

Santam Group ClimateWise Report

Performance for the year ended
31 December 2023

Santam is an authorised financial services provider (FSP 3416),
a licensed non-life insurer and controlling company for its group companies.



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Ms Rachel Austin

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cc: Steffy Velayudhan [email: Steffy.Velayudhan@cisl.cam.ac.uk]

Dear Rachel,

ClimateWise Progress Report: 1 January to 31 December 2023

The Santam Group (Santam) has been a proud member of ClimateWise since 2009. The company was the first African insurer to mobilise the industry in response to increasing climate and weather risks, and has since been joined by Sanlam, our parent company.

Santam is South Africa's leading general insurer and the largest on the African continent by premium size. We recognise the urgency required to address climate change and the complexity this brings. We are committed to demonstrating our leadership in the South African short-term insurance sector through our membership by incorporating the four ClimateWise principles in our business and decision-making. This is demonstrated in our [2023 Integrated Report](#), our [Task Force on Climate-related Financial Disclosures](#) (TCFD) report, our public [Climate Change Position Statement](#) and [Coal Position Statement](#).

Our approach to climate change and nature-related risk

Our approach to addressing climate change-related risks focuses on adaptation efforts through partnerships with various stakeholders to understand climate-related risks, knowledge sharing, and enhancing community risk resilience. To move climate change mitigation and adaptation with broader Environmental Social and Governance (ESG) efforts forward, we work with relevant industry bodies, local and international research organisations, UNEP FI's [Principles for Sustainable Insurance](#) and we are a member of the National Business Initiative (NBI) and Business for Social Responsibility (BSR). As a leading short-term insurer, we use our experience in climate-related weather events to contribute to efforts to better understand and manage climate-related impacts. With the launch of the Taskforce on Nature-related Financial Disclosures (TNFD) in October 2023, the Group looks forward to enhancing its understanding of nature-related risk which entails locating Santam's interface with nature, evaluating the organisations dependencies and impacts on nature and assessing business-specific nature-related risks and opportunities. As such, our organisations progress with respect to nature remains at the conceptualisation stage. Whilst we acknowledge the recent integration of nature-related considerations in the updated ClimateWise principles, this submission largely focuses on our progress from a climate perspective.

Our progress for the reporting period [1 January 2023 to 31 December 2023] against the ClimateWise principles is set out in the points below:

In the 2023 report submission, our report covers initiatives and activities implemented in the past year to assist the Group to understand and better manage climate risk:

- **Principle 1:** We provide an overview of the board and management's oversight of the Group's climate risk and a detailed description of the impacts and implications of climate related risks and opportunities on our business. In the 2023 financial year, the Human Resources and Remuneration Committee (HRCC) oversaw the inclusion of ESG-specific key performance indicators in the performance measurement criteria of Group Exco and senior management for the first time [see page 17 for further detail]. The Group also conducted a climate scenario analysis exercise in alignment with the Network for Greening the Financial System (NGFS) scenarios, see response to sub-principle 1.5 under the Strategy theme for further detail.
- **Principle 2:** We provide a detailed overview of our management of the environmental impacts of our internal operations and physical assets under our control. This response is also accompanied by our approach to supporting and undertaking research and development to inform current business strategies, develop new products, and help support and incentivise our customers and stakeholders, including affected communities, in adapting to and mitigating climate related issues.
- **Principle 3:** We provide an overview of our management of the implications of climate related risks and opportunities on, and of, our investments and elaborate on the development and use of models to incorporate climate related issues to inform our underwriting decisions.
- **Principle 4:** We disclose the metrics used to measure and manage our contribution to climate risks, and targets used for monitoring progress and outline our internal process that aids in maintaining a robust reporting regime.

In addition to some of the initiatives implemented in 2023, the report also includes relevant activities implemented in 2024. These are included as part of our "looking forward" inputs to highlight the work we are currently doing, which will be fully disclosed in the next reporting cycle.

We trust that you will find evidence of our commitment in our report to embed the ClimateWise principles sufficient. We hope that our report illustrates our commitment to integrate the updated ClimateWise principles in our business.

Should you have any questions, please feel free to contact Zimkita Nkata on Zimkita.Nkata@santam.co.za.

Kind Regards,

Thabiso Rulashe
Executive Head: Strategy & Investor Relations

Zimkita Nkata
Group ESG & Strategy Analyst

ClimateWise Principles 2024

Principle	Theme	Reference	Sub-Principle
1. Steering Transition	Governance	1.1	Ensure that our Board has oversight of climate- and nature-related risk and opportunity management, including any transition plans.
		1.2	Ensure that our senior management has responsibility of climate- and nature-related risk and opportunity management, including any transition plans.
		1.3	Create a clear link between governance and oversight, establishing a robust governance framework and underlying policies and procedures.
		1.4	Ensure that our Board and Senior Management have the required knowledge and incentives to oversee risks and establish a culture aware of environmental issues.
	Strategy	1.5	Describe the impacts and implications of climate- and nature-related risks and opportunities on our business model and performance, strategy, and any decision-making processes.
		1.6	Describe how environmental resilience plans are incorporated into business decision making, including disclosure of any material outcomes of climate risk scenarios.
		1.7	Describe the outcomes of our materiality analysis and any material climate- and nature-related risks and opportunities that affect our prospects.
	Risk Management	1.8	Establish appropriate processes to identify, assess and prioritise climate- and nature-related impacts, risks and opportunities.
		1.9	Put in place mechanisms to monitor and manage climate- and nature-related risks and opportunities.
		1.10	Describe how scenario analysis has been used to inform the identification, assessment and management of climate- and nature-related risks.

2. Engaging Stakeholders	Operations	2.1	Manage and seek to reduce the environmental impacts of the internal operations and physical assets under our control.
		2.2	Engage our employees on our commitment to address climate- change and nature, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate- and nature-informed choices outside work.
	Value Chain	2.3	Understand and disclose the sources of emissions and adverse climate- and nature-related impacts on our value chain, that might in turn impact our business.
		2.4	Advocate and engage across the supply chain to encourage our suppliers to improve the environmental sustainability of their products and services, and understand the implications these have on our business.
	Innovate & Advocate	2.5	Support and undertake research and development to inform current business strategies, develop new products, and help support and incentivise our customers and stakeholders, including affected communities, in adapting to and mitigating climate- and nature-related issues.
		2.6	Promote and actively engage in public debate on climate- and nature-related issues and the need for action by publicly communicating our beliefs and strategy on climate- and nature-related issues and providing support and tools to our customers/clients so that they can assess their levels of risk.
		2.7	Where appropriate, work with policy makers and share our research with scientists, society, business, governments and NGOs in order to advance a common interest.
3. Enabling Transition	Investments	3.1	Integrate consideration of climate- and nature-related risks and opportunities into investment strategies and decision making.
		3.2	Take action to manage the implications of climate- and nature-related risks and opportunities on, and of, our investments.
	Underwriting	3.3	Develop and use models to incorporate climate- and nature-related issues and describe how the outputs of the models inform our underwriting decisions.
		3.4	Incorporate clauses in our insurance policies' terms and conditions that incentivise the reduction of exposure to climate- and nature-related issues of the insured structures through pricing of policies.
	Transition Plans*	3.5	Disclose our climate- and nature-related transition plans and the objectives, priorities and commitments we are looking to address.
		3.6	Describe how the transition plan is overseen, resourced and implemented.

4. Disclosing Effectively	Measure & Monitor	4.1	Measure and disclose the impacts and potential impacts on our business of material climate- and nature-related risks and opportunities, including the results of the resilience analysis.
		4.2	Disclose the metrics used to measure and manage our contribution to climate- and nature-related risks, and targets used for monitoring progress.
	Report Robustly	4.3	Maintain and enhance a robust reporting regime, processes and internal controls over climate-related disclosures in order to avoid material errors or material misstatements.
	Disclose Transparently	4.4	Annual submission against the ClimateWise Principles.
		4.5	Annual public disclosure of the climate-related disclosures including ClimateWise Principles as part of annual reporting.
		4.6	Ensure reports are easy to understand, accurate, prudently and neutrally presented, well explained and allow organisations to be held to account.

*Transition Plans will not contribute to a member's overall score in 2024. Members have the option to submit against Sub-Principles 3.5 and 3.6 in 2024 in order to receive feedback and understand how to improve.

Principle 1: Steering Transition

Theme: Governance

Sub-Principle 1.1: Ensure that our Board has oversight of climate and nature-related risk and opportunity management, including any transition plans.

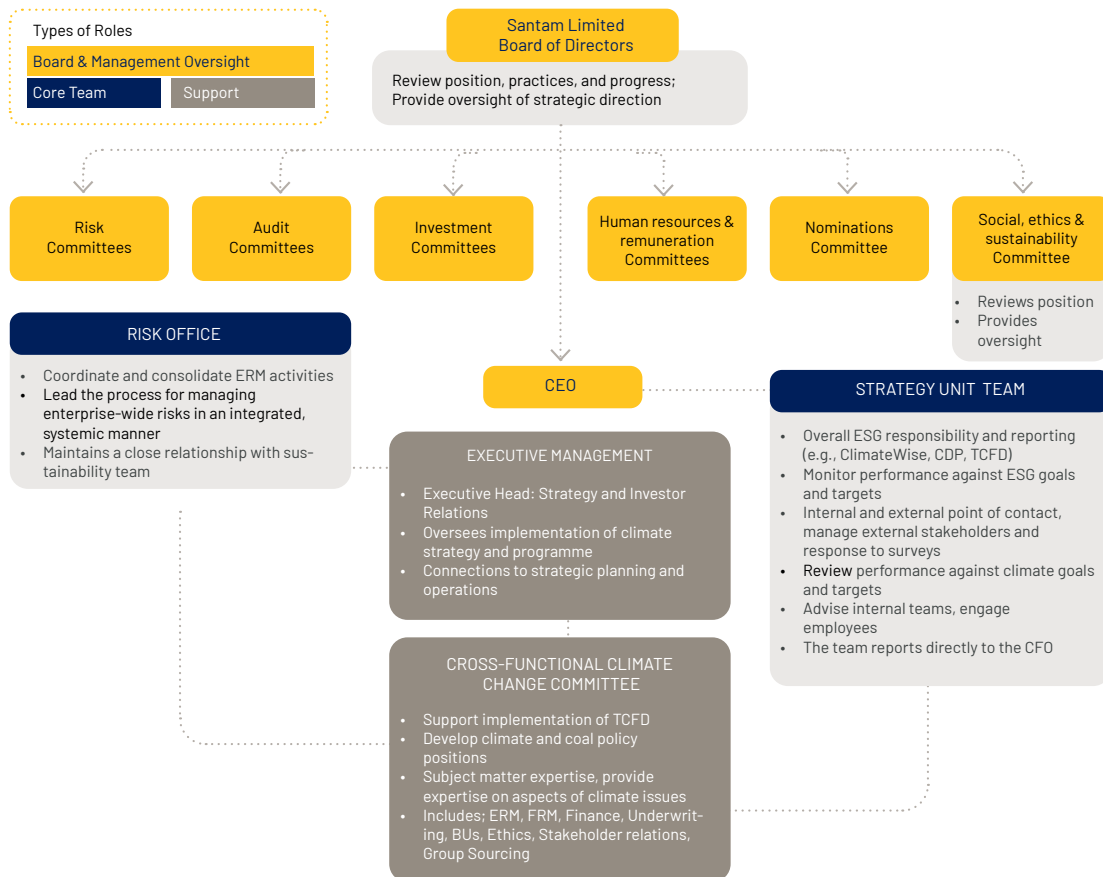


Figure 1: ESG/Climate risks governance structure.

