



ANNUAL REPORT



31 December 2025

DE BEERS BENEFIT SOCIETY



ANNUAL REPORT 2025

GENERAL INFORMATION

1. Board of Trustees

Chairperson: C W Coltman *(Employer appointed Trustee re-appointed 12 September 2024 / Elected as Chairperson 9 July 2020)*

Vice-Chairperson: W J B Smerdon *(Member re-elected Trustee since 26 June 2025 / Re-elected as Vice-Chairperson 9 July 2020)*

Employer appointed

J H van der Walt *(Appointed 25 November 2020 / Term ended 25 June 2025)*
G Lekalakala *(Re-appointed 21 May 2025 / Term ended 25 June 2025)*
C J Blanckenberg *(Re-appointed 22 September 2020 / Term ended 25 June 2025)*
J Mapiloko *(Appointed 26 June 2025)*
E Mcetjwa *(Appointed 26 June 2025)*
R Steenkamp *(Appointed 26 June 2025)*

Member elected

D Bhana *(Trustee since 23 June 2020 / Re-elected 26 June 2025)*
A P Hewett *(Trustee since 23 June 2020 / Re-elected 26 June 2025)*
R W Ketley *(Trustee since 14 May 2015 / Re-elected 26 June 2025)*

2. Principal Officer

K Badenhorst
(Appointed effective 1 January 2026)

S Mathonzi
(Retired effective 31 December 2025)

Physical address:

Kimberley House
84 Du Toitspan Road
Kimberley
8301

Postal address:

P.O. Box 1922
Kimberley
8300

3. Registered office of the Society

Physical address:

Kimberley House
84 Du Toitspan Road
Kimberley
8301

Postal address:

P.O. Box 1922
Kimberley
8300

4. Medical scheme administrator

Self - administered
Council for Medical Schemes' Accreditation number: 57
(Certificate of compliance expires on 9 December 2028)

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GENERAL INFORMATION

5. Country of incorporation

The Society is incorporated in the Republic of South Africa under registration number 1068.

6. Investment Advisors

Alexander Forbes Financial Services (Proprietary) Limited (Reg. No 1969/018487/07)
Financial services provider number: 1177

Physical address:

Alexander Forbes Place
115 West Street
Sandown
2196

Postal address:

P.O. Box 787240
Sandton
2146

7. Investment Manager

Taquanta Asset Managers (Proprietary) Limited (Reg. No. 1999/021871/07)
Financial services provider number: 618

Physical address:

5th Floor
Draper on Main
47 Main Road
Claremont
7708

Postal address:

P.O. Box 23540
Claremont
7735

8. Actuaries

Insight Actuaries and Consultants

Physical address:

2nd Floor Gateway West
22 Magwa Crescent
Waterfall City
Midrand
2066

Postal address:

Private Bag X159
Halfway House
Midrand
1685

9. Auditors

PricewaterhouseCoopers Incorporated

Director – Clinton Mitchelson

Physical address:

4 Lisbon Lane
Waterfall City
Jukskei View
2090

Postal address:

Private Bag X36
Sunninghill
2157

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GENERAL INFORMATION

10. Schedule of meetings held by the Board of Trustees

The Board of Trustees met 5 times during the year (2024: 6 times). The following schedule sets out the meetings held by the Board of Trustees during the year:

Meeting Date	Place of Meeting	Quorum
24 April 2025	Johannesburg	Yes
26 June 2025	Teleconference (Microsoft Teams)	Yes
10 July 2025	Johannesburg	Yes
25 September 2025	Johannesburg	Yes
3 December 2025	Johannesburg	Yes

DE BEERS BENEFIT SOCIETY

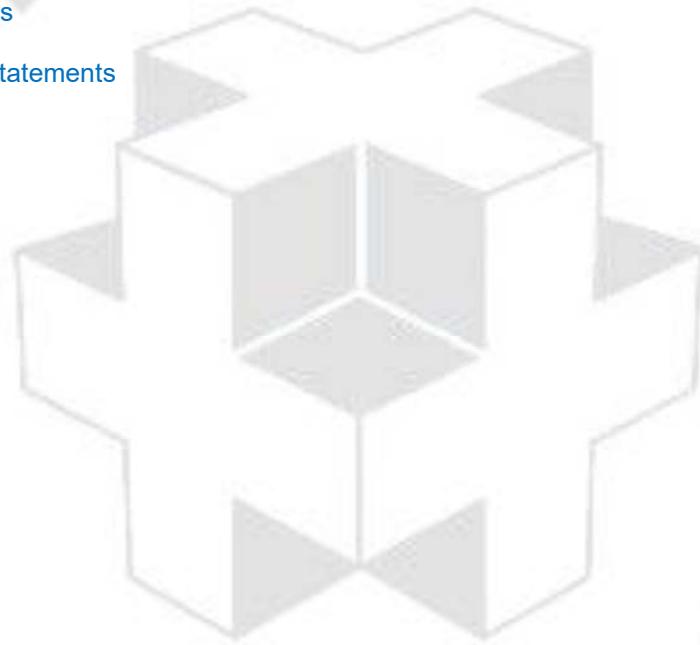
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REPORT OF THE BOARD OF TRUSTEES for the year ended 31 December 2025

The Board of Trustees (the Board) has pleasure in submitting its 137th (one hundred and thirty seventh) annual report for the year ended 31 December 2025.

1. DESCRIPTION OF THE MEDICAL SCHEME

1.1 Terms of registration

The De Beers Benefit Society (the Society), the oldest medical scheme in South Africa, is a self-administrated not-for-profit restricted medical scheme registered in terms of the Medical Schemes Act of South Africa (the Act), as amended, under registration number 1068.

The Society was established on 14 February 1889 and its purpose is to grant assistance to members employed by De Beers Group Services Proprietary Limited (the Employer) and Associated Employers (participating employers) and continuation members, as defined in the Rules, in defraying expenditure incurred by them and their registered dependants in connection with relevant healthcare services as provided for and in accordance with the Rules.

In 2025 the Society provided benefits to an average of 7 054 (2024: 7 636) beneficiaries located primarily in the Northern Cape (25%), Western Cape (24%), Gauteng (19%) and Limpopo (16%). The remaining beneficiaries are spread across the remainder of South Africa and abroad (16%).

1.2 Benefit options

The Society has a single benefit option, which offers a traditional benefit structure with defined benefits, annual limits and no personal medical savings account.

1.3 Risk transfer and other arrangements

1.3.1 Emergency medical transport and evacuation services

The Society maintains a fixed-fee capitation agreement with ER24 providing for emergency medical transport and evacuation services.

The Society paid a premium of R4 002 908 (2024: R3 692 391) for the year.

The total cost for emergency medical transport and evacuation services in terms of this agreement amounted to R4 109 466 (2024: R3 731 801) for the year. Had this agreement not been in place, the total cost for emergency medical transport and evacuation services, based on the ER24 private client rates, would have been R5 342 305 (2024: R4 854 874).

In December 2017, the Council for Medical Schemes (the Council) issued a ruling that medical schemes may only enter into capitation agreements with accredited managed healthcare organisations in terms of Regulation 15F of the Act.

As previously reported, the Board resolved in 2023 that the ER24 capitation agreement be terminated and ER24 be appointed as a Designated Service Provider (DSP) for emergency medical transport and evacuation services on a fee-for-service (FFS) basis. On 23 July 2025, the CMS in their formal feedback following the Routine Compliance Inspection conducted in September 2022 stated that they are comfortable that the Society is managing the ER 24 capitation agreement well and that it seems to be making a profit on this arrangement.

In view of the above, the Board resolved on 25 September 2025 that the implementation of the ER24 FFS agreement be placed on hold until further notice.

1.3.2 Employer grant

The employer grant relates to a subsidy which is payable by De Beers Consolidated Mines (DBCM) in terms of an agreement reached with DBCM following the termination of the membership of the Finsch Mine and Kimberley Mines employees and the retention of the continuation members associated with these mines, in consequence of the sale of the mines in September 2011 and January 2016 respectively.

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

1. DESCRIPTION OF THE MEDICAL SCHEME (continued)

1.3 Risk transfer and other arrangements (continued)

1.3.2 Employer grant (continued)

In terms of the agreement DBCM agreed to subsidise any resultant annual cross-subsidy deficit that may arise to offset any associated negative impact on the Society.

The subsidy is calculated annually by the Actuary in terms of an agreed methodology. The total subsidy payable by DBCM for the year in terms of this agreement amounted to R21 509 000 (2024: R20 205 000).

2. FINANCIAL RESULTS AND OTHER SIGNIFICANT MATTERS

2.1 Financial results for the year

Relevant healthcare expenditure¹ expressed as a percentage of insurance revenue (contributions) for the year increased to 125.4% (2024: 121.4%) and the Society reflected a net deficit for the year of R41 763 409 (2024: R26 355 588) after incorporating investment and sundry income.

The return on investments for the year was 9.4% (2024: 9.3%).

2.2 Membership

The Society has experienced a further decrease in membership during the year under review because of the on-going organisational restructuring within the De Beers Group.

The Society had 3 866 (2024: 4 144) principal members as at 31 December 2025 with a monthly average of 3 983 (2024: 4 218) for the year. The dependant ratio as at 31 December 2025 was 1 : 0.76 (2024: 1 : 0.80).

Since the membership of the Society is directly affected by any corporate activity within the De Beers Group, the Board continues to monitor any announcements made and interacts with the participating employers to evaluate the potential impact on the Society's membership should this arise.

2.3 Insurance liability for future members and solvency ratio

The insurance liability for future members has decreased to R560 381 204 (2024: R602 144 613) and its solvency ratio decreased to 161.6% (2024: 170.9%) as at 31 December 2025.

The Board is cognisant of the fact that the Society's solvency ratio is substantially higher than the minimum of 25% required by the Act. It is also in excess of the Society's estimated risk-based capital requirement of 80%, as determined by the Actuary based on the Society's specific risk profile.

The Board believes that this level of reserves is prudent in the current regulatory framework and in a rapidly evolving South African healthcare environment. It also assists the Society to remain sustainable as a self-administered restricted scheme.

This is even more relevant given the on-going corporate activity within the De Beers Group and the increasing average age of beneficiaries of 54.7 (2024: 52.5) years and the pensioner ratio of 46.2% (2024: 41.9%), which are significantly higher than the industry average of 34.5 (2024: 34.2) years and 10.0% (2024: 9.6%) respectively.

2.4 Net claims incurred

Of the total net claims incurred in 2025, hospitals comprised 40% (2024: 40%), specialists 31% (2024: 31%), medicines 14% (2024: 13%), general practitioners 4% (2024: 4%), dentists and dental specialists 3% (2024: 3%) and other benefit types 8% (2024: 9%).

¹ - Net claims incurred + Accredited managed healthcare services + Net expenses from risk transfer arrangement / Insurance revenue

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

2. FINANCIAL RESULTS AND OTHER SIGNIFICANT MATTERS (continued)

2.5 Sustainability

The sustainability of the Society is carefully monitored and managed by the Board on an on-going basis.

During the year under review the Board continued to subject the Society's results to regular actuarial modelling and measuring hospital and other healthcare service providers' efficiency levels and performance, aimed at monitoring and taking steps to inter alia counter the membership demographic changes, as well as claiming trends which may impact on the Society's competitiveness and sustainability.

The following is also reviewed on an on-going basis in consultation with the Actuary:

- the Society's operating model;
- potential future scenarios;
- opportunities to address the challenges facing the Society and its longer-term sustainability;
- the compatibility and cost effectiveness of the Society's contributions and benefits in relation to the medical scheme industry;
- the Society's reserve management strategy; and
- the impact of changes in the current regulatory framework.

Any developments in this regard will be communicated to members when appropriate. Benefits provided by the Society, contribution levels and administration costs all remain competitive, and are in some cases better than the industry average. Based on the current circumstances of the Society, the Board remains of the opinion that the Society offers value for money to its members, which has been confirmed by the Insight Actuaries and Consultants Signal Model and continues to remain sustainable as a self-administered restricted scheme.

3. INVESTMENT STRATEGY

3.1 Introduction

The Board, as the governing body, of the Society is ultimately responsible for the formulation and implementation of the investment strategy of the Society and is assisted in this regard by the Investment Board Committee, the appointed Investment Advisors and the Actuary.

The Board recognises that it has a statutory and fiduciary duty to invest the Society's assets on behalf of all its members in a responsible and prudent manner. Setting the investment strategy involves considering the risks and rewards of various asset classes and investment opportunities, as well as the constraints imposed on the Board. These constraints include, but are not limited to:

- the Society's claims risk profile and associated liabilities;
- the term and level of uncertainty associated with the liabilities;
- the funding of the liabilities;
- the level of reserves and capital adequacy;
- on-going liquidity requirements; and
- statutory and regulatory requirements.

3.2 Governance principles

The investment strategy takes into consideration the requirements and constraints imposed by the Act, the Rules, the provisions and limitations of Regulation 30 of the Act and those agreed by the Board. The investment strategy is documented in the Society's Investment Policy Statement and aims to improve and facilitate the management of investments, achieve appropriate transparency, facilitate effective communication and promote the consistency of and accountability for the investment decisions made.

3.3 Objectives

The overall objective of the Society is to provide members with competitive medical benefits in exchange for regular monthly contributions.

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

3. INVESTMENT STRATEGY (continued)

3.3 Objectives (continued)

The Board has decided to adopt an investment strategy that will enable the Society to meet the following investment objectives, namely to:

- preserve capital over any 12-month period;
- achieve targeted net real returns in excess of 3% per annum over a rolling 36-month period, because the liabilities are linked to medical inflation;
- invest part of the Society's capital reserves in cash and money market instruments in order to cover the contributions shortfall (negative insurance service results) and other expenditure to be funded from investment/other income; and
- invest the Society's other capital reserves in enhanced income and fixed income instruments.

In pursuit of the above investment objectives, cognisance is taken of the conditions of Explanatory Note 2 of Annexure B to Regulation 30 of the Act and the need for investments to be liquid in order to enable the payment of relevant healthcare and other expenditure as they arise.

3.4 Investment philosophy

The Board accepts and acknowledges the inherent relationship between investment risks and rewards and the resulting conflict between the investment objectives of seeking to maximise returns while minimising the risk taken.

The Board has adopted a short to medium-term investment strategy to assist in maintaining the financial stability and viability of the Society. This takes account of the level of uncertainty regarding the Society's liabilities given the membership demographics and associated risk profile, as well as the environment in which the Society operates.

The Board, on recommendation of the Investment Board Committee, considered the risk and return characteristics of the various asset classes and the advantages and disadvantages of holding assets in the name of the Society (segregated portfolios) as opposed to investing in pooled investments through which the Society's interests are represented by the value of an investment in an insurance policy or a collective investment scheme.

The Board decided that the risk and return objectives of a combination of enhanced income, fixed income and money market/cash investment portfolios closely match those of the Society. The management of the assets is currently allocated to one investment manager.

The investment manager has discretion as to the composition of the investment portfolio managed on behalf of the Society within the parameters of a mandate provided by the Board and the provisions of the Act. The investment manager's mandate may be reviewed following the Society's investment strategy review undertaken annually.

3.5 Management of investments

The Investment Board Committee monitors the performance of the investment manager on a quarterly basis and comprehensive feedback is provided to the Board quarterly. The Board recognises that overall accountability for investments and performance resides with it.

The investment portfolio is evaluated in relation to the objectives set. The investment manager is also evaluated against benchmarks at both manager and portfolio level. The investment strategy and the investment manager's mandate is reviewed annually, taking into consideration compliance with the Act, the Society's reserve management strategy and the risks associated with the returns produced by the various asset classes and the investment manager.

Notwithstanding a notable increase in the trading activities of the investment portfolio during the year under review, the Board remains of the opinion that the Society's current business model for managing its financial assets remains appropriate and will continue to invest mainly in collective investment schemes and, as well as enhanced income, fixed interest and money market/cash instruments held in the Society's segregated portfolio. Refer to notes 4, 6 and 18 to the financial statements for more detail in this regard.

REPORT OF THE BOARD OF TRUSTEES (continued) for the year ended 31 December 2025

4. MANAGEMENT OF MEDICAL INSURANCE RISK

The primary business objective of the Society is to accept medical liability in respect of its members and their registered dependants by providing benefits for relevant healthcare services obtained in accordance with the Rules, in return for contributions.

This objective takes account of the specific inherent risks associated with the demographics of the Society's membership, high pensioner ratio, chronic disease prevalence amongst beneficiaries and the medical insurance risk.

The medical insurance risk refers to the unpredictability of diseases, nature of and advancements related to treatments purchased and the cost of related services, as well as the uncertainty surrounding the timing and severity of claims. The Society manages and mitigates its medical insurance risk by:

- keeping abreast of and implementing appropriate industry best practices;
- having a well-defined benefit structure;
- adjusting or implementing new benefit limits, sub-limits, co-payments, penalties, waiting periods and exclusions;
- pre-authorising hospital admission requests, case managing selected cases and performing clinical audits;
- making use of pricing guidelines, including but not limited to generic reference pricing models such as the Mediscor Reference Price (MRP) model, medicine formularies and therapeutic reference pricing models such as the Mediscor Formulary Reference Price Plus (FRP Plus) model for the treatment of chronic disease conditions;
- contracting with managed care organisations to utilise their clinical guidelines, treatment protocols and medical advisory services;
- implementing risk transfer arrangements;
- implementing chronic medication and active disease risk management programmes;
- having preferred provider networks and DSP arrangements in place;
- tracking and analysing claiming patterns to detect and manage emerging trends in order to develop and implement strategies to deal with these changes;
- making use of healthcare system measurement tools to measure the performance and efficiency levels of hospitals, service providers and other managed care interventions;
- agreeing with the Employer or Associated Employers to compensate or subsidise the Society for the financial impact of corporate activity giving rise to cross-subsidy deficits, as a result of the termination of membership of employees and the retention of the continuation members associated with the operation in question;
- recovering claims incurred by members or their registered dependants from third party insurers such as the Road Accident Fund (RAF), where a third-party liability exists;
- monitoring industry trends and emerging healthcare issues and taking pre-emptive or corrective action as required; and
- increasing contribution levels taking cognisance of estimated claims, industry developments and market trends, as well as the Society's reserve management strategy, investment returns earned and other sources of income.

In addition, administrative risk management measures are employed to ensure appropriate access to benefits. These include, but are not limited to benefit pre-authorisation, billing audits and interventions aimed at combating fraud in general.

The Society, with the assistance of the Actuary, assesses and monitors its medical insurance risk exposure both for individual types of risks and overall risks on an on-going basis. This assessment includes internal risk measurement models, stress testing and sensitivity and scenario analyses. The principal risks are that the actual changes in membership demographics and the frequency and severity of claims ultimately exceed the projections made at the time of compiling the annual budget. Refer to note 19 to the financial statements for more detail.

The structure and extent of benefits provided, and the associated rules, are the ultimate responsibility of the Board. The responsibility for the annual review of the benefit structure and the development of proposals in this regard for consideration by the Board is delegated to the Benefits Review Board Committee.

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

4. MANAGEMENT OF MEDICAL INSURANCE RISK (continued)

The Benefits Review Board Committee reviews the benefit structure taking cognisance of the requirements of the Act, legislative changes, industry developments, member feedback and the Society's current funding level, reserve management strategy, ability to accept insurance risk and insurance risk exposure.

Insurance events are, by their very nature, random and the actual number and size of events during any one year may vary from those that were estimated with established statistical techniques based on membership demographics and historical claiming patterns.

The Board is satisfied that there are:

- no changes to the assumptions used to measure insurance assets and liabilities; and
- no terms and conditions of insurance contracts;

that could have a material impact on the financial statements or the timing and uncertainty of the Society's cash flows.

Furthermore, medical schemes are required to fund prescribed minimum benefits (PMBs) in full in terms of the interpretation of Regulation 8 of the Act by the Council. This presents an additional financial risk to the Society since there are no regulated tariffs for healthcare service providers. The Society, where appropriate and permissible, makes use of DSP arrangements, treatment protocols, disease risk management programmes and formularies for specific conditions to manage this risk.

5. CORPORATE GOVERNANCE

5.1 Introduction

The Board and Society Management maintain a firm focus on upholding the highest standards of corporate governance, are fully committed to the principles contained in the King IV Code of Corporate Governance (King IV) and proactively monitor and manage risks in terms of a formal risk management policy and process. Good corporate governance requires continuous review of processes, systems and documents for relevance, effectiveness and compliance. To this end the Society maintains its focus on continuous business improvement and optimising the assurance obtained from internal and external assurance providers.

This assurance is provided in accordance with an appropriately combined assurance model providing for the review of the Society's system of internal control and risk management, including the design, implementation and effectiveness of internal financial controls.

5.2 Board of Trustees and Board Committees

The Board is constituted in terms of the Rules and comprises four employer appointed Trustees and four member elected Trustees. The term of office of a Trustee is five years. Even though the Board's ability to influence its composition is limited, the Board Charter allows the Board to obtain expert advice on any Society matter it may lack sufficient expertise on. The Board, when necessary and where the Terms of References make provision for this, will appoint non-Trustee members with the relevant skills, knowledge and experience to serve on certain Board Committees.

All new Trustees and non-Trustee Board Committee members undergo a formal induction and onboarding process. On-going formal training takes place and all Trustees and Board Committee members are encouraged to undertake continuous development, training and education throughout their term of office. Regular Board and Board Committee self-assessment performance evaluations are performed in order to ascertain what, if any, training needs are required and to help improve individual performance and competence.

The Board and Board Committees receive timely, accurate and relevant reporting and other information and have access to all information held by the Society that is required to enable them to fulfil their duties, and to aid them in the objective judgement of their decisions. To ensure the efficient flow of information, comprehensive agenda packs are provided to the Trustees and Board Committee members in advance of each meeting. Minutes of all Board and Board Committee meetings, other Society governance related documentation and background information are prepared and maintained in the Society's records and are accessible to Trustees and Board Committee members generally and on a secure dedicated web-site.

REPORT OF THE BOARD OF TRUSTEES (continued)

for the year ended 31 December 2025

5. CORPORATE GOVERNANCE (continued)

5.2 Board of Trustees and Board Committees (continued)

The Board is of the view that the current Trustees and non-Trustee Board Committee members collectively have sufficient experience and understanding of the fields of administration, investments, actuarial, accounting, legal, project management, human resources and social matters to enable them to perform their duties objectively and effectively. As mentioned above, the Board makes use of external expertise on specific matters outside the collective knowledge, skills and experience of the Board when required. The Board is satisfied that the current composition of the Board and the various Board Committees reflects the appropriate mix of knowledge, skills, experience, diversity and independence to enable the Board to discharge its governance role and responsibilities objectively and effectively.

The Chairperson is responsible for providing leadership to the Board, for ensuring its effectiveness and for promoting effective communication amongst Trustees. The Principal Officer is responsible for the day-to-day management of the Society in line with policies and strategic objectives set and agreed by the Board. The Principal Officer reports to the Board on the performance of the Society and on all material matters at regularly scheduled Board meetings and between Board meetings as and when required.

