

70th

PPS ANNIVERSARY

1941 - 2011



for professionals
since 1941

Annual Review 2010

Note: action required by members in regard to:

1. The annual general meeting for The Professional Provident Society Holdings Trust; and
2. The annual general meeting for Professional Provident Society Limited (Limited by guarantee).

Members of Professional Provident Society Limited ('PPS Limited') approved the special resolutions authorising the restructuring of PPS Limited at a general meeting held on 30 March 2011. In terms of the implementation of the restructuring, PPS Limited has disposed of all of its assets to the Professional Provident Society Holdings Trust ('the PPS Holdings Trust'), registration no IT 312/2011.

Until such time as the dissolution of PPS Limited has been finalised (which should occur in the near future), it will continue to exist, even though its assets and functions have been taken over by the PPS Holdings Trust, and it is therefore necessary to deal with certain formalities at the next annual general meeting of PPS Limited.

As the members of PPS Limited are also the members of the PPS Holdings Trust, notices of annual general meetings for both entities, namely the PPS Holdings Trust and PPS Limited, have been included in this annual report on pages 25 and 26.

The annual general meetings of members of the PPS Holdings Trust and PPS Limited will be held consecutively, commencing **at 18:00 on Monday, 6 June 2011, at Astrotech Conference Centre, corner Anerley Road and Third Avenue, Parktown, Johannesburg** to consider and, if deemed fit, approve the resolutions set out in the notices convening the annual general meetings, which notices are attached to and form part of this annual report. A combined proxy form, enabling members to vote on the respective resolutions proposed in respect of each of the PPS Holdings Trust and PPS Limited, has also been included in this annual report.

It should be noted that, in terms of the Trust Deed of the PPS Holdings Trust, the persons appointed as directors of PPS Limited were automatically appointed as the Trustees of the PPS Holdings Trust. However, from the first annual general meeting of the PPS Holdings Trust, it will be necessary to elect Trustees of the PPS Holdings Trust in substantially the same way as directors of PPS Limited are elected.

Please take careful note of the provisions relating to the action required by members regarding the annual general meetings. If you are in any doubt as to what action to take, please consult your professional adviser.

You may attend and vote at the annual general meetings in person or you may appoint a proxy to represent you by completing the form of proxy on page 31 of this annual report and forwarding it to one of the following addresses or via facsimile or email, to be received by the Company Secretary by no later than 18:00 on Wednesday, 1 June 2011:

Marked for the attention of the Company Secretary

Physical address	Postal address	Telephone	Email
6 Anerley Road Parktown Johannesburg	PO Box 1089 Houghton 2041	011 644 4200 Facsimile 011 644 4641	Vbarnard@pps.co.za

PPS mission

An exclusive organisation of graduate professionals, belonging to its members, which provides exceptional insurance benefits and a range of financial services to members, their families and associates, to create wealth, peace of mind and security for members during their working lives and in retirement.

Contents

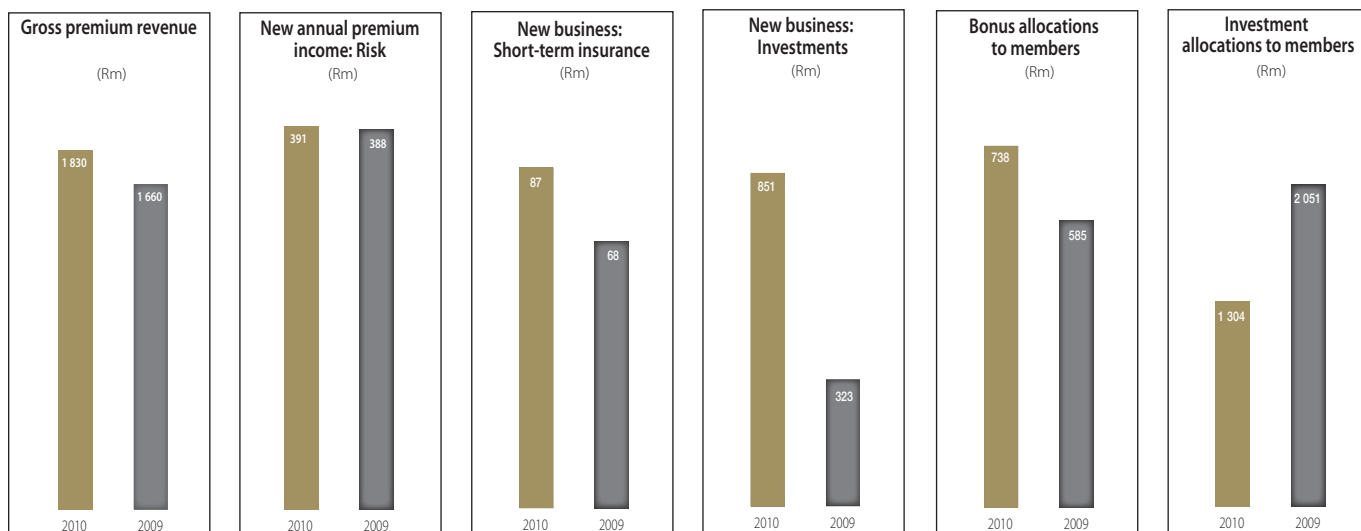
2	Financial highlights and overview: PPS Group
3	PPS Group structure
4	Chairman's report
6	Chief Executive's report
9	Operational reports
11	Governance structure
12	Corporate governance
22	Sustainability report
25	Notice of annual general meeting
27	Abbreviated curricula vitae for nominated candidates
31	Form of proxy

Financial highlights and overview: PPS Group

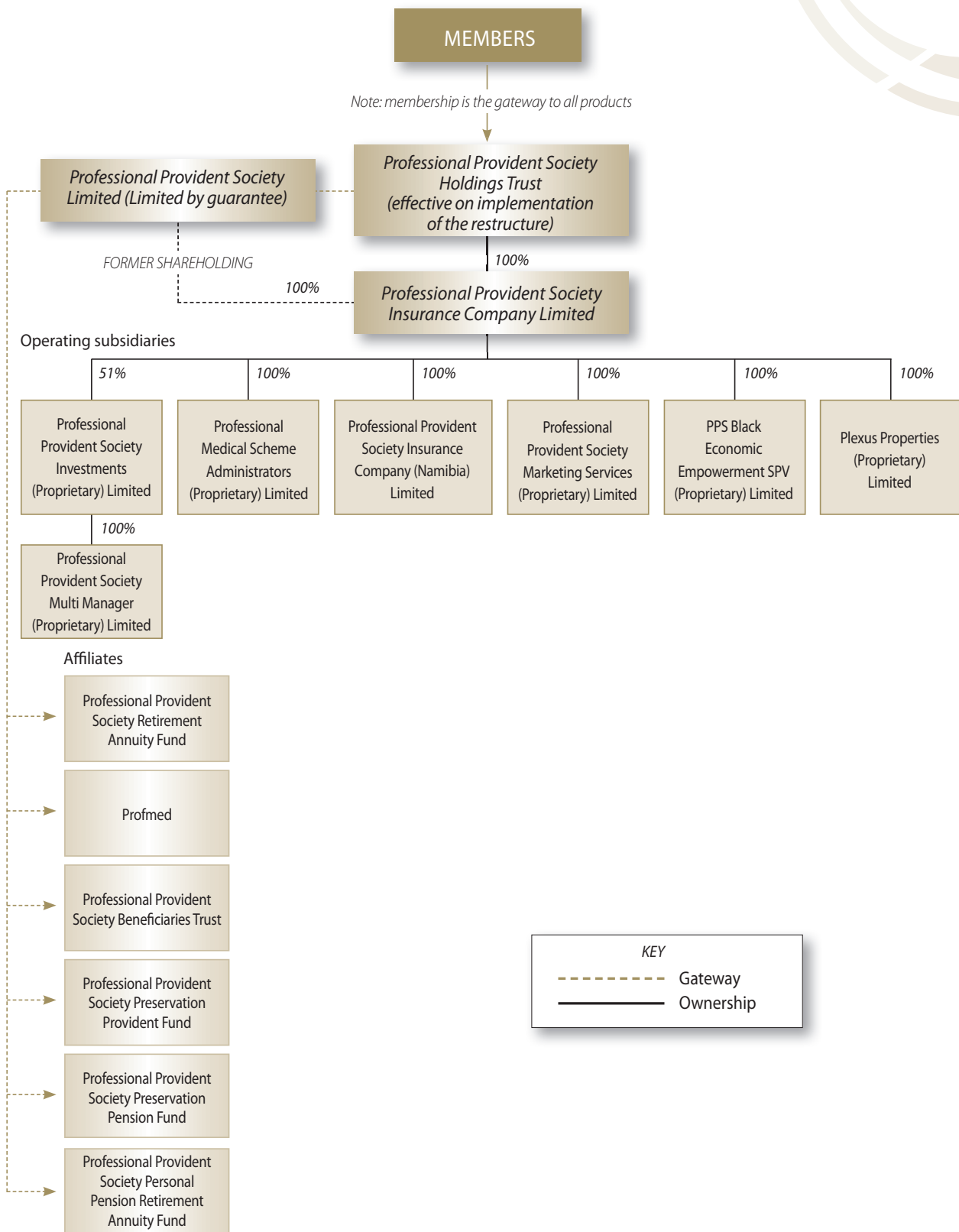
PPS Group highlights 2010

- Record bonus allocation – up from 25,4 cents to 30,5 cents
- Operating profit – up 26%
- Total allocations to members exceeded R2,0 billion
- Assets grew 16% to R16,2 billion
- New investment business up 164%
- Investment return is 16%
- New membership growth continues
- New business ventures gain momentum

Rm	2010	2009	2008	2007	2006	5-year compound annual growth rate %
Group						
Gross premium revenue	1 830	1 660	1 477	1 335	1 125	14,9
Gross benefits paid to members	1 033	1 157	1 130	828	554	16,4
Total assets	16 156	13 933	11 876	12 232	10 780	13,8
New annual premium income: Risk	391	388	320	279	251	14,7
New business: Investments	851	323	128	19	n/a	–
Premiums: Short-term insurance	87	68	43	15	2	250,1
Cost to revenue ratio (%)	15,5	15,9	17,5	17,7	21,4	–
Member allocations						
Allocations to members' Surplus						5-year cumulative
Rebate Accounts	2 042	2 636	(330)	1 294	2 199	7 841
Bonus allocations	738	585	554	401	388	2 666
Investment allocations	1 304	2 051	(884)	893	1 811	5 175



PPS Group structure



Chairman's report

2011 is a particularly significant year for PPS, as we celebrate our 70th birthday on 8 July 2011. It was on that date in 1941 – at the height of the Second World War – that eight dentists founded The Professional Provident Society of South Africa. Conscious of the fact that professionals' most important assets are their knowledge and skills, these pioneers, having witnessed the unfortunate experiences of some of their colleagues on active service, were motivated to seek a better system of financial protection against the consequences of being unable to practise because of sickness or injury.

Notable milestones have been reached in the intervening years, the most important being the transformation of PPS into the PPS Group in 2001, consisting of PPS Limited (a company limited by guarantee and the vehicle through which membership of PPS is facilitated) and PPS Insurance Company, which was registered to provide long-term insurance benefits to the members of PPS. Since then, PPS has evolved into a fully fledged financial services group, with both its membership and its service offerings having grown considerably. Today, PPS caters for the health, wealth and financial security of over 200 000 graduate professionals and, with its mutual structure, is uniquely positioned to weather the economic turbulence that has been experienced throughout the world in recent years.

“Today, PPS caters for the health, wealth and financial security of over 200 000 graduate professionals.”

SA in 2010

Before looking ahead to future prospects for the Group, it is necessary to look back briefly at the important events of 2010, both for South Africa and PPS. Without doubt, our ability to successfully host the 2010 FIFA World Cup™ in the face of considerable scepticism was a tremendous unifying factor for all South Africans and instilled an encouraging mood of optimism throughout the country. That it has subsequently been difficult to sustain this mood is perhaps inevitable but, if nothing else, the World Cup proved that South Africa does have the ability to be a leading player in emerging markets, provided there is common cause on all fronts to bring this to fruition.

On the broader front, 2010 turned out to be a good year for investors on the JSE, and the signs of a slow economic recovery continued but unemployment, poor service



Dr David Presbury, *Chairman*

delivery and corruption remain worrying factors. Globally, the aftermath of the financial meltdown in 2008 is still being felt and power appears to be shifting to the so-called BRIC countries: Brazil, Russia, India and China. South Africa is ideally placed to join in this shift, provided that the issues outlined above are successfully dealt with.