Santam recognises the importance of disclosing and being transparent on our governance of climate and nature-related risks and opportunities. In our organisation, directing, administering, and controlling the affairs of the company in a transparent, fair, and responsible manner is solely the responsibility of the board. The board considers governance as key to the long-term success of Santam and is ultimately responsible for ensuring that corporate governance standards are set and implemented efficiently throughout the Group.

Whilst the board has several committees that assist in discharging its duties and responsibilities, the ultimate responsibility rests with the board. Figure 1 above outlines the governance structure for managing climate and nature-related issues and the oversight of the board over climate-related matters is expounded on in the 2023 [TCFD Report](#). ESG and climate-related considerations extend to various risks therefore we realise that prioritising ESG and improving transparency can have a positive impact on the organisation's culture, business performance and public sentiment. As such, the oversight over ESG, climate and nature matters is intentionally spread across the following sub-committees of the board:

Social, Ethics and Sustainability (SES) Committee:

- 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 Africa¹ and the Johannesburg Stock Exchange (JSE) listing requirements.
- The committee is responsible for assisting the Board with oversight of social, ethical and sustainability matters relating to the Group and oversees the response to ESG matters and climate- and nature-related risks and opportunities.
- The committee is governed by its Charter as recommended by the King IV Guidelines on Corporate Governance for South Africa. In the 2023 financial year, both the SES annual plan and charter were reviewed and updated including revising the frequency of the meetings to four times a year (quarterly). This was complemented by the Company's heightened approach towards embedding ESG-related aspects in the overall strategy.
- In addition to the statutory duties assigned to the SES Committee, the Committee has the responsibility to recommend for approval, monitor and advise the board on all ESG-related issues as defined in the United Nations Principles for Sustainable Insurance (UN-PSI) to which Santam is a founding signatory. [Click here](#) our 2023 disclosure in alignment with the Principles for Sustainable Insurance.
- The Committee assists the Board in discharging the following governance responsibilities and ensuring that the board:
 - Advises Santam management of ways and means to improve the effectiveness of its sustainability.
 - Encourages independently managed subsidiaries, associates, and significant investments to develop policies, guidelines, and practices congruent with Santam's environmental, social and governance (ESG) issues and other sustainability policies and practices.
 - Monitors and receives reports covering all substantive matters relating to ESG, climate, nature, and other sustainability issues.
 - Monitors and makes recommendations as to the optimal utilisation of resources to optimise the company's long-term sustainability; and
 - Facilitates and monitors ongoing collaboration between the Risk, Strategy, Brand, HR, Finance and Stakeholder Management, and Sustainability functions.

¹ 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.

- Below are the Group's ESG strategic themes that are included in the oversight and scope of the SES committee:

1. Run a responsible business:

- a. Understand and manage socio-economic, climate and environmental contextual risk exposure across the Group (physical & transition & potential liability risk);
- b. Practice good and proper governance that supports the reputation of the group;
- c. Ensure that sensitive risks in underwriting are appropriately dealt with in line with global norms in the industry;
- d. Understand ESG impacts;
- e. Enhance our responsible investment impact; and
- f. Ensure our stakeholders experience safety, fairness, and inclusion.

2. Build resilient societies:

- a. Have a clear public position on issues that matter for long-term resilience in society including climate change and underwriting of coal;
- b. Through the Group Transformation Strategy, contribute to building a sustainable and transformed SA economy (broad-based black economic empowerment);
- c. Partnering for Resilience (focus on impact and catalysing improved risk management); and
- d. Developing new markets including new innovative business solutions to address the rising risk protection gap

3. Nurture Talent and Culture:

- a. Promote a diverse and inclusive workforce;
- b. Using diversity, equity, and inclusion to improve culture; and
- c. Increase employee wellbeing and improve employee engagement.

For more information on the SES committee, its responsibilities and focus areas in 2023, please refer to page 52-53 of Santam's 2023 [Corporate Governance](#) Report.



Investment committee:

The Investment committee assists the Board's oversight on responsible investment practices that promote good governance and value creation in companies that Santam invests in. The Group's investment management is outsourced, and the service providers are required to report on their application of the Group's responsible investment principles as set out in the Santam Group Investment Policy. The Investment Policy incorporates ESG considerations impacting the long-term sustainability of Santam's portfolio investments, including climate risk as well as active ownership practices which are aligned to the United Nations Principles for Responsible Investing (UN-PRI) and Code for Responsible Investing South Africa (CRISA).

Risk Committee:

The Risk Committee assists the Board in fulfilling its governance duties from a risk and control perspective including identifying and evaluating all significant risks including enterprise risk which includes climate risk. The Santam Group Chief Risk Officer (CRO) has an independent line of accountability to the Santam board through the risk committee. The committee ensures that Enterprise Risk Management analyses the Group's top inherent risks, which include climate-related extreme weather events. The committee is also responsible for reviewing the Group's Own Risk & Solvency Assessment (ORSA) process to support the Board in its overall responsibility to assess its risk management framework and ensuring that the ORSA requirements are embedded in the business and decision-making processes.

Sub-Principle 1.2: Ensure that our senior management has responsibility of climate and nature-related risk and opportunity management, including any transition plans.

At the executive committee (exco) level, supervision and oversight of climate and nature-related matters is overseen and assessed by the Group CEO and his executive team, the Chief Risk Officer (CRO), and the Executive Head of Strategy and Investor Relations. The role of each of the functions in responding to climate and nature related issues for the Group is described below:

The **Group Chief Executive Officer (CEO) and the executive team**, in particular the **Chief Risk Officer** and **Executive of Strategy and Investor Relations** are responsible for assessing climate and nature-related issues. Climate change is embedded in the Group's refreshed FutureFit strategy² (see pages 19 of the [Integrated Report](#) which highlights the Group's progress in responding to climate risk in the 2023 financial year – evidence reference 1.2). The strategy has been translated into key performance indicators and collated on a Group FutureFit dashboard (see the quarterly dashboard in evidence reference 1.2.1). The CEO and the Exco are responsible for the implementation of the refreshed FutureFit strategy and report progress to the Board on a quarterly basis. The Group's ClimateWise performance, CDP, and the FTSE Russell's ESG rating, are included in the dashboard as key performance indicators. These are also presented to and assessed by the Exco on a regular, at least on an annual basis.

The **Executive Head of the Strategy and Investor Relations Unit** monitors and tracks progress of the refreshed FutureFit strategy and compiles the quarterly ESG dashboard and annual ClimateWise, CDP and as well as FTSE Russell returns. The Unit also coordinates collaboration across the Group on ESG related matters and chairs the climate change committee and is responsible for the contextual environmental scanning, which includes ESG and climate- and nature-related matters. The outputs of the scanning reports are presented to the CEO and Exco, and other functional peers regularly.

The **Group's Chief Risk Officer** (an Exco member) supports the Board Committee in fulfilling its governance and executing its risk management responsibilities. This role entails identifying, evaluating, and effectively managing all significant risks, including climate risk. The Chief Risk Officer is assisted by a team consisting of a business integrity officer, enterprise risk management officer, and a financial risk management officer who contribute to climate risk-related work.

The Group's **Chief Financial Officer** (an Exco member and Board member) is responsible for the oversight of the Group's Investment Management, with the assistance of an investment officer. He is also responsible for managing the Group's relationship with investors and analysts concerning their ESG-related concerns, which include climate risk. The CFO is also assisted by an Investor Relations and Investments Manager.

The Group's **Chief Operating Officer** (an Exco member) is responsible for Group Sourcing and Facilities, ensuring that there is resource efficiency in the Group's facilities, and ensuring that sustainability, including climate risk, is part of the Santam supply chain management and Santam claims value chain processes.

² See page 53 of the [2023 Integrated Report](#) for the refreshed Future-Fit 2030 strategy launched at the end of 2022.

Looking forward:

In 2024, Group Sourcing which is under the Chief Operating Officers function will embark on work aimed towards introducing ESG and responsible practices into the Group's supply chain. The maturity assessment in relation to this work will be provided in the next ClimateWise submission.

In addition to the above, climate change governance is further enhanced through the group-wide **Climate Change Committee** (CCC). The CCC is a senior management committee that includes the risk management, product development, underwriting, finance and actuarial functions as well as business representatives. The mandate of the committee is to support the Group's climate change action and help the executive and the board to assess how the Group is evaluating and responding to climate change issues. The committee continues to be chaired by the Executive Head of Strategy and Investor Relations. The charter outlines the mandate, composition and responsibilities of the committee and below are the objectives of the Committee:

- Support the Group's response to the TCFD recommendations.
- Monitor the science of climate change.
- Address stakeholder inquiries regarding the Company's position on climate change and coal/fossil fuels.
- Monitor the Company's voluntary measures to reduce greenhouse gases.
- Oversee development of ESG in underwriting/ transitioning towards low carbon insurance.
- Help the executive and the Board to assess how the Company is evaluating and responding to climate change issues.

Below are the goals of the committee:

- Recommend to management Company actions regarding climate change.
- Oversee the development and implementation of a Management Plan to address greenhouse gas emissions.
- Oversee the development and implementation of protocols to identify GHG emission reductions and calculate baseline corporate-wide operated facility emissions.
- Assess issues related to GHG emission reductions and make recommendations for management's approval to maximise the commercial value of GHG emissions reductions and minimize the financial exposure from corporate-wide GHG emissions reduction balances.
- Review and assess the adequacy of the Charter annually and recommend changes, if any, to management for approval.
- Oversee the rolling out of the TCFD plan.

In 2023, the climate change committee assisted in the drafting and publishing of the Group's first coal position statement, had oversight over the climate scenarios analysis exercise in alignment with the TCFD recommendations and kept abreast of key ESG regulatory updates from both a local and global perspective. Beyond climate oversight and in alignment with the growing narrative on the declining levels of biodiversity; in 2023 the climate change committee also monitored the developments of the Taskforce on Nature-related Financial Disclosure Recommendations (TNFD) which were launched in October 2023.

 **Looking forward:**

The committee will have oversight of the following:

- Progress of the Group's involvement in the UNEP-FI's Nature for Positive Working Group which is aimed towards enhancing our understanding of the organisation's interface and dependencies with and nature across business lines.
- Progress on the implementation of the climate scenarios exercise and the subsequent development of a Group-wide climate change response strategy plan.

Sub-Principle 1.3: Create a clear link between governance and oversight, establishing a robust governance framework and underlying policies and procedures.

