



2022
**Corporate
Governance
Report**



Contents

<p>1 About this report</p> <ul style="list-style-type: none"> 3 Santam at a glance 3 Reporting scope and boundary 	<p>4 Being a responsible corporate citizen is a choice</p> <ul style="list-style-type: none"> 10 The governance of organisational ethics at Santam 10 Santam's core values 11 Santam's code of ethical conduct 11 Focus areas in 2022 and 2023 – guided by Santam's response to ethics management 11 A zero-tolerance approach to financial crime 11 Giving and receiving gratifications – “the Santam way” 	<p>7 Santam's position on climate change</p> <ul style="list-style-type: none"> 18 ESG/Climate risks – Governance structure
<p>2 Santam's approach to corporate governance</p> <ul style="list-style-type: none"> 5 Application of King IV 5 Regulatory governance 6 Governance practices in all markets 6 Delegation of authority 6 Dealings in Santam securities 	<p>5 Stakeholder inclusivity</p> <ul style="list-style-type: none"> 13 Santam's key stakeholder categories 	<p>8 Santam's governance structures</p> <ul style="list-style-type: none"> 20 The board of directors 31 Key roles within Santam's governance structure 32 Board committee profiles and composition 38 Board attendance at meetings: 2022 financial year 39 Group executive committee (Group Exco)
<p>3 Conducting business in a responsible and ethical manner while fulfilling a meaningful role in society</p> <ul style="list-style-type: none"> 8 Corporate citizenship – Leading ethically and effectively 8 Striving to uplift and safeguard an equitable society 	<p>6 Responsible investing – the Santam way</p> <ul style="list-style-type: none"> 16 CRISA – voluntary principles 	<p>9 Ancillary governance disclosures</p> <ul style="list-style-type: none"> 42 Compliance with applicable regulatory requirements 42 New regulatory developments 43 Information management and information technology (IT) governance



About this report

About this report

Santam at a glance

Santam Limited (Santam) was founded and incorporated in 1918. It is a leading South African general insurer of more than 104 years' standing and does business in selected emerging markets.

The group listed on the Johannesburg Stock Exchange (JSE) in 1964 under the insurance (non-life) sector and has secondary listings on the Namibian Stock Exchange and the A2X Markets Exchange. With its head office based in Tygervalley, Cape Town, Santam is South Africa's leading general insurer and the largest by premium size on the African continent. It specialises in proactive risk management and insurance solutions and covers a diverse portfolio of personal and specialist business products and financial services.

Santam is a subsidiary of South African financial services group Sanlam Limited, which held an effective 62.3% interest in Santam as at the end of December 2022.

Reporting scope and boundary

Santam's corporate governance report forms part of the group's 2022 integrated annual reporting suite (the reporting suite), which summarises the activities of the Santam group for the financial year ended 31 December 2022. The scope of the report extends to Santam and its subsidiaries, and its content covers Santam's general insurance and investment operations.

The board of directors of Santam (the board) acknowledges its responsibility to ensure the integrity of the group's disclosures. These include Santam's integrated report, annual financial statements, remuneration report, King IV disclosure report as well as this corporate governance report (the report) for the 12 months ended 31 December 2022 (the reporting period).

The board is committed to promoting sound corporate governance practices in all territories in which Santam operates. The board is pleased to report that, for the reporting period, the group continued to implement the core principles of good corporate governance set out in the King Report on Corporate Governance™ for South Africa, 2016 (King IV)¹. These include the mandatory corporate governance requirements outlined in the JSE Listings Requirements, the Debt Listings Requirements and the Prudential Standards and Framework for Governance and Operational Standards for insurers and insurance groups. In addition, care was taken to ensure that the reporting suite addresses all material matters appropriately and according to the Integrated Reporting (IR) Framework.

With the support of Santam's audit, risk, and social, ethics and sustainability (SES) committees, the board ensures that appropriate controls are in place to verify, enhance and safeguard the quality and integrity of the information contained in the reporting suite. The board further appreciates that the group's core purpose, risks and opportunities, strategy, business model, performance and sustainable development are integrated and inseparable elements that are being applied to create value for its stakeholders.

The audit committee reviews the integrated reporting process and the audited financial statements, and has oversight over the reporting frameworks. It also considers to the materiality of the group's disclosures together with the risk committee. This is to ensure compliance with applicable regulatory requirements, the accuracy and completeness of the group's disclosures based on materiality, and the relevance of the reporting suite's content to the group's key stakeholders. To this end, the reporting suite (which includes this report) aims to reflect on various salient aspects relevant to the reporting period, while providing a high-level overview of noteworthy forward-looking developments and activities. This is primarily to enable Santam's diverse group of stakeholders to make informed assessments of the group's performance and prospects. However, stakeholders are encouraged to access Santam's website (www.santam.co.za) for the full reporting suite and <https://www.santam.co.za/investor-relations/integrated-report/governance/> for additional detail on governance, shareholder information and sustainability aspects.

¹ Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.



Santam's approach to corporate governance

Santam's approach to corporate governance

For several years now, Santam has adopted a dynamic approach to corporate governance. This necessitates the application of a combination of "rule-based" governance requirements and "principle-based" standards. The rule-based governance requirements include, but are not limited to, the following reporting criteria and frameworks:

- The Companies Act, 71 of 2008 (as amended) (the Companies Act)
- The JSE Listings and Debt Listings Requirements (as amended)
- The Insurance Act, 18 of 2017 (as amended) (Insurance Act)
- The Prudential Standards and Framework for Governance and Operational Standards for insurers and insurance groups (the Prudential Standards)
- The Financial Sector Regulation Act, 9 of 2017 (as amended) (Financial Sector Regulation Act)
- The Financial Markets Act, 19 of 2012
- The King Report on Corporate Governance™ for South Africa, 2016 (King IV)

As part of the evolving process of assessing the effectiveness of the group's governance approach and structures, consideration was also given to the FTSE/JSE Responsible Investment Index Series and the Code for Responsible Investing in South Africa (CRISA).

Santam is making concerted efforts to review its business practices on an ongoing basis to ensure that its approach, methodology and governance-related protocols continue to support and complement the group's vision and strategic objectives. To establish and maintain sound and ethical governance practices across the business, key principles, controls and policy making activities are implemented at all levels of the organisation, guided by Santam-specific best practices and principle-based governance requirements.

These standards and requirements, in addition to the board's fiduciary duties, require the Board to accept accountability and take responsibility for governance, ethical leadership, and how decision making should be approached, governed and executed. The Insurance Prudential Standards further require the controlling company of an insurance group such as Santam to establish a governance framework that provides for sound and prudent management of the group's business, including adequate protection of its clients' interests. To this end, the Santam board reviews and approves the company's governance policy on a yearly basis as it emphasises Santam's approach to sound business practices and complements its strategic objectives

The application of King IV

The primary objectives of King IV include reinforcing good corporate governance practices and promoting an ethical culture, sound performance, effective control and legitimacy. Santam views corporate governance as an essential part of how it conducts business and its ability to create sustainable value for its stakeholders. As a JSE-listed entity and good corporate citizen, Santam is committed to continuously applying and ensuring compliance with the requirements outlined in King IV.

In line with principle 6 of King IV, the board serves as the focal point and custodian of corporate governance in the organisation. By regularly reviewing Santam's response to the principles and practices outlined in King IV, the board both demonstrates best practice and promotes effective leadership, good corporate citizenship and sustainability within the group.

The board is satisfied that appropriate efforts and resources were allocated to apply and explain all aspects of King IV during the reporting period. In addition, Santam's audit committee, risk committee, nominations committee,

human resources and remuneration committee (HRRC), and the SES committee are all satisfied that Santam upheld and complied appropriately with King IV. As and where required, appropriate actions are being taken to ensure continued adherence to the obligations that are placed on the group.

Santam's response to each of the 17 principles and recommended practices of King IV can be found in Santam's King IV 2022 Disclosure Report, published on <https://www.santam.co.za/investor-relations/integrated-report/governance/>.

Regulatory governance

The above-mentioned regulatory criteria play a critical role in influencing, guiding and shaping Santam's rule-based approach to governance. At the same time, it is important to note that in 2020, Santam Limited was designated by the Prudential Authority in South Africa, in terms of section 10(1) of the Insurance Act read together with paragraph 1.11 of the Financial Soundness of Insurance Groups, as an insurance sub-group of Sanlam Limited. In addition, Santam Limited was designated by the Prudential Authority, in terms of section 10(2) of the Insurance Act, as the controlling company of the insurance sub-group. Shortly thereafter, the Prudential Authority (PA) also approved the licensing of Santam Limited as the controlling company of the Santam insurance sub-group in terms of section 23 of the Insurance Act.¹

The board, therefore, has a statutory obligation to adopt, implement and document an effective governance framework that is aligned, among others, to the Insurance Act, the Companies Act, King IV and the Prudential Standards issued by the PA, which include the Governance and Operational Standards for Insurance Groups (GOGs) and Insurers (GOIs). As such, it is the responsibility of the board to ensure compliance with the requirements imposed on a controlling company and an insurance sub-group under the Insurance Act, irrespective of the delegation or outsourcing of any of its responsibilities.

¹ Santam Limited includes the Santam operations and is the controlling company for all the other companies within the group.

Santam's approach to corporate governance (continued)

Governance practices in all markets

To support and develop mature governance and ethical structures and processes in those markets where Santam operates or where the group has business interests, all entities across the group are required to adhere to, and confirm, compliance with Santam's governance principles and with the respective country laws and regulations where it operates.

Santam's group governance framework recognises each company within the group as a separate and independent juristic entity to which its directors owe fiduciary duties. Thus, the adoption and implementation of the group's policies, structures and procedures remain a matter for consideration and approval by the boards of individual companies that are operating as separate legal entities. Therefore, to ensure alignment and facilitate consistent implementation across the Santam group, an inclusive approach is followed to develop business philosophy, strategy, policies and procedures.

Santam's subsidiaries give feedback on the implementation of governance practices through their respective board representation letters, which are presented to and considered by the audit committee. In addition, the group continually engages with its internal stakeholders to ensure a common understanding and application of how to report on governance aspects as well as the types of ethics-related breaches that need to be disclosed. This enhances the effectiveness of the standard governance protocols while simultaneously promoting awareness.

Delegation of authority

Corporate governance refers primarily to those systems, rules, practices and processes by which an organisation is directed and controlled. It guides and influences how a company is controlled, with the ultimate aim of assuring stakeholders that the company is conducting its business operations in a fair, ethical, accountable, sustainable, responsible and transparent manner.

Santam's governance framework comprises various elements that seek to create certainty while defining decision-making powers and signing authorities at all levels of the organisation. Santam's memorandum of incorporation (MOI) and group governance policy make provision for specific governance-related processes and protocols, as well as decision-making powers, to be exercised by various stakeholders. This includes a clear distinction between the role that Santam's shareholders fulfil and the responsibilities and decision-making

powers that are delegated from time to time to the board of directors, the board committees, the group chief executive officer (CEO), the chief financial officer (CFO), heads of control functions and other company representatives and custodians of key portfolios.

These functions and decision-making powers are recorded in the group's governance framework. The board reviews the framework annually to ensure it remains relevant and pragmatic and, where necessary, aligned to the relevant regulatory requirements. Although the board remains accountable, certain responsibilities are delegated to the group CEO, the CFO and, where applicable, the group executive committee (Group Exco). The objective is to provide role clarity and ensure that management is empowered to effectively exercise authority and discharge its responsibilities.

In turn, feedback is monitored and reported to the board on a continual basis as part of the group's system of control. In the event of deviations or anomalies occurring within the business' operational structures, an internal escalation protocol is triggered. This requires the responsible parties to review the relevant governance processes that were implemented and assess the effectiveness of the controls in place to mitigate or prevent re-occurrence.

Dealings in Santam securities

Santam strives to comply with the requirements of the Financial Markets Act and the JSE Listings Requirements that apply to dealings in shares by directors and other affected persons. As per the board-approved policy on securities dealing and price-sensitive information, directors and those individuals who have access to or are exposed to price-sensitive information (affected persons) are precluded from dealing in Santam securities during "closed periods" until the group's final and interim results are published.

The same principle applies when *ad hoc* closed periods are declared due to directors' and affected persons' involvement in corporate transactions. The office of the group company secretary will issue a notice alerting all directors and affected stakeholders of the prohibition on trading in securities until the closed period has expired.

The securities dealing and price-sensitive information policy deals with the identification, classification and effect of information arising in the ordinary course of business as well as information that does not so arise, including the regulatory and compliance requirements in respect of such information. It further governs the process of dealing in securities and sets out the conditions under which directors and affected persons may deal in Santam securities as well as the requirements that apply to such dealings. The objective is to create an appropriate balance between encouraging and facilitating investment in the company's securities and simultaneously ensuring that the public perception of the integrity of Santam and its affected persons is never compromised.

During the year under review, stringent controls were implemented to ensure compliance with this policy. All directors and affected persons are required to obtain pre-approval prior to any dealings in securities. The board receives a quarterly report on all dealings in shares by directors and prescribed officers, whereas the relevant details of dealings by directors and the group company secretary are disclosed to shareholders and the market through the JSE's Stock Exchange News Service (SENS). In addition, Santam's investment management companies enforce meticulous trading policies regarding personal transactions in all financial instruments.

Conducting business in a responsible and ethical manner, while fulfilling a meaningful role in society



Conducting business in a responsible and ethical manner, while fulfilling a meaningful role in society

Corporate citizenship – Leading ethically and effectively

The responsibility for corporate citizenship resides with the board. The board is ultimately accountable and responsible for setting the direction for how the company responds to the applicable laws and regulatory requirements in those jurisdictions in which it operates, to industry codes and standards, and to Santam's company-specific requirements. Considering the growing interest and expectations of stakeholders regarding environmental, social and governance (ESG) related aspects, Santam regards its efforts to contribute to positive change as instrumental to creating value for its stakeholders.

More information regarding the execution of Santam's strategy and the group's approach to ESG can be accessed in Santam's 2022 integrated report, the remuneration report and the company's verified broad-based black economic empowerment scorecard.

During the reporting period, Santam was actively involved in several industry-driven interventions aimed at empowering people and supporting them to become financially literate. This excludes the investments made and resources allocated by Santam to uplift local communities through social, economic and development (SED) initiatives, and in particular to empower and create sustainable opportunities for small, medium and micro enterprises (SMMEs). The group's recently launched Home+ initiative is an example of the successes achieved to date in this regard.

Striving towards uplifting and safeguarding an equitable society

Santam's purpose is to safeguard what is important to our clients in a manner that enables wealth creation and protection for all our stakeholders. This would not be realised if Santam conducted its business without due regard for human rights in every facet of its operations and business activities. Santam is committed to operating as a responsible business in line with the group's code of ethical conduct. With the support of the SES committee, the board is spearheading the implementation of good governance practices to ensure that all Santam's business activities subscribe to the Constitution of the Republic of South Africa (1996) and the Bill of Rights contained in Chapter 2 of the Constitution. This commits Santam to acknowledge, respect and affirm the democratic values of human dignity and equality. Santam is also a signatory to the United Nations Environment Programme (UNEP) Principles for Sustainable Insurance.

The company's stance is that business can only flourish in societies where human rights are protected and respected. While firmly rooted in South Africa, Santam continually pursues both local and international opportunities to grow and preserve its clients' ability to safeguard what they value. Santam also seeks to narrow the risk protection gap in the markets where it conducts business through collaborative, proactive risk management activities and the provision of reliable, inclusive risk solutions. The risk protection gap is the difference between the total economic losses resulting from unforeseen events and the economic losses protected by insurance cover. The group continues to apply innovative measures and explore strategic partnerships to develop products for, among others, SMMEs and younger consumers. Santam recognises and values individuals' rights to privacy, and implemented various initiatives during the reporting period to ensure that the principles of the Protection of Personal Information Act (POPIA Act) are applied throughout our business practices and processes.

In addition, the group's Building a FutureFit Santam strategy makes provision for key ESG-related objectives and measurement criteria. The strategy aims to complement and contribute towards how we respect, uphold and advance human rights by partnering with local communities and other third parties who align with Santam's approach to building long-term resilience.

Santam's Human Rights Statement was reviewed and updated during the 2022 financial year to ensure it remains relevant and aligned to local and global best practice. The Statement summarises the group's approach to human rights in relation to its business practices and key activities as an employer of choice, business partner, financial service provider and investor, as well as its role in society and towards the environment. It also provides for the ethical dimensions of products that were developed during the reporting period. A copy of the Human Rights Statement can be accessed at www.santam.co.za.



