

Sustainability integration



Sustainability integration in our core activities

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Sustainable insurance

To us, aligning our insurance practices to Sustainable insurance principles offers a multitude of benefits, encompassing enhanced risk management, fostering resilience against climate change and unlocking new market opportunities through innovative products.

To fortify the sustainability and resilience of our operations, we collaborate closely with strategic partners to proactively mitigate these risks. This collaboration extends beyond risk reduction, focusing on enhancing the adaptive capacity of our clients to minimise potential ESG-related claims.

Our strategic partnerships are pivotal in our journey of integrating Sustainable Insurance practices in our products and building a resilient organisation. We offer an extensive array of insurance products to retail and institutional clients, encompassing life, general, credit, health insurance, financial planning and investment services. Our general insurance portfolio covers a range of risks, and we are committed to building resilient societies by ensuring our offerings meet the specific needs of local communities and the unique demands of developing markets, particularly in addressing global challenges such as financial inclusion and climate change resilience. Our dominant presence on the African continent

significantly contributes to driving economic growth and building a resilient society through financial inclusion and education in the regions in which we operate. We are on track to impact 50 million lives by 2025 by enhancing insurance penetration in underserved markets. Our focus remains on providing appropriate and affordable products that resonate with the diverse needs of the communities we serve. Sustainable insurance aims to create a resilient, equitable, and sustainable economy by managing risks in a way that considers the long-term wellbeing of the environment, society and the economy. **To this end, we are continuously guided by the following Sustainable Insurance Framework:**

1 Environmental

- ▶ **Assessing and managing environmental risks:** Understanding how environmental issues like climate change, pollution and biodiversity loss impact our insurance business and the risks they insure.
- ▶ **Promoting environmental sustainability:** Offering insurance products and services that support environmental conservation, such as policies for renewable energy projects or green buildings.

2 Social

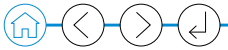
- ▶ **Inclusive insurance:** We ensure access to insurance products for all segments of society, including vulnerable and underserved communities, to protect against risks in a way that promotes social equity.
- ▶ **Community engagement and support:** We engage with communities through our financial education outreach programmes to understand their needs and provide insurance solutions that support their wellbeing and resilience.

3 Governance

- ▶ **Ethical practices and transparency:** Implementing high standards of corporate governance, ethical conduct, and transparency in operations to build trust with stakeholders.
- ▶ **Regulatory compliance:** We adhere to all relevant laws and regulations, including those specifically related to environmental and social governance.

4 Key principles

- ▶ **Risk management:** We incorporate ESG risks into the risk management processes to better understand and mitigate potential impacts on our insurance business and society at large.
- ▶ **Innovation:** We develop new insurance products and services that address or mitigate sustainability challenges.
- ▶ **Collaboration:** By working with governments, businesses, NGOs, and other stakeholders to foster a collective approach to sustainability challenges advances a resilient society.



Sustainability integration continued

Sustainable insurance continued

Heightened natural catastrophes

The escalation in natural catastrophes, coupled with issues such as failing infrastructure and supply chain disruptions, necessitates a strategic recalibration of our general insurance underwriting practices and investment strategies.

Recognising the urgency of addressing climate-related risks, we are actively engaged in performing climate scenarios, aligning with the recommendations of the TCFD.

 For further information refer to the Santam 2023 TCFD report at www.santam.co.za

Our climate trend analysis data underscores an observable increase in both the severity and frequency of weather-related events worldwide. Coastal regions are particularly vulnerable to these. As we navigate these challenges, our commitment to transparency and proactively addressing climate-related risks remains steadfast.

Adjusting our underwriting actions

To enhance the precision of our underwriting practices, our underwriters employ thorough data analysis and risk modelling. This comprehensive approach enables us to identify location-specific risk factors. Supported by Geographic Information Systems and leveraging geocoding techniques, we gain a nuanced understanding of risk at specific locations.

By discerning high-risk areas across multiple factors, we can refine our premium pricing with greater accuracy. Additionally, this information empowers us to proactively work toward de-risking vulnerable areas and discern trends in risk. For instance, understanding which areas may face challenges in obtaining insurance coverage in the future allows us to anticipate and adapt our underwriting strategies accordingly. This proactive and data-driven approach is integral to maintaining a resilient and responsive underwriting framework.