Santam's approach to ESG and climate related issues is guided by the following policies and statements:

Policy/Position Statement:	Description:
Climate Change Position Statement	Santam's climate change statement emphasises the Group's position on climate change which is founded on scientific research, thus acknowledging the Paris' Agreements long term ambition to limit the global temperature to 1.5°C. The statement also further emphasises the urgency required to address climate change and the complexity this brings. To read more, click here .
Coal Position Statement	Santam's coal position statement highlights the Group's approach to underwriting coal as it applies to the Company's exposure to coal within the South African market and outside the SA market. The statement acknowledges the vital role of coal in the SA economy and thus advocates for a just transition towards a low carbon economy in the South African context. To read more, click here .
Human Rights Statement	In 2022, the Group updated its Human Rights Statement, adding a section that amongst other SDG's which recognises and prioritises SDG13 (climate action) as one of the SDG's that provide the biggest opportunity to create shared value for our organization and key stakeholders (see page 5 of the statement). The statement was reviewed by the Social, Ethics and Sustainability Committee and approved by the Board.
Responsible Investing Policy	The Group's Investment Policy contains Santam's guiding principles for investing responsibly which are guided by the United Nations Principles for Responsible Investing (UN-PRI) and Code for Responsible Investing South Africa (CRISA). See page 12-13 of the Investment Policy.
SES Committee Charter	The SES committee charter and Climate Change committee charters outline the responsibilities, composition, frequency, and areas of focus for each of both committees.
Climate Change Committee Charter	
Supplier Code of Conduct and Supplier Charter	The Supplier Charter and Code of Conduct outline the Group's conduct in dealings with suppliers and the Group's expectation of the suppliers. Both documents include the Company's expectation of the service providers conducting business in a manner that minimises harm to the environment.

Looking forward:

The Group will work towards incorporating nature into its governance framework including its oversight into existing and relevant Board sub-committee charters.

Sub-Principle 1.4: Ensure that our Board and Senior Management have the required knowledge and incentives to oversee risks and establish a culture aware of environmental issues.

Identifying, understanding, responding to, and developing mitigation actions against the most material climate and nature-related risks requires continually training both the board and the executive committee to enhance our response. During the 2023 reporting period, the SES committee [which consists of 3 board members] received training on the following topics:

- The Conduct of Financial Institutions Bill (CoFI) which requires financial institutions to provide consumers with clear information about their services, their fees, and the risks associated with their products. The training was conducted internally by the Head of Compliance.
- The Just Transition from a South African perspective (National Business Initiative)³.
- An overview of climate change and the accompanying regulatory disclosure environment (Deloitte, South Africa).
- Wildfire risk training developed by the Risk Office, presented to both the SES and Risk Committees.
- The SES Committee considered the outcomes of South Africa's Climate Change Bill⁴ and the implication it will have on the business.
- The SES committee was kept updated of the developments on the Task force on Nature-related Financial Disclosures (TNFD) through supplemental readings introducing the committee to the concept of Nature.

Members of the committee are encouraged to identify training needs as and when the need arises whilst the Company Secretary regularly shares ESG and climate-related webinar training material with members. Evidence reference 1.4.1 (board training material) includes some of the training material listed above.

³ The National Business Initiative (NBI) is a voluntary coalition of South African and multinational companies, working towards sustainable growth and development in South Africa and the shaping of a sustainable future through responsible business action, thereby demonstrating business action for sustainable growth.

⁴ As of July 2024, the Bill has now been signed into law.

At Santam, ESG and climate incentivisation is managed by the Human Resources and Remuneration Committee (HRCC). The HRCC is responsible for the remuneration strategy of the Group, including the approval of guidelines for incentive schemes and the annual determination of remuneration packages for members of the Group Exco and the Heads of control functions. In the 2023 financial year, the committee oversaw the inclusion of ESG-specific key performance indicators in the performance measurement criteria of Group Exco and senior management for the first time. From 2023, executive committee members have up to 10% of their key performance metrics for their annual performance contracts linked to ESG metrics. In addition to ESG metrics, the KPI also includes client experience, talent management and sound governance, collectively weighing 25% of the overall key performance metrics. 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 5 of the 2023 [Remuneration Report](#).

Looking forward:

- Continue upskilling the Board and Group Executives on climate- and nature-related issues.
- Socialise the recommendations of the climate scenarios exercise to relevant business units.
- Integrate climate-related risks and opportunities in the Enterprise Risk Management (ERM) processes.
- Develop understanding of the organisations interface, dependencies, and impact on nature across our crop insurance portfolio with the intention to roll this out onto other portfolios.
- Continue to monitor and track the integration ESG into business strategy by developing an approach to the Group's climate change response strategy.

Sub-Principle 1.5: Describe the impacts and implications of climate- and nature-related risks and opportunities on our business model and performance, strategy and any decision-making processes.

The TCFD recommendations encourage organisations to evaluate and disclose, as part of their financial filing preparation and reporting processes, the material climate-related risks and opportunities that are most material to their business activities. In alignment with this cause, our organisation uses the TCFD framework (see figure 2 below) to disclose our climate related risks and opportunities. The description provided below of climate-related risks and opportunities is informed by a climate scenario analysis exercise conducted in the 2023 financial year.

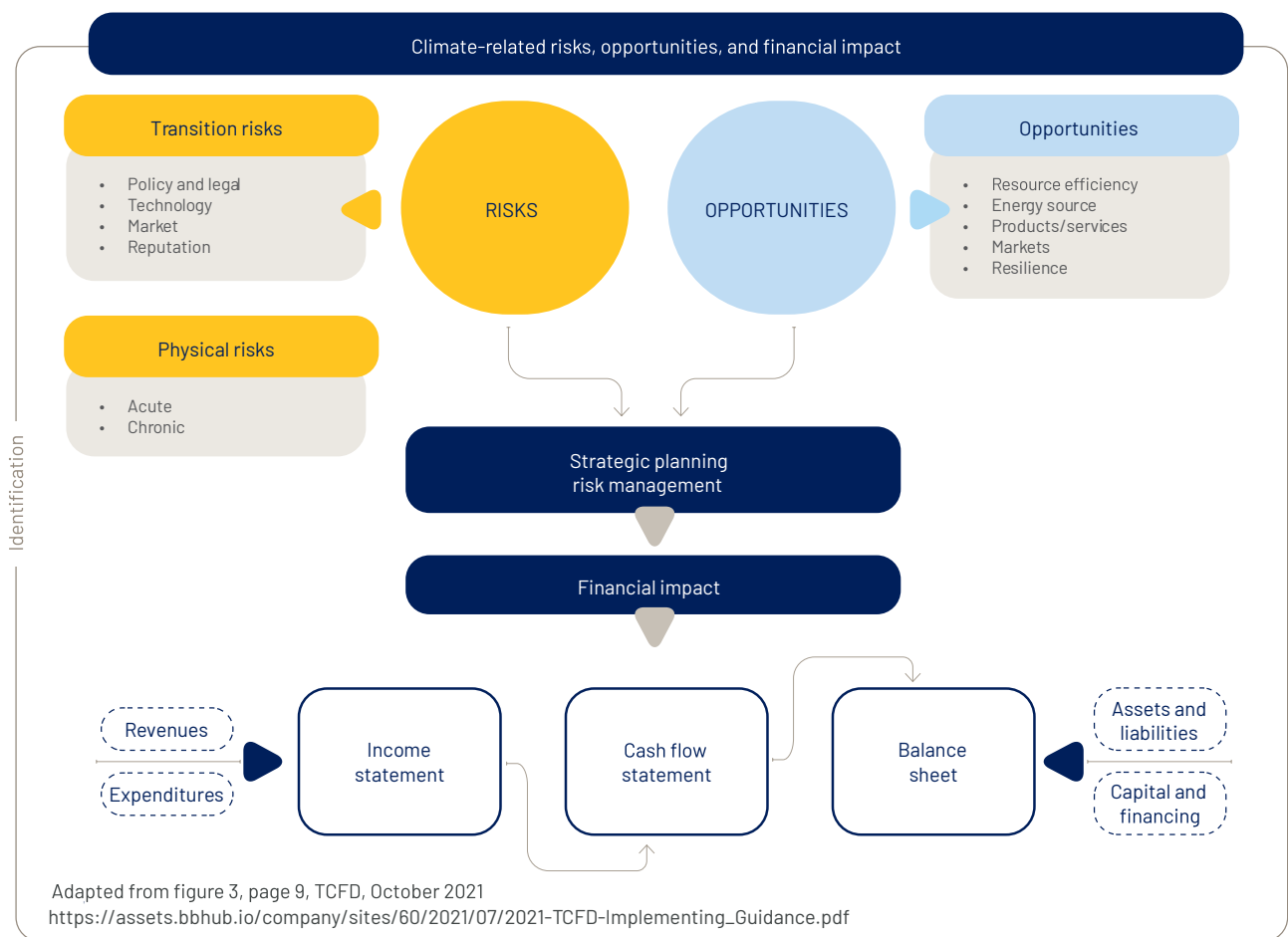


Figure 2: Climate-related Financial Disclosure Framework

Climate Scenario Analysis

Understanding the potential impacts and effects of climate change on our business is key to our long-term plan of developing a robust climate change response strategy. Climate scenarios affords our business the opportunity to identify a range of potential outcomes and implications of climate risks and opportunities on the business. In 2023, our organisation adopted the Network for Greening the Financial System (NGFS) scenarios (developed by a Group of central banks globally as a common reference framework for businesses in the financial sector to analyse their exposure to climate-related risks and opportunities) to explore the strategic implications of three NGFS scenarios for our business, namely Current Policies, Net Zero 2050 and the Delayed Transition scenarios. The scenario descriptions are outlined below:

Current Policies: Represents the current status quo with respect to climate policies made in the 2020's.

Net Zero 2050: Rapid transition to a low-carbon economy characterised by high decarbonisation rate.

Delayed Transition: Characterised by an initial decade of inaction in the 2020's followed by an abrupt transition accompanied by hasty government policies seeking to rapidly halt GHG emissions.

Individual climate scenario assumptions:

INDIVIDUAL ASSUMPTIONS			
	CURRENT POLICIES	NET ZERO 2050	DELAYED TRANSITION
Scenario	A recovering economy fully embracing the low-carbon transition in a cooperative way, still subject to environmental shocks	Stringent climate policies and innovation, reaching global net zero GHG emissions around 2050	Climate policies are delayed, which forces a very aggressive policy response starting in 2030
Impact of transition and physical risks	High physical risks	Low to medium physical risks	Low to medium physical risks
	Low transition risks	Low to medium transition risks	Medium to high transition risks
Temperature Assumptions*	3°C+ policy ambition	1.5°C policy ambition	1.8°C policy ambition
Policy reaction	No policy reaction	Immediate and smooth policy reaction	Delayed policy reaction
Technology	Slow technology change	Fast technology change	Slow to fast technology change
Carbon dioxide removal	Low use of carbon dioxide removal	Medium use of carbon dioxide removal	Low use of carbon dioxide removal
Regional policy reaction	Low regional policy variation	Medium regional policy variation	High variation in regional policies

* above pre-industrial levels by 2100c

The identified impacts and opportunities across the three selected scenarios. The impact column of the three tables elaborates on the implications of climate-related risks on the business.

1. Current Policies Scenario (High physical risks, Low Transitional risks)

Scenario phenomena	Risk & Opportunity Category	Description	Time Horizon	Impact
Acute (Physical)	Extreme events	Direct Risk: Increased severity of extreme weather events such as cyclones, wildfires, and floods.	ST, MT, LT	Climate volatility increases risk exposure of insured assets, leading to higher claims payout and increased financial losses.
Chronic (Physical)	Extreme events	Direct Risk: Changes in precipitation patterns and extreme variability in weather patterns.	LT	Impact on our Agri-business due to impact of precipitation and weather variability on crops.
Transition	Policy and Legal	Direct Risk: Increase in climate-related regulation	MT, LT	Increased cost of compliance to new regulations.
	Market	Indirect Risk: Increased migration from hardest hit regions resulting in brain drain	LT	Talent acquisition and retention may be a challenge in areas affected by extreme events.
	Products and Services	Opportunity: Developing new products tailored to addressing climate impacts	ST, MT, LT	Santam may develop risk management solutions in response to market needs.