PPS in perspective

It is within this broad context that PPS enjoyed another year of growth and some of the initiatives I mentioned last year have been instrumental in this. First of all, our dedicated membership division that was established in 2008 continued to produce results, with in excess of 13 000 new members joining in 2010, which was considerably in excess of our target. I have little doubt that the full suite of products we now offer our members contributed to this, as well as the fact that we now have an in-house sales channel to service them, in addition to our extensive broker network.

Without detracting from the detailed statistics mentioned elsewhere in this report, it is worth recording that a total of R1,0 billion was paid out in insurance benefits to members last year – an average of R2,8 million per day – and claims

were processed in an average time of 5,4 days. These figures are not only evidence of our growth in membership but also that we are always there for our members when they need us, which is a basic principle of mutuality and very much the rationale for PPS' modus operandi.

We are confident PPS will continue to enjoy success in the future.

“Insurance benefits of R1,0 billion paid to members.”

Recent developments

As a result of the new Companies Act, 2008, due to come into effect in 2011 and which does not provide for companies limited by guarantee, PPS was required to restructure the holding company of the PPS Group, Professional Provident Society Limited, in order to protect the interests of the members of PPS Limited and to retain its mutuality. A trust structure, based on a trust deed which protects the rights currently enjoyed by PPS members, was found to be the structure best suited to PPS's business model. PPS members overwhelmingly approved the restructuring at a general meeting held on 30 March 2011 and the implementation is currently in progress.

The board of directors of PPS Limited has been replaced in the new structure by a board of trustees of the Trust which fulfils the same role. Members are reminded that the restructuring is seamless for members and does not affect the operations of PPS Insurance Company Limited group and the products offered to PPS members. Members will continue to share in the profits of PPS through their policyholder Surplus Rebate Accounts. The Trust is the gateway to membership.

In passing, it is also worth recording that with a view to ensuring that good corporate governance principles are continually adhered to, the Group is publishing a Sustainability Report for the first time in 2011.

“Mutual companies have been proven to have more resilience and a higher level of capital than shareholding insurance companies.”

Mutuality preserved

Our most important objective in coming up with a new structure was to preserve the principle of mutuality, which is the cornerstone of the way in which the Group operates, based on the fact that surplus funds generated from the insurance business are for the exclusive benefit of policyholders.

A criticism often levelled at mutual companies is that the absence of shareholders makes it more difficult for them to raise capital. In fact, mutual companies have been proven to have more resilience and a higher level of capital than shareholding insurance companies due to the smaller amounts of debt in their capital structure, goodwill and intangibles, enabling them to better absorb unexpected shocks such as investment losses. A long-term investment view is critical – not short-term thinking.

As a result, mutual companies were better able to protect and maintain strong creditworthiness during the difficult financial times experienced recently in comparison to certain insurance companies with a share capital. This may account for the continued growth of the mutual industry worldwide.

Conclusion

We are confident that the change to the new structure of PPS Limited will prove to be seamless as far as our members are concerned and, as we take time out to celebrate our 70th year in July, we do so in the knowledge that the Group will continue on its proven growth path and at the same time serve the best interests of all our policyholders. It has again been my privilege to have led the Group through a challenging, but rewarding period, and to be at the helm while reaching this most significant milestone in our history.

It remains for me to thank Ebi Moolla, my wise vice-chairman, David Anderson, chairman of the Insurance Company, all the members of our boards and sub-committees and Mike Jackson and his excellent team throughout the company. The PPS achievements are the result of a sustained and dedicated team effort.



Dr David Presbury
Chairman

Chief Executive's report

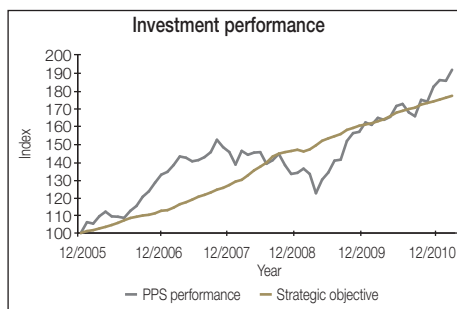
Introduction

The growth in the professional market continues, as the number of university graduates meeting PPS criteria increases every year. There is considerable pressure on medical and related professionals as the demand for their services increases beyond the supply. PPS is supporting the growth in professionals by increasing its distribution capacity and broadening its product range.

Surplus Rebate Account

The Surplus Rebate Account (SRA) remains the key feature of PPS membership and one of the main reasons for PPS's success. Members are PPS's shareholders and they benefit from the surpluses from our business operations – whether it is life insurance, investments, medical scheme administration or short-term insurance. The SRA comprising a Special Benefit Account (SBA) which contains investment returns, and an Apportionment Account which contains all operating surpluses and the interest earned thereon.

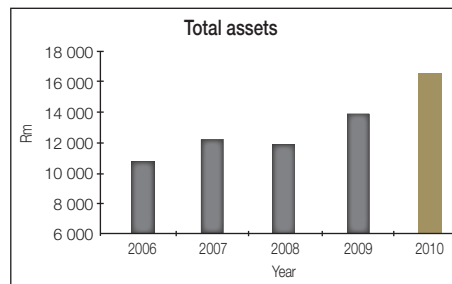
2010 was another successful year for PPS. Our assets grew from R13,9 billion to R16,2 billion (+16,0%) and the investment return was 10,0%. A total investment allocation of R1,3 billion was made to members' accounts. This amount is less than the allocation made in 2009, which was itself a record, on the recovery from the investment meltdown of 2008. Our asset managers – Investec, Coronation and PPS Investments – continue their superb performance.



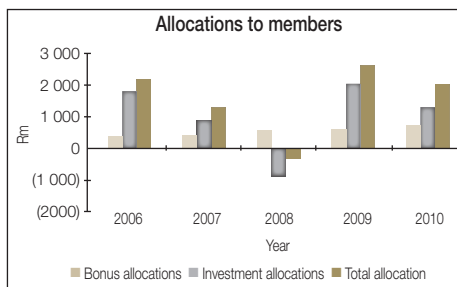
It is worth noting that our investment performance over the last ten years exceeds 16% per annum. Our growth in assets is a good indicator of the success of our Group after accounting for all premiums received, all exit payments, expenses and claims paid over the years as well as investment gains and losses. The five-year growth in assets is 13,8% per annum.



Mr M J Jackson, *Chief Executive*



The bonus allocation reflects the operational success of PPS and includes the premiums received, claims and expenses paid as well as actuarial adjustments. 2010 was another excellent year with net premiums growing by 10%, net claims down by 3% and the efficiency ratio improving to 15,5%. This ratio essentially compares the cost of running the business with the premiums received. This year's bonus allocation of R738 million is a 26% increase on 2009.



The total allocation to members for 2010 is R2,0 billion. In our 70th year, it is of interest to note that in 2003, after 62 years in operation, PPS's total assets were R5 billion. A further R11 billion of assets have been added during the last seven years. A further point of interest is that 2010's allocation of R2,0 billion is 40% of PPS's total assets only seven years ago. Investment markets are, however, extremely volatile and members should be wary of extrapolating past returns into the future.

Insurance benefits and claims – over R1 billion to members

PPS's main purpose is to provide cover for members and to pay members' claims. Members require a sense of security in knowing that if they were to become sick or disabled, they would receive an income and if they were to die, their families would be financially secure. In 2010, R1 033 million was paid to members made up of R398 million on retirement or exits and R635 million of sickness, disability and Group life claims. Members should note that an individual's claims experience has no impact on that individual's allocation to his Surplus Rebate Account.

Sales and membership

The difficult economic environment will inevitably impact on insurance sales. Insurance is always a so-called 'grudge purchase' and the industry generally has had a challenging few years with slow growth in new business and rising lapses. Although not completely immune to the economy, PPS members appear to have fared well. Our automatic increase in premiums and benefits in January 2010, had a 99,2% take-up, and together with our new sales, the new risk business overall was in line with last year.

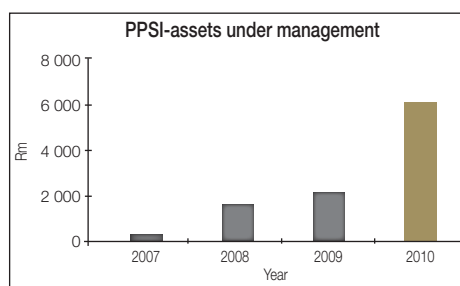
Our investment sales, both recurring and single premiums, were up by 158% and 164% respectively, on the back of an already exceptional 2009 year. In total R851 million of new investment business was written. PPS Investments will be entering its fifth year of operation in 2011 and its product range is proving to be very attractive to our members. PPS's own sales channel, MRD (Member Relations Division), now has 200 full-time representatives and has achieved all its sales targets in 2010.

New membership of 13 286 was an all time record and bodes well for future growth as these new members take up PPS's wide range of products. The professional associations and the universities continue to play a crucial role in the development of our membership base.

Subsidiary companies and affiliates

PPS has made a significant investment in new entities over the last five years. These entities ensure that PPS has the range of offerings provided by our competitors to enable our members to meet their financial services needs inside PPS:

- (a) **Short-term insurance** had a good year with total premiums increasing by 28% to R87,2 million and 1 929 new policyholders. Profits increased by 9% on the back of a significant investment in our call centre and in a new member management system. These investments should begin increasing sales and reducing costs during 2011/2012.
- (b) **PMSA** – our medical scheme administration business – which administers Profmed and other schemes, grew significantly during 2010. PMSA now administers 98 000 principal members and has recently been appointed to administer a scheme of an additional 40 000 members. The financial benefits of this growth will occur 2011/2012. Profits for 2010 were R9,1 million – an increase of 155%, resulting from the award of the administration contract of a new scheme.
- (c) **PPS Investments** performed excellently with new retail flows of R851 million (+164%). Assets under management now stand at R6 billion and the company is expected to reach profitability during 2011. PPS and Coronation Fund Managers have both made a significant investment in PPS Investments and the excellent take up of its products by our members is indicative of the future profitability of the business.



- (d) The **PPS Retirement Annuity Fund** underwent significant changes during the year. The trustees approved a new section to the fund, whereby the members can invest in low cost, so-called 'new generation' products inside the fund, in addition to the traditional underwritten retirement annuities. Smooth conversions between the old and new sections of the fund are now available. This innovation is unique to the PPS Retirement Annuity Fund. The trustees continue to emphasise to the members the importance of proper accredited financial advice when making changes in retirement plans.
- (e) **PPS Namibia** had an excellent year. Total assets grew by R84,6 million to R434,7 million (+24%). Membership grew by 4% and total membership now stands at 4 092. Although small in membership numbers, the company is profitable and total bonus allocations to members were R27 million, 38% up on the previous year.
- (f) **Profmed**, which has an independent board of trustees, remains a closed scheme exclusively for graduate professionals. Membership showed a net growth during the year and currently stands at 25 500, of which approximately half are medical professionals. This is one of the few medical schemes that showed growth during the year.

"The fact that our holding entity is now a trust and not a company limited by guarantee has no effect on the operations of PPS. All member benefits such as the SRA and all policyholders' benefits will remain unchanged."

Regulation

The insurance sector continues to be subjected to increasing regulation designed to protect consumers and to ensure capital strength of financial service providers. The failures of pre-eminent international institutions have caused regulators

worldwide to focus on solvency and capital requirements, as well as close monitoring. International Financial Reporting Standards (IFRS) developments and solvency assessment and management (SAM) impacts will be felt at PPS together with recently implemented policyholder protection requirements and conflict of interest legislation. The changes to the Companies Act have a significant impact on the structure of PPS. The fact that our holding entity is now a trust and not a company limited by guarantee has no effect on the operations of PPS. All member benefits such as the SRA and all policyholders' benefits will remain unchanged. The Risk Committee closely monitors compliance with a wide range of legal and regulatory issues.

Human capital

Staff surveys indicate a high satisfaction level among staff. Productivity and staff performance measures continue to improve. The top management team has a good blend of knowledge and experience, and the heads of the subsidiaries are seasoned executives. Shortage of specialist skills remains a concern, with the cost of employing expertise continuing to rise. However, PPS is considered to be a desirable company to work for and we have not had any difficulties in attracting quality people.

Infrastructure

The quality of the Company's infrastructure has improved significantly. Our IT systems are now world class and very stable and the quality of our membership data reflects this.