Being a responsible corporate citizen is a choice

Being a responsible corporate citizen is a choice

The governance of organisational ethics at Santam

Santam believes the implementation of sound and ethical governance practices will support the group in delivering on its brand promise of **Insurance good and proper** while at the same time ensuring the sustainability of the company.

The board, as the custodian of governance, remains accountable for the effective execution of ethical business practices across the business. The oversight of ethics management in general has been delegated to the SES committee. This includes frequent monitoring and reporting on Santam's approach and application of ethical business practices.

The governance of ethics within Santam was formalised in 2012. Since then, the application and governance of ethics have matured as the business evolved and new ethics-related risks emerged. In 2016, the company adopted the Ethics Institute of South Africa's framework for managing ethics. And in 2017, a key milestone was achieved with the establishment of the group ethics management committee (GEMC), which operates as a sub-committee of the Group Exco.

The GEMC assists the board and the SES committee with the management of ethics while continually monitoring Santam's response to principled business practices. The GEMC meets approximately three to four times per annum and is chaired by the member of the Group Exco responsible for ethics management. The company's ethics office fulfils the role of secretariat to the GEMC, and all major areas of the business are represented on the GEMC given its diverse stakeholder groups.

The ethics office also forms part of Santam's business integrity unit, which reports directly to the group's chief risk officer. Among others, the business integrity unit is responsible for managing the ethics helpdesk and the group's confidential reporting mechanism. Reports can be made anonymously and all allegations received are investigated by trained professionals. In addition, ethics-related trends are reported regularly to the GEMC, Group Exco, the SES committee and the board based on relevance and materiality. Employees can also consult the ethics helpdesk for assistance with ethical decision making and/or dilemmas

Following an ethics survey that was conducted in 2021, Santam's ethics management strategy was updated to ensure it is relevant and pragmatic.

The strategy focuses on ethical outcomes for employees, suppliers and the broader environment in which the company operates. The ethics office is also working with the human resources department to improve the shared mindset and behavioural norms relating to the principles of *fairness, accountability, authentic and transparent expression (by word or conduct), dignity and respect*. To this end, the office will provide regular training, promote awareness internally and externally, and develop leadership training material in support of an ethical culture.

Given Santam's risk-based approach to ethics management, the ethics office monitors the kinds of misconduct highlighted by employees in the 2021 survey. The ethics office also monitors adverse social media to identify possible ethics-related risks. Santam intends to conduct its next ethics survey in the 2024 or 2025 financial year. In 2021, the group also participated in the Gibs Ethics Barometer, which rated Santam in the top 21% of corporate South Africa. The group's holistic approach to ethics management continues to acknowledge and consider a wide and diverse stakeholder group.

Santam's core values



Being a responsible corporate citizen is a choice (continued)

Santam's code of ethical conduct

Santam has a well-established code of ethics that includes the standards and norms of acceptable behaviour. The code is reviewed and approved by the board on a regular basis. It is further underpinned and supported by policies relating to specific areas, including the group's business integrity policy, anti-bribery and anti-corruption policy, conflict of interest policy and whistleblowing policy.

In light of the 2021 ethics survey as well as emerging trends and risks, the code of ethics is currently being re-drafted. This is a consultative process, drawing on input from representatives from various disciplines. The ethics office also held focus groups during 2022 to obtain feedback from employees on areas where guidance was needed, whereas employees received online training on the current code of ethics and the list of supporting policies.

One of the milestones achieved to date was the development of Santam's supplier code of conduct. This code is published on the group's supplier portal and provides induction training for existing and prospective suppliers.

During the reporting period, the ethics office also conducted a roadshow at various local branches. The objective was to raise awareness around ethical conduct in general and to provide training on ethical "blindness" and impasses and how to better deal with these. More work in this regard is planned for the 2023 financial year.

A key responsibility of the ethics office is to monitor the implementation of the group's conflict of interest policy, which is reviewed and approved on an annual basis. Employees are required to declare all actual, potential and/or implied conflicts of interest on the company's human resources e-platform, and reports are presented regularly to the GEMC. Undisclosed conflicts of interest by employees remain a key focus area, and the ethics office responds to this by rolling out regular interventions across the business. These include raising awareness of the guidelines that have been developed in this regard, as well as the available training material on managing conflicts of interest.

Conflicts of interest that are from time to time divulged by the members of the Santam board are reported to and monitored by the group company secretary.

Focus areas in 2022 and 2023 – guided by Santam's response to ethics management

The business integrity unit recently performed a corruption risk assessment which included the application of the guidelines contained in the UK Bribery Act.

As a result of this exercise, specific interventions have been identified, including customised training interventions that will be provided to high-risk areas during 2023.

A robust review was also performed of governance practices relating to activities of the group's corporate social investment (CSI) department, stakeholder relations, activities and investments made on behalf of the Emthunzini Community Trust, as well as the manner in which Santam managed sponsorships. As a result, a few areas of improvement were identified which are being addressed by management.

Zero-tolerance approach to financial crime

Santam is committed to conducting all aspects of its business with integrity. Integrity entails doing business in an honest, ethical, fair and transparent manner and in compliance with all applicable laws and regulations. Bribery and corruption undermine a culture of trust and create an unstable operating environment for the group, which negatively impacts on fair market practices.

As part of our commitment to conduct business with integrity, the group adopted a zero-tolerance approach to bribery and corruption. This approach is governed by a formal policy and applies to all business activities in any jurisdiction where the group operates. To this end, Santam is committed to:

- Uphold all laws and regulations countering bribery and corruption
- Have safe, appropriate and accessible reporting mechanisms where concerns of bribery and corruption can be reported
- Provide protection for whistleblowers by committing to act against anyone who victimises, intimidates or attempts to victimise whistleblowers for making reports
- Act swiftly in reporting and thoroughly investigate all incidents of bribery and corruption
- Provide regular training and create awareness around bribery and corruption
- Proactively understand and manage the risk of bribery and corruption in our business operations

The group's anti-bribery and anti-corruption policy sets out the overall framework for combating financial crime while specifying tight principles to be adhered to. It is further supported by the insurance fraud risk management policies adopted by all licensed insurers in South Africa, as required by the Prudential Standards on the Governance of Insurers in terms of the Insurance Act.

Anti-money laundering and the countering of the financing of terrorism (AML/CFT) also continue to be a focus area for Santam, other industry players and regulators globally. The group has deployed several solutions to ensure compliance with AML/CFT regulatory requirements and enforce targeted financial sanctions. In addition, a heightened approach was adopted to enhance the level of scrutiny when onboarding new clients and transacting with existing clients. The board is pleased to report that to its knowledge, no material losses were suffered during the reporting period due to fraudulent activities.

Giving and receiving gratifications – "the Santam way"

Santam continuously strives to embed an ethical corporate culture. Our approach to giving and receiving gratifications is governed by a formal policy which is annually reviewed and approved by the board. The policy enhances transparency and accountability by providing a framework for giving and receiving any gratifications or gifts within the group. It constitutes minimum standards that must be adhered to in order to ensure the effective management of conflicts of interest, the protection of the reputation and integrity of Santam, and to ensure compliance with relevant legislation.

Any person acting for or on behalf of any group entity, business cluster or business entity in the discharge of any duty under a contract or agreement is prohibited from attempting to exert undue influence in favour of any other party by offering, giving, soliciting or accepting any form of gratification. In those instances when gratifications or gifts are allowed to be received from business partners, these must be recorded and approved by management. In certain instances, pre-clearance of gratifications or gifts are required.

In alignment with the code of ethics, this policy applies to all directors, managers and employees [full-time and/or contracted], as well as independent contractors, intermediaries, agents and service providers.



Stakeholder inclusivity

Stakeholder inclusivity

Sound corporate governance principles continually challenge corporates to shift from a “shareholder only” to a “stakeholder inclusive” mindset. This is to ensure that corporate citizens take cognisance of their business practices and how these impact on their stakeholders.

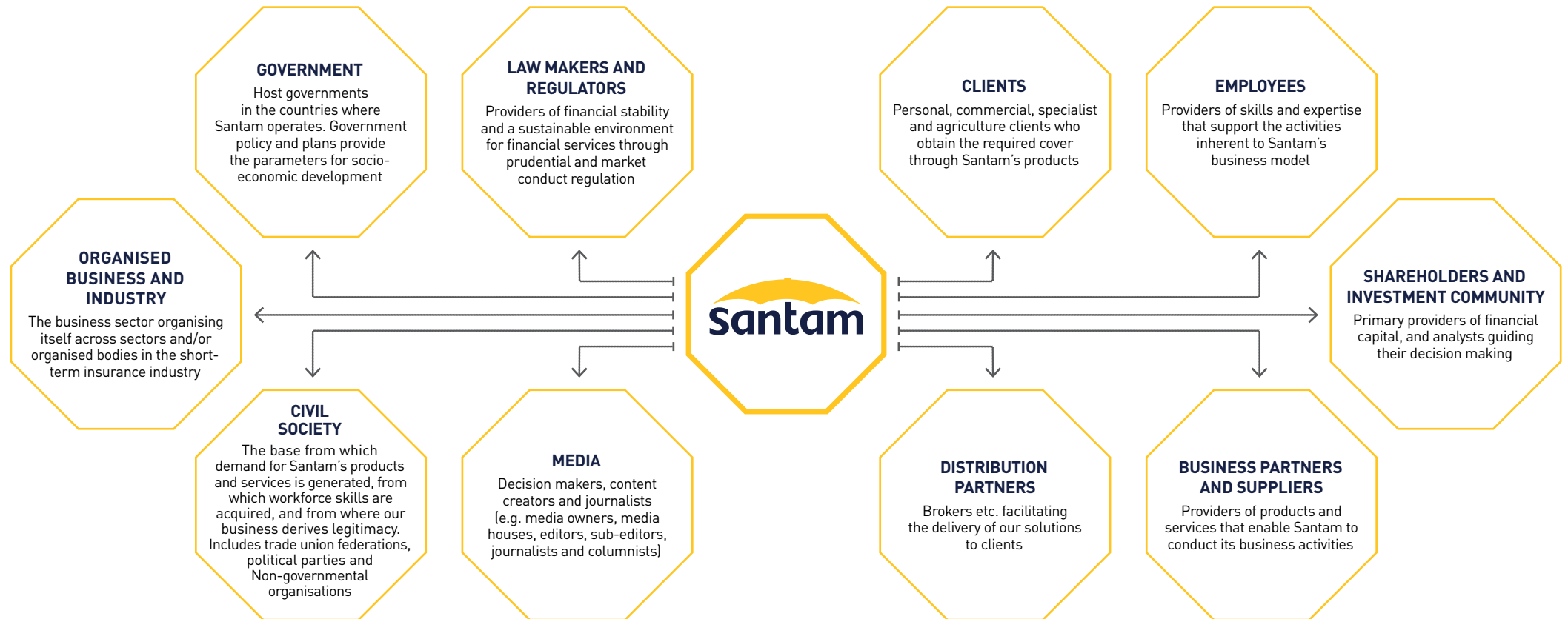
It is for this reason, among others, that Santam adopted a stakeholder-inclusive and stakeholder-centric approach. The objective is for the company to proactively communicate and engage its key stakeholders on material and relevant issues that affect them directly or indirectly. This is achieved through a broad range

of communication channels and mediums to encourage stakeholders to respond and provide feedback in a pragmatic manner.

Santam’s key stakeholder categories

Santam’s conduct and business operations impact, influence and affect a diverse group of stakeholders – both internally and externally. The group’s stakeholder categories can be summarised as follows:

Stakeholder categories



Stakeholder inclusivity (continued)

Santam's key stakeholders are all regarded as pivotal to Santam's sustainability and inform the way in which the company conducts its business.

During the reporting period, the board reviewed and approved the group's stakeholder management policy, which was developed in line with the principles and recommendations of King IV. The policy defines Santam's key stakeholder groups and outlines the basic principles and requirements that govern how Santam engages its stakeholders and monitors and reports on stakeholder interventions. The responsibility to oversee and monitor the implementation of the policy has been delegated to the SES committee.

The most important stakeholder management related developments during the reporting period included climate change-related catastrophes (e.g. the recent floods in KwaZulu-Natal which were regarded as some of the worst natural disasters in years, leading to an unprecedented number of claims, and the Eastern Cape drought), power outages and load shedding, rising inflation caused by the Russia-Ukraine war, and the cost of food, fuel and energy as well as surging interest rates impacting disposable income and leading to an increase in theft.

Santam continues to review its stakeholder engagement methodology to gain a better understanding of stakeholder expectations, interests and requirements. This is to ensure that the group's efforts are aligned to Santam's strategy and support its execution.

The group's main stakeholder objectives can be summarised as follows:

- To proactively unlock growth by analysing key stakeholders' expectations and how Santam can create and unlock value in a sustainable manner
- To respond effectively to stakeholder-related aspects (e.g. by engaging government on material matters that affect the broader society)
- To act as a catalyst for positive change through investment in transformation initiatives (e.g. financial inclusion, employment equity, skills development, preferential procurement and investment in SMMEs)
- To establish and maintain partnerships for risk reduction while addressing the risk protection gap – by providing insurance and risk solutions in a good and proper way in all markets where Santam operates (noting that climate change-related disasters are becoming a reality and are widening the risk protection gap)
- Displaying leadership and foresight as a good corporate citizen by effectively engaging on Santam's flagship partnerships for risk and resilience (P4RR) programme, CSI, Black Broker Developer programme, etc.

Santam's investor relations team facilitates communication with the company's shareholder community. In addition, each stakeholder category has an executive custodian assigned to it, and is linked to senior managers who are responsible for stakeholder engagement and progress reporting. A colour-coded RAG status tracker has also been deployed to monitor and track the effectiveness and "health" of the group's stakeholder relationships over time.

Responsible investing – the Santam way



Responsible investing – the Santam way

At Santam, the board has an oversight role and exercises its ethical responsibilities, rights and obligations through elected representatives in the various companies the group has invested in. The board is ultimately accountable to ensure that the Santam group promotes good governance by investing responsibly. This objective is achieved through the investment committee, the group executive committee and the respective governance structures in each subsidiary. In addition, each of the executive committees within the Santam group of companies is responsible for ensuring that Santam’s investments are managed according to board-approved policies and investment mandates.

Santam also subscribes to the Code for Responsible Investing in South Africa (CRISA). CRISA was launched in 2011 to encourage institutional investors and service providers to integrate ESG aspects into their investment criteria and decision making. Since 2011, significant advances have been made in the regulatory and governance sphere relating to responsible investment and stewardship. CRISA 2, launched in September 2022, contains five voluntary principles for stewardship and responsible investment as key components of the South African governance framework. These are:

CRISA – voluntary principles

Principle 1	ESG integration: Investment arrangements and activities should reflect a systematic approach to integrating material ESG factors
Principle 2	Stewardship: Investment arrangements and activities should demonstrate the acceptance of ownership rights and responsibilities, diligently enabling effective stewardship
Principle 3	Capacity building and collaboration: Acceptance and implementation of the principles of CRISA 2 and other applicable codes and standards should be promoted through collaborative approaches (as appropriate) and targeted capacity building throughout the investment industry
Principle 4	Governance: Sound governance structures and processes should be in place (including at all levels of the organisation) to enable investment arrangements and activities that reflect and promote responsible investment and diligent stewardship, including proactively managing conflicts of interest
Principle 5	Transparency: Investment organisations should ensure disclosures are meaningful, timeous and accessible to enable stakeholders to make informed assessments of progress towards the achievement of positive outcomes

The CRISA 2 principles apply primarily to asset owners, asset managers and service providers in the investment value chain who are involved in investment activities, and who wish to voluntarily align themselves with the principles.

Santam, and its fund manager, further subscribe to the United Nations Principles of Responsible Investment and the Code of Responsible Investing by Institutional Investors in South Africa (“the Responsible Investing Codes”).

During the year under review, Santam (through its investment committee) reviewed and amended its internal governance structures’ terms of reference to ensure alignment to CRISA 2. This included the board granting its approval in November 2022 to the proposed amendments that were incorporated in the group’s responsible investing policy, which forms an integral part of the Santam group investment policy.

The responsible investing policy aims to ensure alignment between Santam’s investment practices and the principles outlined in the Responsible Investing Codes and King IV. At the same time, Santam’s overall investment objective is to maximise its after-tax investment returns within the approved Santam group risk appetite framework – i.e. subject to the group’s investment management principles. However, it remains key that the board-approved group investment strategy at all times consider and protect the interests of the group’s policyholders. No strategy that might adversely affect the Santam group’s ability to repay its insurance obligations, as and when they become due, will be considered.