2. Net Zero 2050 Scenario (Low-medium physical risks, Low-medium transitional risks)

Scenario phenomena	Risk & Opportunity Category	Description	Time Horizon	Impact
Acute (Physical)	Extreme events	Direct Risk: Increased severity of extreme weather events	ST, MT, LT	Climate volatility increases risk exposure of insured assets, leading to higher claims payout and increased financial losses.
Transition	Policy and Legal	Direct Risk: Increased government oversight and regulation	ST, MT, LT	Increased cost of compliance to new regulations.
	Market and Reputational	Indirect Risk: Lack of a skilled workforce to match transition to low-carbon-economy.	ST, MT, LT	Our business may not be able to remain competitive in the market.
	Reputational	Indirect Risk: Shift in consumer preferences and increased stakeholder concern	ST, MT, LT	Reputational damage and loss of consumers unsatisfied with our level of response to climate-related issues. Potential societal backlash.
	Products and Services, Energy Source, Resource Efficiency	Opportunity: Developing insurance products covering alternative energy/Access to new markets.	ST, MT, LT	De-risking alternative energy products by offering innovative insurance products and solutions.

3. Delayed Transition Scenario (Low-medium physical risks, medium-high transitional risks)

Scenario phenomena	Risk & Opportunity Category	Description	Time Horizon	Impact
Acute (Physical)	Extreme events	Direct Risk: Increased severity of extreme weather events	ST, MT, LT	Climate volatility increases risk exposure of insured assets, leading to higher claims payout and increased financial losses.
Transition	Policy and Legal	Direct Risk: Increased government oversight and regulation	LT	Increased cost of compliance to new regulations, leading to higher insurance premiums.
Transition	Market and Reputational	Indirect Risk: Lack of a skilled workforce to match transition to low-carbon-economy.	LT	Our business may not be able to remain competitive in the market.
Transition	Products and Services, Energy Source, Resource Efficiency	Opportunity: Developing insurance products covering alternative energy.	LT	De-risking alternative energy products by offering innovative insurance products and solutions.

Sub-Principle 1.6: Describe how environmental resilience plans are incorporated into business decision making, including disclosure of any material outcomes of climate risk scenarios.

From a disclosure perspective, all risks and opportunities identified as part of the climate scenarios analysis exercise have been disclosed in the 2023 reporting suite i.e., the 2023 Integrated Report and 2023 TCFD Report. Page 19 of the Integrated Report includes a high-level summary-update of the Group's progress across the four TCFD pillars namely, governance, strategy, risk management and metrics and targets. The full process undertaken, and outcomes of the scenario analysis project are outlined in the response provided under sub-principle 1.5 and is also included in the strategy and risk management section of the 2023 TCFD Report (pages 7-12).

The risks and opportunities identified as part of the climate scenarios analysis process have been consolidated into top five recommendations relevant to the organisation. These have been communicated with the climate change committee and will be socialised across the different control functions within the business to ensure implementation of all identified recommendations.

Looking forward:

The company will embark on a journey of identifying focus areas for the development of a Group-wide climate change strategy plan which will be inclusive of several initiatives in response to the recommendations.



Sub-Principle 1.7: Describe the outcomes of our materiality analysis and any material climate- and nature-related risks and opportunities that affect our prospects.

In developing the Group's approach to ESG and the focus areas for Santam's ESG strategy, the ESG matrix in evidence reference 1.7 was developed internally and used as a guiding framework. As part of the exercise, the increasing risk associated with climate was identified as one of the high impact areas thus informing the focus on climate going forward. Since that time, the organisation has developed its capacity to understand climate-related risks and respond to climate-related disclosures.

Looking forward:

Through the Group's participation in the UNEP-FI's Nature Positive Working Group in 2023, we look forward to sharing the results of the materiality assessment of how our businesses interfaces with nature. The Group will also share the outcome of the materiality assessment in relation to ESG in the Group's supply chain.

Sub-Principle 1.8: Establish appropriate processes to identify, assess and prioritise climate and nature-related impacts, risks, and opportunities.

At Santam, risk management is a key focus which provides a framework within which the Group can create value whilst identifying opportunities. As such, the risk management process involves two main actions:

- I. Identifying, measuring, monitoring, and reporting on risk.
- II. Identifying opportunities, as the counterpart of each risk is opportunity.

The objectives of risk management are:

- I. To create and protect value for all stakeholders.
- II. To improve decision making.
- III. To contribute to retaining and building Santam's leadership position in terms of financial performance, reputation, market share and policyholder protection.

Combined assurance is a partnership between Santam business operations, the Group risk management function, internal and external audit, and the Board, each of which has a distinct role to play. The Group uses a Responsible, Accountable, Informed (RACI) matrix to identify and assign accountabilities for each risk and have efficient processes for reporting to the risk management function, the risk committee, and the Board. Santam's top risks for the 2023 financial year (including the accompanying mitigating actions and opportunities) are recorded on page 66-68 of the 2023 Integrated Report.

Santam also adopts an ERM framework and approach that is appropriate to the nature, scale and complexity of its business and risks. The approach that Santam adopts is aligned with the King IV principles, ISO31000, and the Insurance Act. ISO31000 was adopted to ensure that a structured and practical approach to managing risk is implemented throughout the business. Santam's ERM framework is designed to assist the Board in ensuring that management understands and continually monitors risk and reports back to the Risk Committee where appropriate.

With respect to managing climate risk and integrating it within the existing enterprise risks management system, Santam has opted to adopt a phased approach. This approach allows the Group to understand the nature of the risks and to develop suitable responses that will benefit both our business and stakeholders. Figure 3 below outlines the Group's approach towards integrating climate risk into the existing ERM process. The identification of the risks and opportunities identified across each of the scenarios is represented by the first step in the climate risk integration process which has been achieved through conducting climate scenarios.

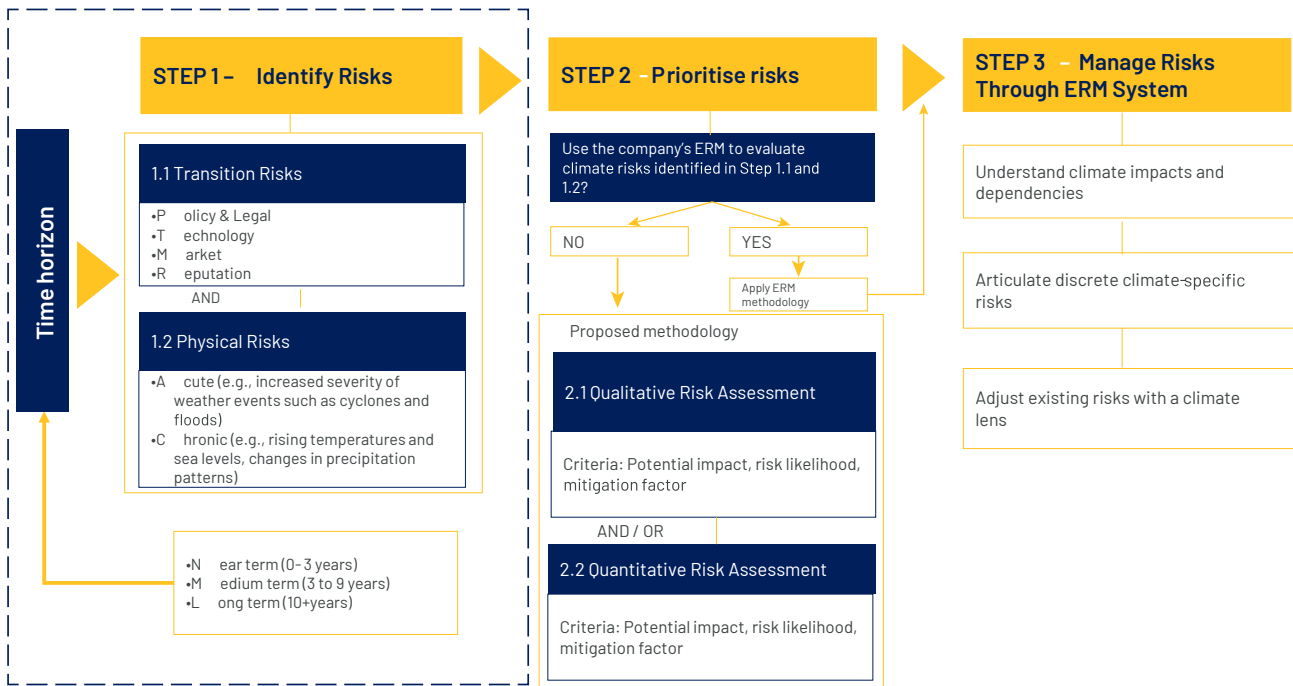


Figure 3: Approach to integrating climate risk into the existing ERM.

In addition to the above, based on internal discussions with the Executive Management team, Santam Group's Enterprise Risk Management team constructs a Group Risk Thermometer annually. In the 2023 reporting year, the ERM team identified climate risk (including catastrophic events and extreme weather) as one of the top risks Santam is exposed to. See evidence point 1.8 for an extract of the Santam Group Risk Thermometer and the Group's response to climate risk. Santam faces the risk of an increase in the frequency and severity of extreme weather events (droughts, floods, wildfires, cyclones) and the consequent impact on its claims experience and business processes. For an overview of risk governance refer to sub-principle 1.1.

Sub-Principle 1.9: Put in place mechanisms to monitor and manage climate and nature-related risks and opportunities.

Monitoring and Managing Climate-related risks:

At Santam, the process of monitoring and managing of climate related risks has been a journey and is multifaceted. Listed below are the various ways this is achieved:

- I. Aligning and declaring [support](#) for the Task Force on climate-related financial disclosures, demonstrating a commitment to building a more resilient financial system and safeguarding against climate risk through better and informed disclosures. Since this declaration in 2021, our organisation has progressed to the point of conducting climate scenario analysis in accordance with the strategy (c) recommendation of the TCFD.
- II. Geocoding: In 2023, 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. Such information helps us improve pricing and set appropriate excesses and exclusions, thus optimising property exposure and reducing the cost of claims. In 2023, the Group managed to geocode approximately 86% of the core property book preventing estimated losses of approximately R55 million during the Western Cape flooding through risk mitigation actions we took in response to the geocoding initiative.
- III. P4RR: In partnership with the Emthunzini Trust, Santam invests in risk-reducing interventions managed by Santam and other willing partners, such as the South African Special Risk Insurance Association (SASRIA). 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 2023, the P4RR programme partnered with and supported 95 (82: 2022) municipalities, impacting 13.1 million people (12.5 million: 2022). Source: Page 10, 18 and 24 of the latest [Integrated Report](#).
- IV. Memberships and Forums: In the 2023 financial year, Santam maintained its membership to the Business for Social Responsibility (BSR), a global nonprofit sustainable business network of more than 300 companies focused on transforming businesses to contribute to a just and sustainable world for all. This initiative aims to increase the ability to diagnose physical climate risks and understand, adopt, and implement climate resilience measures throughout corporate value chains to deliver societal and business value. Through this partnership, Santam conducted climate scenario analysis in the period under review with the objective of testing the resilience of our strategy to potential futures using credible third-party climate scenarios (NGFS) augmented with business specific information. The Group is also part of the South African Insurance Association (SAIA) Climate Change forum. In the 2023 financial year; Santam's Executive Head of Strategy and Investor Relations completed his two-year chairmanship role in the Forum. He remains a member of the ClimateWise Management Committee, where he participated in the update of the ClimateWise Principles.