Climate-related opportunities in Santam group's Specialist Solutions portfolio specialises in covering complex risks within niche market segments in South Africa, the rest of Africa, and other emerging markets.

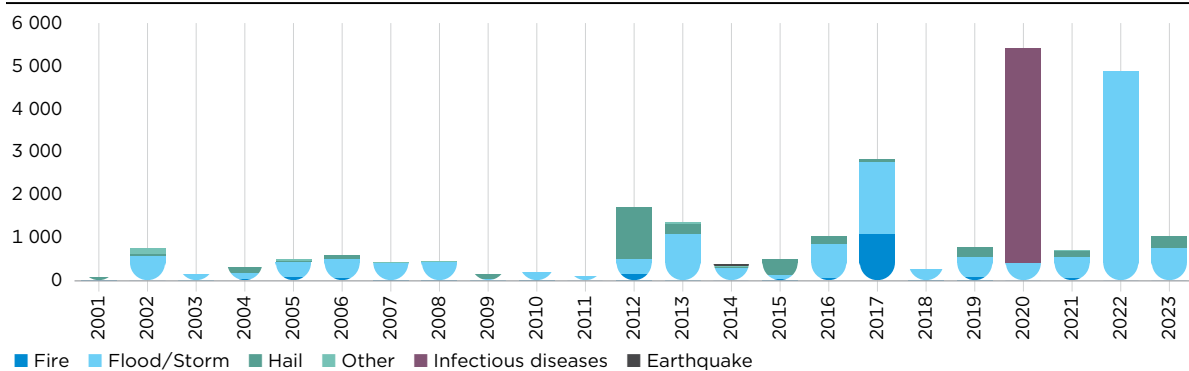
This business operates through an underwriting management agency business model

Two key underwriting managers, Mirabilis (specialist engineering underwriter) and Emerald (specialist corporate property underwriter), play a vital role in providing insurance coverage for the renewable energy sector. Mirabilis, being the largest engineering underwriter in Africa, possesses in-depth expertise and understanding of engineering insurance, particularly in large project risk. Emerald is a leading provider of corporate property and associated engineering insurance products in Africa, offering solution-driven insurance products to corporate policyholders across the continent and internationally. Both underwriting managers also extend insurance coverage for various renewable energy projects in South Africa and throughout the African continent.

Catastrophe losses

Catastrophe losses have been elevated over the last few decades due to the high-loss events such as storms and floods. The size and frequency of catastrophe claims have increased in South Africa and around the world.

Gross total catastrophe claims, all perils (Rm)



Sustainability integration_{continued}

Driving financial inclusion through sustainable insurance

Driving financial inclusion in our business

Driving financial inclusion through sustainable insurance practices is at the heart of our commitment to fostering a more equitable and resilient society. By integrating Environmental, Social, and Governance (ESG) principles into our insurance offerings, we aim to extend the protective umbrella of insurance to underserved communities, thereby reducing the financial vulnerability faced by these groups.

Our approach involves designing affordable, accessible and relevant insurance products that address the specific needs of marginalised groups, ensuring that financial security and peace of mind are not luxuries but a universal right. This initiative not only aligns with our broader sustainability goals but also contributes significantly to the economic empowerment of individuals and communities, paving the way for a more inclusive growth.

Through partnerships, innovative product development, and a commitment to social responsibility, we are dedicated to breaking down the barriers to financial services and promoting social inclusion as a cornerstone of sustainable development.

Taking a member-led outcomes approach

Examples of this member-led approach include the launch of Imali Zam sessions, which cover topics like interpreting benefit statements and using retirement savings calculators. Member contractability has increased thanks to enhanced marketing and communication initiatives, including group counselling sessions and the Financial Education Retirement Booklet.

The Sanlam Easy Retirement Plan targets SMEs, and efforts are underway to embed financial advice with pay-outs and explore options for offering basic healthcare support within the umbrella offering. This holistic strategy underscores Sanlam Corporate's commitment to prioritising members' interests and fostering financial wellbeing.



Sustainability integration continued

Financial inclusion continued

The future of advice

At SA Retail Affluent, a significant focus is placed on effectively supporting advisers, and to achieve this goal, an innovative tool, The *Advice Partner*, has been developed and implemented. This digital platform guides clients through a comprehensive journey, digitally capturing their financial needs. When advisers meet with clients, they are well-prepared to provide personalised guidance and coaching.

