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Santam – delivering profitable growth and resilience in a disruptive world

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The material matters impacting Santam in 2022

Santam – delivering profitable growth and resilience in a disruptive world

Santam has been South Africa's leading general insurer for 104 years – through global societal, economic and climate-related changes and rapid technological advances. The group has achieved an enviable market share over this time by innovating and adapting to disruptive circumstances and new risks.

In 2022, the group faced a number of headwinds. Among others:

- Macro-economic pressure in South Africa, where electricity supply constraints suppressed economic activity and commensurately employment growth and general investment in infrastructure.
 This impacted our industry from a growth, profitability and risk management perspective
- Global geopolitical events, in particular the Russia-Ukraine conflict, placed pressure on supply chains and contributed to unprecedented levels of global inflation, higher monetary interest rates and investment market volatility. South Africa, as an open economy, was similarly affected by these events
- Catastrophe events such as the KwaZulu-Natal floods, which were the worst natural disaster in our company's history
- Rapid regulatory advancements related to climate change and anti-money laundering, are increasing the cost of compliance

In circumstances such as these – which are as tough for our clients and other key stakeholders as for the Santam group – it is crucial that we remain true to **Santam's purpose, which is to safeguard what is important to our clients**. In 2022:

- We paid claims of R29.8 billion, helping clients and communities mitigate risks and protect their financial wellbeing in small and large ways every day
- We continue to partner with local government to reduce and mitigate risks in vulnerable communities through our flagship partnerships for risk and resilience (P4RR) programme; we have partnered with 82 municipalities to date, impacting 12.5 million people in South Africa
- In KwaZulu-Natal we supported clients affected by the devastating floods and provided disaster relief support. We incurred gross claims of R4.4 billion

To ensure Santam can continue to fulfil this purpose, we must remain resilient as a business and beyond that, we must maintain sustainable, profitable growth.

Santam's clear strategic intent is to be the leading South African insurer driven by data, with our clients at the centre of everything we do.

This report shows what Santam has done in 2022 to achieve this intent and advance sustainable value creation for our providers of capital. We have enabled sustainable growth by:

- Better meeting client needs by investing in our strong intermediated and direct businesses, while using data analytics to create a focused multi-channel approach through innovation and collaboration
- Actively looking for new markets and partnering with Sanlam Pan-Africa through our international strategy, which builds on the group's tested competencies in the specialist and reinsurance segments
- Increasing education and awareness of the importance of insurance to mitigate the financial effects of unforeseen events, while also working with national and local government to enhance the resilience of vulnerable communities to disasters
- Enhancing our underwriting actions through improved and extensive data analysis and risk modelling, our property class of insurance can now benefit from the use of geocoding and external location-based information (refer to page 53)

These achievements and those that follow in the report were driven by the extraordinary people who work for Santam and their commitment to demonstrating our values:



We also demonstrated our purpose and good corporate citizenship by prioritising ESG resilience – for Santam and our stakeholders. Not many companies can boast 104 years of successful operation. Santam already has a legacy, and we aim to make this legacy last, so that we can continue to deliver *Insurance good and proper* for years to come.



Our reporting suite

This report tells the complete story of Santam's process through which value is created, preserved or eroded. As part of Santam's comprehensive integrated and environmental, social and governance (ESG) reporting, a suite of additional publications supplements this integrated report. These provide targeted detail for our stakeholder audience, and can be accessed at https://www.santam.co.za/investor-relations/integrated-report/financial-results-and-reports/.





ESG reporting



Shareholder information

- Our complete annual financial statements, a comprehensive report of the group's financial performance for the year
- Our 2022 summary financial statements and analyst presentation
- Santam does not produce a separate sustainability report. Since our group-level ESG strategic focus areas are integrated into our strategy, this integrated report contains information regarding the management and disclosure of our impacts and performance against a range of ESG criteria
- Our climate change position statement, CDP (formerly the Carbon Disclosure Project) report. This year we have included a Task Force for Climate-Related Financial Disclosure (TCFD) summary rather than publishing a standalone report. These set out our approach to identifying, assessing and addressing climate-related risks and opportunities
- The Santam human rights statement, which establishes our commitment to upholding our values and ethical behaviour to respect human rights
- Our statement of commitment to embedding the principles of Treating Customers Fairly (TCF) into our strategy and culture
- · Santam's corporate governance report, which provides details on the board of directors (board's composition, board member qualifications and experience) and sets out the mandates for all board committees
- Our King IV™ Disclosure Report, which provides a synopsis of our application and response to the 17 principles and recommended practices that are outlined in the King Report on Corporate Governance™ for South Africa, 2016
- Our remuneration report, which includes information on key performance indicators used to evaluate executive performance and determine incentives
- A comprehensive range of governance policies and board and committee charters
- The annual general meeting (AGM) notice and proxy form, which provide information to enable shareholders to participate in the AGM



About our 2022 integrated report

This report covers the 12 months ended 31 December 2022 (reporting period or year). It provides a concise and transparent assessment of our ability to create and preserve sustainable value for our stakeholders. It is our primary report to Santam's providers of financial capital. The reporting boundary applies to financial and non-financial information. It includes our general insurance and investment operations, and applies to Santam Ltd and its subsidiaries, which form the Santam business portfolio.

1. Our purpose is to safeguard what is important to our clients

How we think about value creation, preservation and erosion

Value creation, preservation and erosion are the possible financial and non-financial outcomes generated when we apply and leverage our capital inputs as we implement our strategy. Throughout this report, we use the following icons to indicate evidence of either • value creation, • value preservation or value erosion.

Our value creation and preservation practices are embedded in our purpose to safeguard what is important to our clients. The processes we apply to create and preserve value form part of our business model described on page 13, and are integrated into the way we make decisions as we execute our strategy described on page 39.

2. Integrated thinking and materiality

How we consider materiality and our material matters

Our integrated approach to decision making, management and reporting enables us to create and preserve value as we fulfil our purpose. We apply the principle of materiality in assessing what information should be included in our integrated report. This report focuses particularly on those issues, opportunities and challenges that impact materially on Santam's ability to create and maintain sustainable value for our stakeholders.

Our material matters, as described from page 48, inform the evolution of our business model and influence our FutureFit strategy and short-, medium- and long-term targets. Identifying our material matters is a group-wide responsibility requiring input from all business units, an assessment of the risks and opportunities in our operating environment, and input and feedback from our stakeholders. The material matters are assessed annually to ensure our strategy remains relevant in an evolving operating environment.

3. Integrated reporting process

Our integrated report is the outcome of a group-wide reporting process and combined material input from across the group. The process is governed by the board, led by executive management and delivered through group-wide collaboration.

The report was developed with consideration of the following reporting requirements and principles:

- Companies Act, No 71 of 2008, as amended (Companies Act)
- International Financial Reporting Standards (IFRS)
- The IFRS Foundation's Integrated Reporting <IR> Framework
- JSE Listings Requirements, JSE Debt Listings Requirements
- King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)¹
- ESG-focused, industry-specific indicators tracked by FTSE Russell

How our reporting elements are assured:

- PricewaterhouseCoopers Inc. (PwC) provided assurance of the summary consolidated financial statements
- Deloitte reviewed our annual ClimateWise report as part of the global ClimateWise assurance process
- Verify CO₂ provided assurance on carbon emission data as part of Sanlam's CDP assurance process
- Data relating to broad-based black economic empowerment (BBBEE) was verified by AQRate
- Non-financial indicators were reviewed by an internal process that included approval by the executive management team and the board

Timeframes and forward looking statements

This report is intended to enable stakeholders to make informed assessments of our ability to create and preserve value in the short term (the next 12 months), medium term (two to five years) and long term (more than five years).

From a climate risk perspective, medium-term climate change risks and opportunities have a timeframe of two to 10 years and the long-term climate change risks and opportunities have a timeframe of 10 to 30 years. Both these time horizons, respectively allow for a longer term and strategic planning.

This report contains statements with respect to Santam's financial position, results, operations, and businesses. These statements represent our judgements and future expectations. Risks, uncertainties and other factors could cause actual results to differ materially from our expectations. Forward looking statements apply only as of the date on which the board approved this report.

Review and approval

All content contributors and the executive management team reviewed the report to ensure accuracy and that all material matters were addressed. The report was reviewed by the audit committee and the social, ethics and sustainability (SES) committee. The reviewed report was recommended to the board, who approved it on 1 March 2023.

The board is satisfied that the report addresses all material matters, whether positive or negative, and offers the necessary substance for providers of financial capital and other stakeholders to make considered evaluations about the group's performance and ability to create sustainable value.

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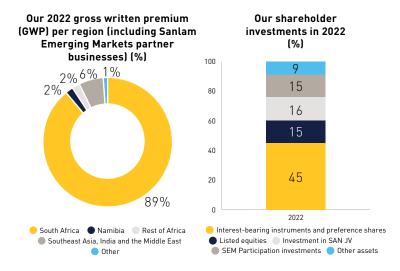


Who we are

Santam is a proudly South African general insurance group with a growing international premium contribution.

Headquartered in Cape Town, South Africa, Santam was founded in 1918 and listed on the JSE in 1964 under the insurance (non-life) sector. The group has secondary listings on the Namibian Stock Exchange and A2X Markets Exchange. Santam is a subsidiary of South African financial services group Sanlam, which holds 62.3% of Santam's shares.

We derive revenue from insurance activities and investments in South Africa and select emerging markets. We offer a range of policies against eventualities such as property damage, motor accidents, loss of income, crop losses and catastrophe events, as well as reinsurance. We help mitigate risk to protect and grow financial wellbeing, and clients' insured losses are paid out of invested premiums.



We manage our investments responsibly and invest in a diversified portfolio. Our investment charter recognises the importance of responsible investment. and Sanlam Investments, our primary asset manager, is a member of the United Nations Principles for Responsible Investment (UN PRI) and signatory to the Code for Responsible Investing in South Africa (CRISA).

Our salient financial features

Group net operating result R2 084 million

(2021: R2 771 million)

Conventional insurance GWP growth 8% to R35.4 billion

underwriting margin 5.1%

[2021: 8.0%] Target range: 5% to 10%

Conventional

insurance net

Conventional insurance: investment return on insurance funds

1.3%

[2021: 1.5%] Target range: 2% to 2.5%

Conventional nsurance: acquisition cost ratio

29.8%*

Excluding reinsurance reinstatement premiums

Alternative Risk Transfer (ART) operating result net of non-controlling interest R306

million

Headline earnings per share:

826 cents (2021: 2 495 cents)

18.8% [2021: 28.5%] Target: 24%

Return

on capital

Economic capital coverage ratio

156% (2021: 169%) Target range: 145% to 165%

Final dividend 845 cents per share

(2021: 790 cents per share)

Standard & Poor's Global rating zaAAA South African national scale: BB local currency, global scale

Our strategic ESG performance

Employees 6339 [2021: 6 025]

BBBEE rating

Level 1

According to the

Financial Sector

Charter (FSC)

Intermediaries 3 682 [2021: 3 306]

Municipalities

supported through

partnerships for

risk and resilience

(P4RR) initiatives

82

[2021: 63]

Certified as a Top Employer by the Top Employer Institute for the seventh consecutive year

Founding

signatory

United Nations

Environment

Programme's

Principles for

Sustainable

Insurance

GWP written through black intermediaries milestone of R1 billion reached (2021: R980 million)

Santam Ombudsman for Short-Term Insurance (OSTI) overturn ratio 7.61%*

MiWay OSTI overturn ratio 7.5%

(2020: 6.33%)

[2020: 8.37%]

R150 million Constituent of the committed to FTSE4Good Index the Resilient Series and FTSE/JSE Investment Fund Responsible that focuses on Investment Top social impact 30 Index

Signatory Task Force on Climate-related Financial **Disclosures** (TCFD)







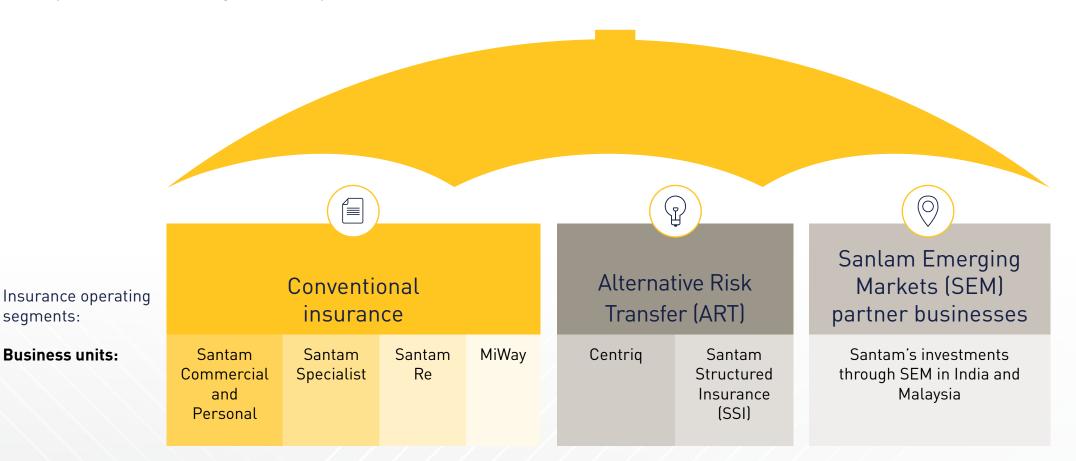


(2021: R146 million)

^{*} These results are from the 2021 OSTI Annual Report, the 2022 OSTI Annual Report will be published in May 2023.

What we do – products and services

We offer products and services through our business portfolio.





segments:

Business units:



What we do - products and services (continued)

Conventional insurance

Outputs (classes of Areas of strength **Business unit** general insurance and differentiation products) Accident and health **Santam Commercial** · Relationships with clients, intermediaries, partners, Engineering and Personal suppliers and regulators Guarantee Our multi-channel insurance business in South Africa and Namibia Extensive geographic Liability footprint and distribution Marine Santam Commercial and Personal serves retail and commercial markets by providing appropriate insurance solutions that suit network Motor the needs of individuals, entrepreneurs and businesses. For personal insurance, the business unit offers a multi-product and Technical expertise and Property multi-channel distribution portfolio that covers various classes of general insurance. Santam Commercial and Personal offers claims capabilities that independent administration through Brolink. support a superior product Santam Commercial and Personal lines distribution channels: Santam offering and client experience Intermediaries: National and independent intermediaries Santam • Outsourced portfolio administrators Direct to customers: Direct contact centre Sanlam agency network **Partnerships** Referral business Affinity business





What we do - products and services (continued)

Conventional insurance (continued)

Business unit

Santam Specialist

Our specialist insurance business portfolio in Africa and selected emerging markets

Santam Specialist insures large and complex risks in niche market segments. Products are client-driven and supported by specialist underwriting and claims assessment. Underwriting these classes of insurance requires skilled resources to assess and quantify the risk and exposure, and utilising technical claims processes as provided by the unit's underwriting managers and niche businesses.

Santam Specialist businesses:

- Santam Marine is a leading marine underwriter covering cargo, hull and liabilities
- Emerald Risk Transfer provides property insurance solutions for large industrial and corporate businesses across the African continent
- Echelon Private Client Insurance focuses on the high-net-worth personal lines segment of the market
- Mirabilis Engineering Underwriting Managers offers a comprehensive range of engineering insurance solutions in Africa and selected international markets
- Santam Aviation specialises in general aviation for commercial and private sector insurance including hull, third-party and passenger liability insurance
- Santam Transport is the leading heavy commercial vehicle insurer in South Africa and offers comprehensive cover to transport contractors
- Stalker Hutchinson Admiral (SHA) is the leading provider of third-party liability insurance solutions, covering the following specific risks: broad-form liability, crime and civil liability for financial institutions, cyber and computer crime, directors' and officers' liability, professional indemnity for all professionals and the built environment, as well as personal accident, kidnapping and ransom, and comprehensive insurance for mid to large motor fleets
- Travel Insurance Consultants (TIC) is South Africa's largest travel insurance provider, offering specialised travel insurance solutions including emergency medical, loss of money or baggage, and travel supplier insolvency for leisure and corporate travellers
- Vulindlela Underwriting Managers (VUM) specialises in a range of insurance solutions for owners of minibus, midibus and metered taxis in South Africa. VUM entered the small, medium and micro-enterprise (SMME) market to expand the relationship of the taxi base to include other assets and motor vehicles in previously underinsured markets
- Santam Agriculture is the leading crop insurer in South Africa, focusing on named peril insurance and multi-peril crop insurance

Areas of strength and differentiation

- Leadership position in the specialist insurance market
- Financial strength, selected international capabilities. and access to an established Pan-African footprint
- Diverse products backed by strong technical specialist skills and innovation to structure new products
- A-rated licence capability in selected markets

Outputs (classes of general insurance products)

- Accident and health
- Aviation
- Crop
- Engineering
- Guarantee (in run-off)
- Liability
- Marine
- Motor
- Property
- Transport
- Travel





















What we do - products and services (continued)

Conventional insurance (continued)

Business unit Santam Re Our reinsurance business in South Africa and international markets Santam Re is a wholesale reinsurance service provider for the Santam group general insurance businesses and independent general insurers in Africa, India, the Middle East, Eastern Europe, China, South Korea, and Southeast Asia. Santam Re operates under the Santam general insurance licence, enabling it to optimise the size, quality and diversity of the overall risk pool relative to capital resources and risk appetite. Santam Re leverages the reputational backing of an AA-rated paper provided by New Re, a wholly owned subsidiary of the

Munich Re group.

Areas of strength and differentiation

- Strong analytical, reinsurance underwriting, and actuarial technical skills
- Tightly defined risk management framework
- International AArated paper through our partnership with New Re
- A high-quality portfolio of treaty participations

Outputs (classes of general insurance products)

- Accident and health
- Agriculture
- Aviation
- Engineering
- Liability
- Marine
- MotorProperty
- Transport



4 Business unit

MiWay

Our direct insurance business in South Africa

MiWay is a direct general insurer that underwrites predominantly personal lines general insurance business through direct selling. This is supported by a smaller intermediated personal lines business. MiWay also underwrites commercial lines insurance. MiWay Blink is a fully digital car insurance offering.

Areas of strength and differentiation

- Individualised, scientific underwriting based on data-driven insights
- An end-to-end online quoting, buying and policy management facility, servicing the entire value chain, from client acquisition to ongoing service to the end of the claims process
- Differentiating client experience through our brand promise: "to enable you to live your way"
- Empathetic, open and transparent service
- Transparent client communication through a dedicated client experience page on the website

Outputs (classes of general insurance products)

- Motor
- Property
- Liability
- Other value-added products







Alternative Risk Transfer (ART)

Business unit



Santam ART

Our Alternative Risk Transfer solutions business

Alternative Risk Transfer insurance uses techniques other than traditional insurance and reinsurance to provide risk-bearing entities with coverage or protection. Tailored insurance solutions allow clients access to multi-peril cover and aim to reduce the cost of risk to clients over the medium to long term.

ART business is written through the insurance licences of Santam Structured Insurance (SSI) and Centrig.

Areas of strength and differentiation

- Strong market position
- Expert and entrepreneurial skills
- Centrig and SSI have the flexibility to be innovative in the alternative insurance solutions space

Outputs (classes of general insurance products)

Centrig

- · Conventional and structured insurance policies
- Multi-year insurance structures
- Blended risk transfer/ retention insurance policies
- First-party cells
- Specialist underwriting management agency (UMA) solutions via cell captive structures
- Alternative distribution/ brand affinity thirdparty cells

SSI

- Individually designed domestic and crossborder risk finance solutions
- Post-retirement medical aid products
- Alternative distribution/ brand affinity thirdparty cells



Sanlam Emerging Markets (SEM) partner businesses

6

Business unit

Santam's investments held through SEM

Our investments in emerging markets Sanlam Emerging Markets (SEM) is responsible for Sanlam's financial services business in emerging markets outside South Africa.

The group's interests in SEM partner husinesses:

- Shriram General Insurance Company Ltd (SGI) (India) - 14.1%
- · Pacific & Orient Insurance Co. Berhad (P&O) (Malaysia) - 15.4%

In May 2022 Santam announced that it entered into an agreement with Allianz Europe BV, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. The transaction is still subject to regulatory approvals and is expected to be concluded mid-2023.

In addition to the interest in SAN JV. the group held economic participation rights in the general insurance businesses of SEM in Africa, via target shares in the issued share capital of SEM.

In December 2022, SEM redeemed the African Target Shares. Santam will retain its economic participation rights in the general insurance investments of SEM in India and Malaysia.

Areas of strength and differentiation

Santam does not manage these businesses. However, we have the skills and resources to provide technical support and participate in projects to improve the businesses.

Specific areas of expertise include:

- Analytics, pricing and profit management
- Capital, risk and financial management
- Claims management
- Reinsurance optimisation
- Influence strategic direction through subsidiary board representatives

Outputs (classes of general insurance products)

- Property
- Motor
- Accident and health
- Engineering
- Liability
- Marine
- Aviation
- Guarantee





What sets us apart – our investment case





Santam is the general insurance market leader in South Africa

We have maintained a market share of more than 20% over the last 10 years

We are a diversified general insurer

We have a meaningful and growing contribution to GWP from countries outside South Africa

The group provides appropriate insurance solutions that suit the changing needs of clients through a multi-product and multi-channel distribution portfolio that covers various classes of general insurance

By paying claims, we help ensure financial resilience for the South African economy during challenging times

We settled R29.8 billion in claims in 2022

Our technical excellence and expertise

Santam has skilled and experienced leadership, collectively holding more than a century of insurance industry experience

We take pride in our world-class scientific underwriting capability, including diverse and specialist insurance skills

Santam has a solid legacy and a consistent financial track record of sustainable value creation

Our sustainable growth momentum: We consistently achieve our goal of real GWP growth in excess of South African GDP and consumer price index growth

Our sustainable profitability: We consistently achieve a net underwriting target range of 5% to 10% of net earned premium (NEP); the average net underwriting margin over the past seven years was 6.4%

Our economic capital coverage ratio of 156% is well within our long-term target range of 145% to 165%

Return on capital is consistently positive, with an average return on capital over the past seven years of 20.1%

Our stable dividend policy has enabled an ordinary dividend per share compounded growth of 7% over seven years; as a reward to our shareholders, we further paid special dividends, the most recent years being 2022 and 2017







Skip to

What sets us apart – our investment case (continued)





We recognise the importance of climate risk in our industry and its impact on society. We are guided by the ESG-related standards included in the FTSE/JSE Responsible Investment Index, the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance, ClimateWise and TCFD.

We partner with South African local government and municipalities to reduce and mitigate risks in vulnerable communities through our flagship programme, partnerships for risk and resilience (P4RR), which educates and equips communities to reduce the risk of fire, flood and drought. We have assisted in protecting 82 vulnerable communities, impacting 12.5 million people in South Africa.

Small enterprises continue to benefit from the growing strength of our partnership with the Association for Savings and Investment South Africa (ASISA) Enterprise and Supplier Development (ESD) Fund. With a total investment of R118 million to date, Santam has through the ASISA Enterprise and supplier development programme continued to show its commitment to the sustainable development of small enterprises across South Africa.

We are committed to diversity, equity and inclusion in the workplace. We empower black intermediaries, facilitating broader participation in the economy to advance inclusivity and equity through our Black Broker Development programme. In 2022 we reached R1 billion in GWP written through emerging intermediaries.



Our strategic outlook - enhancing shareholder value

During the year we continued to execute on our FutureFit strategy, refer to page 39 for detail. Our medium- to long-term key performance indicator (KPI) targets are:

- Conventional insurance growth targets:
 - » GWP growth of CPI plus GDP plus 1 to 2%
 - » Grow and extend our leadership position in South Africa by increasing our policy count to two million by 2025
 - » GWP from outside South Africa to be 18% of total conventional GWP by 2027
- Net underwriting margin within the target range of 5% to 10%
- Investment return on insurance funds of 2% to 2.5% of net earned premium
- Deliver shareholder value with return on capital of 24%
- We maintain the economic capital coverage ratio target range of: 145% to 165%





How we operate - business operating model

Santam's business model shows the inter-connected systems that enable the group to create and preserve value, and prevent value erosion.

The availability and quality of our capital inputs | Financial capital Premiums Investment income on funds from insurance activities. Investment returns on shareholder investments **Human capital** Employees Intermediaries Business partners Manufactured capital • The infrastructure of our offices, other buildings and Our clients' insured physical assets Intellectual capital • Our data analytics and modelling capabilities • Our industry-specific underwriting expertise and experience • The systems, processes, and risk and claims management capabilities we have developed and refined over time • Our brands and the custom solutions we develop Social and relationship capital Good relationships of trust with: Clients Intermediaries Suppliers Shareholders Regulators • The communities where we operate Natural capital The environmental resources used throughout our

enable us to deliver on our strategy -

Our material matters Protecting the availability of our capitals Prudent allocation of financial capital Strong financial capital position • Resilience in challenging market conditions • Efficient treasury and investment initiatives Our clients at the core, and addressing • Effective risk management the risk protection gap Approved internal capital model • Attract and retain the top talent in the industry Remunerate competitively • Improve and transfer skills through training initiatives The South African context and the need for geographical expansion · Prudent underwriting • Partnerships for risk and resilience (P4RR) Digital trends disrupting Social innovation the insurance industry Technology-driven change Investment in technology, research, and training ESG embeddedness • Client support and claims payments Transformation initiatives An evolving regulatory environment Partnerships for risk and resilience (P4RR) Consumer financial education Corporate social investment (CSI) Media engagement Protecting our talent, building skills and adapting to the evolving world of work • Improved environmental sustainability to reduce impact Incentivising behaviours that preserve natural capital • Responsible investment Ethical leadership and the trust deficit

Energy

Water



operations (including insured risks):

Skin to

How we operate - business operating model (continued)

to facilitate value-adding business activities, outputs ⊢





and outcomes to create value for our stakeholders (created, maintained or eroded, as compared to prior year) Intermediaries Employees Suppliers Clients Maintained Eroded Created Financial capital Santam group share price at 31 December 2022: R256.45 [2021: R269.00] • Fund business activities like acquisitions, investments in technology and training Return on capital of 18.8% (2021: 28.5%) Help municipalities preserve manufactured capital through partnerships for risk and R29.8 billion gross claims paid (2021: R24.5 billion) resilience (P4RR) R802 million tax paid (2021: R626 million) • Improve socio-economic conditions, particularly in South Africa R2 362 million dividends paid (2021: R704 million) • Pay claims, dividends, taxes and other expenses such as salaries **Human** capital Santam was certified as a Top Employer by the Top Employer Institute for the seventh consecutive year. Santam was ranked 10th • Remunerate fairly out of 128 participating companies in South Africa. • Expand and transfer skills Our employee engagement score for 2022 of 76% (2021: 78%) Improve employee diversity shows that Santam employees remain actively engaged • Collaborate with industry associations, such as the South African Insurance Association In the Barrett Culture Survey, the Santam group achieved a score (SAIA) and the Financial Intermediaries Association of Southern Africa (FIA) of 51, which is in line with the global average and above the local industry average of 50 • We invested in 29 graduates in the Insurance Sector Education and Training Authority (2021: 29) • We trained 31 learners, 28 graduates and 11 interns through our skills development programme; eight students were awarded university bursaries in 2022 • We trained 160 leaders across the group, of whom 68% were black and 49% were female (2021: 72 leaders) Manufactured capital SmartPark incentive product No material fraud incidents identified Insure physical assets • Invest in infrastructure development projects • Incentivise responsible behaviours







score (2021: A-)



^{** 2022} results are going to be used for benchmarking purposes going forward

• Operational reduction of energy and water use, waste

Invest responsibly

Procure responsibly



Skip to

B CDP (formerly known as the Carbon Disclosure Project)

Santam's key stakeholder relationships

As a leading general insurer, Santam is an integral part of society and therefore has accountability towards current and future stakeholders. We are committed to understanding and responding to our stakeholders' interests and expectations.

How we manage stakeholder relationships

Our stakeholder relations business function ensures we follow industry and international best practice in managing the requirements of our stakeholders.

Each material stakeholder grouping is assigned to an executive and secondary relationship owners. These executives provide quarterly feedback to the head of stakeholder relations through our digital stakeholder hub, which facilitates accurate and consistent reporting.

How we govern stakeholder relationships

The head of stakeholder relations reports material stakeholder issues to the social, ethics and sustainability (SES) committee.

On behalf of the board, the SES committee is responsible for ensuring group stakeholder relationships are managed effectively and in line with policy, governance codes and best practice.

How we ensure that stakeholder engagement is effective

The SES committee monitors the quality and effectiveness of our stakeholder relationships and engagements, and escalates material stakeholder issues to the board.

We review our stakeholder universe annually to ensure that new and emerging stakeholders are included.

Our key stakeholders

Clients

Our priorities are to retain existing clients by improving their experience across the entire client journey and to acquire new clients through innovative product solutions and a multi-channel distribution approach.

How we engage

- Intermediaries
- Client surveys, market research and strategic reviews
- Feedback
- Consumer financial education

Their needs and expectations

- Innovative, appropriate and flexible product solutions
- Competitive and transparent pricing
- Exceptional client experiences and ease of use
- Responsible and appropriate advice
- Safeguarding of client privacy
- The assurance that we will pay legitimate claims and provide relief in times of significant financial strain

How we assess value creation, preservation or erosion

- Treating Customers Fairly (TCF), a regulatory and supervisory approach driven by principles that address the consistent delivery of fair client outcomes. Santam's conduct is assessed for fairness to identify and reduce the risk of client dissonance
- Voice of the Client tracking and analysis
- OSTI findings
- Complaints managed by the Santam client care division
- Monitoring of client Net Promoter Score







Employees

Our 6 339 employees are diverse and skilled and assist Santam to achieve its strategy. Our employee value proposition considers the employee of the future and is grounded in inclusivity, passion, personalised rewards, and a purpose-filled life for each employee.

How we engage

- Digital engagement through the myWorkSpace employee platform
- Face-to-face engagement
- CEO roadshow and management conference
- Talent and performance management
- Engagement through the SASBO trade union

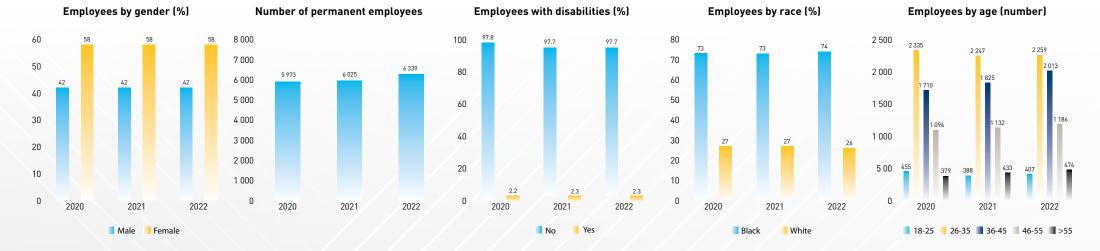
Their needs and expectations

- Alignment with the group's purpose and values
- Fair and competitive remuneration
- Effective performance management
- Training and development for personal and career advancement
- Opportunities for innovation and digital enablement for new wavs of working
- An ethical, fair, inclusive and safe work environment
- Protection of labour and human rights

How we assess value creation, preservation or erosion

- A diverse and inclusive employee profile
- Annual employee engagement survey and Barrett Culture Survey
- Santam's approach to occupational health and safety ensures compliance with the Occupational Health and Safety Act and Regulations, 85 of 1993, the Compensation for Occupational Injuries and Diseases Act, 130 of 1993, and local bylaws. An independent, accredited company conducts formal audits at the Santam head office in Cape Town and our offices at Alice Lane in Johannesburg

A profile of our employees





Skip to

Providers of capital

Our providers of capital are our shareholders, including individual and institutional investors, and investors in Santam subordinated debt instruments. Our performance and sustainable growth directly impact the providers of capital.

Their needs and expectations How we assess value creation, preservation or erosion How we engage Annual general meeting • Return on investment in line with cost of capital · Shareholder voting on resolutions at our AGM • Transparency, accountability and good corporate governance Results presentations • Feedback at shareholder engagements A strong balance sheet and effective growth strategy • Our providers of capital have a vested interest in Santam's Investor conferences long-term sustainability; accordingly, they monitor our • One-on-one meetings Long-term sustainability Reports ESG ratings • The Vault online investor relations communication tool

Suppliers

Suppliers are our interface with clients at the most crucial time - during the claims process. Most of Santam's suppliers are SMMEs, the foundation of the South African economy.

How we engage	Their needs and expectations	How we assess value creation, preservation or erosion		
 Procurement processes Industry bodies Supplier development initiatives Engagement on compliance, ethical conduct, and adherence to contracts 	 Suppliers expect Santam to meet its contractual terms and agreements Long-term beneficial relationships, regular engagement and support 	 Supplier feedback Client complaints about suppliers 		

Intermediaries

Santam's 3 682 intermediaries guide clients through the structure of policies and offer advice, information and assistance regarding risk management strategies and claims processes.

