



## ZEP-RE (PTA Reinsurance Company)

Programme Leaders

The UNEP FI Principles for Sustainable Insurance Initiative (PSI)

United Nations Environment Programme Finance Initiative

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### **ZEP-RE (PTA Reinsurance Company) Progress Report for 2024**

#### **About ZEP-RE**

ZEP-RE (PTA Reinsurance Company) is a specialised institution of the Common Market for Eastern and Southern Africa (COMESA), established in 1990 by the Heads of State and Government to promote trade, development, and regional integration through insurance and reinsurance. For over three decades, ZEP-RE has been a cornerstone of Africa's reinsurance landscape, strengthening underwriting capacity, promoting financial resilience, and fostering sustainable economic growth across the region. The Company embeds ESG into decision-making, collaborates with clients and partners to develop responsible solutions, works with regulators to advance sustainable finance, and reports transparently on progress. Guided by integrity, professionalism, and social responsibility, ZEP-RE's diverse ownership spanning COMESA member states, regional institutions, private insurers, and development finance partners reflects its inclusive growth mode.

In 2021, ZEP-RE proudly became a signatory to the UNEP FI Principles for Sustainable Insurance (PSI), reaffirming its commitment to integrating ESG considerations into all aspects of its business. This reflects our dedication to promoting sustainable insurance practices, supporting responsible growth, and contributing to the long-term resilience as well as development of the African insurance sector. Our leadership in regional and global sustainability platforms enables us to drive innovation, promote transparency, benchmark our progress, and scale our impact across Africa. Through the active engagement of our senior executives and technical experts, we strengthen our capacity to integrate sustainability across all areas of our operations. This participation reinforces our commitment to sustainability principles and the UN Sustainable Development Goals (SDGs), demonstrates transparency and accountability in our ESG practices, provides opportunities to benchmark performance and drive continuous improvement, and offers access to professional support for mainstreaming best practices and adhering to industry standards.

See full report: <https://lnkd.in/e5yxZiiv> (ZEP-RE Sustainability Report, 2024).

ACRE Africa: <https://acreafrica.com/wp-content/uploads/2024/06/FE-Final-180124.pdf>

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

ZEP-RE integrates ESG considerations directly into its underwriting processes to ensure that products do not only generate financial returns but also contribute to sustainable development outcomes. This approach involves promoting insurance solutions that address key environmental and social challenges while using risk assessments to mitigate exposure to harmful practices. The exclusion list, aligned with IFC standards, prohibits support for activities that violate environmental or labour norms, such as illegal wildlife trade, forced labour, or high-polluting industries. Business Operations are screened using the procedures described in the ESMS to ensure compliance. ZEP-RE has also invested in strengthening the ESG capacity of its Board and all Staff.

During the reporting period, ZEP-RE Academy continued to execute its mandate to provide capacity building on (re)insurance across Africa - more than 9,000 professionals benefited from the Academy's programs, showing our ongoing commitment to enhancing expertise and fostering sustainable growth in Africa's insurance markets. Through training facilitated by the ZEP-RE Academy, underwriters are equipped to assess climate risks, human rights impacts, and emerging ESG regulations, enabling risk evaluations that extend beyond traditional financial metrics. Internally, ZEP-RE is committed to reducing its operational environmental footprint, energy efficiency in offices, waste and governance elements include staff diversity, inclusive hiring, integrity and anti-corruption frameworks, and occupational health and safety.

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

ZEP-RE actively collaborates with clients, partners, and stakeholders to integrate ESG considerations across the insurance value chain. Trust is fundamental in our operations and ZEP-RE strengthens this trust through ethical business practices, transparent stakeholder engagement, and independent validation of its financial stability. In 2024, ZEP-RE continued to champion ESG integration, and noting the gap in skills and knowledge and understanding on the subject, held 6 webinars on climate risk and ESG through the ZEP-RE Academy. ZEP-RE works with clients and partners to develop and implement products that safeguard Africa's infrastructure ensuring African countries and businesses resilience in managing and overcoming disasters and climate risks. ZEP-RE is also working with clients and partners on financial inclusion across Africa. With over 90% of businesses in Africa being MSMEs, employing more than 80% of the workforce and contributing over 50% of GDP, our microinsurance products provide stability, protect livelihoods, and unlock credit access to MSMEs.

With over 230 million Africans depending on agriculture, food security is central to resilience. Through ACRE Africa and the DRIVE Project, we are protecting agricultural value chains and providing climate insurance to millions of farmers and pastoralists - enabling them to withstand climate shocks, adapt, and thrive. We work with the various clients and partners on this project to promote ESG even at the last mile level – capacity building for pastoralists and smallholder farmers.

ZEP-RE's engagement with clients and partners goes beyond financial considerations, it emphasizes shared commitment to sustainable development and societal impact. Partnerships are selected strategically based on alignment with ZEP-RE's mandate and ESG principles, resulting in collaborations with multilateral institutions such as the World Bank, KfW, ADB, IFC, and Credit Agricole, as well as private sector innovators, local governments, and community-based organizations. These alliances foster financial inclusion, capacity-building, technology transfer, and the development of climate-resilient insurance solutions. By actively engaging

clients and partners, ZEP-RE promotes ESG awareness, drives sustainable practices, and contributes to regional development goals, fully aligned with SDG 17: Partnerships for the Goals (<https://lnkd.in/e5yxZivv> ZEP-RE Sustainability Report, 2024, p. 50).