Santam's position on climate change



Santam's position on climate change

The group's approach to ESG focuses mainly on the issues that are most important to its stakeholders and those that affect Santam's ability to create long-term financial and non-financial value. These issues include practising good governance; understanding and managing socio-economic, climate and environmental risks; helping to mitigate such risks by partnering for resilience and enhancing ESG-sensitive underwriting; ensuring that sensitive risks in underwriting are appropriately addressed; and developing new innovative solutions to address the risk protection gap. These material issues inform the group's ESG strategic focus areas, which are geared towards contributing to a sustainable and transformed South African economy.

The board recognises its responsibility to shareholders, employees and the community to uphold high standards in managing economic, social, environmental and ethical matters and ensuring that the company conducts its activities according to best practice. The board further considers good governance as key to the long-term success and sustainability of Santam, and is ultimately responsible for ensuring that corporate governance standards are set and implemented throughout the group. The board also acknowledges that there are qualitative issues that influence the company's ability to create value in the future. These relate to investment in human and intellectual capital, the extent of the company's social transformation, and ethical, safety, health and environmental policies and practices.

ESG and climate-related considerations extend to various risks and uncertainties. These are integrated into the Group's strategy processes as part of its broader commitment to address ESG considerations throughout its business. The SES committee is responsible for overseeing the group's response to ESG matters and climate-related risks and opportunities. It is for this reason that the SES committee's charter was reviewed and updated to reflect the board's adoption of the TCFD recommendations and to ensure that the group's efforts were aligned with these recommendations. Santam's ClimateWise principles were also updated in line with the TCFD recommendations.

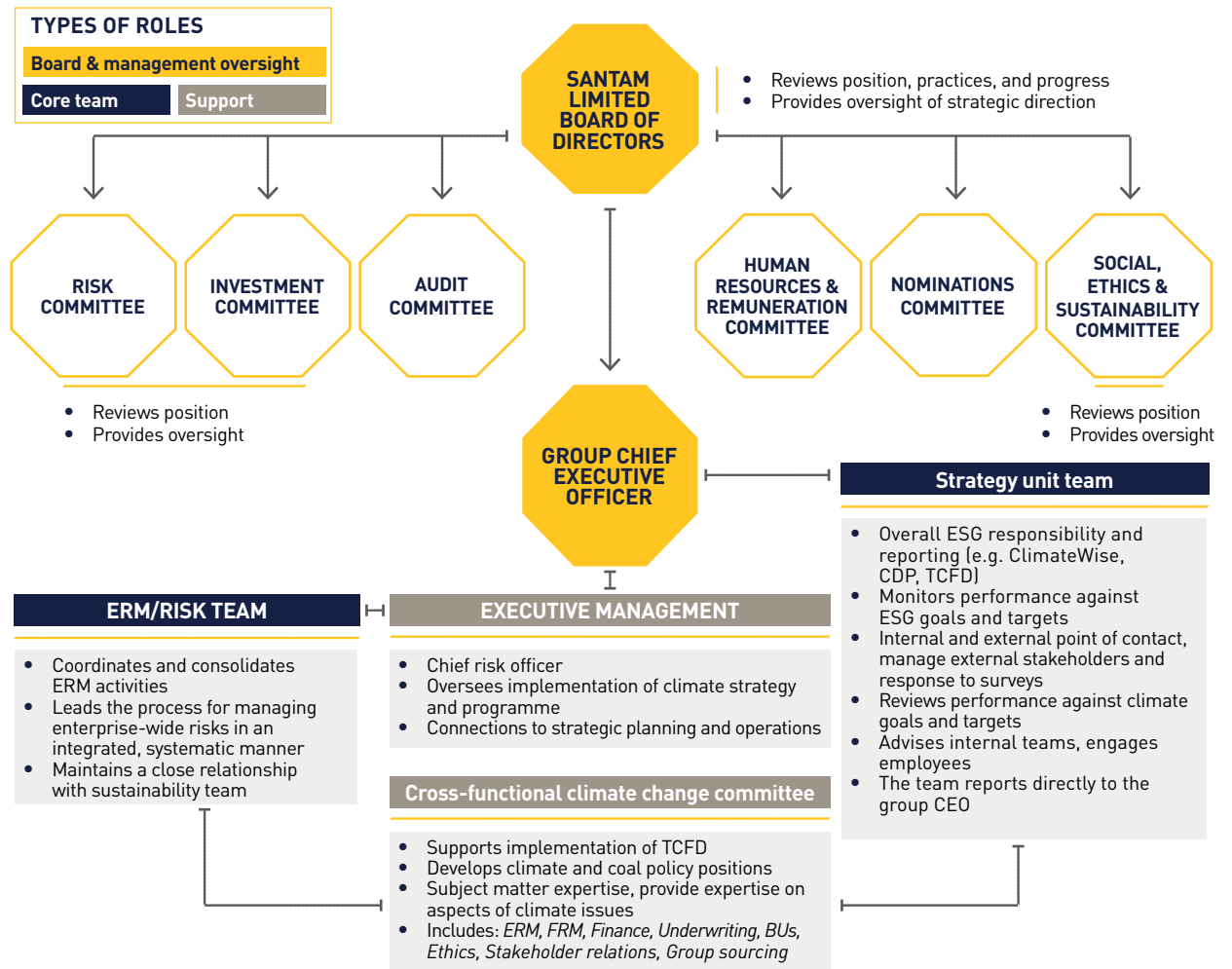
The investment committee provides oversight on responsible investment practices that promote good governance and value creation in companies that Santam invests in. The group investment policy further incorporates ESG considerations (including climate risk) impacting the long-term sustainability of Santam's portfolio of investments, which has been identified as a key aspect for the Santam group based on materiality.

Given the importance of climate change, Santam continues to be committed to help build resilient societies and contribute towards reducing the risk protection gap. However, while the board acknowledges the risks that climate change presents, there are also opportunities that come with both mitigating and adapting to climate change. Santam's vision to narrow the risk protection gap in the markets where we do business informs our approach in leveraging climate-related opportunities.

Further information on our response to Climate Change is outlined in climate-related disclosures including the FTSE/JSE Russell ESG rating, ClimateWise response, and the CDP response submitted with our majority shareholder, Sanlam Ltd.

Below is a high-level synopsis of the operational structure that governs ESG matters at group and subsidiary level.

ESG/Climate risks – Governance structure



Santam's governance structures

Santam's governance structures

The board of directors

Role and mandate

The board is responsible for directing, administering and controlling the affairs of the company in a transparent, fair, ethical and responsible manner. It performs an oversight role and overriding control over the Santam group and its subsidiaries. This includes the board overseeing and approving the process to achieve and maintain an appropriate balance of knowledge, skills, experience, diversity and independence. The aim is to ensure that the board is able to objectively and effectively discharge its governance role and responsibilities and that the necessary systems and processes are in place for the group to achieve its key strategic deliverables in a sustainable manner.

The board remains the custodian of corporate governance and is committed to the highest standards of business integrity, ethical values and corporate governance. It recognises Santam's responsibility to conduct its affairs ethically, transparently, with accountability, fairly and in a socially responsible way. This ensures that Santam operates a sustainable business that creates value for its stakeholders. In addition, the board is at liberty from time to time to delegate some of its responsibilities to its board committees and/or management. Such delegation does not constitute a discharge of the board's accountability.

The board is further accountable for the following, among others:

- Determine Santam's overall objectives, approve strategic plans to achieve the objectives, monitor operational performance, ensure effective risk management and internal controls, and monitor legislative, regulatory and governance requirements.
- Ensure there are clear and formal procedures in key areas so that regulators and auditors can readily review decisions and actions, both internally and externally.
- Conduct business in accordance with Santam's code of ethics.

- Oversee the issuance of reports to comply with legal requirements and to meet the legitimate and reasonable information needs of material stakeholders.
- Allocate major roles and responsibilities according to the company's delegation of authority framework.
- Oversee and appreciate that Santam's core purpose, strategy, risk and opportunity, business model, performance and sustainable development are all inseparable elements of the value creation process and to give effect to this by taking it into account.
- Delegate to management the formulation and development of Santam's short-, medium- and long-term strategy to ensure that Santam achieves its objectives as a business enterprise. This is done while considering the organisation's impact on Santam's stakeholders, its financial performance and the environment.

Composition of the board

As at the end of December 2022, the board comprised of 13 members.

Board member profiles



Nombulelo (Pinky) Moholi (62)

Chair of the board

Independent non-executive director

Qualifications: BSc Electrical and Electronics Engineering

Date of appointment: 3 June 2021

Nombulelo graduated with an engineering degree and has more than 30 years' experience in multiple industry sectors such as technology, finance and insurance, mining and retail. She currently serves as a non-executive director on the boards of Engen, Woolworths Holdings and Anglo-American Platinum.



Abigail Muelelwa Mukhuba (43)

Non-executive director

Qualifications: CA(SA), MCom (SA & International Taxation), BCom (Hons) (Acc), BAcc, MBA

Date of appointment:
16 November 2020

Abigail has experience in the financial reporting and tax specialist environment in both the automotive and mining industry, having served in various roles at KPMG, BMW SA (Pty) Ltd and Exxaro Resources Ltd. Abigail previously served as finance director of African Rainbow Minerals and currently serves as finance director of Sanlam Ltd, executive director of Sanlam Life, Sanlam Emerging Markets and Sanlam Investments.



Caroline Da Silva (57)

Independent non-executive director

Qualifications: BA, Postgraduate Diploma in Management Practice

Date of appointment: 3 June 2021

Caroline has more than 30 years' experience in the insurance industry and served in various executive roles at the Financial Services Board and Financial Sector Conduct Authority between August 2013 and October 2020.

Santam's governance structures (continued)



Dawn Marole (62)

Chair of the human resources and remuneration committee and the social, ethics and sustainability committee
Independent non-executive director

Qualifications: BCom, Dip Tertiary Education, MBA

Date of appointment: 13 December 2011

Dawn is an experienced corporate executive and human resources director. She is currently the executive chairperson of Executive Magic and is a member of the Presidential Review Committee for State Owned Enterprises.

She has served on various boards including the MTN Group Ltd, Kumba Resources Ltd, the Development Bank of Southern Africa and JP Morgan Sub-Sahara. She is currently a director of Resilient REIT Ltd, Sun International Ltd, and is a trustee of the Emthunzini BBBEE Community Trust.



Junior John Ngulube (64)

Non-executive director

Qualifications: BSc (Hons) (Agri) (Zimbabwe), MSc (Agri) (Penn State, USA), Dip Financial Management

Date of appointment: 23 April 2018

Junior is the former chief executive of Sanlam Emerging Markets and former deputy chairman of Sanlam Pan Africa. He has also previously served as CEO of Sanlam Corporate and as CEO of Munich Reinsurance Company of Africa Ltd. He currently serves as a non-executive director of Continental Reinsurance Company as well as a board member of Transition to Transformation NPC. He is an independent non-executive chairman of Marsh South Africa.



Mmaboshadi (Shadi) Chauke (43)

Independent non-executive director

Qualifications: CA(SA), Bachelor of Commerce, Bachelor of Accountancy

Date of appointment: 3 June 2021

Mmaboshadi is a chartered accountant with 18 years' post-qualifying experience in the external audit and financial services sectors. She is a former registered auditor, having served five years as an audit partner at Deloitte & Touche South Africa until February 2018. She currently serves as an independent non-executive director on the boards of Mr Price Group, Sanlam Developing Markets, MiWay Insurance Group, Afrocentric Investment Corporation, The Small Enterprise Foundation and Mamor Capital.



Deborah (Debbie) Loxton (59)

Chair of the risk committee
Independent non-executive director

Qualifications: CA(SA), Bachelor of Accounting, Bachelor of Commerce

Date of appointment: 3 June 2021

Debbie is a chartered accountant with more than 30 years' experience in audit, risk, finance and governance, including 15 years' experience in the insurance industry. She spent six years as an audit partner at PwC, has held executive positions at the Old Mutual Group, and for the last 10 years has served as an independent non-executive director at financial services companies.



Mlondolozzi (Lotz) Mahlangueni (42)

Non-executive director

Qualifications: BBusSc (Hons), FIA, FASSA

Date of appointment: 12 December 2022

Lotz is an actuary with over 20 years' extensive and diverse experience in the insurance, reinsurance, investments, and investment banking sectors of the financial services industry. He is the group chief actuary and chief risk officer of Sanlam Ltd. He also serves as a director on the board of ARC Financial Services Investments (Pty) Ltd.



Monwabisi Fandeso (64)

Lead independent director and chair of the investment committee
Independent non-executive director

Qualifications: BSc (Hons), MBA

Date of appointment: 15 January 2020

Monwabisi is the lead independent non-executive director of Santam Ltd and non-executive director of Centriq Insurance Holdings (Pty) Ltd. He has held various executive and non-executive roles at listed and unlisted entities, including SAB Miller, Tiger Brands, Absa and the Thebe Group. He currently also serves as a non-executive director on the boards of Empact (Pty) Ltd, Santam Structured Insurance group of companies, Thebe Investment Corporation and Brolink (Pty) Ltd.

Santam's governance structures (continued)



Paul Hanratty (61)

Non-executive director

Qualifications: BBusSc (Hons), FIA

Date of appointment: 11 August 2020

Paul is the group chief executive of Sanlam Ltd. He is an expert in actuarial, risk and compliance as well as ethics governance. Paul is also a fellow of the Institute of Actuaries (FIA). He has held various leadership roles at large financial services companies since 1984. He is currently a director of Sanlam Ltd, Sanlam Life Insurance Ltd, MTN Group Ltd, Sanlam Emerging Markets (Pty) Ltd, Sanlam Investment Holdings (Pty) Ltd and SIH Capital Holdings (Pty) Ltd.



Tavaziva (Tava) Madzinga (44)

Group chief executive officer

Executive director (ex officio)

Qualifications: FIA, FASSA, BBusSc

Date of appointment: 1 July 2022
(1 April 2022 as executive director)

Tava has been appointed as the group CEO of Santam since July 2022. He previously held other leadership roles which include group CEO of Britam insurance Plc (East Africa), CEO Swiss Re UK & Ireland (London), managing director Swiss Re Middle East & Africa (Zurich & SA) and Regional CEO Old Mutual Southern & East Africa (Lagos, Nairobi). He has worked across financial services including investments, banking, savings and insurance (life, healthcare, P&C, reinsurance). He currently serves as director of Centriq group of companies, MiWay group of companies and SSI group of companies.



Hennie Nel (54)

Group chief financial officer

Executive director (ex officio)

Qualifications: CA(SA), BAcc (Hons)

Date of appointment: 17 September 2012

Hennie has been the chief financial officer of Santam since September 2012. Prior to his role at Santam he was a director at PwC where he had worked since 1993. His range of experience within the financial services industry covers general and life insurance as well as banking and investment management. He currently serves as director of Centriq group of companies, MiWay group of companies, SSI group of companies, Santam Specialist Underwriting Managers, Swanvest 120 (Pty) Ltd, Sanlam Emerging Markets (Pty) Ltd, Indwe Broker Holdings Ltd, Saham Reinsurance Ltd, and Santam Namibia Ltd.



Preston Speckmann (66)

Chair of the audit committee

Independent non-executive director

Qualifications: CA(SA),
Hons B.Compt (SA)

Date of appointment: 8 February 2017

Preston has held managerial and executive positions at MMI Holdings Ltd, Old Mutual SA and Pepkor. He is a former PwC audit partner. He serves as a director of the MiWay group of companies, Centriq group of companies, African Rainbow Life Ltd, Safrican Insurance Company Ltd, SIH Capital Holdings (Pty) Ltd and Impala Platinum Holdings Ltd.

He also chairs the risk and finance forums of Sanlam Investments and Sanlam Emerging Markets.



Ruwaida Eksteen (44)

Group company secretary

Qualifications: B.Comm (Law), LLB,
Masters degree (Dev Finance)

Date of appointment: 1 July 2022

Ruwaida assumed the role of group company secretary of Santam in July 2022. She previously served in various senior risk, governance, compliance, legal, commercial and company secretarial roles in the JSE-listed environment in the financial services industry and the FMCG industry as well as the energy sector before joining Sanlam Ltd in 2018 until mid-2022. She also gained valuable experience on the boards of directors on which she previously served during her tenure as an independent non-executive director.

