 2025. The Company operates solely in the Republic of South Africa, however, a portion of its investment income is earned from foreign investments.

Management's assessment of materiality has been applied in determining the content and disclosure in these financial statements, in line with International Financial Reporting Standards (IFRS).

The external audit report for the year ended 31 December 2025, issued by BDO South Africa Incorporated, is included within these financial statements.

COMPANY PROFILE

The Company receives premiums from policyholders and assesses and pays statutory benefits to claimants in the event of work-related accidents or injuries. The benefits paid include medical expenses, temporary disability benefits, lump-sum disability benefits, funeral benefits and disability benefits payable to employees or their dependants.

In terms of its Memorandum of Incorporation (MOI), the Company operates as a mutual non-life insurer and shareholding is effectively restricted to policyholders and Federated Employers Trust Proprietary Limited.

Shareholders are not entitled to any dividends or distribution of the assets of the Company, except for their share of the nominal amount of share capital upon dissolution or otherwise provided for in the MOI. The mutual structure of the Company is entrenched in unalterable provisions in the MOI of the Company, hence the (RF) designation in the Company's name.

TARGETS

The primary objective of the Company is to assure policyholders and claimants of the ongoing sustainability of the Company. This includes appropriate funding of the Company's long-term pension obligations in respect of disability and death benefits. Secondary objectives include the advancement of health & safety in the construction industry as well as social impact through grants and bursaries.

The Company prepares a rolling three-year strategy and business plan on an annual basis to monitor its long-term financial sustainability.

Two key targets are to remain conservatively capitalised in excess of statutory capital requirements and to achieve at least a break-even underwriting result each year.

During the current year, the Company was able to achieve its objective of a break-even underwriting result and remains conservatively capitalised with surplus funds to the value of R7.5 billion and Solvency Capital Requirement (SCR) cover ratio of 2.18 as at 31 December 2025.

Our Journey: Historic Timeline

1936 FEM IS FOUNDED

1937

First policy sold in 1937 and £25 000 premium income reached.

Fedsure was formed to provide workmen's compensation cover for the building industry. **"The Federated",** as it was affectionately known, had strong foundations in personal service, fiscal discipline and professionalism - values that remain unchanged today.

1941

Introduction of the Workmen's Compensation Act with mutual insurers receiving and operating under a government license.

1993

Introduction of the COID Act. FEM continues to support the Construction industry through its retained license.

2001

FEM becomes a standalone organisation seperated from the Fedsure Group.

2016

FEM Education Foundation started with a R750m donation from FEM.

Paid in excess of R1bn as a special rebate to policyholders.

Issued formal grants to industry bodies to support accident prevention.

2018

First "Safetember" conference hosted as an initiative to promote health and safety compliance within the construction industry.

2020

FEM Construction Industry Loan Fund started to provide assistance to the construction industry due to the COVID-19 impact.

2023

R1bn in Gross Written Premium reached.

2024

A further R500m donated to FEM Education Foundation.

Launch of online claims and policy management platforms.

FEM Health and Safety mentorship programme started for SMMEs in construction.

Added National African Federation for the Building Industry (NAFBI) as a new recipient for the Accident and Prevention grants.

2025

Added South African Institute for Black Property Practitioners (SAIBPP) as a new recipient for the Accident and Prevention grants.

FEM Solutions started for diversification of products.

Celebrating 90 years of dedicated committed service and contributing to a stronger construction industry.

R1,5bn in Gross Written Premium achieved.

2025 HIGHLIGHTS

17% ↑
R1.5bn
GROSS PREMIUM INCOME

14% ↑
R12.1bn
TOTAL ASSETS

3% ↑
R390.9m
PAID IN MEDICAL CLAIMS

3% ↑
R172.8m
PAID IN PENSION CLAIMS

16.91%
ANNUAL RETURN

R211.3m
SOCIAL IMPACT INITIATIVES

FEM

02.
Social Impact

FEM EDUCATION FOUNDATION NPC

The FEM Education Foundation NPC (FEMEF) is a non-profit company established at a general meeting of shareholders of The Federated Employers Mutual Assurance Company (RF) Proprietary Limited (FEM) on the 19th of October 2016 as a landmark corporate social investment initiative by FEM and, by association, its policyholders and the wider construction industry.

R1.25bn

2017 FEM 2025

R1.194bn

Allocated to initiatives

R904m

For future funding

FEM has donated R1.25bn in the foundation since 2017 enabling FEMEF to make a meaningful, systemic impact on education and leadership development in South Africa. The ambition is to create catalytic change in the learning eco-system through alignment with governmental goals and leveraging co-funding models. The foundation currently advances its mission by strategically funding 11 initiatives through long-term partnerships with NPOs. Since the inception of the Foundation **R1.194bn has been allocated to initiatives creating catalytic impact** in the public education system across unique areas of specialisation, and as of December 2025, **R904m is still available for future initiatives.**

The FEMEF Board of Directors, as appointed by FEM, share a deep passion for education and systemic transformation. The directors of FEMEF are committed to providing strategic leadership, fiduciary oversight, and accountability, ensuring the Foundation's mission is consistently upheld. The role of the Chairman of the Foundation provides leadership and guidance to the board, encouraging proper deliberation on all matters requiring the Board's attention and obtains optimum input from the other directors. The two executive directors of FEM, together with the chairman of the FEM board, serve as directors of the FEMEF.

FEM EDUCATION FOUNDATION NPC (CONTINUED)

The operational management of the FEM Education Foundation is overseen by a dedicated core team, comprising the General Manager of the Foundation, supported by a Social Development Coordinator. Together, they ensure the effective execution of the Foundation's strategic objectives and programme delivery. In fulfilling its mandate, the team draws on the specialised expertise of key FEM areas of expertise:

FEM LEGAL

FEM Legal provides comprehensive support on all contractual matters, governance requirements, and compliance with regulatory frameworks, thereby safeguarding the integrity of agreements and partnerships.

FEM FINANCE

FEM Finance ensures rigorous financial oversight, including due diligence processes, accurate invoicing and prudent financial management practices, thereby maintaining transparency and accountability in the stewardship of resources.

FEM MARKETING

FEM Marketing contributes to the Foundation's visibility and stakeholder engagement through strategic brand management, communications, and marketing initiatives that reinforce FEMEF's reputation and amplify its impact across the education sector.

This integrated management approach enables the Foundation to operate with efficiency, accountability, and strategic alignment, ensuring that the funded programmes are delivered to the highest standards while maintaining strong governance and stakeholder confidence.

FEM EDUCATION FOUNDATION NPC (CONTINUED)

	What they do?	Funding period	Amount committed during funding period	How have they been successful in 2025?
ALLAN GRAY MAKERS	Allan Gray Makers equips ambitious South African artisans to turn trade skills into enterprises through an 8-month incubation programme	2 Years (from 2024)	R16.0 million	The 2025 StartUp Academy transformed 247 technically skilled plumbers and electricians into formal business owners across five provinces, achieving a 97.5% retention rate, 90% business registration, and 79% operational businesses. Average monthly revenue rose to R6,864 per business, more than double the previous baseline. This programme presents a pivotal milestone in democratizing artisan entrepreneurship across South Africa.
Citizen Leader Lab	Citizen Leader Lab's Leaders for Education programme aims to strengthen school leadership through pairing private sector business leaders with school principals in a year long leadership development programme.	7 years (from 2018)	R88.3 million	The Citizen Leader Lab's Leaders for Education programme supported 100 school principals in partnership with business leaders, with 85 principals successfully graduating and the remaining set to complete in early 2026. The programme strengthened leadership skills of the principals impacting 86,534 learners and 2,323 educators, reinforcing the long-standing partnership's role in driving systemic school improvement.
COLUMBA LEADERSHIP	Columba Leadership delivers a values-based leadership programme aimed at providing leadership skills development for learners and educators in public high schools.	8 years (from 2017)	R59.9 million	Columba Leadership supported over 730 learners and 323 educators across multiple schools. The programmes strengthened values-based leadership, improved learner confidence and agency, and deepened youth-adult partnerships within schools. Educators reported renewed purpose and commitment to self-care, principals gained stronger peer support networks, and learners applied their leadership skills through social action projects tackling issues like bullying, food insecurity, and school infrastructure. Collectively, these efforts are building more resilient school cultures and expanding pathways for young people to thrive in education and beyond.
Float	FLOAT is a collaborative initiative dedicated to enhancing foundational literacy and numeracy teaching strategies for Grades R-3 in South Africa through a close partnership with the Department of Basic Education at both national and provincial levels.	1 year (from 2025)	R15.0 million	By the end of 2025, eight founding donors committed R300 million for 2026-2028 to scale foundational literacy and numeracy interventions across 15 districts in the Eastern Cape, Free State, and Gauteng. This collaborative initiative, supported by FEMEF, is positioned to catalyse measurable improvements in Grade R-3 learning outcomes nationwide. The Float initiative is managed through a registered non-profit company, Float Collaboration NPC, with governance provided by a Board of seven members, representing the founding donor organisations. FEMEF is proud to serve on the FLOAT board of directors.
Funda Wande	Funda Wande interventions aim to improve foundational literacy and numeracy outcomes so that all children in South Africa can read for meaning and calculate with confidence by the age of 10.	7 years (from 2018)	R194.4 million	The FEMEF-funded Funda Wande programme in 2025 advanced foundational literacy and numeracy. In the Western Cape, the redesigned Afrikaans and isiXhosa workbooks reached over 246,000 learners and 6,389 teachers, while professional learning communities and a numeracy pilot prepared for province-wide rollout. In the Eastern Cape, 12,803 learners and 335 teachers were reached. Limpopo interventions supported 2,784 learners, 80 teachers, and 30 subject advisors, integrating teacher interns to boost classroom capacity.
KICP	KICP is a teacher development organisation working in schools with teachers, interns and leaders providing quality professional development.	3 years (from 2022)	R13.9 million	The Khaniysa Inanda Seminary Community Projects Initial Teacher programme in KwaZulu-Natal supported a total of 56 student teachers successfully complete their Bachelor of Education degrees in 2025, with only 8 awaiting final results. The graduates are entering the teaching profession well-equipped in literacy and numeracy instruction.

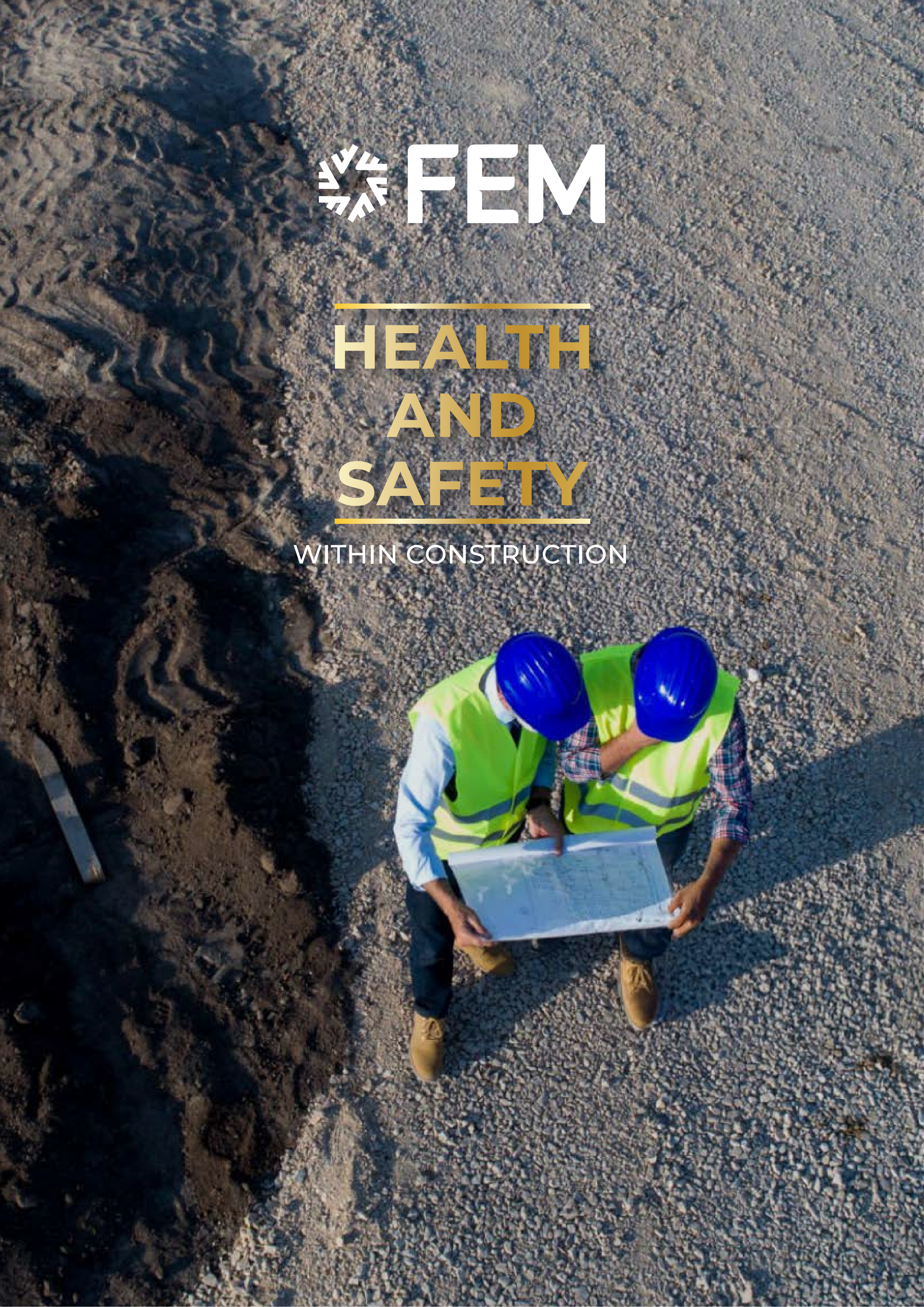
FEM EDUCATION FOUNDATION NPC (CONTINUED)

Organisation	What they do?	Funding period	Amount committed during funding period	How have they been successful in 2025?
MAD	**MAD Leadership Foundation provides wrap-around comprehensive scholarships to academically promising youth with potential who require financial support.**	8 years (from 2017)	R43.7 million	In 2025 Make A Difference Leadership Foundation (MAD) supported 297 scholars and graduates and celebrated 32 launch graduates moving into work or further study. Academically, MAD maintained a 100% matric pass rate for school-leavers (vs. the national matric rate of 88%) and the undergraduate graduation cohort achieved a 71.4% pass rate far exceeding national Department of Higher Education and Training completion rates.
RESEP	**RESEP is a group of researchers and students conducting research on important socio-economic issues, including education, aimed at providing policy makers with evidence-based recommendations.**	3 years (from 2023)	R18.4 million	RESEP launched a three-year research project on Strengthening the Instructional Core in South African Schools. The research addresses three critical elements of the South African education system: teacher quality, student engagement, and curriculum content and delivery. This triad of teachers, students and content is known as the instructional core.
SmartStart	**SmartStart is a national early learning delivery network built to increase access to quality early learning programmes for every child in South Africa.**	4 years (from 2021)	R112.5 million	In 2025 SmartStart expanded early learning access to 160,000 children and empowered nearly 15,000 practitioners, including 7,500 new children during the year. Programme quality remained high, with 92% of sites rated green and child progress interventions exceeding targets, while franchisee retention and assistant support strengthened delivery capacity.
Thandulwazi	**The Thandulwazi Intern Teacher Training Programme in Limpopo aims to develop high quality teachers for the foundation phase in the Capricorn and Bushbuck ridge districts.**	3 years (from 2022)	R24.0 million	The Thandulwazi Maths and Science Academy Initial Teacher Intern Training Programme in Limpopo supported a total of 58 teacher interns successfully complete their Bachelor of Education degrees, with only 17 remaining in the 2024 expanded programme by 2026. The graduates are entering the teaching profession well-equipped in literacy and numeracy instruction.
basic education	**The Department of Basic Education (DBE) in South Africa is responsible for developing, maintaining, and supporting the school education system for Grades R to 12. Its primary purpose is to ensure quality, inclusive basic education, improve literacy and numeracy, manage curriculum implementation, and support teacher development.**	2 years (from 2024)	R26.0 million	**R20.0 million donated in 2025** FEMEF has committed R20 million to the Bana Pele Mass Registration Drive, a national initiative led by the Department of Basic Education to formalize and strengthen Early Learning Practitioners (ELPs). Currently, over 20,500 Early Learning Practitioners have initiated registration and more than 12,700 achieved Bronze status by December 2025, reaching over 541,000 children and 65,000 staff. Overall, the initiative is accelerating formalisation of early learning programmes, improving safety standards, and laying the groundwork for sustainable scale and universal access In addition, FEMEF committed R6 million to the Funda Uphumelele, a nationally representative study carried out across the country to assess foundational skills in reading. The study assessed 27 838 learners across 710 schools to measure reading against Foundation Phase national benchmarks in Grade 1-4 in all official spoken languages (FUNS). This has resulted in the development of a new battery of benchmarks-aligned assessments (FURS). The public launch of the results was hosted at the Department of Basic Education on 10 - 11 November 2025, and the event was attended by the Minister of Education, Hon. Siviwe Gwarube who received the results and provided a keynote address. **R2.0 million donated in 2025**

FEM

HEALTH AND SAFETY

WITHIN CONSTRUCTION



HEALTH AND SAFETY WITHIN CONSTRUCTION

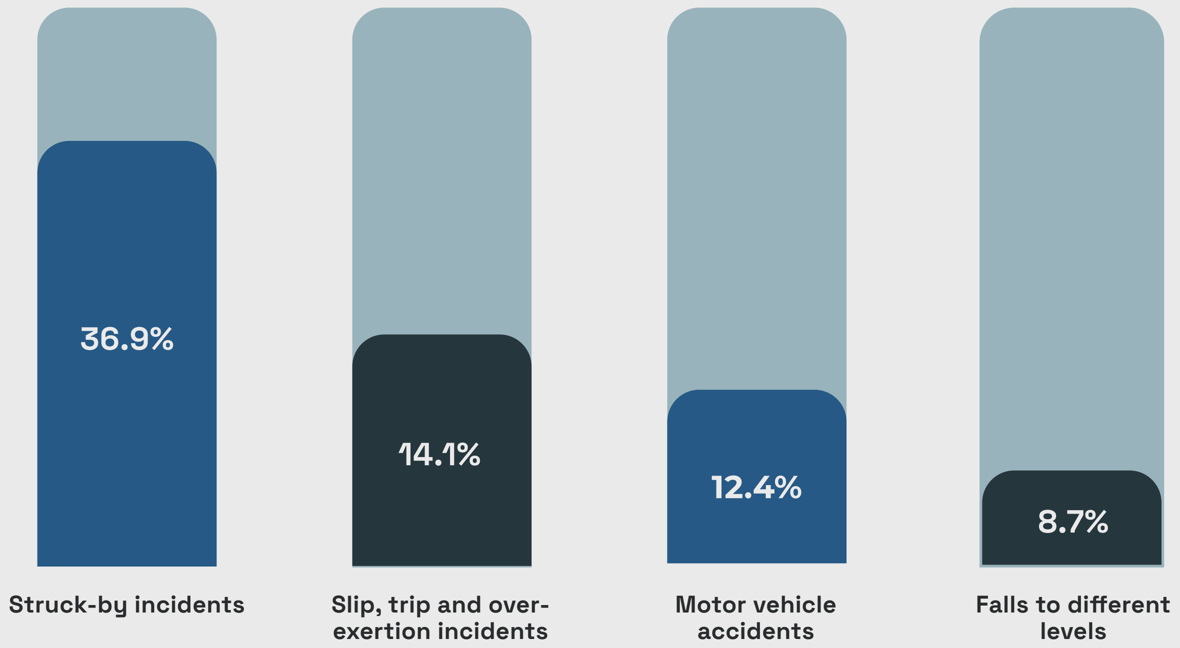
During the 2025 financial year, FEM continued to monitor and manage occupational health and safety risks across its operations, with particular attention to incidents resulting in lost time, permanent disability, and fatal outcomes.

A total of a) 42 fatalities; b) 33 877 lost workdays, and c) 855 permanent disabilities, of which 24 cases resulted in pensionable disabilities.

The average cost per accident for the year amounted to R87 706 - reflecting both direct medical costs and associated compensation liabilities.

Accident occurrence was highly concentrated within a limited number of categories.

The most prevalent accident types were:



Motor vehicle accidents represented the single largest contributor to fatal incidents, accounting for approximately 31% of all fatalities during the year. Falls from height and struck-by incidents also remained significant contributors to serious injury and fatal outcomes.

HEALTH AND SAFETY WITHIN CONSTRUCTION (CONTINUED)

01 HEALTH & SAFETY STRATEGY AND STAKEHOLDER ENGAGEMENT STRATEGIC CONTEXT

FEM's health and safety initiatives remain a core driver of sustainable value creation within the construction sector. During the reporting period, strategic focus was placed on future-focused leadership, regulatory readiness, stakeholder collaboration, and capacity building across the value chain. These initiatives directly support FEM's commitment to reducing workplace injuries, strengthening compliance, and enabling a resilient construction ecosystem.

02 FEM HEALTH & SAFETY MENTORSHIP PROGRAMME

During 2025, the FEM Health and Safety (H&S) Mentorship Programme was successfully rolled out by seven (7) FEM Safety Grant recipients, benefiting 113 mentees from across the country.

The programme made a meaningful contribution to upskilling workers who previously had limited or no access to formal health and safety training. Participants developed a stronger understanding of South African construction health and safety legislation, resulting in increased awareness of their legal and regulatory obligations.

03 SAFETEMBER CONFERENCE AND FEM HEALTH & SAFETY AWARDS 2025

Safetember and the FEM Health & Safety Awards were delivered under the theme "Advancing Construction Health and Safety into the Future", reinforcing FEM's role as an industry thought leader and catalyst for improved safety outcomes.

These events provided an inclusive platform for employers, workers, regulators, labour representatives, and industry specialists.

- Keynote addresses by the Honourable Deputy Minister of Employment and Labour, Ms Judith Tshabalala (Johannesburg) and Mr Jomo Sibiya (Durban), reaffirming national commitment to construction H&S.
- Regulatory briefing on the Draft Construction Regulations 2025 by the Chief Inspector of the Department of Employment and Labour, Ms Milly Ruiters, supporting industry readiness for regulatory change.

04 FEM HEALTH & SAFETY THINK TANK

To support evidence-based decision-making and long-term strategic direction, FEM continues to be supported by an independent Health & Safety Think Tank comprising leading academic experts. This structure enhances FEM's governance maturity and policy relevance.

During the reporting period:

- A construction health and safety roadshow was hosted in East London on 24 May 2025, engaging directly with workers.
- A further roadshow was held in Mpumalanga during November, extending outreach to additional regions.