Aligned to the principles of sound corporate governance, the Rules, Board Charter, Trustee and Principal Officer Code of Conduct, Conflict of Interest Policy, Statement of Corporate Governance, Society policy documents and the Terms of Reference of the Board Committees provide a clear and concise overview of the responsibility and accountability of the Trustees and Board Committees, collectively and individually.

The Trustees and non-Trustee Board Committee members are required to avoid conflicts of interest, where possible, and to inform the Board timeously of conflicts or potential conflicts of interest. The Trustees and non-Trustee Board Committee members are required to complete declaration of interest forms annually or when new areas of conflict of interest may have arisen since the last declaration.

In the opinion of the Board adequate fidelity and professional indemnity insurance, which includes cover for Trustees, non-Trustee Board Committee members and for staff, was in place for the year under review.

5.3 Employer appointed Trustees

Mr C J Blanckenberg, Mr J H van der Walt and Ms G Lekalakala were replaced by Ms J Mapiloko, Mr E Mcetjwa and Mr R Steenkamp, respectively, as employer appointed Trustees effective 26 June 2025.

5.4 Election of member elected Trustees

As previously reported, the member elected Trustees' terms of office expired on 25 June 2025. The process to elect new Trustees commenced in February 2025. The Society received six (6) valid nominations and voting ended on 30 April 2025. The election results were announced at the 136th Annual General Meeting of members and the following member elected Trustees commenced their five year term office on 26 June 2025.

-  Mr D Bhana;
-  Mr A P Hewett;
-  Mr R W Ketley; and
-  Mr W J B Smerdon.

5.5 Corporate governance application review

The Board is fully committed to the application of those practices, philosophies and governance outcomes contained in the King IV Code of Corporate Governance that are applicable to the Society.

Aligned to the Society's commitment to good corporate governance, the Society has subscribed to the Governance and Compliance Instrument launched by the Global Platform for Intellectual Property in collaboration with the Council to continuously assess its application of the principles of King IV insofar as they are applicable to medical schemes.

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

5. CORPORATE GOVERNANCE (continued)

5.5 Corporate governance application review (continued)

The Society's Corporate Governance Application Report that explains:

- how the Society has applied or not applied the principles set out in King IV and other supplementary codes;
 - what actions are still required in terms of applying a specific principle; and
 - where it is impossible to implement a practice or where such implementation is inappropriate,
- is published on the Society's website (www.dbbs.co.za/library/governance-2/).

5.6 Risk management and internal controls

The Board regards risk management as being of extreme importance and the Society continuously encourages its employees to be mindful of the need to manage risks and to report any instances of suspected fraud.

The Board has overall responsibility for the Society's system of internal control. The Board is extremely conscious of the importance of this system and recognises the importance of monitoring the effectiveness and development of associated systems in line with best practice.

The Board is ultimately responsible for the management of risks. The Society has adopted appropriate aspects of the Anglo-American plc's risk management policy and related procedures which set out the process for capturing and managing all relevant risks through five key stages: identification, assessment, monitoring, mitigation and reporting. Society Management is responsible for the collation of this information and reporting to the Audit and Risk Board Committee and the Board.

Society Management is also entrusted with the responsibility of ensuring that the risk management framework is embedded at all levels and overseen, independently and objectively, at an appropriate level.

The Audit and Risk Board Committee, assisted by the internal auditors, continuously reviews the adequacy and effectiveness of the Society's risk management framework and system of internal control and reports regularly to the Board on the status of risk management and internal controls.

6. ACTUARIAL SERVICES

The Actuary assists the Society in identifying and assessing risks and establishing claiming patterns by conducting regular actuarial modelling.

The Actuary calculated the claims incurred not yet reported, the Society's post-employment healthcare benefits obligation and the employer grant. Refer to notes 10.2.1, 7 and 12 to the financial statements for more detail in this regard.

In addition, the Actuary was consulted to determine and model the benefits and contribution levels for the 2026 benefit year.

7. EXTERNAL AUDITORS

In terms of Rule 25.1, the members appointed PricewaterhouseCoopers Incorporated as the Society's auditors for 2025 at the Annual General Meeting (AGM) held on 25 June 2025.

As at 31 December 2025 PricewaterhouseCoopers Incorporated has been the auditors of the Society for the past 23 years and the engagement partner, Clinton Mitchelson, has been responsible for the audit for the past 3 years.

On the recommendation of the Audit and Risk Board Committee, the members will be requested to approve the re-appointment of PricewaterhouseCoopers Incorporated as the Society's auditors for 2026 at the 137th AGM.

REPORT OF THE BOARD OF TRUSTEES (continued)

for the year ended 31 December 2025

8. REVIEW OF KEY OPERATING ACTIVITIES

8.1 Results of operations

The results of the Society's operations are set out in the financial statements and the Board believes that no further clarification is required, except for the impact of developments in South Africa which is dealt with in section 8.3 of this report.

8.2 Operational statistics

	2025		2024	
	Members	Beneficiaries	Members	Beneficiaries
Membership				
Membership as at 1 January	4 144	7 449	4 314	7 893
New members / beneficiaries	46	152	60	198
Members / beneficiaries exited	(324)	(808)	(230)	(642)
Membership as at 31 December	3 866	6 793	4 144	7 449
Average number of members / beneficiaries	3 983	7 054	4 218	7 636
Average age of members / beneficiaries	65.3	54.7	63.3	52.5
Dependant ratio as at 31 December		0.76		0.80
Pensioner ratio as at 31 December (65 years and older)		46.2%		41.9%
Average per member / beneficiary per month				
Insurance revenue	7 257	4 097	6 962	3 846
Insurance service expenses	9 564	5 399	8 868	4 898
Relevant healthcare expenditure ²	9 102	5 139	8 451	4 668
Directly attributable insurance service expenses ³	460	259	416	230
Non-healthcare expenditure ⁴	651	367	575	317

Ratios per average member / beneficiary per month	2025	2024
Insurance service expenses as % of insurance revenue	131.8%	127.4%
Relevant healthcare expenditure as % of insurance revenue	125.4%	121.4%
Directly attributable insurance service expenses as % of insurance revenue	6.3%	6.0%
Non-healthcare expenditure as % of insurance revenue	9.0%	8.2%
Return on investments	9.4%	9.3%

8.3 Impact of developments in South Africa

As previously reported, although the legislation to implement a National Health Insurance (NHI) system with the aim of achieving Universal Health Cover (UHC) in South Africa was passed in May 2024, it is foreseen that the Society will continue to provide medical aid cover to its members and registered dependants in terms of the provisions of the Rules for the foreseeable future due to the proposed phased implementation of such.

² - Net claims incurred + Accredited managed healthcare services + Net expenses from risk transfer arrangement

³ - Attributable expenses incurred

⁴ - Attributable expenses incurred + other operating expenses

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

8. REVIEW OF KEY OPERATING ACTIVITIES (continued)

8.3 Impact of developments in South Africa (continued)

NHI has been added as an emerging risk to the Society's risk register and the Board, in collaboration with industry bodies such as the Health Funders Association (HFA), will continue to monitor developments in this regard. A consent order was granted in February 2026, effectively pausing the implementation of NHI.

8.4 Benefits, contributions and non-healthcare expenditure

The Board remains confident that the Society continues to offer good value for money considering the benefits provided, contribution levels and non-healthcare expenditure (administration costs).

8.5 Insurance liability for future members

Movements in the insurance liability for future members are disclosed in note 8 to the financial statements. There have been no unusual movements, that the Board believes should be brought to the attention of the members of the Society.

8.6 Solvency ratio

	2025	2024
	R	R
Insurance liability for future members	560 381 204	602 144 613
<u>Less:</u> Unrealised investment gains	-	-
Accumulated funds per Regulation 29 of the Act	560 381 204	602 144 613
Contribution income (Insurance revenue)	346 830 903	352 407 102
Solvency ratio	161.6%	170.9%
Accumulated funds per member as at 31 December	144 951	145 305

8.7 Claims incurred not yet reported

Movements in the claims incurred not yet reported provision and the basis of the calculation is set out in note 10.2.1 to the financial statements. The provision is the estimated cost of relevant healthcare services obtained (claims incurred) by beneficiaries and not reported to the Society at 31 December 2025. Aligned to the requirements of IFRS 17 the provision now includes a risk adjustment for the uncertainty in relation to the timing, frequency and severity of claims to reflect the risk tolerance of the provision.

9. PARTICIPATING EMPLOYERS

Since the membership is directly impacted on by corporate activity within the De Beers Group, the Board continues to monitor announcements made and interacts with the participating employers to evaluate any potential impact of such activity on the Society. As previously reported, the Board is aware of the announcement in May 2024 by Anglo American plc, the holding company of the Employer, of its intention to separate De Beers from Anglo American. Based on the information currently available, indications are that this would not have a significant impact on the Society in the short-term.

10. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS AND OTHER RELATED PARTIES

The Society as at 31 December 2025 held no investments in or has not granted any loans to participating employers or other related parties, other than those disclosed in note 17.

11. RELATED PARTIES

Related party transactions are disclosed in note 17 to the financial statements. Trustee remuneration and other considerations are also disclosed in the same note.

REPORT OF THE BOARD OF TRUSTEES (continued)

for the year ended 31 December 2025

12. BOARD COMMITTEES

A number of Board Committees, which assist the Board in carrying out its duties, remained in place during the year under review. These committees are formally mandated by the Board by means of written terms of reference as to their membership, authority and duties.

The Chairperson of each Board Committee reports, where appropriate, to the Board at its scheduled meetings. The following Board Committees were in place during the year under review:

12.1 Audit and Risk Board Committee

The committee consists of six members appointed from amongst the members of the Board or other persons. The committee is independent and a majority of the members, including the Chairperson of the committee, are not officers of the Society.

The Board is satisfied that the committee has been established in accordance with the provisions of the Act and that its members collectively have sufficient and relevant financial and medical scheme industry understanding and experience to enable them to carry out their duties and responsibilities.

The committee met on two occasions during the year. The Principal Officer, Chief Operating Officer, Society Manager, external auditors and internal auditors attended all committee meetings and have unrestricted access to the Chairperson of the committee.

In accordance with the provisions of the Act, the primary objective of the committee is to provide assurance that good corporate governance practices are implemented and maintained, that the inherent risks associated with the Society are adequately identified and addressed, and that the Society's accounting policies, system of internal control and financial reporting practices are sound.

Whilst the Board's responsibility for the Society's annual financial reporting and risk management is not abrogated in favour of the members of the committee, the committee provides assurance to the Board and assists the Board to comply with its responsibilities.

The committee has an oversight responsibility for the following:

-  financial reporting process;
-  system of internal control over financial systems and reporting;
-  internal and external audit processes;
-  process of identifying, monitoring, recording and managing risk; and
-  compliance with laws, regulations and governance best practice guidelines, as well as the Society's governance framework including the various governance documents such as the Society's Board Charter and Trustee and Principal Officer Code of Conduct.

The external and internal auditors formally report to the committee on critical findings arising from audit activities. The external and internal auditors meet separately with the Committee at least once a year without Society Management being present.

Committee members for the year under review and at the date of this report comprised:

-  J Hugo (*Chairperson*)
-  D Bhana (*Trustee*)
-  A P Hewett (*Trustee*)
-  C J Van Zyl (*Resigned 25 June 2025*)
-  J L Jaftha (*Resigned 25 June 2025*)
-  A Breed (*Appointed 26 June 2025*)
-  K Mokgoko (*Appointed 26 June 2025*)
-  A Sewkuran

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

12. BOARD COMMITTEES (continued)

12.1 Audit and Risk Board Committee (continued)

The committee has confirmed that it met its mandate, carried out its duties in terms of the Act and satisfied itself during the year under review:

-  as to the effectiveness of the Society's corporate governance practices, risk management system, system of internal control, accounting policies and financial reporting practices, based on the combined assurances received;
-  that the financial statements have been prepared in accordance with IFRS Accounting Standards, as defined by IAS 1 and the interpretations issued by the IFRS Interpretations Committee, with guidance from the Medical Schemes Accounting Guide issued by the South African Institute of Chartered Accountants (SAICA) and in the manner required by the Act;
-  as to the appropriateness of the expertise, adequacy of resources and experience of the Society's finance function; and
-  that the internal and external auditors are independent of the Society.

12.2 Benefits Review Board Committee

The committee consists of four members appointed from amongst the members of the Board.

The committee met on four occasions during the year. The Actuary, Principal Officer, Chief Operating Officer and Society Manager also attended the meetings.

The primary objective of the committee is to review and recommend to the Board the benefits to be provided to beneficiaries and the contributions payable. The process followed to arrive at recommendations in this regard includes a review of:

-  the trends in the costs of benefits paid for the current and previous years against contributions received;
-  the Society's funding level, reserve management strategy and operating costs; and
-  related industry developments.

Committee members for the year under review comprised and at the date of this report comprised:

-  C W Coltman (*Chairperson and Trustee*)
-  A P Hewett (*Trustee*)
-  R W Ketley (*Trustee*)
-  W J B Smerdon (*Trustee*)

The committee has confirmed that it met its mandate and satisfied itself as to the appropriateness of the benefits provided to beneficiaries and the contributions paid during the year under review.

12.3 Communication and Education Board Committee

The committee consists of four members appointed from amongst the members of the Board.

Although the committee met once during the year, it regularly reviewed and provided input into the Society's communication related material on a round robin basis during the year. The Principal Officer, Chief Operating Officer and Society Manager also attended the meeting.

The primary objective of the committee is to oversee effective member communication that complies with the regulations and guidelines of the Act and to provide Trustees with appropriate education to assist them in performing their duties.

Committee members for the year under review comprised and at the date of this report comprised:

-  W J B Smerdon (*Chairperson and Trustee*)

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

12. BOARD COMMITTEES (continued)

12.3 Communication and Education Board Committee (continued)

-  C W Coltman (*Trustee*)
-  A P Hewett (*Trustee*)
-  J Mapienko (*Trustee - Appointed 26 June 2025*)
-  G Lekalakala (*Trustee - Resigned 25 June 2026*)

The committee has confirmed that it met its mandate and satisfied itself as to the effectiveness of member communication and the appropriateness of Trustee education during the year under review.

12.4 Investment Board Committee

The committee consists of four members appointed from amongst the members of the Board. The committee met on four occasions during the year. This included the Society's annual investment strategy review meeting.

The Principal Officer, Chief Operating Officer, Society Manager and Investment Advisors, albeit not members of the Committee, attended all committee meetings.

The primary objective of the committee is to oversee the investment of the Society's assets in terms of the Act, the Rules and the investment strategy approved by the Board in consultation with the Society's appointed Investment Advisors and the Actuary.

The committee, members of Society Management and the Investment Advisors conducted a due diligence visit to the appointed investment manager during the year. An annual investment day was also held where the investment manager had the opportunity to interact with and present to the Board on the Society's on investment and other related matters

Committee members for the year under review comprised and at the date of this report comprised:

-  C W Coltman (*Chairperson and Trustee*)
-  D Bhana (*Trustee*)
-  C J Blanckenberg (*Trustee - Resigned 25 June 2025*)
-  R W Ketley (*Trustee*)
-  D Kerspuy (*Appointed 26 June 2025*)

The committee has confirmed that it met its mandate and satisfied itself that the Society's assets have been invested in terms of the Act, the Rules and the Society's approved investment strategy during the year under review.

12.5 Remuneration Board Committee

The committee consists of five members appointed from amongst the members of the Board. The committee met twice during the year. The Principal Officer and Chief Operating Officer also attended the meetings.

The primary objective of the committee is to determine the conditions of employment and remuneration for all employees of the Society, as well as the remuneration of Trustees and Board Committee members who are not employees of the participating employers, where applicable.

The committee is also tasked to identify and evaluate the risks associated with the remuneration of and conditions of employment applicable to employees of the Society.

Committee members for the year under review comprised and at the date of this report comprised:

-  W J B Smerdon (*Chairperson and Trustee*)
-  C W Coltman (*Trustee*)
-  A P Hewett (*Trustee*)
-  E Mcetjwa (*Trustee - Appointed 26 June 2025*)
-  R Steenkamp (*Trustee - Appointed 26 June 2025*)
-  G Lekalakala (*Trustee - Resigned 25 June 2026*)

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

12. BOARD COMMITTEES (continued)

12.5 Remuneration Board Committee (continued)

The committee has confirmed that it met its mandate and satisfied itself as to the fairness of the Society's conditions of employment and remuneration, in the context of the Society's overall strategy, during the year under review.

12.6 Sustainability Ad-Hoc Board Committee

As previously reported, the Board at their December 2024 Board meeting resolved to establish an ad-hoc committee to (in collaboration with the Benefits Review Board Committee) determine and actively monitor the factors that could impact on the Society's medium- to long-term sustainability and oversee any actions that may arise from such.

The committee met twice during the year and consists of four members appointed from amongst the members of the Board. Members of Society Management and the Actuary attend all the committee meetings.

Committee members for the year under review comprised and at the date of this report comprised:

-  C W Coltman (*Chairperson and Trustee*)
-  A P Hewett (*Trustee*)
-  R W Ketley (*Trustee*)
-  W J B Smerdon (*Trustee*)

13. NON-COMPLIANCE

The following instances of non-compliance with the Act were identified during the year:

13.1 Financial soundness of benefit option

In terms of Section 33(2) of the Act, each benefit option shall be self-supporting in terms of membership and financial performance.

Cause

During the year the Society incurred a net healthcare deficit (insurance service results) of R110 138 065 (2024: R96 448 107). This result is expected and is aligned with the Society's reserve management strategy of ensuring the financial stability and viability of the Society over the foreseeable future.

The strategy also takes account of the need for the Society to remain competitive in relation to benefits provided, contribution levels and administration costs.

Corrective action

The Society is financially sound in terms of Section 35, as confirmed by the current level of accumulated funds and the Society's solvency ratio of 161.6% (2024: 170.9%).

The financial soundness and sustainability of the Society is carefully considered and managed by the Board on an on-going basis, in consultation with the Actuary. It is not the strategy of the Society to make a profit and its net investment income, the employer grant and substantial reserves enables it to ameliorate any net healthcare deficit, whilst balancing the risk of rising claims incurred and keeping annual contribution increases in line with inflation without reducing benefits.

The Board monitors the financial results to ensure that the net healthcare deficit is in line with the budget and any material variances are analysed and corrective action taken, where necessary.

13.2 Payment of claims within 30 days

In terms of Section 59(2) of the Act, a medical scheme is required to pay a valid claim submitted to the scheme within 30 days after the day on which the claim was received.

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

13. NON-COMPLIANCE (continued)

13.2 Payment of claims within 30 days (continued)

Cause

The Society endeavours to pay all claims within 30 days of receipt, but the processing of some claims is occasionally delayed due to unforeseen circumstances.

Delays can, for example, occur when providers fail to supply the Society with their banking details or when claims are referred for clinical auditing or other investigations.

Corrective action

Claims that are not paid within 30 days are actively monitored to ensure effective on-going management of this issue.

13.3 Contribution income not received within three days of becoming due

In terms of Section 26(7) of the Act, contribution income must be received within three days of becoming due in terms of the Rules.

Cause

There were a limited number of instances where the Society did not receive contributions from members within three days of these becoming due.

The above was mainly because of members having insufficient funds in their bank accounts at the time of collection, members exiting without informing the Society and reconciling discrepancies between participating employers and the Society.

The risk of default is however small because of the restricted nature of the Society and participating employer base.

Corrective action

Contributions not received within three days are actively pursued and the suspension policies are rigorously applied.

13.4 Prescribed minimum benefits (PMBs)

Regulation 8(1) of the Act states that subject to the provisions of this regulation, any benefit option that is offered by a medical scheme must pay in full, without co-payment or the use of deductibles, the diagnosis, treatment and care costs of the PMB conditions.

Cause

There were a limited number of instances where the Society did not pay claims within the scope and level of care prescribed for PMBs.

Corrective action

The Society continuously reviews and enhances its processes to align such to the Council's interpretation of PMBs as new information becomes available.

Where claims are identified that had not been paid within the scope of PMBs, such are re-processed as PMBs and paid accordingly.

13.5 Council's Routine Compliance Inspection

Following the routine compliance inspection conducted by the Council in 2022, the following directives were issued:

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

13. NON-COMPLIANCE (continued)

13.5 Council's Routine Compliance Inspection (continued)

Directive 1: Audit and Risk Board Committee composition

In terms of Section 36(11) of the Act the majority of the members, including the chairperson of the audit committee, must not be officers of the medical scheme or the administrator of the medical scheme, the controlling company of the administrator or any subsidiary of its controlling company.

Cause

The committee currently lacks the requisite independence, as the majority of the members are employees of the participating employers.

Corrective action

The Society is currently engaging with the Council to clarify the interpretation of Section 36(11) of the Act to ensure alignment between the Society's governance practices and the legal framework governing the composition of audit committees.

Directive 2: Registers

In terms of Section 57(4)(b) of the Act, the board shall ensure that proper registers, books and records of all operations of the medical scheme are kept, and that proper minutes are kept of all resolutions passed by the board.

Cause

The Society contracts register was not comprehensive enough and no separate resolutions register to was maintained .

Corrective action

The Society has updated its contracts register to include the required additional fields, and a resolutions register has been established.

Directive 3: Contract Management

Section 57(6)(a) of the Act prescribes that the board must take all reasonable steps to ensure that the interests of beneficiaries, in terms of the rules of the medical scheme and the provisions of the Act are protected at all times.

Cause

Several service provider agreements concluded have no fixed duration, effectively rendering the agreements indefinite. While the Society conducts annual reviews of these agreements, there was insufficient evidence that the market was tested during these reviews to confirm that the services obtained remain competitive and in the best interest of beneficiaries.

Corrective action

The Society will implement a process to regularly benchmark key service provider agreements against the prevailing market standard, where appropriate and feasible to enhance transparency, promote competitiveness and align procurement and contracting practices with the best interests of beneficiaries.

14. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

No events affecting the financial statements have occurred after the end of the accounting period which in the opinion of the Board should be brought to the members' attention.

REPORT OF THE BOARD OF TRUSTEES (continued)
for the year ended 31 December 2025

15. MEETING ATTENDANCE (continued)

The following schedule sets out the Board and Board Committee meeting attendance for the year:

Name	Board Meetings		Audit and Risk		Investment		Benefits Review		Sustainability		Remuneration		Communication and Education	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Trustees - Employer appointed														
C J Blanckenberg	1	1			3	3								
C W Coltman	5	5			4	4	4	4	2	2	2	2	1	1
G Lekalakala	1	1									0	1		
J Mapiloko	4	4											1	1
E Mcetjwa	3	4									1	1		
R Steenkamp	3	4									1	1		
J H van der Walt	1	1												
Trustees - Member elected														
D Bhana	4	5	2	2	4	4								
A P Hewett	5	5	2	2			4	4	2	2	2	2	1	1
R W Ketley	4	5			4	4	2	4	2	2				
W J B Smerdon	4	5					3	4	1	2	2	2	1	1
Non-Trustees														
A Breed			1	1										
J Hugo			2	2										
J L Jaftha			0	1										
D Kerspuy					1	2								
K Mokgoko			0	1										
A Sewkuran			1	2										
C J Van Zyl			1	1										

A – Number of meetings attended

B – Total number of meetings that could have been attended

STATEMENT OF RESPONSIBILITY BY THE BOARD OF TRUSTEES
for the year ended 31 December 2025

The Board of Trustees and the Principal Officer (the Board) are responsible for the preparation, integrity and fair presentation of the financial statements of the De Beers Benefit Society (the Society) and to ensure that proper system of internal control is employed by or on behalf of the Society.