How we engage	Their needs and expectations	How we assess value creation, preservation or erosion			
 Broker portal Virtual roadshows Online training initiatives We engage with the FIA and black intermediaries regarding industry transformation imperatives 	 Innovative products and services Product and regulatory training Fair incentives and sales remuneration Support and infrastructure to enable productivity Digital applications and tools Responsible insurance services and solutions 	 The number of new intermediaries and intermediaries who leave Our investment in training intermediaries and the value they derive from training We monitor the feedback received from digital engagement channels Intermediary sentiment gathered through the Santam Insurance Barometer Report We monitor intermediary Net Promoter Score 			



Skip to

Communities

Our communities include the citizens of the countries where we operate. Santam is a responsible corporate citizen and supports the South African societal development imperative.

Their needs and expectations How we assess value creation, preservation or erosion How we engage • Partnerships for risk and resilience (P4RR) • Skills development • We increase the number of municipalities we support through partnerships for risk and resilience (P4RR), and engage with CSI initiatives • Employment opportunities Consumer financial education Financial education and inclusion them to ensure we are creating value • We monitor CSI spend • Employee volunteerism Contributions to social and environmental issues Transparent and comprehensive reporting on material • Our investment in consumer financial education and the value ESG-related risks and opportunities communities derive from it

Government and industry regulators

Santam views the government as a partner to help us navigate the challenges and opportunities of the market. We are regulated by various laws and regulatory bodies in the countries where we operate; this ensures a reliable insurance sector, reduces systemic risk and promotes a functioning economy.

How we engage	Their needs and expectations	How we assess value creation, preservation or erosion		
 Together with Sanlam, Santam regularly engages with governmental stakeholders in South Africa Engagement with the Prudential Authority (PA) and the Financial Sector Conduct Authority (FSCA) Discussions with government representatives and legal entities and institutions, both locally and abroad 	 Payment of taxes, levies and fees Compliance with regulatory and legal requirements Strong governance frameworks and ethics Active participation in industry and regulatory engagements Protection of consumer, environment, labour, and human rights BBBEE and transformation Occupational health and safety standards 	 In-person feedback Annual and quarterly regulatory reporting and compliance 		





Reinsurers

Our risk as a general insurance group is diversified by purchasing insurance from reinsurers. Doing business with reinsurers allows Santam to write more business by being able to take on more risk than our balance sheet would otherwise allow.

How we engage	Their needs and expectations	How we assess value creation, preservation or erosion			
 Annual discussions on renewal reinsurance programmes Discussions during catastrophe events 	 A consistent book with reasonable losses Pricing and risk events to be continuously monitored Strict clauses to define the scope of natural catastrophes and socio-political events 	 Support from diverse reinsurance panel Fairly priced reinsurance contracts 			

The media

Santam values the importance of transparency in doing business. The company has therefore cultivated an open and honest relationship with media stakeholders. Through the media, Santam provides information and regular updates on corporate initiatives and developments within the company.

How we engage	Their needs and expectations	How we assess value creation, preservation or erosion		
 Santam's "always on" approach, where expert opinion on insurance matters is regularly provided to the media Utilisation of television, radio, digital platforms, print and own social media platforms to convey messaging Regular provision of thought leadership commentary Focused engagements 	 Transparency and availability A clear purpose and values 	Assess mainstream media sentiment regarding Santam coverage		













Reflections from our chairperson

The key disruptors in our markets over the past year were global geopolitical threats, the weak South African economic environment, unreliable power supply and the devastating floods in KwaZulu-Natal. Steadfast execution of the group strategy under the guidance of the Santam board meant that we could withstand these disruptors with resilience, which is testament to the quality of Santam's employees and the strong foundation laid by the group's governance structures.

I am encouraged by the fact that Santam has well-defined governance structures embedded across the group. supporting our ability to create and preserve value, while quarding against value erosion.

Santam's purpose in action

Global and local economies have been impacted by political, social and environmental factors and remain subject to pervasive economic uncertainty. The board is cognisant of South Africa's unique challenges. Consumers are under pressure, there are infrastructure challenges, unemployment is high and trust in institutions – both public and private - is low. Yet we recognise that Santam has a responsibility beyond financial gain, which is to create value for all stakeholders by delivering on its purpose: to help safeguard what is important to all our clients.

Overseeing the group-wide strategy refresh

King IV provides for the board to delegate the implementation and execution of an approved strategy to management, through policy and operational plans. Led by Tavaziva, our new group CEO, executive management reviewed our FutureFit strategy in light of the current disruptors affecting the group's material matters and key risks and opportunities.

The refreshed strategic intent for Santam will be launched in 2023. This is to continue to be the leading South African insurer driven by data, with the customer at the centre of everything we do. This will enable the group to achieve incremental growth by strengthening its position in South Africa, while pursuing growth in new geographies and market segments.

To guide and monitor the strategy refresh, the board considered its outcomes. Deliberations at the Santam board are always robust - as they should be. The board believes that Santam's refreshed strategy objectives are challenging but attainable. We will continue to monitor the implementation of the strategy in line with the committed key performance indicators agreed with the executive team.

Focus on environmental, social and governance imperatives

ESG principles have come to dominate the global investment arena in recent years. As a board, we recognise the importance of educating ourselves to have a clear understanding of imperatives that impact Santam and its stakeholders.



Reflections from our chairperson (continued)

During the year the board attended training to understand the climaterelated risks applicable for Santam as part of the adoption process as signatories of the TCFD. This demonstrates our commitment to build a more resilient financial system and safeguard against climate risks through better disclosures and underwriting actions, such as the geocoding of risks.

Through the strategic review process, executive management, with board oversight, sought to clarify Santam's intent to be an active contributor to the greater good. As a result, the strategic intent was refined to encompass the group's aim to contribute proactively and meaningfully to the societies in which it operates, while committing to the highest standards of governance and ethics.

Partnerships for risk and resilience (P4RR) enables Santam to help narrow the risk protection gap in South Africa through collaborative, proactive risk management activities. I am pleased to report that through this programme, we have assisted 82 municipalities thereby protecting vulnerable communities from potential devastation caused by unforeseen events. impacting 12.5 million people in South Africa.

A diversified board

Much has been done over the past two years to strengthen succession at board and executive management levels, and to improve diversity in terms of race, gender, skill sets and age, in line with the group's diversity policy. In 2022, there were a number of appointments to Santam's board and executive management team, including my appointment as chairperson and that of Tavaziva Madzinga as group CEO on 1 July 2022 following the retirement of Lizé Lambrechts. In addition:

- Lizé Lambrechts formally retired as group CEO and executive director on 30 June 2022
- At the AGM on 1 June 2022, Machiel Reyneke retired as non-executive director, owing to his long tenure on the board. Machiel was a member of the board from 2003, and Santam benefitted greatly from his industry experience and institutional knowledge. We wish him all the best in his future endeavours
- Ruwaida Eksteen was appointed as company secretary from 1 July 2022 following the resignation of the previous company secretary Tebogo Moshakga
- To enhance the overall skill set of the board, Makhenkodwa Mlondolozi (Lotz) Mahlangeni was appointed as a non-executive director on 12 December 2022 and to the risk committee from 1 January 2023

Skin to

The board is satisfied with the balance and independence of Santam's leadership structures and confident that their composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence. We are also satisfied that the succession pipeline for board and management is adequate.

Sound corporate governance

As a board, we exercise our oversight role to endorse and promote the principles of King IV, which include the governance outcomes of an ethical culture, good performance, effective control and legitimacy at Santam. In particular, the board is committed to creating and demonstrating an ethical culture in the group. Our ethical conduct must be beyond reproach, and we take a zerotolerance stance when matters of ethical misconduct are brought to our attention.

The board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the 2022 financial year.

Outlook and appreciation

There will undoubtedly continue to be disruptors in the group's external environment and industry. However, Santam is well positioned for the future. I am confident that the group's strategy, and the undoubted ability and commitment of the executive team and employees to implement it, will ensure long-term business sustainability and value creation.

My thanks to my board colleagues for their excellent work this year, which has enabled us to consider the group's plans, strengths and weaknesses in detail, and which made a major contribution to the group's strategic refresh process in 2022.

I would like to take this opportunity to thank outgoing group CEO Lizé Lambrechts for her leadership and inspiration – she leaves Santam in a strong position. All the best for her future endeavours.

I would also like to thank Tavaziva, his executive management team, and employees for delivering acceptable results during tough economic and climate conditions. To all other stakeholders including intermediaries, thank you for your continued support and trust in Santam. The group cannot fulfil its brand promise of *Insurance good and proper* without your individual and collective contributions. To our clients, thank you for choosing Santam to safeguard what is important to you.

Nombulelo Moholi

Chairperson







The Santam board at 31 December 2022

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:

- To determine Santam's overall objectives, approving strategic plans to achieve the objectives, monitoring operational performance, ensuring effective risk management and internal controls, and monitoring legislative, regulatory and governance requirements
- To ensure that 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
- Overseeing 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





Skin to

The composition of the board

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

Non-executive directors



Nombulelo Moholi (62) Chairperson of the board Independent non-executive director Qualifications: BSc Electrical and Electronics Engineering Date of appointment: 3 June 2021

Abigail Muelelwa Mukhuba (43)

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 Ltd and Anglo-American Platinum.



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 Insurance Ltd. Sanlam Emerging Markets (Pty) Ltd and Sanlam Investments (Pty) Ltd.



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.



Dawn Marole (62) Chairperson of the human resources and remuneration committee and the social, ethics and sustainability committee Independent non-executive director Qualifications: BCom, Dip Tertiary Education, MBA

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.



Deborah (Debbie) Loxton (59) Chairperson of the risk committee Independent non-executive director Qualifications: CA(SA), Bachelor of Accounting, Bachelor of Commerce Date of appointment: 3 June 2021

Date of appointment: 13 December 2011

Deborah 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 nonexecutive director at financial services companies.



The composition of the board (continued)

Non-executive directors



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.



Monwabisi Fandeso (64)

Lead independent director and chairperson 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 nonexecutive 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 nonexecutive director on the boards of Empact (Pty) Ltd, Santam Structured Insurance group of companies, Thebe Investment Corporation and Brolink (Pty) Ltd.



Mlondolozi (Lotz) Mahlangeni (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.



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.



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.



Preston Speckmann (66)

Chairperson 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 Ltd and Pepkor Holdings Ltd. He is a former PwC audit partner. He serves as a director of the MiWay group of companies, Centrig 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.



The composition of the board (continued)

Executive directors



Tavaziva (Tava) Madzinga (44) Group chief executive officer Executive director (ex officio) Qualifications: FIA, FASSA, B BusSc

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

Tavaziva 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.

Group company secretary



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.



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 (Pty) Ltd, Saham Reinsurance Ltd, and Santam Namibia Ltd.





Our 2022 leadership team



Tavaziva Madzinga (44) Group CEO Appointed 2022



Burton Naicker (48) CEO MiWay Appointed 2021



Gerald van Wyk (39) Executive head: strategic business development Appointed 2021



Mokaedi Dilotsotlhe (53) Group chief marketing officer Appointed 2016



Hennie Nel (54) Group CFO Appointed 2012



Ebrahim Asmal (58) Executive head: group sourcing and transformation Appointed 2012



John Melville (57) Executive head. underwriting, reinsurance and international Appointed 2010



Quinten Matthew (59) Executive head. Santam Specialist Appointed 2010



Andrew Coutts (48) Executive head: intermediated business Appointed 2021



Edward Gibbens (53) Executive head: Santam Commercial and Personal Appointed 2005



Karl Socikwa (54) Executive head: market development and sustainability Appointed 2021



Tinviko Ribisi-Termark (39) Executive head: corporate legal service Appointed 2021



Asher Grevler (48) Group chief risk officer Appointed 2018



Enid Lizamore (46) Executive head: human resources Appointed 2018



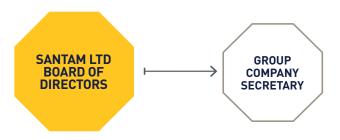
Kevin Wright (57) Executive head: IT and operations Appointed 2014

Executive directors

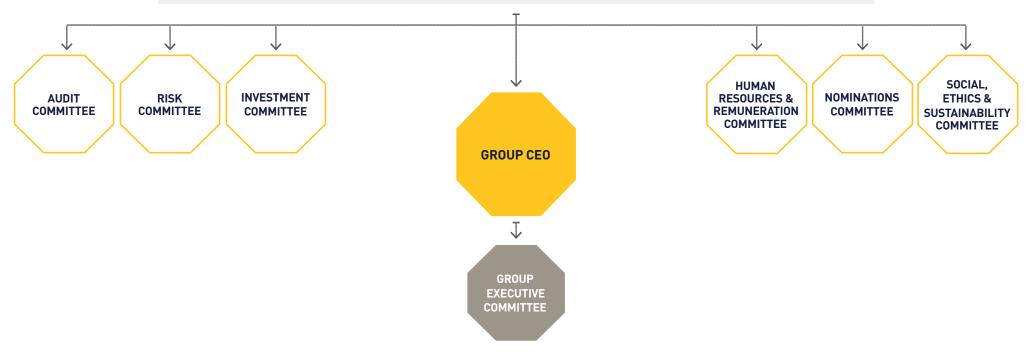




Our governance structure



- Exercise oversight and determine Santam's overall objectives
- Develop strategies to meet those objectives in co-operation with management
- Monitor operational performance relative to the agreed strategic and business objectives
- Ensure effective risk management and internal control
- Conduct business in accordance with Santam's code of ethics
- Formulate a clear and concise group governance policy and monitor adherence thereto
- Delegate and segregate the board's responsibilities
- Evaluate the performance of the board, the board committee structures, individual directors and the effectiveness of the company secretary





Governance summary

Our governance approach and statement of commitment

Santam's board of directors is the custodian of ethical governance in the group. Santam's commitment to good governance is formalised in its charters. policies and operating procedures. The board has delegated specific functions to committees to assist it in meeting its oversight responsibilities.

- The board provides effective leadership through high standards of corporate governance, ethical values and business integrity, while recognising the company's responsibility to conduct its affairs with responsibility and fairness, safeguarding the interests of stakeholders
- The board considers governance as being key to the long-term success of Santam and is ultimately responsible for ensuring that corporate governance standards are set and implemented throughout the group
- The board is particularly mindful of the regulatory environment that governs the business landscape
- The board supports the principles contained in King IV, which are fundamental to good governance
- The recommended corporate governance structures and practices are pivotal to delivering sustainable value in the interest of Santam's stakeholders
- The group reviews its corporate governance practices and structures regularly to reflect best practice and to facilitate effective leadership. corporate citizenship and sustainability.
- Details of Santam's application and explanation of the King IV principles are available at https://www.santam.co.za/investor-relations/integratedreport/governance/

Santam is responsible for conducting its affairs with prudence and safeguarding the interests of its stakeholders. The board considers the legitimate and reasonable needs, interests and expectations of material stakeholders in the execution of its duties in the best interests of the company over the longer term. The board is responsible for the governance of stakeholder relationships. This is formalised through Santam's Stakeholder Relations Policy, which articulates the direction these relationships should take. The policy also assists in monitoring the effectiveness of Santam's stakeholder management.

The responsibility for the implementation and execution of effective stakeholder relationship management is delegated to management, and the board maintains oversight.

The board is of the opinion that, during 2022, Santam complied with all applicable rules including the JSE Listings Requirements, the JSE Debt Listings Requirements and the Companies Act. The company also operated in conformity with its memorandum of incorporation and constitutional documents. The board is further satisfied that Santam has applied the requisite King IV principles during 2022. Further detail on all governance-related matters can be found in our corporate governance report.

Board composition and mix

As at 31 December 2022, the board comprised 13 directors, of whom two are executive directors. Of the 11 non-executive directors, seven are independent.

The non-executive directors on the Santam board can all influence decision making. These directors bring a diverse range of skills and experience to the board and provide insight and add value to board meetings. It is their responsibility to exercise their judgement freely and independently.

In the board's opinion, there is no business or other relationship within the current structure that could materially interfere with the impartial judgement of any of the non-executive directors.

The independent non-executive directors have a standing closed session agenda item at every board meeting to deliberate any issues they wish to discuss with the chairperson or the group CEO and/or any other directors.

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







Governance summary (continued)

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

Strategy refresh

The board considered management's refreshed strategy with the objective to create and unlock future growth in a sustainable manner. This included affording consideration of Santam's international diversification strategy, its investment strategy and ESG strategy as well as reviewing the group's holistic approach towards brand management and client centricity. This process necessitated a review of the group's organisational structures and key portfolios particularly at Group Exco level. Dedicated efforts were assigned to incorporate ESG principles into the strategy. As a result, ESGspecific key performance indicators were allowed for the performance measurement criteria of Group Exco and senior management.

Risk governance

At Santam, the board is responsible for the overall governance of risk and is assisted by the risk committee in discharging this responsibility. In terms of our business philosophy, the Santam board sets tight principles that need to be applied throughout the group, including adopting the group enterprise risk management policies and frameworks.

An external service provider reviewed Santam's enterprise risk management practices and governance structures. This resulted in the board and the risk committee reviewing the requisite roles and responsibilities within the operational structure, between the Santam group and the underlying businesses.

Santam's risk appetite statement was reviewed and approved by the board, and the group's own risk and solvency assessment (ORSA) supervisory report was approved and submitted to the regulatory authority.

Stakeholder governance

On behalf of the board, the SES committee is responsible for ensuring group stakeholder relationships are managed effectively and in line with policy, governance codes and best practice. Apart from Santam's group stakeholder management policy being reviewed and updated, a heightened approach was taken towards stakeholder inclusivity and client centricity was further embedded across the group.

COVID-19 and CBI claims

The board continued to oversee the operational impact of COVID-19 regulations and the finalisation of the Contingent Business Interruption (CBI) claims. The board also considered the impact of future pandemics and natural disasters on the group's risk exposure.

Regulatory oversight and governance of compliance

Regulatory oversight is a key focus area in the insurance industry. Our regulatory steering committee, comprising representatives from across the group, addresses regulatory compliance requirements. In 2022, we continued to engage with the industry and regulators on policy developments to align our implementation efforts.

IFRS 17 Insurance Contracts, to be implemented by Santam with effect from 1 January 2023, was a focus for the board from a risk management and audit perspective. The audit committee attended two training sessions on IFRS 17, in addition to the other audit committee meetings.

Technology governance

The Santam board provides oversight on the execution of Information Technology (IT) governance through the IT governance charter, which describes the IT governance principles, mechanisms and responsibilities to be applied within Santam and its subsidiaries, associates, partnerships and joint ventures. The charter sets out the board's responsibilities relating to the governance of technology. To understand and manage cyber risk, Santam maintains a cyber resilience framework which identifies material cyber risks and their management, as well as a crisis management guide to deal with cyber risk scenarios. Our data governance standards support the group information and data policy and are aligned to the data governance roadmap of the Sanlam Group.

The board considered the trade-offs between the effectiveness of Santam's response to digital transformation as fundamental to the implementation of the strategy and the impact thereof on the group's budget. Consideration was afforded to possible opportunities for mutual collaboration with the Sanlam Group to create synergies and establish key strategic partnerships.





Governance summary (continued)

The board is of the view that its current composition, mix of knowledge, skills, experience, diversity and independence is appropriate in order for it to effectively discharge its governance responsibilities.

Governance of ethics at Santam

The board is responsible for setting the direction on the ethical standards of the group. Various structures have been established to help govern the management of ethics and fraud. This approach is formalised in Santam's code of ethics, conflict of interest policy, anti-money laundering policy and business integrity policy. Our policies relating to business ethics are available on our website at https://www.santam.co.za/investor-relations/integratedreport/governance/.

We also have established governance structures to manage ethics from operational to executive management to board levels. The business integrity, compliance and forensics departments assist with governance and training relating to ethics, compliance, insurance crime and corruption.

Governance of ESG

The SES committee has oversight of ESG considerations. The Santam board is responsible for the overall governance of risk and is assisted by the risk committee in discharging this responsibility, which includes considering ESG risks and opportunities. The board's investment committee assists the board and provides oversight on responsible investment practices that promote good governance and value creation.

Board succession, changes to the board and induction

Detail of the changes to the board in 2022 is provided in the message from our chairperson on page 23.

Succession planning is regarded as a critical aspect to continuously identify, monitor and manage accordingly. Extensive efforts were made to ensure that "key man risk" was mitigated and that Santam's talent pools were effectively managed. This includes the transitioning of key retirements of Lizé Lambrechts and Machiel Revneke.

It was important to the board to ensure that a smooth transition was provided for in the interest of business continuity. especially when the new incoming group CEO, Tavaziva Madzinga, took office in July 2022. Extensive induction training was conducted to ensure all new directors are comfortable with their understanding of the business and industry.

Taking into account the four members who joined the Santam board during the 2021 financial year, an extensive analysis was conducted on the composition of the board and its respective committees. This was to ensure that there were no skills or expertise shortcomings identified. This resulted in the appointment of a new non-executive director with effect from December 2022 after regulatory approval was granted to Santam.

An annual board effectiveness evaluation, as well as an independence review were performed by external service providers.

The board is satisfied that the skills and experience of its members are appropriate and in line with King IV requirements.







Skin to

Governance summary (continued)

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 Remune- ration 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	1 4/4		1 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	1 4/4	1 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	1 4/4	1 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		1 2/2		M 2/2	1 2/2		1 2/2	M 2/2	M 2/2	1 1/2
Tava Madzinga****	M 3/3	M 1/2	M 2/2	3/3		M 3/3	3/3	1/1	3/3	M 3/3		1/2
Hennie Nel	M 4/4	M 2/2	M 2/2	1 4/4	1 2/2	M 4/4				M 4/4	M 2/2	
Lotz Mahlangeni***	M											

Retired 1 June 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.



Member

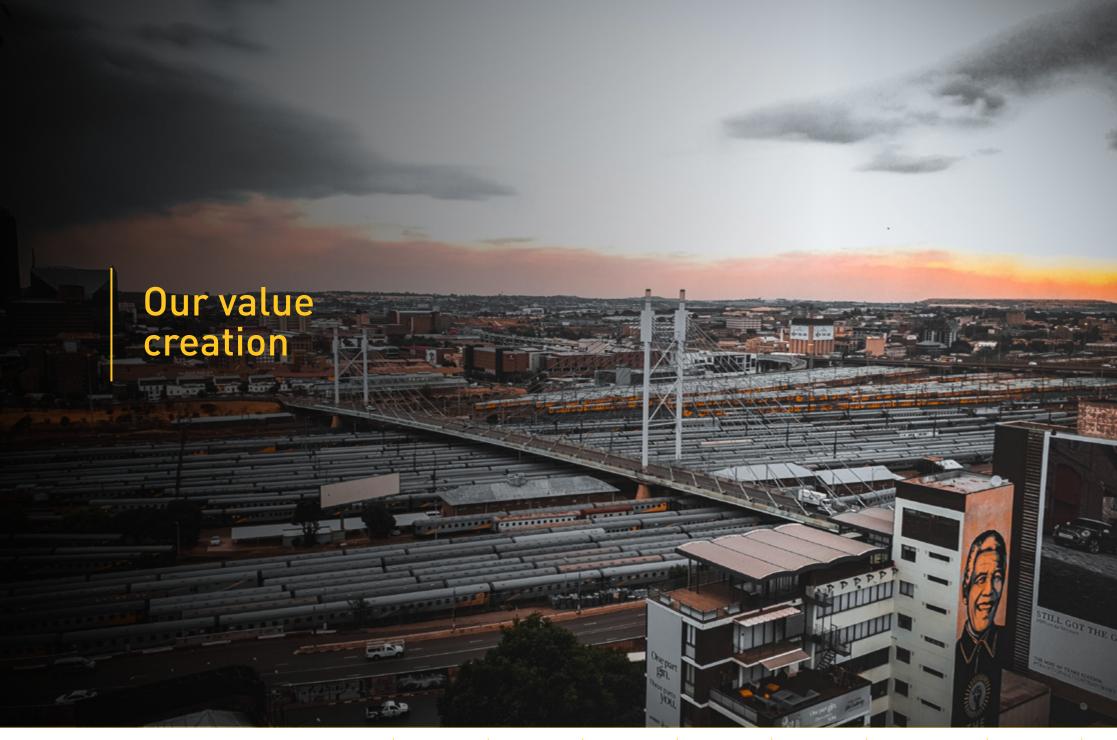
Invitee



Retired 30 June 2022.

Appointed with effect from 12 December 2022.

^{****} Appointed with effect from 1 April 2022.











A message from our group chief executive officer (CEO)

I am pleased to present my first report to you as the incoming group CEO of the Santam group. I am excited and inspired to play a part in driving a group with a clear purpose and strong growth prospects. My experiences so far have indeed vindicated my decision to join the Santam group.

Santam is a successful and resilient business with a strong and tested track record. It is important that we continue to assess our strengths and areas of improvement so we remain successful into the future, keeping what works and pivoting where change is needed. Customer needs and behaviours are fast-changing and therefore we must apply our minds to accommodate these changes. As a result, the board and my leadership team had an opportunity to objectively examine the robustness of our FutureFit Santam strategy, and whether it appropriately positions us for the future. The strategy refresh enables us to ensure we continue to focus on value creation for our stakeholders.

A challenging operating environment

This year has been what I like to call a "perfect storm" at a macro and micro level. Few businesses can withstand tests such as we have seen during this financial year and still deliver acceptable results.

There is no doubt that our competitors are mounting formidable onslaughts on our dominance of the general insurance market. Weather-related catastrophes such as the recent KwaZulu-Natal floods and the Nelson Mandela Bay water shortages are a stark reminder of the dangers of climate change for our planet and business. Globally, we also saw increased geopolitical tensions with the war in Ukraine. The insurance industry has evolved, and as a business, we have a responsibility to respond positively to these changes - and must do so if we are to remain relevant. South Africa has seen slow economic recovery post-COVID-19. While the short-term outlook for the local insurance industry is positive, the medium- to long-term trends are uncertain. The state of public infrastructure (electricity, roads, rail services, etc.) and rising unemployment raise questions as to whether the current economic growth outlook can be realised, which remains below the country's potential with supportive policy implementation.

Despite the uncertain outlook, Santam sees an opportunity to further strengthen our position and create value in South Africa. There are pockets of potential growth in underpenetrated customer segments, and new ways of interacting with customers. The approach will require innovation and diversification to support our customers in managing risk while avoiding overexposure.

The global insurance market is hardening and together with rising interest rates creates some tail winds for our business. However, rising inflation and weatherrelated events are leading to increasing claims and higher reinsurance costs. For Santam, the opportunity is to continue to drive international expansion and diversification. Our partnership with Sanlam Pan-Africa to grow our Specialist business into markets we haven't sufficiently penetrated is of the utmost importance. Our exposure to Shriram General Insurance in India also remains a key driver of our diversification, in a market with strong future growth prospects.





A message from our group chief executive officer (CEO) (continued)

Key financial highlights

Despite the challenging underwriting conditions and volatile investment markets, we paid an interim dividend of 462 cents per share. For the year, we have reported a net underwriting margin for our conventional insurance business of 5.1% and will pay a final dividend of 845 cents per share.

We saw a reduction in COVID-19-related contingent business interruption (CBI) claims provisions. The process of finalising the remaining CBI claims and associated reinsurance recoveries relating to the COVID-19 lockdown should be completed during 2023.

In addition, we made good progress in implementing underwriting actions to address the high claims inflation and increased weather, power surge and theft-related claims, resulting in improving underwriting results during the second half of 2022. As a result the group's net underwriting margin was met at the bottom end of the target range of 5% to 10% for the full year.

The positive impact of these underwriting actions, which include procurement efficiencies, segmented premium increases and higher claim excesses, will continue into 2023.

Santam's economic and regulatory capital position remained strong, and the economic capital coverage ratio exceeded the mid-point of the 145% to 165% capital target band. We delivered a return on capital of 18.8%, below our target of 24%.

Conventional insurance

Conventional insurance gross written premium growth of 8% was achieved and a net underwriting margin of 5.1% was reported. The underwriting results were negatively impacted by increased claims activity, high claims inflation and large catastrophe event losses. We paid R4.4 billion in claims due to the KwaZulu-Natal floods, with a net loss to Santam of some R570 million after reinsurance and re-instatement premiums, so this alone is by far the largest natural catastrophe that our company has faced in over 100 years. These losses are off-set to some extent by the release of CBI claims provisions.

Santam Commercial and Personal achieved acceptable growth, while the pricing and underwriting actions to address the increase in claims frequency and claims inflation started to gain traction. The Santam Specialist business

Skin to

recorded strong growth in gross written premiums. Excellent net underwriting results were achieved, with the liability, engineering, crop and travel insurance businesses as the main contributors. Santam Re is a well-structured business and continues to grow its international business portfolio. The Santam Re underwriting results were negatively impacted by increased claims activity and large losses. MiWay has significant growth potential. However, the business achieved subdued results, highly impacted by unsupportive economic conditions in the market segments it operates in. There is clear focus on how the business will attract profitable growth in the coming year.

The ART business segment reported excellent operating results with good growth in fee income.

Our SEM partner businesses have seen some consolidation. While we still have exposure to SEM's African markets through Santam Specialist and Santam Re, we are busy divesting from the joint venture with Sanlam in SAN JV. In May, we entered into an agreement with Allianz Europe BV (Allianz), in terms of which Santam will dispose of the 10% interest in SAN JV to Allianz. The regulatory approvals for the proposed disposal are progressing according to plan and remain on track to be completed by mid-2023.

Detailed performance per business unit is discussed in the group CFO report.

ESG, an active force for good

Insurance good and proper is Santam's brand promise. Since joining the group, nothing has been clearer to me than the significance of this promise in the group's culture.

We support our clients by paving claims, which serves as a safety net for the South African economy during challenging times. However, our impact goes beyond this, and good performance goes well beyond financial performance.

This is demonstrated through our ongoing delivery as founding signatory of the UNEP FI Principles for Sustainable Insurance. The progress that we have made continues to be reflected in our adoption of the TCFD principles and setting

up of governance structures at every level to address the impact of climate change.

Following the devastation caused by flooding in KwaZulu-Natal in April and May 2022, which resulted in tragic loss of life and livelihoods and extensive damage to property and infrastructure, and was recorded as one of the deadliest disasters to hit the country this century. Santam entered into a three-year partnership with eThekwini Municipality.

The municipality's disaster preparedness has received a major boost with the signing of a memorandum of agreement with Santam, which will provide disaster risk management support, capacity building and advisory services to enhance the metro's ability to prevent and handle future catastrophes such as floods, fires and droughts.

The agreement forms part of Santam's partnerships for risk and resilience (P4RR) programme, and is an important step in building capacity in our communities and making them more resilient. Climate change adaptation is a key component of the P4RR programme. Refer to page 56 for detail on P4RR.

Outlook and future prospects

The disruptive and volatile world Santam has operated in over the past few years has not fundamentally changed the outlook for the group. Challenges will continue. There will be hail and floods, also the recent grey listing status imposed upon South Africa will cause further socioeconomic pressures.

We cannot discount another so-called "green swan" event such as COVID-19.

However, I am confident that Santam is sufficiently robust and versatile to adapt to change. The group has withstood all manner of challenges over 104 years and is well positioned to continue to do so. Our net underwriting margin target of 5% to 10% and return on capital target of 24% remain valid.

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A message from our group chief executive officer (CEO) (continued)

Executive management changes

Ebrahim Asmal, executive head of group sourcing and transformation, and Kevin Wright, our chief information officer, retired at the end of 2022. Ebrahim played a key role in developing the Santam Procurement model while Kevin was instrumental in taking our IT environment forward and enabling a critical shift in our digital culture. Mokaedi Dilotsotlhe, our chief marketing officer, also left the group at the end of December 2022. Mokaedi managed the group communication and marketing portfolio with distinction, specifically during the turbulent COVID-19 period. I would like to take this opportunity to thank Ebrahim, Kevin and Mokaedi for their years of service and commitment with the Santam group.

Appreciation

Through a challenging operating environment and a year of unprecedented claims and leadership changes, our employees remained resilient and inspiring. I thank you for continuing to diligently support our clients and the economies in which we operate. Together we have emerged stronger and delivered on our purpose of safeguarding what is important to our clients.

I would like to thank the Santam board for a warm welcome and their support and guidance during the year.

From the group, thank you to all our other partners, intermediaries, suppliers and clients for helping Santam to create value in the long run for all stakeholders.

I am excited about the future of our group.

Tavaziva Madzinga

Group CEO







Delivering on FutureFit strategy

The group strategic framework – FutureFit – sets out building blocks to enable us to deliver on stakeholder expectations now and into the future. The strategy is client-centric and its foundation remains our brand promise: *Insurance good and proper*.

Since adopting the strategy in 2020, we have implemented key strategic initiatives to help achieve our FutureFit strategic themes. Below is a brief summary of performance per theme. Areas where insufficient progress is indicated are receiving dedicated focus.