05 FEM ORGANISED LABOUR HEALTH & SAFETY COMMITTEE

FEM maintains strong engagement with organised labour through the Organised Labour H&S Committee, chaired by Ms Lumka Tamboer. The committee operates on a shared mandate to advance worker-centric health and safety outcomes.

Union Representation:

- Congress of South African Trade Unions (COSATU)
- National Union of Mineworkers (NUM)
- National Union of Metalworkers of South Africa (NUMSA)
- Association of Mineworkers and Construction Union (AMCU)

Safetember 2025 delivered measurable stakeholder value

Event Locations and Dates		
Johannesburg	**Durban**	**Cape Town**
11 September 2025	19 September 2025	26 September 2025
The Maslow Hotel, Sandton	**The Capital Pearls, Umhlanga**	**Marriott Crystal Towers, Century City**

HEALTH AND SAFETY WITHIN CONSTRUCTION (CONTINUED)

06 FEM H&S MAGAZINE

The FEM H&S magazine was presented during the Safetember conferences. There will be 3 100 magazines issued to policyholders, employees and other stakeholders, with an electronic version emailed and posted on the FEM website. The magazine's H&S material is geared for both construction employers and employees.

07 FEM CONSTRUCTION H&S COMMITTEE

The FEM Construction H&S Committee comprises of all the health and safety managers from the FEM H&S grant recipients. Committee meetings during 2025 were held during March, June, August, and November.

08 INSTITUTE OF WORK AT HEIGHT (IWH) AND FEM - UPSKILLING FALL PROTECTION PLANNERS

This initiative covered the full spectrum of working at height and serves as foundational knowledge for all fall protection planners participating in the upskilling project.

212
Total Practitioners Subscribed

145
Total Completed

09 SOUTH AFRICAN INSTITUTE OF BLACK PROPERTY PRACTITIONERS (SAIBPP) AND FEM – THE ACCELERATOR PROGRAMME

An open call for applications was launched in August 2025 through SAIBPP channels and partner networks, closing on 9 September 2025. The initiative attracted 123 applications from enterprises at various stages of development. Following the screening process, the top 10 most deserving applicants were selected, with final allocations confirmed on 6 October 2025. The Occupational Health and Safety Programme, is a certified and practical training initiative.

10 H&S COMPLIANCE IN CONSTRUCTION

The Department of Employment and Labour released the Draft Construction Regulations 2025, aiming to modernise and strengthen H&S compliance in the built environment. In partnership with the Department of Employment and Labour (DEL), FEM supported the rollout of these events to ensure effective communication of key regulatory updates to stakeholders.

These regulations are set to replace the 2014 version and include:

- Clearer roles and responsibilities for clients, designers, principal contractors, and contractors.
- Stricter controls for high-risk activities (e.g., work at heights, demolition, excavations).
- Enhanced coordination among multiple contractors on site.
- Competency requirements for managers, supervisors, and safety officers.

11 NEW CATEGORIES FOR 2025 FEM H&S AWARDS

This year, FEM introduced four new H&S award categories. The additional categories celebrate not only compliance but also the creativity and courage it takes to re-define safety in a changing built environment.

Best Performing Health and Safety Officer	Best Performing Health and Safety Manager
Best Workplace H&S Campaign	Recognition For Outstanding H&S Performance On A Construction Project

In conclusion, collectively, these initiatives support:

- Reduced occupational risk through prevention and education
- Improved regulatory readiness across the construction sector
- Stronger stakeholder trust and collaboration
- Enhanced human and social capital development

They reinforce FEM's strategic objective of advancing health and safety as a foundational pillar of sustainable construction and responsible insurance practice.

HEALTH AND SAFETY WITHIN CONSTRUCTION (CONTINUED)

FEM collaborated and implemented the following H&S interventions for the benefit of the construction industry:

12 GRANTS TO INDUSTRY BODIES

In 2025, FEM continued its commitment to strengthening health and safety performance (H&S) within the South African construction sector. As part of this mandate, FEM invested R15.2 million in grants to key industry bodies that play a central role in improving safety standards, advancing professionalism, and supporting transformation across the built-environment value chain.

These grants form part of FEM's strategic focus on sector development, with a view to reducing workplace injuries, promoting compliance, and supporting the long-term sustainability of construction and related industries.

FEM's grant programme key objectives include:

- Conducting the FEM H&S Mentorship programme for SMMEs.
- Strengthening onsite safety training, awareness campaigns, and compliance across the construction industry.
- Supporting organisations that develop sector-wide safety standards and guidelines.
- Enabling accredited training, mentorship initiatives, and continued professional development (CPD).
- Uplifting the capabilities of contractors, artisans, and safety practitioners.
- Advancing representation and participation of black professionals and contractors within the built-environment sector.
- Supporting enterprise development and youth-focused initiatives.
- Improving Industry Governance and Standards
- Reinforcing professional bodies and associations that uphold ethical conduct, regulatory alignment, and best practice.

FEM provided financial support to the following associations and institutes:

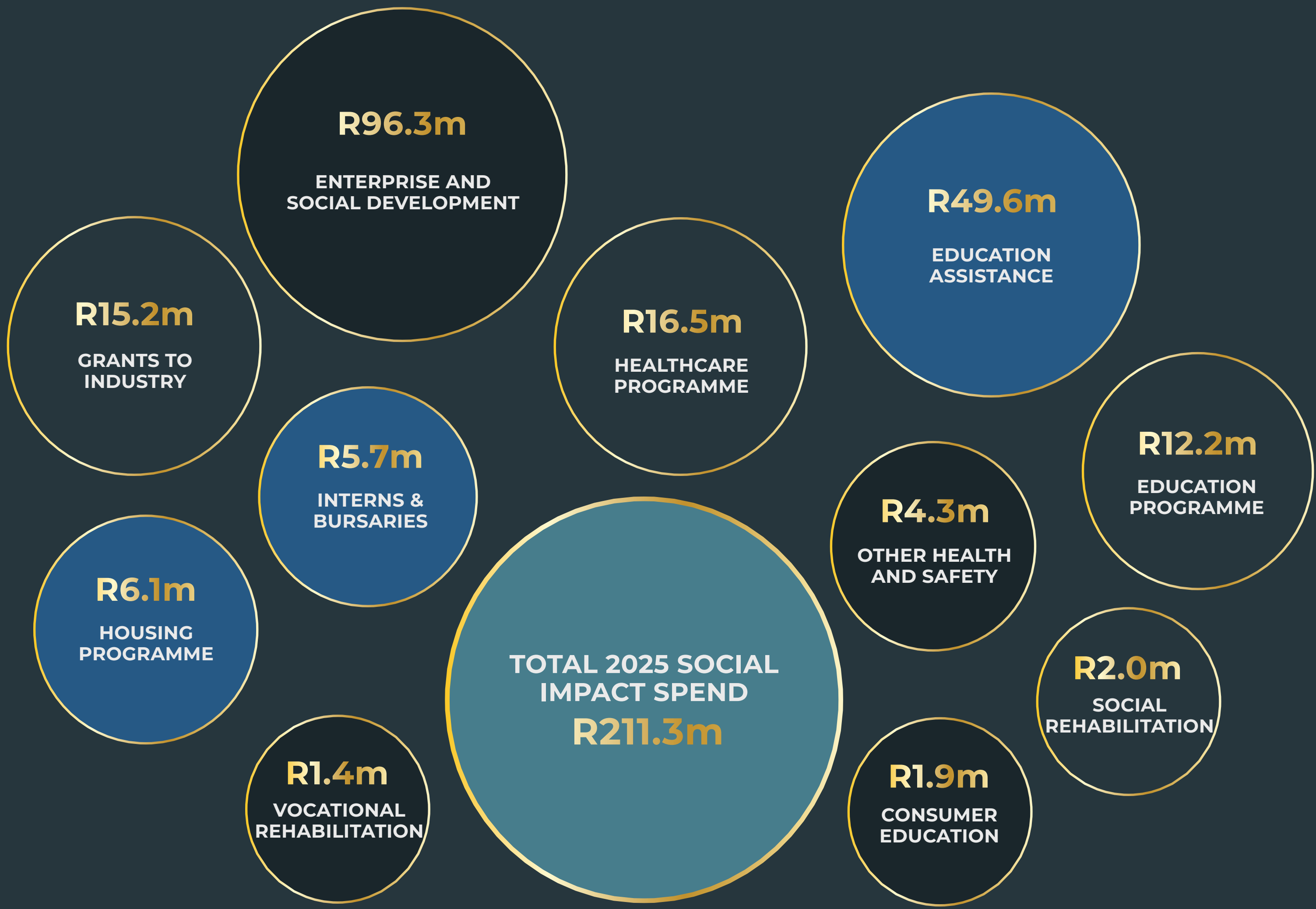
- Master Builders South Africa
- Master Builders Association Boland
- Master Builders Association Eastern Cape
- Master Builders Association Free State
- Master Builders Association Greater Boland
- Master Builders Association KwaZulu-Natal
- Master Builders Association North
- Master Builders Association Western Cape
- Institute of Work at Heights (IWH)
- Institute of Plumbing South Africa (IOPSA)
- South African Institute of Occupational Safety & Health (SAIOSH)
- South African Institute of Black Property Practitioners (SAIBPP)

These partnerships reinforce FEM's core mission: **to protect workers, support employers,** and contribute meaningfully to a safer, more professional, and more inclusive construction industry.

SOCIAL IMPACT OVERVIEW

In addition to providing COIDA insurance to employers in the construction industry, the company is also a socially conscious corporate citizen with a focus on enhancing lives in South Africa through various social initiatives. **FEM has spent R211.3 million during 2025 on social impact initiatives.**

Our social impact strategy is focused primarily on education, both on a national and industry-specific level. Various secondary impacts are also supported, including transformation of the fund management industry, responsible for investing, industry health and safety improvement, housing, health and social services.



SOCIAL IMPACT OVERVIEW (CONTINUED)

FEM invests in the following social impact programs:

01 ED & SD

R95 million of interest free loans are made through Supplier and Enterprise Development funds managed by intermediaries for the development of emerging investment managers.

In addition, the Company is funding training and development initiatives to the fund management industry.

02 GRANTS & INDUSTRY

Please see Health and safety within construction on page 18 for more detail on grants to industry for more detail.

03 OTHER HEALTH & SAFETY

Please see Health and safety within construction on page 18 for more detail on grants to industry for more detail.

04 INTERNS & BURSARIES

The Youth Employment Service (YES) Internship Programme formed part of FEM's 2025 External Bursary and Internship Funding initiatives, supporting unemployed youth (from designated populations, between the ages of 18 to 35, that have not been a part of the YES programme previously) through structured workplace exposure while advancing FEM's transformation, skills development, and ESG objectives.

During 2025, FEM hosted a total of 17 YES interns, with the internship period running from February 2025 to January 2026. Of these, 10 interns were placed internally across departments such as Claims, Operations, and Support, while 7 interns were placed externally at other organisations but fully sponsored by FEM.

FEM also continued to fund 15 interns from the 2024 intake who concluded their internships in April 2025.

In terms of programme outcomes, FEM successfully absorbed 4 interns from the 2024 cohort and 1 intern from the 2025 cohort, as permanent employees contributing to the development of a sustainable internal talent pipeline.

Overall, the YES programme represents a significant investment in youth employment and skills development, delivering both organisational and socio economic value.

A total of 25 bursaries were awarded to university students across South Africa in 2025.

The bursary programme aims to provide financial support to academically deserving students from low-income households who intend to pursue careers within the construction sector, specifically in the faculties of Engineering and the Built Environment, as well as in Health Sciences.

In 2025, bursars received comprehensive financial support, which covered:

- Tuition fees
- Books and academic materials
- Accommodation
- Specialised equipment or tools, including: Stethoscopes, Uniforms and Laptops
- A monthly stipend

This initiative forms part of the organisation's broader commitment to education, skills development, and socio economic upliftment. The programme's objective to support the development of future professionals in critical and scarce skills fields.

SOCIAL IMPACT OVERVIEW (CONTINUED)

Bursary recipients were drawn from a diverse range of public universities across South Africa, including:

- University of the Free State;
- Sefako Makgatho Health Sciences University;
- University of Zululand;
- Walter Sisulu University;
- Vaal University of Technology;
- North West University;
- University of Johannesburg;
- University of the Witwatersrand;
- Stellenbosch University
- University of Cape Town
- Nelson Mandela University
- University of the Western Cape

This geographic spread ensured broad national impact and access to opportunities for students from various regions.

Of the 25 bursaries awarded in the 2025 academic year:

- 12 bursaries were granted to new students.
- 13 bursaries were awarded to returning students who had initially received funding in 2024 and whose qualifications span multiple years. These students will continue to be monitored through agreed academic milestones to ensure satisfactory progress toward completion.

A total of five bursary beneficiaries successfully completed their studies in 2025 including four with degrees of Bachelor of Engineering Technology, and one Bachelor of Health Sciences.

05 EDUCATION, HOUSING AND SOCIAL PROGRAMMES

FEM allocates 3% of its gross premium income to socio economic development initiatives comprising three main Corporate Social Investment (CSI) programs, ensuring sustained support for communities in need:

- Education
- Housing
- Social

Each year, all CSI beneficiaries are required to submit funding applications, which undergo a thorough review by the CSI management team. This process includes governance checks and a detailed needs assessment to verify the accuracy and relevance of each request. The impact of funded initiatives is continuously monitored and measured against the objectives outlined by applicants.

All applications are further evaluated to ensure alignment with FEM's CSI policy before being submitted to the Social and Ethics Committee for final consideration and approval. While FEM has maintained long standing relationships with many of its beneficiaries, two new organisations were added in 2025 to extend the company's developmental footprint across all provinces.

FEM's CSI funding continues to play a significant role in improving the living conditions and overall wellbeing of vulnerable communities. In the housing portfolio, FEM supports the construction of homes for low income, destitute, or homeless families in disadvantaged areas, as well as the customisation of houses to accommodate people with disabilities.

Additional initiatives include providing secure shelter for individuals living in informal settlements, offering temporary accommodation in response to natural disasters, and contributing to programmes aimed at enhancing the quality of life in informal settlements. These include supporting civil society advocacy efforts, fostering community participation through saving schemes and technical support, and enabling the training and development of small building contractors.

Within the health and social programs, FEM funds outreach programmes for individuals suffering from serious or disabling diseases and supports rehabilitation centres catering to people affected by injuries, strokes and related illnesses. Further initiatives include programmes assisting mentally challenged or abused children and adults, the care of the elderly, and services provided by children's homes and centres supporting orphans and vulnerable minors. FEM also contributes to broader community outreach initiatives that uplift disadvantaged groups, as well as palliative care training, poverty alleviation projects, and skills development programmes aimed at building long term resilience within communities.

In 2025, FEM continued its commitment to creating meaningful social impact through strategic CSI investments across key development areas. A total of **R3.7m** was allocated to housing initiatives aimed at improving living conditions for vulnerable families in disadvantaged communities. Education remained a priority focus, receiving funding of **R10.8m** to support learning opportunities, infrastructure, and skills development. Health and social services were also significantly supported, with **R14.4m** invested in programmes that enhance the well being of individuals and communities through care, rehabilitation, outreach, and social support initiatives.

SOCIAL IMPACT OVERVIEW (CONTINUED)

06 CUSTOMER EDUCATION

The company provides financial education to its pensioner community through training programmes facilitated by a third party provider.

FEM successfully trained 115 pensioners through a targeted financial literacy programme designed to support informed and confident financial decision-making in later life. The training covered key areas including budgeting and effective money management, strategies for understanding and managing debt, and practical guidance on financial safety to help protect against fraud and scams.

In addition, participants were introduced to essential aspects of wills and estate planning, equipping them with the knowledge needed to secure their assets and plan for the future. The programme aimed not only to build financial knowledge but also to empower pensioners with the tools and confidence to maintain financial independence and long-term security.

A total of
415 LEARNERS
within the construction sector
were enrolled in the financial literacy programme
with a **100%** completion rate achieved

To effectively accommodate diverse learning needs, work schedules, and access constraints, a blended delivery model was implemented, integrating both in-person and online learning approaches.

As a result, participants were better equipped with practical financial skills to support improved money management, financial resilience, and long-term stability within both their personal and professional lives.

07 SOCIAL REHABILITATION

As part of its ongoing support for FEM pensioners, the Company provides housing assistance aimed at improving living conditions and addressing disability-related accommodation needs.

Assistance includes the construction of new homes for pensioners currently residing in informal structures, provided that land ownership can be verified, as well as renovations and home adaptations to improve accessibility and safety.

08 VOCATIONAL REHABILITATION

The initiative is aimed at supporting beneficiaries who seek to apply the skills and experience acquired through training to establish sustainable small businesses.

The Business Start-up Project was introduced by FEM in partnership with the Compensation Fund and Rand Mutual Assurance linked to the skills development programmes.

Six applications have been funded in the current year which include business in mixed farming, boiler making and jewellery business.

09 EDUCATION ASSISTANCE

The Education Assistance Programme (EAP) was approved in 2018 and forms part of the Company's broader social responsibility initiatives. The programme is aimed at supporting the children of FEM pensioners, including children of deceased employees. The EAP is subject to annual review by the Board, which retains the discretion to continue, or terminate the programme.

The objective of EAP is to provide targeted financial relief to pensioners and their dependants, thereby contributing to an improved quality of life and supporting access to education where it is most needed. The programme is not intended to replace the parental responsibility of providing for a child's education, nor does it constitute a bursary. Assistance is provided at FEM's discretion and may be withdrawn should beneficiaries no longer meet the eligibility or progression requirements.

The programme provides education assistance from early childhood development (crèche and nursery school), through primary and secondary schooling, and up to undergraduate tertiary education. Eligible beneficiaries include biological children, legally adopted children, and stepchildren of FEM pensioners or claimants, subject to the submission of appropriate supporting documentation. Assistance is available to beneficiaries from birth up to a maximum age of 25 years, with certain exceptions applied. Children living with disabilities may be supported irrespective of age, provided they were wholly dependent on the deceased employee at the time of death.

Funding under the EAP is determined annually based on determined caps, taking into account the level of education, individual need, academic progression, and available resources. Educational institutions attended by beneficiaries are required to be registered with, or accredited by, the relevant education or regulatory authorities.

During the 2025 financial year, the Company, supported in excess of 800 beneficiaries. as part of the FEM Education Assistance Programme.

REHABILITATION AND SOCIAL UPLIFTMENT

REHABILITATION

01 UPSKILLING AND RESKILLING PROGRAM

Adriaan Breda
In January 2012, Mr. Breda was placing plates on a beam at work when he tripped and fell backwards from a 2-meter height and a 30 kg plate fell onto his chest. He sustained multiple injuries including bilateral rib fractures and cervical muscle spasm and was later diagnosed with post-traumatic epilepsy.

He received extensive medical rehabilitation following his injuries and returned to work in an office based light duty position. However, his injuries presented limitations and hindered him from doing his job effectively. Which led to his contract not being renewed. In 2023, he applied for further training through the upskilling and reskilling program. The application was approved and he enrolled in a welding specialist program. He successfully completed the program and was awarded a diploma in international welding in October 2025.

Lutendo Bugana
In January 2012, Mr. Bugana was involved in a motor vehicle accident while on duty. He sustained multiple injuries, including a T5 fracture, two rib fractures, lung contusions, a fracture of the left pubic ramus and an eye injury. He received extensive medical rehabilitation following his injuries however he was not able to return to his occupation as a plasterer.

In January 2022, he submitted an application to FEM for further training in a SHEQ management course. He successfully completed the program in March 2022, after which, he obtained a few safety management representative positions in construction companies across Gauteng.

02 HOME IMPROVEMENT PROJECT

Bhekani Zaca
Mr. Zaca worked as an electrician and in January 2006, while installing lights at his workplace, his safety harness broke, causing him to fall to the ground. He sustained fractures to both wrists, a dislocated left elbow, and a fractured pelvis. He underwent extensive medical rehabilitation and was eventually able to return to work. However, a few weeks after his return, it was evident that he is no longer fit to perform his duties, and he was medically boarded.

In 2023, Mr. Zaca submitted a request to FEM for assistance with building him a house. His application was approved, and construction was completed in 2025. He officially moved into the house in November 2025 and expressed his outmost gratitude to FEM for the support.

02 HOME IMPROVEMENT PROJECT (CONTINUED)

Simiso Cele

Mr. Cele was loading a crane at work when it fell on him. He sustained multiple injuries including a compound fracture left tibia-fibula and a fracture of the right medial malleolus. Debridement and external fixation of the left tibia was done at St Augustines Hospital by Dr. Naidoo, and he underwent extensive medical rehabilitation.

In 2023, he applied for assistance with the construction of a new house through the housing initiative project. The application was approved and construction was completed in 2024. He has since moved in and is currently on the waiting list for the upskilling program for further training in a farming course.

03 START UP PROJECT

Given Mdluli

Mr. Mdluli sustained an injury on duty in November 2019 that resulted in paraplegia. After undergoing extensive rehabilitation, he enrolled in a mixed farming program in 2023 at Buhle Farmers Academy through the vocational rehabilitation initiative.

During the course of studies, he gained the technical knowledge and practical skills required to operate a poultry farm. Throughout the training, it was evident that his paraplegia did not limit his ability to successfully complete the program.

Building on his newly acquired skills, Mr. Mdluli established his own poultry business. In 2025, he received funding from FEM to support the growth and development of the enterprise.

03 START UP PROJECT (CONTINUED)

Mpho Mafane

Mrs. Mafane sustained a work-related injury in 2010 after falling while loading stock onto a delivery truck, resulting in fractures to both her leg and back. She underwent extensive medical rehabilitation before enrolling in a mixed farming upskilling program, followed by an incubation program through vocational rehabilitation initiatives

These programs provided her with the practical expertise required to operate a farming enterprise. She subsequently established her own farming business in her hometown and in 2025, the business received funding through the FEM start-up project to support its growth and ongoing development.

SOCIAL UPLIFTMENT

01 HOUSING

Over the past five years, FEM has invested in human settlement related initiatives. Within this focus area, FEM supports three beneficiary organisations that have made significant contributions to the sector through advocacy efforts, the development of social housing units, and capacity-building initiatives, including contractor training programmes.

2022 - 2024: St Lukes Project
Nxarhuni Village, Buffalo City,
Eastern Cape


2024- 2025: Langrug Incremental Self Build Housing
Franschhoek, Stellenbosch Municipality,
Western Cape


Development Action Group

Over the past five years, the Development Action Group (DAG) has strengthened inclusive neighbourhood development in Cape Town by expanding affordable housing opportunities, building community leadership, and influencing urban policy. Through its Contractor and Developer Academy, **the organisation unlocked more than R43m to support the delivery of 533 affordable rental units across over 30 township projects while training 172 emerging contractors and developers and reaching 1 007 participants through sector information sessions.** DAG's policy and advocacy work also contributed to the release of five well-located inner-city sites in Woodstock and Salt River for the **development of 1 575 social housing units**, alongside a participatory relocation process that secured tenure and improved living conditions for 19 households.

