



**SANTAM LIMITED**  
**GROUP SOCIAL, ETHICS & SUSTAINABILITY COMMITTEE CHARTER**

**1. INTRODUCTION**

The Group Social, Ethics & Sustainability Committee (“the Committee”) is a committee of the Santam Limited (“Santam” or “the Company”) Board of Directors (“the Board”). The Committee performs the role of the Social and Ethics Committee for Santam Limited and its South African subsidiaries as contemplated in section 72(4)(a) of the Companies Act read with Regulation 43 of the Regulations made thereunder. The Committee’s mandate therefore extends to all subsidiaries of the Company who are required to have a social and ethics committee (excluding any subsidiary that may have its own social and ethics committee) and, save where the context requires otherwise, any reference in this Charter to the Company shall be deemed to include a reference to each subsidiary.

The duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the Board. This charter is subject to the provisions of the Companies Act, the Company’s Memorandum of Incorporation and any other applicable law or provision.

In addition to the statutory duties as a Social and Ethics Committee in terms of the Companies Act, the Committee also has the responsibility to recommend for approval, monitor and advise on all ESG (environmental, social and governance) issues as defined in the Principles for Sustainable Insurance (to which Santam is a signatory), material and relevant issues that have a significant impact on the company and its stakeholders. Further, the Committee is required to ensure that the Group’s management of ESG issues are aligned with the requirements of FTSE Russell’s ESG index. These responsibilities are underpinned by the organisational Group ESG strategic themes (attached hereto as annexure 1) and serve as focussed material issues for Santam. These material issues are set out below and will be reviewed by management on a regular basis.

Santam has also adopted the Task Force on Climate related Financial Disclosure (“TCFD”) policy, which is a voluntary framework that stipulates recommended disclosures for climate-related risks and opportunities.

The mandate of the Committee also includes the monitoring of the impact of the conduct of the Group on its customers as the conduct of the organisation on clients has a direct and indirect relationship on the Group’s sustainability. The Committee is therefore responsible for reviewing and monitoring strategic decisions affecting clients. In so doing, it shall leverage off TCF Management Information (TCF MI).

The Committee also has oversight regarding transformation in the Santam Group.

The purpose of these terms of reference is to set out the Committee’s role and responsibilities as well as the requirements for its composition and meeting procedures.

**2. COMPOSITION**

- 2.1.** The Committee will consist of no less than three suitably qualified directors of the Company. At least two members of the Committee shall be independent non-executive directors.
- 2.2.** The Committee is appointed by the Board, who shall have the power to remove any members from the Committee and to fill any vacancies created by such removal. The Board shall appoint the Committee Chairperson who shall be an independent non-executive director of the Company and the board will determine the period for which s/he will hold office. In the absence of the Chairperson of the Committee and/or an appointed deputy, the remaining members present shall elect a director who is present to chair the meeting. The Chairperson of the Board shall not be the Chairperson of the Committee, but may be a member of the Committee.

- 2.3. Suitably qualified persons may be co-opted onto the Committee when necessary to render such specialist services as may be necessary to assist the Committee in its deliberations on any particular matter, but shall have no rights of voting.
- 2.4. The members of the Committee should collectively have sufficient qualifications and experience to fulfil their duties, in particular the knowledge of the industry, the markets in which the company operates, business ethics and the understanding of the community and/or material stakeholders of the business, including material ESG issues. The Committee members shall keep up-to-date with developments affecting the required skills-set and the Board may from time to time review the composition so as to meet the requirements of the Act and Regulations.
- 2.5. The Company Secretary or their nominee shall act as secretary to the Committee.

### 3. ROLE

The Committee has an independent role with accountability to the Board, insofar as it concerns performance of the statutory functions of the Committee under the Companies Act, and is required to report annually to shareholders. 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 overall statutory role of the Committee is to assist the Board with oversight of social and ethics matters relating to the Company as set out below.

The Committee shall also be responsible for ensuring that the conduct of the organisation results in fair outcomes to customers.

The Board has also delegated oversight of, and reporting on, organisation ethics, responsible corporate citizenship, sustainable development and stakeholder relationships to the Committee in terms of the King IV Report on Corporate Governance (“King IV”). The Committee shall also assist the board in setting the direction for how stakeholder relationships should be approached and conducted in the organisation in terms of King IV.

