

08 SEPTEMBER 2025

**Diana Diaz and 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

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Dear Butch,

**SANTAM GROUP PROGRESS REPORT: PSI PRINCIPLES 1 JANUARY 2024 – 31 DECEMBER 2024**

Santam is South Africa's leading general insurer with a market share in excess of 22%. It is listed on the Johannesburg Stock Exchange (JSE) and provides a range of general, specialist and reinsurance products, in Southern Africa and internationally through a network of over 3 300 intermediaries and direct channels. It is a subsidiary of Sanlam, the largest non-banking pan-African financial services group headquartered in South Africa, focused on emerging market economies, covering 31 countries in Africa, Asia and the UK. Sanlam is listed on the JSE, Namibian Stock Exchange, and the A2X.

Santam Group continues to support the United Nations' Principles for Sustainable Insurance (PSI) initiative. Our contribution to resilience activities as well as our participation in PSI governance structures and market events demonstrate this. As disclosed in our annual [Integrated Report](#) and the Environmental Social and Governance (ESG) related disclosures on our website and in other internal and external communications, we are committed to embedding the PSI principles in the Group's business and decision-making.

**SANTAM GROUP'S APPROACH TO ESG**

Santam Group acknowledges that the business operates under environmental and social thresholds, and we take ESG issues and sustainability seriously. Our approach to ESG focuses on issues most important to our stakeholders and those which affect our ability to create long-term financial and non-financial value. These material issues have informed the Group's ESG strategic focus areas i.e., run a responsible business, help to build resilient societies, and nurture and retain talent whilst embedding an inclusive culture for employees. These focus areas are further integrated into the refreshed FutureFit Santam Strategy which is anchored on three growth vectors:

- Strengthening our leadership position in South Africa
- Driving international expansion and diversification
- Scaling ecosystems and exploring new markets through strategic partnerships

To illustrate Santam Group's progress in integrating ESG issues into our business, we highlight the following activities aligned to the 'Principles'.

**Principle 1: We will embed in our decision-making ESG issues relevant to our insurance business.**

**Company Strategy**

- *Santam Group FutureFit Strategy*

The 2024 financial year marked the second year of the implementation of Santam's refined Future-Fit Strategy which seeks to respond to shifting risks and opportunities in our operating environment. Through this strategy, the Group aims to continue to be South Africa's leading insurer, driven by data and focused on the client. To do this, the Group is focused on strengthening our leadership position in South Africa and expanding internationally into new markets. Key to this is the continued oversight of the Board over the implementation of the refreshed FutureFit strategy and new operating model to enhance our multi-channel distribution ability whilst creating growth in a sustainable manner [see page 58-63 of the [Integrated Report](#) for an overview of the Strategy and our performance. As we marked Santam's 106<sup>th</sup> year, we refreshed our brand to align with our evolving strategy. The theme of *embracing the freedom to live fully* embodies empowerment and signifies the key role that we play in giving our clients the freedom to explore, grow and pursue their dreams, knowing Santam is behind them, safeguarding what matters most to them. See page 4 and 56 of the 2024 [Integrated Report](#).

The Board remains satisfied that the refreshed strategy adequately addresses the opportunities and challenges the business is expected to face in the short to medium term and has confidence that the strategy, supported by a diverse executive team that leads the Group towards a successful and a sustainable future. As part of our commitment to ESG embeddedness, the Group performance dashboard which the Board and management oversee continues to capture core ESG performance elements of the Group's corporate strategy on a quarterly basis. The dashboard also entails overall corporate performance, including both financial and non-financial performance, see our [2024 Remuneration Report](#).

- *The Group Social, Ethics and Sustainability Committee (SESCO)*

The SES Committee is constituted as a statutory committee performing its duties in terms of Regulation 43 of South Africa's Companies Act, King IV Guidelines on Corporate Governance for South Africa<sup>1</sup> and the Johannesburg Stock Exchange (JSE) listing requirements. As part of our efforts to embed and keep ESG high on the Board and management's agenda, the Group Social, Ethics and Sustainability Committee (SESCO) met four times in 2024 to assess the Group's ESG performance. This committee oversees the Group's response to ESG matters and climate-related risks and opportunities including the UN's Principles of Sustainable Insurance and reports to the Group Board. To perform this role for both Santam Limited and its South African subsidiaries, the committee is governed by the Group SESCO Charter. During the reporting period [2024], the committee achieved the following:

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<sup>1</sup> King IV sets out the philosophy, principles, practices, and outcomes which serve as the benchmark for corporate governance in South Africa and is an essential element of good corporate citizenship.