Strategic theme Our performance in 2022 Future focus areas Delivering Insurance Santam is a responsible corporate citizen, we: • Maintained a client Net Promoter Score of more • We will maintain our inclusion in the FTSE/JSE good and proper: most than 50% Responsible Investment Top 30 Index trusted, relevant and Invest responsibly Consistently improved on Santam's Hellopeter • We aim to consistently achieve a ClimateWise score • Drive transformation purpose-driven brand Trust Index of 68 or higher Practice sound governance • We will work to achieve mature TCFD reporting Maintained our inclusion in the FTSE/JSE Responsible • Align with global industry norms Investment Top 30 Index • We will work towards aligning TCFD recommendations Understand ESG impacts • Achieved a ClimateWise score of 72% and integrate climate change into the existing risk Have a positive impact on society Embarked on a TCFD reporting journey management framework • We will conduct climate scenario analysis and formulate Santam's ESG focus: running a responsible business: our climate change response • Demonstrate stakeholder safety, fairness and inclusion • Demonstrate good governance Address sensitive risks, particularly climate change Investing in client This enables us to ensure that our clients: Made significant progress introducing digital offerings Santam aims to continue to digitally enable both experience: creating • Usage of digital portal such as Santam app, MiWay our clients and intermediaries under the Santam Remain satisfied with our value offering Blink app and our intermediary digital platform intuitive client iournevs experience banner • Experience safety, fairness and inclusion enabled by technology · Simplified policy wording • MiWay continues to convert clients to digital service channels and communication platforms Both Santam and MiWay continue to simplify policy wordings and educate clients Achieved Satisfactory progress made Insufficient progress



Delivering on FutureFit strategy (continued)

Helping to build resilient societies: through resilient societies: through resilient societies: through transformation, financial inclusion and partnerships for its address the risk protection gap. Redistributing risk Developing new markets and innovative business solutions to address the risk protection gap. Helping to mitigate risk by partnering for resilience (P4RR) Taking decisive action on climate change investing in financial advantion for underserved communities. Narrowing the risk protection gap We achieve this by: Retaining our clears Unlocking new markets to attract new clients. Innovating to satisfy existing and new clients. Innovating to satisfy existing and new clients. Innovating to satisfy existing in partnerships Diversifying in Africa and internationally: building ther international business through Santam Re and Santam Specialist We achieve this by selectively building ther international business through Santam Re and Santam Re Santam Specialist Santam helps build resilient societies by: Redistributing risk Developing new markets and innovative business and selectively building other international santam Specialist Maintaining optimal underwriting efficiency investing in partnerships Santam she clear through and possible disruption investing in partnerships Santam Secialist business and selectively building ther international source of the sale of SAN IV to Allianz. Furthermore, post the Santam Will also benefit. Santam will also benefit.	Strate	gic theme	Our performance in 2022	Future focus areas
Retaining our clients	resilient societies: through transformation, financial inclusion and partnerships for risk and resilience	 Redistributing risk Developing new markets and innovative business solutions to address the risk protection gap Helping to mitigate risk by partnering for resilience through partnerships for risk and resilience (P4RR) Taking decisive action on climate change Investing in financial education for underserved communities 	 Consistently increased the number of black intermediaries contracted to the group Offered consumer financial education to 1.5 million people Partnered with 82 municipalities to reduce risk and build resilience Helped narrow the risk protection gap by continuing 	 By 2025: Our aim is to have over 900 black intermediaries contracted to the group Our goal is to partner with 100 municipalities to reduce risk and build resilience We want to narrow the risk protection gap by expanding our insurance offering to include more than 300 000 policies among uninsured
and internationally: business through Santam Re and Santam Specialist building the Pan-African specialist business and selectively building other international business through Santam Re and Santam Specialist S	leadership position in South Africa through intermediary enablement, digital innovation and	 Retaining our clients Unlocking new markets to attract new clients Innovating to satisfy existing and new clients Maintaining optimal underwriting efficiency Investing for growth and possible disruption 	Intermediaries of 3 682 (2021: 3 306)More than 3 000 intermediaries use our digital	 position in South Africa by adding one million additional policies by 2025 Santam's historic lack of scale in value-added services presents an opportunity for growth
Achieved Satisfactory progress made Insufficient progress	and internationally: building the Pan-African specialist business and selectively building other international business through Santam Re and Santam Specialist	business through Santam Re and Santam Specialist	a percentage of our total conventional GWP The framework co-operation agreement that governs the relationship between Santam and SPA in terms of which Santam has the option to participate in 50% of specialist business written through the SPA network will endure post the implementation of the sale of SAN JV to Allianz. Furthermore, post the Sanlam/Allianz JV becoming operative, the arrangement will also incorporate Allianz's African business (excluding South Africa), from which	





Delivering on FutureFit strategy (continued)

Our performance in 2022 Strategic theme Future focus areas Building technology as To deliver an innovative experience for clients of Enhanced our multi-channel form of communication We will effectively implement and execute a digital an enabler and driver of the future, and promote growth enabled by digital to our clients via digital assets such as WhatsApp strategy across the group innovation, efficiency and innovation, we invest in: and client apps both in MiWay and Santam • We aim to completely eliminate the old mainframe optimal decision making • Continue to improve MiWay Blink app based on system in our technology architecture by 2025 Technological innovation to drive efficiency learnings from our customers New distribution models to serve evolving client and • Implemented non-motor Guidewire claims centre intermediary needs after successful launch of motor Intermediated distribution channels that serve clients digitally through the new broker portal, client portal and client app • Enhanced digital capabilities in broker portal for intermediated distribution Updating the Santam client app and portal to continuously improve client self service capabilities and ease of doing business, for direct and intermediated clients Enabling insights-driven We achieve this through: Santam has embraced data into operations including • Systematically prioritise high value use cases deployment of technology stack for AI & analytics which will allow us to make material improvement insurance and informing Prioritised executive focus and visible leadership strategic direction through however still face challenges in quality of data and in customer experience (e.g. through more of data priorities and governance trusted data limited skills personalised advice), top-line growth (e.g. through • Clear accountability for data and information Governance established and related processes better targeting and cross-sell) and business • Group-wide focused data quality improvement initiatives have matured efficiency (e.g. underwriting account servicing, • Improvement of data and information literacy Current test cases of data allows us to underwrite claims, fraud detection) and capacity more clients based on accurate risk data Enablement of a data-driven culture • Through geocoding we have improved our Underwriter • Implementation of a fit for purpose data architecture Viewer extensive data analysis and improved our risk and modern infrastructure modelling through location-based risk factors Effective use of internal and external data sources. Our property class can now benefit profitably from utilising geocoding of policies and extensive external location-based information



Achieved
 Satisfactory progress made
 Insufficient progress

Delivering on FutureFit strategy (continued)

Strategic theme Our performance in 2022 Future focus areas

Building talent and culture: empowering our people and evolving our culture to be competitive in a rapidly changing world To be competitive in a rapidly changing world and build outstanding human capital, we:

- Conduct targeted external talent acquisition
- Support internal capacity-building through development programmes that grow the talent pipeline over time
- Promote a diverse, equitable and inclusive workforce
- Improve employee wellbeing
- Improve employee engagement
- Our executive management team have appropriate accountabilities and incentives linked to financial and non-financial indicators to drive high performance

- We have been recognised as the only South African insurance company in the top 10 of the 2023 Top Employer survey
- In the Barrett Culture Survey, the Santam group achieved a score of 51, which is in line with the global average and above the local industry average of 50
- We developed a hybrid working policy which outlines what Santam expects from employees to deliver their best and support an inclusive learning culture

• We aim to improve our employee engagement score to above 80%

Optimising our financial performance: deliver sound results, stewardship and diversification

Read about our performance against this strategic theme in the group CFO report on page 62.



Achieved
 Satisfactory progress made
 Insufficient progress





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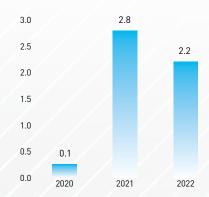
Santam group market in context

In times of disruption and volatility, economies depend on an efficient, stable financial sector and a thriving insurance sector to help people and businesses be more resilient. In a tough operating environment, Santam assists our clients to transfer, share and mitigate their risks, thereby aiding society to recover from unforeseen events, and enabling sustainable growth.

The South African context

According to Statistics South Africa, gross domestic product (GDP) increased by 2.2% in 2022. The South African Reserve Bank implemented multiple increases in its monetary policy interest rate to manage inflation expectations, impacting disposable income and contributing to investment market volatility that in turn impacts investment returns. These circumstances, exacerbated by the devastating floods in KwaZulu-Natal and load shedding, hampered the recovery of the national economy to pre-pandemic levels.

South African GDP growth rate (%)



South Africa's inflation rate rose to a 13-year high of 6.9% in 2022, above the upper limit of the South African Reserve Bank's target range of 3% to 6%.

South Africa continues to grapple with socio-economic challenges. These are discussed in more detail in the performance chapter under the South African context and the need for geographic expansion on page 49.

Our market share in South Africa

Santam has maintained a leading market share of greater than 20%. However, competitors have gained ground through different operating models and aggressive growth tactics including technology investments to drive digital processes and improve customer experience.

The international context

Globally, central banks responded to unprecedented levels of inflation through tighter monetary policy, with interest rates being increased in most major markets. This contributed to a significant spike in bond market volatility. Interest earned on short-dated insurance funds benefitted from the higher interest rates, but this was far outweighed by the negative impact of inflation on the claims experience, similar to the South African experience. Secondary perils such as hailstorms and flooding continue to drive insurance losses globally, exacerbated by rapid urban development.

Global outlook

According to the Swiss Re Institute, the global non-life insurance industry is forecast to grow at 1.8% in 2023, after an estimated slowdown to 0.9% in 2022. Emerging markets are expected to outstrip developed markets and grow by 2.7% in 2022 and 4.1% in 2023. Non-life (general insurance) premiums are forecast to grow by 1.8% in 2023 and 2.8% in 2024 in global emerging markets.



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Our key risks and opportunities

Risk management

Robust risk management is a key focus for Santam, and provides a framework within which the group can grow in a sound way, while identifying opportunities.

Risk management involves two key actions:

- Identifying, measuring, monitoring and reporting on risk
- Identifying opportunities, as the counterpoint of each risk is opportunity

The objectives of risk management are:

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

Combined assurance is a partnership between Santam's business operations, the group risk management function, internal and external audit and the board, each of which has a distinct role to play.

We use a Responsible, Accountable, Consulted, Informed (RACI) matrix to identify and assign accountabilities for each risk, and have efficient processes for reporting to the risk management function, the risk committee and the board.

The business units take responsibility for all operational and risk-related matters on an operational level within the limits set by the risk appetite, policies and frameworks.

Santam's top risks and opportunities align with and are incorporated into our material matters.

Santam's top risks

Risk	Description	Trend	Key mitigating actions and opportunities
Santam's ability to achieve premium growth targets	Santam's ability to profitably grow the group at an acceptable rate is a key risk we face in terms of creating sustainable shareholder value. Growing the group entails writing more policies, which in turn narrows the risk protection gap, as well as improving client retention rates at appropriate pricing. Growth is assessed at group and business unit level. Refer to the financial performance chapter from page 62 for detail.	^	 Business unit-specific initiatives for achieving growth and profitability in line with budgets Monthly financial performance reviews measuring actual growth and margins against budget Quarterly performance against strategy reviews Significant focus on managing expense levels
Political and social risks in South Africa	Economic conditions directly impact our clients' ability or appetite to spend money on risk mitigation. Low economic growth exacerbates high unemployment, inequality and macro-financial vulnerabilities.	^	 Santam is a committed corporate citizen Several partnerships with government and industry bodies assist and proactively address certain areas of concern Diversifying Santam's business outside of South Africa





Our key risks and opportunities (continued)

Risk	Description	Trend	Key mitigating actions and opportunities
Pressure on infrastructure and lack of maintenance in South Africa impacting claims	Failure to adequately invest in, upgrade or secure public infrastructure networks, as well as commercial infrastructure and private property, can lead to pressures or breakdowns with system-wide implications that are particularly serious from an insurance perspective, since: Increasing claims costs will be difficult to pass on to price-sensitive consumers Reserves based on current prices might be inadequate to cover future potential losses	^	 Increased underwriting focus on the impact of failing infrastructure on claims experience Santam's partnership for risk and resilience (P4RR) partners with the Department of Cooperative Governance, the South African Local Government Association, and local district municipalities to support and promote infrastructure maintenance and resilience to mitigate disaster-related risks Our crisis management plan can be applied and adopted for a wide range of crisis scenarios
Instability of the electricity grid	A worsening energy crunch as national operator Eskom implements varying levels of load shedding. Grid failure is something that has not previously been envisaged in the local insurance and reinsurance industries. Limited insurance cover is available for losses due to sporadic power outages or load shedding, but grid failure is not an insurable risk. However, property damage and business interruption losses that would arise from a grid failure event would be significant.	^	 Government's management of the electricity grid through the use of load shedding reduces the likelihood of a complete grid failure Understanding the quantum of exposure to a grid failure scenario, relative to our catastrophe reinsurance limit The systematic removal of cover from policies due to both damage and non-damage sources Use of time deductibles and reinsurance in the corporate property environment Ensuring that losses due to grid failure are covered by Santam's catastrophe reinsurance treaty
Climate risk, including catastrophe events and extreme weather	Climate change poses serious risks to global economic stability and quality of human life. The consequences of global warming are already evident in more extreme weather events. Santam faces the risk of an increase in the frequency and severity of extreme weather events (droughts, floods, wildfires, windstorms) and the consequent impact on our claims experience, underwriting, reinsurance and business processes.	^	 The impact of weather-related events on expected claims experience is a key element of Santam's pricing and underwriting frameworks Santam performs scenario modelling where the impact of an increase in the frequency and severity of climate-related events on the income statement and balance sheet, both gross and net of reinsurance, is quantified The group is working on understanding climate-related risks (physical and transitional) in accordance with the recommendations of the Task Force for Climate-related Financial Disclosure (TCFD) as these risks affect the underwriting and investment sides of our business We have been a member of ClimateWise since 2009 and a founding member of the UN Environment's Principles for Sustainable Insurance since 2012. We completed our ClimateWise and carbon disclosure reports which respond to the TCFD-aligned questions on the group's climate action initiatives







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Our key risks and opportunities (continued)

Risk	Description	Trend	Key mitigating actions and opportunities
The availability of sufficient reinsurance capacity at a reasonable price	Over the past three years, the South African market has experienced three significant catastrophe events: business interruption claims due to COVID-19, the riots in KwaZulu-Natal in 2021, and severe flooding in KwaZulu-Natal in 2022. Global reinsurers have suffered significant losses and are reconsidering the capacity they are willing to commit to South Africa. The cost of catastrophe reinsurance has also increased substantially as reinsurers look to recover some of the losses they have incurred over the past three years.	^	 Santam is the largest buyer of reinsurance in Africa and has strong relationships with its global reinsurance partners Santam has a long track record with many of our reinsurance partners who value the diversified book of business that we offer them We have gone a long way to geocoding our insurance book with the aim of better understanding our risk exposure, managing this exposure through underwriting and pricing actions as well as managing accumulations of risk in exposed geographies
Lack of A-rated paper on which to write international business	Santam's ability to write business in foreign jurisdictions, outside of Africa, is predicated on it being able to offer the market A-rated paper. Many insurers require a strong credit rating from a recognised rating agency in order to place business with that counterparty.	\Q	 Santam has an arrangement with Munich Re, via its New Re subsidiary, that allows it to use New Re's very strong credit rating to back business written in foreign jurisdictions Business written via this facility is 100% ceded back to Santam
Cyber risk	Cyber risk is the risk of a security breach of Santam's IT systems affecting the Santam brand and the confidentiality, availability and integrity of client information, resulting in a financial loss and/or business disruption. Businesses not managed in the Sanlam/Santam controlled environment are most at risk.	\$	 Sanlam and Santam have a shared service approach to managing cyber risk By pooling resources, budgets and skills, the group can mitigate cyber risks more efficiently To understand and manage this risk, Santam maintains a cyber resilience framework which identifies material cyber risks and their management, as well as a crisis management guide to deal with cyber risk scenarios Santam employees receive continuous cyber security awareness training to improve user awareness of cyber security Santam performs a significant amount of third-party risk analysis to ensure that the risk posed by businesses not managed within the Sanlam/Santam controlled environment are well understood
Skills shortage, including attracting and retaining top talent	The insurance industry is challenged by shortages of certain skills and, more generally, the quality of skills available. The industry competes with other sectors for suitably qualified and skilled candidates with the appropriate level of performance.	\$	 Strong focus on managing Santam's human capital and developing talent pipelines within the company and externally Santam invests in the development of leaders to identify and coach emerging talent We provide an extensive suite of total rewards and benefits to attract, retain and motivate employees







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Our key risks and opportunities (continued)

Our material matters

We apply the principle of materiality to assess the value Santam delivers. Our material matters have the potential to significantly impact the group's performance and our ability to be a sustainable business that creates, protects and minimises the erosion of value for our stakeholders.

The material matters are long-term in nature and have remained relevant to the future of general insurance – and Santam – since they were first approved by the board in 2018. However, our strategy responds to these material matters by mitigating risks and pursuing opportunities to create value. Therefore, as part of the strategy refresh, the executive management team and the board interrogated and refined the material matters against current external and internal developments, the group's material risks, and our stakeholders' concerns.

The following material matters influence our refreshed strategy and inform the evolution of our business model:









The material matters impacting Santam in 2022



Our clients at the core, and addressing the risk protection gap

The risk protection gap is the difference between the total economic losses resulting from such unforeseen events and the economic losses protected by insurance cover. The reality in South Africa is that many individuals and businesses do not have the resources to invest in insurance. We must innovate to attract new clients, particularly the under- and uninsured.

The group's vision is to narrow the risk protection gap in the markets where we do business through collaborative, proactive risk management activities and the provision of reliable, inclusive risk solutions. We continue to innovate and partner by developing products for, among others, SMMEs and younger consumers.

Strategic response in 2022

- We have transformed our distribution model through a multi-channel, digital approach
 - » MiWay Blink, a fully digital insurance product, was launched in 2021, and we continue to enhance the product from learnings
 - » The majority of our intermediaries are now enabled through the broker portal that was launched in 2021
- We continue to pursue cross-selling initiatives with Sanlam Retail Mass which targets our underinsured clients
- · Service levels in our personal and commercial lines contact centres and in our direct business - MiWay, consistently exceeded our internal benchmarks in 2022, and our external benchmarks also improved in 2022
 - » A dedicated voice channel in our intermediary channel, was added for small commercial sales to offer immediate quoting and conversion
- The following materially enabled the improvements in service delivery:
 - Effective use of data to enable pre-population of standard input fields
 - » Active workforce management through fully deployed client relationship management tools

Measurable results

- Santam was recognised as the top personal insurance company at the 2022 FIA Intermediary **Experience Awards**
- Santam achieved a client Net Promoter Score of 44%
- In the latest OSTI Annual Report published in 2021, Santam achieved a referral rate of 1.54 complaints received by OSTI for every 1 000 claims submitted (industry average of 2.52), a clear indication of fairness and equity
- MiWay achieved an OSTI referral rate of 2.05 complaints for every 1 000 claims submitted in 2022 [2021: 2.84]
- Santam achieved 6.9 out of 10 (2021: 6.3) in the Hellopeter Trust Index, an online platform for client complaints and compliments. MiWay achieved an impressive score of 10 out of 10 (2021: 10)













The South African context and the need for geographical expansion

South Africa's structural economic constraints limit the economy's growth potential and employment gains, which in turn place financial pressure on customers through rising inflation, electricity supply disruption and a high cost of doing business. Key South African macro-economic statistics are included in the context section on page 43.

Government's management of the electricity grid through load shedding has reduced the likelihood of complete grid failure. Government has also implemented structures in the office of the presidency to focus on the most important initiatives to remove barriers to growth and job creation. We remain fully supportive of these initiatives. Our continued commitment to corporate citizenship has also allowed us to proactively address certain areas of concern. Specifically, we partner with the Department of Cooperative Governance, the South African Local Government Association, and local district municipalities to support and promote infrastructure maintenance and resilience to mitigate disaster-related risks. Our partnerships for risk and resilience (P4RR) and CSI initiatives specifically target infrastructure development and narrowing the risk protection gap. See page 56.

South Africa is also a highly competitive and mature market from an insurance perspective. Despite this, we have identified a number of areas where we can continue to grow in South Africa. Over the long term, however, we recognise the need to focus on international expansion and diversification to drive accelerated growth, and this is commensurately a key component of our refreshed strategy.

Strategic response in 2022

- We have conducted analysis to understand the quantum of Santam's exposure to a grid failure scenario. As a result, we are adjusting our policies to systematically remove cover outside our risk appetite. We also reviewed our catastrophe reinsurance treaty to ensure that losses due to grid failure are covered
- Growing Santam's African specialist platform with a focus on growing markets and products. We will also continue to expand the reach of Santam Re through treaty business across Africa. Asia and the Middle East

Measurable results

 Conventional insurance GWP diversification: South African contribution of GWP 85% [2021: 84%]. International contribution of GWP 15% [2021: 16%]

Created Maintained Eroded

Joint venture focus - Sanlam and Allianz

Sanlam and Allianz, one of the world's leading insurers and asset managers, agreed to combine their current and future operations across Africa to create the largest Pan-African non-banking financial services entity on the continent. The joint venture will house the business units of both Sanlam and Allianz in the 29 African countries where one or both companies have a presence.

The framework co-operation agreement that governs the relationship between Santam and SPA in terms of which Santam has the option to participate in 50% of specialist business written through the SPA network will endure post the joint venture becoming operative. The arrangement will then also incorporate Allianz's African business (excluding South Africa) and presents a significant opportunity for the African expansion of Santam Specialist.



Skin to



Environmental, Social and Governance (ESG) impact

For a general insurer like Santam, ESG risks, particularly climate and environmental risks, increase the possibility of large-scale claims and can render potential clients uninsurable. It is crucial that we prioritise our understanding of these risks and drive the innovation, collaboration and continued access to capital needed to help individuals and businesses remain resilient.

ESG embeddedness

ESG demands have grown exponentially among activist groups, regulators, investors and employees. Investors in Santam increasingly consider our ESG risks and impact when making investment decisions. This includes ESG vulnerabilities in our extended value chain, for example, in supplier practices and client ESG risk management.

Prioritising ESG and improving transparency can have a positive impact on culture, business performance and public sentiment.

ESG is part of everything we do at Santam, and embedded in our purpose. Our sustainability efforts are structured according to the following focus areas, which are considered in our strategy:

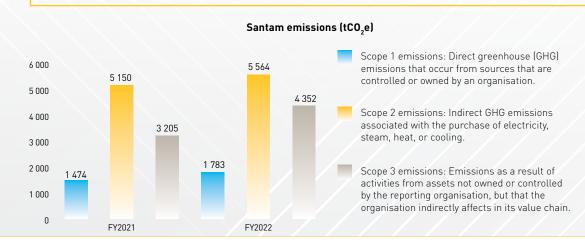
- · Running a responsible business that creates value for all stakeholders and the environment
- Helping to build resilient societies
- · Nurturing talent and culture

ESG standards

ESG standards are evolving to hold both governments and businesses to account. In South Africa, the Prudential Authority (PA) issued a Climate Risk Survey Report in October 2021 that investigated the responses of regulated financial institutions to specific climate risk issues. The results indicated that while 74% of insurers believed climate-related risks could impact their business, 65% had not undertaken any form of stress-testing.

In June 2022, after a period of public comment, the JSE released its final Sustainability Disclosure Guidance and Climate Change Disclosure Guidance, which aligns to global best practice while acknowledging the importance of the South African context. At the International Cooperation Forum and Meeting of African Ministers of Finance, Economy and the Environment in Egypt in September, African ministers and other representatives of international bodies expressed support for the work of the IFRS Foundation's International Sustainability Standards Board (ISSB).

Santam is monitoring progress in this regard and evaluating which standard/s to adopt. In addition, we engage with shareholders and ratings agencies on the group's ESG performance, and work to continually improve our ratings.



GHG (Greenhouse Gas) emissions and eustainability targets

The Sanlam group (including Santam's facilities) manages and reports its emissions using the operational control approach, which requires a company to account for its emissions by entities and activities under the direct control of the organisation. The group measures its internal environmental performance by monitoring consumption patterns such as energy, water, waste, and recycling through an internal IT system. The group's facilities (where the environmental performance is monitored) include Santam Head Office buildings in Belville and Sandton and the contact centre in Auckland Park. Santam also tracks a selection of material Scope 3 emissions. Below are our historic emissions for Scope 1, 2 and 3, 10 and our current targets set for the group's environmental performance. Our climate targets will continue to be evaluated as our climate disclosure journey progresses.





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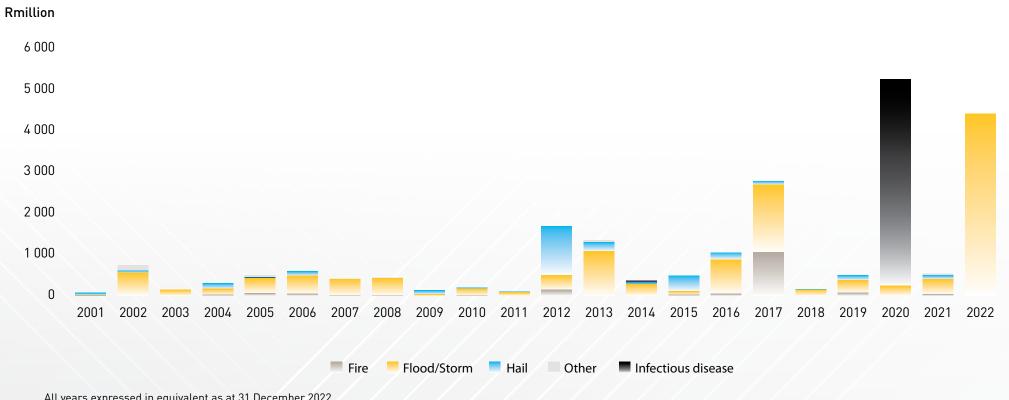
Environmental Impact and Response

Natural Catastrophe Perspective

Natural catastrophes (NATCAT) losses have been elevated over the last few decades due to high loss events such as storms and floods. Santam catastrophe claims have followed the global trends on NATCAT losses.

- KZN insured losses estimated at around R32 billion and is the largest NATCAT insured loss in South Africa's history
- Santam's NATCAT loss topped R4.4 billion, the largest in Santam history. However, peer comparison shows Santam's KZN NATCAT exposure to be below average
- Climate change and poor infrastructure are the leading causes of the increase in NATCAT losses

Santam Gross Total Catastrophe Claims: All Perils



All years expressed in equivalent as at 31 December 2022

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Climate risk response

Task Force on Climate-related Financial Disclosures progress - Santam

	Governance	Strategy	Risk Management	Metrics and Targets
	How does the board assess and manage climate- related risks and opportunities? Does the organisation have top-level governance on climate-related matters?	What are the potential and actual impacts of climate-related risks and opportunities on the business strategy and financial planning?	How is the organisation managing climate- related risks and opportunities? How are climate-related risks integrated into the overall risk management framework?	What metrics and targets should the organisation use to measure and manage relevant climate-related risks and opportunities? Are metrics and targets forward looking in nature?
Progress in 2022	The board approved the 2021 TCFD report. The sub-committee of the board assessed the group's ESG and climate-related performance, including a gap analysis of ESG disclosure. The newly established climate change committee under the executive oversight of the chief risk officer achieved the following: • Updated and published the climate change position statement • Developed a thermal coal position statement	The strategy refresh process re-emphasised the importance of ESG embeddedness. The group assessed its coal exposure against the uptake of renewable energy projects in our underwriting as part of our positioning on coal.	We have gone a long way to geocoding our insurance book with the aim of better understanding our risk exposure, managing this exposure through underwriting and pricing actions as well as managing accumulations of risk in exposed geographies. Risk services in collaboration with partnerships for risk and resilience (P4RR) undertook a flood risk modelling project to investigate current flood exposure in Ladysmith during different extreme events because of pluvial flooding and river flooding.	In 2022, the ClimateWise score improved to 72% from 68% [2021]. We maintained our spot in the top 30 of the FTSE/JSE Responsible Investment Index. We received a B score for the CDP questionnaire, indicating advanced environmental stewardship at managerial level. Our emission and water reduction targets remained the same for this year (10% reduction against a 2019 baseline to be achieved by 2025). The Santam facilities team continued to manage and measure the environmental impact of the group's facilities through energy, water use, and waste management targets.
Priorities for 2023 and beyond	Upskill the board and group executives on climate-related issues. Implement ESG-related KPIs for executive management as part of the group-wide dashboard. Publish the thermal coal positioning statement once management and board approval is attained.	Undertake scenario analysis exercise to assess climate-related risks and opportunities under various climate scenarios.	Identify risks and their impacts as part of the climate scenario analysis exercise. Integrate climate-related risks and opportunities in the enterprise risk management processes.	Inclusion of climate-related key performance indicators in the broader ESG measurement. Track and report quarterly to the board. Together with Sanlam, start exploring science-based targets.



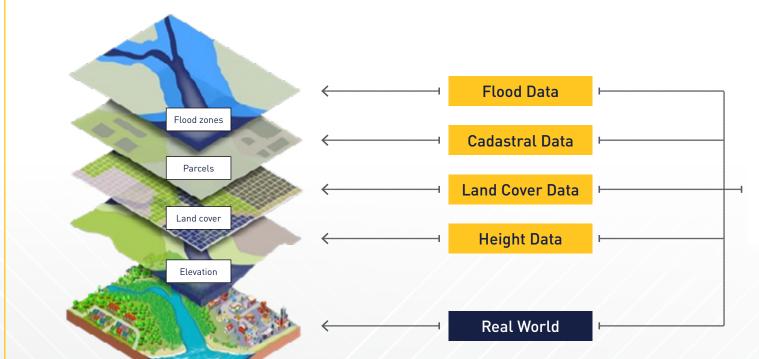


Use of Geographical Information Systems to mitigate pricing risk

Risk analytics tool focus - Geographic Information Systems (GIS)

The primary objective of underwriting is to manage risk, price appropriately and gain a clear picture of all variables involved in making a decision. The more data we can obtain, the more choices and opportunities will be presented to make informed decisions on premiums.

GIS is a geocoding method which uses geographic information to predict risk. GIS allows for collaborative risk management and enables targeted sales and marketing based on well-informed decisions by underwriters.



- Flood and sea surge modelling
- Crime statistics
- Proximity to police and fire stations
- Historical earthquake events
- Veld fire risk



Skip to

Strategic response to environmental impact in 2022

- The group is enhancing its response to climate-related risks (physical and transitional) in accordance with the recommendations of TCFD. Some of these risks have already been incorporated in underwriting and investment policies
- We continue to participate with Sanlam in CDP reporting to disclose our climate action. We have been a member of ClimateWise since 2009 and are a founding signatory of the UNEP FI Principles for Sustainable Insurance. We completed our ClimateWise and carbon disclosure reports which align to the TCFD recommendations
- Our 2021 TCFD report, our ClimateWise report and climate change position statement are available on the Santam website.

Measurable results

- We achieved a 72% ClimateWise score and obtained B CDP score (2021: 68%)
- We are a founding signatory to the UNEP FI Principles for Sustainable Insurance
- Santam is a constituent of the FTSE4Good Index Series and the FTSE/JSE Responsible Investment Top 30 Index
- We are a signatory to TCFD





Social response

Santam's social imperative

Our ESG focus area to help build resilient societies is implemented through a number of initiatives that invest in industry job creation and transformation, financial education for underserved communities, and partnerships for risk and resilience (P4RR).