### 4. RESPONSIBILITIES

The Committee shall review and recommend for approval by the Board appropriate and best practice standards the company should apply on matters falling under its mandate. The Committee is the custodian of the Company’s performance and standing as a corporate citizen and its responsibility shall include the following:

#### 4.1. Ethical Governance and Effective leadership:

The Committee will be responsible for ensuring that the Company’s ethics are managed effectively in accordance with the recommendations of King IV. The Committee shall monitor the ethical conduct of the company, its executives and senior officials in terms of the provisions of the Santam Group Business Integrity Policy on Business Ethics and Economic Crime as well as the Code of Ethics as approved by the Board and the OECD recommendations regarding corruption. The Committee will also consider and make recommendations on any existing or potential conflict of interest or questionable situations of a material nature.

The Committee will assist the Board in discharging the following governance responsibilities and ensuring that the Board:

- 4.1.1 Leads ethically and effectively in order to cultivate the culture of integrity, competence, responsibility,

- fairness, transparency and accountability in the Santam Group;
- 4.1.2 Embodies ethical characteristics in order to offer effective leadership that results in achieving strategic objectives and positive outcomes over time;
- 4.1.3 Holds Members accountable for ethical and effective leadership;
- 4.1.4 Governs ethics by setting the direction for how ethics should be approached and addressed by Santam;
- 4.1.5 Ensures that the codes of conduct and ethics policies provide for arrangements that familiarise employees and other stakeholders with Santam's ethical standards;
- 4.1.6 Exercises ongoing oversight of the management of ethics and, in particular, oversees that it results in the following:
  - a) Application of Santam's ethical standards to the processes for the recruitment, evaluation of performance and reward of employees, as well as the sourcing of suppliers;
  - b) Having sanctions and remedies in place for when Santam's ethical standards are breached;
  - c) The use of protected disclosure of whistle-blowing mechanisms to detect breaches of ethical standards and dealing with such disclosures appropriately;
  - d) The monitoring of adherence to Santam's ethical standards by employees and other stakeholders through, among others, periodic independent assessments.
  - e) Meeting or exceeding global best practice and relevant industry standards such as those contained in the UN Global Compact and SAIA code of conduct.

## 4.2 Responsible citizenship

The Santam Board requires that the Committee provides assurance regarding the quality of reporting and disclosures regarding the company's responsible citizenship.

The Committee will be responsible for:

- 4.2.1 Ensuring that Santam is and is seen as a responsible corporate citizenship by setting the direction for how corporate citizenship should be approached in Santam;
- 4.2.2 Ensuring that Santam's responsible corporate citizenship efforts include compliance with the Constitution of South Africa (including the Bill of Rights), the law, leading standards, and adherence to its own codes of conduct and policies;
- 4.2.3 Ensuring that the Santam Board oversee that Santam's core purpose and values, strategy and conduct are congruent with it being a responsible corporate citizen;
- 4.2.4 Ensuring that the Board exercises its oversight responsibility of monitoring on an ongoing basis, how the consequences of the Santam's activities and outputs affect its status as a responsible corporate citizen. This oversight and monitoring should be performed against measures and targets agreed to with management in particular the following areas:
  - a) Workplace (including employment equity, fair remuneration, and the safety, health, dignity and development of employees).
  - b) Economy (including economic transformation, prevention, detection and response to fraud and corruption).
  - c) Society (including public health and safety; consumer protection; community development; and protection of human rights).
  - d) Environment (including responsibilities in respect of pollution and waste disposal; and protection of biodiversity).
- 4.2.5 Considering and recommending for approval, the reporting for purposes of the transformation of the organisation as per the Department of Trade and Industry Codes of Good Practice on transformation and BBBEE verification and/or the Financial Services Charter.
- 4.2.6 Considering and recommending for approval to the Audit Committee, the reporting on sustainability issues pertaining to the Annual Integrated Report and, if applicable, the overall comprehensive Sustainability Report.