- Dedicated efforts were assigned towards ensuring adequate and transparent reporting on the Group's approach to sustainability and material non-financial aspects.
- Adopted a heightened approach to governance, ethics management, compliance, and risk management processes and the Committee remained up to date with the increased interoperability and harmonisation across sustainability and climate-disclosure platforms and standards
- The SES committee reviewed and endorsed the several-sustainability-related policies and frameworks for approval by the Board including the:
  - Human Rights Statement
  - Whistle-Blowing Policy
  - Business Integrity Risk Management Framework and Policy
  - Conflict of Interest Policy
  - Anti-Bribery and Anti-Corruption Policy
- The SES committee received training on AI and considered the ethical implications on the business
- Conduct of business remained key focal point for the Committee to ensure that the business achieves the desired TCF outcomes.
- Maintained oversight on Santam's responsible investment practices with the objective of promoting good governance principles and decision making and ensuring value creation for and through the companies and initiatives the Group is invested in.
- Provided oversight on the Groups' human capital strategic focus areas and initiatives including:
  - The progress against employment equity and skills development targets for the 2024 financial year.
  - The "evolving ways of work" and designed and implemented the Company's culture journey aimed at maintaining a transformed, diverse and inclusive culture and working environment.
- Provided oversight on the proposed approach to the development of a Group-wide Climate Change Strategy.
- Considered the risks and opportunities associated with the committee's mandate and key deliverables, including reviewing emerging risks on an ongoing basis.

- *Group Climate Change Committee 2024*

The Climate Change Committee, which has the primary responsibility of assisting management in embedding climate integration within the business strategy was established in 2021 and continues to lead the Group's journey towards understanding and responding to climate change risks and opportunities. One of the key milestones achieved by the committee in the 2024 financial year is the oversight of an approach to developing a Group-wide Climate Change response plan and strategy for Santam. Progress on that work will be provided in the next reporting cycle. Our progress against the TCFD pillars has been included on page 21 of the [2024 Integrated Report](#).

- *ESG-specific key performance indicators for Executives*

Following concerted efforts to incorporate ESG principles into the Group's list of strategic objectives in the 2022 financial year, the Human Resources and Remuneration Committee (HRCC) continued overseeing the inclusion of ESG-specific key performance indicators in the performance measurement criteria of Group Exco and senior management for the consecutive time. From 2023, executive committee members have up to 25% of their key performance metrics for their annual performance contracts linked to ESG metrics. Metrics include:

- Brand and client experience (5%),
- Culture, values and talent (10%),
- Sustainability (5%)
- Sound governance, Risk Management and Compliance (5%).

The implementation thereof will be monitored on an ongoing basis under Santam's reward strategy which continues to be aligned with the new performance assessment criteria. See page 17 of the 2024 [Remuneration Report](#).

## **Risk Management and Underwriting**

Santam uses a comprehensive risk management system to support the Group's growth, protect stakeholder value and to make informed decisions. In the past financial year [2024] – our Group was exposed to the following top risks, and these can be found on pages 80-83 of the 2024 [Integrated Report](#):

- Climate risk, including catastrophe events and extreme weather.
- Failing infrastructure and lack of maintenance in South Africa impacting claims.
- Lack of A-rated paper on which to write international business.
- Political and social risks in South Africa, including unemployment.
- Cyber risk outside and inside of GTI network.
- Skills shortage, including attracting and retaining top talent.
- Failure of the Government of National Unity
- Increasing expense management
- Suitability and implementation of IT systems
- Santam's ability to achieve premium growth targets.

The Risk committee's mandate extends to the Santam Limited and its subsidiaries, operating as an oversight function and making recommendations to the Board for its consideration and final approval. The committee also has the primary function of overseeing the risk identification and management process to ensure the effective management of identified risks. The responsibilities of the Committee include ensuring the Group implements an adequate and effective system of control for governance, compliance and risk management that enhances Santam's ability to achieve its strategic objectives. All key risks are incorporated into the Group's risk register and are responded to individually with accompanying mitigating actions.

In 2024, the Group continued to enhance its underwriting actions on pricing and managing risk through improved data analysis and modelling using geocoding and external location-based information. By geocoding our property book, we can understand the detailed nature of risks. Geocoding metrics include proximity to fire stations, flood lines and flood plains. Information like this helps us improve pricing and set appropriate excesses and exclusions, thus optimising property exposure and reducing the cost of claims. In 2024, the Group managed to geocode over 81% of the core property book, facilitating improved flood underwriting, enhanced property selection and reduction of claims.