2023 - 2024: Enkanini Public Open Space
upgrading Kayamandi, Stellenbosch Municipality,
Western Cape



Community Organisation Resource Centre

Over the past five years, FEM's support has been catalytic in strengthening community led upgrading and improving living conditions for informal settlement residents across South Africa. **Between 2021 and 2025, FEM funded initiatives directly impacted more than 10 000 households** through projects that advanced secure tenure, improved basic services, delivered incremental and affordable housing solutions, upgraded public spaces, and supported community driven environmental and livelihoods initiatives. These included projects such as the Vusi Ntsuntsha Housing Development (**indirectly impacting 954 households**), the Qiniselani Manyuswa and KwaNyuswa rural housing projects (**indirectly impacting 470 households**), the upgrading of public spaces and services in Philippi, Moorreesburg, Enkanini, and Langrug, and the construction of new homes in St Lukes, Joe Slovo, and Langrug's self-build incremental house. FEM's contribution was also instrumental in the Alliance's COVID-19 emergency response, where behaviour change campaigns, sanitation support, and relief efforts **reached 241 informal settlements, an estimated 10 000 households nationally.**

02 EDUCATION

Early Childhood Development

FEM has invested in Early Childhood Development (ECD) initiatives over the past five years. These funded programmes focus on teacher development, as well as the mentorship and coaching of centre managers, and the support of toy libraries. Within this focus area, FEM supports five non-profit organisations. One organisation has been highlighted below to briefly showcase some of the successes achieved.

NTATAISE

Over the past five years, FEM's investment has significantly strengthened Ntataise's mission to improve ECD in marginalized communities across the Free State and North West. **With over 40 years of expertise**, Ntataise has supported unqualified and underqualified practitioners through accredited training, mentoring, and workplace support, enabling them to create play-based, language-rich environments for children aged birth to five. As a result, **226 practitioners have enhanced their professional practice, directly benefitted 3 750 young children** while fostered stronger families and communities, and contributing to a sustainable pipeline of qualified ECD professionals in South Africa.

Secondary Schools

FEM has supported six secondary schools through various initiatives during the 5 past years. This support has included infrastructure development as well as supplementary academic programmes in Mathematics, Physical Sciences, Natural Sciences, and English. The investment has contributed to notable improvements in academic performance and overall learner achievement. Academic results from the six supported schools are presented below. Please note that the Hope School's first matric class was in 2023.

03 HEALTH AND SOCIAL SERVICES

FEM has been actively supporting approximately 21 non-profit organisations within this focus area, demonstrating a strong commitment to community well-being. These partner organisations play a vital role in delivering essential health programmes and a broad range of social services, addressing critical needs such as access to healthcare, preventative education, and social support for vulnerable groups. Through this support, FEM contributes to strengthening community resilience, improving quality of life, and fostering sustainable development outcomes in the communities it serves. We have listed a few below:

Teddy Bear Foundation (TBF)

Over the past five years FEM has been supporting the Teddy Bear Foundation. TBF has delivered extensive services to protect and support vulnerable children and families. The organisation conducted 1 003 medical examinations, 4,288 forensic assessments and 714 psychological assessments, while providing 6 749 therapy sessions, 3,051 court preparation services, and 960 diversion programme interventions. Through prevention and awareness initiatives, TBF reached 130 267 learners through Safe Schools outreach, 636 participants in Boys and Girls SRHR Clubs, 415 child pregnant learners, 15 477 individuals through crime prevention programmes, and 35 838 people through GBV awareness activities. Capacity building efforts included training 4 978 professionals and mentoring 215 students. In addition, TBF supported vulnerable families with 250 food parcels and 400 food vouchers, demonstrating its holistic approach to child protection and community support.

Reach For a Dream

For the past five years, FEM has partnered with Reach for a Dream to fund five Dream Rooms across hospitals in Gqeberha (Dora Ngisa Hospital), East London (Cecelia Maciwane Hospita), George (George Provincial Hospital), Pretoria (Steve Biko Hospital), and Durban (Albert Luthuli Hospital). These specially designed spaces transform hospital wards into vibrant environments with toys, books, art materials, and technology, offering comfort and joy to children during long stays. To date, the Dream Rooms have reached 2 038 children, each visit providing relief, distraction, and a moment of happiness in difficult times.

DKMS

Funding from FEM has been instrumental in strengthening DKMS Africa's efforts to recruit and retain stem cell donors. Over the past five years, FEM's contribution of nearly R2.5 million has enabled the organization to educate and recruit around 6 000 potential donors annually, expanding its donor pool to more than 170 000 with 61% ethnic diversity. The support has also enhanced DKMS Africa's volunteer programme, which now includes 195 trained volunteers driving education and community engagement across diverse communities.

04 EMPLOYEE VOLUNTEER PROGRAMME

In 2024 and 2025, FEM Head Office employees partnered with Christway to feed more than 500 vulnerable community members in Turffontein, south of Johannesburg, through the employee volunteer programme. Christway supports homeless and destitute individuals by distributing monthly food parcels to families and serving daily meals to around 300 homeless people daily and providing essential relief and care to those in need.

03.

Corporate Governance

BOARD OF DIRECTORS

for year ended 31 December 2025

John Barrow
Board Chairman

Nazeer Hoosen
Chief Executive Officer

Thys Spies
Chief Financial Officer

Kedibone Imathiu
(Lead independent director)
Remuneration & Nominations
Committee Chairman

Eric Mackeown
Audit Committee Chairman

Aggy Moiloa

FEM
MAKING A MEANINGFUL DIFFERENCE

BOARD OF DIRECTORS (CONTINUED)

Chris Jiyane

Ntombizini Madyibi

Costa Economou
Risk Committee and Investment Committee Chairman

Mpume Nkabinde

Lumka Tamboer

Nico Maas
(Retired November 2025)

Herbert Ngakane
(Retired November 2025)

FEM
MAKING A MEANINGFUL DIFFERENCE

EXECUTIVE COMMITTEE

From Left to right: Dr Lulama Magubane (Chief Medical and Operations Officer), Thys Spies (Chief Financial Officer), Ayesha Ismail (Chief Human Resources Officer), Nazeer Hoosen (Chief Executive Officer), Gys Mcintosh (Chief Information Officer), Tsholofelo Phooko (Actuarial Executive), Dr Sanjay Munnoo (Chief Business Development Officer)

FEM

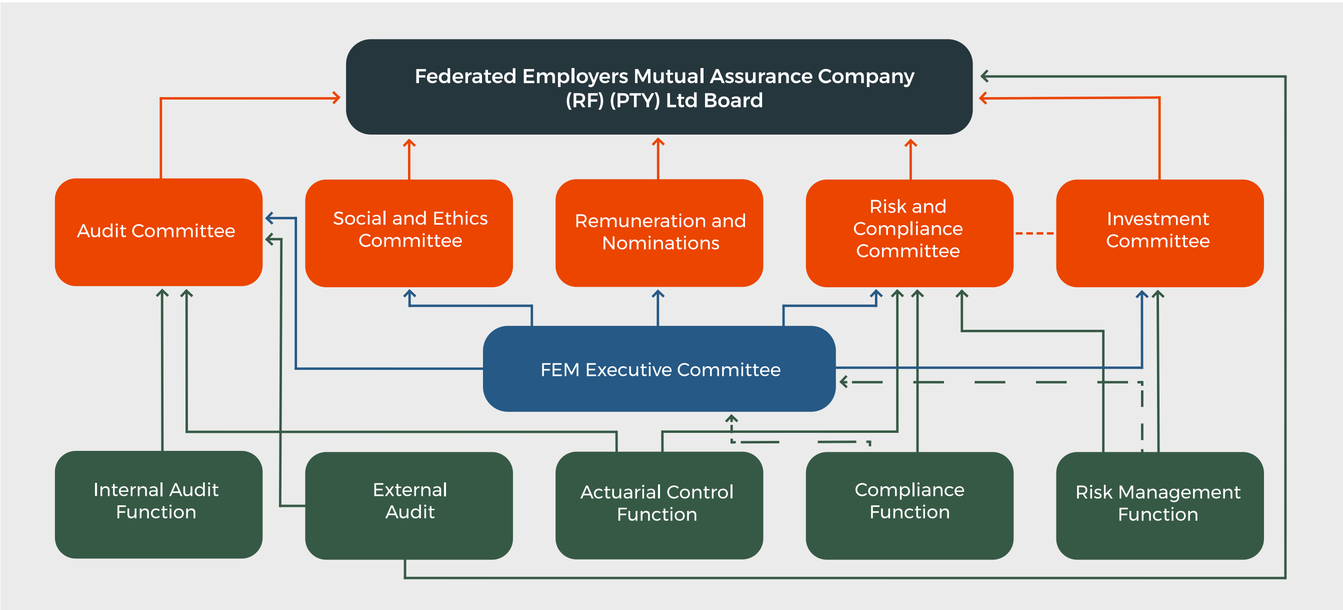
MAKING A MEANINGFUL DIFFERENCE

CORPORATE GOVERNANCE REPORT

for year ended 31 December 2025

The directors of FEM are committed to applying good corporate governance. This includes applying discipline, independence, fairness, social responsibility, and transparency. In this regard, the directors endorse the codes of corporate practice and conduct recommended in the King IV report, noting that the principles of King IV will be complied with as appropriate to FEM's particular circumstances.

Governance structure



Board of directors

At 31 December 2025, there were eleven directors (2024: thirteen directors) on the Board, nine (2024: eleven) of whom are non-executives. The non-executive directors bring diversity, experience, insight, and independent judgement on issues of strategy, performance, resources and standards of conduct. Proposed new appointments are recommended by the Remuneration and Nominations committee for approval by the Board. All such appointments are subject to shareholder approval at the next annual general meeting, as well as regulatory approval. The roles of Chairman and Chief Executive Officer do not vest in the same person, and the chairpersons of the Board and all Board committees are independent non-executive directors.

The Chairman provides leadership and guidance to the Board, encourages proper deliberation on all matters requiring the Board's attention and obtains optimum input from the other directors.

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed. All directors are entitled to seek independent professional advice about the affairs of the Company at the Company's expense should this prove to be necessary.

Executive directors have employment contracts with the Company containing standard terms and normal notice periods. In terms of the Company's MOI, one third of non-executive directors retire by rotation each year and are eligible for re-election at the Company's annual general meeting.

The Board meets at least four times per year and has ultimate responsibility for the Company's strategy, governance and oversight of key performance and risk areas. Specific functions are delegated to Board committees, which act under written terms of reference. Board meetings are held on a hybrid basis with both virtual and in-person attendance.

CORPORATE GOVERNANCE REPORT (CONTINUED)

for year ended 31 December 2025

	Board	BAC Audit committee	SEC Social and Ethics committee	BIC Investment committee	Remco Remuneration and Nominations committee	RCC Risk and Compliance committee
Non-executive Directors						
JR Barrow	5/5#	-	4/4	4/4*	3/3	-
K Imathiu %	4/5	2/3	-	3/4	3/3#	-
C Economou	5/5	3/3	-	4/4#	3/3	3/3#
CS Jiyane	5/5	-	-	-	3/3	3/3
NF Maas	3/3+	-	-	3/3+	2/2+	-
ER Mackeown	5/5	3/3#	-	4/4	-	3/3
NV Madyibi	5/5	3/3	4/4	-	-	-
A Moiloa	2/5	-	-	-	-	-
H Ngakane	3/3+	-	3/3#+	3/3	-	-
NB Nkabinde	5/5	-	-	-	3/3	3/3
L Tamboer	5/5	-	4/4	-	-	-
Executive Directors						
N Hoosen	5/5	3/3*	4/4	4/4	3/3*	3/3
M Spies	5/5	2/3*	4/4	4/4	-	2/3

Chairman
% Lead independent director
+ Retired – NF Maas and Dr H Ngakane retired from the board and all board committees effective 04/11/2025
*Attended by Invitation

Audit committee

The Audit committee comprises only independent non-executive directors and meets at least three times a year with the Chief Executive Officer, Chief Financial Officer, management, the external auditors, internal auditors and the Head of Actuarial Function in attendance. The external auditors and internal auditors have unrestricted access to the committee and the committee has unrestricted access to the Company's management, employees, external and internal auditors, the Head of Actuarial Function, and outside consultants. The statutory report of the committee is presented as part of the accompanying annual financial statements.

Social and Ethics committee

The Social and Ethics committee has an independent role and is governed by a formal charter. It comprises both non-executive and executive directors and assists the Board in monitoring the Company's activities in terms of legislation, regulation and codes of best practice with regards to social and economic development; good corporate citizenship; the environment; health and public safety; consumer relationships; and labour and employment. The committee meets at least four times a year unless otherwise required.

CORPORATE GOVERNANCE REPORT (CONTINUED)

for year ended 31 December 2025

Investment committee

The Investment committee comprises both non-executive and executive directors, meets at least four times a year and acts under a delegated authority within the parameters of a Board approved investment policy. The committee in turn appoints specialist investment consultants to assist in the exercise of its investment mandate from the Board.

Remuneration and Nominations committee

The Remuneration and Nominations committee comprises only non-executive directors and advises the Board on remuneration policies, packages and other terms of employment for all directors and senior executives. Its specific terms of reference also include recommendations to the Board in matters relating, inter-alia, to staff remuneration policies, incentive schemes, executive incentives, nomination of new directors, composition of the various sub committees and directors' fees. The committee meets at least twice a year, and the CEO is always invited to attend these meetings to provide input to deliberations but is recused when the committee deliberates remuneration of the CEO.

Risk and Compliance committee

The Risk and Compliance committee comprises both non-executive and executive directors, meets at least three times a year with the Chief Risk Officer, management, internal auditors and the Head of Actuarial Function in attendance, and is responsible for ensuring that the Company has implemented an effective policy and plan for the management of risk and for monitoring of actions taken in response to risks identified. The committee is also responsible for oversight of the compliance function. The committee meets at least three times a year unless otherwise required.

Executive committee

The Executive committee is appointed by the Chief Executive Officer and as such is not a sub-committee of the Board. During the year, and up to the date of approval of these financial statements, the committee was comprised as follows:

N Hoosen	Chief Executive Officer
M Spies	Chief Financial Officer
W Butlion (Resigned 08/08/2025)	Chief Risk Officer
A Ismail	Chief Human Resources Officer
Dr L Magubane	Chief Medical and Operations Officer
G McIntosh	Chief Information Officer
Dr S Munnoo	Chief Business Development Officer
T Phooko (Appointed 01/10/2025)	Chief Actuarial Executive

Compliance

FEM operates within a robust regulatory framework and recognises compliance as a fundamental component of sound governance and sustainable business operations. FEM is subject to ongoing supervision and oversight by a range of statutory and regulatory authorities and is committed to conducting its affairs in a manner that consistently meets both the letter and the spirit of applicable laws, regulatory requirements, supervisory standards and codes of conduct.

CORPORATE GOVERNANCE REPORT (CONTINUED)

for year ended 31 December 2025

Compliance Governance

The Board retains ultimate accountability for compliance and sets the tone for a strong and ethical compliance culture across the organisation. Oversight of compliance is delegated to the Risk and Compliance Committee ("RCC"), which supports the Board by providing focused oversight of FEM's compliance governance arrangements, regulatory adherence and engagement with regulators. Day-to-day compliance management is executed through FEM's Executive Management and Compliance Function.

The Compliance Function is established within FEM's governance framework and operates as a key component of the system of internal control. Compliance assurance is delivered through a review of the Compliance Risk Management Plans, and through a Combined Assurance Framework, which promotes coordinated and effective assurance across management, risk management, internal audit and external assurance providers.

The Compliance Function plays an active role in supporting the business by providing guidance and oversight, monitoring regulatory developments and promoting consistent application of regulatory requirements.

Compliance Framework

The Compliance Framework consists of the Compliance Universe, Compliance Policies, Compliance Processes, Compliance Risk Management Plans and reporting to various Board and Board subcommittees. The Compliance Framework includes training and awareness initiatives that strengthen the compliance culture. The Compliance Framework continues to be enhanced to support the evolving regulatory environment.

Regulatory Engagement Overview

Regulatory Body	Operating Licence	Reporting Obligations	Key Areas of Engagement
Compensation Fund	COID Act Section 30 Licence	• Quarterly and annual statutory reporting. • Regular submissions on licence conditions	• COIDA compliance and licensing conditions • Solvency and Compliance oversight • Worker Health and Safety Programmes. • B-BBEE Compliance • Youth employment initiatives
Department of Employment and Labour (DEL)	COID Act Section 30 Licence	• Statutory submissions and inspections as required by the Department	• Compliance with CF licence conditions, COID legislative compliance.
Prudential Authority (PA)	Non-life insurance Licence	• Solvency Reporting (ORSA) • Quarterly QRTs, Quarterly C68, Quantitative exposure surveys. Annual Solo Quantitative Reporting Return, (AQRT) and Qualitative Regulatory Return (AQRR) • Notifications of key person and Head of Control Functions appointments and terminations.	• Prudential compliance • Risk management and financial soundness

Regulatory Body	Operating Licence	Reporting Obligations	Key Areas of Engagement
Financial Sector Conduct Authority (FSCA)	Registered financial institution. FEM is not classified as a Financial Services Provider ("FSP") by the FSCA	• Quarterly Conduct of Business Return submission (CBR)	• Treating Customers Fairly ("TCF"), Policyholder Protection Rules ("PPRs") issued under the Short-Term Insurance Act 53 of 1998,as amended, Conduct Supervision
Financial Intelligence Centre (FIC)	FEM is not an Accountable Institution in terms of the Financial Intelligence Centre Act 38 of 2001, as amended ("FICA") – FEM has general reporting obligations applicable to all businesses	• Suspicious Transaction Reporting (STR), and sanctions related reporting	• Financial crime compliance
Information Regulator	Protection of Personal Information Act 4 of 2013 ("POPIA") and Promotion of Access to Information Act 2 of 2000 ("PAIA") oversight	• Data breach notifications and annual PAIA reporting	• Data protection and information governance

Key Compliance Focus Areas for the 2025 year included:

- Compliance with COIDA licensing conditions and amendments to COID legislation;
- Compliance with the Insurance Act 18 of 2017 and applicable Prudential Standards, including governance, fitness and propriety and reporting obligations;
- POPIA and PAIA reporting to the Information Regulator;
- Prudential Authority returns and submissions;
- Financial Sector Conduct Authority returns;
- Compensation Fund returns;
- Treating Customers Fairly (TCF) and Policyholder Protection Rules (PPRs); and
- Training and awareness initiatives.

04. Annual Financial Statements

CHAIRMANS REPORT

for year ended 31 December 2025

MR JR BARROW

As we reach the end of another year in the proud history of our company, and starting our 90th birthday year, we are living in times of global uncertainty and conflict. A surplus in the trade account, improved GDP growth and a stronger currency helped ease pressure on the national fiscus.

While these positive developments are encouraging, their impact has not yet fully translated into the construction sector, although encouraging pockets of renewed confidence are beginning to emerge. Improvements have been noted in government's delivery of electricity, but water, transport and ports remain a concern.

FEM, for the first time, exceeded the R1.5bn mark for annual written premiums. Insurance revenue is up 16.4% on the prior year. During the year, claims totalling R600m were paid to and on behalf of our workers, representing an 11% increase compared to the previous year. Provision has also been made for normal annual rebates to policyholders amounting to R183m. Discussions with the Prudential Authority regarding the methodology for distributing surplus rebates to policyholders are ongoing and complex, we anticipate reaching a resolution during 2026.

The Company continues to be capitalised well more than regulatory requirements. This is evidenced in the Solvency Cover Ratio of 2.18. Total assets increased by R1.4 billion during the year to R12.0bn at 31 December 2025. FEM's strong financial results demonstrate the ongoing efforts by the Board, the management team and all FEM employees in growing a sustainable and impactful organisation.

Investment performance exceeds benchmarks at both the annual and longer time horizons. Assets are matched to future liabilities and surplus assets are invested to provide capital protection and investment returns over designated periods.

The FEM Education Foundation (FEMEF/Foundation) continues to grow and make a difference, under the chairmanship of Ndivhuwo Manyonga. The partnership-model followed by the Foundation continues to be proven successful and enable it to make a significant impact on the education landscape and supporting less privileged communities. The R500m donated to the Foundation by FEM early in 2025 is being carefully spent by the FEMEF board in line with the Foundation's Framework, after completion of stringent due diligence.

Nico Maas, a previous chairman of FEM retired as non-executive director at the end of 2025. Nico has made a deep impact on FEM over 21 years as a member of the board, of which 14 years were as chairman. The chairman of the Social and Ethics committee and non-executive director, Dr. Herbert Ngakane also retired at the same time after 23 years on the board of FEM. We extend our sincere appreciation to both individuals for their dedicated service and significant contributions to FEM over many years, we wish them well in their retirement.

FEM is a significant partner to the Department of Employment and Labour, Department of Basic Education and employers in the construction industry and last but not least, employees making a living by applying their skills in building and repairing infrastructure. As mentioned above, we are celebrating our 90-year birthday in 2026 and, as I look back to all our wonderful achievements, I look forward to the next 90 years and possibilities we can unlock.

CEO'S REPORT

for year ended 31 December 2025

MR N HOOSEN

It gives me great pleasure to report on the results of FEM for the year ended 31 December 2025. FEM has continued to remain true to its core purpose and achieve new milestones in its history.

The construction industry business confidence indicator increased to a record 43 points at the end of the year which is the best score in a decade. It is certainly a reflection of the optimism in an industry that has struggled since the impact of COVID-19. The challenges our country faces from an infrastructure perspective bode well for an increase in activity but this is contingent on the State ramping up on its infrastructure strategy. Notwithstanding the challenges the industry faces there certainly is tremendous scope for the near future that could well be unlocked.

It was as recently as 2023 that FEM celebrated achieving a milestone of R1bn in premium income and it is now 2 years later that this figure has grown to R1.5bn. This is an incredible performance in such a short time and is certainly attributable to a successful strategy in obtaining new business and is due to the efforts and dedication of the staff. This places FEM in a position which could leverage further growth and diversification in the future.

The implementation of promulgated amendments to the COID Act is gathering momentum and a number of key changes are certainly imminent. The amendments have been developed with the safety and benefit of the worker in mind and will have far reaching positive outcomes for them once it is embedded.

Health & Safety (H&S) is a priority in the construction industry with FEM playing a leading role in creating awareness and furthering advocacy towards H&S. FEM has partnered with Academia in the form of several professors and other academics from various institutions forming an advisory panel to the industry. The Department of Employment and Labour has also released the Draft Construction Regulations 2025, aiming to modernise and strengthen H&S compliance in the built environment.