- 4.2.7 Advising Santam management of ways and means to improve the effectiveness of its sustainability, social and ethics policies and practices and the setting of targets and time frames in relation thereto.
- 4.2.8 Monitoring the Santam Group's compliance with the requirements set for inclusion in the JSE's sustainability index, Carbon Disclosure Project (CDP) as well as other appropriate governance and practice guidelines and make appropriate recommendations if and when required.
- 4.2.9 Encouraging independently managed subsidiaries, associates and significant investments to develop policies, guidelines and practices congruent with Santam's ESG and other sustainability policies and practices.
- 4.2.10 Monitoring and receive reports covering all substantive matters relating to the ESG and other sustainability issues.
- 4.2.11 Considering substantive national and international regulatory and technical developments in all fields relevant to the company's identified sustainability material issues in the territories that we do business
- 4.2.12 Facilitating participation, co-operation and consultation on sustainability matters of governments, national and international organisations, national authorities, other companies and other influencing/relevant bodies.
- 4.2.13 Monitoring and make recommendations as to the optimal utilisation of resources to optimise the company's long-term sustainability.
- 4.2.14 Facilitating and monitoring ongoing collaboration between the Risk, Strategy, Brand, HR, Finance and Stakeholder Management and Sustainability functionalities.
- 4.2.15 Ensuring that Santam's ESG disclosures are aligned with the TCFD standard.

### **4.3 Customer Interest and Fairness Responsibilities**

- 4.3.1 The Committee will consider, monitor and provide guidance on Santam's strategy and policy decisions with respect to the group's relationship with all its customers as it deems appropriate by taking into account the key drivers of conduct of business risks as well as how the following impact the strategy to ensure fair treatment of customers:
  - 4.3.1.1 Governance & Corporate Structures
  - 4.3.1.2 Conflict of Interest
  - 4.3.1.3 Remuneration (to employees; business partners and third party service providers)
  - 4.3.1.4 Disclosures to the customers
  - 4.3.1.5 Sales process (including product governance)
  - 4.3.1.6 Claims management
  - 4.3.1.7 Complaints and the management thereof (this includes taking into account complaints data such as the source; cause(s); driver(s); and remedial action(s) taken by management to address thematic concerns highlighted.  
In considering the above, the Committee must take into account the interconnectedness between TCF MI that supports the mitigation of conduct of business risks. (contained in Annexure 3)
- 4.3.2 The Committee will also:
  - 4.3.2.1 Consider any customer-related reports forwarded to it by the Internal Arbitrator or any Santam Executive;
  - 4.3.2.2 Consider any customer related matter referred to it by the Santam Board or any of the other Board committees;
  - 4.3.2.3 Review Treating Customers Fairly ("TCF") specific management information, approve policies and frameworks as it becomes available with the aim of recognising trends which gives rise to conduct of business risks which may negatively affect the sustainability of the Group strategy;
- 4.3.3 Have the power to request reports on any customer related issues from any appropriate Santam Executive;
- 4.3.4 The authority, in ensuring the fair treatment of customers, to escalate any threats caused by the conduct of the business that may impact negatively on the sustainability of the Group in ensuring fair treatment of the customers to the Santam Board, directly or via the appropriate Board committees;
- 4.3.5 Regularly provide feedback to the Santam Board;
- 4.3.6 Consider, align and comment on the subsidiary insurance companies conduct (where applicable).
- 4.3.7 Be responsible for the continuous oversight of the impact of the conduct of business has on customers by taking into account how the Santam TCF MI supports fair treatment of customers and will report back to the

- Board every quarter on the extent to which the conduct of the business (including any issues, concerns or risks) impact negatively on the fair treatment of customers.
- 4.3.8 Review and approve policies and frameworks relating to fair treatment of customers.

#### **4.4 Stakeholder Relationship Management**

- 4.4.1 The Board has delegated the responsibility of stakeholder relationship management to the Committee. The Committee shall therefore be responsible for the following regarding stakeholder relationship management:
- 4.4.1.1 Methodologies for identifying individual stakeholders and stakeholder groupings.
- 4.4.1.2 Determination of material stakeholders based on the extent to which they affect, or are affected by the activities, outputs and outcomes of Santam.
- 4.4.1.3 Management of stakeholder risk as an integral part of Santam-wide risk management.
- 4.4.1.4 Formal mechanisms for engagement and communication with stakeholders, including the use of dispute resolution mechanisms and associated processes.
- 4.4.1.5 Measurement of the quality of material stakeholder relationships, and appropriate responses to the outcomes.