- Santam's Black Broker Development programme supports black intermediaries to address industry challenges
- We contributed to addressing social and empowerment challenges in South Africa by steadily increasing procurement from black-owned suppliers
- Santam continues to invest in the ASISA ESD Fund, which creates access to loan funding for new and small BBBEE suppliers in our industry. This programme includes business assessment, incubation, support and mentoring, and aims to prepare small black businesses for targeted procurement spend from the group
- Through partnerships for risk and resilience (P4RR), the Emthunzini BBBEE Community Trust invests in risk-reducing interventions that are managed by Santam and other willing partners, such as SASRIA. Through research studies, we provide support to the National Disaster Management Centre and the Municipal Infrastructure Support Agency
- Santam partners with the Department of Cooperative Governance, the South African Local Government Association, and local district municipalities to support and promote infrastructure maintenance and resilience to mitigate disaster-related risks
- We invested in CSI initiatives that enabled more effective management of the group's risk pool while helping us develop new markets and appropriate products for these markets
- We partner with SAIA to offer consumer financial education programmes that introduce more people to the benefits of insurance. The programmes focus on three beneficiary groups:
 - » Employees, to improve and maintain their financial wellbeing
 - » SMMEs and entrepreneurs in niche industries, for example the public transport and agriculture industries, and schools in vulnerable communities
 - » The public, in partnership with SAIA and other regulatory bodies, through initiatives such as Money Smart Week South Africa

Measurable results

- We empowered 571 black intermediaries through our Black Broker Development programme
- In total, 131 learners were trained through Black Broker Development learnerships between 2017 and 2022
- GWP from emerging intermediaries now exceeds R100 million per month, a 15% improvement on the prior year
- Preferential spend on black-owned suppliers was R3.1 billion
- 19 additional municipalities supported, bringing the cumulative number to 82 municipalities across South Africa
- Since 2020, 12 663 SMMEs, 5 156 taxi owners, 1 943 emerging farmers and 1 400 school principals have benefitted from consumer financial education
- Consumer financial education programmes in 2022 included:

A Women in Business event in Soweto to celebrate Women's Month, attended by 635 women

Know Your Cash for young adults in tertiary education and the newly employed

Building Resilient Businesses to enable growth and sustainability for SMMEs, both start-ups and maturing businesses

Radio programmes for SMMEs and South African households to create awareness of the non-life insurance industry, its products and services









Partnership with local government

Partnerships for risk and resilience (P4RR) initiatives in 2022

- A strategic partnership with the Council for Scientific and Industrial Research (CSIR) to support 10 municipalities with development of climate change response or adaptation plans
- Following the water crisis experienced by the Nelson Mandela Bay metro in 2022. Santam initiated several mitigative interventions in partnership with the city. These included installing a borehole at a provincial hospital, installing 18 five-thousand litre tanks and pumps at all nine metro fire stations, and providing firefighting foam concentrate and augmenting water supply for fire protection at 15 selected retirement homes and facilities for people with special needs
- Provided much-needed fire services and disaster management equipment for 19 partner municipalities
- Provided training to 100 personnel in disaster management, fire safety, incident management, event safety and related courses across all partner municipalities
- Trained 40 traditional leaders and councillors on disaster management
- Reached over 23 000 people across the country with disaster information, education and awareness in collaboration with strategic partners

Partnerships for risk and resilience (P4RR) initiative focus - eThekwini Municipality

The devastating floods in KwaZulu-Natal in April and May 2022 resulted in gross claims for Santam of an estimated R4.4 billion, making it the largest natural catastrophe in our 104-year history.

In November 2022, we signed a three-year partnership agreement with eThekwini Municipality to bolster the metro's ability to handle future catastrophes such as floods, fires and droughts. This initiative provides risk management support, capacity building and advisory services to the municipality, which is still grappling with the aftermath of the flooding.

The metro will gain access to our online planning support tool, the Green Book, which provides quantitative scientific evidence on the likely effects of climate change and urbanisation. The tool also helps municipalities develop climate change responses or adaptation plans and is supported by the CSIR, the National Disaster Management Centre and the Department of Environment, Forestry and Fisheries.

We also donated firefighting equipment valued at R4 million to the metro.

Social investment

CSI initiatives in 2022

- We continued our partnership with South Africa's National Sea Rescue Institute to conduct water wise training, reaching 329 406 learners
- Through our employee volunteerism programme, 140 Santam employees participated in employee volunteerism
- We partnered with the South African Red Cross Society to provide training to community-based volunteers in first aid and basic disaster management. To date, 993 volunteers have benefitted from training across district municipalities including Cape Winelands in the Western Cape, Capricorn in Limpopo, Ehlanzeni in Mpumalanga, Sarah Baartman in the Eastern Cape, Sedibeng in Gauteng, and Thabo Mofutsanyana in the Free State
- We conducted disaster management workshops and risk assessments at 18 schools, increasing safety for learners and educators, with a focus on schools for learners with special education needs
- Santam provided smoke alarms to schools for learners with special education needs. To date, 16 738 smoke alarms have been installed in vulnerable communities
- We sponsored a "Fire Season" awareness programme through seven community radio stations, as well as donating first-aid kits to creches and pre-schools
- We continued to sponsor Santam's Child Art programme







Digital trends are disrupting the insurance industry

The insurance industry is seeing rapid growth in the adoption of digital tools for internal efficiencies, underwriting and client engagement. Digital channels for distribution and policy management are increasingly in demand, driven by InsurTech start-ups and mobile network companies that selectively target parts of the value chain.

Innovation is at the core of what we do at Santam, and we are always on the lookout for new distribution channels and ways to innovate. Santam invests in technology to enable future digital ecosystem partnerships.

Strategic response in 2022

- The success achieved in improving our intermediary and client value propositions through the development of portals, self-service platforms and data enrichment and pre-population. have provided tangible benefits and enabled excellent service delivery, an important anchor in retaining current clients and attracting new clients, in particular in the current difficult market conditions
- The Santam Information Management Authority, our executive authority for data governance. has agreed on key metrics focusing on the improvement of key data fields, continued implementation of data governance standards, and improving data literacy and capacity throughout the group
- We have developed a clear roadmap for our medium- and long-term objectives to enable insights-driven insurance

Measurable results

- We conducted 294 modules of data and information literacy training
- We conducted 50 modules of cyber security awareness, phishing and internet security training
- No material data breaches were reported



Acquisition focus - JaSure

In June, we enhanced our digital offering by increasing our interest in InsurTech company JaSure by acquiring the 49% shareholding we did not yet own. JaSure is an on-demand insurance provider that allows clients to customise their cover, day-to-day and item-by-item.

We believe we can open up the potential for increased value-add to our clients and the Santam group through full ownership. We aim to leverage the existing and powerful client experience and younger market reach of JaSure, while maximising the Santam efficiencies and wider distribution capability, including the Santam Group.







An evolving regulatory environment

Regulatory developments are currently largely focused around the themes of enhancing financial stability, protecting consumer data, addressing the risk protection gap and the prevention of money laundering. Regulation continues to be more stringent given the global trust deficit and the resultant rise in consumer protection. Greater awareness of ESG impacts also increases the appetite for regulation, as discussed under ESG embeddedness above.

Santam ensures we understand the regulatory landscape thoroughly, participate through industry bodies in the development of regulations, meet all regulatory requirements and effectively implement relevant regulations.

Strategic response in 2022

- A new accounting standard for insurance reporting, IFRS 17 Insurance Contracts, was implemented by Santam with effect from 1 January 2023. For more details see group CFO report
- While there were no major financial services regulatory developments affecting Santam in 2022, the space is dynamic and the PA issued several observations, surveys and changes to regulatory reporting templates. The PA also published the final Prudential Standards on audit requirements for all insurance entities, which set out the information that entities must have audited, reviewed and reported on by their auditors



Skip to



Protecting our talent, building skills and adapting to the evolving world of work

We are living through a fundamental transformation in the way we work, ushering in a new era of technology-enhanced productivity, a shift to flexible working, and an emphasis on ethics and company culture. For our employees, it is important that Santam's brand values align with their own. As technology develops, so does the need for ever-evolving skillsets.

The group has a targeted people strategy that includes talent management, a transformative culture, employee wellness, and gender pay equity. To be competitive in a rapidly changing world and build outstanding human capital, we employ a multi-pronged approach:

- Internal capacity-building through development programmes that grow the talent pipeline over time
- Targeted external talent acquisition
- Our executive management team has appropriate accountabilities and incentives linked to financial and non-financial indicators to drive high performance

Strategic response in 2022

- Santam has a diverse and inclusive group culture which we continue to nurture and develop. The employee engagement score measures how employees experience their leaders, the workplace culture, their role, their alignment to the organisational purpose and strategy, and whether they feel they are included, supported and developed. The 2022 results showed a slight decline, which we are addressing through various initiatives
- Santam has a strong record of accomplishment in retaining key employees. We take a structured approach to managing the group's human capital and developing talent pipelines within the company and externally. We have 100% succession cover for the group's top and senior management occupational levels. We invest in the development of leaders to identify and coach emerging talent
- We adhere to the "Equal Pay for Work of Equal Value" principle and where shortcomings are recognised these are addressed to ensure pay equity. While there is no legislative requirement for reporting on the gender pay gap in South Africa, Santam periodically measures this as a proactive measure in line with the global methodology
- We provide an extensive suite of total rewards and benefits to attract, retain and motivate employees

Measurable results

- Santam was certified as a Top Employer by the Top Employer Institute for the seventh consecutive year. Santam was ranked 10th out of 128 participating companies in South Africa.
- Our employee engagement score for 2022 of 76% (2021: 78%) shows that Santam employees remain actively engaged.
- In the Barrett Culture Survey, the Santam group achieved a score of 51, which is in line with the global average and above the local industry average of 50.

We are conducting an in-depth analysis per business unit of the factors that contributed to these results and how we can address them.

- We invested in 29 graduates in the Insurance Sector Education and Training Authority (2021: 29)
- We trained 160 leaders across the group, of whom 68% were black and 49% were female [2021: 72 leaders]









Skin to



Ethical leadership and the trust deficit

A perceived lack of ethical leadership could damage Santam's reputation and influence our clients' choices. Consumers and employees are increasingly mindful of ethics-related considerations when spending money or choosing where to work.

Stringent underwriting can also lead to a higher incidence of fraud. Despite being in the business of risk mitigation, insurance firms themselves are often subject to risk in the form of insurance crime.

Santam has a zero tolerance policy regarding fraud and corruption. Employees are made aware of the latest trends in fraud and crime, locally and internationally, through regular internal communication.

Strategic response in 2022

 Across the group, there has been a targeted effort to simplify policy wordings and be transparent. In addition, we look for every available opportunity to reasonably settle claims

Measurable results

- There were no material breaches of the Santam code of ethics, conflict of interest policy, antimoney laundering policy or business integrity policy reported on our Fraudline
- Employees and intermediaries completed 295 online training modules on various ethical matters



















Group chief financial officer (CFO) report

The 2022 financial year was one of the most challenging underwriting periods in Santam's history, combined with a turbulent investment market environment. Despite these headwinds, the Santam group reported strong gross written premium growth and resilient net insurance results.

Key factors impacting our financial performance

Highlights	Challenges
Strong growth achieved by Commercial and Personal and Specialist businesses. Excellent operating results achieved by the ART businesses.	Net underwriting margin of 5.1% in a year characterised by adverse weather conditions, together with increased claims inflation, higher-than-expected significant fire losses and increased power surge and crime-related claims.
Steady progress in finalising CBI claims. CBI claims provision releases of R714 million.	Local and foreign bond market volatility contributed to lower investment return on insurance funds. Return on capital of 18.8%.

The Santam group's financial performance Our key indicators

Santam's financial strategic pillar is to optimise our financial performance by delivering good results, stewardship and diversification. We use the following metrics to track the group's financial performance and shareholder value creation:

Performance metric	Indicator	2022 target	2022 actual		Performance status
Capital	Return on capital	24%	18.8%	•	Achieved through effective capital management and resilient underwriting and investment results
	Economic capital coverage ratio	145% – 165%	156%	•	Benefitting from approved internal capital model
	Growth in conventional GWP	7.8%	8.2%	•	Strong growth achieved by Commercial and Personal and Specialist businesses
Growth	GWP direct channels proportion of total South African personal and commercial business	20%	19%	•	Below target performance following subdued growth by MiWay
	Conventional GWP outside South Africa as a percentage of total GWP	17%	15%	•	Lower percentage due to one-off engineering projects in Africa not repeated in 2022



Performance metric	Indicator	2022 target	2022 actual		Performance status
	Conventional insurance net underwriting margin	7.4%	5.1%	•	Ongoing focus on profitable growth
	Conventional insurance float return margin	2.0% – 2.5%	1.3%	•	Negatively impacted by volatile bond markets
Profitability	Conventional insurance expense ratio	17.2%	16.8% (16.5% excl Re-instatement Premiums)	•	Ongoing cost efficiency focus
	ART operating earnings (net of NCI)	R214 million	R306 million	•	Strong growth in fee income from clients and positive investment and underwriting results
•	Created • Maintained • E				

Our financial performance aspects

Santam's financial performance is measured and reported on according to:



The group's insurance results per operating segment



Our investment results



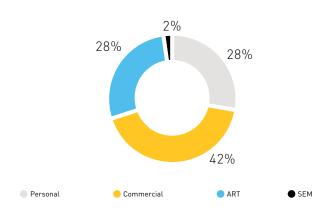
Capital management and solvency

Lines of business and geographic diversification

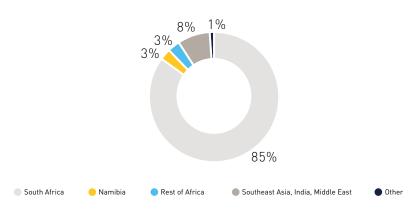
South Africa remains the most significant contributor to Conventional insurance gross written premiums at 85% (2021: 84%), with gross written premiums from this market increasing by 9% to R30.0 billion (2021: R27.5 billion). Gross written premiums from outside South Africa, written on the Santam Ltd and Santam Namibia Ltd licences, made up 15% [2021: 16%] of total gross written premiums and grew by 3% to R5 462 million (2021: R5 284 million). Strong growth was achieved by Santam Re in the Middle East, offset to some extent by fewer large engineering projects written in the rest of Africa. The collaboration with Sanlam Pan-Africa (SPA) across the African continent in specialist business continues to yield positive results, with excellent gross written premium growth of 50% to R574 million (2021: R383 million), following solid growth achieved during 2022 in the corporate property and crop businesses. Santam Namibia recorded acceptable growth of 5%.

Insurance results per operating segment

Gross written premium per business segment 2022 (%)



Conventional gross written premium* per geographical area 2022



* GWP excludes SEM investment contribution



Conventional insurance

The conventional insurance business achieved gross written premium growth of 8%. A net underwriting margin of 5.1% (2021: 8.0%) was reported at the bottom end of the group's target range of 5% to 10%. Following the implementation of focused underwriting actions, the underwriting results for the second half of 2022 showed a significant improvement. Adverse weather conditions in the first three months of the year and the devastating floods in the KwaZulu-Natal province (KZN floods) during early April 2022 significantly impacted the underwriting results. Other contributing factors to the lower underwriting margin were increased claims inflation, which escalated ahead of premium increases, higher-than-expected significant fire losses, and increased power surge and crime-related claims. These were offset to some extent by a reduction in the COVID-19-related CBI claims provisions.

Santam Commercial and Personal

The Santam Commercial and Personal business reported good growth in gross written premiums compared to 2021, specifically in commercial lines and Santam Direct.

Underwriting results were significantly impacted by adverse weather conditions during the first quarter, the KZN floods in April, high claims inflation and a significant increase in motor theft and power surge claims. Claims frequency trends for the motor class have normalised, with an increase in vehicle accidents compared to the experience during the various levels of lockdown in 2021. Good progress has been made in implementing underwriting actions to address the increase in claims frequency and claims inflation, resulting in improved underwriting results in the second half of 2022. The positive impact of these underwriting actions, which include procurement efficiencies, segmented premium increases, and higher claim excesses, will continue into 2023.

For strategic initiatives in 2022, click here.

Santam Specialist

The Santam Specialist business achieved strong growth with the crop, travel, liability, marine and corporate property insurance businesses as the main contributors. The growth in the crop business was mainly due to increased commodity prices.

The liability class continued to achieve strong growth, supported by firmer premium rates, growth in cyber product uptake and increased market share across the independent intermediary market segment.

The accident and health class reported excellent growth as the travel insurance business benefitted from increased local and international travel trends and increased business activity post-COVID-19. The transportation class also reported good growth in the aviation and marine businesses. However, gross written premiums in the engineering class achieved subdued growth, following a slowdown in business flows from outside South Africa.

The crop, liability, engineering, and travel insurance businesses reported excellent underwriting results. At the same time, the corporate property business also achieved a positive net underwriting result despite significant claims exposure to the KZN floods.

The engineering class delivered excellent underwriting results compared to 2021, following positive reserve movement and fewer large claims during the year.

The liability class continued to deliver strong underwriting results with limited adverse claims developments. Crop insurance delivered excellent underwriting results, following positive claims development in 2022, good profitability on business flows from outside South Africa, and fewer claims.

For strategic initiatives in 2022, click here.

Santam Re

Santam Re achieved acceptable growth in its third-party business, positively impacted by new business written during the reporting period and a general increase in reinsurance premium rates globally.

Santam Re reported an underwriting loss in its third-party business, negatively impacted by significant losses and increased claims activity on an international motor treaty. Most of this book of business was not renewed for the 2023 year.

For strategic initiatives in 2022, click here.

MiWay

MiWay recorded subdued growth of 2%, following a deliberate focus on profitability, which impacted new business growth. The impact of low premium increases during 2021 and increased premium defaults in 2022 also contributed to lower growth in the existing book of business. Management is confident that the current focus on growth initiatives should improve the growth prospects for 2023.

MiWay recorded, net of catastrophe claims recoveries, a loss ratio of 58.6% (2021: 60.9%) and an underwriting profit of R284 million (2021: R285 million). Underwriting actions, which included claim efficiencies, segmented premium increases and adjusted risk covers, started to gain traction after the interim reporting period.

For strategic initiatives in 2022, click here.



Conventional insurance: GWP per insurance class

Gross written premiums in the property class grew by 8% due to strong growth by Santam Re and solid contributions from the corporate property business and the Santam Commercial and Personal intermediated business.

The motor class reported growth of 5%, following good growth achieved by Santam Re and the Santam Commercial and Personal intermediated business, offset to some extent by subdued growth from MiWay.

The liability class continued to achieve strong growth, supported by firmer premium rates, growth in cyber product uptake and increased market share across the independent intermediary market segment.

The accident and health class reported excellent growth as the travel insurance business benefitted from increased local and international travel trends and increased business activity post-COVID-19. The transportation class also reported strong growth, that included good growth in the Santam Specialist aviation and marine businesses. However, gross written premiums in the engineering class achieved subdued growth of 2%, following a slowdown in business flows from outside South Africa.

Contingent business interruption (CBI) claims

The process of finalising the remaining CBI claims and associated reinsurance recoveries relating to the COVID-19 lockdown continued steadily. Santam reviewed its provisions for CBI claims at the end of December 2022, considering the underlying exposure, claims payment experience to date, the level of claims aggregating for reinsurance recovery purposes, and expected recoveries from applicable reinsurance contracts. Following this review, Santam has reduced its net provision for CBI claims by a further R317 million, following the R397 million reduction accounted for in the June 2022 results. The reduction is mainly due to the actual claims to date being lower than initial estimates. There remains some marginal uncertainty about the ultimate liability, which will only be eliminated once the process has been finalised.

Conventional insurance: GWP per insurance class (R million)





Conventional insurance: GWP outside South Africa and Namibia

Santam Re and Santam Specialist businesses achieved strong growth over the past five years. The partnership with SPA GI added R574 million gross written premium during 2022 (2021: R383 million) for the Santam Specialist business.

Rest of Africa. Southeast Asia and other (R million)

2022	2021	2020	2019	2018
4 427	4 302	3 992	2 822	2 257

Conventional insurance underwriting results

Adverse weather conditions in the first three months of the year and the devastating KZN floods during early April 2022 significantly impacted the underwriting results. The current estimate of Santam's gross exposure to the KZN floods is R4.4 billion. Santam's reinsurance programme limited the net impact to approximately R567 million, including reinsurance re-instatement premiums. The KZN floods were the most significant natural catastrophe in Santam's history.

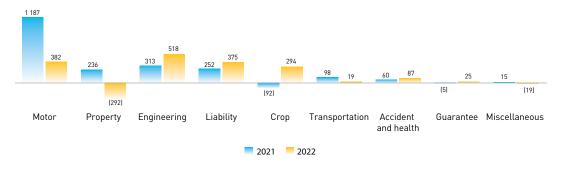
Other contributing factors to the lower underwriting margin were increased claims inflation, which escalated ahead of premium increases, higherthan-expected significant fire losses, and increased power surge and crime-related claims. These were offset to some extent by a reduction in the COVID-19-related CBI claims provisions of R714 million.

The KZN floods severely impacted the underwriting performance of the property class, offset by the release of CBI claims provisions of R714 million. Excluding the impact of the KZN floods and the CBI reserve releases, the property class recorded a net underwriting loss of R478 million (2021: R215 million excluding CBI reserve releases), mainly due to more than expected large fire claims, a significant increase in power surge claims and the impact of claims inflation.

The engineering class delivered excellent underwriting results compared to 2021, following positive reserve movement and fewer large claims during the year.

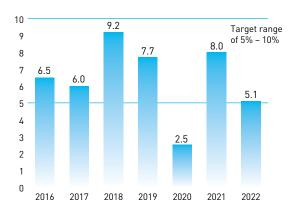
The liability class continued to deliver strong underwriting results with limited adverse claims developments. Crop insurance delivered excellent underwriting results, following positive claims development in 2022, good profitability on business flows from outside South Africa and fewer claims. Underwriting losses in the Santam Re Marine business negatively impacted the transportation class.

Conventional insurance: Net underwriting surplus per insurance class (R million)



Conventional insurance: Net underwriting margin

Net underwriting margin (%)

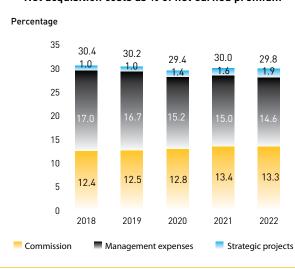


Conventional insurance: Net acquisition costs

The net acquisition cost ratio, excluding re-instatement premiums relating to KZN floods and CBI claims. remained in line with the prior year at 29.8% (2021: 30.0%), with the net commission ratio at 13.3% compared to 13.4% in 2021.

The management expense ratio, excluding re-instatement premiums, remained acceptable at 16.5% (2021: 16.6%) on the back of focused cost containment efforts and a decrease in variable incentive costs compared to 2021. Strategic project costs, included as part of management expenses, accounted for 1.9% (2021: 1.6%) of net earned premiums. These costs relate mainly to the development of a new claims management platform, the IFRS 17 implementation project, data enhancements and other digital solutions.

Net acquisition costs as % of net earned premium





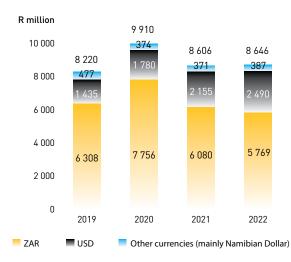
Conventional insurance investment return on insurance funds

The investment return on insurance funds of 1.3% (2021: 1.5%) of net earned premiums was adversely impacted by local and global bond market volatility, particularly during the first half of 2022. The higher US Dollar component of the investments backing the insurance reserves incurred significant fair value losses following rising international bond yields. The second half of the year showed a marked improvement compared to the first half, as actions taken to reduce volatility had a positive impact. The impact of higher interest rates on the running yield of the investment portfolios also contributed to the improvement in investment results towards the end of 2022.

Conventional insurance: Currency mix of assets backing net insurance funds

The higher US Dollar component of the investments backing the insurance reserves incurred significant fair value losses following rising international bond vields.

Conventional insurance: Currency mix of assets backing net insurance funds (R million)



Alternative Risk Transfer (ART)

The ART business reported excellent operating results, net of non-controlling interests (NCI), of R306 million (2021: R276 million). Income from clients, net of NCI, increased by 10% to R518 million (2021: R470 million) due to strong growth in fee income and positive investment results. Significant new gross written premiums in the mining rehabilitation business contributed to the growth in the group's operating cash flows, while several new first-party cells were established.

	Centriq R million	SSI R million	2022 total R million	Centriq R million	SSI R million	2021 total R million
Income from clients	361	157	518	320	150	470
Participation in underwriting results	56	16	72	57	13	70
Administration expenses	(162)	(122)	(284)	(151)	(113)	(264)
Operating result net of non-controlling interest	255	51	306	226	50	276

SEM partner businesses

Sale of SAN JV and redemption of African target shares

On 4 May 2022, Santam announced that it entered into an agreement with Allianz Europe BV (Allianz), in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz.

On the same day, Santam entered into a 12-month zero-cost collar to the amount of EUR125 million to protect the sale proceeds from the Rand strengthening against the Euro. The structure provides full downside protection below a EUR/ZAR exchange rate of R16.66 and entitles Santam to share in Rand weakness against the Euro up to a cap of R19.16. The fair value of this derivative structure on 31 December 2022 was an unrealised valuation loss of R35 million.

The regulatory approvals for the proposed disposal are progressing according to plan and remain on track to be completed mid-2023. As a result, the investment in SAN JV was classified as a non-current asset held for sale effective 30 June 2022. Equity-accounted earnings from SAN JV up to 30 June 2022 have been classified as discontinued operations. In addition, Santam's share of the results of SAN JV is no longer considered a part of the insurance-related reportable segments.

Building a specialist Pan-African insurance business with Sanlam Pan-Africa (SPA) remains a priority. The framework co-operation agreement that governs the relationship between Santam and SPA in respect of specialist business will endure in all material respects post-implementation of the disposal of Santam's 10% interest in SAN JV to Allianz. Furthermore, the arrangement will incorporate Allianz's African business (excluding South Africa), from which Santam will also benefit.

On 14 December 2022, SEM redeemed the target shares through which the Santam group held economic participation rights in the general insurance businesses of SEM in Africa (the African Target Shares). Santam will retain its economic participation rights in the general insurance investments of SEM in India and Malaysia. These two investments now make up the SEM General Insurance business segment.



Net insurance result

In India, Shriram General Insurance Company Ltd (SGI) was impacted by lower sales through Shriram channels and lower prescribed premium increases on its third-party portfolio relative to the historical average. New business sales trends did, however, improve through the year, driven by group and intermediary distribution channels. Although the business benefitted from an improved claims ratio and higher investment returns on insurance funds, higher distribution costs from non-Shriram channels detracted from the result.

Pacific & Orient Insurance Co. Berhad (P&O) in Malaysia recorded weaker growth in gross premiums, which were impacted by significant competitive pricing in the market. The business recorded lower net insurance results due to higher claims frequencies, lower volumes and lower investment return on insurance funds.

SGI corporate action

In April 2022, KKR, a leading global investment fund, acquired a 9.99% stake in SGI from the Shriram Group. KKR's investment will position SGI for continued growth in India's fast-growing general insurance industry. Before the transaction, Santam held a 15% economic participatory interest in SGI by way of a target share issued by SEM, which target share references SEM's effective shareholding in SGI. The transaction diluted SEM's effective shareholding in SGI, resulting in a commensurate dilution of Santam's economic interest in SGI from 15% to 14.1%. The enterprise value attributed to SGI for the transaction was around R38 billion (Rs 18 000 crore) and exceeded Santam's internal valuation of SGI at 31 December 2022 of R10 billion (Rs 5 046 crore) for the 100% stake. Pursuant to the transaction. Santam received a distribution in respect of the SGI target share at the end of May 2022, amounting to R217 million.

Investment results

Net investment income attributable to shareholders, inclusive of the investment return on insurance funds, amounted to R1 182 million (2021: R1 493 million). Local and foreign bond market volatility and lower equity markets were the key contributors to the weaker investment performance, partly offset by gains from a weaker Rand exchange rate and increased dividends from the SEM investments.

Investment approach

Santam follows a policy of managing its investment portfolios in a diversified manner. We aim to optimise investment income within the approved risk appetite profile.

Risk management practices are detailed in note 3 to the annual financial statements.

The asset allocation is also managed and monitored from an asset/liability perspective. This ensures sufficient liquid funds are available to meet Santam's insurance liabilities. subordinated debt obligations are adequately covered by matching interest-bearing instruments, and shareholders' funds are not unduly exposed to investment risk. Foreign currency assets are also held to back the foreign currency insurance business conducted by Santam, thus managing the currency risk.

As at 31 December 2022, funds to the value of R4.4 billion (2021: R4.0 billion) were invested in foreign currency bank accounts and global fixed-income portfolios. These funds provide backing for insurance liabilities and capital relating to the business written in foreign currency.

Santam's short-term liquidity requirements (Rand and foreign currency) are managed by the Santam group treasury function to optimise the yields on the group's liquid balances and realising group efficiencies with regard to the bank and foreign currency transactions.

Investment management is mostly outsourced to Sanlam Investments, a subsidiary of the Sanlam Group.

The fund manager has pre-determined mandates. whose performance is measured against a combination of benchmarks, inter alia SWIX and STeFI-related benchmarks. The overall performance of the fund managers against the mandates is monitored and tracked by management and reported to the Santam investment committee and board every quarter.

The mandate guidelines include performance objectives, market risk limitations such as tracking error and duration, asset allocation, credit and exposure limitations. the use of derivative structures and compliance with responsible investment policies and procedures.

Our investment results

Santam's listed equity portfolio achieved a return of 4.1% for the year ended 31 December 2022, in line with the SWIX benchmark (60% SWIX, 40% capped SWIX), which delivered a return of 3.9%.

On 30 June 2022, the group entered into a zero-cost collar over listed equities to the value of R1.4 billion, based on the SWIX 40, to provide capital protection given the prevailing volatile market conditions at the time and the below target underwriting results in the first six months of 2022. The structure offered full downside protection from the implementation level, with upside participation (excluding dividends) capped at 100.78%, and it expired on 15 December 2022. The increase in the SWIX 40 index between June 2022 and December 2022 resulted in a breach of the cap, contributing to a realised loss on the zero-cost collar of R90 million.

The Santam group's interest-earning investments are managed in enhanced cash, active income and global fixed-income portfolios. The fixed-income portfolios were negatively affected by the poor local and global bond market performance during 2022. Even though the fourth quarter of 2022 showed a good recovery, the full-year performance for the global fixed-income portfolios lagged behind their benchmarks.

Foreign currency gains of R178 million (2021: R373 million) were recorded. This included unrealised foreign currency losses of R56 million (2021: gains of R94 million) on Santam's investments in SEM's general insurance businesses in India and Southeast Asia.

Net losses on financial assets and liabilities of R299 million (2021: net gains of R171 million) include fair value losses on listed equities, local and foreign bonds and derivatives. Positive fair value movements (excluding currency movements) of R185 million (2021: R34 million) were recorded on Santam's interest in SEM's general insurance businesses in India and Southeast Asia.



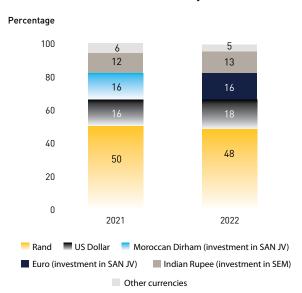


Net income from associated companies of R54 million (2021: R78 million) included the group's share of net losses from SAN JV of R14 million [2021: net income of R8 million] for the six months to June 2022 following lower underwriting results and negative investment returns on insurance funds. The net loss from SAN JV has been classified as a discontinued operation. The carrying value of SAN JV at 31 December 2022 was R1 768 million (2021: R1 848 million). Following Santam's announcement on 4 May 2022 to dispose of its interest in SAN JV (refer to Corporate transactions section below), the investment has been reclassified as a non-current asset held for sale from 30 June 2022.

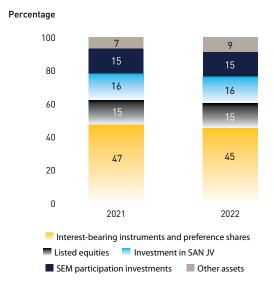
Exchange rate information for key currencies impacting the results

Currency	Closing rate 2022	Average rate 2022	Closing rate 2021	Average rate 2021
US Dollar Indian Rupee	17.02 0.21	16.31 0.21	15.96 0.21	14.76 0.20
Moroccan Dirham	1.60	1.60	1.72	1.64

Shareholder funds currency mix (%)



Shareholder funds asset mix (%)



Corporate transactions

In May 2022, the group increased its stake in Indwe Broker Holdings (Pty) Ltd by acquiring the additional 76% shareholding for R125 million, making it a wholly-owned subsidiary of the group.

Capital management and solvency Capital management philosophy

Santam's capital management philosophy is to maximise the return on shareholders' capital within an appropriate risk appetite framework. The aim is to increase shareholder wealth by actively managing the amount and sources of capital in the business while ensuring that the highest level of policyholder security is maintained. This is linked to internal economic capital requirements and regulatory capital requirements in terms of the solvency assessment and management regime (SAM) in South Africa. Santam actively manages the key drivers of its capital requirements, such as its mix of business,

asset allocation, counterparty exposure and reinsurance programme. Santam targeted a threshold return on capital hurdle rate of 24% in 2022, in line with the longer term target of 24%.

Capital is allocated to the various businesses in the group and the returns on these businesses are measured against the threshold hurdle rate.

Economic solvency and capital

On 16 May 2022, Santam issued additional unsecured subordinated callable floating rate notes to the value of R1 billion. The effective interest rate for the floating rate notes is equivalent to the three-month JIBAR plus a spread of 159 basis points. The notes have an optional redemption date of 16 May 2027 with a final maturity date of 16 May 2032. Floating rate subordinated debt issued in June 2017 to the value of R1 billion (with an interest rate egual to the three-month JIBAR plus a spread of 210 basis points), which became callable on 27 June 2022, was also redeemed during the year. Santam's issued subordinated notes, therefore, remained at the current target level of R2.5 hillion

Based on the internal model, the group economic capital requirement at 31 December 2022 amounted to R8.6 billion (2021: R8.3 billion) compared to the actual capital of R13.5 billion (R13.9 billion). This equates to an economic capital coverage ratio of 156% (2021: 169%), above the midpoint of the capital target range of 145% to 165%.