➔ Looking forward:

The Strategy and Investor Relations Unit is in the process of integrating the identified climate-related risks and opportunities into the existing risk management software, CURA. Once risk owners have been identified, the risks will be monitored and managed on an ongoing process ensuring that the correct mitigation measures are in place.

Improving the institutional capacity to manage and monitor Nature-related risk in alignment with the Task Force on Nature-related Financial Disclosures.

Managing Climate-related opportunities:

i. Specialist underwriting:

Santam Group's Specialist Business portfolio covers large and complex risks in niche market segments of business in South Africa, rest of Africa and in other emerging markets. This business is conducted through an underwriting management agency business model. The Specialist business focuses on sustainable and profitable growth while leveraging the Groups leadership position to become a leading Pan-African specialist insurer. As part of covering complex risks, several of the Groups Specialist Business function as underwriting managers and as such provide insurance cover for a number of sectors including the renewable energy sector. By providing cover for renewable energy technologies such as solar power, wind power, biomass energy production and hydropower, we are encouraging the uptake of low-carbon energy sources through renewables and off-setting against coal-risk. The Specialist Business continues to see a notable influx of clients in the clean energy space. This will aid in contributing to the much-needed transition towards a low carbon economy which is enshrined in our current coal position statement.



ii. Crop insurance:

Santam Group, through its division, Santam Agri provides [crop insurance](#) to farmers which acts as a hedge against climate, environmental and other risks. Financial settlements for weather damage not only make it possible for growers to continue their livelihoods, but also helps stabilise the region's food supply. To underwrite these agricultural policies, Santam uses its risk assessment expertise and decades of weather-related data to estimate the frequency of major weather events. This has been done to ensure that we provide optimal insurance solutions for our clients. One such area is a long history of conducting crop research trials specifically for the study of simulated hail damage on agricultural crops. The results are used for the compilation of new hail assessment procedures or to update existing procedures. Revisiting existing procedures is very important in light of the progress and development in crop genetics which leads to different reactions to damage as compared with older more traditional cultivars.

Sub-Principle 1.10: Describe how scenario analysis has been used to inform the identification, assessment and management of climate and nature-related risks.

In the 2023 financial year, Santam undertook a qualitative climate scenario analysis process based on the Network for Greening Financial System (NGFS) scenarios. The steps followed in the scenario analysis process are outlined in the response to sub-principle 1.5. Evidence reference 1.10 (particularly slide 8 & 9) outline the key qualitative management actions emanating from our scenario analysis process. As evidenced in the document, Santam has a good understanding of the strategic interventions that need to be implemented, progress on these will be reported on in the 2024 submission.



Principle 2: Engaging Stakeholders

Theme: Operations

Sub-Principle 2.1: Manage and seek to reduce the environmental impacts of the internal operations and physical assets under our control.

Our organisations facilities team is responsible for measuring and managing the environmental impact of the Group's operations. The team achieves this through measuring and managing our use of energy, water, and waste management, which are then reported to Sanlam Group, our majority shareholder. The Sanlam Group (including Santam's facilities) manages and reports 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.

As part of metrics and targets setting, Santam Group measures its internal environmental performance by monitoring consumption patterns such as energy, water, waste, and recycling through an internal IT system. The Group's facilities that are monitored for environmental performance include:

- Santam Head Office,
- Santam Auckland Park,
- Santam Garsfontein,
- Santam Alice Lane, and
- Santam Glacier.

Santam also tracks some material scope 3 emissions (see detailed outline of emission sources in the response to sub-principle 2.3). The Group's environmental targets (in partnership with Sanlam Group) for the period 2021 to 2025 are listed below. This is in line with Santam's FutureFit strategy:

- 10% reduction in greenhouse gas emissions (tonne of carbon dioxide equivalent/full-time employee (FTE))
- 10% reduction in electricity consumption (kWh/m² of office space)
- 10% reduction in municipal water withdrawal (kl/m² of office space)
- 10% reduction in paper use (kg/FTE)
- 10% reduction in air, road travel (km/FTE) and hotel nights/FTE
- 10% reduction in waste to landfill (kg/FTE) and 50% of total waste recycles (tonnes)
- Zero Waste to Landfill at Sanlam and Santam Head Offices in Cape Town

For the Group's energy efficiency initiatives and water efficiency initiatives implemented in 2023, and the savings achieved, please see the Group's Carbon Footprint Report as evidence point 2.1 which

provides an overview of the reduction initiatives across water, electricity and waste usage. The Group's environmental impact is also measured and disclosed in our CDP report which is available [here](#).

Sub-Principle 2.2: Engage our employees on our commitment to address climate change and nature, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate and nature-informed choices outside work.

To help increase climate awareness internally i.e., amongst employees, the Group Strategy and Investor Relations Unit continued to roll out the Climate Risk course to all current employees. To ensure a wider reach, the course is made compulsory for all employees to complete, with new employees also being expected to complete it.

Theme: Value Chain

Sub-Principle 2.3: Understand and disclose the sources of emissions and adverse climate and nature-related impacts on our upstream and downstream value chain that might in turn impact our business.

Santam monitors material historical emissions for scope 1, 2 and 3. These are disclosed in our annual reports on a yearly basis. See page 63 of the 2023 Integrated Report for the latest record of the Group GHG emissions. A detailed breakdown of the Groups emissions is also publicly disclosed in pages 14-17 of the Group's [Carbon Footprint](#) Report. The Group's GHG inventory for 2023 was calculated according to the operational control approach. The inventory was compiled in accordance with the following standards:

- ISO 14064-1(2018): Specification with guidance at the organisation level for quantification and reporting of GHG emissions and removals; and
- WR/WBCSD GHG Protocol: A Corporate Accounting and Reporting Standard, 2004, and subsequent Amendments.

The table below outlines the emission sources contributing to our GHG emissions (scope 1-3). The emission sources are presented according to the emissions categories prescribed by both the ISO14064-1:2018 and GHG Protocol accounting standards.

Scope	Description of emission sources	Group FY2023 Emissions
Scope 1	Stationary Diesel Combustion	227 tCO2e
	Mobile Diesel Combustion	212 tCO2e
	Diesel Pool Cars	3 tCO2e
	Mobile Petrol Combustion	1 178 tCO2e
	Petrol Pool Cars	2 tCO2e
	Stationary LPG	11 tCO2e
		1 633 tCO2e
Scope 2	Purchased electricity	6 229 tCO2e
	Acquired Energy (Landlord generator)	20 tCO2e
		6 249 tCO2e
Scope 3	Purchased Goods and Services	35 tCO2e
	Upstream Transportation and Distribution	49 tCO2e
	Fuel and Energy related Activities	1 246 tCO2e
	Waste Generated in operations	16 tCO2e
	Business Travel (incl. accommodation)	2 284 tCO2e
	Employee commuting and working from home	2 074 tCO2e
		5 705 tCO2e
Total Emissions		13 588 tCO2e



Looking forward:

We aim to work with our Parent company to develop targets across our scope 1-3 emissions.

Sub-Principle 2.4: Advocate and engage across the supply chain to encourage our suppliers to improve the environmental sustainability of their products and services and understand the implications these have on our business.

The work of ensuring that our supply chain is in support of the Group's overall ESG Strategy remains a work in progress. The Group continues to work towards ensuring that sustainability, including climate risk, is part of the Santam supply chain management and Santam claims value chain processes. To ensure that suppliers meet the requirements of the selection criteria, high level Safety, Health and Environment (SHE) criteria are incorporated into 'Site Evaluation' questionnaires and are either verified by means of a physical site evaluation (vehicle part suppliers, motor body repairers) or by means of electronic photographs (for example glass fitment centres). As part of the SHE criteria, manufacturers are required to be ISO 14001 (Environmental Management System) and OHSAS 18001 (Occupational Health and Safety Management Systems) certified.

In addition, the Santam Quality Service and Compliance unit work with supplier selection criteria guidance to encourage suppliers (e.g., Plumbing and building contractors, and Incident Managers) to meet the selection criteria and agreements listed below:

- Provide services in accordance with the National Building Regulations and Building Standards Act, which requires that contractors only use heat pumps and solar heating systems.
- Keep water, energy, and materials to a minimum in the work process to reduce wastage.
- Use water and energy-saving products such as insulation, low flow taps, showerheads, multi-flush toilets, greywater systems, and solar water systems to promote resource efficiency;
- Allow Santam to access suppliers' premises and records to validate and audit compliance in this respect.

One of Santam's main drivers for property claims is damaged and burst geysers. Therefore, suppliers repairing or replacing clients' geysers are required to use efficient systems and must meet the following requirements:

- SANS 941:2014 Energy efficiency of electronic or electrical apparatus, with specific emphasis on the label specifications; and
- Energy efficiency type must be B Rated, in terms of VC9006, and all geysers supplied and fitted on Santam claims must hold a valid NRCS 'Letter of Authority'.

Both the Group Supplier Code of Conduct and Supplier Charters states that all service providers within the Group's value chain must implement proper waste management processes that minimises the negative impact their business operations have on the community, environment, and natural resources that sustains the environment. See evidence point 2.4.

Looking forward:

The Group Sourcing Unit is looking to introduce a Responsible Sourcing Strategy for the business, progress on this project will be provided in the following ClimateWise submission. Evidence reference 2.4.1 provides an outline and objective of the planned work of developing a responsible supply chain within Santam.

Sub-Principle 2.5: Support and undertake research and development to inform current business strategies, develop new products, and help support and incentivise our customers and stakeholders, including affected communities, in adapting to and mitigating climate and nature-related issues.

Santam continues to take measures to inform our understanding and improve our decision-making when it comes to managing climate-related risk. These are listed below:

- **Flood Risk Assessments:** Through the Group's Partnering for Risk and Resilience (P4RR) Program, Santam continued to partner and collaborate with large Municipalities to capacitate them in responding to disaster events such as floods and fire. In 2023, P4RR supported eThekweni Municipality by reviewing their Disaster Risk Management Level 2 Plan to assist the city to better understand its evolving risks. A Similar partnership was developed with the City of Tshwane with the aim of piloting a storm-water drainage clean-up initiative to reduce exposure to flooding risk and losses.
- **Claims Management:** In 2023, we supported our clients by paying a total of R29.9 billion in insurance claims to individuals and businesses. This was exacerbated by large fire losses, attritional weather events, the Western Cape floods experienced in the second half of 2023 and other losses. The Western Cape floods alone resulted in R403 million in net claims whilst claims from the hailstorm in Gauteng amounted to R180 million. Fire-related claims also remain a key concern for the business as they negatively impact the profitability of the property class of our business. 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. To read more, see page 51 of the latest Integrated Report.
- **Geocoding:** In 2023, 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 2023, the Group managed to geocode approximately 86% of the core property book. Santam saw the benefits with estimated losses of approximately R55 million prevented during the Western Cape flooding through risk mitigation actions we took in response to the geocoding initiative. [Click here](#) for a detailed outline of how the business utilises geospatial data to manage the effects of natural hazards and climate change.
- During the period under review, Santam conducted climate risk assessment scenarios in alignment with the TCFD recommendations. The outcomes of this assessment will guide the Group's strategic climate change response.