The financial statements presented on pages 28 to 88 have been prepared in accordance with IFRS Accounting Standards, as defined by IAS 1 and the interpretations issued by the IFRS Interpretations Committee, with guidance from the Medical Schemes Accounting Guide issued by the South African Institute of Chartered Accountants (SAICA) and in the manner required by the Act. The financial statements include amounts based on judgements and estimates made by management.

The Board considers that the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used and that all the standards of IFRS that the Board considered to be applicable have been followed in preparing the financial statements.

The Board is satisfied that the information contained in the financial statements fairly presents the affairs, the results of operations, the cash flows for the year and the financial position of the Society as at 31 December 2025. The Board is responsible for both the accuracy and consistency of the information in the annual report and the financial statements.

The Board is responsible for ensuring that accounting records are kept. The accounting records disclose with reasonable accuracy the financial results and position of the Society which enables the Board to ensure that the financial statements comply with the relevant legislation.

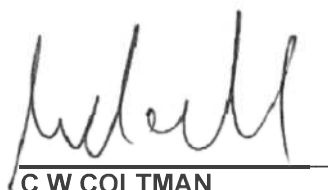
The Society operates in a well-established and controlled administrative environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures which are designed to provide reasonable, but not absolute assurance, that assets are safeguarded and the risks facing the business are being managed.

The going concern basis has been adopted in preparing the financial statements. The Board has no reason to believe that the Society will not be a going concern in the foreseeable future, based on forecasts provided by the Actuary and available reserves. This view is endorsed by the Audit and Risk Board Committee, the Actuary and the external auditors. These financial statements reflect the financial stability and viability of the Society.

The Society has a board structure of four Trustees appointed by the Employer and four Trustees elected by the members, as provided for in terms of the Rules. The current composition of the Board is featured on page 1.

The Society's external auditors are responsible for auditing the financial statements in terms of International Standards on Auditing and to report on the fair presentation of the financial statements. Their report is presented on pages 24 to 27.

The financial statements were approved by the Board on 23 April 2026 and are signed on its behalf by:



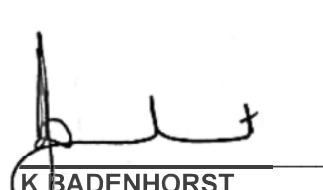
C W COLTMAN
CHAIRPERSON

23 April 2026



W J B SMERDON
VICE-CHAIRPERSON

23 April 2026



K BADENHORST
PRINCIPAL OFFICER

23 April 2026

STATEMENT OF CORPORATE GOVERNANCE BY THE BOARD OF TRUSTEES

for the year ended 31 December 2025

Responsibilities

The De Beers Benefit Society (the Society) is committed to the principles and practice of competency, responsibility, fairness, transparency, integrity and accountability in all dealings with its stakeholders. The Society strives to achieve the highest levels of corporate governance, reassesses its corporate governance framework and practices on an on-going basis and maintains a strong drive to identify and implement best practice.

Board of Trustees

The Board of Trustees (the Board) meets and monitors the performance of the Society regularly. The Board addresses a range of key issues and ensures that the discussions on policy, strategy and performance take place and are informed and constructive.

All Trustees have access to the advice and services of the Principal Officer and staff and, where appropriate, may seek independent professional advice at the expense of the Society.

System of Internal Controls

The Society maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for its assets. Such controls are based on established policies and procedures and are implemented by trained personnel with the appropriate segregation of duties.

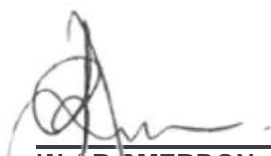
No event or item has come to the attention of the Board that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.

The Trustees and the Principal Officer, where relevant, hereby certify to the best of their knowledge and belief that, during the year under review and in the execution of their duties, they:

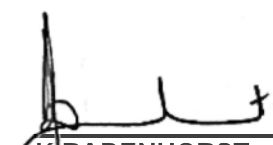
-  complied with the Society's governance framework and practices;
-  conducted the Society's affairs according to ethical values as contained in the Board Charter and Trustee and Principal Officer Code of Conduct;
-  adopted risk assessment, evaluation and management processes;
-  regularly monitored the performance of service providers according to service level agreements;
-  evaluated their own performance as a Board and that of the Board Committees against agreed terms of reference;
-  established an adequate and effective system of internal control and determined the adequacy and effectiveness thereof through the appointment of internal and external auditors; and
-  obtained expert or professional advice on matters where they lacked sufficient expertise.


C W COLTMAN
CHAIRPERSON

23 April 2026


W J B SMERDON
VICE-CHAIRPERSON

23 April 2026


K BADENHORST
PRINCIPAL OFFICER

23 April 2026



Independent Auditor's Report

To the Members of De Beers Benefit Society

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of De Beers Benefit Society (the Society), set out on pages 28 to 88, which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of De Beers Benefit Society as at 31 December 2025, and its financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards and the requirements of the Medical Schemes 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 Financial Statements* section of our report. We are independent of the Society in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of the liability for incurred claims from healthcare events that have occurred but have not yet been reported Refer to the following disclosure in the financial statements as it relates to this key audit matter: Note 1.6 Significant judgements and estimates;	Our audit addressed this key audit matter as follows: We obtained an understanding from the Society's actuaries and management regarding the process followed in calculating the LIC from healthcare events that have occurred but have not yet been reported, which included the design and implementation of controls within the process.

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Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

Key audit matter	How our audit addressed the key audit matter
• Note 1.7 Insurance contracts; and • Note 10 Insurance Contract Liability. As at 31 December 2025 the Society recognised insurance contract liabilities amounting to R46,741,686. The Society's insurance contract liabilities comprise the liability for remaining coverage (LFR) and the liability for incurred claims (LIC). In determining the LIC, the Society applies significant judgement and estimation uncertainties, due to the Society having to determine claims from healthcare events that have occurred but have not yet been reported. The value of the LIC from healthcare events that have occurred but have not yet been reported is the sum of the probability-weighted estimate of the expected future cash flows and the risk adjustment. The LIC reported is calculated by the Society's actuaries which is reviewed by management and the Audit and Risk Board Committee and recommended to the Board of Trustees for approval. The LIC from healthcare events that have occurred but are not yet reported amounts to R26,719,725. The most significant assumptions made in the determination of the LIC are: • the future cash flow projections; and • the risk adjustment for non-financial risk. <u>Future cash flow projections</u> The future cash flow projections comprise estimates of all future claim payments, receivables from third parties as well as the directly attributable expenses arising from the healthcare events within the boundary of the insurance contracts. The Society's actuaries use an actuarial model, based on the Society's actual claim development patterns throughout the year, to determine the probability-weighted estimate of expected future cash flows. This model applies a combination of the Health Monitor Model, Basic Chain Ladder ("BCL") techniques and the Bornhuetter-Ferguson method. <u>Risk adjustments for non-financial risk</u> In determining the Society's risk adjustment for non-financial risk, the Society uses a confidence level technique (value at risk) under <i>IFRS 17, Insurance</i>	We obtained the actual claims data from the member administration system covering the year ended 31 December 2025 used in calculating the LIC from healthcare events that have occurred but are not yet reported. We assessed the completeness of the claims data on the member administration system by understanding management's controls. We selected a sample of claim transactions from the claim source and agreed these to the member administration system. No material inconsistencies were noted. We substantively tested a sample of claims received by the Society in the 31 December 2025 financial year, selected from the member administration system, and evaluated the accuracy of the service and process dates and the validity of the claim against the relevant Society rules. No material inconsistencies were noted. We assessed the completeness of the claims data in the Society's actuarial model by obtaining an understanding of management's controls and testing the reconciliation between the claims data per the member administration system and the claims data per the actuarial model. We also inspected the reported dates of a sample of the claims data used in the Society's actuarial model and considered that the data used in the Society's actuarial model did not include data reported to the Society subsequent to year-end. No material inconsistencies were noted. To assess the reasonableness of the Society actuaries' estimation process, we compared the actual claim results in the current year to the prior year LIC from healthcare events that have occurred but are not yet reported. We noted no matters for further consideration with respect to the estimation process. With the assistance of our internal actuarial experts, we independently calculated the Society's probability-weighted estimate of future cash flow projections of the LIC from healthcare events that have occurred but are not yet reported, taking into account the claims data tested above. We compared our results with that of the Society and did not note any material exceptions. With the assistance of our internal actuarial experts, we tested the risk adjustment component of the LIC from healthcare events that have occurred but are not yet reported by performing the following procedures: • We evaluated the Society's methodology relative to the principles of IFRS 17 to assess whether this

Key audit matter	How our audit addressed the key audit matter
<i>Contracts (IFRS 17).</i> The Society's calibrated risk adjustment (using value at risk) is such that the insurance contract liabilities are held to be sufficient at the 75th percentile of the ultimate loss distribution. We considered the valuation of the LIC from healthcare events that have occurred but have not yet been reported] to be a matter of most significance to the current year audit due to the significant judgement and estimation uncertainties applied in determining the future cash flow projections and the risk adjustments for non-financial risk.	approach is consistent with the principles of the risk adjustment under IFRS 17. The risk adjustment covers non-financial risk relating to insurance contracts and the compensation required by the Society in lieu of this risk, with reference to the Society's risk appetite. We did not identify any matters requiring further consideration; • We tested the risk adjustment by performing independent calculations using the Society's data and taking into consideration the Society's risk adjustment methodology. Based on the work we performed, we did not identify any matters requiring further consideration; and • Based on the output of our independent stochastic models, we assessed whether our independently calculated liabilities are sufficient at the 75th percentile. We noted no matters requiring further consideration.

Other Information

The Society's trustees are responsible for the other information. The other information comprises the information included in the document titled "De Beers Benefit Society Annual Report 31 December 2025". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Society's Trustees for the Financial Statements

The Society's trustees are responsible for the preparation and fair presentation of the financial statements, in accordance with IFRS Accounting Standards and the requirements of the Medical Schemes Act of South Africa, and for such internal control as the Society's trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Society's trustees are responsible for assessing the Society'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 Society's trustees either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Society's trustees.
- Conclude on the appropriateness of the Society's trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Non-compliance with the Medical Schemes Act of South Africa

As required by the Council for Medical Schemes, we report the following material instances of non-compliance with the requirements of the Medical Schemes Act of South Africa, as amended, that have come to our attention during the course of our audit:

1. Section 33(2) of the Medical Schemes Act of South Africa: The Society's benefit option was not self-supporting in terms of financial performance, as disclosed in Note 25 to the Financial Statements.

Audit Tenure

As required by the Council for Medical Schemes' Circular 38 of 2018, Audit Tenure, we report that PricewaterhouseCoopers Inc. has been the auditor of De Beers Benefit Society for 23 years.

The engagement partner, Clinton Mitchelson, has been responsible for the De Beers Benefit Society's audit for 3 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
 Director: Clinton Mitchelson
 Registered Auditor
 Johannesburg, South Africa
 Date: 29 May 2026

STATEMENT OF FINANCIAL POSITION

as at 31 December 2025

	Notes	2025 R	2024 R
ASSETS			
Non-current assets		467 574 499	470 269 913
Property, plant and equipment	2	549 749	326 090
Intangible assets	3	6	6
Financial assets at fair value through profit or loss	4	467 024 744	469 943 817
Current assets		162 622 645	202 038 296
Financial assets at fair value through profit or loss	4	125 174 946	156 712 174
Trade and other receivables	5	21 870 791	20 464 521
Cash and cash equivalents	6	15 543 274	24 861 601
Reinsurance contract assets	10.5	33 634	-
Total assets		630 197 144	672 308 209
LIABILITIES			
Non-current liabilities		527 034 887	567 635 074
Retirement benefits obligations	7	17 103 683	16 207 461
Insurance liability for future members	8	509 931 204	551 427 613
Current liabilities		103 162 257	104 673 135
Insurance liability for future members	8	50 450 000	50 717 000
Trade and other payables	9	5 970 571	6 767 845
Insurance contract liability	10	46 741 686	47 172 035
Reinsurance contract liability	10.5	-	16 255
Total liabilities		630 197 144	672 308 209

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2025

Notes	2025	2024
	R	R
Insurance revenue	10.1 346 830 903	352 407 102
Insurance service expenses	(457 075 526)	(448 894 619)
Net claims incurred	10.2 (430 886 314)	(423 574 011)
Accredited managed healthcare services (no risk transfer)	10.3 (4 226 326)	(4 230 327)
Attributable expenses incurred	10.4 (21 962 886)	(21 090 281)
Net income from risk transfer arrangement	10.5 106 558	39 410
Risk transfer arrangement premiums paid	(4 002 908)	(3 692 391)
Amounts recovered for claims incurred	4 109 466	3 731 801
Insurance service results	(110 138 065)	(96 448 107)
Other income	80 536 318	81 335 529
Net investment income	11 58 937 642	61 041 159
Sundry income	12 21 598 676	20 294 370
Other expenditure	(12 161 662)	(11 243 010)
Other operating expenses	13 (9 185 268)	(8 089 684)
Asset management and monitoring fees	14 (2 976 394)	(3 153 326)
Net deficit for the year	(41 763 409)	(26 355 588)
Amounts attributable to future members	8 & 15 41 763 409	26 355 588
Total comprehensive income for the year	-	-

STATEMENT OF CASH FLOWS
for the year ended 31 December 2025

	Notes	2025 R	2024 R
Cash flows from operating activities			
Cash receipts from members and employers		392 906 156	396 165 992
Members – Contributions	10	346 227 457	351 007 201
Members and employers – Claims recoveries and employer grant		46 678 699	45 158 791
Cash paid to members, providers and employees		(495 173 486)	(478 894 096)
Providers, members and employees – Claims and attributable expenses	10	(482 333 562)	(468 755 276)
Providers and employees – Other operating expenses		(12 839 924)	(10 138 820)
Cash used in operations	16	(102 267 330)	(82 728 104)
Interest received		1 018 646	1 323 582
Net cash used in operations		(101 248 684)	(81 404 522)
Cash flows from investing activities			
Financial assets at fair value through profit or loss		92 379 022	77 578 106
Proceeds on disposal of investments	4	90 000 000	75 000 000
Proceeds for costs incurred in managing investments	4	2 379 022	2 578 106
Property, plant and equipment and intangible assets			
Purchase of assets	2	(448 665)	(250 312)
Net cash available from investing activities		91 930 357	77 327 794
Net decrease in cash and cash equivalents		(9 318 327)	(4 076 728)
Cash and cash equivalents at the beginning of the year		24 861 601	28 938 329
Cash and cash equivalents at the end of the year	6	15 543 274	24 861 601

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards, as defined by IAS 1 and the interpretations issued by the IFRS Interpretations Committee, with guidance from the Medical Schemes Accounting Guide issued by the South African Institute of Chartered Accountants (SAICA), in the manner required by the Medical Schemes Act of South Africa (the Act), as amended, based on the going concern principle as disclosed in note 24 using the historical cost basis, except for:

- financial assets at fair value through profit or loss; and
- Insurance and reinsurance assets and liabilities which is measured in terms of IFRS 17.

In terms of the Statement of Cash Flows, cash flows from operating activities are reported using the direct method and acquisitions/proceeds of financial assets at fair value through profit or loss are disclosed within investing activities.

The preparation of financial statements in conformance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Society's accounting policies. Those areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in notes 7, 10, 12 and 18.

1.2 Standards, amendments and interpretations to existing standards effective and relevant in the current period

The following amendment to published standards became effective for accounting periods beginning on or after 1 January 2025 and is relevant to the Society's operations:

IAS 1 – *Presentation of Financial Statements (Classification of Liabilities as Current or Non-Current)*: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. (Effective 1 January 2024)

The amendment listed above did not have an impact on the amounts recognised in prior periods and is not expected to significantly affect the current and future periods.

1.3 Standards, amendments and interpretations to existing standards effective but not relevant in the current period

The following amendments to published standards became effective for accounting periods ending on or after 1 January 2025 and are not relevant to the Society's operations:

IAS 21 – *The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)*: The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. (Effective 1 January 2025)

1.4 Standards, amendments and interpretations to existing standards not yet effective but relevant

The following standard is relevant to the Society's operations but is only mandatory for accounting periods beginning on or after 1 January 2026:

IFRS 18 – *Presentation and Disclosure in Financial Statements*: A new standard that replaces IAS 1 – Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged and is the culmination of the IASB's Primary Financial Statements Project. In summary, it:

- introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing;

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)**1.4 Standards, amendments and interpretations to existing standards not yet effective but relevant (continued)**

-  improves comparability in the statement of profit or loss (income statement) through the introduction of three defined categories for income and expenses (operating, investing and financing) to improve the structure of the income statement and a requirement for all companies to provide new defined subtotals, including operating profit;
-  enhances transparency of management-defined performance measures with a requirement for companies to disclose explanations of those company-specific measures that are related to the income statement; and
-  provides for more useful grouping of information in the financial statements through enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes, as well as a requirement for companies to provide more transparency about operating expenses. (*Effective 1 January 2027*)

The Society is in the process of assessing the impact, if any, of the standard on the Society's financial statements.

1.5 Standards, amendments and interpretations to existing standards not yet effective and not relevant

The following standard and amendments to published standards are mandatory for accounting periods beginning on or after 1 January 2026, but they are currently not relevant to the Society's operations:

IFRS 1 – First-time Adoption of International Financial Reporting Standards – Annual Improvements to IFRS Accounting Standards (Hedge Accounting by a First-time Adopter): A narrow scope amendment to improve consistency with and understanding of the requirements in IFRS 9 Financial Instruments in relation to hedge accounting requirements for a first-time adopter. (*Effective 1 January 2026*)

IFRS 7 – Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments: The amendments to IFRS 7 introduce additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to environmental, social and corporate governance (ESG) linked targets. (*Effective 1 January 2026*)

IFRS 7 – Financial Instruments: Disclosures – Annual Improvements to IFRS Accounting Standards (Gain or loss on derecognition): Narrow scope amendment to delete an obsolete reference that remained in IFRS 7 following the publication of IFRS 13 Fair Value Measurement and to make the wording of the requirements of IFRS 7 relating to disclosure of a gain or loss on derecognition consistent with the wording and concepts in IFRS 13. (*Effective 1 January 2026*)

IFRS 7 – Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7): Narrow scope amendment adding new disclosure requirements to enable investors to understand the effect of contracts referencing nature-dependent electricity on an entity's financial performance and cash flows. (*Effective 1 January 2026*)

IFRS 9 – Financial Instruments – Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7): Narrow scope amendments to address diversity in accounting practice by making the classification and measurement requirements of IFRS 9 more understandable and consistent, by:

-  clarifying the classification of financial assets with ESG and similar features; and
-  clarifying the date on which a financial asset or financial liability is derecognised when a liability is settled through electronic payment systems. These amendments also introduce an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met. (*Effective 1 January 2026*)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.5 Standards, amendments and interpretations to existing standards not yet effective and not relevant (continued)

IFRS 9 – *Financial Instruments – Annual Improvements to IFRS Accounting Standards*: Two narrow scope amendments were made to IFRS 9:

- Derecognition of lease liabilities: The amendment clarifies that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss arising from the difference between the carrying amount of the lease liability extinguished or transferred and any consideration paid in profit or loss; and
- Transaction price: Removal of an inconsistency between the requirements of IFRS 9 and the requirements in IFRS 15 Revenue from Contracts from Customers in relation to the initial measurement of trade receivables at their transaction price. The amendment clarifies that trade receivables must be measured at the amount determined by applying IFRS 15. (*Effective 1 January 2026*)

IFRS 9 – *Financial Instruments – Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)*: Narrow scope amendment to allow entities to better reflect contracts referencing nature-dependent electricity (for example, renewable power purchase agreements or PPAs) by:

- clarifying the application of the ‘own-use’ requirements of IFRS 9; and permitting hedge accounting if these contracts are used as hedging instruments by parties to the contracts. (*Effective 1 January 2026*)

IFRS 10 – *Consolidated Financial Statements* and IAS 28 – *Investments in Associates and Joint Ventures*: A narrow scope amendment addressing an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) – Investments in Associates and Joint Ventures, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. (*Effective date has been deferred until further notice*)

IFRS 10 – *Consolidated Financial Statements – Annual Improvements to IFRS Accounting Standards (Determination of a ‘de facto agent’)*: Narrow scope amendment to clarify whether a party acts as a de facto agent in assessing control of an investee. (*Effective 1 January 2026*)

IAS 7 – *Statement of Cash Flows (Cost method)*: Narrow scope amendment to replace the term ‘cost method’ with ‘at cost’ following the earlier removal of the definition of ‘cost method’ from IFRS Accounting Standards. (*Effective 1 January 2026*)

IFRS 19 – *Subsidiaries without Public Accountability (Disclosures)*: IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries’ financial statements while maintaining the usefulness of the information for users of their financial statements. (*Effective 1 January 2027*)

IAS 7 – *Statement of Cash Flows (Cost method)*: Narrow scope amendment to replace the term ‘cost method’ with ‘at cost’ following the earlier removal of the definition of ‘cost method’ from IFRS Accounting Standards. (*Effective 1 January 2026*)

IAS 21 – *The Effects of Changes in Foreign Exchange Rates (Translation to a Hyperinflationary Presentation Currency)*: The amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy if: its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy. (*Effective 1 January 2027*)

IAS 28 – *Investments in Associates and Joint Ventures (Sale or Contribution of Assets between Parties)*: Narrow scope amendment to address an acknowledge inconsistency between the requirements of IFRS 10 and IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. (*Effective date deferred until further notice*)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.6 Significant judgements and estimates

Consistent with other IFRS standards, financial reporting under IFRS 17 is to a larger extent based on judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available and apparent from other sources.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1.6.1 Significant judgements

The following are the significant judgements that have been made in the process of applying the Society's accounting policies and that have the most significant impact on the amounts recognised in the financial statements.

Mutual entity assessment

A medical scheme is not legally defined as a mutual entity and the assessment as to whether the Society is a mutual entity was done based on the principles set out in IFRS.

IFRS 3 defined a mutual entity as an entity, other than an investor-owned entity that provides dividends, lower costs or other economic benefits directly to its owners, members or participants. For example, a mutual insurance company, a credit union or a co-operative entity

Although IFRS 17 does not define a mutual entity, it does provide a key characteristic of a mutual entity in the basis of conclusion to the standard. Paragraph BC265 of IFRS 17 explains that a defining feature of an insurer that is a mutual entity, is that most of the residual interest of the entity is due to a policyholder and not a shareholder.