In November 2022, the Prudential Authority removed the remaining 10% capital add-on that applied to Santam's approved partial regulatory internal model. This increases the Santam Ltd regulatory capital coverage ratio. However, the targeted economic capital coverage ratio band of 145% to 165% has remained unchanged. The group remains committed to efficient capital management.

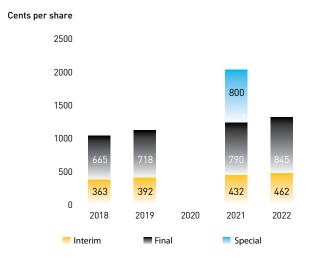
Santam's stress and scenario testing framework assesses the impact on the group's capital position under a range of different possible events. Santam's economic and regulatory solvency position remains at an acceptable level under all scenarios assessed.



Dividends

Santam's dividend policy aims for stable dividend growth in line with the company's long-term sustainable business growth. When special dividends or other capital actions are being considered, we take into account capital levels, regulatory capital requirements and potential future investment opportunities.

Dividends per share (cents)



IFRS 17

IFRS 17 Insurance Contracts (effective 1 January 2023 and to be applied retrospectively) addresses the establishment of principles for the recognition, measurement, presentation, and disclosure of insurance contracts within the scope of the standard. Based on the group's analysis of insurance policies issued, the group predominantly writes short-term contracts; therefore, the premium allocation approach (PAA) will be applied to the bulk of the insurance book.

The standard introduces a new, more granular system of reporting for both insurance revenue and insurance contract liabilities and does not only impact accounting and actuarial reporting but has a significant impact across the group's operating model. Due to the fundamental changes required and to ensure successful implementation, an IFRS 17 project

team was established. The group's audit committee and an IFRS 17 steering committee comprised of senior management from various functions who provided oversight and governance over the project. Accounting policy papers, actuarial methodologies and disclosure requirements have been prepared to be consistently implemented throughout the group. The implementation team remains up to date and closely monitors all technical developments from the IASB and industry to evaluate the effects of such developments and, where applicable, aligns the policy and methodology papers accordingly. The tax implications regarding the adoption of IFRS 17 have been considered.

The group has assessed the impact that the initial application of IFRS 17 will have on its consolidated financial statements as at 1 January 2022 (the transitional impact). It is estimated that the transitional impact will be a decrease in retained earnings of less than R100 million after tax. The decrease in retained earnings is mainly attributable to the deferral of administration fee income related to the cell captive business, only to be released as the insurance service is provided. The impact on the statement of comprehensive income for 2022 is in the process of being finalised, and is not expected to be material.

Events after the reporting period

There have been no material changes in the affairs or financial position of the group since the statement of financial position date.

Outlook

Trading conditions in South Africa and globally remain very competitive. High interest rates and significant inflationary pressures continue to decrease disposable income in South Africa. It is expected that economic activity will, in the short to medium term, be constrained by weak consumer spending. The high inflation environment also puts pressure on claims costs, while the ongoing Eskom load shedding negatively impacts economic growth and results in increased power surge claims. In addition, there has

been a significant increase in reinsurance premium rates following several large global and local catastrophe events. To manage the impact of increased reinsurance rates and the reduction in capacity offered by the global reinsurance market. Santam's catastrophe net retention has increased to just over R500 million plus re-instatement premiums. Underwriting actions to address these matters, which include procurement efficiencies, seamented premium increases, and higher claim excesses, showed a positive impact during the second half of the year and are expected to continue into 2023.

Investment markets are likely to remain volatile. Santam's investment income is expected to benefit from the higher interest rate environment. The non-Rand-denominated investments expose the group to foreign currency volatility. However, it does also provide a hedge against the operational impact of a weakening Rand.

Through the strategy refresh process, we have confirmed the net underwriting margin target of 5% to 10% of net earned premiums, the gross written premium growth target to exceed GDP and CPI by 1% to 2%, and the return on capital target of 24% remain valid. The pivot in our strategy aims to ensure delivery against these targets in a changing environment.

The group remains committed to delivering profitable growth while optimising its capital base.

Hennie Nel

Chief financial officer





Strategic performance per business unit

Santam offers products and services through our diversified business portfolio of trusted brands.

Detail on the financial performance of each business unit is included in the group CFO's report from page 62.

Santam Commercial

Business unit

and Personal Santam Commercial and Personal's strategic intent is to deliver an experience that creates more than insurance and rewards. The objective is to provide excellent risk management while growing the business. This is enabled by

our people and improved digital, data, analytics and technology capabilities.

Value contribution in 2022

The high-net-worth personal lines segment remains a key market for intermediaries and Santam, with clients who value advice and the hassle-free service that intermediaries provide at claims stage. The growth in Santam Commercial and Personal's executive offering delivered significant value.

The business successfully implemented the second phase of the Guidewire ClaimCenter Technology platform, focused on the delivery of a vehicle claims processing capability with new vehicle claims functionality as well as a new client portal and client app.

The business initiated a collaborative partnership with Sanlam Retail Mass aimed at providing holistic financial risk protection to the retail mass market. This is an important step towards closer collaboration with the wider group to drive cross-selling and provide relevant solutions to the retail mass market.

Outlook and priorities for 2023

Santam's client needs, behaviours and technologies are constantly evolving, so it is crucial that the group adjusts its operating model to meet the needs of both current clients and new client segments.

Santam Commercial and Personal's priorities for the coming year are:

- Refining policy wording
- Expand the motor-related value-added product solutions into the intermediary distribution channel
- Develop new partnership opportunities in other high-growth areas across retail and banking

Santam Commercial and Personal is the general insurance collaborator to the Sanlam and MTN strategic alliance with InsurTech company aYo. The business completed an agreement to acquire the device insurance business of MTN South Africa. deepening its partnership with a Yo and MTN to scale the device business and introduce new digital insurance solutions to the MTN customer base. This is subject to competition commission approval.







Strategic performance per business unit (continued)

Business unit Value contribution in 2022 The Santam Specialist business recorded excellent growth in **Santam Specialist** gross written premiums. Significantly improved underwriting Santam Specialist's strategic intent is to insure the complex and niche results were achieved, with the liability, engineering, crop and insurance requirements of clients in Africa and selected international travel insurance businesses being the main contributors. markets. We focus on sustainable and profitable growth while leveraging our relationship partners leadership position to become a leading Pan-African specialist insurer. Catastrophe events impacted the agriculture, property, marine and private client's claims performance and renewal rates. The property, marine, transport and engineering businesses were significantly impacted by the floods in KwaZulu-Natal, leading to adverse claims experience as well as material re-instatement premiums being raised that resulted in some sizeable underwriting losses within this portfolio of business on a net basis. Nevertheless, the fact that Santam Specialist still achieved overall excellent net underwriting results are testament to the strength of a diversified portfolio of business lines. The business unit's partnership with Sanlam Pan-Africa is bearing fruit both in terms of growth and net underwriting margin. skills Santam Specialist exited the bonding business in 2022, after exiting the guarantee business in 2021 due to economic factors. All active court bonds will continue to be administered by Santam as required by the Master of the High Court until natural expiry and/or replacement. Various business units within this portfolio have and continue to invest in digitally enabled platforms such as intermediary selfservice portals, which are focused on SMMEs and supported by relevant technology to quote, bind and issue policies with no or low levels of human intervention. Santam Agriculture completed a Soil Moisture Index insurance

Outlook and priorities for 2023

- Prioritise growth in market share in South Africa, the rest of Africa and selective emerging market countries through the business's partnership with Sanlam Pan-Africa as well as other business
- Continuously strengthen data-driven and scientific risk selection, rating and underwriting capabilities to deliver sustainable and less volatile net underwriting margins

Digitally enable the business to reach wider market segments, improve efficiencies and service levels

- Continue to actively manage expenses and deliver on efficiencies that add value to the business
- Prioritise retention and attraction of talent along with succession planning and the transfer of



pilot in collaboration with SAIA and relevant government departments. The aim is to expand the business's market reach by rolling out the product for SMMEs and smallholder farmers and customising solutions for markets outside of South Africa. Currently, parametric insurance is not part of the Insurance Act

and is being considered by the regulator for inclusion.

Business unit

Santam Re

Santam Re's purpose and business focus is to grow a profitable and sustainable reinsurance business of meaningful value to the Santam group. We provide risk and premium diversification to the group by participating in reinsurance programmes in selected emerging markets. The focus is to achieve lower volatility in earnings through increased diversity of contract, client, country and class of business.

Value contribution in 2022

Santam Re reported steady gross written premium growth following a general increase in reinsurance rates globally. Underwriting results were negatively impacted by adverse claims patterns on the international motor book.

The business continued to de-risk its portfolio from contracts with unusually large premium volumes and from single losses that could adversely affect the portfolio. In addition, it extended its business reach by contract and class of business.

Costs are managed through ongoing Lean Six Sigma initiatives. These are tools that help improve the capability of Santam Re's business processes.

Outlook and priorities for 2023

- Diversifying the Santam Re portfolio according to the four c's model: clients. contracts, countries and currencies
- Searching for the hidden, unexpected gems of business. which because of their small size or perceived adverse inherent risk nature offer unusually attractive margins; these discoveries take time and considerable research
- The ongoing automation of processes and better management of data, statistics and actuarial techniques through the development of a stand-alone pricing tool
- A greater focus on managing and maximising the free float of the business, which in time can represent a significant contributor to the net insurance result

Business unit

MiWay

MiWay's vision is to establish a world-class direct financial service business that seeks to:

- Offer its clients excellent service, superior value products, and fair treatment
- Generate superior return on investment for shareholders
- Be an employer of choice
- Be a good corporate citizen and play a meaningful role in transforming the financial services industry

Value contribution in 2022

MiWay achieved subdued gross written premium growth. The business unit faced challenges related to market conditions in South Africa, which adversely impacted its clients.

An improvement in the claims ratio has been achieved since June 2022, following the positive impact of underwriting actions, improvement in claims processes, and pricing adjustments.

MiWay's predominant distribution channel, faced challenges with connectivity to clients due to increased load shedding. Premium collection was impacted by the tough economic environment, however, improved in the second half of the year. MiWay management is maintaining a strong focus on growth initiatives.

MiWay maintained a competitive position in customer experience, which is supported by a strong Trust Index of 10 on the Hellopeter platform. MiWay continued to enhance the customer experience leveraging digital capabilities - a third of claims were logged digitally.

Outlook and priorities for 2023

- Increasing growth across distribution channels and leveraging group partnerships
- Expanding product offering
- Enhancing client experience by leveraging digital capabilities and building on the business's strona client experience philosophy
- Leveraging telematics technology to offer clients more value

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Skip to

Strategic performance per business unit (continued)

and ethics.

Business unit

Santam ART

Santam ART's strategic aim is to provide alternative insurance solutions to South African corporates, underwriting businesses and individuals. The group strategic theme of building a responsible business is key for Centrig and SSI. Besides the financial dynamics, other key considerations include responsible investment, inclusion, governance, TCF

Value contribution in 2022

The ART business segment reported excellent operating results with very good growth in fee income.

With the increased cost of insurance and the focus on good risk management, corporates showed an increased interest in first-party cell structures. Centrig has onboarded several new clients during 2022.

SSI continued to develop its direct distribution channel and to establish relationships with potential clients. SSI has developed and launched innovative new products during 2022.

Both Centria and SSI continued to implement technologies to improve efficiency and streamline processes. and this will continue to be a focus going forward.

The ART businesses had a significant focus on its investment processes and investment mandates to maintain good investment results in the volatile investment markets.

SSI continued to grow its annuity line of business by attaining new clients and continued to use SSI's licences in Mauritius to build an international and well-diversified business.

Outlook and priorities for 2023

- Building an innovative and well-diversified husiness
- Identifying opportunities and tailoring innovative solutions in response to market needs
- Continuing with the development and retention of human capital
- Implementing technologies to improve efficiency and streamline processes

0

Business unit

Santam's investments held through SEM

The aim of Santam's international investments in India and Malaysia, in partnership with Sanlam, is to:

- Deliver returns sustainably and meet our return targets
- Generate positive synergies between Santam and the Sanlam Group
- Leverage Santam's general insurance thought leadership to transfer the group's experience and capabilities to our partner businesses
- Drive innovative new market initiatives

Value contribution in 2022

On 4 May 2022, Santam announced it had entered into an agreement with Allianz Europe BV, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. The regulatory approvals for the proposed disposal are progressing according to plan and remain on track to be completed by mid-2023.

In India, Shriram General Insurance Company Ltd (SGI) was impacted by lower sales through Shriram channels as well as lower prescribed tariff increases on SGI's thirdparty portfolio relative to the historical average. Increased management focus on cross-selling has begun to support improved sales trends. The net insurance result increased marginally compared to the prior period due to improved claims experience and higher investment return on insurance funds.

Outlook and priorities for 2023

 Continued robust performance benefiting from strong economic growth

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Remuneration report summary

The Human Resources and Remuneration Committee's (HRRC) top priorities in the year was to ensure that remuneration is fit for purpose and is linked to strategic value creating objectives. We also addressed shareholder feedback on our prior year remuneration policy, and balanced shareholder and employee interests.

Our 2022 remuneration decisions and the 2023 forward looking policy align with the business strategy and the performance of the past year.

Santam has a total reward strategy for our people. This offering comprises remuneration (which includes cash remuneration, short- and long-term incentives), benefits (retirement, medical, risk, group life, etc.), learning, development and career growth and a balanced working environment with a range of lifestyle benefits.

Our remuneration philosophy sets out to:

- Identify those aspects of the remuneration policy to which all businesses should adhere in accordance with our group governance policy
- Provide a general framework for total remuneration across the Group
- Provide guidelines for short and long-term incentive and retention processes
- · Provide mandates and guidelines about how businesses should apply discretion in awarding remuneration and incentives

The board recognises certain industry-specific and other relevant differences between Santam businesses and where warranted differentiation in remuneration is applied to enable business to attract, retain and reward their employees appropriately within an overarching policy. In this regard, there are some areas where good corporate governance and the protection of shareholder interests require full disclosure, motivation and approval either at group or business level HRRC's.

The principle of pay for performance and management discretion with regard to individual employees is central to the remuneration philosophy on the basis that all remuneration is based on merit. However, the overarching principles of the Santam remuneration structure are consistently applied, to support a common philosophy and to ensure good corporate governance, with differentiation between businesses/industries where appropriate.

Overview of our remuneration policy

Our remuneration policy is a key enabler of the Santam business strategy.

It is therefore vital that it is market competitive and fair and equitable to all stakeholders.

The primary objectives of the remuneration policy are to:

- Attract, motivate, reward and retain key talent
- Drive the group's strategic objectives, while complying to our risk and governance frameworks
- Promote an ethical culture and behaviours that are consistent with our values and responsible corporate citizenship

Further detail on all remuneration-related matters can be found in our remuneration report.



Remuneration report summary (continued)

The key principles of our policy are:

- Pay for performance: Performance is the cornerstone of the remuneration philosophy. On this basis, all remuneration practices are structured in such a way as to provide for clear differentiation between individuals with regard to performance. It is also positioned so that a clear link is maintained between performance conditions and the Santam business strategy
- **Competitiveness:** A key objective of the remuneration philosophy is that remuneration packages should enable the group and its businesses to attract and retain employees of the highest quality in order to ensure sustainability
- Leverage and alignment: The reward consequences for individual employees are, as far as possible, aligned with, linked to and influenced by:
 - » the interests of Santam shareholders (and, where applicable, minority shareholders in subsidiaries)
 - the interests of other stakeholders (for example, employment equity, client service, the community)
 - » sustainable performance of Santam as a whole
 - the performance of any region, business unit or support function
 - the employee's own contribution
- Consistency and fairness: The remuneration philosophy strives to provide a framework that encourages consistency, but allows for differentiation where it is fair, rational and explainable. Differentiation in terms of market comparison for specific skills groups or roles is necessary and differentiation concerning performance is imperative. Unfair differentiation is unacceptable
- Attraction and retention: Remuneration practices are recognised as a key instrument in attracting and retaining the required talent to meet Santam's objectives and ensure its sustainability
- Shared participation in relevant components of remuneration: Employee identification with the success of Santam is important owing to the fact that it is directly linked to both Santam's and individual performance. All employees should have the chance to be recognised and rewarded for their contribution and the value they add to Santam, and, in particular, for achieving excellent performance and results, in relation to Santam's stated strategic objectives. The performance management process contributes significantly towards obtaining this level of participation and towards lending structure to the process

- Best practice: Reward packages and practices reflect local and international best practice, where appropriate and practical
- Communication and transparency: The remuneration philosophy, policy and practices, as well as the processes to determine individual remuneration levels, are transparent and communicated effectively to all employees. In this process the link between remuneration and Santam's strategic objectives is understood by all employees
- Market information: Accurate and up-to-date market information and information on best practice are important factors in determining the quantum of the remuneration packages
- Malus and clawback: Where defined trigger events take place provision is made for redress against remuneration through either malus (pre-vesting forfeiture) or clawback (post-vesting forfeiture). Malus and clawback provisions and the application thereof to trigger events are governed by the Santam group malus and clawback policy, which is a related policy to this group remuneration policy and these provisions will be incorporated in relevant remuneration governance documents/rules

Key policy changes in 2022

The forward looking policy changes communicated in the 2021 remuneration report have now been implemented. These changes are:

- Short-term incentive scheme: Bonus deferral mechanisms for executive committee members thus adjusting the 100% cash payment to include a portion of bonus share deferral. Further detail will be disclosed in our separate remuneration report
- Long-term incentive scheme: Simplification of the Performance Deferred Share Plan (PDSP) which includes a shift to awarding only performance shares to both executive committee members and senior management

Key Focus areas in 2022

During 2022, the HRRC considered the following matters and approved (where relevant):

- Changes to the remuneration approach based on feedback received from shareholders, investors and proxy voting advisor engagements
- Benchmarking remuneration levels and practices to local comparator groups
- Monitoring and approving short-term incentive (STI) and long-term incentive (LTI) design as appropriate
- Benchmarking Santam executive directors and Santam executive committee members' remuneration against a suitable market
- Recommending fee proposals for Santam nonexecutive directors (based on market insights) to be considered for approval by shareholders at the 2022 AGM
- Review of Santam's remuneration policy and practices in South Africa against prudential standards, King IV, applicable governance principles and market best practice
- Remuneration design for heads of control and persons whose actions may have a material impact on the organisation's risk exposure
- The remuneration review / annual increases and STI and LTI awards of the Santam executive committee
- STI measures achieved for accrual of bonus pool/s and achievement of performance conditions for the vesting of LTIs
- Findings and analysis on gender pay equity across all levels in the group and appropriate actions in this regard
- Considering measures to enhance existing strategies to correct the underrepresentation of black people at all levels of the organisation
- Review of market benchmarking on LTI scheme design and changes to the remuneration policy regarding the design of performance conditions for long-term incentive awards
- A review of executives' minimum shareholding requirements against market best practice to ensure appropriate investment levels and aid risk alignment for remuneration



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Remuneration report summary (continued)

Structure

The different components of remuneration are summarised in the table below. The summary is generic for all South African employees but highlights specific aspects applicable to executive committee members (Exco).

Element	Purpose	Potential	Design	How delivered?
Total guaranteed package (TGP)	Reflects market value of role and individual performance.	Market benchmark for comparative role.	Annual benchmarking against market surveys.	Cash salary and a mix of compulsory and discretionary benefits.
Short-term Incentives (STIs)	Rewards performance over 12-month period (financial year).	For Exco STI on-target ranges between 75% – 100% of TGP. Maximum STI caps are set at 200% of TGP.	Quantum for Exco based on individual, business and group performance.	Cash settlement generally capped at 200% of TGP. For Exco, deferral principles apply.
Long-term Incentives (LTIs)	Rewards company performance over a three-to-five-year period. Long-term value creation for shareholders.	Total LTI award levels range between 35% and 275% of TGP (based on unvested awards). These percentages as an indicative annual award comprises approximately 10% to 70% of TGP.	Vesting in tranches in years 3 (40%), 4 (30%) and 5 (30%).	Vesting is based upon reaching individual/strategic performance targets and meeting relevant company performance hurdles where relevant. Potential is capped at a maximum of 275% of total guaranteed package.
Outperformance Plan (OPPs)	Focused and bespoke incentives for a specific period (long-term), aligned to the Santam business strategy and key strategic projects.	100% – 200% of TGP per annum.	Performance conditions are set considerably more stretching than LTIs. Due to the outperformance targets set the probability of vesting is lower than LTIs.	Outperformance Plan (OPP) value measured and delivered in Santam shares to align to shareholders. By exception (and if good rationale exists) may be settled in cash, but this will be disclosed as appropriate.





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Remuneration report summary (continued)

Engagement and voting outcomes from the last AGM

In terms of King IV, the company should obtain the endorsement of its shareholders relating to the company's remuneration policy and the implementation report of this policy at the AGM. If more than 25% of the total votes cast by the shareholders present and by proxy, are against either resolution the company will issue an announcement on SENS inviting shareholders who voted against the Resolution to meet with the chairperson of the HRRC. The process to be followed will be set out on SENS if applicable.

At the 2022 AGM (relating to the 2021 financial year) our remuneration policy received a positive vote of 92.02%, while our implementation report received a positive vote of 92.45%.

See summary below of shareholder voting outcomes over the past three years.

	For	Against
AGM in respect of 2021 remuneration policy	92.02%	7.98%
AGM in respect of 2021 implementation report	92.45%	7.55%
AGM in respect of 2020 remuneration policy	90.56%	9.44%
AGM in respect of 2020 implementation report	90.31%	9.69%
AGM in respect of 2019 remuneration policy	97.41%	2.59%
AGM in respect of 2019 implementation report	97.52%	2.48%

The HRRC welcomes ongoing engagement with shareholders and extends a standing invitation to shareholders for engagement with us on our remuneration policy and the implementation thereof throughout the year.

We also actively strive to incorporate our remuneration policy approach and the link to business strategy in our shareholder roadshows and dialogues.

We received positive feedback from shareholders and proxy voting advisors on the consultations, actions, and increased disclosure. This is an ongoing process and we are committed to open and continuous engagement in this regard.

2023 AGM

For the 2023 AGM, the remuneration policy and the implementation report will be tabled separately for non-binding advisory votes by shareholders. In the event that either or both the policy or implementation report are voted against by 25% or more of the voting rights exercised, the ongoing engagement process as outline herein will be followed.

Forward looking policy

From 2023, executive committee members will have 10% of their key performance metrics for their annual performance contracts linked to ESG metrics. In addition, as people and social imperatives are critical for our business, at least a further 10% of key performance metrics will be based on people, culture, transformation, and people development metrics.

The HRRC will continue to review value drivers in the group to ensure that incentives are directly aligned and address the integration of acquired businesses. The principles of simplification and transparency will inform any forward looking policy decisions made.







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Approval of the summary consolidated financial statements

To the shareholders of Santam Ltd

Responsibility for and approval of the summary consolidated financial statements

The board of Santam Ltd accepts responsibility for the integrity, objectivity and reliability of the group and company financial statements of Santam Ltd. Adequate accounting records have been maintained. The board endorses the principle of transparency in financial reporting.

The responsibility for the preparation and presentation of the financial statements has been delegated to management.

The responsibility of the external auditors is to express an independent opinion on the fair presentation of the financial statements based on their audit of Santam Ltd and its subsidiaries.

The board has confirmed that adequate internal financial control systems are being maintained. There were no breakdowns in the functioning of the internal control systems during the year that had a material impact on the financial results. The board is satisfied that the financial statements fairly present the financial position, the results of the operations and cash flows in accordance with relevant accounting policies, based on International Financial Reporting Standards (IFRS).

The board is of the opinion that Santam Ltd is financially sound and operates as a going concern. The financial statements have accordingly been prepared on this basis.

The financial statements were authorised for issue and publication by the board and signed on its behalf by:

NT Moholi

Chairperson

TC Madzinga

Chief executive officer 1 March 2023

Preparation and presentation of the summary consolidated financial statements

The preparation of the summary consolidated financial statements was supervised by the chief financial officer of Santam Ltd, HD Nel (CA (SA)).



Statement on internal financial controls

Each of the directors, whose names are stated below, hereby confirm that:

- The summary consolidated financial statements set out on pages 84 to 117, fairly present in all material respects the financial position, financial performance and cash flows of the group in terms of IFRS
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the summary consolidated financial statements false or misleading
- Internal financial controls have been put in place to ensure that material information relating to the group and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the group
- The internal financial controls are adequate and effective and can be relied upon in compiling the summary consolidated financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls
- Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies
- We are not aware of any fraud involving directors

HD Nel

Chief financial officer

TC Madzinga

Chief executive officer 1 March 2023

Secretarial certification

In accordance with section 88(2)(e) of the Companies Act, 71 of 2008, as amended (the Companies Act), it is hereby certified that the company has lodged with the Registrar of Companies all such applicable returns as are required of a public company in terms of the Companies Act and that such returns are to our knowledge true, accurate and up to date.

R Eksteen

Company secretary 1 March 2023





Independent auditor's report on the summary consolidated financial statements

To the shareholders of Santam Limited

Opinion

The summary consolidated financial statements of Santam Limited, set out on pages 84 to 117 of the Santam 2022 Integrated report, which comprise the summary consolidated statement of financial position as at 31 December 2022, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Santam Limited for the year ended 31 December 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 1 March 2023. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

PricewaterhouseCoopers Inc.

Director: C van den Heever Registered Auditor Cape Town, South Africa

9 March 2023

The examination of controls over the maintenance and integrity of the group's website is beyond the scope of the review of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.





Summary consolidated statement of financial position

		Audited as at 31 December 2022	Audited as at 31 December 2021
	Notes	R million	R million
ASSETS			
Intangible assets		1 073	989
Property and equipment		640	702
Investment in associates and joint ventures	9	467	2 284
Strategic investment – unquoted SEM target shares	7	1 596	1 691
Deferred income tax		84	78
Deposit with cell owner		56	90
Cell owners' and policyholders' interest		3	11
Financial assets at fair value through income	7	35 850	31 047
Reinsurance assets	8	13 652	14 892
Deferred acquisition costs		1 056	961
Non-current assets held for sale	9	1 768	-
Loans and receivables including insurance receivables	7	11 319	8 312
Current income tax		96	5
Cash and cash equivalents		5 387	4 496
Total assets		73 047	65 558
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital		103	103
Treasury shares		(713)	(570)
Other reserves		(63)	37
Distributable reserves		11 602	11 862
		10 929	11 432
Non-controlling interest		669	630
Total equity		11 598	12 062
LIABILITIES			
Deferred income tax		94	85
Cell owners' and policyholders' interest	4	7 124	4 908
Reinsurance liability relating to cell owner	-	56	90
Financial liabilities at fair value through income		00	70
Debt securities	7	2 539	2 552
Investment contracts	7	2 061	1 970
Derivatives	, 7	35	1
Lease liabilities	,	669	764
Financial liabilities at amortised cost			
Repo liability		739	926
Collateral guarantee contracts		129	155
Insurance liabilities	8	39 977	36 040
Deferred reinsurance acquisition revenue	<u>-</u>	642	561
Provisions for other liabilities and charges		139	188
Trade and other payables including insurance payables	7	6 911	4 851
Current income tax	•	334	405
Total liabilities		61 449	53 496
Total shareholders' equity and liabilities		73 047	65 558



Summary consolidated statement of comprehensive income

	Notes	Audited Year ended 31 December 2022 R million	Restated ¹ Audited Year ended 31 December 2021 R million	Change
	Notes			Change
Gross written premium Less: reinsurance written premium		49 627 17 972	42 129 14 766	18%
Net written premium		31 655	27 363	16%
Less: change in unearned premium		01000	27 000	1070
Gross amount		4 499	1 573	
Reinsurers' share		(920)	(794)	
Net insurance premium revenue	10	28 076	26 584	6%
Interest income on amortised cost instruments Interest income on fair value through income instruments	10 10	276 1 688	206 1 346	
Other investment income	10	811	552	
Income from reinsurance contracts ceded		2 318	2 067	
Net (losses)/gains on financial assets and liabilities at fair value through				
income	10	(550)	732	
Other income		547	352	
Net income		33 166	31 839	4%_
Insurance claims and loss adjustment expenses:				
Gross amount		29 168	29 734	
Recovered from reinsurers		(11 134)	(13 329)	400/
Net insurance benefits and claims		18 034	16 405	10%
Expenses for the acquisition of insurance contracts		5 997	5 539	
Expenses for marketing and administration		5 248	4 794	
Expenses for investment-related activities		124	93	
Amortisation and impairment of intangible assets		105	68	
Investment return allocated to cell owners and structured insurance				
products		655	982	
Total expenses		30 163	27 881	8%
Results of operating activities		3 003	3 958	(24%)
Finance costs		(323)	(313)	
Net income from associates and joint ventures		68	70	
Income tax recovered from cell owners and structured insurance	11	7/0	F02	
products Profit before tax	11	749 3 497	592 4 307	[19%]
Tax expense allocated to shareholders	11	(645)	(879)	(1770)
Tax expense allocated to cell owners and structured insurance products	11	(749)	(592)	
Total tax expense		(1 394)	(1 471)	(5%)
Profit from continuing operations		2 103	2 836	(26%)
(Loss)/profit from discontinued operations	9.2	(14)	8	(275%)
Profit for the year		2 089	2 844	(27%)
Other comprehensive income, net of tax				
Items that may subsequently be reclassified to income				
Exchange differences on translation of discontinued operations		(57)	18	(000/)
Total comprehensive income for the year		2 032	2 862	(29%)
Profit attributable to:				
- equity holders of the company		1 990	2 745	(28%)
- non-controlling interest		99	99 2 844	0%_
Total comprehensive income attributable to:		2 089	Z 844	
- equity holders of the company		1 933	2 763	(30%)
- non-controlling interest		99	99	0%
•		2 032	2 862	
Total comprehensive income for the year arises from:		0.400	0.007	(0.404)
Continuing operations		2 103	2 836	(26%)
Discontinued operations		(71) 2 032	26 2 862	(373%)
Earnings attributable to equity shareholders		2 032	2 002	
Earnings per share (cents)	13			
Basic earnings per share		1 816	2 491	(27%)
Diluted earnings per share		1 803	2 478	(27%)
1 Pafer to pater 4.1 and 9.1 for detail of the rectatement				

Refer to notes 6.1 and 9.1 for detail of the restatement.



Summary consolidated statement of changes in equity

	Attrib	outable to ed	juity holder	s of the com	pany		
	Share capital R million	Treasury shares R million	Other reserves R million	Distribut- able reserves R million	Total R million	Non- controlling interest R million	Total R million
Balance as at 1 January 2021	103	(527)	19	9 761	9 356	736	10 092
Profit for the year	_	-	-	2 745	2 745	99	2 844
Other comprehensive income:							
Exchange differences on translation of discontinued operations	-	-	18	-	18	-	18
Total comprehensive income for the year ended 31 December 2021	-	-	18	2 745	2 763	99	2 862
Issue of treasury shares in terms of share option schemes	-	77	-	(77)	-	-	-
Purchase of treasury shares	_	(120)	_	_	(120)	_	(120)
Share-based payment costs	-	_	-	86	86	_	86
Equity interest issued in cell captive	-	_	-	_	-	22	22
Dividends paid	_	-	-	(477)	(477)	(227)	(704)
Non-controlling interest acquired	_	_	_	(176)	(176)	_	(176)
Balance as at 31 December 2021	103	(570)	37	11 862	11 432	630	12 062
Profit for the year	_	-	_	1 990	1 990	99	2 089
Other comprehensive income:							
Exchange differences on translation of discontinued operations	-	_	(57)	-	(57)	_	(57)
Total comprehensive income for the year ended 31 December 2022	-	-	(57)	1 990	1 933	99	2 032
Issue of treasury shares in terms of share option schemes	_	94	_	(94)	_	-	-
Purchase of treasury shares	-	(237)	-	-	(237)	-	(237)
Share-based payment costs	-	-	-	112	112	-	112
Hedging reserve movement	-	-	(35)	-	(35)	-	(35)
Share of associates' movements in other reserves	_	_	(8)	-	(8)	_	(8)
Issue of equity interest in cell captive	_	_	_	_	_	46	46
Repayment of equity interest in cell captive	_	_	_	_	_	(6)	(6)
Dividends paid	_	_	_	(2 264)	(2 264)	(98)	(2 362)
Non-controlling interest acquired	_	_	_	(4)	(4)	(2)	(6)
Balance as at 31 December 2022	103	(713)	(63)	11 602	10 929	669	11 598





Summary consolidated statement of cash flows

	Notes	Audited Year ended 31 December 2022 R million	Restated ² Audited Year ended 31 December 2021 R million
Cash flows from operating activities			
Cash generated from operations ¹		9 624	3 279
Interest paid		(322)	(295)
Income tax paid		(802)	(626)
Net movement from the acquisition and sale of financial assets ²		(4 957)	(474)
Net cash from operating activities		3 543	1 884
Cash flows from investing activities			
Acquisition of financial assets		-	(1)
Proceeds from the redemption of financial assets		92	-
Acquisition of subsidiaries, net of cash acquired	12	31	-
Purchases of equipment		(78)	(19)
Purchases of intangible assets		(58)	(89)
Proceeds from sale of intangible assets		16	-
Acquisition of associates and joint ventures	12	(2)	-
Net cash from/(used in) investing activities		1	(109)
Cash flows from financing activities			
Purchase of treasury shares		(237)	(120)
Purchase of non-controlling interest in subsidiaries	12	(6)	(176)
Proceeds from issue of unsecured subordinated callable notes		1 000	-
Redemption of unsecured subordinated callable notes		(1 000)	(500)
Dividends paid to company's shareholders		(2 264)	(477)
Dividends paid to non-controlling interest		(98)	(227)
Equity interest issued to cell captive		46	22
Repayment of equity interest in cell captive		(6)	-
Payment of principal element of lease liabilities		(123)	(156)
Net cash used in financing activities		(2 688)	(1 634)
Net increase in cash and cash equivalents		856	141
Cash and cash equivalents at beginning of year		4 496	4 383
Exchange gains/(losses) on cash and cash equivalents		35	(28)
Cash and cash equivalents at end of year		5 387	4 496

Refer to note 10 for disclosure of interest and dividends received in cash.