#### **4.5 Transformation**

- 4.5.1 The Board has delegated oversight regarding the monitoring and reporting of transformation in the Santam Group to the Committee.
- 4.5.2 The Committee is responsible for considering reports from management on the key transformation activities underway.
- 4.5.3 The Committee shall receive regular updates regarding Santam's BBBEE status from management, including reports on the company's progress in achieving its BBBEE targets and the annual BBBEE verification audit process.
- 4.6 The Committee shall oversee the development of policies, guidelines, standards and practices for matters relating to safety, health, sustainable development, environment, employment, stakeholder and customer interests, social and ethics conduct of the company.
- 4.7 The Committee shall oversee the performance on matters referred to in clause 4.1 of this charter regarding the Santam subsidiaries required to have a Social and Ethics Committee as contemplated in the Companies Act Regulation 43(1)(c). The Committee shall receive and review reports covering matters relating to its mandate from these subsidiaries biannually.
- 4.8 The Chairperson of the Committee (or in his/her absence, an alternative member) shall attend Santam's Annual General Meeting to answer questions concerning sustainability issues within the Santam Group, and on developments and/or implementation. The Committee shall coordinate its activities with those of the Santam Audit Committee for the purpose of the Company's Integrated Report (and, if applicable, Sustainability Report) and reporting to Shareholders.

### **5 MEETINGS AND PROCEEDINGS**

- 5.1 The Committee shall hold sufficient scheduled meetings to discharge all its duties as contemplated herein and its work plans, subject to a minimum of two meetings per annum. The Chair of the Committee or any member of the Committee may call a meeting at any othertime.
- 5.2 An agenda, together with any supporting documentation, should preferably be circulated at least one week prior to each meeting to the members of the Committee and other invitees.
- 5.3 The quorum for meetings of the Committee will be half of the members of the Committee of whom at least one must be an independent non-executive director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

- 5.4 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by Santam's Memorandum of Incorporation regulating the meetings and proceedings of directors and committees.
- 5.5 The committee secretary will take minutes of meetings. Minutes of all meetings shall be circulated to all the members of the Committee and to other members of the Board.
- 5.6 The Chairperson of the Committee will give verbal feedback to the Board on the Committee's deliberations, at the subsequent Board meeting.
- 5.7 The Committee shall establish an annual work plan to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- 5.8 Any member of executive management, other assurance provider or professional advisor of the Company may be in attendance at Committee meetings, by invitation, at the reasonable discretion of the Committee Chairperson. Board members are entitled at all times to attend meetings of the Committee. Persons in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings and may not vote on any matter.

