

12 June 2020

**Mr Butch Bacani via email**

Programme Leader

The UNEP FI Principles for Sustainable Insurance Initiative (PSI)

United Nations Environment Programme Finance Initiative

International Environment House, 15 chemin des Anémones

1219 Châtelaine, Geneva, Switzerland

Dear Butch,

**SANTAM GROUP PROGRESS REPORT: PSI PRINCIPLES 1 JANUARY 2019 – 31 DECEMBER 2019**

Santam Group is committed to embedding the PSI principles in the group's business and decision-making as disclosed in our annual integrated report, and Environmental Social and Governance (ESG) related disclosures on our website and in other communications. It is also evident in our support of the PSI initiative through participation in the PSI governance structures, projects and market events.

**SANTAM GROUP'S APPROACH TO ESG**

Santam Group acknowledges that the business operates in conditions of environmental and social thresholds and we thus take ESG issues and sustainability seriously. The Group's aim of narrowing the risk protection gap in the markets where we do business through collaborative, proactive risk management activities and the provision of reliable, inclusive risk solutions, reflects our approach to contributing to sustainable development.

To illustrate Santam Group's progress with integrating ESG issues into our business we highlight the following to you:

- *Santam supported the development of the ESG issues in underwriting for non-life insurance guide*

Santam Group participated in the development of the first Global Guidance for ESG in underwriting. Input from the Group's Risk, Underwriting and other specialists was shared with the UNEP FI PSI project team.

- *FTSE Russell's ESG Ratings (JSE Sustainability Index rating)*

Santam Ltd participates in the JSE's sustainability rating process which is aligned with the FTSE Russell rating process. FTSE Russell collects data related on public company disclosures on ESG-related matters across different themes. For Santam Group, these include anti-corruption, climate change, corporate governance, human rights and community, labour standards, risk management and supply chain. The Top 30 index reflects the 30 companies achieving the highest ratings in the ESG Ratings process and Santam Group remained in the JSE Top 30 Sustainability Index, and was again included in the FTSE4Good Index Series.

- *Annual integrated report reflects Santam's progress with ESG integration*

Santam Group published its 2019 Integrated Report as part of our annual reporting responsibilities in terms of the South African corporate governance guidelines called King IV. Our report discloses the Group's FutureFit strategy, which focuses on key matters driving change in global insurance and significant Group level issues.

Our ESG efforts are structured according to the two key Focus Areas, and are reported on page 45 in the integrated report:

<https://www.santam.co.za/media/2685862/2019-integrated-report.pdf>

- *Climate Change Position Statement*

We updated our climate change position statement to align with developments since 2015 (the Paris Agreement on Climate Change, Task Force on Climate-related Financial Disclosures recommendations, and the UN Sustainable Development Goals). Our updated Climate Change Position statement can be found here:

[https://www.santam.co.za/media/2684742/doc-10377\\_climate-change-positioning-statement\\_plain\\_bold\\_with-linksfinal-draft.pdf](https://www.santam.co.za/media/2684742/doc-10377_climate-change-positioning-statement_plain_bold_with-linksfinal-draft.pdf)

- *ClimateWise & CDP:*

We are a member of ClimateWise and annually report our performance against the ClimateWise principles that have been aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The group also submits a CDP response annually as part of the Sanlam Group's return.

Below are links to our ClimateWise and CDP disclosures, as well as the Group's Carbon footprint report: <https://www.santam.co.za/products/climatewise-report/>

[https://www.santam.co.za/media/2685131/sanlam\\_-\\_cdp\\_climate\\_change\\_questionnaire\\_2019\\_final.pdf](https://www.santam.co.za/media/2685131/sanlam_-_cdp_climate_change_questionnaire_2019_final.pdf)

[https://www.santam.co.za/media/2685132/carbon-footprint-report-sanlam-group-19-march-2019\\_final.pdf](https://www.santam.co.za/media/2685132/carbon-footprint-report-sanlam-group-19-march-2019_final.pdf)

- *Partnering for resilience*

Santam's Partnership for Risk and Resilience (P4RR) Programme brings together our proactive risk management activities in municipalities, our CSI spend, stakeholder relations functions and sustainability initiatives, and is fully aligned with the 'Help Build Resilient Societies' theme of Santam's FutureFit strategy.

Through P4RR, the Emthunzini Community Trust invests in risk reducing interventions that are managed by Santam and other willing partners, such as SASRIA. The objective of P4RR is to strengthen the institutional and participatory development capacity of local municipalities to proactively reduce the impact of disasters. We do this by assisting service delivery and providing support to local government infrastructure, economic development, and governance. In 2019, the P4RR programme supported 46 municipalities.

Source: <https://www.santam.co.za/media/2685862/2019-integrated-report.pdf>

- *Market events and research during 2019*

In April 2019, we co-facilitated and attended the 2<sup>nd</sup> Annual PSI African Market Event held in Lagos, Nigeria, which brought together leading practitioners and thinkers within the African insurance 'ecosystem', the UN and key stakeholders to share ideas about the creation of sustainable African insurance sector. At the event, John Melville, Chief Underwriting Officer of Santam Insurance, mentioned that issues such as climate change and environmental degradation are leading to diverse, interconnected and complex risks, and highlighted the importance of finding solutions to tackle the continent's most pressing sustainability challenges.

We also hosted a South African Risk Protection Gap Laboratory at our offices in Johannesburg in April 2019. This broad SA focused stakeholder engagement's main objective was to understand the South African risk protection gap and to explore how the gap can be narrowed. We also used the opportunity to share the potential of proactive risk mitigation through the Council for Scientific and Industrial Research (CSIR) partnership on the Green Book.

**The Knysna Fires Research Report** was launched in Cape Town and Johannesburg and can be found [here](#). The report was produced in partnership with the University of Stellenbosch and CSIR, supported by the Western Cape Disaster Management Centre. The report further makes a number of recommendations for government, communities, the insurance industry and other stakeholders towards minimising the risk of future mega fires, and the remedial steps to be taken in reducing the social and financial impact of such disasters should they occur.

Further to the report, the Santam Stakeholder Relations team hosted a Knysna Fires Learnings forum in August 2019. The forum discussed the findings of the report and agreed on five prioritized projects namely, engaging with the Western Cape Provincial Disaster Management Centre to learn from their existing disaster management initiatives, working with key stakeholders towards the implementation of National Incident Management System (NIMS), engaging with CISCO Systems (a networking hardware company)

regarding a standardised communication tools/system that can be used during disasters, facilitate a meeting to discuss getting the mandate to implement the fire danger index, and discussing the recommendations from the report with other industry players for potential partnerships.

We are proud founding signatories to the UNEP FI PSI initiative. As part of our efforts to embed and keep the ESG high on the agenda, the Group Executive meets annually during a set meeting to assess the ESG performance. During the reporting period, efforts were focused on integrating our ESG performance into one scorecard that serves both the Board and the Social, Ethics and Sustainability committee (SESCO). ESG efforts continue to be coordinated through a bi-annual meeting of focus area heads, facilitated by the Head of Group Strategy and chaired by the board member responsible for sustainability. This Committee has oversight of the ESG strategy and reports into the Group Board and is governed by a Group SESCO Charter to perform this role for Santam Limited and its South African subsidiaries.

We trust our letter and public disclosures demonstrate our commitment and progress to you.

Kind regards

**Mr Thabiso Rulashe**  
**Strategic & Market Intelligence Manager**

**Mr Kukhanya Ncube**  
**ESG Performance & Reporting**