ANNEXURE F

POST-RETIREMENT MEDICAL AID OBLIGATIONS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

This information noted below summarises all key assumptions, valuation inputs and key disclosures relating to Tiger Brands

The company and its subsidiaries operate post-employment medical benefit schemes that cover certain of their employees and retirees. This practice has since been stopped for new employees. The liabilities are valued annually using the projected unit credit method. The latest actuarial valuation was performed on 30 September 2022.

	2022	2021
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**11,7%**	9,7%
Medical inflation	**6,8%**	6,9%
Future salary increases	**7,8%**	6,9%
Post-retirement mortality tables	**PA(90) ultimate rated down 2 years plus 1% improvement pa from 2006**	PA(90) ultimate rated down 2 years plus 1% improvement pa from 2006

The risks faced by the group as a result of the post-retirement medical aid obligation can be summarised as follows:

- **Inflation:** The risk that future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled
- **Longevity**: The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected
- **Open-ended, long-term liability:** The risk that the liability may be volatile and uncertain in the future
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment liability may increase the liability for Tiger Brands
- **Future changes in the tax environment:** The risk that changes in the tax legislation governing employee benefits may increase the liability for Tiger Brands
- **Perceived inequality between current employees:** The risk of dissatisfaction of current employees who are not eligible for a post-employment healthcare subsidy
- **Administration:** Administration of this liability poses a burden to Tiger Brands
- **Future National Health Insurance (NHI):** The risk that the liability could be impacted due to the implementation of NHI and its impact on medical schemes
- **Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced.

	2022			2021		
Sensitivity analysis*	Base case	Medical inflation		Base case	Medical inflation	
Key assumption	**6,8%**	**(1,0%)**	**1,0%**	6,9%	(1,0%)	1,0%
Accrued liability 30 September (R'million)	**322,9**	**299,3**	**350,2**	563,8	522,6	611,1
% change		**(7,3)**	**8,4**		(7,3)	8,4
Current service cost plus interest cost (R'million)	**37,2**	**34,3**	**40,6**	53,7	49,3	58,7
% change		**(7,9)**	**9,2**		(8,2)	9,3

	2022			2021		
	Base case	Discount rate		Base case	Discount rate	
Key assumption	**11,7%**	**(1,0%)**	**1,0%**	9,7%	(1,0%)	1,0%
Present value of obligations 30 September (R'million)	**322,9**	**351,9**	**298,2**	563,8	613,9	521,0
% change		**9,0**	**(7,7)**		8,9	(7,6)

	2022			2021		
	Base case	Expected retirement age		Base case	Expected retirement age	
Key assumption	**60/63/65 years**	**1 year younger**	**1 year older**	60/63/65 years	1 year younger	1 year older
Present value of obligations 30 September (R'million)	**322,9**	**324,4**	**321,0**	563,8	566,2	560,8
% change		**0,5**	**(0,6)**		0,4	(0,5)

* *The sensitivity analysis relates to the total liability for the year.*

The duration of the liability at 30 September 2022 is 9,3 years (2021: 9,3 years).