## **6 REMUNERATION**

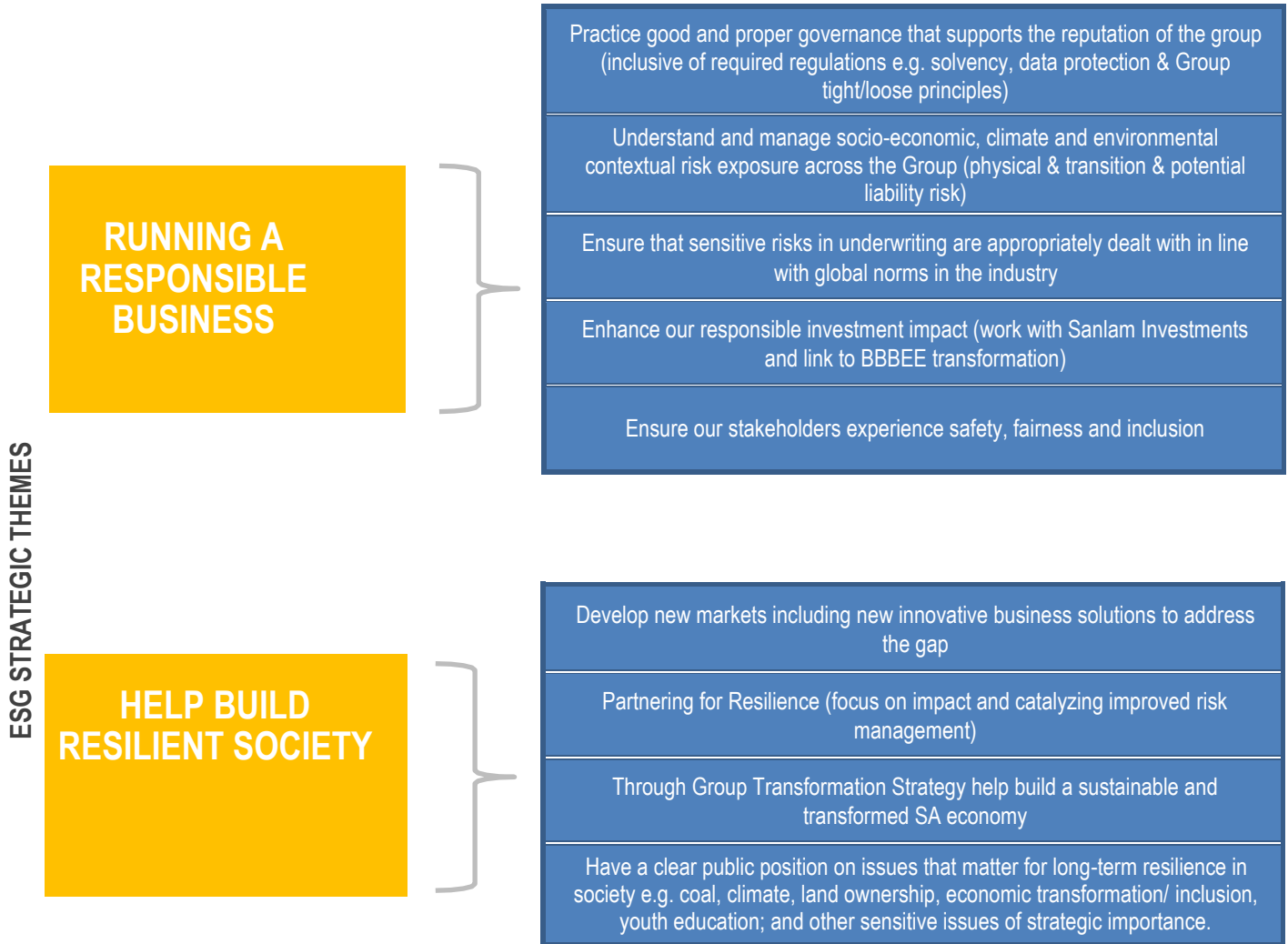
- 6.1 Having regard to the functions performed by the members of the Committee in addition to their functions as directors in relation to the activities of the Committee, and pursuant to the specific power conferred upon the Board by the Memorandum of Incorporation, non-executive members of the Committee may be paid such remuneration in respect of their appointment.
- 6.2 Such remuneration will be in addition to the annual fees payable to directors.
- 6.3 The remuneration of the committee members will annually be approved by the shareholders of Santam Ltd at the AGM after considering recommendations in this regard from the Santam Limited Board.

## **7 GENERAL**

- 7.1 The Committee acts in accordance with the delegated authority of the Board, as recorded in this Charter.
- 7.2 The Committee, in carrying out its tasks under these terms of reference, may in consultation with the Chairperson of the Board, and in cooperation with the Company Secretary, obtain such outside or other independent professional advice both inside and outside Santam in order for it to perform its duties. The Committee, in the fulfilment of its duties, may call upon the chairpersons of the other Santam Board Committees, any of the executive directors, company officers, company secretary or assurance providers to provide it with information, subject to a Board approved process.
- 7.3 The Committee shall perform an evaluation of its effectiveness every year and shall report on the results of such evaluation to the Board.
- 7.4 These terms of reference were approved by the Board on 3 March 2021, and shall be reviewed annually, subject to the approval of the Board.

**Group ESG Strategic Themes**

The Group ESG Strategy is aligned with Group's Future Fit Strategy. Below are the ESG Strategic themes.