## **Claims Management**

Our purpose is to safeguard what is important to our clients in a manner that enables wealth creation and protection for all stakeholders. In 2024, we supported our clients by paying a total of R28.6 billion in insurance claims, helping our clients and local communities mitigate risks and in protecting their financial wellbeing. With extreme weather events such as wildfires, storms and

floods becoming increasingly prevalent, natural catastrophe losses continued to be elevated globally. Though South Africa has traditionally been seen as a benign catastrophe environment, the Group 2024 weather-related catastrophe claims were R748million, broadly in line with the 2023 figures. Fire-related claims continue to be monitored as they impact the profitability of the property class, with the 2024 figure totalling to R238million, declining from R536million in 2023. Losses experienced in 2024 were all within the Group's retention limits, and no reinsurance offsets were applied. Santam continues to take several underwriting actions to improve profitability and the strength of in-force book.

Santam continues to place the financial wellbeing of its clients at the forefront through ensuring financial resilience by paying claims which serve as a safety net for the South African economy during ongoing challenging times.

### **Investment Management**

Through the Group's Fund Manager, Sanlam Investment, Santam subscribes to the United Nations Principles for Responsible Investment (UN-PRI) and the Code for Responsible Investing in South Africa (CRISA). In the 2024 financial year, Santam continued to invest a total of R190m in the Group's social impact-focused Resilient Investment Fund. This Fund has established itself as a leading impact investment vehicle in South Africa. By balancing financial returns with measurable social outcomes, the fund continues to drive inclusive economic growth, enhance sustainability, and uplift underserved communities. In June 2024, the fund had created close to 1,500 jobs, constructed 1,072 affordable housing units, and provided clean water daily to more than 200,000 people. Santam also maintained its investment in the Association for Savings and Investment South Africa (ASISA) Enterprise and Supplier Development (ESD) Fund, which provides funding to new and scalable businesses that contribute to job creation and social impact. This programme includes business assessment, incubation, support, and mentoring, and aims to prepare small black businesses for targeted procurement spend from the Group. In 2024, more than 1,000 small enterprises benefited from the growing strength of our partnership with the ASISA ESD Fund and more than 13,000 jobs were created. With a total investment of R114 million to date, Santam has, through the ASISA Enterprise and Supplier Development Programme, continued to show its commitment to the sustainable development of small enterprises across South Africa.

### **Principle 2: We will work together with our clients and business partners to raise awareness of ESG issues, manage risk and develop solutions.**

- *Raising awareness of ESG and climate-related issues*

The 2024 financial year continued to be characterised by an era of complex and interconnected risks, which continue to create a challenging operating environment and risk landscape globally. As such, ESG and sustainability matters have also continued to top the corporate agenda. Understanding emerging risks and the shifting landscape and the impact that this has on the sector and business remains key. In 2024, the Group Strategy and Investor Relations Executive contributed to an article highlighting the effect of climate change in South Africa and the accompanying unpredictability and uncertainty in weather patterns. The full article is available [here](#). Santam-Agri, the Group's crop insurance business provides clients with climate outlook reports produced by the South African Weather Service (SAWS). This information is shared with our clients to inform their decision-making concerning their business operations.

- *ESG-related partnerships*

Santam Group continued its membership as part of the Business for Social Responsibility (BSR), a global non-profit sustainable business network of more than 300 companies focused on transforming businesses to contribute to a just and sustainable world for all. Through this partnership, in 2024 Santam conducted a benchmarking exercise assessing how local and international peers integrate ESG in their underwriting processes. This included identifying leading and lagging practices to understand industry norms and best practices in the insurance sector.

The Group Executive Head of Strategy and Investor Relations remains a member of the ClimateWise Management Committee. ClimateWise is a climate-change disclosure initiative convened by the University of Cambridge Institute for Sustainability Leadership, bringing together insurers, reinsurers, brokers, and industry service providers to collectively respond to the risks and opportunities posed by climate change. Through our ClimateWise membership, we are committed to demonstrating our leadership in the SA short-term insurance sector by incorporating the four ClimateWise principles in our business and decision-making.

**Principle 3: We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on ESG issues.**

- *Partnering for resilience*

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

Through P4RR, the Emthunzini Community Trust invests in risk-reducing interventions managed by Santam and other willing partners. The objective of the P4RR is to strengthen the institutional and participatory development capacity of local municipalities to reduce the impact of disasters such as fire and floods proactively. We do this by assisting service delivery and supporting local government infrastructure, economic development, and governance. In 2024, the P4RR programme partnered with and supported 102 (95: 2023) municipalities, impacting 28 million people.