Conclusion

The management team at PPS is extremely fortunate in having an insurance company board with considerable commercial knowledge and experience and a holding company board which understands the needs of professionals in South Africa. I would like to thank the management team for contributing to another excellent year at PPS, and Dr David Anderson and Dr David Presbury – the Insko and Holdco chairmen respectively – for their unstinting efforts and energy.

Mr M J Jackson
Chief Executive

Operational reports

PPS marketing

Member Relations Division (MRD)

The introduction of this division in 2006 has proven to be highly successful in creating a channel for members to interact directly with trained PPS sales staff. This division has grown to a complement of over 200 accredited member consultants offering financial advice to members throughout the country, with a total of 12 branches in Cape Town, Durban, Johannesburg and Pretoria.

The division now accounts for almost 20% of total new business for PPS Insurance and added 1 822 new members in 2010. In addition to the contribution to the insurance business, this division made a significant contribution to the exceptional growth of PPS Investments during 2010, recording R306 million of inflows to that company. This was more than double the targets set.

MRD is now firmly established to provide services to PPS members for all categories of business, whether in risk, investments or healthcare.

Short-term insurance

The weather conditions prevailing during 2010 created significant strain for the majority of participants in the short-term insurance industry. However, the PPS short-term insurance business achieved exceptional results despite these circumstances and grew the total number of policyholders from 5 124 at the end of 2009 to 5 981 at the end of 2010. In addition to this the total premiums collected grew by 28% from R68 million to R87 million as a result of increasing the number of members participating and increasing the average premium per policy.

As with PPS's experience in all areas of the business, member loyalty is extremely high and the cancellation rate for the short-term business reflects this trend with rates below 1,5% per month.

Significant investment has been made in this business during 2010 with the appointment of a senior manager to head the sales operations, as well as increasing the number of support consultants so as to engage more with intermediaries and to provide specialist support to the Member Relations Division. Investment has also been made in developing internal IT solutions using PPS Insurance's technology to improve service levels.

Notwithstanding the investment in systems in order to grow this business and the factors mentioned above, operating surplus for the year was R4,2 million, up 9% on the prior year.

PPS investments

During the course of 2010, PPS Investments achieved a number of milestones to further entrench it as the provider of choice for PPS members looking for well-structured and uncomplicated retirement, savings and investment products.

Total assets reached R6,1 billion (up 175%) with R1,8 billion being individual retail assets (up 103%) and R4,3 billion being institutional assets (up 225%).

The strong growth in retail assets was achieved on the back of total retail inflows of R851 million (up 164%) – a strong indication of the growing awareness of PPS Investments among our members.

In June 2010 PPS Multi-Managers, our licensed asset manager, passed its significant three year operational milestone. As a consequence, the range of PPS Funds and Funds of Funds now have investment track records of longer than three years and have performed well over a challenging period in the investment markets since 2007.

In order that the PPS Retirement Annuity Fund (PPS RAF) remains relevant to existing and new PPS members, the trustees created a unique opportunity for members to convert within the fund to a new section of the fund that features all of the benefits of a new generation fund. This new section of the PPS RAF is administered by PPS Investments and has been well received by members seeking to reduce their costs and increase their ability to control their investments within the fund. A new call centre has been established to assist members in understanding their options in the fund.

The revised PPS RAF has become one of the comprehensive range of products that PPS Investments provides to PPS members. PPS Investments is well positioned to provide retirement and savings solutions to the members of PPS throughout their life and to contribute significantly to the comfort of those members through enhanced benefits.

At the current growth rate, PPS Investments is expecting to achieve sustained profitability during the course of 2011, ahead of expectation and will provide an immediate contribution to the Surplus Rebate Accounts of those members who have invested with PPS Investments. At that point, investors will effectively be receiving an additional source of return on their invested assets.

Professional medical scheme administrators

Professional Medical Scheme Administrators (PMSA) is a specialist medical scheme administrator and health risk management provider. Its focus is on providing excellent service in the administration of medical scheme contributions and claims management. Its core value proposition is to provide service unfalteringly during those crucial times when it is needed the most by members of the medical scheme and their families.

The past financial year was, once again, a very eventful year for the company. At the end of 2010 the company had grown its client base to the administration of three client schemes. The latest addition was a significant contract awarded for the administration of 40 000 additional principal members, effectively doubling the size of the administration activities. Additional diversified services were also contracted to PMSA by current clients. This was achieved in line with the company's strategic objective to compete in the open market as a multi-scheme administrator.

During the current year all business processes were re-engineered and business units were aligned to the operations of PMSA. The company once again retained its ISO certification with two clean audits in 2010, while the managed health care division was once more unconditionally accredited by the Council for Medical Schemes. All service level agreements with our clients were exceeded. An independent market research firm, Catalyst, rated PMSA as one of the top three administrators, with service levels above the norm.

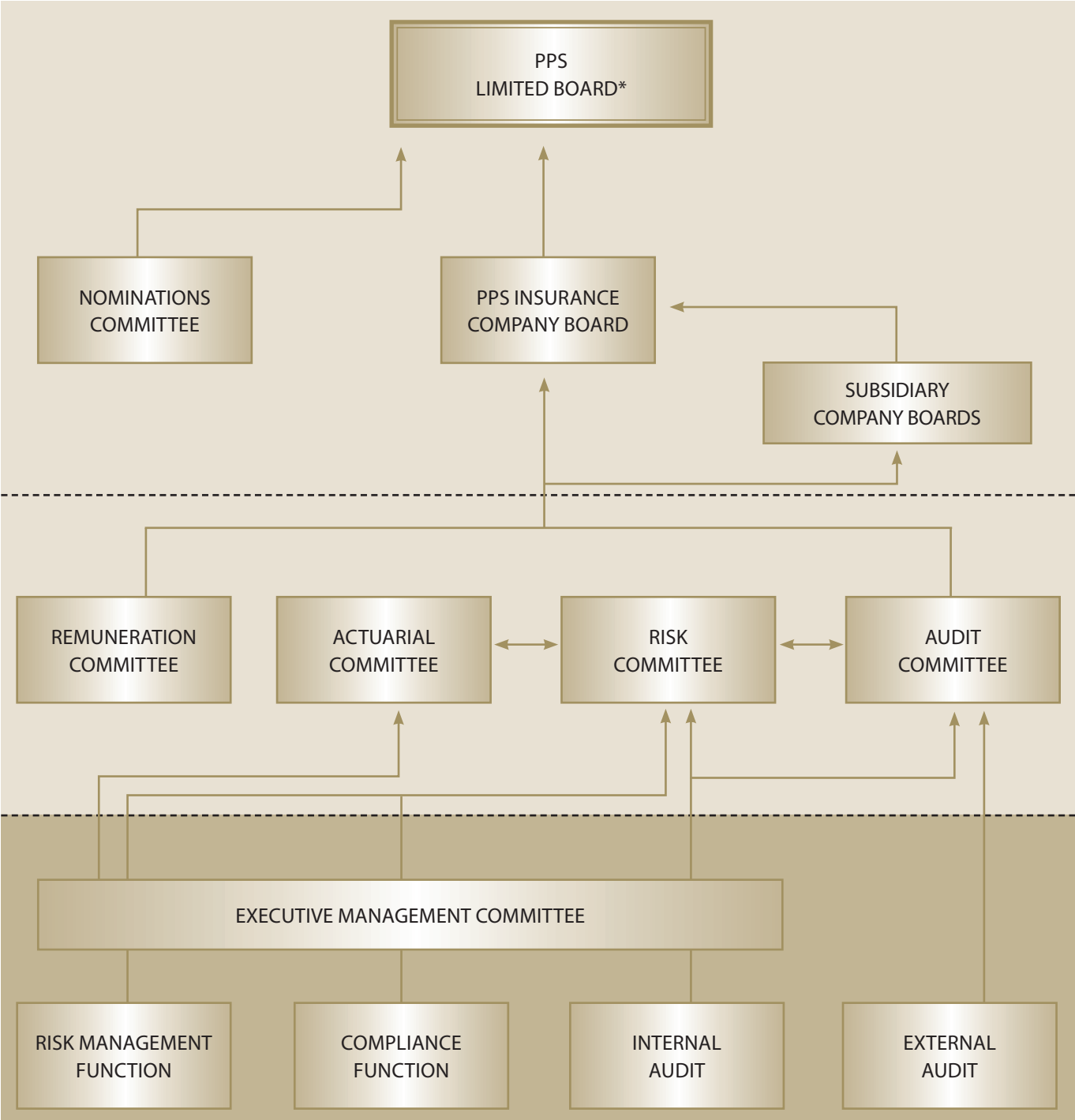
PMSA created 100 additional employment opportunities as a result of the growth of the company during the year. The current staff to member ratio is 1 to 374, compared to an industry norm of 1 to 270, which indicates increased efficiency while maintaining service levels.

Although PMSA's profitability has increased significantly in the current year and will continue to do so in the foreseeable future, it will remain moderate and in line with our philosophy of providing efficient and cost effective services to the medical schemes we administer, thereby maximising the funds spent on the healthcare of members.

PMSA has a number of projects lined up for the year ahead to continue our quest of improving our processes to ensure continued excellent and cost effective services to the members.

Governance structure

Governance structure of the organisation



* In terms of the restructure, this was replaced by PPS Holdings Trust Board of Trustees.

Details of the members of the respective boards and committees are contained in the Directors' Report, included in the financial statements.

Corporate governance

Introduction

Good corporate governance is an integral part of the Group's operations. Accordingly, the Group is fully committed to the principles of the King Code of Governance Principles ('King 3'), which replaced the former King Code of Corporate Practices and Conduct ('King 2'), with effect from 1 March 2010. In previous years, the Group complied with and implemented the applicable requirements of King 2 in all significant respects. Management is in the process of implementing the significant additional recommendations on enhanced governance and reporting for companies which subscribe to King 3, as appropriate to the Group. An initial assessment of compliance with King 3, using the Institute of Directors' analysis tool, indicates that the Group has already achieved a 'Moderate' level of compliance to date. In supporting King 3, the business of the Group is conducted with integrity and in accordance with generally accepted corporate good governance practices.

All the business and governance structures in the Group are supported by the Group Compliance Department, however, it is the responsibility of each entity within the Group to ensure a coherent and consistent governance approach.

Key legislative developments

During the year under review, there was a significant increase in the volume of new legislation or amendments to existing legislation. Key among these were:

- The Companies Act 2008 and its regulations;
- The Consumer Protection Act;
- Amendment to the FAIS General code of conduct, to include conflicts of interest provisions;
- The Protection of Personal Information Bill;
- Amendments to the Competition Act;
- Amendment to the Financial Advisory and Intermediary Services Act, most notably new fit and proper requirements for representatives and key individual accountabilities;
- Amendments to the Income Tax Act;
- Amendments to the Short-Term Insurance Act;
- Amendments to the Long-Term Insurance Act; and on a non-legislative level.

All of the above legislation/proposed legislation will impact on the governance within the Group and has placed additional responsibilities on the Board and management to adhere to the new requirements and ensure compliance therewith.

Consequently, significant additional resources have been made available for compliance and risk management during 2010.

During 2010 notification was received of various other legislative interventions which should become effective over the next two years, including a new Solvency Assessment Measure (aligned to the Solvency II standard of the EU) and Treating Customers Fairly legislation.

Principles and practices of financial management (PPFM)

PPS issues policies with a discretionary element of bonuses and are required to establish and maintain a document setting out its 'Principles and Practices of Financial Management' (PPFM) and to issue this document to policyholders. This document outlines the PPS principles and practices of financial management in order that policyholders may better understand the profit distribution principles and practices in place for PPS, as well as the investment strategy adopted by the Group. The PPFM document is also available to all policyholders on the PPS website. No material changes were made to these principles and practices during 2010.

Board of directors and board committees

PPS Limited is comprised solely of independent non-executive directors appointed to serve the interests of its members. The wholly owned subsidiary, PPS Insurance, has a majority of independent non-executive directors including certain PPS Limited directors. The PPS Insurance board is accountable to the PPS Limited board.

There are various board appointed committees which assist the boards in carrying out their duties:

- Audit Committee
- Actuarial Committee
- Nominations Committee
- Remuneration Committee
- Risk Committee

In addition, the boards are also assisted by the management Executive Committee.

The members of the board receive timely, accurate and relevant information to enable them to fulfil their duties. All new directors undergo a formal induction process, which

includes meeting the Group's senior management, and all directors are encouraged to undertake continuing professional development, training and education throughout their term of office.