The Act is not explicit that members hold a residual interest or are entitled to the residual interest upon the liquidation of the Society. Section 64 of the Act requires the Rules be followed in the event of liquidation. The Rules also do not contain specific guidance on how the assets of the Society should be distributed on liquidation.

Furthermore, the Act prohibits the disposal of assets of a medical scheme except in limited circumstances, one of them being liquidation. Members can opt for voluntary liquidation and distribute the remaining assets amongst themselves.

As the Society does not have shareholders, the current members will access the reserves through economic benefits such as reduced contributions. Although the Rules do not specify how the assets should be distributed on liquidation, IFRS 17 states that contracts can be written, oral or implied by an entity's customary business practices.

Contractual terms include all terms in a contract, explicit or implied, but an entity shall disregard terms that have no commercial substance. Implied terms in a contract include those imposed by law or regulation. Therefore, based on customary business practices, the remaining assets of the Society should be distributed to the members on liquidation, if there are any and the Society does not amalgamate with another medical scheme. Even if the assets are distributed by a regulator to an independent third-party, the important aspect is that the choice resides with the members or the regulator acting on behalf of the members.

The substance of the legal framework in relation to insurance contracts and observed practice is that once a contribution is paid to a medical scheme such is used to provide benefits to its members. The benefits are provided by the medical scheme (or amalgamated schemes) through insurance coverage, reduced contributions or payment to members on liquidation (based on votes taken by members). It is therefore expected that the remaining assets of the Society will be used to pay current and future members.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.6 Significant judgements and estimates (continued)

1.6.1 Significant judgements (continued)

Based on the above, the Society meets the definition of a mutual entity in terms of IFRS and the Society recognises any cumulative profit or loss as part of the insurance liability for future members.

Consequently, the Statement of Comprehensive Income reflects no total comprehensive income for the year and the movement in the insurance liability for future members is recognised in the Statement of Financial position as amounts attributable to future members (note 8).

Due to the Society being a mutual entity, the assessment of onerous contracts are also affected.

Onerous contract assessment

In the consideration of whether facts and circumstances indicate that the Society's insurance contracts are onerous, the Society considers whether the expected deficit of the following year exceeds the insurance liability for future members.

In the unlikely scenario where the following year's deficit will exceed the insurance liability for future members, the contracts issued would become onerous and an onerous contract liability will need be recognised.

Where the amounts attributable to future members exceed the following year's deficit the contracts would not be considered as onerous and no provision will be made as the liability is already recognised.

Level of aggregation (Unit of account)

The level of aggregation has a significant impact on the measurement of and accounting for insurance contracts.

The Society only offers a single benefit option and the contracts issued are subject to similar risks and managed together. Accordingly, the contracts fall into the same portfolio with no further aggregation being required and therefore the level of aggregation is assessed to be at Society level.

Risk adjustment – Liability for incurred claims

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Society requires for bearing the uncertainty in relation to the timing, frequency and severity of claims. Because the risk adjustment represents compensation for uncertainty, estimates are made based on expected favourable and unfavourable outcomes in a way that reflects the Society risk appetite.

The Society estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment was calculated at the portfolio level as the Society does not have groups due to laws that constrain the Society's ability to set a price for different members.

The confidence level method was used to derive the overall risk adjustment. In the confidence level method, the risk adjustment is determined by applying a confidence level to run-off triangles used to calculate the liability for incurred claims. The confidence level is set at 75% in line with the Society's risk appetite.

The Society presents the changes in the risk adjustment for non-financial risk in net claims incurred line (note 10.2) which forms part of the insurance service result. The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2024 and 2025.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.6 Significant judgements and estimates (continued)

1.6.1 Significant judgements (continued)

Risk adjustment – Risk transfer arrangement

The risk adjustment for non-financial risk represents the amount of risk being transferred by the Society to the reinsurer. The same methodology applies to the risk transfer agreement as for the Society's insurance contracts in determining such adjustment.

1.6.2 Significant estimates

The preparation of financial statements requires the use of accounting estimates, which by definition, will seldom equal the actual results. This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the financial statements.

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. The present value of future cash flows is estimated using deterministic scenarios. The sensitivity analysis of the assumptions used, that have the most significant impact on measurement under IFRS 17, is detailed in note 19 to the financial statements.

Estimates of future cash flow to fulfil insurance contracts

Included in the measurement of the portfolio are all the estimated future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Society estimates which cash flows are expected and the probability that they will occur as at the measurement date.

In making these estimates, the Society uses information about past events, current conditions and forecasts of future conditions. The Society's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability weighted average of the future cash flows is calculated using a deterministic scenario representing the probability weighted mean of a range of scenarios.

The uncertainty in the insurance contracts relates to the timing, frequency and severity of claims. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

Methods used to measure the insurance contracts

The Society estimates insurance liabilities in relation to claims incurred for healthcare contracts.

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. The actuarial methodology used in assessing the estimated claims outcome of insurance liabilities is the chain ladder method.

For hospital claims in the latest service month, a blend of the chain ladder method and another method using the estimated cost per event and pre-authorised admissions is also followed.

The chain ladder method involves an analysis of historical claims development factors and the selection of estimated development factors based thereon. The selected development factors are then applied to cumulative claims data for each period (in the Society's case, for the four months post year-end) that is not yet fully developed to produce an estimated ultimate claims cost for each healthcare year. The chain ladder method is the most appropriate for this claim pattern.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.6 Significant judgements and estimates (continued)

1.6.2 Significant estimates (continued)

Run-off triangles are used in situations where it takes time after the treatment date for the full extent of the claims to become known. It is assumed that payments will emerge in a similar way in each service month. The proportional increase in known cumulative payments from one development month to the next can then be used to calculate payments for future development months. The following was considered when estimating the liability for incurred claims:

- The homogeneity of the data; and
- Changes in:
 - claiming patterns;
 - the composition of members and their registered dependants (demographics);
 - benefit limits; and
 - the Prescribed Minimum Benefits (PMBs).

1.7 Insurance contracts

(a) Identification of insurance contracts

Contracts under which the Society (the issuer), in return for a monetary premium, accepts significant insurance risk from another party (the member) by agreeing to compensate the member or other beneficiary if a specified uncertain future event (insured event) adversely affects the member or other beneficiary are classified as insurance contracts.

In making this assessment all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Society uses judgement to assess whether a contract transfers insurance risk and whether the accepted insurance risk is significant.

Whilst the timing, frequency, severity and type of insured events are uncertain, the ultimate insurance risk covered by the Society can be defined as a single risk, namely that of providing cover for a member that may incur a claim for obtaining relevant healthcare services. The risk under the insurance contracts issued by the Society can be expressed as the probability that an insured event occurs, multiplied by the expected amount of the resulting claim

(b) Separation of components

Before the Society accounts for an insurance contract, it analyses whether the contract contains components that should be separated. There are three categories of components that must be accounted for separately:

- cash flows relating to embedded derivatives;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or non-insurance services.

The Society only offers a single benefit option and the contracts issued do not have embedded derivatives or an investment component (personal savings account).

Accordingly, the contracts are included in the same group and there are no facts or circumstance to indicate that the contracts was onerous at inception date.

(c) Level of aggregation (Unit of account)

The contracts issued by the Society are subject to similar risks and managed together. Accordingly, the contracts fall into the same portfolio with no further aggregation being required and therefore the level of aggregation is assessed to be at Society level.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.7 Insurance contracts (continued)

(c) Level of aggregation (Unit of account) (continued)

The Act also specifically constrains the Society's ability to set a different price or level of benefits for members with different characteristics. The Society as whole was identified as the group. The Society assesses if the group as whole is onerous or profitable.

If the group is onerous, no further liability is recognised as an insurance liability for future members, due to the Society being regarded as a mutual entity for accounting purposes.

(d) Contract boundary

The Society uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed for every reporting period.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the member is obligated to pay contributions, or the Society has a substantive obligation to provide the member with insurance coverage or other services. A substantive obligation ends when both of the following criteria are satisfied:

- the Society has the practical ability to reassess the risks of the portfolio of insurance contracts and set a price or level of benefits that fully reflects the risks of that portfolio; and
- the pricing of contributions related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the member to the Society are considered. Other risks, such as lapse or surrender and expense risk are not included.

Cash flows outside the insurance contract boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria. The Society has assessed its portfolio of insurance contracts to have a contract boundary of one year, which coincides with the Society's financial year.

(e) Recognition and derecognition

The group of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the member is due or received; and
- when the Society determines that a group of contracts becomes onerous.

An insurance contract is derecognised when:

- it is extinguished (obligation specified in the insurance contract expires), discharged or cancelled; or
- the terms are modified due to an agreement between the Society and its member or by regulation and the modification terms meet the requirements of IFRS 17.

If the above modification does not comply with all the requirements of IFRS 17, the Society shall treat the changes in cash flow as changes in estimates of fulfilment cash flows.

(f) Initial and subsequent measurement

The coverage period of each contract in the Society's portfolio of insurance contracts is one year or less. Therefore, the Society has made the accounting policy choice to simplify the measurement of its group of contracts using the Premium Allocation Approach (PAA).

The classification of the Society as a mutual entity does not impact the extent of insurance cover or contract services to be provided by the Society and therefore the PAA is still applicable.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.7 Insurance contracts (continued)

(f) Initial and subsequent measurement (continued)

For insurance contracts issued, on initial recognition, the Society measures the liability for remaining coverage at the amount of contributions received.

The carrying amount of the group of insurance contracts issued at each reporting period is the sum of:

- the liability for remaining coverage; and
- the liability for incurred claims, comprising the fulfilment cash flows related to past service allocated to the group at the reporting date. The future cash flows are not adjusted for the time value of money and the effect of financial risk as these cash flows are expected to be paid in one year or less from the date the claims are incurred.

For insurance contracts issued, at each of the subsequent reporting dates, the liability for remaining coverage is:

- increased for amounts of expected contributions recognised as insurance revenue for the services provided for the period; and
- decreased for contributions received in the period.

The insurance contract liability consist of two components:

- the insurance liability attributable to current members (note 10); and
- the insurance liability attributable to future members (note 8).

For insurance contracts issued at each of the subsequent reporting dates, the liability for incurred claims included in the insurance liability attributable to current members is:

- the best estimate liability for claims incurred not yet reported; and
- the risk adjustment for non-financial risk.

Refer to note 1.6 for the significant judgements and estimates used to determine the liability for incurred claims and the estimates to determine the fulfilment cash flows.

The insurance liability attributable to future members consists of accumulated profits or losses of the Society. The funds are mainly held as statutory reserves in lieu of the regulatory solvency requirement in terms of Regulation 29 of the Act, is:

- increased by the net profits for the period; or
- decreased by the net losses for the period.

(g) Insurance revenue

As the Society provides services under the group of insurance contracts, it reduces the liability for remaining coverage and recognises insurance revenue.

The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Society expects to be entitled to in exchange for those services.

For the group of insurance contracts measured under PPA, the Society recognises insurance revenue based on the passage of time over the coverage period of the group of contracts.

Insurance revenue for the period is the expected contributions allocated to the period. The Society allocates the expected contributions to each period of insurance contract services based on the passage of time.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.7 Insurance contracts (continued)

(h) Insurance service expenses

Insurance service expenses include:

- net claims incurred; and
- other directly attributable insurance service expenses incurred, namely accredited managed healthcare services and attributable expenses in relation to administration expenses incurred.

Cash flows that are not directly attributable to a group of insurance contracts, are recognised in other operating expenses and asset management and monitoring fees as and when incurred.

1.8 Risk transfer arrangements

(a) Definition

Risk transfer arrangements (reinsurance contracts) are contractual arrangements entered into by the Society with a provider.

The provider is paid a fixed fee per member to cover the risk of the number of incidents that occur during a specified period and the cost of providing the service.

Risk transfer arrangements do not reduce the Society's primary obligations to its members and their dependents.

(b) Level of aggregation (Unit of account)

Groups of reinsurance contracts held are assessed for aggregation separately from groups of insurance contracts issued.

Applying the grouping requirements to reinsurance contracts held, the Society aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of contracts for which there is a net gain at initial recognition.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis.

The Society tracks internal management information reflecting historical experiences of performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net gain position without a significant possibility of a net cost arising subsequently.

(c) Recognition and derecognition

The reinsurance contracts held that cover the losses of separate insurance contracts on a proportionate basis are recognised at the later of:

- the beginning of the coverage period of the group; or
- the initial recognition of any underlying insurance contract.

The Society does not recognise reinsurance contracts held until it has recognised at least one of the underlying insurance contracts.

(d) Initial and subsequent measurement

The coverage period of each reinsurance contract in the Society's group of reinsurance contracts, is one year or less. Therefore, the Society has made the accounting policy choice to simplify the measurement of its group of reinsurance contracts using the PAA.

For reinsurance contracts held on initial recognition, the Society measures the remaining coverage at the amount of ceding contributions paid.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.8 Risk transfer arrangements (continued)

(d) Initial and subsequent measurement (continued)

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- the liability for remaining coverage; and
- the liability for incurred claims, comprising the fulfilment cash flows related to past service allocated to the group at the reporting date.

Subsequent measurement of the remaining coverage for reinsurance contracts held is:

- increased for ceding contributions paid in the period; and
- decreased for the amounts of ceding contributions recognised as reinsurance expenses for the services received in the period.

The Society does not adjust the asset for the remaining coverage for reinsurance contracts held for the effect of the time value of money.

The reinsurance contributions are due within coverage periods which are one year or less.

(e) Contract boundary

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Society is compelled to pay amounts to the reinsurer or in which the Society has a substantive right to receive services from the reinsurer.

The Society's reinsurance contracts held have a duration of one year or less.

(f) Net income / (expense) from risk transfer arrangement

Reinsurance income consists of the amount that depicts the value the insurer benefits from entering into a risk transfer arrangement (the value of services received from the reinsurance provider).

Reinsurance expenses consist of:

- reinsurance expenses;
- other directly attributable insurance service expenses incurred; and
- the effect of changes in risk of reinsurer non-performance.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding contributions the Society expects to pay in exchange for those services.

For groups of reinsurance contracts held measured under the PAA, the Society recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

1.9 Property, plant and equipment

Property, plant and equipment are reflected at historical cost less accumulated depreciation and accumulated impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged on the straight-line basis over the estimated useful lives of the assets after taking into consideration the assets' residual value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.9 Property, plant and equipment (continued)

The estimated useful lives are:

 Computer equipment	2 – 5 years
 Office equipment	5 – 10 years
 Furniture and fittings	10 – 15 years

The useful lives and residual values of assets are assessed annually. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably.

All other maintenance and repair costs are recognised in the Statement of Comprehensive Income during the financial period in which they are incurred. Directly attributable costs associated with the acquisition and installation are capitalised. Such assets are amortised using the straight-line method.

Gains (sale price exceeds the book value) and losses (the book value exceeds the sale price) on the disposal of property, plant and equipment are recognised in the Statement of Comprehensive Income.

Carrying amounts of all assets are reduced to their recoverable amount, where this is lower than the carrying amount. In determining the recoverable amount of property, plant and equipment the expected future cash flows attributable to such assets are considered.

1.10 Intangible assets

Software programmes and licenses is reflected at historical cost less accumulated amortisation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Amortisation is charged on the straight-line basis over the estimated useful lives of the assets after taking into consideration the assets' residual value. The estimated useful lives of intangible assets are two to five years. The useful lives and residual values of assets are assessed annually.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. All other maintenance and repair costs are recognised in the Statement of Comprehensive Income during the financial period in which they are incurred. Directly attributable costs associated with the acquisition, development and installation of software are capitalised. Such assets are amortised using the straight-line method.

Gains (sale price exceeds the book value) and losses (the book value exceeds the sale price) on the disposal of assets are recognised in the Statement of Comprehensive Income.

Carrying amounts of all items of intangible assets are reduced to their recoverable amount, where this is lower than the carrying amount. In determining the recoverable amount of intangible assets, the expected future cash flows attributable to such assets are considered. Costs associated with developing or maintaining software programmes are recognised as an expense as incurred.

Costs that are directly associated with the development of identifiable and unique software products controlled by the Society, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when the following criteria are met:

-  it is technically feasible to complete the software product so that it will be available for use;
-  management intends to complete the software product and use or sell it;
-  there is an ability to use or sell the software product;
-  it can be demonstrated how the software product will generate probable future economic benefits;
-  adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.10 Intangible assets (continued)

- the expenditure attributable to the software product during its development can be reliably measured.

Costs include the employee costs for software development and an appropriate portion of relevant overheads.

1.11 Financial assets

The Society classifies its financial assets in the following measurement categories: those to be measured at fair value through profit or loss and those to be measured at amortised cost.

The classification depends on the Society's business model for managing the financial asset and the contractual terms of the cash flows.

Financial assets measured at fair value through profit or loss are classified as follows:

- as current assets if they are expected to be realised within 12 months of the Statement of Financial Position date;
- as non-current assets if they are not expected to be realised within 12 months of the Statement of Financial Position date; and
- as cash and cash equivalents, if it is readily convertible, has a short-term maturity of three months or less from date of acquisition and are considered as a means to settle liabilities.

(a) *Financial assets measured as amortised cost*

Debt instruments and other assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and/or interest are measured at amortised cost. Interest income, if any, from these financial assets is included in income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

Financial assets measured as amortised cost are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current assets. The Financial assets measured as amortised cost comprise trade and other receivables (note 5) and cash and cash equivalents (note 6) in the Statement of Financial Position.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, then they are recognised at fair value. The Society holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(b) *Financial assets measured at fair value through profit or loss*

Debt instruments that do not qualify for measurement at amortised cost and equity instruments that are held for trading. Other assets that do not meet the criteria for amortised cost or fair value are measured at fair value through profit or loss.

(c) *Recognition, derecognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade date, the date the Society commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership.

At initial recognition, the Society measures a financial asset at its fair value.

Transaction costs of financial assets carried at fair value through profit or loss are recognised in the Statement of Comprehensive Income within investment income in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.11 Financial assets (continued)

(c) *Recognition, derecognition and measurement (continued)*

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Subsequent measurement of financial assets through profit or loss depends on the Society's business model for managing the asset and the cash flow characteristics of the asset.

Gains or losses arising from changes in the fair value of financial assets measured at fair value are recognised in the Statement of Comprehensive Income within net investment income in the period in which they arise.

Investments in collective investment schemes are valued at fair value which is the quoted unit values on the most advantageous market.

The fair value of quoted investments is based on current bid prices of the principal market. If the market for a financial asset is not active (and for unlisted securities), the Society establishes fair value by using valuation techniques.

These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(d) *Structured entities*

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes:

- restricted activities;
- a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Society has determined that its investments in collective investment schemes are investments in unconsolidated structured entities.

Changes in fair value are recognised in the Statement of Comprehensive Income as part of investment income.

(e) *Impairment of financial assets*

Financial assets that are measured subsequently at amortised cost are subject to impairment. In relation to the impairment of financial assets an expected credit loss model is required. The expected credit loss model requires the Society to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Society recognises a loss allowance for expected credit losses on:

- Debt instruments and other assets measured subsequently at amortised cost; and
- Trade and other receivables not classified as insurance receivables.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)**1.11 Financial assets (continued)***(e) Impairment of financial assets (continued)*

The Society measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses. If the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition, except for a purchased or originated credit impaired financial asset, the loss allowance for that financial instrument is measured at an amount equal to 12 months' expected credit losses.

1.12 Impairment of assets

Assets that have an indefinite useful life, for example goodwill and intangible assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Prior impairments are reviewed for possible reversal at each reporting date.

1.13 Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method, less provision for impairment which is established when there is objective evidence that the Society will not be able to collect all amounts due according to their original terms.

An impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flow (excluding future credit losses that have not been incurred) discounted at the effective interest rate compounded at initial recognition.

The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income.

When a trade receivable is uncollectible, it is written off against the net impairment provision for trade and other receivables in the Statement of Comprehensive Income. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Income.

Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of trade and other receivables.

1.14 Cash and cash equivalents

Cash equivalents are held for meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise cash on hand, deposits held on call with banks and other short-term highly liquid investments with a maturity of three months or less from date of acquisition that are readily convertible to known amounts of cash and that are subject to insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.15 Trade and other payables

Trade and other payables are recognised initially at fair value, net of transaction costs that are directly attributable to the liability and subsequently measured at amortised cost using the effective interest method.

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

1.16 Provisions, contingent liabilities and assets

Provisions

Provisions are recognised when the Society has a present legal or constructive obligation because of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

Contingent liabilities

A contingent liability is not recognised in the Statement of Financial Position, but disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent asset

A contingent asset is not recognised in the Statement of Financial Position but disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

1.17 Net claims incurred

Claims incurred comprise the total estimated cost of all claims arising from healthcare events that have occurred in the year and for which the Society is responsible in terms of the registered rules of the Society, whether reported or not by the end of the year.

Net claims incurred comprise:

-  claims submitted and accrued for services rendered during the year, net of discount received, recoveries from members for co-payments and reimbursements from third parties;
-  claims for services rendered during the previous year not included in the claims incurred not yet reported provision for that year, net of recoveries from members for co-payments;
-  claims settled in terms of risk transfer arrangements; and
-  movement in claims incurred not yet reported claims provision.

Reimbursement from third parties

The Society grants assistance to its members in defraying expenditure in connection with rendering of any relevant health services. Such expenditure may be in connection with a claim that is also made against a third-party insurer, for instance the Road Accident Fund.

If the member is reimbursed by the third party, the member is contractually obliged to cede that payment to the Society to the extent that the member has already been compensated.

The reimbursement from a third party is a possible asset that arises from a claim and the existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Society. Due to the uncertain outcome of these claims, reimbursements from third parties are recognised on a cash receipt basis and deducted from claims incurred.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.18 Managed healthcare and benefit management services

This represents the cost paid or payable to third parties or related parties for managing the utilisation, costs and quality of healthcare services provided.

Costs are expensed and recognised in the Statement of Comprehensive Income during the financial period in which they are incurred as follows:

-  The costs associated with managed healthcare services provided for by accredited managed care organisations where there is no or an insignificant transfer of risk are included in accredited managed healthcare services;
-  The costs associated with managed healthcare services provided for by non-accredited managed care organisation are included in administration expenditure: benefit management services; and
-  The costs associated with managed healthcare services provided for by managed care organisations where there is a significant transfer of risk are included in net (expense) / income on risk transfer arrangements.

1.19 Investment income

Investment income is recognised as follows in the Statement of Comprehensive Income:

(a) Interest

Interest income in respect of financial assets is accounted for using the effective interest rate method.

(b) Dividends and collective investment scheme distributions

Dividends and distributions from collective investment schemes are recognised when the right to receive payment is established. Distributions from collective investment schemes are reinvested in additional units.

(c) Income from policies with insurance companies

Income from investment policies with insurance companies is included in the fair value adjustment of the financial asset if the income is only realised upon surrender or maturity.

(d) Adjustment to fair value

Unrealised gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognised in the period in which it arises.

(e) Realised gains and losses

Gains and losses arising from the realising of financial assets at fair value through profit or loss are recognised in the Statement of Comprehensive Income in the period in which it arises.