Santam's governance structures (continued)

Board matrix

While considering board members' individual skills, expertise, qualifications, and other board memberships they are affiliated to, the nominations committee uses a matrix annually to assess and evaluate the composition of the board. The matrix below provides a synopsis of the most significant criteria, applicable regulatory requirements, and gaps (where necessary):

Board of directors		Board member classification			Gender		Race		Tenure			Skills and expertise												
Director	Age (in 2022)	Executive director	Non-executive director	Independent director	Male	Female	Black	White	<3 years' service	<6 years' service	>9 years' service	Accounting	Financial markets/ investments	Actuarial	General business	International	Reinsurance	Human resources	Marketing	Risk management	IT	Legal	Sustainability	Empowerment
N Moholi (Chair)	62	x	x			x	x		x				x		x	x		x			x		x	x
M Fandeso (LID)	64	x	x		x		x		x				x		x	x				x			x	x
D Marole	62	x	x			x	x				x		x		x	x		x	x				x	x
P Speckmann	66	x	x		x		x			x		x	x		x	x				x	x		x	x
C Da Silva	57	x	x			x		x	x				x		x		x			x		x		
D Loxton	59	x	x			x		x	x			x	x				x			x				
M Chauke	43	x	x			x		x	x			x	x		x	x		x	x				x	x
JJ Ngulube	64	x			x		x			x		x	x		x	x	x			x			x	x
P Hanratty	61	x			x			x	x				x	x	x	x	x	x					x	
A Mukhuba	43	x				x		x	x			x	x		x		x			x				
L Mahlangeni*	42	x			x		x		x				x	x	x		x			x			x	
T Madzinga* (Group CEO)	44	x			x		x		x				x	x	x	x	x			x				x
H Nel (Group CFO)	54	x			x			x			x		x		x	x	x			x	x			
Total		2	11	7	7	6	9	4	9	2	2	6	13	3	12	9	8	4	3	11	3	1	9	7

* Appointed to the board in 2022.

The board is of the view that its current composition, mix of knowledge, skills, experience, diversity and independence are appropriate for it to effectively discharge its governance responsibilities. The Chair of the board has access to, and can attend, any of the board committees' meetings as an invitee – i.e. in those instances where she is not appointed as an official member of a particular board committee.

Santam's governance structures (continued)

Key facts about Santam's board as at 31 December 2022



Independence classification applied at a board level

As per the King IV principles, emphasis is placed on exercising and fostering independent decision making at board level while simultaneously mitigating conflicts of interest. King IV further states that “*independence generally means the exercise of objective, unfettered judgement. When used as the measure by which to judge the appearance of independence, or to categorise a non-executive member of the governing body or its committees as independent, it means the absence of an interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.*” These sentiments are echoed in the Companies Act, JSE Listings Requirements and the Prudential Standards and Framework for Governance and Operational Standards for insurers and insurance groups. The same applies to international best practices such as the International Corporate Governance Network’s Global Governance Principles, the OECD Principles of Corporate Governance and the Canadian Corporate Governance Guidelines.

Conflicts of interest

Santam acknowledges the instrumental role and contribution that independence at board level fulfils. During the reporting period, the board continued to implement appropriate measures to ensure that sound corporate governance practices are applied in the case of related-party transactions and any perceived, actual or implied conflicts of interest involving non-executive directors.

Santam's governance structures (continued)

These include the following protocols:

- Each board member is required to submit a signed declaration of interest form on a quarterly basis. These are monitored by the group company secretary and reported to the nominations committee, which considers each declaration made as part of the individual board member's annual independence review.
- Directors as well as members of the Group Exco, management representatives and any other invitees who participate in or attend a board or board committee meeting are also obliged to divulge any perceived, actual or implied conflict of interest that may occur at the relevant meeting. These declarations are recorded in the minutes of each meeting.
- From time to time, the group's external auditors and internal assurance providers review and consider the directors' quarterly declarations, and they also have access to the minutes of meetings that were held.
- At Santam, standard practice requires conflicted directors to recuse themselves from board or board committee deliberations relating to any perceived, actual or implied conflict of interest matter if and when it occurs.
- The board of Santam further appointed a lead independent director (LID) as per the recommendations of King IV as an impartial resource to assist in facilitating any discussions or deliberations involving related party transactions, conflicted engagements or conflicting issues. The LID is also mandated by the board to lead any discussions or deliberations that affect, involve or question the impartiality, objectivity or independence of the chair of the board.
- As and when required, the board and/or board committees are at liberty to seek assurance or consult legal counsel.

In addition to these protocols, Santam takes guidance from best practices and recommendations from key stakeholders. The aim is to create opportunities for continual improvement and, where necessary, refine Santam's approach at board level. To this end, the board also remains committed to ensuring that Sanlam's efforts in this respect are assessed, monitored and reported on an ongoing basis. This includes enhancing governance, diversity and transparency.

At the end of the 2022 financial year, the majority of members serving on the board were categorised as independent.

Quorum requirements and the establishment of board committees

Santam's MOI states that the board should comprise a minimum of six and a maximum of 15 members. As at the end of the 2022 financial year, the board comprised of 13 directors, the majority of whom were classified as independent. The quorum requirements necessary for transacting the business of the company is the majority of the appointed directors.

The nominations committee assists with considering and evaluating the board's composition on a continual basis. This ensures that the skills, expertise, diversity and experience of individual board members complement Santam's vision and strategic objectives. The nominations committee also evaluates and determines the number of external directorships and other positions that a director may hold, taking the relative size and complexity of Santam into consideration. Accordingly, the nominations committee makes recommendations to the board on the process of nominating, electing and appointing board members. This includes recommendations on succession planning for the chair and the LID and on appointments to the board and board committees.

The board is structured so that no individual director has unfettered decision-making powers. The board is satisfied that its composition at the end of the reporting period reflected an appropriate balance and mix of knowledge, skills, experience and diversity. The board believes that appropriate controls and measures are in place to ensure its independence. During the period under review, each of the directors met the requisite fit-and-proper requirements, including the criteria for independence. However, this assertion excludes the independence classification of three non-executive directors who were appointed to the board in view of their association and affiliation with Santam's majority shareholder (Sanlam Limited), namely, Paul Hanratty, Abigail Mukhuba and Lotz Mahlangeni.

In addition, Junior Ngulube's non-independence classification was also recently reviewed due to his previous association and representation of Sanlam Limited. The review exercise resulted in confirming Junior's non-independence classification. The board, however, agreed to retain him as a non-executive director due to his wealth of knowledge and the expertise that he contributes to the board as a collective.

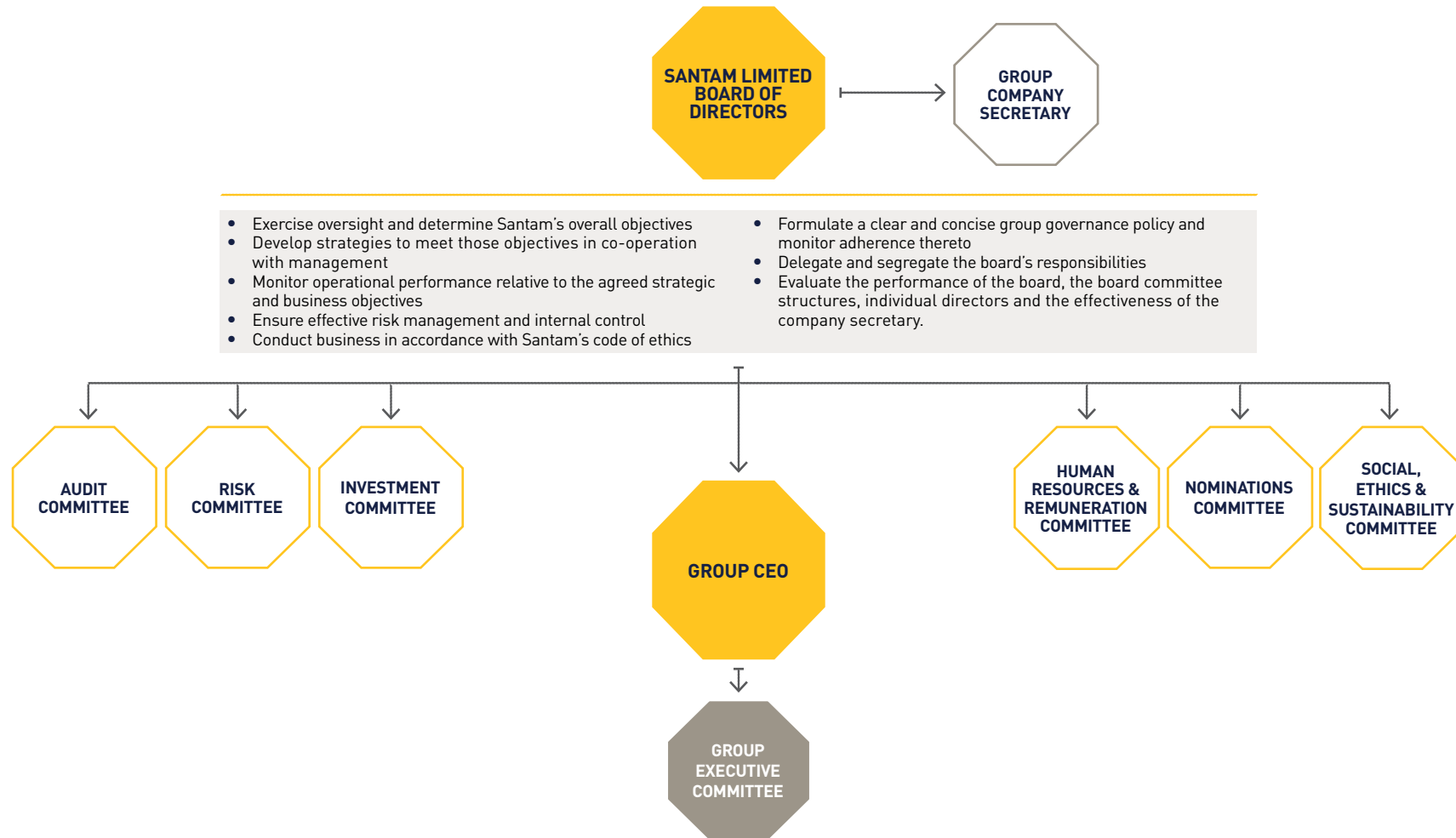
Furthermore, during the reporting period, both Tavaziva Madzinga (group CEO) and Hennie Nel (group CFO) were categorised as executive (*ex officio*) directors serving on the board.

The board continued to remain its majority independence status during the 2022 reporting period.

Santam's governance structures (continued)

The board also appoints board committees and determines each board committee's mandates, powers, authority, duties and functions as outlined in its charter. The figure below provides a high-level synopsis of the group governance structure referred to herein below. Each board committee's charter, including the board's own terms of reference, is reviewed and approved at least once per annum. This ensures that the content remains relevant and aligned to the expected deliverables associated with the board's mandate and the directors' fiduciary duties.

Santam governance structure



Santam's governance structures (continued)

Board and board committee charters

The board, from time to time, delegates some of its functional responsibilities to its board committees through clearly defined mandates that embrace the principles of King IV.

The respective board committees regularly report to the board, as a collective, on their respective deliverables according to each committee's board-approved charter. The charters and annual work plans developed for each board committees are reviewed annually. These charters are available on Santam's investor relations website, and summaries are included in this report on pages 27 to 30.

The board and board committees' terms of reference seek to outline:

- The board or board committee's role and responsibilities
- The requirements for its composition
- The process and criteria for the appointment of members
- Meeting procedures
- The board or board committee's delegation of authority to management
- The assessment of the effective functioning of the board or board committee
- The committees' roles in assisting the board in ensuring a balance of power to effectively discharge its duties

The board is satisfied that during the period under review:

- It fulfilled each of its responsibilities relevant to the reporting period
- It operated optimally and effectively
- An appropriate balance of skills and expertise were maintained at board and board committee level
- The respective board committees were appropriately constituted and the quorum requirements were met

Board committees and cross-committee membership

Santam's board members recognise their responsibility to exercise effective leadership by always adhering to their fiduciary duties, collectively and individually. However, it is of critical importance for the board to ensure that:

- A balanced distribution of power is maintained across board committees at all times
- No opportunity arises for any individual board committee member to dominate decision making
- Undue reliance is never placed on any individual board committee member

The board therefore provides for effective leadership in its board committees by allowing collaboration between board committees through cross-membership. It also allows for coordinated timing of meetings to avoid duplication or fragmented functioning between board committees. When duplication or fragmented functions do occur, the board outlines a process for board committees to handle such matters by delegating specific roles and positions rather than permitting competing approaches.

The various board committees may from time to time also be required to provide input to other committees on matters relevant to those committees' mandate and scope. The respective committees are then obliged to ensure an appropriate flow of information. In addition, in fulfilment of their duties, board committees are authorised to call on the chairs of other committees, or any of the executive directors, company officials, the group company secretary or any assurance provider, including any employee within the Santam group, to assist them with information, at the company's cost, subject to the relevant board-approved process. The board committees also have the power to delegate their authority and duties to sub-committees, *ad hoc* committees or individual members of the committee as they deem appropriate, provided they are not precluded by any legal or regulatory requirement from doing so.

The selection and (re-)appointment of directors

The JSE Listings Requirements require that directors be appointed in terms of a policy detailing the procedures for appointment to the board. Given the Prudential Standards issued by the Prudential Authority under the auspices of the Insurance Act (2017), all licensed insurers are required to provide comfort to the Prudential Authority on the process followed to ensure the independence and capacity needed to govern and prudently manage an insurer's business. To this end, Santam's process for selecting and (re-)appointing directors is governed by a board-approved policy. It is in the interest of the shareholders (and all stakeholders) that the board is properly constituted from the viewpoint of skills, diversity, inclusion and representivity. An appointment to the Santam board is a formal and transparent process and is a matter for

the board as a collective, assisted by the nominations committee. The board is at all times structured such that it has a proper understanding of, and competence to deal with, the current and emerging issues of the business.

Santam's policy for selecting and (re-)appointing directors assists and guides the nominations committee and the board on the practice of proposing, nominating and appointing directors. The policy is reviewed annually and provides for the following:

- The nominations committee continually evaluates the composition, range of skills, experience, diversity and expertise of the board to identify skills that will enhance the board's effectiveness.
- Potential candidates are considered with reference to their skills and expertise in relation to other board members. In considering the suitability of prospective directors, the knowledge and experience required to fill skills gaps on the board must be taken into account. The candidate's background and qualifications must be independently investigated and verified, along the lines of the approach requested by the Prudential Authority and the JSE.
- The nominations committee will recommend an appropriate and suitable candidate for appointment to the board. Each recommendation must be accompanied by the candidate's consent and appropriate evidence of his/her suitability, including details of the candidate's relevant experience, skills, current directorships and qualifications.
- Any appointment by the board is subject to regulatory approval and approval by shareholders at the subsequent annual general meeting (AGM). The board will promote diversity in its membership across a variety of attributes relevant to promoting better decision making and effective governance, including area of expertise, skills and experience, as well as age, culture, race and gender.
- The appointment of a non-executive director is formalised in a letter of appointment which is also signed by the non-executive director to confirm his/her acceptance of the appointment.
- Directors are required to retire by rotation in terms of the company's MOI but may remain eligible for re-election. Thus, the company's shareholders have the opportunity to continually participate in the election process for new directors and/or replace existing directors.

Santam's governance structures (continued)

Changes to the board during 2022

Following regulatory approval granted by the Prudential Authority, the following non-executive director was appointed to the board in 2022:

- Lotz Mahlangeni (effective date: 12 December 2022)

A brief curriculum vitae of Lotz Mahlangeni, who stands for election at Santam's 2023 AGM, is available on page 21.

In addition, the following board members stepped down as directors during the 2022 financial year due to retirement:

- Machiel Reyneke (independent non-executive director, effective date: 1 June 2022)
- Lizé Lambrechts (*ex officio* executive director, effective date: 30 June 2022)

In June 2021, the previous group chief executive officer (Lizé Lambrechts) advised the board of her intention to formally retire during the course of 2022. Tava Madzinga was subsequently appointed to the board of Santam as an executive director with effect from 1 April 2022, after the requisite regulatory approval was obtained from the Prudential Authority. In order to ensure a smooth transition, Tava Madzinga succeeded Lizé Lambrechts when he assumed his new role as group CEO and *ex officio* director with effect from 1 July 2022. Shareholders were advised of his appointment via a SENS announcement issued on 1 December 2021.