The Chairman's key responsibilities are to provide leadership to the board, to oversee the setting of strategy, to guide the process to ensure a balance in the composition of the board and to promote effective communication between executive and non-executive directors. The Chief Executive has overall responsibility for the management of the Group's business and its operation in line with the policies and strategic objectives set and agreed by the board. The Chief Executive reports to the board on the performance of the Group and any other material matters at board meetings. He reports on how the Group has performed against key indicators following the monthly meeting of the executive team which manages the Group's business on a day-to-day basis. The report is reviewed at the meetings of the board where the Chief Executive highlights the key issues and the executive and non-executive directors are invited to contribute, as appropriate. Additional papers on issues upon which the board is required to make decisions are submitted, as appropriate, and members of senior management regularly attend board meetings by invitation to present their papers and to deal with issues raised by the board.

All directors have direct access to the services of the Group Company Secretary who advises them on all corporate governance matters, on board procedures and on compliance with the Company's Articles of Association. In order to ensure a good flow of information, comprehensive papers are provided to the directors by the Group Company Secretary in advance of each meeting of the board, subsidiary board or board committee. The Group Company Secretary has company secretarial responsibility for all subsidiary companies. The minutes of all board, subsidiary board and board committee meetings are prepared by the Group Secretariat and maintained in the appropriate company records. Members of the board have access to independent professional advice at the Group's expense, when deemed necessary, in order to discharge their responsibilities as directors.

Each committee of the board acts within agreed terms of reference and the Chairman of each committee reports,

where appropriate, to the board at its scheduled meetings. Where appropriate, the minutes of the committee meetings are tabled at board meetings. The Group chairman of the board and the entire board are non-executive independent directors. At PPS Insurance Company, the roles of Chairman and Chief Executive are separated, with a clear division of responsibility to ensure distinction between their respective duties and responsibilities. The Chairman has no executive functions. The role of all directors is to bring independent judgement and experience to the board's decision-making process.

Board Charter

In accordance with the principles of sound corporate governance, the Board Charter – modelled on the principles recommended by King 3 – incorporates the powers of the board, providing a clear and concise overview of the division of responsibilities and accountability of the board members, collectively and individually, to ensure a balance of power and authority.

Board appointments and succession planning

PPS members may appoint 12 members of the board of PPS Limited at its annual general meeting. Non-executive directors on the PPS Limited board, who are not representative of a professional organisation or co-opted, are appointed for specific terms and re-appointment is not automatic. In turn, the PPS Limited board appoints the board of PPS Insurance Limited. Under the delegated authority of the board, the Nominations Committee within its powers, selects and appoints directors, including the Chief Executive, executive directors and non-executive directors. The Nominations Committee considers non-executive director succession planning and makes appropriate recommendations to the board.

This includes an evaluation of the skills, knowledge and experience required to add value to the Group, for both directors standing for re-election and new candidates standing for election for the first time. All elections are made in terms of a formal and transparent procedure and are subject to approval by the members at the annual general meeting. The Nomination Committee believes that the board's composition, in terms of both the number and expertise, is sufficient and appropriate to meet the Group's needs.

Corporate governance continued

Board performance assessment

The Nominations Committee assesses the performance of the individual directors against the following criteria:

- time, availability and commitment to performing the function of a director;
- strategic thought and specific skills, knowledge and experience brought to the board;
- the director's views on key issues and challenges facing the Group;
- the director's views on his/her own performance as a board member;
- any training needs; and
- other areas or roles where the director's specific skills could be utilised.

One-third of the directors, who are not representative of a professional organisation or co-opted, and appointed in terms of clause 12.1.2.1 of the Articles of Association are subject to retirement by rotation and may stand for re-election at the annual general meeting. The directors eligible for re-election at the forthcoming annual general meeting are contained in this annual report on page 25.

Interests in contracts and conflict of interest

Directors are required to avoid conflicts of interest, where possible, and inform the board timeously of conflicts or potential conflicts of interest that they may have in relation to particular items of business and are obliged to recuse themselves from discussions or decisions in relation to such matters, in accordance with statutory requirements. Directors are also required to disclose their shareholdings in, and directorships of other companies in accordance with statutory requirements and to inform the board when any changes occur. During the year ended 31 December 2010, none of the directors of PPS Limited or PPS Insurance had an interest in contracts or arrangements entered into by the Company or its subsidiaries, other than in their capacity as ordinary members or employees of the group.

Insurance

Adequate directors' and officers' insurance cover has been taken out by the Group. No claims under the relevant policy were lodged during the year under review.

The schedule below sets out PPS Limited and PPS Insurance Company board meetings held during the year and attendance thereat:

PPS Limited	15 Apr 2010	14 Jun 2010	27 Sep 2010	29 Nov 2010
Adv T N Aboobaker	AP	✓	✓	✓
Dr D R Anderson	✓	✓	✓	✓
Dr V Bhagwandas	✓	✓	✓	✓
Dr N G Campbell	✓	✓	✓	✓
Mr J A B Downie (Appointed 15 April 2010)	N/A	✓	✓	✓
Mr Y N Gordhan	✓	✓	✓	AP
Mr U Jivan	✓	✓	✓	✓
Mr I Kotzé	AP	✓	✓	✓
Dr C M Kruger	✓	✓	✓	✓
Dr T K S Letlape (Resigned 27 September 2010)	✓	✓	✓	N/A
Dr N Mabasa (Appointed 27 September 2010)	N/A	N/A	N/A	✓
Mrs C N Mbili (Resigned 14 January 2011)	✓	✓	✓	AP
Mr E A Moolla	✓	✓	✓	✓
Dr J Patel	✓	✓	✓	✓
Dr D G C Presbury	✓	✓	✓	✓
Mr C D Reay	✓	✓	✓	✓
Dr S N E Seoka	✓	✓	✓	✓
Dr R D Sykes (Resigned 11 July 2010)	✓	✓	N/A	N/A
Mr B Topham	✓	✓	✓	✓
Mr S Trikamjee	✓	✓	✓	✓
Dr J J Van Niekerk	✓	✓	✓	✓
Judge R H Zulman	✓	✓	✓	✓

AP = Apology

N/A = Not Applicable

PPS Insurance Company Limited	8 Feb 2010	8 Mar 2010	7 Apr 2010	17 May 2010	31 May 2010	28 Jun 2010	26 Jul 2010	30 Aug 2010	4 Oct 2010	1 Nov 2010
Dr D R Anderson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr V Bhagwandas	✓	✓	AP	✓	✓	✓	✓	AP	✓	✓
Mrs T Boesch	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr N G Campbell	✓	✓	✓	✓	✓	✓	AP	✓	AP	✓
Mr C Erasmus	✓	✓	✓	✓	✓	✓	AP	✓	✓	✓
Mr M J Jackson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr I Kotzé	✓	✓	✓	✓	✓	✓	✓	AP	✓	✓
Mr E A Moolla	AP	AP	✓	AP	✓	✓	✓	✓	✓	✓
Mr N G Payne	✓	✓	✓	✓	✓	AP	✓	✓	✓	✓
Dr D G C Presbury	✓	✓	✓	✓	✓	AP	✓	✓	✓	✓
Dr S N E Seoka	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr J J Van Niekerk	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Prof H E Wainer	✓	✓	✓	✓	✓	AP	✓	✓	✓	✓

AP = Apology

Board committees

A number of board-appointed committees have been established to assist the board in discharging its responsibilities. The membership and principal functions of these committees are set out below. Pages 15 to 18 reflect a list of the various committee members as well as their attendance at the relevant committee meetings.

Audit Committee (AC)

Members (Audit Committee)

Prof H E Wainer (Chairman), B Acc, CA(SA), Member of AC since 2001

Mr C Erasmus, BSc, Fellow of the Institute of Actuaries, Member of AC since 2009

Mr I Kotzé, B Pharm, Member of AC since 2001

Mr E A Moolla, B Juris, Member of AC since 2003

Mr N G Payne, BCom (Hons), CA(SA), MBL, Member of AC since 2007

Prof C E Rabin, M Com, CA(SA), Member of AC since 2005

This committee comprises five non-executive directors, two of whom are financial specialists, and one financial specialist who is not a Group-director, all of whom are independent.

The board is satisfied that the members of this committee have sufficient recent and relevant financial experience to enable them to carry out their duties and responsibilities and that the members of the committee bring a wide range of relevant experience. The committee is scheduled to meet at least four times a year. The Chairman of the Risk Committee is also a member of the Audit Committee. The external auditors, internal auditors and heads of Group Compliance and Risk Management are present at each meeting.

The Audit Committee meets both the external auditors and internal auditors separately in private sessions, without executive management being present. The Chief Executive, the Chief Financial Officer, along with other members of management, attend committee meetings, as necessary, at the invitation of the Chairman of the committee.

The Group's policy on non-audit services, which is annually reviewed by the Audit Committee, sets out what services may or may not be provided to PPS by the external auditors. The Audit Committee conducts a formal external auditor evaluation process. This evaluation occurs annually and includes various criteria and standards such as independence, audit planning, technical abilities, audit process/outputs and

quality control, business insight and general matters. The Audit Committee keeps abreast of current and emerging trends in international accounting standards. The Audit Committee confirms that it has met its mandate and has satisfied itself:

- as to the effectiveness of the Group's system of financial controls;
- that the financial statements for the Group and Company have been prepared in accordance with International Financial Reporting Standards and the requirements of the Long-Term Insurance Act 1998 and the Companies Act 1973; and
- that the external auditor is independent of the Company.

Particulars of the role and responsibilities of the committee are set out on page 35 of the financial statements.

The Audit Committee meetings held during the year and the attendance thereat were as follows:

Audit Committee	28 Jan 2010	23 Mar 2010	10 Jun 2010	16 Sep 2010
Prof H E Wainer	✓	✓	✓	✓
Mr C Erasmus	✓	✓	✓	✓
Mr I Kotzé	✓	✓	✓	✓
Mr E A Moolla	AP	AP	✓	✓
Mr N G Payne	✓	✓	✓	✓
Prof C E Rabin	✓	✓	✓	✓

AP = Apology

Actuarial Committee

Members (Actuarial Committee)

Dr D R Anderson, Mr C Erasmus, Prof H E Wainer

The Actuarial Committee fulfils a critical corporate governance role in ensuring the integrity and proper identification of the Company's risk philosophy, strategy, policies, financial and operational processes and controls and assessments of major risks in regard to the actuarial assumptions, parameters, valuations and reporting guidelines and practices adopted by the company's Statutory Actuary.

The Actuarial Committee is chaired by a non-executive director and comprises solely independent non-executive directors, one of whom is an actuary.

The committee has the following primary functions:

- To assist the board in fulfilling its oversight responsibilities regarding the accuracy and integrity of the actuarial statements, compliance with actuarial, legal and regulatory requirements and the performance of the actuarial function;
- To provide a sounding board for the Statutory Actuary and to consider and approve the recommendations of the Statutory Actuary for consideration by the board.

The committee, *inter alia*, considers and recommends the valuation and embedded value basis, pricing strategy, policyholder bonus strategy and rates, termination terms strategy and the actuarial statements forming part of the annual financial statements for approval by the board.

The Actuarial Committee meetings held during the year and the attendance thereat were as follows:

Actuarial Committee	20 Jan 2010	23 Feb 2010
Dr D R Anderson	✓	✓
Mr C Erasmus	✓	✓
Prof H E Wainer	✓	✓

Group Nominations Committee (GNC)

Members

Dr D G C Presbury (Chairman), Dr D R Anderson, Dr N G Campbell and Mr E A Moolla

The GNC is chaired by an independent director and comprises solely independent non-executive directors.

It is the responsibility of the GNC to ensure that plans are in place for appointments to the board that will maintain an appropriate balance of skills and experience. The GNC leads the process for appointment and re-election of directors and makes recommendations to the board ensuring there is a formal, rigorous and transparent procedure for appointments. The board is satisfied that the range of expertise, experience and qualifications is appropriate for the current needs of the business, but keeps these matters under regular review. The

board is responsible for ensuring that an effective system for succession planning and management development is in place, which covers both directors and senior executives. In considering an appointment, the GNC assesses and defines the characteristics, qualities, skills and experience it believes would complement the overall balance and composition of the board and subsidiary boards. The GNC may appoint external consultants to assist it in the identification and recruitment of an individual who satisfies the GNC's criteria. Where the GNC is considering matters relating to an individual who is a member of the GNC, that individual would recuse himself from discussion of that item.