1.20 Administration expenditure

Administration expenditure is costs that are incurred to administer the Society, and which are recognised in the Statement of Comprehensive Income in the reporting period to which it relates.

These costs are expensed as they are incurred.

An expense is recognised if it is probable that any future economic benefit associated with the item will flow to or from the Society, and the item has a cost or value that can be measured with reliability.

If an expense has not been paid at the end of a reporting period, the liability will be reflected in the trade and other payables note. If the expense was paid in advance or overpayment occurred, the applicable amount will be disclosed under the trade and other receivables note.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.21 Employee benefits

(a) Pension obligations

The Society provides access to and pays contributions to an independent self-administered defined contribution pension fund for its current employees on a mandatory, contractual or voluntary basis.

The Society has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

(b) Post-employment healthcare benefits

Several employees of the Society are entitled to post-employment healthcare benefits. The entitlement to these retirement healthcare benefits is based on the employee remaining in service up to official retirement age or the point of retirement agreed to by the Society.

The expected cost of these benefits is accrued over the estimated average remaining service lives of the related employees. The Actuary, on an annual basis, carries out valuations of the obligations, using the projected unit credit method.

The current service and interest costs are recognised as part of post-employment healthcare benefits in the Statement of Comprehensive income.

Actuarial gains or losses are recognised in the Statement of Comprehensive Income.

1.22 Asset management and monitoring costs

Expenditure is recognised as the services are rendered for the management and the monitoring of the Society's investments. The expenditure includes payments to investment advisors and managers in terms of their mandates and agreements.

1.23 Employer grants

Receipts from participating employers in addition to normal contributions that are intended to eliminate the unintended cross-subsidisation of remaining continuation members by non-associated members, are classified as employer grants. This is due to the associated members no longer being members of the Society because of the sale of mines by the Employer or Associated Employers.

Such grants received from participating employers are recognised as sundry income in the Statement of Comprehensive Income on an accrual basis.

1.24 Related parties

In considering each possible related-party relationship, attention is directed to the substance of the relationship and not merely the legal form.

If there have been transactions between related parties, the Society shall disclose the nature of the related party relationship as well as the following information for each related party relationship:

-  the amount of the transactions;
-  the amount of outstanding balances;
-  their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement;
-  details of guarantees given or received;
-  provision for impairments related to the outstanding balances; and
-  the impairments write-offs or reversals recognised during the year in respect of amounts due from related parties.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

1. PRINCIPAL ACCOUNTING POLICIES (continued)

1.25 Foreign currency transactions

Foreign currency transactions are translated into the primary economic environment in which the Society operates using the exchange rate prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of transactions are recognised as part of foreign currency translation differences in the Statement of Comprehensive Income.

1.26 Revenue from contracts with customers

The Society receives an administration fee from a participating employer to manage the membership and medical expenses of employees on their Anti-Retroviral Treatment plan. The administration fee is regarded as the consideration to which the Society is entitled to in exchange for the service and is recognised as sundry income in the Statement of Comprehensive Income on an accrual basis.

1.27 Leases

The Society recognises a right-of-use asset and related lease liability in connection with all operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application of IFRS 16.

A right-of-use asset has not been recognised for the office accommodation lease as the value was immaterial from a financial statement disclosure perspective, due to the term of the lease and the variable components of the lease payments. The Society has opted to recognise the lease payments as administration expenses in the Statement of Comprehensive Income on a straight-line basis over the remaining lease term.

The Society has concluded that its other operating leases are leases of low-value assets and has opted to apply the optional exemption to not recognised right-of-use assets and to recognise the lease payments as administration expenses in the Statement of Comprehensive Income on a straight-line basis over the remaining lease terms.

1.28 Income Tax

In terms of Section 10(1)(d) of the Income Tax Act No. 58 of 1962 (as amended) receipts and accruals of a benefit fund are exempt from normal tax. A medical scheme is included in the definition of a benefit fund and consequently the Society is exempt from income tax.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

2. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fittings and equipment	Computer equipment	Total
	R	R	R
2025			
Cost	460 866	1 197 383	1 658 249
Opening balance	365 358	1 102 613	1 467 971
Write-offs and disposals	(153 845)	(104 542)	(258 387)
Additions	249 353	199 312	448 665
Accumulated depreciation	(164 862)	(943 638)	(1 108 500)
Opening balance	(234 110)	(907 772)	(1 141 882)
Write-offs and disposals	111 090	104 540	215 630
Depreciation charges for the year	(41 842)	(140 406)	(182 248)
Net carrying amount	296 004	253 745	549 749
2024			
Cost	365 358	1 102 613	1 467 971
Opening balance	344 370	983 894	1 328 264
Write-offs and disposals	(7 580)	(103 025)	(110 605)
Additions	28 568	221 744	250 312
Accumulated depreciation	(234 109)	(907 772)	(1 141 881)
Opening balance	(216 884)	(881 505)	(1 098 389)
Write-offs and disposals	7 578	103 015	110 593
Depreciation charges for the year	(24 803)	(129 282)	(154 085)
Net carrying amount	131 249	194 841	326 090

Depreciation charges of R182 248 (2024: R154 085) have been included in 'other operating expenses' in the Statement of Comprehensive Income (note 13).

3. INTANGIBLE ASSETS

	2025	2024
	R	R
Cost	293 859	293 859
Opening balance	293 859	293 859
Write-offs and disposals	-	-
Accumulated amortisation	(293 853)	(293 853)
Opening balance	(293 853)	(287 793)
Write-offs and disposals	-	-
Amortisation charges for the year	-	(6 060)
Net carrying amount	6	6

Intangible assets consist of computer software programmes and licenses. No amortisation charges (2024: R6 060) has been included in 'other operating expenses' in the Statement of Comprehensive Income (note 13).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Society's financial assets at fair value through profit or loss are classified as follows:

	2025	2024
	R	R
Non-current assets	467 024 744	469 943 817
Collective Investment Scheme	95 682 141	111 549 149
<i>Nedgroup Investments Core Income Fund - Class C</i>		
Debt instruments	17 676 616	49 353 841
Property instruments	198 304	1 113 760
Money market instruments	77 807 221	61 081 548
Segregated portfolio	371 342 603	358 394 668
Debt instruments	304 511 170	320 134 619
Debenture instruments	3 000 959	5 865 772
Property instruments	19 283 362	20 146 996
Money market instruments	44 547 112	12 247 281
Current assets	125 174 946	156 712 174
Segregated portfolio	125 174 946	156 712 174
Debt instruments	87 586 118	107 234 805
Debenture instruments	6 745 832	9 330 525
Property instruments	17 918 020	28 519 519
Money market instruments	12 924 976	11 627 325
Total financial assets at fair value through profit or loss	592 199 690	626 655 991

Movement in the fair value of financial assets are presented in 'net investment income' in the Statement of Comprehensive Income (note 11). The amounts recognised in the Statement of Comprehensive Income and movements in financial assets at fair value through profit or loss are as follows:

Balance at the beginning of the year	626 655 991	644 488 376
Realised (losses) / gains (note 11)	(1 244 481)	892 440
Unrealised gains / (losses) (note 11)	215 494	(8 963 609)
Interest, dividends and income distributions received (note 11)	58 951 708	67 816 890
Investment management fees settled (note 14)	(2 379 022)	(2 578 106)
Proceeds from disposals of investments	(90 000 000)	(75 000 000)
Balance at the end of the year	592 199 690	626 655 991

The Society's exposure to the various risks associated with the above financial instruments are disclosed in note 18. The maximum exposure to credit risk at the reporting date is the fair value of each class of financial asset mentioned above. These financial assets are neither past due nor impaired, and the credit risk is considered to be low. Credit risk is considered to be low for listed debt instruments that are investment grade (credit rating of Baa3 or higher), and for other instruments where the risks of default and the issuer not being able to meet the contractual cash flow obligations in the near term are low.

The counterparties are registered financial service providers (FSPs), registered with the Financial Services Conduct Authority (FSCA), and deposit taking institutions. Based on the credit ratings of the instruments and the issuers, including other market indicators, no material credit losses are expected.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

5. TRADE AND OTHER RECEIVABLES

	2025	2024
	R	R
Accrued interest	88 339	92 064
Prepaid expenses	265 963	151 828
Employer grant receivable	21 509 000	20 205 000
Sundry accounts receivable	7 489	15 629
- Related parties	7 489	15 629
Total trade and other receivables	21 870 791	20 464 521

At 31 December 2025 the carrying amounts of trade and other receivables approximate their fair values due to the short-term maturities of these assets. These assets are rendered interest free. The ageing analysis of trade and other receivables as at 31 December 2025 is as follows:

Fully performing	21 870 791	20 464 521
Past due but not impaired	-	-
Impaired and provided for	-	-
Total trade and other receivables	21 870 791	20 464 521

Trade and other receivables that are less than 4 months past due are not considered impaired. As at 31 December 2025 there was no (2024: None) trade and other receivables that were past due but not impaired. The ageing analysis of trade and other receivables past due but not impaired as at 31 December 2025 is as follows:

Up to 4 months	-	-
Over 4 months	-	-
Total trade and other receivables past due but not impaired	-	-

The increase and release of provision for impairment of trade and other receivables, if any, are included in 'net impairment for trade and other receivables' in 'other operating expenses' in the Statement of Comprehensive Income (note 13). In determining the recoverability of trade and other receivables, the Society considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date.

The maximum exposure to credit risk at the reporting date is the carrying value of each of class of receivable mentioned above. The Society does not hold any collateral as security. As at 31 December 2025 there was no impaired assets. In view of the above and since no lifetime credit losses are expected, no further provision for impairment or loss allowance is required.

6. CASH AND CASH EQUIVALENTS

	2025	2024
	R	R
Current accounts	15 543 274	24 861 601
Total cash and cash equivalents	15 543 274	24 861 601

The carrying amount of the cash and cash equivalents approximates the fair values due to the short-term nature of the investments. The interest earned on cash and cash equivalents is included in 'net investment income' in the 'Statement of Comprehensive Income' (note 11).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

7. RETIREMENT BENEFITS OBLIGATIONS

7.1 Post-employment healthcare benefits

The post-employment healthcare benefits arrangement provides medical aid contribution subsidy benefits to eligible retired employees and/or certain of their dependants. Eligibility for this subsidy is dependent upon the same criteria determined and documented in a formal policy by the Employer and Associated Employers due to historical reasons.

The method of accounting and valuation is similar to those for defined benefit pension schemes. The actuarial valuation to determine the liability is performed annually. The liability is unfunded and the underlying methodology used in the valuation remained unchanged from that used in the prior year. The Society uses the same assumptions as the Employer and Associated Employers in the valuation of the liability. There were no amendments, curtailments or settlements during the year under review.

The key assumptions used to determine the liability are as follows:

	2025	2024
Gross discount rate	8.35%	10.40%
Continuation of membership at retirement	90%	90%
Assumed rate of contribution increases (medical inflation)	6.15%	7.55%
Assumed net discounted rate	2.07%	2.65%
Pre-retirement mortality	Males: SA85-90 and Females: SA85-90 rated down by 3 year	
Post-retirement mortality	Males and Females: PA90 rated down 1 year	

The amounts recognised in the Statement of Financial Position and movements in the post-employment healthcare benefits liability are as follows:

	2025	2024
	R	R
Balance at the beginning of the year	16 207 461	15 364 318
Expense in respect of the current year	896 222	843 143
Benefits paid	(1 333 822)	(1 113 963)
Service cost	85 857	143 786
Interest cost	1 620 682	1 696 232
Actuarial loss / (gain) due to changes in financial assumptions	523 505	117 088
Balance at the end of the year	17 103 683	16 207 461

If the assumed future rate of medical inflation and gross discount rate was 1% higher the liability would have been R2 439 437 (14.3%) (2024: R2 294 928 (14.2%)) higher and if it was 1% lower, it would have been R2 938 769 (17.2%) (2024: R2 744 616 (16.9%)) lower.

The five-year summary of the post-employment healthcare benefits liability as at 31 December 2025 is as follows:

	2025	2024	2023	2022	2021
	R	R	R	R	R
Present value of liability	17 103 683	16 207 461	15 364 318	16 084 780	16 517 904
Actuarial losses / (gains)	523 505	117 088	(1 015 006)	(1 267 466)	(317 406)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

7. RETIREMENT BENEFITS OBLIGATIONS (continued)

7.1 Post-employment healthcare benefits (continued)

The amounts recognised in the Statement of Comprehensive Income are as follows:

	2025	2024
	R	R
Post-employment medical benefit payments	1 245 098	1 329 250
Expense in respect of the current year	896 222	843 143
Benefits paid	(1 333 822)	(1 113 963)
Service cost	85 857	143 786
Interest cost	1 620 682	1 696 232
Actuarial gain due to changes in financial assumptions	523 505	117 088
Total	2 141 320	2 172 393

R2 141 320 (2024: R2 172 393) has been included in 'attributable expenses incurred (staff remuneration and other employment costs)' in the Statement of Comprehensive Income (note 10.4).

7.2 Pension benefits

7.2.1 Defined contribution pension plan

All the employees of the Society are members of the De Beers Pension Fund defined contribution section (the Fund). The Fund is a self-administered fund governed by the Pension Funds Act No. 24 of 1956. The most recent actuarial valuation report dated 1 March 2025 indicated that the Fund was in a sound financial position. The next actuarial valuation will be performed as at 1 March 2028.

The charge in respect of the plan is calculated based on the contributions payable. Contributions to the value of R1 315 641 (2024: R1 287 739) were made during the year and have been included in the Statement of Comprehensive Income as follows:

- R1 162 056 (2024: R1 142 325) in 'staff remuneration and other employment costs' as part of 'attributable expenses incurred' (note 10.4); and
- R153 585 (2024: R145 414) in 'Principal Officer remuneration and other employment costs' as part of 'other operating expenses' (note 13).

7.2.2 Defined benefit pension plan

Several of the Society's retired employees are pensioners of the De Beers Pension Fund defined benefit section (the Fund). An actuarial valuation to determine the liability is performed annually by the Fund's Actuary, Keystone Actuarial Solutions.

However, in terms of an agreement reached between the Society during 2018, De Beers Group Services Proprietary Limited and De Beers Consolidated Mines Proprietary Limited, the Society waived its rights to the utilisation of the actuarial surplus allocated to the employer surplus account, for any of the purposes allowed for in Section 15E of the Pension Funds Act No. 24 of 1956. In return the Society will not be required to make additional contributions to fund any shortfall that may arise in the assets backing the liabilities. As such the assets and liabilities are not recognised.

7.3 Risk exposure

Through its post-employment healthcare benefits plan the Society is exposed to several risks, the most significant of which are:

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

7. RETIREMENT BENEFITS OBLIGATIONS (continued)

7.3 Risk exposure (continued)

-  Inflation risk: The liabilities are linked to inflation and higher inflation will result in higher liabilities.
-  Life expectancy: The plan's obligations are to provide benefits for the life of a member. An increase in life expectancy will therefore result in an increase in the plan's liabilities.
-  Legislation: Future changes in legislation may increase the liabilities.
-  Eligibility criteria: The risk that eligibility criteria and rules are not strictly or consistently applied.

7.4. Cash flow implications

The Society's contributions towards the various retirement benefits obligations plans is as follows:

-  Post-employment healthcare benefits plan: 86% of eligible retired employees and/or certain of their dependants' medical aid contributions.
The expected contributions for the year ending 31 December 2026 are R1 292 421.
The discounted weighted average duration of the plan is 8.0 years (2024: 8.5 years).
-  Defined contribution pension plan: 14.16% of employees' pensionable salaries.
The expected contributions for the year ending 31 December 2026 are R1 388 001.
-  Defined benefit pension plan: In terms of an agreement reached between the Society, De Beers Group Services Proprietary Limited and De Beers Consolidated Mines Proprietary Limited, the Society will not be required to make additional contributions to fund any shortfall that may arise in the assets backing the liabilities.

8. INSURANCE LIABILITY FOR FUTURE MEMBERS

8.1 Amounts attributable to future members

	2025	2024
	R	R
Balance at the beginning of the year	602 144 613	628 500 201
Net deficit for the year (note 15)	(41 763 409)	(26 355 588)
Balance at the end of the year	560 381 204	602 144 613

R509 931 204 (2024: R551 427 613) has been included in the Statement of Financial Position as a non-current liability and R50 450 000 (2024: R50 717 000) as a current liability (which represents the deficit budgeted for the ensuing year).

9. TRADE AND OTHER PAYABLES

Leave pay provision - Other operating expenses	-	58 731
Other operating expense payables and accruals	5 970 571	6 709 114
- Sundry creditors	5 897 484	6 696 142
- Staff related	73 087	12 972
Total trade and other payables	5 970 571	6 767 845

At 31 December 2025 the carrying amounts of trade and other payables approximate their fair values due to the short-term maturities of these liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

10. INSURANCE CONTRACT LIABILITY

The amounts recognised in the Statements of Financial Position, Comprehensive Income and Cash Flows, and the movements in the insurance contract liability are as follows:

	2025				2024			
	Liability for remaining coverage	Liability for incurred claims		Total	Liability for remaining coverage	Liability for incurred claims		Total
		Best estimate liability	Risk adjustment			Best estimate liability	Risk adjustment	
	R	R	R	R	R	R	R	R
Net insurance contract liabilities at the beginning of the year	13 405 287	33 392 008	374 740	47 172 035	14 805 188	27 416 921	338 888	42 560 997
Amounts recognised in Statement of Comprehensive Income	(346 830 903)	456 287 782	787 744	110 244 623	(352 407 102)	448 858 767	35 852	96 487 517
Insurance revenue (note 10.1)	(346 830 903)	-	-	(346 830 903)	(352 407 102)	-	-	(352 407 102)
Net claims incurred (note 10.2)	-	402 460 337	-	402 460 337	-	395 321 888	-	395 321 888
Change in liability for claims incurred (note 10.2)	-	27 638 233	787 744	28 425 977	-	28 216 271	35 852	28 252 123
- Past service	-	2 080 992	(374 740)	1 706 252	-	1 195 102	(338 888)	856 214
- Current service	-	25 557 241	1 162 484	26 719 725	-	27 021 169	374 740	27 395 909
Accredited managed healthcare services (note 10.3)	-	4 226 326	-	4 226 326	-	4 230 327	-	4 230 327
Attributable expenses incurred (note 10.4)	-	21 962 886	-	21 962 886	-	21 090 281	-	21 090 281
Cash flows	346 227 457	(456 902 429)	-	(110 674 972)	351 007 201	(442 883 680)	-	(91 876 479)
Contributions received	346 227 457	-	-	346 227 457	351 007 201	-	-	351 007 201
Recoveries of claims incurred from member co-payments	-	26 384 023	-	26 384 023	-	26 686 421	-	26 686 421
Reversal of provision for post-employment healthcare benefits	-	(896 222)	-	(896 222)	-	(843 143)	-	(843 143)
Recoveries from reinsurer (note 10.5)	-	(4 038 702)	-	(4 038 702)	-	(3 638 443)	-	(3 638 443)
Claims and directly attributable expenses paid	-	(478 351 528)	-	(478 351 528)	-	(465 088 515)	-	(465 088 515)
Net insurance contract liabilities at the end of the year	12 801 841	32 777 361	1 162 484	46 741 686	13 405 287	33 392 008	374 740	47 172 035

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

10. INSURANCE CONTRACT LIABILITY (continued)

The Society's insurance contract liability as at 31 December 2025 are summarised as follows:

	2025	2024
	R	R
Net liability in respect of insurance revenue	12 801 842	13 405 287
Contributions received in advanced	12 884 138	13 495 946
Contributions due by members	(82 296)	(90 659)
Net liability in respect of claims incurred	32 393 911	32 265 924
Claims reported not yet settled	8 371 059	7 191 382
Claims incurred not yet reported (note 10.2.1)	26 719 725	27 395 909
Amounts due by members	(2 274 883)	(1 826 519)
Amounts due by healthcare service providers	(456 536)	(557 019)
Unclaimed amounts due to healthcare service providers and former members	34 546	62 171
Net liability in respect of accredited managed healthcare services	130 843	140 212
Amounts payable to providers and accruals	130 843	140 212
Net liability in respect of other attributable expenses	977 141	1 037 708
Leave pay provision	958 452	982 421
Amounts payable to providers and accruals	18 689	55 287
Provision for impairment of insurance contract receivables	437 949	322 904
Total insurance contract liability	46 741 686	47 172 035

The Society's net insurance contract liability as at 31 December 2025 are categorised as follows:

Insurance contract receivables (assets) after provision for impairment	(4 567 064)	(4 700 576)
Insurance contract payables (liabilities)	51 308 750	51 872 611
Total net insurance contract liability	46 741 686	47 172 035

At 31 December 2025 the carrying amounts of insurance contract receivables approximate their fair values due to the short-term maturities of these assets. These assets are rendered interest free. The ageing analysis of insurance contract receivables as at 31 December 2025 is as follows:

Fully performing	4 503 875	4 646 650
Past due but not impaired	63 189	53 926
Total insurance contract receivables after provision for impairment	4 567 064	4 700 576
Impaired and provided for	437 949	322 904
Total insurance contract receivables before provision for impairment	5 005 013	5 023 480

Insurance contract receivables that are less than 4 months past due are not considered impaired. As at 31 December 2025, insurance contract receivables of R63 189 (2024: R53 926) were past due but not impaired. The Society does not hold any collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

10. INSURANCE CONTRACT LIABILITY (continued)

The Society did not provide for these as there has not been a significant change in the credit quality and the amounts are still considered recoverable. These relate to several members and independent service providers for whom there is no history of default. The ageing analysis of insurance contract receivables past due but not impaired as at 31 December 2025 is as follows:

	2025	2024
	R	R
Up to 4 months	63 189	53 926
Over 4 months	-	-
Total insurance contract receivables past due but not impaired	63 189	53 926

Movements in the provision for impairment of insurance contract receivables are as follows:

Balance at the beginning of the year	322 904	289 750
Amount recognised in Statement of Comprehensive Income (note 10.4)	115 045	33 154
Balance at the end of the year	437 949	322 904

The increase and release of provision for impairment of insurance contract receivables have been included in 'net impairment provision for insurance contract receivables' in 'attributable expenses incurred' in the Statement of Comprehensive Income (note 10.4). In determining the recoverability of insurance contract receivables, the Society considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the membership base being large and unrelated. The maximum exposure to credit risk at the reporting date is the carrying value of these receivables. The Society does not hold any collateral as security.

In view of the above and since no lifetime credit losses are expected, no further provision for impairment or loss allowance is required in excess of the allowance for impairment of insurance contract receivables.

10.1 Insurance revenue

Contributions raised per registered rules	346 830 903	352 407 102
Total insurance revenue	346 830 903	352 407 102

10.2 Net claims incurred

Claims incurred per registered rules	399 422 523	393 214 487
Risk transfer arrangement claims incurred	3 752 225	3 445 324
Discount received on claims	(635 127)	(1 071 420)
Recoveries from third parties	(79 284)	(266 503)
Incurred claims	402 460 337	395 321 888
Adjustment in the liability for incurred claims	28 425 977	28 252 123
- Not covered by risk transfer arrangement - Current service	25 200 000	26 734 692
- Not covered by risk transfer arrangement - Past service	2 080 992	1 195 102
- Covered by risk transfer arrangement - Current service	357 241	286 477
- Risk adjustment	787 744	35 852
Total net claims incurred	430 886 314	423 574 011

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

10. INSURANCE CONTRACT LIABILITY (continued)

10.2 Net claims incurred (continued)

The total recovery from member co-payments for the year amounted to R26 384 023 (2024: R26 686 421).