Our H&S mentorship programs of SME's through industry member bodies such as the MBSA has proven to be a success with 113 SME's

We have a few exciting developments planned for 2026 in continuing our work in H&S in the industry and look forward to sharing these with you as we launch them.
I would like to acknowledge the sterling work done by the FEM staff in ensuring that our beneficiaries experience a fast and efficient service when it is needed. I would also like to thank the FEM Board, the various industry bodies and the Department of Employment & Labour for their continued support of our efforts to improve H&S in the industry whilst providing for our beneficiaries in their time of need.

Looking forward, FEM is in a strong position to continue its advocacy role in H&S and also to ensure that its workers are well provided for in their time of need. We will continue to innovate in bringing solutions to our community and add value wherever we can.

DIRECTOR'S REPORT

for year ended 31 December 2025

General information

General information about The Federated Employers Mutual Assurance Company (RF) Proprietary Limited ("FEM" or "the Company") is provided in the accompanying annual financial statements, within the note titled General information about FEM.

FEM's MOI includes provisions designed to protect the long-term interests of policyholders by entrenching the mutual status of the Company.

Investment strategy and returns

The Company's investment strategy is managed by the Investment committee of the Board, acting on the advice of independent investment consultants. An asset-liability modelling exercise is performed at least every 18 months to determine the optimum percentage allocation of investments to different asset classes after taking into account the liability profile of the Company. The objective is to enhance the Company's investment returns for the benefit of stakeholders, while ensuring that the Company remains adequately capitalised and has sufficient liquid cash resources to meet all of its obligations.
Shareholder meetings

The annual general meeting was held in 2 November 2025, which was within 15 months of the previous annual general meeting held in 27 November 2025.

Dividends

In accordance with clause 3.1.6 of the MOI, the Company may not make any form of distribution to its shareholders in their capacity as shareholders. Accordingly, all profits or assets of the Company are to be retained or applied to and paid as policyholder payments as determined by the Board in accordance with the relevant provisions of the MOI and policy terms and conditions.

Financial commentary

Insurance revenue for the year is recorded at R1.394 billion which represents a R196 million (16.4%) year-on-year increase. This includes the gross premium income component of R1.511 billion, as well as the movement to the unearned premium provision and premium receivable adjustments, as required per IFRS 17. Gross written premium exceeded R1.5 billion for the first time.

Insurance claims and service expenses increased by R236 million (22%) from R1.063 billion to R1.299 billion, which is made up of:

- i) Gross claims expenses of R931 million (2024: R708 million);
- ii) Directly attributable expenses of R214 million (2024: R188 million);
- iii) Acquisition expenses of R3 million (2024: R0);
- iv) Accident prevention expenses and grants of R35 million (2024: R33 million);
- v) Net movement in provision for annual rebates to policyholders of R116 million (2024: R137 million); and
- vi) Claims recovered from the Road Accident Fund of R0 million (2024: R3 million).

The increase in gross claims is mainly as a result of an increase in new claims processed as well as the increase in reserving for future claims. The increase in expenses is mainly as a result of the Company investing in increasing headcount to facilitate additional capacity and strengthening of the control environment.

The net insurance service result has declined from R137 million to R99 million. The increase in insurance revenue is offset by the increase in claims paid, claims reserving, and directly attributable expenses. The insurance service result allows for the annual premium rebate, and is stated before any social project costs, investment income, and insurance finance expenses.

DIRECTOR'S REPORT (CONTINUED)

for year ended 31 December 2025

In addition to R35 million in accident prevention expenses and grants (both impacting accident frequency), R192 million was spent on social projects consisting of R139 million for corporate social investment (CSI) and R53 million for pensioner assistance programs (additional to what is required by). Collectively, a reflection of the Company's commitment to contribute towards society in various ways.

The Company recorded net investment income of R1.7 billion for the year, incorporating a 16.91% (2024: 13.0%) per annum investment return on financial assets held during the year. The Company maintains a matching investment strategy coupled with a sustainable growth strategy on capital reserves net of statutory requirements.

The Company recorded an overall profit for the year of R1.4 billion (2024: R458 million). As per the requirements of IFRS 17, any profits of a mutual entity not paying dividends to its shareholders, are required to be disclosed as a liability to policyholders. For this reason, the net profit is transferred to the Dissolution Liability, resulting in zero remaining profits for shareholders.

Total assets increased by R1.4 billion over the period, totalling R12.0 billion at 31 December 2025.

The Company's capital reserves, in excess of statutory requirements, increased in line with net profit to R7.5 billion, which represents a healthy capital position aligned to the Company's long-term strategic objectives.

The Company is required to hold sufficient capital to meet the regulatory solvency requirements in terms of the Insurance Act 18 of 2017 and the Financial Soundness Standards for Insurers prescribed by the Prudential Authority. As at 31 December 2025, the Company's Solvency Capital Requirement (SCR) cover ratio was calculated at 2.18 (2024: 2.05). This is well within the board's risk tolerance levels.

Prospects

Recent years have been challenging for the construction industry, which has not fully recovered after COVID-19 due to local economic and international geopolitical factors. Government's intention to invest in infrastructure development is a positive indicator for the future.
Internal financial controls

The Board has considered and satisfied itself as to the adequacy of the Company's system of internal financial controls. This assessment is supported by the Audit committee.

Events after the reporting period

There have been no material events after 31 December 2025 up to the date of this report.

Going concern

The annual financial statements have been prepared on the basis that the Company will continue as a going concern for a period of at least 12 months from the end of the reporting period. The Board has reviewed the capital adequacy of the Company and the operating budget for the forthcoming year and has satisfied itself as to the appropriateness of the going concern assumption. This assessment is supported by the Audit committee.

DIRECTOR'S REPORT (CONTINUED)

for year ended 31 December 2025

Statement of directors' responsibilities

The Board of directors of FEM is responsible for preparing this report and for the preparation and fair presentation of the accompanying Company financial statements for the year ended 31 December 2025 in accordance with IFRS® Accounting Standards and the South African Companies Act ("the Act"). In accordance with section 29(2) of the Act, the Board is responsible for ensuring that the annual financial statements are not false, misleading or incomplete in any material respect.

It should be noted that these financial statements have been prepared for the Company only and do not include consolidated financial information. Under IFRS, the primary annual financial statements are the consolidated annual financial statements, which have been prepared separately and can be obtained from the Company's offices.

The independent auditors are responsible for reporting on whether the accompanying Company annual financial statements are fairly presented in accordance with IFRS.

Approval of annual financial statements

The accompanying Company annual financial statements were approved by the Board and are signed on its behalf by:

Mr JR Barrow
Chairman
Johannesburg
17 April 2026

Mr N Hoosen
Chief Executive Officer
Johannesburg
17 April 2026

CERTIFICATE BY THE COMPANY SECRETARY

for year ended 31 December 2025

I hereby confirm, in terms of the South African Companies Act ("the Act"), that for the year ended 31 December 2025, the Company has lodged with the Registrar of Companies all such returns as are required of the Company in terms of the Act and that all such returns are true, correct and up to date.

Mrs EJ Willis
Secretary
Johannesburg
17 April 2026

AUDIT COMMITTEE'S REPORT

for year ended 31 December 2025

This report to shareholders is issued in relation to both the Company and consolidated annual financial statements for the year ended 31 December 2025, which have been presented in separate financial statements. The report is issued in compliance with section 94(7)(f) of the South African Companies Act and has been approved by all members of the Audit committee ("the committee").

The committee has adopted formal terms of reference that cover all of its statutory responsibilities under the Act and include additional responsibilities delegated to the committee by the Board. The committee considers that it has discharged all of its responsibilities under these terms of reference during the year.

The committee comprised the following independent non-executive directors:

- E Mackeown (Chairman)
- C Economou
- K Imathiu
- NV Madyibi

The Chief Executive Officer, Chief Financial Officer, heads of control functions and representatives of external audit were standing invitees at all meetings.

The committee held three scheduled meetings during the year. At these meetings, the committee received and considered reports from the external auditors, heads of actuarial and internal audit control functions and from management. The committee, inter alia:

- reviewed and approved the external audit plan for the year ended 31 December 2025, approved the engagement terms and proposed external audit fees, satisfied itself regarding the independence of the external auditor and considered the findings reported following the conclusion of the external audit;
- reviewed and approved the internal audit work plan, approved the proposed internal audit fees and considered the findings of internal audit reports, including internal audit's assessment of the control systems;
- reviewed and approved the workplan of the Head of Actuarial Function (HAF) and considered the findings and recommendations of the HAF's interim and year end reports;
- received summary risk management reports and considered the financial reporting consequences for the interim and annual financial statements;
- assessed the appropriateness of the going-concern assumption underlying the preparation of the Company and consolidated annual financial statements;
- assessed the adequacy of the finance function; and
- reviewed the Company interim financial report and the separate Company and consolidated annual financial statements and reported thereon to the Board.

The Company reviewed the combined assurance process during 2025. As a result, governance documents (including the Combined Assurance Charter and Framework) were reviewed and updated to reflect the updated and revised processes. Meetings of the Combined Assurance Forum continued in 2025 with two meetings held as planned, which includes attendance of management, internal audit, external audit and the Head of Actuarial Function. Regular reports were provided to the audit committee.

After consideration of all of the findings reported by internal audit covering those areas included in their annual work plan, explanations given by management and discussions with the external auditors on the results of their audit, the committee concluded that:
nothing has come to its attention, that would indicate that there was a material breakdown in the systems of internal financial controls during the year; and
the internal financial controls form a reasonable basis for the preparation of reliable financial statements.

After consideration of a written assessment prepared by management to support the going-concern assumption underlying the preparation of the separate Company and consolidated annual financial statements of FEM, the committee concluded that FEM is adequately capitalised and should remain a going concern for the foreseeable future.

AUDIT COMMITTEE'S REPORT (CONTINUED)

for year ended 31 December 2025

The committee has satisfied itself that the Chief Financial Officer has appropriate expertise and experience and has satisfied itself of the appropriateness of the expertise, resources and experience of the finance function as a whole.

The committee has nominated, for election at the forthcoming annual general meeting, BDO South Africa Incorporated as the independent auditors and Mr Jan van Staden as the responsible person for performing the functions of auditor for the 2026 year.

The committee has recommended approval by the Board of the separate Company and consolidated annual financial statements for the year ended 31 December 2025.

On behalf of the Audit committee:

Mr E Mackeown
Chairman of the Audit committee
Johannesburg
17 April 2026

Tel: +27 011 488 1700
Fax: +27 010 060 7000
www.bdo.co.za

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Private Bag X60500
Houghton, 2041
South Africa

Independent Auditor's Report

To the shareholders of

The Federated Employers Mutual Assurance Company (RF) Proprietary Limited

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of The Federated Employers Mutual Assurance Company (RF) Proprietary Limited (the company), set out on pages 34 to 94, which comprise the Statement of Financial Position as at 31 December 2025; and the Statement of Comprehensive Income; the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and notes to the separate financial statements, including material accounting policy information.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of The Federated Employers Mutual Assurance Company (RF) Proprietary Limited as at 31 December 2025, and its separate financial performance and separate cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code), as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final materiality

Overall materiality	Final materiality was set at R156 million, which represents approximately 1.3% of the company's total assets.
Rationale for benchmark applied	Total assets was chosen as the most appropriate benchmark. Total assets is considered a representative measure of the size of the company and a key benchmark for the users of the separate financial statements. We chose 1.3% as an appropriate threshold after consideration was given to the company having a significant public interest in its separate financial statements due to its large policyholder base, the interest of other significant outside stakeholders, as well as the fact that the company operates in a regulated environment.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

<table>
<tr><th colspan="2">Liability for incurred claims – (Note 6 and 14; Accounting policy note 7)</th></tr>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr>
<td>
Valuation of insurance contract liabilities

At 31 December 2025, the company recognised insurance contract liabilities of R4.3 billion (2024: R3.8 billion), comprising the Liability for Incurred Claims (“LIC”) of R4.1 billion (2024: R3.7 billion) and the Liability for Remaining Coverage (“LRC”) of R225 million (2024: R166 million).

The LIC represents the company’s best estimate of the fulfilment cash flows relating to claims arising from insured events that occurred on or before the reporting date. This includes claims that have been reported but not yet settled, claims incurred but not yet reported, claims handling expenses, long term pension liabilities arising from permanent disability and death claims, and an explicit Risk Adjustment (“RA”) for non-financial risk of R412 million (2024: R363 million).

Changes in claim development patterns, loss and expense ratios, discount rates, mortality assumptions, and pension escalation assumptions could result in material changes to the LIC.

We identified the valuation of the LIC, including the RA, as a matter of most significance to the current year audit due to the following factors:

The materiality of the balance in relation to the Statement of Financial Position, representing the largest liability of the company;
The long tail nature of the company’s claims, particularly pensions, which are subject to significant uncertainty regarding the amount and timing of future cash flows;
The complex actuarial methodologies applied in estimating the LIC for pensions and non-life claims using the stochastic reserving techniques, which combine the Chain Ladder and Cape Cod reserving techniques, as well as discounted cash flow models; and
The significant management judgement involved in selecting actuarial assumptions and determining the RA for non-financial risk in accordance with IFRS 17 Insurance Contracts.

</td>
<td>
Our audit procedures for the LIC included the following:

Understanding

We obtained an understanding of the LIC estimation process, including the end-to-end claims lifecycle under the Compensation for Occupational Injuries and Diseases Act (COIDA), through inspection of system descriptions, process walkthroughs and discussions with management and the actuarial function; and
We obtained an understanding, and assessed the design and implementation, of relevant controls over claims process and the calculation of the LIC.

Data
We obtained the claims data for the year ended 31 December 2025 used in calculating the LIC, and reconciled it to the claims recorded in the general ledger. No material differences were noted.

Calculations
Making use of our internal actuarial expertise we performed an independent calculation of the LIC. Our procedures in this regard included:

Considering the appropriateness of the methodology and key assumptions applied by management in determining the LIC. Based on the results of our assessment, we did not note any matters indicating that the methodology or assumptions applied were not appropriate;
Developing an independent challenger model to perform a valuation on a first principles basis, and calculating a point estimate, as well as a range of reasonable best estimates around our independently calculated point estimate. We then compared management’s valuation to our point estimate. Based on the results of our comparison, the LIC results were found to be within our range of reasonable best estimates; and

We evaluated the presentation of the disclosure relating to the LIC provision in the current year against the relevant requirements of the IFRS Accounting Standards, as well as relevant industry guidance.
</td>
</tr>
</table>

Other information
The directors are responsible for the other information. The other information comprises the information included in the document titled "The Federated Employers Mutual Assurance Company (RF) Proprietary Limited Company Annual Financial Statements for the year ended 31 December 2025" and the document titled "The Federated Employers Mutual Assurance Company (RF) Proprietary Limited Group Annual Financial Statements for the year ended 31 December 2025", which includes the Directors' Report, the Certificate by Company Secretary and the Audit Committee's Report as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements
The company's directors are responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the company's directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the company's directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

Audit tenure
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of The Federated Employers Mutual Assurance (RF) Proprietary Limited for 5 years.

BDO South Africa Inc
BDO South Africa Inc (Apr 30, 2026 18:31:09 GMT+2)

BDO South Africa Incorporated
Registered Auditors

Jan van Staden
Director
Registered Auditor

30 April 2026

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

STATEMENT OF FINANCIAL POSITION

for year ended 31 December 2025

	Notes	2025 Rm	2024 *Restated Rm
ASSETS			
Investment in subsidiary	7	2	2
Property and equipment	8	84	79
Computer software	9	55	55
Reinsurance contract assets	10	76	88
Financial assets invested through asset managers	11	11 775	10 154
Other financial assets at fair value through profit or loss	11	53	260
Other financial assets measured at amortised cost		62	60
Other receivables	12	26	9
Cash and cash equivalents		36	51
Total assets		**12 107**	**10 698**
EQUITY AND LIABILITIES			
Stated capital	13	0	0
Total equity		0	0
Insurance contract liabilities	14	4 295	3 827
Dissolution liability	15	7 510	6 123
Financial liabilities measured at amortised cost		302	748
Trade and other payables	16	159	636
Education Assistance Programme	17	143	112
Total liabilities		**12 107**	**10 698**
Total equity and liabilities		**12 107**	**10 698**

* See note 28 for more information

STATEMENT OF COMPREHENSIVE INCOME

for year ended 31 December 2025

	Notes	2025 Rm	2024 * Restated Rm
Insurance revenue	**18**	**1 394**	**1 198**
Insurance claims and service expenses	19	(1 299)	(1 063)
Insurance service result before reinsurance contracts held		**95**	**135**
Net expense from reinsurance contracts held	10	(13)	(30)
Net insurance service result		**82**	**105**
Net investment income	20	1 673	1 128
Investment income		1 711	1 159
Investment expenses (where separately identifiable)		(38)	(31)
Total net insurance finance expense	14.2.4	(165)	(196)
Finance costs - pension liabilities		(126)	(175)
Finance costs - claims provisions		(39)	(40)
Finance costs on lease liabilities+		(0)	-
Net insurance and investment result		1 590	1 037
Other operating expenses	21	(203)	(79)
Donation to FEMEF	23.1	-	(500)
Profit for the Year		**1 387**	**458**
Transfer to dissolution liability	15	(1 387)	(458)
Total profit after transfer to dissolution liability		**-**	**-**
Other comprehensive income		-	-
Total comprehensive income		**-**	**-**

+Rounded to the nearest million

* See note 28 for more information

STATEMENT OF CHANGES IN EQUITY

for year ended 31 December 2025

	Note	Stated capital^ Rm	Total Rm
Opening balance at 1 January 2024		0	0
Closing balance at 31 December 2024		0	0
Closing balance at 31 December 2025	**13**	**0**	**0**

^ Rounded to the nearest R'million

STATEMENT OF CASH FLOWS

for year ended 31 December 2025

	Notes	2025 Rm	2024 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		-	-
Adjustments for non-cash items:		(161)	(149)
Depreciation and amortisation		30	21
Net Investment income	20	(1 673)	(1 128)
Impairment of ESD Investments		95	-
FEMEF Donation expense		-	500
Transfer to dissolution liability	15	1 387	458
Net movement in operating assets and liabilities	22.1	1 501	1 452
Net cash from operating activities		1 340	1 303
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Purchases of financial assets	11	(1 317)	(1 269)
Purchases of equipment and computer software		(37)	(48)
Disposals of equipment and computer software		2	-
Return of capital from subsidiary		-	40
Net cash used in investing activities		**(1 352)**	**(1 277)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in lease liabilities	22.2	(3)	-
Net cash used in finance activities		**(3)**	**-**
Net increase in cash for the year		**(15)**	**26**
Cash and cash equivalents at beginning of year		51	25
Cash and cash equivalents at year end		**36**	**51**


4 3/4

1. General information about FEM

The Federated Employers Mutual Assurance Company (RF) Proprietary Limited ("FEM" or "the Company") is a licensed non-life insurer and also operates as a mutual association licensed under the South African Compensation for Occupational Injuries and Diseases Act No. 130 of 1993, as amended to carry on the business of insurance of certain classes of employers within the construction industry against their liabilities to employees in terms of this act.

No transfer of shares in the Company, whether fully paid up or not, shall be effected or purported to be effected without the approval of the Board, hence the designation "ring-fenced" or "RF". Shares in the Company shall only be capable of being held by or transferred to policyholders or The Federated Employers Trust Proprietary Limited ("FET"). Only policyholders and FET may acquire and continue to hold shares in the Company. Immediately upon ceasing to be a policyholder for any reason whatsoever, such former policyholder shall be obliged, without further notice, to transfer all shares held by them in the Company to FET. The Company Secretary is authorised, without further notice, to sign all documents on behalf of such former policyholder to effect the transfer. With effect from April 2013, new policyholders are only entitled to acquire one ordinary share in the Company.

Owing to the mutual shareholding structure of the Company, it is classified as a private company under the South African Companies Act. However, the provisions of the Company's MOI make it subject to the same extended accountability provisions as are applicable to a public company.

Each ordinary share in the issued capital of the Company ranks pari passu with each other ordinary share in all respects and entitles its holder to exercise one vote on any matter to be decided by shareholders for their share of the nominal amount of share capital of the Company. A share does not entitle its holder, in its capacity as shareholder, to any form of distribution from the Company save for their share of the nominal amount of share capital upon winding-up or dissolution of the Company. The MOI does allow for ad-hoc distributions to qualifying policyholders, as determined from time to time by the board.

The accompanying financial statements have been prepared for the Company only and do not include consolidated financial information. The primary annual financial statements that are the consolidated annual financial statements, which have been prepared separately and can be obtained from the Company's offices.

Address:
The Company's registered address and head office is situated at:
2nd Floor, Oxford & Glenhove
114 Oxford Road
Houghton Estate
2198

2. Basis of preparation

These financial statements have been prepared in accordance with IFRS® Accounting Standards and the South African Companies Act ("the Act"), on a going concern basis.
The Company's financial statements are prepared on the historical cost basis except for financial instruments that are subsequently measured at fair value or amortised cost (as explained in the accounting policy notes below) and property which is measured at revalued amount.

Fair value is defined in the note to the financial statements titled Fair Value Measurement to the financial statements that provides information on the application of the fair value measurement hierarchy to the Company.

3. Application of new and revised IFRSs

In these financial statements, FEM has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. New and revised IFRS Accounting Standards not yet effective in the current year

Standard	Details of amendment	Annual periods beginning on or after	Impact on the Company
IFRS 18 Presentation and Disclosure in Financial Statements	IFRS 18 'Presentation and Disclosure in Financial Statements' replaces IAS 1 Presentation of Financial Statements and is mandatorily effective for annual reporting periods beginning on or after 1 January 2027. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes.	1 January 2027	IFRS 18 will have a material impact on the Company's annual financial statements.
IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 'Subsidiaries without Public Accountability: Disclosures'. IFRS 19 is a voluntary standard that applies to entities without public accountability, but whose parents prepare consolidated financial statements under IFRS Accounting Standards.	1 January 2027	IFRS 19 will not have a material impact on the Company's annual financial statements.
IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosure (Amendment - Classification and Measurement of Financial Instruments)	The amendments clarify financial assets, and financial liabilities are recognised and derecognised at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognise certain financial liabilities settled via electronic payment systems earlier than the settlement date. They also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features. Additionally, these amendments introduce new disclosure requirements and update others.	1 January 2026	Amendments will not have a material impact on the annual financial statements of the Company

Standard	Details of amendment	Annual periods beginning on or after	Impact on the Company
Annual Improvements to IFRS Accounting Standards	• This cycle of annual improvements addresses the following: • Hedge Accounting by a First-time Adopter (Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards) • Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Guidance on implementing IFRS 7) • Gain or Loss on Derecognition (Amendments to IFRS 7) • Introduction and Credit Risk Disclosures (Amendments to Guidance on implementing IFRS 7) • Derecognition of Lease Liabilities (Amendments to IFRS 9) • Transaction Price (Amendments to IFRS 9) • Determination of a 'De Facto Agent' (Amendments to IFRS 10) • Cost Method (Amendments to IAS 7).	1 January 2026	Improvements will not have a material impact on the Company's annual financial statements

5 Significant accounting policies

These financial statements have been prepared in accordance with the IFRS® Accounting Standards applicable to the Company. Details of the Company's significant accounting policies, which are consistent with those applied in the previous financial year, are provided in the Notes to these financial statements.

