



Principles and Practices of Financial Management.

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glu Insurance is a division of PPS Insurance. PPS Insurance is a licensed Insurer and Financial Services Provider (FSP 1044)



Financial Togetherness™

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Contents Page

1.	INTRODUCTION	3
2.	PRINCIPLES AND PRACTICES OF FINANCIAL MANAGEMENT	3
3.	GOVERNANCE OF THE GLU PPFM.....	3
4.	APPROVAL OF PROFITBACK™ ALLOCATIONS	4
5.	PROFITBACK™ ALLOCATIONS	4
5.1	Overriding Principles	4
5.2	Principles	5
5.3	Practices	5
6.	INVESTMENT STRATEGY	7
6.1	Principles	7
6.2	Practices	8

1. INTRODUCTION

glu operates as a division of PPS Insurance Company Limited, a licensed life insurer and controlling company of life and non-life subsidiaries, and an authorised Financial Services Provider, and operates on the ethos of mutuality. Established in 2025, the glu brand serves the broader South African market by offering long-term insurance, short-term insurance, and investment solutions as a division of PPS Insurance.

glu has no external shareholders, instead, all profits available for allocation are shared among policyholders (members) through glu ProfitBack™ Policies, a unique benefit of glu membership to policyholders who hold eligible products.

This document outlines the Principles and Practices of Financial Management (PPFM) for glu policyholders to explain how ProfitBack™ allocations are managed, as well as the investment strategy adopted by glu. This PPFM applies to the glu ProfitBack™ Policy in accordance with the relevant policy terms and conditions.

2. PRINCIPLES AND PRACTICES OF FINANCIAL MANAGEMENT

This document is available on the glu website www.glumutual.co.za and can also be emailed upon request. The purpose of this document is to confirm alignment with the glu ProfitBack™ Policy terms and conditions which effectively acts as the contract between glu and its policyholders. The PPFM does not override the glu Risk or glu ProfitBack™ Policy's terms and conditions, but explains how discretionary benefits are managed.

glu supports the establishment of the PPFM as an important part of the overall governance and financial management of discretionary policyholder benefits.

Each year, glu will certify that we have operated our business in line with the PPFM and inform members if we make changes to it. We firstly set out the "Principles" and then the "Practices".

- "Principles" are high-level, enduring statements of the standards we adopt and are not intended to change very often. When they do, we will inform affected policyholders at least 31 calendar days in advance.
- "Practices" describe our approach to managing ProfitBack™ allocations and these may change. When they do, we will inform affected policyholders within a reasonable time period.

If there are any queries about this document, enquirers can call +27 011 568 0458 or email memberservices@glumutual.co.za.

3. GOVERNANCE OF THE glu PPFM

The adherence of glu to the Principles and Practices as set out in this document is the responsibility of the PPS Group Audit Committee, which is required to conduct a review on an annual basis.

The PPFM may change as the economic or business environment changes. Any change to a Principle or a Practice will be approved by the PPS Insurance Board, on recommendation from the glu Divisional Board, PPS Insurance Corporate Actuarial Function, the PPS Head of Actuarial Function, the PPS Group Actuarial Committee and the PPS Group Audit Committee.

At least 31 calendar days before a change to a Principle is implemented, affected glu policyholders will be informed and the proposed change will be published on our website. Any change to a Practice will be published on our website www.glumutual.co.za and policyholders will also be informed of such a change in our annual communication to policyholders.

4. APPROVAL OF PROFITBACK™ ALLOCATIONS

The glu ProfitBack™ allocations are recommended by the glu Actuarial Department and PPS Insurance Corporate Actuarial Function and reviewed by the PPS Head of Actuarial Function, in accordance with the Principles and Practices outlined in this document.

The ProfitBack™ allocations are discussed at the Group Actuarial Committee and the Group Audit Committee, and are finally considered and recommended for approval by the glu Divisional Board to the PPS Insurance Board.

Any ProfitBack™ allocations by glu during any year that glu has not made profit shall be at the sole discretion of glu and subject to any solvency, liquidity, and regulatory requirements.

Any ProfitBack™ allocations by glu during the year that glu has made profit shall be based on the calculations that comprise of the glu profits available for allocation each year, being the profits generated by the glu division, as determined during the finalisation of its annual financial results, after allowance for amounts required to build up actuarial liabilities and meet any capital and regulatory requirements. Profits will be allocated to policyholders with an active, qualifying Life Insurance Policy in force at the time of the annual allocation.

If the qualifying glu Life Insurance Policy lapses, is cancelled, or terminates other than by a valid claim, the member ceases to participate in glu profits, does not qualify for any ProfitBack™ allocation for that financial year, all unvested ProfitBack™ is immediately terminated, and only any vested ProfitBack™ (after deduction of any outstanding amounts) remains payable.

5. PROFITBACK™ ALLOCATIONS

5.1 Overriding Principles

The following overriding principles will take precedence over any other principles.