Santam-Agri, the Group's crop insurance business offers a range of insurance solutions to support enhanced production and technology of farmers to create a sustainable future. With the sector being exposed to variable weather conditions, Santam-Agri 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. See an example of one of the monthly reports in evidence point 2.5. In addition to the provision of weather outlooks to clients in the Agricultural sector, Santam Agri provides crop insurance to farmers which acts as a hedge against climate, environmental and other risks. Financial settlements for weather damage not only make it possible for growers to continue their livelihoods, but also helps stabilise the region's food supply. To underwrite these agricultural policies, Santam uses its risk assessment expertise and decades of weather-related data to estimate the frequency of major weather events. This has been done to ensure that we provide optimal insurance solutions for our clients. One such area is a long history of conducting crop research trials specifically for the study of simulated hail damage on agricultural crops. The results are used for the compilation of new hail assessment procedures or to update existing procedures. Revisiting existing procedures is very important in light of the progress and development in crop genetics which leads to different reactions to damage as compared with older more traditional cultivars.

Santam Agri Business: Silage competition

- Santam, through its Agri Business assists farmers with climate related risks management by annually sponsoring a national agriculture silage competition to contribute towards the promotion of good silage practices. The competition is designed to assist farmers to adapt to climate-related risks such as drought. Silage is the production of animal feed using compacted maize, forage sorghum and oats. Climate change is altering weather patterns, water distribution and availability leading to ecosystem disruption and extreme weather events. This is expected to have an impact on agriculture. Therefore, good silage practice allows for the safe storage of animal feed thus providing a buffer to extreme weather events such as extended droughts. It also helps with increasing production and the quality of the feed, with a minimum impact on the environment. In 2023, the competition was in its 10th year, this is evidenced in the source below and on the Press Release in evidence point 2.5.1.

Source: <https://agriorbit.com/winners-in-the-tenth-santam-agriculture-national-silage-competition-announced/>

ESG and sustainability related matters have continued to top the agenda for corporates making understanding the risk landscape and raising awareness on the impact that this has on the resilience of the sector and business key. In 2023, the Group's Strategy and Investor Relations Executive penned an industry-wide [article](#) highlighting various trends shaping the insurance sector, including the competitive advantage of embedding ESG. The full article is available here. In line with this, the Group also published the [Insurance Barometer](#) Report in October 2023, which similarly tracked emerging risk trends through surveying more than 900 consumers, businesses and brokers to provide insight into the industry's need to adapt to the changing market realities and customer needs. Page 8-9 of the Barometer report highlights climate change as one of the top risks identified by consumers and commercial and corporate entities, personal and commercial lines brokers. The Barometer Report is included as evidence reference 2.5.2.

➔ Looking forward:

Santam is actively investigating the case for developing a parametric rainfall product. The Insurance Regulator has communicated a willingness to run a Proof of Concept in their sandbox. The aim is to run a 6-month pilot in 2025. If successful, the intention is to distribute the product to Personal Lines clients via mobile (telco) and retail partners. Once scale is achieved on the Personal Lines side, the same will be distributed to micro-business clients.

Sub-Principle 2.6: Promote and actively engage in public debate on climate- and nature-related issues and the need for action by publicly communicating our beliefs and strategy on climate and nature related issues and providing support and tools to our customers/clients so that they can assess their levels of risk.

At Santam, our beliefs and strategy with respect to climate-related issues are communicated through our publicly available policies namely the climate change position statement and coal position statement. Both the statements are available on the Group website. The climate change position statement details the Group's position on climate change, which is founded on scientific research, thus acknowledging the Paris' Agreements long term ambition to limit the global temperature to 1.5°C. The statement also further emphasises the urgency required to address climate change and the complexity this brings. The coal position statement highlights the Group's approach to underwriting coal as it applies to the Company's exposure to coal within the South African market and outside the SA market. The statement acknowledges the vital role of coal in the SA economy and thus advocates for a just transition towards a low carbon economy in the South African context. See response to sub-principle 1.3.

The Group also endeavours to provide ESG and climate-related updates through publishing thought leadership articles across publicly available news sites. One of the articles published by the Executive Head of Strategy and Investor Relations in the past year provided an industry update on [trends and issues shaping the insurance industry](#) which underlined the heightened increase in the frequency and severity of climate related disasters. The Group CEO also published an industry-relevant article outlining the [shifting risk landscape](#) and operating environment. Along with infrastructure concerns and socio-economic challenges, climate change is highlighted as one of the issues creating a tough environment for local insurers. The importance of planning ahead and collaborating with other stakeholders to reduce the risk and impact of natural disaster was also emphasised in an [article](#) penned by Santam's Stakeholder Programmes Manager.

As outlined in sub-principle 2.5, in 2023 the Group published the [Insurance Barometer](#) Report. The Report was published against the backdrop of the rising frequency and severity of natural catastrophe losses and unprecedented levels of inflation. Findings emphasise that apart from managing and adapting to new and enhanced risks, it is critical for the industry to look to the future and embrace technology. This means insurers must leverage their digital innovation offerings. Our organisation achieves this through the geocoding initiative mentioned in sub-principle 2.5 which helps us to understand our risks better and encourage our clients to put preventative measures in place which can help alleviate the risk.

In April 2023, Santam Agri actively participated in the multistakeholder roundtable dialogue organised by the International Finance Corporation (IFC, member of the World Bank Group). The dialogue brought together stakeholders including national government, agricultural industry associations, local and international development finance institutions, banks, and other financiers, to discuss solutions to develop climate smart agriculture (CSA) projects in South Africa and encourage private sector investment into the CSA sector. The summary of the roundtable dialogue is attached as evidence reference 2.6.



Further, through the Group's Partnership for Risk and Resilience Program (P4RR)(elaborated on in sub-principle 2.7), in 2023 the Human Sciences Research Council (HSRC) in partnership with Eduardo Mondlane University and Santam in partnership with the University of Free State **hosted** the second conference on Climate Change and Disaster Risk Reduction in the South African Development Community (SADC) region.

To ensure that our organisation supports clients and customers in the face of extreme weather events, Santam publishes articles providing tips to clients on how they can protect their assets during heavy rains, hail events and fire etc. Links to some of the articles published in the 2023 financial year are provided below:

<https://www.santam.co.za/blog/weather/ensure-you-re-safe-when-storms-hit-10-tips-to-protect-your-car-and-home/>

<https://www.santam.co.za/about-us/media-centre/personal-lines/extreme-weather-and-your-insurance-here-s-what-you-need-to-know-ahead-of-winter/>

Sub-Principle 2.7: Where appropriate, work with policy makers and share our research with scientists, society, business, governments, and NGOs in order to advance a common interest.

In May 2023 and August 2023, the Santam Board of Directors engaged with the South African Prudential Authority (PA). The PA exists as a statutory requirement of the Financial Sector Regulation (FSR) Act under the administration of the South African Reserve Bank and is responsible for regulating banks (commercial, mutual, and co-operative banks), insurers, co-operative financial institutions, financial conglomerates, and certain market infrastructures⁵. The sessions held with the PA were primarily to discuss organisational resilience in the face of the evolving risk landscape wherein our climate-risk management approach was also shared. This was followed by the Strategy and Investor Relations Unit providing comment to the draft guidance notes on climate-related disclosures and risk practices for insurers. In accordance with the TCFD recommendations, the guidance notes contain critical recommendations on governance, strategy, risk management, metrics, and targets to climate-related risk. Input to these draft notes was submitted via the South African Insurance Association (SAIA) as part of our membership to the Association. The Association functions as a representative body of the non-life insurance industry and has a vision to promote and represent the interests of non-life industry while leading enhancing the efforts of the industry to become recognized and trusted as an important contributor to the South African economy and society. Participating in forums such as SAIA provides Santam the opportunity to influence regulation.

Santam Group is also able to influence and play an advocacy role through its involvement in SAIA's Climate Change forum. In the 2023 financial year; Santam's Executive Head of Investor Relations and Strategy completed his two-year chairmanship role in the Forum. As part of this role, Santam was at the forefront of providing industry with key updates on climate-related regulation, disclosures, and trends. He remains a member of the ClimateWise Management Committee, where he contributed to the update of the ClimateWise Principles.

Partnering for Resilience:

At Santam, we strive to be a responsible corporate citizen that contributes to sustainable economic growth and the communities that we live and work in, the most vulnerable in our society are both most susceptible to risk and most deprived of the insurance security blanket when it's needed. To service this societal need whilst simultaneously building resilience, Santam Group has a Partnership for Risk and Resilience (P4RR) Programme, which brings together our proactive risk management activities in municipalities. The programme achieves this by emphasizing early warning systems, preparedness, and proactive risk management. This is done with the aim of improving emergency responses and disaster management capabilities within vulnerable communities. The P4RR programme, our CSI spend, stakeholder relations functions and sustainability initiatives, are fully aligned with the 'Help Build Resilient Societies' theme of Santam's ESG strategy which is in turn in response to the need and aspiration of narrowing the risk-protection gap.

In addition, through the P4RR program, the Emthunzini Community Trust invests in risk reducing interventions that are managed by Santam and other willing partners, such as the South African Special Risk Insurance (SASRIA). The objective of P4RR is to strengthen the institutional and

⁵ [Prudential Regulation \(resbank.co.za\)](https://resbank.co.za)

participatory development capacity of local municipalities to proactively reduce the impact of fire and flood disaster events. Ultimately our efforts help to contribute to climate adaptation efforts. We do this by assisting service delivery and providing support to local government infrastructure, economic development, and governance. Below are initiatives that were implemented through the P4RR programme in 2023:

- Santam partnered with 13 municipalities, bringing the total cumulative number of municipalities supported to date to 95. These partnerships position Santam as both a leader and a corporate citizen who is actively engaged with initiatives to help build societal resilience to disasters, including those triggered by climate change. Santam's support significantly enhances the capacity of these Municipalities to manage local risks and build resilience. Click [here](#) for a case study of one of Santam's partnerships with municipalities.
- The **Green Book (GB)** - P4RR continues to collaborate 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 2023 financial year, P4RR supported nine (9) Districts and one (1) Metro in the development of climate change adaptation plans using the Greenbook online tool. The Green Book (www.greenbook.co.za) is a multi-disciplinary, open-access tool that supports South African municipalities with adapting to current and future impacts of climate change.
- Santam and its partners reached out to over 30,000 people with targeted disaster risk education and awareness. This support contributes significantly to building societal resilience to disasters, including those associated with climate change.
- Capacity building and skills development are integral components of the P4RR programme. As part of supporting municipal partners and stakeholders, in 2023, 252 people (Disaster Management & Fire Services Practitioners, Landowners) received relevant training to equip them with skills to manage local risks.

Looking forward:

Santam is actively seeking to partner and collaborate with higher-learning institutions in the country to gain from research and data that will inform our decision-making and strategic focus with respect to developing innovative insurance products in the face of a changing risk landscape.

Principle 3: Enabling Transition

Theme: Investments

Sub-Principle 3.1: Integrate consideration of climate and nature related risks and opportunities into investment strategies and decision making.

Refer to the Governance theme under principle 1 [Steering Transition] for an overview of the Group's corporate governance and risk management processes, which shows how climate change, as part of the material matters of the Group, is considered for business performance, investments, and key stakeholders. Figure 1 ESG/Climate governance structure provides evidence of the consideration of climate-related risks within the business. Furthermore, the latest Integrated Report acknowledges the Group's exposure to physical and transitional climate-related risks. Source: Integrated Report, page 57.