The GNC is satisfied that each non-executive director achieves the commitment required to properly discharge their responsibilities. The directors have continued to update their skills and knowledge, both within the Group and externally.

The GNC meetings held during the year and attendance thereat were as follows:

Nominations Committee	15 Mar 2010	11 Aug 2010
Dr D R Anderson	✓	✓
Dr D G C Presbury	✓	✓
Dr N G Campbell	✓	✓
Mr E A Moolla	AP	✓

AP = Apology

Group Remuneration Committee (GRC)

Members

Dr D R Anderson (Chairman), Mr E A Moolla, Mr C Erasmus and Mr N G Payne

The GRC is chaired by an independent director and comprises solely of independent non-executive directors of PPS. The Group Chief Executive, who is the executive responsible for people management attends the meetings by invitation but does not carry a vote in the committee. Meetings are held at least three times a year.

The primary responsibilities of the GRC are the consideration and recommendation to the board on matters such as succession planning, performance bonuses, executive remuneration, directors' remuneration and fees, the short-term incentive scheme and long-term incentive scheme and Group retirement funds. The GRC considers the level of salary and the principles of any variable element of the remuneration package and also considers other aspects of the remuneration package and associated matters in accordance with its terms of reference. Execution of policy is delegated to management.

More detail on the incentive schemes for management and executives is contained on page 19 of this report. Where incentives are target based, most of the targets are related to budget achievement and, as such, are objectively monitored and measured. The targets that are more subjective are given considerable scrutiny by the GRC to enable the members of the GRC to satisfy themselves that the GRC has exercised its judgement appropriately. The management team is assessed using a "Balanced Scorecard" approach where the key drivers of the business, both financial and non-financial are measured. The objective in both the short and long term, is to align management performance with members' interest. Special care has been taken to ensure that excessive risk taking is not rewarded.

The GRC meetings held during the year and the attendance thereat were as follows:

Remuneration Committee	12 Apr 2010	2 Jun 2010	15 Nov 2010
Dr D R Anderson	✓	✓	✓
Mr C Erasmus	✓	✓	✓
Mr M J Jackson	✓	✓	✓
Mr E A Moolla	✓	✓	✓
Mr N G Payne	✓	✓	✓

Risk Committee (RC)

Members (Risk Committee)

Mr N G Payne (Chairman), Mr C Erasmus

This committee comprises two independent non-executive directors, both of whom are risk management specialists. The board is satisfied that the members of this committee have sufficient recent and relevant risk management experience to enable them to carry out their duties and responsibilities. The committee is scheduled to meet at least four times a year. Both members of the Risk Committee are also members of the Audit Committee. The external auditors, internal auditors and heads of Group Compliance and Risk Management are present at each meeting.

To ensure that issues do not fall between the audit and risk committees and, as a consequence are not dealt with, all issues of a non-financial nature are submitted to the Risk Committee where there is doubt as to which committee should deal with an issue. Where appropriate these issues may be referred to the Audit Committee.

Particulars of the role and responsibilities of the committee are set out on page 35 of the financial statements.

The Risk Committee meetings held during the year and the attendance thereat were as follows:

Risk Committee	28 Jan 2010	23 Mar 2010	10 Jun 2010	16 Sep 2010
Mr C Erasmus	✓	✓	✓	✓
Mr N G Payne	✓	✓	✓	✓

Executive Committee (Exco)

Members

Mr M J Jackson (Chairman), Mrs T Boesch, Mr V E Barnard (Appointed 1 October 2010), Mr N J Battersby, Mr L P Caron (resigned 31 August 2010), Mr S R Clark, Mr C K de Klerk, Dr P J P Goodwin, Mr R Govenden, Dr H P D Hoffman, Mr E G Joubert (appointed 1 November 2010), Mr J N Marsden, Mr T T Simba (resigned 31 May 2010), Dr D Stott

Composition and meeting procedures

Exco is chaired by the CEO and has regular input from executives from operations, sales, finance, actuarial, IT, human resources, compliance, member relations, special projects, the Group Secretariat and the subsidiary businesses of PPS Investments, PPS Marketing and Professional Medical Scheme Administrators. Exco meetings are held monthly with additional meetings being scheduled as required. The committee is responsible for strategy and the operations of the Group within the parameters defined by the board.

Internal control environment

The board has overall responsibility for the Group's systems of internal control and is accountable for reviewing the effectiveness of such systems. Internal control systems are designed to manage risks within the business rather than to totally eliminate the potential failure to achieve the Group's objectives. Inevitably, such systems can provide only reasonable and not absolute assurance against material misstatement or loss. The board is very conscious of the importance of the Group's systems of internal controls and recognises the importance of monitoring the effectiveness and development of the systems in line with best practice.

The system of internal control

The board has delegated to executive management the requirement for oversight, establishment and implementation of appropriate systems of internal control. The internal control systems are continually monitored by the audit and risk committees.

Risk management

Executive management and business units are responsible for the management of risk across the Group. The risk matrix as approved by the Risk Committee and the board is applied in the Group. The risk matrix sets out the process for capturing all risks relevant through five key stages: identification, assessment, monitoring, mitigation and reporting. Executive management is responsible for the collation of this information and reporting through the Risk Committee, and where appropriate, the Audit Committee. Executive management

is entrusted to ensure that the risk management framework is embedded at all levels and overseen, independently and objectively, at an appropriate level. The Risk Committee and the internal audit function continuously review the adequacy and effectiveness of the Group's risk management framework and systems of internal control. Internal Audit takes into consideration the risk matrix when planning their internal audits of the Group.

The taking of risk, in an appropriate manner, is an integral part of business. Success relies on optimising the trade-off between risk and reward, following an integrated risk management process and by considering all internal and external risk factors. In the course of conducting its business, the Group is exposed to a variety of risks, including counterparty, credit, market, operational, strategic and reputational risk. The long-term sustained growth, continued success and reputation of the Group are critically dependent on the quality of risk management. Management is committed to applying best practice and standards. The Group's risk philosophy is underpinned by its objective of member value creation through sustainable profitable growth, in a manner that is consistent with members' expectations of the Group's risk bearing capacity and its risk appetite. The Group's objective in this regard is to ensure that a quality risk management culture is sustained throughout its operations. The culture is being built on the following main elements:

- adherence to the value system of the Group;
- proactive risk management;
- a risk awareness culture via management and the business units;
- disciplined and effective risk management processes and controls, and adherence to risk management standards and limits;
- compliance with the relevant statutory, regulatory and supervisory requirements by way of a robust compliance risk management process;
- regular monitoring of compliance by the compliance department; and
- review of control measures by Internal Audit.

Due to the complexity and volume of new and current legislation applicable to the Group, the current compliance

risk management structure and methodology was reviewed. The current compliance resources were enhanced by the appointment of skilled compliance management staff. Improvements were made to the compliance risk management process and further developments are taking place in accordance with a compliance plan approved by the executive and risk committees.

Human resources policies and practices

Our people

Our business model and our people have been resilient in dealing with the impact of the world economic crisis and our business results attest to this.

The tough economic environment has necessitated a focus on efficiency to enable optimal business results.

Our progressive people management and development practices and processes have served us well in facilitating the objectives stated above. The additional initiatives undertaken, as set out below, have helped us to achieve the business milestones set.

In 2010, a set of core company values was agreed by management with the active engagement of employees in the process. These guiding values lay the basis for a consistent principles-based approach that would inform the business in its dealings with stakeholders.

Senior management incentive schemes

The total remuneration (or compensation) approach, policy and practice for executive and senior management embraces guaranteed package, short- and long-term incentives to enable appropriate business performance, sustainability and retention outcomes.

The incentive schemes are aligned to, and driven by:

- the interests of the members;
- the relevant financial and non-financial performance measures of the Group as a whole, based on the balanced scorecard as agreed with management and approved by GRC;
- the performance of any business unit or support function; and
- the employee's own outputs for the period.

Short-term scheme

The objective of the short-term scheme is to ensure optimal growth of the operating surplus. This surplus is allocated to members (after actuarial considerations). The scheme, which is run over the duration of each financial year, is also based on key performance milestones set for each individual.

The senior management team and Exco (30 individuals) belong to the performance-based remuneration scheme. This scheme has two categories. In category 1, managers have Key Performance Indicators which are largely project based and do not necessarily have short term line of sight to profitability. Up to four months salary can be paid in terms of the rules.

The second category consists of Exco and certain of their direct reports. Assessments of performance are completed according to Key Performance Indicators (KPI) with portfolios of evidence required to substantiate the gradings. This category can receive a percentage of annual cost to company capped at 100%, with an overall cap at bonus pool level of 2% of operating profit. The CEO is evaluated by the remuneration committee based on a balanced scorecard which is weighted 50% to financial performance and 50% to sustainability. The maximum bonus the CEO can receive is 100% of annual cost to company.

Long-term incentive scheme

A long-term scheme which was introduced in 2007 is designed to retain key staff and enable long-term sustainable growth of the business. The key driver of the scheme is the growth of the total balance of the apportionment account of PPS. This scheme is designed to align management behaviour over the long term with member interests.

The scheme has 23 participants, comprising senior executives and senior staff, key to the long-term success of the group.

Allocations are made annually to individuals based on tiers linked to criticality of role and cost of total annual package. A hurdle rate relating to the rate of growth of the apportionment account is set at 2% above inflation. Therefore individuals only

participate in the benefit of the growth above the hurdle rate. It is a five year scheme with one third of each allocation vesting after the third year, one third after the fourth year and the final third after the fifth year. Participants are required to be in the employ of PPS at the time of vesting to exercise their vested portion, thereby achieving the retention objective of the scheme.

The Remuneration Committee exercises discretion in terms of the rules of the scheme, the hurdle rate and allocations to the individual participants.

Employee incentive programmes

Our employee incentive programme called 'SUCCESS', rewards employees for the accomplishment of clearly defined business initiatives. Employees receive points that are redeemable for prizes for achieving specified milestones. This programme, which was introduced in 2004, has proven to be highly successful and has become an integral part of our remuneration offering. The annual cost of the programme is about 1% of payroll and has been demonstrated to add good value to the business and employees. 'SUCCESS' drives company initiatives by rewarding motivation, teamwork and service.

In addition, a 'pay for performance' scheme is in place, which rewards outperformance in defined areas. In 2010 the 'Performers Club' was created, an elite employee club which allows entry to high performers only. The members enjoy special recognition and growth opportunities facilitating higher levels of performance.

A special recognition programme, which rewards managers for their recognition of their subordinates, was well received and saw many innovative initiatives being introduced to reward performance, drive and team behaviour.

Employee wellness

PPS has a genuine concern for the emotional, physical and financial well-being of our people and this is evident in the investment made in a comprehensive Employee Assistance Programme.

PPS has partnered with an outside service provider which entitles all employees and their immediate families to 24-hour free access to a range of specialist counselling services and information.

PPS provides health assessments for employees, including cholesterol, body mass index (BMI) and blood pressure assessments, twice a year, free of charge. Areas of concern that are highlighted as a result of these assessments are addressed on an individual basis, and where necessary assistance is funded for the individual. We have placed a huge emphasis on employees managing BMI and fitness to enhance their quality of life.

Given the tough economic times, a programme to assist employees with personal budgeting was offered in 2010. In addition, our trained financial advisers offered financial advice to all staff to address their broader financial planning needs, free of charge.

PPS also invested in an HIV/Aids peer education programme with voluntary counselling and testing being offered to all staff.

Training and development

The Group spent approximately 4,3% of payroll on training and development during the period under review.

Training and development programmes were focused on the alignment of individual actions with the organisation's goals. In this way training programmes were targeted at achieving the objective of growing member and policyholder value through skilled and professional human resources.

A core focus at PPS has been in the development of our leadership cadre. This served to align our programmes with international standards, to build our business and to improve performance.

At PPS, we have invested in the sales and operations

environments by training and accrediting all employees engaged in these areas on the systems and processes required by them to excel in their positions.

The core of training at PPS has been in our New Sales Recruit Induction Programme, as well as on the successful development and accreditation of the sales force in Member Relations Division (our own sales force), Broker Services and the short-term sales division in order to meet business requirements, to bolster distribution capacity and ensure compliance with industry regulations.

We have placed a large focus on upholding accreditation standards to assess knowledge and the application of product, compliance, legislation, processes and systems through the implementation of an accreditation system.