Rotation of directors

In terms of clause 25.3 of Santam's MOI, at least one-third of non-executive directors should retire from office each year at the AGM. The directors so to retire will be those who have been the longest in office since their last election. As between directors of equal seniority, the directors to retire will, in the absence of an agreement, be selected from among them by lot. If, at the date of any AGM, any director will have held office for a period of three years since his/her last election or appointment, he/she shall retire at such AGM, either as one of the directors to retire in pursuance of the foregoing or additionally thereto. In the interest of good corporate governance, executive directors will also rotate on a voluntary basis as per a pre-determined schedule of rotation.

It should be noted that a retiring director continues to act as a director throughout the AGM at which he/she retires. The length of time a director has been in office is computed from the date of his/her last election. Four non-executive directors are required to rotate at the 2023 AGM. They are:

- Monwabisi Fandeso
- Preston Speckmann
- Junior Ngulube
- Dawn Marole

The above board members have made themselves available for re-election at the upcoming AGM. It is important to note that each of these directors appointed to the board must retire at the next AGM, but are at the same time eligible for re-election.

The board considered and supported these rotations. Therefore, it is recommended to shareholders that they consider and cast a vote for the re-appointment of these board members. A brief curriculum vitae of each director standing for election or re-election at the 2023 AGM is available on pages 20 to 22.

Diversity management, equity and inclusivity (DEI)

As a strategic imperative, Santam's vision relating to diversity, equity and inclusion aims to leverage superior and sustainable business results and a competitive advantage through cutting-edge practices. The group's transformation approach is holistic and integrated across its stakeholder groups and the approach is embedded in the company's ESG networks. Inclusion is core to our values at Santam. Valuing and managing diversity are intrinsic to what we do, how the board exercises oversight while monitoring performance, how Santam's leaders manage their teams, how Santam's employees and other stakeholders are treated, and how people in general experience the organisation and the Santam brand. Specific DEI focus areas were identified and reported on to the board during

the reporting period. More importantly, the board's guidance and influence on Santam's approach to DEI, as well as how the group performed in response to this, was being monitored over time. Worth highlighting are the ongoing and dedicated efforts to enhance transformation and diversity at all levels of the organisation. This includes attracting and appointing a diverse group of people across the business. One example is the appointment of four new female directors (out of a total of 13 directors) to the Santam board during the 2021 financial year.

Succession applied at board level

Santam's approach to succession planning applied at board level is to a large degree influenced by applicable regulatory requirements and Santam-specific empowerment and talent management strategies. One of the board's core objectives is to establish and maintain continuity while ensuring the effective transfer of skills as and where applicable. This is in addition to the board's composition and size complementing and supporting the execution of Santam's strategy. The nominations committee assists the board in addressing the gaps of current and future board members (if any) through mentorship and development programmes.

The nominations committee, in consultation with the chairs of the board committees, reviews and identifies any skills gaps that might occur at board or board committee level. It also considers the outcome of the annual board and board committee performance evaluations. Before any new appointments to the board are made, regulatory approval is sought, after which shareholder approval is obtained at Santam's AGMs in the event of new appointments or re-elections. The shareholders elect and appoint, and the board inducts, develops and removes board members as and when required.

Board retirement

The board's retirement policy in terms of Santam's MOI stipulates that directors will cease to hold office at the AGM following their 70th birthday – unless, prior to this date, the majority of the board reached consensus and agreed to extend their term for one year.

Santam's governance structures (continued)

Board training and induction

The group company secretary oversees the induction of new directors, including the directors of subsidiary companies, and facilitates the ongoing training requirements of board members. The board's induction programme focuses on Santam's business, the statutory requirements applicable to the group, board matters, and the board's duties and governance responsibilities according to each director's specific needs. Furthermore, the group company secretary keeps the directors abreast of applicable legislation and regulations, changes to rules, standards and codes, and governance-related developments that could affect the group and its operations. Ongoing support and resources are provided to board members as required to extend and refresh their skills, knowledge and understanding of the business.

During the year under review, training was provided for as a standing item on the agendas of each board and board committee meeting. This was to ensure that board and committee members were able to effectively and efficiently execute their fiduciary duties. Board training also assisted to keep the board abreast of any topical issues, complex and technical business-related aspects, industry trends, risks and regulatory aspects, to name only a few.

Annual board effectiveness evaluations

There is a close correlation between the performance of the board and the performance of the organisation it provides oversight over. Continuous performance assessments give the board an opportunity to review and improve its performance and enable it to reflect on its roles and responsibilities, its culture and its relationship with management. Board effectiveness evaluations also enable the board, the nominations committee and the group company secretary to identify board training needs.

During the year under review, a board effectiveness evaluation was conducted with the assistance of an external service provider. The evaluation took the form of an online questionnaire drafted in line with best practices as espoused by King IV. Board members were requested to rate questions on the board's performance on a scale of 1 (poor) to 5 (excellent). In addition, pre-selected members attended confidential one-on-one interviews with an external facilitator to dive deeper into the scoring results and trends. All individual responses and views expressed were kept anonymous and confidential. Areas of assessment included the board's role and responsibilities, composition, key board role players, the culture at a board level, the board committees, and the independence classification of board members. The governance areas reported on in the assessment feedback included quantitative and qualitative components.

The board received an overall score of 4.5 out of 5.0 for the evaluation. Compared with the similar assessment conducted previously, it was evident that the Board scored higher during the 2022 review, and also achieved a higher score than the private sector benchmark.

Governance-related milestones and key focus areas during the 2022 financial year

During the reporting period, the Board held six meetings and two board strategy sessions to consider and deliberate on strategic and other matters. Below is a synopsis of some of the salient aspects and material focus areas that were dealt with during the 2022 financial year:

- **A comprehensive review of the 10 pillars of the group's FutureFit strategy** was conducted with the objective to create and unlock future growth in a sustainable manner. This included considering Santam's international diversification strategy, its investment strategy, and enhanced approach to ESG aspects. In addition, dedicated resources were assigned to a comprehensive review that was performed on the group's approach to brand management and marketing.
- The above process necessitated **a review of the group's organisational structures and key portfolios**, particularly at Group Exco level. This in turn had a direct impact on succession planning at a Group Exco level, and on how the company's talent pool was explored to complement the process at hand.
- **Concerted efforts were made to incorporate ESG principles in the group's list of strategic objectives.** As a result, ESG-specific key performance indicators were provided for in the performance measurement criteria of Group Exco and senior management. The implementation thereof will be monitored on an ongoing basis, with Santam's reward strategy aligned to the new performance assessment criteria.
- **IFRS 17 implementation** – extensive efforts were made to adjust Santam's systems and processes to ensure that when the new reporting requirements came into effect, the group would be in compliance. Various training initiatives were undertaken to make ensure that affected Santam representatives (including the members of the audit committee) were informed and familiar with the stated reporting requirements from an income statement and balance sheet perspective and to ensure a smooth reporting transition.

- **A robust analysis was performed by an external service provider on the effectiveness of the group's enterprise risk management (ERM) business practices and associated governance processes.** This was done primarily to ascertain the appropriateness and effectiveness of the ERM function at the centre compared to how ERM business practices were being implemented across the group. The exercise indicated that a review of the various business processes, accountabilities and responsibilities was needed within the various risk-based operations. Certain recommendations made by the external service provider were subsequently shared with members of the audit and risk committees. Management has since implemented specific action plans which will be monitored on an ongoing basis.
- **Digital adoption and rapidly expanding best practices in insurance** remains an ongoing focus area on the board's agenda.
- **The viability and effectiveness of Santam's response to digital transformation in general and the implementation of the group's digital strategy and key objectives**, noting the impact thereof on the group's budget considerations.
- Further consideration was given to possible **opportunities for mutual collaboration with the Sanlam Group** to create synergies and establish strategic partnerships. One example was the opportunities afforded through cross-selling initiatives across the group.
- Due to the **retirement of the previous group CEO (Lizé Lambrechts)**, it was important for the board to ensure a smooth transition in the interest of business continuity, especially when the new group CEO (Tavaziva Madzinga) took office in July 2022.
- Taking into account the **four new members who joined the Santam board** in the 2021 financial year, **an extensive analysis was conducted on the composition of the board and board committees.** This was to ensure that no gaps in skills or expertise existed on the remaining board.
- **Succession planning at board as well as at a Group Exco and senior management level** was regarded as a critical to identifying, monitoring and managing risk by association. Actions were further implemented to mitigate the looming retirement of critical skills at senior and top management level.
- Extensive efforts were made to ensure that **"key man risk" was mitigated and that Santam's resources and talent pools were effectively managed.** This included the transitioning of those key imminent retirements at Group Exco and senior management level.

Santam's governance structures (continued)

- The skills, expertise and experience of the remaining board members post Machiel Reyneke's retirement in mid-2022 were analysed. This resulted in the **appointment of a new non-executive director** with effect from December 2022, after obtaining regulatory approval from the Prudential Authority of South Africa.
- An annual board effectiveness evaluation** was conducted during the reporting period. While noting the short period of time since the appointment of four new board members in 2021, the external performance evaluation confirmed that the board had successfully executed its mandate and performed optimally and efficiently. The same applies to the effectiveness of the process that was followed in 2022 to ensure a smooth transition between the outgoing and incoming group CEOs.
- A rigorous review was conducted on the **independence status and classification of Santam's LID and one board member who has been serving as a director for over nine years**. This included seeking external legal advice to enable the board to apply its mind objectively given the assessment of the affected directors' independence status. The board is pleased to report that both directors continue to be classified as "independent". The outcome also enables the board to confirm that the majority of members of the board continue to be classified as independent as per the criteria and recommended practices outlined in King IV on a substance-over-form basis.
- Managing the impact of the ongoing Covid-19 pandemic and finalising the remaining CBI claims** was another focus area. The board continually monitored the impact of the pandemic and reviewed the adequacy of the pandemic reserves as well as the group's capital deployment.
- The board considered the **impact of volatility on the economy, natural disasters (such as the KwaZulu-Natal floods), the group's "risk exposure"** as well the impact thereof on renewals and Santam's clients.
- Santam's **own risk and solvency assessment (ORSA) supervisory report was reviewed, approved by the board and submitted to the regulatory authority**. This included Santam assessing the capital targets contained in the ORSA report to be adequate in view of the size, business mix and complexity of the group's operations.
- Santam's risk appetite statement** as well as its risk tolerance levels were reviewed and approved by the board. This was done in conjunction with the review of the group's approach to reinsurance and the associated renewal negotiations.

- Concerted efforts were made to explore **cross-selling opportunities** in further detail as well as creating synergies in a collaborative manner with the Sanlam Group, with the aim of creating value and sustainability for all parties concerned.
- A heightened approach to **client centricity and treating customers fairly** was adopted across the group. This includes Santam's reiteration and the awareness that was being created in view the group Human Rights Statement that had been received. This also relates to Santam's diligent attempts to obtain a better understanding of its clients' requirements, needs and expectations.

- Specific resources were assigned to **improve the disclosure of material and topical aspects** relating to Santam's performance in the group's 2022 integrated reporting suite.
- A review also was performed on the **group's hybrid operating model** and the affected processes as well as the allowance for "new ways of work".

In addition, several **group governance-related policies and procedures were reviewed and approved** by the board during the reporting period. These included the following group policies:

Group governance-related policies reviewed during 2022

1.	Board authorisation framework and decision-making framework	18.	Internal model documentation policy
2.	Conflict of interest policy	19.	Internal model governance policy
3.	Anti-bribery and anti-corruption policy	20.	Internal model validation and review policy
4.	Business continuity management policy	21.	Information technology policy
5.	Business integrity risk management framework	22.	IT digital behaviour and security policy
6.	Business integrity risk management policy	23.	ORSA policy
7.	Capital management policy	24.	Outsourcing policy
8.	Compliance policy	25.	Reinsurance policy
9.	Cyber security policy	26.	Stress testing policy
10.	Facilitation payments policy	27.	Third party governance and risk management framework
11.	FAIS conflict of interest policy	28.	Underwriting policy
12.	Gratification policy	29.	Whistleblowing policy
13.	Information and data policy	30.	Actuarial function charter
14.	Internal model change policy	31.	ERM charter
15.	Investment policy	32.	Human rights statement
15.	Responsible investing policy	33.	Santam Ltd securities dealing & price sensitive policy
16.	Foreign currency policy	34.	Policy for the selection and (re-) appointment of directors
17.	Group stakeholder management policy		

Santam's governance structures (continued)

Key roles within Santam's governance structures

The board charter, which is reviewed every year, governs and regulates how the board members, collectively and individually, perform their duties and responsibilities of the board to its board committees or management does not reduce the board's accountability regarding its fiduciary duties and responsibilities. As a minimum, the board remains accountable and is required to continue to exercise due care and judgement. The board must also apply its collective mind to the company's vision, mission and strategy.

The chair of the board

Nombulelo Moholi was appointed to the Santam board with effect from June 2021. She is an independent non-executive director and assumed her role as the chair of the board during the previous financial year. An integral part of her duties includes providing effective leadership to the board and ensuring that it effectively discharge its governance role and responsibilities. She is also responsible for assisting the board in applying its collective mind to the information, opinions, recommendations, reports and statements presented to it by management. This includes her playing an active role in engaging with board members, building on their strengths, and addressing or developing gaps where necessary. The chair is a member of the human resources and remuneration committee and fulfils the role of chair of the nominations committee. She also has access to and attends all the other board committees in her capacity as an invitee.

Lead independent director (LID)

In terms of the JSE Listings Requirements as well as the King IV, the board is required to appoint a senior independent non-executive director as LID to lead the board where a perceived, actual or implied conflict of interest occurs and/or is likely to occur. Santam's LID (Monwabisi Fandeso) also serves as a sounding board for the chair, acts as an intermediary between the chair and other members of the Santam board if and when necessary, and deals from time to time with shareholders' concerns.

As per the LID's board-approved charter, which is reviewed on an annual basis, the board annually elects and appoints an independent director to serve as the company's LID. The LID's term of office may be more than one year, capped at a maximum of three years if re-elected.

His role becomes effective and he starts serving actively in this capacity, should:

- The chair be absent from her office; or
- The chair be unable to perform her duties for whatever reason; or
- When the independence of the chair is debatable or impaired in certain instances. The independence of the chair would be considered to be impaired in respect of:
 - » The performance appraisal of the chair; and/or
 - » Otherwise when the majority of board members hold this view.

Following the annual board effectiveness evaluation conducted during the 2022 reporting period, the board reached consensus on the performance and service delivered by Monwabisi Fandeso. The board confirmed that it was satisfied that the LID operated effectively, independently and consistently with the skills, experience and attributes required to execute his delegated mandate.

The group chief executive officer

The group chief executive officer is an *ex officio* member of the board of directors of Santam. Due to the capacity in which he operates, he also serves as the chair of the Group executive committee. In addition, the group CEO has been appointed as a member of the risk and investment committees in 2022 and the SES committee with effect from 1 January 2023. Although he is not a member of the human resources and remuneration committee, the audit committee or the nominations committee, he attends their meetings or parts thereof by invitation to contribute to pertinent issues and provide information to the respective board committees when required.

The group CEO is accountable to the board for the successful execution of the group's strategy and the overall management of Santam's performance. The board agreed to delegate specific responsibilities and decision-making powers to the group CEO as outlined in the reviewed group governance policy and the board-approved authorisations framework. The board annually evaluates the performance of the group CEO against set criteria and agreed performance measures and targets.

The group company secretary

The group company secretary is a statutory appointment fulfilled by Ruwaida Eksteen. One of her portfolio's core functions is to support the board in the execution of its governance role and responsibilities as well as ensure compliance with the regulatory requirements applicable to Santam and the board *per se*. These include the requirements outlined in the Companies Act, the JSE Listings Requirements, the Debt Listing Requirements, the Prudential Standards and Framework for Governance and Operational Standards for insurers and insurance groups, as well as insider trading. The group company secretary is also responsible for the administration of shareholders and the direct interface between Santam's transfer secretaries, Computershare and Strate.

The group company secretary has an arms-length relationship with the board and is not a director of the company. Her role does not include being involved in the day-to-day operations of the group other than the provision of statutory, company secretarial, governance and compliance services to the group. As per King IV, the board must ensure that the office of the group company secretary is empowered and that the position carries the necessary authority and standing. The board also has primary responsibility to approve the appointment and removal of the group company secretary. The performance and independence of the group company secretary should therefore be evaluated by the board at least annually.