Acquisition of financial assets and proceeds from sale of financial assets restated to be disclosed on a net basis instead of gross. Refer to note 18 for detail of restatement.

Notes to the summary consolidated financial statements

1. Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings and Debt Listings Requirements for summary financial statements, and the requirements of the Companies Act 71 of 2008, as amended, applicable to summary consolidated financial statements. The JSE Limited Listings and Debt Listings Requirements require summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The summary consolidated financial statements have been prepared on a going concern basis. In adopting the going concern basis, the board has reviewed the group's ongoing commitments for the next 12 months and beyond. The board's review included the group's strategic plans and updated financial forecasts including capital position, liquidity and credit facilities, and investment portfolio.

In the context of the current challenging environment, a range of downside scenarios have been considered. These include scenarios which reflect subdued economic activity, market volatility and increased climate-related claim events.

As a result, the board believes that the group is well placed to meet future capital requirements and liquidity demands. Based on this review no material uncertainties, that would require disclosure, have been identified in relation to the ability of the group to remain a going concern for at least the next 12 months, from the date of the approval of the summary consolidated financial statements.

2 Accounting policies

The accounting policies applied in the preparation of the consolidated annual financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for those referred to below:

Restatement of SAN JV

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. As a result, equity-accounted earnings from SAN JV has been classified as discontinued operations, with a corresponding restatement of the statement of comprehensive income. The completion of the sale is subject to various regulatory approvals that are expected to be obtained mid-2023. The investment in SAN JV of R1.768 billion (previously included in "Investment in associates and joint ventures") has therefore been reclassified as "Non-current assets held for sale" from 30 June 2022. In addition Santam's share of the results of SAN JV is no longer considered a part of the insurance-related reportable segments, but instead has been reclassified to the investments reportable segment. The December 2021 consolidated segment report was restated as a result.

Refer to notes 6 and 9 for more detail.

Restatement of statement of cash flows

Cash flows relating to the investment portfolios within operating activities have been restated and disclosed on a net basis instead of gross. Refer to note 18 for detail of restatement.

Standards effective in 2022

The following new IFRSs and/or IFRICs were effective for the first time from 1 January 2022:

- Amendment to IFRS 3 Business combinations: Asset or liability in a business combination clarity
- Amendment to IFRS 16 Leases: COVID-19-Related rent concessions
- Amendments to IAS 16 Property, plant and equipment: Proceeds before intended use
- Amendments to IAS 37 Provisions, contingent liabilities and contingent assets: Onerous contracts: Cost of fulfilling a contract
- Annual improvements cycle 2018-2020, IFRS 9 Financial instruments
- Annual improvements cycle 2018-2020, IFRS 16 Leases

No material impact on the summary consolidated financial statements, resulting from the adoption of these amendments made to IFRS, was identified.

Standards not yet effective in 2022

The group did not early adopt any of the IFRS standards. Of the standards that are not yet effective, management expects IFRS 17 to have a future impact on the group.





2. **Accounting policies** (continued)

Standards not yet effective in 2022 (continued)

IFRS 17 INSURANCE CONTRACTS

Introduction

The IASB issued IFRS 17 Insurance contracts in May 2017 and on 25 June 2020, the IASB issued amendments to the standard. The effective date of IFRS 17 is for annual reporting periods beginning on or after 1 January 2023. Hence the group will apply the standard on 1 January 2023 and restate comparatives for the 2022 financial period.

Project governance and progress

The group's audit committee and an IFRS 17 steering committee provide oversight and governance over the implementation of the new standard. The steering committee is comprised of senior management from various functions including finance, risk, information technology, operations, and group internal audit.

Accounting policy papers, actuarial methodologies and disclosure requirements have been prepared to be implemented throughout the group. The implementation team remains up to date, and closely monitors, all technical developments from the IASB and industry to evaluate the effects of such developments and, where applicable, aligns the policy and methodology papers accordingly. The tax implications regarding the adoption of IFRS 17 have been considered.

The IFRS 17 implementation team will focus on the following key areas during 2023:

- Refine disclosures for transition, interim financial statements, and annual financial statements
- Refine remaining internal financial controls to ensure accuracy of reporting
- Finalise the management reporting format and key performance measures
- Engage external auditors for the sign-off of June 2022 and December 2022 results under IFRS 17

Transition approach

The group will apply IFRS 17 as of 1 January 2023 on a fully retrospective basis for all its portfolios except for certain portfolios containing life contracts. For the life portfolios where the fully retrospective method is deemed impractical, the fair value approach will be applied. Comparative figures for 2022 will be restated as required by the transitional provisions of IFRS 17.

Any adjustments to the carrying amounts of insurance and reinsurance assets and liabilities at the date of transition (being 1 January 2022), will be recognised in the opening balance of retained earnings.

Estimated impact of adopting IFRS 17

The group has assessed the impact that the initial application of IFRS 17 will have on its consolidated financial statements as at 1 January 2022 (the transitional impact). It is estimated that the transitional impact will be a decrease in retained earnings of less than R100 million after tax. The decrease in retained earnings is mainly attributable to the deferral of administration fee income related to the cell captive business, only to be released as the insurance service is provided. The impact on the statement of comprehensive income for 2022 is in the process of being finalised and is not expected to be material.

Included in the estimated impact is the group's share of the transitional impact on reserves of associated companies and joint ventures, apart from the group's investment in SAN JV. As disclosed in note 9, the group entered into an agreement with Allianz during 2022 to dispose of its interest in SAN JV. The group's share of the transitional impact of IFRS 17 on SAN JV's reserves is expected to be less than R70 million after tax. Any transitional impact on the group's shareholders' equity relating to SAN JV will reverse as part of the profit/ loss on disposal of the investment in SAN JV at the effective date, which is expected mid-2023. The SAN JV transitional impact will commensurately not have an ongoing impact on the group's shareholders' equity after the disposal is completed.

The estimated transitional impact is still provisional as the transition assessment has not yet been finalised. The actual impact of adopting IFRS 17 may yet change due to:

- the new accounting policies, assumptions, judgements, and estimation techniques employed are subject to change until the group finalises its first interim financial statements that include the date of initial application
- the new systems and associated internal controls have not been fully operational for a full reporting cycle and may yet require more refinement





2. **Accounting policies** (continued)

Standards not yet effective in 2022 (continued)

IFRS 17 INSURANCE CONTRACTS (continued)

Impact of changes in tax legislation

National Treasury (NT) promulgated the 2022 Taxation Laws Amendment Act (2022 TLAA) in January 2023, that was substantively enacted on 22 December 2022 and which contained the changes to section 28 of the Income Tax Act to cater for the implementation of IFRS 17. The changes ensure that section 28 is aligned to the terminology and principles of IFRS 17. A change from the previous regime is that salvages and third-party recoveries will be taxed on accrual instead of the cash receipt basis. The required changes were made to sufficiently cater for the taxation of investment contracts and cell captive arrangements in line with the current tax treatment. The impact is however immaterial.

IFRS 17 Insurance contracts: Summarised accounting policies relating to insurance and reinsurance liabilities and

This section includes the draft key accounting policies to be applied to contracts within the scope of IFRS 17. These draft accounting policies are subject to change until the publication of the group's interim results for the six months ended 30 June 2023.

Classification and measurement

The group applies IFRS 17 Insurance contracts to insurance contracts issued and reinsurance contracts held.

All references to insurance contracts in these summary consolidated financial statements apply to insurance contracts issued or acquired, and reinsurance contracts issued or held, unless specifically stated otherwise.

Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the terms of the contract are modified.

A contract is classified as an insurance contract where the group provides insurance coverage by accepting significant insurance risk when agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary.

The accounting model applied to these insurance contracts, including reinsurance contracts issued and/or held, for liability measurement purposes is the General Measurement Model (GMM) unless the Premium Allocation Approach (PAA) applies. The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the insurance contract liabilities for certain eligible types of contracts.

Where the requirements are met to measure a group of insurance contracts using the PAA, the liability for remaining coverage (LRC) at initial recognition corresponds to premiums received less acquisition costs. However, the GMM remains applicable for the measurement of incurred claims.

The standard provides that the LRC of insurance contracts and asset for remaining coverage (ARC) for reinsurance contracts be measured as: fulfilment cash flows, that is, the present value of future cash flows necessary to fulfil insurance obligations under the contract; plus a risk adjustment for non-financial risk and the contractual service margin (CSM) (representing unearned profit). Under the simplified approach (PAA), the insurance and reinsurance groups of contracts are measured as the premiums received less acquisition costs (if the accounting policy choice was made to defer acquisition costs). The liability for incurred claims (LIC) is measured as the present value of future cash flows necessary to fulfil a claim, plus a risk adjustment for non-financial risk and applies to both GMM and PAA.

Based on the group's analysis of insurance policies issued, the group predominantly writes short-duration non-life contracts, to which the PAA will be applied. Certain portfolios within the life insurance book, will be measured under the GMM.

Based on assessments performed to date, the group does not expect to have contracts which meet the definition of insurance or investment contracts with discretionary participation features. Therefore, the group does not anticipate that the variable fee approach (VFA) measurement model will be applied to insurance contracts in the group.

Insurance revenue and insurance service expenses are recognised in the statement of comprehensive income based on the concept of services provided during the period. The standard also recognises losses earlier on contracts that are expected to be onerous.

Critical accounting estimates and judgements

The main changes in the critical estimates and judgements to be made to the group's accounting policies in terms of IFRS 17 -Insurance contracts are summarised below.

Contract boundaries

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay premiums; or the group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- a. the group has the practical ability to reprice the risks of the policyholder or change the level of benefits so that the price fully reflects those risks; or
- b. both of the following criteria are satisfied:
 - i. the group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the re-assessed risk of that portfolio; and
 - ii. the pricing of premiums up to the date when risks are re-assessed does not reflect the risks related to periods beyond the re-assessment date.



2. **Accounting policies** (continued)

Standards not yet effective in 2022 (continued)

IFRS 17 INSURANCE CONTRACTS (continued)

Contract boundaries (continued)

In assessing the practical ability to reprice, risks transferred from the policyholder to the group, such as insurance risk and financial risk, are considered. Other risks, such as lapse, surrender and expense risk, are not included.

The group considers the legal rights and the commercial substance of the contracts in this assessment.

Cash flows outside of the boundary of the insurance contract relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For most insurance contracts issued, the group has the practical ability to re-assess the risks of a policyholder and set an appropriate premium to reflect those risks on short notice. Consequently, for most insurance contracts the contract boundary will be shorter than a year. The practical ability to reprice is not removed when management makes a commercial decision to price, or not price, at a certain

Most facultative reinsurance contract boundaries will align with the contract boundary of the underlying direct insurance contracts. Certain risk attaching treaty reinsurance contracts, however, cover underlying direct business that begins during a one-year coverage period of the reinsurance contract (risk-attaching reinsurance contracts). Because of this feature, the contract boundary of these reinsurance contracts can be more than one year. Such contracts will be subjected to the PAA eligibility test, described below.

The contract boundary of loss occurring treaty reinsurance contracts, is equal to the coverage period of the reinsurance contact. That is, losses must occur within the treaty's cover period.

Premium allocation approach (PAA) eligibility

The group will apply the PAA to measure a group of insurance/reinsurance contracts issued or reinsurance held if, at inception of the group: the coverage period of each contract in the group of insurance contracts is one year or less; or the group reasonably expects that the PAA would produce a measurement of the liability or asset for remaining coverage for a group of insurance contracts that would not differ materially from the measurement that would be achieved by applying the requirements of the GMM.

Where the cover period is greater than one year, the group will assess the appropriateness of the PAA measurement model as follows:

- · Project the fulfilment cash flows of the group of contracts and take into account the time value of money where the time between providing each part of the services and the related premium is more than a year
- Calculate the projected LRC under the PAA at each projected time period (initial recognition and subsequent measurement at our external reporting frequency, i.e., half-yearly or annually)
- Calculate the LRC under the GMM (including the CSM) at initial recognition as well as subsequent measurement
- At each point in time (in the projection) calculate the difference between the LRC under the PAA and GMM ("the difference")
- Compare the difference to the pre-determined materiality threshold (relative measure) at each point in time
- Where the difference does not exceed the determined threshold (at any time) then the group passes the PAA eligibility test (for the hase casel
- Perform scenario testing using the above process to ensure differences remain immaterial

Scenario testing will be performed, at least annually, by updating the projected fulfilment cash flows (best estimates and corresponding risk adjustments) under reasonably expected scenarios, which would affect cash flow variability.

Relative materiality thresholds will be defined for each portfolio based on ensuring that the combined absolute impacts of all IFRS 17 groups with coverage periods longer than a year applying the PAA falls within an absolute measure of materiality for the entity for each future year.

Unit of account

The lowest unit of account explicitly mentioned in IFRS 17 is the contract, and there is a presumption that an insurance arrangement with the legal form of a single contract would generally be considered a single unit of account.

There might be certain cases where the legal form of a contract does not reflect the substance, and thus where separation is required for accounting purposes. In such instances, the group writes multiple risks into a single contract and has concluded that each risk within the policy document is the unit of account for IFRS 17 based on the following reasons:

- Each risk in the policy is a separate transaction and therefore a separate contract concluded with the policyholder due to the risk being acquired independently by the policyholder, independently underwritten and priced and monitored and reported on separately by management
- Depending on when the risks were acquired and added to a policy document, the risks would expire at different times. Practically however when the earliest of the contracts renew in a policy, all risks in the policy are renewed to ease the administrative burden for the policyholder. This is also permissible as in the commercial and personal lines contracts the group is allowed to give 30 days' written notice of the changes that will be made to the policy



2. **Accounting policies** (continued)

Standards not yet effective in 2022 (continued)

IFRS 17 INSURANCE CONTRACTS (continued)

Unit of account (continued)

- The different risks covered in a policy do not have similar characteristics and commercial risks and have no bearing to each other in consideration of future fulfilment net cash flows
- Fulfilment cash flows for each risk is considered independently of other risks covered in a policy

Liability for incurred claims

The best estimate provision for LIC relates to claim events that have occurred before or at the reporting date – whether the claims arising from these events have been reported (outstanding claims reserve - OCR) or not (incurred but not reported - IBNR).

The cash flow projections comprise all future claim payments, receivables from salvage as well as the claims administration expenses arising from these events.

The reinsurance cash flow projections will make allowance for the best estimate credit risk arising from the potential default of reinsurance counterparties.

Historic claims triangulations that cross-tabulate claims incurred by their date of loss and date of payment are used to determine the expected cost of future claims (equivalent to the OCR plus IBNR).

A payment pattern based on the historic claims paid triangulation is used to determine the speed at which the claims provision runs off into the future.

These future claims payments are then discounted back to the reporting date using a term-dependent discount rate.

The historic claims incurred already include an amount for allocated loss adjustment expenses (ALAE) and so are implicitly projected into the future with the claims payments. In addition, directly attributable claims management expenses is added to the best-estimate liability to allow for the cost of administering the ultimate run-off of the claims provisions.

The best-estimate liability is equal to the sum of the discounted claims and expense provisions.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. For the non-life business, the group will apply the 10-year government bond risk-free rates as at reporting date for the liability of incurred claims.

The risk-free rates are deemed appropriate given that:

- The risk-free rate adequately reflects the characteristics of the insurance contracts as the risk-free rate generally increases for longer durations. Further, any differences in characteristics between the risk-free rates and the insurance contracts should not be material given the short-term nature of the liabilities
- The risk-free rates are consistent with current market prices as they reflect the rates provided in the market and will be the latest available rates

Given the nature of the liabilities, no liquidity adjustment will be made to the risk-free rate. The discount rate used for cash flows will be based on the most current rates reflecting that variability.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would require to remove the uncertainty that future cash flows will exceed the expected value amount.

The first step in the process is to calculate a best estimate reserve, where there is an equal chance that the actual amount needed to pay future claims will be higher or lower than the calculated best estimate. The risk adjustment is then calculated such that there is a 75% probability that the reserves will be sufficient to cover future claims.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the group to the reinsurer.

The risk adjustment percentile will be defined at the Santam group level and implemented consistently across the group. All licensed entities within the Santam group are required to target the confidence interval as defined at the Santam group level.

2. **Accounting policies** (continued)

Standards not yet effective in 2022 (continued)

IFRS 17 INSURANCE CONTRACTS (continued)

Foreign currency translation

The measurement of a group of insurance contracts (including the contractual service margin) with cash flows in more than one currency, will be denominated in a single currency based on the dominant currency in which expected cash flows are generated.

3. **Estimates**

The preparation of summary consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results

In preparing these summary consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated annual financial statements for the year ended 31 December 2022. Estimates and their underlying assumptions continue to be reviewed on an ongoing basis with revisions to estimates being recognised prospectively.

Subsequent to the classification of the investment in SAN JV as a non-current asset held for sale, the impairment assessment of investments in associates and joint ventures is no longer considered a critical accounting estimate.

Significant events in 2022 4.

4.1 Climate-related claim events

The underwriting results for the year were significantly impacted by adverse weather conditions in the first three months and the devastating floods in the KwaZulu-Natal province (KZN floods) during early April 2022. The current estimate of Santam's gross exposure to the KZN floods is R4.4 billion. However, adjustments to gross exposures may still occur. Santam's reinsurance programme provided effective protection against this natural catastrophe, limiting the net impact to approximately R567 million, including reinsurance re-instatement premiums. The KZN floods were the most significant natural catastrophe in Santam's history.

4.2 Premium received on ART business

Growth in group gross written premium for the year was significantly impacted by an increase in the premiums received on ART mining rehabilitation business. As a result the liability for cell owners' and policy holders' interest also increased significantly.

5. Risk management

The group's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk, foreign currency risk and derivatives risk), credit risk and liquidity risk. Insurance activities expose the group to insurance risk (including pricing risk, reserving risk, accumulation risk and reinsurance risk). The group is also exposed to operational risk and legal risk.

The capital risk management philosophy is to maximise the return on shareholders' capital within an appropriate risk framework.

The summary consolidated financial statements do not include all risk management information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual financial statements for the year ended 31 December 2022.

There have been no material changes to the risk management policies since 31 December 2021.

6. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the chief executive officer, supported by the group executive committee.

The group conducts mainly insurance and investment activities.

Insurance activities

The group presents its insurance results in the following segments:

- Conventional insurance business written on insurance licences controlled by the group, consisting of Santam Commercial and Personal, Santam Specialist, Santam Re and MiWay
- Alternative risk transfer (ART) insurance business written on the insurance licences of the Centriq Insurance group (Centriq) and the Santam Structured Insurance group (SSI)
- Santam's share of the insurance results of the Sanlam Emerging Markets (SEM) general insurance businesses

Conventional insurance is further analysed by insurance class. Operating segments are aggregated based on quantitative and/or qualitative significance. The performance of insurance activities is based on gross written premium as a measure of growth, with operating result as measure of profitability.



Segment information (continued)

Insurance activities (continued)

Growth is measured for SEM general insurance businesses based on the gross written premium generated by the underlying businesses. With regard to the SEM insurance business, this information is considered to be a re-allocation of fair value movements recognised on the SEM target shares. It is also included as reconciling items in order to reconcile to the summary consolidated statement of comprehensive income. Overall profitability is measured based on net investment income and fair value movements from SEM target share investments.

Insurance business denominated in foreign currencies is covered by foreign-denominated bank accounts and investment portfolios. Foreign exchange movements on underwriting activities are therefore offset against the foreign exchange movements recognised on the bank accounts and investment portfolios.

The investment return on insurance funds is calculated based on the day-weighted effective return realised by the group on the assets held to cover the group's net insurance working capital requirements.

Investment activities

Investment activities are all investment-related activities undertaken by the group. Due to the nature of the activities conducted, investment activities are considered to be one operating segment. Investment activities are measured based on net investment income. Revenue is earned from the various investment portfolios managed in the form of interest, dividends and fair value gains or losses, as well as income from associates and joint ventures that are not considered to be strategic investments.

All activities

Given the nature of the operations, there is no single external client that provides 10% or more of the group's revenues.

The Santam BEE transaction costs are unrelated to the core underwriting and investment performance of the group. Therefore, these costs are disclosed as unallocated activities.

Santam Ltd is domiciled in South Africa. Geographical analysis of the gross written premium and non-current assets is based on the countries in which the business is underwritten or managed. Non-current assets comprise goodwill and intangible assets, property and equipment, investments in associates and joint ventures, SEM target shares and non-current assets held for sale.





Segment information (continued) 6.

6.1 Restatement of segment report

Since the group reported its segmental results for the year ended 31 December 2021, the group entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. As a result, Santam's share of the results of SAN JV is no longer considered a part of the insurance-related reportable segments, but instead has been reclassified to the investments reportable segment. The December 2021 segment report was restated as a result. Additional information on Santam's share of SAN JV is also no longer disclosed. The restatement had no impact on net income, profit after tax, earnings per share or headline earnings per share. It also has no impact on the statements of financial position, changes in equity or cash flows. Detail of the restatement is as follows:

For the year ended 31 December 2021 (published) (audited)

		Insura	ance					
Business activity	Conven- tional R million	Alterna- tive risk transfer R million	Santam's share of SAN JV and SEM busi- nesses R million	Total R million	Investment R million	Total R million	Reconci- ling and unallo- cated R million	IFRS total R million
Revenue	32 745	9 384	2 846	44 975	1 119	46 094	(3 965)	42 129
External	32 296	9 384	2 846	44 526	1 119	45 645	(3 965)	41 680
Intersegment	449	_	_	449	_	449	_	449
Operating result before non-controlling interest and tax	2 465	306	377	3 148	_	3 148	(377)	2 771
Re-allocation of operating result	-	-	(377)	(377)	-	(377)	377	-
Investment income net of investment-related fees	-	1 025	152	1 177	956	2 133	-	2 133
Investment return allocated to cell owners and structured insurance products	-	(982)	-	(982)	-	(982)	-	(982)
Finance costs	-	(43)	-	(43)	(210)	(253)	-	(253)
Income from associates and joint ventures	-	-	8	8	70	78	_	78
Santam BEE costs	_	_	_	-	-	-	(2)	(2)
Amortisation and impairment of intangible assets	(21)	(1)	-	(22)	-	(22)	-	(22)
Income tax recovered from cell owners and structured insurance products	_	592	-	592	-	592	-	592
Profit before tax from continuing and discontinued operations	2 444	897	160	3 501	816	4 317	(2)	4 315

6. Segment information (continued)

6.1 Restatement of segment report (continued)

For the year ended 31 December 2021 (restatement) (audited)

Insurance

Business activity	Conven- tional R million	Alterna- tive risk transfer R million	Santam's share of SEM busi- nesses R million	Total R million	Invest- ment R million	Total R million	Reconci- ling and unallo- cated R million	IFRS total R million
Revenue	-	-	(1 820)	(1 820)	8	(1 812)	1 812	-
External	_	_	(1 820)	(1 820)	8	(1 812)	1 812	-
Operating result before non-controlling interest and tax Re-allocation of operating result			(221) 221	(221) 221	-	(221) 221	221 (221)	
Income from associates and joint ventures Profit from discontinued operations (equity-accounted income from	-	-	(8)	(8)	-	(8)	-	(8)
SAN JV)	-	-	-	_	8	8	-	8
Profit before tax from continuing and discontinued operations	_	_	(8)	(8)	8	_	_	_

For the year ended 31 December 2021 (restated) (audited)

roi the year ended 31 December	Insurance							
		Insur	ance					
Business activity	Conven- tional R million	Alterna- tive risk transfer R million	Santam's share of SEM busi- nesses R million	Total R million	Invest- ment R million	Total R million	Reconci- ling and unallo- cated R million	IFRS total R million
Revenue	32 745	9 384	1 026	43 155	1 127	44 282	(2 153)	42 129
External	32 296	9 384	1 026	42 706	1 127	43 833	(2 153)	41 680
Intersegment	449	_	_	449	_	449	-	449
Operating result before non-controlling interest and tax	2 465	306	156	2 927		2 927	(156)	2 771
Re-allocation of operating result	-	-	(156)	(156)	-	(156)	156	-
Investment income net of investment-related fees	-	1 025	152	1 177	956	2 133	-	2 133
Investment return allocated to cell owners and structured insurance products Finance costs	-	(982) (43)	-	(982) (43)	- (210)	(982) (253)	- -	(982) (253)
Income from associates and joint ventures	_	-	_	-	70	70	_	70
Profit from discontinued operations (equity-accounted income from SAN JV)	_	_	_	_	8	8	_	8
Santam BEE costs	_	_	_	_	_	_	(2)	(2)
Amortisation and impairment of intangible assets Income tax recovered from cell	(21)	(1)	-	(22)	-	(22)	-	(22)
owners and structured insurance products		592	-	592		592	_	592
Profit before tax from continuing and discontinued operations	2 444	897	152	3 493	824	4 317	(2)	4 315

Segment information (continued)

6.2 Segment report

For the year ended 31 December 2022 (audited)

		Insura	ance					
Business activity	Conven- tional R million	Alterna- tive risk transfer R million	Santam's share of SEM busi- nesses R million	Total R million	Invest- ment R million	Total R million	Reconci- ling and unallo- cated ⁴ R million	IFRS total R million
Revenue	35 418	14 209	1 058	50 685	664	51 349	(1 722)	49 627
External	34 751	14 209	1 058	50 018	664	50 682	(1 722)	48 960
Intersegment ⁵	667	_		667	-	667	-	667
Operating result before non-controlling interest and tax ¹	1 729	355	136	2 220	-	2 220	(136)	2 084
Re-allocation of operating result	-	-	(136)	(136)	-	(136)	136	-
Investment income net of investment-related fees	-	698	357	1 055	486	1 541	-	1 541
Investment return allocated to cell owners and structured insurance products	_	(655)	_	(655)	_	(655)	_	(655)
Finance costs ²	-	(43)	_	(43)	(222)	(265)	-	(265)
Income from associates and joint ventures	-	_	-	-	68	68	-	68
Loss from discontinued operations (equity-accounted loss from SAN JV)	-	_	-	-	(14)	(14)	-	(14)
Santam BEE costs	-	-	-	-	-	-	(2)	(2)
Amortisation and impairment of intangible assets ³	(23)	_	-	(23)	-	(23)	-	(23)
Income tax recovered from cell owners and structured insurance products		749	_	749	-	749	_	749
Profit before tax from continuing and discontinued operations	1 706	1 104	357	3 167	318	3 485	(2)	3 483

¹ Includes depreciation of R203 million for Conventional and R11 million for ART.

² Finance costs relating to lease liabilities is included in operating result.

Finance costs relating to lease liabilities is included in operating result.
 Amortisation and impairment of computer software is included as part of operating result. Santam's share of the costs to manage the SEM portfolio of R9 million is included in operating result.
 Reconciling items consist of the re-allocation of net operating results relating to the underlying investments of the SEM target shares for management reporting purposes (as a result of the investments in SEM being carried at fair value through income), and the re-allocation of investment revenue for IFRS purposes.
 Intersegment revenue includes revenue earned from Santam's share of the SEM businesses segment.

Segment information (continued)

6.2 Segment report (continued)

For the year ended 31 December 2021 (audited and restated)

Insurance

Business activity	Conven- tional R million	Alterna- tive risk transfer R million	Santam's share of SEM busi- nesses ⁶ R million	Total R million	Invest- ment R million	Total R million	Reconci- ling and unallo- cated ⁴ R million	IFRS total R million
Revenue	32 745	9 384	1 026	43 155	1 127	44 282	(2 153)	42 129
External	32 296	9 384	1 026	42 706	1 127	43 833	(2 153)	41 680
Intersegment ⁵	449	_	_	449	_	449	_	449
Operating result before non-controlling interest and tax ¹	2 465	306	156	2 927	_	2 927	(156)	2 771
Re-allocation of operating result	-	-	(156)	(156)	-	(156)	156	_
Investment income net of investment-related fees	_	1 025	152	1 177	956	2 133	-	2 133
Investment return allocated to cell owners and structured insurance products	-	(982)	-	(982)	-	(982)	-	(982)
Finance costs ²	-	(43)	-	(43)	(210)	(253)	-	(253)
Income from associates and joint ventures	_	-	-	-	70	70	-	70
Profit from discontinued operations (equity-accounted income from SAN JV)	-	-	-	-	8	8	-	8
Santam BEE costs	-	_	_	_	-	-	(2)	(2)
Amortisation and impairment of intangible assets ³	(21)	(1)	-	(22)	-	(22)	-	(22)
Income tax recovered from cell owners and structured insurance products	-	592	-	592	-	592	_	592
Profit before tax from continuing and discontinued operations	2 444	897	152	3 493	824	4 317	(2)	4 315

¹ Includes depreciation of R203 million for Conventional and R12 million for ART.

² Finance costs relating to lease liabilities is included in operating result.

Amortisation of computer software is included in operating result. Santam's share of the costs to manage the SEM portfolio of R8 million is included in operating result. Reconciling items consist of the re-allocation of net operating results relating to the underlying investments of the SEM target shares for management reporting purposes (as a result of the

investments in SEM being carried at fair value through income), and the re-allocation of investment revenue for IFRS purposes. Intersegment revenue includes revenue earned from the Santam's share of the SEM businesses segment.

⁶ Refer to notes 6.1 and 9.1 for detail of the restatement.

Segment information (continued)

6.2 Segment report (continued)

Additional information on Conventional insurance activities

	Audited Year ended 31 December 2022 R million	Year ended 31 December 2021
Revenue	35 418	32 745
Net earned premium	27 221	25 858
Net claims incurred	17 588	16 023
Net commission	3 661	3 458
Management expenses (excluding BEE costs) ^{1,2}	4 583	4 313
Net underwriting result	1 389	2 064
Investment return on insurance funds	341	400
Net insurance result	1 730	2 464
Other income	129	118
Other expenses	(130	(117)
Operating result before non-controlling interest and tax	1 729	2 465

I Amortisation and impairment of computer software is included in management expenses.
 I Finance costs relating to lease liabilities is included in management expenses.

The group's conventional insurance activities are spread over various classes of general insurance.

	Audit Year ended 31 D Gross written premium R million		Audit Year ended 31 D Gross written premium R million	
Accident and health	719	87	572	60
Crop	1 556	294	1 130	(92)
Engineering	1 759	518	1 730	313
Guarantee	50	25	127	(5)
Liability	1 743	375	1 550	252
Miscellaneous	99	(19)	53	14
Motor	15 124	382	14 412	1 188
Property	13 194	(292)	12 177	236
Transportation	1 174	19	994	98
Total	35 418	1 389	32 745	2 064
Comprising				
Commercial insurance	21 327	1 223	19 206	1 126
Personal insurance	14 091	166	13 539	938
Total	35 418	1 389	32 745	2 064

Segment information (continued) 6.

6.2 Segment report (continued)

Additional information on Alternative risk transfer insurance activities

The group's alternative risk insurance activities can be analysed as follows:

	Audited Year ended 31 December 2022 R million	Year ended 31 December 2021
Income from clients	531	470
Participation in underwriting results ¹	112	101
	643	571
Administration expenses	(288	(265)
Operating result before non-controlling interest and tax	355	306
Non-controlling interest	(49	(30)
Operating results before tax	306	276

¹ This relates to Centriq and SSI's selective participation in underwriting risk across the portfolios of traditional insurance business.