We have enabled our employees to learn and update the skills required for their unique positions and professions. We have also focused on communicating and living the PPS values which were agreed in 2010.

Transformation

PPS is committed to achieving the key objectives of the BBBEE Codes of Good Practice and Financial Sector Charter. The transformation initiative commenced with a very successful Heritage Programme celebrating Cultural Diversity at PPS.

A new Group transformation forum was launched in November 2010 to bolster our transformation drive. The transformation forum, which has representatives from the respective areas of the business and embraces our diversity, is a consultative body, whose purpose is to enable employee participation in key transformation initiatives of the Company.

We have reported over the last three years on our Financial Sector Charter status and recently have begun to report on the BBBEE Codes of Good Practice. We are awaiting a fully fledged verification of our scorecard, which should be completed during 2011.

Sustainability report

'THE NEXT 70 YEARS'

PPS has endeavoured to provide information that would be most relevant to members. At the commencement of the Sustainability Report journey, PPS follows the recommendations contained in 'King 3' – The King Code of Governance Principles for South Africa 2009 – that companies move towards a system of integrated reporting which covers every aspect of their operations. However, instead of merely 'ticking the boxes' of the Key Performance Indicators outlined in the Global Reporting Initiative Guidelines on sustainability, this report will focus on the broader economic, social and environmental issues which are fundamental to ensuring that the Group survives and prospers into the future.

Whilst 'sustainability' embraces a great many factors within a company's structure, it is PPS's model of mutuality – now embedded in a Trust following the amendments to the Companies Act – that not only embodies this principle but also sets it apart from its competitors in the South African insurance market.

Simply put, mutuality means that PPS has only one constituency, its members, and this enables it to take a long-term view of what it is doing and where it is going without any undue pressure from shareholders to focus on short-term actions. There is no need for the company to improperly increase its risk profile in order to pursue overly ambitious immediate profit targets at the expense of long-term financial stability, and its firm position that its reserves are sacrosanct and will be sufficient to pay 'the last man standing'.

A further unique feature of the mutual model is that all surpluses which arise from excess assets over liabilities, operating profits and investment returns, are distributed to members through their Surplus Rebate Accounts, and despite the volatility of stock markets in recent years, PPS has been able to allocate an amount of R12,0 billion to members' accounts in the past ten years.

The ability of members to share in the profitability of the company is a differentiator which has contributed towards the growth of mutuals worldwide, as in difficult financial times they have proven to be better able to protect and maintain strong creditworthiness, which augurs well for their

long-term sustainability. In fact, mutuals have grown to the extent that they now account for 24% of the world's insurance market. This is in sharp contrast to shareholding companies in South Africa, where numerous insurance companies have been absorbed by mergers and takeovers – for the benefit of shareholders, and not policyholders – in recent years.

The professional market

What also differentiates PPS from other insurance companies is that it caters exclusively for the professional market, and has done so ever since its inception in 1941, when the company was established by eight dentists. Membership presently exceeds 200 000, which figure includes some 38 000 medical practitioners, 25 000 attorneys, 25 000 engineers, 20 000 accountants, and thousands of pharmacists, dentists, physiotherapists, architects, advocates, psychologists, veterinary surgeons, town planners and land surveyors. This in itself is an indication of the vital role PPS is playing in promoting the interests of its constituents, whose importance to the future of the country cannot be over-emphasised. This is especially true of the medical profession, with their involvement in so many aspects relating to the well-being of individuals and the economy as a whole.

PPS has taken particular trouble to canvass the various representative bodies of professionals on an ongoing basis to ensure that they are aware of what the Company has to offer by way of financial products which are specifically tailored towards their needs. At the same time, regular road-shows and visits are made to universities with a view

to disseminating the PPS message and spreading brand awareness among students. To this end, a dedicated staff member was employed towards the end of 2008 to head a new membership division, and the last two years have seen ongoing engagement with relevant institutions on a variety of levels, with the satisfactory outcome of new membership targets being considerably exceeded. In fact, new members totalled 13 286 during 2010, compared with 15 300 during the previous two years combined.

Because of the fact that 'churning' of business between companies is endemic in the South African insurance industry, PPS has established a specific retentions function to contact members who have indicated they will be cancelling benefits, and R33,8 million in annual risk premiums and R145,3 million in Surplus Rebate Accounts were retained in 2010 as a result. It must be emphasised however, that members who fully understand the benefits of the mutual model rarely terminate membership, which results in the company enjoying a low lapse rate.

PPS for life

The concept of 'PPS for life' – through products that cater for members' needs at all stages of career and lifestyle development – helps to promote sustainability on a broader front. The fact that the board of the holding company consists of professionals, in line with the requirements of its constitution, facilitates the continual monitoring of that market and the development of appropriate products. The Company has no members other than professionals and this enables it to focus all its efforts on understanding and servicing their needs from the cradle to the grave.

South Africa can ill afford to lose professionals through emigration when, as a developing country, all possible steps must be taken to retain skills in the country and ensure that standards are maintained and uplifted. Where emigration does take place however, membership is retained and PPS is in the process of developing strategic partnerships in the United Kingdom and Australia so as to provide an offshore range of services.

To enhance engagement with members and potential members, PPS recently created the executive position of head of stakeholder relations. This role aims to communicate the Group's message across various channels including the universities, professional associations and government bodies, as maintaining close relationships with these stakeholders is key to the sustainable growth of the Group.

People

PPS's major stakeholders include members, employees, regulators, intermediaries, asset managers, suppliers, professional associations and tertiary academic institutions. Interaction on a regular basis takes place with all these groups appropriate to their specific needs and in accordance with the Group's specific niche market approach: 'by professionals, for professionals'. Visibility to our stakeholders as evidence of sustainability is considered to be paramount.

The creation of an internal sales force – the Member Relations Division – in 2006, has also played an important role within the company. These people are able to get close to members in order to ensure that members' needs are fully understood and catered for, and together with PPS' 2 665 brokers, who also continue to bring in business and service the PPS family, they are a vital link between supplier and client.

Information technology

None of this would be possible, of course, without state-of-the-art technology, and in this area PPS has followed a cohesive strategy for the business as a whole, based primarily on facilitating convenience in service delivery. Specifically, the company's IT policy focuses on:

- extracting maximum value from the architecture and continuing to explore better methods of improving administration processes;
- improving data security at all stages of transacting and storing;
- managing risk, specifically in skills development, and the capture and management of intellectual property, in order to ensure business continuity;
- selecting technologies that will support the future distribution of PPS products in an innovative way; and
- empowering all PPS stakeholders to transact with the company in a user-friendly manner, without the integrity of data being in any way compromised.

The rapid changes in the field of information technology today make it essential that any company of consequence must be in the forefront of developments in this regard, in order to ensure that suitable products are developed quickly, and a speedy and efficient service is rendered to members to instil their confidence in the organisation on an ongoing basis. After some teething problems in the initial years, PPS is confident that a world-class technology platform has since evolved that can cater for all its needs well into the future, and be adapted where necessary to accommodate further refinements appropriate to a dynamic company.

Risk management

The Group has recently strengthened its legal, risk and compliance functions, and as increased regulation in the financial services environment continues, these areas are actively managed in order to provide peace of mind for members. An integrated enterprise risk management framework has been implemented to ensure that risks and opportunities are identified and addressed, and the Group Risk Committee is responsible for overseeing the following:

- reviewing key risk areas and key performance indicators within PPS, with a view to maintaining the effectiveness of its internal systems of control;
- reviewing the risk-bearing capacity of PPS in the light of its reserves, insurance coverage, guarantee funds and other financial structures; and
- assisting the boards in discharging their responsibility for disclosure relating to risk management as set out in the annual report.

The committee has also given guidance to PPS in preparing a Group Risk Matrix, in terms of which the biggest sustainability risks have been identified. With catastrophes, natural and otherwise, becoming more and more of a feature in today's uncertain world, risk management in its broadest sense is fundamental in ensuring the long-term sustainability of a company, and PPS is fully aware of its obligations in this regard – hence the increasing attention being given to this discipline.

The key financial risks in relation to the Group are included in the annual report. Other significant risks are in the areas of human capital, information technology and compliance. These are continuously monitored.

Black Economic Empowerment (BEE)

The Group is committed to enabling and accelerating transformation, both within the Group and the industry at large. In 2006, the transformation of PPS Insurance received a considerable boost with the implementation of the BEE transaction.

Prior to the transaction, the share of the economic interest of the PPS Insurance (defined as 10% of the annual profits) held by Black South African professionals, was measured at approximately 17%. The board decided to accelerate PPS's Black participation to 25% in one move. PPS Insurance provided funding for the BEE transaction.

Once the funding has been repaid, Black policyholders will start to receive an annual special BEE allocation at the end of the year.

The transaction increased the performance of PPS Insurance, positively benefiting all policyholders – not only Black policyholders.

Corporate Social Investment (CSI)

CSI is an integral part of the Group's activities, both as a component of its scorecard for internal transformation and as a cornerstone of its corporate accountability and governance programme. From sponsored refurbishments of buildings to grants of scholarships and to charities, each initiative PPS undertakes is focused on nurturing its nursery and growing the skills and competencies of future generations. This not only helps with the process of nation-building, but also supports potential employees and clients and above all – fellow graduate professionals.

Another side of this coin is the Group's responsibility towards the environment as a good corporate citizen. To this end PPS has embarked on various projects to improve its carbon footprint and preserve natural resources, as it behoves companies and individuals to minimise all environmentally related risks involved as much as possible.

Conclusion

Perhaps the most meaningful measure of sustainability for the Group is to restate its mission statement as recorded by its founding fathers in 1941: *'For the foreseeable future, the Society should be a mutual organisation which is committed to providing to a defined group of professional persons, the finest cover in respect of their morbidity and mortality risks, as well as offering them the most comprehensive means of providing for their retirement needs. Furthermore, the Society should be the most prestigious organisation in this field of endeavour.'*

Despite the numerous changes and refinements that have taken place within PPS over the last seventy years as it has evolved into a fully fledged financial services group, the fact that these values have remained intact and continue to be the cornerstone upon which the Group operates, is firm evidence that members can look forward to reaping the benefits of such sound basic principles for the next seventy years – and well beyond that.

Notice of annual general meeting

The Professional Provident Society Holdings Trust

(Registration number: IT 312/2011)
(‘the Trust’)

Notice to members

Notice is hereby given that the first annual general meeting (‘the meeting’) of the members of the Trust will be held on Monday, 6 June 2011 at 18:00, at Astrotech Conference Centre, corner Anerley Road and Third Avenue, Parktown, Johannesburg, for the following purposes:

1. To reappoint PricewaterhouseCoopers Inc. as the auditors of the Trust.
2. To elect and appoint trustees in place of those trustees retiring in accordance with the Trust Deed which established and governs the Trust (‘Trust Deed’).

Dr N G Campbell, Mr Y N Gordhan, Dr J J van Niekerk and Judge RH Zulman retire by rotation at the meeting in terms of the Trust Deed. Dr N G Campbell, Mr Y N Gordhan and Dr J J van Niekerk, being eligible for re-election and appointment, offer themselves for re-election and appointment as directors of the Company.

In addition, the following candidates have been nominated for election and appointment as trustees of the Trust in terms of the Trust Deed:

Ms U Botha	Mr G S Nienaber
Ms M Dionysiou	Mr P Ranchod
Prof D I Garach	Mr L V Scorgie
Mr F E Geldenhuys	Dr R Singh
Dr T K S Letlape	Dr G M Strydom

(Abbreviated biographical detail of the persons referred to above is set out on pages 27 to 30 of this annual report).

Explanatory note on the appointment of the trustees

The board of trustees currently consists of 19 trustees, all of whom were appointed in accordance with the Trust Deed of the Trust in terms of the approval of the Professional Provident Society Holdings Trust restructuring by members in general meeting on 30 March 2011. In terms of clause 5.3.1 of the Trust Deed, a maximum of 12 of the trustees may be appointed by the members in general meeting. There are four vacancies and there are 13 nominees for these vacant positions (including the trustees who retire by rotation and who offer themselves for re-election and appointment). In terms of the Trust Deed, if more persons have been nominated for the office of trustee than there are vacancies, and although each candidate will be voted upon by a separate resolution, the result of the voting shall be determined in accordance with the number of votes cast in favour of each resolution so that the vacancies will be filled by the four candidates receiving the highest number of favourable votes.

