



ZEP-RE (PTA Reinsurance Company)

Programme Leaders

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

ZEP-RE (PTA Reinsurance Company) Progress Report for 2023

About ZEP-RE

ZEP-RE (PTA Reinsurance Company) is a specialised institution of the Common Market for Eastern and Southern Africa (COMESA), founded in 1990 by the Heads of State and Government to strengthen regional integration, trade, and development through insurance and reinsurance. Over the past three decades, ZEP-RE has played a pivotal role in deepening reinsurance capacity, enhancing financial stability, and supporting sustainable economic growth across the continent. In 2021, ZEP-RE became a signatory to the UNEP FI Principles for Sustainable Insurance (PSI), reinforcing its commitment to embedding environmental, social, and governance (ESG) considerations into all areas of its operations. This milestone shows the Company's dedication to advancing sustainable insurance practices, fostering responsible growth, and strengthening the long-term resilience of Africa's insurance and reinsurance markets.

ZEP-RE is also a signatory and member of the Nairobi Declaration on Sustainable Insurance, demonstrating its commitment to advancing responsible, inclusive, and environmentally sustainable practices across the African insurance and reinsurance industry. We integrate ESG factors into decision-making, collaborating with regulators and clients to develop responsible products, and maintaining transparent reporting practices. ZEP-RE is guided by professionalism, integrity, and accountability and its broad ownership comprising COMESA member states, regional institutions, private insurers, and development finance partners embodies its mission of shared prosperity and sustainable development. These efforts continue to uphold our commitment to the UN Sustainable Development Goals (SDGs), enhance accountability in ESG performance, and drive continuous improvement through benchmarking and collaboration.

See our full reports: <https://zep-re.com/wp-content/uploads/2024/10/ZEP-RE-Sustainability-Report-2024-E-version-Final.pdf>

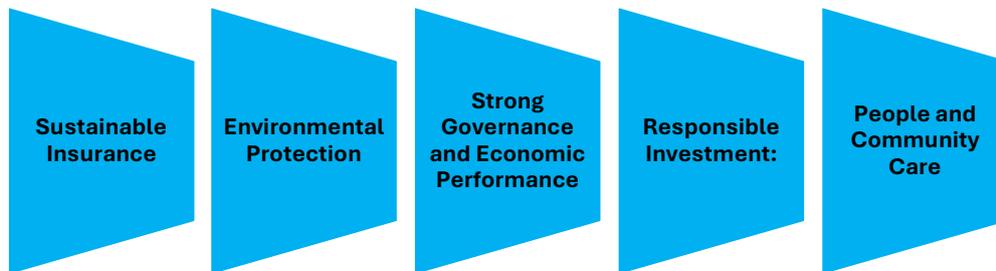
https://www.financialprotectionforum.org/sites/default/files/Day%203_Session%202_ACRE%20Africa.pdf

Principle 1 - We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

ZEP-RE is committed to embedding environmental, social, and governance (ESG) considerations into its core business strategy and daily operations. As a regional reinsurance leader, the Company

recognizes its responsibility to operate with integrity, invest responsibly, and uphold strong governance standards to ensure long-term value creation for shareholders, clients, and the broader society. In 2023, ZEP-RE together with ESG consultants trained its Board of Directors and staff on ESG integration across all business functions and successfully published its first Sustainability Report marking a significant milestone in its sustainability journey.

The Board of Directors and management team actively oversee the integration of ESG considerations, ensuring that all operational, investment, and underwriting decisions reflect the Company's sustainability objectives and long-term vision. We also recognise that insurance penetration in Africa remains below 3%, primarily because many people have a limited understanding of how the insurance industry works and how insurance policies help build financial resilience and provide protection against loss. As part of the efforts to address this gap, the ZEP-RE Academy is a dedicated platform for capacity building and professional development within the (re)insurance sector. In 2023, a total of 7,681 participants were trained through the Academy representing a remarkable 357% increase from the 1,678 participants trained in 2022. This significant growth highlights ZEP-RE's commitment to strengthening industry expertise, building institutional capacity, and advancing financial inclusion across the continent. These efforts reflect the Company's broader approach to sustainability that integrates ESG principles into every aspect of its operations and stakeholder engagements. ZEP-RE's sustainability framework is anchored on five key pillars which include:



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

ZEP-RE places its clients at the centre of its operations by providing products and services that are responsive, transparent, and aligned with ESG principles. Recognizing the growing risks associated with climate change and their impact on insurance affordability, the Company ensures that its reinsurance solutions are sustainable, accessible, and tailored to client needs. Through client due diligence, ESG risk assessments, and continuous monitoring of reputational and sustainability factors, we integrate responsible business practices into all client engagements.