Additional information on Santam's share of SEM businesses

	Audited Year ended 31 December 2022 R million	Audited Year ended 31 December 2021 R million
Revenue	1 058	1 026
Net earned premium	766	822
Net claims incurred	505	593
Net acquisition cost	325	274
Net underwriting result	(64)	(45)
Investment return on insurance funds	200	201
Operating result before non-controlling interest and tax	136	156

Additional information on Investment activities

The group's return on investment-related activities can be analysed as follows:

	Audited Year ended 31 December 2022 R million	Restated ¹ Audited Year ended 31 December 2021 R million
Investment income	922	869
Net (losses)/gains on financial assets and liabilities at fair value through income	(312)	180
Income from associates and joint ventures	68	70
(Loss)/profit from discontinued operations	(14)	8
Investment-related revenue	664	1 127
Expenses for investment-related activities	(124)	(93)
Finance costs	(222)	(210)
Net total investment-related transactions	318	824

¹ Refer to notes 6.1 and 9.1 for detail of the restatement.

For a detailed analysis of investment activities, refer to notes 7 and 10.

Segment information (continued) 6.

6.3 Geographical analysis

	Gross written premium		Non-current assets	
	Audited Year ended 31 December 2022 R million	Restated ³ Audited Year ended 31 December 2021 R million	Audited as at 31 December 2022 R million	Audited as at 31 December 2021 R million
South Africa	44 165	36 845	2 168	2 117
Rest of Africa ¹	2 562	2 599	1 781	1 980
Southeast Asia, India and Middle East	3 719	3 245	1 596	1 346
Other	239	466	-	-
	50 685	43 155	5 545	5 443
Reconciling items ²	(1 058)	(1 026)	-	-
Total	49 627	42 129	5 545	5 443

Financial assets and liabilities (including insurance receivables 7. and payables)

The group's financial assets and liabilities including insurance receivables and payables are summarised below by measurement category.

	Audited as at 31 December 2022 R million	Audited as at 31 December 2021 R million
Financial assets mandatorily measured at fair value through income		
Strategic investment – unquoted SEM target shares	1 596	1 691
Financial assets at fair value through income	35 850	31 047
	37 446	32 738
Expected to be realised after 12 months ¹	26 267	25 978
Expected to be realised within 12 months	11 179	6 760
Including unquoted SEM target shares amounting to R1 596 million (2021: R1 691 million).		
Loans and receivables including insurance receivables	11 319	8 312
Receivables arising from insurance and reinsurance contracts	8 596	6 421
Loans and receivables excluding insurance receivables	2 723	1 891
Loans and receivables including insurance receivables are expected to be realised within 12 months.		
Financial liabilities		
Financial liabilities at fair value through income	4 635	4 523
Expected to be settled after 12 months	3 610	3 217
Expected to be settled within 12 months	1 025	1 306
Trade and other payables including insurance payables	6 911	4 851
Payables arising from insurance and reinsurance contracts	3 609	2 498
Trade and other payables excluding insurance payables	3 302	2 353

Trade and other payables including insurance payables are expected to be settled within 12 months.

Includes gross written premium relating to Santam Namibia Ltd of R1 035 million (2021: R982 million).
 Reconciling items relate to the underlying investments included in the SEM target shares for management reporting purposes (as a result of the investments in SEM being carried at fair value through income).

Refer to notes 6.1 and 9.1 for detail of the restatement.

7. Financial assets and liabilities (including insurance receivables and payables) (continued)

Financial instruments measured at fair value on a recurring basis

The table below analyses financial instruments, carried at fair value through income, by valuation method. There were no significant changes in the valuation methods applied since 31 December 2021. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Input other than quoted prices included within level 1 that is observable for the asset or liability, either directly (that is, by prices) or indirectly (that is, derived from prices). The fair value of level 2 instruments are determined as follows:
 - Listed equities and similar securities: valued using quoted prices with the main assumption that quoted prices might require adjustments due to an inactive market
 - Unlisted equities and similar securities: valued using the discounted cash flow (DCF) or net asset value method based on market input
 - Interest-bearing investments:
 - Quoted interest-bearing investments are valued using yield of benchmark bond, DCF benchmarked against similar instruments with the same issuer, price quotations of the JSE interest rate market or issue price of external valuations based on market input1
 - Unquoted interest-bearing investments are valued using DCF, real interest rates, benchmark yield plus fixed spread or deposit rates based on market input
 - Structured transactions: valued using DCF, real interest rates, benchmark yield plus fixed spread or deposit rates based on market input
 - Investment funds:
 - Quoted investment funds with underlying equity securities are valued using quoted prices with the main assumption that quoted prices might require adjustments due to an inactive market
 - Quoted investment funds with underlying debt securities are valued using DCF, external valuations and published price quotations on the JSE equity and interest rate market or external valuations that are based on published market input with the main assumptions being market input, uplifted with inflation1
 - Derivatives: valued using the Black-Scholes model, net present value of estimated floating costs less the performance of the underlying index over contract term, DCF (using fixed contract rates and market-related variable rates adjusted for credit risk, credit default swap premiums, offset between strike price and market projected forward value, yield curve of similar markettraded instruments) with the main assumptions being market input, credit spreads and contract inputs
- Level 3: Input for the asset or liability that is not based on observable data (that is, unobservable input)

There were no significant transfers between level 1 and level 2 during the current or prior year. The group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

¹ These investments are classified as level 2 as the markets that they trade on are not considered to be active





7. Financial assets and liabilities (including insurance receivables and payables) (continued)

7.1 Financial instruments measured at fair value on a recurring basis (continued)

	Level 1 R million	Level 2 R million	Level 3 R million	Level 4 R million
Audited as at 31 December 2022				
Equities and similar securities				
Listed equities and similar securities	2 861	-	-	2 861
Unlisted equities and similar securities	-	-	1 738	1 738
Interest-bearing investments				
Government interest-bearing investments	-	4 640	-	4 640
Corporate interest-bearing investments	-	15 280	60	15 340
Mortgages and loans	-	87	-	87
Structured transactions				000
Structured notes	-	238	-	238
Investment funds	-	9 065	-	9 065
Cash, deposits and similar securities	2 861	3 477 32 787	1 798	3 477 37 446
Financial assets at fair value through income	2 80 1	32 /8/	1 /78	37 446
Debt securities	_	2 539	_	2 539
Investment contracts	_	2 061	_	2 061
Derivative liabilities	_	-	35	35
Financial liabilities at fair value through income	-	4 600	35	4 635
Audited as at 31 December 2021				
Equities and similar securities				
Listed equities and similar securities	3 061	_	-	3 061
Unlisted equities and similar securities	-	-	1 765	1 765
Interest-bearing investments				
Government interest-bearing investments	-	5 666	_	5 666
Corporate interest-bearing investments	-	14 742	60	14 802
Mortgages and loans	-	84	-	84
Structured transactions				
Structured notes	_	216	-	216
Investment funds	_	6 113	-	6 113
Cash, deposits and similar securities		1 031		1 031
Financial assets at fair value through income	3 061	27 852	1 825	32 738
Debt securities	_	2 552	_	2 552
Investment contracts	-	1 970	_	1 970
Derivative liabilities	-	-	1	1
Financial liabilities at fair value through income		4 522	1	4 523

Financial assets and liabilities (including insurance receivables and payables) (continued)

Financial instruments measured at fair value on a recurring basis (continued)

The following table presents the changes in level 3 instruments:

	Equity securities R million	Interest- bearing investments R million	Derivative liabilities R million	Total R million
31 December 2022 (audited)				
Opening balance	1 765	60	(1)	1 824
Acquisitions	62	-	-	62
Redemptions/settlements	(92)	-	(23)	(115)
Gains recognised in profit or loss	3	-	24	27
Losses recognised directly in equity	-	-	(35)	(35)
Closing balance	1 738	60	(35)	1 763
31 December 2021 (audited)				
Opening balance	1 609	60	(80)	1 589
Acquisitions	1	-	_	1
Settlements	-	-	132	132
Gains/(losses) recognised in profit or loss	155	-	(53)	102
Closing balance	1 765	60	[1]	1 824

The unquoted equity instruments recognised as level 3 instruments consist mainly of the participation target shares issued by SEM.

Of the R3 million gain (2021: R155 million) recognised on equity securities, a R3 million loss (2021: R152 million gain) relates to the SEM target shares, of which R58 million (2021: R100 million gain) relates to foreign exchange losses, and R55 million (2021: R52 million) to an increase in fair value in local currency terms. The key drivers of the fair value movements of Santam's share of the SEM investment portfolio were:

- In April 2022, KKR, a leading global investment fund, acquired a 9.99% stake in SGI from the Shriram group. KKR's investment will position SGI for continued growth in India's fast-growing general insurance industry. Before the transaction, Santam held a 15% economic participatory interest in SGI by way of a target share issued by SEM, which target share references SEM's effective shareholding in SGI. The transaction diluted SEM's effective shareholding in SGI, resulting in a commensurate dilution of Santam's economic interest in SGI from 15% to 14.1%. The enterprise value attributed to SGI for the transaction was around R38 billion (Rs 18 000 crore) and exceeded Santam's internal valuation of SGI at 31 December 2022 of R10 billion (Rs 5 046 crore) for the 100% stake. Pursuant to the transaction, Santam received a distribution in respect of the SGI target share at the end of May 2022, amounting to R217 million
- On 14 December 2022, SEM redeemed the target shares through which the Santam group held economic participation rights in the general insurance businesses of SEM in Africa (the African target shares). The African target shares were redeemed following the cash payment by SEM of aggregate redemption distributions to the amount of R126 million to Santam, comprising a capital distribution of R92 million and an income distribution of R34 million. The capital distribution was recognised directly in the statement of financial position as a reduction of the African target share investment value. The income distribution was recognised in the statement of comprehensive income, where it was countered with a release of the realised fair value adjustment of the same value. The Santam group retained its economic participation rights in the general insurance investments of SEM in India and Malaysia
- In 2022, the increase in the value of SGI of R187 million (excluding the impact of exchange rate movements) was positively impacted by strong growth in the direct channel coupled with expected recovery of the credit extension business where car financing extended is coupled with insurance policies. SGI also reported a better claims experience than prior years and expects the claims ratio to gradually improve over the short term



7. Financial assets and liabilities (including insurance receivables and payables) (continued)

Financial instruments measured at fair value on a recurring basis (continued)

Fair value (excluding SEM target shares) is determined based on valuation techniques where the input is determined by management, e.q. multiples of net asset value, and is not readily available in the market or where market observable input is significantly adjusted. Valuations are generally based on multiples of net asset value ranging between 0.6 and 1.0 (2021: based on price/earnings multiples ranging between 2.3 and 8.5). The value of unlisted equity instruments (excluding SEM target shares) is not material.

The fair value of the SEM target shares is determined using predominantly DCF models, with the remainder valued at or within close proximity of the latest available net asset value of the underlying company. The most significant investment relates to the target share which provides a participatory interest in SGI in India to the value of R1 459 million (2021: R1 419 million). No other individual target share is material.

The fair value of the SGI target share is determined using a DCF model, and significant assumptions are tested with local management as well as Santam's representative on the SGI board of directors. Given the short volatility of earnings patterns, the group uses a 10 year discounting period, rather than a five year one, in order to provide a more robust valuation of the SGI business. The 10 year DCF model discounts expected cash flows and a perpetual value (after providing for regulatory capital requirements) at an appropriate risk-adjusted discount rate. The most significant unobservable input used in this DCF model is the discount rate of 15.1% (2021: 14.3%). A Rand/Indian Rupee exchange rate of 0.205 (2021: 0.214) was used to translate the DCF valuation result in Indian Rupee to Rand. An average net insurance margin over a 10 year period of 21.4% (2021: 24.0%) was incorporated. Should the discount rate increase or decrease by 10%, the investment would decrease by R277 million (2021: R265 million) or increase by R438 million (2021: R436 million), respectively. If the relative foreign exchange rate increases or decreases by 10%, the fair value will increase or decrease by R146 million (2021: R142 million). Should the net insurance margin profile (projected over a period of 10 years) increase or decrease by 10%, the fair value will increase or decrease by R117 million (2021: R110 million). The remaining SEM target share is valued with reference to the net asset value of the underlying company and was mostly impacted by changes in the exchange rate.

7.2 **Debt securities**

During April 2016, the company issued unsecured subordinated callable notes to the value of R1 billion in two equal tranches of fixed and floating rate notes. The effective rate for the floating rate notes represents the three-month JIBAR plus 245 basis points, while the rate for the fixed rate notes amounted to 11.77%. The floating rate notes of R500 million have all been redeemed on the optional redemption date on 12 April 2021, and the fixed rate notes have an optional redemption date of 12 April 2023 with a final maturity date of 12 April 2028.

During June 2017, the company issued additional unsecured subordinated callable floating rate notes to the value of R1 billion in anticipation of the redemption of the R1 billion subordinated debt issued in 2007 and redeemed in September 2017. The effective interest rate for the floating rate notes represented the three-month JIBAR plus 210 basis points. The notes have all been redeemed on the optional redemption date of 27 June 2022.

During November 2020, the company issued additional unsecured subordinated callable floating rate notes to the value of R1 billion. The effective interest rate for the floating rate notes represents the three-month JIBAR plus 198 basis points. The notes have an optional redemption date of 30 November 2025 with a final maturity date of 30 November 2030.

During May 2022, the company issued additional unsecured subordinated callable floating rate notes to the value of R1 billion. The effective interest rate for the floating rate notes represents the three-month JIBAR plus 159 basis points. The notes have an optional redemption date of 16 May 2027 with a final maturity date of 16 May 2032.

Per the conditions set by the Prudential Authority, Santam is required to maintain liquid assets equal to the value of the callable notes until maturity. The callable notes are therefore measured at fair value to minimise undue volatility in the statement of comprehensive income. The fair value of the fixed rate notes is calculated using the yield provided by the JSE and adding accrued interest. The fair value of the floating rate notes is calculated using the price provided by the JSE and adding accrued interest.

Santam's international credit rating was re-affirmed as BB in November 2022. No reviewed credit rating has been issued since. The movement in the fair value of the unsecured subordinated callable notes is considered immaterial and mainly represents the market movement.





Financial assets and liabilities (including insurance receivables and payables) (continued)

7.3 **Derivatives**

At 31 December 2022, the group had exchange traded futures with an exposure value of R968 million (2021: R1 233 million). The exchange traded futures relate to interest rate derivatives used to manage interest rate risk in Santam's fixed income portfolios.

On 3 February 2021, the company rolled the collar structure that has been in place since 3 November 2020. The structure offered almost full downside protection from the implementation level of 11 857. It expired on 3 May 2021 and realised a loss of R31 million. On 3 May 2021, the company rolled the collar again until expiry on 3 August 2021, at an implementation level of 12 223. The structure was not renewed on 3 August 2021 and a final gain of R15 million was realised (inclusive of the fair value gain of R19 million at 30 June 2021).

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. On the same day Santam entered into a 12-month zero-cost collar to the amount of EUR125 million to protect the sale proceeds from the Rand strengthening against the Euro. The structure provides full downside protection below a EUR/ZAR exchange rate of R16.66 and entitles Santam to share in Rand weakness against the Euro up to a cap of R19.16. On 31 December 2022 the fair value of the structure amounted to a R35 million liability. The collar was designated as a cash flow hedge instrument on 4 May 2022. The impact of this was that foreign currency losses of R35 million recognised on the collar since implementation date were not recognised in the statement of comprehensive income, but were accounted for as a hedging reserve.

On 30 June 2022, the group entered into a zero-cost collar over listed equities to the value of R1.4 billion, based on the SWIX 40, to provide capital protection under continued volatile market conditions. The structure offered full downside protection from the implementation level of 11 789, with upside participation (excluding dividends) of 0.78% and expired on 15 December 2022. The final loss on the contract was R90 million.

At 31 December 2022, the group had no interest rate swaps (2021: had interest rate swaps as part of the international bond portfolio). In the prior year the fair value of the swap was disclosed on a net basis in the statement of financial position as well as the statement of comprehensive income due to the contractual right to settle the instrument on a net basis. They were classified as level 3 per the fair value hierarchy. The gross exposure asset and liability as at 31 December 2021 amounted to R11 million and R11 million respectively.





Insurance liabilities and reinsurance assets 8.

- claims reported and loss adjustment expenses 205 163 - claims incurred but not reported 160 123 General insurance contracts 17348 17779 - claims incurred but not reported 3609 3884 - unearned premiums 18655 14 091 Total gross insurance liabilities 39 977 36 040 Expected to be settled after 12 months 2 752 2 328 Expected to be settled within 12 months 37 225 33 712 Recoverable from reinsurers Long-term insurance contracts 12 6 - claims incurred but not reported 24 11 General insurance contracts 10 876 11 926 - claims reported and loss adjustment expenses 10 876 11 926 - claims incurred but not reported 426 704 - unearned premiums 2 314 2 245 Total reinsurers' share of insurance liabilities 13 652 14 892 Expected to be recovered after 12 months 626 489 Expected to be recovered within 12 months 13 026 14 403 <th></th> <th>Audited as at 31 December 2022 R million</th> <th>Audited as at 31 December 2021 R million</th>		Audited as at 31 December 2022 R million	Audited as at 31 December 2021 R million
- claims reported and loss adjustment expenses 205 163 - claims incurred but not reported 160 123 General insurance contracts 17348 17779 - claims incurred but not reported 3609 3884 - unearned premiums 18655 14 091 Total gross insurance liabilities 39 977 36 040 Expected to be settled after 12 months 2 752 2 328 Expected to be settled within 12 months 37 225 33 712 Recoverable from reinsurers Long-term insurance contracts 12 6 - claims incurred but not reported 24 11 General insurance contracts 10 876 11 926 - claims reported and loss adjustment expenses 10 876 11 926 - claims incurred but not reported 426 704 - unearned premiums 2 314 2 245 Total reinsurers' share of insurance liabilities 13 652 14 892 Expected to be recovered after 12 months 626 489 Expected to be recovered within 12 months 13 026 14 403 <td>Gross insurance liabilities</td> <td></td> <td></td>	Gross insurance liabilities		
- claims incurred but not reported 160 123 General insurance contracts 17 348 17 779 - claims reported and loss adjustment expenses 17 348 17 779 - claims incurred but not reported 3 609 3 884 - unearned premiums 18 655 14 091 Total gross insurance liabilities 39 977 36 040 Expected to be settled after 12 months 2 752 2 328 Expected to be settled within 12 months 37 225 33 712 Recoverable from reinsurers Long-term insurance contracts 12 6 - claims reported and loss adjustment expenses 12 6 - claims reported and loss adjustment expenses 10 876 11 926 - claims incurred but not reported 426 704 - unearned premiums 2 314 2 245 Total reinsurers' share of insurance liabilities 13 652 14 892 Expected to be recovered after 12 months 6 26 489 Expected to be recovered within 12 months 6 26 489 Expected to be recovered within 12 months 13 026 14 403 Net insurance contracts	Long-term insurance contracts		
General insurance contracts 17 348 17 779 - claims reported and loss adjustment expenses 17 348 17 779 - claims incurred but not reported 3 609 3 884 - unearned premiums 18 655 14 091 Total gross insurance liabilities 39 977 36 040 Expected to be settled after 12 months 2 752 2 328 Expected to be settled within 12 months 37 225 33 712 Recoverable from reinsurers Long-term insurance contracts 12 6 - claims reported and loss adjustment expenses 12 6 - claims incurred but not reported 24 11 General insurance contracts 10 876 11 926 - claims incurred but not reported 426 704 - unearned premiums 2 314 2 245 Total reinsurers' share of insurance liabilities 13 652 14 892 Expected to be recovered after 12 months 626 489 Expected to be recovered within 12 months 626 489 Expected to be recovered within 12 months 13 652 14 403 Net insurance contracts	- claims reported and loss adjustment expenses	205	163
- claims reported and loss adjustment expenses 17 348 17 779 - claims incurred but not reported 3 609 3 884 - unearned premiums 18 655 14 091 Total gross insurance liabilities 39 977 36 040 Expected to be settled after 12 months 2 752 2 328 Expected to be settled within 12 months 37 225 33 712 Recoverable from reinsurers Long-term insurance contracts 12 6 - claims reported and loss adjustment expenses 12 6 - claims incurred but not reported 24 11 General insurance contracts 10 876 11 926 - claims reported and loss adjustment expenses 10 876 11 926 - claims incurred but not reported 4 26 704 - unearned premiums 2 314 2 245 Total reinsurers' share of insurance liabilities 13 652 14 892 Expected to be recovered after 12 months 6 26 489 Expected to be recovered within 12 months 13 026 14 403 Net insurance contracts - claims reported and loss adjustment expenses 193	- claims incurred but not reported	160	123
- claims incurred but not reported 3 609 3 884 - unearned premiums 18 655 14 091 Total gross insurance liabilities 39 977 36 040 Expected to be settled after 12 months 2 752 2 328 Expected to be settled within 12 months 37 225 33 712 Recoverable from reinsurers Long-term insurance contracts 12 6 - claims reported and loss adjustment expenses 12 6 - claims incurred but not reported 24 11 General insurance contracts 10 876 11 926 - claims incurred but not reported 426 704 - unearned premiums 2 314 2 245 Total reinsurers' share of insurance liabilities 13 652 14 892 Expected to be recovered after 12 months 626 489 Expected to be recovered within 12 months 13 026 14 403 Net insurance liabilities 13 026 14 403 Long-term insurance contracts 193 157 - claims reported and loss adjustment expenses 193 157 - claims reported and loss adjustment expenses 193	General insurance contracts		
- unearned premiums 18 655 14 091 Total gross insurance liabilities 39 977 36 040 Expected to be settled after 12 months 2 752 2 328 Expected to be settled within 12 months 37 225 33 712 Recoverable from reinsurers Long-term insurance contracts - claims reported and loss adjustment expenses 12 6 - claims incurred but not reported 24 11 General insurance contracts 10 876 11 926 - claims reported and loss adjustment expenses 10 876 11 926 - claims incurred but not reported 426 704 - unearned premiums 2 314 2 245 Total reinsurers' share of insurance liabilities 13 652 14 892 Expected to be recovered after 12 months 626 489 Expected to be recovered within 12 months 13 026 14 403 Net insurance liabilities 130 26 14 403 Net insurance contracts 193 157 - claims reported and loss adjustment expenses 193 157 - claims reported and loss	- claims reported and loss adjustment expenses	17 348	17 779
Total gross insurance liabilities 39 977 36 040 Expected to be settled after 12 months 2 752 2 328 Expected to be settled within 12 months 37 225 33 712 Recoverable from reinsurers Long-term insurance contracts 12 6 - claims reported and loss adjustment expenses 12 6 - claims incurred but not reported 24 11 General insurance contracts 10 876 11 926 - claims incurred but not reported 426 704 - unearned premiums 2 314 2 245 Total reinsurers' share of insurance liabilities 13 3652 14 892 Expected to be recovered after 12 months 626 489 Expected to be recovered within 12 months 13 026 14 403 Net insurance liabilities 13 026 14 403 Net claims reported and loss adjustment expenses 193 157 - claims incurred but not reported 136 112 General insurance contracts 12 5 853 - claims reported and loss adjustment expenses 6 472	- claims incurred but not reported	3 609	3 884
Expected to be settled after 12 months 2752 2 328 2	- unearned premiums	18 655	14 091
Expected to be settled within 12 months 37 225 33 712	Total gross insurance liabilities	39 977	36 040
Recoverable from reinsurers Long-term insurance contracts - claims reported and loss adjustment expenses - claims incurred but not reported General insurance contracts - claims reported and loss adjustment expenses - claims reported and loss adjustment expenses - claims reported and loss adjustment expenses - claims incurred but not reported - claims incurred premiums - claims incurred insurance liabilities - Expected to be recovered after 12 months - Expected to be recovered within 12 months - claims reported and loss adjustment expenses - claims incurred but not reported - claims reported and loss adjustment expenses - claims incurred but not reported - claims incurred but not r	Expected to be settled after 12 months	2 752	2 328
Long-term insurance contracts 12 6 - claims reported and loss adjustment expenses 12 6 - claims incurred but not reported 24 11 General insurance contracts 30 10 876 11 926 - claims reported and loss adjustment expenses 10 876 11 926 704 - claims incurred but not reported 426 704	Expected to be settled within 12 months	37 225	33 712
Expected to be recovered after 12 months Expected to be recovered within 12 months Net insurance liabilities Long-term insurance contracts - claims reported and loss adjustment expenses - claims incurred but not reported General insurance contracts - claims reported and loss adjustment expenses - claims incurred but not reported - claims incurred but not reported - unearned premiums 16 341 11 846	Long-term insurance contracts - claims reported and loss adjustment expenses - claims incurred but not reported General insurance contracts - claims reported and loss adjustment expenses - claims incurred but not reported - unearned premiums	10 876 426 2 314	11 11 926 704 2 245
Expected to be recovered within 12 months Net insurance liabilities Long-term insurance contracts - claims reported and loss adjustment expenses - claims incurred but not reported General insurance contracts - claims reported and loss adjustment expenses - claims reported and loss adjustment expenses - claims incurred but not reported			
Net insurance liabilities Long-term insurance contracts - claims reported and loss adjustment expenses 193 157 - claims incurred but not reported 136 112 General insurance contracts - claims reported and loss adjustment expenses 6 472 5 853 - claims incurred but not reported 3 183 3 180 - unearned premiums 16 341 11 846			
Long-term insurance contracts - claims reported and loss adjustment expenses - claims incurred but not reported General insurance contracts - claims reported and loss adjustment expenses - claims reported and loss adjustment expenses - claims incurred but not reported - unearned premiums 16 341 11 846	Expected to be recovered within 12 months	13 026	14 403
- claims incurred but not reported 136 112 General insurance contracts - claims reported and loss adjustment expenses 6 472 5 853 - claims incurred but not reported 3 183 3 180 - unearned premiums 16 341 11 846	Long-term insurance contracts	193	157
General insurance contracts6 4725 853- claims reported and loss adjustment expenses6 4725 853- claims incurred but not reported3 1833 180- unearned premiums16 34111 846			
•	General insurance contracts - claims reported and loss adjustment expenses - claims incurred but not reported	6 472 3 183	5 853 3 180
	Total net insurance liabilities	26 325	21 148

Insurance liability estimates

Estimation methodologies and reserving processes remained consistent for the year ended 31 December 2022 and are discussed in note 3 of the group's annual financial statements for the year ended 31 December 2022. The ultimate costs of claims are always uncertain and different outcomes to those assumed are possible.

Details of the group's accounting policies in respect of insurance contract liabilities can be found in note 4 of the group's annual financial statements for the year ended 31 December 2022.

Insurance liabilities and reinsurance assets (continued)

COVID-19-related claims estimates

Judgement is applied in the determination of the best estimate of the insurance liability and reinsurance asset associated with the group's exposure to CBI claims. There remains, however, uncertainty regarding the ultimate outcome of these claims (and the related reinsurance recovery). The judgement applied includes:

Insurance liabilities:

- The assumptions used to determine the underlying exposure at a policy level
- The impact of the claims payment experience to date

Reinsurance assets:

- The proportion of CBI claims which aggregate as a single loss occurrence under Santam's catastrophe reinsurance treaty
- Expected recoveries from applicable reinsurance contracts

The group's projected ultimate net insurance liability at 31 December 2021 was R2.55 billion. This comprised gross claims payments of R3.2 billion, a gross liability provision of R3.2 billion for open claims, a reinsurance recovery net of re-instatement premiums of R0.6 billion and a reinsurance asset of R3.2 billion.

Following the payment of a significant number of claims and a review of CBI provisions, the group's projected ultimate net insurance exposure at 31 December 2022 was R1.9 billion. This comprised gross claims payments of R4.7 billion, a gross liability provision of R1 billion for open claims, a reinsurance recovery net of re-instatement premiums of R2.9 billion and a reinsurance asset of R0.9 billion.

There are a number of interdependent judgements applied in the measurement of the insurance liability and reinsurance asset in relation to this exposure, and therefore when assessing the potential impact on the group, consideration should be applied to the ultimate net impact.

Santam has reviewed its provisions for CBI claims at 31 December 2022, considering the underlying exposure, claims payment experience to date, the level of claims aggregating for reinsurance recovery purposes, as well as expected recoveries from applicable reinsurance contracts.

Following this review, Santam's projected net ultimate liability for CBI claims has reduced by R714 million. The reduction is mainly due to the actual claims to date being lower than initial estimates. There is still, however, uncertainty in relation to the ultimate liability which will only be eliminated once the process has been finalised.

A sensitivity analysis on the net CBI provision of R1.9 billion (2021: R2.55 billion) has been performed by assuming a 10% positive and negative combined impact on the assumptions used to derive the provision. A 10% positive movement in the combined assumptions used would result in a decrease in the projected ultimate net exposure of 4% (2021: 6%). A 10% negative movement in the assumptions used would result in an increase in the projected ultimate net exposure of 4% [2021: 6%].

Non-current assets held for sale and discontinued operations

9.1 Non-current assets held for sale

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV to Allianz. The completion of the sale is subject to various regulatory approvals that are expected to be obtained mid-2023. The investment in SAN JV of R1.768 billion (previously included in "Investment in associates and joint ventures") has therefore been reclassified as "Non-current assets held for sale" from 30 June 2022.

In accordance with IFRS 5: Non-current assets held for sale and discontinued operations, the assets held for sale were recognised at their carrying value as at 30 June 2022, being lower than the fair value less costs to sell. This is a non-recurring fair value based on the net asset value of the business. It is therefore also recognised within level 3 of the fair value hierarchy. Reserves relating to non-current assets held for sale as at 31 December 2022 amounts to R37 million.

On 4 May 2022, Santam also entered into a 12-month zero-cost collar to the amount of EUR125 million to protect the sale proceeds from the Rand strengthening against the Euro. The structure provides full downside protection below a EUR/ZAR exchange rate of R16.66 and entitles Santam to share in Rand weakness against the Euro up to a cap of R19.16. On 31 December 2022 the structure amounted to a R35 million liability.

Non-current assets held for sale and discontinued operations (continued)

9.2 Discontinued operations

Financial information relating to the discontinued operations for the year is set out below.

	Audited Year ended 31 December 2022 R million	Audited Year ended 31 December 2021 R million
(Loss)/income from associate	(24)	16
Tax credit/(expense) on (loss)/income from associate	10	(8)
(Loss)/profit from discontinued operations	(14)	8
Exchange differences on translation of discontinued operations	(57)	18
Other comprehensive (loss)/income from discontinued operations	(57)	18

The prior year statement of comprehensive income was restated by transferring a profit of R8 million from "Net income from associates and joint ventures" to "(Loss)/profit from discontinued operations".

10. Investment income and net (losses)/gains on financial assets and liabilities

	Audited Year ended 31 December 2022 R million	Audited Year ended 31 December 2021 R million
Investment income	2 775	2 104
Interest income derived from ¹	1 964	1 552
Financial assets measured at amortised cost	276	206
Financial assets mandatorily measured at fair value through income	1 688	1 346
Other investment income	811	552
Dividend income ²	520	250
Foreign exchange differences	291	302
Net (losses)/gains on financial assets and liabilities at fair value through income	(550)	732
Net fair value (losses)/gains on financial assets mandatorily at fair value through income	[600]	989
Net realised (losses)/gains on financial assets excluding derivative instruments	(128)	157
Net unrealised fair value (losses)/gains on financial assets excluding derivative		
instruments	(496)	885
Net realised/fair value gains/(losses) on derivative instruments	24	(53)
Net fair value gains/(losses) on financial liabilities designated as at fair value		
through income	50	(257)
Net fair value gains on debt securities	25	30
Net realised gains/(losses) on investment contracts	25	(287)
	2 225	2 836

Includes interest income of R1 541 million (2021: R1 555 million) received in cash. ² Includes dividend income of R457 million (2021: R249 million) received in cash.





11. Income tax expense

	Audited Year ended 31 December 2022 R million	Audited Year ended 31 December 2021 R million
	Rimmon	- K mittion
Normal taxation	1 251	1 /70
Current year Prior year overprovision	1 351 (11)	1 472 (72)
Other taxes	2	(72)
Foreign taxation – current year	57	60
Total income taxation for the year	1 399	1 466
Deferred taxation		
Current year	(5)	5
Total deferred taxation for the year	(5)	
Total action of analysis for the year	(0)	
Total taxation as per statement of comprehensive income	1 394	1 471
Income tax recovered from cell owners and structured insurance products	(749)	(592)
Total tax expense attributable to shareholders	645	879
Profit before taxation per statement of comprehensive income from continuing and		
discontinued operations	3 483	4 315
Adjustment for income tax recovered from cell owners and structured insurance products	(749)	(592)
Total profit before tax attributable to shareholders from continuing and discontinued operations	2 734	3 723
Reconciliation of taxation rate [%]		
Normal South African taxation rate	28.0	28.0
Adjusted for:		
Disallowable expenses	0.1	0.1
Foreign tax differential	0.1	0.1
Exempt income ¹	(4.2)	(1.5)
Investment results	1.3	(0.5)
Income from associates and joint ventures and discontinued operations	(0.5)	(0.6)
Previous year's overprovision	(0.4)	(1.9)
Other permanent differences	(0.1)	(0.3)
Other taxes	(0.7)	0.2
Net reduction	(4.4)	(4.4)
Effective rate attributable to shareholders [%]	23.6	23.6

¹ Exempt income consists mainly of dividends received.