6 Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities at reporting date as well as affecting the reported income and expenses for the year. Estimates and judgements are evaluated annually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6.1 Premium rebate liability

The insurance contracts issued by the Company when read in conjunction with the Company's MOI entitle the policyholders to receive premium rebates:

- that could be a significant portion of the total contractual benefits of individual policyholders; and
- the amount and timing of which is to be determined at the sole and absolute discretion of the Board of directors of the Company in accordance with the provisions of the MOI.

The Company's MOI provides that the Board shall in its sole and absolute discretion determine the specific measurement criteria and period of measurement to be applied to determine the requirements for policyholders to participate in premium rebates (including, without limitation, the quantum and timing thereof) and the basis of allocation of the aggregate quantum of premium rebates among and between the participating policyholders. Such determination shall be made by the Board on each occasion that premium rebates are to be paid and may vary from time to time.

The MOI further provides that, in exercising its discretion, the Board shall consider the relative contributions of policyholders to the underwriting profits of the Company, as determined by the premium income and claims expenses recorded in the Company's accounts during the period of measurement determined by the Board, and the need to incentivise improved health and safety practices.

The decisions of the Board regarding premium rebate payments are final and binding on each policyholder. Premium rebate liability is measured by applying a formula of the lower of:

- 35% of gross earned premium; and
- Underwriting profit.

Underwriting profit is derived from:

- net premiums, less the sum of
- net claims, operating expenses, movement in provision for bad debt and accident prevention expenses and grants.

The valuation of the premium rebate reserve includes an assumption that all policyholders meet qualification requirements for payment.

6.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits held for the purpose of meeting short-term cash commitments.
Cash balances held within investment portfolios managed by asset managers are classified as financial assets, as these balances are held for investment purposes rather than to meet short-term liquidity needs. Accordingly, these balances are excluded from cash and cash equivalents and are presented within financial assets in the statement of financial position. As a result, these balances have been disclosed as financial assets invested through asset managers to reflect the nature and application of these balances.

6.3 Ultimate liability for claims made under insurance contracts

The estimation of the ultimate liabilities arising from claims made under insurance contracts is the Company's most critical source of estimation uncertainty. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims (net of any reinsurance recoveries).

The liability for incurred claims and expenses comprise four categories:

- Pension liabilities;
- Claims provisions;
- Premium rebate liabilities; and
- Risk adjustment

Pension liabilities

Pension liabilities included within the liability for incurred claims are determined as the sum of the present value of the expected future pension payments and directly related future administration expenses. This determination is based on assumptions as to:

- longevity (in respect of the period of monthly pension payments);
- future pension increases;
- pension administration expenses; and
- the discount rate applied.

The Company utilises the bottom-up approach to derive the discount rate. The expected future pension payments are discounted using the JSE bond curve which includes an illiquidity premium. A margin for adverse deviations is included in the assumptions. The methodology employed in the valuation can be described as a prospective valuation method. The prospective reserve was calculated by projecting all the expected future cashflows on each pension and discounting them at the appropriate valuation interest rate (commonly referred to as a discounted cashflow basis – Gross Premium Valuation method). The ultimate cost of settling current pension obligations may differ from the aggregate liability recorded at 31 December 2025 of R2.4 billion (2024: R2.2 billion).

Claims provisions

Incurred non-life claims which have been reported but have not yet been paid are based on best estimates for individual cases reported to the Company (based on medical assessments; current medical treatment costs; recent experience on settlements of similar cases; and the applicable statutory compensation amounts). The ultimate cost of reported claims may vary as a result of future developments or better information becoming available about the current circumstances.
The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. They reflect current estimates from the perspective of FEM.

Provision is also made for claims that have occurred as at the end of the financial year, which have not yet been reported (previously, incurred but not reported – "IBNR") to the Company. As described in the relevant accounting policy note, the provision for these claims are determined using a stochastic approach that combines the Chain-Ladder and Cape-Cod methods. As this method uses historical claims development information, it assumes that the historical claims development pattern will occur again in future as well as considering the ultimate loss ratios for the more recent years which are less the 75% developed.

There are reasons why this may not be the case. Such reasons include:

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

Accordingly, the ultimate cost of settling claims may differ from the aggregate claims provisions recorded at 31 December 2025 of R1.0 billion (2024: R823 million).

Premium rebate liabilities

See 6.1 above for more information.

Risk adjustment

The Risk adjustment is the compensation the Company requires for bearing uncertainty regarding the amount and timing of cash flows arising from non-financial risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company uses a Value-at-Risk (VAR) approach to assess the risk adjustment for non-financial risks like insurance, lapse and expense risks. The approach aligns with the Company's economic capital results and is based on a 75% confidence level (2024:75%). Assumption simplifications have no material impact on the results.

It is a key component of fulfilment cash flows, representing a crucial part of the balance sheet liability that is released into profit as the Company is released from risk. The risk adjustment is recorded at R412 million (2024: R363 million)

6.4 Ultimate pipeline premium adjustment for current underwriting year

Under the statutory insurance policies underwritten by the Company, policyholders are required to estimate their premium based on their expected payroll. If the actual payroll is less than or in excess of the estimate, an adjustment is made at the end of the underwriting year. This net adjustment is referred to as pipeline premium. The Company does not accrue for pipeline premium owing due to the difficulty of making reliable estimates. Ultimate premium receipts for each underwriting year are therefore expected to differ from amounts initially reported in the financial statements.

6.5 Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. This applies to unlisted equity investments and is equally relevant to valuations of unquoted corporate bonds and illiquid quoted corporate bonds where reliance is of necessity placed on the application of internal valuation models by the Company's mandated investment managers or by their outsourced third-party valuators. While investment mandates generally provide some form of independent assurance on the application of these internal valuations, this does not provide direct assurance as to the reliability of internal valuations of these financial assets. Changes in credit risk, liquidity discount and volatility factors, or the incorrect application of internal models, could affect the reported fair value of unquoted corporate bonds and illiquid quoted corporate bonds held by the Company and valued at R92 million at 31 December 2025 (2024: R131 million). Similarly, these changes could affect the reported fair value of the unlisted equity securities held by the Company valued at R123 million at 31 December 2025 (2024: R178 million).

6.6 Present value of future education costs – relating to the education assistance program

The present value of future cash flows for the Education Assistance Program relates to the future committed costs of this program. Several assumptions are included within this provision, which relate to the increased future costs of education, the number of students expected to be on the program, and the number of years each student is expected to be on the program. This provision has been separately disclosed on the face of the statement of financial position with a value of R143 million (2024: R112 million). The distinct separation of this provision provides a more transparent view of the future committed costs of this program. This provision is reviewed and updated annually.

6.7 Valuation of owner-occupied property

The property is valued independently every three years using the market approach as the primary approach which compares the subject asset with identical or similar assets for which price information is available, such as a comparison with market transactions in the same, or closely similar, type of asset within an appropriate time horizon. In years when an independent valuation is not conducted, management performs an assessment for the owner-occupied property for any indicators of impairment in accordance with IAS 36 Impairment of Assets, to ensure the reasonableness of the carrying value and that there are no material movements during these periods.

6.8 Significant Judgements

Management has not made any material judgements that have the most significant impact on the amounts recognised in the financial statements.

7. Investment in subsidiary

	2025 Rm	2024 Rm
100% of the issued share capital Of FEM Solutions (Pty) Ltd.		
Opening balance at 1 January	2	42
Return of capital	-	(40)
Investment in subsidiary	2	2

The Company formed and funded a subsidiary, FEM Solutions Proprietary Ltd (FEM SOL), on 1 October 2020. This subsidiary is wholly owned and carried at cost. Subsequent measurement includes an allowance for impairment based on the net asset value reflected in the subsidiary's financial statements.

The subsidiary was initially created to provide loans to entities within the construction industry during the COVID-19 pandemic. Currently, it houses non-COID initiatives.

8. Property, plant and equipment

	Owner-occupied property Rm	Motor vehicles and office equipment Rm	Right of use assets - Buildings Rm	Total Rm
Cost or revaluation				
Balance at 1 January 2024	50	21	12	83
Additions	-	29	2	31
Disposals	-	-	-	-
Balance at 31 December 2024	50	50	14	114
Additions	-	5	12	17
Disposals	-	(2)	-	(2)
Balance at 31 December 2025	**50**	**53**	**26**	**129**
Accumulated depreciation				
Balance at 1 January 2024	-	(20)	(10)	(30)
Depreciation charge	-	(2)	(3)	(5)
Balance at 31 December 2024	-	(22)	(13)	(35)
Depreciation charge	-	(7)	(3)	(10)
Balance at 31 December 2025	**-**	**(29)**	**(16)**	**(45)**
Net carrying amount				
2024	50	28	1	79
2025	50	23	11	84

8. Property, plant and equipment

The carrying value of the revalued assets under the cost model would have been:

	2025 Rm	2024 Rm
Property	43	43

All items of owner-occupied property, office equipment, motor vehicles and right-of-use assets are considered non-current as the Company does not intend to sell the assets within its normal operating cycle or next 12 months.

The determination of market value is considered the most probable price at which the property will be sold on a date in a voluntary transaction. An independent valuation is performed every three years. The last independent valuation was performed during the 2023 reporting period. Refer to note 6.7.

As the property is measured on the revalued model, disclosure is required in relation to the Company's application of the fair value hierarchy to the measurement of the property is level 3 as the property does not have observable inputs. The inter-relationship between key unobservable inputs and Level 3 fair value measurement is disclosed in Annexure 3, this disclosure is also applicable to property. Apart from the property that is measured at the revalued model, all other items of property, plant and equipment are measured at cost.

9. Computer software

	Computer software Rm	Total Rm
Cost		
Balance at 1 January 2024	77	77
Additions	17	17
Balance at 31 December 2024	**94**	**94**
Additions	20	20
Balance at 31 December 2025	**114**	**114**
Accumulated amortisation		
Balance at 1 January 2024	(23)	(23)
Depreciation charge	(16)	(16)
Balance at 31 December 2024	**(39)**	**(39)**
Depreciation charge	(20)	(20)
Balance at 31 December 2025	**(59)**	**(59)**
Net carrying amount		
2024	55	55
2025	**55**	**55**

All items of computer software are considered non-current.

10. Reinsurance contract assets

	Asset for remaining coverage		Amounts recoverable for incurred claims				
			Estimates of present value of future cash flow		Risk adjustment for non-financial risk		TOTAL
	Rm	Note	Rm	Note	Rm	Note	Rm
Opening balance 2025	**17**		**5**		**66**		**88**
Recognised in statement of comprehensive income	(13)		(4)		4		(13)
Allocation of Reinsurance Premiums paid	(20)		-		-		(20)
Amounts recoverable/(payable) from/(to) reinsurers for incurred / (reversal of) claims	9		(4)		-		5
Changes in incurred claims risk adjustment	-		-		4		4
Effects of changes in non-performance risk of rein-surers	(2)		-		-		(2)
Reinsurance premium reinstatement	4		-				4
Cash flows	(3)		-				(3)
Premiums paid	12		-		-		12
Recoveries received under reinsurance contracts held	(15)		-		-		(15)
Closing balance 2025	**5**	**10.1**	**1**	**10.1**	**70**	**10.1**	**76**

10. Reinsurance contract assets

	Asset for remaining coverage		Amounts recoverable for incurred claims: Estimates of present value of future cash flow		Risk adjustment for non-financial risk		TOTAL
	Rm	Note	Rm	Note	Rm	Note	Rm
Opening balance 2024	**37**		**4**		**64**		**105**
Recognised in statement of comprehensive income	(33)		1		2		(30)
Allocation of Reinsurance Premiums paid	(9)		-		-		(9)
Amounts recoverable/(payable) from/(to) reinsurers for incurred / (reversal of) claims	(24)		1		-		(23)
Changes in incurred claims risk adjustment	-		-		2		2
							-
Reinsurance premium reinstatement	(4)		-				(4)
Cash flows	17		-				17
Premiums paid	12		-				12
Recoveries refunded under reinsurance contracts held	5		-				5
Closing balance 2024	**17**	**10.1**	**5**	**10.1**	**66**	**10.1**	**88**

* Disclosure now includes a risk adjustment for non-financial risk. Which was previously presented with the insurance contract liabilities risk adjustment for non-financial risk. Refer to note 28

10.1. Reinsurance assets

The disclosure below is considered supplementary information to note 10.

	2025 Rm	2024 Rm
Reinsurers' share of insurance liabilities	1	5
Amounts due from reinsurers after indexing	5	17
Amounts due from reinsurers	20	31
Reinsurance indexation	(15)	(14)
Risk adjustment	70	66
Total reinsurance assets	**76**	**88**

Reinsurance assets consist of the reinsurers' share of claim provisions.

The Company has reviewed the amounts expected to become receivable from reinsurers and adjustments for non-performance risk have been disclosed in the note above. A reconciliation of the opening to closing balance has been included above.

11. Financial assets invested through asset managers and other financial assets at fair value through profit or loss

	2025 Rm	2024 Rm
Financial assets invested through asset managers designated as fair value through profit or loss		
Local financial assets	**9 264**	**7 816**
Listed equity securities	1 552	1 212
Listed debt securities: fixed interest rate	1 929	1 356
Listed debt securities: inflation linked	3 866	2 526
Money market funds	1 917	2 722
Foreign financial assets	**2 297**	**2 130**
Listed equity securities	2 175	1 952
Pooled unlisted equity securities	123	178
Corporate debt securities with derivative overlay	**93**	**131**
Local assets	89	124
Foreign assets	4	7
Accrued investment income	**61**	**36**
Total investments designated at fair value through profit or loss	11 715	10 113
Cash held in bank accounts operated by asset managers	60	41
Total financial assets invested through asset managers	**11 775**	**10 154**
Other financial assets designated at fair value through profit or loss		
Enterprise development fund	-	20
Supplier development fund	-	75
Endowment Policy	2	2
Money market funds	51	163
Total other financial assets at fair value through profit or loss	**53**	**260**

Net Purchases of financial assets in the current year amount to R1.317bn (2024: R1.269bn)

During the year, the Company entered into derivative instruments, comprising index futures (R15m), forward interest rate agreements (R19m) and interest rate swaps (R2.5m), for risk management purposes. These instruments are used to mitigate exposure to market risks, primarily equity and interest rate risk. The derivative exposure is not material in the context of the financial statements as a whole.

The credit quality of financial and insurance assets is provided in Annexure 1 to the financial statements.
A maturity analysis of the Company's financial assets is provided in Annexure 2 to the financial statements.

The Company's application of the fair value hierarchy to the measurement of its financial assets is disclosed in the note to the financial statements Fair value measurement as well as in Annexure 3. Cash held in bank accounts operated by asset managers is measured at amortised cost which approximates fair value.

The Company's financial assets are exposed to various financial risks. Details of these risks and results of sensitivity testing of the key risks are provided in the note to the financial statements titled Financial Risk.

The enterprise and supplier development funds are non-interest bearing.

12. Other receivables

	2025 Rm	2024 Rm
Investments outstanding settlements	17	3
Intercompany loan account receivables	4	1
Other receivables	5	6
Total other receivables	**26**	**9**

A maturity analysis of other receivables is disclosed in Annexure 2 to the financial statements.

The Company has reviewed the recoverability of other receivables at year end and determined that the allowance for expected credit losses is immaterial given that there has been no significant increase in credit risk at the end of the reporting period.

13. Stated capital

	2025 Rm	2024 Rm
Stated capital^	0	0

^ Stated capital totals R10 000 rounded to R0m

The Company's authorised stated capital has remained unchanged and consists of 500 000 (2024: 500 000) ordinary shares of no par value, totalling R10 000 (rounded to R0 million).

The Company's issued stated capital has remained unchanged and consists of 315 000 (2024: 315 000) ordinary shares of no par value, totalling R10 000 (rounded to R0 million).

14. Insurance contract liabilities

Reconciliation of the Liability for Remaining Coverage and the Liability for Incurred Claims:

	Liability for remaining coverage		Liability for incurred claims			
			Estimates of the Present value of future cash flows	Risk adjustment for non financial risk		TOTAL
	Rm	Note	Rm	Rm	Note	Rm
Opening balance 2025	**166**		**3 298**	**363**		**3 827**
Insurance Revenue	(1 394)	18	-	-		(1 394)
Movement in amounts due from policyholders	14	14.1.2	-	-		14
Insurance service expenses			**1 250**	**49**	**19**	**1 299**
Incurred claims and other directly attributable expenses	-		1 247	-		1 247
Insurance acquisition expenses	-		3	-		3
Changes in risk adjustment	-		-	49		49
Insurance finance expense from insurance contracts issued	**-**		**165**	**-**		**165**
Transfers	**-**		**(165)**	**-**		**(165)**
Transfer to Property and equipment	-		(10)	-		(10)
Transfer to Intangible assets	-		(20)	-		(20)
Transfer to Trade and other payables			(36)			(36)
Transfer to Employee related obligations	-		(99)	-		(99)
Cash flows	**1 439**		**890**	**-**		**549**
Premiums received	1 439		-	-		1 439
Claims paid	-		(566)	-		(566)
Directly attributable expenses paid	-		(112)	-		(112)
Insurance acquisition cash flows	-		(3)	-		(3)
Annual premium rebate paid	-		(210)	-		(210)
Closing balance 2025	**225**	**14.1**	**3 658**	**412**	**14.2**	**4 295**

	Liability for remaining coverage		Liability for incurred claims			
			Estimates of the Present value of future cash flows	Risk adjustment for non financial risk		TOTAL
	Rm	Note	Rm	Rm	Note	Rm
Opening balance 2024	**162**		**3 064**	**307**		**3 533**
Insurance Revenue	**(1 198)**	**18**	**-**	**-**		**(1 198)**
Insurance service expenses	**-**		**1 007**	**56**	**19**	**1 063**
Incurred claims and directly attributable expenses	-		1 007	-		1 007
Insurance acquisition expenses	-		-	-		-
Changes in risk adjustment	-		-	56		56
Insurance finance expense from insurance contracts issued	**-**		**196**	**-**		**196**
Transfers	**-**		**(124)**	**-**		**(124)**
Transfer to Property and equipment	-		(5)	-		(5)
Transfer to Intangible assets	-		(15)	-		(15)
Transfer to Trade and other payables			(79)			(79)
Transfer to Employee related obligations	-		(26)	-		(26)
Cash flows	**1 202**		**(845)**	**-**		**357**
Premiums received	1 202		-	-		1 202
Claims paid	-		(557)	-		(557)
Directly attributable expenses paid	-		(90)			(90)
Annual premium rebate paid	-		(198)	-		(198)
Closing balance 2024	**166**	**14.1**	**3 298**	**363**	**14.2**	**3 827**

* The risk adjustment for non-financial risk disclosure has been disaggregated to disclose the insurance contract liabilities risk adjustment gross of reinsurance. Refer to note 28

14.1 Liability for remaining coverage

The disclosure below is considered supplementary information to note 14 and includes reconciliations of the various components within the LRC:

	Note	2025 Rm	2024 Rm
Unearned premiums liabilities	14.1.1	230	197
Insurance receivables net of ECL*	14.1.2	(5)	(31)
Total liability for remaining coverage		**225**	**166**

* ECL - Expected credit losses

14.1.1. Unearned premium liabilities

	2025 Rm	2024 Rm
The movement in the unearned premium liabilities is analysed as follows:		
Opening balance	197	171
Release of opening balance	(197)	(171)
Unearned portion of current year premiums	230	197
Closing balance	**230**	**197**

14.1.2. Insurance receivables net of ECL

	2025 Rm	2024 Rm
Due from policyholders	193	216
Due to policyholders	(14)	-
Expected credit losses (ECL)	(174)	(185)
Total insurance contract receivables	**5**	**31**
Movement in insurance receivables net of ECL		
Opening balance	31	9
Decrease/(Increase) in ECL	11	(60)
Increase in amount due to policyholders	(14)	-
Receivables written off	(95)	(7)
Premium written	1 511	1 291
Premiums received	(1 439)	(1 202)
Closing balance	**5**	**31**

14.2. Liability for incurred claims

	Note	2025 Rm	2024 Rm
Estimates of Present value of future cash flows		3 658	3 298
Pension liabilities	14.2.1	2 427	2 170
Claims provisions	14.2.2	1 020	823
Premium rebate liabilities	14.2.3	211	305
Risk adjustment		412	363
Total liability for incurred claims		**4 070**	**3 661**

* Refer to note 28

The disclosure below is considered supplementary information to note 14 and includes reconciliations of the various components within the LIC:

14.2.1. Pension liabilities

	Note	2025 Rm	2024 Rm
The movement in pension liabilities is analysed as follows:			
Opening balance		2 170	2 034
Finance costs including unwind of discount rate		172	156
Experience variances and data movements		195	(3)
Pensions paid		(175)	(164)
New pensions awarded and reinstatements		65	147
Closing balance	14.2	**2 427**	**2 170**

The principal assumptions used to determine the discounted present value of pension liabilities, and the results of sensitivity testing of these assumptions, are detailed in the note to the financial statements *Insurance Risk.*

14.2.2. Claims provisions

	Note	2025 Rm	2024 Rm
Unpaid reported claims		510	411
IBNR provision		371	299
Claims handling expenses		139	113
Total claims provisions	**14.2**	**1 020**	**823**
The movement in claims provisions is analysed as follows:			
Opening balance		823	648
Gross claims expense for the year		885	667
Finance costs (Unwind of discount rate)		39	40
Claims paid		(587)	(393)
Pensions awarded		(140)	(139)
Total claims provisions		**1 020**	**823**

The claims development table presented below is based on the actual date of the event that caused the claim (accident year basis) and is designed to assess the sufficiency of claims provisions raised in the initial accident year. No account is taken of the time value of money and therefore shortfalls should be expected over extended periods of assessment.