3. To elect the audit committee of the Trust. The following trustees, who meet the requirements of paragraph 26.1 of the Trust Deed, have offered themselves for election:
 - 3.1 Dr D G C Presbury
 - 3.2 Mr E A Moolla; and
 - 3.3 Dr D R Anderson.
4. To approve the following remuneration of the trustees for the period 1 July 2011 to 30 June 2012:

- 4.1 remuneration of the chairman, comprising of a retainer of R258 300 and an attendance fee of R11 100 per meeting;
- 4.2 remuneration of the deputy chairman, comprising of a retainer of R172 200 and an attendance fee of R8 300 per meeting;
- 4.3 remuneration of the co-opted members of the board of trustees, comprising of a retainer of R122 800 and an attendance fee of R5 530 per meeting;
- 4.4 remuneration of the remainder of the members of the board of trustees, comprising of a retainer of R86 100 and an attendance fee of R5 530 per meeting.

Voting

In voting or passing any resolution:

- Associate members (as defined in the Trust Deed) shall each have 1 (one) vote; and
- Ordinary Members (as defined in the Trust Deed) shall have 100 (one hundred) votes each, plus 1 (one) additional vote for each completed R200,00 (two hundred Rand) standing to his/her credit in his/her Apportionment Account (as defined in the Trust Deed), as at the most recent date prior to the meeting when the Apportionment Accounts of Ordinary Members were adjusted, provided that an Ordinary Member who is at the date of the vote 3 (three) months or more in arrear with the payment of his/her premiums (payable in terms of the Master Contract (as defined in the Trust Deed)) shall only have 1 (one) vote at the meeting.

A member who has more than 1 (one) vote may not split votes to exercise his/her votes in voting on any particular resolution but shall exercise all his/her votes either for or against the resolution or the member may abstain from voting on it.

Proxies

Any member who is entitled to attend and vote at the meeting may appoint 1 (one) or more proxies (who need not be a member of the Trust) to attend, speak and on a poll to vote or abstain from voting in his/her stead.

Proxy forms must be received at one of the following addresses or via facsimile or email, to be received by, and marked for the attention of, the Secretary, by no later than **18:00 on Wednesday, 1 June 2011:**

- Physical address: 6 Anerley Road, Parktown, Johannesburg;
- Postal address: PO Box 1089, Houghton, 2041;
- Facsimile: 011 644 4641; and
- Email: VBarnard@pps.co.za.

By order of the board of trustees



V E Barnard
Secretary

The Professional Provident Society Holdings Trust
6 April 2011

Notice of annual general meeting

Professional Provident Society Limited (Limited by guarantee)

(Registration number: 2001/011016/09)
(‘the Company’)

Notice to members

Notice is hereby given that the tenth annual general meeting (‘the meeting’) of the members of the Company will be held on Monday, 6 June 2011 immediately after the conclusion of the annual general meeting of the PPS Holdings Trust which is being held at 18:00 at the same venue, at Astrotech Conference Centre, corner Anerley Road and Third Avenue, Parktown, Johannesburg, for the following purposes:

1. To approve and adopt the annual financial statements for the year ended 31 December 2010, including the reports of the directors and the auditors of the Company.
2. To reappoint PricewaterhouseCoopers Inc. as the auditors of the Company.
3. To elect and appoint directors in place of those directors retiring in accordance with the Articles of Association of the Company (‘the articles’).

Dr N G Campbell, Mr Y N Gordhan, Dr J J van Niekerk and Judge R H Zulman retire by rotation in terms of the articles. Dr N G Campbell, Mr Y N Gordhan and Dr J J van Niekerk, being eligible for re-election and appointment, offer themselves for re-election and appointment as directors of the Company.

In addition, the following candidates have been nominated for election and appointment as directors of the Company in terms of the articles:

Ms U Botha	Mr G S Nienaber
Ms M Dionysiou	Mr P Ranchod
Prof D I Garach	Mr L V Scorgie
Mr F E Geldenhuys	Dr R Singh
Dr T K S Letlape	Dr G M Strydom

(Abbreviated biographical detail of the persons referred to above is set out on pages 27 to 30 of this annual report).

Explanatory note on the appointment of the directors

The board of directors currently consists of 19 directors (Dr T K S Letlape, Dr D R Sykes and Ms C N Mbili having resigned and Dr M N Mbasa having been appointed during the year), 12 of whom were appointed by the Company in general meeting in accordance with article 12.1.2.1. There are four vacancies and there are 13 nominees for these vacant positions (including the directors who retire by rotation and who offer themselves for re-election and appointment). In terms of the articles, if more persons have been nominated for the office of director than there are vacancies, and although each candidate will be voted upon by a separate resolution, the result of the voting shall be determined in accordance

with the number of votes cast in favour of each resolution so that the vacancies will be filled by the four candidates receiving the highest number of favourable votes.

Voting

In voting or passing any resolution:

- Associate members (as defined in the articles) shall each have 1 (one) vote; and
- Ordinary Members (as defined in the articles) shall have 1 (one) vote, and in addition thereto, shall have 99 (ninety-nine) votes each, plus 1 (one) additional vote for each completed R200,00 (two hundred Rand) standing to his/her credit in his/her Apportionment Account (as defined in the articles), as at the end of the previous financial year, provided that a member who is more than 3 (three) months in arrear with the payment of his/her premiums (payable in terms of the Master Contract (as defined in the articles)) shall only have 1 (one) vote at the meeting.

A member who has more than 1 (one) vote may not split votes to exercise his/her votes in voting on any particular resolution but shall exercise all his/her votes either for or against the resolution or the member may abstain from voting on it.

Proxies

Any member who is entitled to attend and vote at the meeting may appoint 1 (one) or more proxies (who need not be a member of the Company) to attend, speak and on a poll to vote or abstain from voting in his/her stead.

Proxy forms must be received at one of the following addresses or via facsimile or email, to be received by, and marked for the attention of, the Company Secretary, by no later than **18:00 on Wednesday, 1 June 2011:**

- Physical address: 6 Anerley Road, Parktown, Johannesburg;
- Postal address: PO Box 1089, Houghton, 2041;
- Facsimile: 011 644 4641; and
- Email: VBarnard@pps.co.za.

By order of the board of directors



V E Barnard

Company Secretary

Professional Provident Society Limited (Limited by guarantee)

6 April 2011

Abbreviated curricula vitae for nominated candidates

Dr Neil Gordon Campbell

Date of birth: 16 April 1950

Current position held

Consultant to Neil Harvey & Associates and Member of Gauteng Provincial Legislature

Profession

- Dental: consultant to Neil Harvey and Associates
- Member of Gauteng Provincial Legislature: serving on Health and Social Development and Roads and Traffic Portfolio Committees

Tertiary qualifications

- BDS (Wits)

Posts and positions held

- Secretary, Vice-President, President, Southern Transvaal Branch of SA Dental Association
- Member of National Council of DASA/SADA, Chairperson of Private Practice Committee DASA and SADA, President Elect, Member of unification team DASA. Holder of DASA Bronze Medal
- SADA Delegate to International Dental Federation 1997 to 2008 and member of the FDI Communication and Member Support Committee 2001 – 2009; Regional Vice-Chairperson of African Region of FDI 1997 – 2006
- Private Dental Practice 1973 – 1999 in UK, Welkom, Rustenburg and Bedfordview
- Chief Executive Officer, SA Dental Association 2000 – 2008
- Sometime examiner in Dental Ethics, Jurisprudence and Practice Management, Medunsa. And sometime lecturer at Wits, Pretoria and Medunsa
- Member of Medical and Dental Board of Health Professions Council of SA and CPD, Post Graduate Education and Foreign Graduate Registration Committees 2003 – 2011
- Nominations Committee PPS 2010 to present

Directorships

- Professional Provident Society Limited 2001 to present
- Professional Provident Society Insurance Company Limited 2004 to present
- ORALnet 1997 – 2007
- Oral Health Marketing Committee 2000 – 2008
- Elands Properties 1997 – 2009

Mr Yaswant Narotham Gordhan

Date of birth: 1 March 1951

Current position held

Financial Consultant and Registered Auditor

Profession

Financial Consultant and Registered Auditor

Tertiary qualifications

- Bachelor of Commerce (1975)
- Honours in Accounting (1978)
- Chartered Accountant (SA) (1979)
- Master of Science (Bus. Admin) Penn State University USA (1989)

Previous positions

- Financial Director: Hendler and Hart (Pty) Limited (October 2000 to July 2003)
- Consultant: Desai Jadwat Inc (2000)
- Chief Executive Officer of Public Accountants' and Auditor's Board (1998 – 1999)
- Financial and Auditing Consultant (1983 – 1998)
- Professor: Deputy Head of Department of Accounting University of Zululand, Umlazi Campus (1991 – 1998)
- Vice-Dean: Umlazi Faculty of Commerce and Administration (1996 – 1998)
- Senior Lecturer: University of Durban-Westville (1981 – 1991)
- Financial Accountant: Anikem (Pty) Limited (1980)
- Audit Senior: Arthur Young and Company (1974 – 1980)

Non-executive positions

- Member: Regulating Committee governing Airports Company of South Africa and Air Traffic Navigation Services (1998 to date)
- Member: Mining Qualification Authority (2004 to date)
- Chairman: Amplats Group Provident Fund Audit Committee (2006 to date)
- Chairman: Education, Training, Development and Practices Audit Committee (2003 – 2006)
- Chairman: Audit Committees of Gauteng Departments of Education, Safety and Recreation (2001 – 2003)
- Chairman: Petronet Audit Committee (1996 – 2001)
- Member: Divisional Board of Petronet (1998 – 2001)
- Chairman: Remuneration Committee of Petronet (2000 – 2001)
- Chairman: Departments of Education, Health, Social Development and Safety in the Limpopo Province (2005 to date)
- Non-executive director: Johannesburg Housing Company (2006 to date)
- Non-executive director: NURCHA (2006 to date)

Professional affiliations

- South African Institute of Chartered Accountants, The Public Accountant's and Auditor's Board (now IRBA), Institute of Directors

Dr Jacob Jozua van Niekerk

Date of birth: 9 January 1937

Current position held

Practising Orthopaedic Surgeon

Profession

Orthopaedic Surgeon

Tertiary qualifications

- MB ChB University of Pretoria
- M Med Surgery University of Pretoria

Abbreviated curricula vitae for nominated candidates

continued

Posts and positions held

- Private practice Orthopaedic surgeon in Johannesburg, from March 1968 to present
- Part-time consultant Boksburg-Benoni Hospital, 1969 – 1987
- Executive South African Orthopaedic Association, 1977 – 2000
- President South African Orthopaedic Association, 1993 – 1995
- Elected life member South African Orthopaedic Association – 1997 in recognition for services to the South African Orthopaedic Association
- Trustee of the South African Orthopaedic Trust, 1992 to present
- Chairman RASD (Representative Association of Surgical Disciplines) Medical Association of South Africa, 1993 – 2000
- Member of the Hospital Board Morningside Clinic, from 1997 to present
- Founder member of the South African Foot Surgeons Association
- First president South African Foot Surgeons Association, 1997 – 1999
- Member of the board of the Professional Provident Society Holding Company, from 1999 to present
- Member of the board of Professional Provident Insurance Company, from 2004 to present
- Trustee of the PPS Retirement Annuity Fund from 2003 to present
- Member of the board of PPS Medical Scheme Administrator, from 2005 to present
- Life member of South African Medical Association

Ms Ursula Botha

Date of Birth: 28 May 1968

Current position held

Operational Director: SEESA (Pty) Limited

Profession

Advocate

Tertiary qualifications

- Bachelor degree in Industrial Psychology (Potchefstroom University)
- B Proc (UNISA)
- LLB (UNISA)
- LLM (University of Pretoria)
- MBA (GIBS) (University of Pretoria)
- In the process of registration at the University of Pretoria for an LLD in Mercantile Law
- Admitted Advocate of the High Court of South Africa

Financial services/insurance industry experience

- Operational Director: SEESA (Labour relations organisation)

Ms Maria Dionysiou

Date of Birth: 6 September 1976

Current position held

Director: Oricap Solutions (Pty) Limited and Managing Member: Rite Metals CC

Profession

Chartered Accountant

Tertiary qualifications

- Computer Science Diploma (Oxford College of Education)
- Bachelor of Accountancy (University of Witwatersrand) (1998)
- BCom (University of Witwatersrand) (1997)
- CA(SA)
- Diploma in Financial Management (University of Cape Town)
- International Capital Markets (Securities Institute London)
- Dealer Examination (South African Futures Exchange)
- Senior Certificate Examination (South African Institute of Financial Markets)
- Registered Persons Examination (South African Institute of Financial Markets)