The tool facilitates immediate product issuance at the conclusion of engagements, streamlining the process compared to the traditional model. The successful implementation of the advice partner has resulted in improved adviser retention rates. Plans are underway to scale the platform, with 1 331 new advisers onboarded in 2023.

This digital tool not only supports advisers effectively but also promises to provide structural data on clients' advice needs, offering insights into their overall financial requirements. This data will enhance the ability to support clients, especially in challenging market scenarios, by identifying potential gaps in meeting their financial goals.

We are responsive to our clients' needs

Renewed claims workflow process

We remain committed to addressing our clients' needs effectively, which is evident when reviewing the renewed claims workflow process at Retail Mass. In response to client feedback on repudiated claims, we aim to prioritise reasons for claim approval. While maintaining a fair decision-making process, not all claims can be accepted. Following a survey focused on formal complaints about repudiated claims, Sanlam identified the need for enhanced communication with clients. The workflow process has been improved to ensure more frequent interactions, keeping clients informed about the status of their complaints.

Going beyond funeral cover

Recognising that funeral products serve not only as coverage for funeral costs but also as a savings mechanism, Sanlam introduced an all-in-one consolidation product. This innovative offering is designed for clients with multiple funeral products, providing consolidation, potential rate reductions, and the inclusion of life cover. The aim is to offer clients more than just funeral cover by addressing their needs in a way that is both flexible and affordable, while promoting financial inclusion.

Health

Sanlam, through Afrocentric, offers affordable healthcare and corporate wellness solutions to meet our client's and our employee's needs:

- ▶ Sanlam Gap Cover
- ▶ Sanlam Primary Care (corporate)
- ▶ Sanlam Primary Care (retail)
- ▶ Sanlam Employee Assistance programme (EAP)
- ▶ Sanlam Employee Health Risk Assessment
- ▶ Sanlam Staff Lifestyle programmes
- ▶ Sanlam Executive Care
- ▶ Sanlam Primary Care clinics
- ▶ Sanlam Occupational Health Services (clinics)
- ▶ Sanlam Emergency Management
- ▶ Sanlam Occupational Health Services (COIDA, IOD, disability, absenteeism)
- ▶ Sanlam Corporate Nurse



Sanlam Uganda CASE STUDY

Insurance per trip by Sanlam General Insurance Uganda

Insurance per trip is a micro-insurance product developed by Sanlam General Insurance Uganda. Its purpose is to bridge the financial inclusion gap for a greater proportion of the lower-income local traveller community, who cannot afford the more expensive standard insurance covers, by providing an affordable, flexible, and easily accessible capped personal accident insurance. This policy provides coverage for funeral expenses, medical treatment, permanent disability, and death resulting from accidents. Claims are processed on a reimbursement basis, which allows for

flexibility in times of emergency. At a base insurance premium of just under US\$1, the personal accident benefit provides coverage of up to US\$840. The premium increases in accordance with factors such as the number of kilometres travelled, weather conditions, time of day (day or night), and mode of transportation.

The coverage includes all app-based taxi solution providers and is available for purchase while traveling by private vehicle, bus, or boda-boda (passenger motorcycle taxi) on the road. By utilising an application platform with a dynamic user interface that

was created in collaboration with our project technology partner IOTEC, a Central Bank-regulated local technology solutions provider operating under the fintech sector, the cover is provided. By utilising this platform, customers can conduct end-to-end transactions, including making payments via MTN and Airtel mobile money. Additionally, customers can initiate claims through the same platform. The Insurance Regulatory Authority of Uganda and Bank of Uganda, the regulatory bodies overseeing insurance and fintech firms, have granted approval on the product. It is anticipated that the

insurance solution will provide coverage for 8 million trips annually. This figure is expected to rise as the insurance coverage is expanded to include trips by water and rail transport.

2022 saw a 16,9% increase in road accidents according to the Annual Crime Police Report (2022). It is therefore our conviction that the implementation of per-trip insurance by Sanlam General Insurance Uganda will significantly contribute to enhancing the level of protection afforded to communities traversing between towns within the country.