2025	Accident Year				
Non-Life	**2021 R '000**	**2022 R '000**	**2023 R '000**	**2024 R '000**	**2025 R '000**
Payment for new claims during initial accident year	106 379	104 536	133 995	143 215	180 989
Reserves for new claims at the end of initial accident year	165 158	178 450	209 878	239 802	297 276
Best estimate P&L charge iro new claims estimates	271 537	282 986	343 873	383 016	478 265
Claims paid for relevant accident year by year of payment					
2021	106 379				
2022	78 813	104 536			
2023	37 284	102 279	133 995		
2024	8 245	44 118	123 249	143 215	
2025	2 662	8 533	57 771	123 176	180 989
Best estimate liability for relevant accident year at 31 Dec 2025	34 354	43 747	71 695	133 501	297 276
Latest estimate of aggregate claims cost for accident year	267 737	303 214	386 710	399 892	478 265
Surplus/(Deficit*)	3 800	(20 227)	(42 838)	(16 876)	-

*A deficit does not necessarily imply insufficient reserving as no adjustment has been made for inflation and the time value of money.

2024	Accident Year				
Non-Life	**2020**	**2021**	**2022**	**2023**	**2024**
	R '000	**R '000**	**R '000**	**R '000**	**R '000**
Payment for new claims during initial accident year	97 251	106 379	104 536	133 995	143 215
Reserves for new claims at the end of initial accident year	185 036	165 158	178 450	209 878	239 802
Best estimate P&L charge iro new claims estimates	282 288	271 537	282 986	343 873	383 017
Claims paid for relevant accident year by year of payment					
2020	97 251				
2021	80 174	106 379			
2022	35 841	78 813	104 536		
2023	10 339	37 284	78 813	133 995	
2024	5 195	8 245	37 284	123 249	143 215
Best estimate liability for relevant accident year at 31 Dec 2024	28 445	34 732	54 840	113 578	239 802
Latest estimate of aggregate claims cost for accident year	257 245	265 454	275 473	370 822	383 017
Surplus/(Deficit*)	25 042	6 084	7 513	(26 949)	-

*A deficit does not necessarily imply insufficient reserving as no adjustment has been made for inflation and the time value of money.

2025	Accident Year				
Unawarded Pensions	**2021**	**2022**	**2023**	**2024**	**2025**
	R '000	**R '000**	**R '000**	**R '000**	**R '000**
Incurment for new claims during initial accident year	35 730	67 992	120 283	116 524	124 883
Undiscounted reserves for new claims at the end of initial accident year	70 825	77 941	91 435	79 741	85 888
Best estimate P&L charge iro new claims estimates	106 555	145 933	211 718	196 265	210 770
Claims incurred for relevant accident year by year of payment					
2021	38 303				
2022	21 974	73 118			
2023	21 016	19 512	128 175		
2024	7 360	2 943	13 452	115 033	
2025	865	6 599	23 521	19 738	124 883
Best estimate liability (undiscounted) for relevant accident year at 31 December 2025	5 258	9 259	31 235	57 126	85 888
Latest estimate of aggregate claims cost for accident year	94 776	111 432	196 384	191 897	210 770
Surplus	11 779	34 502	15 334	4 367	-

2024	Accident Year				
Unawarded Pensions	**2020**	**2021**	**2022**	**2023**	**2024**
	R '000	**R '000**	**R '000**	**R '000**	**R '000**
Payment for new claims during initial accident year	43 460	46 185	12 171	17 945	39 945
Reserves for new claims at the end of initial accident year	98 162	117 150	67 504	49 339	79 741
Best estimate P&L charge iro new claims estimates	141 622	163 335	79 675	67 284	119 686
Claims paid for relevant accident year by year of payment					
2020	43 460				
2021	18 136	46 185			
2022	26 256	28 402	12 171		
2023	6 983	22 262	24 128	17 945	
2024	2 495	14 897	24 683	45 269	39 945
Best estimate liability for relevant accident year at 31 Dec 2024	9 912	10 267	23 006	52 591	79 741
Latest estimate of aggregate claims cost for accident year	107 242	122 013	83 988	115 805	119 686
Surplus/(Deficit*)	34 380	41 322	(4 313)	(48 521)	-

*A deficit does not necessarily imply insufficient reserving as no adjustment has been made for inflation and the time value of money.

Liability adequacy test

At the end of each reporting period, the Company considers the need for liability adequacy tests to be performed to assess the adequacy of insurance liabilities in respect of the current portfolio of unexpired risks. There was no need to perform liability adequacy tests at the end of the current or preceding financial year owing to the favourable gross claims ratios recorded in respect of these financial years.

14.2.3. Premium rebate liabilities

	Note	2025 Rm	2024 Rm
Premium rebate liabilities relating to:			
Prior underwriting periods		24	34
Underwriting year commencing March 2024		187	271
Total premium rebate liabilities	**14.2**	**211**	**305**
The movement in premium rebate liabilities is analysed as follows:			
Opening balance		305	382
Premium rebate charge for the year		116	137
Current year		187	271
Adjustment for previous year		(71)	(134)
Annual premium rebates paid		(210)	(214)
Closing balance		**211**	**305**

A maturity analysis of premium rebate liabilities is provided in Annexure 2 to the financial statements.

14.2.4 Insurance finance expense

	Note	2025 Rm	2024 Rm
Pension liabilities		126	156
Unwind of discount rate		172	175
Effect of changes in interest rate and other financial assumptions		(46)	(19)
Claims provisions: Unwind of discount rate		39	40
Insurance finance expense	**14**	**165**	**196**

15. Dissolution liability

	Total Rm
Balance at 1 January 2024	**5 665**
2024 Profit transferred	458
Closing balance at 31 December 2024	**6 123**
2025 Profit transferred	1 387
Closing balance at 31 December 2025	**7 510**

16. Trade and other payables

	2025 Rm	2024 Rm
Intercompany liability: FEMEF donation	-	500
Corporate social investment	37	31
Staff incentives payable	32	24
Outstanding investment settlements	1	3
Other current payables	49	38
Unreleased pensions liability	20	18
Uninsured employers contribution to State Compensation Fund	11	13
Internal audit fees	3	3
External audit fees	3	3
Accrued leave liability	4	3
Total trade and other payables	**159**	**636**

A maturity analysis of trade and other payables is provided in Annexure 2 to the financial statements.

17. Education Assistance Program Liability

	2025 Rm	2024 Rm
The movement in the EAP liability is analysed as follows:		
Opening balance	112	101
Cash payments	(17)	(17)
Movement in actuarial valuation	48	28
Closing balance	**143**	**112**

The present value of future cash flows for the education assistance program (EAP) relates to the future committed costs of education of beneficiaries. Several assumptions are incorporated within the modeling of this provision, most notably:

- the eligible members not yet paid for in 2025;
- the increased future costs of education;
- the number of students expected to be on the program; and
- the number of years each student is expected to be on the program.

18. Insurance revenue

	Note	2025 Rm	2024 Rm
Amounts relating to the changes in the liability for remaining coverage			
Premiums raised on initial wage declarations for the current year		1 414	1 212
Premiums raised on final wage declarations for the previous year		97	79
Total premium raised		**1 511**	**1 291**
Movement in Unearned premium liabilities		(33)	(26)
Increase in ECL and premium receivables written off		(84)	(67)
Total insurance revenue		**1 394**	**1 198**

19. Insurance service expense

	Note	2025 Rm	2024 Rm
Amounts relating to the changes in the liability for incurred claims			
Gross claims expense		(931)	(708)
Directly attributable expenses	19.1	(214)	(188)
Acquisition expenses		(3)	-
Accident prevention expenses and grants		(20)	(20)
Section 88 fee due to Compensation Fund		(15)	(13)
Annual rebates to policyholders net of prior year over provision		(116)	(137)
Claim recoveries from Road Accident Fund		4	3
Impairment of recoveries from Road Accident Fund		(4)	-
Total insurance service expense		**(1 299)**	**(1 063)**

19.1. Directly attributable expenses

The disclosure below is considered supplementary information to note 19 and includes a breakdown of the directly attributable expenses:

	Note	2025 Rm	2024 Rm
Depreciation and amortisation		(30)	(21)
Directors' remuneration		(17)	(16)
Employee costs (average number of employees: 131 (2024: 130)		(110)	(95)
Total cost of employment		(105)	(91)
Training and recruitment costs		(5)	(4)
External audit fees		(4)	(4)
Professional and other fees		(22)	(21)
Other expenses		(43)	(41)
Total operating expenses		**(225)**	**(198)**
Total operating expenses are split between directly attributable and non-attributable in terms of IFRS17 as follows:			
Directly Attributable operating expenses	19	(214)	(188)
Non Attributable operating expenses	21	(11)	(10)
Total operating expenses		**(225)**	**(198)**

External audit fees for 2025 amounts to R3.733m (2024: R3.558m) inclusive of VAT. The fee is inclusive of the external audit of the Annual Quantitative Return. No non-assurance services were provided in the current year R 0.450m (2024: R0.040m)

20. Net investment income

	2025 Rm	2024 Rm
Investment income	1 711	1 160
Interest income	695	457
Dividend income	39	25
Net foreign currency (loss)/gain on financial assets	(147)	14
Net valuation gains on financial assets measured at fair value	1 124	664
Investment expenses	(38)	(31)
Asset management and consulting fees	(36)	(29)
Performance fees	(2)	(3)
Total net investment income	**1 673**	**1 128**

The net valuation gains or losses on financial assets measured at fair value through profit or loss incorporates interest and dividends earned within pooled financial asset portfolios. Certain of the Company's mandated asset managers offset their investment fees and transactional costs in unit pricing and, consequently, these expenses are incorporated in the net valuation gains on financial assets measured at fair value through profit or loss. Where fees are explicitly disclosed by asset managers, these are included in the relevant investment expense line item.

21. Other operating expenses (non-attributable under IFRS 17)

	Note	2025 Rm	2024 Rm
Operating expenses	19.1	(11)	(10)
Socio economic and skills development		(44)	(35)
Pensioner beneficiary assistance program		(5)	(6)
Education Assistance Programme - movement in PV of future cash flows		(48)	(28)
Impairment of ED and SD Funds		(95)	-
Total other operating expenses		**(203)**	**(79)**

22. Net movements in operating assets and liabilities and lease liabilities

22.1. Net movements in operating assets and liabilities

	2025 Rm	2024 Rm
Movement of insurance contract receivables	107	149
Movement in insurance receivable	23	82
Impairment of insurance receivables	84	67
Financial receivables at amortised cost	(17)	(1)
Financial payables at amortised cost - excl leases	(442)	514
Reinsurance contract assets	12	19
Insurance contracts liabilities	454	313
Dissolution liability	1 387	458
Total net changes in operating assets and liabilities	**1 501**	**1 452**

22.2. Net movements in lease liabilities

	2025 Rm	2024 Rm
Opening balance	1	1
Additions	12	2
Interest*	1	0
Payments	(3)	(2)
Total net movements in lease liabilities	**11**	**1**

* rounded to Rm

23. Related party disclosures

23.1. Related parties

The following entities are related parties of the Company:

- **The Federated Employers Trust ("the Trust"),** an inter-vivos trust, owns 100% (2024: 100%) of the issued shares of FET. The sole purpose of the Trust is to hold the share capital of FET, and the sole beneficiaries of the Trust are the policyholders of the Company. In terms of the Trust Deed, the Company must pay all reasonable expenditure incurred by the Trust.
- **The Federated Employers Trust Proprietary Limited ("FET")** owns 33.40% (2024: 33.34%) of the issued shares of the Company. FET exists to facilitate the transfer of shares to new policyholders of the Company and the repurchase of shares from exiting policyholders. FEM is an associate of FET.
- **FEM Education Foundation NPC ("FEMEF")** was incorporated by FEM in December 2016 as a non-profit company. It focuses on making an impact on education and leadership in South Africa. The Foundation's activities include providing holistic funding to scholars from disadvantaged areas until they attain their first tertiary qualification and partnering with entities that are focused on improving the public schooling system in South Africa on a sustainable basis. This entity is a subsidiary of FEM.
- **Federated Employers Mutual Solutions Proprietary Limited ("FEM SOL")** was incorporated on 01 October 2020 and is wholly owned by FEM, for the purpose of providing COVID-19 assistance to policyholders. Currently, the Company houses non-COID initiatives. This entity is a wholly owned subsidiary of FEM.

The registered addresses of FET, the Trust, FEMEF and FEM SOL are the same as FEM's registered address, included in the note to the financial statements titled General information about FEM.

23.2. Related party transactions

Transactions with related parties and amounts due from/(to) related parties are as follows:

Intercompany balances at 31 December 2025

Receivable by Entity 1	Payable by Entity 2	2025 R'000	2024 R'000	Description
FEMEF	FEM	-	500,000	Intercompany donation
FEM	FEMEF	4,129	210	FEM funding operating expenses
FEM	FEM SOL	70	331	FEM funding operating expenses
FEM	FEM SOL	-	40,000	Return of contributed capital
FEM	FET	61	129	Net balance of FEM funding operating expenses, Consulting services to FET and Administration services to FEM
FEM/the Trust	the Trust/FEM	0	0	Operating expenses paid by FEM on behalf of the Trust; Administration fee due to the Trust by FEM

Intercompany transactions for the year ended 31 December 2025

Income by Entity 1	Expense by Entity 2	2025 R'000	2024 R'000	Description
FET	FEM	36	33	Administration fees based on outsourcing agreement.
Trust	FEM	49	40	Administration fee in terms of the Administration agreement.
FET	FEM	-	-	FET holds shares in The Federated Employers Mutual Assurance Company (RF) (Pty) Ltd ("FEM") (Note 2), which comprises 33.40% (2024: 33.34%) of the issued share capital of FEM which has voting rights. There is no share of profit in associate as FEM is a mutual which is a not for profit entity.
FEM	FET	72	327	Consulting fees based on outsourcing agreement.

For all related party receivable balances due to FEM at year end, the expected credit loss on each amount is not material.

Certain non-executive directors are employed by construction companies which hold policies issued by the Company. Relevant details are as follows:

Premiums

Non-executive director	Related policyholder	2025 R'000	2024 R'000
Mr JR Barrow	Barrow Construction (Pty) Ltd	1 527	956
Mr NF Maas	Gauteng Piling (Pty) Ltd	112	181
Mr CS Jiyane	PC Builders Building and Civil Construction CC	135	226
Ms NBP Nkabinde	Otis (Pty) Ltd	3 110	3 002
Ms NBP Nkabinde	Sigma Lifts and Escalators (Pty) Ltd	163	116
Total Premiums		**5 047**	**4 481**

Rebates

Non-executive director	Related policyholder	2025 R'000	2024 R'000
Mr JR Barrow	Barrow Construction (Pty) Ltd	289	329
Mr CS Jiyane	PC Builders Building and Civil Construction CC	35	87
Ms NBP Nkabinde	Otis (Pty) Ltd	679	1 146
Ms NBP Nkabinde	Sigma Lifts and Escalators (Pty) Ltd	32	42
Total Rebates		**1 035**	**1 604**

Claims paid

Non-executive director	Related policyholder	2025 R'000	2024 R'000
Mr JR Barrow	Barrow Construction (Pty) Ltd	172	31
Mr NF Maas	Gauteng Piling (Pty) Ltd	-	114
Ms NBP Nkabinde	Otis (Pty) Ltd	48	205
Total Claims Paid		**220**	**350**

23.3. Directors' remuneration

Directors earn remuneration for services performed for FEM. No fees are paid separately for services rendered to any related party entities.

	2025 R'000	2024 R'000
Non-executive directors' fees:		
Mr JR Barrow * (Chairman)	887	834
Ms K Imathiu * (Lead independent director)	784	780
Mr C Economou *	1 133	1 084
Mr CS Jiyane	510	470
Mr NF Maas***	432	559
Mr ER Mackeown *	888	896
Ms N V Madyibi	536	532
Ms A Moiloa **	-	-
Dr H Ngakane***	506	658
Ms NBP Nkabinde	419	452
Ms L Tamboer	365	349
Total non-executive directors' fees (excl VAT)	**6 459**	**6 613**
VAT on NED Fees	200	197
Total non-executive directors' fees	**6 659**	**6 810**

* As per BGR 41 issued by SARS in 2017, certain non-executive directors are required to charge VAT on fees. As the VAT does not apply to all directors, and only directors with an * next to their name, on a total basis the VAT amount will not be equal to 15% of the total fees, exclusive of VAT.

** Ms A Moiloa does not earn fees for her services as a non-executive director, by virtue of the fact that she has been nominated by the Minister of Employment and Labour to fulfil the role as a non-executive director in her capacity as a representative and employee of the Department of Employment and Labour.

*** Dr H Ngakane and Mr NF Maas retired effective 04 November 2025.

	2025 R'000	2024 R'000
Executive directors' remuneration:		
Mr N Hoosen - CEO		
Total cost of employment	3 221	1 752
Provident Fund	441	248
Short term incentive	1 025	-
Medium term incentive	1 734	1 554
Total remuneration	6 421	3 554
Mr M Spies - CFO		
Total cost of employment	2 528	603
Provident Fund	347	85
Short term incentive	255	-
Medium term incentive	-	-
Total remuneration	3 130	689
Mrs N Manyonga - resigned as executive director of FEM 31 May 2024		
Total cost of employment	-	1 646
Provident Fund	-	198
Short term incentive	-	1 781
Medium term incentive	-	2 472
Total remuneration	-	6 097
Mr Y Bodiat - resigned as CFO of FEM on 30 June 2024		
Total cost of employment	-	1 302
Provident Fund	-	155
Short term incentive	-	814
Medium term incentive	-	756
Total remuneration	-	3 028
Total executive directors' remuneration	**9 551**	**13 367**
Total directors' remuneration (included in "Operating expenses" note)	**16 010**	**19 980**

23.4. Executive committee remuneration (excluding executive directors)

	2025 R'000	2024 R'000
Total cost of employment, excluding motor vehicles	20 004	10 729
Short term incentive	2 723	3 387
Medium term incentive	3 652	1 738
Total remuneration	**26 379**	**15 853**

24 Capital management

The principal capital management objective is to enhance the Company's investment returns for the benefit of stakeholders, while ensuring that the Company remains adequately capitalised and has adequate liquid cash resources to meet all of its obligations. An asset-liability modelling exercise is performed at least every 18 months to determine the optimum percentage allocation of investments to different asset classes after taking into account the liability profile of the Company. The implementation of the Company's investment strategy is managed by the Investment committee of the Board acting on the advice of independent investment consultants.

The Company is prohibited from incurring any debt and, therefore, no leverage is incorporated in the capital structure.

The Company is subject to externally imposed capital requirements under the Insurance Act. The requirements were met throughout the year. These requirements are monitored by the Board through various Board committees.

The Company aims to always maintain a capital buffer such that it can withstand a severe but plausible shock event. Internal capital targets are regularly monitored.

25 Insurance risk

The Company is exposed to various insurance risks as explained below. There have been no significant changes from the previous year in the exposure to insurance risk or policies, procedures and methods used to measure the risk.

The Company accepts insurance risk through statutory insurance contracts issued to certain classes of employers within the construction industry under the Compensation for Occupational Injuries and Diseases Act No. 130 of 1993 ("the COID Act"). These classes of employers must procure the insurance covers provided under the COID Act either from the Company or the State Compensation Fund. Once a policyholder is registered with FEM, it may not transfer to the State Compensation Fund. Policyholders cease to be policyholders in the event of deregistration as companies. Based on the insurance contracts issued, for IFRS 17, these are regarded as a portfolio of insurance contact. The Company issues no other types of insurance contracts.

As a general guideline, insurance risk is only significant for a contract if there is at least one scenario with commercial substance where the compensation paid by the insurer is significant, irrespective of the likelihood of that scenario. The Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The insurance products offered by FEM provide protection and compensation to the employees of policyholders (and their dependents) that have suffered damage as a result of an accident and occupational disease and are entitled to COIDA benefits.

The following compensation is payable in respect of employees injured on duty in terms of the COID Act. The calculation method for compensation, as well as the maximum earnings and minimum assessment thresholds used to determine an employer's assessment, are reviewed annually by the Minister of Employment and Labour and subsequently published in the Government Gazettes:

25.1 Temporary total disablement

Periodic payments at 75% of the employee's monthly earnings at the time of the accident, subject to a maximum payment of R39 573 (2025: R37 333) per month for up to 24 months.

25.2 Permanent disablement

If the degree of disablement is 30% or less, compensation takes the form of a lump sum based on 15 times the employee's monthly earnings at the time of the accident, subject to minimum and maximum payments of R110 824 (2024: R104 551) and R443 239 (2024: R418 150) respectively.

If the degree of permanent disablement is 31% or more, compensation takes the form of a monthly pension. The monthly pension for 100% permanent disablement is calculated at 75% of the employee's monthly earnings, subject to minimum and maximum monthly pensions of R5 543 (2024: R5 229) and R39 573 (2024: R37 333) respectively. Where the degree of permanent disablement is less than 100%, the pension is calculated proportionately.

25.3 Compensation on death

Compensation to the surviving spouse consists of both a lump sum equal to twice the monthly pension applicable for 100% permanent disablement and a monthly pension equal to 40% of the pension applicable for 100% permanent disablement. This pension continues on remarriage and only ceases upon death of the surviving spouse. If more than one spouse, the 40% is split between them.

Compensation to each child under 18 years of age takes the form of a monthly pension equal to 20% of the pension applicable for 100% permanent disablement, provided that the total pension payable to the surviving spouse (maximum 40%) and children (maximum 60%) does not exceed the amount of the pension applicable for 100% permanent disablement. This pension ceases upon death, marriage or the attainment of 18 years of age, (FEM continues to pay the child's pension until 31 December of the year in which the child turns 18) but continues after the child reaches 18 years of age if the child is physically or mentally handicapped (for such a period as can reasonably be expected that the deceased employee would have maintained the child). The pension also continues after 18 years of age if the child is busy with secondary or tertiary education (for such period as can reasonably be expected that the deceased employee would have contributed to the child's maintenance). Continuation of a child's pension who is studying in tertiary education is approved on application.

Compensation to the family for funeral costs of R22 045 (2024: R20 797).

25.4 Medical and transportation expenses

All reasonable medical expenses incurred by or on behalf of the employee and the reasonable expenses incurred for the conveyance of the injured employee to a hospital, doctor or to their residence. As per the procedural manual, page 57, FEM reimburse travelling expenses at a rate of R5 per km.

The Company is exposed to a pricing risk to the extent that premiums are insufficient to meet the related future compensation costs. Premium rates are set by the State Compensation Commissioner but may be loaded by the Company in the event of adverse claims experience in respect of individual policyholders. The Company applies loadings to policyholders' rates each year based on a sliding scale above a threshold claims to premiums ratio, with a maximum loading of 100%. Premiums, after adjusting for loadings, are considered to be adequate for the level of risks accepted in the current and previous financial years.

Underwriting risk is further mitigated by the Company's reinsurance programme under which the Company is compensated above deductible amounts up to specified limits for large individual or cumulative losses on insurance contracts issued by the Company. The impact of reinsurance is immaterial in the ordinary course of events and is excluded from the sensitivity and claims development analyses shown in this section.