Financial services/insurance industry experience

- Registered Key Individual with the Financial Services Board
- Independent Consultant: Nedbank Limited
- Managing Member: Rite Metals CC
- Independent Consultant: Rabobank N.V., Amsterdam, NL
- Vice President: NIBC N.V., The Hague, NL
- Assistant Vice President: Credit Suisse First Boston, London UK / Zurich CH

Board positions held

- Director: Oricap Solutions (Pty) Limited

Prof Dulipkumar Itcharam Garach

Date of Birth: 11 October 1954

Current position held

CEO: Garach & Garach Accountants

Profession

Chartered Accountant

Tertiary qualifications

- BCom (University of Durban-Westville)
- Post Graduate Diploma in Accountancy (University of Natal)
- CA(SA)
- BCom (Hons)
- MCom (Taxation)
- Completed the Financial Planning Institute examination and qualified as a Certified Financial Planner
- Diploma in Advanced Property Practice
- Presently reading for a Doctoral degree in Business Administration (DBA)

Financial services/insurance industry experience

- Member: Independent Regulatory Board of Auditors (IRBA)
- Member: South African Institute of Chartered Accountants (SAICA)
- Member: South African Institute of Public Accountants (SAIPA)
- Fellow: Institute of Certified Financial Planners (CFP)
- Member: South African Institute of Tax Practitioners (SAIT)
- Member: Minister of Finance Accountancy Review Panel
- Member: SARS Advisory Board
- Member: Audit Committee of the Independent Complaints Directorate (ICD)
- Member: Regional Committee of the Board of Business Partners
- Member: Regional Committee of the Board of Perm Bank Limited
- Member: Regional Committee of the Board of the Small Business Development Corporation (SBDC)
- Financial adviser on National Radio
- Audit Manager: Ernst & Young
- CEO: Garach & Garach
- Partner: Dilip Garach & Company
- Executive member: Board of Consultative Business Forum (CBF)
- Executive member: SAHA Business Forum
- Awards: South Africa's Financial Planner of the Year 2004
- Awards: The Golden Peacock Corporate award 2007

Other

- Member: Estate Agents Board (EAB)
- Former Professor in Tax and Fiscal studies at KwaZulu-Natal University
- Tax Specialist and adviser on Tax, Wills, Trusts & Financial Planning
- Visiting Professor, Limpopo University
- Member of the Income Tax Special Court
- Served on Durban City Council Central Business District Task Force
- Served on KwaZulu-Natal Region's Executive Committee of Association for Advancement of Black Accountants in Southern Africa (ABASA)

Board positions held

- Director: SAHA Investments Limited

Mr Frans Eduard Geldenhuys

Date of Birth: 20 December 1950

Current position held

Practising Attorney

Profession

Practising attorney

Tertiary qualifications

- B Juris LLB (UP)

Financial services/insurance industry experience

None

Other

- Director, Van Zyl Le Roux & Hurter

Board positions held

- Director, Kroonendal Share Block Limited

Dr Tebogo Kgosietsile Solomon Letlape

Date of Birth: 14 April 1959

Current position held

Executive Director: Tshepang Trust

Profession

Medical Practitioner

Tertiary qualifications

- MBChB (Natal)
- FRCS (Oph) Ed
- FCS (Oph) SA
- SA FRCO phth (UK)

Financial services/insurance industry experience

- Former non-executive director: Professional Provident Society Limited

Other

- Executive Director: The Tshepang Trust
- Senior House Officer: Baragwanath Hospital
- Registrar: St John's Eye Hospital
- Private Practice (Ophthalmologist)
- Member of Global Hygiene Council
- International Member of the American Academy of Ophthalmologists
- Fellow of the College of Medicine, South Africa
- Fellow of the Royal College of Surgeons, Edinburgh
- Fellow of the Royal College of Ophthalmology, United Kingdom
- Member of the European Society of Cataract and Refractive Surgeons
- Member of the International Society of Refractive Surgeons
- Ophthalmic Consultant to the South African Boxing Commission
- Member of the College of Ophthalmology
- Senator in College of Medicine South Africa (Representing Ophthalmology)

Board positions held

- Chairperson: South African Medical & Dental Practitioners, Johannesburg
- CEO: Phelo-Ntle
- Chairperson: National Council of the South African Medical Association
- President: World Medical Association
- Co-chair of the Prevention Task Team (SANAC)
- President of Africa Medical Association
- PPS Limited
- The Tshepang Trust
- Health Science Academy

Mr Gabriel Stefanus Nienaber

Date of Birth: 14 January 1952

Current position held

Group Company Secretary: Nedbank

Profession

Attorney

Tertiary qualifications

- BA Law (University of Stellenbosch)
- LLB (University of Stellenbosch)

Abbreviated curricula vitae for nominated candidates

continued

- Admitted as an attorney January 1978 (removed at own request in 1978) and re-admitted in 1986
- Admitted as an advocate February 1978 (removed at own request 1986)
- Diploma in Advanced Banking (University of Johannesburg)

Financial services/insurance industry experience

- Currently Group Company Secretary Nedbank Group Limited
- Past Secretary of COSAB Banks Act Standing Committee
- Senior Manager Investment Department Finansbank Limited
- Company Secretary Finansbank Limited
- Company Secretary Nedbank Limited

Board positions held

- Director: NedGroup Secretariat Services (Pty) Limited

Mr Pankajkumar Ranchod

Date of Birth: 4 January 1956

Current position held

Independent Director of Companies and Consultant

Profession

Chartered Accountant

Tertiary qualifications

- BCom (University of Durban-Westville)
- BCompt Honors (UNISA)
- Chartered Accountant (SA)
- MBL (cum laude) (UNISA)
- H. Dip Business Data Processing (Wits)

Financial services/insurance industry experience

- Director: Strategy and Finance (Home Loans) – Standard Bank
- Acting Managing Director for BOE Insurance Company: NSureline
- Executive Head: Insurance Services – Santam

Mr Linley Vaughn Scorgie

Date of Birth: 18 September 1963

Current position held

CEO: NetTreasury Service (Pty) Limited

Profession

CEO, NetTreasury Services (Pty) Ltd (Treasury, consulting and IT)

Tertiary qualifications

- BCom (Hons) Finance 1996 Financial Management (University of Cape Town)
- BCompt 1997 Accounting, Auditing (UNISA)

Financial services/insurance industry experience

- CEO: NetTreasury Services (Pty) Limited
- Corporate Finance Manager: Monex Limited (ex JSE listed company)
- Manager: Corporate Finance: Mettle
- Accountant: Supreme Foods

Dr Rajendrakumar Singh

Date of Birth: 18 February 1962

Current position held

Practising Dermatologist

Profession

Dermatologist

Tertiary qualifications

- Bachelor of Medicine and Bachelor of Surgery (1986 – 1991)
- F.C. Derm SA Part I – 1997
- F.C. Derm SA Part II – 2004

Financial services/insurance industry experience

- Former CEO of Catwalk Investments – Insurance Brokerage and Medical Aid Broker
- Formerly registered with the FSB on an individual basis
- Accredited with the Council for Medical Schemes to broker medical aids

Other

- Member of the Dermatological Society of South Africa
- Fellow of the American Academy of Dermatologists
- Member of the International Society of Dermatologists
- Fully registered as a Medical Practitioner with the SAMDC
- Member of Medical Association of South Africa
- Member of the Medical Protection Society

Dr Gertruida Maria (Grietjie) Strydom

Date of Birth: 19 November 1960

Current position held

COO: Right to Care Health Services (Pty) Limited

Profession

Medical Practitioner

Tertiary qualifications

- MBChB (University of the Free State)

Financial services/insurance industry experience

- CEO: Right to Care Health Services (Pty) Limited
- Senior Medical Officer of Claims and Underwriting Department at Southern Life
- Senior Manager of Claims and Underwriting Department at PPS
- Former non-executive director: Professional Provident Society Limited
- Managing Director of Alexander Forbes Health Management Solutions
- Currently completing her MBA

Other

- Certificate of UNISA Financial management for FICA registration
- Director training: IOD courses for director training 2004 – 2007

Board positions held

- Member: Cornwall Hill College

Form of proxy

This form is, unless otherwise indicated by any member in a separate instruction which accompanies this form, for both the annual general meetings of:

THE PROFESSIONAL PROVIDENT SOCIETY HOLDINGS TRUST (REGISTRATION NUMBER IT 312/2011) ('the Trust')

and

PROFESSIONAL PROVIDENT SOCIETY LIMITED (LIMITED BY GUARANTEE) (REGISTRATION NUMBER 2001/011016/09) ('the Company')

Identity number _____

Membership number _____

Email address _____

Cell number _____

Member: I, _____

of _____ being a member of the Company/Trust, hereby appoint

_____ of _____

or failing him _____ of _____

or failing him, the Chairman of the meeting as my proxy to attend, speak and on a poll vote for me and on my behalf at the annual general meetings of the Trust and the Company to be held consecutively, commencing at 18:00 on Monday, 6 June 2011, at Astrotech Conference Centre, corner Anerley Road and Third Avenue, Parktown, Johannesburg, and at any adjournment thereof, as follows:

No.	Business	In favour of	Against	Abstain
1.	Ordinary resolution for the reappointment of the auditors*			
2.	Ordinary resolutions for the election and appointment of directors/trustees*			
2.1	Dr N G Campbell**			
2.2	Mr Y N Gordhan**			
2.3	Dr J J van Niekerk**			
2.4	Ms U Botha			
2.5	Ms M Dionysiou			
2.6	Prof D I Garach			
2.7	Mr F E Geldenhuys			
2.8	Dr T K S Letlape			
2.9	Mr G S Nienaber			
2.10	Mr P Ranchod			
2.11	Mr L V Scorgie			
2.12	Dr R Singh			
2.13	Dr G M Strydom			
3.	Ordinary resolutions for the appointment of the audit committee of the Trust			
3.1	Dr D G C Presbury			
3.2	Mr E A Moolla			
3.3	Dr D R Anderson			
4.	Ordinary resolutions for the approval of trustees' remuneration***			
4.1	Remuneration of the chairman of the board of trustees			
4.2	Remuneration of the deputy chairman of the board of trustees			
4.3	Remuneration of the co-opted members of the board of trustees			
4.4	Remuneration of the remainder of the members of the board of trustees			
5.	Ordinary resolution for the adoption of the annual financial statements of the Company for the year ended 31 December 2010			

* It is assumed that members would like to cast their votes on the appointment of auditors of the Trust and the Company and on the election of trustees of the Trust and directors of the Company in the same way. If a member would like to cast his/her votes on these issues differently for the Trust and the Company, then the member should explain his/her wishes clearly in a separate instruction which must accompany this form.

** Directors/trustees who will retire at the meeting by rotation, in accordance with the Articles of Association/Trust Deed and, being eligible, offer themselves for re-election and re-appointment.

*** Authorisation of at least seventy-five percent of the votes cast by members present (in person or represented by proxy) at the meeting is required.

(Indicate instruction to proxy by way of a cross in the space provided above. In terms of the Articles of Association/Trust Deed the maximum number of directors/trustees that must be elected and appointed at the meeting is four).

(Note: A member entitled to attend and vote is entitled to appoint a proxy to attend, speak and on a poll vote in his/her stead, and such proxy need not also be a member of the Company/Trust).

Signed this _____ day of _____ 2011

Profession _____ Signature _____

Notes to the form of proxy

1. The proxy form must be signed, dated and returned so as to reach the registered office of the Company and Trust **to be received by 18:00 on Wednesday, 1 June 2011.**
2. The signatory may insert the name of any person(s) whom the signatory wishes to appoint as his/her proxy in the blank spaces provided for that purpose.
3. The completing and lodging of this form of proxy will not preclude the signatory from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such signatory wish to do so.
4. If the signatory does not indicate in the appropriate place on the face hereof how he/she wishes to vote in respect of any resolutions, his/her proxy shall be entitled to vote as he/she deems fit in respect of that resolution.

Return options

Either

Deliver to: The Company/Trust Secretary
6 Anerley Road
Parktown
Johannesburg

or Post to: The Company/Trust Secretary
P O Box 1089
Houghton
2041

or Fax to: The Company/Trust Secretary
011 644-4641

or E-mail to: Vbarnard@pps.co.za

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