5.1.1. glu will meet all its contractual obligations, and legal and regulatory requirements. In the event of a conflict arising between the PPFM, as outlined in this document, and the policy terms and conditions, the policy terms and conditions will prevail. Similarly, in the event of any conflict between the PPFM and the legal and regulatory requirements, the legal and regulatory conditions will prevail.

Any decisions regarding the allocation of profits will first consider the long-term solvency of glu and PPS Group.

5.1.2. ProfitBack™ allocations will be declared having regard to policyholders' reasonable benefit expectations, which have arisen from original contractual entitlements as well as past practice by glu, relevant industry practice and official glu documentation made available to policyholders by glu. These expectations must be balanced against the long-term financial strength of glu, the maintenance of adequate solvency, and the need to support sustainable new business growth.

5.2 Principles

- 5.2.1. Because of their importance both to the policyholders and to the financial strength of glu, ProfitBack™ allocations are recommended by the glu Divisional Board and approved by the PPS Insurance Board.
- 5.2.2. ProfitBack™ allocations are not guaranteed and are discretionary in nature.
- 5.2.3. ProfitBack™ allocations will be determined annually.
- 5.2.4. ProfitBack™ allocations are non-vesting when issued. Allocations vest and become accessible to policyholders in accordance with the following glu vesting rules, measured from the original inception date of the qualifying glu Life Insurance Policy: 20% of the accumulated value vests after 10 years of continuous cover, a further 20% after 15 years, a further 20% after 20 years, and the remaining 40% after 25 years of continuous cover or on reaching age 65, whichever occurs first.
- 5.2.5. Any ProfitBack™ allocations made after age 65 will be subject to an additional vesting period of up to 5 years. glu may, at its discretion, waive this additional vesting period, subject to glu's solvency and capital requirements.
- 5.2.6. The Unvested ProfitBack™ portion belong to glu until the relevant vesting dates, at which point ownership of the vested portion transfers to the policyholder.
- 5.2.7. ProfitBack™ allocations will apply only to qualifying policyholders who hold an active, qualifying glu Life Insurance Policy and will initially be subsidised by glu, subject to solvency, liquidity and regulatory requirements. Post break-even point ProfitBack™ allocations will broadly reflect the investment and operating experience of glu. Qualifying policyholders are members of glu that hold an active glu Life Insurance Policy at the time of the allocation.
- 5.2.8. The ProfitBack™ amount reflects the accumulated value of annual profit allocations made to members who hold an active, qualifying Life Insurance Policy. These amounts are invested on the member's behalf and vest in accordance with the glu vesting rules. Allocations may be positive or negative depending on operating experience and investment performance, and past allocations are not necessarily indicative of future outcomes. Any negative allocations will reduce the unvested portion only.

5.3 Practices

- 5.3.1. glu operating profits are allocated annually to each member's glu ProfitBack™ Policy, vesting gradually over time, with clear rules for access, withdrawal, and payments under special claims circumstances. The system is designed to reward loyalty, encourage long-term participation, and aligns with the ethos of mutuality.
- 5.3.2. Each policyholder has only one glu ProfitBack™ Policy, regardless of the number of glu benefits or policies held.
- 5.3.3. The glu ProfitBack™ Policy may not be ceded, loaned against, or transferred to another insurer or insured.
- 5.3.4. Each year, a ProfitBack™ allocation is made to the ProfitBack™ Policy based on:
 - The operating profitability of the glu product held,

- The policyholder's share of total premiums received by glu,
 - The cumulative balance of the policyholder's ProfitBack™,
 - glu's capital requirements, solvency and financial needs.
- 5.3.5. The ProfitBack™ allocations are made after allowance for amounts required to build up the actuarial liabilities and capital requirements.
- 5.3.6. The ProfitBack™ allocation for each policyholder:
- Prior to break-even point ProfitBack™ allocations will be subsidised by glu, subject to solvency, liquidity and regulatory requirements.
 - Post break-even it will consider the premiums received from the policyholder, relative to the overall premiums received by glu (in the applicable financial year), in determining their share of glu profits available for allocation.
- 5.3.7. Unvested ProfitBack™ balances are allocated investment returns based on opening ProfitBack™ balances at the time of the allocation. Any vested ProfitBack™ balances that has not been withdrawn also earns an investment return, and is directly attributable to the policyholder.
- 5.3.8. A degree of balancing is permitted between different products to prevent excessive volatility in the declared ProfitBack™ allocation rates.
- 5.3.9. Future ProfitBack™ allocations may be either positive or negative depending on whether profits or losses occur during the financial year, although the ProfitBack™ balances cannot go negative. A negative allocation is equivalent to removing previously allocated profits under the unvested ProfitBack™ balance, and do not affect vested balances.
- 5.3.10. ProfitBack™ can be earned across other glu product houses provided that a glu Life Insurance Policy is held. Any such allocations are dependent on the financial performance and profitability of the relevant product house.
- 5.3.11. glu Invest:
- A "glu Invest" bonus may be allocated annually to the glu ProfitBack™ Policy for members who also hold glu Invest products.
 - This amount is allocated in a similar manner to the ProfitBack™ allocation, with the exception that the allocation is based on the average fund value of assets held with glu Invest for qualifying products, and the glu Invest profits available for allocation.
- 5.3.12. glu Car & Home
- A "glu Car & Home" bonus may be allocated annually to the glu ProfitBack™ Policy for members who also hold glu Car & Home products.
 - glu in its sole discretion in determining this allocation, shall at the end of each financial year determine the financial performance and available cash flow generated by the glu Car & Home product/s.
 - The allocation will consider the premiums received from the glu Car & Home policyholder, relative to the overall premiums received by glu Car & Home (in the applicable financial year), in determining their share of glu Car & Home profits available for allocation.