The risks associated with the statutory insurance contracts issued by the Company are complex and subject to a number of variables which complicate quantitative sensitivity analysis. This is addressed separately for claims made under insurance contracts and subsequent pension liabilities under appropriate headings below.

Exposure to concentration risk with individual reinsurers arises due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The creditworthiness of reinsurers is considered annually by reviewing their financial strength prior to finalisation of any new or renegotiated treaty. This exposure is monitored on a regular basis for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the Company will arise.

Exposure to concentration risk of policyholders arises due to the nature of FEM's licence being restricted to entities within the construction industry. This is mitigated by virtue of the large policyholder base across the country. In addition, reinsurance catastrophe cover is in place to mitigate large claims relating a single event in a particular geographic location.

25.5 Claims made under insurance contracts

The Company applies various techniques based on past claims development experience to quantify these sensitivities. This includes indicators such as average claim cost, frequency of claims occurrence, expected loss ratios and claims development over past financial periods.

	2025	2024
Sensitivity:		
5% increase in loss ratio	(91)	(75)
5% decrease in loss ratio	48	45

The percentages used in performing sensitivity analysis is aligned to the way the business manages its risk in assessing how sensitive these balances are to changes in these ratios/rates. Results of sensitivity testing of changes in claims loss ratios are as follows, shown as impact on profit or loss and equity (gross of reinsurance):

25.6 Pension liabilities

Pension liabilities are determined as the sum of the present value of the expected future monthly payments arising from previous pension awards and directly related future administration expenses. This determination is based on assumptions as to longevity (in respect of the period of monthly pension payments); future pension increases; pension administration expenses; and the discount rate applied. The discount rate is determined with reference to the JSE Bond curve, which includes an element of an illiquidity premium.

The principal assumptions used to determine the Company's pension liabilities are as follows:

	2025	2024
Mortality *	135% of SA85/90 & 100% of AW1 plus annual mortality improvement of 0.5% p.a. for employees 75% of SA85/90 & 60% of AW1 plus annual mortality improvement of 0.5% p.a. for widow/widowers	
Implied average inflationary pension increase	7.7% (CPI + 1.0%)	7.7% (CPI + 1.0%)
Pension administration costs per pensioner per annum	R4 158	R3 138
Implied average discount rate**	9.10%	11.62%

* SA85/90 & AW1 are mortality and AIDS tables respectively to allow for the probability of pensioners passing away, which are standard industry tables released by the Actuarial Society of South Africa, with the proportion used based on FEM's experience.

** Liabilities have been discounted using the JSE bond curve which includes an illiquidity premium as per IFRS 17.

The percentages used in performing sensitivity analysis is aligned to the way the business manages its risk in assessing how sensitive these balances are to changes in these ratios/rates. Results of sensitivity testing of the principal assumptions used to determine the Company's pension liabilities are as follows, shown as an impact on profit or loss and equity:

Principal assumptions	Impact **	2025 Rm	2024 Rm
10% increase in mortality i.e. a 10% decrease in longevity	Shorter period of current disability payments	2 358	1 980
10% decrease in mortality i.e. a 10% increase in longevity	Longer period of future pension payments	(2 502)	(2 092)
10% increase in direct pension administration expenses	Increased expected future costs	(2 440)	(2 043)
10% decrease in direct pension administration expenses	Decreased expected future costs	2 440	2 043
1% once-off upliftment to monthly pensions	Increased future pension costs	(2 699)	(2 243)
1% once-off decrease to monthly pensions	Decreased future pension costs	2 200	1 856
0.5% relative decrease in net discount rate*	Increased present value of liability	2 202	1 861
0.5% relative increase in net discount rate*	Decreased present value of liability	(2 670)	(2 240)

* Implied average discount rate less annual pension increase rate
** The amounts above relate to the impact on the best estimate

26 Financial risk

The Company's financial instruments are exposed to various financial risks as explained below. There have been no significant changes from the previous year in the exposure to financial risk or policies, procedures and methods used to measure the risk. Various sensitivities are included to illustrate the impact of changes to interest rate, equity appreciation and foreign exchange rates, which could have a material impact on the relative instruments.

26.1 Risk management framework

The Company's board of directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk compliance office, which is responsible for developing and monitoring the Company's risk management policies. The office reports to the board regularly on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company activities. The Company, through training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management control and procedures, the results of which are reported to the audit committee.

26.2 Credit risk

Credit risk is the risk of financial loss to the Company if a debtor (including a counter party to a financial instrument) fails to make payments of interest and the principal value when due. The Company is exposed to this risk through its bond and money market funds. Reinsurance assets do not present a material credit risk to the Company owing to the limited reinsurance covers in place. Furthermore, there is some exposure to credit risk from premium debtors owing to the expected credit losses provision being raised refer to note 14.1.2.

The Company's investment policy places limits on local and foreign bond and money market funds, including portfolio composition and issuer type limits. The performance of the bond and money market fund portfolios are monitored by the Investment committee of the Board.

An analysis of the credit quality of financial and insurance assets is provided in Annexure 1 to these financial statements.

26.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk; interest rate risk; and equity risk. These are addressed under separate headings below. In addition, the percentages used in performing sensitivity analysis are aligned to the way the business manages its risk in assessing how sensitive these balances are to changes in these ratios/rates.

Currency risk

Currency risk relates to the change in the value of foreign investments held by the Company as a result of changes in foreign currency exchange rates. The Company holds equities, bonds and related derivative financial instruments issued by foreign entities domiciled in developed and emerging markets, all of which are denominated in US Dollars. The Company's foreign investments are managed within the South African foreign exchange control limits that apply to institutional investors, namely that a maximum of 45% of total investments may be invested outside of South Africa, in line with the Company's risk appetite, and taking into account capital implications. All forex investments are denominated in US$. Foreign currency investments are monitored by the Investment committee of the Board and holdings are adjusted when outside of asset allocation range limits. Approximately 20% (2024: 34%) of the investment portfolio is foreign denominated.

Foreign currency denominated investments included in financial assets measured at fair value are as follows:

	2025 Rm	2024 Rm
Listed equity securities	2 175	1 952
Corporate debt securities with derivative overlay	4	7
USD cash	11	4
Pooled unlisted equity securities	123	178
Total foreign currency denominated investments	2 313	2 141

Results of sensitivity testing of financial asset values based on foreign exchange movements (before the impact of derivatives) are as follows, shown as impact on profit or loss and the dissolution liability:

	2025 Rm	2024 Rm
Sensitivity:		
5% appreciation in the Rand versus US Dollar	(116)	(107)

A 5% depreciation in the Rand versus the US Dollar has the opposite impact

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Company is exposed to this risk through its interest-bearing investments, which include government and corporate bonds and money market funds. (Refer to note 11)

Capital exposure to interest rate movements in yields on foreign fixed interest bonds and money market funds is eliminated through derivative interest rate swaps, but there is a risk that these swaps may not be completely effective.

Interest rate risk also arises from the pension liabilities since these liabilities are valued using a discounted cash flow model.

The percentages used in performing sensitivity analysis is aligned to the way the business manages its risk in assessing how sensitive these balances are to changes in these ratios/rates. Results of sensitivity testing of the **financial asset value** based on interest rate movements are as follows, shown as impact on profit or loss and the dissolution liability:

	2025 Rm	2024 Rm
Sensitivity:		
5% decrease in the S A interest rates	290	194

A 5% increase in the SA interest rate has the opposite impact

Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity investments.

The Company is subject to externally imposed capital requirements under the Insurance Act and is subject also to prescribed investment requirements under the Compensation for Occupational Disease and Injuries Act No. 130 of 1993. The percentage allocation of investments to equities is determined by an asset-liability modelling exercise, which is conducted at least every 18 months, after taking into account the liability profile of the Company. Equities are monitored by the Investment committee of the Board and holdings are adjusted when the investments are outside of the asset allocation range.

Results of sensitivity testing based on changes in equity market valuations are as follows, shown as impact on profit or loss and the dissolution liability:

	2025 Rm	2024 Rm
Sensitivity:		
5% reduction in equity indices	(186)	(158)

A 5% appreciation in equity indices has the opposite impact

26.4. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they become due. The Company mitigates this risk by monitoring cash activities and expected outflows. The Company does not have material liabilities that can be called unexpectedly on demand. The Company has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claim payments, premium rebates and operational expenditure are currently funded by annual premium receipts. Consequently, the principal risk is that investment returns are inadequate to fund long term pension obligations. This risk is considered to be low at the present time based on the Company's investment strategy and high level of capital surplus retained by the Company.

The contractual maturity profile of the Company's financial and insurance assets and liabilities is provided in Annexure 2 to these financial statements.

27. Fair value measurement

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same - to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). Fair value excludes transaction costs which would be incurred to sell the asset or transfer the liability e.g. sales commission.

When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on the basis explained above, except for leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as the value in use in IAS 36 Impairment of Assets. Key areas of estimation uncertainty affecting insurance liabilities are explained in notes to the financial statements, within the note titled Key sources of estimation uncertainty, and information concerning insurance risks, including results of sensitivity testing of key insurance risks is provided in the notes to the financial statements, within the note titled Insurance risk.

For financial reporting purposes, fair value measurements of financial assets are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the measurements are observable and the significance of the inputs to the measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- **Level 3** inputs are unobservable inputs for the asset or liability. The pooled unlisted equity securities is a fund of funds that consists of other underlying funds. The underlying funds are valued by independent asset managers and these valuations comply with International Private Equity and Venture Capital Valuation ("IPEV") guidelines. The underlying funds are generally valued on a discounted cash flow basis where assumptions are applied to the discount rates used and the inclusion of future cash flows; or other valuation techniques such as applying net asset values or earnings ratio valuation methods, where various assumptions are applied.

Application of the fair value hierarchy to the Company's financial assets is shown in Annexure 3 to these financial statements.

28. Reclassification of risk adjustment for non-financial risk

The Company adopted IFRS 17 effective 1 January 2023 and applied the transition requirements in Appendix C. The transition approach applied was full retrospective unless impracticable. Transition balances and comparative restatements were determined as described in the 2023 annual financial statements, including the opening balance positions presented for comparative purposes. Comparative presentation reclassifications (no impact on profit) have been made. During the current financial year, it was discovered that the risk adjustment for non-financial risk is presented net of reinsurance in insurance contract liabilities. Management disaggregated the risk adjustment to present the risk adjustment for insurance contract liabilities and reinsurance contract assets separately.

This change relates to presentation/disaggregation only and does not represent a change in the risk adjustment methodology or measurement basis.

This presentation more appropriately reflects the way in which the economic benefits flow. Comparative amounts for 2024 have been reclassified as indicated below:

Statement of Comprehensive income	As previously reported Rm	Reclassification Rm	As restated Rm
Insurance service expense	(1 061)	(2)	(1 063)
Net expense from reinsurance contracts held	(23)	2	(21)
Other	1 542	-	1 542
Profit for the Year	**458**	**-**	**458**
Total comprehensive income	**-**	**-**	**-**

Statement of Financial Position	As previously reported Rm	Reclassification Rm	As restated Rm
31 December 2024			
Total assets	**10 632**	**66**	**10 698**
Reinsurance assets	22	66	88
Other	10 610	-	10 610
Total liabilities	**(10 632)**	**(66)**	**(10 698)**
Insurance liabilities	(297)	(66)	(363)
Other	(10 335)	-	(10 335)
Total Equity	**-**	**-**	**-**

A separate comparative reclassification was made in the prior year Annual Financial Statements relating to pension presentation.

29. Events after the reporting period

There have been no material events after 31 December 2025 up to the date of this report.

30. Going concern

The annual financial statements have been prepared on the basis that the Company will continue as a going concern for a period of at least 12 months from the end of the reporting period. The Board has reviewed the capital adequacy of the Company and the operating budget for the forthcoming year and has satisfied itself as to the appropriateness of the going concern assumption.

1. Financial instruments

Insurance assets and liabilities are not accounted for as financial instruments and are subject to separate, specific accounting policy notes.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Receivables and payables are recognised when due.

Classification

All financial assets, other than cash and receivables, are classified as financial assets at fair value through profit or loss. This includes debt instruments irrevocably designated as measured at fair value through profit or loss at initial recognition. Investment instruments are managed and reported on a fair value basis, in accordance with the entity's Investment Policy to necessitate the monitoring of asset manager performance against market and industry benchmarks.

Cash and receivables are classified and are subsequently measured at amortised cost. Short-term receivables are measured without discounting.

The Company is prohibited under its MOI from issuing any debt instruments. Consequently, financial liabilities are limited to payables and discounted future cash flows relating to the EAP.

Payables are defined as other financial liabilities and are subsequently measured at amortised cost. Short-term payables are measured without discounting.

The Company may enter into a variety of derivative financial instruments to manage the exposure of its investments to equity, interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps dependent on regulatory approval. Derivative assets and liabilities are classified as financial assets or liabilities at fair value through profit or loss and are subsequently measured at fair value through profit or loss.

Initial measurement

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

Subsequent measurement

Gains or losses arising on the subsequent re-measurement of financial assets and financial liabilities measured at fair value through profit or loss are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on financial assets and is included in the "Net valuation gain on financial assets measured at fair value" item within investment income in the statement of comprehensive income.

Interest income arising on the subsequent re-measurement of financial assets and financial liabilities measured at amortised cost is recognised through profit or loss over time by applying the effective interest method, except for short-term receivables and payables when the effect of discounting is immaterial.

Financial assets measured at amortised cost are assessed for indicators of impairment at the end of each reporting period and are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows to be derived from the asset have been affected.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. Impairment of financial assets

The Company recognises loss allowances for Expected Credit Losses (ECL) on:

- Premium receivables at amortised cost included in the LRC; and
- Interest free loans provided to supplier development funds.

The Company measures loss allowances at an amount equal to lifetime ECL.

Measurement of ECL – Premium receivables

a) The Company uses the practical expedient when measuring expected credit losses and uses a provision matrix to calculate the expected credit losses on premium receivables included in the LRC. The Company uses its historical credit loss experience adjusted for general economic conditions and forward-looking information using information that is available without undue cost to estimate the lifetime expected credit losses.

The following matrix is applied to the carrying amount of premium receivables to calculate the ECL:

Debtor age	ECL
>90 days, no payment plan	100%
>60 days, no payment plan	50%
>30 days, no payment plan	2%
Current	0.1%

b) The company assesses the expected credit loss on premiums receivable from enforced policy assessments to be 100%.

Measurement of ECL – Supplier development loans

Where there is no realistic expectation of recovery, the Company recognises a lifetime ECL Where there is a realistic expectation of recovery, the Company recognises a 12-month expected credit loss. A loss allowance is recognised for expected credit losses, taking into account forward-looking information, the specific circumstances of beneficiaries and whether or not the Company expects to call on the loans.

3. Derecognition of financial assets and financial liabilities

The Company derecognises an asset:

- when the contractual rights to the cash flows from the asset expire; or
- where there is a transfer of contractual rights to receive cash flows on the asset in a transaction in which substantially all the risks and rewards of ownership of the assets are transferred; or
- where the Company retains the contractual right to the cash flows from these assets but assumes a corresponding liability to transfer these contractual rights to another party and consequently transfers substantially all of the risk and benefits associated with the asset.

Where the Company retains substantially all the risks and rewards of ownership of the financial asset, the Company continues to recognise the asset. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

4. Impairment of non-financial assets

The Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The Company assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

5. Equity instruments issued to policyholders

All policyholders of the Company must be shareholders in terms of the Company's MOI. To facilitate this, each new policyholder is issued with one share. On cancellation of the policy, the share is returned to the pool.

Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs, and are subject to specific restrictive conditions stipulated in the Company's MOI. These restrictive conditions are designed to entrench the mutual shareholding structure of the Company and protect the long-term interests of policyholders. Inter alia, the Company may not change the terms of the existing ordinary shares in issue (other than to convert the par value shares to shares of no par value) and may only issue new shares if such shares are of the same class and have the same preferences, rights, limitations and other terms as the existing ordinary shares in issue.

6. Income tax and Value Added Tax

The Company is exempt from income tax in accordance with section 10(1)(t)(xvi)(cc) of the South African Income Tax Act. The Company is also specifically excluded from Value Added Tax as the services are not deemed to be carrying on of an enterprise.

7. Insurance contracts issued

Insurance assets and insurance liabilities are recognised when the Company becomes party to the contractual provisions of insurance contracts issued to policyholders.

Classification

The Company issues statutory insurance contracts under the South African Compensation for Occupational Injury and Diseases Act, 1993 as amended ("the COID Act") to certain classes of employers within the construction industry against their liabilities to employees in terms of the COID Act. These contracts, which transfer significant insurance risk, provide various forms of compensation to the employees of policyholders in the event of injury on duty or occupational disease. Details of the various forms of compensation are provided in the notes to the financial statements, within the note titled Insurance risk.

The classification of contracts is performed at the inception of each contract. The classification of the contract at inception remains the classification of the contract for the remainder of its lifetime unless the terms of the contract change to such an extent that it necessitates a change in classification.

The benefits and obligations arising from insurance contracts issued by the Company consist of premiums due and receivable from policyholders, compensation due and payable to claimants and longer-term expected payables in respect of:

- unpaid or incurred but not reported claims;
- pension claims; and
- premium rebates.

Premium receivables are included in the LRC net of the ECL and are measured at the transaction price. Short-term receivables are measured without discounting.

Longer-term expected payables are classified as insurance liabilities and are measured as explained below.

Discretionary premium rebates

The insurance contracts issued by the Company when read in conjunction with the Company's MOI entitle the policyholder to receive merit rebates of premiums (also referred to as "premium rebates"):

- that are likely to be a significant portion of the total contractual benefits; and
- whose amount and timing is to be determined at the sole and absolute discretion of the Board of directors of the Company in accordance with the provisions of the MOI and policy terms and conditions.

Relevant details of this discretionary premium rebate and critical judgments to be made by the directors to determine the related liability for premium rebates to policyholders at each financial period end are provided in the notes to the financial statements, within the note Critical judgments in applying accounting policies.

Recognition and measurement

The Company recognises groups of insurance contracts it issues as from the earliest of the following:

- The beginning of the coverage period of the group of contracts; or
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date; or
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company recognises a group of reinsurance contracts it has entered into as from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held at or before that date.

Reinsurance contract held by the Company provides non-proportionate cover (CAT cover).

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

Level of aggregation

IFRS 17 requires the Company to determine the level of aggregation for applying its requirements. All contracts are under the COID policy to issue one insurance contract and are therefore subject to similar risk. As the FEM COID policy cannot be lapsed separately, and a single premium is quoted, the contracts do not meet requirements for separation and have not been separated into sub-insurance components. In addition, as FEM sells only one type of contract; they are all managed together and therefore one portfolio would suffice.

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any);
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any); or
- A group of the remaining contracts in the portfolio (if any).

The Company has defined portfolios of insurance and reinsurance contracts issued based on the existing IFRS financial reporting segments, due to the fact that the segments are subject to similar risks and managed together. The Company has one product only which represents the portfolio. The expected profitability of the portfolio at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business.

The Company assumes that no contracts in the portfolio are onerous at initial recognition unless the Board has approved the sale of loss-making contracts through an official process. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information;
- Results of similar contracts it has recognised ; and
- Environmental factors, e.g., a change in market experience or regulations.

The Company divides portfolios of reinsurance contracts held applying the same principles set out above except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

Recognition

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as the coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary.

Premiums are raised based on the rates applicable to the projected wage returns submitted by employers at the commencement of each underwriting year (declared wage returns) and are adjusted when actual wages are reported by the employer at the conclusion of the underwriting year (actual wage returns). Claims and directly related expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to injured workers, surviving spouses and minor children. These include all direct claims settlement costs that arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company.

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

There is also considerable uncertainty concerning the eventual outcome of claims that have occurred but had not yet been reported to the insurer by the reporting date. The provision for such "incurred-but-not-reported" (IBNR) claims is determined using a stochastic approach that combines the Chain-Ladder and Cape Cod methods. Run-off triangles are used to model the development of claims from occurrence to payment to determine the ultimate claims that will be paid or awarded as pensions. The ultimate claims cost is then discounted to present value using the risk-free yield curve. Outstanding reported claims and paid claims are deducted from this present value amount to determine the residual IBNR claims liability. These movements are disclosed within the Insurance Service result line item in the Statement of Comprehensive Income.

The best estimate represents the expected value of the insurance liabilities, principally the mean in a range of possible outcomes in the development of unreported claims and the future development of notified claims.

The Company makes provision for future claims handling costs which are included in the outstanding claims provisions.

Pension liabilities are determined as the sum of the present value of the expected future pension payments and directly related future pension administration expenses. This determination is based on assumptions as to future pension increases, mortality, morbidity and pension administration costs, where assumptions are based on experience investigations and statistical tables. The expected future pension payments are discounted using the JSE bond curve which includes an illiquidity premium. A margin for adverse deviations is included in the assumptions. The pension valuation charge as well as the unwinding of the discount rate is disclosed separately on the face of the statement of comprehensive income and is excluded from the insurance service result.

Subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Add: premiums received in the period;
- Less: insurance acquisition cash flows;
- Add: any amounts relating to the amortisation of the insurance acquisition cash flows
  recognised as an expense in the reporting period for the Company
- Add: any adjustment to the financing component, where applicable;
- Less: the amount recognised as insurance revenue for the services provided in the
  period; and
- Less: any investment component paid or transferred to the liability for incurred claims.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. They reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment).

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Claims recoveries

Claims recoveries from the Road Accident Fund are accounted for as the recoveries are received.

Transfers
Transfers relate to the non-cash expenses scoped in by IFRS 17 as attributable expenses but settled or realised by other IFRS prevailing standards.

8. Dissolution Liability

Dissolution liability represents amounts due to shareholders upon dissolution of the Company arising from MOI. It is measured at an amount that approximates fair value and changes are recognised in profit or loss. Settlement occurs on dissolution. Management judgement: the dissolution liability meets the definition of a liability, as it represents the amount owed to policyholders in their capacity as those with the most residual interest in the Company.

9. Reinsurance contracts held

The Company enters into reinsurance contracts with reinsurers under which the Company is compensated for large individual or cumulative losses on insurance contracts issued by the Company. These contracts transfer significant insurance risk to the reinsurer and, accordingly, are classified as reinsurance contracts held.

The benefits to which the Company is entitled under its reinsurance contracts consist of current receivables due from reinsurers (in respect of the reinsurers' share of settled claims receivable by the Company) and longer term expected receivables from reinsurers not yet due for payment to the Company (in respect of the reinsurers' expected share of unpaid and incurred but not reported claims).

Premiums payable for reinsurance contracts are recognised when due and are measured at the transaction price. Short-term payables are measured without discounting.