## **The Regulatory Outcomes for Treating Customers Fairly**

Treating Customers Fairly (TCF) is an outcomes-based regulatory and supervisory approach designed to ensure that specific, clearly articulated fairness outcomes for financial services consumers are delivered by regulated financial firms. Firms are expected to demonstrate that they deliver the following 6 TCF Outcomes to their customers throughout the product life cycle, from product design and promotion, through advice and servicing, to complaints and claimshandling

– and throughout the product value chain:

**Outcome 1:** Customers are confident that they are dealing with firms where the fair treatment of customers is central to the firm's culture;

**Outcome 2:** Products and services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly;

**Outcome 3:** Customers are given clear information and are kept appropriately informed before, during and after the time of contracting;

**Outcome 4:** Where customers receive advice, the advice is suitable and takes account of their circumstances;

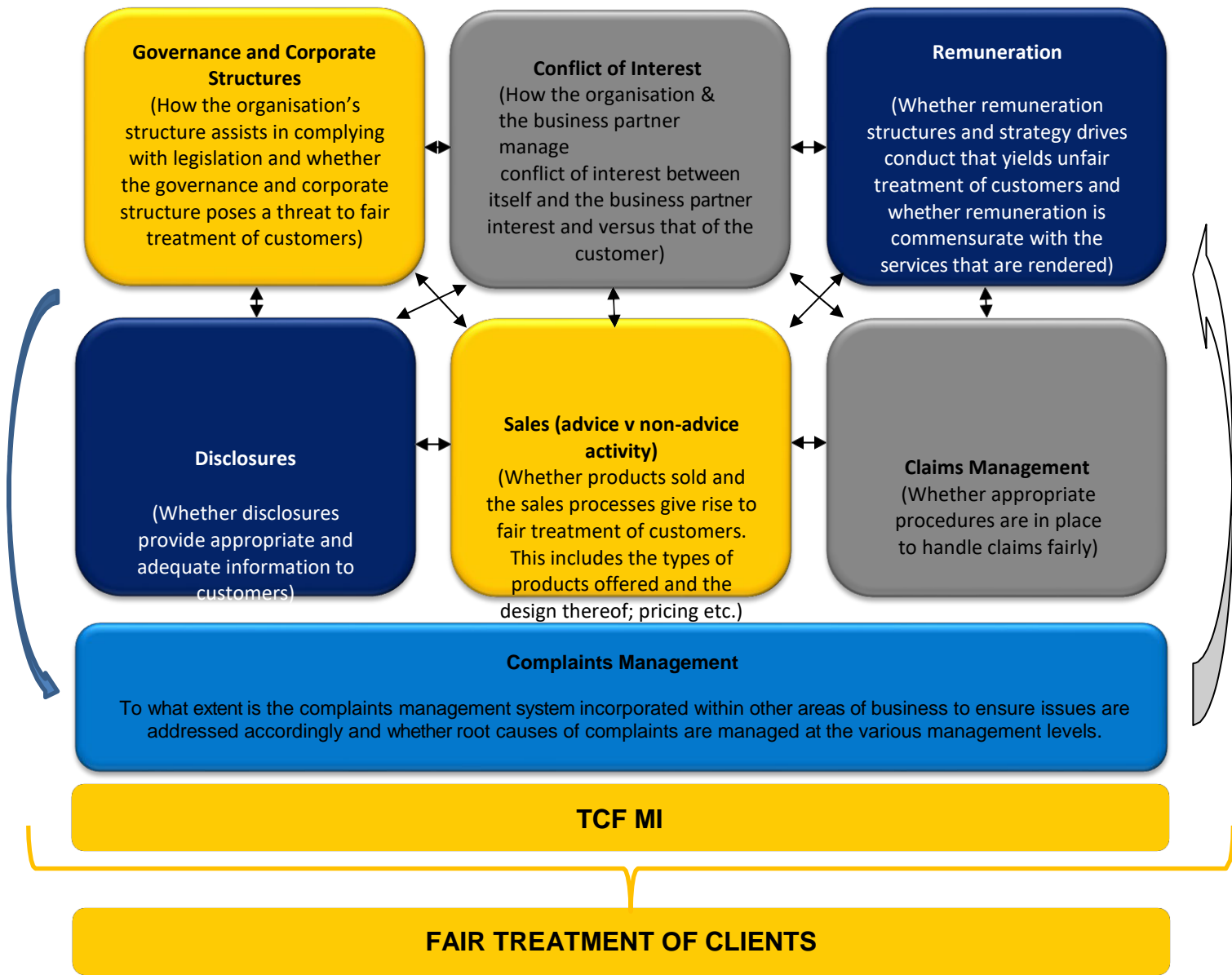
**Outcome 5:** Customers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect;

**Outcome 6:** Customers do not face unreasonable post-sale barriers to change a product, switch provider, submit a claim or make a complaint.