12. Corporate transactions

For the year ended 31 December 2022

Acquisitions

Indwe Broker Holdings Group (Pty) Ltd

In May 2022, the group acquired the remaining 76% shareholding in Indwe Broker Holdings Group (Pty) Ltd for R125 million in cash. As a result of this transaction, the Santam group now effectively owns 100% shareholding in Indwe Broker Holdings Group (Pty) Ltd, and it is classified as a subsidiary from May 2022. Goodwill relates to synergies expected to be received.

	R million
Details of the assets and liabilities acquired are as follows:	
Intangible assets	66
Property and equipment	30
Deferred income tax assets	8
Loans and receivables including insurance receivables	36
Current income tax	9
Cash and cash equivalents	156
Deferred income tax liabilities	(17)
Lease liabilities	(30)
Trade and other payables including insurance payables	(159)
Net asset value acquired	99
Goodwill	66
Investment in joint venture	(34)
Gain on remeasurement to subsidiary	[6]
Purchase consideration paid	125

JaSure Financial Services (Pty) Ltd

The Santam group purchased the 49% non-controlling interest effective 1 June 2022 for R6 million in cash. The Santam group now effectively owns 100% shareholding in JaSure Financial Services (Pty) Ltd.

Ctrl Investment Holdings (Pty) Ltd

The Santam group purchased additional shares in Ctrl Investment Holdings (Pty) Ltd, effective 1 June 2022 for R2 million in cash, increasing the effective holding from 20.41% to 21.97%. The investment continues to be accounted for as an investment in associate.

Disposals

SAN JV (RF) (Pty) Ltd

On 4 May 2022, Santam announced that it entered into an agreement with Allianz, in terms of which Santam will dispose of its 10% interest in SAN JV (RF) (Pty) Ltd (SAN JV) to Allianz. On the same day Santam entered into a 12-month zero-cost collar to the amount of EUR125 million to protect the sale proceeds from the Rand strengthening against the Euro. The structure provides full downside protection below a EUR/ZAR exchange rate of R16.66 and entitles Santam to share in Rand weakness against the Euro up to a cap of R19.16. The investment in SAN JV has been reclassified as "Non-current assets held for sale" from 30 June 2022 and equityaccounted earnings from SAN JV as discontinued operations. Refer to note 9.

For the year ended 31 December 2021

Acquisitions

Mirabilis Holding Company (Pty) Ltd

During April 2021, the Santam group acquired a shareholding of 100% in Mirabilis Holding Company (Pty) Ltd for R176 million in cash. Mirabilis Holding Company (Pty) Ltd owns a 45% shareholding in Mirabilis Engineering Underwriting Managers (Pty) Ltd. As a result of this transaction, the Santam group now effectively owns 100% shareholding in Mirabilis Engineering Underwriting Managers (Pty) Ltd.



13. Earnings per share

	Audited Year ended 31 December 2022	Audited Year ended 31 December 2021
Basic earnings per share		
Profit attributable to the company's equity holders (R million)	1 990	2 745
Weighted average number of ordinary shares in issue (million)	109.61	110.20
Earnings per share (cents)	1 816	2 491
Continuing operations	1 829	2 484
Discontinued operations	(13)	7
Diluted earnings per share		
Profit attributable to the company's equity holders (R million)	1 990	2 745
Weighted average number of ordinary shares in issue (million)	109.61	110.20
Adjusted for share options	0.74	0.58
Weighted average number of ordinary shares for diluted earnings per share (million)	110.35	110.78
Diluted basic earnings per share (cents)	1 803	2 478
Continuing operations	1 816	2 471
Discontinued operations	(13)	7
Headline earnings per share		
Profit attributable to the company's equity holders (R million)	1 990	2 745
Adjusted for:	1,70	2740
Profit on disposal of intangible assets	(15)	_
Tax on profit on disposal of intangible assets	4	_
Impairment of intangible assets	39	-
Tax on impairment of intangible assets	(10)	_
Gain on remeasurement to subsidiary	(6)	-
Loss on sale of associates	_	4
Headline earnings (R million)	2 002	2 749
Weighted average number of ordinary shares in issue (million)	109.61	110.20
Headline earnings per share (cents)	1 826	2 495
Continuing operations	1 839	2 488
Discontinued operations	(13)	7
Diluted headline earnings per share		
Headline earnings (R million)	2 002	2 749
Weighted average number of ordinary shares for diluted headline earnings per share (million)		110.78
Diluted headline earnings per share (cents)	1 814	2 481
Continuing operations	1 827	2 474

14.

Dividend per share		
Interim dividend per share (cents)	462	432
Final dividend per share (cents) ¹	845	790

^{1 2022:} Proposed (2021: Paid).

A special dividend of 800 cents per share was also declared and paid in March 2022. No special dividend was declared or paid during 2021.

15. Related parties

During 2022, there have been no related party transactions that have materially affected the financial position or the results for the year. There have also been no changes in the nature of the related party transactions as disclosed in note 27 of the group's annual financial statements for the year ended 31 December 2022.

16. Subsequent events

There have been no material changes in the affairs or financial position of the company and its subsidiaries since the statement of financial position date.

17. Analysis of policyholder/shareholder financial position and results

This note provides information on cellholder/policyholder versus shareholder statement of financial position and statement of comprehensive income. Cellholder/policyholder activities relate mainly to alternative risk transfer insurance business written on the insurance licences of Centriq and SSI.

17.1 Analysis of policyholder/shareholder statement of financial position

7 mary 515 or portey moracing that emoracing state ment	iniancial position		
	Group Audited as at 31 December 2022 R million	Shareholder Audited as at 31 December 2022 R million	Policyholder/ cellholder Audited as at 31 December 2022 R million
ASSETS			
Intangible assets	1 073	1 073	_
Property and equipment	640	640	_
Investment in associates and joint ventures	467	467	_
Strategic investment – unquoted SEM target shares	1 596	1 596	_
Deferred income tax	84	99	(15)
Deposit with cell owner	56	-	56
Cell owners' and policyholders' interest	3	_	3
Financial assets at fair value through income	35 850	15 858	19 992
Reinsurance assets	13 652	12 210	1 442
Deferred acquisition costs	1 056	850	206
Non-current assets held for sale	1 768	1 768	
Loans and receivables including insurance receivables	11 319	6 756	4 563
Current income tax	96	96	-
Cash and cash equivalents	5 387	3 927	1 460
Total assets	73 047	45 340	27 707
Capital and reserves attributable to the company's equity holders Share capital Treasury shares Other reserves Distributable reserves Non-controlling interest Total equity	103 (713) (63) 11 602 10 929 669 11 598	103 (713) (63) 11 602 10 929 462 11 391	- - - - - 207 207
LIABILITIES			
Deferred income tax	94	94	-
Cell owners' and policyholders' interest	7 124	-	7 124
Reinsurance liability relating to cell owners	56	-	56
Financial liabilities at fair value through income			
Debt securities	2 539	2 539	
Investment contracts	2 061	5	2 056
Derivatives	35	35	-
Lease liabilities	669	669	-
Financial liabilities at amortised cost			
Repo liability	739	-	739
Collateral guarantee contracts	129	-	129
Insurance liabilities	39 977	24 414	15 563
Deferred reinsurance acquisition revenue	642	548	94
Provisions for other liabilities and charges	139 6 911	139 5 151	1 760
Trade and other payables including insurance payables Current income tax	334	5 151 355	(21)
Total liabilities	61 449	33 949	27 500
Total shareholders' equity and liabilities	73 047	45 340	27 707

17. Analysis of policyholder/shareholder financial position and results (continued)

17.1 Analysis of policyholder/shareholder statement of financial position (continued)

	Group Audited as at 31 December 2021 R million	Shareholder Audited as at 31 December 2021 R million	Policyholder/ cellholder Audited as at 31 December 2021 R million
ASSETS			
Intangible assets	989	989	_
Property and equipment	702	702	-
Investment in associates and joint ventures	2 284	2 284	-
Strategic investment – unquoted SEM target shares	1 691	1 691	-
Deferred income tax	78	78	_
Deposit with cell owner	90	_	90
Cell owners' and policyholders' interest	11	_	11
Financial assets at fair value through income	31 047	16 590	14 457
Reinsurance assets	14 892	13 793	1 099
Deferred acquisition costs	961	805	156
Loans and receivables including insurance receivables	8 312	5 117	3 195
Current income tax	5	5	1 252
Cash and cash equivalents	4 496	3 144	1 352
Total assets	65 558	45 198	20 360
EQUITY Capital and reserves attributable to the company's equity holders Share capital	103	103	_
Treasury shares	(570)	(570)	_
Other reserves	37	37	_
Distributable reserves	11 862	11 862	_
	11 432	11 432	_
Non-controlling interest	630	447	183
Total equity	12 062	11 879	183
LIABILITIES			
Deferred income tax	85	61	24
Cell owners' and policyholders' interest	4 908	01	4 908
Reinsurance liability relating to cell owners	90	_	90
Financial liabilities at fair value through income	70	_	70
Debt securities	2 552	2 552	_
Investment contracts	1 970	2 332	1 970
Derivatives	1 770	1	1 770
Lease liabilities	764	764	_
Financial liabilities at amortised cost	704	704	
Repo liability	926	_	926
Collateral guarantee contracts	155	_	155
Insurance liabilities	36 040	25 116	10 924
Deferred reinsurance acquisition revenue	561	478	83
Provisions for other liabilities and charges	188	188	_
Trade and other payables including insurance payables	4 851	3 732	1 119
Current income tax	405	427	(22)
Total liabilities	53 496	33 319	20 177



17. Analysis of policyholder/shareholder financial position and results (continued)

17.2 Analysis of policyholder/shareholder statement of comprehensive income

	Group Audited Year ended 31 December 2022 R million	Shareholder Audited Year ended 31 December 2022 R million	Policyholder/ cellholder Audited Year ended 31 December 2022 R million
Gross written premium	49 627	36 005	13 622
Less: reinsurance written premium	17 972	7 923	10 049
Net written premium	31 655	28 082	3 573
Less: change in unearned premium Gross amount	/ /00	/0/	/ OOF
Reinsurers' share	4 499 (920)	494 (25)	4 005 (895)
Net insurance premium revenue	28 076	27 613	463
Net insurance premium revenue	20 070	27 013	403
Interest income on amortised cost instruments	276	276	_
Interest income on fair value through income instruments	1 688	846	842
Other investment income	811	756	55
Income from reinsurance contracts ceded	2 318	1 778	540
Net losses on financial assets and liabilities at fair value through	4	/	4
income	(550)	(351)	(199)
Other income	547	547	1.701
Net income	33 166	31 465	1 701
Insurance claims and loss adjustment expenses:			
Gross amount	29 168	23 984	5 184
Recovered from reinsurers	(11 134)	(6 290)	(4 844)
Net insurance benefits and claims	18 034	17 694	340
Expenses for the acquisition of insurance contracts	5 997	5 374	623
Expenses for marketing and administration	5 248	5 228	20
Expenses for investment-related activities	124	124	-
Amortisation and impairment of intangible assets	105	105	-
Investment return allocated to cell owners and structured insurance products	655	_	655
Total expenses	30 163	28 525	1 638
Total expenses	30 103	20 323	1 030
Results of operating activities	3 003	2 940	63
Finance costs	(323)	(280)	(43)
Net income from associates and joint ventures	68	68	-
Income tax recovered from cell owners and structured insurance			
products	749	-	749
Profit before tax	3 497	2 728	769
Income tax expense	(1 394)	(645)	(749)
Profit from continuing operations	2 103	2 083	20
Loss from discontinued operations	(14)	(14)	-
Profit for the year	2 089	2 069	20
Profit attributable to:			
- equity holders of the company	1 990	1 990	_
- non-controlling interest	99	79	20
	2 089	2 069	20
		2 007	20

17. Analysis of policyholder/shareholder financial position and results (continued)

17.2 Analysis of policyholder/shareholder statement of comprehensive income (continued)

	Restated¹ Group Audited Year ended 31 December 2021 R million	Restated¹ Shareholder Audited Year ended 31 December 2021 R million	Policyholder/ cellholder Audited Year ended 31 December 2021 R million
Gross written premium	42 129	33 163	8 966
Less: reinsurance written premium	14 766	6 959	7 807
Net written premium	27 363	26 204	1 159
Less: change in unearned premium			
Gross amount	1 573	169	1 404
Reinsurers' share	(794)	(128)	(666)
Net insurance premium revenue	26 584	26 163	421
Interest income on amortised cost instruments	206	206	_
Interest income on fair value through income instruments	1 346	818	528
Other investment income	552	448	104
Income from reinsurance contracts ceded Net gains on financial assets and liabilities at fair value through	2 067	1 625	442
income	732	324	408
Other income	352	352	
Net income	31 839	29 936	1 903
Insurance claims and loss adjustment expenses:			
Gross amount	29 734	25 509	4 225
Recovered from reinsurers	(13 329)	(9 407)	(3 922)
Net insurance benefits and claims	16 405	16 102	303
Expenses for the acquisition of insurance contracts	5 539	5 014	525
Expenses for marketing and administration	4 794	4 773	21
Expenses for investment-related activities	93	93	-
Amortisation and impairment of intangible assets	68	68	-
Investment return allocated to cell owners and structured insurance	982		000
products		- 0/.050	982
Total expenses	27 881	26 050	1 831
Results of operating activities	3 958	3 886	72
Finance costs	(313)	(270)	(43)
Net income from associates and joint ventures	70	70	-
Income tax recovered from cell owners and structured insurance	500		500
products	592	-	592
Profit before tax	4 307	3 686	621
Income tax expense	(1 471)	(875)	(596)
Profit from continuing operations	2 836	2 811	25
Profit from discontinued operations	8	8	
Profit for the year	2 844	2 819	25
Profit attributable to:			
- equity holders of the company	2 745	2 745	-
- non-controlling interest	99	74	25
	2 844	2 819	25

Refer to notes 6.1 and 9.1 for detail of restatement.

18. Restatement of the statement of cash flows

During the current year the group changed its presentation accounting policy for sales and acquisitions of financial assets presented under operating activities from gross disclosure to net disclosure. This is more relevant as the investment portfolios are managed within board approved mandates and thus the turnaround for these financial assets are quick, the amounts large and the maturities short. Furthermore the growth in ART business has led to an increase in the cash flows related to the acquisition and sale of financial assets held for cellholder and policyholder activities. These activities are managed on a net basis, with Santam shareholders not entitled to benefit from any gross cash flows.

It is therefore more appropriate to disclose the net acquisition or disposal of financial assets as cash flows. This is aligned with the industry (currently the majority of insurers disclose sales and acquisitions of financial assets on a net basis) and the group's parent company, Sanlam Ltd.

The comparative information has been restated accordingly.

The table below shows the impact of the change:

	Previously reported Audited Year ended 31 December 2021 R million	Restatement Audited Year ended 31 December 2021 R million	Restated Audited Year ended 31 December 2021 R million
Group Net cash from operating activities - Acquisition of financial assets - Proceeds from sale of financial assets - Net movement from the acquisition and sale of financial assets Net impact	(30 712)	30 712	-
	30 238	(30 238)	-
	-	(474)	(474)
	(474)	-	(474)













Seven-year review (Santam group)

					Group			
	7.400				Oroup			
	7 year compound							
	growth %		Restated				Restated	
	/average	2022	2021	2020	2019	2018	2017	2016
PERFORMANCE PER ORDINARY SHARE								
cents per share								
Headline earnings	9.0	1 826	2 495	905	2 069	2 099	1 425	1 086
Dividends	6.8	1 307	1 222	-	1 110	1 028	952	881
Special dividends		-	800	-	-	-	-	800
Net asset value		9 973	10 377	8 481	8 637	8 479	6 722	6 237
INSURANCE ACTIVITIES								
Net claims paid and provided (%)	64.0	64.2	61.7	68.0	62.3	60.6	65.9	65.1
Cost of acquisition (%)	29.5	30.3	30.2	29.5	30.0	30.2	28.0	28.5
Net commission paid (%)	12.2	13.1	13.1	12.3	11.9	11.6	11.4	12.0
Management expenses(%)	17.3	17.2	17.1	17.2	18.1	18.6	16.7	16.5
Combined ratio (%)	93.5	94.5	91.9	97.5	92.2	90.8	94.0	93.6
Underwriting result(%)	6.5	5.5	8.1	2.5	7.8	9.2	6.0	6.4
Earned premium (%) INVESTMENT ACTIVITIES		100.0	100.0	100.0	100.0	100.0	100.0	100.0
Interest and dividends net of asset								
management fees		2 037	1 698	1 634	1 616	1 713	1 148	889
Net loss on financial assets and liabilities at		2 007	1 070	1 004	1010	1710	1 140	007
fair value through income		(550)	732	(273)	321	(428)	261	42
RETURN AND PRODUCTIVITY								
Earnings expressed as % of average								
shareholders' funds (%)	20.1	18.8	28.5	8.0	22.2	33.5	21.9	8.2
Pre-tax return on total assets (%)	5.9	4.8	6.6	2.6	7.1	7.8	5.9	6.3
Effective tax rate (%)	26.6	23.6	23.6	36.5	27.4	25.9	21.3	28.2
Gross premium per employee (R'000)*	4 862	5 587	5 435	5 206	4 812	4 586	4 316	4 088
* Alternative Risk Transfer premiums excluded SOLVENCY AND LIQUIDITY								
Dividend cover (times)	1.5	1.4	2.0	-	1.8	2.1	1.9	1.4
Economic capital coverage ratio (%)		156	169	161	160	159	158	155
OTHER STATISTICS								
Number of permanent employees		6 339	6 025	5 973	6 177	6 043	5 990	5 749
Employee composition (% of black			FO 4	FO 0	FO 0	E4 /		, , ,
employee members)		74.4	73.1	73.0	72.8	71.4	69.9	67.6
Number of shareholders		7 116	6 557	6 992	7 110	6 815	5 879	6 414
Corporate social investment spend [% of NPAT]		1.2	0.9	4.0	1.1	0.6	0.8	0.9
SANTAM SHARE PERFORMANCE AND RELATED INDICATORS								
Market price per share (cents)								
Closing		25 645	26 900	25 478	29 014	29 644	26 704	23 400
Highest		31 599	28 900	26 468	34 499	35 000	28 250	24 997
Lowest		22 856	23 137	23 001	27 800	26 201	23 115	17 350
Market capitalisation (R million)		28 106	29 633	28 107	32 053	32 743	29 471	25 799
Closing price/earnings (times)		14.1	10.8	86.1	14.6	14.1	18.7	21.5
Closing price/equity per share (times)		2.6	2.6	3.0	3.4	3.5	4.0	3.8
Closing dividend yield (%)		5.1	4.5	///-/	3.8	3.5	3.3	3.8
Number of shares issued (million)		109.6	110.2	110.3	110.5	110.5	110.4	110.3
Number of shares traded (million)		19.6	20.6	21.1	11.1	16.1	13.6	19.6
Number of shares traded as a % of total		17.0	10.7	101	10.0	1//	100	177
number of shares in issue		17.9	18.7	19.1	10.0	14.6	12.3	17.7
Value of shares traded (R million)		5 193.5	5 211.4	5 782.7	3 315.0	4 937.3	3 385.9	4 325.4

Seven-year review (Santam group) (continued)

					Group			
	7 year							
	compound growth %		Restated	Restated		F	Restated	
	/average	2022	2021	2020	2019	2018	2017	2016
STATEMENTS OF COMPREHENSIVE INCOME								
Gross premium income	11.4	49 627	42 129	38 273	35 852	33 109	29 720	25 909
Net premium income	6.0	28 076	27 363	25 517	25 132	24 068	21 693	19 772
Underwriting result	3.1	1 523	2 157	617	1 884	2 097	1 280	1 268
Investment return on insurance funds		559	610	663	687	597	648	619
Net insurance result		2 082	2 767	1 280	2 571	2 694	1 928	1 887
Other income/expense		_		3	_		_	_
Investment income & associated companies		691	970	(460)	662	756	402	(2)
BEE costs		(2)	(2)	(2)	(3)	(8)	(3)	(9)
Amortisation of intangible asset/		(2)	(2)	(2)	(0)	(0)	(0)	(7)
Impairment of goodwill/impairment								
of loans		(23)	(20)	(19)	(35)	(29)	(31)	(21)
Income tax recovered from cell owners and		, .,	, ,,		, , , ,			, ,
structural insurance products		749	592	429	280	106	_	_
Income before taxation		3 497	4 307	1 231	3 475	3 519	2 296	1 855
Taxation		1 394	1 471	800	1 154	990	489	524
Non-controlling interest		99	99	104	122	102	140	119
Net income from continuing operations	-	2 004	2 737	327	2 199	2 427	1 667	1 212
Results from discontinued operations*		(14)	8	-		,	-	-
Net income attributable to equity holders	8.6	1 990	2 745	327	2 199	2 427	1 667	1 212
* The 2021 comparative restated to align with comparative	0.0	. ,,,	2740	027	2 177	2 72,	1 007	
presented in 2022 annual financial statements. Periods prior to 2021 are not restated.								
STATEMENTS OF FINANCIAL POSITION								
Property and equipment		640	702	760	984	142	135	106
Intangible assets		1 073	989	968	948	885	841	885
Deferred tax asset		84	78	102	107	155	91	105
Investments in associates and joint								
ventures		467	2 284	2 205	2 661	2 927	1 789	1 536
Deposit with cell owners and cell owners'								
and policyholders' interest		59	101	175	206	204	184	163
Strategic investment and financial assets	16.7	37 446	32 738	30 932	25 885	23 777	20 267	14 799
Reinsurance assets and deferred								
acquisition costs		14 708	15 853	9 785	7 548	7 106	6 361	4 958
Loans and other receivables and cash		16 802	12 813	11 253	10 895	9 902	9 591	6 716
Non-current assets held for sale		1 768	_	_	_	_	_	8
Total assets		73 047	65 558	56 180	49 234	45 098	39 259	29 276
Shareholders' funds	7.9	11 598	12 062	10 092	10 063	9 365	7 924	7 345
Financial liabilities, cell owners' and								
policyholders' interest and reinsurance								
liability relating to cell owners		12 683	10 687	10 401	8 747	8 055	7 821	3 649
Lease liabilities		669	764	782	978	_	_	_
Insurance liabilities and deferred								
acquisition revenue		40 619	36 601	29 388	23 696	21 149	18 174	13 869
Trade and other payables and tax		7 478	5 444	5 517	5 750	6 529	5 340	4 413
Total equity and liabilities		73 047	65 558	56 180	49 234	45 098	39 259	29 276



Seven-year review (Santam group) (continued)

					Group			
	7 year compound growth %				R	Restated		
	/average	2022	2021	2020	2019	2018	2017	2016
STATEMENTS OF CASH FLOW								
Cash generated from operating activities								
after finance costs	13.7	4 345	2 510	422	3 852	1 921	1 784	2 010
Income tax paid		(802)	(626)	(437)	(955)	(785)	(543)	(681)
Net cash from operating activities		3 543	1 884	(15)	2 897	1 136	1 241	1 329
Cash generated/(utilised) in investment activities		92	(1)	(30)	45	260	930	245
Net (acquisition)/disposal of associated								
companies		(2)	-	_	_	(923)	(152)	(1 467)
Acquisition of business/subsidiaries		31	-	(4)	(48)	(86)	852	70
Cash acquired through acquisition of subsidiary		-	-	-	-	-	-	208
Cash utilised in additions to property and		(407)	(400)	(4.77)	(400)	(00)	(0.5)	(400)
equipment and intangible assets		(136)	(108)	(146)	(120)	(89)	(95)	(108)
Proceeds from sale of intangible assets		16	-	_	-	1/0	-	_
Proceeds from sale of associated companies		-	_	-	(150)	168	23	(10)
Capitalisation of associated companies		_	-	-	(158)	(15)	(23)	(10)
Cash proceeds from unwinding of non-current assets held for sale		_	_	_	_	_	_	509
Net cash from/(used in) investing activities	-	1	(109)	(180)	(281)	(685)	1 535	(553)
Net cash from/(asea iii) investing activities			(107)	(100)	(201)	(000)	1 333	(555)
Purchase of treasury shares		(237)	(120)	(155)	(106)	(91)	(76)	(98)
Proceeds from issue/redemption of unsecured subordinated callable notes		_	(500)	1 000	_	_	_	1 000
(Decrease)/increase in investment contract liabilities		_	_	_		_	(32)	31
(Decrease)/increase in collateral		_	_	_	_	_	(32)	31
guarantee contracts		_	_	_	_	_	(1)	12
Dividends paid		(2 362)	(704)	(843)	(1 280)	(1 186)	(1 106)	(1 922)
Decrease in cell owners' interest		-	-	-	-	-	(51)	(114)
Non-controlling interest acquired		(6)	(176)	(69)	_	_	_	_
Payment of principal element of lease		(5)	((0,7)				
liabilities		(123)	(156)	(141)	(173)	-	-	_
Equity interest issued/repaid to cell captive		40	22	_	-	_	_	_
Net cash used in financing activities		(2 688)	(1 634)	(208)	(1 559)	(1 277)	(1 266)	(1 091)
Net increase/(decrease) in cash and cash								
equivalents		856	141	(403)	1 057	(826)	1 510	(315)
Cash and cash equivalents at beginning								
of year		4 496	4 383	4 642	3 618	4 321	2 887	3 349
Translation gains/(losses) on cash and		0.5	(00)	4//	(00)	400	(17.7)	(4 (17)
cash equivalents	-	35	(28)	144	(33)	123	(76)	(147)
Cash and cash equivalents at end of year	_	5 387	4 496	4 383	4 642	3 618	4 321	2 887



Seven-year review (Conventional)

			Conventional							
		7 year compound growth % /average	2022	2021	2020	2019	F 2018	Restated 2017	2016	
INSURANCE ACTIVITIES										
Net claims paid and provided (%)	Avg	64.0	64.6	62.0	68.2	62.1	60.3	65.8	64.9	
Cost of acquisition (%)	Avg	29.6	30.3	30.0	29.3	30.2	30.4	28.1	28.6	
Net commission paid (%)	Avg	12.7	13.5	13.4	12.7	12.5	12.4	12.1	12.3	
Management expenses(%)	Avg	16.9	16.8	16.6	16.6	17.7	18.0	16.0	16.3	
Combined ratio (%)	Avg	93.6	94.9	92.0	97.5	92.3	90.7	93.9	93.5	
Underwriting result(%)	Avg	6.4	5.1	8.0	2.5	7.7	9.3	6.1	6.5	
Earned premium (%)		_	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
STATEMENTS OF COMPREHENSIVE	INCOME									
Gross premium income		7.1	35 418	32 745	31 098	29 725	27 711	25 853	23 503	
Net premium income 5.9		27 221	25 858	24 320	23 673	22 371	20 893	19 245		
Underwriting result 1.8		1 389	2 064	615	1 820	2 066	1 260	1 251		
Investment return on insurance funds (7.9)		341	400	501	579	532	584	558		
Net insurance result (0.7)		1 730	2 464	1 116	2 399	2 598	1 844	1 809		





Glossary

Acquisition costs	Those costs that are primarily related to the acquisition of new or renewal of insurance contracts, e.g. commissions and management expenses. Acquisition costs are often expressed as a percentage of earned premiums and referred to as the acquisition cost ratio.
ASISA	Association for Savings and Investment South Africa
BBBEE	Broad-based black economic empowerment
Catastrophe event	Fire, earthquake, windstorm, explosion, and other similar events that result in substantial losses
Cell captive insurer	An insurer that is structured with separate independent cells. The assets and liabilities of the cells are ring-fenced. Profits and losses from business introduced by the cell owner to the insurer are attributable to the cell owner.
CFE	Consumer Financial Education
Churn rate	The proportion of policyholders who leave an insurer during a given period
Claim	A demand to the insurer for indemnification for a loss incurred from an insured peril
Claims ratios	Ratios expressing the relationship between claims and premiums. The net claims ratio expresses claims net of recoveries from reinsurers as a percentage of premiums net of premiums ceded to reinsurance. The gross claims ratio reflects the position before reinsurance is considered. Also referred to as loss ratios.
CRISA	Code for Responsible Investing in South Africa
CSI	Corporate social investment
Deferred acquisition costs	Acquisition costs relating to unearned premiums, disclosed as a separate asset on an insurer's statement of financial position
Earned premium	The proportions of premium attributable to the periods of risk that relate to the current accounting period. It represents written premium adjusted by the unearned premium provision at the beginning and end of the accounting period.
Economic capital coverage ratio	The economic capital coverage ratio is equal to the available capital resources, comprising shareholder's funds and subordinated debt, divided by the solvency capital requirement as determined by Santam's internal economic capital model
ESD	Enterprise Supplier Development





Glossary (continued)

ESG	Environmental, social and governance issues (the social, ethics and sustainability committee of the board provides oversight over Santam's approach to ESG)
FTSE	Financial Times Stock Exchange
FIA	Financial Intermediaries Association of Southern Africa
FSC	Financial Sector Charter – The FSC is a transformation policy based on the terms of the Broad-Based Black Economic Empowerment Act, 53 of 2003, to promote social and economic integration and access to the financial services sector
FSCA	Financial Sector Conduct Authority – The regulator responsible for market conduct and consumer protection under Twin Peaks
General/short-term/ non-life insurance	Defined in the Short-term Insurance Act, 53 of 1998 as providing benefits under short-term policies, which means agricultural insurance, engineering policies, guarantee policies, liability policies, miscellaneous policies, motor policies, accident and health policies, property policies or transportation policies or a contract comprising a combination of any of those policies
GWP	Gross written premium – Premium that an insurer is contractually entitled to receive from the insured in relation to contracts of insurance or from other insurers in relation to inwards reinsurance contracts. These are premiums on contracts entered into during the accounting period or adjustments to premiums from prior years. Also defined as premium written and received but before deduction of reinsurance ceded.
IFRS	International Financial Reporting Standards
IFRS 17 Insurance Contracts	Addresses the establishment of principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard (Effective 1 January 2023)
Intermediary	A person who negotiates contracts of insurance or reinsurance with the insurer or reinsurer on behalf of the insured or reinsured
JSE	Johannesburg Stock Exchange
King IV	King IV Report on Corporate Governance™ for South Africa, 2016 (King IV) application register. Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.
NEP	Net earned premium – The pro-rated gross written premium less reinsurance written premium that provided cover (i.e. was earned) during the reporting period
OSTI	Ombudsman for Short-Term Insurance
P4RR	Partnership for Risk and Resilience. The group's contribution to economic growth in South Africa includes the P4RR programme initiatives. These assist municipalities in building capacity to combat the risks of fire and flooding in invulnerable communities.





Glossary (continued)

PA	Prudential Authority – The regulator charged with maintaining the stability of the financial system under Twin Peaks
Reinsurance	A form of insurance cover for insurance companies where an insurance company transfers a portion of its risks to the reinsurer
SA-csi	South African customer satisfaction index
SAIA	South African Insurance Association
SAM	Solvency Assessment and Management
SASBO trade union	South African Society of Bank Officials
SMME	Small, medium and micro-enterprises
SPA GI	Sanlam Pan-Africa General Insurance
SSI	Santam Structured Insurance
Sustainable insurance	A strategic approach by which all activities in the insurance value chain are performed in a responsible and forward looking way by identifying, assessing, managing and monitoring risks and opportunities associated with ESG issues
TCF	Treating Customers Fairly – 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
TCFD	Task Force on Climate-related Financial Disclosures
Underwriting	The process of examining, accepting, or rejecting insurance risks, and classifying or segmenting those selected, to charge the proper premium for each
UMAs	Underwriting management agencies
UN PSI	United Nations Environment Programme's Principles for Sustainable Insurance
Underwriting result	The underwriting profit or loss calculated by deducting claims incurred, net of commission and management expenses from premiums earned
Unearned premium provision	The portion of premiums attributable to the periods of risk that relate to subsequent accounting periods and which are carried forward to such subsequent accounting periods
UNEP FI	United Nations Environment Programme Finance Initiative





Administration

Santam is an authorised financial services provider

Licence number 3416

Registration number 1918/001680/06

ISIN ZAE000093779

JSE share code: SNT

NSX share code: SNM

A2X share code: SNT

Debt company code: BISAN

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Rand Merchant Bank (A division of FirstRand Bank Ltd) (debt sponsor)

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Report fraud

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Fraudline (Namibia): 0800 002 020

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WhatsApp: 076 921 3347

Email: forensic.services@santam.co.za

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