10.2.1 Claims incurred not yet reported

The movement in the claims incurred not yet reported as at 31 December 2025 is as follows:

	Not covered by risk transfer arrangement	Covered by risk transfer arrangement	Risk adjustment	Total
	R	R	R	R
2025				
Balance at beginning of the year	26 734 692	286 477	374 740	27 395 909
Payments/adjustment in respect of the prior year	(28 815 684)	(286 477)	(374 740)	(29 476 901)
Over provision in respect of the prior year	(2 080 992)	-	-	(2 080 992)
Adjustment for the current year (note 10.2)	27 280 992	357 241	1 162 484	28 800 717
Balance at end of the year	25 200 000	357 241	1 162 484	26 719 725
2024				
Balance at beginning of the year	22 800 000	193 119	338 888	23 332 007
Payments/adjustment in respect of the prior year	(23 995 102)	(193 119)	(338 888)	(24 527 109)
Over provision in respect of the prior year	(1 195 102)	-	-	(1 195 102)
Adjustment for the current year (note 10.2)	27 929 794	286 477	374 740	28 591 011
Balance at end of the year	26 734 692	286 477	374 740	27 395 909

The following is an analysis of the claims incurred not yet reported (excluding risk adjustment) and estimated recoveries from member co-payments as at 31 December 2025:

	2025	2024
	R	R
Estimated gross claims incurred not yet reported per registered rules	27 580 169	29 243 811
Claims incurred not yet reported covered by risk transfer arrangement	357 241	286 477
Estimated recoveries from member co-payments	(2 380 169)	(2 509 119)
Estimated net claims incurred not yet reported	25 557 241	27 021 169

The liability for claims incurred not yet reported relates to the estimated cost of relevant healthcare services (claims) incurred prior to the end of the accounting period and not yet reported to the Society.

Some sources of uncertainty need to be considered in estimating this liability. Initial estimates are made in relation to the actual claims reported and reviewed as the claims process matures. All estimates are revised and adjusted at year-end.

Process and assumptions used in determining the liability

The Society requested the Actuary to calculate the provision for claims incurred not yet reported as at 31 December 2025 making use of the Health Monitor Model (the model), traditional chain ladder techniques and the Bornhuetter-Ferguson (BF) method. These estimate claims by service dates based on the Society's actual demographic profile and claims experience.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

10. INSURANCE CONTRACT LIABILITY (continued)

10.2 Net claims incurred (continued)

10.2.1 Claims incurred not yet reported (continued)

Process and assumptions used in determining the liability (continued)

The provision is calculated on the best-estimate basis.

The expected healthcare needs of beneficiaries are directly linked to their demographic characteristics such as age, gender, geographical area, dependant type and chronic prevalence. Where there is insufficient information to calculate a reliable estimate, prudent assumptions are applied. Results are reconciled with actual monthly claims paid and adjustments made where necessary.

The primary assumption is that payments will occur in a similar manner in each service month based on historical claiming patterns. The proportional increase in the known payments from one month to the next can then be used to calculate payments for future months.

The claims incurred not yet reported covered by risk transfer arrangement relates to the fixed-fee capitation agreement between the Society and ER24 for emergency medical transport and evacuation services. This provision was calculated by ER24.

Risk adjustment

In addition, a risk adjustment is added to the best-estimate liability to compensate the Society for bearing the risk of uncertainty in relation to the timing, frequency and severity of claims. The Actuary determined the risk adjustment using a bootstrapping model and set the confidence level at 75% (provision expected to be sufficient 3 out of 4 years) to reflect the risk tolerance of the claims incurred not yet reported provision.

Sensitivity analysis

Management believes that the provision for claims incurred not yet reported as reported in the Statement of Financial Position is adequate. Management however recognises that the process of estimation is based upon certain variables and assumptions which could differ when actual claims are incurred.

The calculation of the provision for claims incurred not yet reported took account of the claims paid during January 2026 to March 2026 which amounted to R25 235 877 or 94.4% of the provision (2025: R27 597 601 or 100.7%). Should the actual claims settled for 2025 after March 2026 vary by 5% (2024: 5%), the claims incurred not yet reported provision will vary by R222 054 (2024: R1 581 572), which represents 0.9% (2024: 5.8%) of the total provision.

In terms of the risk adjustment, if the confidence level is set at 90%, the risk adjustment of R1 162 484 (2024: R374 740) would increase to R3 349 757 (2024: R1 256 662).

10.3 Accredited managed healthcare services

	2025	2024
	R	R
Hospital benefit and disease risk management services - PPSHA	2 591 319	2 582 940
Disease risk management support services - Icon Oncology	69 684	70 175
Pharmaceutical benefit management services - Mediscor	1 565 323	1 577 212
Total accredited managed healthcare services	4 226 326	4 230 327

Expenses incurred for managed healthcare services provided by accredited healthcare services organisations where there is no or insignificant transfer of risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

10. INSURANCE CONTRACT LIABILITY (continued)

10.4 Attributable expenses incurred

	2025	2024
	R	R
Actuarial pricing and benefit design fees	700 333	770 582
Administration expenses: Benefit management services	226 340	232 422
- Optometry benefit management services (PPN)	226 340	232 422
IT systems and infrastructure	4 238 367	3 945 439
Member communication	431 908	399 313
Net impairment for insurance contract receivables	83 955	33 518
- Increase in provision for impairment	115 045	33 154
- Written off as uncollectible	(31 090)	364
Staff remuneration and other employment costs (note 13.1)	16 263 748	15 647 711
Third-party claim recovery services	18 235	61 296
Total attributable expenses incurred	21 962 886	21 090 281

10.5 Risk transfer arrangement

The amounts recognised in the Statements of Comprehensive Income and Cash Flows, and movements in the risk transfer arrangement liability are as follows:

	Liability for remaining coverage	Liability for incurred claims	Total
	R	R	R
2025			
Balance at beginning of the year	302 732	(286 477)	16 255
Amounts recognised in Statement of Comprehensive Income	4 002 908	(4 109 466)	(106 558)
Risk transfer arrangement premiums	4 002 908	-	4 002 908
Amounts recovered for claims incurred (note 10.2)	-	(3 752 225)	(3 752 225)
Change in liability for incurred claims – Current service (note 10.2)	-	(357 241)	(357 241)
Cash flows	(3 982 033)	4 038 702	56 669
Risk transfer arrangement premiums paid to reinsurer	(3 982 033)	-	(3 982 033)
Recoveries from reinsurer	-	4 038 702	4 038 702
Balance at end of the year	323 607	(357 241)	(33 634)
2024			
Balance at beginning of the year	277 102	(193 119)	83 983
Amounts recognised in Statement of Comprehensive Income	3 692 391	(3 731 801)	(39 410)
Risk transfer arrangement premiums	3 692 391	-	3 692 391
Amounts recovered for claims incurred (note 10.2)	-	(3 445 324)	(3 445 324)
Change in liability for incurred claims – Current service (note 10.2)	-	(286 477)	(286 477)
Cash flows	(3 666 761)	3 638 443	(28 318)
Risk transfer arrangement premiums paid to reinsurer	(3 666 761)	-	(3 666 761)
Recoveries from reinsurer	-	3 638 443	3 638 443
Balance at end of the year	302 732	(286 477)	16 255

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

11. NET INVESTMENT INCOME

	2025	2024
	R	R
Financial assets at fair value through profit or loss	57 922 721	59 745 721
Net realised (losses) / gains	(1 244 481)	892 440
Net unrealised gains / (losses)	215 494	(8 963 609)
Interest, dividends and income distributions received	58 951 708	67 816 890
Cash and cash equivalents	1 014 921	1 295 438
Interest received	1 014 921	1 295 438
Total net investment income	58 937 642	61 041 159

12. SUNDRY INCOME

DART administration fee	89 676	89 370
Employer grant	21 509 000	20 205 000
Total sundry income	21 598 676	20 294 370

12.1 Employer grant

Finsch Mine and Kimberley Mines were sold by De Beers Consolidated Mines (DBCM), a participating employer in September 2011 and January 2016 respectively. This resulted in the termination of the membership of these employees and the retention of continuation members associated with these mines.

To offset any negative impact on the remaining members, DBCM has formally agreed to subsidise any resultant annual cross-subsidy deficit that may arise. The subsidy is calculated annually by the Actuary in terms of an agreed methodology.

13. OTHER OPERATING EXPENSES

Actuarial services	572 999	330 250
Audit services	2 633 177	2 539 204
- External audit: Provision current year	1 925 963	1 811 250
- Under provision prior year	23 000	250 141
- Internal audit	684 214	477 813
Bank charges	349 448	320 960
Depreciation and amortisation	182 248	160 145
General administration expenses	413 978	475 956
- Advertising costs	18 720	13 967
- Foreign exchange differences	6 388	18 214
- Office machines and equipment	68 355	74 859
- Postage and courier costs	180 278	189 794
- Stationery and printing	82 709	121 720
- Sundry expenses	1 086	1 061
- Telephone	56 442	56 341
Balance carried forward	4 151 850	3 826 515

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

13. OTHER OPERATING EXPENSES (continued)

	2025	2024
	R	R
Balance brought forward	4 151 850	3 826 515
Legal services	87 467	25 490
Loss on disposal of property, plant and equipment	42 758	11
Non-Trustee Board Committee members remuneration and other considerations	43 626	32 614
Office premises	1 670 128	1 227 450
- Electricity and water	275 676	247 483
- Maintenance and other expenses	1 118 893	718 409
- Rates and taxes	208 597	198 954
- Security	66 962	62 604
Principal Officer remuneration and other employment costs (note 13.1)	1 783 564	1 674 719
Refreshments	61 416	62 146
Staff training	74 586	66 454
Subscriptions and other fees	344 520	298 548
Travelling and accommodation	218 986	201 345
Trustee fidelity and professional indemnity insurance	82 945	81 303
Trustee remuneration and other considerations (note 17.2)	623 422	593 089
Total other operating expenses	9 185 268	8 089 684

13.1 Employee benefits expenses

Salaries, termination benefits, bonuses and recruitment costs	13 424 200	12 808 719
Retirement benefits	1 315 641	1 287 739
Medical benefits	864 174	857 753
Increase in leave accrual and leave days reimbursed	301 977	195 826
Post-employment healthcare benefits (note 7.1)	2 141 320	2 172 393
Total employee benefits expenses	18 047 312	17 322 430
Total employees	25	25

R16 263 748 (2024: R15 647 711) has been included in 'attributable expenses incurred (staff remuneration and other employment costs)' and R1 783 564 (2024: R1 674 719) in 'other operating expenses (Principal Officer remuneration and other employment costs)' in the Statement of Comprehensive Income (notes 10.4 and 13).

14. ASSET MANAGEMENT AND MONITORING FEES

Investment management fees	2 379 022	2 578 106
Asset consulting fees and costs	597 372	575 220
Total asset management and monitoring fees	2 976 394	3 153 326

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

15. SURPLUS / (DEFICIT) FROM OPERATIONS PER BENEFIT OPTION

The Society offers a single benefit option that has a traditional benefit structure with defined benefits, annual limits and no personal medical savings account. The principal features of the benefit provided are as follows:

- Comprehensive in-hospital, chronic and day-to-day cover;
- Benefits are calculated according to the Society's Reference Price List (SRPL); and
- Professional services rendered in an authorised network hospital are reimbursed at Scheme Rate (165% of SRPL).

The results of the Society for the year ended 31 December 2025 were as follows:

	2025	2024
	R	R
Insurance revenue	346 830 903	352 407 102
Insurance service expenses	(457 075 526)	(448 894 619)
Net claims incurred	(430 886 314)	(423 574 011)
Accredited managed healthcare services (no risk transfer)	(4 226 326)	(4 230 327)
Attributable expenses incurred	(21 962 886)	(21 090 281)
Net income from risk transfer arrangement	106 558	39 410
Risk transfer arrangement premiums paid	(4 002 908)	(3 692 391)
Amounts recovered for claims incurred	4 109 466	3 731 801
Insurance service results	(110 138 065)	(96 448 107)
Other income	80 536 318	81 335 529
Net investment income	58 937 642	61 041 159
Sundry income	21 598 676	20 294 370
Other expenditure	(12 161 662)	(11 243 010)
Other operating expenses	(9 185 268)	(8 089 684)
Asset management and monitoring fees	(2 976 394)	(3 153 326)
Net deficit for the year	(41 763 409)	(26 355 588)
Amounts attributable to future members (note 8)	41 763 409	26 355 588
Total comprehensive income for the year	-	-
Average number of members during the year	3 983	4 218

16. CASH USED IN OPERATIONS

Deficit from operations per benefit option for the year (note 15)	(41 763 409)	(26 355 588)
Adjusted for:		
Increase in provision for impairment (note 10.4)	115 045	33 154
Provision for post-employment healthcare benefits (note 7.1)	896 222	843 143
Balance carried forward	(40 752 142)	(25 479 291)

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

16. CASH USED IN OPERATIONS (continued)

	2025	2024
	R	R
Balance brought forward	(40 752 142)	(25 479 291)
Depreciation and amortisation (notes 2 and 3)	182 248	160 146
Loss on disposal of property, plant and equipment (Note 13)	42 758	11
Net investment income from financial assets through profit and loss (note 11)	(57 922 721)	(59 745 721)
Interest received	(1 018 646)	(1 323 582)
Cash used in operations before working capital changes	(99 468 503)	(86 388 437)
Working capital changes	(2 798 827)	3 660 333
Increase in trade and other receivables	(1 406 270)	(1 797 293)
(Decrease) / Increase in trade and other payables	(797 274)	947 470
(Decrease) / Increase in insurance and reinsurance contract (asset) / liability	(595 283)	4 510 156
Cash used in operations after working capital changes	(102 267 330)	(82 728 104)

17. RELATED PARTY TRANSACTIONS

17.1 Participating Employers

The following employers participate in the Society in terms of the Rules and membership may only comprise employees or continuation members associated with these employers:

- Artisan Training Institute Proprietary Limited;
- De Beers Consolidated Mines Proprietary Limited;
- De Beers Benefit Society;
- De Beers Group Services Proprietary Limited (Employer);
- De Beers Marine Proprietary Limited;
- De Beers Marine Namibia Proprietary Limited;
- De Beers Namibia Proprietary Limited;
- De Beers Pension Fund;
- De Beers Sightholder Sales South Africa Proprietary Limited
- Debswana Diamond Company Proprietary Limited;
- DTC Valuations Namibia Proprietary Limited;
- Namdeb Diamond Corporation Proprietary Limited;
- Petra Diamonds Limited; and
- any other company, organisation or affiliate that has a specific association or relationship with the Employer or Associated Employers, approved as such by the Employer.

The Employer (De Beers Group Services Proprietary Limited), which appoints half of the Board of Trustees, does not participate in the Society's financial and operating decisions.

Terms and conditions of the related party transactions were as follows:

- **Contributions:** Members and continuation members' contributions received from the participating employers.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

17. RELATED PARTY TRANSACTIONS (continued)

17.1 Participating Employers (continued)

-  **Employer grant:** The grant relates to a subsidy which is payable in terms of an agreement reached with DBCM following the sale of Finsch Mine in September 2011 and Kimberley Mines in January 2016. In terms of this agreement any resultant annual cross-subsidy deficits that may arise are payable by DBCM. The subsidy is calculated annually by the Actuary in terms of an agreed methodology and is considered to be a risk transfer arrangement.
-  **Sundry income:** The Society receives an administration fee from a participating employer to manage the membership and medical expenses of employees on the De Beers Anti-Retroviral Treatment program.
-  **Administration expenditure:** The Society contracted with certain of the participating employers to provide IT infrastructure, software maintenance and archive facilities. The Society is accommodated in a building owned by a participating employer. No market related rent is payable, but the Society is responsible for 50% of all operating and maintenance costs related to the building. The Society is included in a global insurance arrangement with the Anglo American plc, the holding company of the Employer, in respect of trustee fidelity and professional indemnity insurance, as well as building contents insurance.
-  **Trade and other payables:** The Society and the De Beers Pension Fund are accommodated in the same building and share all operating and maintenance costs related to the building, as well as the administrative environment. Certain payments for services provided as per the above were outstanding at year-end. The outstanding balance bears no interest and is payable within 30 days.
-  **Trade and other receivables:** The employer grant and sundry income mentioned above were outstanding at year-end. Certain of the payments for services provided as per the above were paid in advance at year-end. The outstanding balance bears no interest and is payable within 30 days.
-  **Defined benefit pension plan:** In terms of an agreement reached between the Society, De Beers Group Services Proprietary Limited and De Beers Consolidated Mines Proprietary Limited, the Society will not be required to make additional contributions to fund any shortfall that may arise in the assets backing the liabilities.

The following table provides the transactions which have been entered into with participating employers during the year:

	2025	2024
	R	R
Statement of Comprehensive Income:		
Contribution income	297 099 760	305 608 749
Administration expenditure	(1 513 991)	(1 407 692)
Sundry income (note 12)	21 598 676	20 294 370
- Employer grant	21 509 000	20 205 000
- DART administration fee	89 676	89 370

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

17. RELATED PARTY TRANSACTIONS (continued)

17.1 Participating Employers (continued)

	2025	2024
	R	R
Statement of Financial Position:		
Trade and other receivables	21 589 877	20 219 580
Trade and other payables	(3 512 890)	(4 410 982)

17.2 Key management personnel and their close family members

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Society. Key management personnel include the Board of Trustees, the Principal Officer and Society Manager and their immediate family members.

Terms and conditions of the related party transactions were as follows:

Contributions:	Contributions received from the related parties as members or continuation members of the Society, in their individual capacities. All contributions were paid in terms of the rules of the Society, as applicable to third parties.
Claims incurred:	Amounts claimed by the related parties, in their individual capacities as members of the Society. All claims were paid in terms of the rules of the Society, as applicable to third parties.
Claims (refund) / debt:	This constitutes the related parties' co-payments for claims or refunds due to members outstanding at year-end, in their individual capacities as members of the Society. All claims (refund) / debt were on the same terms as applicable to third parties.
Claims incurred not yet reported:	Provision for the cost of settling all claims incurred, but not yet reported at year-end, net of estimated co-payments from related parties.
Travel and other expenses:	Expenses incurred for meeting attendance and costs associated with travelling in respect of the Principal Officer.
Remuneration and retirement benefits obligation:	Short-term and post-employment employee benefits in respect of full time key management personnel who are compensated on a salary basis.
Trustee expenses:	Trustee expenses incurred for meeting attendance and costs associated with travelling in respect of Trustees and Board Committee members who are not employees of the participating employers. The Chairperson remuneration is paid by the Employer.

The following table provides the transactions which have been entered into with key management personnel during the year:

Statement of Comprehensive Income:

Trustee remuneration and other considerations (note 13)	(623 422)	(593 089)
Trustee contributions	807 588	788 188
Trustee net claims incurred	(574 007)	(511 513)

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

17. RELATED PARTY TRANSACTIONS (continued)

17.2 Key management personnel and their close family members (continued)

	2025	2024
	R	R
Key management remuneration	(1 506 614)	(1 607 071)
Principal Officer remuneration (note 13)	(1 783 564)	(1 674 719)
Principal Officer travel and other expenses incurred	(21 619)	(30 394)
Key management contributions	88 488	82 681
Principal Officer contributions	161 496	153 132
Key management net claims incurred	(60 360)	(134 691)
Principal Officer net claims incurred	(111 869)	(112 270)

Statement of Financial Position:

Trustee claims debt / (refund)	18 597	(4 356)
Key management claims debt	2 011	1 029
Principal Officer claims debt	1 698	1 528
Trustee claims incurred not yet reported	(17 972)	(16 775)
Key management claims incurred not yet reported	(1 332)	(1 824)
Principal Officer claims incurred not yet reported	(1 430)	(5 181)
Key management leave accrual	(175 076)	(201 978)
Principal Officer leave accrual	-	(58 731)

Analysis of trustee remuneration and other considerations:

	Training cost	Attendance fees	Travelling cost	Total
	R	R	R	R
2025				
D Bhana	6 196	74 074	13 980	94 250
C J Blanckenberg	-	23 569	21 153	44 722
C W Coltman	18 232	-	38 169	56 401
A P Hewett	15 226	114 478	18 659	148 363
R W Ketley	8 459	87 542	15 319	111 320
G Lekalakala	-	-	1 205	1 205
J Mapiloko	6 181	-	5 289	11 470
E Mcetjwa	15 897	-	2 515	18 412
W J B Smerdon	7 206	77 441	14 829	99 476
R Steenkamp	14 913	-	3 267	18 180
J H van der Walt	-	6 734	12 889	19 623
	92 310	383 838	147 274	623 422

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

17. RELATED PARTY TRANSACTIONS (continued)

17.2 Key management personnel and their close family members (continued)

	Training cost	Attendance fees	Travelling cost	Total
	R	R	R	R
2024				
D Bhana	5 231	77 472	11 776	94 479
C J Blanckenberg	1 999	64 560	43 751	110 310
C W Coltman	11 257	-	23 995	35 252
A P Hewett	9 231	83 928	12 658	105 817
R W Ketley	7 755	77 472	15 511	100 738
G Lekalakala	8 376	-	2 652	11 028
W J B Smerdon	-	12 912	10 714	23 626
J H van der Walt	13 980	38 736	59 123	111 839
	<u>57 829</u>	<u>355 080</u>	<u>180 180</u>	<u>593 089</u>

18. FAIR VALUE AND FINANCIAL RISK MANAGEMENT

The Society's activities expose it to a variety of financial risks: foreign investment currency risk, interest rate risk, investment market risk, credit and counterparty risk and liquidity risk.

These financial risks arise from open positions in interest rates, currency and listed instruments, all of which is exposed to general and specific market movements.

The Society's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Society's financial performance. The Society's financial assets and liabilities as at 31 December 2025 consist of financial assets at fair value through profit or loss in the form of collective investment schemes, investments held under segregated mandates, cash and cash equivalents, trade and other receivables, insurance contract liabilities, retirement benefit obligations and trade and other payables.