Aligning climate and nature-related risks and Opportunities into Investments:

Santam's investment management is outsourced, and the service providers appointed for this purpose are required to report on their application of the Group's responsible investment principles as set out in the Group's Investment Policy. The Policy incorporates ESG considerations impacting the long-term sustainability of Santam's portfolio investments, including climate risk as well as active ownership practices which are aligned to the United Nations Principles for Responsible Investing (UN-PRI) and Code for Responsible Investing South Africa (CRISA). In the 2023 financial year, Santam continued to invest a total of R171m in the Group's social impact-focused Resilient Investment Fund.

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. Small enterprises continue to benefit from the growing strength of our partnership with the ASISA ESD Fund. With a total investment of R117 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. Evidence reference 3.1.1 provides an example of a case study of one of the companies funded by the ASISA ESD programme.

Sub-Principle 3.2: Take action to manage the implications of climate and nature related risks and opportunities on, and of, our investments.

Key to managing the implication of climate and nature-related risks and the opportunities on and of our investments is first understanding the risk and magnitude of the risk. As a first point of call, Santam has established policies to guide our response to climate this includes both the Climate Change Position Statement and Coal Position Statement.

As highlighted in the response to sub-principle 1.9 and 2.5, in 2023 the Group continued to manage the effects of extreme weather events and climate change with geospatial data. By geocoding our property book, we can understand the detailed nature of risks and thus enhance our underwriting actions on pricing and manage risk through improved data analysis and modelling using geocoding and external location-based information. Geocoding metrics include proximity to fire stations, flood lines and flood plains. Such information helps us improve pricing and set appropriate excesses and exclusions, thus optimising property exposure and reducing the cost of claims. In 2023, the Group managed to geocode approximately 86% of the core property book preventing estimated losses of approximately R55 million during the Western Cape flooding through risk mitigation actions we took in response to the geocoding initiative.

Thirdly, in the 2023 financial year, Santam undertook a climate scenario exercise in alignment with the TCFD recommendations. The scenarios were based on the Network for Greening the Financial Systems (NGFS) scenarios. The NGFS scenarios were selected based on their reputable nature as they were derived from multiple reputable climate models, were developed based on the TCFD recommendations and they integrate both physical and transition risks into the same set, with shared assumptions and parameters.

Guided by our position statements and the recommendations that have emerged from the scenario exercise (see slide 9 of evidence reference 1.10), Santam intends on developing a Group-wide climate strategy which will, amongst other facets inform the investment focus e.g., types of insurance products to invest in and provide for our clients.

Theme: Underwriting

Sub-Principle 3.3: Develop and use models to incorporate climate- and nature-related issues and describe how the outputs of the models inform our underwriting decisions.

The table below provides an overview of the methodologies adopted within the Group to incorporate climate-related issues to inform our underwriting decisions:

Models used in underwriting which incorporate climate and nature considerations:	How outputs of the models have been used to inform decision making:
<p>Underwriting: Santam has done localised flood analysis over the past ten years or more, this has been done by inhouse flood risk specialist or contracted engineers. The output of this has been used in an automated manner for Personal Lines business to flag specific geographical areas where flood cover will be excluded, or additional excesses applied.</p> <p>In 2023 the integration of 3rd party risk data integration into PAS was agreed as a priority, with integration scheduled for 2024. The main aim of this project is to underwrite both Personal Lines and Commercial lines based on geocoded location information, with the specific focus on increased flood risk due to climate and nature related issues. It, however, includes man-made issues should such as urban developments.</p> <p>Models related to topography and vegetation types, where the increased risk of fires due to climate change requires a new underwriting approach, are in progress.</p> <p>Geographic Information Systems (GIS) & Risk Solutions: During 2023, the following flood estimation studies was used to determine and implement parcel level classifications with linked underwriting conditions.</p> <ul style="list-style-type: none"> • Klein Brak Estuary and Groot Brak Estuary Floodline Assessment, March 2021 (Western Cape DAE&DP, 2021). • Determination Of First Order Flood Lines for The Lower Vaal River (Santam Ltd 2022) • Bethlehem And Jordaan River Flooding Floodline Study (Santam Ltd 2024). <p>The flood estimation studies make use of environmental data including topography data, land cover data and historical rainfall and streamflow data.</p> <p>Geocoding: See response to sub-principles 1.9, 2.5, 2.6 and 3.2 for an explanation of how the Group uses geospatial data to manage the effects of climate change and extreme events on the business.</p>	<p>Underwriting: Risks (both existing clients and new clients) classified as high or medium high are identified on this basis, referred to dedicated underwriting staff, and appropriate actions taken to reduce exposure related to flood. The resultant flood risk classifications are used by underwriting teams to determine whether flood cover should be excluded or whether an excess will apply at claims stage.</p> <p>Geographic Information Systems (GIS) & Risk Solutions: The Vaal River and Bethlehem flood risk data was acquired in 2023 and will be implemented into the underwriting systems in 2024.</p> <p>Geocoding: Clients who at lower risk of weather events are subsidising those in higher risk areas, so over a longer term from a sustainability and fairness perspective, the aim is to charge clients a fair premium for the risk they represent. It's similar to how motor premiums are charged differently for clients who present a greater risk. Importantly, the geo-coding process helps us to understand our risks better and encourage our clients to put preventative measures in place which can help alleviate the risk. For example, a property that is at risk of windstorms could have shutters to protect windows and heavier roof tiles with secured nail pins.</p>

Agri Crop:

98% of Santam Agri's GWP is generated from named perils which is predominantly hail. 2% of the GWP come from multi-peril insurance which predominantly cover drought. For the named perils, Agri Crop uses a 15-year rolling data set to calculate rates per crop group for the various CFR's (Climatic Farming Regions). The 15-year data set makes provision for two climatic cycles, to include both, a drier (EL Nino) and wetter (La Nina) cycles. The actuaries' rate for a 65% long term loss ratio and back test the data to ensure the underwriting targets are met before the rates get implemented. Through Tableau, Agri Crop is able to visualize rates per crop group per polygon to ensure rating is done smoothly over various production areas.

Agri Crop:

For frost on wheat, rating methodology have been changed since 2020/2021 season due to a spike in frost claims since 2014. After investigating the long-term weather data, Agri Crop noticed a changing pattern in the trend, showing an increase in the number of events that can cause frost damage. Instead of using a 15 year rolling data set, Agri Crop uses less data (10 seasons) to calculate frost rates with, by including only claims since 2014 in the rating model. Agri Crop revisits the underwriting measures like the deductible and rates for frost and cease cover in some high-risk areas with high frequency of claims. With multi-peril, Agri Crop implemented anti selection strategies to manage the uptake of insurance and geographical spread of clients.

Sub-Principle 3.4: Incorporate clauses in our insurance policies' terms and conditions that incentivise the reduction of exposure to climate and nature-related issues of the insured structures through pricing of policies.

The table below provides an outline of the Group's progress on the inclusion of clauses that incentivise the reduction of exposure to climate-related issues within insurance policies' terms and conditions across the businesses that make up Santam.

Incorporate clauses in our insurance policies' terms and conditions that incentivise the reduction of exposure to climate- and nature -related issues of the insured structures through pricing of policies.

No specific insurance clauses are applied to incentivise reduction to climate and nature related issues, however, through the survey process, a list a of so called Risk Reduction Requirements (RRR) are compiled, which list various actions that clients must undertake to protect their property from internal risks (e.g. sprinkler system) and external risks such as wildfire, flooding lightning etc. in order to continue to have full cover. The RRR letter contains Failure to adhere to the RRR may impact the settlement of a related claim.

Property & Engineering:

Whilst Emerald would not be in a position to say this has been influenced by modelling, 80% of risks are geocoded and underwriters would discourage writing of risks in high-risk flood areas, through a combination of excluding flood, applying a flood sublimit or charging an increased deductible- or a combination of the previous items.

The Mirabilis underwriters make use of NatCat software to identify high NatCat hot zones and either limit the exposure by adding various endorsements such as Munich Re endorsement and where appropriate include limits to the coverage. In certain instances where the NatCat exposure is extremely high, these risks are not supported by the underwriters.

**Looking forward:**

Santam is actively investigating the case for developing a parametric rainfall product. The Insurance Regulator has communicated a willingness to run a Proof of Concept in their sandbox. The aim is to run a 6-month pilot in 2025. If successful, the intention is to distribute the product to Personal Lines clients via mobile (telco) and retail partners. Once scale is achieved on the Personal Lines side, the same will be distributed to micro-business clients.

Principle 4: Disclosing Effectively

Theme: Measure & Monitor

Sub-Principle 4.1: Measure and disclose the impacts and potential impacts on our business of material climate- and nature-related risks and opportunities, including the results of the resilience analysis.

The impacts of climate-related risks on our business were identified through the scenario analysis exercise conducted in 2023. The detailed response on the impacts is outlined in response to sub-principle 1.5. The impacts identified across each of the selected scenarios include:

- Higher claims payouts and increased financial losses as a result of an increased severity in extreme weather events.
- Increased cost of compliance to new regulations, leading to higher insurance premiums as a result of increased government oversight aimed towards accelerating the transition.
- Not being able to remain competitive in the market due to a lack of skill force to develop products that leverage on the opportunities of the transition to a low carbon economy.
- Opportunity to develop innovative products to de-risk alternative energy products.

As described in the response to sub-principle 1.10, the above impacts have been translated into three main focal areas that represent significant risks and opportunities to Santam (see slide 8 & 9 of evidence point 1.10).

Group Own Risk and Solvency Assessment (ORSA):

At any given time, Santam is exposed to several risks that could have a material impact on the company. During the 2023 financial year, various risk themes were investigated throughout the year and the annual ORSA report highlighted material topical risks which Santam is exposed to, including climate risk. Evidence point 4.1 includes an extract from the 2023 ORSA report elaborating on the Group's overview of climate risk as it relates to Santam. The extract includes a table outlining the climate-related risks faced by Santam.

Assessing Climate Change Impact on Claims:

Based on Santam's assessment of the impact of climate change on claims, the Group acknowledges that it is of utmost importance for underwriters, actuaries and claims to understand how this impacts our business to ensure adequate responses to the emerging risk. The table below highlights the identified expected impact.

Hazard	Past Observed Change	Future Projected Change in Warmer Climate
Coastal Flood/ Sea-level rise/ Storm surge	[High confidence] Heating of the climate system has caused global mean sea-level rise through ice loss on land and thermal expansion from ocean warming.	[Very likely to virtually certain] that sea level rise will continue throughout the 21st century.
Heavy precipitation over land	[Medium confidence] in an increase in global average precipitation over land since 1950.	[Virtually certain] that heavy precipitation will become more frequent and more intense.
Flood	[Low-Medium confidence] in observed changes in the severity or frequency of floods.	[Medium confidence] The flood frequency and severity will change regionally. The flood frequency and severity will increase in certain regions e.g., KZN, Mpumalanga. The flood frequency and severity will decrease, due to droughts in certain regions e.g., Western Cape, Free State.
Wildfires	[Medium confidence] that weather conditions promoting wildfires have become more probable.	[Medium confidence] in projected increases in the frequency and duration of fire weather (hot, dry, windy conditions), making extreme wildfires more likely for some regions, dependent on fuel availability and ignition sources.

Using scenarios to understand impact on earnings:

To gain insight into the potential impact weather-related events can have on Santam, the Risk Office assesses the impact of an increase in weather related events on Santam’s modelled underwriting result and solvency capital requirement on an annual basis. As evidenced in page 17 of the evidence reference 4.1, through this exercise Santam is able to determine the projected impact of an increase on weather related events such as floods (small and large) and hail on earnings. To mitigate the earnings risks associated with climate change, pricing models are actively reviewed to include weather-related peril thus informing overall decision-making.