5.3.13. glu Fiduciary Services

- glu may choose to offer members that hold a Will with glu Fiduciary Services a discount on their annual safe custody fee, with the size of the discount linked to the number of products held across the multiple glu product houses.

5.3.14. It is important to note that the policyholder is only entitled to the vested portion of their glu ProfitBack™ Policy as per the vesting rules in paragraph 5.2.4, or on the earlier of a death or full disability claim which results in the natural termination of their policy.

5.3.15. All unvested glu ProfitBack™ balances terminate upon lapse.

5.3.16. No payment will be made from the glu ProfitBack™ Policy where cover is terminated by glu in terms of the provisions of the glu ProfitBack™ Policy or where any legislation prevents or restricts payment to the policyholder.

5.3.17. Where a policy is terminated due to death of the policyholders during the course of the year, no interim ProfitBack™ allocations will be added, although investment returns will be provided for on the accumulated balance of the ProfitBack™ Policy balance up to and including the month prior to the event date.

5.3.18. Interim investment returns and capital gains or losses are brought into account based on the actual performance (after allowing for taxes and expenses) of the underlying assets of the glu ProfitBack™ Policy.

5.3.19. If a member reaches the point where their entire ProfitBack™ balance becomes fully accessible – that is, at age 65 or after 25 years of policy tenure – and their ProfitBack™ Policy ends in that same financial year, they will not receive a pro rata (partial) ProfitBack™ allocation for that year.

6. INVESTMENT STRATEGY

6.1 Principles

6.1.1 The glu investment strategy aims to optimise sustainable long-term returns on behalf of members, having regard to:

- The long-term strategic investment performance requirements for glu assets;
- The framework of the investment mandates for glu;
- The regulatory restrictions applicable to the mandates set by glu, including the limits within which glu may invest in unlisted assets (such as physical properties, infrastructure and private equity) and alternative strategies including hedging strategies;
- The market risk and investment limitations imposed on the portfolios managed for glu;
- The process for appointing, reviewing and terminating fund managers applicable to the portfolio mandate set by glu, as performed by the PPS Multi-Manager (PPSMM) Investment committee in accordance with the glu mandate;
- The process for analysing glu's Asset Liability Management (ALM) position against risk limits; and

- The manner in which investments are made to ensure the security, quality, liquidity and profitability of glu's whole portfolio.
- 6.1.2 glu's assets will be invested in an appropriate and broad range of suitable investments in accordance with the Investment Management Policy and Investment Mandates as recommended by the glu Divisional Board, and approved by the PPS Insurance Board.
- 6.1.3 glu's assets will only be invested in strategies whose risks can be identified and understood, measured, assessed, monitored and reported on, and as far as possible be managed and controlled.
- 6.1.4 glu's assets will be invested in a manner that considers responsible investment and Environmental, Social and Governance factors will be embedded in the decision-making process.
- 6.1.5 The glu investment mandates are reviewed from time to time and revised as required to ensure these remain relevant and appropriate.
- 6.1.6 Investments may be made in derivatives or similar instruments if they are appropriate to the objectives of the investment portfolio and meet the related investment restrictions as set out in the investment mandates.

6.2 Practices

The investment management mandates and agreements between glu and its fund managers set out the required investment strategy, guidelines and benchmarks, fees payable and related requirements. The benchmarks are set taking into consideration the levels of risk inherent in each asset class.

The glu Divisional Board reviews the performance of the investment portfolios and ongoing appropriateness of the Investment assets regularly and is responsible for making recommendations to the PPS Insurance Board to approve significant investment-related decisions. The PPS investments department will perform the requisite fund accounting and compliance functions for glu.

The assets backing glu ProfitBack™ will be invested in a mix of listed equities, property, fixed interest investments, international assets, unlisted assets (such as physical properties, infrastructure and private equity), alternative strategies including hedging strategies and cash. Asset allocation ranges are set, along with performance targets and benchmarks.

The mix of different asset classes is premised on the long-term investment view of the glu Divisional and PPS Insurance Boards, and as such short-term fluctuations in performance can be expected.

POLICY ADMINISTRATION**Target Audience:**

All policyholders of glu

Approved and issued by:

PPS Insurance Board

Person responsible for Standard administration:

Marusha Nariansamy, glu Head of Actuarial

Version:

1.2

Effective from:

15 April 2026

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N/A

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