The group company secretary is further responsible for the compilation of board papers and for filtering them to ensure compliance with the required standards of good governance. Her role includes raising matters that may warrant the attention of the board as well as ensuring compliance with all relevant statutory and regulatory requirements, with due regard to the specific business interests of Santam. In particular, the group company secretary must also be aware of the duties set out in Section 88 of the Companies Act and must assist with carrying out corporate strategies insofar as ensuring that the board's decisions, resolutions and instructions are clearly documented and communicated to the relevant persons. She also needs to communicate with shareholders from time to time as appropriate and ensure that due regard is paid to their interests.

Santam's governance structures (continued)

All directors have unlimited access to the group company secretary. She attends all board and board committee meetings. The board is satisfied that there are adequate and effective arrangements for accessing professional corporate services with the assistance of the group company secretary, who oversees the induction of new directors and facilitates the ongoing training requirements of board members. She also keeps the directors abreast of applicable legislation and regulations, changes to rules, standards and codes as well as governance-related developments that could affect the group and its operations.

As required by the JSE Listings Requirements, the board, on the recommendation of the nominations committee, herewith confirms that:

- The group company secretary is competent and has the relevant qualifications and experience to fulfil her role
- The group company secretary is not a director of the company
- The roles and responsibilities of the group company secretary are described in the board's charter and aligned to the applicable regulatory requirements
- The board is satisfied with her performance and independence since she assumed her role in 2022

External service providers and advisers to the board

The board's charter authorises the board and its board committees to seek independent, external professional advice at Santam's expense concerning matters within the scope of their duties. This includes requesting documentation from, and setting up meetings with, management when required.

JSE sponsors

Investec Limited is Santam's JSE equity sponsor on record, whereas Rand Merchant Bank Limited (a division of FirstRand Bank Limited) fulfils the role of Santam's debt sponsor.

Board committee profiles and composition

The board committees assist the board in discharging its duties and responsibilities. Ultimate responsibility, however, resides with the board, and it does not abdicate its duties and responsibilities to the board committees through delegation.

The board committees report on their activities to the board on a quarterly basis as well as when *ad hoc* board committee meetings have been held. All board members have access to the minutes of the respective board committee meetings that were held. An effectiveness evaluation is conducted on an annual basis, whereby each board committee's performance is assessed in alignment with its board-approved charter. The committee effectiveness evaluations are also used to identify training opportunities.

Audit committee

Composition: Members

P Speckmann (Chair) – Independent non-executive director

M Fandeso – Independent non-executive director

D Loxton – Independent non-executive director

M Chauke – Independent non-executive director

Meetings

The members of the committee are annually appointed by the shareholders of Santam in response to the recommendations made by the nominations committee and the board. As a minimum regulatory requirement, all members of the committee are classified as independent non-executive directors. Certain members of management as well as other assurance providers attend the committee meetings upon invitation, and from a quorum perspective do not have any veto rights or partake in the committee's decision-making processes. The quorum requirements for the committee to transact business is the majority of the committee members. The committee has the prerogative to, and meets separately with management, the head

of group internal audit, the external auditors and other internal assurance providers at least once per quarter.

To ensure cross-membership, the chair of the risk committee and the chair of the investment committee are both members of the audit committee. They are regarded as instrumental in reviewing and disclosing investment and sustainability-related aspects, internal controls and risk mitigation.

Although the standard requirement is four meetings to be held per annum, the committee held six meetings during the 2022 financial year – of which two were special audit committee meetings. The two special audit committee meetings focused on the implementation, transitioning to and Santam's readiness for IFRS 17 purposes. The committee's role and responsibilities are outlined in its board-approved charter, which is reviewed annually.

Role and responsibilities

The audit committee is constituted as a statutory committee and performs its statutory duties in terms of Section 94(7) of the Companies Act, the Insurance Act, the JSE Listings Requirements, King IV to the extent that its recommended practices have been adopted by the company, as well as the Governance and Operational Standards relevant to Insurance Groups (GOG) and insurers (GOIs). The committee has an oversight role over the company and all its subsidiaries, and acts as the statutory audit committee for those South African subsidiaries within the Santam group nominated for this purpose. These entities include MiWay Insurance Limited, Santam Structured Insurance Limited, Santam Structured Life Limited, Centriq Insurance Company Limited and Centriq Life Insurance Company Limited.

Should differences of opinion arise between the board and the committee where the audit committee's statutory functions are concerned, the audit committee's decision will prevail. However, due to the committee also serving as a committee of the board for duties assigned to it by the board over and above its statutory duties, the board retains ultimate decision-making ability on non-statutory matters.

Santam's governance structures (continued)

Key focus areas during the 2022 reporting period

During the reporting period, the committee gave attention to the following salient aspects:

- Assisting the board with oversight of group governance practices and processes.
- Ensuring appropriate, transparent and fair reporting of the financial results.
- Ensuring that the integrated reporting suite addresses all Santam stakeholders' needs.
- Considering and recommending for approval by the board, management's bases for materiality insofar as financial and/or other reporting is concerned.
- Evaluating the effectiveness of internal risk management processes aimed at:
 - » Financial reporting risks.
 - » Internal financial controls.
 - » Fraud risks as they relate to financial reporting.
 - » IT risks as they relate to financial reporting.
- Reviewing the group's governance policy, the group's board authorisation framework as well as the group internal audit charter and recommending these to the board for approval.
- Reviewing Santam's compliance with mandatory corporate governance principles and disclosures in terms of the Act, the JSE Listings Requirements, King IV and all applicable laws and regulations adopted, non-binding rules, codes and standards.
- Ongoing focus on solvency and capital management and preparing for the implementation of the International Financial Reporting Standard 17 (IFRS 17).
- Assessing the effectiveness of the internal audit function and evaluating the competence and independence of the chief audit executive. A similar process was performed to assess the effectiveness of the external auditor (PwC) and the designated external lead audit partner.
- Reviewing and assessing the fair value of unlisted investments and the effectiveness of internal financial controls.
- Reviewing and considering the assessment of the going concern principle/statement and assumptions, the solvency and liquidity tests that are being performed, dividend declarations, related party and off-balance sheet transactions, trading statements when applicable, investments and investment performance, the adequacy of capital as well as the valuation of unlisted investments.
- Reviewing and having oversight of the assurance coverage of the internal and external audit functions across the group.
- Approving the policy, framework and monetary limits for non-audit services provided by the external auditors. This includes the ongoing monitoring of non-audit services that the external auditors provided for compliance with the agreed framework. This is to prevent any potential negative impacts on the external auditors' independence and/or objectivity.

- Reviewing and confirming the independence of the external audit firm and the designated external lead audit partner.
- Recommending the re-appointment of the external audit firm (PricewaterhouseCoopers Inc./PwC) and the re-appointment of the external audit firm's designated lead audit partner for approval by shareholders at the 2023 AGM.
- Reviewing the effectiveness, completeness and adequacy of Santam's subsidiaries' management representation letters (e.g. full coverage of all businesses, quality of reporting) and other forms of assurance.
- Monitoring the implementation and progress made on key group projects (e.g. IFRS 17 transition and reporting).
- Due to the Mandatory Audit Firm Rotation (MAFR) regulations, which require Santam to change its external auditors, recommendations were made by the audit committee to the shareholders at the 2023 AGM to replace PwC by appointing KPMG Inc. (KPMG) with effect from the company's 2024 financial year. This recommendation was endorsed by the regulatory authority (the Prudential Authority/PA) prior to Santam approaching its shareholders to approve KPMG's appointment.
- The committee is supported by the risk committee on actuarial related matters insofar as these relate to the execution of the audit committee's responsibilities. This includes reviewing the capital status report as well as the regulatory solvency positions of Santam.
- Reviewing the summarised annual group internal and external audit plans and the scope thereof with management and the auditors, to ensure that adequate audit coverage will be obtained for the Santam group, which will address the significant risks for the Santam group.
- Affording consideration to the adequacy of the group's approach and application of its combined assurance model and whether or not the group's internal audit and external audit plans provide adequate assurance around the significant areas of financial reporting and, more specifically, the internal financial controls in these areas.
- Evaluating the performance of the group finance director and the finance function during the reporting period.

The committee takes primary responsibility for, and has the ultimate decision-making authority regarding, its statutory duties. To this end, the chair is required to attend all Santam's AGMs. The committee is satisfied that it executed its mandate (including its fiduciary duties) effectively in accordance with its board-approved charter.

The audit committee report relevant to the 2022 financial year

During the year under review, the audit committee comprised four independent non-executive directors. They performed their duties and responsibilities as described in section 94 of the Companies Act and the supplementary functions assigned by the board. The audit committee fulfilled its oversight responsibility and all other relevant aspects relating to the independence of the internal and external as well as the audit quality in alignment with the JSE Listings Requirements (as amended).

The audit committee's roles and responsibilities are outlined in its board-approved charter. Some of these functions are elaborated on in this governance report. The audit committee evaluated the company's internal financial controls and is satisfied that there were no material breakdowns in these controls during the reporting period, which influences the reasonability of financial reporting to stakeholders. The audit committee is also satisfied that the external auditors have considered all significant matters concerning the group's annual financial statements and how these were addressed by the audit committee in response thereto. Furthermore, the audit committee expressed its satisfaction with the independence of the external auditors and confirmed that PwC is thereby able to conduct their audit functions objectively without any undue influence from the company.

The audit committee herewith confirms that it carried out its legal, regulatory and other responsibilities in alignment with its annual work plan.

Preston Speckmann
Chair: Audit committee

Santam's governance structures (continued)

Risk committee

Composition: Members

D Loxton (Chair) – Independent non-executive director

M Fandeso – Independent non-executive director

P Speckmann – Independent non-executive director

C da Silva – Independent non-executive director

M Chauke – Independent non-executive director

A Mukhuba – Non-executive director

T Madzinga – Executive director

H Nel – Executive director

** L Mahlangu (Non-executive director) has been appointed as a member of the Risk Committee with effect from 1 January 2023.*

Meetings

The risk committee meets at least quarterly. Due to its group-wide role, the external audit partners, the head: group internal audit, management and other assurance providers attend the risk committee meetings in their capacity as standing invitees. Both the group CEO and the group CFO are appointed as members of the committee. Although the deliberations of the committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, it continues to exercise due care and judgement in accordance with the committee's statutory obligations.

The committee's membership includes a combination of executive and non-executive directors, with the majority of members being non-executive directors. Even though the chair of the board cannot be appointed as the chair of the risk committee, she may if required be appointed as a member of the committee. The board further reviews and approves the risk committee's charter on an annual basis.

Role and responsibilities

The committee is constituted in alignment with the Insurance Act, the Prudential Standards on the Governance of Insurance Groups (GOG) read with the Prudential Standards on the Governance of Insurers (GOIs, specifically GOI2), as well as the principles outlined in King IV to the extent that its recommended practices have been adopted by the company. The committee's mandate extends to the company, the Santam Limited insurance group and its subsidiaries that are required to have a risk committee.

The primary function of the committee is to assist the board in fulfilling its responsibilities pertaining to governance (from a risk and control perspective), compliance and risk management. The committee has an independent role and operates as an oversight function and a maker of recommendations to the board for its consideration and final approval. The committee does not

assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

The responsibilities of the risk committee further include ensuring the following:

- That the group implements an adequate and effective system of control for governance, compliance and risk management that enhances Santam's ability to achieve its strategic objectives (while protecting the legitimate interests of stakeholders and providing adequate protection to policyholders)
- The effective review of the group's risk profile, including the significant risks to which Santam is exposed
- That the conduct of business risks is monitored and adequately mitigated by the achievement of the outcomes of Treating Customers Fairly (TCF), in alignment with Santam's group risk appetite
- It recommends to the board the levels of risk appetite and monitors that the group's material risks are managed within these tolerance levels as approved by the board
- It considers and review the group's IT governance charter to ensure it is appropriate, aligned and supports the group's strategy and risk appetite
- The committee is responsible for reviewing both the group and the company's own risk and solvency assessment (ORSA) process to support the board in its overall responsibility to assess its risk management framework as well as the solvency requirements and the own funds available to meet these requirements
- It provides oversight over outsourcing activities to support the Santam board in its overall responsibility of any material functions, management functions, control functions or activities that have been or are planned to be outsourced
- It reviews Santam's risk exposure as it relates to capital, earnings and market consistent value as well as the group's risk policies
- It also considered the appointment and performance assessment of the head of control functions (risk, compliance and actuarial) during the reporting period

The committee is also the primary board committee responsible for information management and information technology (IIT) governance, overseeing IIT risks and compliance to IIT-related regulations. The committee

ensures that IIT governance across the group results in the group deriving value from the use of and investment in IIT during the reporting period and beyond.

The committee assists the board in discharging its responsibility for the governance of compliance with applicable laws, regulations and adopted non-binding rules, codes and standards as well as adherence to internal policies and procedures by setting the direction for how compliance management should be approached and addressed within the Santam group. It also oversees the development of policies that articulate and give effect to its direction. In addition, the committee reviews and recommends to the board any changes to the group's risk management plans, risk-related philosophy, strategy, risk framework(s), policies and plans.

Key focus areas during the 2022 reporting period

The committee assigned dedicated resources towards a robust analysis that was embarked on during the 2022 financial year. The objective was to review the effectiveness of the risk function at the centre as well as evaluate how ERM principles in general were being implemented and monitored across the group. The external service provider commissioned to perform the analysis made several recommendations which management is in the process of implementing.

Furthermore, one of the outcomes of the recent Sanlam strategy refresh exercise was the application of organisational and structural changes at Group Exco level. This included the creation of a deputy CRO position that reports to the CRO with effect from 1 January 2023. This was done both to increase resources and capacity at group level, and to manage and facilitate succession planning at Group Exco level.

In addition, in response to the group's heightened approach to sound governance practices, a total of 33 group policies were reviewed and approved by the board on the committee's recommendation.

The committee is satisfied with the documents and information presented to it by management as well as the quality and completeness thereof. The committee is also satisfied with the adequacy and efficiency of the governance, compliance and risk management structures and business practices implemented by Santam.

Santam's governance structures (continued)

Investment committee

Composition: Members

M Fandeso (Chair) – Independent non-executive director

D Loxton – Independent non-executive director

A Mukhuba – Non-executive director

T Madzinga – Executive director

H Nel – Executive director

Meetings

During the reporting period, four committee meetings were held as well as two special investment committee meetings that took place in April 2022 to discuss strategic projects. Standard protocol includes that the chair will at all times be an independent non-executive director serving on the board. The quorum for the transacting of business of the committee is the majority of members, of which at least one should be a non-executive director. Other executives and professional advisers, from time to time, attend the committee meetings by invitation and do not form part of the committee's quorum requirements. The operations of the committee are governed by a board-approved charter which is annually reviewed by the board.

Role and responsibilities

The committee has an independent role and it makes recommendations to the board for its consideration and final approval. While it does not assume the functions of management, the committee's primary objective is to assist the board in the execution of its investment portfolio and cash investment responsibilities. It also supports Santam's management investment committee (SMIC) on the activities and processes relating to the investment of company funds. The committee further advises and assists the SMIC with governance-related aspects such as investment policies and guidelines, including those relating to the asset classes, asset allocation ranges, credit, concentration and liquidity exposures and prohibited and unduly risky investments. It regularly reviews and makes recommendations to the board on the group's investment policies and guidelines as well as the compliance and implementation thereof. The committee also advises the SMIC on potential hedging programmes and derivative transactions as well as risk management aspects with regard to investment activities. In addition, the committee reviews the performance of the investment managers and assists the board in ensuring that responsible investment is practised by Santam to promote good governance and the creation of value.

Key focus areas during the 2022 reporting period

- Given the retirement of the committee's previous chair (Machiel Reyneke), the smooth transition in the interest of business continuity was a key focus area of the committee early in the reporting period. With effect from August 2022, Monwabisi Fandeso was appointed to the committee and succeeded Machiel Reyneke as chair.
- The committee's charter had been reviewed and updated to ensure its alignment with the recently launched CRISA 2, which contains 5 voluntary principles for stewardship and responsible investment as a key component of the South African governance framework.
- A robust review was also performed on the mandate of the investment portfolio managers with the objective of ascertaining that it continued to be aligned to Santam's requirements.
- An evaluation was conducted on the investment portfolio managers' performance and services that were rendered during the reporting period. This resulted in certain recommendations being made by the committee in response to the areas that were identified for an improvement.