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

The Company embraces its role as a responsible corporate citizen by actively collaborating with governments, regulators, and regional institutions to foster sustainable development and strengthen the insurance sector. ZEP-RE ensures full compliance with laws and regulations across all countries of operation, upholding ethical standards while contributing to environmental protection and societal empowerment programs. Key stakeholder groups include COMESA governments, regulators, shareholders, and clients ranging from insurers and intermediaries to SMEs and smallholder schemes. Through strategic partnerships with governments in Kenya, Zambia, and other member states, ZEP-RE supports industry infrastructure and inclusive growth. The Company also collaborates with development agencies and multilateral institutions, exemplified by ACRE Africa's engagement with seven national agricultural insurance schemes in 2024, providing reinsurance and technical support to extend coverage to tens of thousands of farmers. Similarly, the DRIVE Project, funded by the World Bank, enables risk pooling and transfer from governments to private insurers, reducing operational costs and improving access to insurance for vulnerable populations.

ZEP-RE prioritizes capacity-building by training government employees, bank agents, community mobilizers, and cooperative coordinators on innovative insurance products such as the IBLI drought insurance. In 2024 alone, 5,549 individuals received training, enhancing risk management skills and supporting smallholder pastoralists and entrepreneurs. This approach empowers communities, promotes financial inclusion, and strengthens resilience to climate and socio-economic risks. Full legal and regulatory compliance, without incurring fines or sanctions, further reinforces the Company's integrity, credibility, and accountability to stakeholders (<https://lnkd.in/e5yxZivv> ZEP-RE Sustainability Report, 2024, p. 46 -54).

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

ZEP-RE is committed to reporting its ESG performance, risks, and opportunities to all stakeholders in a clear, accessible, and verifiable manner. Our Board of Directors provides strategic oversight of sustainability initiatives, ensuring that environmental, social, and governance considerations are integrated into our core operations and decision-making processes. Through dedicated Board committees including Governance and Human Resources, Strategy and Investment, and Risk and Audit, ESG risks and performance are monitored, assessed, and addressed alongside financial and operational priorities. We are guided by globally recognised frameworks and standards, including:

- GRI 2021 Standards,
- UN Guiding Principles on Business and Human Rights,
- ILO Core Labour Standards,
- UN Sustainable Development Goals (SDGs).

These frameworks underpin our ESG policies and reporting practices, ensuring that our disclosures are aligned with international best practices while remaining relevant to the African context. We are also a signatory to the Nairobi Declaration on Sustainable Insurance (NDSI), affirming our commitment to sustainable finance, responsible risk management, and inclusive development. Internally, these principles are operationalised through policies including the ESG and Impact Policy, Code of Conduct, Human Rights Policy, Data Protection Policy, and Client

Protection Policy, further embedding ESG accountability and ethical practices across the organisation.

We have institutionalised ESG accountability at all levels of the company. Senior management roles are explicitly tied to ESG responsibilities, while the ESG and Impact function coordinates integration across underwriting, investments, and corporate operations. This structure ensures that our commitments are not just policy statements but measurable actions. Our reporting practices include regular updates on ESG integration, risk management, and the progress of sustainability initiatives. The outcomes, challenges, and lessons learned from our initiatives promote transparency, enable benchmarking, and drive continuous improvement. In 2024, the Company's credibility was reaffirmed by AM Best, which upgraded ZEP-RE's Issuer Credit Rating to 'bbb+' (Stable) and affirmed its Financial Strength Rating at B++ (Good), while Global Credit Ratings (GCR) maintained a AAA<sub>(KE)</sub> national scale rating with a Stable Outlook, recognizing strong capitalisation, prudent risk management, and regional influence (<https://lnkd.in/e5yxZivv> ZEP-RE Sustainability Report, 2024, p. 55-58).

### **Next Steps**

Looking ahead, ZEP-RE is committed to further embedding ESG considerations across all areas of its business, ensuring that sustainability becomes an intrinsic part of our corporate culture and decision-making processes. Building on the progress achieved, we aim to refine our frameworks, strengthen implementation structures, and cultivate a culture of accountability and continuous learning throughout the organisation. In 2025 and beyond, ZEP-RE will intensify its efforts to integrate ESG and climate risk considerations into its operations. A comprehensive ESG and climate risk assessment will be conducted to evaluate our current positioning against international best practices and identify key areas for improvement. This will be complemented by a stakeholder mapping and materiality analysis to help prioritise the most relevant ESG issues particularly those that influence our underwriting, investments, and community impact programmes.

Additionally, the business will develop a practical sustainability and climate transition strategy that aligns with our regional mandate, long-term vision, and the evolving global sustainability agenda. To ensure effective execution, ZEP-RE will continue to promote internal capacity-building across all business units, including the establishment of sustainability champion groups and targeted ESG training for employees, senior management, and the Board.