Source: Page 10, 20 and 26-27 of the [Integrated Report](#).

- *The Green Book Initiative (The Green Book is a multi-disciplinary, open-access tool that supports South African municipalities with adapting to the current and future impacts of climate change.)*

The P4RR programme also collaborates with the Council for Scientific and Industrial Research (CSIR) through the Green Book Initiative to support selected municipalities with climate change adaptation/response planning. During the 2024 financial year, the P4RR supported a total of 10 Municipalities, with all participating in a one-day workshop and launch of the [Guideline on Mainstreaming Climate Responsiveness and Resilience](#) into urban planning Report. The research provides practical recommendations for municipalities to integrate climate adaptation and resilience into their strategic and spatial planning processes. It aims to help municipalities identify climate risk zones, incorporate climate priorities into development plans, and monitor progress in building climate resilience.



- *Quick Reaction Force (QRF)*

In 2021, Santam, alongside several local insurers launched a pilot programme through a consortium to establish a Quick Reaction Force to enhance aerial firefighting capabilities. This initiative focuses on rapidly responding to fire incidents to prevent the spread of fires. In 2024, the programme expanded its geographical coverage to extend the impact of the initiative and protect livelihoods while reducing fire-related losses.

- *Fire Services Support Fund*

In 2024, Santam bolstered its response to risk management within communities further through the establishment of a Fire Services Support Fund in partnership with two other local insurers. The fund is structured as a strategic and focused vehicle to catalyse, enable, guide, lobby for and manage the provision of solutions through collaborative efforts to build sustainable, resilient solutions for fire services in South Africa.

**Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.**

Santam's ESG reporting is guided by the following frameworks and reporting requirements, CDP, TCFD recommendations, International Financial Reporting Standards, the IFRS Foundations Integrated Reporting (IR) framework, King IV Report on Corporate Governance for South Africa, Treating Customers Fairly (TCF), ClimateWise, and as well as the FTSE Russell ESG rating.

- *The Annual Integrated Report reflects Santam's progress with ESG integration*

Santam Group published its 2024 [Integrated Report](#) as part of the annual reporting responsibilities in alignment with the King IV South African corporate governance guidelines. In addition, material ESG and sustainability matters are included in the Integrated Report as part of Santam Group's FutureFit strategy, which focuses on critical matters driving change in global insurance and significant Group level issues. The strategic ESG performance section highlights progress across our three ESG focus areas, these are reported on pages 10, 19-20 and 76-78 of the [Integrated Report](#).

- *Annual Group Emissions Report*

Our major shareholder, the Sanlam Group (including Santam's facilities) continues to manage and report its emissions using the operational control approach, which requires a company to account for its emissions by entities and activities under the organisation's direct control. The Group measures its internal environmental performance by monitoring consumption patterns such as energy, water, waste, and recycling through an internal IT system.

- *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 on public company disclosures on ESG-related matters across different themes, including anti-corruption, corporate governance, human rights and community, labour standards, supply chain, risk management and climate change. As part of the

2024 annual performance, Santam has maintained its ESG rating of 4.3, remaining a constituent of the [FTSE4Good](#) Index Series.

- *Task Force on Climate-related Financial Disclosures (TCFD) recommendations*

During the period under review, we demonstrated our climate integration progress in our Integrated Report for the year ended 31 December 2024. This is depicted in a summary format of the Group's performance across the four TCFD pillars on page 21 of the Integrated report. We continue to make progress towards embedding the outcomes and recommendations of the climate scenarios exercise.

- *ClimateWise and CDP*

Santam is a member of ClimateWise and as such, we report our performance annually against the ClimateWise principles that are aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our overall score for the 2024 financial year was 51% (73%: 2023)<sup>2</sup>.

The Group also submits a CDP response annually as part of Sanlam Group's return (our Parent company). In the 2024 financial year, our organisation achieved a score of C indicating that the Group understands the links between environmental issues and its business activities.

Below are links to our ClimateWise, CDP disclosure and the Group's Carbon footprint report.

1. [ClimateWise Response](#)
2. [CDP Climate Change Questionnaire Response](#)
3. [Carbon Footprint Report](#)

We trust our letter and public disclosures demonstrate our commitment and progress in aligning with the UN Principles of Sustainable Insurance.

Kind Regards,

**Zimkita Nkata-Matshaka**  
**Group ESG and Strategy Analyst**

**Thabiso Rulashe**  
**Executive Head: Strategy and Investor Relations**

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<sup>2</sup> The 51% score is based on the updated reporting methodology, and it is not comparable with the 2023 score.