*Source: Financial Services Board (FSB)*



### Conduct of Business Risk Themes



### CLIMATEWISE PRINCIPLES

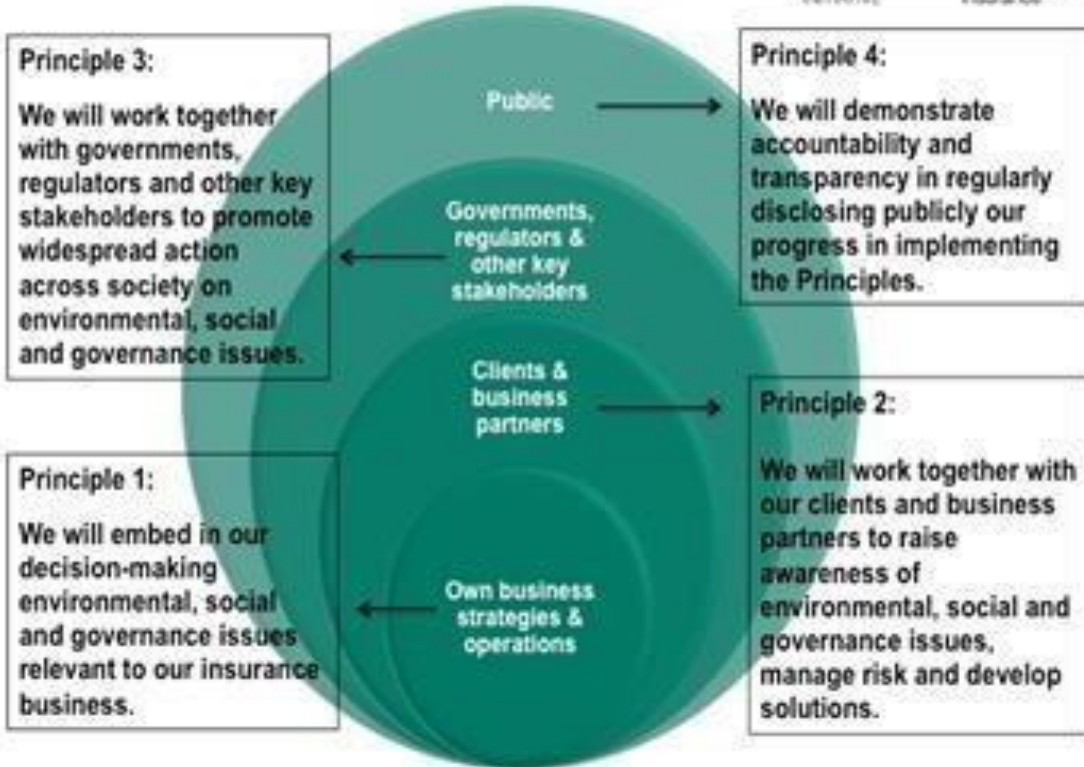
The ClimateWise principles have been updated and aligned with the industry-led Financial Stability Board’s Task Force for Climate-related Financial Disclosures (FSB-TCFD). These are a set of voluntary, consistent disclosure recommendations for use by companies to provide information to investors, leaders and underwriters about climate-related risks.



## UN ENVIRONMENTAL PROGRAMME FINANCE INITIATIVE PRINCIPLES FOR SUSTAINABLE INSURANCE

### The Principles for Sustainable Insurance

A global sustainability framework and initiative to drive systemic change



**Recommendations and Supporting Recommended Disclosures**

**Governance**

Disclose the organization's governance around climate-related risks and opportunities.

**Recommended Disclosures**

- a) Describe the board's oversight of climate-related risks and opportunities.
- b) Describe management's role in assessing and managing climate-related risks and opportunities.

**Strategy**

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

**Recommended Disclosures**

- a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.
- b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.
- c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

**Risk Management**

Disclose how the organization identifies, assesses, and manages climate-related risks.

**Recommended Disclosures**

- a) Describe the organization's processes for identifying and assessing climate-related risks.
- b) Describe the organization's processes for managing climate-related risks.
- c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

**Metrics and Targets**

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

**Recommended Disclosures**

- a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
- b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.