Complementing this client-focused approach, the ZEP-RE Academy plays a pivotal role in building capacity among clients, employees, and communities. In collaboration with partners such as ACRE Africa and DRIVE, the Academy trains village champions, smallholder farmers, and pastoralists. This empowers them with practical knowledge on insurance, risk management, and climate resilience. Additionally, ZEP-RE embarked on a strategic partnership with the International Finance Corporation (IFC) to enhance the financial resilience of Africa's small and medium-sized enterprises (SMEs). This collaboration shows the critical role of inclusive insurance in supporting business continuity, particularly in regions vulnerable to the effects of climate change. The Company works with a broad network of global and regional partners including the World Bank, IFC, DEG, Crédit Agricole, World Food Programmed, and AFD, among others to promote ESG principles and strengthen resilience across Africa's insurance and agricultural sectors.

Principle 3: Working together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

We actively engage with a broad spectrum of stakeholders, including governments, regulators, shareholders, clients, and employees, to advance financial inclusion, economic development, and climate resilience across the region. The Company collaborates closely with regional governments to strengthen capacities, create jobs, promote gender equality, and de-risk vulnerable communities through sustainable insurance products and services. A key initiative demonstrating this approach is the De-Risking, Inclusion, and Value Enhancement of Pastoral Economies in the Horn of Africa Project (DRIVE), currently implemented in Djibouti, Ethiopia, Kenya, and Somalia. DRIVE addresses the vulnerabilities of pastoral economies by providing drought insurance, promoting savings mechanisms, and supporting private sector investment in livestock value chains to create reliable markets. ZEP-RE serves as the implementing agent for the risk finance component, ensuring that participating countries pool risks, access the private insurance market efficiently, and reduce operational and premium costs, while also providing capacity building for local stakeholders.

Additionally, the ZEP-RE Academy works with institutions such as DEG in Zambia and IFC as well as regulators on capacity building on subjects on financial inclusion such as Retakaful insurance. In addition to risk management initiatives, ZEP-RE fosters environmental stewardship, exemplified by its participation in Kenya's National Forestry and Land Restoration Acceleration Program, contributing to its commitment of planting of 30,000 trees to mark its 30th Anniversary .

The Company also convenes the Annual Regulators Forum, in collaboration with the East African Insurance Supervisors Association, to strengthen the resilience of the African (re)insurance sector, improve market access for underserved communities, and advance regulatory capacity. In 2023, the forum, themed ***“Closing the insurance protection gap: how ecosystems drive inclusivity,”*** focused on building holistic ecosystems that engage all stakeholders in the insurance value chain to enhance access to insurance and advance financial inclusion. Regulators from East Africa, as well as Malawi, Zambia, and Zimbabwe, participated in the 2023 edition. Furthermore, ZEP-RE operates in full alignment with responsible tax practices and ensuring compliance with applicable immunities and privileges within Member States.

Principle 4: Demonstrating accountability and transparency in regularly disclosing publicly our progress.

As a signatory to the UN Principles for Sustainable Insurance (PSI) and the Nairobi Declaration on Sustainable Insurance, ZEP-RE is committed to transparent disclosure and accountability in the implementation of its sustainability commitments. Our sustainability practices are guided by internationally recognized frameworks, including the:

- United Nations Sustainable Development Goals (SDGs);
- International Finance Corporation (IFC) Performance Standards;
- United Nations Guiding Principles on Business and Human Rights;
- Global Reporting Initiatives (GRI 2021) and
- International Labour Organization (ILO) Core Labour Standards.

In addition, ZEP-RE adheres to the laws, regulations, codes, and industry guidelines applicable across all its countries of operation, ensuring consistency, compliance, and integrity in all business activities.

Next Steps

- **Capacity Building:** ZEP-RE is committed to training staff and board on ESG and how to integrate it across company operations.
- **Align Investment Portfolio with ESG goals:** ZEP-RE will continue to align its investment portfolio with its ESG objectives, ensuring that capital is directed toward sustainable and responsible initiatives.
- **Enhance ESG Client Screening:** The Company will refine and strengthen its client screening procedures to align with evolving ESG criteria and emerging international sustainability standards.
- **Expand ESG and Climate Training Programs:** Through the ZEP-RE Academy, the Company will continue to expand and customise training programs centered on ESG and climate issues, ensuring skills development that is both relevant and high-impact.
- **Advance Sustainable Business Practices:** ZEP-RE will build on its achievements to further embed ESG principles across all operations, reinforcing transparency, accountability, and positive societal impact.