The committee confirmed that it is satisfied that it executed its duties and responsibilities that had been delegated to it by the board.

Social, ethics and sustainability (SES) committee

Composition: Members

D Marole (Chair) – Independent non-executive director

C Da Silva – Independent non-executive director

M Chauke – Independent non-executive director

JJ Ngulube – Non-executive director

T Madzinga* – Executive director and prescribed officer

** Appointed as a member of the SES committee with effect from 1 January 2023.*

Meetings

It is important to note that the SES committee is constituted as a statutory committee. It performs its duties in terms of Regulation 43 of the Companies Act (as amended), the requirements outlined in King IV, the JSE Listings Requirements, the Insurance Act and the Prudential Governance and Operational Standards for Insurance Groups insofar as these relate to the performance of the statutory functions of the committee.

The committee comprises a majority of independent non-executive directors, one non-executive director and one executive director. The quorum for committee meetings to be duly instituted is the majority of the SES committee members, of whom at least one must be an independent non-executive director.

Two SES committee meetings were held during the year under review in accordance with the committee's annual plan. However, it was agreed that with effect from the 2023 financial year, a minimum of four SES committee meetings will be held annually. This takes into account the company's heightened approach to environmental, social and governance (ESG) related aspects and the associated rationale for the enhancement of ethical business conduct.

Role and responsibilities

The committee has an independent role with accountability to the board, insofar as it concerns performance of the statutory functions of the committee. It is required to report annually to shareholders at the company's AGM. 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 Principles for Sustainable Insurance (to which Santam is a signatory). The latter includes any material and relevant issues that may have a significant impact on the company and/or its stakeholders. The committee is also required to ensure that the group's management of ESG issues is aligned with the requirements of the FTSE/JSE Russell Responsible Investment index. These responsibilities are underpinned by the organisational group ESG strategic themes and serve as focused material issues for Santam.

Santam's governance structures (continued)

In addition, the committee's primary role is to monitor Santam's activities regarding ethics and compliance management, social and economic development, good corporate citizenship, stakeholder relations, the company's response to the environment, the health and safety of Santam's employees, transformation, diversity, and other labour-related aspects. The committee also considers and reviews Santam's social, ethics and sustainability strategies.

The SES committee is satisfied that it executed each of the core responsibilities assigned to it by the board, as recorded in the committee's board-approved charter.

Key focus areas during the 2022 reporting period

- Sustainability reporting and the disclosure on material non-financial aspects.
- Adopting a heightened approach to governance, ethics management, and compliance and risk management processes.
- Reviewing the group's ethics strategy.
- Reviewing the group stakeholder management policy to ensure alignment with the revised organisational structure.
- Considering the risks and opportunities associated with the committee's mandate and key deliverables, including reviewing emerging risks on an ongoing basis.
- Assessed and monitored the conduct of business by ensuring achievement of the outcomes of Treating Customers Fairly (TCF).
- A review of the updated Santam group's Climate Change Statement, which had been recommended to the board for approval.
- Exercising an oversight role over the group's "new ways of work" initiatives and the company's culture journey assessment that was conducted in 2022. The insights shared by stakeholders assisted the group in obtaining a better understanding of a culture that could potentially enable and complement the group strategy.
- Influencing the group's investment mandate and policy to ensure that Santam practises responsible investment principles. The objectives include promoting good governance principles and decision making, including creating value through the companies and initiatives in which Santam invests.
- The development of ESG-related performance measurement criteria and incorporating same into the key performance areas assigned to the members of Group Exco.
- A review of the Santam group's Human Rights Statement, which was recommended to the board for approval.

Human resources and remuneration committee (HRRC)

Composition: Members

D Marole (Chair) – Independent non-executive director

N Moholi – Independent non-executive director

P Hanratty – Non-executive director

Meetings

As per the HRRC's board-approved charter, the committee met at least four times during the 2022 financial year. Due to the organisational restructure and changes that were made at Group Exco level, a special HRRC meeting was also held in November 2022. The group CEO and other representatives of management attended the HRRC meetings. However, these individuals participated in the meetings in their capacity as invitees and did not exercise any voting rights or decision-making powers.

Role and responsibilities

The committee is predominantly responsible for monitoring and advising the board on the group's human intellectual capital, its approach towards diversity management, and transformation processes regarding its employees. In particular, the committee approves the executive appointments at a Santam Group Exco level as well as reviewing succession planning and the management of "key man" risk.

The HRRC is further responsible for the remuneration strategy of the Santam group, the approval of guidelines for incentive schemes, and the annual determination of remuneration packages for members of the Group Exco as well as the heads of control functions. The committee also recognises local and international industry trends and benchmarks, and ensures that the incentive schemes are

aligned to good business practice that rewards excellent performance. It also makes recommendations to the board regarding directors' remuneration, except for the fee structure applicable to the HRRC (which is attended to by the nominations committee due to a conflict of interest). The chair of the board is a member of the HRRC.

The HRRC is responsible for and has the authority to consider and make recommendations to the board regarding the following key aspects:

- Determining and recommending to the board Santam's general remuneration policy that must be tabled at each AGM for a non-binding advisory vote by shareholders
- The preparation of the group's annual remuneration report
- Developing the group's remuneration strategy for executive directors and members of Group Exco
- Developing short-term incentive plans for board approval by setting annual targets, monitoring progress in response to the agreed targets, and reviewing the incentive plans regularly to ensure that a strong link with performance is maintained
- Managing the employment and the performance contracts of Group Exco to ensure their terms comply with the principles of best practice
- Developing, monitoring and testing appropriate and key performance drivers for short-term and long-term incentives as well as developing long-term incentive schemes for board approval.
- Setting individual and group performance hurdles and guidelines for annual allocations, and performing regular reviews of the structure of the schemes
- Considering the remuneration of non-executive directors of the board and its committees and making proposals to the board for final approval by shareholders at the AGM
- Planning for succession and managing human capital imperatives

Santam's governance structures (continued)

Key focus areas during the financial year

During the year under review, the following were some of the key milestones achieved:

- A comprehensive benchmarking exercise was conducted on non-executive directors' fees, after which a recommendation was made to shareholders for their approval at the 2023 AGM.
- The long-term incentive (LTI) structure was reviewed to simplify it and to remove any layers of LTI instruments (i.e. each having a set of performance conditions and pre-determined targets).
- A review was conducted on internal pay equity across all levels of the group.
- Another key remuneration decision was to discontinue awards of deferred share plan shares (DSPs) to senior management from 2022 onwards. This is to ensure alignment to Santam's "pay for performance" principle.
- Continuously ensuring compliance with the SARS Binding General Ruling 41, which requires non-executive directors to register for Value Added Tax.
- Consideration of the draft governance and operational standards for insurers and insurance groups, governed by the FSCA and the requirements imposed by the PA's GOGs and GOIs.
- Evaluating Santam's employment equity plan, which had been developed according to legislative requirements and best practices.
- Reviewing the group's ongoing approach towards "new ways of work" in response to Santam's hybrid operating environment.
- Facilitating and overseeing the selection and recruitment processes to appoint new members to Group Exco.
- Responding to shareholder recommendations regarding Santam's remuneration policy that was presented for approval at the 2022 AGM.
- Reviewing Santam's corporate values and the outcome of the culture survey that was conducted.
- Reviewing the group's reporting and disclosure on remuneration aspects to simplify the content while enhancing transparency.
- Ensuring that appropriate steps are taken to attract, recruit, develop and retain the key talent required to enable the group to execute its board-approved corporate strategy. This includes succession planning and talent retention considering the organisational and structural changes that occurred during 2022.

In addition to the above, the HRRC will continue to review value drivers in the group to ensure that incentives are directly aligned to the group's corporate strategy. The principles of simplification and transparency will inform any forward-looking policy decisions made.

In accordance with the King IV recommendations, the company's remuneration policy is tabled to shareholders for a non-binding advisory vote at its AGM. This vote enables shareholders to express their views on the group's remuneration policies and the implementation thereof. Santam supports the benefit of an advisory vote, which aims to promote constructive dialogue between the company and its shareholders. It also highlights the compensation criteria that are of interest to investors, such as linking performance and strategy. At the 2022 AGM, Santam's shareholders endorsed the company's remuneration policy. However, Santam continues to invite shareholders to individual engagements to discuss specific concerns or enquiries relating to the implementation report.

Read more about Santam's remuneration approach, policy and implementation in the remuneration report online at www.santam.co.za

Nominations committee

Composition: Members

N Moholi (Chair) – Independent non-executive director
D Marole – Independent non-executive director
P Hanratty – Non-executive director

Meetings

The nominations committee meets at least four times per annum. The committee comprises three non-executive directors, the majority of whom are independent. During the 2022 financial year, meetings were also attended by the group CEO. However, the CEO attended and participated in the meetings as an invitee and did not form part of the committee's composition or quorum requirements.

Role and responsibilities

The nominations committee is responsible for reviewing the composition of the board and board committees. This includes oversight of the process to select, recruit and re-appoint directors to the Santam board. The committee follows a formal and transparent process in evaluating the balance, effectiveness, expertise and diversity attributes of the board and board committees, and makes recommendations to the Santam board as and when required. Apart from the annual board evaluation to assess the effectiveness of the board (as a collective) and the respective board committees under the auspices of the nominations committee's mandate, the committee is also responsible for ensuring succession planning at board level as well as for the reviewing the independence of the respective board members.

Key focus areas during the 2022 reporting period

- A robust review was conducted on the composition of the board and board committees, taking into account the recent changes that occurred (mainly due to retirement) during the reporting period
- The committee facilitated the 2022 financial year's annual board evaluation process
- It had oversight over the selection and recruitment process that resulted in an additional non-executive director being appointed post the retirement of Machiel Reyneke
- In the interest of business continuity, rotation and succession planning, the Committee considered the independence of Santam's LID and in particular the chair of the HRRC due to her long-standing tenure
- Consideration was also given to the composition of the various governance structures at subsidiary level
- The committee also considered and reviewed the application of Santam's rotation policy as well as the policy regarding the promotion of diversity attributes at board level (in alignment with the JSE Listings Requirements as amended)

The nominations committee is satisfied that it fulfilled its responsibilities during the reporting period in accordance with its board-approved terms of reference.

Santam's governance structures (continued)

Board attendance at meetings: 2022 financial year

The attendance at board and board committee meetings during the 2022 financial year can be summarised as follows:

Details of member attendance at board and board committee meetings January – December 2022

	Board	Ad hoc board	Board strategy	Audit committee	Ad hoc audit committee	Risk committee	Human Resources and Remuneration Committee (HRRC)	Ad hoc HRRC	Nominations committee	Investment committee	Ad hoc investment committee	SES committee*****
Total number of meetings held in 2022	4	2	2	4	2	4	4	1	4	4	2	2
Nombulelo Moholi	C 4/4	C 2/2	C 2/2	I 4/4		I 4/4	M 4/4	M 1/1	C 4/4			
Monwabisi Fandeso	M 4/4	M 2/2	M 2/2	M 4/4	M 2/2	M 4/4				C 2/2	C 2/2	
Preston Speckmann	M 4/4	M 2/2	M 2/2	C 4/4	C 2/2	M 4/4						
Dawn Marole	M 4/4	M 2/2	M 2/2				C 4/4	C 1/1	M 4/4			C 2/2
Caroline da Silva	M 4/4	M 2/2	M 2/2	I 4/4	I 2/2	M 4/4						M 2/2
Paul Hanratty	M 4/4	M 2/2	M 2/2				M 4/4	M 1/1	M 4/4			
Debbie Loxton	M 3/4	M 2/2	M 2/2	M 4/4	M 2/2	C 4/4				M 4/4	M 2/2	
Abigail Mukhuba	M 4/4	M 2/2	M 2/2	I 4/4	I 2/2	M 4/4				M 4/4	M 2/2	
Machiel Reyneke*	M 2/2	M 1/2		M 2/2		M 2/2				M 2/2	M 2/2	
Mmaboshadi Chauke	M 4/4	M 2/2	M 1/2	M 4/4	M 2/2	M 4/4						M 2/2
Junior Ngulube	M 4/4	M 2/2	M 1/2									M 2/2
Lizé Lambrechts**	M 2/2	M 1/2		I 2/2		M 2/2	I 2/2		I 2/2	M 2/2	M 2/2	I 1/2
Tava Madzinga****	M 3/3	M 1/2	M 2/2	I 3/3		M 3/3	I 3/3	I 1/1	I 3/3	M 3/3		I 1/2
Hennie Nel	M 4/4	M 2/2	M 2/2	I 4/4	I 2/2	M 4/4				M 4/4	M 2/2	
Lotz Mahlangeni****	M											

* Retired 1 June 2022.

** Retired 30 June 2022.

*** Appointed with effect from 12 December 2022.

**** Appointed with effect from 1 April 2022.

***** Only 2 SES committee meetings were held during 2022 - i.e. given the frequency thereof noted on the 2022 SES Committee's Annual Work Plan.

C Chair M Member I Invitee

Santam's governance structures (continued)

Group executive committee (Group Exco)

Committee composition and role

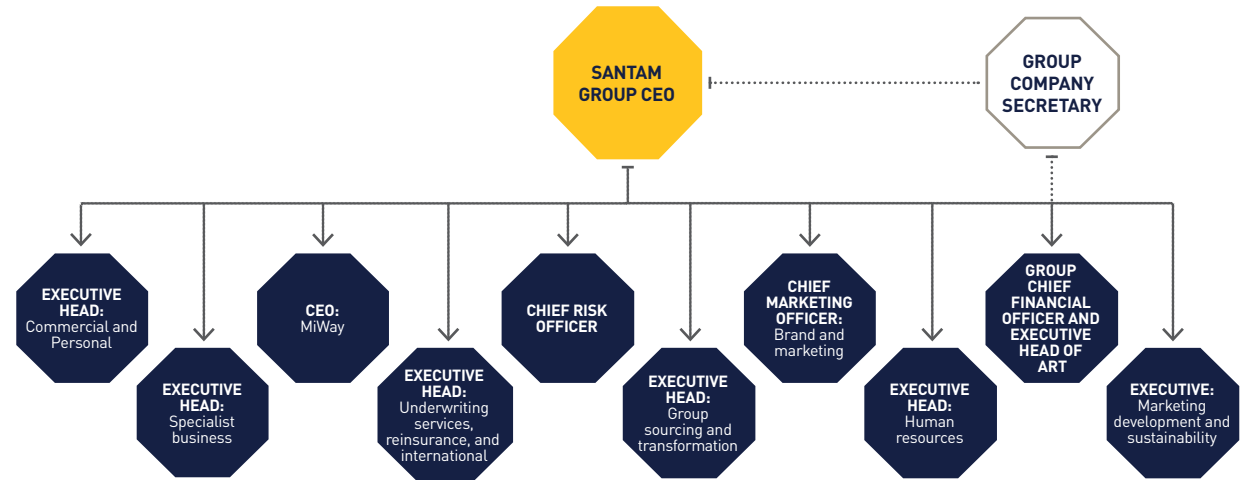
Santam's Exco comprises the group chief executive (Chair), the heads of the respective businesses within the Santam group as well as the group office functionaries and support services business units. The members of Group Exco have each been designated by the Prudential Authority as a "key person" under the auspices of sections 14 and 15 of the Insurance Act.

Group Exco supports and assists the group chief executive officer with the operational management of Santam, subject to statutory and delegated limits of authority. Although specific deliverables are often assigned and delegated to the members of Group Exco, through the office of the group chief executive, Group Exco's primary responsibilities include the execution of the group's strategy, co-ordination, performance monitoring and reporting.

Group Exco comprises a diverse group of skilled and experienced executives. The human resources and remuneration committee (HRRC) appoints each of these executives on the recommendation of the group CEO. In addition, the HRRC periodically reviews and assesses their performance over time. These performance evaluations are based on a pre-determined set of targets and key performance indicators that are derived from the group CEO's key performance areas, which in turn are aligned to the execution of Santam's FutureFit strategy. One of the most significant changes that occurred during the reporting period was the incorporation and provision of ESG-related key performance indicators in the performance contracts of the members of Group Exco.

To ensure that Group Exco (as a collective) is able to deliver on its mandate, it is of fundamental importance that the individuals serving as members of the committee possess the requisite skills, expertise, attributes and experience. The group strategy refresh process that was recently embarked on necessitated a comprehensive review of the organisational structure, including the business operations. This resulted in the board reviewing the appropriateness of the group's operating model that was abolished with effect from 31 December 2022.