Sub-Principle 4.2: Disclose the metrics used to measure and manage our contribution to climate- and nature-related risks, and targets for monitoring progress.

Disclosing metrics and targets that our organisation uses to assess and manage relevant climate-related risks and opportunities provides us and our most important stakeholders with a sense of our progress with understanding our exposure to climate risk. Whilst our climate change reporting journey remains a work in progress, Santam remains committed to understanding and managing our own impact and improving our climate change disclosures. Our ESG metrics and targets have been set as part of our refreshed FutureFit strategy and are reviewed by the SES committee on a quarterly basis.

Below are qualitative and quantitative metrics and targets that the SES committee had oversight of in the 2023 reporting period.

Climate related policies and standards:

Performance Domain	Indicator	2023 Target	Progress Update
Policies and Standards	Position Statement on Coal	Board approved	Board approved.
	Climate Risks & Opportunities Assessment (TCFD)	Completed scenarios	Final Report

Partnering for Risk and Resilience:

Performance Domain	Indicator	2021	2022	2023
Partnering for Risk and Resilience	Number of Municipalities (cumulative)	63	82	95
	Number of Partners (cumulative)	1	2	2
	Number of municipalities supported with climate change adaptation through the Green Book (cumulative)	8	14	14

The Santam facilities team manages and measures the environmental impact of the Group's facilities through energy, water use, and waste management, which are then reported to Sanlam Group, our majority shareholder. The Sanlam Group (including Santam's facilities) manages and reports its emissions using the operational control approach, which requires a company to account for its emissions by entities and activities under the direct control of the organisation.

As part of metrics and targets set, the Group measures its internal environmental performance by monitoring consumption patterns such as energy, water, waste, and recycling through an internal IT system. The Group's facilities where the environmental performance is monitored include Santam Head Office buildings in Belville and Sandton and the contact centre in Auckland Park. Our targets set for the Group's environmental performance are shown in the table below:

Resource Efficiency targets for 2025

Performance Domain	Indicator	Unit	2025 Quantitative/Qualitative Targets
Group Resource Efficiency	Energy Initiatives	kWh	10% reduction on previous 5 years (2015-2019)
	Water Initiatives	kL	10% reduction on previous 5 years (2015-2019)
	Waste Initiatives (Waste to Landfill)	kg	10% reduction on previous 5 years (2015-2019)
	Waste Initiatives (Waste to Landfill)	%	10% reduction on previous 5 years (2015-2019)

Santam Group also monitors and discloses performance on climate-related issues by tracking our annual performance against ClimateWise, the CDP and the FTSE Russell annual ESG Rating. These are also monitored by the SES committee on a quarterly basis, see the 2023 financial year ESG Dashboard (evidence point 1.2.1).

- Santam’s annual ClimateWise report is made public and discloses performance against the principles. In 2022, the Group’s ClimateWise performance score was 73%, a moderate improvement from the previous year’s score (72%). See the website version of our previous year’s ClimateWise progress report [here](#).
- Our organisation also measures and discloses the implications of climate-related issues for business through our annual CDP report in partnership with Sanlam Group, Santam’s parent company. See our CDP report on our website [here](#). In terms of our performance, our 2023 CDP score remained a B, indicating continued coordinated climate action.
- The Group continues to work on improving its overall ESG performance. In 2023, Santam maintained its spot in the Top 30 of the FTSE/JSE Responsible Investment Index, which is assessed by the ratings agency (FTSE Russell) as part of an annual review process. Figure 4 below shows an overview of a three-year historical view of Santam’s FTSE Russell ESG rating score.

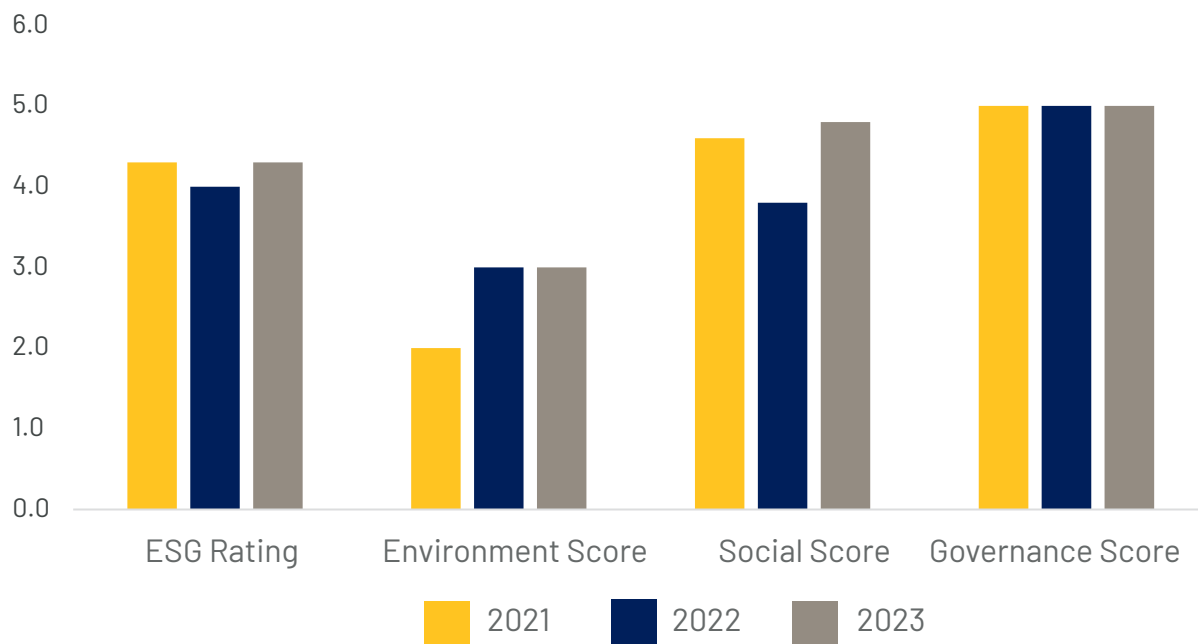


Figure 4: FTSE Russell 3-year ESG performance



Looking forward:

Santam will work with the Parent Company, Sanlam to develop long term targets for scope 1-3 emissions as well as targets across the usage of water, energy and waste reduction.

Theme: Report Robustly

Sub-Principle 4.3: Maintain and enhance a robust reporting regime, processes and internal controls over climate-related disclosures in order to avoid material errors or material misstatements.

Reporting requirements and principles: (page 4 of the 2023 Integrated Report)

At Santam, the integrated reporting process is the outcome of a group-wide reporting process governed by the Board, led by the executive committee and delivered through group-wide collaboration. Listed below are the reporting requirements and principles that guide Santam's reporting process:

- South African Companies Act, No 71 of 2008, as amended (Companies Act)
- International Financial Reporting Standards (IFRS)
- The IFRS Foundation's Integrated Reporting <IR> Framework
- JSE Listings Requirements and JSE Debt Listings Requirements
- King IV
- ESG-focused, industry-specific indicators tracked by FTSE Russell

Assurance: (page 4 of the 2023 Integrated Report)

- PricewaterhouseCoopers Inc. (PwC) assured the summary consolidated financial statements.
- Deloitte reviewed our annual ClimateWise report as part of the global ClimateWise assurance process.
- Verify CO2 assured carbon emission data as part of Sanlam's CDP assurance process.
- AQRate verified data relating to broad-based black economic empowerment (B-BBEE).
- Non-financial indicators were reviewed through an internal process that included approval by the executive committee and the Board.

Review and Approval: (page 4 of the 2023 Integrated Report)

- All content contributors and the executive committee review all reports to ensure accuracy and that all material matters were addressed. With respect to the Integrated Report and TCFD Reports, these were reviewed by the audit committee and the social, ethics and sustainability (SES) committee. The reviewed reports are then recommended to the board for approval.

In addition to the above, the Santam Board requires that the risk management and internal control systems are regularly reviewed for effectiveness. Santam Internal Audit and True North Partners (TNP) conducted the review of the management function. The TNP review constituted a comprehensive review of the Santam Risk Management Function and process identifying:

- Potential gaps and short comings vis-à-vis market practice and regulation and respective remedial actions; and
- Recommendations for 'deep dives' over the next few years

The overall conclusion was that risk management within the Santam Group is well embedded, with proposed recommendation to enhance quality, effectiveness or efficiency of the function or the process. Santam addressed the recommendations made by TNP in the 2023 financial year.

Theme: Transparent Disclosure

Sub-Principle 4.4: Annual submission against the ClimateWise Principles.

Santam Group's ClimateWise progress report has been updated on the Santam website to highlight to our stakeholders and investors how we are aligning our Group activities with the ClimateWise principles. Our most up to date ClimateWise submission can be found [here](#).

Our transparent disclosure on the Group's alignment with the ClimateWise principles can also be found on pages 4, 10, 19 and 24 of our Group's latest Integrated Report, which can be found [here](#).

Santam endeavours to submit the 2024 ClimateWise Report and accompanying evidence on time.

Sub-Principle 4.5: Annual public disclosure of the climate-related disclosures including ClimateWise Principles as part of annual reporting.

Santam Group's work against the ClimateWise principles is available our [website](#) and these are updated on an annual basis accordingly. Our ClimateWise disclosure is also reported on our United Nations Environment Programme Finance Initiative Principles for Sustainable Insurance Initiative (UNEP-FI PSI) progress report (the progress report can be found [here](#)).

Our climate-related disclosures are in accordance with the Task force on climate-related financial disclosures (TCFD) and this is evidenced in the latest TCFD report [here](#) on pages 2-3,5-6 and 14-15. Our TCFD report sets out our approach to identifying, assessing, and addressing climate-related risks and opportunities. Our Integrated Report also includes a TCFD summary table detailing progress against the TCFD pillars, see page 19 of the report.

While these are not yet mandatory, from a regulatory perspective, our climate-related disclosures as published in our TCFD and IR report are in alignment with the Johannesburg Stock Exchange (JSE's) Sustainability and Climate Disclosure Guidance and the Prudential Authority's (South African Regulator) recently issued Guidance on climate-related governance and risk practices and disclosures.

Sources:

<https://www.santam.co.za/media/ft0lhw2g/santam-climatewise-report-2022.pdf>

https://www.santam.co.za/media/pg5mlwlg/santam_ir_2023.pdf

https://www.santam.co.za/media/esadyf4t/2023-santam_tcf_d_report.pdf

Sub-Principle 4.6: Ensure reports are easy to understand, accurate, prudently and neutrally presented, well explained and allow organisations to be held to account.

Climate-related assumptions in climate scenario process:

See response to sub-principle 1.5 which includes a table of all the assumptions made across the three selected scenarios.

Group Own Risk and Solvency Assessment (ORSA) assumptions:

To validate the assumptions made across the models that feed into the ORSA process, Santam follows the internal validation policy and the internal validation function validates both the Group economic and regulatory internal models. For the 2023 validation, Santam obtained a green status for all the assumptions on the economic and regulatory internal models – refer to evidence submission 4.6.

Assurance process:

Independent assurance of climate data and disclosures delivers confidence in the quality and accuracy of reporting and helps build trust through transparency. See response to sub-principle 4.3 for an overview of service providers that independently assured the Group's ClimateWise submission and carbon emission data for the 2023 financial year.