The carrying amounts of financial assets and financial liabilities in the financial statements approximate their fair values. The Society's risk exposure can be summarised as follows:

	Foreign investment currency risk	Interest rate risk	Investment market risk	Credit and counterparty risk	Liquidity risk
Investments					
Debt instruments	✓	✓	✓	✓	✓
Debenture instruments		✓	✓	✓	✓
Property instruments			✓		✓
Money market instruments	✓	✓		✓	✓
Cash and cash equivalents		✓		✓	✓
Trade and other receivables				✓	✓
Trade and other payables					✓
Insurance contract liabilities				✓	✓
Retirement benefit obligation				✓	✓

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

18. FAIR VALUE AND FINANCIAL RISK MANAGEMENT (continued)

The following is an analysis of the carrying amounts of financial assets and liabilities per category as at 31 December 2025:

	Financial assets at fair value through profit or loss (Look-through)	Financial assets and liabilities at amortised cost		Insurance receivables and liabilities	Total carrying amount
		Cash and cash equivalents	Non-insurance receivables and liabilities		
	R	R	R	R	R
2025					
Investments					
Debt instruments	409 773 903	-	-	-	409 773 903
Debenture instruments	9 746 791	-	-	-	9 746 791
Property instruments	37 399 687	-	-	-	37 399 687
Money market instruments	135 279 309	-	-	-	135 279 309
Cash and cash equivalents	-	15 543 274	-	-	15 543 274
	592 199 690	15 543 274	-	-	607 742 964
Insurance liability for future members	-	-	-	(560 381 204)	(560 381 204)
Insurance / reinsure contract liability	-	-	-	(46 708 052)	(46 708 052)
Retirement benefits obligations	-	-	(17 103 683)	-	(17 103 683)
Trade and other receivables	-	-	21 870 791	-	21 870 791
Trade and other payables	-	-	(5 970 571)	-	(5 970 571)
	592 199 690	15 543 274	(1 203 463)	(607 089 256)	(549 755)
2024					
Investments					
Debt instruments	476 723 265	-	-	-	476 723 265
Debenture instruments	15 196 296	-	-	-	15 196 296
Property instruments	49 780 275	-	-	-	49 780 275
Money market instruments	84 956 155	-	-	-	84 956 155
Cash and cash equivalents	-	24 861 601	-	-	24 861 601
	626 655 991	24 861 601	-	-	651 517 592
Insurance liability for future members	-	-	-	(602 144 613)	(602 144 613)
Insurance / reinsure contract liability	-	-	-	(47 188 290)	(47 188 290)
Retirement benefits obligations	-	-	(16 207 461)	-	(16 207 461)
Trade and other receivables	-	-	20 464 521	-	20 464 521
Trade and other payables	-	-	(6 767 845)	-	(6 767 845)
	626 655 991	24 861 601	(2 510 785)	(649 332 903)	(326 096)

The collective investment schemes included in financial assets at fair value through profit or loss (note 4) are included in the analysis on a look through basis to illustrate the underlying assets to which the Society's economic exposure relates.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

18. FAIR VALUE AND FINANCIAL RISK MANAGEMENT (continued)

(i) Fair value hierarchy

For financial assets (investments) recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of inputs used to make the measurements. The fair value hierarchy is based on the following levels:

- Level 1: Fair value is determined using unadjusted quoted prices in active markets for identical assets. The predominance of market inputs is actively quoted and can be validated through external sources or reliably interpolated if less observable;
- Level 2: Fair value is determined from inputs other than published in an active market and is observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Fair value is determined using valuation techniques that incorporate information other than observable market data and where at least one input is not based on observable market data.

Collective investment schemes usually have an observable unit price used for the previous day's transactions. Where the valuation is based on these observable unit prices with no significant unobservable inputs and there are sufficient transactions to meet the definition of a quoted price in an active market, it is classified as Level 1. If the scheme or policy is valued without reference to the published price, it will fall into Level 2 or 3. For the accounting policies regarding the determination of the fair values of financial assets and liabilities refer to note 1 to the financial statements.

The following table presents the Society's financial assets measured at fair value as at 31 December 2025:

	2025	2024
	R	R
Level 1	360 936 035	418 899 818
Level 2	184 778 885	175 723 946
Level 3	46 484 770	32 032 227
	592 199 690	626 655 991

(ii) Valuation techniques and observable inputs

The valuation techniques and observable inputs for Level 1 and 2 fair value measurements are as follows:

	Fair value 2025	Fair value 2024	Valuation method	Observable input (Level 1 and 2)
	R	R		
Segregated portfolios	450 032 779	483 074 615		
Debt instruments	373 635 722	420 541 838	JSE and other exchange prices	Johannesburg Stock and Other Exchange debt market publicly available quoted price.
Debentures		8 055 525		
Property instruments	18 924 969	30 602 646		
Money market instruments	57 472 088	23 874 606	Respective banks and corporate or other institutions	Recorded at cost, include amortised interest and any fair value gain or loss calculated based on yields provided by publicly available quoted prices.
Collective Investment Schemes	95 682 141	111 549 149	Scheme	Quoted unit price, as derived by the scheme with reference to the rules of the particular scheme, multiplied by the number of units.
Total level 1 and 2	545 714 920	594 623 764		

The main unobservable inputs based on the Society's investment manager's own data and other reasonably available information about the market participants in performing the fair value measurements of the above level 3 financial assets, consisting of unlisted debentures, debt instruments and property instruments, are:

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

18. FAIR VALUE AND FINANCIAL RISK MANAGEMENT (continued)

(ii) Valuation techniques and observable inputs (continued)

-  Discount rates, cost of capital, credit spreads and/or prepayment rates that market participants would take into account in pricing these assets;
-  Credit ratings and other knowledge about the counterparties in determining the probability of default and loss severity in the event of default; and
-  Contingent considerations based on the knowledge of the counterparties and how the current economic environment is likely to impact on the fair value of the assets.

The movement in Level 3 financial assets for the year is as follows:

	2025	2024
	R	R
Balance at beginning of the year	32 032 227	63 943 365
Acquisitions	22 077 101	2 184 435
Matured / Sold	(13 073 938)	(16 916 665)
Net unrealised gains / (losses) recognised	5 449 380	(17 178 909)
Balance at end of the year	46 484 770	32 032 227

18.1 Principles of risk management

The Society is exposed in particular to risks from movements in inflation, interest rates and the investment markets that affects its assets, liabilities and the forecasting of transactions.

Financial risk management aims to limit these market risks through on-going operational and finance activities.

Risk management is co-ordinated by Society Management under the auspices of the Audit and Risk Board Committee on behalf of the Board of Trustees. The Society's risk management policies are established to identify and analyse the risks faced by the Society, to set appropriate risk limits and controls and to monitor risks and adherence to these limits. The Society's risk management policies are reviewed regularly to reflect changes in the market conditions and the Society's activities.

18.2 Credit and counterparty risk

Credit risk is the risk of a financial loss arising from the inability of a third party to discharge its debt obligations.

The Society's credit risk is primarily attributable to amounts receivable in respect of members' co-payments. Active working members' co-payments are guaranteed by the participating employers. The amounts presented in the Statement of Financial Position are net of impairment losses on insurance contract receivables, estimated by Society Management based on prior experience and the current economic environment.

The Society has an agreement in place with DBCM, a participating employer, to subsidise any cross-subsidy deficit that may arise because of the termination of membership of employees and the retention of the continuation members associated with Finsch Mine and Kimberley Mines following the sale of these mines in September 2011 and January 2016 respectively. As the agreement relies on the continued existence of DBCM a risk exists that this liability might not be met if the company ceases to generate income in the ordinary course of business. Society Management is not aware of any developments that might impact on the future of DBCM and believes that the agreements would still be enforceable if the company is amalgamated or consolidated with another entity.

Management has impaired all insurance contract receivables which are past due and for which any uncertainty regarding collection exists. No losses are expected in terms of the remainder of the insurance contract receivables due to non-performance by these counterparties.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

18. FAIR VALUE AND FINANCIAL RISK MANAGEMENT (continued)

18.2 Credit and counterparty risk (continued)

The sensitivity analysis in respect of the credit risk in respect of the net insurance and reinsurance contract receivables as at 31 December 2025 is as follows:

	Fair value	Rate of deterioration			
		1 %	2 %	5 %	10 %
	R	R	R	R	R
2025	4 924 305	49 243	98 486	246 215	492 431
2024	4 987 053	49 871	99 741	249 353	498 705

To further mitigate this risk, there is a formal policy in place for the treatment of any receivable that becomes past due. If this fails, long outstanding receivables are handed over to a debt collection agency for recovery, if feasible.

The credit risk on cash and cash equivalents and money market instruments is limited because the counterparties are deposit taking institutions with high long-term credit ratings and registered financial service providers (FSPs).

The Society's credit risk exposure, as per the Moody's long-term credit ratings, in respect of cash and cash equivalents (note 6) and money market instruments held under its segregated mandates (note 4) as at 31 December 2025 was as follows:

	2025		2024	
	R	Rating	R	Rating
Absa Bank	16 698 419	Ba1	6 671 419	Ba1
FirstRand Bank	11 136 773	Ba1	5 091 909	Ba1
Nedbank	20 269 861	Ba1	10 148 476	Ba1
Standard Bank	24 910 308	Ba1	26 824 403	Ba1
Total	73 015 361		48 736 207	

In terms of the other financial assets held under its segregated mandates (note 4) the Society has no significant concentration of credit risk, with exposure spread over several counterparties and has a policy of limiting the amount of credit exposure to any issuer with a short-term Moody's rating of P-3 or higher and a long-term Moody's rating of Baa3 as far as reasonably possible. The credit exposure, as per the Moody's long-term credit ratings, in respect of these financial assets as at 31 December 2025 was as follows:

2025	Total	Aa3 - A1	Ba1 - Ba3	B1 - B3	Caa1 - Caa2	Not rated
Debt instruments	152 165 110	36 472 893	89 469 654	25 920 052	-	302 511
Absa Bank	43 424 480	-	43 424 480	-	-	-
Absa Group	6 232 397	-	6 232 397	-	-	-
Bayport Securitisation	21 518 468	-	15 017 588	6 500 880	-	-
BNP Paribas	36 472 893	36 472 893	-	-	-	-
Capital Harvest	15 265 832	-	7 113 750	8 152 082	-	-
DMC Evolution	11 267 090	-	-	11 267 090	-	-
FirstRand Bank	17 681 439	-	17 681 439	-	-	-
Landbank	302 511	-	-	-	-	302 511
Balance carried forward	152 165 110	36 472 893	89 469 654	25 920 052	-	302 511

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

18. FAIR VALUE AND FINANCIAL RISK MANAGEMENT (continued)

18.2 Credit and counterparty risk (continued)

2025	Total	Aa3 - A1	Ba1 - Ba3	B1 - B3	Caa1 - Caa2	Not rated
Debt instruments	392 097 288	36 472 893	310 933 772	37 525 977	6 862 135	302 511
Balance brought forward	152 165 110	36 472 893	89 469 654	25 920 052	-	302 511
Nedbank	8 858 183	-	8 858 183	-	-	-
Nedbank Group	69 971 711	-	69 971 711	-	-	-
Newlands Issuer Trust	18 216 543	-	18 216 543	-	-	-
Nutun	3 000 965	-	-	3 000 965	-	-
Republic Of South Africa	3 065 282	-	3 065 282	-	-	-
Standard Bank	89 342 769	-	89 342 769	-	-	-
Standard Bank Group	26 993 334	-	26 993 334	-	-	-
Transsec	6 862 135	-	-	-	6 862 135	-
Urban Ubomi	13 621 256	-	5 016 296	8 604 960	-	-
Debenture instruments	9 746 791	-	-	3 000 959	6 745 832	-
Nutun	3 000 959	-	-	3 000 959	-	-
SA Taxi	1 275 000	-	-	-	1 275 000	-
Transflow	5 470 832	-	-	-	5 470 832	-
Property instruments	37 201 382	-	14 159 712	11 190 817	11 850 853	-
Accelerate Property	11 850 853	-	-	-	11 850 853	-
Amber House Fund	5 051 267	-	4 039 154	1 012 113	-	-
Bright Ally	12 036 068	-	10 028 668	2 007 400	-	-
Enyuka Prop Holdings	173 178	-	91 890	81 288	-	-
The Thekwini Fund	8 090 016	-	-	8 090 016	-	-
Total	439 045 461	36 472 893	325 093 484	51 717 753	25 458 820	302 511
2024						
Debt instruments	202 118 766	36 529 786	146 504 496	19 084 484	-	-
Absa Bank	57 434 432	-	57 434 432	-	-	-
Absa Group	28 797 699	-	28 797 699	-	-	-
Bayport Securitisation	28 422 855	-	20 422 404	8 000 451	-	-
BNP Paribas	36 529 786	36 529 786	-	-	-	-
Capital Harvest	15 293 666	-	7 126 739	8 166 927	-	-
DMC Evolution	2 917 106	-	-	2 917 106	-	-
Firstrand Bank	32 723 222	-	32 723 222	-	-	-
Balance carried forward	202 118 766	36 529 786	146 504 496	19 084 484	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

18. FAIR VALUE AND FINANCIAL RISK MANAGEMENT (continued)

18.2 Credit and counterparty risk (continued)

2024	Total	Aa3 - A1	Ba1 - Ba3	B1 - B3	Caa1 - Caa2	Not rated
Debt instruments	427 369 424	36 529 786	351 087 987	33 341 503	5 500 713	909 435
Balance brought forward	202 118 766	36 529 786	146 504 496	19 084 484	-	-
Landbank	909 435	-	-	-	-	909 435
Nedbank	44 767 080	-	44 767 080	-	-	-
Nedbank Group	30 495 027	-	30 495 027	-	-	-
Newlands Issuer Trust	17 878 905	-	17 878 905	-	-	-
Nutun	3 001 045	-	-	3 001 045	-	-
Standard Bank	73 259 445	-	73 259 445	-	-	-
Standard Bank Group	37 169 869	-	37 169 869	-	-	-
Transsec	8 135 995	-	-	2 635 282	5 500 713	-
Urban Ubomi	9 633 857	-	1 013 165	8 620 692	-	-
Debenture instruments	15 196 296	-	-	5 865 771	9 330 525	-
Capital Harvest	-	-	-	-	-	-
DMC Evolution	2 864 732	-	-	2 864 732	-	-
Nutun	3 001 039	-	-	3 001 039	-	-
SA Taxi	1 275 000	-	-	-	1 275 000	-
Transflow	8 055 525	-	-	-	8 055 525	-
Property instruments	48 666 515	-	16 887 002	19 173 426	12 606 087	-
Accelerate Property	12 606 087	-	-	-	12 606 087	-
Amber House Fund	8 103 846	-	5 057 173	3 046 673	-	-
Bright Ally	12 046 769	-	10 037 343	2 009 426	-	-
Manxman Investments	6 017 100	-	-	6 017 100	-	-
The Thekwini Fund	8 100 227	-	-	8 100 227	-	-
Tuhf Urban Finance	1 792 486	-	1 792 486	-	-	-
Total	491 232 235	36 529 786	367 974 989	58 380 700	27 437 325	909 435

18.3 Foreign investment and currency risk

Foreign investment and currency risk are the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Society was invested in the following foreign debt instruments as at 31 December 2025:

	2025	2024
	R	R
BNP Paribas	19 034 412	26 689 820
Nedbank	-	6 703 546
Total	19 034 412	33 393 366

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

18. FAIR VALUE AND FINANCIAL RISK MANAGEMENT (continued)

18.3 Foreign investment and currency risk (continued)

Although these instruments are classified as foreign investments by the Council, since they are referenced to foreign debt instruments, the instruments are issued in Rand. The Society therefore has no effective foreign currency exposure.

18.4 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in interest rates. The table below summarises the Society's exposure to interest-bearing investments as at 31 December 2025:

	2025	2024
	R	R
Cash and cash equivalents (note 6)	15 543 274	24 861 601
Financial assets at fair value through profit or loss	554 800 003	576 875 716
Debt instruments	409 773 903	476 723 265
Debenture instruments	9 746 791	15 196 296
Money market instruments	135 279 309	84 956 155
Total exposure to interest-bearing investments	570 343 277	601 737 317

The interest rate risk is managed by maintaining an appropriate mix between fixed and variable interest rate investments, with less than 10% maturing in the next 12 months. As at 31 December 2025, 32% of the interest-bearing financial assets at fair value were invested in floating rate notes, 16% in negotiable certificates of deposit, 36% in credit linked notes and the remaining 16% in other structured and call deposit investments.

If the interest rates had been 0.5% higher or lower and all other variables remained constant the Society's total comprehensive income for the year would increase or decrease by R2 851 716 (2024: R3 008 687). This is mainly due to the Society's exposure to interest rates on investments held in debt and other money market instruments.

18.5 Investment market risk

Investment market risk is the risk that the value of a financial instrument will fluctuate because of changes in the market.

The fair value of investments will fluctuate because of changes in market prices. Changes in fair value are recognised in investment income in the Statement of Comprehensive Income.

Collective investment schemes are invested in pooled funds which are valued at fair value and are also susceptible to market fluctuations and are included in financial assets at fair through profit or loss in the Statement of Financial Position. The Society's investments in collective investment schemes ("Investee Funds") are subject to the terms and conditions of the respective Investee Fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those Investee Funds.

The investment managers make investment decisions after extensive due diligence reviews. The Society has the right to request redemption of its investment in the Investee Funds at any given time. The exposure of the Society to investment in Investee Funds as at 31 December 2025 is as follows:

Investee Funds	Net asset value	Fair value	Net assets attributable
	R'000	R'000	%
Nedgroup Investments Core Income Fund – Class C	62 700 000	95 682	0.15%

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

18. FAIR VALUE AND FINANCIAL RISK MANAGEMENT (continued)

18.5 Investment market risk (continued)

The Society's maximum exposure to loss from its interest is equal to the total fair value of its investment in the Investee Funds. Once the Society has disposed of its units in the Investee Funds, it ceases to be exposed to any risk from those funds.

As at 31 December 2025 there were no capital commitment obligations and no amounts due to the Investee Funds for unsettled purchases.

Investments are managed with the aim of maximising the Society's returns while limiting risk to acceptable levels within the framework of the statutory requirements. The Society's investments are fully performing.

The assets underlying the investments are exposed to the debenture and debt instruments' active markets. Debentures, property and debt instruments are equitably allocated to all sectors of the market.

The following is an analysis of the Society's investments as at 31 December 2025 in property, debenture and debt instruments held indirectly through its investments in collective investment schemes, as well as directly through its segregated mandates:

	2025	2024
	R	R
Segregated portfolios	439 045 461	491 232 235
Debt instruments	392 097 288	427 369 424
Debenture instruments	9 746 791	15 196 296
Property instruments	37 201 382	48 666 515
Collective Investment Schemes	17 874 920	50 467 601
Nedgroup Investments Core Income Fund	17 874 919	50 467 601
Debt instruments	17 676 616	49 353 841
Property instruments	198 304	1 113 760
Total	456 920 381	541 699 836

If the market prices of property, debentures and debt instruments had been 1% higher or lower the total comprehensive income for the year would have increased or decreased by R4 569 204 (2024: R5 416 998) because of the change in the fair value of financial assets at fair value through profit or loss.

18.6 Liquidity risk management

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due.

The Society's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Society's reputation.

The Society manages liquidity risk by monitoring cash flow forecasts and accordingly ensuring that adequate cash is available.

All the Society's liabilities are payable within one year, except for the post-employment healthcare benefits liability and the insurance liability for future members.

The Society has budgeted for a deficit for the year ending 31 December 2026 of R50 450 000 and therefore expects that a portion (9.0%) of the R560 381 204 total insurance liability for future members will be utilised within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

18. FAIR VALUE AND FINANCIAL RISK MANAGEMENT (continued)

18.6 Liquidity risk management (continued)

The carrying amounts of the Society's financial assets and liabilities, grouped into relevant maturity groupings, as at 31 December 2025 are as follows:

	Total	Up to 1 month	1 to 3 months	3 to 12 months	More than 12 months
	R	R	R	R	R
2025					
Trade and other payables	5 970 571	5 903 575	12 181	54 815	-
Insurance/reinsurance contract liability	46 708 052	23 872 288	13 837 633	8 963 585	34 546
Receivables	(4 924 305)	(3 026 096)	(1 835 020)	(63 189)	-
Payables	51 632 357	26 898 384	15 672 653	9 026 774	34 546
Insurance liability for future members	560 381 204	4 204 167	8 408 333	37 837 500	509 931 204
Retirement benefit obligations	17 103 683	107 702	215 403	969 316	15 811 262
Cash and cash equivalent	(15 543 274)	(15 543 274)	-	-	-
Trade and other receivables	(21 870 791)	(361 791)	(21 509 000)	-	-
Investments	(592 199 690)	(106 832 579)	(38 498 491)	(140 243 292)	(306 625 328)
Liquidity (excess) / deficit	549 755	(88 649 912)	(37 533 941)	(92 418 076)	219 151 684
2024					
Trade and other payables	6 767 845	6 702 117	11 951	53 777	-
Insurance/reinsurance contract liability	47 188 290	26 855 922	12 778 336	7 491 861	62 171
Receivables	(4 987 053)	(2 600 357)	(2 332 770)	(53 926)	-
Payables	52 175 343	29 456 279	15 111 106	7 545 787	62 171
Insurance liability for future members	602 144 613	4 226 417	8 452 833	38 037 750	551 427 613
Retirement benefit obligations	16 207 461	111 152	222 303	1 000 367	14 873 639
Cash and cash equivalent	(24 861 601)	(24 861 601)	-	-	-
Trade and other receivables	(20 464 521)	(259 521)	(20 205 000)	-	-
Investments	(626 655 991)	(43 682 745)	(16 744 717)	(118 012 588)	(448 215 941)
Liquidity (excess) / deficit	326 096	(30 908 259)	(15 484 294)	(71 428 833)	118 147 482

19. INSURANCE RISK MANAGEMENT

The primary business objective of the Society is to accept medical liability in respect of its members and their registered dependants by providing benefits for relevant healthcare services (claims incurred) obtained in accordance with the rules of the Society, in return for contributions. This objective takes account of the specific inherent risks associated with the demographics of the Society's membership, high pensioner ratio, chronic disease prevalence amongst beneficiaries and the medical insurance risk.

The medical insurance risk refers to the unpredictability of diseases, nature of and advancements related to treatments purchased and the cost of related services, as well as the uncertainty surrounding the timing and severity of claims.

The Board of Trustees has mandated the Benefits Review Board Committee to review and consider the medical insurance risk within the constraints imposed by the Act and the Society's medical insurance risk management policy.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

19. INSURANCE RISK MANAGEMENT (continued)

The requirements of the Act were considered in compiling the policy and it has been approved by the Board of Trustees. The policy is reviewed regularly taking cognisance of the requirements of the Act, legislative changes, industry developments, member feedback and the Society's current funding level, reserve management strategy, ability to accept insurance risk and insurance risk exposure.

The Benefits Review Board Committee is also responsible for:

- the annual review of the benefit structure and to develop proposals in this regard for consideration by the Board of Trustees in order to ensure that the Society's exposure to medical insurance risk remains within acceptable levels;
- evaluating the effectiveness and efficiency of current risk transfer arrangements and commercial reinsurance contracts entered into by the Society; and
- recommending to the Board of Trustees whether or not the Society should enter into any additional risk transfer arrangements or commercial reinsurance contracts or terminate current arrangements.