Santam's organisational structure as at the end of December 2022

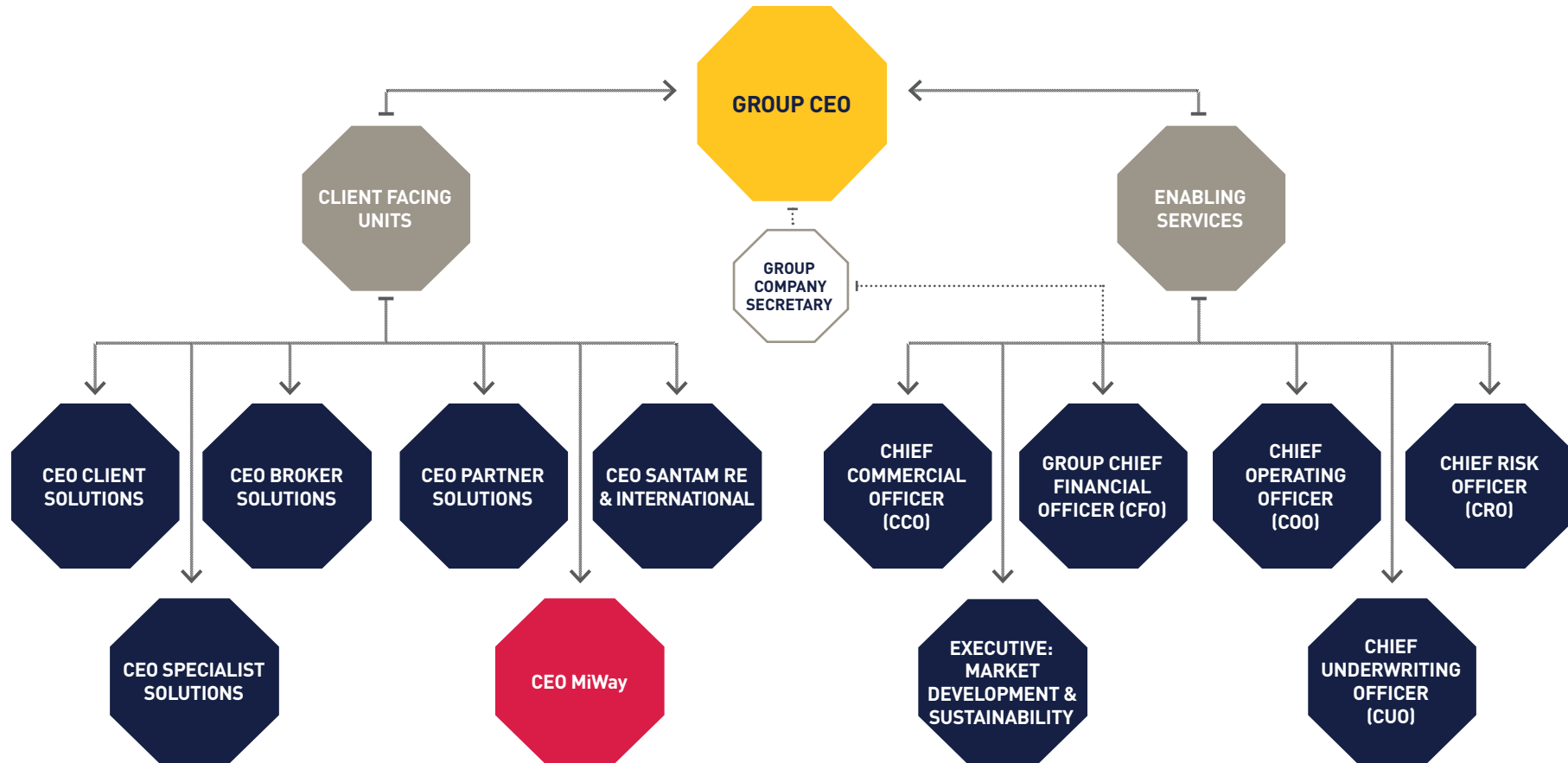


Santam's governance structures (continued)

New operating model: 1 January 2023

Below is a synopsis of Santam's new organisational structure, which will underpin and support the execution of the group's FutureFit strategy with effect from 1 January 2023.

Santam's organisational structure as at 1 January 2023



Ancillary governance disclosures



Ancillary governance disclosures

Compliance management

Compliance with applicable regulatory requirements

Santam remains committed to conducting its business ethically, responsibly, and in compliance with all applicable legislation, regulation, adopted industry codes and standards, and all internal policies and sound corporate governance principles.

One of the key roles the risk committee fulfils is to advise and assist the board in overseeing the governance of compliance by setting the direction for how compliance should be approached and addressed within the business. The group has no appetite for deliberate, ignorant, or premeditated violations of applicable legislative requirements or non-compliance with company standards, internal policies or governance principles. To this end, Santam strives to conduct its business with due skill, care and diligence to minimise violations and non-compliance incidents arising from negligence.

The board, supported by the risk committee, has oversight of the implementation of Santam's corporate culture and business strategies. This includes the group's compliance strategy and risk appetite in alignment with Santam's long-term interests and viability.

Management is responsible for ensuring the implementation of the business objectives and strategies that are developed in line with the group's compliance strategy and risk appetite. The group compliance function is responsible for promoting and monitoring the group's compliance culture. The group compliance officer (supported by the various compliance functions within the business clusters and subsidiaries) also facilitates the management of compliance through analysing statutory and regulatory requirements as well as monitoring the implementation and execution thereof. The risk committee and the board receive regular reports on material compliance matters through the group compliance officer, who is suitably skilled and experienced. He reports functionally to Santam's group chief risk officer.

Santam's management recognises the importance of identifying, mitigating and managing its risks, which includes managing the compliance risks facing the business and continuously seeking ways to improve its internal processes to ensure these are appropriately aligned to the applicable legislative requirements. Through this process of continuous enhancement of its internal processes, Santam aims to mitigate any risks facing its policyholders.

Non-compliance incidents are continuously being monitored at various levels across the group. These incidents include reporting obligations to operational management within the businesses, their respective executive committees and risk committees as well as the various subsidiaries' boards of directors. In addition to the above reporting and escalation protocols, compliance incidents are also recorded within the group's risk management processes to ensure that the risk management team is aware of them.

New regulatory developments

Due to the group's heightened approach to regulatory compliance, dedicated efforts are assigned to ensure that the business keeps abreast of all new applicable regulatory developments and their implications for Santam and its licence to operate. For this reason, Santam embraces every opportunity to influence and participate in policy-making processes at industry and company level by engaging key regulatory bodies on an ongoing basis. This ensures that the group's views on topical regulatory issues are properly documented and communicated to the relevant enforcement and regulatory bodies.

Monitoring developments and changes to applicable regulatory requirements also remain a standing item on the risk committee's agenda. The committee assists the board by frequently updating it on key regulatory developments relevant to the company and its operations. This includes arranging training interventions to update risk committee members and the board at large. One of the most material regulatory developments during the year under review was the announcement published in October 2022 regarding **proposed amendments to the JSE Listings Requirements and the Debt Listing Requirements**. Given its relevance, training in this regard had been provided to the board near the end of the previous financial year.

Furthermore, the South African Regulatory Authority continued to implement its twin supervisory approach and strategy into 2022. It is anticipated that it will continue to do so for the next couple of years pending the full implementation of the conduct legislation. Among the other key local developments that took place in the financial services sector during the 2022 reporting period were the following:

- The publication of the **Prudential Authority's (PA's) Transformation Strategy and Plan** which sets out how the PA will be approaching supervision of financial institutions going forward.
- The publication of the **Financial Sector's Conduct Authority's (FSCA's) Omni Conduct of Business Return (CBR)** which is designed to address conduct risk in the financial services sector. In view of the latter, it is anticipated that the FSCA will be adopting a phased-in and consultative approach to the implementation of the Omni CBR.
- The publication of the **FSCA regulation plan and strategy** for the next three-year cycle. The plan sets out the regulatory approach and proposed developments in preparation for the **Conduct of Financial Institutions (COFI) Bill** which has been designed to address conduct matters in the financial services industry. COFI (which focuses on treating customers fairly) will be replacing existing conduct provisions in financial sector laws. The objective is to build reliable, strong and effective market conduct legislative frameworks for all financial institutions carrying out financial activities. In addition, the proposed amendments to the Financial Intelligence Centre Act, 2001 (FICA) might in due course gain traction again.
- The publication of the amendments to financial services legislation which are aimed at strengthening **anti-money laundering and terrorist financing controls** to address the shortcomings in South Africa's anti-money laundering and terrorist financing controls identified by the Financial Action Task Force (FATF).
- The publication of the **Competition Commission Guidelines** that are relevant to insurer panels which has been introduced by the Competition Commission to guide insurers on the criteria to be considered when appointing a panel of suppliers.

Ancillary governance disclosures (continued)

It is further expected that for the next two to three years, there will be a key focus on enhancing the internal compliance controls across the group to align with the regulatory developments relating to the COFI Bill. This includes alignment with the regulatory timetable that deals with the Omni CBR. These two regulatory instruments will set the scene for enhanced supervisory oversight by the FSCA as it relates to the supervision of market conduct risks across the financial services industry in South Africa.

From an anti-money laundering and terrorist financing perspective, increased international pressure due to South Africa's adverse FATF evaluation report will be placed on South African financial institutions to enhance their anti-money laundering controls to reduce the risks to international business partners. Although non-life insurers have been excluded from the ambit of accountable institutions, which imposes significant obligations in terms of the South African FICA, non-life insurers like Santam may be indirectly impacted as a result of business pressure from its international partners. This space is being monitored with caution on an ongoing basis.

Other prominent regulatory developments that occurred during the reporting period, requiring corporates such as Santam to assess how these might impact their operations, include the following:

- **The National Health Insurance (NHI) Bill** continues to be under consideration by the National Assembly. It was anticipated to gain traction in 2022, particularly after almost two years of the Covid-19 pandemic impacting individual health and socio-economic well-being across the population.
- Certain parts of the **Cybercrimes Act, 2020** came into effect on 1 December 2021. It is however anticipated that the remainder of the Act will come in effect, including the sections that create reporting obligations for electronic communications service providers and financial institutions.

- The **corporate tax rate** will be reduced from 28% to 27% for years of assessment ending on or after 31 March 2023. The setting-off of assessed losses will, however, be limited to an 80:20 split.
- It is anticipated a lot of focus will be placed on **fintech policies**, primarily because regulators recently confirmed that they would include crypto assets within their scope.
- **The Employment Equity Amendment Bill** is expected to be signed into law soonest. It introduces several changes to the current Employment Equity Act, 1998.
- **The Climate Change Bill** that was introduced to the National Assembly on 18 February 2022 aims to formalise South Africa's carbon budget market, among other things, and will likely bring changes that corporates will closely need to monitor. This is of particular importance in view of recent ESG trends and investors' heightened approach to ESG key indicators.
- The **National Environmental Management Amendment Bill (NEMLAA4)** is expected to be coming into effect soon. The Bill seeks to amend several Environmental Management Acts and regulatory requirements in the country (including waste, air, biodiversity and water).
- There is also **growing acceptance and integration of ESG principles** among South African corporates, who recognise that it is essential to attract investment and align with global expectations of corporate responsibility and sustainable impact. The demand and interest in sustainability-linked loans is growing, noting that the interest rate applicable is informed by the achievement of specific targets by the borrower on key ESG indicators.

Information management and information technology (IT) governance

IT governance

Santam acknowledges the fundamental role that IT governance and digital transformation fulfil in conducting business in a highly competitive environment. IT is therefore regarded as a strategic focus area that supports and underpins the Santam group strategy. The board, supported by the risk committee, is ultimately accountable for the management and governance of IT. It is for this reason that IT management and governance are deemed essential for the group to achieve its FutureFit strategic objectives and why it is deeply entrenched in how Santam operates.

The group's IT governance framework and reporting system, which are reviewed on a regular basis, further enable the board to reinforce and verify:

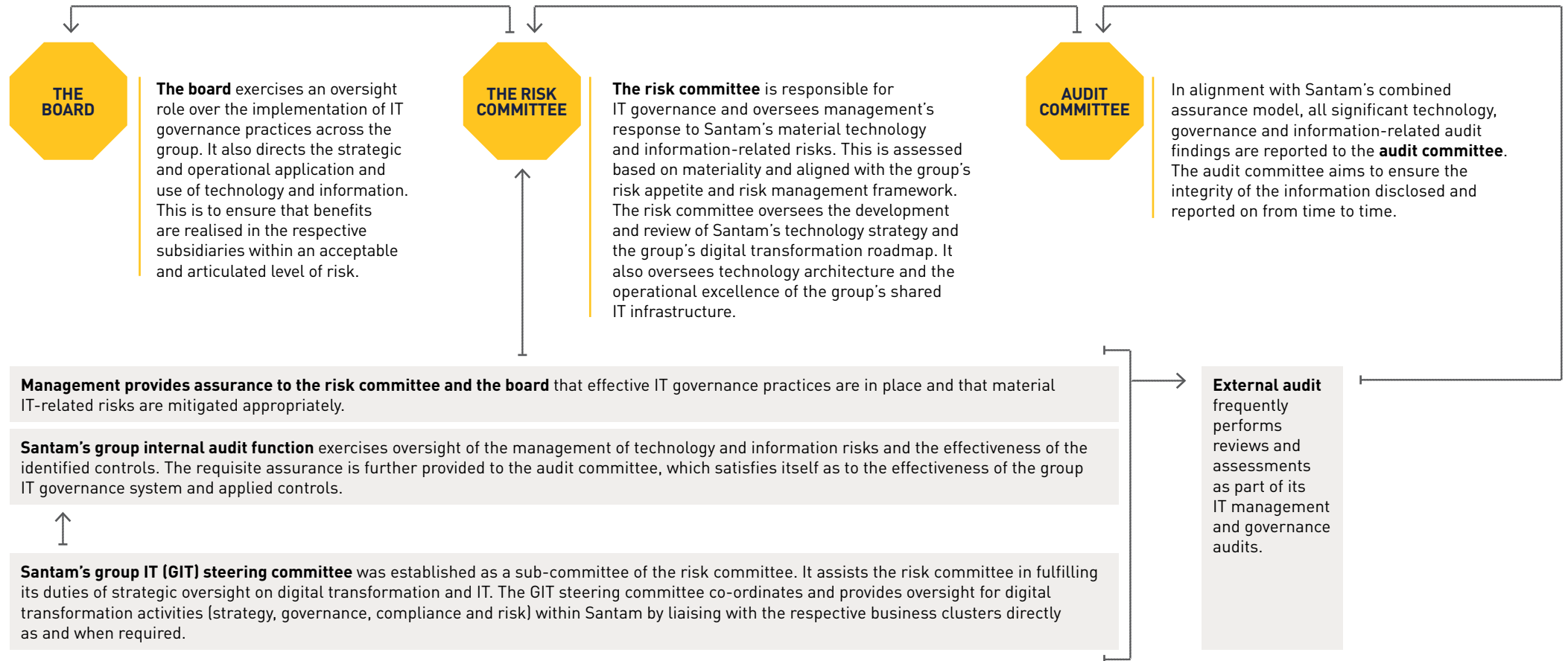
- a) The value that is being derived through the appropriate use of IT
- b) That IT change initiatives are aligned to the business strategy
- c) That the IT governance framework continues to holistically provide centralised oversight and guidelines in alignment with the broader group governance framework

Ancillary governance disclosures (continued)

The following are the key components of Santam's IT governance framework:

- The implementation of and alignment with the Santam Business Information Technology Services (BITS) group strategy
- The implementation of the group's IT, information and security policies and standards
- The alignment and adoption with group architecture for strategic and shared architectural components
- The maximum use of the group's IT capability, which includes shared IT infrastructure and applications, the group's cyber security centre and group technology and infrastructure (GTI)
- Centralised technology sourcing, with the aim of maximising benefits for the Santam group of companies

The roles and responsibilities relevant to the governance of IT can be summarised as follows:



The group policies that are applicable to the IT environment include the Santam IT policy, Santam's information and data policy, its IT cyber security policy as well as the Santam digital behaviour and security policy. These policies are reviewed by the board on a frequent basis to ensure that their content and application remain pragmatic and value-adding.



Contact

SANTAM HEAD OFFICE
REGISTERED ADDRESS

1 Sportica Crescent, Tyger Valley,
Bellville, 7530
PO Box 3881,
Tyger Valley, 7536
Tel: 021 915 7000
Fax: 021 914 0700

www.santam.co.za