The aggregate amounts receivable and expected to be receivable from individual reinsurers are assessed for recoverability on an annual basis. If there is objective evidence that the aggregate amount recoverable is impaired, the Company reduces the carrying amount thereof to its recoverable amount and recognises that impairment loss through profit or loss. The Company gathers the objective evidence that a balance is impaired using the same process adopted for financial assets held at amortised cost.

Reinsurance contracts under which the transfer of insurance risk to the Company from the investment manager is not significant are classified as financial assets invested through asset managers.

Risk of non-performance

The Company assesses the expected credit losses on expected values annually. The expected credit losses do not relate to future services and any adjustments made are recognised as gains or losses in profit or loss as they occur. The risk of non-performance is measured using the allowance for expected credit losses principles, to determine whether there has been a significant increase in credit at the end of each reporting period. Where there has been a significant increase in credit risk and no reasonable expectation to recovering cash flows the risk of non-performance is adjusted to reflect the macroeconomic conditions and forward-looking information.

Indexation

Reinsurance contract cash flows are adjusted for contractual indexation, primarily linked to inflation indices (e.g. CPI), where applicable. Indexation is applied in accordance with the terms of underlying reinsurance treaties, including the application of contractual thresholds, where adjustments are triggered only once cumulative changes in the relevant index exceed specified levels. Changes in expected future cash flows arising from indexation are treated as changes in fulfilment cash flows and are recognised in profit or loss in the period of remeasurement, unless they relate to future service, in which case they adjust the carrying amount of the reinsurance contract asset. Assumptions relating to indexation are reviewed in line with the latest available economic data.

10. Property and equipment

Property and equipment that qualify for recognition as an asset are initially measured at cost. Following initial recognition:

- Equipment and motor vehicles are carried at cost less any accumulated depreciation and any accumulated impairment losses.
- Owner-occupied is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are conducted by an independent valuator at least every three years. The valuation of the property is performed internally when an independent formal valuation is not performed.

Right-of-use assets are also classified within the property and equipment financial statement caption.

Depreciation is not provided in instances where the residual value is equal to or exceeds the carrying value.

If an owner-occupied property carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same property previously recognised in profit or loss.

If an owner-occupied property carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall first be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that property. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The impairment is calculated by comparing the recoverable amount (the higher of either (1) fair value less costs of disposal or (2) value in use) to the carrying amount. If the carrying amount exceeds the recoverable amount of the asset, an impairment loss is recognized and is measured as the difference.

Depreciation is calculated using the straight-line method to reduce the carrying amount of depreciable assets to their residual values over their estimated useful lives. The estimated useful lives of major categories of depreciable assets are as follows:

• Owner-occupied property	50 years
• Right of use assets	5 years
• Computer equipment	3 years
• Furniture & fittings	5 – 10 years
• Motor vehicles	4 – 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised through profit or loss.

11. Computer software

Computer software, internally generated software, is initially recognized at cost. Costs incurred on major projects are capitalised until all the activities necessary to prepare assets for their intended use are substantially complete. Following initial recognition, an intangible asset is measured at cost less accumulated amortisation and impairment. An intangible asset with a finite useful life is amortised on the straight-line basis over its expected useful life. Costs relating to research are expensed while costs related to the development of the software are capitalised in line with the requirements of IAS 38. Research costs are expensed up until the commercial and technical feasibility of the software is determined, thereafter these costs are capitalised as development. Any impairment is calculated by comparing the recoverable amount (the higher of either (1) fair value less costs of disposal or (2) value in use) to the carrying amount. If the carrying amount exceeds the recoverable amount of the asset, an impairment loss is recognized and is measured as the difference.

General computer software is amortised over 3 – 5 years. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. When an intangible asset is disposed of, the gain or loss on disposal is recognised in profit or loss.

12. Investment in subsidiary

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in the net asset value of the underlying subsidiaries and are assessed annually at year end. Cost also includes directly attributable costs of investment.

13. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that the Company will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

14. Leases

Leases are recognised as per the requirements of IFRS 16, whereby a right-of-use asset and corresponding liability is recognised. When measuring lease liabilities, the Company discounted lease payments using the at initial recognition JSE bond curve interest rate as the implicit incremental borrowing rate. The right-of- use asset is depreciated over the period of the lease.

15. Accident prevention expenses and grants

Accident prevention expenses and grants are recognised once costs are incurred. These payments reflect the Company's continued commitment to contribute to improved health and safety practices in the construction industry.

16. Short-term employee costs

Short-term employee costs are recognised as an expense when employees have rendered services entitling them to the respective benefits.

17. Retirement benefit expenses and other employee benefits

The retirement benefit fund, Sanlam Umbrella Provident Fund is a defined contribution fund administered by Sanlam Employee Benefits Administration Services and is governed by the South African Pension Fund Act of 1956. The fund covers all qualifying employees.

Payments to the fund as well as other employee benefits are recognised as an expense when employees have rendered service entitling them to the contributions.

18. Foreign currencies

Transactions in currencies other than Rands (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the closing spot rate at the reporting date. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

19. Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held in current accounts. Cash and cash equivalents are carried at amortised cost.

20. Cash flows relating to investment portfolios

Cash flows relating to investment portfolios are classified as investing activities on the statement of cash flows.

21. Intercompany loans

Intercompany loans are repayable on demand at the option of the issuer, which is the Company. The Company has no intention on calling on the loans. The loans are interest free and are measured at an amount that approximates fair value.

22. Insurance service result

Insurance service result consists of insurance revenue, insurance service expense (including directly attributable expenses) and net expense from reinsurance contracts.

Insurance service result does not include investment income, insurance finance expense, and other operating expenses (including non-attributable expenses).

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing the services in the period. This includes expected credit loss adjustments for amounts that are expected not be received. The Company allocates the expected premium receipts to each period based on the passage of time.

23. Future education costs

The present value of future cash flows for the Education Assistance Program relates to the future committed costs of this program. Several assumptions are included within this provision, which relate to the increased future costs of education, the number of students expected to be on the program, and the number of years each student is expected to be on the program.

24. Other employee benefits

Sign-on bonuses are fully expensed when incurred. Medium-term incentives are fully expensed when incurred and subsequently measured at amortised cost.

ANNEXURE 1:

CREDIT QUALITY OF INSURANCE AND FINANCIAL ASSETS

for year ended 31 December 2025

The following tables provide an analysis of the credit quality of financial assets and insurance assets at 31 December 2025:

	A rated or higher* Rm	Below A rated* Rm	Unrated Rm	Total Rm
Financial assets invested through asset managers				
Investments designated at fair value through profit or loss				
Local financial assets	7 202	41	2 021	9 264
Listed equity securities	149	(0)	1 402	1 552
Listed debt securities: fixed interest rate	1 407	41	481	1 929
Listed debt securities: inflation linked	3 846	-	20	3 866
Money market funds	1 800	0	117	1 917
Foreign financial assets	**-**	**-**	**2 297**	**2 297**
Listed equity securities	-	-	2 175	2 175
Pooled unlisted equity securities	-	-	123	123
Corporate debt securities with derivative overlay	**41**	**0**	**51**	**92**
Local assets	40	0	48	88
Foreign assets	1		3	4
Accrued investment income	52	0	10	62
Total investments designated at fair value through profit or loss	7 294	42	4 379	11 715
Cash held in bank accounts operated by asset managers	-	-	60	60
Total financial assets invested through asset managers	7 294	42	4 439	11 775
Other financial assets at fair value through profit or loss				
Endowment policy			2	2
Money market funds	51	-	-	51
Total other financial assets at fair value through profit or loss	51	-	2	53
Reinsurance contract assets	-	6	70	76
Other financial assets measured at amortised cost				
Other receivables	-	-	26	26
Cash and cash equivalents	-	-	36	36
Total financial and insurance assets	7 346	48	4 572	11 966

* Source: Standard & Poor or equivalent ratings

CREDIT QUALITY OF INSURANCE AND FINANCIAL ASSETS

for year ended 31 December 2025

The following tables provide an analysis of the credit quality of financial and insurance assets at 31 December 2024:

	A rated or higher* Rm	Below A rated* Rm	Unrated Rm	Total Rm
Financial assets invested through asset managers				
Investments designated at fair value through profit or loss				
Local financial assets	**6 519**	**45**	**1 252**	**7 816**
Listed equity securities	-	-	1 212	1 212
Listed debt securities: fixed interest rate	1 271	45	40	1 356
Listed debt securities: inflation linked	2 526	-	-	2 526
Money market funds	2 722			2 722
Foreign financial assets	**-**	**-**	**2 130**	**2 130**
Listed equity securities	-	-	1 952	1 952
Pooled unlisted equity securities	-	-	178	178
Corporate debt securities with derivative overlay	**57**	**97**	**(22)**	**131**
Local assets	55	92	(22)	124
Foreign assets	2	5	0	7
Accrued investment income	**35**	**0**	**1**	**36**
Total investments designated at fair value through profit or loss	6 611	142	3 360	10 113
Cash held in bank accounts operated by asset managers	-	-	41	41
Total financial assets invested through asset managers	**6 611**	**142**	**3 401**	**10 154**
Other financial assets at fair value through profit or loss				
Enterprise development fund	-	-	20	20
Supplier development fund	-	-	75	75
Endowment policy			2	2
Money market funds	163		-	163
Total other financial assets at fair value through profit or loss	**163**	**-**	**97**	**260**
Reinsurance contract assets	-	22	-	22
Other financial assets measured at amortised cost				
Other receivables	-	-	9	9
Cash and cash equivalents	-	-	51	51
Total financial and insurance assets	**6 774**	**164**	**3 558**	**10 496**

* Source: Standard & Poor or equivalent ratings

ANNEXURE 2:

MATURITY ANALYSIS OF FINANCIAL, NON-FINANCIAL AND INSURANCE ASSETS AND LIABILITIES

for year ended 31 December 2025

The contractual maturity profile of the Company's financial, non-financial and insurance assets and liabilities at 31 December 2025 is as follows:

	< 1 year	1 - 5 years	>5 years	No fixed term	Total
	Rm	Rm	Rm	Rm	Rm
Financial assets invested through asset managers					
Investments designated at fair value through profit or loss					
Local financial assets	916	2 655	3 570	2 123	9 264
Listed equity securities	-	-	-	1 552	1 552
Listed debt securities: fixed interest rate	244	455	1 202	28	1 929
Listed debt securities: inflation linked	183	1 374	2 262	46	3 866
Money market funds	490	826	105	497	1 917
Foreign financial assets	**-**	**-**	**-**	**2 297**	**2 297**
Listed equity securities	-	-	-	2 175	2 175
Pooled unlisted equity securities	-	-	-	123	123
Corporate debt securities with derivative overlay	53	38	0	1	93
Local assets	51	37	0	1	89
Foreign assets	3	2	-	-	4
Accrued investment income	62	-	-	0	62
Total investments designated at fair value through profit or loss	1 031	2 693	3 570	4 422	11 715
Cash held in bank accounts operated by asset managers	60	-	-	-	60
Total financial assets invested through asset managers	1 091	2 693	3 570	4 422	11 775
Other financial assets at fair value through profit or loss					
Endowment policy	-	-	2	-	2
Money market funds	8	39	3	1	51
Total other financial assets at fair value through profit or loss	8	39	5	1	53
Investment in subsidiary	-	-	-	2	2
Property, plant and equipment	-	-	-	84	84
Computer software	-	-	-	55	55
Reinsurance contract assets	6	-	-	70	76
Other financial assets measured at amortised cost					
Other receivables	26	-	-	-	26
Cash and cash equivalents	36	-	-	-	36
Total financial, non-financial and insurance assets	1 166	2 733	3 575	4 634	12 106
Insurance contract liabilities	935	916	2 032	412	4 295
Dissolution liability	-	-	-	7 510	7 510
Financial liabilities measured at amortised cost					
Trade and other payables	159	-	-	-	159
Education Assistance Programme	143	-	-	-	143
Total financial, non-financial and insurance liabilities	1 237	916	2 032	7 922	12 107
Net financial, non-financial and insurance assets/(liabilities)	(70)	1 817	1 542	(3 288)	-

ANNEXURE 2:

MATURITY ANALYSIS OF FINANCIAL, NON-FINANCIAL AND INSURANCE ASSETS AND LIABILITIES

for year ended 31 December 2025

The contractual maturity profile of the Company's financial, non-financial, non-financial and insurance assets and liabilities at 31 December 2024 is as follows:

	< 1 year Rm	1 - 5 years Rm	>5 years Rm	No fixed term Rm	Total Rm
Financial assets invested through asset managers					
Investments designated at fair value through profit or loss					
Local financial assets	**558**	**3 408**	**2 438**	**1 412**	**7 816**
Listed equity securities	-	-	-	1 212	1 212
Listed debt securities: fixed interest rate	162	672	493	28	1 356
Listed debt securities: inflation linked	-	912	1 614	-	2 526
Money market funds	395	1 824	331	172	2 722
Foreign financial assets	**-**	**-**	**178**	**1 952**	**2 130**
Listed equity securities	-	-	-	1 952	1 952
Pooled unlisted equity securities	-	-	178	-	178
Corporate debt securities with derivative overlay	**40**	**83**	**2**	**6**	**131**
Local assets	38	81	2	4	124
Foreign assets	2	2	0	2	7
Accrued investment income	**2**	**16**	**17**	**0**	**36**
Total investments designated at fair value through profit or loss	**600**	**3 507**	**2 635**	**3 371**	**10 113**
Cash held in bank accounts operated by asset managers	41	-	-	-	41
Total financial assets invested through asset managers	**640**	**3 507**	**2 635**	**3 371**	**10 154**
Other financial assets at fair value through profit or loss					
Enterprise development fund	-	-	20	-	20
Supplier development fund	-	-	75	-	75
Endowment policy	-	-	2	-	2
Money market funds	19	128	14	1	163
Total other financial assets at fair value through profit or loss	**19**	**128**	**111**	**1**	**260**
Investment in subsidiary	-	-	-	2	2
Property, plant and equipment	-	-	-	79	79
Computer software	-	-	-	55	55
Reinsurance contract assets	22	-	-	66	88
Other financial assets measured at amortised cost					
Other receivables	9	-	-	-	9
Cash and cash equivalents	51	-	-	-	51
Total financial and insurance assets	**742**	**3 636**	**2 746**	**3 573**	**10 698**
Financial liabilities measured at amortised cost					
Trade and other payables	636	-	-	-	636
Education Assistance Programme	112	-	-	-	112
Insurance contract liabilities	472	531	2 461	363	3 827
Dissolution liability	-	-	-	6 123	6 123
Total financial and insurance liabilities	**1 220**	**531**	**2 461**	**6 486**	**10 698**
Net financial and insurance assets/(liabilities)	**(478)**	**3 105**	**285**	**(2 913)**	**-**

ANNEXURE 3:

APPLICATION OF FAIR VALUE HIERARCHY TO FINANCIAL, NON-FINANCIAL ASSETS AND LIABILITIES

for year ended 31 December 2025

Application of the fair value hierarchy to the Company's financial, non-financial assets and liabilities at 31 December 2025 is as follows:

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets invested through asset managers				
Investments designated at fair value through profit or loss				
Local financial assets	**7 346**	**1 917**	**-**	**9 264**
Listed equity securities	1 552	-	-	1 552
Listed debt securities: fixed interest rate	1 929	-	-	1 929
Listed debt securities: inflation linked	3 866	-	-	3 866
Money market funds	-	1 917	-	1 917
Foreign financial assets	**2 175**	**123**	**-**	**2 297**
Listed equity securities	2 175	-	-	2 175
Pooled unlisted equity securities	-	123	-	123
Corporate debt securities with derivative overlay	**-**	**93**	**-**	**93**
Local assets	-	89	-	89
Foreign assets	-	4	-	4
Accrued investment income	**62**	**-**	**-**	**62**
Total investments designated at fair value through profit or loss	**9 583**	**2 132**	**-**	**11 716**
Cash held in bank accounts operated by asset managers	-	60	-	60
Total financial assets invested through asset managers	**9 583**	**2 192**	**-**	**11 775**
Other financial assets at fair value through profit or loss				
Endowment	-	2	-	2
Money market funds	-	51	-	51
Total other financial assets at fair value through profit or loss	**-**	**53**	**-**	**53**
Investment in subsidiary	-	-	2	2
Property, plant and equipment	-	-	84	84
Computer software	-	-	55	55
Reinsurance contract assets	-	-	76	76
Other financial assets measured at amortised cost				
Other receivables	-	-	26	26
Cash and cash equivalents	-	-	36	36
Total non-financial assets	**-**	**-**	**279**	**279**

ANNEXURE 3:

APPLICATION OF FAIR VALUE HIERARCHY TO FINANCIAL, NON-FINANCIAL ASSETS AND LIABILITIES

for year ended 31 December 2025

Application of the fair value hierarchy to the Company's financial, non-financial assets and liabilities at 31 December 2024 is as follows:

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets invested through asset managers				
Investments designated at fair value through profit or loss				
Local financial assets	**5 094**	**2 722**	**-**	**7 816**
Listed equity securities	1 212	-	-	1 212
Listed debt securities: fixed interest rate	1 356	-	-	1 356
Listed debt securities: inflation linked	2 526	-	-	2 526
Money market funds	-	2 722	-	2 722
Foreign financial assets	**1 952**	**178**	**-**	**2 130**
Listed equity securities	1 952	-	-	1 952
Pooled unlisted equity securities	-	178	-	178
Corporate debt securities with derivative overlay	**-**	**131**	**-**	**131**
Local assets	-	124	-	124
Foreign assets	-	7	-	7
Accrued investment income	**36**	**-**	**-**	**36**
Total investments designated at fair value through profit or loss	**7 082**	**3 031**	**-**	**10 113**
Cash held in bank accounts operated by asset managers	41	-	-	41
Total financial assets invested through asset managers	**7 123**	**3 031**	**-**	**10 154**
Other financial assets at fair value through profit or loss				
Enterprise development fund	-	-	20	20
Supplier development fund	-	-	75	75
Endowment policy	-	2	-	2
Money market funds	-	163	-	163
Total other financial assets at fair value through profit or loss	**-**	**165**	**95**	**260**
Investment in subsidiary	-	-	2	2
Property, plant and equipment	-	-	79	79
Computer software	-	-	55	55
Reinsurance contract assets	-	-	88	88
Other financial assets measured at amortised cost				
Other receivables	-	-	9	9
Cash and cash equivalents	-	-	51	51
Total financial and insurance assets	**-**	**-**	**283**	**283**

ANNEXURE 3:
APPLICATION OF FAIR VALUE HIERARCHY TO FINANCIAL, NON-FINANCIAL ASSETS AND LIABILITIES

for year ended 31 December 2025

The purpose of Annexure 3 is to present the values of assets and liabilities at fair value into their respective fair value levels as well as to present the values of assets and liabilities that are not measured at fair value (i.e. those balances measured at amortised cost). Level 1 instruments include unitised funds and collective investment schemes that, while not themselves quoted in active markets, invest exclusively in financial instruments classified as Level 1.

In respect of Other financial assets measured at amortised cost and financial liabilities measured at amortised, the fair value of these assets and liabilities approximates amortised cost.

Cash and cash equivalents relate to funds held for operational purposes and as such are disclosed as Level 1 instruments.

Cash held in bank accounts operated by asset managers are classified as Level 2 instruments as their value is derived as a residual amount from the net asset value of the underlying investment fund which include observable and unobservable inputs.

Cash and cash equivalents on hand are classified as Level 3 as they are derived from unobservable inputs. However, the carrying value approximates fair value.

At 31 December 2025, investments classified as Level 2 comprise approximately 19% (2024: 29%) of the financial assets measured at fair value through profit or loss. The observable inputs used to determine the fair value of the investments classified as Level 2 is based on the funds pricing as published which is related to the value of assets included in the fund.

Foreign equity pooled funds' are the foreign investments made in the foreign fund of funds. The fund of funds fair value is based on the unit prices published by the unit trust fund managers.

Linked policies with NinetyOne are valued one of two ways depending on the instrument invested in. For Linked policies where there is no quoted market price available like the life policy invested in for FEM, it is valued at cost as the market price and will reflect the change in daily accrual for interest. A change in the valuation can be conducted however; it cannot exceed the initial purchase price. A change to the valuation can only be done once approval from the IAM Valuation Committee has been obtained.

The investments classified as Level 3 comprise 0% (2024: less than 1%) of other financial assets measured at fair value through profit or loss. The Level 3 investments represent the Enterprise development fund and the Supplier development fund managed by Inyosi. Inyosi performs an annual valuation at end June each year in each of the underlying assets (which are loans to qualifying black owned businesses) and assess the recoverability of the assets and raises provisions accordingly. The inputs in the portfolio overview are calculated based on three different characteristics: Exposure, Qualitative, and Repayment Ratings. Each characteristic is graded on a scale of 1 (best) to 3 (worst), with the final rating being a product of the overall scores and the weighting.

Inyosi also undertake fortnightly portfolio reviews of the loan portfolio, and quarterly portfolio assessments are discussed with the Inyosi Investment Committee. As at 31 December 2025, and currently, there are no indications that the portfolio should be impaired based on the legal receivable outstanding.

The following table shows a reconciliation from the opening balances to the closing balances for the Level 3 fair values:

	2025 Rm	2024 Rm
Opening balance	95	77
Purchases	0	18
Provision for impairment	(95)	-
Closing balance	0	95

The inter-relationship between key unobservable inputs and Level 3 fair value measurement are as follows:

Key unobservable input	Fair value measurment impact
Future cash flows	Higher cash flows = Higher fair value
Discount rate	Lower discount rate = Higher fair value
Adjustment to comparable company multiples	Higher multiple = Higher fair value

The Federated Employers Mutual Assurance Company (RF) (Pty) Ltd ("FEM") (Reg. No. 1936/008971/07) is licensed to conduct non-life insurance business and cover policyholders against claims for occupational injuries and diseases in terms of COIDA.

T: +27 11 359 4300 | E: enquiries@fema.co.za | W: fem.co.za

2nd floor, Oxford & Glenhove, 114 Oxford Road,
Houghton Estate, 2196

Office 1201, 12th Floor, The Box, 9 Lower Burg Street,
Cape Town, 8001

Suite 103,1st floor Beacon Rock, 21 Lighthouse Road,
Umhlanga, 4319

Privacy Statement

FEM is committed to safeguarding personal and medical-related information and respecting the privacy rights of individuals. Where personal information, photographs, rehabilitation case studies, testimonials or other identifiable information relating to claimants, beneficiaries, policyholders or other individuals has been included in this Annual Report, the necessary consent for publication, where required, has been obtained from the relevant individuals or their duly authorised representatives. Such information has been included only for legitimate reporting purposes and the Company has taken reasonable measures to ensure that it is processed, stored and disclosed in accordance with applicable legal and regulatory requirements, including the Protection of Personal Information Act, 2013 ("POPIA"), and FEM's internal data protection policies and procedures.