The Society manages and mitigates its medical insurance risk by:

- keeping abreast of and implementing appropriate industry best practices;
- having a well-defined benefit structure;
- adjusting or implementing of new benefit limits, sub-limits, co-payments, penalties, waiting periods and exclusions;
- making use of pricing guidelines, including but not limited to generic reference pricing models such as the Mediscor Reference Price (MRP) model, medicine formularies and therapeutic reference pricing models such as the Mediscor Formulary Reference Price Plus (FRP Plus) model for the treatment of chronic disease conditions;
- pre-authorising hospital admission requests, case managing selected cases and performing clinical audits;
- contracting with managed care organisations to utilise their clinical guidelines, treatment protocols and medical advisory services;
- implementing risk transfer arrangements;
- implementing chronic medication and disease risk management programmes;
- having preferred provider networks and Designated Service Provider (DSP) arrangements in place;
- tracking and analysing claiming patterns to detect and manage emerging trends in order to develop and implement strategies to deal with these changes;
- making use of healthcare system measurements tools to measure the performance and efficiency levels of hospitals, service providers and other managed care interventions;
- agreeing with the Employer or Associated Employers to compensate or subsidise the Society for the financial impact of corporate activity giving rise to cross-subsidy deficits, as a result of the termination of membership of employees and the retention of the continuation members associated with the operation in question;
- recovering claims incurred by members or their registered dependants from third party insurers such as the Road Accident Fund (RAF), where a third-party liability exists;
- monitoring industry trends and emerging healthcare issues and taking pre-emptive or corrective action as required; and
- increasing contribution levels taking cognisance of estimated claims, industry developments and market trends, as well as the Society's reserve management strategy, investment returns earned and other sources of income.

In addition, administrative risk management measures are employed to ensure appropriate access to benefits. These include, but are not limited to benefit pre-authorisation, billing audits and interventions aimed at combating fraud in general.

The Society, with the assistance of the Actuary, assesses and monitors its medical insurance risk exposure both for individual types of risks and overall risks on an on-going basis. This assessment includes internal risk measurement models, stress testing and sensitivity and scenario analyses.

The principal risks are that the actual changes in membership demographics and the frequency and severity of claims ultimately exceed the projections made at the time of compiling the annual budget. Factors that aggravate the medical insurance risk include the lack of risk diversification in terms of the type and extent of risk and geographical location of beneficiaries covered.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

19. INSURANCE RISK MANAGEMENT (continued)

Insurance events are, by their nature, random and the actual number and size of events during any one year may vary from those that were estimated with established statistical techniques based on membership demographics and historical claiming patterns.

The principal features of the types of risk covered or benefits provided can be summarised as follows:

- hospital benefits include the hospitalisation costs incurred by beneficiaries while they are in the hospital to receive pre-authorised or emergency treatment for medical conditions;
- specialist benefits covering the costs of visits by beneficiaries to specialists and procedures, in and out-of-hospital. This also includes radiology and pathology benefits provided to beneficiaries;
- medicine benefits cover the costs of medicines (chronic, acute and over-the-counter) obtained by beneficiaries;
- auxiliary and support service benefits include the costs incurred by beneficiaries for treatment and services (e.g. optometry, biokinetics, homeopathy, frail care, etc.) provided by the medical industry in terms of their benefits which cannot be classified in the above categories and are not material enough to form their own category;
- general practitioner benefits cover the cost of visits by beneficiaries to general practitioners and for procedures, in and out-of-hospital; and
- dentistry benefits cover the costs of visits by beneficiaries to dental practitioners and for associated procedures.

The following tables summarise the concentration of insurance risk with reference to the carrying amount of the net claims incurred by age group and in relation to the type of risk covered or the benefits provided for 2025 and 2024 respectively:

2025

Age group	Hospitals	Specialists	Medicines	Auxiliary and Support Services	General Practitioners	Dentistry	Total
	R	R	R	R	R	R	R
< 20	8 189 424	4 957 265	2 398 042	2 239 260	1 863 597	2 071 381	21 718 969
20 – 34	3 882 728	3 439 449	1 268 794	1 450 063	805 495	384 001	11 230 530
35 – 49	9 741 248	10 714 644	5 283 971	4 199 277	2 392 001	1 761 592	34 092 733
50 – 64	50 745 314	42 457 117	18 831 880	9 750 967	5 018 938	3 768 761	130 572 977
65 +	101 461 979	71 687 811	30 595 664	18 513 197	7 395 945	3 616 509	233 271 105
Total	174 020 693	133 256 286	58 378 351	36 152 764	17 475 976	11 602 244	430 886 314

2024

Age group	Hospitals	Specialists	Medicines	Auxiliary and Support Services	General Practitioners	Dentistry	Total
	R	R	R	R	R	R	R
< 20	5 826 803	4 699 566	2 444 316	2 178 966	1 960 915	2 156 402	19 266 968
20 - 34	3 883 935	3 553 031	1 463 702	1 372 491	876 328	535 398	11 684 885
35 - 49	9 993 765	10 196 035	5 339 743	4 147 498	2 746 638	1 534 513	33 958 192
50 - 64	50 221 490	41 809 740	18 031 966	9 190 795	4 602 232	4 230 361	128 086 584
65 +	101 678 372	69 707 839	28 516 661	19 892 099	6 782 562	3 999 849	230 577 382
Total	171 604 365	129 966 211	55 796 388	36 781 849	16 968 675	12 456 523	423 574 011

If the claims experience varied by 1% the benefits provided would have been higher or lower by R4 308 863 (2024: R4 235 740).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

19. INSURANCE RISK MANAGEMENT (continued)

A preferred provider network agreement remains in place between the Society and Mediclinic for the rendering of private hospital services. The Board of Trustees ultimately decides on whether or not to enter into risk transfer arrangements or commercial reinsurance contracts. To this end the Society has:

- a fixed-fee capitation agreement in place with ER24 for emergency medical transport and evacuation services; and
- an agreement with DBCM to subsidise any annual cross-subsidy deficit that may arise as a result of the termination of membership of employees and the retention of the continuation members associated with Finsch Mine and Kimberley Mines, following the sale of the mines in September 2011 and January 2016 respectively.

Annual actuarial valuations are performed in order to calculate the cross-subsidy deficit, if any, in terms of the agreed method. In performing the actuarial valuation, the Actuary makes use of the same assumptions as allowed for in the annual budget determination process. The assumptions and sensitivities are disclosed below. The subsidy is not offset against the 'claims incurred' (note 10.2) but is disclosed as an 'employer grant' (note 12) in the Statement of Comprehensive Income. If the agreements were not in place the 'amounts attributable to future members' would have been R21 509 000 (2024: R20 205 000) lower.

Furthermore, medical schemes are required to fund prescribed minimum benefits (PMBs) in full in terms of Regulation 8 of the Act. This includes the costs related to:

- the diagnosis, treatment and care of any emergency medical condition;
- a defined set of 270 medical conditions defined in the diagnosis treatment pairs (DTPs); and
- 26 chronic conditions defined in the Chronic Disease List (CDL).

This poses an additional financial risk to the Society since there are no regulated tariffs for healthcare service providers. The Society, where appropriate and permissible makes use of designated service providers (DSPs) treatment protocols and formularies for specific conditions to manage the risk associated with PMBs.

The following tables summarise the concentration of insurance risk with reference to the carrying amount of the insurance claims incurred by age group, split between prescribed minimum benefits (PMB) and non-PMB claims for 2025 and 2024 respectively:

2025

Age group	In-hospital		Day-to-day		Chronic (CDL)	Other	Total
	PMB	Non-PMB	PMB	Non-PMB			
	R	R	R	R	R	R	R
< 20	7 467 670	4 440 404	1 502 721	7 627 718	495 387	128 978	21 662 878
20 - 34	4 010 303	1 983 140	1 031 103	2 907 543	1 206 547	79 507	11 218 143
35 - 49	9 570 629	5 902 545	3 311 897	10 358 732	4 717 457	300 906	34 162 166
50 - 64	54 485 867	24 540 520	15 423 075	22 713 789	12 210 717	1 068 678	130 442 646
65 +	116 504 164	40 565 243	25 278 334	27 820 822	20 700 521	2 531 397	233 400 481
Total	192 038 633	77 431 852	46 547 130	71 428 604	39 330 629	4 109 466	430 886 314

2024

< 20	4 679 027	4 445 727	1 531 484	8 006 635	477 383	117 124	19 257 380
20 - 34	3 999 041	2 069 355	1 240 416	3 192 329	1 099 282	72 200	11 672 623
35 - 49	9 753 424	5 765 642	3 054 217	11 361 082	3 806 498	273 252	34 014 115
50 - 64	56 067 010	22 469 628	13 762 057	23 361 558	11 334 186	970 466	127 964 905
65 +	116 536 060	39 601 742	22 019 044	29 647 477	20 561 906	2 298 759	230 664 988
Total	191 034 562	74 352 094	41 607 218	75 569 081	37 279 255	3 731 801	423 574 011

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

19. INSURANCE RISK MANAGEMENT (continued)

The principal features of the PMB and non-PMB claims are as follows:

- in-hospital benefits cover costs incurred by beneficiaries while they are in hospital to receive pre-authorised and emergency treatment for medical conditions;
- day-to-day benefits cover the costs of out-of-hospital medical attention, such as visits to general practitioners and dentists;
- chronic benefits cover the cost of certain medicines prescribed to beneficiaries for chronic conditions/diseases and other related costs; and
- other benefits are the claims incurred in respect of the risk transfer arrangement.

19.1 Claims development

Claims development tables are not presented since the uncertainty regarding the amount and timing of claim payments is typically resolved within one year, and in the majority of cases within four months.

19.2 Sensitivity analysis

In terms of the Act the solvency level of the Society must at least be 25% of the gross annual contributions. The estimated solvency level is based on a number of assumptions, including price increases, utilisation and membership demographics.

The following sections illustrate the sensitivity of the solvency level to these assumptions, as calculated during the Society's annual benefit design and pricing review:

(i) Price increases

The final price increases were not available at the time of determining the pricing for 2026.

Any changes in the price increases in excess or below the expected price increase will impact on the claims expenditure for 2026 and ultimately the projected solvency ratio.

The table below sets out the impact of the listed scenarios on the solvency ratio:

	2026		2025	
	Solvency ratio	Difference	Solvency ratio	Difference
Average price increase of 5.0% (2025: 5.3%)	145.2%		154.3%	
Average price increase of 2% less than expected	146.8%	1.6%	156.4%	2.1%
Average price increase of 1% less than expected	146.0%	0.8%	155.3%	1.0%
Average price increase of 1% more than expected	144.5%	(0.8%)	153.2%	(1.0%)
Average price increase of 2% more than expected	143.7%	(1.6%)	152.2%	(2.1%)

(ii) Change in benefit utilisation

This assumption is particularly uncertain relative to the other assumptions used due to it encapsulating the impact of yet unknown factors such as the introduction of new technologies and drugs. If the actual increase in benefit utilisation is different to that assumed, the claims expenditure for 2026 will differ.

The table below sets out the impact of the listed scenarios on the solvency ratio:

Average utilisation increase of 0.8% (2025: 1.2%)	145.2%		154.3%	
Average utilisation increase of 2% less than expected	147.4%	2.1%	156.8%	2.5%
Average utilisation increase of 1% less than expected	146.3%	1.1%	155.5%	1.3%
Average utilisation increase of 1% more than expected	144.2%	(1.1%)	153.0%	(1.3%)
Average utilisation increase of 2% more than expected	143.1%	(2.1%)	151.8%	(2.5%)

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

19. INSURANCE RISK MANAGEMENT (continued)

19.2 Sensitivity analysis (continued)

(iii) Ageing of membership

In general, the benefit utilisation by beneficiaries increases with age. If the actual increase in average age is different to that assumed, the expected claims expenditure for 2026 will differ.

The table below sets out the impact of the listed scenarios on the solvency ratio:

	2026		2025	
	Solvency ratio	Difference	Solvency ratio	Difference
Average age of 56.5 (2025: 54.5) assumed	145.2%		154.3%	
Average age of members decreases by 2 years	138.0%	(7.3%)	147.3%	(6.9%)
Average age of members decreases by 1 years	141.7%	(3.6%)	150.7%	(3.6%)
Average age of members increases by 1 years	148.6%	3.3%	157.6%	3.3%
Average age of members increases by 2 years	151.8%	6.5%	161.3%	7.1%

(iv) Claims experience

Claims experience may vary due to inflation, utilisation and/or average age changes, as indicated above, but also potentially due to other factors such as severity or random variation. As the Society's risk profile for 2026 is uncertain, given all the changes and risks it faces, the claims experience could be quite different to that expected.

The table below sets out the impact of the listed scenarios on the solvency ratio:

Claims experience of R9 527 (2025: R9 044) per principal member per month	145.2%		154.3%	
Claims experience 8% lower than expected	155.5%	10.2%	164.5%	10.3%
Claims experience 4% lower than expected	150.4%	5.1%	159.4%	5.1%
Claims experience 4% higher than expected	140.1%	(5.1%)	149.1%	(5.1%)
Claims experience 8% higher than expected	135.0%	(10.2%)	144.0%	(10.3%)

(v) Membership level changes

The Society's solvency level is very sensitive to any change in membership levels, due to the fact that the definition of solvency is the value of the Society's accumulated funds as per Regulation 29 (hereinafter referred to as accumulated funds) divided by contribution income. Therefore, any increase in contribution income, as a result of increase in membership, would reduce the solvency level even though the value of the Society's accumulated funds remains unchanged.

The table below sets out the impact of the listed scenarios on the solvency ratio:

Total membership of 45 412 (2025: 48 460) principal members for the year assumed	145.2%		154.3%	
Membership 10% lower than assumed	165.3%	20.1%	173.7%	19.5%
Membership 5% lower than assumed	154.8%	9.5%	163.7%	9.5%
Membership 5% higher than assumed	136.6%	(8.6%)	145.3%	(9.0%)
Membership 10% higher than assumed	128.8%	(16.4%)	136.7%	(17.5%)

(vi) Contributions

The average contribution received per month depends on the average family size of the Society's members and actual number of dependants registered.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

19. INSURANCE RISK MANAGEMENT (continued)

19.2 Sensitivity analysis (continued)

(vi) Contributions (continued)

Changes in the membership levels could also have an effect on the average contribution received per member per month. If it is lower than assumed, the Society will receive less funding than anticipated and vice versa. However, it should be borne in mind that the solvency is calculated by dividing the Society's accumulated funds by the contribution income and therefore, any decrease in contribution will increase the solvency ratio.

The table below sets out the impact of the listed scenarios on the solvency ratio:

	2026		2025	
	Solvency ratio	Difference	Solvency ratio	Difference
Contribution income of R7 723 (2025: R7 332) per principal member per month assumed	145.2%		154.3%	
Contribution income 4% lower than assumed	147.4%	2.1%	156.4%	2.1%
Contribution income 2% lower than assumed	146.3%	1.0%	155.3%	1.0%
Contribution income 2% higher than assumed	144.2%	(1.0%)	153.3%	(1.0%)
Contribution income 4% higher than assumed	143.3%	(2.0%)	152.3%	(1.9%)

20. CAPITAL MANAGEMENT

To achieve the Society's primary business objective of accepting medical liability in respect of its members and their registered dependants by providing benefits for relevant healthcare services obtained (claims incurred) in return for contributions, the strategy of the Society is to ensure the financial stability and viability of the Society over the foreseeable future, whilst supplementing contribution income with investment and other income. In view of this the Board of Trustees have adopted a strategy that aims to:

- preserve capital over any 12-month period (insurance liability for future members);
- target net real returns of at least 3% over a rolling 36-month period; and
- risks are minimised, and non-healthcare expenditure (administration and other operating costs) are maintained at an acceptable level.

The Board of Trustees actively manage the Society's accumulated funds to ensure compliance with the Act. The Act requires a minimum solvency ratio of 25%. The solvency ratio of the Society as at 31 December 2025 was 161.6% (2024: 170.9%) and is calculated as follows:

	2025	2024
	R	R
Insurance liability for future members per Statement of Financial Position	560 381 204	602 144 613
<u>Less: Unrealised investment gains</u>	-	-
Accumulated funds per Regulation 29 of the Act	560 381 204	602 144 613
Contribution income (Insurance revenue)	346 830 903	352 407 102
Solvency ratio	161.6%	170.9%
Risk based capital requirement	80.0%	80.0%
Accumulated funds per member as at 31 December	145 951	145 305

The Board of Trustees is cognisant of the fact that the Society's solvency ratio is substantially higher than the minimum required by the Act, including the Society's risk-based capital requirement as determined by the Actuary, based on the Society's specific risk profile. This is even more relevant in the current regulatory framework and a rapidly evolving South African healthcare environment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

21. CRITICAL ACCOUNTING JUDGEMENTS AND AREAS OF KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Society's accounting policies, management has made no material judgements, except for the post-employment healthcare benefits liability (note 7.1), the provision for claims incurred not yet reported (note 10.2.1) and the calculation of the employer grant (note 12), that have a significant effect on the amounts recognised in the financial statements. Details of the methodologies used and the sensitivities are set out in the relevant notes.

Since medical schemes meet the definition of a mutual entity in terms of IFRS 3 the Society recognises the fulfilment of future cash flows in respect of current and future members as a liability (note 8).

22. CONTINGENT ASSET

The Society grants assistance to its members in defraying expenditure incurred in connection with rendering of any relevant health service.

Such expenditure may be in connection with a claim that is also made to the Road Accident Fund (RAF), administered in terms of the Road Accident Fund Act No. 56 of 1996. If members are reimbursed by the RAF, they are contractually obliged to cede those payments to the Society to the extent that they have already been compensated.

23. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

No events affecting the financial statements have occurred after the end of the accounting period which in the opinion of the Board should be brought to the members' attention.

24. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

The Board of Trustees on an annual basis evaluate the key performance indicators and strategic targets to ensure that all material risk areas are comprehensively addressed and that contingency plans are implemented, where required.

The Society's risk register and management accounts are regularly reviewed.

The Board of Trustees has reviewed the budget and cash flow projections to date together with any additional information, including the potential impact of the implementation of NHI and the announcement in May 2024 by Anglo American plc (the holding company of the Employer) of its intention to separate De Beers from Anglo American, on the remainder of 2025, and has concluded that the going concern assumption is appropriate for the next twelve months from the date of approval of the financial statements.

25. NON-COMPLIANCE

The following instances of non-compliance with the Act were identified during the year:

25.1 Financial soundness of benefit option

In terms of Section 33(2) of the Act, each benefit option shall be self-supporting in terms of membership and financial performance.

Cause

During the year the Society incurred a net healthcare deficit (insurance service results) of R110 138 065 (2024: R96 448 107). This result is expected and is aligned with the Society's reserve management strategy of ensuring the financial stability and viability of the Society over the foreseeable future.

The strategy also takes account of the need for the Society to remain competitive in relation to benefits provided, contribution levels and administration costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2025

25. NON-COMPLIANCE (continued)

25.1 Financial soundness of benefit option (continued)

Corrective action

The Society is financially sound in terms of Section 35, as confirmed by the current level of accumulated funds and the Society's solvency ratio of 161.6% (2024: 170.9%).

The financial soundness and sustainability of the Society is carefully considered and managed by the Board on an on-going basis, in consultation with the Actuary. It is not the strategy of the Society to make a profit and its net investment income, the employer grant and substantial reserves enables it to ameliorate any net healthcare deficit, whilst balancing the risk of rising claims incurred and keeping annual contribution increases in line with inflation without reducing benefits.

The Board monitors the financial results to ensure that the net healthcare deficit is in line with the budget and any material variances are analysed and corrective action taken, where necessary.

25.2 Payment of claims within 30 days

In terms of Section 59(2) of the Act, a medical scheme is required to pay a valid claim submitted to the scheme within 30 days after the day on which the claim was received.

Cause

The Society endeavours to pay all claims within 30 days of receipt, but the processing of some claims is occasionally delayed due to unforeseen circumstances. Delays can, for example, occur when providers fail to supply the Society with their banking details or when claims are referred for clinical auditing or other investigations.

Corrective action

Claims that are not paid within 30 days are actively monitored to ensure effective on-going management of this issue.

25.3 Contribution income not received within three days of becoming due

In terms of Section 26(7) of the Act, contribution income must be received within three days of becoming due in terms of the Rules.

Cause

There were a limited number of instances where the Society did not receive contributions from members within three days of these becoming due.

The above was mainly because of members having insufficient funds in their bank accounts at the time of collection, members exiting without informing the Society and reconciling discrepancies between participating employers and the Society. The risk of default is however small because of the restricted nature of the Society and participating employer base.

Corrective action

Contributions not received within three days are actively pursued and the suspension policies are rigorously applied.

25.4 Prescribed minimum benefits (PMBs)

Regulation 8(1) of the Act states that subject to the provisions of this regulation, any benefit option that is offered by a medical scheme must pay in full, without co-payment or the use of deductibles, the diagnosis, treatment and care costs of the prescribed minimum benefit conditions.

Cause

There were a limited number of instances where the Society did not pay claims within the scope and level of care prescribed for PMBs.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2025

25. NON-COMPLIANCE (continued)

25.4 Prescribed minimum benefits (PMBs) (continued)

Corrective action

The Society continuously reviews and enhances its processes to align such to the Council's interpretation of PMBs as new information becomes available.

Where claims are identified that had not been paid within the scope of PMBs, such are re-processed as PMBs and paid accordingly

25.5 Council's Routine Compliance Inspection

Following the routine compliance inspection conducted by the Council in 2022, the following directives were issued:

Directive 1: Audit and Risk Board Committee composition

In terms of Section 36(11) of the Act the majority of the members, including the chairperson of the audit committee, must not be officers of the medical scheme or the administrator of the medical scheme, the controlling company of the administrator or any subsidiary its controlling company.

Cause

The committee currently lacks the requisite independence as the majority of the members employees of the participating employers.

Corrective action

The Society is currently engaging with the Council to clarify the interpretation of Section 36(11) of the Act to ensure alignment between the Society's governance practices and the legal framework governing the composition of audit committees.

Directive 2: Registers

In terms of Section 57(4)(b) of the Act, the board shall ensure that proper registers, books and records of all operations of the medical scheme are kept, and that proper minutes are kept of all resolutions passed by the board.

Cause

The Society contracts register was not comprehensive enough and no separate resolutions register was maintained.

Corrective action

The Society has updated its contracts register to include the required additional fields, and a resolutions register has been established.

Directive 3: Contract Management

Section 57(6)(a) of the Act prescribes that the board must take all reasonable steps to ensure that the interests of beneficiaries in terms of the rules of the medical scheme and the provisions of the Act are protected at all times.

Cause

Several service provider agreements concluded have no fixed duration, effectively rendering the agreements indefinite. While the Society conducts annual reviews of these agreements, there was insufficient evidence that the market was tested during these reviews to confirm that the services obtained remain competitive and in the best interest of beneficiaries.

25. NON-COMPLIANCE (continued)

25.5 Council's Routine Compliance Inspection (continued)

Directive 3: Contract Management (continued)

Corrective action

The Society will implement a process to regularly benchmark key service provider agreements against the prevailing market standard, where appropriate and feasible, to enhance transparency, promote competitiveness and align procurement and contracting practices with the best interests of beneficiaries.